

# TOPPAN

## CSR REPORT 2005

Report on Corporate Social  
Responsibility Activities



## **Towards the Realization of *Toppan Vision 21***

Toppan redefined its Corporate Social Responsibility (CSR) in fiscal 2003. The new definition was to realize, with sincerity, passion and ingenuity, *Toppan Vision 21*, which encompasses Toppan's values, Corporate Philosophy and Corporate Creed. CSR activities in fiscal 2004 have been working towards the realization of *Toppan Vision 21*, Toppan has appraised its actual results and issues, and outlines these in this report. Toppan will continue to uphold its social responsibilities as it seeks to realize its vision for the 21st century.



## **Corporate Philosophy**

Each of us shall  
reciprocate our customers' continued trust,  
create dedicated products by  
harnessing our vibrant knowledge and technology,  
and contribute to a fulfilling lifestyle as  
a mainstay of information and culture.

Established June 2, 2000



### **Ideas Representing the Six Lines of the Corporate Philosophy**

- Each employee shares these values and bears the responsibility of upholding them.
- Nurture and develop a relationship of trust with customers.
- Take pride in our products and services and recognize their importance as creations for the customer.
- Continue and strengthen our operations through the use of knowledge (marketing and planning) and technology concerning printing, to attain faithful reproduction with detail and creativity.
- Create fulfilling lifestyles within society by giving shape to the aspirations to communicate both on individual and corporate levels.
- Recognize the universal role of printing as a medium for information and culture.

# CSR Report 2005

## Contents

Executive Message	2
-------------------	---

### Business Activities and Social Responsibility

<b>Toppan's Business and Social Responsibilities</b>	
Business Fields and Society	4
Toppan's Social Responsibilities	6
<b>Overview of Activities and Organization</b>	
Overview of CSR Activities and New Initiatives	8
Strengthening Corporate Governance	10

### Highlights 2004–2005

Special Report:	
CSR in the Information Communication Industry	15
CSR Topics	20

### Social Report

Compliance	26
Improving Customer Satisfaction	32
Respecting and Leveraging Human Assets	36
Activities for Society and Culture	40
<b>Environmental Report</b>	
Toppan's Environmental Activities	44
Overview of Fiscal 2004 Results and Environmental Targets	46
Environmental Management	50
Environmental Conservation Activities	56
Environmentally-friendly Products & Environment-related Business	60

### Data and Additional Information

Basic Reporting Data	66
Economic Performance Data	67
Social Performance Data	68
Environmental Management Data	72
Eco-protection Data	74
Eco-creativity Data	77

### Independent Review and Third-party Opinion

Independent Review	78
Third-party Opinion	79
Company Reaction to Independent Review and Third-party Opinion	80
<b>Global Reporting Initiative (GRI) Index</b>	<b>81</b>

### To the Readers

This *CSR Report 2005* is a communication tool to disclose information to stakeholders and solicit their comments. The report was prepared with the following points in mind.

- Completeness and Materiality**  
 The contents of this report were strictly chosen with consideration for Toppan's business situation on the basis, the following sets of guidelines, and feedback returned from surveys on socially responsible investment, with a particular focus on important issues:
  - *Environmental Reporting Guidelines* (fiscal 2003 version) by the Ministry of the Environment
  - *Environmental Performance Indicators for Businesses* (fiscal 2002 version) by the Ministry of the Environment
  - *Environmental Accounting Guidelines* (2005 version) by the Ministry of the Environment
  - *Environmental Reporting Guidelines 2001—With Focus on Stakeholders* by the Ministry of Economy, Trade and Industry in 2001
  - *Sustainability Reporting Guidelines 2002* from the GRI (Global Reporting Initiative)
- Readability**  
 While Toppan assumes that the main readership will be those with an interest in CSR, in order to promote understanding of its activities among a broad spectrum of readers care has been taken in the organization of the material, layout, color schemes, typeface, and font sizes. In addition, to enhance referencing, pages carrying related information are indicated by the symbol ▶P.XX.
- Reliability**  
 AZSA Sustainability Co., Ltd. (formerly the Environmental Solution Consulting of Asahi & Co.) has provided an annual independent review of Toppan reports on the environment and social responsibility from fiscal 2000 onward (starting with the 2001 report). For the *CSR Report 2004* and for this year's report Toppan also received the opinions and advice of third party authorities in the CSR field. For the *CSR Report 2005* Toppan has received third-party opinion from Mr. Yoshiki Midorikawa, co-chair of The Valdez Society and director of Green Consumer Research Group.

In addition to appearing in print once yearly, this report is available on the Toppan website, along with environmental performance data on each site, the latest information on ISO 14001 certification throughout Toppan Group, and other relevant data. The Toppan website is regularly updated.

URL for CSR Report: <http://www.toppan.co.jp/english/corporate/csr/index.html>

### Scope of this Report

In principle, this document reports on the environmental and social activities of Toppan Printing Co., Ltd. and group entities that are consolidated for accounting purposes. This report mainly covers activities during fiscal 2004 (April 2004–March 2005) but also includes information regarding prior and subsequent periods. Information regarding personnel refers in principle to Toppan Printing Co., Ltd., the parent company. The scope of environmental performance information and environmental accounting has been decided in accordance with respect to the importance of environmental conservation among subsidiaries.

### Publication Dates:

Published in December 2005. Toppan plans to publish the next report in December 2006.

### Inquiries on Content and Contact Information:

Compliance Department, Legal Affairs Division, Toppan Printing Co., Ltd. (Tokyo, Japan)  
 E-mail: [compliance@toppan.co.jp](mailto:compliance@toppan.co.jp)

# Contributing to Fulfilling Lifestyles

The Toppan Group aims to inspire the enduring trust of society and its stakeholders and to continue to be an essential element of the fabric of society.

## Toppan's Social Mission

---

The Toppan Group was founded in 1900 by a group of printing engineers from the printing bureau of the former Finance Ministry who desired to bring the benefits of printing technology to society at large. Since its foundation, and working in partnership with its customers, shareholders, business partners, local communities, and stakeholders in every field, its printing-based businesses have contributed to the development of Japan's information culture.

Since Gutenberg's invention of the printing press, printing has made a vital contribution to the development of culture and industry as a medium to disseminate information, and has played a major role in the enrichment of culture. The subsequent 500 years has witnessed a dramatic expansion of the range of printing technology applications. Printing has penetrated deeply into our lifestyles, becoming an essential component of our existence. At the same time, as Toppan's businesses have also grown, we recognize that the expectations of society and of our stakeholders have also increased, leading to a commensurate increase in the social responsibilities that we must fulfill. The social mission of the Toppan Group of today is to convey information, foster culture, and contribute to fulfilling lifestyles. In order to realize fulfilling lifestyles it is essential that first we inspire the enduring trust of society and continue to be recognized as an essential element of society. I believe that a company's approach to its corporate social responsibilities (CSR) is the very essence of corporate activities and for Toppan this means the realization of the values that we regard as important and that are enshrined in our corporate philosophy. To achieve this, we must define to society what our responsibilities are and how we will ful-

fill them by continuing to set high targets and achieving them; disclosure of this process is indispensable. I am convinced that if all people who work at Toppan embrace and understand these targets in their own ways and pursue them in their daily work we can pursue a path towards the harmonious coexistence of Toppan with society and the environment.

## The Major Themes of Toppan's CSR

---

Last year was a definitive year for CSR at Toppan. We completed a thorough review of the diverse activities that we have so far pursued, and established our Corporate Philosophy as the top-level concept of our corporate vision for the 21st century, our Corporate Creed, that defines our standards for corporate activities; and Conduct Guidelines that express rules of behavior based on our corporate thinking and spirit of compliance. Based on these we have formulated six priority themes, which are outlined below.

- **Corporate Governance:** We will perform our management activities rapidly and efficiently with a robust commitment to forming clear managerial strategies, strengthening our supervisory and auditing capabilities in corporate management, and improving the transparency of our managerial activities.
- **Compliance:** We will conduct our corporate activities in strict observance of corporate ethics and all applicable laws and regulations. All employees will follow our corporate Conduct Guidelines with an unwavering sense of ethics and morality.
- **Improving Customer Satisfaction:** We will strive to see things from the customer's perspective. Through our work with knowledge and technology, we will devote ourselves to the



creation of products that bind us to our customers in a relationship of trust based on responsibility, passion, and skill.

- **Respecting and Leveraging Human Assets:** Through our strict commitment to human asset development and respect for individuals, we will foster employees that continue to enhance their abilities and meet their full potential. The people within the Toppan Group will share the enjoyment of their work within a corporate atmosphere that is gratifying and rewarding to inhabit.
- **Activities for Society and Culture:** As a leader in the information communication industry, we will develop activities to promote social and cultural progress. We will also work to create a rich cultural environment in partnership with local communities.
- **Commitment to the Environment:** Under the initiatives set forth in Toppan's Declaration on the Global Environment (1992), we will continue to alleviate the environmental burden of our operating activities by proposing, developing, and providing environmentally-friendly products and services that coexist in harmony with our irreplaceable global environment.

#### **Last Year's Initiatives**

Based on the framework provided by the major themes listed above we listed action points and developed our activities. The degree to which we achieved our targets based on these action points varied but, as far as CSR activities are concerned, merely achieving targets does not signal completion of the task. We are fully aware that the constant review of measures taken and our approach to issues, the setting of new and higher targets and the maintenance of sustained, steady activity are of far greater importance.

Furthermore, over the past year we have developed initiatives to diffuse consciousness of CSR and as a result have taken the first step towards an approach in which each employee addresses their work based on of what CSR means to them.

#### **On the Publication of This Report**

We have approached this year's report by examining what we have achieved and what we have not yet achieved with reference to last year's *CSR Report 2004*.

Through reading this report, we hope that a great many customers and others will come to understand and appreciate the activities of the Toppan Group. Furthermore, we intend to steadily develop our approach through engaging in a dialogue with our customers and a wide range of other stakeholders so please let us hear your opinions. Looking ahead, we intend to earnestly pursue our activities based on the priorities outlined above and to report on these annually in a CSR Report.

The Toppan Group aims to contribute to the realization of a society that can provide rich and fulfilling lifestyles and to continue to be a trustworthy corporate citizen. We hope to benefit from your continued support and guidance in the future.

September 2005

**Naoki Adachi**  
President & CEO  
Toppan Printing Co., Ltd.

# Business Fields and Society

Since its founding in 1900, Toppan has fostered the advancement of society with a range of technologies centered around printing techniques. As a leader in information communication, Toppan aims to further enhance its vibrant knowledge and technology as it strives to contribute to the future advancement of society.

## The Printing Business and Society

Toppan was founded in 1900 at a time when Europeans were flocking to the International Paris Exhibition, while Japan was steadily building up its modern industries in the aftermath of the Meiji Restoration. At this time, printing was mainly used for three purposes: to print banknotes, bonds and securities, important ingredients in the establishment of modern capitalism; to publish newspapers, the medium for public discussion on the progress of civilization; and to publish translations, novels and magazines that enlightened the populace and encouraged the establishment of the modern state.

During such a period, Toppan was founded by a group of printing engineers from the former Finance Ministry who desired to build an industry around the most advanced steel-based printing machine of the time, the Erhört Letterpress. Just over a century later, Toppan, which started by printing such things as cigarette packaging and educational materials, through constant research and development and by improving its marketing power and technical development capabilities has continued to produce new services and products and thus respond to the needs of its customers. Starting with plastics and metals, concurrent with increasing the types of materials that can be printed on, Toppan has continued to advance our information culture by printing books, magazines, pamphlets, calendars, food packages, wallpaper, and countless other items essential to daily life.

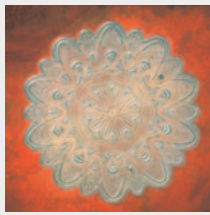
In the second half of the 1990s, the information technology revolution gained momentum and accelerated the dismantling of borders between markets. With the increased diversification of information media and migration from analogue to digital technologies in the printing industry, the information processing technologies used in printing became highly sophisticated. The result of this was a flourish of new activity in the printing industry in the much broader context of information communication and subsequently Toppan's business fields extended into securities, cards, commercial printing, publications printing, packaging, industrial materials (interior and exterior materials), and electronics.

## Continuing to Respond to Society's Needs

In recent years, with moves towards high-speed information, globalization and changes in industrial structure, along with environmental issues, and the diversification of lifestyles and people's values, society's requirements have dramatically changed. Amidst this era of change, to continue growing and fulfilling its social responsibilities as a leader in the information communication industry in the 21st century, Toppan introduced *Toppan Vision 21*, a declaration of the company's vision, at its centenary in 2000.

As important business fields for the 21st century, Toppan reorganized its existing business into three fields: 'Information & Networks', 'Living Environments', and 'Electronics'. As well as further developing these fields by adding software and service elements to them, Toppan established two new domains, 'Personal Services', for consumers and 'Next-generation Products', high function industrial materials for the next generation. In total, Toppan now has five business fields.

Currently, while establishing these five business fields, we are shifting to become a global corporation that transcends country borders, languages and distance, while seeking further development of the information communication business.



The Erhört Letterpress, which gives Toppan its name



Magazines launched and brought back following the war



Banknotes printed just after the end of the war

## The Information Communication Industry

The range of application of printing technology has expanded to such things as electronic parts and holograms. Furthermore, projects that have hitherto been incidental to Toppan's business, such as special processing, filling services and various other services have developed into main businesses. For example, through the production of photomasks and color filters Toppan is contributing to the development of the electronics industry and is playing a role in the realization of fulfilling lifestyles.



The *Toppan Vision 21* pamphlet

## Toppan's Business Fields

### Information & Networks:

Supporting the businesses of our customers with services to process, manage and administer content such as images, text, and acoustics; and enabling the efficient creation of new value through the use of this content.



Securities and Cards



Commercial printing



Publications printing



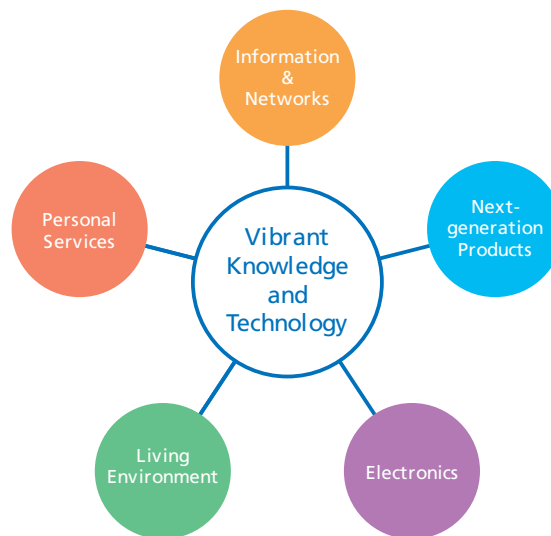
E-business

### Personal Services:

Providing valuable information, products and services to individual users by leveraging our information technologies, digital and security technologies, and marketing skills.

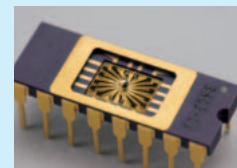


Handy Bitway



### Next-generation Products:

Developing high-performance industrial materials for markets with large growth potential, based on technologies such as coding and photo-lithography.



Hydrogen sensor

### Living Environment:

Providing products and services that contribute to comfortable lifestyles while meeting the needs of both individuals and society from environmental and other standpoints.



Packaging



Industrial materials

### Electronics:

Providing high-performance parts and electronics products and services in the fields of semi-conductors and displays.

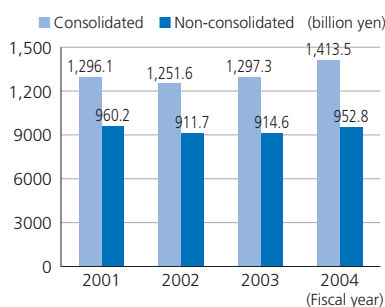


Electronics

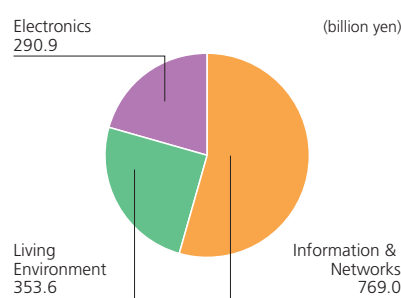


Optronics

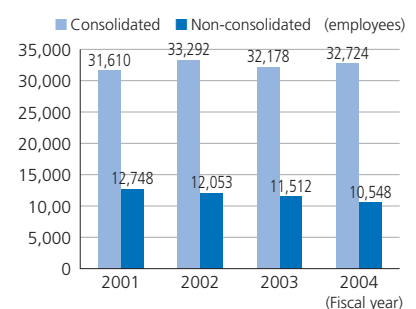
### Net Sales



### Net Sales by Segment (consolidated)



### Number of Employees



\*Please see page 67 for further details on trends in our main management indicators (consolidated).

\*Net sales by segment (consolidated) are arranged into three segments by business scale.

# Toppan's Social Responsibilities

Along with the broadening of business fields, social responsibility has become even more far-reaching. Aiming for the realization of *Toppan Vision 21*, which sets out the Group's vision for the 21st century, Toppan is fully involved in CSR activities based around six major themes.

## Toppan's Ideas and Social Responsibility

The *Toppan Vision 21* declaration is based on Toppan's new Corporate Structure and Business Fields. The Corporate Structure, in turn, is made up of three elements: Toppan's Corporate Philosophy, Corporate Creed, and Conduct Guidelines. These elements specify the complete system of values and standards of the Toppan Group.

The Corporate Philosophy is the concept that underpins Toppan's corporate activities and defines its most important values and thinking. Toppan's ideas are embedded in every sentence.

The Corporate Creed expresses standards that Toppan applies to its activities.

The Conduct Guidelines build on the Corporate Philosophy, elaborate the Corporate Creed, and express the behavioral norms on the basis of compliance and corporate ethics. Under no circumstances will any member of the Toppan Group engage in an operational activity that infringes the rules of society or poses any risk of environmental

or social harm. Further, the Group understands that any faltering in the development of its operational activities may make it difficult to guarantee a profitable return and benefit for society. The Conduct Guidelines are to be closely observed by every employee if Toppan is to fulfill its social obligations as a corporate citizen.

These Conduct Guidelines are considered to be open to review as necessary to respond to variations in the environment surrounding the group. In July 2003, several new articles were introduced and a general revision was carried out to clarify the links with the Corporate Philosophy and Corporate Creed.

### Corporate Philosophy

Each of us shall  
reciprocate our customers' continued trust,  
create dedicated products by  
harnessing our vibrant knowledge and technology,  
and contribute to a fulfilling lifestyle as  
a mainstay of information and culture.

Established June 2000

### Corporate Creed

- To build our customers' trust through sincerity, enthusiasm, and creativity in all our corporate endeavors.
- To strive for total innovation from a global perspective by conducting marketing and technological development rich in originality.
- To conduct fair and open business operations while acknowledging our social responsibilities and aspiring for harmony with our global environment.
- To create a positive working environment by maximizing our individual talents and strengths as a team.
- To enhance our corporate standing and promote the continual development of the Toppan Group through the exploration of new possibilities.

Established June 2000





Various exhibitions



Discussions with customers



Making contributions to the community at the Printing Museum



Discussions between the President and employees



Publication of IR tools

### Giving Shape to Stakeholder Ideas

Continuing Toppan's businesses is only possible thanks to its strong ties to various stakeholders. The company recognizes the great importance of maintaining good communications with stakeholders and building closer relationships of trust to enable continuous development. In a structured approach to these ends, Toppan has defined five categories of stakeholders upon whom its business activities deeply depend: customers, business partners, communities, employees and shareholders. The Toppan of the 21st century serves a customer base of more than just the companies with which it transacts business and we regard all end-users as our customers.

By serving people, uncovering the possibilities within every customer and employee's ideas and realizing them one by one, the company aims to open up new worlds of possibility, surprising and delighting society.

### Six Major Themes for CSR Activities

From fiscal 2003, in light of relationships with stakeholders, and the concept of a balanced development of the triple 'bottom lines' of economy, society, and the environment, Toppan has been examining issues in which it should be involved, in keeping with *Toppan Vision 21*. In fiscal 2004, in order to proceed with more effective and involved CSR activities, Toppan has set out six major themes for social responsibility and the issues that the company should be seriously involved in.

Through CSR activities, in order to introduce more practical activities while constantly reviewing its operations, Toppan will hereafter seek to maintain the sustainability of its business operations and pursue its goal of creating value while aiming to earn the trust of society as a solid corporate citizen.

**Conduct Guidelines**

Chapter 1  
Basic Principles

1. Respecting basic human rights
2. Maintaining public order and standards of decency
3. Complying with laws and ethics
4. Conducting fair business operations
5. Appropriate disclosure of information
6. Environmental and safety considerations

Chapter 2  
Outline of Conduct Guidelines

- Section 1 Building customer trust
- Section 2 Reforming operations
- Section 3 Fulfilling corporate social responsibilities
- Section 4 Creating a positive work environment
- Section 5 Developing the Toppan Group

### Six Major Themes



Established June 2000, revised July 2003.  
For more detailed information on the Conduct Guidelines please see page 68

# Overview of CSR Activities and New Initiatives

Six major themes were established to promote CSR activities.

In fiscal 2004 specific measures were identified and pursued for each theme.

Toppan has compiled details these activities and achievements and established new targets and issues to be addressed for fiscal 2005 and beyond.

## Further Developing CSR Activities

Corporate governance forms the foundation of Toppan's CSR activity, and during fiscal 2004 the Company strengthened its internal auditing and actively

developed educational activities for the Conduct Guidelines, which embody the basic thinking on compliance at Toppan. In addition a group-wide approach to information risk management was taken, including personal information manage-

ment, and Toppan has achieved results that will contribute to future activities.

With respect to activities aimed at improving customer satisfaction, through the promotion of a self-developed approach to product quality assurance.

