

Editorial Policy

This year's report

- We have compiled descriptions of the production processes, the flow of materials, environmental impact, and products of each division.
- We have expanded coverage of corporate social responsibility efforts.
- This report has been composed according to the Ministry of the Environment's "Environmental Report Guidelines, 2003 Edition".
- We have continued to use the "Kensyou-Meidai Method" by Shin Nihon Environment and Quality Management Research Institute for the independent review of this report.

Scope of this report

- This report covers a total of 48 companies and 59 sites. This includes companies subject to consolidated reporting, i.e., all 45 domestic production companies, 1 domestic distribution company, and 1 in-house food service company, and 1 company subject to reporting according to the equity method.

Period covered in this report

- This report covers during the period April 2003 ~ March 2004.

Areas covered in this report

- The focus of this report is on environmental aspect with social part, and economic aspect also covered.

About the cover



In January 2000, 49 graphic designers and instructors from around the world were invited to participate in the "Graphic Message for Ecology Exhibition" held at two galleries managed by DNP, the "ggg" Gallery in Ginza, Tokyo, and the "ddd" Gallery in Doujima, Osaka. This exhibition was a contest for creating a visual message for ecology in the 21st Century. The cover art for this report is one of the entries in that exhibition, created by Kari Piippo, a graphic designer from Finland. The message incorporated by Piippo in this work is as follows:

We make choices in protecting both "nature" and our own environment.

Kari Piippo

Born in Finland in 1945. Studied at the Helsinki School of Industrial Art, active in illustration and poster design. Recipient of many awards, including the Domestic Industrial Art Prize, the Annual Graphic Artist Award, the Platinum Award, the Mexico Biennale Gold Medal, the ICOGRADA Excellence Award, the Brno International Biennale Chairman's Award, and others. AGI member.



ggg
Graphic Message for Ecology
Exhibition

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Aiming for Sustainable Growth

Yoshitoshi Kitajima
Chairman of the Board
President & Chief Executive Officer

Realizing a Sustainable *Recycling-oriented Society*

The DNP Group has been seeking to achieve its environmental goals by promoting the development and sale of environmentally conscious products since 1999. In 2003, our sales of environmentally conscious products, mainly containers, packaging and construction materials, reached ¥140 billion. This is 4.6 times the ¥29.9 billion in sales of these products that we reached five years ago, so we have greatly exceeded our target amount.

Our corporate philosophy states that our goal is to “contribute to the creation of an intellectually active and rich 21st century society with emergent evolution”. An “emergently evolving 21st century society” will be a society in which people with various differing sets of values accept each other and work together to stimulate the creation of hitherto unknown values. In such a society, the increasing need for environmentally conscious products will create new demand, in turn stimulating incentives for further business development. All employees of the DNP Group are making efforts to realize a sustainable “recycling-oriented society” by taking a creative approach to environmental issues both within and outside the company, and by making efforts to develop and create demand for products with a low environmental impact.

Environmental Conservation Efforts

The DNP Group engages in publishing, commercial printing, and the manufacturing of packaging materials, construction materials, and electronics parts, using paper, plastics, glass, and metal as raw materials. Our products are used in a wide variety of activities.

The printing industry is one that produces based on orders from customers, and is characterized by being both the processor of raw materials and an urban industry. Product development therefore requires the development of technologies that take into account not only the functions of these products, but also the needs of consumers for environmental conservation and product safety. In addition, the reduction and recycling of the waste products associated with the mass production of a wide array of products, as well as the preservation of the environment around production sites, are perennial issues.

We had an early start in our environmental efforts, leading the industry by establishing an Environmental Department dedicated to dealing with environmental issues in August 1972. We have taken an aggressive approach to dealing with

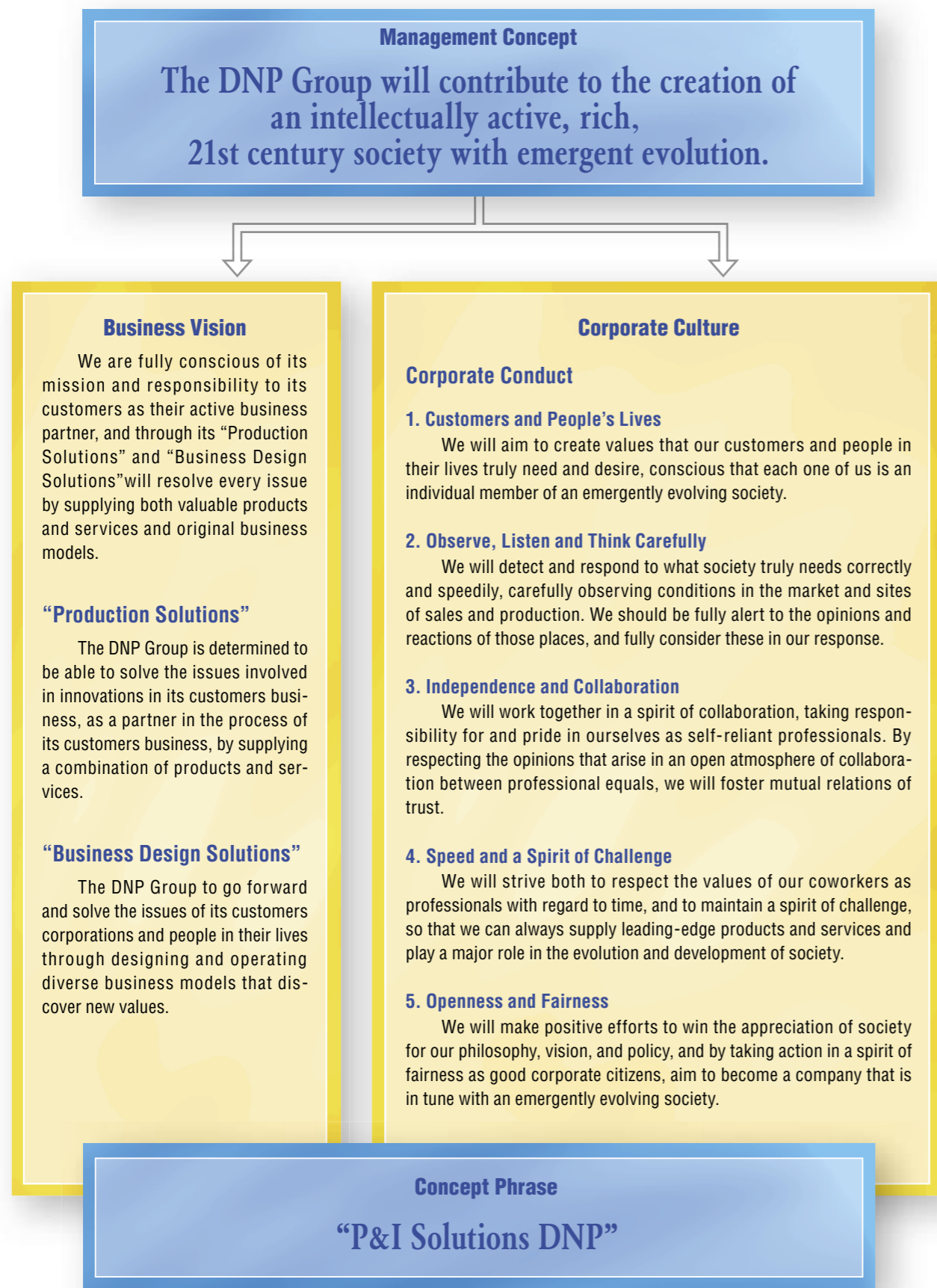
the promotion of the sale of environmentally conscious products, reducing industrial waste, preventing global warming, and reducing hazardous materials by constructing our own environmental management system, the Eco-Report System, in April 1993. These efforts were furthered by our creation in March 2000 of the DNP Group Environmental Committee. As a result, we have achieved striking results in the increase of sales of environmentally conscious products and improvement in the waste recycling rate. In addition, we have reduced the emissions of toluene, a PRTR-listed chemical that is of particular concern in the printing industry, to just 2,000 tons in 2003, down from more than 10,000 tons in 1999.

We have also been making positive efforts to disclose environmental information, both through our Environmental Reports, which we began publishing in 1998, as well as through the mass media. We are serious about taking the opinions of all of our stakeholders into consideration in implementing our environmental policies.

Improving Eco-efficiency

We redoubled our efforts to improve eco-efficiency in 2004. We are making efforts to identify and eliminate all inefficiencies in our production processes through our Production 21 Efforts. In addition, we are making progress in improving environmental performance in production by improving efficiency in the use of materials and energy, reducing the rate of waste of raw materials used, and reducing per-unit CO₂ emissions.

The DNP Group is working to realize a sustainable recycling-oriented society. To that end, we pledge to disseminate environmentally conscious products, reduce the environmental impact of business activities through efficient environmental management, and fulfill our corporate social responsibilities as an emergently evolving 21st century enterprise.



Society in the 21st century will be "emergently evolving"

Society in the 21st century will undergo a process of repeated and ongoing invigoration, in which, due to advances in information technology, people with diverse values will both recognize one another's differences and influence, stimulate one another, and thereby create new values.

The society newly energized by these values will in turn give rise to further new values through synergies with its individual members. As a result of repeated synergies between society and its parts, both society and its members will evolve and develop. This is what is meant by "emergent evolution."

"Emergent evolution," which refers to the creation of new values through the synergy between a society and the individuals of which it is composed and provides for conditions in which it is possible for one-plus-one to make three, or even five. This, we believe, will be one of the distinguishing features of the emergently evolving, 21st-century society.

We want to be a unique company whose combination of products, service, and business structure will be necessary to a 21st Century in which an emergently evolving society is developed.

Providing solutions that are a synthesis of P&I

The *P* in *P&I Solutions* is *Printing Technology*, which is the core technology that we have been developing in our 128 years of doing business. The *I* stands for IT (Information Technology), which is vital to our contributing to the development of 21st century society with emergent evolution through the 2 kinds of solution (production solutions / business design solutions).

We have been offering solutions to the challenges of our various customers by providing a synthesis of "P" and "I". Using our skill and know-how, we are proving solutions that will give birth to new value for 21st century society with emergent evolution.



The DNP Brand

DNP

The DNP mark now includes the implication that the DNP Group's unique printing technology and diversity of operations will enable it to contribute to the realization of an emergently evolving society.

In order to gain wider recognition in society of DNP's business activities, we will continue to make every effort to get DNP more widely known as a brand and used in society as a symbol of the DNP Group.

Aiming to form group of professionals for the realization of society with emergent evolution

We believe that in order to contribute to the "realization of society with emergent evolution", we must ourselves be conscious of our relationship with society, and become more emergently evolving. In an emergently evolving enterprise, each individual must be a professional in his or own duties. We believe that each employee must maintain pride and develop their individuality, and work to bolster those with whom they work.

We have developed five keywords signifying our activity guideline for developing an emergently evolving corporate culture.

Contributing to an emergently evolving society

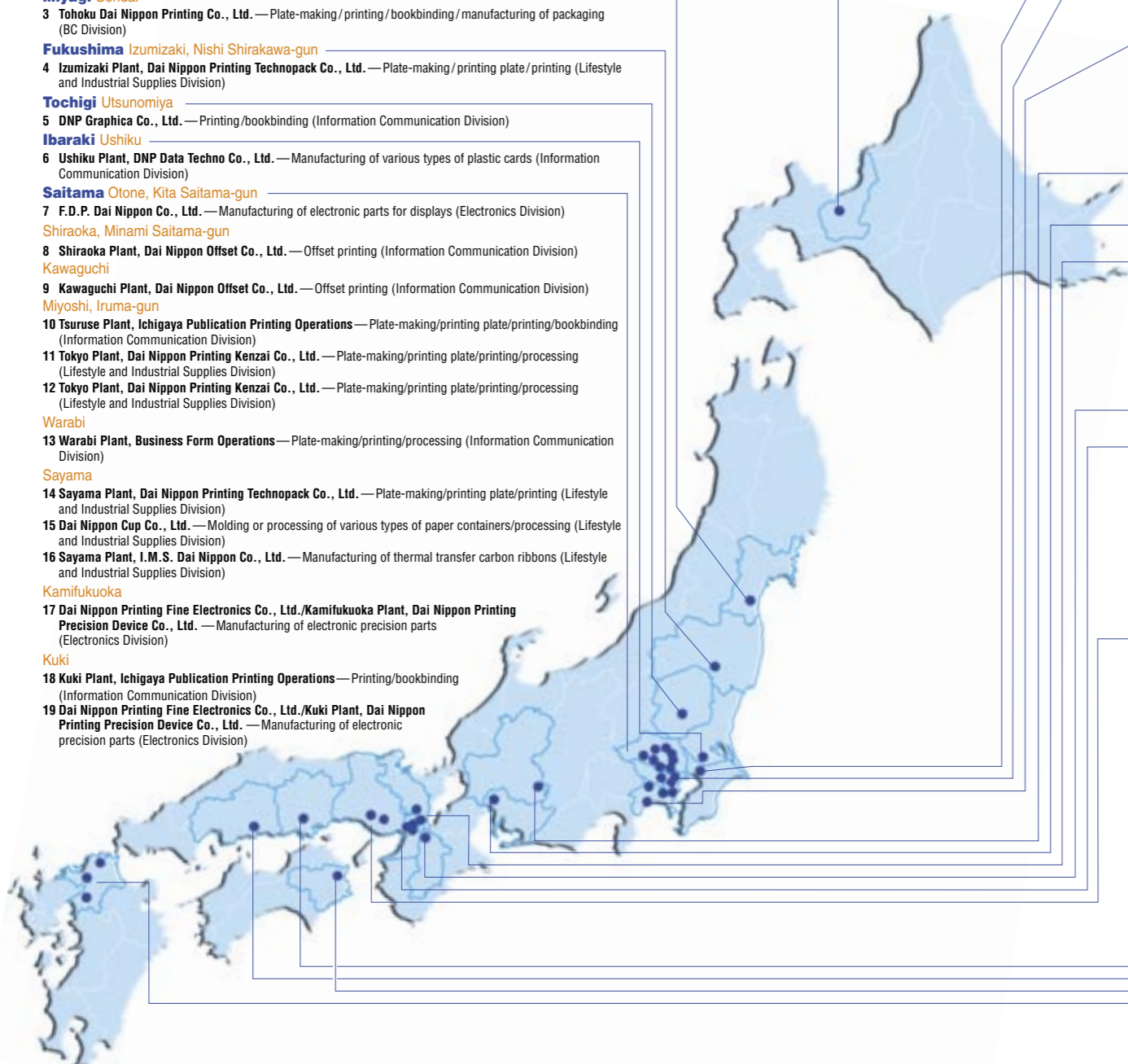
We believe that our mission is to offer new value that is tied to the future of society. Our desire is to contribute to society with emergent evolution through a richness of an intellectually enlivened 21st Century.

We are harnessing the overall power of our Group through "P&I Solutions DNP" to realize our philosophy. We are aiming to establish an emergently evolving corporate culture in which each individual can converse based upon his or dreams and ideals, and in which we gain the trust of society by acting as a good corporate citizen and engaging in fair business practices.

- > **Company Name**
Dai Nippon Printing Co., Ltd.
- > **Head Office**
1-1, Ichigaya Kagacho 1-chome
Shinjuku-ku, Tokyo 162-8001,
Japan
Tel: +81-3-3266-2111
URL: <http://www.dnp.co.jp/>
E-mail: info@mail.dnp.co.jp
- > **Originally Founded**
October 1876
- > **Established**
January 19, 1894
- > **Capital**
¥114.464 billion
- > **Employees**
9,159 (DNP parent company)
34,514 (consolidated companies for
the printing business)
- > **Sales Offices**
50 locations in Japan
18 locations overseas (including
local affiliates)
- > **Main Plants (including affiliates)**
34 domestic plants
7 overseas plants
- > **R&D Facilities**
11 locations in Japan

59 sites covered under this report

- Hokkaido Sapporo**
- 1 Hokkaido Dai Nippon Printing Co., Ltd. — Plate-making/printing/bookbinding manufacturing of packaging (BC* Division)
 - 2 Head Plant, Hokkaido Coca-Cola Bottling Co., Ltd. — Beverage manufacturing (BC Division)
- Miyagi Sendai**
- 3 Tohoku Dai Nippon Printing Co., Ltd. — Plate-making/printing/bookbinding/manufacturing of packaging (BC Division)
- Fukushima Izumizaki, Nishi Shirakawa-gun**
- 4 Izumizaki Plant, Dai Nippon Printing Technopack Co., Ltd. — Plate-making/printing plate/printing (Lifestyle and Industrial Supplies Division)
- Tochigi Utsunomiya**
- 5 DNP Graphica Co., Ltd. — Printing/bookbinding (Information Communication Division)
- Ibaraki Ushiku**
- 6 Ushiku Plant, DNP Data Techno Co., Ltd. — Manufacturing of various types of plastic cards (Information Communication Division)
- Saitama Otone, Kita Saitama-gun**
- 7 F.D.P. Dai Nippon Co., Ltd. — Manufacturing of electronic parts for displays (Electronics Division)
- Shiraoka, Minami Saitama-gun**
- 8 Shiraoka Plant, Dai Nippon Offset Co., Ltd. — Offset printing (Information Communication Division)
- Kawaguchi**
- 9 Kawaguchi Plant, Dai Nippon Offset Co., Ltd. — Offset printing (Information Communication Division)
- Miyoshi, Iruma-gun**
- 10 Tsuruse Plant, Ichigaya Publication Printing Operations — Plate-making/printing plate/printing/bookbinding (Information Communication Division)
- Tokyo Plant, Dai Nippon Printing Kenzai Co., Ltd.**
- 11 Tokyo Plant, Dai Nippon Printing Kenzai Co., Ltd. — Plate-making/printing plate/printing/processing (Lifestyle and Industrial Supplies Division)
 - 12 Tokyo Plant, Dai Nippon Printing Kenzai Co., Ltd. — Plate-making/printing plate/printing/processing (Lifestyle and Industrial Supplies Division)
- Warabi**
- 13 Warabi Plant, Business Form Operations — Plate-making/printing/processing (Information Communication Division)
- Sayama**
- 14 Sayama Plant, Dai Nippon Printing Technopack Co., Ltd. — Plate-making/printing plate/printing (Lifestyle and Industrial Supplies Division)
 - 15 Dai Nippon Cup Co., Ltd. — Molding or processing of various types of paper containers/processing (Lifestyle and Industrial Supplies Division)
 - 16 Sayama Plant, I.M.S. Dai Nippon Co., Ltd. — Manufacturing of thermal transfer carbon ribbons (Lifestyle and Industrial Supplies Division)
- Kamifukuoka**
- 17 Dai Nippon Printing Fine Electronics Co., Ltd./Kamifukuoka Plant, Dai Nippon Printing Precision Device Co., Ltd. — Manufacturing of electronic precision parts (Electronics Division)
- Kuki**
- 18 Kuki Plant, Ichigaya Publication Printing Operations — Printing/bookbinding (Information Communication Division)
 - 19 Dai Nippon Printing Fine Electronics Co., Ltd./Kuki Plant, Dai Nippon Printing Precision Device Co., Ltd. — Manufacturing of electronic precision parts (Electronics Division)



- Chiba Kashiwa**
- 20 Kashiwa Plant, Dai Nippon Polymer Co., Ltd. — Molding, processing and printing of plastic containers (Lifestyle and Industrial Supplies Division)
 - 21 Dainippon Jushi Co., Ltd. — Manufacturing and processing of synthetic resin films (Lifestyle and Industrial Supplies Division)
- Tokyo Shinjuku-ku**
- 22 Ichigaya Plant, Ichigaya Publication Printing Operations — Plate-making/printing plate/printing/bookbinding (Information Communication Division)
 - 23 DNP Facility Service Co., Ltd. — Meal services, etc.
 - 24 Enokicho Plant, Commercial Printing Operations — Plate-making/printing/bookbinding (Information Communication Division)
- Shinagawa-ku**
- 25 SP Dai Nippon Co., Ltd. — Manufacturing of various advertising and promotional materials (BC Division)
- Kita-ku**
- 26 Akabane Plant, Ichigaya Publication Printing Operations — Printing (Information Communication Division)
 - 27 Akabane Plant, Commercial Printing Operations — Plate-making/printing/bookbinding (Information Communication Division)
 - 28 Dai Nippon Seihon Co., Ltd. — Bookbinding (BC Division)
 - 29 DNP Logistics Co., Ltd. — Packaging/shipping (BC Division)
 - 30 Dai Nippon Hoso Co., Ltd. — Processing of filling and packaging (BC Division)
 - 31 D.N.K Co., Ltd. — Printing and manufacturing of machine tools (BC Division)
- Fuchu**
- 32 D.T. Circuit Technology Co., Ltd. — Manufacturing of printed circuit boards (Electronics Division)
- Kanagawa Tsuzuki-ku, Yokohama**
- 33 Dai Nippon Printing Technopack Yokohama Co., Ltd. — Plate-making/printing plate/printing (Lifestyle and Industrial Supplies Division)
- Midori-ku, Yokohama**
- 34 Tokyo Plant, The Inctec Inc. — Manufacturing of ink, varnish, pigments and dyes (BC Division)
- Odawara**
- 35 Sagami Yoki Co., Ltd. — Manufacturing of laminated tubes (Lifestyle and Industrial Supplies Division)
- Aikawa, Aiko-gun**
- 36 Tokyo Plant, Dai Nippon Elio Co., Ltd. — Printing and processing of metal sheets (Lifestyle and Industrial Supplies Division)
- Saiwai-ku, Kawasaki**
- 37 DT Fine Electronics Co., Ltd. — Manufacturing of semiconductor photomasks (Electronics Division)
- Gifu Nakatsugawa-shi**
- 38 DNP Technopack Tokai Co., Ltd. — Manufacturing/printing/processing of packaging (Lifestyle and Industrial Supplies Division)
- Aichi Moriyoama-ku, Nagoya**
- 39 Tokai Dai Nippon Printing Co., Ltd. — Printing/bookbinding/manufacturing of packaging (BC Division)
- Kyoto Minami-ku, Kyoto**
- 40 Kyoto Plant, Dai Nippon Printing Fine Electronics Co., Ltd. — Manufacturing of electronic precision parts (Electronics Division)
- Ukyo-ku, Kyoto**
- 41 Kyoto Plant, Dai Nippon Printing Technopack Kansai Co., Ltd. — Plate-making/printing plate/printing (Lifestyle and Industrial Supplies Division)
- Kyotanabe**
- 42 Tanabe Plant, Dai Nippon Printing Technopack Kansai Co., Ltd. — Plate-making/printing plate/printing (Lifestyle and Industrial Supplies Division)
- Nara Kawanishi, Shiki-gun**
- 43 DNP Data Techno Kansai Co., Ltd. — Plate-making/printing/processing (Information Communication Division)
- Osaka Hirakata**
- 44 Kansai Plant, The Inctec Inc. — Manufacturing of ink, varnish, pigments and dyes (BC Division)
- Neyagawa**
- 45 Neyagawa Plant, DNP Media Create Kansai Co., Ltd. — Printing (Information Communication Division)
 - 46 Kansai Plant, Dai Nippon Polymer Co., Ltd. — Molding, processing and printing of plastic containers (Lifestyle and Industrial Supplies Division)
 - 47 Osaka Plant, Dai Nippon Elio Co., Ltd. — Printing and processing of metal sheets (Lifestyle and Industrial Supplies Division)
- Higashinari-ku, Osaka**
- 48 Osaka Plant, DNP Media Create Kansai Co., Ltd. — Plate-making/printing plate/bookbinding (Information Communication Division)
- Hyogo Kita-ku, Kobe**
- 49 Kobe Plant, Dai Nippon Printing Kenzai Co., Ltd. — Plate-making/printing plate/printing/ processing (Lifestyle and Industrial Supplies Division)
- Ono**
- 50 Ono Plant, DNP Media Create Kansai Co., Ltd. — Plate-making/printing/bookbinding (Information Communication Division)
- Okayama Mitsu, Mitsu-gun**
- 51 Okayama Plant, I.M.S. Dai Nippon Co., Ltd. — Manufacturing of sublimation transfer materials (Lifestyle and Industrial Supplies Division)
 - 52 Okayama Plant, Dai Nippon Printing Kenzai Co., Ltd. — Plate-making/printing plate/printing/processing (Lifestyle and Industrial Supplies Division)
 - 53 DNP Industrial Materials Co., Ltd. Okayama Plant — Manufacture of electronic parts, etc. (Lifestyle and Industrial Supplies Division)
- Hiroshima Mihara**
- 54 Mihara Plant, Dai Nippon Printing Precision Device Co., Ltd. — Manufacturing of electronic precision parts (Electronics Division)
- Tokushima Tokushima**
- 55 Shikoku Dai Nippon Printing Co., Ltd. — Plate-making/printing/manufacturing of packaging (BC Division)
- Fukuoka Kita-Kyushu**
- 56 Advanced Colortech, Inc. — Manufacturing of color filters (Electronics Division)
 - 57 DAP Technology Co., Ltd. — Manufacturing of rear panels for plasma (Electronics Division)
- Minami-ku, Fukuoka**
- 58 Fukuoka Plant, Kyushu Dai Nippon Printing Co., Ltd. — Plate-making/printing/bookbinding/manufacturing of packaging (BC Division)
- Chikugo**
- 59 Chikugo Plant, Kyushu Dai Nippon Printing Co., Ltd. — Plate-making/printing/bookbinding/manufacturing of packaging (BC Division)

* BC (Brother Company): Affiliate companies that manufacture products not related to the group's Information Communication, Lifestyle and Industrial supplies, and Electronics divisions or related to several divisions.

Other Domestic Consolidated Affiliates

- Dai Nippon Art Co., Ltd., Dai Nippon Total Process Ichigaya Co., Ltd., Dai Nippon Uni Process Co., Ltd., Wakosya Co., Ltd. and Dai Nippon Techtas Ichigaya Co., Ltd. are covered under a portion of the Ichigaya Plant, Ichigaya Publication Printing Operations
- Dai Nippon Butsuryu System Ichigaya Co., Ltd. is covered as a division of the plants under the Ichigaya Publication Printing Operations (Ichigaya Plant, Gotanda Plant, Tsuruse Plant, Kuki Plant and the Akabane Plant)
- DNP Media Create Co., Ltd. and Dai Nippon Butsuryu System Shoin Co., Ltd. are covered as a division of the Enokicho Plant, Commercial Printing Operations
- Dai Nippon Total Process BF Co., Ltd. is covered as a division of the Warabi and Nara Plants, Business Forms (BF) Operations
- DNP Techtas BF Co., Ltd. (plate-making & printing) is covered as a division of the Warabi Plant, BF Operations
- Dai Nippon Micro Technica Co., Ltd. is covered as a division of the Kamifukuoka Plant, Dai Nippon Printing Fine Electronics Co., Ltd.
- Of the companies treated as consolidated companies under financial accounting practice, we excluded 9 companies without manufacturing divisions, such as DNP Trading Co., Ltd.
- Of the non-consolidated subsidiaries to which the Equity Method applies, DAP Technology Co., Ltd., for its importance, has been treated as a consolidated affiliate.

Overseas Consolidated Manufacturing Affiliates

- DNP IMS (America) Corp. (US, processing thermal transfer ribbons)
- DNP Electronics America, LLC (US, manufacturing and sales of precision electronics parts)
- DNP Denmark A/S (Denmark, manufacturing and sales of precision electronics parts)
- Tien Wah Press (Pte.) Ltd. (Singapore, plate-making/printing/bookbinding)
- PT DNP Indonesia (Indonesia, plate-making/printing/bookbinding, manufacturing and sales of packaging)
- DNP Photomask Europe S.p.A. (Italy, manufacturing and sales of precision electronic parts), which began operations in October 2003, is in the process of preparing for data compilation, and will begin compiling data in 2004.

We are making progress in reducing VOC emissions.

Kenji Noguchi

Kenji Noguchi
Director

Chairman of the DNP Group Environmental Committee



The DNP Group began publishing environmental reports in 1998. Our goal in doing so is to inform the public about our management policies concerning environmental issues, to report the details of the environmental impact caused by our business activities, and our approach, efforts, and results in reducing that environmental impact. We hope to gain the public's understanding of our environmental efforts in this way.

Our editorial policy in each year of publication has been to provide reliable and easily understood information. In the 2004 edition, we are providing information for each division concerning the flow of materials, the kinds and degree of environmental impact, efforts to reduce environmental impact, and the development of environmentally conscious products, so as to make the relationship between our environmental conservation efforts and production even easier to understand. As we have since 2002, we have again this year implemented a third-party review of the report, using the "Kensyou-Meidai Method", so as to ensure even greater reliability of the data included in the report. The 2004 edition also includes a "Social Responsibility Performance" section describing the corporate social responsibility efforts and results of the DNP Group. The title of the report has been changed to the "DNP Group Sustainability Report".

Main efforts made in 2003

The results of efforts to achieve the 2003 environmental targets are listed on pages 32 and 33.

With regard to one of the main themes for 2003, the development and sales of environmentally conscious products, while a 10% increase is listed as the 2003 target, this was broadly exceeded by an increase of 32%. We also made steady progress in reducing the amount of PRTR-listed substances emitted and/or transported. In particular, while the target for air emissions of toluene is listed as a reduction to 500 tons or less for the Group as a whole by March 2005, emissions for 2003 were reduced to 2,000 tons. Nevertheless, we were not able to post successful results regarding the reduction of materials waste or the reduction of emissions of greenhouse gases, due in part to an increase in the number of our

production sites. Currently we are making progress with our "Production 21 Efforts" for eliminating all inefficiency from our production processes, and we will continue to make efforts in 2004 to improve resource efficiency and reduce waste and greenhouse gas emissions despite the increase in production sites.

Coming challenges

The Air Pollution Control Law was revised in June 2006, with text added concerning the regulation of air emissions of VOCs (Volatile Organic Compounds). This revision is aimed at reducing SPM (Suspended Particulate Matter) and photochemical oxidants, with the national goal set at the reduction of VOC emissions from fixed sources by 30% by 2010 in comparison with 2000. The majority of ink used in printing uses VOCs as a quality improvement agent, therefore necessitating the use of collection or elimination equipment so as to reduce the VOC emissions into the air. We recognize that VOC measures are an urgent issue, and since 2002 we have instituted controls on all VOCs, not only those that are listed in Category 1 in the PRTR Law. We are taking this revision of the law as an opportunity to establish a target of 50% reduction of VOC emissions for the Group as a whole by 2005, and will redouble our efforts to achieve it.

Environmental Management System



We implement the “Eco-Report System”, which is an original management system based upon the Group environmental philosophy that is the foundation of our environmental efforts.

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The DNP Group's Environmental Philosophy

Practice of environmental management

Since the establishment of the Environment Department of DNP in 1972, the DNP group has promoted environmental conservation activities. In 1992 we established our Environmental Commitment. In 1993, we began full-fledged environmental management activities, following the establishment of our Eco-Reporting System, the group's original environmental management system. Furthermore, in March 2000 we strengthened our conservation activity promotion system with the establishment of the DNP Environmental Committee. In May 2001, we made a fresh start, establishing the DNP Group's Vision for the 21st Century, and adopting a corporate philosophy of "the DNP Group will contribute to the creation of an intellectually active, rich, and 21st century society with emergent evolution."

At DNP group, we aim to develop a better relationship with society, functioning as a good corporate citizen, aiming to realize a recycling oriented society while becoming a better partner with extensive community involvement.

The DNP Group's Environmental Philosophy

In 1992 the DNP group adopted a commitment to the environment, declaring its intention to strive to protect the global environment and use resources effectively within the DNP group Code of Conduct, which is used as a guideline by all employees.

"We will make every effort to protect the prosperity and future of the human race by protecting the environment and using resources effectively."