## Results for Fiscal 2004 and Future Issues and Targets

Major Theme	Fiscal 2004 Measures	Main Activities and Achievements in Fiscal 2004
Corporate Governance	Strengthening audit and control functions	<ul style="list-style-type: none"> <li>•Audited compliance with applicable laws and company regulations in all operating and HQ divisions</li> </ul>
	Preparing a risk management system	<ul style="list-style-type: none"> <li>•Clarified which crisis management risks require urgent response and established urgent initial response mechanism</li> </ul>
	Increasing the transparency of management activities	<ul style="list-style-type: none"> <li>•Disclosed annual compensation of all directors and all corporate auditors (including directors bonuses paid from retained profits and retirement allowances decided based on AGM approval)</li> <li>•Added Japanese language Annual Report to website (November)</li> </ul>
Compliance	Education regarding the Conduct Guidelines and strict enforcement	<ul style="list-style-type: none"> <li>•Introduced Conduct Guideline Promotion Leader system and held training seminars for leaders</li> <li>•Created Conduct Guideline Casebook (compilation of case studies)</li> <li>•Implemented Conduct Guideline training on a stratified basis</li> </ul>
	Information risk management	<ul style="list-style-type: none"> <li>•Implemented new system with General Manager of Corporate Planning Department (Director) appointed as Supervisor, introduced study group for promotion of the protection of personal information</li> <li>•Systemized rules for handling personal information, produced internal personal information Q&amp;A</li> <li>•Received Privacy Mark certification (one division and one subsidiary; eight divisions and two related companies have applied)</li> </ul>
	Approach to the supply chain	<ul style="list-style-type: none"> <li>•Established and disclosed procurement policy</li> <li>•Implemented Supplier Check-up at each factory, implemented ISO 9000 series based supplier appraisal</li> </ul>
Improving Customer Satisfaction	Strengthening product quality assurance	<ul style="list-style-type: none"> <li>•Promoted self-developed improvement and maintenance approach based on synthesis of TPM and ISO 9000 series, clarified calculation standards to discover problems</li> <li>•Implemented contamination prevention measures and reduced claims by introducing product guarantee audit and verification machines used in food processing factories</li> </ul>
	Research and development aimed at value creation Products and services developed with society in mind	<ul style="list-style-type: none"> <li>•Utilized electronic paper technology in station publicity notice boards</li> <li>•Test production of <i>UD Selection Desert Cup</i> with the National Institute of Advanced Industrial Science and Technology</li> <li>•Participated in the International Association for Universal Design</li> </ul>
Respecting and Leveraging Human Assets	Development and training of human assets	<ul style="list-style-type: none"> <li>•Introduced new appraisal system for management staff and implemented training for all administrative staff, introduced a multiple track grading system for general office employees</li> <li>•Clarified employment standards based on conduct characteristics and implemented casual dress interviews, held employment seminar in China</li> <li>•Actively recruited female staff in management and supervisory roles</li> <li>•Formulated and submitted action plan based on the Law for Measures to Support the Development of the Next Generation</li> </ul>
	Health and safety, health management Welfare system	<ul style="list-style-type: none"> <li>•Established a Safety, Health and Fire Prevention Discussion Meeting</li> <li>•Appointed a specialist in charge of mental health</li> <li>•Maintained a 100% ratio of staff receiving health check ups</li> </ul>
Activities for Society and Culture	Advancement of printing culture and its traditions	<ul style="list-style-type: none"> <li>•Held an exhibition at the Printing Museum 'Seeing and Seen: variations in Depiction between Japan and Foreign Lands'; held a Summer vacation experience workshop</li> <li>The Printing Museum signed a mutual cooperation agreement with the Cheongju Early Printing Museum of the Republic of Korea (September 2004)</li> <li>•Received the Sato Toshinosuke Prize at the 4th Annual Awards of the Japan Typography Association</li> </ul>
	Sharing of impressions	<ul style="list-style-type: none"> <li>•The Toppan Hall's 34th concert included a Brahms recital: held <i>Espoir Special</i> event to introduce young foreign artists to Japan as early as possible</li> </ul>
	Tree planting activities	<ul style="list-style-type: none"> <li>•Continued participation in tree-planting projects in Victoria and Tasmania, Australia</li> <li>•Registered as a Supporting member of the Japan Overseas Plantation Center for Pulpwood</li> </ul>
	Greater symbiosis with local areas	<ul style="list-style-type: none"> <li>•Contributed relief money for the Niigata Chuetsu Earthquake</li> </ul>
Commitment to the Environment		<ul style="list-style-type: none"> <li>•Targets and results for Toppan's environmental commitment are shown on page 46</li> </ul>

Toppan identified key issues. The Company also sustained its commitment to universal design. In pursuit of the fostering and development of human resources through new personnel methods the appraisal system for administrative staff

and the grading system for general employees were reviewed. There was steady success in Toppan's commitment to the environment.

In fiscal 2005 the Company will sustain its commitment to strict corporate gover-

nance and compliance and its approach to the social aspects of supply chain management it will also actively develop activities to address the issues and meet the targets identified in fiscal 2004.

Fiscal 2005 Measures	Main Issues and Targets for Fiscal 2005	Related Pages
Strengthening audit and control functions	<ul style="list-style-type: none"> <li>•Implementation of follow-up to the audit of compliance with applicable laws and company rules</li> <li>•Implement comprehensive audit of main overseas subsidiaries and domestic subsidiaries</li> <li>•Priority audit of manufacturing divisions of all operating divisions</li> </ul>	▶ P10-
Improve risk management system	<ul style="list-style-type: none"> <li>•Speed up information flow of urgent initial response mechanism</li> <li>•Formulate basic plan for disaster countermeasures, consider implementation of system to confirm safety of employees in event of disaster</li> </ul>	
Increase the transparency of management activities	<ul style="list-style-type: none"> <li>•Widely disclose annual compensation of all directors and all corporate auditors and include in CSR report</li> </ul>	
Awareness and thorough implementation of conduct guidelines	<ul style="list-style-type: none"> <li>•Continue Conduct Guideline Promotion Leader system education including correspondence education for new leaders</li> <li>•Thoroughly implement self-development training for general employees via the Company intranet, etc.</li> <li>•Implement training for sales managers related to the revision of the anti-monopoly law</li> </ul>	▶ P26-
Information risk management	<ul style="list-style-type: none"> <li>•Create management procedure manual based on risk analysis</li> <li>•Receive Privacy Mark- eight divisions and two related companies</li> </ul>	
Strengthening supply chain management	<ul style="list-style-type: none"> <li>•Formulate policy on a group-wide basis including all group companies and overseas subsidiaries</li> <li>•Feedback to suppliers the results of Supplier Check-ups to strengthen relationships</li> <li>•Formulate group-wide procurement policy and selection standards and aim for consistency with ISO 9000 supplier appraisals</li> </ul>	
Strengthening product quality assurance	<ul style="list-style-type: none"> <li>•Increase the number of and train experienced in-house consultants conversant with Toppan's technical skills and promote guidance activities</li> <li>•Continue to implement product quality assurance audits of food product packaging and food packing factories to prevent adulteration</li> </ul>	▶ P32-
Contributing to society through development of technology	<ul style="list-style-type: none"> <li>•Develop coatings for large scale color filters, reduce cost and improve productivity</li> <li>•Develop order-made medical equipment chips and equipment</li> <li>•Promote development and commercialization of products based on Toppan's six principles of Universal Design</li> <li>•Actively participate in the International Association for Universal Design and Universal Design Consortium</li> </ul>	
Merit based personnel policies	<ul style="list-style-type: none"> <li>•Revise salary and promotion system for management staff</li> </ul>	
Foster, develop and utilize human resources	<ul style="list-style-type: none"> <li>•Through continued deliberations by the Human Resources Development Committee improve links between company wide training and in business division and its departmental training</li> <li>•Provide opportunities for each employee to develop their own career vision</li> </ul>	▶ P36-
Leveraging human resources	<ul style="list-style-type: none"> <li>•Consider female teams in order to develop business that leverages the female perspective and sensitivities</li> <li>•Respond to extension of the working age to 65</li> </ul>	
Realize a safe and secure working environment	<ul style="list-style-type: none"> <li>•Initiate a project encompassing work-life balance and diversity, and consider implementation measures</li> <li>•Improve framework for addressing mental health issues and implement training for management</li> </ul>	
Contributing to the traditions and development of printing culture and sharing impressions	<ul style="list-style-type: none"> <li>•Hold exhibitions to mark the fifth anniversary of the Printing Museum 'Golden Age of Printing: From the Collection of the Plantin-Moretus Museum', 'Beginning of the Printing Revolution: from Gutenberg to Plantin'; continue to hold Summer vacation experience workshops</li> </ul>	▶ P40-
Tree planting activities	<ul style="list-style-type: none"> <li>•Hold 35th Concert at Toppan Hall 'Today's World-Cutting edge Violin' including a series of 14 concerts focusing on the fostering of talented youth.</li> </ul>	
Activities for contributing to regional society	<ul style="list-style-type: none"> <li>•Continued participation in and support for tree planting</li> </ul>	
	<ul style="list-style-type: none"> <li>•Each regional location to hold events to interact with local communities, active participation in and support for local events</li> </ul>	▶ P44-
	<ul style="list-style-type: none"> <li>•Medium-term targets for our environmental commitment are shown on page 48</li> </ul>	

\*In the 2004 report Tree Planting Activities was classified in 'Activities for Society and Culture'. In this report it has been reclassified in 'Commitment to the Environment' to clarify the fact that it is seen as a social responsibility of a printing company, this is explained on page 63, Part 1.

# Strengthening Corporate Governance

Corporate governance represents the foundation on which Toppan can fulfill its social responsibilities promptly and thoroughly. The Company is strengthening corporate governance by improving its CSR promotion framework and striving to strengthen the auditing function of its business operations, maintaining a risk management system and improving the transparency of its corporate activities.

## Toppan's Corporate Governance

Toppan considers the most important issues for its management to be continuous development, increasing its corporate value and winning the approval of shareholders, customers and ultimately society as a whole. To succeed in its strategy Toppan is endeavoring to establish a management administration structure, strengthen corporate management auditing functions, thoroughly implement compliance and improve the transparency of its business operations. In accordance with Japanese Commercial Law, the company uses a system of corporate auditors and is strengthening an appropriate and effective corporate governance system by establishing a Management Audit Office and Compliance Department as well as an Ecology Center.

Further, Toppan is implementing governance that aims for the maximization of corporate value and putting into place integrated management with related companies based on the Related Company Administration Regulations established as a foundation to promote fair-minded group management. By leveraging each company's technology and expertise to the maximum, as well as promoting the

effective use of production assets, through the Group's collective strength Toppan is aiming to provide products and services and grow profitability.

### Directors, the Board of Directors and Various Meetings

Toppan's Board of Directors consists of 31 directors, including one outside director. Meetings of the Board of Directors are held regularly each month, and whenever pressing business requires action or deliberation.

With regard to important business matters, the company applies a business decision-making process that pursues efficiency via the work of a Management Committee made up of managing directors and more senior directors from headquarters. In addition, Toppan has established an organization made up of executives from headquarters and division chiefs to directly implement activities and review them from various perspectives.

### Corporate Statutory Auditors, The Board of Corporate Statutory Auditors and the Auditing Firm

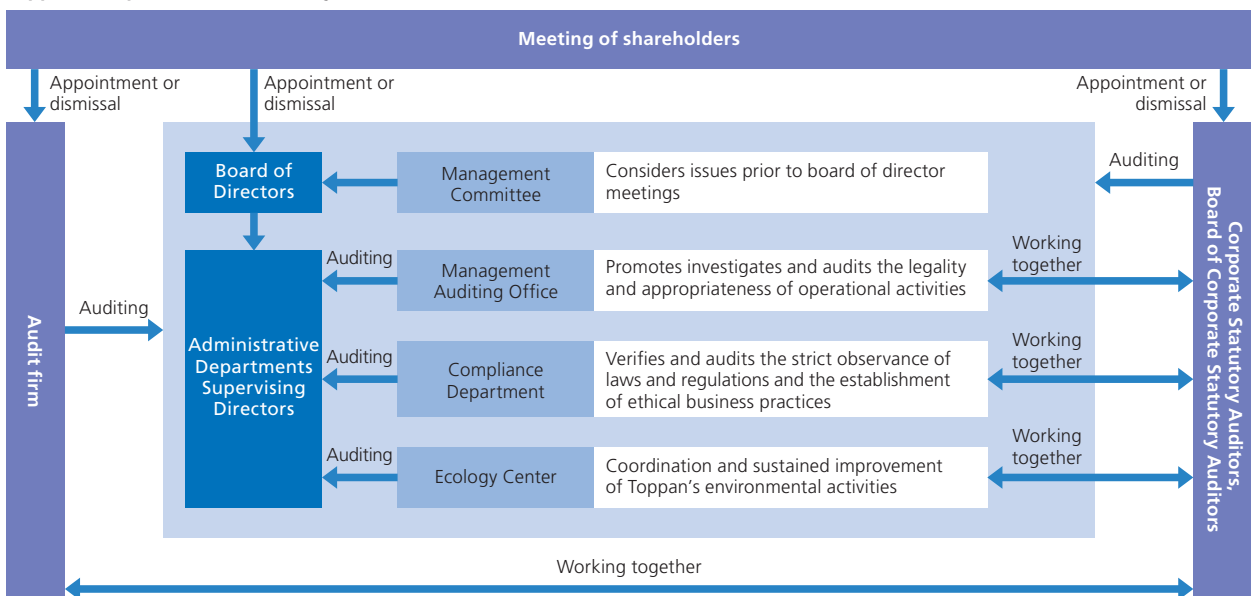
Toppan has adopted a system of corporate statutory auditors. Two of the four corporate statutory auditors appointed

at Toppan are external. In addition to the regularly scheduled meetings of the Board of Corporate Statutory Auditors, corporate auditors attend important meetings of the Board of Directors, Management Committee and meetings on the environment and other important issues. Corporate auditors also carry out audits of related companies and operating sites and perform preventive audits of the legality of the business activities of directors and each department to ensure that smooth and appropriate management is being carried out adhering to regulations and company policy.

In order that the corporate auditors are able to relevantly fulfill their expected responsibilities and roles, in fiscal 2004 the 'Board of Corporate Auditors Regulations' and 'Board of Corporate Auditors Standards' were reviewed to enhance their efficacy.

Further, Toppan's corporate auditors receive advice from KPMG AZSA & Co., an independent auditing firm that cooperates with the company's corporate auditors to verify the appropriateness of the company's accounts and enhance the reliability and transparency of financial information.

## Toppan's Corporate Governance System



### System for Promoting CSR

To promote CSR on a wider scale, the President & CEO of Toppan is leading the move to develop activities through collaboration with the Legal Affairs Division Compliance Department, which spearheads the initiative, and headquarters, which is heavily involved in CSR activities. The managers of each administration department, through daily operations, collaborate with the related departments of Group companies to promote CSR activities as well as attending regular CSR promotion meetings. At these meetings, representatives of each department report on progress made and, as internal stakeholders in the company, are involved in frank exchanges of opinions on areas outside their spheres of influence, which are used in the creation of plans and the daily activities of each department.

Further, from fiscal 2005, an Executive Vice-President of Toppan has been appointed as the supervisor of CSR and will fully promote Toppan's CSR activities.

### Toppan's CSR Promotion System



### Strengthened Auditing and Corporate Oversight Functions

As well as broadening corporate audit activities, an auditing system regarding overall management activities has been established. In order to reduce operating risks, in October 2004 the Internal Auditing Office was renamed the Management Audit Office and systems were strengthened. In order to improve management integrity, this division was established independently of operating departments and carries out auditing of each department and production facility, including risk control and compliance. The audit results are reported to the President & CEO, managers and corporate auditors as required.

In fiscal 2004 auditing was divided into three categories: management audits on companies and each business division, operating audits on operations, and 'follow-up audits' to review corrective actions in response to results of audits held in the previous fiscal year. These audits are not limited to overall profitability or risk management but also ensure the continued observance of laws and corporate rules in Toppan's business activities and headquarters since the previous year.

Thorough audits are carried out based on overall compliance articles such as information management and the Subcontract Act, Product Liability Law, and regulations governing labor management, safety and hygiene. These target areas are being broadened in both overseas and domestic subsidiaries.

Toppan will continue to place great emphasis on the auditing of overseas and domestic subsidiaries and production departments.

### Fiscal 2004 Internal Auditing Results

	Audit Items	Fiscal 2004 Results
Management Audit	Complete audit of companies or business divisions •Profitability of overall management •Internal control •Risk management •Compliance* •Operating audit of all operations	One business division, four overseas subsidiaries, one domestic subsidiary
	Profitability	Two businesses
Operating Audit	Compliance	Four business divisions, three sub-divisions, one division of headoffice
	Information systems	One division of headoffice, one subsidiary
	Product quality management, production management, manufacturing administration	Two business divisions
Follow-up Audit	Follow-up of previous year's audit	Review of corrective actions in response to results of previous year's audit

\*Information management, the Subcontract Act, Product Liability Law, labor management, safety and hygiene, the environment, export management, etc.

## Risk Management System

From 1993, a newly established Company-wide Crisis Management Committee at Toppan began setting up a regimen of crisis management measures. Later, in 2002, the Company launched a Crisis Management Project to strengthen its crisis prevention measures. Currently, weekly meetings are being held and Toppan is now reformulating a comprehensive risk management system that incorporates the functions of both crisis management and risk management.

In building its comprehensive risk management system, Toppan began by identifying the most threatening risks to the company—the risks that require tight and absolute control. As shown in the chart below, Toppan has instituted a systematic method of management that allots the responsibility of risk response to specific departments based on the type of risks involved. Since July 2004, the Company has established an urgent response system for risks requiring a rapid response and has begun to improve the efficiency and speed of its information transfer. Furthermore, as a crisis management measure, revision of the

natural disaster countermeasures plan and the introduction of emergency contact and employee safety information confirmation systems are being considered.

### Information Risk Management System

An information Security Management Committee and a Personal Information Management Committee have been established group-wide. As well as regular meetings held every six months, special meetings are held as necessary. Decisions are made on such important articles as the formulation of policies and the creation of rules, and the thorough management and sharing of information.

As a part of the Total Quality Control Guarantee, in October 2004, Information Security and Personal Information Management were integrated. The manager of the Management Planning Department was placed in charge of the new structure. Due to this system integration, duplication of important items relating to information security and personal information management has been minimized and the burden on each department is being reduced. Toppan is striving to

establish a company-wide information security system.

The Company is also aiming to raise security levels by increasing auditing efficiency and incorporating it into daily work routines.

### Preventing Leaks of Personal Information through Subcontracting

As part of commitments to the handling of personal information, periodic appraisals of safety levels of subcontracting companies are carried out based on a check sheet and collaborating companies that fulfill all criteria are increasingly utilized. Contracts are signed with subcontractors concerning the handling of personal information and clauses in the contract referring to confidentiality, restrictions on further subcontracting, and responsibility in the case of accidents, extraordinary restorations or deletions are laid down and periodically revised. As necessary, guidance is provided to the sub contractor on processes and regular checks on the level of safety, including the status of safety administration measures and on-the-spot checks are carried out.

## Risk to be Managed

	Risks to be Managed	Division
Accidents involving products/ product liability	Accidents or complaints related to products	Corporate Manufacturing Technology & Research
Accidents or disasters related to company operations	Accidents related to a main system	Business Innovation
	Accidents at the workplace, traffic accidents, other accidents involving employees	Personnel & Labor Relations
	Debt-related incidents	Finance & Accounting
	Legal problems with orders received	Legal Affairs
	Leakage of personal information or internal confidential information	Legal Affairs
	Leakage of personal information or internal confidential information through a computer network	E-business
	Damage to the Company's computer system for customers due to cyber terrorism, illegal access, illegal usage, or leakage of personal information or internal confidential information	E-business
	Accidents or disasters related to fires or explosions	Corporate Manufacturing Technology & Research
Defamation, slander, or other criminal damages	Illegal activity related to the storage of solvents, management of hazardous chemicals, etc.	Corporate Manufacturing Technology & Research
	Damage to the Company's internal computer system due to cyber terrorism, illegal access, illegal usage, or leakage of personal information or internal confidential information	Business Innovation
Natural disasters	Crimes against the Company (threats, bribery, theft)	Personnel & Labor Relations
	Material losses or personal accidents sustained by customers or the Company due to earthquakes, wind or water damage, lightning, etc.	Personnel & Labor Relations
Unlawful activities related to external contracts	Violations of Subcontract Act, illegal activity with suppliers	Corporate Planning
Infringement of intellectual property	Infringement of patents, trademarks, copyrights	Legal Affairs
Environmental problems	Violations of environmental laws or standards, illegal disposal of industrial waste	Corporate Manufacturing Technology & Research

### Improving the Transparency of Management

Toppan is working to improve the transparency of its management activities in order to earn the ongoing trust of society. Much of this effort focuses on the active disclosure of information. From its very beginnings, Toppan has actively created and distributed communication tools to satisfy the needs of its stakeholders and uphold its priority of communicating with society. With these tools, Toppan reliably fulfills its duty of explaining its operations with timely and appropriate information.

### Strengthening IR Activities

Many of the IR activities undertaken at Toppan focus on communication and information disclosure to shareholders. In keeping with its Basic IR Policy,

Toppan uses its websites to ensure fairness and transparency in its disclosure of IR information. Toppan renewed its website devoted to IR activities in April 2004 providing a rich and easily accessible source of company information.

Toppan has been announcing its financial results on a quarterly basis since fiscal 2003. As well as posting information on its website, the Company also produces a quarterly newsletter for shareholders, 'Toppan Story'. Public meetings with institutional investors and analysts are held to explain the company's interim and full year results. All documents distributed at the meetings are posted on the company's website for the benefit of those unable to attend.

Further, from fiscal 2003, the annual report, which hitherto has only been published in English, is now being posted in Japanese on the website. Moreover,

the bonuses and retirement packages for all directors and auditors are now being presented in financial statements and business accounts. (▶P.67)



Toppan's main IR tools

### Toppan Stakeholders and Information Tools

#### ●For all stakeholders

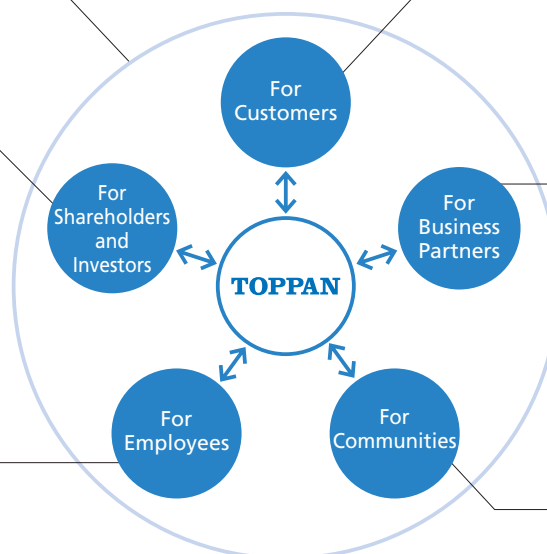
Corporate Guide  
 CSR Report  
 Various reports on business fields  
 Financial statements  
 Quarterly business reports  
 Website, etc.

#### ●For Shareholders and Investors

A complete and accurate understanding of Toppan's activities is crucial to shareholders and investors. Toppan understands this and goes to great lengths to disclose its corporate information and explain its activities in a timely and appropriate manner. By developing its business and increasing its corporate value, Toppan aims to be appreciated by shareholders and society alike.  
 Shareholder newsletter *Toppan Story*  
 Business reports  
 Annual Report, etc.

#### ●For Employees

The efforts of its employees are the single largest resource for Toppan's business. Toppan strives to create a lively, energizing workplace and cultivate the individual abilities of its employees as a token of its respect for them and gratitude for their contributions.  
 Internal newsletter *CONVEX*  
 Overseas internal newsletter *Interlink*  
 Pamphlets on welfare benefits, etc.



#### ●For Customers

Toppan's customers are not just the enterprises with which Toppan does business, but all individuals in society. Toppan strives to merit the trust of its customers by satisfying their requirements, staying attuned to the latest changes in the environment, and adapting to the trends of the times with sincerity, enthusiasm and creativity.  
 Various reports on business operations  
 Various brochures on products  
 Various newsletters, etc.

#### ●For Business Partners

Another crucial element in strong customer trust is a steady relationship of trust and cooperation with the suppliers that provide the raw materials, the plants that manufacture products in tie-ups with Toppan, and the other companies with which Toppan does business. Toppan is building a system to foster good trading relationships by conducting business on an equal footing with its partners in a fair and open manner.  
 Procurement guidelines website  
 Purchasing guidelines, etc.

#### ●For Communities

The business conducted by Toppan affects local communities and the global environment in many ways. Toppan strives to conserve the environment, win the trust of communities and benefit society as a corporate citizen.  
 Plant guides  
 Operational site reporting  
 Annual report *Printing Museum*, etc.

## Strengthening Alliances with Stakeholders

As part of the promotion of CSR activities, in order to reflect external objective viewpoints, Toppan is fully involved in stakeholder dialogues. Taking the theme of 'What we expect from Toppan's CSR' in July 2004, Toppan invited customers and NPOs who are thoroughly involved in developing CSR activities to a roundtable discussion (please see the 2004 CSR Report). At the 'CSR Communication Fair' held in January 2005 (▶P.19), a number of supervisors of the CSR report

came to present to the attendees on Toppan's activities and to take part in an exchange of ideas through a Q&A session.

Furthermore, regarding the CSR Report, for the 2004 version, we received the opinion of Dr. Hiroshi Tasaka, a professor at Tama University and the representative of the Thinktank Sophia Bank, and for the 2005 version we have received the opinion of Mr. Yoshiki Midorikawa, co-chair of The Valdez Society and director of Green Consumer Research Group (▶P.79). His advice did not concentrate solely on the contents of the report, but

also covered the overall range of Toppan CSR activities.

Looking ahead Toppan will strive to improve its CSR activities through listening to the opinions of a range of stakeholders.

## Introducing Stakeholder Engagement Policies

At the 2004 CSR activities review meeting held on July 14, 2005 by the CSR Promotion Committee, in order to make the meeting more meaningful, Mr. Hideto Kawakita, CEO of IIHOE (International Institution for Human, Organization and the Earth) attended as a facilitator. This represents Toppan's thinking on stakeholder engagement and is a method of continuously receiving external opinions from stakeholders. Mr. Kawakita is both an expert on CSR Communication and has also been involved in Toppan's main CSR communications activities since Toppan launched Environmental Communication Development in 2000.



**Hideto Kawakita**  
CEO of IIHOE (International Institution for Human, Organization and the Earth). After working as a PR and international recruiting specialist at Recruit Co., Ltd. he began working as Secretary in Charge of Policy at the Diet and was the Japanese representative for international youth exchange NGOs. He established IIHOE in 1994 and offers management support to NPOs and companies.  
<http://www.iihoe.com>



Fiscal 2004 CSR activities that performed better and worse than expectations, as well as future issues, were discussed at the meeting. The receipt of the Privacy Mark for activities in product safety and the revision of personnel structure were indicated as successful items. Issues such as the commercialization of CSR promotion activities and the establishment of appropriate targets in CO<sub>2</sub> management were considered as future issues.

Based on the status of society and other companies' activities, Mr. Kawakita gave us advice on the importance of the balance between a top-down and a bottom-up approach and on the necessity of hearing information from colleagues and partners promptly.





As a leader in the information communication industry, Toppan appreciates the extreme importance of information management for securing customer trust. Information leaks, theft and loss are just some of the risks associated with this industry. As part of its business, Toppan gathers and maintains information\* on behalf of its customers and should there be any abuses or leakages of information by its employees or a contracted company, Toppan would lose credibility as a company.

Based on this awareness Toppan has been actively addressing this issue for some time. In anticipation of the introduction of the Act concerning Protection of Personal Information, in April 2005 the Group became fully involved in related activities and introduced an even stricter personal information management system.

To manage customer information and internal confidential information safely and properly the Company has created its Information Management Policy guidelines and rules. Toppan adheres to an ongoing cycle of educating the workforce, auditing operations, and reviewing management policies and processes on a regular basis. The company is also fully involved with the procurement of the ISMS (Information Security Management System) and the Privacy Mark.

Toppan also regards offering solutions that make a contribution to the improvement of the security of information relating to customers' business activities as a social responsibility and is developing a range of activities. Furthermore, regarding the Company's overall, broad CSR activities, Toppan is offering the wide range of its accumulated expertise to the information communication industry.

\*Personal information refers to information that can be used to identify an individual, such as: name, address, telephone number, date of birth, sex, family, job, company name, job title, password, user name, bank account number, credit card details, etc.

# Special Report: CSR in the Information Communication Industry

CSR demands a wide range of activities from Toppan as a part of society. As a part of the Information Communication Industry, from among those activities, Toppan has taken information risk management and contribution to society through its business to as the two main themes of its social responsibility.

Highlights  
2004-2005

## 1 Personal Information Protection Policy

### The Personal Information Protection Policy of TOPPAN PRINTING CO., LTD.

Based on the belief that the appropriate handling and maintenance of personal information is a social responsibility, in February 1999 the Information Security Committee laid down the following information security policy. At its start, this policy states that 'We hold great respect for the dignity of the individual' and places great emphasis on the rights of the individual as set out by the Act concerning Protection of Personal Information.



From April 2005 Toppan's Personal Information Maintenance Policy and The Aims for the Use of Personal Information are being displayed on the website as part of the company's privacy policy. <http://www.toppan.co.jp/privacy/>

### The Personal Information Protection Policy of TOPPAN PRINTING CO., LTD.

1. We hold great respect for the dignity of the individual and shall fully comply with our internal rules, all relevant laws, and the principles of social order as we endeavor to protect the personal information entrusted to our company.
2. We are acutely aware of the risks that threaten the personal information entrusted to our company and shall take all reasonable measures to protect it from wrongful access, loss destruction, manipulation, leakage and all other forms of damage. In the case of a problem arising, we shall deal with it quickly and appropriately.
3. We shall only collect personal information for the purposes of the Company's business, excluding all information not required for the Company's business. The collection, use and disclosure of personal information by our company shall be fair and appropriate at all times.
4. When customers entrust our Company with personal information, our thorough information management will secure their confidence that the information is fully protected.
5. We shall create an internal corporate system to protect personal information, operate this system effectively, and reform it as needed.

Established February 1, 1999  
Revised March 1, 2005  
TOPPAN PRINTING CO., LTD.

President & CEO *N. Adachi*

## Personal information Protection Activities

### Establishment and Revision of Personal Information Management Rules

The Toppan Personal Information Management Rules, which were created in line with the Personal Information Protection Policy, are basic regulations for the procurement of the Privacy Mark pursuant to the JIS Q 15001 'Requirements of a compliance program for personal information protection'. Since 2002, 'the rules for the handling of personal information entrusted by customers' and the specific rules for each business location have been revised. Conforming to these measures, Toppan has handled the information received from customers and that which it has gathered itself with an appropriate level of caution.

Reflecting Toppan's recognition of the importance of not only preventative measures regarding information risk management, but also reactive measures to prevent large-scale damage, in March 2005, the Personal Information Protection Policy and rules on personal information protection were revised. In April 2005, the guidelines for handling personal information for web business were revised to become the rules for handling personal information for web business. In the future, Toppan will develop operational procedures for the handling of personal information and strive to fully implement them.

### Receive and Update Privacy Mark Certification for the Whole Company

In March 2000, Toppan's Securities Printing Division became the first business in the Japanese printing industry to acquire Privacy Mark Certification, and was followed by 17 business locations including Group companies that were certified in July 2005. In April 2004, the updating of this Privacy Mark was adopted as part of Toppan's lateral development policy as an important first step in personal information management. In addition management operations systems were established and applications made for the seven business divisions and one Group company which had not acquired this certification.



### Procurement and Update of ISMS

In June 2002, Toppan's TOPICA website hosting service was conferred the very first ISMS certification to be acquired in the Japanese printing industry. In June 2005, it received version 2.0. Among Group companies, Toppan Forms Co., Ltd. obtained the certification for two of its data centers in February 2003.



\*The Privacy Mark  
The Privacy Mark is an accreditation system managed by the Japan Information Processing Development Corporation for the handling of personal information. The criteria for the accreditation conform to the JIS Q 15001 (required items for compliance programs regarding personal information protection).

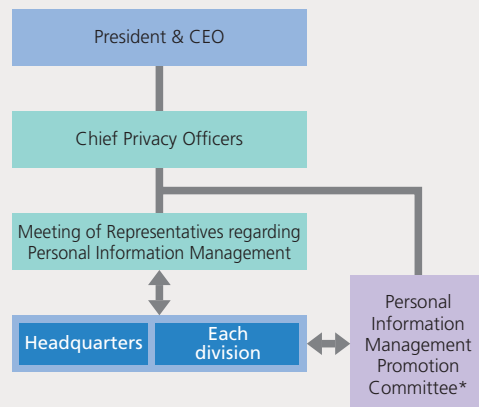
\*Information Security Management System (ISMS)  
The ISMS is a comprehensive system that ensures that an institution is managing information appropriately and protecting confidentiality. In Japan, the Japan Information Processing Development Corporation administers the ISMS Compatibility Appraisal System certification scheme.

### Personal Information Management Systems for the Full Implementation of the Entire Process

Toppan handles personal information in almost all of its business fields. Under the auspices of Chief Privacy Officers from across the Company representatives of each department have created management systems as supervisors of information management and, in April 2005, began addressing company-wide issues focusing on the newly formed Information Risk Management Promotion Division. Furthermore, the Personal Information Management Promotion Panel was created in October 2004 to prevent accidents in production departments and is promoting group-wide management operations regarding the actual occurrence and solving of problems.

Further, to ensure that the safety management of personal information is thoroughly carried out throughout the process, in March 2004 the creation of the 'Personal Information Handling Process Manual' was proposed and from fiscal 2005, headquarters has been utilizing this in training and auditing.

### Personal Information Management System



\*Legal Affairs Division, Management Planning Division, E-Business Division, Corporate Manufacturing, Technology & Research Department.



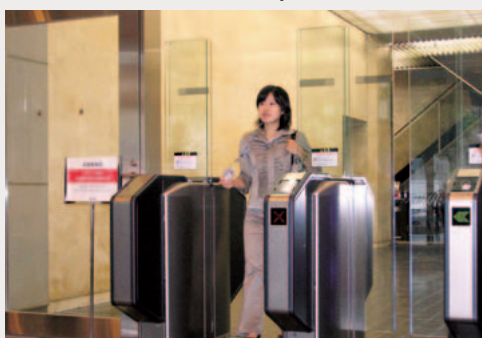
In March 2004 each production department created the 'Personal Information Handling Process Manual' and from fiscal 2005, headoffice has been utilizing this in training and auditing.

## Thoroughgoing Security Management Procedures

In principle, the personal information stored in Toppan's servers uses the ISMS (Information Security Management System) certified in-house TOPICA hosting service. TOPICA is an information data center building and operating solution offered by Toppan. In order to use other data centers, users must undergo regular security checks and obtain clearance from the related division at our Head Office.

Strengthened control of access to Toppan's premises is in place and secure areas have been designated. Toppan has also instituted an enhanced set of security rules that prohibit use of portable PCs provided by the Company outside the office, and also prohibit access to Toppan's network from privately owned terminals. Anti-computer virus measures include anti-virus software in all PCs used by employees and limits on the type of browser that can be used to link to the Internet.

At the same time, we are conducting extensive security training. In addition to full-time employees, we require part-timers and temporary staffers who deal with personal information to sign a confidentiality agreement and other covenants. To safeguard security in our outsourcing activities, we perform annual on-site inspection of the facilities used for these operations. We also assess the adequacy of their security management systems based on pre-specified standards in accordance with the type of jobs performed. We outsource only to those entities that have concluded a security contract with us.



Improved security measures include this state-of-the-art security gate system that was installed in July 2005.



Newsletters, manuals, Q&A booklets, e-learning service, slogan posters and other educational tools are widely used to heighten security consciousness.

## Milestones in Information Risk Management

1991	May	Toppan establishes its Confidential Information Management Rules.
1999	February	Toppan formulates its Personal Information Protection Policy and Personal Information Management Rules.
2000	March	<a href="#">Securities Printing Division acquires the Privacy Mark certification.</a>
2001	April	Toppan adopts the Information Management Policy and Information Security Management Rules.
	May	<a href="#">Toppan's Commercial Printing Division receives the Privacy Mark certification.</a>
	June	<a href="#">Toppan Forms obtains the Privacy Mark certification.</a>
2001	December	Toppan introduces bylaws concerning the Information Security Management Rules.
	June	<a href="#">Toppan's E-Business Division acquires ISMS certification for its TOPICA service.</a>
	November	Toppan draws up Guidelines for Personal Information Processing in Web Business. Toppan initiates the auditing of personal information management in its Web business.
2003	January	Toppan implements bylaws concerning Employee Personal Information Management and Application.
	February	Toppan establishes bylaws concerning the Processing of Personal Information Entrusted by Clients. <a href="#">Toppan Forms receives ISMS certification.</a>
	December	Toppan starts the audit of information management security.
2004	February	<a href="#">Toppan NSW acquires the Privacy Mark certification.</a>
	April	Toppan adopts the Technology Information Security Guidelines. Toppan confirms its policy calling for the acquisition of Privacy Mark certification across all group companies.
	July	Toppan carries out e-learning education programs in information security management.
	November	<a href="#">Toppan Logistics obtains Privacy Mark certification.</a>
	December	Toppan's Commercial Printing Division simultaneously audits personal information management and information security management in its Web business. <a href="#">Toppan's West Japan Business Division receives Privacy Mark certification.</a> Toppan's Head Office, E-Business Division, Electronics Division, Information & Publications Division, Packaging Division, Hokkaido Division and Tohoku Division file applications for Privacy Mark certification.
2005	March	Toppan revises its Information Management Policy, Information Security Management Rules, Personal Information Protection Policy and Personal Information Management Rules. Tosho Printing applies for Privacy Mark certification.
	April	Toppan formulates bylaws concerning Personal Information Processing in Web Business. Toppan places its compendium of Rules, Guidebook, and Guidelines on Legislation and collected Q&A on the Intranet. (The Act Concerning the Protection of Personal Information is enacted in full.)
	June	<a href="#">Toppan's E-Business Division receives ISMS Ver. 2.0 certification for its TOPICA service.</a> <a href="#">Toppan Multi-Soft receives Privacy Mark certification.</a>
	July	<a href="#">Toppan's Chubu Division acquires Privacy Mark certification.</a>

▶ Please see page 28 for the details of information risk management

## At the Forefront of Personal Information Protection

In September 2004, The Act Concerning the Protection of Personal Information Study Council\*, comprising ten member organizations, was established under the auspices of the Japan Federation of Printing Industries and the Management and Labor Committee. On September 30, this Study Council held a special presentation on "The Act Concerning the Protection of Personal Information and the Printing Industry." The manager of Toppan's Compliance Department, who chairs the Study Council, gave a lecture on "The Act Concerning the Protection of Personal Information and the Response of Printing Companies" on behalf of the printing industry. He stressed the importance of sharing risk awareness with the client and building a system to actively promote personal information protection.



\*The Study Council was set up with the aim of conducting reviews of specific measures to be taken by the printing industry and establishing guidelines. The Council also provides information and consultation on personal information protection.

## 2 Contributing to Society through Business

### Security Solutions

In anticipation of the full enactment of the Act Concerning the Protection of Personal Information in April 2005, Toppan actively pursued wide-ranging opportunities in security-related business. This resulted in a premises access control system using IC-based employee ID cards, an ID card system that has been adopted by U.S. governmental agencies, and consultations on the acquisition of the Privacy Mark certification.

In response to the widespread forgery of securities certificates, demand for cutting-edge anti-counterfeit technology has been increasing. On the strength of highly sophisticated security technology that it has been developing since its foundation, Toppan is responding to customer needs by promoting R&D with a focus on advanced anti-counterfeit measures.

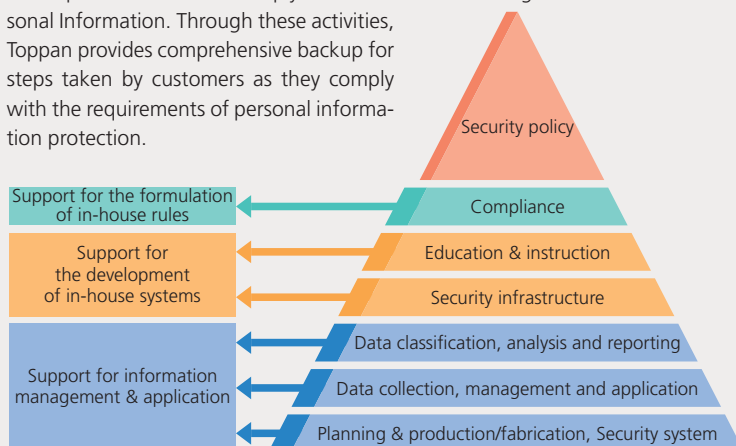
Moreover, a de-metalized hologram, which is extremely hard to counterfeit, has been successfully developed and commercialized. In addition and a variety of new security technologies, including a hybrid card combining applications for both financial and transportation services, have been launched, as well as a compound IC card that includes Edy and other electronic money functions.



Smart-On-Solo safeguards personal information stored in PCs using IC cards.

### Support of Personal Information Protection

In May 2004, Toppan and Toppan NSW launched total support services for personal information. These services support the client in the formulation of in-house rules, development of in-house systems, and in information management & application in the area of personal information protection. As part of support for the formulation of in-house rules, Toppan offers personal information protection diagnostic services in line with the specifications of JIS Q 15001 ("gap assessment") and consulting on the acquisition of the Privacy Mark certification. Toppan's support for the development of in-house systems includes website total diagnostic services based on the ISMS concept, as well as the supply of confidential information management and leak proof systems that use IC cards and tags as well as other related products developed by Toppan. In information management & application services, the Company supports customer analysis and the development of tools to comply with the Act Concerning the Protection of Personal Information. Through these activities, Toppan provides comprehensive backup for steps taken by customers as they comply with the requirements of personal information protection.



IC tag-enabled office document storage cabinet manages confidential information using IC tags.



The intricate pattern formed on the de-metalized hologram by partially removing thin metallic film is extremely hard to counterfeit.



## CSR Communication Support Business

In 1999, Toppan launched an environmental report compilation support service that draws on accumulated experience in supporting corporate communication including the production of company brochures, business reports and annual reports. Responding to an increased emphasis on CSR, Toppan services for the production of CSR reports have been expanded. As a result, the number of clients in this business increased from 8 in 1999, the first year, to 26 in 2000, 50 in 2001 and reached over 90 in 2004.

Toppan offers a full service in CSR communication; comprising consulting, editing and production. An example of this is Suntory's 'School of Forest and Water' project, which opened in March 2004. This is an extraordinary educational facility which teaches children the importance of the natural environment and ecosystem. Toppan provided consulting from the conceptualization stage and supported planning, system development and operations including wide-ranging services that more than satisfied the requirements of our client, Suntory Limited.

Going beyond the printed medium, Toppan supports information disclosure utilizing CD-ROMs, DVDs and the Web. Taking advantage of our broad-based capabilities, the company assists in the planning and operation of exhibitions & events and constructs booths.

In 2004, Toppan held a seminar on USR (University Social Responsibility). In keeping with the widening horizon of CSR activities, communication support services are being broadened.



Toppan designs and installs many exhibition booths at environmental events and the Company's own buildings.

Highlights 2004-2005

## CSR Communication Fair

CSR Communication Fair 2005, the second of its kind, was held at Toppan's Plaza 21 building in Koishikawa, Tokyo for five days from January 24 through 28, 2005. In this year's Fair, some 10 CSR programs were introduced from a more practical standpoint on the theme of 'Perspectives of Corporate Communication'. Specific cases of approaches taken by foreign-companies and the views of consumers were presented. We believe that this annual event provided new insights into CSR for many visitors.



In addition to experts in CSR, photographers, designers and housewives took part in the Fair and various opinions were expressed by the visitors.



Toppan published a booklet recording the contents of the seminar to share the Fair's accomplishments with as many people as possible.

## Program of CSR Communication Fair 2005

- **General outlook on CSR**  
Global/regional CSR  
-Social contribution & cause related marketing
- **Global CSR**  
Approach taken by global companies  
-Diversity/supply chain
- **Accountability**  
The only the case of information disclosure in Japan that is made in accordance with the AA1000 specifications.
- **Let's enjoy CSR**  
What are CSR messages that reach the general public?  
A heated discussion among communication experts
- **Social responsibility and cause related marketing (CRM): I**  
Support using the company's products, services and human resources, and social contribution oriented marketing
- **Social responsibility and cause related marketing (CRM): II**  
Panel discussion by the representatives of companies that participated in Part I.  
-Possibility of social contribution activities that link companies and the community
- **What housewives really want to know**  
In goo's questionnaire on the Report on the Environment and Society, the number of female respondents exceeded that of male respondents. Against this background, insights are offered on what information housewives want to find in corporate communication on the environment.
- **All about Toppan's CSR**  
Taking Toppan as a case, the approach taken by companies to CSR was explored.
- **CSR from the viewpoint of design**  
Designing CSR for our daily lives  
-City, space and graphic design
- **Brand & corporate communication (CC)**  
Analysis of the 2004 PR questionnaire survey report/CC tool branding

## 25GB Paper Disc Wins the 2004 Good Design Award

The 25GB paper disc, which was jointly developed by Toppan and Sony Corp., received the 2004 Good Design Award (G Mark) from the Japan Industrial Design Promotion Organization (JIDPO).

The 25GB paper disc is a renewable paper based (paper content: 51%) data storing medium that adopted the Blu-ray Disc format, the next generation standard optical disc technology with a capacity five times as large as that of DVD. Because the transparent reflective layer (transparent plastic material) of the reader laser is extremely thin when compared with those of DVD and CD, the substrate on the side not transmitted by the reader laser can be thicker and this enables the use of paper, an opaque material.

The paper disc offers many advantages as it can reduce the amount of plastics used, print elaborately designed labels and can be easily cut to pieces with scissors.

In deciding the recipient of the Good Design Award, the screening committee placed great value on the uniqueness of using paper in a data storage disc and its environmentally friendly nature. The committee spokesman commented, "This technology has also significantly expanded the possibility of designing the surface of the disc itself."



## CSR Topics

### Strengthened Approach to Life Science

Toppan started research into life science around 1999 with a focus on DNA chips\*, an area that allows the Company to take advantage of its proprietary surface treatment technology and nanotechnology developed for the electronics business. In 2004 a joint R&D project with Riken and Shimadzu Corp. was launched to develop SNP detection chips for clinical trials, with the aim of beginning commercial production in 2006.

SNP denotes differences among individuals in the genes related to susceptibility to disease and to the prolongation of life. The SNP chip is a tool that detects

differences in these genes. Within one hour the chip can easily detect genetic codes by simply placing it in the detector after injecting the patient's blood into it. This technology is expected to pave the way for individual health care with reduced side effects by identifying the type of drugs and dosage that are most suitable to each patient.

\*A DNA chip is a substrate on which numerous types of DNA samples are placed. It can analyze the functions of many types of DNA simultaneously.

### Toppan Receives TPM Award



Toppan Group company PM Award recipients at the awards ceremony

As a means of promoting quality assurance activity, Toppan has been aspiring to win the TPM (total productive maintenance) Awards established by the Japan Institute of Plant Maintenance. So far, 29 of the 40 plants, including affiliated companies in Japan, have been granted these awards.