Today we face the serious issue of how to protect the global environment. Due to the dramatic economic growth of recent years, our ecosystem is being destroyed through the depletion of the ozone layer, global warming, increasing volumes of industrial waste, and the careless consumption of natural resources. As a result, our earth's circulatory system is beginning to be affected. These problems, together with the rapid depletion of natural resources, should be a source of concern, since they threaten our daily life and may even stifle economic growth. We will act aggressively in addressing environmental issues, using our comprehensive technological resources to safeguard the prosperity and future of the human race. (Excerpt from the DNP Group's Codes of Conduct)

The DNP Group's Environmental Policies

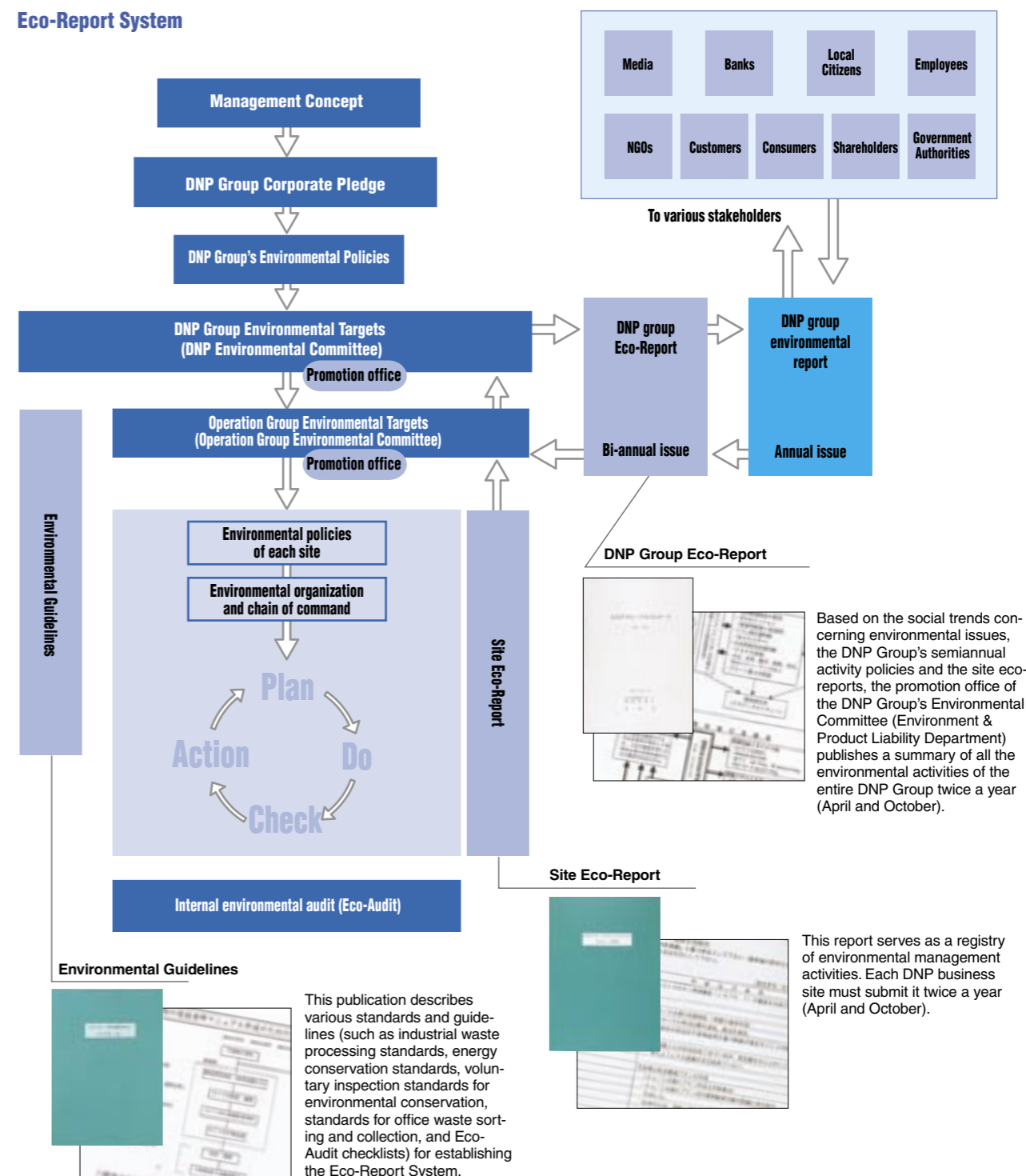
The DNP Group's efforts are directed towards the continuous prosperity of a world economy with limited resources and for the development of a society that recirculates resources. The DNP Group is making every effort to minimize the impact our business operations have on the environment, and this includes compliance with environmental laws and regulations as well as recognizing the relationship that each of our business activities has to the environment.

- 1 Each member of the DNP Group establishes and periodically reviews its own environmental policies and environmental targets, and puts into effect continuous improvement of its activities and the prevention of environmental pollution.
- 2 For all construction projects, and before designing and commissioning new facilities, we carry out a full and detailed environmental survey to assess the impact that the project will have on the environment, to make proper efforts to protect the environment.
- 3 When carrying out research, development and design for a new product, we consider the impact of the product on the environment throughout its life cycle, including the ordering of raw materials, production, distribution, use, and disposal. We give special consideration to energy conservation, resource conservation, and reducing the use of harmful chemicals.
- 4 When purchasing raw materials, stationery, and equipment, we choose items that are ecologically-friendly and easy to recycle.
- 5 In manufacturing a product, we aim to comply with environmental laws and regulations, and moreover we set up more stringent standards to reduce the emissions of pollutants into the air, watershed, and soil, and to prevent unpleasant odors, noise, vibration, and land subsidence. We are constantly improving facilities, techniques and manufacturing processes to promote the targets of energy conservation, resource conservation and the reduction of industrial waste.
- 6 When generating waste from business operations, we strive to achieve zero emissions by separating and recycling waste as much as possible.

DNP Group's Environmental Management: The "Eco-Report System"

Developed by the DNP group as a means of achieving the group's environmental targets, the Eco-Report System is an original environmental management system that forms the basis of the group's environmental management activities. The DNP group practices ongoing group-wide environmental activities, incorporating ISO 14001-certified systems that take into account the characteristics of each business domain, based on our Eco-Report environmental management system. PDCA (Plan->Do->Check->Action) is developed over biannual cycle using three tools- the DNP Group Eco-Report, the Site Eco-Report, and the Environmental Guidelines- and is directly connected to the making of continuous improvements. Also, we are expanding the effort themes from challenges that focus on manufacturing plants to include items such as development and sales of environmentally conscious products and green purchasing. Our aim is to be clearly recognized as an enterprise that practices real environmental management in contributing to the realization of a recycling society.

Eco-Report System



DNP Group's Environmental Management System (EMS)

Environmental Policies and Targets

The DNP Group's environmental policies and targets are decided by the DNP Group's Environmental Committee at its head office and reviewed on a regular basis in light of global and customer trends, and the status of companywide activities.

The policies and targets specified herein are widely communicated throughout the company from the head office's promotion office to the environmental committee and promotion office in each operations.

The environmental committee of each operations then establishes its own policies and targets based on those passed down from the head office and in consideration of business trends. It then carries out specific activities based on each division's policies and targets.

Implementing Activities at the Site

When implementing specific activities, each site conducts environmental management activities as stipulated in the DNP Group's environmental guidelines. Activities are recorded monthly in a Site Eco-Report. On a six month basis, results are assessed and targets are set for the next six month period. In addition, site activities are audited once a year to ascertain if they comply with legal regulations and to see the achievement of targets for the overall Group. This is done to ensure the improvement of environmental management activities.

Flow for the Disclosure of Environmental Information

The head office's promotion office publishes DNP Group Eco-Report covering companywide activities twice a year, based on changes in social environmental trends and the Site Eco-Reports from each operations. This is the Group's white paper on environmental activities. Following publication of the report, management goes out to each site to resolve problems at a particular site or the positioning of each problem within the Group for the purpose of mutually understanding environmental information and pinpointing important issues that exist among operations. The paper also supports the sharing of information and ascertaining future key topics. Furthermore, once a year, this DNP Group Sustainability Report is published to inform of our environmental management activities over the past year.

Environmental Committee

August 28, 2003
DNP Group environmental accounting report 2002

March 26, 2004

- DNP Group Chemical Management Standards
- Reduction target of total VOC emissions
- Decision of eco-efficiency target

- Produced Site Eco-Report for term ending Sept. 2003 (Record of site activities from Apr. to Sept. 2003)
- Produced Site Eco-Report for term ending March 2004 (Record of site activities from Oct. to Mar. 2003)
- Environmental audit "Eco-Audit" implemented

- Released DNP Eco-Report No. 21 (Record of site activities from Apr. to Sept. 2003)
- Released DNP Eco-Report No. 23 (Record of site activities from Oct. to Mar. 2003)

Past Eco-Reports (22 issues in the past)



Example of improvement of Eco-Report system

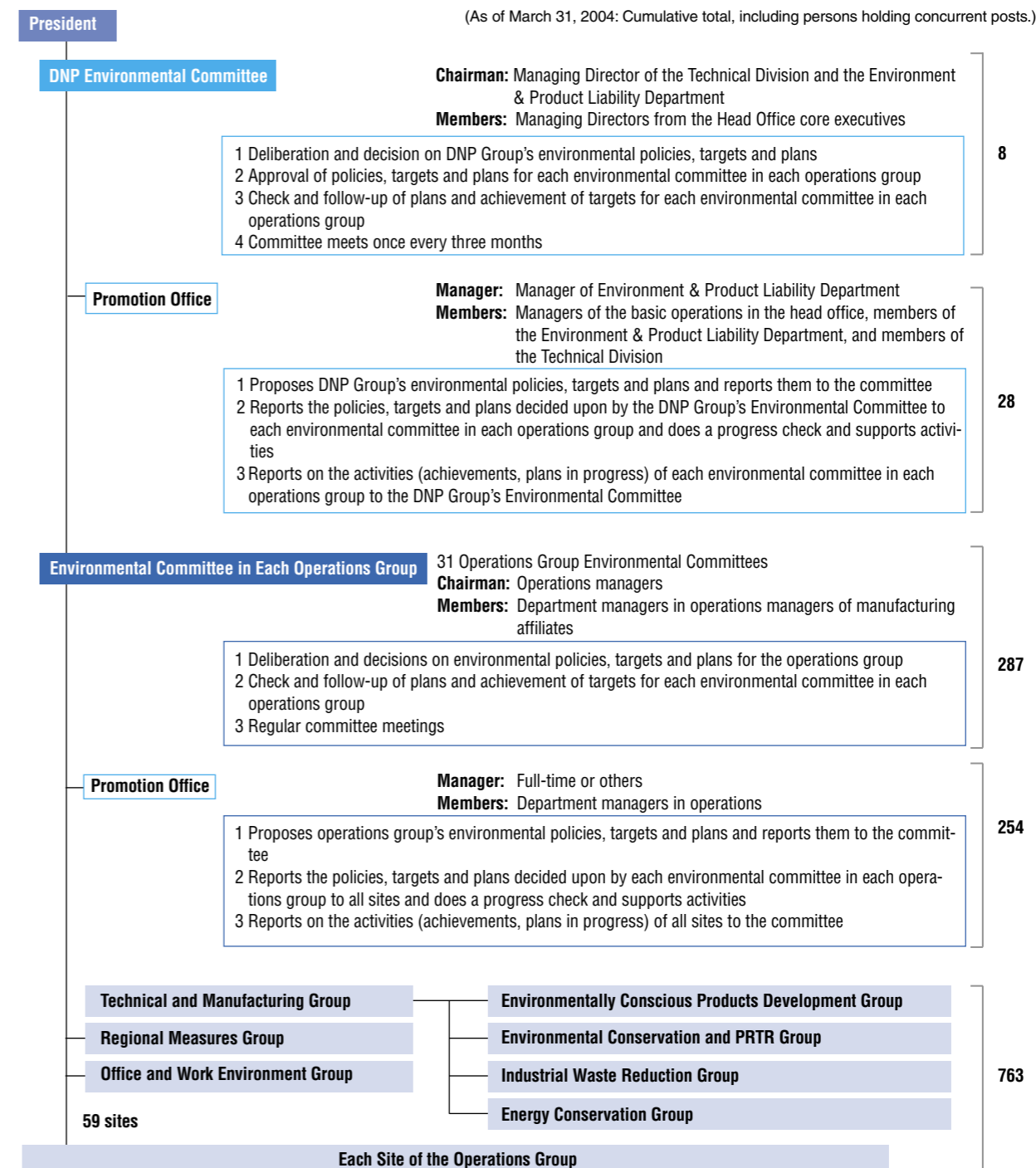
We have used "ENASUS", environmental accounting software, since 2002 for compiling environmental costs for each year. This makes it easy to ascertain the total cost for each environmental effort, and also allows for prompt compilation.



Management Activities — Groupwide Environmental Management System

The DNP group environmental management organization comprises the DNP Environmental Committee, which oversees the activities of the entire group, the environmental committees of each operation group, and promotions offices which are placed under each committee. The DNP Environmental Committee comprises Managing Directors from the Head Office core executives. The committee determines the environmental policy and targets for the entire DNP group while taking into account social trends and activities of each business area, discusses and resolves proposal plans, and checks the state of progress of plans and targets. The items determined by the Environmental Committee are relayed through the promotions offices (Head Office), to the environmental committees of each operations group, where they are implemented taking into account the characteristics of each business area, the results of which are compiled into Site Eco-Reports.

DNP Group Environmental Management Structure



Internal Environmental Audits

In 2003, there were 33 items mentioned in the "Eco-Audit" as "Improvement Required", which is the strictest category. This is 12 fewer such items than in last year's audit.

Internal Environmental audit (Eco-Audit) Results

The Eco-Audit was conducted at 55 sites in 2003 (in comparison with 54 in the previous year). Of the sites designated for disclosure in this report (please refer to pages 4 and 5), trial audits were conducted at Advanced Colortech, Inc. and DAP Technology Co., Ltd. The audit of D.T. Circuit Technology Co., Ltd. was postponed. The Production Division of DNP Facility Service Co., Ltd. was not conducted, with an audit of the Food Service Division conducted in accordance with HACCP.

The audit resulted in 33 items noted as *Improvement Required*, which is 12 fewer such items than in last year's audit (45 last year, 93 two years ago). 259 *Improvement Examination or Consideration* notifications were issued, 18 fewer than last year (241 last year, 246 two years ago).

Certain *Improvement Required* items, such as insufficient labeling in waste storage areas or lack of change notification for designated facilities, were items in conflict with legal requirements.

Sites for which *Improvement Required* or *Improvement Examination or Consideration* notifications were issued are required to submit *Correction Measures Performed* report forms, and confirmation is being made that corrective measures have been taken regarding notification items.



Examining paperwork

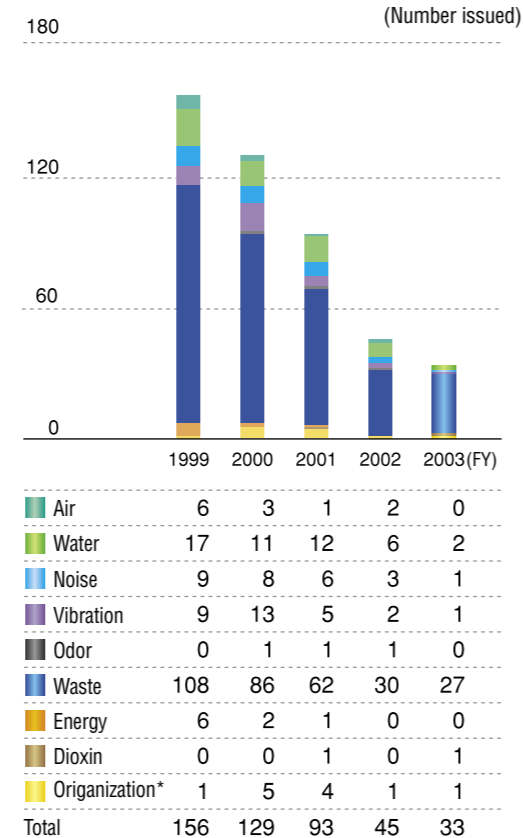


Inspection



Inspection

Number of Notifications Issued for "Improvement Required" in Eco-Audits



*Pollution prevention organization

Type of Notifications and Corrections Issued in Eco-Audit

Type of Notifications	Corrections
Improvement required:	Submission of written description of correction measures performed or improvement plan
Improvement consideration & examination:	Submission as necessary of written description of results of consideration/examination or improvement plan

2003 Eco-Audit Performance

Number of sites audited:	55 sites
Number of attendees at sites:	414 persons
Cumulative auditor number:	119 persons
Cumulative auditing hours:	576 hours
Number of qualified Eco-Auditors:	92 persons

Eco-Audit Contents

Compliance Audit

Document Audit

- Site location
- Type of waste
- Type & number of statutory facilities
- Energy consumption
- Exhaust and wastewater channels
- Changes in facilities, production processes since the last audit
- Applicable laws
- State of improvement of notifications of deficiencies in previous audit
- State of submission of statutory notifications, reports and changes
- Frequency of measurement; validity of measured data
- Changes in management personnel due to internal transfers

On-site Inspections

- Site location and relationship with surrounding sites
- Conformity to statutory facility document audit (type, number, scale, etc.)
- State of management of individual facilities and equipment, existence of abnormalities
- Emergency containment in case of abnormality or emergency
- Site picture taking

Operations Audit

Confirmation of validity of site policy and established targets

- Performance in previous term
- Consistency with DNP group policy
- Continuity with performance in previous term
- Validity of established targets

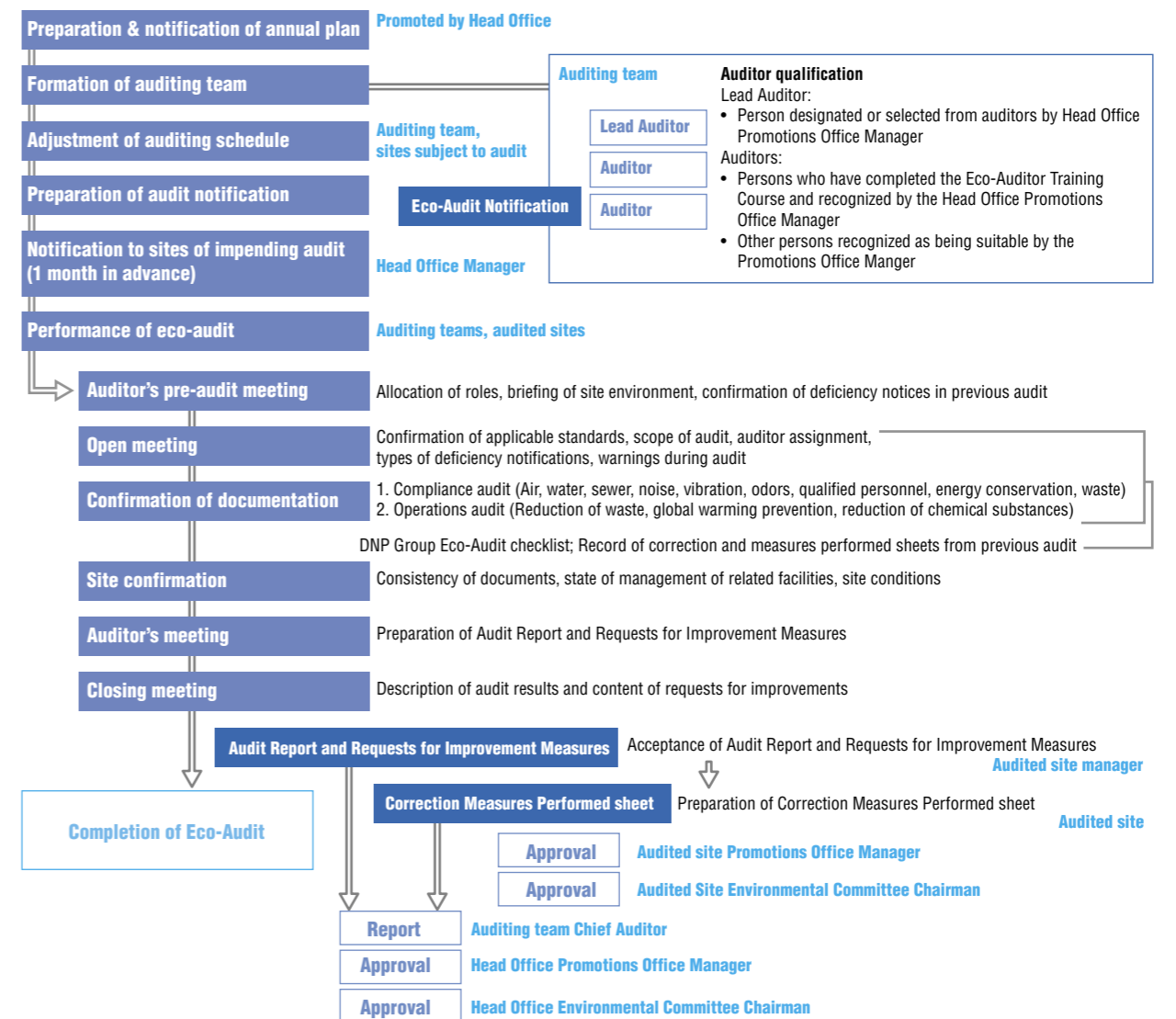
Confirmation of validity of implementation programs

- Consistency between targets and programs
- Effectiveness of the programs
- Possibility of the programs
- Possibility of fulfillment of the programs
- Promotion system and schedule

Confirmation of achievement of implementation items, performance and targets

- Records of activities performed
- State of progression of the programs
- Effects of the programs, performance of indicators and achievement of targets

Steps in Eco-Audit



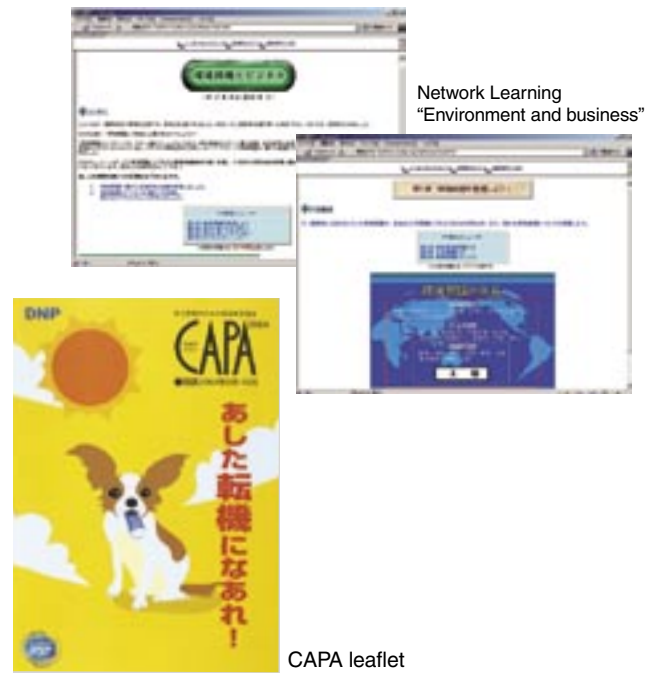
Environmental Education

The DNP group performs environmental education, with separate courses for different employee ranks, job categories and function. The courses cover internal and domestic trends concerning environmental problems, knowledge and laws, as well as DNP's conservation efforts. We provide this education to improve our employees' awareness of environmental matters and to provide the opportunity to gain the knowledge and management know-how required to achieve environmental targets.

Environmental Education implemented in 2003

In 2003, we implemented group study programs such as "Dealing with the Environment", which is a training program for new hires (354 in attendance), and "DNP's Environmental Response", a technical seminar for technicians (198 in attendance). We also held a network learning program accessible from individual computer terminals, entitled "Environmental Issues and Business" (2,055 participants). Three courses were offered via "CAPA", the distance learning program: "Earth-Friendly Environmental Seminar", "You Can Understand ISO 14001: An Introduction", and "LCA and Environmental Labels" (15 participants).

"Eco-Report Training" is conducted at each site in May and November for persons responsible for the environment. Topics taken up this year were "Hazardous Substance Management" and "VOC Reduction Measures", with the latest information concerning the activities of electronics manufacturers and the DNP Group concerning hazardous substance management, and VOC regulatory trends and measures (total of 1,001 participants).



Trainings and Courses	Year began	Total participants
Education for Employees Joining the Company:		
Course name: Environmental Activity Overall (required)	1994	2,871
Description: Basic environmental knowledge and conservation efforts of the DNP group		
Eligibility: All new employees; upon entering the company		
Technical Seminar:		
Course name: How DNP Deals with the Environment (required)	1997	2,080
Description: Basic knowledge of the environment issue, its impact and improvement means such as environmental preservation equipment		
Eligibility: Technicians; at the 2nd year of employment		
Technical Seminar:		
Course name: Environment (optional)	1999	104
Description: Environmental laws and regulations		
Eligibility: Technicians; at irregular intervals		
Network Learning:		
Course name: Environmental Issues and Business (required)	2000	6,372
Description: Environmental information to be used when presenting customers with proposals concerning environment-oriented businesses		
Eligibility: Employees with more than 2 years experience in the sales and planning divisions; semiannually		
Correspondence Course:		
Course name: <i>various courses offered each year (optional)</i>	—	15 (in FY2003)
Description: Primer on ISO 14001 and LCA		
Eligibility: All employees of DNP Group		
Eco-report Training:		
Course name: Environmental Issues of the Group (required)	1993	1,001 (in FY2003)
Description: Domestic & international trends in environmental issues, revisions in environmental laws, degree of achievement of environmental targets, new targets, issues concerning specific sites		
Eligibility: Site members and factory-related personnel of the operations group environmental committee; twice a year upon issuing of the Eco-Report		
Environmental Communications:		
Course name: Risk Communications (required)	2002	263
Description: Evaluating health risks of chemical substances, methods of reducing emissions, disclosure of data concerning such substances		
Eligibility: Site members of the operations group environmental committee; at irregular intervals		

Special Features: Environmental Efforts of Each Division



We are posting the materials flow that makes it possible to understand the environmental impact of the DNP Group overall. We have also divided our business into three areas, and have made it easy to understand the environmental impact and details of the work done in each area.

[Contents]	The Overall Environmental Impact of the DNP Group.....	16
	Information Communication Division	18
	Lifestyle and Industrial Supplies Division	22
	Electronics Division	28

The Overall Environmental Impact of the DNP Group

The DNP group produces a wide range of consumer items by using raw materials, including paper, film, plastic, metals (steel and aluminum) and ink.

Each division in the DNP group has its own particular characteristics. For example, the Information Communication Division uses a lot of paper and produces a large amount of unusable materials. The Lifestyle and Industrial Supplies Division uses a lot of auxiliary materials (solvents) and releases large amounts of greenhouse gases. The Electronics Division consumes large amounts of water, accounting for some 60% of the total consumed by the DNP group.

Furthermore, when measured in terms of environmental impact per unit of production, consumption of main raw materials per unit of production in the Information Communication

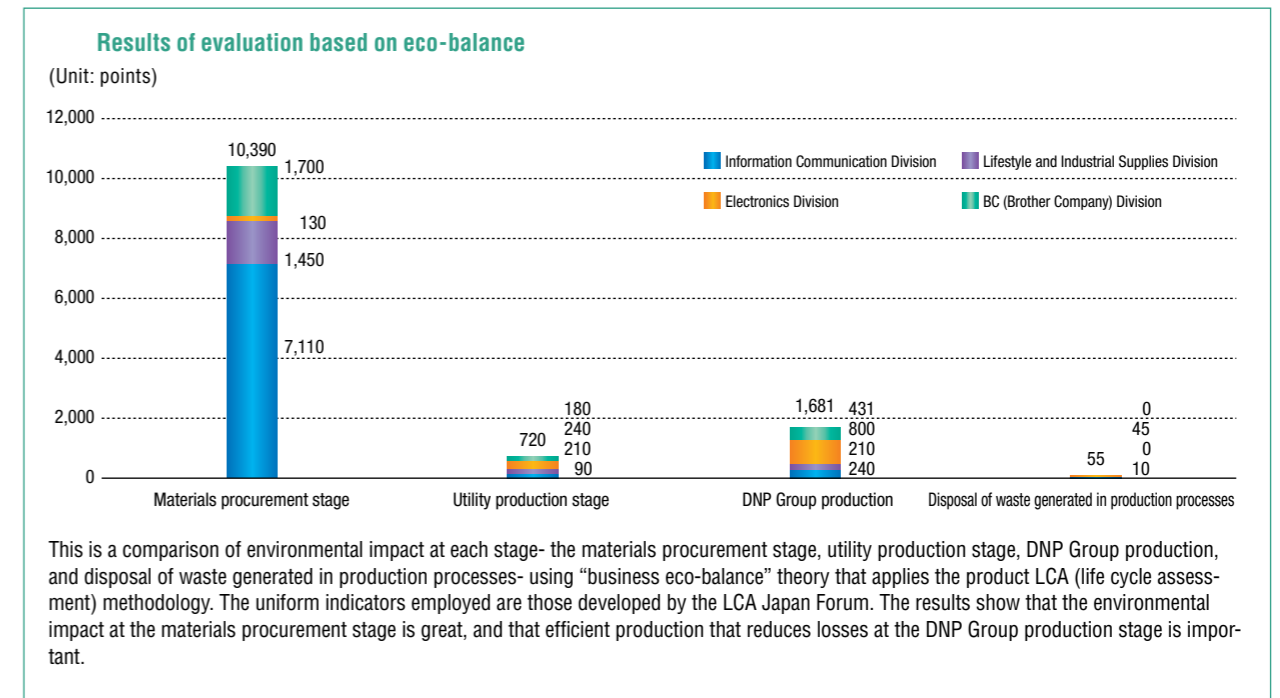
Division is large, while consumption of water and emissions of wastewater per unit of production in the Electronics Division is large. In addition, when measuring unusable materials per unit of production, there is little difference between divisions, while the in the Lifestyle and Industrial Supplies Division, emissions of greenhouse gas per unit of production is relatively large.

In 2003, We proceeded to install deodorizing equipment for our incinerators and solvent recovery equipment as countermeasures against foul odors at our facilities. Also, the IMS Dai Nippon Co., Ltd. Sayama Plant has switched from fuel oil to municipal gas. This has resulted in less use of fuel oil and reduced SOx emissions. We have also reduced the volume of waste produced and the final disposal volume through efficient production and effective use of waste products.

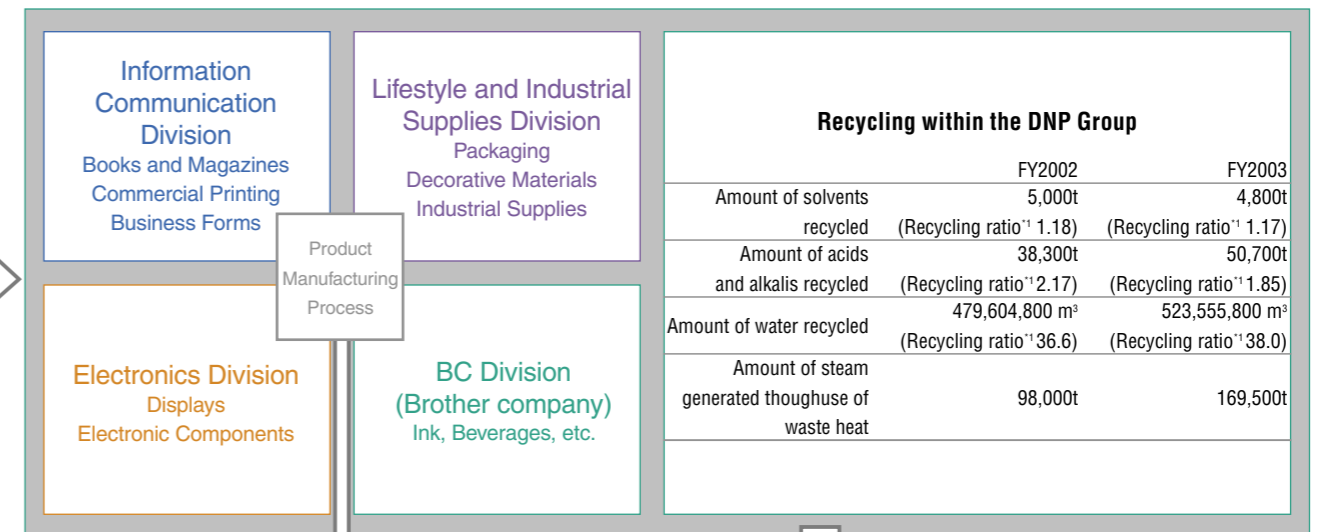
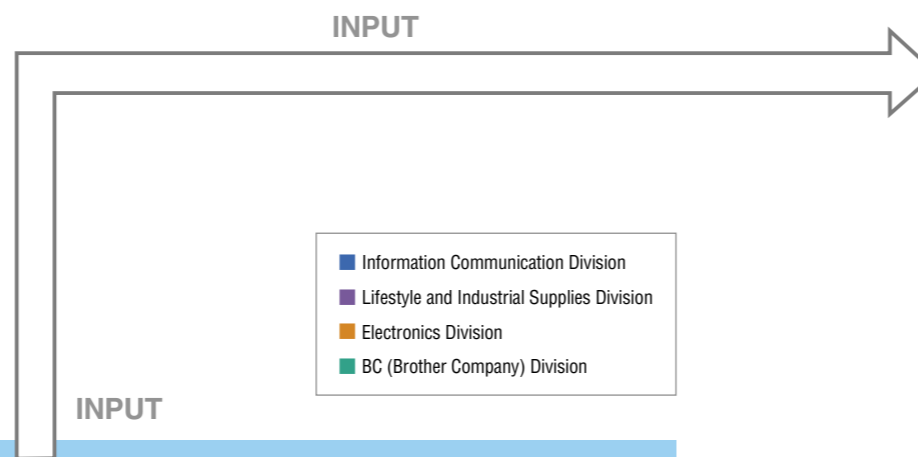
Environmental impact per unit of production by division (t/¥million)

Impact/Division	Information Communication	Lifestyle & Industrial Supplies	Electronics	BC
Key raw materials	16.3	6.1	0.3	5.7
Unusable materials	1.9	1.4	2.0	0.8
Water consumption	17.1	24.3	109.2	22.5
Wastewater	11.5	16.5	98.4	18.7
GHG emissions	2.6	4.2	3.2	1.1

* "Production" is indicative of business activity, and represents the total amount of added-value for companies subject to disclosure in this report.



This is a comparison of environmental impact at each stage- the materials procurement stage, utility production stage, DNP Group production, and disposal of waste generated in production processes- using "business eco-balance" theory that applies the product LCA (life cycle assessment) methodology. The uniform indicators employed are those developed by the LCA Japan Forum. The results show that the environmental impact at the materials procurement stage is great, and that efficient production that reduces losses at the DNP Group production stage is important.