In 2004, the TPM Special Award was presented to the Toppan NEC Circuit Solutions Niigata Plant, which has made significant achievements in loss reduction through company-wide participation. This

award is given to a plant that has made its mark by enhancing TPM\* activities and achieved unique results. In addition, three other Toppan plants, including Toppan Harima Products, have received the TPM Award of Excellence by substantially improving quality through thoroughgoing voluntary maintenance activity in keeping with the basic tenets of the TPM movement, and reducing their costs. (▶P.32)

\*Total Productive Maintenance

## “UD Selection” Standing Pouches Enter the Market

Following the full introduction of the Containers and Packages Recycling Law in 2000, growing importance is being attached to standing pouches due to their advantages in reducing the volume of packaging and the ease of disposal. Toppan has devised a unique model of standing pouches from the viewpoint of universal design. They were adopted by

Lion Corporation for refilling packages of *Shokubutsu Monogatari* and *Kirei-Kirei* detergents. This product was modeled on Toppan’s original design and developed as a “UD selection” with emphasis on the ease of handling, opening and pouring for the user (see p.35 of the 2004 CSR Report).



Toppan’s standing pouches were developed in pursuit of greater ease of handling and refilling. The shape has been designed to be easily handled by women. Its spout can be easily inserted into the bottle to be refilled and the volume of the content can be clearly measured.

## Alliance with Tokyo Institute of Technology

In October 2004, Toppan concluded an agreement to forge an organizational alliance with the Tokyo Institute of Technology. Over many years Toppan has developed surface treatment technology in the packaging business and nanotechnology in the electronics field. We are now aiming to integrate these technologies with Tokyo Tech’s new technologies to make inroads into new domains of application and development.

At the same time, we are seeking to form new alliances by taking part in exchange forums in such areas as R&D in

nano-thin film application using nanotechnology and coating technology for next generation fuel cells.

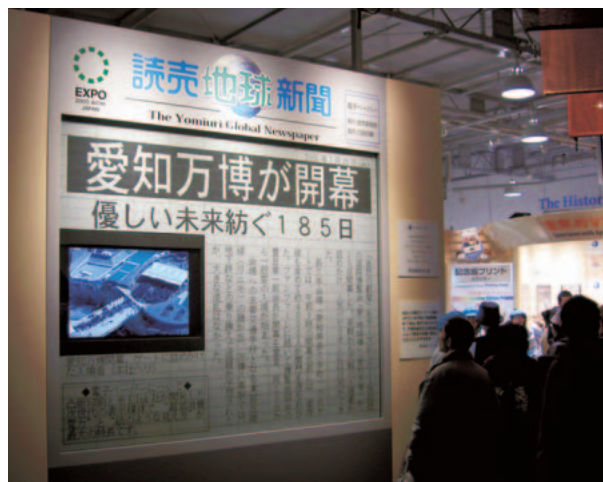
We are also pushing a number of R&D projects forward efficiently and effectively through joint research, exchange of researchers and the use of each other’s R&D facilities with partner organizations. These efforts are made to enhance Toppan’s technological capabilities and contribute to Tokyo Tech’s technological training facilities and feedback of research achievements to society.

## Toppan’s Wall-Sized Electronic Paper Exhibited at Expo 2005 Aichi, Japan

Electronic paper is a next generation display technology combining the advantages of paper and electronic displays. Jointly with E Ink Corporation of the U.S., Toppan has developed the front plane laminate, the core component of E Ink electronic paper. In April 2004, this technology was adopted by an electronics manufacturer as the world’s first electronic paper product.

Using this technology, Toppan has set up a business to supply display tiles for large area signage in public facilities and traffic systems. When the 2005 World Exposition, Aichi, Japan opened in March, Toppan installed a wall-sized electronic paper display named the “Yomiuri Global Newspaper” at the Yomiuri Newspaper booth in the Global House, pavilion. With a super thin and lightweight design,

the electronic paper consumes a fraction of the electric power of existing LED displays.



The wall-sized electronic paper exhibited at Expo 2005. Its height of 2.2m and width of 2.6m makes it the largest of its kind in the world. Headlines and text are displayed in black and white in a newspaper-like layout and color photographs are shown on a liquid crystal display (LCD) panel. The wall newspaper was updated twice daily, showing the latest news throughout the Expo period of six months.

## The Multi Track Job Function System and Reform of the Job Evaluation System

Our personnel and remuneration policy is rooted in the belief that our success is measured in terms of the realization of *Toppan Vision 21*. Based on this notion, we revised the New Evaluation System for Managers, established the Multi Track Job Function System for non-managerial personnel and carried out revisions of the Job Evaluation System.

These steps were taken not only to

bring about a remuneration scheme based on a merit system but also because we believe that we can build up the community's trust in Toppan by cultivating a corporate culture in which all employees carry out conduct of high value as well as by changing their perceptions and behavior by focusing on *Toppan Vision 21*. (▶ P.36)

## Contribution to Child Education through Superior Children's Books

froebel-kan co., ltd. is a publisher specializing in the R&D and supply of childcare products and educational materials for children, as well as the publication of children's books. In February 2004, "Tsuchi Collection (A Collection of Soils)" by Koichi Kurita received the Child Welfare and Culture Award from the Child Welfare and Culture Award Screening Committee. The book, which was published by froebel-kan, was recognized as an outstanding accomplishment in child education and culture.

The Child Welfare and Culture Award was established in 1934 in commemoration of Child Welfare Week to promote child education and culture. By publishing superior children's books, froebel-kan is contributing to the advance of child education.

The book introduces around 10,000 specimens of soil in a multitude of colors that have been collected by the author. The book explains that soil is used in pencils, paper, digestive drugs, cosmetics and many other things that play an important role in supporting all forms of life on earth. The child can then explore the wonders of nature through soil, which is familiar to every one.



## The Printing Museum receives the Keinosuke Sato Award

In April 2005, the Printing Museum received the 4th Japan Typography Association Award in commemoration of Keinosuke Sato, a pioneer in typographic technology. The award was established by the NPO to commend those individuals and organizations that "carry out emotionally charged activities dedicated to typography, ranging from basic research to creative work, taking a multi-faceted approach to typographical culture."

The Printing Museum contains exhibitions of printing technology from the earliest history to the era of digital printing in addition to various events and symposiums. It also preserves printing machines and types that have formed the foundation of printing culture. These activities have been highly rated by the Japan Typography Association. (▶ P.40)

The Printing Museum stores and exhibits the Suruga-edition copper printing types that were commissioned in the early 17th century by Tokugawa Ieyasu, the first shogun of the Edo Period.

In addition to these historic printing types, which are designated as important cultural assets, the Printing Museum also holds regular exhibitions introducing the origin of type print. These activities, which are closely related to typographical culture, have received high praise.

The plaque (left) and certificate (right) presented by the Japan Typography Association.





## Soil and Groundwater Contamination and Restoration/Cleanup work at the Premises of the Former Fukuoka Plant

### Detection and monitoring of soil contamination

In 2002, Toppan carried out a voluntary soil investigation as part of the redevelopment of the premises of the former Fukuoka No. 1 Plant and detected the accumulation of a pollutant (chromate VI) exceeding the limit specified as the environmental standard. As a result of this, the soil restoration project was launched. The case was reported in the 2003 Environmental Report and since then Toppan has been conducting regular monitoring four times annually. In August 2004, chromate VI was again detected in monitoring wells drilled on the premises.

The Company undertook a thorough investigation and soil restoration plan under instruction from the governments of Fukuoka Prefecture and Koga City and, on September 13, 2004, held a briefing for the residents in the community. As a result of the investigation, it was determined that the maximum concentration of chromate VI in the soil is 0.13mg/l, which is 2.6 times higher than the limit specified in environmental standards. As for underground water, the maximum concentration of chromate VI was 0.3mg/l, 6.6 times higher than the standards.

However, no trace of chromate VI was found in the 23 monitoring wells drilled on the border of the premises. Therefore, we conclude that the areas that surround the premises are not contaminated.

### Detection of VOCs and the current status

On the other hand, VOCs (volatile organic compounds) were detected in the moni-

toring wells that had been newly drilled in preparation for the detailed investigation and a thorough inspection of five types of VOCs was carried out under instruction from the government of Fukuoka Prefecture. This investigation showed that the concentration of tetrachloroethylene and cis-1,2-dichloroethylene exceeded environmental standards. The maximum concentration of tetrachloroethylene was 0.033mg/l, 3.3 times higher than environmental standards and that of cis-1, 2-dichloroethylen at 0.093mg/l was 2.3 times higher than the standards. However, Toppan has not used tetrachloroethylene in the past and this substance was detected from the upstream of groundwater only in the monitoring wells drilled on the border areas of the premises. Therefore, it is difficult to conclude that the pollution by this type of VOC was directly caused by Toppan.

### Measures taken after the investigation and progress

On November 29, 2004, Toppan held a briefing for the residents in the community on the results of the detailed investigation that had begun at the end of August and explained the restoration plan. After gaining the understanding of the local community the soil restoration and groundwater purification project was launched. The work will be finished in October 2005 and, after continuing monitoring for two years, the restoration project will be ended. At present, no chromate VI and VOCs have been detected in the monitoring wells drilled

on the premises and the restoration plan is well under way.

We are also conducting intensive monitoring of the plants that use the same equipment as the former Fukuoka No.1 Plant and checking the history of the use of possibly pollutant substances at all our plants. Based on the findings of these investigations, we are carrying out voluntarily soil analysis at places where further investigation is considered necessary. At the same time, we are taking measures to comply with relevant laws and regulations with stepped up monitoring of groundwater. (▶P.53)

\*Five types of VOCs are tetrachloroethylene, trichloroethylene, cis-1,2-dichloroethylene, 1,1-dichloroethylene and dichloromethane.

### Outline of the former Fukuoka No. 1 Plant: From opening to dismantling

The Plant started operation in 1961 with film gravure printing and then expanded into commercial printing and paper container printing and processing. In July 1995 the Commercial Printing Division moved to the newly opened Fukuoka No.2 Plant. When the Fukuoka No.1 Plant was newly rebuilt in March 2002 in the plot adjacent to No.2 Plant, all facilities were moved to the new plant and the former No.1 Plant was closed in September 2002.



The treatment of chromate VI in the groundwater purification unit.



The site of soil restoration work. Contaminated soil is removed and replaced with new soil in each block.



A complete view of the soil restoration and groundwater purification work site (left: the groundwater purification facilities; right: VOCs decontamination work)

## Measures taken Against Asbestos

Toppan has never manufactured nor used asbestos as a raw material. Nevertheless, in response to the enforcement of the "Asbestos Damage Prevention Regulations" on July 1, 2005, we are inspecting the possibility of the use of asbestos in all facilities on our premises

including plant buildings, offices, dormitories, sales offices and warehouses.

We will promptly take necessary measures if we determine, as a result of the inspection, that there is a fear of exposure to asbestos dust.

## Awards Received by Toppan in Fiscal 2004

Name of Award Received	Awarding Organization
Outstanding Researcher Award: For the development of optical substrate using high polymer optical guided wave path	Association of Super-Advanced Electronic Technologies (ASET)
Best Printing and Bookbinding Award: For the Japanese edition of "National Geographic" magazine	National Geographic Society
2004 Display Device Technology Award: To Toppan CFI (Taiwan) Co., Ltd.	Taiwan Ministry of the Economy
The 2004 Printing Promotion Award	The Japan Federation of Printing Industries
Essay Award: "Trial Production of Educational Contents Using the Scalable VR System"	The Virtual Reality Society of Japan
The 34th Japan POP Festival Gold Award	Japan Point of Purchase Promotion Institute Inc.
The 2004 Good Design Award: For the development of the 25GB paper disc	Japan Industrial Design Promotion Organization
Ubiquitous Gaming "Information Processing System Award"	Information Month organized by the Information Promotion Project sponsored by the Ministry of Economy, Trade and Industry and other Information Promoting Organizations
The 14th Outstanding Corporate History Award: To three documents on the Company's history	Japan Business History Institute
Disney Best Product Award: To roebel-kan co., ltd.	Die Ausstellungen und Messe GmbH des Börsenvereins des Deutschen Buchhandels
TPM Special Award and TPM Award of Excellence	Japan Institute of Plant Maintenance
The 2004 Japan Society of Printing Science and Technology Award To "The softening phenomenon over time in ambient temperatures of the plated film of electrodeposited copper used in plate making for gravure printing"	The Japan Society of Printing Science and Technology
The 2005 Japan Shop System Awards of Excellence: For the development of the 25GB paper disc	Shop System Study Society
The 2005 ADY Best Component/Material Award: To FC screen	Reed Exhibition Japan Ltd.
Keinosuke Sato Award: To Print Museum	Japan Typography Association
The 2005 Selete Award: For the development of photo mask defect inspection technology	Semiconductor Leading Edge Technologies, Inc.
OrgaTechno Grand Prize ad Device Award: For the development of ball SAW (surface acoustic wave) device	ORGANic Materials TECHNOLOGY Exhibition 2005
The Minister of Economy, Trade and Industry Award: In the 2005 Japan Packaging Competition	The Japan Federation of Printing Industries

## Communicating the News of CSR Activities through the In-house Newsletter

Toppan is actively communicating the development of CSR activities on a company-wide basis in order that every employee takes an interest in these activities as his or her own mission and becomes involved with CSR programs. So far, *CONVEX*, the in-house newsletter published monthly as a tool of communication with employees, has featured CSR six times since October 2004. This serial feature, which was entitled "CSR is everybody's business at Toppan," heightened the employees' awareness of this campaign centering on the six main themes.



The June 2004–January 2005 issues of *CONVEX*, the in-house newsletter published monthly have featured the *Toppan Vision 21* and Total Quality Assurance initiatives to educate all employees.



# Social Report

By coming into contact with people at the Koishikawa Building 'public green space' that directly borders Toppan Hall and the Printing Museum, Toppan aims to be a company that is open to society.

## Compliance

Awareness and Thorough Implementation of Conduct Guidelines	26
Information Risk Management	28
Strengthening Supply Chain Management	30

## Improving Customer Satisfaction

Strengthening Product Quality Assurance	32
Contributing to Society through the Development of Technology	34

## Respecting and Leveraging Human Assets

Merit Based Personnel Policies	36
Fostering, Developing and Utilizing Human Resources	37
Leveraging Human Resources	38
Realizing a Safe and Secure Working Environment	39

## Activities for Society and Culture

Contributing to the Traditions and Development of Printing Culture and Sharing Impressions	40
Activities for Contributing to Regional Society	42

# Awareness and Thorough Implementation of Conduct Guidelines

For a company to fulfill its social responsibilities, every one of its employees must fully comply with the laws and corporate ethics in the areas in which it does business. Toppan is involved in company-wide efforts to thoroughly implement its corporate ethics guidelines, the Conduct Guidelines.

## System for Promoting the Conduct Guidelines

In April 2003, Toppan established a Compliance Department within its Legal Affairs Division as an instrument to promote compliance with laws and corporate ethics. In addition to ensuring universal compliance with the Conduct Guidelines, guaranteeing information security, protecting personal information, and overseeing employee education on laws and rules, as the main promoter of CSR activities within the company, the Compliance Department works towards the promotion of activities and clarification of issues throughout the entire company.

### Conduct Guidelines Promotion Leaders

In establishing its structure to promote the observance of laws and corporate ethics, Toppan has carefully endeavored to ingrain its Conduct Guidelines into daily operations. In order to achieve this, in October 2004, Toppan established 'Conduct Guidelines Promotion Leaders' to lead the way as the standard-bearers of Conduct Guidelines promotion activities in the workplace. This structure

specifies Conduct Guidelines promotion supervisors and promotion leaders in each Group company and business location, and there are currently around 670 across Japan. Focused on these supervisors and leaders, each workplace is implementing educational activities and study groups.

### Toppan Helpline

In August 2003, Toppan established the Toppan helpline and Toppan Internal Reporting System. In order that there be no mistrust from society, these systems have been established in order to discover promptly any corruption or violations of law, and to respond swiftly and appropriately to prevent any misconduct before it occurs.

The Toppan helpline is open not only to regular employees, but contract employees and temporary workers as well. Furthermore, in accordance with the Law of Whistleblower Protection promulgated in June 2004, in order to ensure that there is no adverse handling of information, the privacy of individuals is rigorously protected.

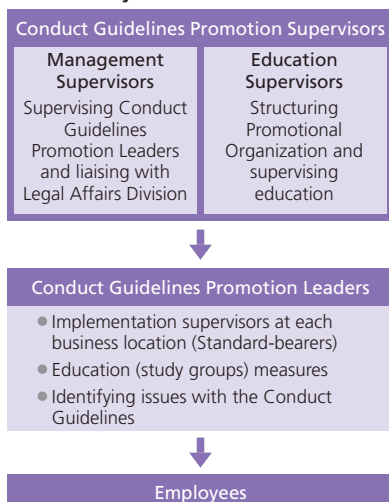
## Conduct Guidelines Awareness Activities

As a code of conduct based on the Corporate Philosophy and Corporate Creed, the Conduct Guidelines ensure that the employees of Toppan universally respect the laws and corporate ethics in their day-to-day actions. The scope of the Conduct Guidelines covers all of Toppan's business activities. The company is also considering measures to promote compliance with the Corporate Guidelines among all employees of the Group. (▶ P.68)

### Creation and Utilization of the Case Book

In order to enhance understanding and further spread the Conduct Guidelines, in November 2004 Toppan published the Conduct Guidelines Casebook and distributed it to the Conduct Guidelines Promotion Leaders at each Group company. In order to provide a clear image of the contents of the Conduct Guidelines, the casebook explains examples of possible incidents taken from everyday work. The casebook is comprised of 83 cases that correspond to the structure of the Conduct Guidelines. It has been created in a binder format to allow new cases to be added.

## Compliance (Conduct Guidelines) Promotion System



## Toppan Helpline



### Specialist Training

In fiscal 2004, Toppan launched its annual training program (group training) for the Conduct Guideline Promotion leaders. A total of 576 employees took part in a series of one-day programs held in 26 locations nationwide over the period between December 2004 and March 2005. After the morning session, which consisted mainly of lectures, they were divided into groups and actively participated in discussions on a variety of issues.

Also, to mark the start of the Conduct Guideline Promotion Leader system in fiscal 2004, Toppan initiated a correspondence education scheme to allow all leaders to systematically increase their basic knowledge. Toppan will continue this scheme for newly-appointed leaders in the future, along with the annual leadership training programs.

### Company-wide Training

In keeping with *Toppan Vision 21*, a company-wide training initiative is now under way with a focus on promoting the Conduct Guidelines. The program offers rank-specific, regular training programs for newly-recruited employees

and, newly-appointed supervisors, managers and general managers. In addition, topic-specific training is conducted on such vital issues as information security, personal information protection and revisions to relevant laws.

In fiscal 2004, in addition to rank-specific training highlighting the Conduct Guidelines training program, Toppan carried out training in subcontract law, copyright law and information management on a nationwide scale. In fiscal 2005, in response to the amendment of Japan's anti-monopoly law, Toppan is providing systematic training in the essentials of this legal reform, primarily for sales persons.

### Conduct Guidelines Newsletter

From fiscal 2005 Toppan has been issuing a monthly Conduct Guidelines newsletter on its intranet. So far it has included coverage of relevant events and incidents and revisions to laws, etc. and it aims to heighten the awareness in our employees of the growing importance of issues such as personal information protection, opposition to bid-rigging, and compliance with the subcontract law. The newsletter aims to enhance the law-

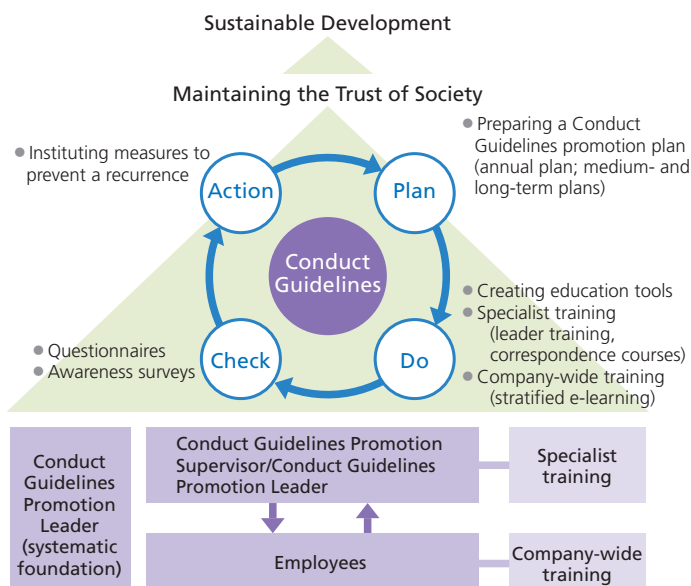
abiding consciousness of every employee by regularly featuring topical themes in future issues.

### Optional Training

A practical course of basic legal study has been added to the Toppan Business School, an optional training initiative that forms one aspect of Toppan's initiatives to strengthen human resource capabilities, and this opportunity is being extended to group companies.

With emphasis on the furtherance of the Conduct Guidelines, this training program was offered to employees in three locations in fiscal 2004 in the areas of sales, planning and marketing and is designed to increase their ability to make a more focused response to customers' needs. In fiscal 2005, Toppan plans to offer optional training in six locations nationwide.

### Summary of Conduct Guidelines Promotion Activities



Conduct Guidelines Promotion Leader Training



Conduct Guidelines Casebook

# Information Risk Management

Based on its Information Management Policy, Toppan is further strengthening information management through staff education and auditing from human and organizational standpoints. At the same time, the Company is keeping strict control of information with regard to systems and physical structure.

## Systematization of Policies and Rules

In April 2001, Toppan instituted its Information Management Policy as part of its overall policy on information security. This move was an extension of the Rules on Management of Confidential Information established in 1991. Since then, the Company has been systemizing under this policy, its rules concerning business operation in the spheres of information security management, personal information management and insider trading prevention control.

In March 2005, in anticipation of the full enactment of the Act Concerning Protection of Personal Information in the following month, Toppan took a series of measures to improve and revise its policies and rules related to personal information management. This included the launch of its personal information protection policy, information management policy and Information Security Management Rules.

In the future, Toppan will consolidate its policies and rules across the entire spectrum of information security management with regular reviews and revisions in response to the changes in laws and rules and social concerns.

## Information Security Management

In April 2001, Toppan formulated its Information Security Management Rules in tandem with the adoption of its Information Management Policy. Since then, the Company has implemented a total of eight company-wide bylaws and four bylaws concerning specific areas of operations including the bylaws Concerning the Processing of Information in Conformity with ISO/IEC (International Organization for Standardization/International Electrotechnical Commission) 17799, a set of international standards for the operation of information security management. Moreover, Toppan is striving to upgrade security management by formulating bylaws applicable to the unique situation of each business operation.

In April 2004, the Company drew up its Guidelines for Confidential Information Security Management at the Technical Research Institute in order to enhance information risk management in advanced technologies. In addition to full-time employees, the Company now requires retirees and part-timers to sign the confidentiality agreement. Toppan is planning to systematize its bylaws by promoting the parallel development of its technology information security management

guidelines and the formulation of business continuation rules, including crisis response rules.