	FY2002	FY2003
Amount of solvents recycled (Recycling ratio ¹)	5,000t (1.18)	4,800t (1.17)
Amount of acids and alkalis recycled (Recycling ratio ¹)	38,300t (2.17)	50,700t (1.85)
Amount of water recycled (Recycling ratio ¹)	479,604,800 m ³ (36.6)	523,555,800 m ³ (38.0)
Amount of steam generated through use of waste heat	98,000t	169,500t

Key raw materials			Key supplementary materials			Key raw materials		
	FY2002	FY2003		FY2002	FY2003		FY2002	FY2003
Paper	2,056,400t	2,088,400t (1.6% up)	Solvents	28,400t	27,200t (4.2% down)	Electricity	1,042 billion kWh	1,132 billion kWh (9.0% up)
Film	110,400t	119,000t (7.8% up)	Acid/alkaline	32,800t	59,300t (80.8% up)	LNG	140.7 million m ³	144.4 million m ³ (2.6% up)
Resin	62,200t	71,600t (15.1% up)				LPG	23.3 million kg	25.5 million kg (9.4% up)
Metals	67,600t	72,100t (6.7% up)				Fuel Oil	6,700k	3,000k (55.2% down)
Ink	62,500t	64,000t (2.4% up)				Vapor	0	160TJ
Other	113,500t	114,700t (1.1% up)				Water	13.4857 million m ³	14.1391 million m ³ (4.8% up)

Composition ratio of main raw materials by division			Composition ratio of main supplementary raw materials by division			Composition ratio of water consumption by division		
Year	Information Communication	Lifestyle and Industrial Supplies	Electronics	BC	Information Communication	Lifestyle and Industrial Supplies	Electronics	BC
2002	75%	16%	9%	0%	89%	10%	1%	0%
2003	74%	17%	9%	0%	88%	11%	1%	0%

Emissions to Air			Emissions to water			Total unused materials		
	FY2002	FY2003		FY2002	FY2003		FY2002	FY2003
GHG emissions	847,600 t-CO ₂	899,000 t-CO ₂ (6.7% up)	Wastewater	11,571,600m ³	11,842,800m ³ (2.3% up)	Unusable materials	506,100t	519,300t (2.6% up)
NOx emissions	627 t	660 t (5.3% up)	CODemissions ³	41.1t	49.7t (20.9% up)	Waste materials	96,800t	93,100t (3.8% down)
SOx emissions	56.5 t	25.2 t (55.4% down)	Nitrogen emissions ³	21.3t	28.3t (32.9% up)	Landfill disposal	21,300t	14,500t (31.9% down)
VOC emissions ²	3,500 t	2,200 t	Phosphorous emissions ³	1.6t	1.1t (31.3% down)			

GHG emissions composition ratio by division					Wastewater emissions composition ratio by division					Wastewater emissions composition ratio by division				
Year	Information Communication	Lifestyle and Industrial Supplies	Electronics	BC	Year	Information Communication	Lifestyle and Industrial Supplies	Electronics	BC	Year	Information Communication	Lifestyle and Industrial Supplies	Electronics	BC
2002	31%	32%	26%	11%	2002	10%	10%	62%	18%	2002	38%	18%	29%	15%
2003	28%	33%	29%	10%	2003	9%	10%	68%	13%	2003	36%	19%	32%	13%

¹ Recycling ratio is calculated as (input amount + amount reused) / input amount. Steam generation amount and solvents contained within ink have been excluded)

² VOCs listed in Category 1 in the PRTR Law. Total VOC volume in 2003 was 19,100 tons.

³ Amounts given for COD, nitrogen and phosphorous are based on emissions into wastewater channels to which the Water Pollution Control Law applies.

Information Communication Division

The Information Communication Division produces print publications, such as weekly magazines and other documents; commercial printing, such as catalogs, posters, and flyers; and business form printing, such as stock certificates, product vouchers, bank deposit books, continuous business form, and various types of cards.

The environmental impact of this division was reduced due to the closure of the Gotanda Plant Ichigaya Publication Printing Operations that resulted from the integration of the production structure.

A special characteristic of this Division is that the recycling rate is high because paper constitutes almost of the raw material used. 99% of the wastepaper and other waste emissions from the plants are recycled. Another characteristic

of this Division is that much of the solvent used is recycled. Toluene is used as the ink solvent in the gravure printing used in publishing, and the solvent that evaporates during the printing process is collected through the use of activated charcoal, etc. Because we use only toluene that is not mixed with any other solvents in our gravure printing used in publishing, we are able not only to reuse the collected toluene in our own printing processes, but can sell a portion of it to other companies as well.

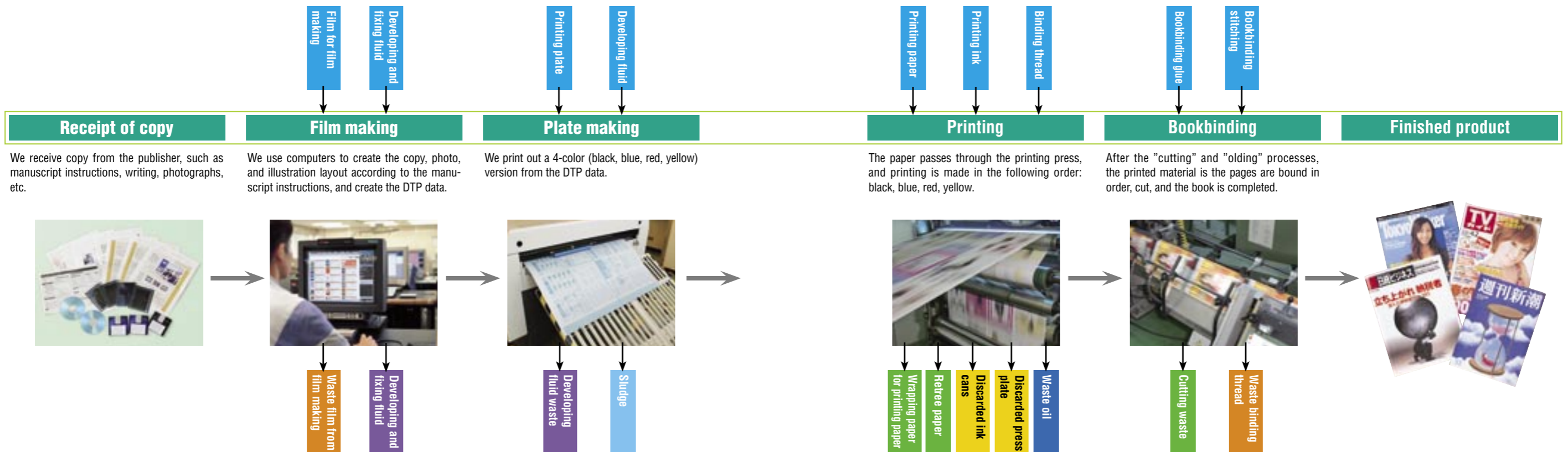
Facilities used in production processes that are covered by environmental laws include the following: facilities used in the film making process that specially designated by the Water Pollution Control Law and Sewerage Law, such as automatic film development cleaning equipment (equipment for develop-

ing and fixing photographic film for proofing, which is what the printing plates are based on), automatic printing plate development cleaning equipment with light-sensitive film attached (equipment for developing the plates used in offset printing), surface preparation equipment using acid or alkalis (equipment for preparing separate plate surfaces for plates used in gravure printing), and electroplating equipment (for chrome or copper plating of plates used in gravure printing). In the printing process, the printing press itself is equipment specified by the Noise Regulation Law and the Vibration Regulation Law. In addition to these, there are also compactors, blowers, and boilers.



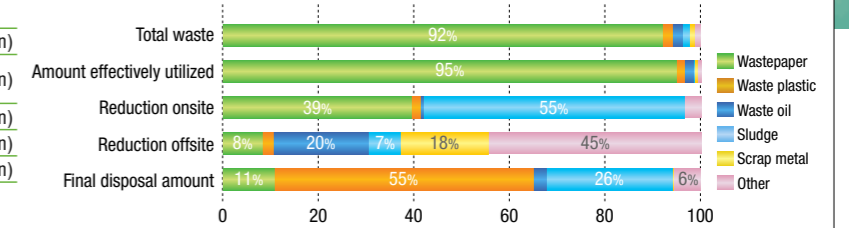
Explanation of Information Communication Division Processes

The following is an explanation of the production process for magazines, which are representative of the printed material produced by this Division.



Waste disposal

	FY2002	FY2003	
Total waste generated	195,600 t	189,200 t	(3.3% down)
Amount effectively utilized	185,600 t	181,300 t	(2.3% down)
Reduction onsite	4,900 t	3,900 t	(20.4% down)
Reduction offsite	3,600 t	2,800 t	(22.2% down)
Final disposal amount	1,500 t	1,200 t	(20.0% down)



Main materials			Main secondary materials			Utilities		
	FY2002	FY2003		FY2002	FY2003		FY2002	FY2003
Paper	1,550,000 t	1,559,800 t (0.6% up)	Solvent	300 t	200 t (34% down)	Electric	296.9 million kWh	286.6 million kWh (3.5% down)
Film	2,600 t	2,200 t (15.4% down)	Acid / alkalis	100 t	100 t (No change)	Municipal gas	56.6 million m ³	55.3 million m ³ (2.3% down)
Ink	23,600 t	22,900 t (3.0% down)				LPG	4.7 million kg	4.8 million kg (2% up)
						Fuel oil	100k	100 k (No change)
						Water	1,691,600m ³	1,661,800m ³ (1.8% down)

Air emissions			Emissions into water			Amount recycled		
	FY2002	FY2003		FY2002	FY2003		FY2002	FY2003
GHG emissions	258,500t-CO ₂	251,700t-CO ₂ (2.6% down)	Wastewater	1,183,700m ³	1,113,100m ³ (6.0% down)	Solvent	2,200 t	2,800 t
NOx emissions	200 t	200 t (No change)	COD emissions	0.2 t	0.1 t (50% down)	Steam generated through waste heat recovery	7,500 t	8,200 t
SOx emissions	1.0 t	1.0 t (No change)	Nitrogen emissions	0.2 t	0.1 t (50% down)	Water	148,660,500m ³	169,613,000m ³
VOC emissions*	1,000 t	400 t (60% down)	Phosphorous emissions	0 t	0 t (No change)			

* VOCs listed in Category 1 in the PRTR Law. Total VOC volume in 2003 was 1,600 tons.

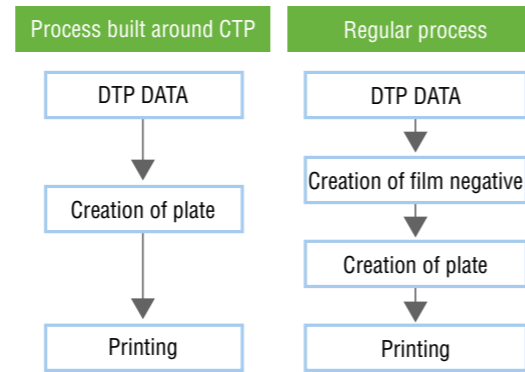
R&D concerning environmental issues at Information Communication Division: Direct plate making

The DNP Group develops technologies for environmental impact reduction, such as prepress operation efficiency and printing process stabilization, at its Technology Development Center Manufacturing Technology Laboratory. One example is the use of digital data. The majority of the manuscripts that are provided by publishing companies has been created by computer. "Direct plate making", which generally takes the form of CTP (Computer to Plate) in which manuscript data is transferred directly to the printing plate, does not require the middle stage process of film making, and is geared toward curbing the wasting of film, solvent, and developing fluid. It also obviates the need for photolithography machines for creating film negative plates, which saves energy.

In offset printing, by using press plate color tone data to preset the ink supply amount, there is little printing necessary for color tone adjustment at the outset of the printing process, which makes it possible to save on ink, paper and energy while cutting waste.

In order to smooth out this series of processes, research is being conducted at DNP into using printer output to confirm the image on the computer screen, the page format, and the color tone when creating the original print. We also look into ways to conduct uniform control of color tone amongst the printed materials created in various media.

In addition, we also perform basic research into providing for a more stable printing process.



CTP output machine

Digital Data Device for Measuring Image Area DIGI-DEMIA

This is a system that uses CTP digital data and greatly increases efficiency in color control of multicolor offset printing. It analyzes CTP data and calculates the optimal ink amounts for each area. Ink amounts are automatically

preset at the outset of printing, improving color control efficiency and reducing waste and energy usage.

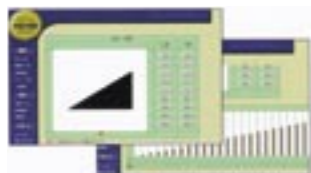
Output view screen



DEMIA data output screen



Preview, graph display



Conversion curve



Environmentally Conscious Products: Information Communication Division

Environmentally conscious magazines, pamphlets, educational booklets

(Use of recycled materials)

These are publications that use 100% recycled paper from used magazines and newspapers. These publications are not only environmentally friendly in terms of using recycled paper, but also are printed with low-environmental impact soy ink and non-VOC ink, and using printing processes that emit no toxic fluids and use no water.



Environmentally conscious calendars

(Use of recycled materials / no need for separation of components)

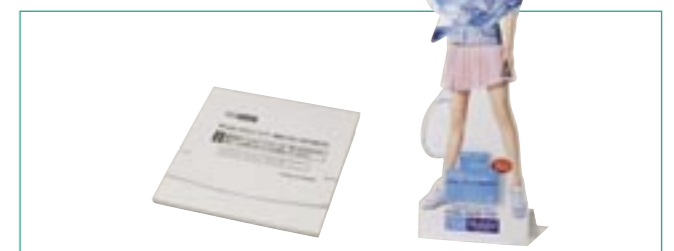
These calendars use recycled paper and soy ink, and are made without any metal or plastic components.



"Eco Cut-outs"

(Eliminating need to separate)

These are point-of-purchase displays that use part of the original packaging box as a base. Because they contain no veneer or metal parts, the displays can be easily disposed of and recycled, with no need to separate into different materials.



Recycled Paper "S-Mail"

(Using recycled materials)

As a new addition to our lineup of "S-Mail" products, special postcards that can be used for invoices and invoice breakdowns, etc., we have developed recycled paper S-Mail products. The new products are available in 70% and 100% recycled paper versions, each of which has acquired the Eco-Mark.



PET-G Cards

(Chlorinated organic compounds not used)

These cards are made of amorphous copolyester (PET-G), which does not emit chlorinated gas even when burned, and breaks down into water and CO₂.



Eco-Fit Bank Books

(Using recycled materials)

These bank books are made entirely of recycled paper and are printed with soy ink. Up until now, all but the cover was made of recycled paper, but these are the first bank books in Japan using recycled paper for the covers as well.



Environmentally-conscious Ink

(VOC-free)

The DNP group develops and manufactures environmentally-conscious ink. During FY 2002, shipments showed an increasing tendency towards use of soybean oil ink in offset and newspaper printing, and a trend towards water based inks in gravure printing, both of which are helping to prevent air pollution and improve working environments around printing presses.



Lifestyle and Industrial Supplies Division

The Lifestyle and Industrial Supplies Division manufactures packaging materials (packaging materials and containers for food, beverages, candies, household items, and medical supplies, etc.), construction materials (interior and exterior materials for housing and furniture, decorative metal paneling, etc.), and industrial supplies (printer ribbons, anti-reflective film for displays, electrode materials for lithium-ion rechargeable batteries, etc.).

This division is characterized by the consumption of a large amount of solvents in processes such as gravure printing, coating and laminating. The inks used in these processes contain large amounts of a wide variety of solvents, which when heated and dried produce a printed coating on the printing surface. As a result, solvents are released within the plant itself and into the atmosphere, necessitating measures against VOCs. The main measure used to reduce VOC emissions is

incineration, and the heat generated through incineration is used to create steam for use in the drying process. Heat emissions are also similarly used in the incineration furnace itself. Accordingly, the division is also characterized by recovery of large amounts of heat, as well as substantial emissions of GHG. Furthermore, as a measure against VOCs, we have been making progress in switching to the use of water-based ink and installing solvent recovery equipment at some sites.

Another particular characteristic of this Division is that the final disposal amount is high. The division uses a wide range of raw materials, including paper, plastic films, plastic and metal (aluminum). These materials are combined into the various coatings and laminates that provide the level of performance demanded from our products. Therefore, the waste emitted from this division are composite materials, which are difficult to recycle. As a means of making effective use of such waste

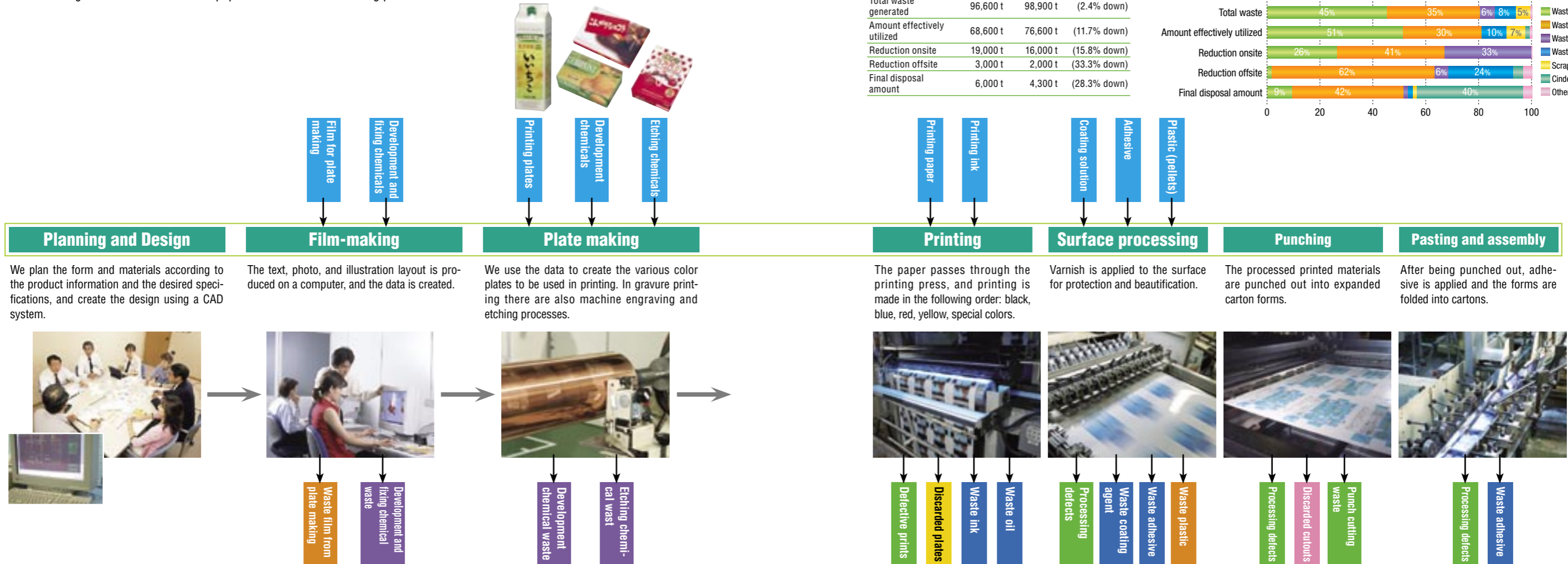
materials, we recover the heat generated in onsite incineration ("thermal recycling"), or have the materials converted to solid fuel by outside contractors.

Nevertheless, thermal recycling is impossible for materials containing polyvinyl chlorides so the final disposal amount is high. We made progress in reducing this amount in 2003 through effective use of substitute materials and material separation. The environmental facilities used in the manufacturing processes of this Division are the same as those for the Information Communication Division.

The DNP Industrial Materials Co., Ltd. Okayama Plant and Tsuruse Plant, as well as DNP Technopack Tokai Co., Ltd. were added to this Division in 2003, increasing the Division's overall environmental impact. Atmospheric SOx emissions were reduced, however, because the I.M.S. Dai Nippon Co., Ltd. Sayama Plant switched from fuel oil to municipal gas.

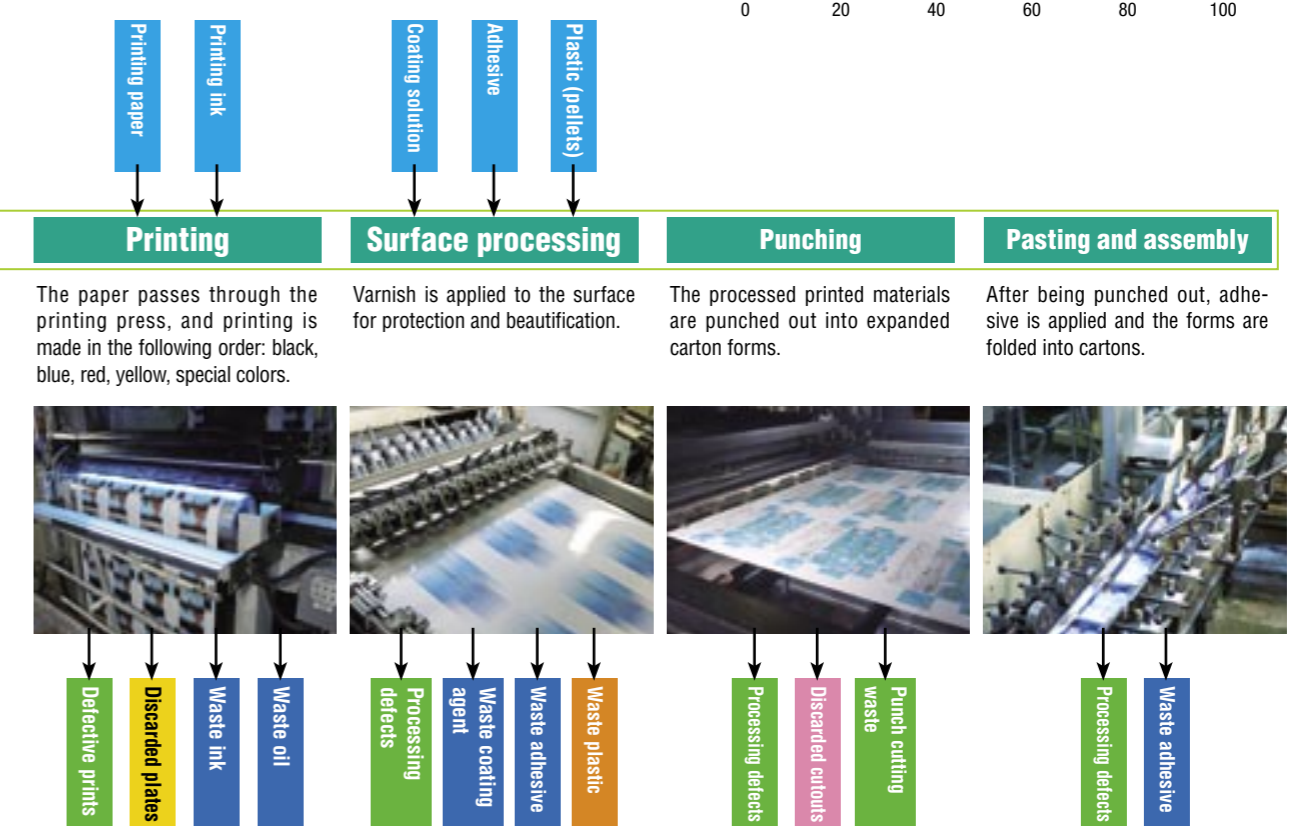
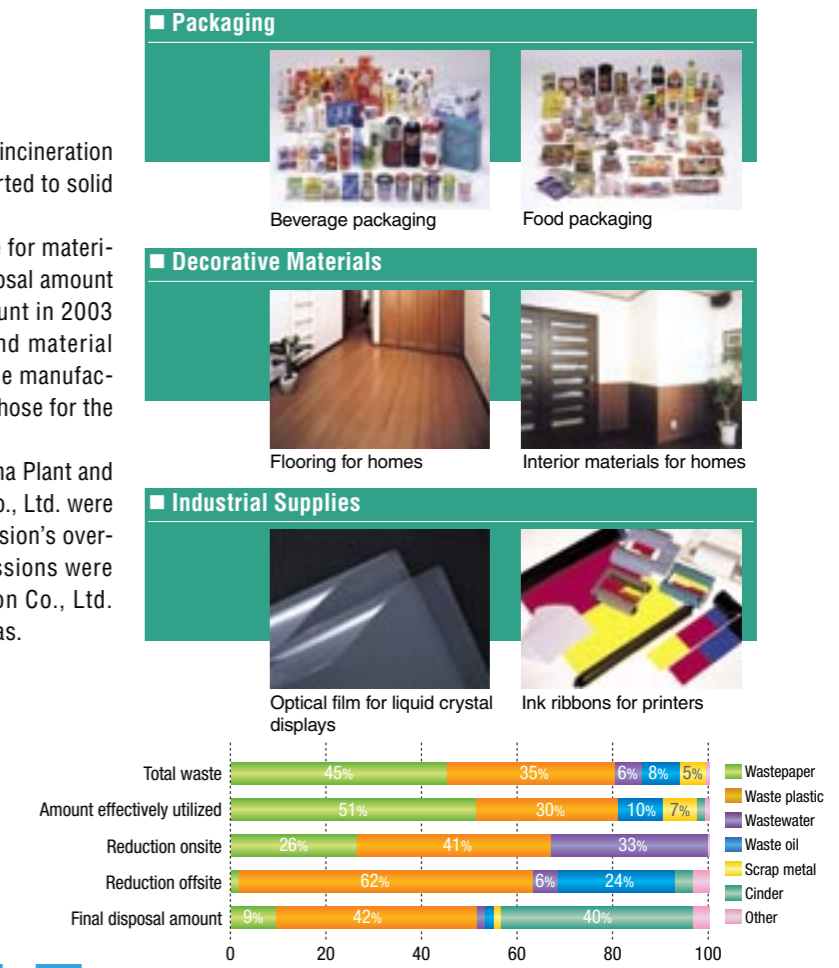
Explanation of Lifestyle and Industrial Supplies Division Processes

The following is an introduction to our paper container manufacturing process:



	Main materials			Main secondary materials			Utilities				
	FY2002	FY2003		FY2002	FY2003		FY2002	FY2003			
Paper	183,000 t	181,600 t	(0.7% down)	Solvent	25,300 t	24,100 t	(4.7% down)	Electric	344.4 million kWh	379.7 million kWh	(10.2% up)
Film	83,700 t	91,900 t	(9.8% up)	Acid / alkalis	100 t	400 t	(300% up)	Municipal gas	22.2 million m ³	24.5 million m ³	(10.4% up)
Plastic	58,100 t	68,000 t	(17.0% up)					LPG	18.6 million kg	20,600 million kg	(10.8% up)
Metal	38,700 t	39,800 t	(2.8% up)					Fuel oil	4,500 k	1,000 k	(78% down)
Ink	33,700 t	36,000 t	(6.8% up)					Water	1,538.6 m ³	1,720.0 m ³	(11.8% up)

	FY2002	FY2003	
	Total waste generated	96,600 t	98,900 t
Amount effectively utilized	68,600 t	76,600 t	(11.7% down)
Reduction onsite	19,000 t	16,000 t	(15.8% down)
Reduction offsite	3,000 t	2,000 t	(33.3% down)
Final disposal amount	6,000 t	4,300 t	(28.3% down)



	Air emissions			Emissions into water			Amount recycled			
	FY2002	FY2003		FY2002	FY2003		FY2002	FY2003		
GHG emissio	273,400 t-CO ₂	294,700 t-CO ₂	(7.8% up)	Wastewater	1,050,000m ³	1,171,600m ³	(11.6% up)	Solvent	1,400 t	1,400 t
NOx emissions	201 t	214 t	(6.5% up)	COD emissions	0.2 t	3.5 t		Steam generated through waste heat recovery	73,600 t	140,700 t
SOx emissions	38.0 t	8.1 t	(79.7% down)	Nitrogen emissions	0 t	0.5 t		Water	157,549,400m ³	142,301,600m ³
VOC emissions*	2,100 t	1,200 t	(42.9% down)	Phosphorous emissions	0 t	0 t				

*1 VOCs listed in Category 1 in the PRTR Law. Total VOC volume in 2003 was 13,900 tons.

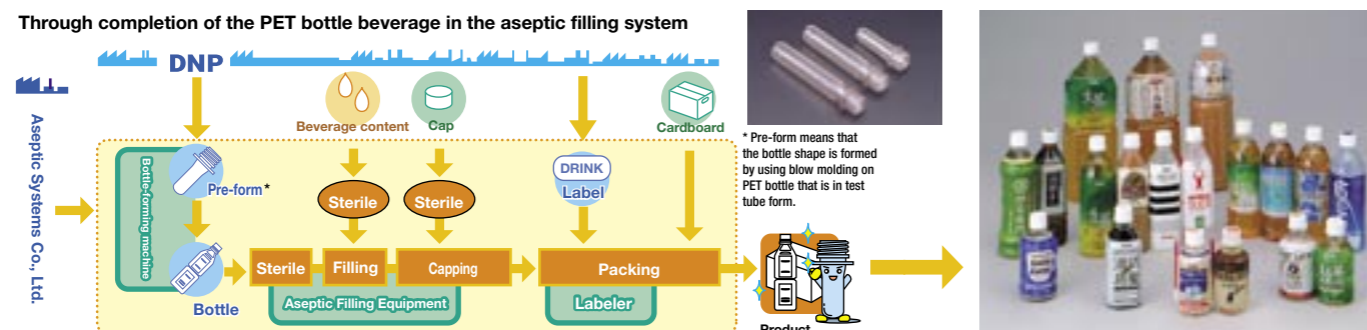
LCA (Life Cycle Assessment) efforts in the packaging area

Containers and packaging are subject to special attention by consumers. We use LCA methods to gain an objective comparison of products through numerical values for items such as energy used and air emissions over the course of the products' life cycles. This data is useful in the development of environmentally conscious products, and we also provide this information to consumers.

The following is an introduction to the steps used in conducting LCA.

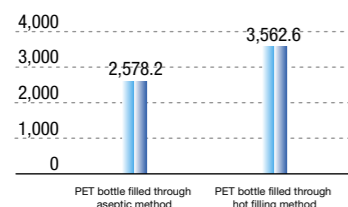
In the manufacturing of beverages sold in PET bottles, the beverages are sterilized though filling at high temperatures (hot filling). In the "aseptic filling system for PET bottles"

developed by DNP, the beverage content is immediately chilled after a short high-temperature and filled into a sterilized bottle with a sterilized cap in an aseptic room. This makes filling at room temperature possible. This process has the special characteristic of permitting the forming of the bottle and the filling of contents on the same production line, because the bottles are supplied to the filling plant in a pre-formed condition ("test tube" PET bottle master form prior to bottle shaping). As the graphs below (left and middle) show, when these two systems are compared through LCA, the "aseptic filling system" provides significant reduction of energy consumed and greenhouse gas emissions.



Comparison of energy consumption among filling methods

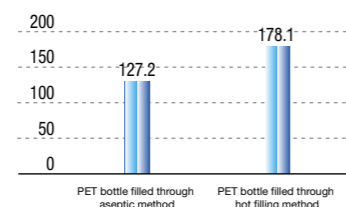
Energy consumption (MJ per 1,000 bottles)



Note 1) This covers the period from material production through disposal/recycling.
Note 2) Filling speed: 600 bottles/minute

Comparison of greenhouse gas emissions among filling methods

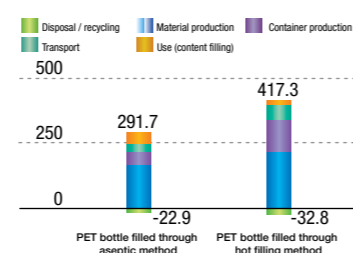
Energy consumption (CO₂- kg per 1,000 bottles)



Note 1) This covers the period from material production through disposal/recycling.
Note 2) Filling speed: 600 bottles/minute

Results of beverage container impact assessment

(Unit: points per 1,000 bottles)



Participation in LCA research

The National Institute of Advanced Industrial Science and Technology Research Center for Life Cycle Assessment, an independent administrative corporation, developed the "LIME (Life Cycle Impact Assessment Method Based on Endpoint Modeling)" in conjunction with the LCA Project as one method for assessing life cycle impact. In order to examine whether this method is applicable to the DNP Group's LCA, we participated with the Research Center and Nikkei Business Publications a joint "LCIA Special Research Committee", which guided the "Beverage Container Impact Assessment". Some of the results of that research are shown in the graph above (right). We also participated as the industry representative in the Japanese government's Plastic Waste Management Institute Corp.'s "Plastic product LCA investigative research (commissioned by the Ministry of Economy, Trade and Industry)". The thesis centered on "the contribution of plastic products to sustainable development", and in the area of packaging a quantitative analysis of based on LCA methodology was made with "shell bottles and refillable pouches (reuse)" as the case examples.

Development of environmentally conscious products

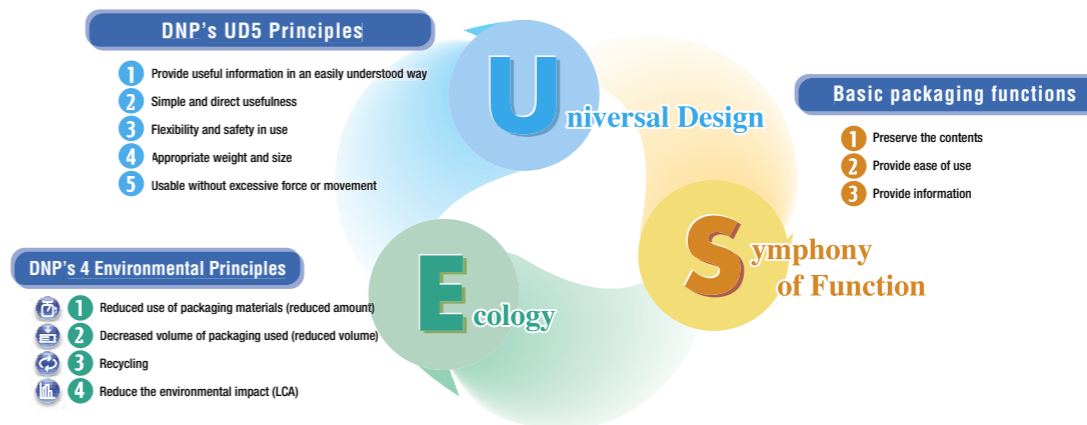
We are making efforts in the area of packaging to develop environmentally conscious packaging and containers based on the "4 environmental principles of packaging: (reduced amount, reduced volume, recycling, and LCA)". Examples of products employing our packaging design philosophy, "USE-FULL", are shown on the following page.

In terms of environmentally conscious materials, we made progress in every area in developing technologies and products using bio-plastics, which are receiving a great deal of attention. We will continue to gather data about this area, and make efforts to develop uses and applications in packaging materials.