## Information Management Audit

In 1999, Toppan started internal auditing of the Securities Printing Business Division in preparation for Privacy Mark certification. This was followed by auditing of personal information management in the web business from 2002 and the auditing of information security management from 2003. In fiscal 2004, the Company produced a manual for the simultaneous audit of information security management and personal information management, which was carried out in December in the Commercial Printing Division. Starting from fiscal 2005, this simultaneous auditing is being conducted in all business units. Toppan is now gearing up to establish the PDCA (Plan, Do, Check, Action) cycle in which a representative of each group takes the initiative in implementing corrective measures in response to the audit results.

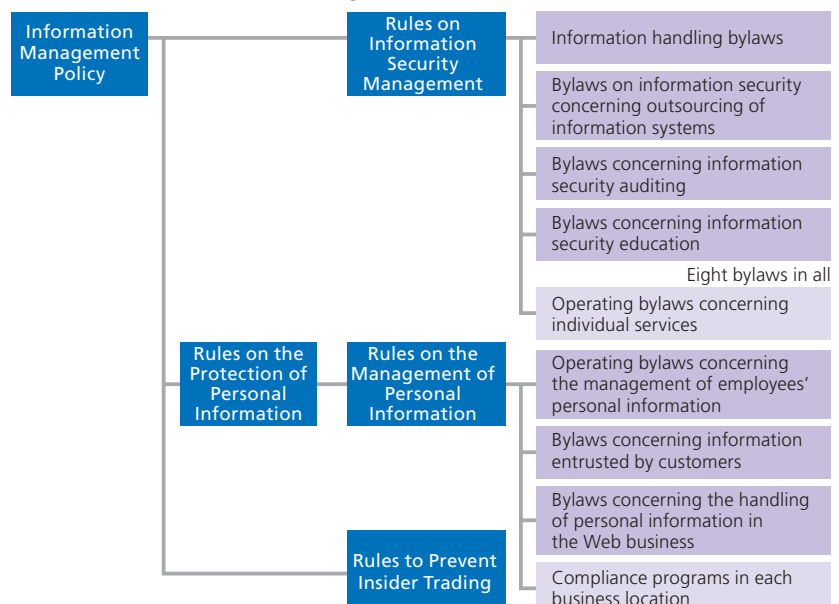
Since April 2005, the development and observation of rules for each manufacturing process in all plants including

### Information Management Policy

1. Employees shall comply with all internal rules on information management and manage information appropriately in full observance of the law and social order.
2. Employees shall collect information for appropriate purposes using appropriate methods.
3. Employees shall recognize the value of information as an asset and use information safely and efficiently for the stated purpose of use.
4. Employees shall safely manage information handled on behalf of customers to secure their trust.
5. To ensure the appropriate management of information at all times, the company and its employees shall improve its information management system based on periodic reviews of social circumstances, technology trends, and the latest revisions in information systems.

Established April 1, 2001

### Rules on Internal Information Management



outsourced operators have been audited by the Corporate Manufacturing Technology and Research Division seeking to eliminate accidents caused by operational mistakes.

### Employee Education and Information Dissemination

Toppan has produced e-learning materials entitled "Basic Information Security" and started, in July 2004, an educational program on its intranet for all 11,000 employees (including some using printed textbooks). The understanding of the contents by the participants is measured and analyzed using questionnaire surveys and tests and improvements are made to teaching materials and program operation. In addition, through e-learning newsletters, announcements, manuals, Q&A booklets, slogan posters and other educational tools, the Company is striving to expand the scope of education in more effective ways.

Since April 2005, Toppan has also been posting the "Collection of Rules", "Guidebook" and "Guidelines of Governmental Agencies and Industrial Organizations for the Protection of Personal Information" on the Intranet. The Company also provides guidelines for specific issues through "Q&As" and "Case Studies".

### Business Divisions and Group Companies Acquired Privacy Mark Certification and Certifications Pending in Fiscal 2004

Newly acquired	
Nishinohon Division	December 2004
Chubu Division	July 2005*
Toppan Logistics Co., Ltd.	November 2004
Toppan Multi-Soft Ltd.	June 2005*
Certifications pending	
Head Office	December 2004
E-Business Division	December 2004
Electronics Division	December 2004
Information & Publications Division	December 2004
Packaging Division	December 2004
Hokkaido Division	December 2004
Tohoku Division	December 2004
Tosho Printing Co., Ltd.	March 2005

\*Both of these business entities filed applications in fiscal 2004. See page 69 for all business divisions and group companies that acquired the Privacy Mark.

### Greater Physical Security

To maintain a secure environment for the handling of personal information, Toppan has introduced systems that identify individual employees of the Company as well as those who are working for outsourced operators, and those who are specifically allowed access to its premises. Operations involving the processing of personal information are performed in a designated security area equipped with special protection devices. The media in which personal data is held are stored in a heavily locked up vault that has an anti-seismic structure and is equipped with a UPS (uninterrupted power supply) system. Monitoring cameras are set up in specific areas with indicators that clearly show to employees who is permitted access to these facilities and that the cameras are operating.

Moreover, to prevent the theft of personal information, employees are prohibited from storing such data in the hard disc of their PCs. They are required to activate the screen saver operated with a password when they leave their desk and lock the containers and mediums in which personal information and related data are input. Employees are also not allowed, as a rule, to use mobile PCs outside the Company. If it is absolutely necessary to take out these PCs from the

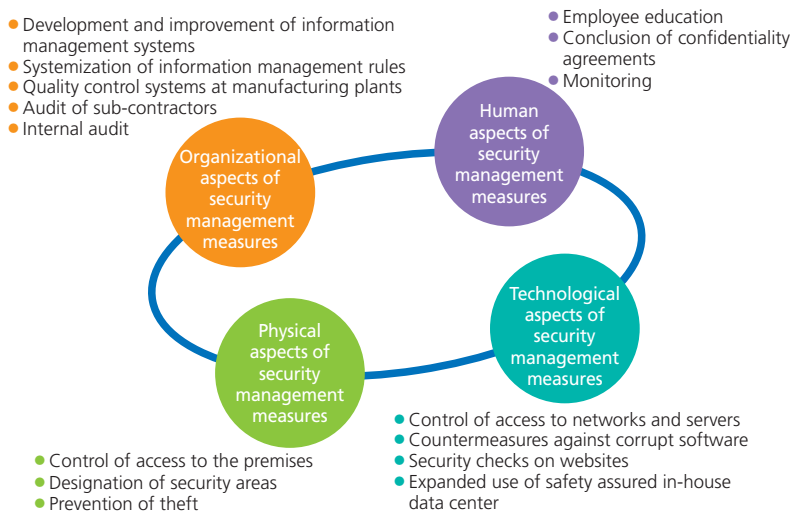
Company, they must follow the approval procedures and abide by rules for the safeguarding of personal information mediums.

### Technological Aspects

When the server that stores personal data is located in a data center, as a principle it is operated using the ISMS (Information Security Management System) certified in-house TOPICA hosting service. Anyone who wishes to use other servers in the data center must pass a regular security check and get clearance from the relevant division at the head office. The records of access to these servers are kept in custody for a specified period.

Websites are constructed in accordance with the Security Check Items for Website Construction, which took effect in March 2004 to prevent the leak of personal information resulting from incorrect setup procedures. Security checks are performed at regular intervals after operation has started. Only authorized staff members are allowed access to personal information and they are identified by ID card and password. Their passwords are changed at regular intervals and when any of them leaves the company, his or her password is immediately invalidated.

### Toppan's Information Management Measures



▶ See page 15 for the feature on security management measures with a focus on the Act Concerning the Protection of Personal Information

# Strengthening Supply Chain Management

As well as committing to appropriate and fair trading based on the Procurement Guidelines, Toppan is ensuring CSR applies throughout the entire supply chain with regular checkups of suppliers. Toppan is also fully promoting green procurement and green purchasing.

## Fair and Just Dealings

Toppan regards suppliers as business partners and makes every effort to deal with them fairly and in a highly transparent manner. Its social responsibility in the procurement of raw materials and outsourcing of production is prescribed in the Conduct Guidelines, Purchasing Rules and Subcontract Law Compliance Manual. At the same time, the Company carries out extensive educational and training programs for all employees dealing with suppliers to ensure the discharge of their social responsibility. As a result, Toppan has forged good relationships with its suppliers.



Basic Procurement Policy on the website  
[http://www.toppan.co.jp/aboutus/tech\\_info/policy/policy.html](http://www.toppan.co.jp/aboutus/tech_info/policy/policy.html)

## Basic Trade Contract

Toppan is entering into basic trade contracts with its longstanding partners as another means to preserve fairness in its dealings. Each contract clearly lays out the basic terms of the deal and the rights and obligations of both Toppan and its partners. The objectives are to prevent problems in dealings and support highly transparent business for both parties.

In April 2003, Toppan revised the contract to include more items on legal compliance and the protection of personal information protection from a CSR standpoint. As of this writing, the new contract had been signed with about 12,000 companies. The mutual respect for this basic trade contract will ensure the fairness of business.

## Response to the Amendment of the Subcontract Law

In response to the amendment of the Law to Prevent the Delay of Payments to Subcontractors (the subcontract law), Toppan is taking every possible step to observe the Law on a company-wide basis. In particular, the Company makes sure that the respective business division (or head office) issues a purchase order sheet for every transaction in advance and reports the results quarterly to the board of directors. In fiscal 2004 Toppan also held seminars on the subcontract law, not only for its business units, but also for group companies in preparation for the revision of this law. In particular, briefing and lecture meetings on the subcontract law were designed for those business divisions and group companies outsourcing design production and transportation which were newly added to the scope of the Subcontract Law.

The Company will continue to give guidance on and check unfair pressure for price reductions while monitoring its performance vis-à-vis the subcontract law.

## Procurement Guidelines

### Basic Procurement Policy

- Toppan will provide procurement opportunities in a fair manner to suppliers that meet its Supplier Selection Standards.
- Toppan will conduct its procurement activities fairly in keeping with the principles of fair trade and in full compliance with both domestic and international laws.
- Toppan will strictly manage Information acquired in the course of procurement and make every reasonable effort to maintain confidentiality.
- Toppan will make every effort, in conducting its procurement activities, to protect and preserve resources and the environment.

### Supplier Selection Standards

Toppan provides fair and equal business opportunities to suppliers that meet the following standards. Once suppliers are selected, Toppan continually assesses their performance based on its original selection standards in a cooperative effort to realize an even better trading relationship.

Legal Compliance	Fulfills social responsibilities and complies with both domestic and international law
Quality	Meets Toppan's standards and provides stable quality
Price	Offers products at prices equal to or lower than those of competitors
Supply	Meets Toppan's delivery requests and provides a stable supply of products

Toppan reviews the performance and management stance of its suppliers by evaluating the following items:

Management Foundation	Maintains a sound corporate financial base
Technical Ability	Actively improves conventional technologies and develops new products and technology
Information Supply Ability	Provides necessary and effective information in a timely and appropriate manner
Confidentiality	Strictly manages information acquired through trade and maintains confidentiality
Concern for Environment	Conducts business with sufficient concern for resource protection and environmental preservation
CSR Measures	Takes CSR measures and discloses them

Established July 2004

## Measures to Ensure Compliance with Japan's Subcontracting Law

In an inspection of business locations carried out by the Small and Medium Enterprise Agency in May 2004, it was indicated that Toppan still has several areas in which there is room for improvement. As well as swiftly taking measures to respond to this, and in order to thoroughly spread awareness of the main points of the report, a debriefing session for all those concerned throughout Japan was held in June.

Further, since August, the results of pre-issued purchase order sheets at the Sales Division have been compiled. From August 2004, Toppan has maintained a record of no violations, including the Manufacturing Administration Division.



## Promotion of CSR in the Supply Chain

Toppan recognizes that CSR must apply to the entire supply chain if the company is to be trusted by its customers. In actively fulfilling its social responsibilities with the first-tier suppliers with whom it trades directly, Toppan requires them to do the same with second-tier suppliers.

Toppan externally discloses its Basic Procurement Policy and Supplier Selection Standards regarding trading to presuppose that each supplier fulfills Toppan's basic requirements as regards observing laws, confidentiality and environmental responses. By gaining the understanding and cooperation of each supplier in this way, as partners, CSR processes continue down the supply chain.

### Supplier Checkup

Besides the crucial factors of cost, quality, and delivery, the social responsibility of candidates are considered in the evaluation process. In the case of major suppliers, this process is regularly repeated through a process Toppan refers to as Supplier Checkup. By providing feedback on the results of the checkup to the suppliers, relationships are improved and strengthened.

In fiscal 2004 Toppan constantly carried out appraisals of over 1,200 companies. In the future, the Company will establish a uniform checkup method and continue to carry out evaluations.

### Intellectual Property Rights

As services provided by Toppan include designs and text manuscripts, the Company needs to constantly maintain due diligence for copyright and design right protection. In many cases, these creative assignments are outsourced to external specialists. Therefore, Toppan provides seminars for these specialists and the Company's employees concerned to study intellectual property rights together and other related issues. By creating products based on correct knowledge Toppan aims to provide satisfaction to its customers.

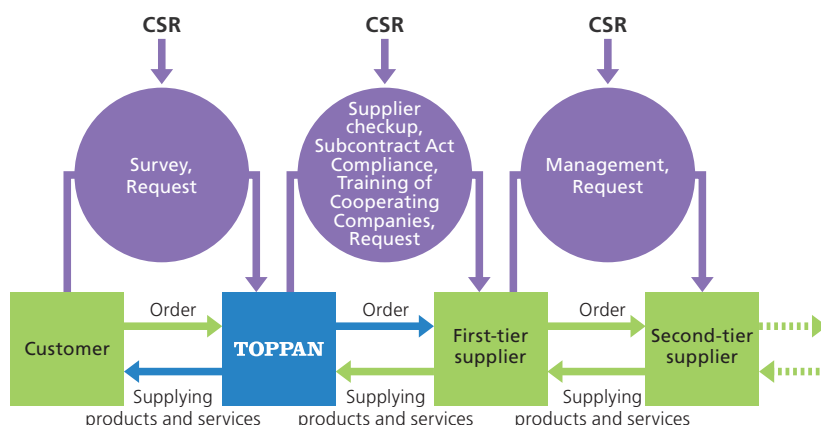
## Green Procurement & Green purchasing

One important factor in building a recycling-oriented society is to place a priority on purchasing products that have been manufactured taking environmental conservation into consideration. In April 2002, Toppan introduced a Green Pro-

urement system that conforms to the Green Standard for Offset Printing Services established by the Japan Federation of Printing Industries. In printing paper, although Toppan's achievement ratio of these standards rose from 22.7% to 24.7% in fiscal 2004, the Company could not achieve its target of a five percentage points improvement. Nevertheless, Toppan is continuing its green procurement policy in fiscal 2005, seeking to achieve a clearance ratio of 30% in the mid-to-long term. Since ink has already achieved a high level of green standards clearance ratio, the Company is making sure that this will be maintained in the future.

Toppan also adopted a Green Purchasing Basic Policy in January 1999 and launched a company-wide green purchasing initiative. This initiative sets green standards for office paper, copier machines, printers, PCs, toilet paper and stationery. The Company selects the products that meet in-house green standards and purchases them on a continuing basis. (▶ P.69)

## Overview of Supply Chain Management Based on CSR



## Green Purchasing Network

A nationwide network founded in 1996 to promote Green Purchasing. As of July 21, 2005, the network comprised 2,828 organizations (2,231 companies, 319 organizational institutions, and 278 private organizations). The network announced its Order Guidelines for Offset Printing Services (GPN-GL14) in December 2001.



# Strengthening Product Quality Assurance

Toppan is promoting Quality Assurance activities based on Total Quality Assurance not only in divisions directly linked to manufacturing, but also across the whole company. Furthermore, the Company is promoting its proprietary TPM activities, and is involved in improving product quality.

## Toppan's Total Quality Assurance

Toppan recognizes that the manufacturing and quality assurance departments are by no means the only parts of Toppan involved in quality assurance. Sales, Planning, Technology and Research, Manufacturing and Administration Departments as well as management areas are involved in Quality Assurance—unified activities to improve and advance products.

At Toppan, multi-faceted activities, including inspection by senior management, are in place to enhance quality. Since early 2005, it has been promoting a company-wide campaign in pursuit of thorough total quality assurance.

From fiscal 2004, the Manufacturing & Sales Joint Conference has been held. All key members of the Sales Division from the general manager down to the section chiefs attend this conference to communicate directly with the staff of the Manufacturing Division seeking ways to prevent accidents that negatively affect quality.

## Activities of the Planning and Sales Divisions

The Planning and Sales Divisions carry out daily business activities seeking to continuously increase customer satisfaction by taking part in the whole process of making proposals in the most effective manner, considering customer's needs, manufacturing, delivery and payment.

The Company is hard at work to achieve customer satisfaction with consideration of their social and future needs. This includes leveraging Toppan's marketing capabilities to elicit customer cooperation in product development as well as innovations made by the Company's technological development expertise to boost customer satisfaction.



A joint Quality Assurance training session with the Sales, Planning and Manufacturing Administration Departments.

## TPM Promotion

Toppan's TPM\*1 is a proprietary system that targets zero production loss through a fusion of quality management, IE\*2, and the ISO 9000 series. TPM dramatically improves production efficiency through modifications in equipment and human resources. With those improvements, Toppan can reform its corporate structure and improve its competitiveness in quality, cost and delivery.

In fiscal 2004, Toppan developed a framework in which TPM and the ISO 9000 series of industrial standards are combined to improve and maintain quality. As a consequence, many plants identified quality-related issues as the basis of calculation had become much clearer. In the future, the Company will carry on continuous improvement on the strength of the accumulated experience of its in-house consultants and proprietary technology using Toppan's overall capabilities to find solutions for company-wide issues.

\*1 Total Productive Maintenance  
\*2 Industrial Engineering

## Total Quality Assurance in Toppan's Business Activities



## Basic Stance on Product Safety Management

Toppan prevents product-related accidents and protects the health and safety of the users of its products through the following steps:

- Recognize the importance of product safety.
- Promote measures to improve Toppan's product safety management.
- Contribute to society through Toppan's product safety management.

Established March 1999

### Acquisition of ISO 9001 certification

In fiscal 2004, the Ranzan Plant of Toppan Packaging Service and the Amagi Plant of Kyushu Sub-division, Nishinohon Division newly acquired the ISO 9001 quality certification. Also those operations that had already received the certification successfully passed annual audits and renewal audits. (▶ P.70)

The Company also conducted internal audits over 20 times to check how QMS\*3 is operated. QMS was also maintained and strengthened by increasing the number of internal auditors stationed at each plant. Over ten training sessions were held for these auditors across the country to improve their auditing skills including the Internal Auditor Guardianship Training and Internal Auditor Level-Up Training.

The latest information on the acquisition of ISO 9001 is posted on the Company's website\*4.

\*3 Quality Management System

\*4 [http://www.toppan.co.jp/aboutus/tech\\_info/iso/index.html](http://www.toppan.co.jp/aboutus/tech_info/iso/index.html)

### Measures Taken for Product is attached Quality Assurance

#### Food Business

Toppan develops food product containers and packaging materials, prints and processes these containers and packages, and fills food products. And thus attaches great importance to quality assurance from the viewpoint of food safety and sanitation in the manufacture of food containers and in the food filling process.

In fiscal 2004, the Company organized the Food Audit Team consisting of head office staffers responsible for ISO 9000 series certification, analysis technicians at the Technical Research Institute and the quality assurance staff of the Packaging Division. The team audited all operations performing the food filling process at the plants of Toppan and its subsidiaries and cooperating companies. In particular, X-ray testers and metal detectors were set up on all production lines to prevent the mixing of metallic objects in the product. In addition, steady progress has been made by executing improvement plans based on the audit report that pointed out the areas needing corrective measures. As a result, the Company has

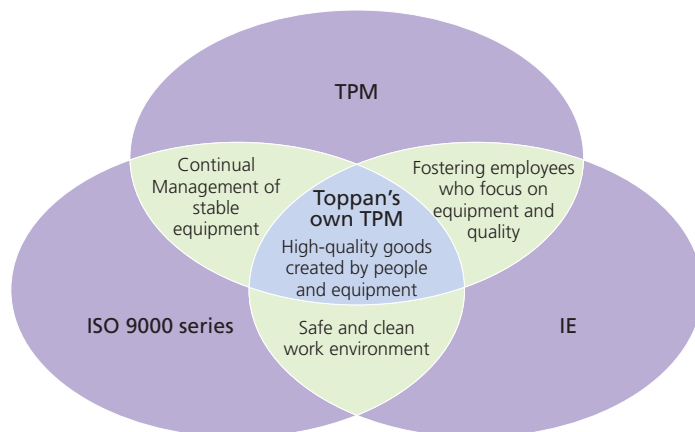
received no serious claims regarding the inclusion of metallic objects in products and will continue audit and improvement activities in fiscal 2005.

#### Electronics-related business

In January 2004, Toppan's Mie Plant started running a production line for color filters that are designed for the world's first sixth-generation LCD (liquid crystal display) with a screen size of 1,500mm × 1,800mm for large sized television sets. The Company's proprietary quality control system based on ISO 9001 has been introduced and the plant is operating efficiently. Production status and quality inspection outcomes are monitored in real time. Production equipment and conditions are checked and products are managed with a statistic based process control system. With feedback from this system, the plant is maintaining and raising quality by proactively eliminating defective products.

In the future, Toppan is planning to install the same system in electronics plants operating both at home and abroad.

### Toppan Proprietary TPM Activities



The Mie Plant (Kameyama City, Mie Prefecture: Plan showing the plant following completion of the current expansion work.)

# Contributing to Society through the Development of Technology

Toppan carries out proactive R&D projects in order to provide high-value-added products, systems and services that meet the needs of the future market. The Company contributes to society through the development of products using next-generation technology.

## Basic Stance on Research and Development

Primarily through its Technical Research Institute Toppan is pushing forward R&D projects with a view to exploring untapped areas of science and responding to the needs of the future market. The Company has achieved numerous successful results in product development by marshalling the forces of the Sales and Product Promotion Divisions to identify the latest trends in the market and the customers' needs and this is augmented by the promotion of higher product performance and higher value added. In the area of production technology, Toppan is meeting the customer's expectations through close collaboration of the Manufacturing Division to reduce costs, shorten delivery time and enhance quality. This has been achieved primarily by automation and energy saving in production lines and process improvement.

## Industry-Government-Academia alliance

Toppan is forging stronger ties with external organizations seeking to contribute its proprietary technology more extensively to society. The Company is participating in government projects and currently carrying out research commissioned by the New Energy and Industrial Technology

Development Organization (NEDO). Toppan has also forged alliances with many academic institutions and corporations at home and abroad, actively promoting joint technology development.

## Total Solutions using IC Tags

IC tags have potential in a wide variety of areas. For instance, pedestrian ITSs (intelligent transport systems), which help visually-impaired people navigate the streets, are expected to form the infrastructure of barrier-free community spaces. IC tags can also play a major role in a recycle-oriented society by spreading the use of returnable packages.

Toppan offers total solutions in this area with IC chips and diversified applications developed using its proprietary technology. At the same time, it is participating in a number of demonstration trials including the self-controlled moving support project for people with disabilities and the triage\* tag experiment. Looking ahead, the Company will continue to explore the possibilities of IC tags in realizing a better society.

\*Triage is the process in which the priority of giving treatment to patients and injured persons, and transporting these people to the medical institution is decided based on the seriousness and the degree of urgency of disease or injury. IC tags are expected to speed up this data handling.

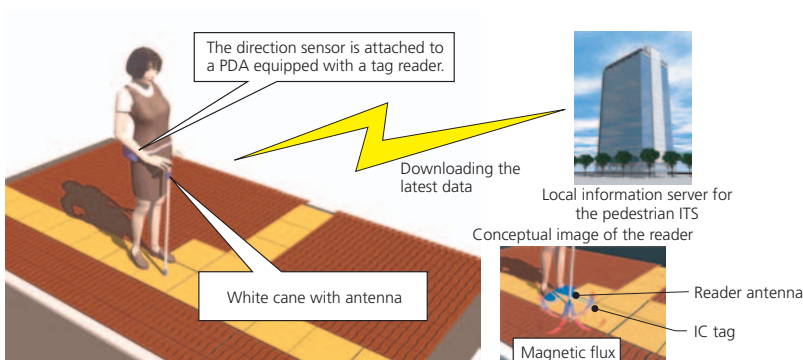
## In Pursuit of Universal Design

Toppan is pursuing universal design (UD) that is based on the concept that puts emphasis on the creation of products that can be easily used by as many people as possible.

### Universal Design of Packages

Toppan is cooperating with the Japan Packaging Institute in drafting a set of guidelines aimed to promote designs that take the elderly and people with disabilities into consideration such as JIS (Japan Industrial Standards) S0025 and S0022. The Company is also appointed as a member of the JIS Draft Preparation Committee on Universal Design and actively spreading this movement by participating in the International Association for Universal Design (IAUD).

In fiscal 2004, Toppan, working together with Digital Human Research Center of the National Institute of Advanced Industrial Science and Technology, made, on an experimental basis, food containers that can be easily handled by the elderly and other people who suffer from weakened grip power. The Company has proposed these containers to a food processing company and expects that these will be adopted soon.



IC tags are placed on the visually-impaired pedestrian guidance blocks on the road surface. The pedestrian gets information from IC tags through the antenna set in the white stick for the blind. The pedestrian can find his or her way by using positional and directional information supplied from this system.



The "UD Selection" dessert cup is a semi-circular food container developed by Toppan. Using a person's grip power efficiently, its seal-like lid can be peeled off with minimum force. The shape is symmetrical so both the left- and right-handed persons can use it with the same ease.

### Next Generation Sensors

In a “hydrogen society” of the future that is run on hydrogen in place of petroleum to prevent global warming, we will need various types of sensors. For example, fuel cells will require a hydrogen leak sensor as well as sensors that measure temperature and humidity. In 1999, Toppan and Tohoku University jointly developed the ball SAW (surface acoustic wave) sensor, a super sensitive miniature device. The Company is now exploring the possible applications of this technology including its use as a system that will meet the needs of the hydrogen society.

The Company is also developing, with Tokyo Institute of Technology, a smell sensor. This sensor can be installed in nursing robots, which are expected to be used widely in the future. The sensor can detect the smell of hazardous substances and will be employed extensively in security systems against terrorist activities. In addition, it will be utilized for cosmetic purposes to detect body smell and to control fragrance used in business facilities.



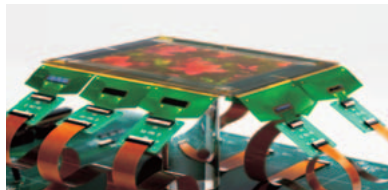
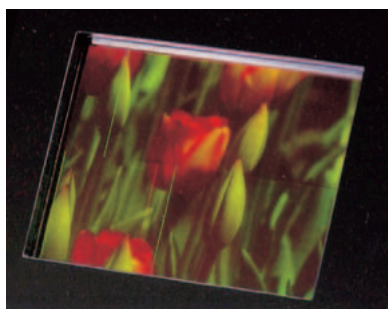
The ball SAW device won the Device Award at the Organic Materials Technology Exhibition held in July 2005 at the Tokyo Big Site. Its development of leading-edge material and application technology received wide acclaim. Exploiting the characteristics of high frequency oscillation that circles several hundred times around the surface of a crystal ball of 1mm in diameter, the device detects changes in extremely minute physical properties by amplifying them. One of its important features is that, by changing the sensitivity film, the sensor can perform different functions and integrate them. (The photo is the driving kit of the ball SAW sensor.)

### Cutting Edge Display Technology

The OLED (Organic Light Emitting Diode) is a next generation self-emitting display device that offers superior dynamic image regeneration. Toppan has developed the world’s first RGB (red, green and blue) full-color organic EL display that uses the printing format. The Company is now moving to the stage of commercialization and exploring the possible application areas of this technology.

In the field of rear projection TVs (PTV), taking advantage of its lens making technology, Toppan has also successfully developed a new screen (high definition, wide angled) for PTV, a wide/thin screen using high precision micro processing. The screen can reproduce digital TV and DVD images with high definition.

At the same time, Toppan is also conducting research into anti-reflection film to prevent the reflection of exterior light on these high definition, wide angled, flat LCD screens. The Company has developed the LR (low reflection) film with anti-electrical charge function, that does not collect dust on the surface of the screen. It is now increasing the production of large-sized displays using this film.



The 5-inch RGB full color OLED display developed using Toppan’s printing technology.

### Virtual Reality Technology

Toppan is developing the technology to create a digital archive of cultural assets & works of fine art and produce VR (virtual reality) contents for educational and cultural applications.

In a joint project with the research group of Professor Ikeuchi at the University of Tokyo that began in September 2003, Toppan created CG (computer graphics) of the stone room of Otsuka Kofun in Katsuragawamachi, Fukuoka Prefecture. This is an ancient burial mound designated as a special historical monument and well known for its prehistoric decorative design.

The results of this research will be on permanent display under the supervision of Mr. Nobuaki Kuchitsu of the National Research Institute for Cultural Properties, Tokyo, in the Kyushu National Museum that opened in October 2005.



The production of CG images of a decorative ancient burial mound based on actual measurements of delicate form and color is the first in history. It shows a new way of preserving precious cultural assets and presenting them to the public.

# Merit Based Personnel Policies

One of the key themes of *Toppan Vision 21* is the development of personnel policies. In fiscal 2004, Toppan made a significant reform of its personnel systems and as a result, can now make personnel decisions more firmly based on merit.

## Basic Thinking on Personnel Systems

Toppan recognizes that it can build the trust of the community, customers and other stakeholders when each employee consistently practices "conduct of high value" to realize *Toppan Vision 21*. In keeping with this conviction, the Company's personnel policies for hiring, appointment, training, promotion and treatment are all based on "conduct of high value" as well as on abilities and skills.

The term "conduct of high value" embodies the concrete activities that realize a corporate philosophy and business principles. On the other hand, abilities and skills are indispensable to the practice of valuable conduct. Job-specific assessment items are set for sales & planning, manufacturing, technology & research and business administration within the framework of abilities and skills. Business administration is further divided into finance, legal affairs, purchasing, personnel and labor.

## Reform of Personnel Systems

### New Manager Evaluation System

As the first step of a personnel administration based on merit, Toppan introduced the New Manager Evaluation System in April 2005. Under this system, targets, outcomes and the entire process of performance improvement are evaluated on the basis of merit and reflected proportionately in rewards. In particular the process of performance improvement is evaluated in terms of "conduct of high value" as well as with respect to abilities and skills.

With the introduction of the new evaluation system, the Company provided training for all managers from January through March 2005 on the objectives and contents of the reform. It also offered training on job performance evaluation.

In addition Toppan will carry out personnel policies more closely attuned to the merit system through the reform of the remuneration and promotion systems for managers. These new systems are scheduled for implementation in April 2006.

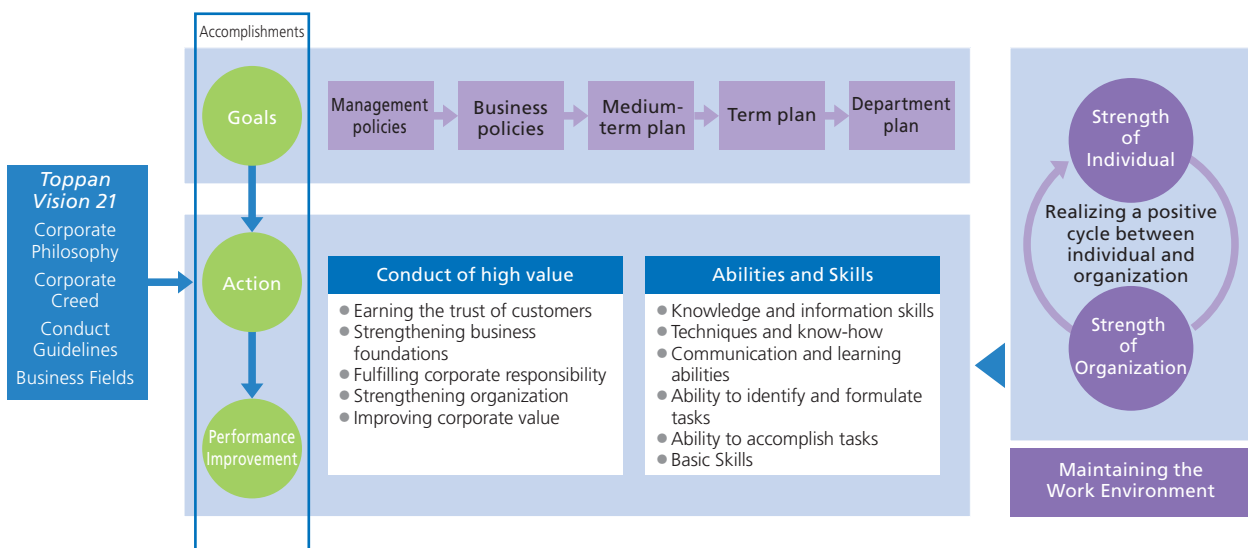
## The Multi-Track Job Function System and Reform of the Job Evaluation System

For general employees, Toppan introduced the Multi-Track Job Function System and carried out reform of the Job Evaluation System. To reflect performance more accurately in the Job Function System, two different grade schemes were established. Employees in the Sales, Planning, Technology, Research and Business Administration Departments are evaluated under a five-grade scheme while those in the manufacturing departments are working under an eight-grade scheme.

As in the New Manager Evaluation System, the Job Function System is operated with a focus on "conduct of high value" combined with the evaluation of the three elements of capability, activity and performance to determine treatment.

Toppan held a briefing for all employees when these systems were introduced in April 2005, and distributed a booklet explaining the new systems in detail. In the future, the Company will operate these systems more extensively.

## Toppan Vision 21 and the Human Assets Education Cycle



# Fostering, Developing and Utilizing Human Resources

Human resources are developed and fostered at Toppan based on “conduct of high value” and skills and abilities to develop individuals and the Company as a whole.

## Concept of Human Resource Development and Fostering

Toppan has begun rank based training. This is aimed to facilitate employees’ understanding and learning of their roles and the responsibilities and obligations of each rank, as well as appreciating and practicing “conduct of high value”. In addition, a variety of training programs are offered for them to acquire the abilities and skills required by each business unit. In particular, during rank based and divisional training sessions, employees act as trainers to conduct training more closely tuned to actual business situations. This is aimed to create individuals and an organization that reflects the unique characteristics of Toppan. In fiscal 2004, some 3,000 employees participated in rank based and optional training programs sponsored by the head office and a cumulative total of over 13,000 took part in various training programs, including those held by divisions and departments.

Toppan is also using e-learning to develop the abilities and skills that are required by all employees. So far, it has implemented education in the basics of environmental conservation and information security. Toppan also provides the DTP (desk top publishing) Expert Certifi-

cation Course and other programs primarily designed for the staff of the sales divisions to enhance the capabilities of individual employees.

## Synergy of Human Resource Development

In fiscal 2004, Toppan selected ‘integrated strength enhancement’ and ‘total quality assurance’ as important themes for the entire company. These themes were pursued in the development and fostering of human resources. In addition to the continued implementation of extensive job rotation including horizontal rotation, some newly recruited employees were rotated between the divisions/departments in Tokyo and local cities in order to acquire well-balanced knowledge and skills in wide-ranging areas. In the sales and technology development department, rank based training was conducted for new employees, middle management staff and department and section heads to strengthen the unity and synergy of divisions and departments. (▶ P.71)

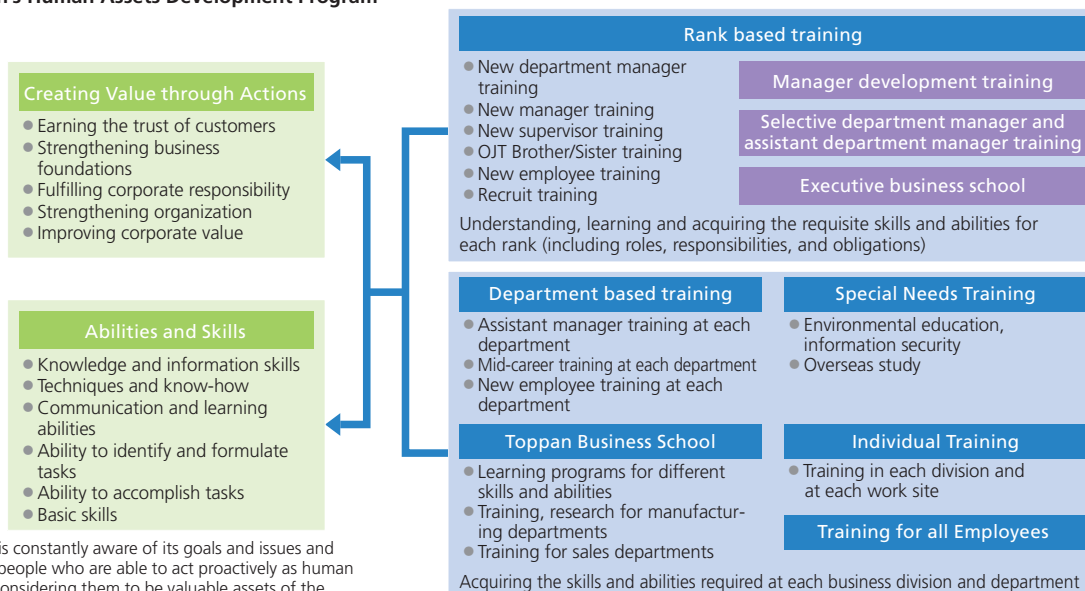
Moreover, Toppan instituted an Integrated Sales Strength Commendation System to recognize to proposals and performances made based on the Company’s total strength. It is now taking measures to further enhance this advantage.

In the future, Toppan will monitor the development of human resources at each department and department through deliberation at the Human Resource Development Committee, which was set up in fiscal 2004 to strengthen the pivotal functions of human resource development. While the effects of rotation are verified and follow-up measures are taken for the participants, the synergy of company-wide training and divisional training will be reinforced in order to develop human resources more effectively. The Company will also offer job opportunities that are more finely tuned to each individual’s career visions.

## Open Recruitment

Toppan offers employment opportunities in spring, autumn, and also at other times of the year. In fiscal 2004, the Company took new approaches to recruitment including interviews in casual wear and the adoption of hiring standards based on behavior characteristics in order to draw out the innate merit of each person. Toppan also held a recruitment briefing in China and is continuing its internship program. (▶ P.71)

## Toppan’s Human Assets Development Program



Toppan is constantly aware of its goals and issues and defines people who are able to act proactively as human assets, considering them to be valuable assets of the organization.

# Leveraging Human Resources

People are the most precious assets of a company. Toppan provides a working environment in which the employees can work with great enthusiasm. In the future, the Company will seek more diversity to leverage the talents of a diverse range of people.

## Leveraging Diverse Human Resources

### Promotion of Female Employees

In the new appointments announced on April 1, 2005, Toppan appointed more female employees as managers and supervisors. There are now more than 80 female managers and supervisors in the Company. (▶P.71)

Toppan has also instituted various measures to eliminate gender-related issues and set up sexual harassment consultation channels. In the future, the Company is preparing to organize a female-only team to respond to the customer's needs from the viewpoint and sensitivity of women.

### Utilizing Experience and Skills

Toppan launched its Professional Employee System as a measure to utilize experience and skills amassed by the staff members over long periods of service. As of the end of March 2005, a total of some 570 people are denoted professional employees. They are actively utilizing their knowledge, experience and human connections in their current positions and are also valuable assets providing links to the next generation.

Further, human resources are being leveraged on projects promoting important themes for the Company. In fiscal 2004, Toppan assembled some 20 veteran staff members who have accumulated long experience and deep knowledge from business units all over Japan and launched a new project to thoroughly minimize waste on a company-wide scale.

### Opportunities for Self-Promotion

In fiscal 2004, Toppan started the Challenging Job System in which employees and managers in the fields of sales, technology and administration are allowed to register and file applications regarding their careers. Moreover, business opportunities and chances for individual employees' career development are being matched-up through an open recruitment system set up throughout the company.

### Leveraging Human Resources amongst Group Companies

Some 100 people are rotated annually in various business units in Toppan. In addition, dispatches and transfers of staff members are carried out among group companies. Although the number has

changed from year to year due to reshuffling on a business-wide basis, in the past three years, an average of 80 people a year have been transferred between Group companies in order to more effectively leverage human resources.

### Temporary Staff

As of the end of March 31, 2005, Toppan has placed some 360 people in the forefront of businesses, including professional and general jobs, through the temporary staffing operations of Toppan Human Information Service, a subsidiary specializing in human resource development.

### Employing those with Disabilities

In 1993, Toppan founded Tokyo Metropolitan Pre-Press Toppan, a third sector entity jointly formed with the Tokyo Metropolitan Government to employ people with disabilities. In fiscal 2004, those with disabilities accounted for 1.83% of the total work force in the Company. (▶P.71)

## Supporting the Fostering of the Next Generation and Work-Life Balance

In accordance with the Law for Measures to Support the Development of the Next Generation created in July 2004, Toppan formulated an action plan and announced it in April 2005. Under a new registration system, which will take effect in the near future, the Company will implement this plan aiming to obtain the official certification of the Director of the Labor Bureau.

In the meantime, as well as participating in an external research group in order to aggressively promote work-life balance, Toppan has set up a project in the Company to consider work-life balance in total and to take concrete measures.

### Specific measures under consideration:

- Educating managers
- Allowing employees on maternity leave to participate in training
- Establishing information systems

Toppan has also responded to the requirements of laws and rules for maternity leave and nursing leave in a timely manner by introducing easy-to-apply systems for employees. In the future, the Company will promptly launch effective systems in response to the revisions of labor-related laws and rules. (▶P.71)

Toppan also holds the Good Life Seminar as part of the life design support initiative undertaken by the Toppan Group Fraternal Benefit Society.



Along with 30 member companies including Shiseido Co., Ltd. and IBM Japan, Ltd., Toppan supports the Work-Life Balance Research Group. In 2005, the Group stepped up the school children support program and organized children's study tours on many occasions. As part of this program, the children of the employees of the research group's member firms visited the Toppan Printing Museum and experienced working in the Printing Workshop.



# Realizing a Safe and Secure Working Environment

Toppan recognizes a working environment that is safe and secure for its employees is not only a social responsibility but also a prerequisite for improving productivity. Consequently, the Company goes to great lengths to assure safety and security beyond mere compliance with relevant laws and regulations.

## Occupational Safety and Health

Toppan has been making every effort to eliminate workplace accidents by forming the Safety and Health Committee. Specifically, it has set up the Safety and Health Subcommittee as part of its TPM (Total Productive Maintenance) activities seeking to increase the synergy of production activities and safety and security measures. In addition to the seven steps prescribed in TPM, Toppan has taken measures specifically designed for safety. The Company is also conducting safety assessments that go a step further than anticipating danger and improving unsafe facilities. By carrying out proactive safety checks, Toppan is seeking to eliminate the root causes of workplace accidents by installing the necessary equipment and making improvements in cooperation with the technology department. (▶P.71)

In order to prevent and respond to fires, Toppan has organized the fire response squad in alliance with, and under the guidance of Toppan Security. The team has recorded high scores in Self-Defense at Fire Training Competitions.

In the future, the Company is planning to organize a National Safety, Health and Fire Prevention Council to

promote safety and health initiatives on a company-wide basis.

## Health Management and Improvement Activities

Toppan supports the health management of employees through the Toppan Group Health Insurance Union and the Toppan Group Fraternal Benefit Society. In fiscal 2004, as in other years, 100% of employees received an annual medical checkup. Toppan also has contracts with 500 locations across Japan and the number of employees using these fitness facilities is also rising.

### Mental Health

Toppan has committed itself to employees' mental health management by setting up consultation rooms on mental problems in association with the health insurance union (clinic), thereby raising the managers' awareness and educating employees to aid with prevention. In fiscal 2004, the Company appointed dedicated staff to deal with mental health issues at the Personnel & Labor Relations Division at the Head Office. In fiscal 2005, it is considering setting up a dedicated unit and hiring a psychiatrist.

## Labor-Management Partnership

In keeping with the perception that labor and management are partners in shared ideals, the Company is tackling various problems and holding a range of events in cooperation with the labor union. For instance, Toppan holds business councils as forums to discuss wide-ranging issues related to labor and management and maintains a special committee to exchange views on the wage system, working hours, welfare and many other subjects.

In the future, the Company is planning to reform the flexi-time work schedule to allow it to be more easily managed in line with business units and job functions. The Company will review not only the system itself but also the method of operation. Meanwhile, the Committee for Reducing Working Hours, which is organized by labor and management, will continue to address issues relating to improvement of productivity and reduction of working hours.

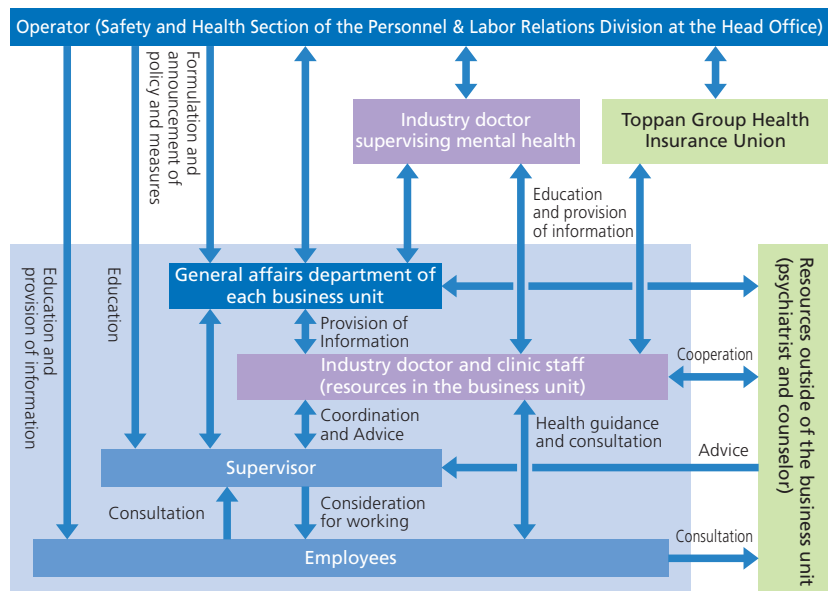
In addition, Toppan is coordinating overall activities of the health insurance union and the Toppan Group Fraternal Benefit Society within the framework of labor management projects to bring about more effective and efficient employee welfare systems.