In our efforts to provide information to consumers, we participated in the "Packaging Products for Living Exhibition 2003" held by Japan Packaging Technology Association, Inc., and the "Ecoproducts Exhibition 2003" held by the Japan Environmental Management Association for Industry and the Nihon Keizai Shimbun.

Design policy in the packaging area

DNP aims for "USE-FULL" packages in our packaging design efforts. USE-FULL means "useful" (convenient and beneficial). USE-FULL was coined to reflect the U-S-E philosophy and express the concept of FULLness.



Environmentally Conscious Products — Packaging

Inorganic Barrier (IB) Film

The DNP group manufactures packaging-use clear vapor-deposit barrier film that is free of chlorine compounds, a source of dioxin. The film has been used as packaging for foods, toiletries and other daily goods that require packing with barrier qualities.



Elbow Pouches

Elbow pouches are liquid refill packs that are easy to open and pour. The pouches help to conserve resources by enabling reuse of the original container, and shrink to a compact size after use.



HI-CUP

HI-CUP is a double-walled heat insulated cup made of recycled paper. After use, the cup can be easily crushed into a small size.



Paper Trays

Our paper trays can be used for food dishes and frozen foods, etc, and are microwave safe. The outer cover of the trays can be printed on, and give a better finish than printed plastic trays. After use, the trays can be easily crushed into a small size.



Back-in Box (BIB)

Back-in boxes are containers are cardboard boxes that containing an inner plastic bag. The box and bag sections can be separated and folded both before and after use, greatly helping to reduce storage space and improving recyclability.



Measures taken in the decorative materials area to prevent “sick house syndrome”

The DNP Group is working with base material manufacturers, adhesive manufacturers, and fabrication companies to control formaldehyde emissions and provide construction materials that fulfill the requirements of the Building Standard Law.

The Building Standard Law, which was revised July 1, 2003, mainly aims to regulate the construction materials used in buildings and make ventilation equipment compulsory, with the goal of keeping indoor concentrations of the chemicals that cause “sick house syndrome” below the guideline values. The two chemicals covered by the regulations at this time are formaldehyde and chlorpyrifos. The use of chlorpyrifos (used in termite extermination) is prohibited, and formaldehyde (used in plywood and wallpaper adhesives) is subject to the following limitations:

- (1) Interior finish limitations;
- (2) Ventilation equipment requirements;
- (3) Use under roofs.

Home Construction Materials Analysis and Evaluation Center

The Home Construction Materials Analysis and Evaluation Center was established in response to the “sick house syndrome” problem, so as to evaluate the environmental functions of products used in interiors and to construct a structure for measuring the VOCs (Volatile Organic Compounds) emitted from building materials. It not only measures the functions of our company’s products, but also handles requests from other companies, and therefore constitutes a new area of business. More than 100 requests from external sources for measurement and analysis are already being handled.

The Home Construction Materials Analysis and Evaluation Center is regulated under JIS 1901, and the processes and technology used for measuring VOC emissions from building materials have received third-party ISO/IEC 17025 certification (Certification date: April 25, 2003/Certification organization: The Japan Accreditation Board for Conformity Assessment (JAB)/Certification number: RTL01330). This makes it the first small-chamber method VOC emissions testing lab to receive such certification in Japan. Acquisition of this certification demonstrates the thorough controls and technical abilities of our quality system.



ISO/IEC 17025 Summary	
Items required for thorough control	Items required concerning technical abilities corresponding to the types of testing contracted by the testing laboratory
4.1 Organization	5.1 General
4.2 Quality system	5.2 Personnel
4.3 Document control	5.3 Equipment and environmental conditions
4.4 Confirmation of contents of request and estimate forms and contracts	5.4 Confirmation of testing and calibration methods and/or validity of methods
4.5 Testing and calibration sub-contracting contracts	5.5 Facilities
4.6 Purchase of services and/or supplies	5.6 Traceability of measurements
4.7 Service provided to clients	5.7 Sampling
4.8 Complaints	5.8 Handling of testing and calibration items
4.9 Control of nonconforming testing and calibration	5.9 Guaranty of testing and calibration quality
4.10 Correction process	5.10 Reporting of results
4.11 Prevention process	
4.12 Record control	
4.13 Internal auditing	
4.15 Management review	

Basic concept behind environmentally conscious products in the decorative materials

We have consideration of global environmental conservation and the living environment as our guiding principle in developing products in the decorative materials area that take the environment into consideration in every process, from production through distribution, use and disposal.

Consideration of the global environment		Consideration of the living environment	
Low impact	Reduce environmental pollutants Non-toluene Non-xylene	Health	Responding to sick house issues Do not use materials listed under Health, Labor and Welfare Ministry guidelines
Energy conservation	Reduce energy consumption during manufacturing	Cleanliness	Maintain a hygienic indoor environment Pollution prevention functions Image maintenance
Conserve resources	Consideration of recyclability	Safety	Responding to environmental hormone issues Do not use chemicals suspected to be hazardous by the Ministry of the Environment

Consideration of the lifecycle of a product



Environmentally conscious products – Construction materials

Safmare

Original decorative paneling for “olefin-based” finishing and building that makes it possible to create spaces that meet demands for “health”, “cleanliness” and “safety”.



Poweregos / Cleanegos

High-functioning “paper-based” decorative sheets for use in kitchen cabinets, closets, and building that are superior in terms of abrasion resistance and stain resistance.



HT Floor

Olefin-based flooring that allows realization of next generation quality and rapidly improved functionality.



Clerio (Erio steel sheet)

Decorative steel sheet for ornamental bath walls that do not contain PVC and are printed directly without the use of film.



Electronics Division

The Electronics Division applies photographic plate making technology to the manufacturing of display products (such as LCD color filters, Braun tube TV shadow masks¹, backboards for plasma TVs, and projection TV screens) and electronic devices (such as photomasks and lead frames² for semiconductors). This Division is characterized by consumption of large amounts of water and acid. The acid is used in etching when producing shadow masks and lead frames, while water is necessary for cleaning. The Division makes effective use of waste acid, recycling it for reuse both onsite and through outside contractors.

In 2003, in addition to strengthening of the production structure at the Mihara Plant, DAP Technologies Co., Ltd. and Advanced Colortech Co., Ltd. were added to this Division. This resulted in an increase in overall environmental impact. Nevertheless, as a result of efforts to make effective use of the

sludge emitted from the wastewater treatment facility, there was a marked decrease in the final disposal amount.

¹ Shadow mask: An electronic device used in plate making with fixed pore size and pitch so that the electron beams that correspond to the three primary colors (red, green, blue) released from an electron gun contained within the color picture receiver each hit the fluorescent body only.

² Lead frame: The connecting terminals of a semiconductor chip, which perform a number of functions, including connection of the chip with an external devices, release of heat, maintenance and protection of the chip.

Display products



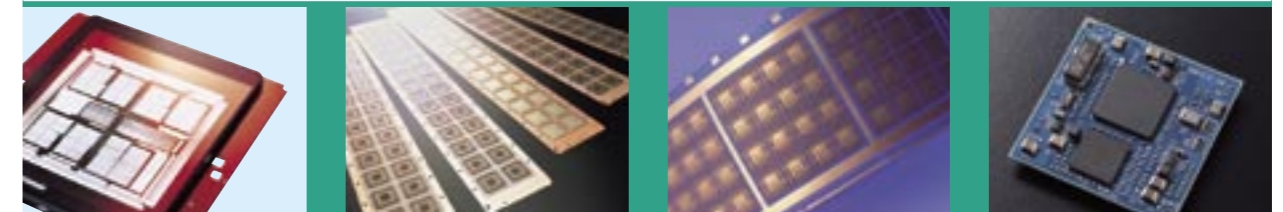
LCD display color filter

Braun tube TV shadow mask

Backboard for plasma TV

Projection TV screen

Electronic devices



Photomask for semiconductor

Lead frame

Coreless buildup circuit board

System module (MPEG-4)

Explanation of Electronics Division processes



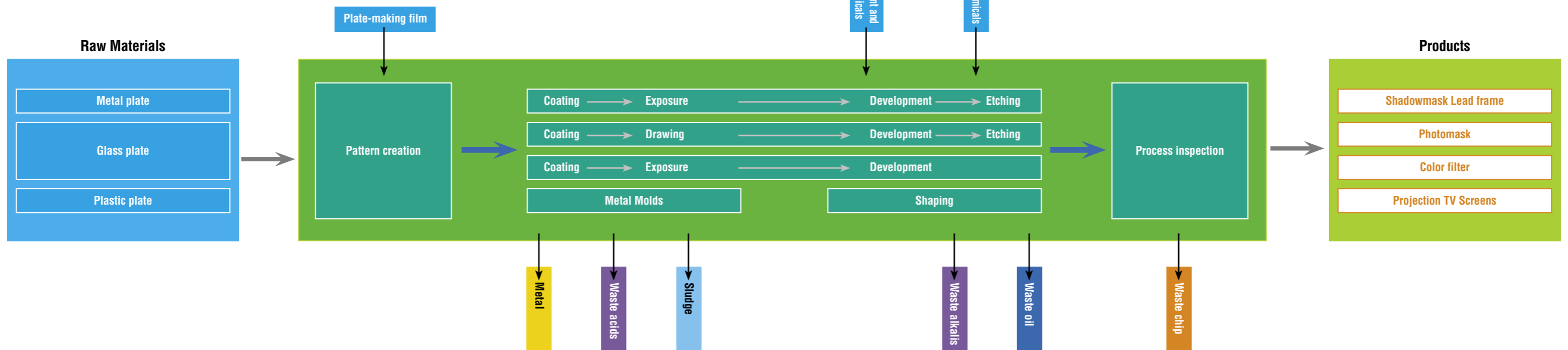
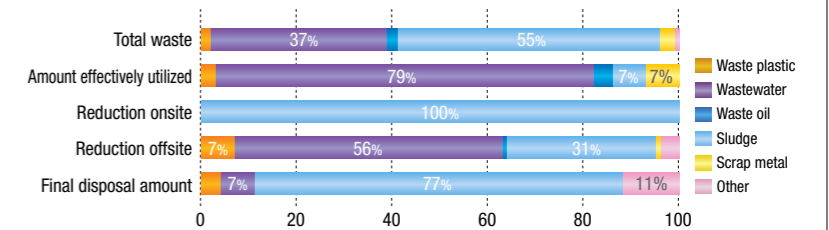
Production line for LCD color filters



Production line for photomasks for semiconductors

Treatment of unused materials

	FY2002	FY2003	
Total unused materials	142,200 t	168,600 t	(18.6% up)
Effective use	61,400 t	76,500 t	(24.6% up)
Reduction on site	65,900 t	78,000 t	(18.4% up)
Site volume reduction	3,100 t	3,600 t	(16.1% up)
Landfill	11,800 t	7,900 t	(33.1% down)



Main materials		Main secondary materials		Utilities			
FY2002	FY2003	FY2002	FY2003	FY2002	FY2003		
Film	6,600 t	4,900 t	(25.6% down)	Acid / alkalis	32,700 t	58,800 t	(79.8%)
Metal	14,200 t	15,400 t	(8.5% up)	Electric	247.3 million kWh	328,900 million kWh	(33.0%)
Glass	2,200 t	6,600 t	(200% up)	Municipal gas	52.4 million m ³	54,600 million m ³	(4.2%)
				Vapor	0	169TJ	
				Water	7,878,400 m ³	8,852,900m ³	(12.4%)

Air emissions		Emissions into water		Amount recycled			
FY2002	FY2003	FY2002	FY2003	FY2002	FY2003		
GHG emiss	221,700 t -CO ₂	262,400 t -CO ₂	(18.4%)	Wastewater	7,154,900 m ³	7,979,500 m ³	(11.5% up)
NOx emissions	162 t	189 t	(16.7%)	COD emissions	30.0 t	36.1 t	(20.3% up)
SOx emissions	0 t	0 t	(no charge)	Nitrogen emissions	18.5 t	25.5 t	(37.8% up)
VOC emissions*	0 t	0 t	(no charge)	Phosphorous emissions	1.2 t	0.9 t	(25.0% up)
				Acid / alkalis	38,300 t	50,700 t	
				Water	150,181,900m ³	186,005,900m ³	

* VOCs listed in Category 1 in the PRTR Law. Total VOC volume in 2003 was 100 tons.

Research and development for environmental concerns

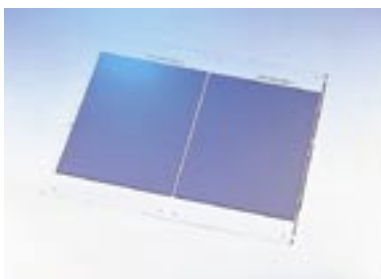
Product development and process improvement in the Electronics Division mainly take place in the Display Components Operations Display Components Lab and in the Electronic Components Operations Electronic Components Lab.

In the area of display products (such as Braun tube TV shadow masks, LCD color filters, and projection TV screens), a black matrix that does not use chrome has been developed for LCD color filters. A black matrix is used to improve color filter contrast, and therefore functions to create a stripe pattern that fills in the gaps between the R (red), G (green), and B (blue) color filters. Up until the majority of black matrices used have been chrome-type that use photo etching technology to make high-precision, high-definition processing possible. In consideration of the environment, we developed a black matrix that uses photolithography technology and does not use chrome (acrylic resin-coated product), and we continue to work to develop its technical advantages.

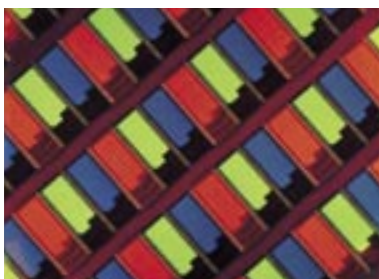
In the area of decreasing the environmental impact of manufacturing processes, we eliminated the use of all chemicals listed in Category 1 in the PRTR Law from the production lines for projection TV screens. In the area of color filter production, while the inefficient use of optical plastic in the

spin method used in the coating process had been a problem because it created a high volume of waste, we have developed a coating process employing the die-coating method, which has reduced the amount of optical plastic used, and further reduced waste.

In the area of electrical devices (such as photomasks and lead frames), the majority of efforts are being made toward reducing the environmental impact of the production processes. One example is the manufacture of photomasks without the use of organic solvents. Photomasks are plates used in baking LSI circuit patterns onto silicon wafer surfaces, and are manufactured using optical plastic (photo resist). Optical plastic, which is made of polymers, melts easily, and the most commonly used type employs organic solvent because of ease of coating and drying. Nevertheless, for the sake of the environment we have made the switch to the non-solvent type that uses an aqueous solution. This not only reduces the environmental impact on the production environment at the manufacturing site, but also reduces exhaust and effluent emissions into the general environment. In addition to this, we are also developing small-scale production facilities that provide better clean room energy conservation, as well as repair technologies using mechanical processes that do not use toxic gases in the repairing of photomasks



LCD display color filter



Blow-up photo of a color filter



Photomask

2003 Environmental Performance



We have included more details about the reduction of environmental pollutants, especially VOCs (Volatile Organic Compounds). We have also improved the accuracy of our explanation concerning PRTR.

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	Promotion of Green Purchasing	47
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Results and Evaluations of Environmental Conservation

The DNP Group has set environmental goals based on our environmental policy that are appropriate to our business activities, and we have been making steady progress. The following are the results achieved in 2003 regarding the goals set by the Environmental Committee in March 2002.

◎ : Broadly achieved goal ○ : Achieved goal or are in a steady trend toward achieving goal × : Goal not achieved

Theme	Goal (Year in which goal is to be achieved)	2003 results	Evaluation	Page on which it is described
Development and sale of environmentally conscious products	Increase the sales of environmentally conscious products by 10% annually in comparison to the previous year (annually)	2002 sales: ¥101.9 billion 2003 sales: ¥140.4 billion Comparison with 2002: 38% increase	◎	p48
PRTR	Reduce air emissions of toluene by 500 tons annually for the Group as a whole (2004)	Air emissions in 2000: 8,376 tons Air emissions in 2002: 3,151 tons Air emissions in 2003: 2,003 tons Comparison with 2000: 76% decrease	○	p36
	Reduce emissions and transport amount of chemicals listed in Category 1 in the PRTR Law (with the exception of toluene) by 50% in comparison with 2000 (2004)	Emissions / amount transported in 2000: 1,220 tons Emissions / amount transported in 2002: 870 tons Emissions / amount transported in 2003: 712 tons Comparison with 2000: 42% decrease	○	p36
Global warming prevention	Maintain the 2000 level of greenhouse gas emissions (2010)	2000 emissions: 867,000 tons 2002 emissions: 842,000 tons 2003 emissions: 899,000 tons Comparison with 2000: 103.7%	×	p41
	Maintain total energy consumption at 2000 levels (2010)	2000 total energy consumption: 18,500 TJ 2002 total energy consumption: 18,100 TJ 2003 total energy consumption: 19,300 TJ Comparison with 2000: 104.3%	×	p41
	Reduce per unit energy consumption (energy consumption converted to fuel oil consumption/total production) by 15% in comparison with 1990 (2010)	1990 per unit: 4.10 TJ/¥100 million 2002 per unit: 3.94 TJ/¥100 million 2003 per unit: 4.19 TJ/¥100 million Comparison with 1990: 2.2% increase	×	p41
	Reduce per unit CO ₂ emissions (CO ₂ emissions /total production) by 20% in comparison with 1990 (2010)	1990 per unit: 198,000 tons CO ₂ /¥100 million 2002 per unit: 177,000 tons CO ₂ /¥100 million 2003 per unit: 187,000 tons CO ₂ /¥100 million Comparison with 1990: 5.6% increase	○	p41
Reduction of industrial waste	Reduce per unit waste emissions (Waste emissions /total production) by 40% in comparison with 2000 (2005)	2000 per unit: 0.312 tons/¥100 million 2002 per unit: 0.211 tons/¥100 million 2003 per unit: 0.202 tons/¥100 million Comparison with 2000: 35.3% reduction Comparison with 2002: 4.3% reduction	◎	p38
	Reduce total waste generation by 25% in comparison with 2000 (2005)	Total waste generation in 2000: 646,000 tons Total waste generation in 2002: 506,000 tons Total waste generation in 2003: 519,000 tons Comparison with 2000: 19.7% reduction Comparison with 2002: 2.6% increase	×	p38
	Achieve zero emissions at 20 sites (2005)	Achieved at 7 sites 28 sites at 1% or less emissions going to final disposal site	○	p38
	Reduce waste generation rate (total waste generation/total materials input) by 20% in comparison with 2000 (2005)	2000 waste generation rate: 17.7% 2002 waste generation rate: 15.1% 2003 waste generation rate: 14.8% Comparison with 2000: 16.4% reduction Comparison with 2002: 2.0% reduction	○	p38
	Achieve 80% recycling rate (recycling amount/total waste generation) (2005)	2000 recycling rate: 71.9% 2001 recycling rate: 74.2% 2002 recycling rate: 77.6% 2003 recycling rate: 78.8% Comparison with 2002: 1.2 point improvement	◎	p38

Theme	Goal (Year in which goal is to be achieved)	2003 results	Evaluation	Page on which it is described
Environmental conservation	Maintain a maximum concentration of air emissions covered by regulations that is 70% or less of the regulatory standards (2005)	2001 target achievement rate (voluntary target): 92% 2002 target achievement rate (voluntary target): 93% 2003 target achievement rate (voluntary target): 95%	◎	p45
	Maintain a maximum concentration of wastewater emissions covered by regulations that is 70% or less of the regulatory standards (2005)	2001 target achievement rate (voluntary target): 83% 2002 target achievement rate (voluntary target): 89% 2003 target achievement rate (voluntary target): 92%	○	p45
	Maintain a noise level within site perimeters that is 95% or less of the regulatory standard (2005)	2001 target achievement rate (voluntary target): 45% 2002 target achievement rate (voluntary target): 47% 2003 target achievement rate (voluntary target): 60%	×	p45
	Maintain a maximum odor level within site perimeters that is 70% or less of the regulatory standard (2005)	2001 target achievement rate (voluntary target): 100% 2002 target achievement rate (voluntary target): 100% 2003 target achievement rate (voluntary target): 100%	◎	p45
	Make the rate of separation and collection of wastepaper 65% or better in comparison with municipal waste (annually)	2001 target achievement rate (voluntary target): 91% 2002 target achievement rate (voluntary target): 89% 2003 target achievement rate (voluntary target): 90%	○	p45
Office environment	Increase the purchasing rate for products covered by our own company standards (Purchasing Division Green Purchasing Standards) of the total amount of materials and supplies purchased by 2.5% in comparison with the previous year (annually)	2001 wastepaper separation and collection rate: 60.7% 2002 wastepaper separation and collection rate: 62.3% 2003 wastepaper separation and collection rate: 68.4%	○	p40
Green purchasing	Increase the purchasing rate of environmentally certified products, such as those labeled with the Eco-Mark, of the total amount supplies (office supplies and equipment) by 3% in comparison with the previous year (annually)	2001 Green materials purchasing rate: 15.9% 2002 Green materials purchasing rate: 18.6% 2003 Green materials purchasing rate: 24.3% Comparison with 2002: 5.7% increase	◎	p47
	Reduce per unit CO ₂ emissions (CO ₂ emissions /transport weight/transport distance) by 5% in comparison with 2000 (2010)	2001 Green supplies purchasing rate: 9.1% 2002 Green supplies purchasing rate: 12.5% 2003 Green supplies purchasing rate: 11.8% Comparison with 2002: 0.7% decrease	×	p47
Reduction of environmental impact of transport	Reduce per unit amount of fuel used for transport (amount of fuel used/sales) by 20% in comparison with 2000 (2010)	2000 per unit CO ₂ emissions: 115 t-CO ₂ / ton kilometer 2002 per unit CO ₂ emissions: 85 t-CO ₂ / ton kilometer 2003 per unit CO ₂ emissions: 79 t-CO ₂ / ton kilometer Comparison with 2000: 31% decrease Comparison with 2002: 7% decrease	◎	p43
	Reduce per unit amount of fuel used for transport (amount of fuel used/sales) by 20% in comparison with 2000 (2010)	2000 per unit amount of fuel used for transport: 83,000 l/¥100 million 2002 per unit amount of fuel used for transport: 78,000 l/¥100 million 2003 per unit amount of fuel used for transport: 78,000 l/¥100 million Comparison with 2000: 6% decrease Comparison with 2002: 0% decrease	○	p43

In making per unit calculations, "production" (amount of business activity) represents the total amount of added-value.

Reducing Environmental Pollutants

We are making efforts to monitor and reduce emissions of environmental pollutants so as to conserve both the global and local environments. We are working to reduce atmospheric pollutants, such as air contaminants, ozone depleting chemicals, SOx (sulfur oxide), NOx (nitrous oxide), and VOCs (Volatile Organic Compounds), as well as water pollutants, such as COD (Chemical Oxygen Demand), nitrogen, and phosphorous.

In 2003, we were able to reduce emissions of air pollutants such as dichloromethane, dioxins, SOx, and VOCs, but ozone-depleting chemicals were at 2002 levels, and NOx emissions increased. We were able to reduce emissions phosphorous into public waters, but emissions of COD and nitrogen increased.

Impact on the atmosphere

Atmospheric contaminants

The DNP Group uses dichloromethane, which under the Air Pollution Control Law is considered a "priority substance" requiring reduction efforts. Dichloromethane is mainly used as a cleaner in the printing process, and we have been making progress in reducing its use by switching to cleaning equipment using aqueous solutions or to substitute chemicals. As a result, our total air emissions for 2003 were 3.6 tons.

Trichloromethane was completely eliminated in 1996, while tetrachloromethane was in 1997.

In the case of dioxins, we eliminated small-scale incinerators, in which incineration is difficult to control, by 2002, so as to reduce the emissions stemming from waste incineration. As a result, we reduced atmospheric emissions of dioxins by 7% in comparison with 2000. Currently, all of our active incinerators are large-scale thermal recovery incinerators that fulfill the 2002 regulations. We have six of these nationwide.

Ozone-depleting substances

In the case of ozone-depleting substances, although we do use air conditioners that employ coolant containing CFC-11¹ and CFC-12, we reduced by three the number of air conditioners filled with this coolant in 2003, and currently have 14 on active duty. We are also making progress in eliminating chemicals in the production process that have been designated toxic, such as chlorinated organic solvents and other sub-

stances with a high ozone-depletion factor, and as a result the use of HCFC-141b² CFC-substitute has been increasing since 1999. This substance has a comparatively low ozone-depletion effect, but at the same time it is a chemical that requires regulation from the standpoint of global warming prevention. Therefore, the DNP Group is making progress in reducing emissions of HCFC-141b into the atmosphere. In 2003 there was end to what had been a trend toward switching to substitute chemicals, and atmospheric emissions were at the same level as in 2002.

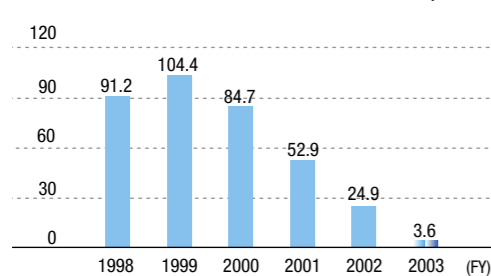
The use of 1,1,1-trichloroethane, which was banned by the Montreal Protocol on Substances that Deplete the Ozone Layer, was ceased in 1994.

¹: Chlorofluorocarbons ²: Hydro chlorofluorocarbons

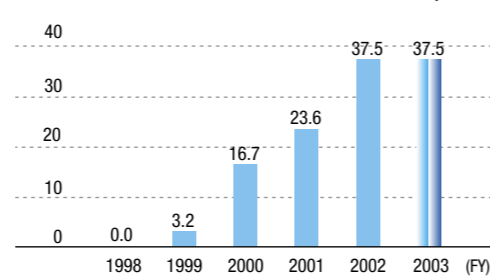
SOx (sulfur oxide) and NOx (nitrous oxide)

SOx and NOx are emitted in conjunction with electric and fuel consumption in the production process. The DNP Group has been working to reduce the emissions of these in smoke and soot by switching from fuel oil to municipal gas, improving combustion facilities, and energy conservation. By switching our boilers from fuel oil to municipal gas in 2003, we reduced SOx emissions levels to 33% of those in 2000. At the same time, there was an increase in the amount of municipal gas consumed, and electrical power consumption also increased due to an expansion of our scale of production, so there was an increase in NOx emissions.

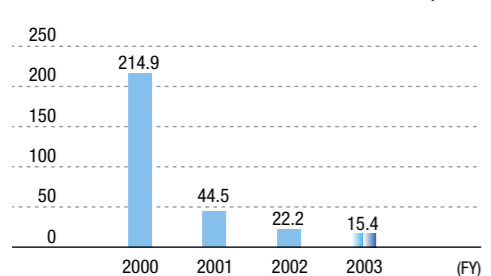
Dichloromethane emissions (Unit: tons)



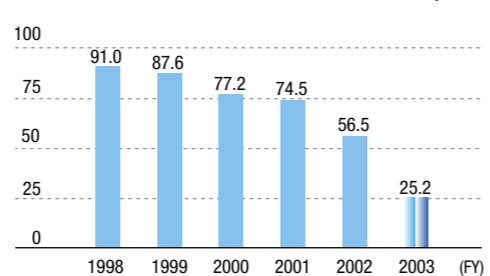
CFC-substitute emissions (Unit: tons)



Dioxin emissions (Unit: mg-TEQ)



SOx emissions (Unit: tons)



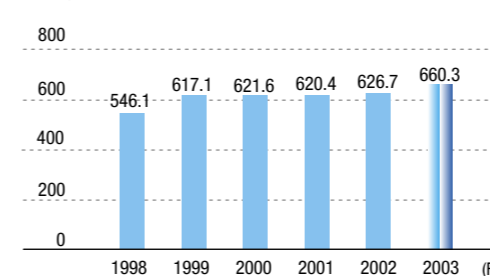
VOCs (Volatile Organic Compounds)

Substances as ink solvents, fixers, and cleaners are broadly used in the printing process and contain toluene and xylene, which are VOCs. These VOCs have been found to create photochemical oxidants and suspended particulate matter (SPM³) when released into the air, and their emission into the air is regulated. ³ Suspended Particulate Matter

The DNP Group has been making progress in reducing emissions of PRTR-listed VOCs through separation using combustion equipment and the use of absorbers for their collection and reuse. We are also making efforts such as switching to low-environmental impact substitutes and water-based materials. In 2003, through our progress in separation of toluene and other VOCs, we were able to reduce air emissions of these compounds by 1,317 tons (37%) in comparison with 2002.

We have also been making efforts to monitor and reduce emissions into the environment of PRTR-listed VOCs. Our total VOC emissions were 19,068 in 2003, but most of this amount consisted of three chemicals- acetic ether, isopropyl alcohol, methyl ethyl ketone- that are used as solvents in the printing process. We will continue to make improvements so as to meet our goal of reducing air emissions by half by 2005.

Nitrogen emissions (Unit: tons)



Impact on water

Impact on water

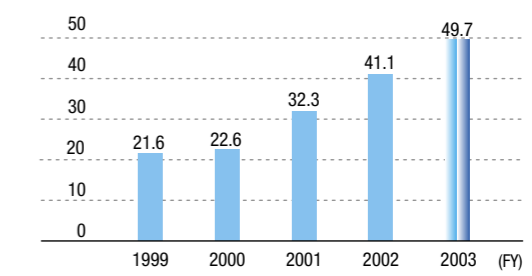
We use wastewater treatment facilities to decontaminate and reduce the pollution load of wastewater, emitted from our production lines and dining areas, which contains organic substances. In 2003, because of the increase in the production volume of processes in the Electronics Division that produce wastewater with a comparatively high organic and nitrogen content, there was an increase in organic compounds per unit of wastewater, causing overall COD waste volume emissions after wastewater processing to increase by 8.6 tons.

Nitrogen and phosphorous

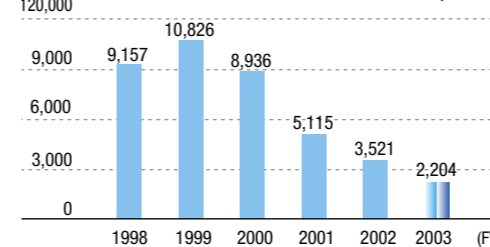
We have been using wastewater treatment facilities and water-purifier tanks to decontaminate wastewater from our plants and offices as a means of preventing the eutrophication⁴ of public waters. In 2003, just as was the case with COD, the increase in the production volume of processes that produce wastewater with nitrogen content caused an increase in nitrogen per unit of wastewater, resulting in 7 tons more nitrogen emissions than in 2002. At the same time, we switched to non-phosphorous detergent at plants which produce a high volume of wastewater, reducing phosphorous emissions by 0.5 tons in comparison with 2002.

⁴ Eutrophication is a problem affecting water quality in closed coastal water areas and lakes. This is caused by nitrogen and phosphorous content in residential and industrial wastewater, and is characterized by an unusually high growth rates for plankton.

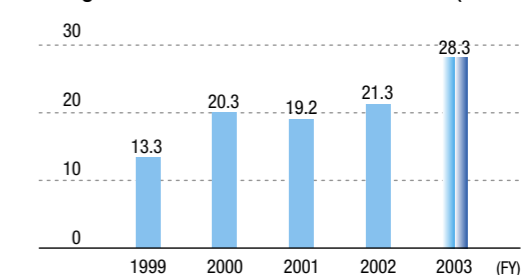
COD emissions (Unit: tons)



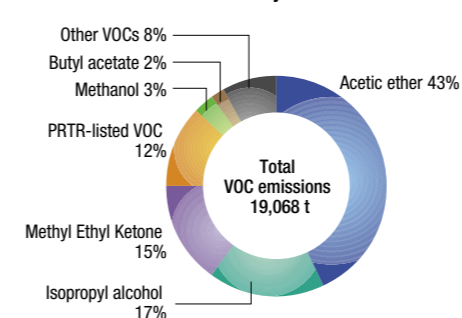
VOC (chemicals listed in Category 1 in the PRTR Law) emissions (Unit: tons)



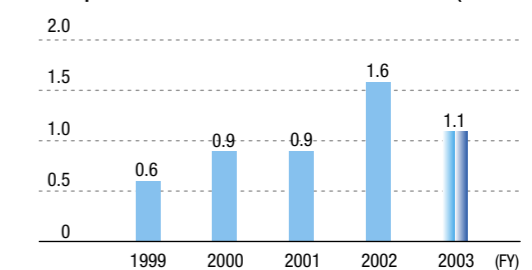
Nitrogen emissions (Unit: tons)



Ratio of air emissions by VOC



Phosphorous emissions (Unit: tons)



Reduction of Environmental Impact of Chemicals

We are making efforts to reduce the emissions into air and water, as well as the transport as waste, of chemicals listed in Category 1 of the PRTR Law *, with the aim of limiting the environmental impact of chemicals that are used in the production process. We broadly reduced the environmental impact of chemicals in 2003 by, for example, reducing atmospheric emissions of toluene (which constitutes 90% of the total of PRTR-listed chemical emissions) by 1,148 tons (36.4%) in comparison with the previous year.

* The PRTR Law is "a law enacted to promote the monitoring and control of emissions into the environment of designated chemicals."

Targets

- > toluene by the DNP group to 500 tons/year To reduce air emissions of
- > transfers of items designated as Class I Chemical Substances (except law to 50% of the FY 2000 level by FY 2004 To reduce emissions and toluene) under the PRTR

Results

- > Air emissions of toluene in 2003 were 2,003 tons, which represents a reduction of 36.4% in comparison with 2002 (and a reduction of 76.1% in comparison with 2000).
- > Emissions and transport amount of chemicals listed in Category 1 in the PRTR Law (with the exception of toluene) totaled 712 tons, a reduction of 18.2% in comparison with 2002 (and a reduction of 41.6% in comparison with 2000).