## Review of Measures for Employees Following Mandatory Retirement

Toppan is reviewing measures taken for employees following retirement (retirement benefit plan). By building a point-based retirement benefit plan which reflects not only the length of service but also the degree of contribution made to the Company, it is hoping to provide long-term incentives for employees. Furthermore, Toppan is considering phasing in an increase of the current retirement age of 61 to 65 and reforming the wage system including the pension plan. The Company will also clarify re-employment screening standards.

Toppan also supports the Friends of Toppan Society, a fraternity organization of retirees.

## The Mental Health System (draft)



# Contributing to the Traditions and Development of Printing Culture and Sharing Impressions

Aiming to contribute to shared and fulfilling lifestyles, Toppan recognizes that communicating printing as a culture is a societal duty. Furthermore, it is fully involved in promoting cultural operations and in the support of cultural activities.

## Printing Museum

The Printing Museum was opened in October 2000 as a way of sharing the historical significance of printing and the tremendous contribution of printing to the development of human civilization. There have been over 150,000 visitors to the museum since its opening.

The public can visit the General Exhibition Zone in the Main Exhibitions Room year round, as well as Temporary Exhibitions held several times annually. The museum also includes the Printing Workshop, VR (virtual reality) theatre, specialized library, and museum shop. The Printing Workshop is used as an area for education and training, and has been utilized by over 150 institutions and organizations including, junior schools, technical colleges and companies.

In fiscal 2004, the Printing Museum held the Seeing and Seen: Variations in Depiction between Japan and Foreign Lands Exhibition—an Exhibition to Mark the 150th Anniversary of the Opening of Japan’ and other commemorative exhibitions. At the Printing Workshop it also launched ‘Summer Holidays Experience School’ and ‘Making a Book Whilst doing a Quiz’ activities for children.



Englishmen sightseeing in Edo. Shown at the Seeing and Seen: Variations in Depiction between Japan and Foreign Lands

## Cooperation with the Cheongju Early Print Museum in the Republic of Korea

In September 2004, the Print Museum signed a mutual corporation agreement with Cheongju City Early Print Museum in the Republic of Korea. The Cheongju Museum, which opened in 1992, specializes in ancient print technology. It is located in the historical site of Heong Deok Temple where the ‘Analects of Paekun,’ the highly respected Korean zen buddhist of the late 14th century, was printed using the world’s oldest metal types.

In the future, the two museums will lend collections to each other and exchange researchers for academic study. The Cheongju Museum will provide the Printing Museum with research materials on the casting technology used to fabricate metal types. Based on this information, the Print Museum is planning to carry out research into metal type printing performed in Japan and type printing technology developed in Asia.



At the signing ceremony on September 3, 2004. From right: Cheongju City Mayor Dae-Soon Han, and the Chairman of the Cheongju Early Print Museum Director Choi Chang-ho.

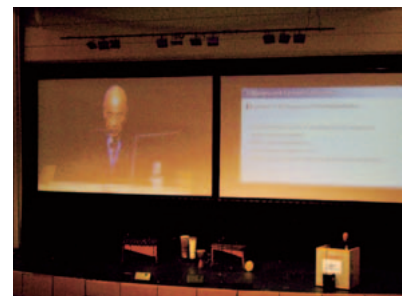
Printing Museum URL:  
<http://www.printing-museum.org/>

## The Development of the Printing Industry

As an industry leader, Toppan has always striven to modernize the printing industry and promote information culture in Japan. Since 1995, Toppan Chairman & Representative Director Hiromichi Fujita has spearheaded efforts to develop the industry through his activities as the chairman of the Japan Federation of Printing Industries.

In January 2005, the 8th World Print and Communication Congress (WPC8)\* was held in South Africa under the auspices of the World Print and Communication Forum. Chairman Fujita of Toppan Industry, gave a lecture entitled “New Trends that Affect Japan’s Printing Industry” in his capacity as the chairman of the Japan Federation of Printing Industries.

\*The event was hosted by the World Printing Communication Forum. This forum was held to make decisions regarding issues affecting the world of printing and to discuss the state of the printing industry responding to the modern age.



Chairman Fujita speaking at the Eighth World Printing Congress meeting

### Supporting and Sustaining Education Culture

Since 1989, Toppan has assisted The Mainichi Newspapers Co., Ltd. and the Japan School Library Association as co-sponsor of the Book Report Drawing Contest, their annual drawing contest to encourage youths to express their impressions of books through drawing. In 2004, the 16th holding of this competition garnered over 47,4592 picture entries from 7,076 schools.

In 1936 Tokyo Shoseki Co., Ltd. opened The Textbook Library, the first such institution in Japan. It now houses about 150,000 textbooks, the largest collection in Japan. Every variety of textbook is represented, from the very newest editions to antique teaching materials from the public school district schools and private temple schools of the Edo Period. Researchers, students and the general public are all free to browse the collections. No admission is charged. In 1984, with the aim of contributing to the educational world, the Tosho Education Award was established. Every year, the library selects the best essay on teaching from many submissions and honors the winner. The winning essays are published for Japan's teaching community.



Prize ceremony for the 16th Book Report Drawing Contest



The Textbook Library

### Toppan Hall

Toppan Hall is a concert hall for classical music built in commemoration of the centenary of Toppan's foundation and opened in 2000. The hall is a classic concert hall with 408 seats and, since its opening, has been holding around 40 concerts every year based around the concept of 'sharing impressions'. More than 180,000 people have attended these concerts.

Toppan Hall offers unique programs including "Espoir" which is jointly planned by the hall staff and the musicians themselves with a clear theme, and in which young musicians hold three concerts to demonstrate their progress to the audience. Concerts and the "Lunch Time Concert" featuring promising young musicians also take place. In fiscal 2004, Toppan Hall also started the 'Espoir Special' concerts to introduce young foreign artists to Japan. Moreover, the Hall is hired out by around 140 events annually, including the 'Japan Music Concours Preliminary Contest'.



The lunchtime concerts have an average attendance rate of 92%



The barrier-free layout is wheelchair accessible

### Contributions to Society through Music

In 1959, Froebel-Kan Co., Ltd. organized the Froebel Boys Choir to foster young men with refined sensibilities in a country where boys choirs were relatively rare. Since its founding, as many as 1,000 boys have passed through its distinguished ranks. The choir now has about 80 young vocalists, ranging from 3-year olds to second-year students in middle school. The boys give one annual performance, as well as special concerts, and appearing on television and commercials and are always well received.

Further, Tokyo Shoseki is a joint sponsor of the Association of Children's Song Writers in Japan's Nursery Rhyme Culture Award. From a viewpoint of handing over Japanese culture to the next generation, the Company is working to raise the level of children's music.



Froebel Boys Choir

Toppan Hall URL:  
<http://www.toppanhall.com/>

# Activities for Contributing to Regional Society

As Toppan has business locations throughout Japan, it considers communication with local communities to be an important activity. As well as its main business, each business location is contributing to local society with a wide range of activities including volunteer work and support work in areas afflicted by disasters.

## Harmony with Local Communities

All of Toppan's operational sites organize activities to deepen their ties with the local communities in which they operate. Most of the sites invite neighbors from the community to take on-site tours and many hold annual beer festivals in July or August. Other organized get-togethers between employees and neighbors are held to nurture friendships. These and other activities have made the sites popular destinations for local residents seeking relaxation and recreation. Needless to say, Toppan employees also take part in community events outside the company.

### Gymnasiums and Multi-purpose Facilities Open to the Public

The gymnasium and facilities at the Itabashi plant (Itabashi Ward, Tokyo) are open to the local community as well as Toppan employees. The facilities are used to host local sports events, rehearsals for musical ensembles (including employee groups) and other functions that require community spaces of this type. The gymnasiums and facilities of plants in all regions are also open to the local communities.



The 'public green space' within the compound has been planted with some 5,500 trees and is a place employees and the public are encouraged to visit. (Toppan Koishikawa Building)

## Volunteer Activities

Toppan supports employees who participate in voluntary activities through the voluntary leave system. In fiscal 2004, an employee, taking advantage of this leave system, joined the Japan Overseas Cooperation Volunteers organized by the Japan International Cooperation Agency (JICA). She was assigned to the environmental conservation project carried out by the Sabah provincial government in Kota Kinabalu, Sabah on Borneo Island in Malaysia.

Making the most of knowledge and skills gained by working in a printing company this employee supported the operation of PR agencies, planned educational materials, reported, photographed, printed and proofread to heighten local people's awareness of the importance of environmental conservation. She also conducted environmental education activities using materials she produced. Her contribution was greatly appreciated by the local community.

In the future, Toppan will continue to support employees who participate in significant volunteer projects.



A meeting with local staff for the creation of an environmental information pamphlet.

## Support for Areas Afflicted by Disasters

Toppan donated 10 million yen to the Niigata Disaster Relief Headquarters to help those stricken by the Niigata Chuetsu earthquake in October 2004. Moreover, the Niigata Chuetsu Earthquake Victim Support Society, formed by volunteers among Toppan's employees, collected donations in the Company and sent 10.89 million yen to communities affected by the disaster. Donations were also collected at the Charity page of the Club Bitway website of Bitway, the Contents Distribution Service operated by Toppan.



The support for areas afflicted by disasters page on the Club Bitway website.



# Environmental Report

This year, ducks have again returned to the pond at the Asaka plant. Toppan considers the protection of an ecosystem such as this to be an important issue.

## Overview of Environmental Activities

Toppan's Environmental Activities	44
-----------------------------------	----

## Overview of Fiscal 2004 Results and Environmental Targets

Fiscal 2004 Results and Environmental Targets	46
Environmental Accounting	49

## Environmental Management

Environmental Management System	50
Environmental Management Activities	52
Environmental Communication Activities	54

## Environmental Conservation Activities

Preventing Global Warming and Conserving Energy	56
Waste Reduction and Promotion of Recycling	57
Pollution Prevention and Chemical Substance Management and Reduction	58
Approach to Logistics	59

## Environmentally-friendly Products & Environment-related Business

Development and Assessment of Environmentally-friendly Products	60
Promoting Environmentally-friendly Printing Services	62
Efforts to Build a Recycling-oriented Society	63
Environmental Activities: Topics	64

# Toppan's Environmental Activities

Toppan is aware of the importance of the environment as a management issue and is promoting environmental activities in all sectors of its business. Toppan's environmental activities can be placed into two main categories: the development and commercialization of environmentally-friendly products, and the reduction of the environmental burden of production. The environmental burden caused by business activities is taken as the base of all activities.

## Declaration on the Global Environment

In 1991, Toppan established the Ecology Center and assigned it the role of overseeing its environmental activities. The following April, the Company laid out the Toppan Declaration on the Global Environment, a comprehensive environmental philosophy appended with explanations of methods to be used to translate that philosophy into action. Since then, the declaration has guided the efforts of all employees of the Group as they work together to advance Toppan's environmental activities under the leadership of the Ecology Center.

In September 2000, areas of the Toppan Declaration on the Global Environment were revised to reflect reformed management policies. The Environmental Action Plan is reviewed on a regular basis, and the Environmental Targets are treated as an index of Toppan's environmental management as the Company forges ahead with its ongoing reforms. (▶ P.46)

The Toppan Declaration on the Global Environment will be completely revised whenever social attitudes on the global environment undergo a significant change. The Company's environmental activities will be continuously improved on every front.

### Toppan's Declaration on the Global Environment

1. Each of our employees recognizes the importance of global environmental issues and endeavors to conserve the global environment.
2. We actively promote energy/resource conservation and recycling as a means of conserving the global environment.
3. We abide by the law and social order, striving to prevent environmental pollution.
4. Through our business operations, we actively support our customers' activities to conserve the global environment.
5. In our research, we endeavor to develop products and technologies that help conserve the global environment.
6. We implement corporate activities designed to further global conservation in the context of an international society.

Established April 1992  
Revised September 2000

## Overview of Environmental Activities

Toppan has a broad business base, and each of the products manufactured brings with it a different environmental burden. It is necessary to reduce that environmental burden in accordance with the life cycle of each individual product while staying abreast of each of the particular features of the Company's business activities and the resultant environmental burdens.

In order to achieve this, for each product group Toppan has established "environmentally-friendly product assessment guidelines." By acting on this assessment guideline from the product planning and development stage, the Company aims to conduct environmentally-friendly product development that is appropriate to the environmental burden of each business area.

Toppan also compiles and ascertains data on the environmental burden associated with its production activities in three separate business fields and is undertaking environmental activities tailored to the environmental burden of each area.

## Toppan's Environmental Burden and Environmental Impact

In order to reduce the environmental burden, it is necessary first to ascertain the environmental impact of the Company's overall business activities. At Toppan, we compile data on the materials balance at each production center, based on INPUT (materials and energy used)/OUTPUT (materials discharged as a result of production) and conduct an impact assessment of the various environmental aspects of each business operation. The Company establishes environmental targets based on those results, clarifies the priorities and carries out environmental activities, and verifies the results of those activities.

Toppan's business activities cover a diverse range so the effects on the environment are also varied and the Company aims to ascertain and compile details regarding that impact in three business fields: Information and networks, Living Environment, and Electronics. (▶ P.76)

### Flow of Environmentally-friendly Products



**Environmentally-friendly Products in Each Business Field**

**Information and Networks**

A business field that supports customers' businesses via the processing, management and operation of an array of contents including images, text and audio.



**Recycled Vegetable Oil Ink**

Printing ink and printed materials that substitute recycled vegetable oil for more than 70% of the soybean oil component.

**Living Environment**

A business field that provides products and services that contribute to the creation of a pleasant life style, reflecting specific social needs, including those for environmentally-friendly products and services.

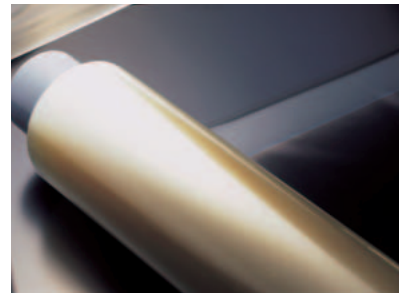


**GL Family**

A transparent barrier film that does not use chlorine based resin. Apart from being used in a broad range of packaging, including that for foods, beverages and pharmaceuticals, the film is also used in solar batteries and display materials.

**Electronics**

A business field that provides high performance components in the semi-conductor and display field along with electronics products and services.

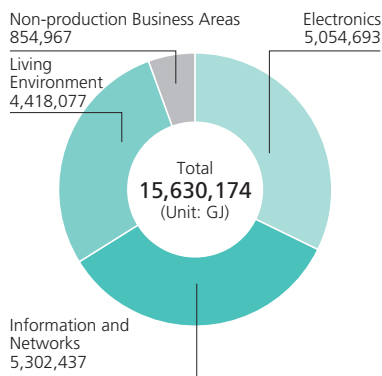


**Anti-reflective Film**

An anti-reflective optical film that reduces the amount of plastic used in the material by 50% compared to our existing product range. The film is attached to the surface of the liquid crystal displays used in cellular phones and PCs.

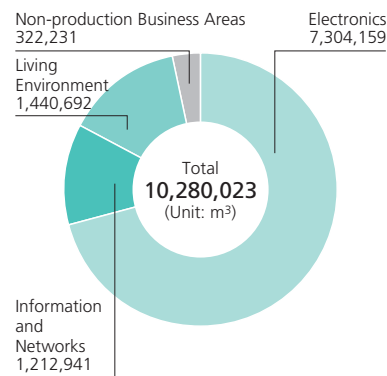
**Major Environmental Burdens in Each Business Field**

**Total Energy Consumption**



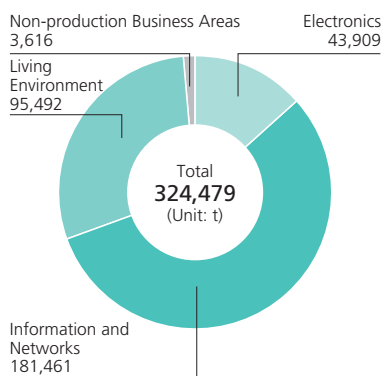
Total energy consumption is the sum of electrical and thermal energy consumption, with little divergence seen between the different business areas. Comparisons of the breakdown of electrical and thermal energy, however, reveal that Information and Networks accounts for approximately 50% of thermal energy consumption. Web offset printing is characterized by an environmental burden in which dry energy is used in order to make the ink stick to the paper.

**Effluent Discharge Volume**



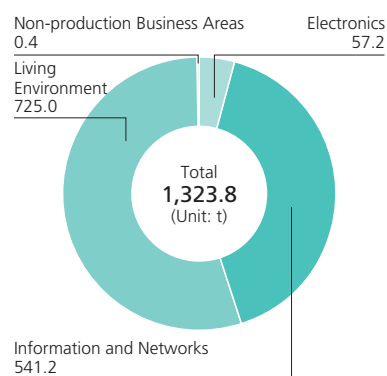
The Electronics field is characterized by the fact that total effluent discharge from this area comprises 70% of overall discharge. In the etching process that uses chemicals to induce metal corrosion repeated washing is conducted. This high volume detergent effluent poses an environmental burden, but after being rendered harmless via processing at an effluent treatment facility most of the discharge is released into the public water zone.

**Total Waste Output Volume**



The Information and Networks field is characterized by the fact that waste output volume accounts for 55% of the overall total. Waste sheet paper and shredded waste generated in the printing and processing stage pose an environmental burden, and Toppan views reductions in the amount of waste generated as a priority issue. However, it is worth noting that almost the entire amount of waste paper generated is recycled as used paper products.

**Total PRTR Output**



The Living Environment field is characterized by the fact that the total output of PRTR designated chemical substances accounts for approximately 55% of the overall total. A breakdown of amenity based PRTR output shows it comprises almost 100% by VOC including toluene, xylene and ethyl benzene released into the atmosphere, and Toppan is promoting the establishment of environmental targets aimed at a reduction of such emissions on a company-wide basis.

Note: Does not include figures for overseas operations and some independently operating subsidiaries. Total PRTR Output does not include dioxins.

# Fiscal 2004 Results and Environmental Targets

Based on its Environmental Action Plan, Toppan specifies concrete actions to realize the goals of its Declaration on the Global Environment. Also each year the Company reviews and establishes Medium-term Environmental Targets, Long-term Environmental Targets and Environmental Targets for the current fiscal year.

## Environmental Action Plan and Environmental Targets

Based on its Environmental Action Plan, Toppan specifies concrete policies for all of its businesses to achieve the targets of the Declaration on the Global Environment. The Environmental Action Plan specifies Medium- and Long-term Environmental targets and Environmental Targets for the current fiscal year. The Declaration on the Global Environment provides the Company with a road map

for expanding its environmental activities and encouraging employees to take an active role.

The Company takes one fiscal year as one cycle for its environmental activities and reviews its environmental activities within that time frame. Specifically, Medium-term environmental targets are revised and Environmental targets are set for the following fiscal year.

## Evaluation of Toppan's Progress in Environmental Targets

Toppan laid out a total of 20 environmental targets for fiscal 2004 and undertook various programs and activities to attain them. As of the end of the year, 14 of the targets were reached and 5 had not been achieved.

Since fiscal 2003 Toppan has achieved a wide range of environmental targets for reducing waste materials (final landfill volume) and chemical materials with a pri-

## Environmental Targets and Fiscal 2004 Results

Toppan's Declaration on the Global Environment	Activities	Medium- and Long-Term Environmental Targets
1 Each of our employees recognizes the importance of global environmental issues and endeavors to conserve the global environment.	Energy/Resource conservation	By fiscal 2010 raise the environmental burden improvement ratio (net sales/CO <sub>2</sub> emissions) by 20% (over the level in fiscal 2000)
	Reduction of greenhouse gases	
2 We actively promote energy/resource conservation and recycling as a means of conserving the global environment.	Sorting waste & recycling	Reduce landfill waste disposal by 90% by fiscal 2010 (from the level in fiscal 2000)
	Prevention of environmental pollution	Realize zero-emissions target in all domestic operational sites by fiscal 2010 through the effective use of industrial waste generated in production
3 We abide by the law and social order, striving to prevent environmental pollution.	Management of chemicals	Comply with in-house control standards that embody the applicable laws and regulations
		Communicate appropriately with stakeholders
4 Through our business operations, we actively support our customers' activities to conserve the global environment.	Planning, research and development of environmentally-friendly technologies	By 2005, reduce VOC atmospheric emission by 90% from the level in fiscal 2001 (for the 12 operational sites emitting large amounts of toluene)
		By 2005, reduce toluene emission by 90% from the level in fiscal 2001 (for the 12 operational sites emitting large amounts of toluene)
5 In our research, we endeavor to develop products and technologies that help conserve the global environment.	Commitment to Eco-creativity Activities	Realize zero-emission of dichloromethane by the end of fiscal 2005
		Participate in and operate the Green Standard Guideline for the Printing Industry
6 We implement corporate activities designed to further global conservation in the context of an international society.	Employee education & development	Develop environmentally-friendly products and disclose environmental information
		Expand proposals on environmentally-friendly printing technologies, products and services
	Social contributions	Expand environmental communication activities
		Enhance employee awareness on environmental issues and promote corporate-wide activities to preserve the environment
	Conservation of the global environment at overseas operational sites	Participate voluntarily in social activities and actively contribute to the cause of environmental concern
		Comply with local regulations, international conventions, etc.
		Establish environmental management systems in overseas production plants

Note: Partially applicable to overseas subsidiaries. Not applicable to independent subsidiaries.



ority on VOC (toluene, dichloromethane), the development of environmentally-friendly products and environment-related businesses. However, in fiscal 2003 and 2004 the Company did not meet targets for reducing carbon dioxide emissions.

### Review of Environmental Targets

Toppan has made major revisions to its Environmental Action Guidelines for fiscal 2005 based on a performance assessment of the environmental targets in place in fiscal 2004. While consolidating existing medium- to long-term targets, the Company has also established three new medium- to long-term targets. Toppan aims to promote environmental activities based on its 14 "Medium- to Long-term Targets," and 19 "Environ-

mental Targets," (with an organizational structure for the three new targets to be developed by next fiscal year.) (▶ P.48)

A set of environmental burden improvement efficiency standards, known as the "Environmental Efficiency Guidelines," were introduced in the previous fiscal year. Toppan has decided to review these guidelines to make them a measure of carbon dioxide unit output in order to comply with industry guidelines developed by the Japan Business Federation aimed at fulfilling the targets of the Kyoto Protocol.