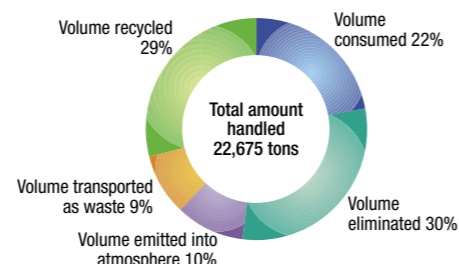
The cumulative results for PRTR-listed chemicals in 2003 are as shown in the table on page 37. There was a 4% increase in the amount handled to the previous year, to 22,675 tons (37 chemicals, 36 plants), because of an expansion in the range of data compilation. Of this, 2,204 tons, or 10% of the total, was emitted into the air, while there were zero emissions to soil.

The majority of chemical air emissions are volatile organic compounds used in ink solvents employed in the printing process. Of these, air emissions of toluene constituted 91% of the total, or 2,003 tons (25 plants).

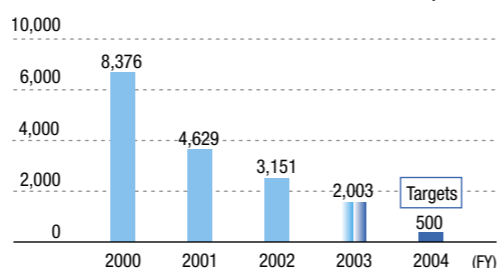
The DNP Group set a goal of 500 tons or less annually of air emissions of toluene for the Group as a whole by 2004, and the reduction plan, which is based upon treatment through gas collection and elimination, is moving forward. Progress was made in 2003 through the installation of elimination equipment and strengthening of disposal capabilities, resulting in a decrease in comparison with 2002 of 1,148 tons (36%). Currently, emissions from January through March 2004 represents a decrease of 1,509 tons on a year-to-date basis. Also, in 2003 emissions and transport volume of Category 1 chemicals other than toluene were 712 tons, representing a reduction to 58% of 2000 results, which was accomplished by switching to substitutes and other methods.

Note: Chemicals subject to reporting: Due to an expansion in the range of data compilation under the PRTR Law, chemicals of which 1 ton or more are handled on an annual basis are covered. Also, four additional sites- the DNP Industrial Materials Company, Ltd. Tsuruse Plant, DNP Technopack Company Tokai, Advanced Colortech Company, and DNP Technologies Company - became subject to data compilation.

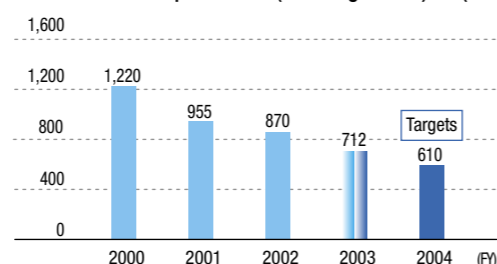
Emissions and transport of all subject chemicals by volume



Air emissions of toluene (Unit: tons)



Emissions and transport amount (excluding toluene) (Unit: tons)



Solvent processing facilities



Tokyo Plant, Dai Nippon Printing Kenzai Co., Ltd. Chikugo Plant, Kyushu Dai Nippon Printing Co., Ltd. Tokai Dai Nippon Printing Co., Ltd.

Chemical Substances subject to PRTR Law

Unit: t (dioxins: mg-TEQ)

Substance	Handled	Emissions to air	Emissions to public waters	Transferred to sewer system	Transferred as waste	Recycled	Consumed	Removed
Zinc compound (water-soluble)	6.6	0.0	0.0	6.6	0.0	0.0	0.0	0.0
Bis (2-ethylhexyl) adipate	1.1	0.0	0.0	0.0	0.1	0.0	0.9	0.0
Monoethanolamine (2-aminoethanol) 25.6	0.0	0.0	1.2	24.4	0.0	0.0	0.0	0.0
Isophorone Diisocyanate	20.9	0.0	0.0	0.0	0.0	0.0	20.9	0.0
Bisphenol A	1.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Ethylbenzene	241.5	5.7	0.0	0.0	11.3	51.0	85.1	88.4
Ethylene Glycol	15.8	0.0	0.0	0.0	0.1	0.0	4.6	11.0
Ethylene Glycol Monoethyl Ether	28.8	3.3	0.0	0.0	3.8	0.0	5.4	16.3
Ethylene Glycol Monomethyl Ether	422.6	130.3	0.0	0.0	40.8	0.0	147.0	104.5
ε-Caprolactam	17.1	0.0	0.0	0.0	1.2	0.0	15.9	0.0
Xylene	340.4	15.4	0.0	0.0	18.8	86.9	95.9	123.5
Silver And Its Compound (Water-Soluble)	9.5	0.0	0.0	0.2	0.0	1.9	0.0	7.3
Chromium And Chromium (III) Compounds	81.7	0.0	0.0	0.0	35.8	26.7	19.2	0.0
Hexavalent Chromium	55.6	0.0	0.0	0.0	0.9	0.1	26.0	28.7
Cobalt And Its Compounds	506.1	0.0	0.0	0.0	9.1	91.6	405.4	0.0
2-Ethoxyethyl Acetate	4.4	2.3	0.0	0.0	0.0	0.0	2.1	0.0
Inorganic cyanide compound	1.2	0.0	0.0	0.0	0.3	0.0	0.0	0.9
1, 1-Dichloro-1-Fluoroethane	37.5	37.5	0.0	0.0	0.0	0.0	0.0	0.0
Dichloromethane	5.0	3.6	0.0	0.0	0.0	0.0	0.0	1.4
Dioxins	-	15.4	0.0	0.0	157.6	0.0	0.0	0.0
Copper Salts (Water-Soluble)	434.0	0.0	0.0	0.1	151.3	197.0	74.1	11.5
1,3,5-trimethylbenzene	14.1	1.3	0.0	0.0	0.0	5.5	1.4	5.9
Toluene	15,212.8	2,002.9	0.0	0.0	1,638.2	2,893.9	2,356.9	6,320.8
Lead and its compound	124.0	0.0	0.0	0.0	68.0	40.0	16.0	0.0
Nickel	3,800.9	0.0	0.0	0.0	0.0	2,113.3	1,636.0	51.6
Nickel Compounds	1,163.6	0.0	0.0	0.0	116.7	1,046.6	0.2	0.0
Hydrazine	2.2	0.0	0.3	0.0	0.0	0.0	0.0	2.0
Hydroquinone	9.8	0.0	0.0	9.8	0.0	0.0	0.0	0.0
Di-n-butyl phthalate	4.0	0.0	0.0	0.0	0.0	0.0	3.9	0.1
Bis (2-Ethylhexyl) Phthalate	36.4	0.1	0.0	0.0	1.6	0.0	26.3	8.4
Trimellitic Anhydride	13.1	0.0	0.0	0.0	0.6	0.0	12.5	0.0
Boron and its compound	3.2	0.0	0.0	0.0	1.3	0.0	1.9	0.0
Octylphenol ether	5.0	0.0	0.0	0.1	0.0	0.0	4.9	0.0
Poly (Oxyethylene) Nonylphenyl Ether	6.1	0.0	0.0	0.0	0.1	0.0	5.9	0.0
Formaldehyde	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Manganese And Its Compounds	14.9	0.0	0.0	0.8	2.6	3.7	7.8	0.0
Molybdenum and its compound	1.4	0.0	0.0	0.0	0.0	0.0	1.4	0.0
Total	22,669.4	2,203.9	0.3	18.8	2,127.0	6,558.2	4,978.6	6,782.3

Compiled for substances with volume handled 1 tons or more, according to the expansion of scope under the PRTR Law

Efforts toward Resource Recycling: Waste Reduction

We make efforts to reduce waste and increase efficiency in our production processes, so as to contribute to the building of a sustainable recycling society. There was a slight increase in waste in 2003 due to an expansion of our lines of business, but our efficiency indicators, in particular per unit waste emissions, showed improvement.

Targets To achieve the following targets by FY 2005:

- > Reduce waste emissions per unit of production (Waste emissions/production) by 20% from the FY 2000 level.
- > Reduce the amount of unusable materials generated by 10% from the FY 2000 level.
- > Achieve zero emissions at 20 sites.
- > Reduce the unused product generation ratio (unused product generation amount/total material inputs) by 20% from the FY 2000 level.
- > Achieve a recycling ratio (Recycle amount/unused product generation amount).

Results

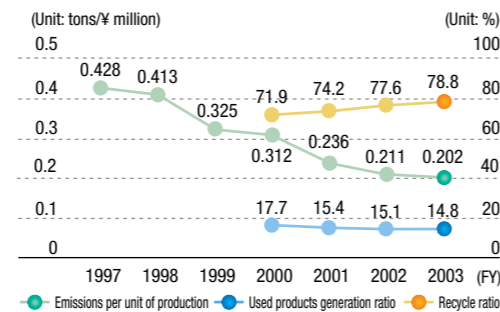
- > Per unit waste in 2003 was 0.20 tons/¥100 million, in comparison with .312 tons/¥100 million in 2002, signifying a 35.3% decrease. "Production" is indicative of business activity, and represents the total amount of added-value for companies subject to disclosure in this report.
- > The total waste generation in 2003 was 519,000 tons, in comparison with 646,000 in 2000, signifying a 19.7% decrease. Nevertheless, due to an increase in the number of sites subject to reporting, there was an increase of 13,000 tons in comparison with 2002.
- > In 2003, the Dai Nippon Polymer Company Kashiwa Plant and Dai Nippon Jushi Company achieved zero emissions. Due to the closure of the Ichigaya Publication Printing Operations Gotanda Plant, there was a total of seven zero emissions sites. There were 28 sites with 1% or less emissions going to the final disposal site, with four of these added since 2002.
- > The waste generation rate in 2003 was 14.8%, marking a 16.4% achievement over the 2000 rate of 17.7%.
- > The 2003 recycling rate was 78.8%, roughly at the target level.

Examples of the efforts being made by the DNP Group to achieve the environmental targets

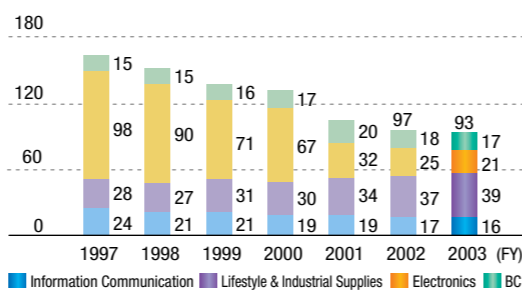
Our efforts to reduce the amount of waste generated and improve per unit emissions are tied to our "Production 21 Efforts" underway at our manufacturing sites. These are the efforts carried out for the "Cost Structure Reforms" outlined in the DNP Group's "Vision for the 21st Century". They were initiated in 2002, with the aim of eliminating all inefficiencies from our manufacturing processes. Stated precisely, they are efforts to improve the non-defective rate and shorten lead times.

Our efforts to achieve zero emissions (reducing the use of final disposal sites) and improving recycling so that processing of waste generated in our production processes does not involve the use of final disposal sites depend upon our selection of waste disposal contractors who conduct thorough separation and make effective use of waste at the sites where it is generated. In real terms this means converting wastepaper to raw material for papermaking, converting waste plastic, sludge, and incinerator ash to raw materials for cement, converting waste plastic or wastepaper unsuitable for papermaking into RPF (Refuse Plastic and Paper Fuel), distillation recovery of waste oil, and scrap metal recovery. The main challenge in the area of improving recycling is the effective utilization of waste plastic containing chlorides, such as PVCs. While it is possible to develop raw materials from plastics that do not contain chlorides, the use of final disposal sites in areas where substitute materials cannot be used is unavoidable.

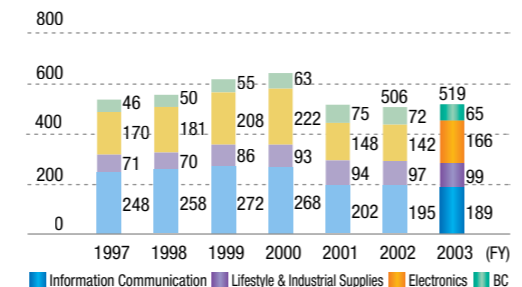
Per unit waste emissions
Waste generation rate / recycling rate



Waste emissions (Unit: 1,000 tons)



Total waste generation (Unit: 1,000 tons)



Keiichi Otsuka
General Affairs Section

We have reduced the amount of waste per unit!

Efforts at DNP Technopack Yokohama Co., Ltd.

Our plant conducts uniform manufacturing of all types of paper containers. Recycling of the paper used to make paper containers is difficult, because of its multi-layered construction. Therefore, until recently it has been treated as waste. We worked together with the paper companies to come up with a recycling method for this paper, and as a result are able to use it effectively as raw material for paper. This has had a great effect on reducing the volume of waste.

We are also making reductions through a project initiated through the DNP Group's "Production 21 Efforts". Through the "Yield Improvement Project" we have standardized manufacturing conditions so as to reduce printing losses and work stoppages due to error. Through the "Planning Loss Improvement Project" we have minimized blank paper losses that increase when layout becomes complicated. Through the "Warehouse/Work In Progress Curtailment Project" we have reduced waste due to excess production.

As a result of these efforts, waste generated per unit in 2003 was 0.484, in comparison to 0.612 in 2000. This signifies a reduction of 21%.



Koji Ueda
Commercial Printing Group, Production 21 Promotion Division, Standardization Promotion Group

We have reduced the waste generation rate!

Efforts at Dai Nippon Printing Co., Ltd. Commercial Printing Operations Enoki Plant

Our plant conducts commercial printing of catalogs, pamphlets, and other printed materials. There are various "losses" of input materials that occur during production, and these create a substantial amount of "waste".

In order to reduce this sort of waste, our plant is promoting "Improvement of the Non-Defective Rate" and "Promotion of Digitalization" as its main "Production 21 Efforts" throughout the plant.

In real terms, this means we have enlisted the participation of all employees in every unit in the printing process, from the manuscript to the making of proofs, in order to cut losses (paper losses) generated in the offset printing process. We have also succeeded in reducing proofing film waste and developing fluid waste, which previously had been generated in large volume, by promoting the digitalization of the proof making process. As a result, the waste generation rate in 2003 was reduced by 3.9 points in comparison with 2000, signifying a broad decrease.



Fujio Kitagawa
General Affairs Section, General Affairs Department

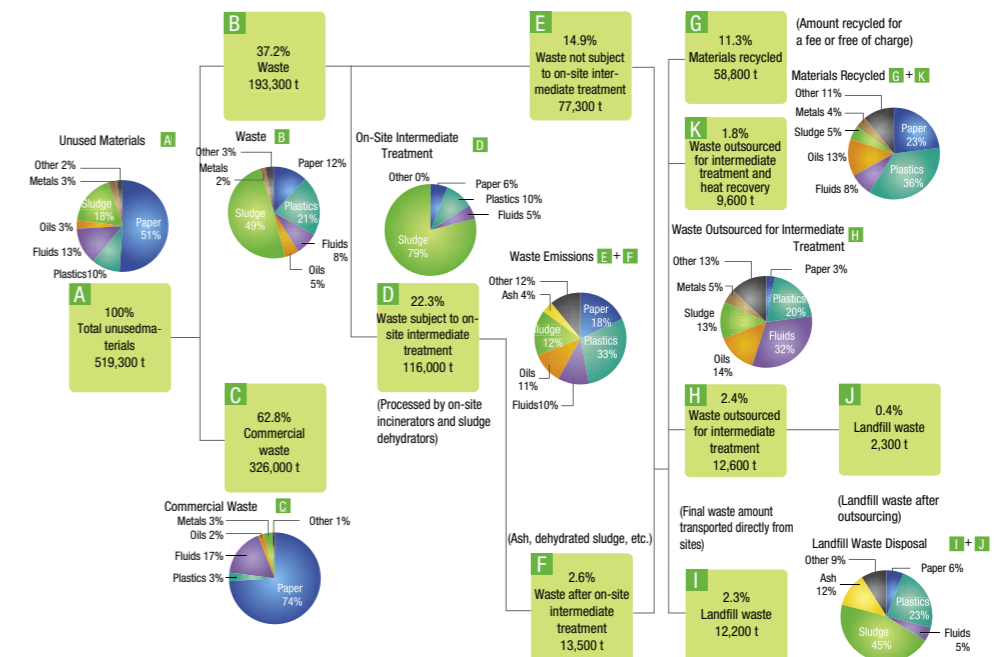
We have improved the recycling rate!

Efforts at Dai Nippon Printing Kenzai Co., Ltd. Tokyo Plant

Our plant manufactures decorative coating paper and chemical decorative film, which are decorative materials used in housing construction.

In 2000 our recycling rate was stuck at 55%, with a final disposal site usage rate of 36.2%. Analysis of the reasons for lack of progress in recycling showed that separation was not being executed properly, with wastepaper and waste plastic being wrapped into the same roll, and plastic containing PVC being mixed in with other plastic.

In response to this we established a separation system whereby separation is performed at the site where the waste is generated, with separate storage sites for wastepaper and waste plastic. We also installed rolling and cutting equipment, and by completely separating wastepaper and waste plastic we made the waste usable as cement firing fuel and RPF (Refuse Plastic and Paper Fuel). The recycling rate in 2003 was 87.8%, with a final disposal site usage rate of 7.4%, representing a broad improvement in comparison with 2000. We are continuing efforts toward our 2004 goals of 92% and 4%, respectively.



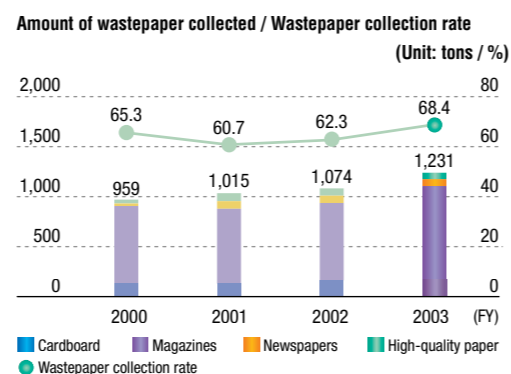
Efforts toward Resource Recycling: Recycling of used office paper

We are making efforts to separate office waste and collect wastepaper, so as to contribute to the building of a sustainable recycling society. Despite an increase in the number of sites subject to reporting, we have attained our 65% wastepaper collection rate* for the first time in three years.

* Wastepaper collection rate = amount of wastepaper collected / (amount of wastepaper collected + general waste amount (excluding cans, bottles, garbage))

We are making efforts to separate and collect wastepaper at every site, and in 2003 we collected 1,579 tons. We were able to ascertain the amount of general waste and obtain accurate collection rates for 29 sites, which is two more than in 2002, and tallied a collection amount of 1,231 tons with a collection rate of 68.4%. The amount collected at the large-scale Ichigaya Publication Printing Operations site increased, while the waste amount from the Enoki Commercial Printing Operations site decreased, resulting in the improved collection rate.

FY	2000	2001	2002	2003
Amount of wastepaper collected	959	1,015	1,074	1,231
Cardboard	118	125	154	165
Magazines	781	740	770	930
Newspapers	22	78	65	65
High-quality paper	39	72	86	71
General waste amount	510	657	651	569
Amount of wastepaper collected + general waste amount	1,470	1,672	1,725	1,800
Amount of wastepaper collected	65.3%	60.7%	62.3%	68.4%
Number of sites	13	25	27	29



Efforts toward Resource Recycling: Water recycling

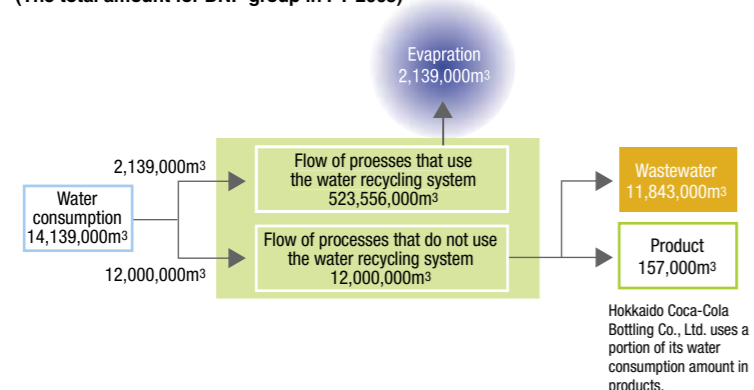
Efforts toward resource recycling: Water recycling

Total water use for the Group as a whole was 14,139,000 m³ in 2003. This breaks down to 157,000 m³ consumed in product manufacturing, 11,843,000 m³ discharged as wastewater into sewers, with the remainder of 2,139,000 m³ emitted into the atmosphere as steam. 523,556,000 m³ was recycled¹ for heating or cooling of manufacturing equipment, the air conditioning of buildings, and in product cleaning, resulting in a 38-fold water usage ratio² (an increase of 1.4-fold over the previous year).

¹ Much of the water usage is for the heating or cooling of manufacturing equipment, the air conditioning of buildings, and in product cleaning, so the majority of plants are proceeding with the use of recycled water through a closed system. The amount of recycled water is counted as the amount that flows through heat exchangers and cleaning equipment in these closed systems in one year.

² Water usage ratio = (amount consumed + wastewater amount + amount of recycled water) / amount of water used.

Water Input-Output (The total amount for DNP group in FY 2003)



Use of Rainwater

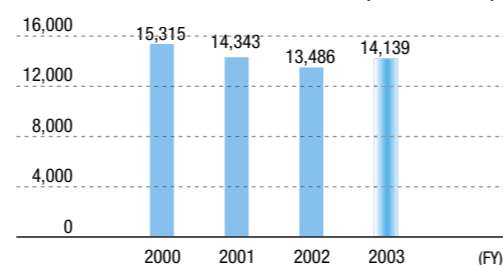
The DNP group promotes effective use of rainwater collected from office building roofs. In FY 2002, total of 4,818 m³ of rainwater was used by the C&I building and DNP Logistics Co., Ltd. building, located in Tokyo, which use rainwater as flush water in 37.6% of company toilets.

Rainwater Consumption and Utilization Ratio

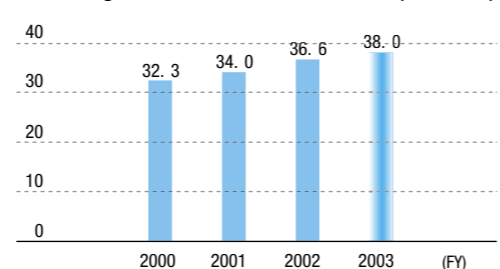
FY	2000	2001	2002	2003
Used in toilets (m ³)	14,380	16,070	12,830	10,630
Rainwater consumption (m ³)	6,210	4,850	4,820	4,660
Rainwater utilization ratio (%)	43	30	38	44

Rainwater utilization ratio (%) = (Rainwater utilization amount / water flush amount) × 100

Amount of water used (Unit: 1,000 m³)



Water usage ratio (Unit: -fold)



Measures against Global Warming

We are making efforts toward the prevention of global warming, such as seeking to prevent greenhouse gas emissions by installing energy-saving equipment and switching to different fuels. Due to the increase in sites subject to reporting, each of the target indicators worsened in 2003, but if the increase due to the increase in sites is taken into consideration, we are in fact continuing to achieve our targets for greenhouse gas emissions and energy consumption.

Targets

- To achieve the following by FY 2010 :
 - To maintain greenhouse gas emissions at the FY 2000 level.
 - To maintain energy consumption at the FY 2000 level.
 - To reduce energy consumption per unit of production by and CO₂ emissions per unit of production by 15% and 20% respectively, against a base year of FY 1990.

Results

- The greenhouse gas emissions amount was 899,000 tons, an increase of 3.7% (approximately 32,000 tons) in comparison with 2000.
- The energy consumption amount was 19,300 TJ (terajoules), an increase of 4.3% (approximately 800 TJ) in comparison with 2000.
- Per unit energy consumption was 4.19 TJ/¥100 million, and increase of 2.2% in comparison with 1990. Per unit CO₂ emissions were 187 tons/¥100 million, a decrease of 5.6%.

Note: All figures for greenhouse gas emissions amounts indicate conversion to CO₂ in tons. Heat values are TJ (terajoules) = joules 10¹²

Calculation methods for greenhouse gases and energy consumption

Greenhouse gas emissions are calculated in this report according to the Ministry of the Environment's "Guideline for calculation of greenhouse emissions from businesses" (completed in July 2002), with past data also recalculated. The six greenhouse gases specified according to the Kyoto Protocol are subject to monitoring. There were no emissions of HFC, PFC, or SF₆ in 2003. The calculation method used for energy consumption is the same as that used last year.

Transitions in Emissions of Greenhouse Gases (Unit: 1,000 tons)

Fiscal year	1990	2000	2001	2002	2003
CO ₂ (ton)	452	866	848	841	898
CH ₄ (CO ₂ ton)	-	0.1	0.1	0.1	0.1
N ₂ O (CO ₂ ton)	-	1.0	0.9	0.7	0.8
Total	452	867	849	842	899

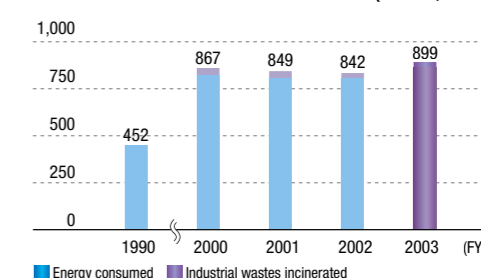
Method of calculating energy consumption per unit of production and CO₂ emissions per unit of production

Energy consumed per unit of production = Energy consumption amount (TJ) / production (¥100 million)

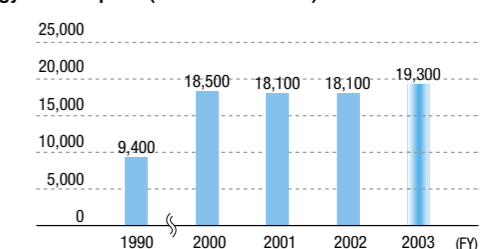
CO₂ emissions per unit of production = CO₂ (1,000 tons) emitted through consumption of energy (fuel, electricity) / production (¥100 million)

Production indicates the amount of business activity. For this factor, we use the total value added amount of affiliates subject to disclosure in this report.

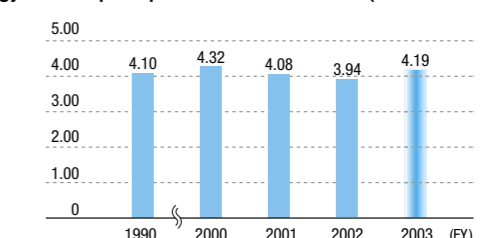
Greenhouse Gas Emissions (Unit: 1,000 tons)



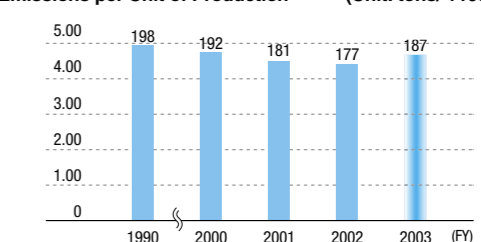
Energy Consumption (Converted to heat) (Unit: TJ)



Energy Consumption per Unit of Production (Unit: TJ/ ¥100 million)



CO₂ Emissions per Unit of Production (Unit: tons/ ¥100 million)



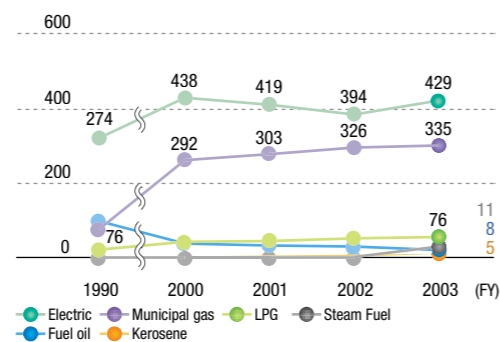
Changes in 2003

Four sites were newly included for coverage in 2003: DNP Technopack Tokai, Company, Ltd. (manufacturing, printing, and processing of packaging), which bought into in 2002; Advanced Colortech, Company, Ltd. (a maker of color filters); a newly constructed DAP Technologies Company, Ltd. plant (a manufacturer of backboards for plasma display panels); the DNP Industrial Materials Company, Ltd. Tsuruse Plant (a manufacturer of electrical parts). Also, the closure of the Ichigaya Publication Printing Operations Gotanda Plant caused it to be removed from coverage.

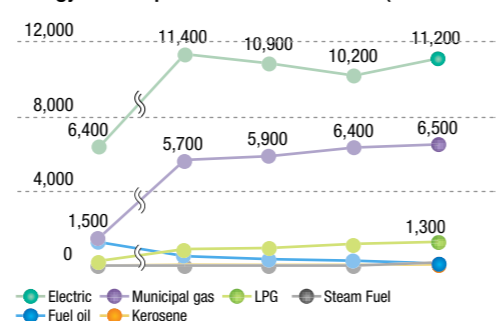
Because of the addition of the first four sites listed above, along with the removal of the last, on balance there was an increase in the target indicators. Were the added portions excluded, greenhouse gas emissions would have been 850,000 tons, a 2.0% (approximately 170,000 tons) reduction in comparison with 2000, and energy consumption would have been 18,300 TJ, a 1.1% (200 TJ) reduction in comparison with 2000, meeting the targets.

There were no large, new facilities, such as cogeneration systems, introduced in 2003 that had a great reducing effect. Our efforts to control emissions of greenhouse gases consisted in switching from fuel oil to municipal gas, updating air conditioning systems, and developing and operating under energy control standards.

Greenhouse gas emissions due to energy consumption (Unit: CO₂ 1,000 tons)



Energy consumption (Unit: Heat TJ)



We have reduced greenhouse gas emissions.

Dai Nippon Printing Company, Ltd. Information Media Supplies Operations / IMS Dai Nippon Co., Ltd. Sayama Plant



Yuichi Izumi
Information Media
Supplies Operations

Our plant makes thermal transfer ribbons used in printers. We converted our four fuel oil-burning boilers to municipal gas, and began operating them in May 2003. We also updated our air conditioners, and as a result our CO₂ emissions went from 11,800 tons in 2002 to 8,700 tons in 2003, a decrease of 3,100 tons (26%). Our switch to municipal gas also allowed us to broadly cut emissions of NO_x and SO_x, which are atmospheric pollutants. Our goal is to create an environmentally friendly plant, and we are continuing to make progress in our environmental conservation efforts, especially in our greenhouse gas measures, by installing energy-saving equipment and practicing thorough energy conservation.



Junichi Okamoto
DNP Facility Services
Co., Ltd.



Reduction of CO₂ from Transport Operations: The efforts of DNP Logistics Co., Ltd.

DNP Logistics Co., Ltd., which all of the transport needs of the DNP Group, is a general transport company with around 200 trucks. It is based in the Tokyo area, but covers the entire area from Northeast Honshu to Kyushu. In 2003, DNP Logistics broadly reduced its per unit CO₂ emissions by 31% in comparison with 2000, although its per unit amount of fuel used for transport was reduced by only 6%. CO₂ emissions have been reduced by 24%.

Target- We will attain the following 2000 comparison targets by 2010:

- > Reduce per unit CO₂ emissions (CO₂ emissions/transport ton kilometer*) by 5%.
- > Reduce per unit amount of fuel used for transport (amount of fuel used/sales) by 20%.

* Transport ton kilometer = E (cargo amount X distance traveled)

Improving the transport situation at the Sayama and Yokohama sites

In 2001, Sayama and Yokohama were selected as model sites for efforts to improve the transport situation through the use of digital tachometers, with the result of further progress in reducing CO₂ emissions. A comparison of 2003 with 2000 revealed a proportionate 16% reduction, with a fuel use amount of 60 kl, and CO₂ emissions volume of 172 tons.



Digital tachometer

Responding to diesel vehicle regulations

We have completed our response to the diesel vehicle regulations enacted since October 2003 by 8 municipalities in the Tokyo area. We are proceeding with our response in the Kansai region.

Switch to hybrid vehicles

We have around 500 vehicles at our offices nationwide for our sales representatives to use when visiting customers. The first stage will be to switch 40 of the 100 company cars we keep in the Tokai region to low-environmental impact hybrid vehicles. We will then proceed to do so nationwide after observing the results of the first stage.

CO₂ emissions amount and per unit data

Fiscal year	2000	2001	2002	2003	Comparison with 2000
Transport ton kilometers (1 million tons / kilometer)	53.18	55.65	55.47	58.53	
Amount of fuel used (kl)	2,299	1,997	1,764	1,743	
Sales (Yen 100 million)	27.60	25.74	22.65	22.44	
CO ₂ emissions amount (tons)	6,120	5,310	4,700	4,630	(▲24%)
CO ₂ emissions amount (tons)	115	96	85	79	(▲31%)
Per unit amount of fuel used for transport	83	78	78	78	(▲6%)

Fuel reductions through transport situation improvements at the Sayama and Yokohama sites

Fiscal year	2000	2001	2002	2003	
Distance traveled (1,000 km)					
(Sayama)	1,050.9	979.8	880.3	849.8	1
(Yokohama)	955.3	917.1	846.9	849.1	2
Amount of fuel used (diesel) (kl)					
(Sayama)	225.3	190.2	145.8	145.2	3
(Yokohama)	219.8	195.6	178.2	172.0	4
Fuel economy (km/l)					
(Sayama)	4.66	5.15	6.04	5.85	1+3
(Yokohama)	4.35	4.69	4.75	4.94	2+4
Amount of fuel used (kl) when converted to 2000 fuel economy					
(Sayama)	210.0	188.9	182.2	7	1+5
(Yokohama)	211.0	194.7	195.4	8	2+6
Fuel use reduction amount (kl)					
(Sayama)	19.8	43.1	37.0	9	7-3
(Yokohama)	15.4	16.5	23.4	10	8-4
Total	35.2	59.6	60.4	11	
Fuel reduction percentage (%)					
(Sayama)	9.5	22.8	20.3	9+7	100
(Yokohama)	7.3	8.5	12.0	10+8	100
Average	8.4	15.5	16.0	11+(7+8)	100
CO ₂ reduction amount (tons)	107.9	170.2	172.2		

Environmental Risk Management

In addition to keeping track of trends in environmental regulations that apply to group operations, and maintaining compliance, in an effort to maintain even stricter environmental controls, the DNP group has established its own voluntary standards (water, air, odors, noise and vibration), as well as its own voluntary guidelines (chemical substance management, measures against ground contamination, etc.), which are strictly observed. Furthermore, the group promotes risk management, making efforts to prevent foreseeable accidents and emergencies, establishing emergency response systems and performing drills in preparation for emergency situations.

There were some annual measurement categories in which we failed to meet our voluntary standards in 2003, and improving this situation will be a challenge for us going forward. We have carried out improvements, such as, in the area of air pollution measures, switching from fuel oil to natural gas and performing burner maintenance. Water quality measures we have taken include maintaining the functionality of our wastewater treatment equipment and installing isolation valves on final discharge tanks, and reviewing the leakage prevention embankments surrounding tanks. We have taken measures against noise and vibration such as monitoring and making improvements at sources of noise based upon voluntary measurements, and installing noise barriers. We have also implemented anti-odor measures, such as installing additional deodorizing equipment and working to prevent odor generation. We have also provided for the unlikely occurrence of an emergency by conducting emergency drills for appropriate action in the event of a municipal gas leak or an effluent discharge or leak. We are also engaging in proper storage and control in prescribed areas of electrical equipment containing PCBs. We must nevertheless give consideration the single accident that occurred in 2003, which was the leak of approximately 50 liters of solvent at the Ichigaya Publication Printing Operations Ichigaya Plant.

Compliance with Applicable Laws and Regulations

The DNP group makes a continual effort to detect abnormalities at an early stage and prevent incidents of pollution in order to minimize environmental damage and the economic impact sustained as a result, as well as the risk of a loss of social trust arising from such incidents.

The DNP group constantly monitors trends in environmental laws and regulations, noting their applicability to our business operations and products. We have implemented notification and educational measures to ensure that our employees are well versed in the following laws and regulations, positioning them as items that apply directly to managerial procedures. In addition, when deemed necessary, we establish our own voluntary standards, which are even more stringent than national laws, and ensure compliance through daily monitoring and measuring activities. Furthermore, the DNP group performs on a regular basis its own environmental audits, which confirm the state of our risk management and compliance.

Major Laws and Regulations

Law	Voluntary Standards
Basic Environment Law	
Basic Law for Establishing a Recycling-Based Society	
Law Regarding the Promotion of the Utilization of Recycled Resources	
Law for Promotion of Sorted Collection and Recycling of Containers and Packaging	
Waste Management and Public Cleansing Law	*
Law Concerning the Promotion of the Measures to Cope with Global Warming	
Law Concerning Rational Use of Energy	*
Air Pollution Control Law	*
Water Pollution Control Law	*
Law for Special Measures for the Conservation of the Environment of the Seto Inland Sea	*
Sewerage Law	*
Noise Regulation Law	*
Vibration Regulation Law	*
Offensive Odor Control Law	*
Soil Pollution Control Law	*
Law Concerning the Protection of the Ozone Layer through the Regulation of Specified Substances and Other Measures	*
Law Concerning the Recovery and Destruction of Fluorocarbons	
Law Concerning Special Measures against Dioxins	*
Law Concerning the Improvement of Pollution Prevention Systems in Specific Factories	*
Law Concerning Special Measures against PCB Waste	
Law Concerning the Reporting of the Release into the Environment of Specific Chemical Substances and Promoting Improvements in Their Management	*
Law Concerning Regulation of Pumping-Up of Ground Water for Use in Building	
Factory Location Law	
Local Regulations	*



Isolation valve of final discharge tank
Ushiku Plant, DNP Data Techno Co., Ltd.

Fan soundproof wall Tokyo Plant, Dai Nippon Printing Kenzai Co., Ltd.



Main improvements made in 2003

Main air pollution measures	Main water quality measures
Boiler maintenance	Change to direct plate making
Boiler maintenance	Cleaning of dining hall grease trap
Installation of deodorizing equipment and heat recovery equipment	Discontinuance of underground oil tank
Boiler idling / discontinuance	Change of solvent cleaner
Changing of catalysts in exhaust treatment equipment	Installation of wastewater treatment facilities
Installation of exhaust treatment equipment	Change septic tank filter medium
Installation of economizers	Replacement of ion-exchange resin
Emergency response drills	Installation of leakage prevention embankments
Main noise measures	Installation of leakage retaining walls
Noise measurement	Installation of isolation valves on final discharge tanks
Background noise measurement	Inspection of oil absorbent installation of nitrogen and phosphorus measuring equipment
Measures against noise coming from building windows	Calibration of measuring gauges
Measures against noise from exhaust fans	Emergency response drills
Measures against noise from outside units of air conditioners	Main odor measures
Installation of noise barriers	Odor measurement
Installation of anti-noise sheets	Maintenance of deodorizing equipment
Installation of automatic doors	Testing of functionality of deodorizing equipment
Repair of wall joints	Measuring of deodorizing efficiency
Regulations on equipment operating hours	Cleaning of deodorizing equipment catalysts
Main vibration measures	Changing of deodorizing equipment catalysts
Vibration measurement	Installation and updating of
Compressor inspection and maintenance	
Maintenance of the printing press drive motors	

Monitoring and Measurement of Environmental Effects

In our efforts to conserve the environment in the areas surrounding our plants and prevent our plant operations from being a source of environmental pollution, we have established voluntary standards that exceed the requirements of the laws and regulations concerning air, water, odors, noise, and vibration. In 2003, we saw improvements in each of the five environmental categories, and 90% of the overall data for air, water, odors, and vibration surpassed our voluntary standards. Nevertheless, although we showed a broad improvement of 13 points over the previous year in attaining our voluntary standards for noise, but showed less improvement in the comparative figures for all four other categories.

Targets We aim to achieve the following targets by FY 2005:

- > To keep maximum densities of air emissions subject to emissions regulations at 70% of the required standard or less.
- > To keep maximum densities of wastewater discharges subject to wastewater regulations at 70% of the required standard or less.
- > To keep the maximum density of odors at our site perimeters at 70% of the required standard or less.
- > To keep the maximum level of noise and vibration at our site perimeters at 95% of the required standard or less.

Results

- > As shown in the table below, 2003 marked improvement over 2002 in attaining our targets in every category. There was a broad improvement of 13 points over the previous year in terms of noise reduction, but we showed less improvement in the comparative figures for all four other environmental categories.

The table below exhibits the achievements we made in FY 2003.

Item	Voluntary Standards (Targets)	The voluntary standard achievement ratio in FY 2002	The voluntary standard achievement ratio in FY 2003	Improvement
Air	Under 70% of legal standards	93%	95%	→
Water	Under 70% of legal standards	89%	92%	→
Noise	Under 95% of legal standards	47%	60%	→
Vibration	Under 95% of legal standards	100%	100%	→
Odor	Under 70% of legal standards	89%	90%	→

The voluntary standard achievement ratio is determined by multiplying the indexes measured for air, water, odors, noise and vibrations in plants subject to regulations (total measured indexes) by the target attainment indexes for each item.

Air: Ratio of voluntary standard achievement index number against total measured index number for SOx, particulate, NOx and dioxin.

Water: Ratio of voluntary standard achievement index number against total measured index number for pH, COD, SS etc. (excluding water temperature)

Noise: Ratio of time zones in which voluntary standards were achieved out of the total number of time zones in which measurements were taken (daytime, morning, evening & night)

Vibration: Ratio of time zones in which voluntary standards were achieved out of the total number of time zones in which measurements were taken (daytime, night)

Odors: Ratio of voluntary standard achievement index number against total measured index number for emissions duct odor density, perimeter fence odor density and number of substances for which density measurements were taken.

* State of compliance with emissions duct regulations also included in odor measurement data.

For items in which measurements were not taken in the previous year, and in which targets were not achieved according to the most recent deemed these as not achieving targets in the fiscal year concerned.

Regulatory infringements / accidents / complaints

Although we do our best to comply with all environmental laws and regulations, over the past three years there has been one discharge of effluent into a river, and one accident involving a leakage of solvent.

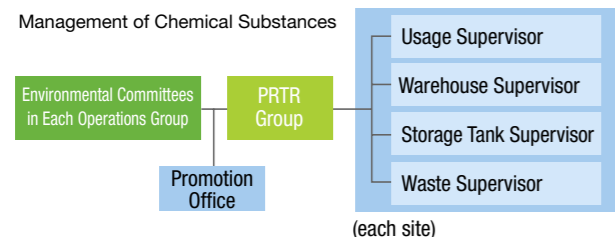
There are no ongoing legal disputes involving environmental issues. We have unfortunately had some complaints from areas neighboring our plants concerning noise and odors. Whenever we receive such complaints we launch a thorough investigation into the cause of the problem, and work to make improvements to prevent a recurrence.

Date of occurrence	Name of site	Summary
April 11, 2002	Kyushu Dai Nippon Printing Co., Ltd. Fukuoka Plant	Due to an error on the part of the contractor, a hose disconnected from a collection truck during the collection of wastewater from the plant, resulting in a discharge of effluent into a river. The effluent consisted of water for cleaning printing plates, water used for dampening in the printing process, and small amount of lubricant. After the accident occurred, based upon instructions from the authorities we took emergency measures by putting in place sandbags and an oil fence, and commenced operations to clean up the effluent that was floating on the surface of the river. After the accident we revised procedures for in-plant operations by outside contractors, and also revised the communication structure to be used in the unlikely event of an effluent discharge. We also overhauled our emergency equipment to be used to minimize environmental pollution in such cases.
March 29, 2004	Ichigaya Publication Printing Operations Ichigaya Plant	There was an accident involving the leakage of ink dilution solvent, which was caused by deterioration in a pipe fitting in a gravure ink pipe. The worksite alarm was sounded immediately after the leak occurred, and the ink supply pump was shut down. Nevertheless, approximately 50 liters of ink leaked outside the premises. Sand and other materials were immediately laid to absorb the solvent, and while a portion did flow into the gutter, there was no leakage into the main sewer. After the accident occurred, we took measures to prevent any expansion of the leakage, and we filed accident reports with both the local fire department and the water bureau. We proceeded to take measures against recurrence under the guidance of the fire department.

Chemical control and response to potential emergencies

We have established the "DNP Group Chemical Control Standards" for the monitoring and control of toxic chemicals, including raw materials, and to ensure product safety and environmental conservation pertaining to chemicals. Controls on 29 chemicals are implemented based upon three categories, "Purchasing prohibited", "Inclusion in products prohibited", and "Inclusion in products controlled". We are making progress in our efforts at full achievement by December 2004 of our targets regarding chemicals listed in the "Inclusion in products prohibited" category.

The DNP group uses solvents and chemicals during the manufacturing process. Whenever these products are delivered or treated as waste after use, there remains the danger of spillages. In order to address this situation, we have established a "Chemical Substances Management Guide" outlining the proper treatment of chemical substances, and are striving to reduce accidents, installing retaining walls and emergency shutoff systems at chemical receiving areas, and installing double-walled storage tanks, etc.



Furthermore, to minimize the pollution in the event of an accident, we have installed emergency materials and perform emergency training.

Emergency Training (Performed in FY 2002)



Category	Site	Content of drill
Air pollution Prevention	DNP Datatechno Ushikyu Plant	Municipal gas leak response drill
	Dai Nippon Printing Precision Devices Mihara Plant	Acid gas and municipal gas leak response drill
	IMS Dai Nippon Okayama Plant	Gas leak / Fire response drill
Water pollution prevention	Dai Nippon Printing Precision Devices Mihara Plant	Water yard crack response drill; leak during chemical delivery response drill; effluent leak into river response drill
	DNP Datatechno Ushikyu Plant	Incompletely treated or untreated wastewater discharge drill
	Dai Nippon Printing Construction Materials Kobe Plant	Solvent or ink leak response drill
	Dai Nippon Printing Construction Materials Okayama Plant	Solvent or ink leak response drill
	IMS Dai Nippon Sayama Plant	Vehicle fuel leak response drill
	IMS Dai Nippon Okayama Plant	Extra high voltage substation oil leak response drill
	Tokai Dai Nippon Printing	Leak response drill
	The Inctech Tokyo Plant	Effluent leak response drill, ink leak response drill
Ground pollution prevention	DT Circuit Technologies	Chemical disposal facility problem response drill

DNP Group Chemical Control Standar

Purchasing prohibited: 10 chemicals These are chemicals that may not be contained in any raw materials we purchase.

Inclusion in products prohibited: 6 chemicals These are chemicals that may not be contained in amounts above a prescribed level in any DNP products.

Inclusion in products controlled: 13 chemicals These are chemicals for which inclusion in DNP products is monitored.

Chemical Substances Management Guide (Contents)

- I. Establishing a Chemical Substance Management System
- II. Monitoring Amount of Chemical Substances Handled
- III. Implementing Chemical Substance Management
 1. Examining Facilities
 2. Managing Waste that Contains Chemical Substances
 3. Restricting Emissions through Facilities Improvement
 4. Management by Production Process
 5. Proper Usage
- IV. Preparing for Accidents and Emergencies
- V. Education and Training

Soil and Groundwater Contamination and Reduction Measures

The DNP group ensures that ground surveys be performed whenever a site that has used a hazardous substance or decides to abolish certain facilities as specified in the Water Contamination Prevention Law. Furthermore, we also make it a rule that in the event that ground contamination is discovered, the site must notify the governor of the prefecture concerned and perform appropriate measures such as removal of the contaminated ground under the supervision. In FY 2002 we performed ground and groundwater examinations of the sites listed here, all of which were confirmed to be free of contamination. We conducted an inspection, based upon the "Municipal Environment Protection Ordinance of Tokyo", of the former site of the Ichigaya Publication Printing Operations Gotanda Plant. The results showed soil contamination at the

Sites inspected for soil and groundwater pollution in 2003

Groundwater Inspection	Dai Nippon Printing Construction Materials, Tokyo Plant
	Kami Fukuoka Plant (Electronics Division)
	Kuki Plant (Electronics Division)
	Dai Nippon Printing Fine Electronics, Kyoto Plant
	Dai Nippon Printing Precision Devices, Mihara Plant
Soil Inspection	Tokai Dai Nippon Printing
	Dai Nippon Printing Construction Materials, Okayama Plant (Former) Ichigaya Publication Printing Operations, Gotanda Plant

site of the former loading dock of 1.1~1.6 times the content standard and 1.6~8.3 times the soluble content standard for lead, 1.1~1.7 times the soluble content standard for arsenic, and 1.4 times the soluble content standard for fluorine. We commenced to conduct a cleanup operation under the guidance of the municipal authorities. All other inspections confirmed that no pollution had occurred at other sites.

Storage of toxic materials

PCBs are currently in storage at 26 sites. There was an increase of 17 units to 273 total in 2003. The PCBs are contained in oil that was extracted from transformer equipment that is no longer in use. The PCBs are stored in special containers in special storage rooms, and are managed under the strictest of conditions in accordance with applicable regulations to ensure prevention of leakage or loss. Each site makes sure the PCBs are stored in the appropriate manner, performing daily inspections and making regular reports to the authorities, and confirming storage conditions in annual internal audits.



PCB storage EnoKicho Plant, Commercial Printing Operations

Promotion of Green Purchasing

We promote green purchasing of general supplies, such as raw materials for products and office supplies and equipment, so as to reduce the environmental impact in the business area upstream. We were unable to meet our targets for general supplies in 2003, but we broadly exceeded our target for raw materials with a 5.7% increase over the previous year.

Targets

- > Increase the purchasing rate for products covered by our own company standards (Purchasing Division Green Purchasing Standards) of the total amount of materials and supplies purchased by 2.5% in comparison with the previous year.
- > Increase the purchasing rate of environmentally certified products, such as those labeled with the Eco-Mark, of the total supplies (office supplies and equipment) by 3% in comparison with the previous year.

Note: Products covered by our own company standards (Purchasing Division Green Purchasing Standards) are as follows:

Paper: Paper containing recycled pulp, non-wood pulp paper, ECF / TCF pulp paper (paper that is made from non-chlorine bleached pulp).

Ink: Soy ink, water-based ink, and non-toluene ink (ink that does not contain toluene); substitute solvent, recycled solvent.

Manufacturing supplies: 32 sites falling under the jurisdiction of the DNP Purchasing Division are the focus of accumulation of Eco-mark products, processed materials and recycled materials.

Results

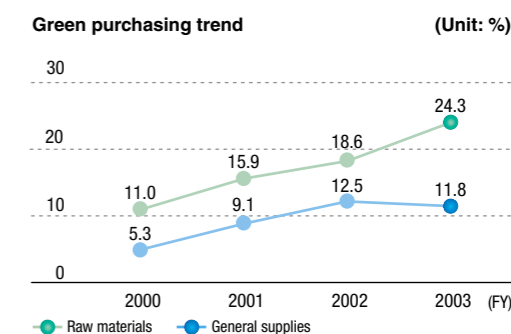
- > We exceeded our target for eco-friendly raw materials with a 5.7% increase over the previous year, but had a 0.7% decrease in purchases in general supplies.

Raw materials (paper, ink, and manufacturing supplies)

We increased the amount of ECF and TCF pulp paper, and are making progress in switching to soy ink and water-based ink. In the area of manufacturing supplies, we increased the use of processed materials and recycled materials.

General supplies (office supplies and equipment, etc.)

As a result of a reduction in the product unit price and an increase in the list of eco-friendly products registered on the list at the Purchasing Division's homepage, the purchasing value represented an increase over 2002. The purchasing rate decreased, however, by 0.7% in comparison with 2002.



Development and Sale of Environmentally-Conscious Products

In order to reduce the environmental impact throughout the product lifecycle, we have been promoting the development and sale of environmentally conscious products by establishing an “Environmentally Conscious Product Development Guidelines”. This is based on “Consideration of the Lifecycles of Products and Services”, which is contained in the Green Purchasing Network’s “Basic Green Purchasing Principles” (revised June 12, 2001). Sales of environmentally conscious products totaled ¥140.4 billion, an increase of 38% over the previous year and broadly exceeding our target.

Target

- > Increase the sales of environmentally conscious products by 10% annually in comparison to the previous year.

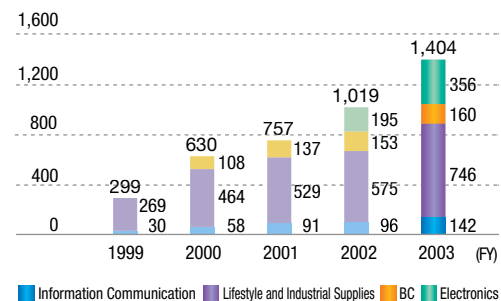
Results

- > Sales of environmentally conscious products totaled ¥140.4 billion in 2003, an increase of 38% over the previous year (¥101.9 billion), achieving our target.

Sales of environmentally conscious products in 1999, the first year in which data were compiled, were ¥29.9 billion. Sales have steadily increased since then because of our planning, development, and offering of the products to our customers, and reached ¥140.4 billion in 2003.

The Information Communication Division has strongly increased its sales of products containing recycled paper and soy ink, as well as of cards that contain no polyvinyl chlorides. The Lifestyle and Industrial Supplies Division has had a strong showing for its products that contain no chlorinated materials, and for products that are now made of paper instead of plastic, as well as its products that use reduced amounts of raw materials and products that use water-based ink. The Electronics Division made a big contribution to the increase in Group sales with its sales of products containing no heavy metals, and also of its products that are made without using organic solvents in the manufacturing process. In addition, there was an increase in the sales of magazines made through methods that improve recyclability.

Sales of environmentally conscious products (Unit: billion yen)



Environmentally Conscious Products Development Guideline

Reduction of Environmental Pollutants (Refer to p. 21, 25, 27, 30)

Elimination of ozone-depleting substances, heavy metals and organic chloride compounds

Curbing of air emissions of greenhouse gases, nitrogen oxides, etc. during life cycle

Examples:

- Products that do not contain organic solvents
- Adoption of raw materials that do not contain chlorine
- Printed matter using soy oil ink
- Adoption of raw materials that do not use heavy metals such as chrome and lead

Conserving resources and energy (Refer to p. 30)

Restrictions on use of metal resources and fossil fuels

Examples:

- Lightweight products
- Products and systems that conserve energy during life cycle

Adoption of sustainable resources (Refer to p. 25)

Use of sustainable resources

Examples:

- Products that use non-wood based paper
- Paper products that were formerly made of plastic

Able to be used long term (Refer to p. 27)

Consideration of ease of repair and parts replacement, length of maintenance and repair services, expansion of functions, etc.

Example:

- Card that can display updated information

Reusability (Refer to p. 25)

Products designed to be taken apart for cleaning, refilling, etc.; development of recovery and reuse systems that are easy for the purchaser to use.

Example:

- Refillable containers

Recyclability (Refer to p. 21, 25)

Consideration of whether product uses easy-to-recycle material, whether it has been designed to break down and/or separate easily according to material, whether there exists a recovery/recycle system that can be used easily by the purchaser

Use of recycled materials (Refer to p. 21)

Frequent use of recovered/recycled parts

Examples:

- Printed matter using 100% recycled paper
- Products that use paper as shock absorber
- Products that use recycled plastic

Easy to treat and dispose of (Refer to p. 21, 25)

Consideration such that product causes minimum impact when incinerated or landfilled

Examples:

- Products that break down easily into base materials
- Products that use plastic that breaks down naturally

Environmental Data



We promote the disclosure of PRTR information for each of our sites throughout the nation. We are also working to provide more thorough environmental impact information for our overseas sites.

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Activities at Overseas Sites

The DNP Group conducts production operations in Southeast Asia, Europe, and North America. We comply with all local regulations, and our operations at those sites take the environment into consideration through our efforts to reduce waste and promote recycling.

Tien Wah Press (Pte.) Ltd. (Established October 1949)



Located to the west of Singapore, Tien Wah Press (Pte.) Ltd. performs offset printing and bookmaking, its main products being children's picture books and high-quality documents bound for American and European markets. The site obtained ISO 14001 in May 2002, the first overseas site in the DNP group to do so. Under a policy of Environment, Safety and Health (ESH), the company strives to reduce industrial waste and recycle wastepaper that arises during the production process. In addition to ISO 14001, the company has also obtained OHSAS 18001 certification.

Key Environmental Impact Items (FY2003)

Energy consumption	Electricity	18,673 MWH
Waste generation	Emitted	6,236 tons
	Recycled	5,576 tons
	Landfill	660 tons
Chemical substance		54.6 tons

P.T DNP Indonesia (Established February 1972)



Located within the Progado industrial park in the suburbs of Jakarta, P. T. Dainippon Printing Indonesia prints mainly food product wrapping and toiletries destined for markets in Indonesia, Southeast Asia and Oceania using both gravure and offset printing. Through a private recycler, the company recycles waste products that arise during the course of production such as paper, empty cans and copper. Furthermore, as it uses liquid chemicals such as developer in the course of making printing plates, the company treats such liquids at a wastewater treatment plant before releasing.

Key Environmental Impact Items (FY2003)

Energy consumption	Electricity	25,406 MWH
	Diesel	1,087 kL
	LNG	11,195 m ³
Waste generation	Emitted	5,084 tons
	Recycled	2,925 tons
	Landfill	843 tons
Chemical substance		54.6 tons

DNP Denmark A/S (Established January 1989)



Located in the Karlslunde industrial park of the Gleve region in the outskirts of Copenhagen, DNP Denmark A/S manufactures large screens for use in rear projection TVs, mainly for the European market. The production process involves the following steps: The process starts with the casting stage, where acrylic lacquer is injected into a metal mold that is hardened with heated water. In the following "surfacing stage," the acrylic sheet is coated with a UV hardened resin. Finally, the sheets are cut and packaged before being shipped. The factory has a waste incinerator.

Key Environmental Impact Items (FY2003)

Energy consumption	Electricity	22,62 MWH
	LNG	192,900 m ³
Waste generation	Emitted	353 tons
	Incinerated on-site	47 tons
	Commercial waste	221 tons
	Landfill	86 tons
	Chemical substance	54.6 tons

DNP Electronics America, LLC (Established July 2001)



Located in East Lake industrial park in Chulavista, a suburb of San Diego in California, 10km north of the Mexican border, DNP Electronics America, LLC manufactures and sells screens for rear projection TVs. Production began in April 2002. Production processes carried out by the factory include coating acrylic sheets with UV-hardening resin, surfacing through metal molds, cutting to the specified size, packaging and shipping. Following the completion of construction, the plant invested some \$16,000 on beautification of the factory grounds.

Key Environmental Impact Items (FY2003)

Energy consumption	Electricity	3,206 MWH
	LNG	26,738 m ³
Waste generation	Recycled	959.8 tons
	Landfill	6.8 tons
Chemical substance		54.6 tons

DNP IMS (America) Corp. (Established July 1995)



Located in the International Business Park in Concorde, North Carolina, Dai Nippon IMS (America) Corp finishes barcode- and facsimile-use thermal transfer ribbons that have been made in Japan. Processes performed by the company include slitting to the final product size, assembly, packaging and shipment.

Key Environmental Impact Items (FY2003)

Energy consumption	Electricity	26,91 MWH
	LNG	6,150 m ³
Waste generation	Landfill	71 tons
Chemical substance		1.2 tons

Social Performance

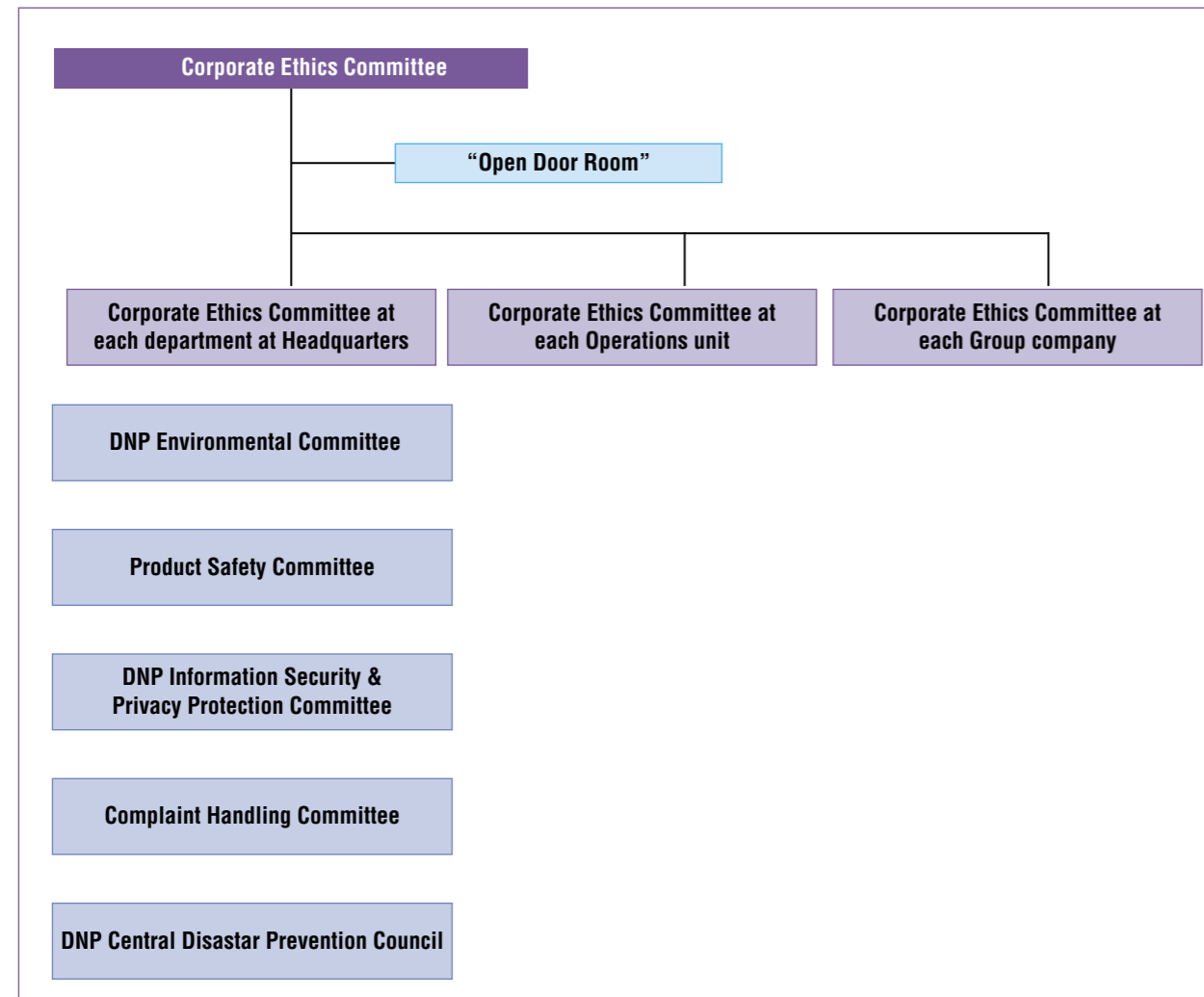


We have referred to the structure and system for compliance with the law and ethics. Now we would like to talk about our personnel, labor, and educational systems that are designed to enable our employees to become independent-thinking professionals, and to nurtur an emergently evolving organization and culture. We will also introduce our efforts for information security, protection of personal information, and product safety, together with SRI-related information and corporate philanthropy.

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Compliance with Laws and Ethics

In 1992, we established the Dai Nippon Printing Group Corporate Pledge. This document makes it clear that we will operate in compliance with all laws and social ethics. In addition, we established the Corporate Ethics Committee as the overall Group organization for the promotion of corporate ethics and transparent business practices. The members of the Corporate Ethics Committee, which is made up of Directors in Charge from each department at Headquarters, meet at regular monthly meetings to determine policies regarding themes involving business ethics. There are also separate committees for dealing with important individual themes, such as the environment and information security.



Honest Efforts

One of the management objectives of the DNP Group for 2004 is Honest Efforts. "Honest" in this case is meant to represent not merely a sincere and straightforward approach, but also high-quality management that entails self-management, a sense of responsibility, sound morality, adherence to principles, and a strong sense of purpose. The way to attain this is to build a corporate structure based on

thorough self-management, with a strong sense of purpose and responsibility.

A corporate structure with a strong ethical foundation provides for a fresh atmosphere within the company and vitality throughout the company, and allows the company to earn the trust of society. The DNP Group will continue to take a positive approach toward corporate ethics with the goal of creating such a corporate structure.

In order to make ethical Corporate practices a reality, each individual employee must be made sufficiently aware of the importance of ethical Corporate practices, and must make this awareness part of their everyday activities. We continually and arduously drive home the importance of Corporate ethics so as to entrench them more firmly in the minds of our employees.

In addition, we believe that systems and structures for preventing regression must be incorporated in the management structure. We have outlined some of these efforts below.

1. Systematization of corporate ethics training

We have systematized corporate ethics training so as to ensure that each employee maintains continuous ethical awareness. Employees can enroll in corporate ethics training as often as they wish.

Specific training for organizational units

It is necessary to tailor the content of corporate ethics training to the particular characteristics of each unit, so that employees can see corporate ethics issues as applicable to their work. Therefore, in November 2003 we started self-directed ethics training at all organizations. Under this system, we have the top management at the units, such as Directors in Charge, function as instructors, so that they can directly provide those under them with guidelines and solutions for main challenges facing their units.

Regular training according to stage of employment

We ensure that employees receive step-by-step corporate ethics training by creating a corporate ethics curriculum in which training is given at the various stages of employment, such as upon entry into the company, after appointment to the officer level, etc. This promotes awareness of the importance of corporate ethics.

Visiting seminars conducted by Headquarters supervisors

Supervisors from Headquarters conduct visiting seminars on important themes when necessary, providing a backup for the specific training for organizational units' regular training according to stage of employment.

2. "Open Door Room"

Group employees are able to consult and discuss concerns about corporate ethics with the Corporate Ethics Committee, and the members of the secretariat in charge provide a prompt response.

We have also taken steps to strengthen our consultation system by establishing an "Open Door Room", where employees can go to discuss matters that are difficult to talk about with their superiors. We make certain to ensure the anonymity of the employee and the content of the matters discussed, so that the employee will not suffer any repercussions within their organization.

3. Target management system

The DNP Group incorporates corporate ethics factors into the management of work targets. When employees set their work targets and conduct mid-term evaluations of their work results, they certify the honesty of their work activities through discussions with superiors.

4. Self-inspection for compliance

In order to establish a corporate culture of compliance with laws and rules, every organization within the Group functions in the spirit "maintaining compliance ourselves within our organization". Each organization is required to conduct self-checking to ensure that there are problems connected with relevant laws and rules in the performance of the organization's work, and they also are required to have measures in place for prompt rectification if problems exist.

The Corporate Ethics Committee thereby promotes a system for self-improvement, with each business unit performing self-inspection twice annually based upon a checklist composed by each supervisory unit at Headquarters. The results of the self-inspections are integrated into themes for the Group as whole by the Headquarters supervisory units, and these themes are then promptly woven into the companywide measures and policies by the Headquarters Corporate Ethics Committee.

Relations with Customers and Trading Partners

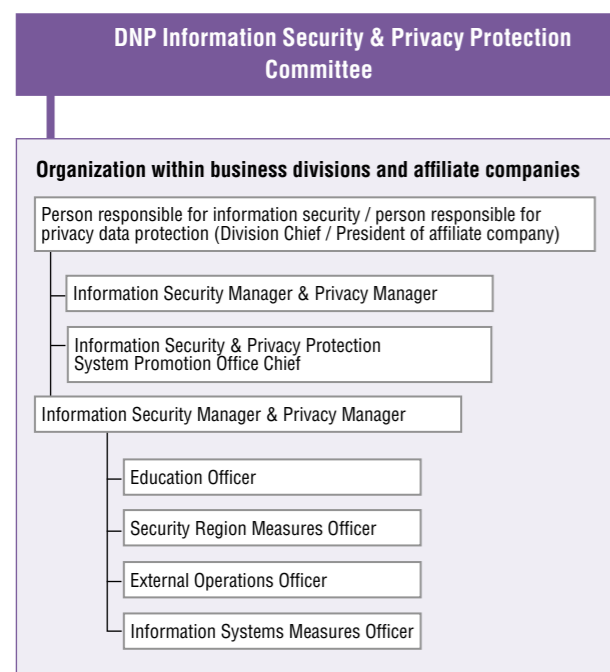
Information security and privacy protection

The business of the DNP Group involves being entrusted with important information about our customers and consumers. We maintain a strong understanding of information security in our provision of products and services, and have accumulated much know-how in that field.

While provision of superior products and services is a given, we are working to make our information security system even stronger, and to respond to the demand from society for information security, as represented by Privacy Protection. We will continue henceforth to offer "P&I Solutions" based on a foundation of strong information security and Privacy Protection.

Information security and privacy protection structure

We established the DNP Information Security & Privacy Protection in April 2002, and have been developing our information security management structure, including those of affiliate companies, towards the establishment of an information security management system.



Results of efforts

Staff training through network learning

May 2000: Privacy Protection Training (Part 1) begins, attended by approximately 10,000 employees

Feb. 2002: Privacy Protection Training (Part 2) begins, attended by approximately 9,400 employees

Sep. 2002: Information Security Training begins, attended by approximately 17,000 employees

Internet Business Emergency Response Training (lecture & exercise)

Begun in March 2003, attended by approximately 2,000 employees from the Business Planning Division

Information Security Training for Technicians

Feb. 2004: Privacy Protection Training Regional Pre-press Technicians, attended by approximately 20 employees

Nationwide Conference for Information Security Issues

Jul. 2003: Explanation of Privacy Protection Law for Promotion Staff

Nov. 2003: Nationwide Privacy Protection Conference for Promotion Staff

Dec. 2003: Central Control Virus Measures Software Installation Nationwide Conference for Promotion Staff

Mar. 2004: Nationwide Privacy Protection Conference for Promotion Staff

Efforts for Privacy Protection

Apr. 1999: Establishment of System for Promotion of Information Security & Privacy Protection

Dec. 1999: Company Rules based on the JIS Q 15001 Privacy Protection Rules & Guideline established

Jan. 2000: CP established in sections handling personal data- acquisition of Privacy Mark begun

Acquisition of certification

■ Divisions that have acquired the Privacy Mark

- Dai Nippon Printing Co., Ltd., Business Forms Operations
- Dai Nippon Printing Co., Ltd., IPS Operations
- Dai Nippon Printing Co., Ltd., C&I Operations
- DNP Digitalcom Co., Ltd.
- DNP Logistics Co., Ltd.
- Dai Nippon Uniprocess Co., Ltd.
- DNP Media Create Kansai Co., Ltd.
- Tokai Dai Nippon Printing Co., Ltd.
- DNP Information Systems Co., Ltd.

■ Acquisition of BS7799 and ISMS certification

- DNP Facility Service Co., Ltd.
- DNP Information Systems Co., Ltd.
- DNP Digitalcom Co., Ltd. (ISMS only)

Product Safety

The DNP Group has made environmental conservation and product safety its top priorities. We have constructed a PL management system that spans all Group companies, and we are promoting product safety for the Group as a whole.

1. Basic Policy

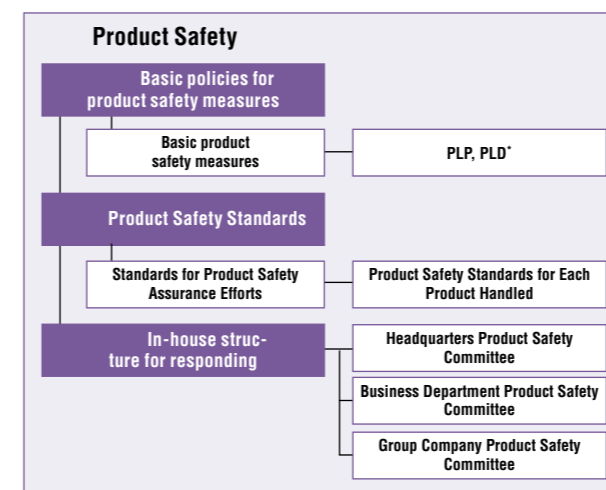
Products will of course be in conformity with all laws and regulations, and we will fulfill our corporate social responsibility by making products that exceed customer hopes and demands for safety.

2. Product safety organization

"Product Safety Committees" for the promotion of product safety were established in November 1994 in Headquarters and each business department and Group company.

3. Product Safety Clarification

The Product Safety Committees in each business department and Group company will establish "Standards for Product Safety Assurance Efforts" and "Product Safety Standards for Each Product Handled" according to the guidelines for product safety measures established by the Headquarters Product Safety Committee. They will make efforts to clarify the product safety measures and ensure product safety.



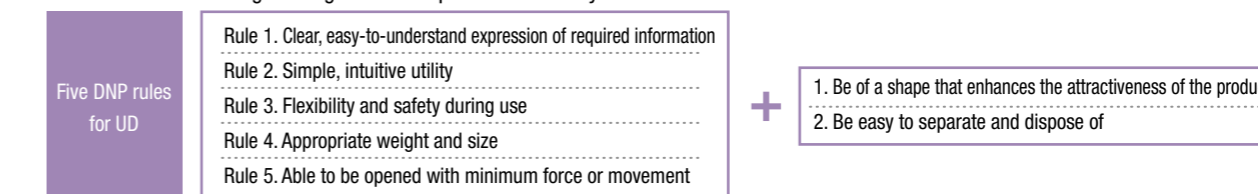
PLP: Product Liability Prevention; PLD: Product Liability Defence

Efforts to Universal Design (UD)

The DNP Group provides a wide range of products for use by general consumers. Given that packages are products that consumers actually grasp when using, the DNP Packaging

The DNP concept of UD:

Packages designed to be a pleasure to use by all who handle them



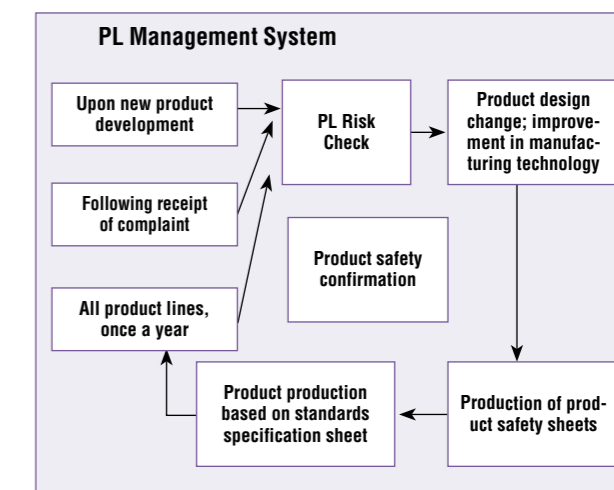
4. PL (Product Safety) Management

PL measures must be continuous rather than one-time efforts. Therefore, PL Risk Checks will be conducted when new products are developed, when claims are issued, and once annually for each product line.

Products or production technologies found to be at risk for deficiencies based upon the results of the PL Risk Checks will be subject to design revision and technological improvement in order to eliminate risk, and the results will be used in drawing up and documenting product safety standards. These documented product safety standards will then be employed as the standards for ensuring product safety. To date 402 such product safety standard documents have been created.

5. PL Training

We have been performing PL training programs since 1994 and have performed computer network-based training through since 2000. A total of 3,660 employees have completed network-based training.



Division has established five rules for universal design (UD) under which it develops and proposes new products.

Employee Relations

We will make our contributions to society in our capacity as professionals. The following are our personnel and labor efforts for supporting those contributions.

Personnel and Employment Guideline

Our goal is for each of our employees to be an independently functioning professional with a sense of responsibility and self-confidence. They shall strive to develop and achieve self-realization so as to face challenges positively and resolutely. The company will seek to provide an environment and organization that will support the development and self-realization of individual employees, and will nurture an emergently evolving structural climate and culture that will allow each of our employees to display the fullest of their abilities as professionals.

1. Nurturing an emergently evolving structural climate and culture

■ Hiring

The DNP Group pursues a fair hiring and selection process by offering "Open & Fair" opportunities to persons sharing our vision and wishing to work with us and achieve self-realization. We also take a positive approach to offering internships.

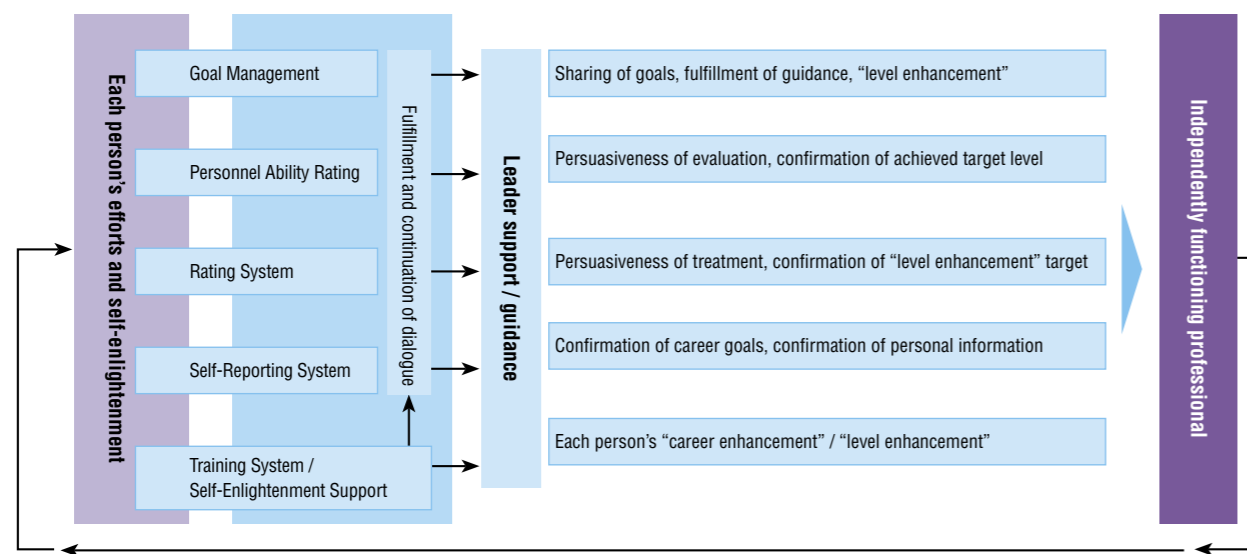
Measure	Content	Results
Internship (implemented jointly with Group companies)	The offering of work experience opportunities in response to requests from schools and students wishing to experience the workings of a real company. This is not directly connected to actual hiring.	Aug. – Sep. 2003 39 themes 78 persons

■ The importance of dialogue

We believe that it is necessary for each employee to develop as an independently functioning professional and to evolve emergently together so as to continue to contribute to an emergently evolving society. Free and frank "dialogue" among employees is essential to making this a reality, and as a company we seek to create a "location" and an "environment" that supports this kind of "dialogue".

"Dialogue" is also given emphasis in the structuring of the personnel system. For example, we eliminated (in 2002) the "officer system" that is associated with hierarchy, so as to allow our employees to make progress in evolving emergently together through dialogue.

■ Actual measures and policies



2. Aiming to become an "independently functioning professional"

We believe that it is important for each employee to engage in self-enlightenment and think about their own career, to select the work they aspire to, and to continue to broaden their field of work. In order to support each individual employee in these efforts, we have established a personnel system

by which employees can select the work they wish to do. We have also created a system for the promotion of acquisition of specialist skills, technical skills and qualifications, as well as an evaluation and treatment system.

■ Actual measures and policies: The various personnel systems

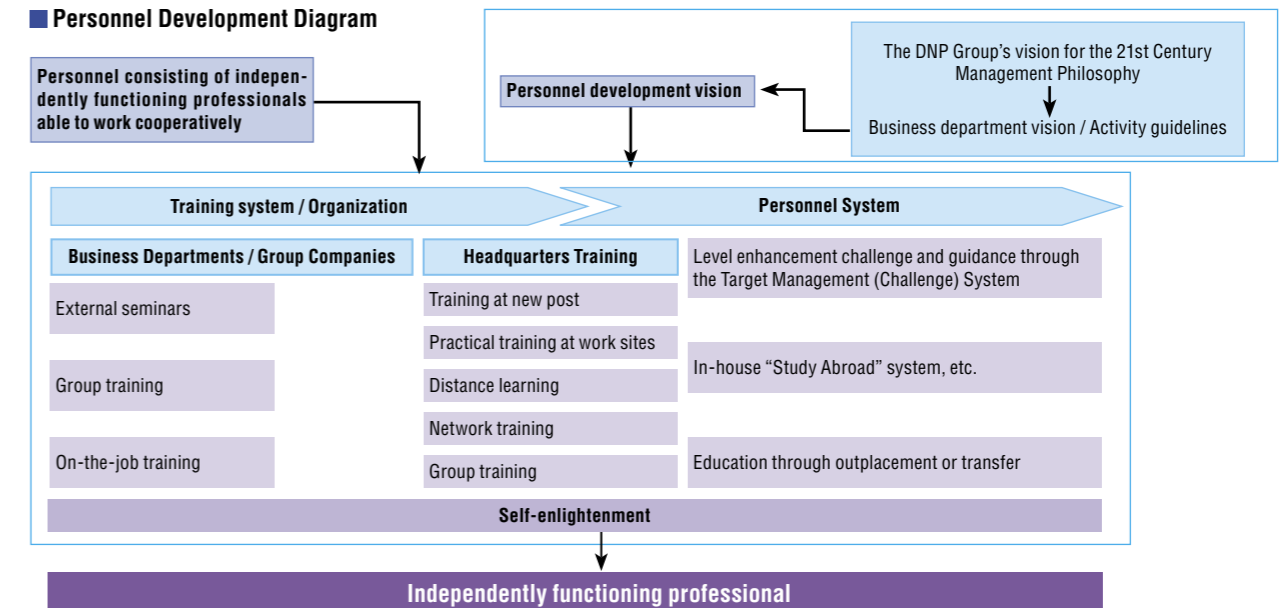
Measure	Content	Results
Personnel Solicitation System	People with skill and experience who wish to challenge new business, new product development, and work that requires specialist knowledge are free to apply.	The finding of personnel and self-realization. A cumulative total of 169 persons had made the change by Mar. 2004.
In-house Venture System	Solicit persons wishing to start up a business, and create business by starting an independent company (our company owns 51%). Tied in with the training system (about 20 employees participate annually), supported by the company.	CP Design Consulting Co. Ltd. Apr. 2002; M's Communicate Co. Ltd. (female company president) Sep. 2003
In-house "Study Abroad" System	The employee takes a temporary posting in a different department to gain experience and improve skill in work, and then is returned to his or her original worksite.	Has been systematized through adoption of proposals in employee training; improvement of each employee's work skills
System for Encouragement of Qualification Acquisition	Provision of funding to encourage employees to attempt to acquire specialist knowledge, technical skills, and qualifications necessary to work. (approximately 80 qualifications, maximum ¥100,000)	Increase in the number of employees holding qualifications for specialist knowledge or technical skills, especially in the IT field.
Meister System	Bestowing of titles upon employees that have valuable skills in the production area, providing recognition of acquisition of specialist skills and training of successors. The company president presents a certificate of recognition, and a stipend is provided	Cumulative total of recognitions presented through Mar. 2004: 41
Specialist Work System	Special treatment of employees who are particularly recognized both within and outside the company as having a high degree of specialist expertise.	Mar. 2004: 10 employees recognized
Ranking / Compensation System	Ranking is evaluated according to current role and results. Monthly salary and bonus standards are interlocked, while seniority is excluded from evaluation.	

■ Actual measures and policies: Training system for support of employees seeking to enhance their careers

The goal is to have each employee design his or her own career, and be able to work cooperatively with people both in and outside the company as an independently functioning professional with a sense of responsibility and self-confidence. The company supports employee career design by putting together a varied and practical training program for the development of the basic skills needed in each area, the acquisition

of specialist knowledge, human skills, conceptual skills, etc. For managers and leaders we also conduct practical training for deepening the understanding of the personnel and training system and career development, as well as the enhancement of communication and corroboration skills, so as help them bring out the best from those working under them.

■ Personnel Development Diagram



3. A free, vigorous and pleasant work environment

1. Making for a workplace where it is easy to get the job done

In contributing to the realization of a free, vigorous, emergently evolving society, we believe that it is important to develop a pleasant working environment where employees respect

each other's opinions. Therefore, we believe that aiming toward self-realization while making one's best efforts, without regard to sex, disability, or age, is very important.

Actual measures and policies: Developing the workplace environment

System / organization	Content	Results
Hiring of alternative persons	Achievement of the legally mandated hiring rate for the disabled predicated upon the "normalization"* concept, and the nurturing of a desire to work together with the able-bodied. Also, provision of the necessary training for workplace leaders.	Hiring rate for 2003: 1.82%
Hiring of the aged	Persons over the retirement age who wish to continue to work may, after consultation with the company, remain active as "Senior Staff".	44% of those subject to this program elected to do so in 2003.
Support of childcare and nursing care	This system provides support over and above what is legally mandated. We are currently looking into providing even more support.	Recipients of support in 2003: 42 employees

* Normalization: Persons with disabilities function in society in the same way as others in a way that is normal for society.

2. Fulfillment of personal life and family life

We believe that, in order for employees to reach their full potential as professionals, it is important for them to consider their own life plan and career plan so as to have a full personal life, and it is therefore important to achieve a balance in the time spent at work and the time spent in self-realization and enriching one's personal life. At the same time it is important to respect the time of people around one as a valuable resource. We refer to this as the "new way of working", and everyone, as well as the company itself, is working in various ways to develop and realize this concept.

In addition, we have established the "Total Health Support System" for the Group as a whole in our efforts to support employees helping themselves to "create sound mental and

physical health for employees and their families". We do this so that everyone can maintain the best condition in both mind and body.



Model smoking area in compliance with the Guideline

Actual policies and measures: Support system for personal and family life

System / organization	Content	Results
Employment System	A flexible employment system incorporating a flex time system and a discretionary labor system corresponding to the special characteristics of each employee's job.	This applies to 75% of employees overall.
Consultation Office	Consultation with specialists about topics such as housing (financial planning, housing selection, design, construction), legal issues (inheritance, family, accidents), taxes, sexual harassment, etc.	Cases in 2003: 847
Life Planning Consultation Office	Provides information about individual post-retirement planning, about topics such as pension, employment insurance, living, lifetime education, etc.	Guidance recipients in 2003: 580
Life Planning Progress System	A joint labor-management program whereby informational magazines are distributed, seminars are held, and other activities are sponsored.	Distribution of Design Book to 45-year-olds; Preparation Guidance for 55-year-olds.
Mutual Relief Association	Continuous creation of independent structures for mutual relief efforts funded jointly by the company and the labor unions.	Condolence and congratulatory allowances, various loans, scholarships (tuition and annual support), and other activities jointly run within the Group.
Operation of health management system	Construction of a "health examination management system" on the company intranet, making it possible to access one's own health examination results, including past results, via a personal computer.	Reception rate in 2003: general checkup at 99.0%; special testing, 99.8%
Smoking policy	Smoking policy conducted based on the Group Guideline at each worksite for the purpose of preventing non-smokers from being subjected to secondhand smoke.	Creation and implementation of "DNP Group Smoking Policy Guideline" that stipulates standards for separate smoking areas and smoking regulations.
Health Consultation Office; Telephone Health Consultation; Mental Health Consultation Office; Nutrition Consultation; Exercise Consultation	A consultation system set up for employees and their families to provide advice from medical specialists about concerns and worries related to disease or medical therapy. It also provides support for health maintenance through Nutrition Consultation and Exercise Consultation.	Total consultations (Telephone Health Consultation (including families), Mental Health Consultation, Nutrition Consultation, Exercise Consultation) through January - December 2003: 4,579

3. Creating a safe and pleasant work environment

We have developed our own health and safety activities with the goal of creating a safe and pleasant work environment for each employee. We take a serious approach toward maintaining a health and safety structure in which all employees

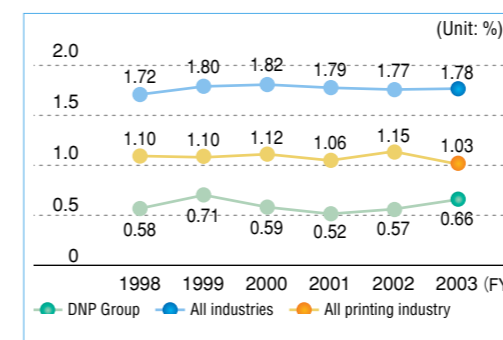
are involved as our basic policy for supporting the creation of a pleasant workplace environment in which it is easy to get the job done and a living environment that includes the family, so that all employees can feel secure while working.

Actual measures and policies

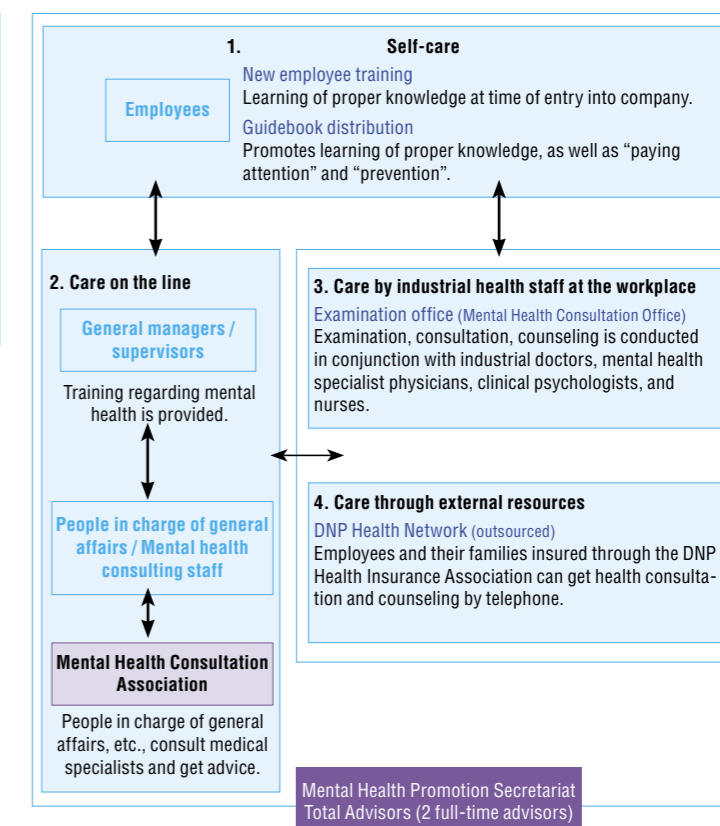
Measures	Content	Results
Structure	Through joint labor-management cooperation, a "Central Health and Safety Committee" has been created within Headquarters to deliberate and implement health and safety activities. Each business department and Group company has a similar structure. We are also establishing company-wide standards and guidelines.	Determination of the DNP Group's annual health and safety guidelines. Each business department and Group company then determines the policy for each worksite based upon these guidelines, taking into account the particular characteristics of each site. Main standards and guidelines established are: 1. Improvement of the workplace environment • Workplace environment standards • Guideline for prevention of workplace noise • Smoking policy guideline 2. Work accident prevention Guideline for the prevention of work accidents due to equipment, etc.
Skill enhancement	Promotion, mainly implemented by the Health and Safety Committee, of enhancement of staff skills necessary to the effectiveness of the Health and Safety Committee in conducting activities corresponding to the particular characteristics of each workplace.	• Promotion of acquisition of qualifications by the Safety Manager, Work Foreperson, Chemical Manager, and others • Increasing the Mental Health Consultation Staff. 37 persons as of March 2003 • Increasing the number of participants in courses for expertise in restricted work and special courses. Participants during January - December 2003: 168 • Training of production line managers, new employee education. Participants during January - December 2003: 729
Accident prevention	Through joint labor-management cooperation, Conduct analysis of causes of accidents, develop activities for the prevention of accidents involving rotors, which are cited as a major cause of workplace accidents. Also, re-evaluate the work standards documents for high-risk work, such as non-stationary work, and work to prevent re-occurrences or similar accidents by putting work sequences that do not create accidents into practice.	Maintain a workplace accident rate that is low in comparison to all industries, as well as to the printing industry as a whole. January - December 2003 accident occurrence rate (work stoppage frequency rate)*: 0.66%

*Work stoppage frequency rate: Number of victims of accident resulting in work stoppage / man-hours of work (1 million man-hour units)

Workplace accident rate (work stoppage)



DNP Group Mental Health Care Efforts



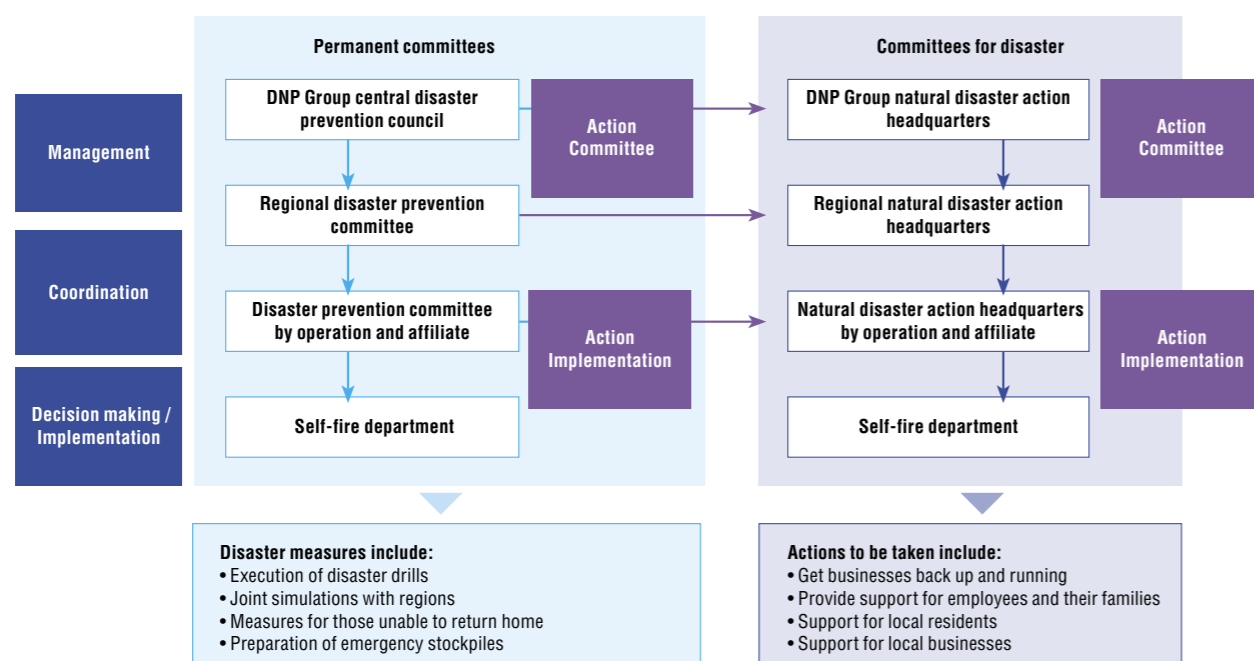
4. A secure working environment (disaster management structure)

The DNP Group has established a Natural Disaster Response Network and a Central Disaster Prevention Plan for ensuring the safety of our employees in the event of a natural disaster, getting our businesses back up and running, and providing support to families and local residents, and pursues its disaster prevention policy based upon these. "Disaster Prevention Committees" have been established at the Central and Regional Business Department and Group Companies as the organizations driving the natural disaster, and in the event of a disaster these organizations automatically change to action centers. Actual disaster prevention measures, immediate disaster response measures, and disaster prevention

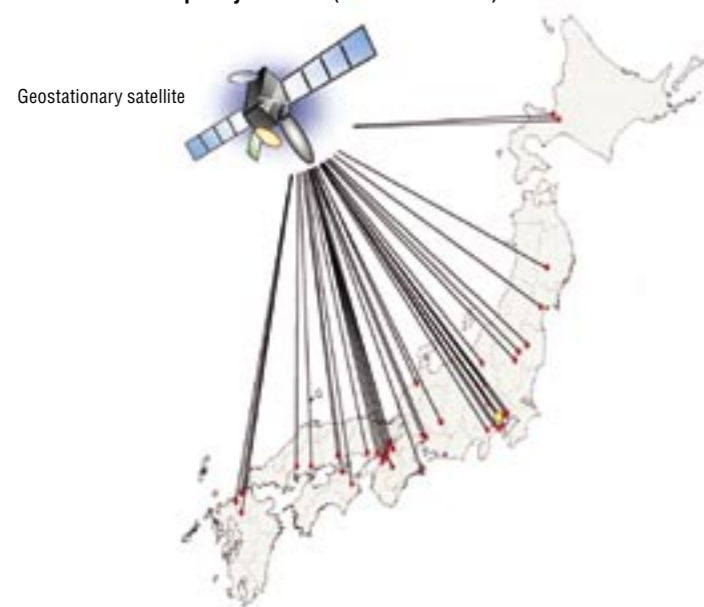
recurrence measures are driven by six action subgroups: the Human Measures Subgroup, the Building Measures Subgroup, the Property Measures Subgroup, the Business Measures Subgroup, and the Public Relations Measures Subgroup, and the Regional Measures Subgroup.

Also, by shoring up the Emergency Communications Network System (disaster wireless systems at 29 business sites in the Kanto area, satellite phone facilities at 42 sites nationwide), we are able to provide prompt and appropriate assistance not only for the business affected by the disaster, but also regional residents and businesses.

DNP Group natural disaster organization



Satellite telephony network (42 sites nationwide)

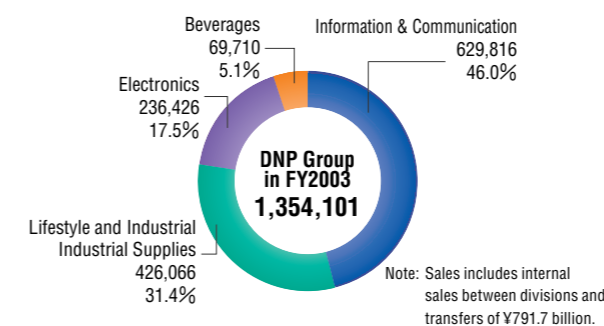


Relations with Investors and Shareholders

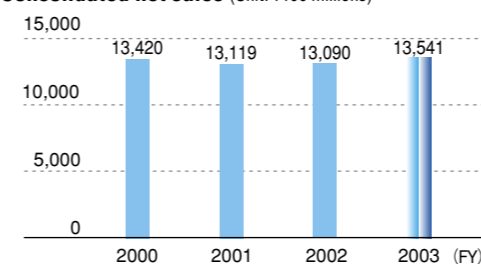
The DNP Group is involved in a broad range of businesses, from Information Communications businesses, such as publishing/commercial printing, business forms, to Living/Industrial businesses, such as packaging materials, decorative materials, and industrial supplies, to Electronics businesses, such as display components and electronic components. The 2003 consolidated financial results reflect an increase in the severity of the management environment due to ongoing worries about printing demand, increases in raw materials prices, and a decrease in order prices caused by stiffening competition. The DNP Group worked hard against this backdrop to develop its business aggressively and push through its twin reforms of business structure reform and cost structure reform. As a result, consolidated sales were ¥1.3541 trillion (an increase of 3.4% over the previous year), consolidated operating income of ¥102.4 billion (an increase of 14% over the previous year), consolidated ordinary profits of ¥97.2 billion (an increase of 10.2% over the previous year), and current term net profits of ¥52.9 billion (an increase of 84.1% over the previous year).

2003 Overall management situation

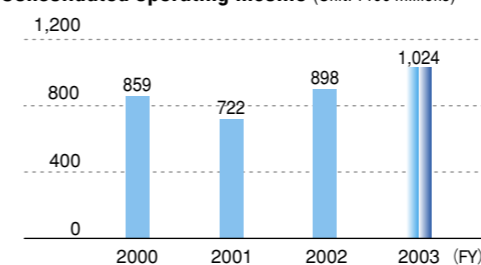
Consolidated sales by division (Unit: ¥millions)



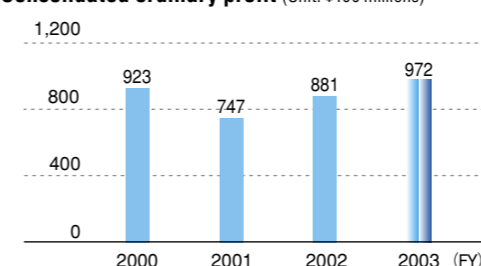
Consolidated net sales (Unit: ¥100 millions)



Consolidated operating income (Unit: ¥100 millions)



Consolidated ordinary profit (Unit: ¥100 millions)

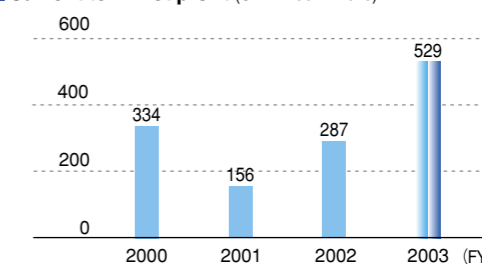


Number of employees

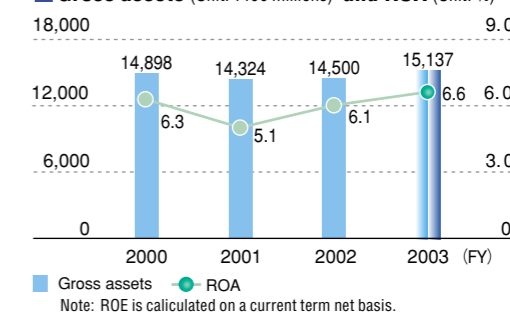
	DNP only	DNP consolidated*
2004.3.31	9,159	34,514
2003.3.31	9,737	35,182
2002.3.31	10,352	34,868

* Total of consolidated companies with the printing operation

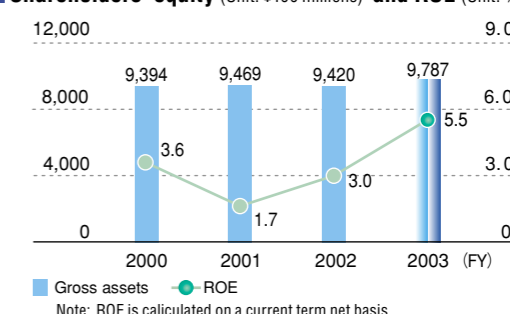
Current term net profit (Unit: ¥100 millions)



Gross assets (Unit: ¥100 millions) and ROA (Unit: %)



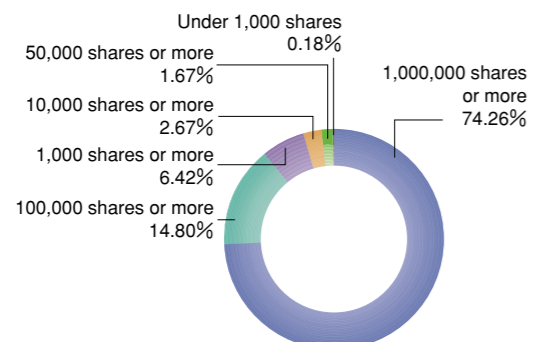
Shareholders' equity (Unit: ¥100 millions) and ROE (Unit: %)



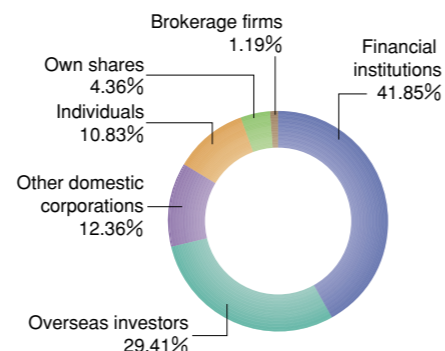
Share information

Total number of shares issued: 759,480,693
Shareholders at term-end: 33,505
Dividend: ¥21

■ Distribution according to number of shares held



■ Distribution by shareholder



■ Major shareholders

	Shares (1,000's)	Voting rights (%)
The Master Trust Bank of Japan (account in trust)	52,378	7.26
Japan Trustee Services Bank, Ltd. (account in trust)	41,685	5.78
Dai-ichi Mutual Life Insurance Company	34,646	4.80
Mizuho Bank, Ltd.	22,580	3.13
Nippon Life Insurance Company	22,075	3.06
State Street Bank and Trust Company	20,524	2.84
The Chase Manhattan Bank NA London SL Omnibus Account	18,778	2.60
Mizuho Corporate Bank	15,242	2.11
Morgan Grenfell & Company, Ltd.	12,615	1.75
Mellon Bank Treaty Clients Omnibus	10,625	1.47

Notes:
 • As of March 31, 2004, DNP holds 23,174 regular shares (0.22% share of voting rights) of Mizuho Financial Group, the holding company of Mizuho Bank, Ltd. and Mizuho Corporate Bank.
 • In addition to the above, DNP holds 33,107,705 own shares. These include 1,000 shares which, despite the record of the share registry, are not actually held by DNP.

TOPICS

Seventh place in Integrex Inc.'s Third Corporate Social Responsibility Survey

Integrex Inc. provided our company with a report on the results of its third "Integrex Questionnaire". This questionnaire is for evaluation of corporate management integrity from the point of view of the Social Responsibility Investment (SRI). It is conducted for companies listed in the 1st and 2nd sections of Tokyo Stock Exchange with regard to items such as management transparency, top management commitment, and the management system.

DNP's overall evaluation

Among respondent companies	7 th out of 877
Within the industry	1 st
Among TSE 1st section companies	4 th out of 502

Hokkaido Coca-Cola Bottling Co., Ltd. (group company)

Among respondent companies	38 th out of 877
Within the industry	6 th
Among companies not listed in TSE 1st section	1 st out of 315

In addition, DNP is recommended for investment with regard to SRI by Ethibel (Belgium) and FTSE

Relation with Society

The DNP Group is engaged in deeply original philanthropy based on our motto, "Long-lasting and close to our core business." Given that our core business is printing, we seek mainly to promote graphic arts through our philanthropic efforts, so that new creative arts can contribute to the evolution of the graphic reproduction arts as a cultural art form and gain status, and also so as to offer new artistic development and imagination to society. We are also focused on providing information about our environmental conservation efforts, and also to supporting our customers in their environmental communications.

Philanthropic efforts

ggg ginza graphic gallery

Established 1986

This gallery runs design exhibitions of creative works by individual artists and groups from Japan and overseas, along the themes of graphic design and printing. It also presents artist lectures and talk shows. In 1996, the 10th year of the gallery's operations, its decade of activity was honored with the "Mainichi Design Awards Special Prize". The gallery's special 10th anniversary project, "Japanese Graphic Design Currents", was very highly praised, and received the "Mecenat Awards for Outstanding Popularization of the Arts". The gallery had held 218 design exhibitions by July 2004, and had hosted 651,294 visitors. 12 exhibitions were held in 2003, with 40,801 visitors.



Location: DNP Ginza Building 1st floor 7-2, Ginza 7-chome, Chuo-ku
 Tokyo 104-0061
 TEL: 03-3571-5206
 Open: 11:00 - 19:00 (Saturdays until 18:00)
 Closed: on Sundays and holidays
 Admission: Free

ddd Gallery

Established in 1991

The ddd Gallery is graphic design gallery in Kansai that conducts design exhibitions and lectures. The gallery's exhibitions focus mainly on introducing up-and-coming artists from overseas. The gallery had held 131 exhibitions by September 2004, and has hosted 182,730 visitors. 11 exhibitions were held in 2003, with 17,659 visitors.



Location: Dojima AXIS Bldg. 1F, 2-2-28 Dojimahama, Kita-ku
 Osaka 530-8208
 TEL: 06-6347-8780
 Open: 10:00 - 18:00
 Closed: on Saturdays, Sundays and holidays
 Admission: Free

CCGA Center for Contemporary Graphic Art

Established 1995

The CCGA stores the Tyler Graphics Archive Collection of Tyler Graphics of the USA, which is well-known as modern graphic arts center. In addition to regular exhibitions of the works it holds in storage, the Center also holds exhibitions of a wide range of modern art. The gallery had held 32 exhibitions by September 2004, and has hosted 48,201 visitors. In 2003, 4 exhibitions were held, with 4,002 visitors.



Location: Miyata 1, Shiota, Sukagawa-shi, Fukushima, 962-0711
 TEL: 0248-79-4811
 Open: 10:00 - 17:00 (Admission until 16:45)
 Closed: on Mondays and days following holidays (not including consecutive holidays); New Year's
 Admission: ¥300 for adults; ¥200 for students (elementary school children, seniors over 65, and the handicapped are admitted free of charge.)

Ginza School Opened 1995

This is an open event held 4 - 5 times annually with the theme, "Having a good time thinking about communications." We consider the fun and the difficulties of communications along with the guests. These events have been held 42 times, with about 70 participants each time, for a total of 3,012 participants.



Mainichi Publishing Culture Prize, Kitajima Prize

The Mainichi Publishing Culture Prize was established in 1947 by the Mainichi Shinbun, and is awarded each year for superiority in literary publishing. DNP maintains deep ties with the publishing world through our printing, and since 1997 we have been awarding the Kitajima Prize, with a diploma of merit and commemorative gift, in our capacity as a special cooperating company. We presented five works with awards on the 57th occasion of the prize, among them Saburo Kawamoto's *Fumiko Hayashi's Showa* and Takeshi Yoro's *Wall of Stupidity*.



Environmental communication

Publication of the Environmental Report

We issued our first "Eco Report" in 1998. We have since, from 2000 through 2004, issued five consecutive annual "Environmental Reports (with the 2004 edition entitled "Sustainability Report"). The 2003 edition received the Superiority Award at the "7th Environmental Reporting Awards" sponsored by Toyo Keizai Publishing's Green Reporting Forum. In granting the award, the Forum praised the report for "providing a clear explanation of environmental conservation goals and results, and making strong efforts to maintain data reliability." We continue to provide these features. The next challenge we face is bolstering the environmental information posted on our homepage (Web).

Nikkei Shinbun's 7th "Environmental Management Ranking"

DNP's Environmental Management Ranking in the manufacturing industry category fell from 22nd to 34th (announced in the December 11, 2003 Nikkei Shinbun; DNP had been ranked 15th in 2001, and 22nd in 2002). We intend to make improvements in the quality of our environmental management system, i.e., the "Eco Report System".

Results of 2003 Edition Questionnaires

The results of the questionnaires returned are as follows (rating out of a maximum of 5 points):

Sufficient detail in content	4.8 points
Easy to view and read	3.9 points
Easy to understand	3.9 points
Cover design	4.3 points
Overall score	4.2 points

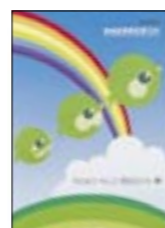
Note: Overall score was rated 4.3 in 2001, 4.1 in 2002.

Support for the creation of environmental communication tools

From 2000 to the present we have been involved in the planning and creation of environmental reports, sustainability reports and environmental websites for various businesses. Our Group companies conduct specialized content consulting, with DNP Media Create Co., Ltd. handling printed media and DNP Digitalcom Co., Ltd. handling websites.



Nippon Steel Corporation



NEC Fielding



Tokyo Gas

Relations with Local Communities

The DNP Group production facilities, which are located throughout Japan, are engaged in regional environmental conservation efforts, including beautification of the areas around plants and disaster drills. They also actively participate in and co-sponsor local festivals and other events. The DNP Group's production facilities also run on-site study programs and give

site tours. In addition, they work at maintaining good communications with local communities by making gyms and pools open to the public, offering conference rooms, meeting halls, training facilities, and recreational facilities, and by holding concerts and other events.

Communications with local communities

The DNP Group is a good corporate citizen in local communities.

Hokkaido Coca-Cola Bottling Co., Ltd.	Support for the local Yosakoi Soran dance team (May).
Ushikyu Plant, DNP Data Techno Co., Ltd.	Hosting of plant tour for local high school students (May).
Warabi Plant, Business Forms Operations	<ul style="list-style-type: none"> Received the Letter of Thanks from the Health, Labor and Welfare Ministry for blood drive activities (July). In-house fire crew received the Excellent Firefighting Team Award from the Saitama Firefighters Association (March).
Kami Fukuoka Plant, Dai Nippon Printing Fine Electronics Co., Ltd.	Received the Letter of Thanks from the Health, Labor and Welfare Ministry for blood drive activities (July).
Tokai Dai Nippon Printing Co., Ltd.	Co-sponsor of Nagoya City Moriyama-ku "Genki Matsuri" (October).
Kyoto Plant, Dai Nippon Printing Fine Electronics Co., Ltd.	Received the Letter of Thanks from the Health, Labor and Welfare Ministry for blood drive activities (November).
Nara Plant, DNP Data Techno Kansai Co., Ltd.	Received the National Hazardous Materials Safety Association Director's Commendation from the All Japan Hazardous Materials Safety Association for excellence in hazmat control (June).
Shikoku Dai Nippon Printing Co., Ltd.	Hosted a book manufacturing process plant tour for parents and children as summer vacation on-site study program (July).
Kyushu Dai Nippon Printing Co., Ltd.	<ul style="list-style-type: none"> Cooperation in social studies classes for local elementary school children (June). Received the letter of thanks for cooperation in Children's 110 home (March).
Headquarters Education & Training Department	Hosted training for Tokyo school personnel (August).

Targets for 2004 Activities

The Air Pollution Control Law will be revised in May 2005, with text added concerning regulation of atmospheric emissions of VOCs from fixed sources. The DNP Group is involved in businesses that emit large quantities of VOCs, so we elected to take the initiative and deal with this issue prior to the revision of the law. The DNP Group Environmental Committee convened in March 2004 took action to beginning making efforts to reduce VOCs from 2004 onward by adding "Reduction of air emissions of VOC" to the list of DNP Group environmental targets.

DNP Group Environmental Targets

Development and sale of environmentally conscious products

- To improve year-on-year sales of environmentally conscious products by 10%

Green purchasing

- To improve the year-on-year purchasing ratio of products deemed to be green according to company standards by 2.5%
- To improve the year-on-year purchasing ratio of general products (office supplies & fixtures) bearing environmental labels such as the Eco-Mark by 3.0%

Reduction of industrial waste

To achieve the following targets by FY 2005

- Reduce waste emissions per unit of production (Waste emissions/production) by 40% from the FY 2000 level
- Reduce the amount of unused materials generated by 25% from the FY 2000 level
- Achieve zero emissions at 20 sites
- Improve the reduce ratio (Unused product generation amount / total material inputs) by 20% from the FY 2000 level
- Achieve a recycling ratio (Recycle amount/unused product generation amount) of 80%

Global warming prevention

To achieve the following targets by FY 2010

- To maintain total energy consumption at the FY 2000 level
- To maintain greenhouse gas emissions at the FY 2000 level
- To reduce energy consumed per unit of production (Crude-oil converted energy consumption amount / production) by 15% from the level in FY 1990
- To reduce CO₂ emissions per unit of production (CO₂ / production) by 20% from the level in FY 1990

PRTR (Pollutant Release and Transfer Register)

- To reduce air emissions of toluene for the entire DNP group to less than 500 tons / year by FY 2004
- To reduce emissions and transfers of items designated as Class I Chemical Substances (except toluene) under the PRTR law to 50% of the FY 2000 level by FY 2004
- Reduction by 2005 of air emissions of VOCs (with the exception of methane) by the DNP Group by 50% in comparison with 2002.

Environmental conservation

To achieve the following targets by FY 2005

- To keep maximum densities of gas emissions subject to emissions regulations at 70% of the required standard or less
- To keep maximum densities of wastewater discharges subject to wastewater regulations at 70% of the required standard or less
- To keep the maximum density of odors at site perimeters at 70% of the required standard or less
- To keep the maximum level of noise and vibration at our site perimeters at 95% of the required standard or less

Prevention of soil or underground water contamination

To execute the measures prescribed in the DNP group Guideline for Measures against Ground Contamination

Office environment

To improve the used paper recovery ratio by 65% in comparison to the rate for municipal waste

Reduction of environmental impact incurred during transport

To achieve the following targets by FY 2010

- To reduce CO₂ emissions per unit of transport (CO₂ emissions / transported weight / distance traveled) by 5% from the level in FY 2000
- To reduce fuel consumption per unit of sales (Fuel consumed / sales) by 20% from the amount in FY 2000

Environmental management system

- To achieve ISO 14001 certification at 30 sites by FY 2005
- To perform Eco-Audits at all sites

Results of Environmental Efforts

1972	Establishes the Environmental Department within the head office to promote pollution prevention measures and communication with local residents
1990	Makes new efforts to deal with global environmental issues by establishing the Eco-Plan Promotion Office within the Environmental Department
1992	Establishes the DNP Group Codes of Conduct and the DNP Group Employee Codes Establishes the Eco-Plan Promotion Targets, the fundamental voluntary plan based on the Environmental Declaration of the Codes of Conduct, and starts activities by 4 subcommittees
1993	Starts the Eco-Report System, which is part of the DNP Group environmental management system
1994	Remodels and expands the Environmental Department into the Environment & Product Liability Department to strengthen our efforts towards environmental issues, including taking responsibility for the disposal of products we produce
1995	DNP wins the International Trade and Industry Minister's Prize in the "Fourth Global Environmental Awards", which commend companies and groups that contribute to conservation of the global environment. (The Awards was established in 1991 by the Japan Industrial Journal and the Fuji Sankei Group, with special support by WWF Japan and sponsorship by the Ministry of the Environment, the Ministry of the Economy, Trade and Industry, and the Japan Federation of Economic Organizations.)
1996	Begins performing the Eco-Audit, the internal environmental audit performed by the Eco-Plan Promotion Office to upgrade the Eco-Report System
1997	Okayama Plant, the Information Media Supplies Operations becomes the first in the printing industry to acquire ISO 14001 certification
1998	Mihara Plant, the Display Components Operations acquires ISO 14001 certification Publish the DNP Group Environmental Activity Report
2000	The Eco-Plan Promotion Office is dismantled and replaced with the DNP Group Environmental Committee to strengthen the system for promoting environmental activities The affiliate DNP Facility Service Co., Ltd. becomes the first in the world to be certified as a comprehensive system with quality, environment, office safety and HACCP*1 Okayama Plant, the Decorative Materials Operations acquires ISO 14001 certification
2001	Tokai Dai Nippon Printing Co., Ltd., and Sayama Plant, Dai Nippon Printing Technopack Co., Ltd. acquires ISO 14001 certification
2002	Tokai Dai Nippon Printing Co., Ltd. acquires FSC-CoC certification Acquisition of ISO 14001 certification by: Decorative Materials Operations Kobe Plant, The Intec Inc. (Tokyo, Kansai, and Utsunomiya Plants), Business Forms Operations Ushikyu Plant, DNP Technopack Co. Ltd. Tokai, Ten Wa Press (Private) Limited, Kyushu Dai Nippon Printing Co., Ltd. Chikugo Plant, Electronic Components Operations Kyoto Plant, Information Media Supplies Operations Sayama Plant.

2003	Environmental Report Division receives "6th Environmental Report Grand Prize" for superior reporting Establishment of "DNP Eco Label", a Type-II environmental label DNP Media Create Kansai Co., Ltd. Ono Plant acquires ISO 14001 certification Information Media Supplies Operations receives JIA-type environmental Eco Label registration for two types of ink ribbon for dye sublimation card printers: ID-3BP (250 screen/PS core) and ID-3BP (250 screen/ABS core). Convening of the DNP Environmental Committee (Report on 2002 activities, revision of 2003 guidelines)
Apr. 2003	Training of new regularly hired employees
May 2003	Issuance of Eco Report No. 20 Holding of Eco Report explanatory meetings at sites participating in the Eco Report System
Jun. 2003	Training of employees hired on a non-regular basis
Aug. 2003	Eco-audits conducted at three sites Commercial Printing Operations acquires FSC-CoC certification Convening of the DNP Environmental Committee (Report on activities in the first half of 2003)
Sep. 2003	Eco-audits conducted at 15 sites DNP Media Create Kansai Co., Ltd. acquires FSC-CoC certification
Oct. 2003	Eco-audits conducted at three sites Training of employees hired on a non-regular basis
Nov. 2003	Issuance of Eco Report No. 21 Holding of Eco Report explanatory meetings at sites participating in the Eco Report System
Dec. 2003	Eco-audits conducted at three sites
Jan. 2004	Advanced Colortech Co., Ltd. and Decorative Materials Operations Tokyo Plant acquire ISO 14001 certification Packaging Operations acquires PEFC-CoC certification Eco-audits conducted at four sites Technical Seminar "A" is held
Feb. 2004	Technical Seminar "A" is held Eco-audits conducted at 18 sites
Mar. 2004	Electronic Components Operations Kami Fukuoka Plant acquires ISO 14001 certification Eco-audits conducted at nine sites Convening of the DNP Environmental Committee (Report on 2003 activities, revision of 2004 guidelines, decision to reduce air emissions of VOCs and make additional efforts to manage hazardous substances)

Comparison with the 2003 Guidelines

The "DNP Group Sustainability Report 2004" has been composed based upon the Ministry of the Environment's "Environmental Report Guidelines, 2003 Edition". The pages containing the 5 areas and 25 categories deemed by the Guidelines to be important for inclusion in an environmental report are noted below.

Comparison with Environmental Reporting Guidelines by the Ministry of the Environment

Area	Content	Page	
1) Basic Handling	(1) CEO's statement	1, 6	
	(2) Foundation of reporting (Reporting organisation, time period, fields)	Second cover, 4, 5, 70, back cover	
	(3) Summary of the nature of the business	2, 3, 4, 5, 18-30, 67, 68, 72	
2) Summary of Policies, Targets, Achievements in Environmental Conservation	(4) Business policies regarding environmental conservation	8	
	(5) Summary of plans, targets, and achievements in environmental conservation	32, 33	
	(6) Material Balance	16, 17	
	(7) Summary of environmental accounting information	50, 51	
	3) State of Environmental Management	(8) State of environmental management system	9-14, 44-47, 55
		(9) State of supply-chain management for environmental conservation	24-27, 43, 47
		(10) State of research and development of technologies for environmental conservation and environment-conscious products/services	20, 24, 26, 30
4) State of Activities for Reduction of Environmental Burden	(11) State of the disclosure of environmental information and environmental communication	55, 70	
	(12) State of compliance with environmental regulations	44-47	
	(13) State of social contribution related to environment	50, 70, 72	
	(14) State of total energy input, and mitigation measures	41, 42	
	(15) State of amount of material input, and mitigation measures	16, 38, 39	
	(16) State of volume of water resource input, and mitigation measures	40	
	(17) State of GHG emission, and mitigation measures	41, 42	
	(18) State of emissions and removal of chemical substances, and mitigation measures	36, 37, 52-54	
	(19) Production volume or sales volume	67, 68	
	(20) Total amount of waste, amount finally disposed of waste and mitigation measures	38, 39	
	(21) Total amount of waste water, and mitigation measures	40	
	(22) State of environmental burdens from transportation, and mitigation measures	43	
	(23) State of green purchase, and promotion measures	47	
	(24) State of environmental impacts on whole life cycle of products and services	48	
5) State of social activities	(25) State of social activities	58-70	

Independent Review Report

Comments by independent institution

The following are the comments made by the independent institution (Shin Nihon Environment and Quality Management Research Institute) regarding the assertions made by DNP.

Reduction of Environmental Impact of Chemicals

(Assertions made by DNP on page 36)

We recognize that the DNP Group implements voluntary management of chemicals that are not specified in the PRTR, and that they are making efforts to reduce emissions. The DNP Group is also making steady progress in its efforts to reduce emissions and transport amounts of VOCs that it cannot, at the present time, avoid using as raw and subsidiary materials, given the particular features of its business. The company is achieving success in its measures for toluene, which include recycling and elimination, and this shows up in the performance figures.

Henceforth we can hope to see research and development into products and production processes that lead to even further reductions in VOC use and emissions.

Efforts in Resource Recycling: Waste Reduction

(Assertions made by DNP on page 38)

The DNP Group targets focus on reducing the amounts and generation rates for waste. These are the appropriate efforts and targets for attempts to contribute to the building of a recycling society. Moreover, as noted in the report, the company's performance in this area continues to be in an upward trend. We hope to see the results of these efforts shown even more clearly in the future, with the effectiveness and the efficiency of these efforts using economic benefits, and environmental costs- economic benefits ratios, etc.

Efforts in Resource Recycling: Recycling of Used Office Paper

(Assertions made by DNP on page 40)

While it is easy to measure in general used office paper collection, given the difficult of accurately measuring the weight of waste, it is difficult to measure the collection rate. The DNP Group deserves special mention for achieving accurate measurement of collection rates at half of the sites in the Group.

We hope to see the results of efforts in other office-related areas shown quantitatively in the future, in the same way as those for collection of used office paper.

Measures against Global Warming

(Assertions made by DNP on page 41)

The DNP Group maintained its targets of 2000 levels or lower for energy consumption and greenhouse gas emissions despite an increase in its lines of business, and has very ambitious 2010 per unit targets of 15% and 20% reductions in comparison with 1990 for both of the above categories, respectively.

In terms of the actual efforts underway, the utility-related measures covered by the assertions are nearly complete, and we believe that in the future more strategic efforts will be necessary. While we do see the effects of the "Production 21" efforts, we hope to see emissions credit know-how, developed through participation in test programs conducted by the Ministry of Economy, Trade and Industry and the Ministry for the Environment, put to use in the future.

Prevention of pollution

(Assertions made by DNP on page 45)

The DNP Group has established voluntary standards that exceed the regulations contained in the laws and ordinances, and these standards are complied with and form the basis of improvement measures at each business site. The checking performed by the Environmental Safety Department is strict, and sites at which the voluntary standards are not being met are required to identify the problems and implement appropriate measures.

Efforts made in the business area upstream _ Green Purchasing

(Assertions made by DNP on page 47)

The DNP Group disseminates information about green products in-house, and creates incentives for the purchasing of green products, including both raw materials for products and general supplies. We confirmed that, in the area of general supplies, the reason for the decrease in the green purchasing rate for 2003 was that the increase in the overall purchasing amount was great and countered the increase in the amount of green purchasing. In the future we hope to see more comprehensive efforts toward an even greater increase in the green purchasing rate, such as the controls on the purchasing of non-green materials and an increase in the resource recycling of general supplies.

Efforts made in the business area downstream _

Sales of environmentally-conscious products

(Assertions made by DNP on page 48)

While there were fluctuations in the sales of individual environmentally conscious products, there has been a steady increase in sales in comparison with the previous year. Some of the Divisions are applying a high degree of technical expertise to meeting the green purchasing needs of customers. In the future we hope to see concentrated efforts put into suggestion selling of environmentally conscious products to customers.

The reliability of the results of efforts has been increased through adoption of the "Kensyou-Meidai Method".

The DNP Group's "Eco Report System", as described on page 9, is the company's own environmental management system. It provides the basis for determining the various environmental standards, guidelines and efforts toward attaining the environmental targets. Through this system, the details of environmental efforts and their results for each site within the Group are published semiannually in the form of a white paper report.

The DNP Group has employed the services of Shin Nihon Environment and Quality Management Research Institute as independent verifier for environmental reports since issuing their 2000 edition. In the early stage of services, verification had been conducted on whether the contents of "DNP Group Eco Report" is collected, compiled, and disclosed appropriately in accordance with the policy determined by the company.

It was later suggested at the editorial policy meeting in the spring of 2002 that a novel approach differing from other independent verification might be taken. Rather than merely following along with the policy determined by the company, it might be better to attempt to get a general evaluation of the reliability of the information in the environmental report.

In response to this, the Institute proposed that the verification methodology named "Kensyou-Meidai Method". This method is characterized by that verifier develop "Proposition (kensyou meidai)" for the "Assertions", the main messages that the company wants to appeal to reader. The reasonable evidence that is provided in support of these assertions is then examined during the verification. The proposition requires the extended degree of the evidence to be verified, and in some cases causes the assertions themselves to be changed.

The adoption of the Kensyou-Meidai Method has doubled the work necessary to preparing for the verification. Nevertheless, it not only has improved the accuracy of the contents of the report, but also has improved the accuracy of the reported results of the environmental efforts, thereby enhancing the reliability of the environmental report itself. It also makes clear what kind of environmental efforts can be evaluated by an independent body, and therefore has benefit on improvements to the management system.

Independent Review Report

TRANSLATION

**Independent Review Report on
the DNP Group Environmental Annual Report for the year ended March 31, 2004**

August 27, 2004

Mr. Yoshitoshi Kitajima
Chairman of the Board, President and Chief Executive Officer
Dai Nippon Printing Co., Ltd.

1. Purpose and Scope of Our Review
We have performed certain procedures as described below to the DNP Group Environmental Annual Report for the year ended March 31, 2004 (The "Report") of Dai Nippon Printing Co., Ltd. and its principal subsidiaries ("Company"). The scope of the procedures are limited to, "Whether the main message that the Company wants to communicate with stakeholders through the Report (the "Assertion") agrees with the main point of the Report", and "Whether the main point of the Report agree with the Actual Condition of the Company". It is understood that this report is solely for reporting our findings based on procedures developed by us for this purpose with the Kensyou-Meidai Method, and we do not express audit opinion on any of the items in the Report because our procedures do not constitute an audit conducted in accordance with generally accepted auditing standards.

2. Procedure Performed
The procedure of Kensyou-Meidai Method requires the evaluation of the two clauses, "Whether the Assertion agrees with the main point of the Report", and "Whether the main point of the Report agree with the Actual Condition of the Company" by setting propositions. The fact that all the propositions are proved based on reasonable evidence is equal to the fact that the two clauses are proved based on reasonable evidence. For this purpose, we have performed the following procedures:

(1) We understand the Assertions prepared by the Company. The propositions vary according to the existence of a hierarchical structure in the Assertions.
(2) We set the propositions that are based the two clauses.
(3) We apply procedures for each proposition and ask the Company for submission of reasonable evidence in support of each proposition.
(4) We review the evidence, and search for any negative evidence for each proposition.
(5) We consider every proposition and report the findings to the preparer of the Report.

3. The Items in the Assertions
The Assertions are not in a hierarchical structure in this case. They are set in each chapter of the Report and are disclosed on page 74 of the Report. We have developed the Propositions on all the topics and the Report regardless of whether it has an assertion or not. The propositions on each Assertion are disclosed on the Company's website.

4. Results of the Procedures Performed
As a result of the procedures performed, no matters came to our attention that caused us to believe that the evidence is neither negative nor is against the proposition. Thus, we conclude that the Assertions agree with the main point of the Report and the main point of the Report agree with the Actual Condition of the Company.

Yasuo Kurihara
Representative Director
Shin Nihon Environment and Quality Management
Research Institute

The Kensyou-Meidai Method

We describe the company's Environmental report and Sustainability report ("the Report") as a hierarchical structure of "Assertion—Description of the Report—Actual Condition of company" shown in fig.1 in the independent review with the Kensyou-Meidai Method. Here, we simply refer the main message that the company wants to communicate with stakeholders through the media as "Assertion".

A desirable Report is one where Assertions are appropriately described and Description of the Report is based on the Actual Conditions of the Company.

The scope of our independent review with the Kensyou-Meidai Method is to perform certain procedures and report the findings on "Whether the Assertion agrees with the Description of the Report" and on "Whether the Description of the Report agrees with the Actual Condition of the Company", from an independent position.

A=>B means the Assertion (A) agrees with the Description of the Report (B) and B=>C means the Description of the Report (B) agrees with the Actual Condition of the Company (C). Also, the Assertion should agree with the Actual Condition of the Company when the Company makes the Assertion (We describe as A=>C).

The following three clauses are the basic clauses under this method.

1. Basic clause (1): The Assertion agrees with the Actual Condition of the Company (A=>C)
2. Basic clause (2): The Assertion agrees with the Description of the Report (A=>B)
3. Basic clause (3): The Description of the Report agrees with the Actual Condition of the Company (B=>C)

In the next step, we set the propositions derived from the basic clauses of (1), (2) and (3).

- 1-1. Generally multiple, practical propositions derived from 1. The Assertion agrees with the Actual Condition of the Company.
- 2-1. Practical propositions derived from 2. The Assertion agrees with the Description of the Report.
- 3-1. Practical propositions derived from 3. The Description of the Report agrees with the Actual Condition of the Company.

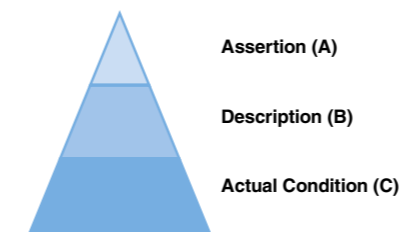


Fig. 1 Hierarchical Structure of the Report

Thus, we have the following 6 types of propositions under the Kensyou-Meidai Method with the derived propositions added to the basic propositions.

Basic Propositions

1. The Assertion agrees with the Actual Condition of the Company (A=>C)
2. The Assertion agrees with the Description of the Report (A=>B)
3. The Description of the Report agrees with the Actual Condition of the Company (B=>C)

Derived Propositions

4. Practical propositions are derived from "The Assertion agrees with the Actual Condition of the Company"
5. Practical propositions are derived from "The Assertion agrees with the Description of the Report"
6. Practical propositions are derived from "The Description of the Report agrees with the Actual Condition of the Company"

The Assertions should be as concrete as possible when performing the procedures, and they must be disclosed. The independent review procedures with the Kensyou-Meidai Method are the following:

- I. Understanding of the Assertions
- II. Setting the Propositions
- III. Performing procedures to consider whether proposition 4, 5 and 6 are proved or not.
- IV. Performing additional procedures to consider whether basic propositions 1, 2 and 3 are proved or not.

"The procedures involve the process of asking the company for submission of reasonable evidences in support of each proposition, evaluating the relevance of submitted evidence, and searching for any negative evidence.

The conclusion on whether each proposition is proved would be reported as the result of the procedures performed. If we obtained reasonable evidence in support of all the propositions and did not find any negative evidences on each proposition, it means, "the Assertion agrees with the Description of the Report, and the Description of the Report agrees with the Actual Condition of the Company".

In addition, the Kensyou-Meidai Method performed included only "The Assertion agrees with the Description of the Report (A=>B)" and "The Description of the Report agrees with the Actual Condition of the Company (B=>C)" as an attestation, although it included "The Assertion agrees with the Actual Condition of the Company (A=>C)" as a procedure.

"Supplementary explanation: The description of the report shown in Fig.1 may indicate the whole report, or part of the report such as each chapter and each page. In addition, the Assertion of the whole report is above the Assertion of part of the report in the hierarchical structure.

On the other hand, it is useful in practice to prepare Assertion on each page as needed without considering such complex structure. However, propositions are always set for each page in which no Assertion is set.