Environmental Targets for Fiscal 2004	Fiscal 2004 Results	Evaluation	Reference Page
Raise the environmental burden improvement ratio (net sales/CO <sub>2</sub> emissions) by 9% over the level in fiscal 2003	Increased by 2.2% over the level in 2003	B	▶ P.56
Reduce landfill waste disposal by 10% (from the level in fiscal 2003)	Reduced by 44% from the level in 2003	S	▶ P.57
Increase the number of zero-emission sites recognized to 20	Certified Zero-emission sites increased to 20 → Sites with a recycle rate of over 98%: 21	A	
Comply with and review of in-house control standards in all operational sites	Following an in-house audit, 51 operational sites have been confirmed as complying with in-house control standards	A	▶ P.52
Plants publishing site reports: expand to 12	Plants publishing site reports: 15 (12 reports)	A	▶ P.55
Atmospheric emissions of VOC: Reduce by 80% (from the level in fiscal 2001)	Not evaluated due to regular revisions	—	▶ P.58
Atmospheric emissions of toluene: Reduce by 45% (from the level in fiscal 2003)	Reduced 65% from the level in fiscal 2003	S	
Atmospheric emissions of dichloromethane: Reduce by 40% (from the level in fiscal 2003)	Reduced 63% from the level in 2003	S	
Relevance ratio to Toppan's Green Procurement Standard: Increase by 5 percentage points (over the ratio in fiscal 2003)	Increased by 2 points over the ratio in fiscal 2003 (Offset printer paper: total ratio: 24.7%)	B	▶ P.31
Improve LCA education and develop the LCA evaluation of environmentally-friendly products in the Information & Networks, Living Environment, and Electronics businesses	Implemented in Living Environment and Electronics. On hold in Information & Networks. Implementation of training for LCA Adoption (July 30, 2004)	B	▶ P.61
Register 3 more environmentally-friendly products (total: 73 products)	10 more environmentally-friendly products were registered (total: 80 products)	S	▶ P.60
Sales from Environment-related Business: Increase to 57.0 billion yen (10% over the level in fiscal 2003)	Fiscal 2004 results: Increase to 56.5 billion yen (9% increase over the level in fiscal 2003)	B	▶ P.60–63
Sales from Environment-related Activities: Increase to 136.0 billion yen (10% over the level in fiscal 2003)	Fiscal 2004 results: Increase to 151.0 billion yen (22% increase over the level in fiscal 2003)	S	
Promote environmental communication by participating in Eco-products 2004	Presentation made at Eco-Products 2004	A	▶ P.55
Deploy recycling systems for <i>Cartocan</i> (paper-based beverage containers) in 15 plants in Japan	Recycled toilet paper deployed in 13 plants (12 in fiscal 2003)	B	▶ P.63
Educate some 5,600 employees in basic environmental education via e-learning	Candidates to complete training: 5,895	A	▶ P.54
Continue funding forestation activities and participation in the forest protection fund	4.203 million yen donated to <i>Eco-Future Fund</i>	A	—
Conduct in-house environmental audits in 2 plants in Asia and 2 plants in the U.S.	Conducted in 2 Asian plants (completed in January 2005) Conducted in 2 American plants (completed in April 2005)	A	▶ P.50
Comply with local regulatory standards and prepare monthly reports on environment-related information	Regular reports on environment-related information in the Overseas Plant Monthly Report	A	
Introduce and operate environmental management systems at 11 overseas production plants	ISO 14001 acquired by 2 production plants (total of 7 plants)	A	

Valuation standard: S: Results achieved greatly in excess of targets; A: Targets achieved; B: Activities fully carried out but targets unachieved; C: Activities were insufficient

## New Medium- to Long-term Environmental Targets

Environmental Objectives and new Medium- to Long-term Environmental Targets	Environmental Targets for Fiscal 2005	Details of Specific Measures
<b>Prevention of global warming through the development of energy saving measures</b>		
To reduce carbon dioxide emissions by 10% compared to business year 2000 levels by fiscal 2010	Reduction in carbon dioxide emissions: By 4% compared to fiscal 2004 levels	<ul style="list-style-type: none"> <li>•Develop a methodology for proper energy management by setting up management guidelines that demonstrate the status of efficient energy usage at each division</li> <li>•Consider introduction of a gas turbine co-generation system</li> <li>•Switch to gas fuel from liquid fuel</li> </ul>
<b>The promotion of waste reduction and recycling</b>		
Reduction of unit waste generation	Establish targets for fiscal 2006	<ul style="list-style-type: none"> <li>•Establish a system for ascertaining performance</li> </ul>
Expansion of material recycling of industrial waste	Establish targets for fiscal 2006	<ul style="list-style-type: none"> <li>•Establish a system for ascertaining performance</li> <li>•Confirm recycle processing operations by inspecting processing contractor sites</li> </ul>
Final disposal: Reduce fiscal 2010 volume*1 by 90% compared to fiscal 2000 levels	Final disposal: Reduce volume by 10% compared to fiscal 2004 levels	<ul style="list-style-type: none"> <li>•Reduce direct final disposal volume by cutting the volume of waste generated</li> <li>•Reduce the volume of residual processed waste by selecting efficient intermediate treatment technology</li> </ul>
To aim for the efficient utilization of industrial waste materials generated in the production stage, and the realization of zero emissions at all domestic divisions by fiscal 2010.	Expand the number of certified zero emission operational sites*3: To 25	<ul style="list-style-type: none"> <li>•Promote waste recycling by reviewing waste separation guidelines and making them into binding rules</li> <li>•Expand in-house treatment and recycle facilities along with the pursuit of appropriate recycle partners</li> </ul>
<b>Prevention of atmospheric pollution via VOC emission restraints</b>		
To reduce VOC emissions into the environment*2 by 80% compared to fiscal year 2001 levels by fiscal 2010	Establish targets for fiscal 2006	<ul style="list-style-type: none"> <li>•Establish a system for ascertaining performance</li> <li>•Introduce waste gas treatment facilities including solvent recovery</li> </ul>
	Reduction of toluene emissions into the environment*4: 45% compared to fiscal 2004 level (and 90% compared to fiscal 2001 level)	<ul style="list-style-type: none"> <li>•Reduce usage levels of raw materials that include toluene, and switch to materials with low toluene content and substitute ink</li> <li>•Introduce waste gas treatment facilities including solvent recovery</li> </ul>
	Reduction of dichloromethane emissions into the environment: Zero by the end of fiscal 2005	<ul style="list-style-type: none"> <li>•Reduce usage levels of raw materials that include dichloromethane, and switch to materials with low dichloromethane content and substitutes</li> </ul>
<b>Contributing to the environment via the development and marketing of eco products</b>		
The promotion of environmental business through expanded sales of environmentally-friendly products	Sales based on "environmental business": 61.7 billion yen (an increase of 7% compared to fiscal 2004)	<ul style="list-style-type: none"> <li>•The promotion of sales and marketing activities for environmentally-friendly products via ISO 14001 operations</li> </ul>
The development of environmentally-friendly products and the putting into practice of LCA	Expand the number of products registered as environmentally-friendly products: 14 new products (94 in total)	<ul style="list-style-type: none"> <li>•Product development based on "environmentally-friendly product guidelines"</li> <li>•Disclose product environmental data through the "Toppan environmentally-friendly product label"</li> </ul>
	Expand LCA to amenity based regional business locations	<ul style="list-style-type: none"> <li>•Newly implement LCA (Nishinohon Division, Hokkaido Division) and upgrade LCA (Tohoku Division)</li> <li>•Project support for Toppan LCA implementation center from HQ</li> <li>•Intelligence gathering via participation in LCA related forums and study groups</li> </ul>
	Implement LCA assessments as a topic of research	<ul style="list-style-type: none"> <li>•The establishment and operation of an LCA assessment system based on ISO 14001 at the Toppan Technical Research Institute</li> </ul>
<b>The promotion of environmental communication</b>	Implement environmental communication following our participation in "Eco products 2005"	<ul style="list-style-type: none"> <li>•Information dissemination via participation in environmental forums, exhibitions, and lecture presentations</li> </ul>
<b>Avoidance of environmental risk</b>		
The establishment and observance of appropriate in-house management guidelines that embrace regulatory controls	Observe in-house management guidelines at all business locations, along with necessary reviews	<ul style="list-style-type: none"> <li>•Establish in-house management guidelines via in-house environmental monitoring and confirm the validity of criteria measures</li> </ul>
Risk prevention of soil contamination	Implement soil investigations at business locations that track the use of specified toxic substances	<ul style="list-style-type: none"> <li>•Implement measures to remove the source of pollution in cases where soil investigations confirm contamination, along with removal and remedial actions</li> </ul>
The maintenance of appropriate communication with stakeholders	Expand the number of business locations that issue site reports: 20 business locations	<ul style="list-style-type: none"> <li>•Issue a "CSR report" and a "Site report"</li> </ul>
<b>The enhancement of environmental education and the dissemination of environmental awareness to all employees</b>	Expand "e-learning" systems (Student base: 10,000 people at Toppan group companies)	<ul style="list-style-type: none"> <li>•Expand the number of learners in the environmental education area by setting up an intranet "e-learning" system</li> <li>•Promote two way environmental communication via the use of the intranet system "Toppan environmental link"</li> </ul>
<b>The upgrading of environmental management systems at our overseas production centers</b>	Implement environmental monitoring at overseas production centers: Taiwan and China regions	<ul style="list-style-type: none"> <li>•The implementation of in-house monitoring including site inspections</li> <li>•Confirm establishment of Environmental Management Systems through in-house environmental audit</li> </ul>
	Monthly records of conformance to local regulatory guidelines and environmentally related data	<ul style="list-style-type: none"> <li>•Activities aimed at acquiring ISO 14001 accreditation</li> <li>•Release periodic data related to the environment via "Monthly reports from overseas business centers"</li> </ul>

\*1 Final disposal volume: Volume of direct landfills and residual landfills following intermediate treatment

\*2 Scheduled to be calculated based on industry "self imposed VOC substance" performance

\*3 Zero emission certified business center: A business center with a regeneration and recycling ratio in excess of 98%, and certified as an ecology center

\*4 Calculated based on performance at 11 plants

## Environmental Accounting

Toppan introduced environmental accounting in fiscal 1998 as a tool for effective decision making in environmental management. The Company began to include overseas subsidiaries in its environmental accounting from fiscal 2001 in order to expand the scope of the accounting and disclose more detailed information to stakeholders. In 2004, partly due to the necessity of restoring contaminated sites, expenses increased 17%.

### Environmental Accounting in Fiscal 2004

#### Environmental Conservation Costs

The Company made environmental plant and facility investments of 3,691 million yen in fiscal 2004. That was 33% less than in the previous fiscal year, as the Company has almost completed a project promoted in recent years for the introduction of plant and facilities for processing VOC emitted in the printing and drying process. (The Company has invested approximately 3,000 million yen in this project since fiscal 2002.)

A major portion of the plant and facility investment made in fiscal 2004 was taken up with expansions to effluent

treatment facilities in the Electronics related product cleansing process and newly constructed VOC processing facilities at Living Environment related production locations.

There were 13,746 million yen in costs in fiscal 2004, an increase of 17% compared to the previous fiscal year. This was based on remediation of contaminated soil and increases in depreciation costs based on the increase in investment in environmental plants and facilities in recent years.

#### Economic and Environmental Conservation Benefits

As far as economic benefits are concerned, the Company earned profits of

9,826 million yen through the development and sale of new environmentally-friendly products, an increase of 23% compared to the previous fiscal year.

In terms of environmental conservation effects, carbon dioxide emissions increased 2.9% in line with increased overall energy consumption. The Company is however making progress in reining in increases in the ratio of carbon dioxide emissions to overall energy consumption by making advances with such measures as fuel switching. The Company will continue to make environmental investments with an emphasis on global warming prevention measures.

### Toppan Group's Environmental Accounting for Fiscal 2004

#### Environmental Conservation Cost

(Millions of yen)

Item	Description of Major Contents	Fiscal 2004		Change (current term–previous term)	
		Investment	Expenses	Investment	Expenses
(1) Total in-house cost		3,559	10,169	▲1,554	560
① Pollution prevention cost	Cost for pollution prevention, such as atmospheric pollution prevention	2,750	4,221	▲879	204
② Global environment conservation cost	Cost for global environment conservation, such as global warming prevention	381	645	▲327	20
③ Waste treatment and recycling cost	Cost for adequate treatment and recycling of waste materials	427	5,302	▲348	336
(2) Upstream/downstream cost	Cost for green procurement, containers/packages recycling, etc.		458		5
(3) Administration cost	Cost for obtaining certification for environmental management systems, maintenance, tree-planting at sites, etc.	50	1,100	▲180	226
(4) R&D cost	Cost for research and development of environmentally-friendly products, etc.	83	698	▲49	▲69
(5) Social activity cost	Cost for donations, support, etc. for environmental conservation organizations, etc.		3		▲6
(6) Environmental damage cost	Cost for restoring damage such as soil contamination, and others		1,317		1,317
Totals		3,691	13,746	▲1,783	2,033
Total investment in fiscal 2004			86,625		1,517

#### Economic Benefit

(Millions of yen)

Item	Description of Major Contents	Current Term	Change (current term–previous term)
(1) Energy saving	Reduced amount related to energy-saving	151	125
(2) Sales of commodities	Sales of the waste from plants	2,077	296
(3) Environmental business	Profit related to environmentally-friendly products	9,826	1,835
(4) Contributions	Contributions for environmental countermeasures	1	▲3

#### Environmental Conservation Benefit

Item	Description of Major Contents	Reduction	Environmental Burden for Fiscal 2004
Energy	Total energy consumption (1,000 GJ)	995	19,418
Water	Water consumption (1,000 m <sup>3</sup> )	286	14,984
Atmosphere	CO <sub>2</sub> emission (1,000 t-CO <sub>2</sub> )	25	878
	Emission of substances destructive to the ozone layer (ODP-t)	▲1.03	3.60
	NOx emission (tons)	▲5	219
	SOx emission (tons)	▲3	64
Water and soil environments	Emission of dioxins (ng-TEQ)	0.046	0.059
	Total water discharge (1,000 m <sup>3</sup> )	220	12,231
	Underground penetration (water) (1,000 m <sup>3</sup> )	▲12	50
	On-site evaporation (water) (1,000 m <sup>3</sup> )	▲7	2,092
Waste	Discharge of water polluting substances (tons)	▲42	375
	Total generation (1,000 tons)	0	431

#### Notes:

Entities covered: Toppan Group (please see page 66)

Period covered: April 2004–March 2005

(January 2004–December 2004 for overseas subsidiaries)

Total values may not match, as decimals were rounded up or down.

# Environmental Management System

Toppan has established an environmental management system to enhance the efficiency of its environmental activities and promote the use of the PDCA cycle as an underpinning to environmental action. This section gives us a detailed overview of Toppan's environmental management system.

## Toppan's Environmental Management

Toppan's environmental management relies on the operation of an established management system that covers the sales, sales promotion and R&D departments in addition to the actual production plants. At one level, executives conduct ongoing environmental management reviews to ensure that the PDCA cycle, a core part of this system, continues to improve the efficiency of environmental measures. Meanwhile, data on the actual results of environmental measures are collected by the Ecology Center in head office, evaluated and verified by the Chief Environmental Manager, and reported to top management. After further reviews, the improvements to the system are promoted throughout the entire Company.

## Characteristics of Toppan's Management System

Toppan's environmental management system is uniquely structured. At every operational site, the Company's PDCA Cycle concept is put into practice irre-

spective of ISO 14001 certification. In fiscal 2004 forty-nine production plants and two research centers in Japan have been pressing ahead with their environmental activities to achieve the targets set under the Eco-protection Activities Plan.

Once each year, management confirms and reviews the Company's environmental activities to ensure their continual improvement. The basic data collected in the review help Toppan formulate its Environmental Policy, Environmental Objectives, and Targets for the following year.

## Status for Obtaining ISO 14001 Certification

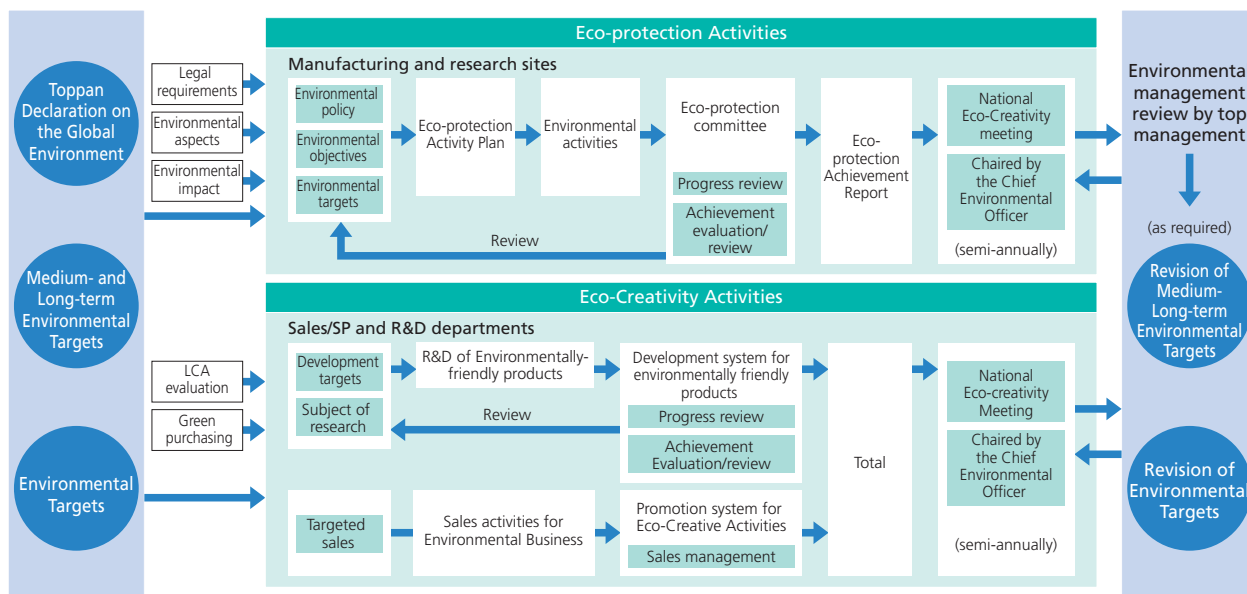
In June 2005 there were 41 Toppan domestic business sites (29 systems) that had obtained the ISO 14001 certification. Further, following Toppan CFI (Taiwan) Co., Ltd. and P.T. Toppan Sampoerna Indonesia's acquisition of the certification, there are seven certified overseas business sites. This is not limited to only production sites, but the pursuit of ISO certification in research and operating sites can be said to be a characteristic of Toppan. (▶P.73)

As well as ISO 14001, Toppan's Technical Research Institute has also acquired 'Eco-Stage' certification from the Specified non-profit Organization R-ISO Environmental Management Research Institute (▶P.64), and Toppan Logistics has 'Green Management' certification from the EcoMo Foundation (▶P.59). Toppan considers the acquisition of such third-party certification to be a chance to consistently improve its environment management systems.



Eco-Stage Certification/ Technical Research Institute

## Overview of Environmental Management



### Environmental Activities Promotion Structure

In every Toppan production plant, R&D department, sales department, and sales promotion department inside and outside of Japan, the Company has set up an environmental management system under the control and leadership of the President & CEO and the Chief Environmental Manager. The Ecology Center, a part of the Corporate Manufacturing, Technology & Research Division at head office, is directly responsible for operating the system. The center works to instill the environmental policies and environmental targets among the employees of the various divisions and production plants, as well as to convey environmental information from the divisions and production plants back to top management.

The in-house Eco-protection Promotion System and in-house Eco-Creativity

Promotion System have been established to move the Eco-protection and Eco-creativity Activities at Toppan forward efficiently (▶P.72). These systems are advancing under the direction of the Ecology Center.

Many of Toppan's Eco-protection Activities are launched independently at the plant level. Toppan plants convene their own Eco-protection Promotion Committees, each with its own subcommittees to address specific issues. The Company's strong focus on energy-saving activities has led to a considerable strengthening of the Energy Subcommittees since the beginning of fiscal 2003.

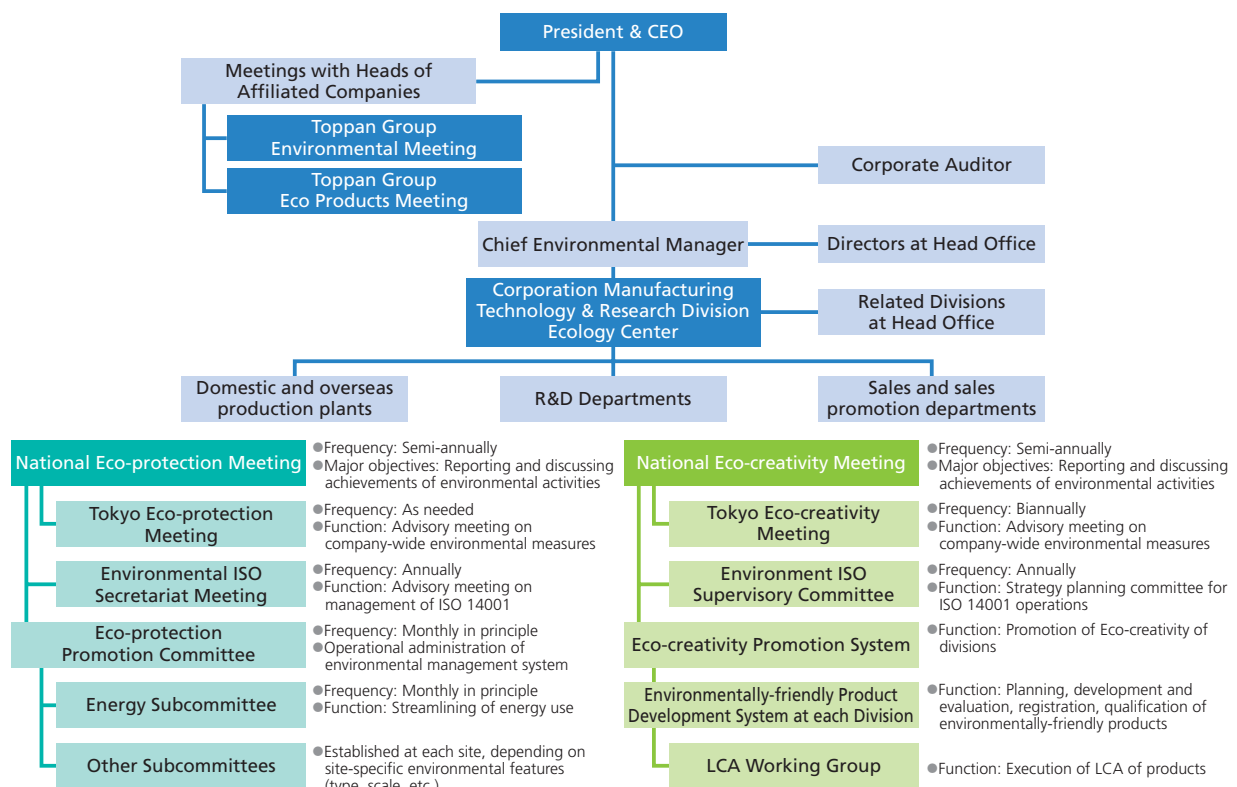
With regard to Toppan's Eco-creativity Activities, each division has established an Eco-creativity Promotion System to develop environmentally-friendly products and environmental support businesses.

### Reinforcing the Comprehensive Strength of the Group

Starting in June 2003, Toppan has begun reviews of its environmental management structure as a corporate group and organizes the semi-annual Toppan Group Environmental Meeting under the auspices of the Meeting with the Heads of affiliated companies. By confirming the progress towards the environmental targets of each company and sharing environmental issues, Toppan is strengthening its Environmental Risk Management structure and preparing and implementing measures that utilize the comprehensive strength of the Group.

Furthermore, in fiscal 2004, the 'Toppan Group Eco Products Committee' was established and began operations in earnest with the aim of sharing each group company's environmental information and standardizing product evaluation standards in the environmentally-friendly products and environment support businesses.

### Environment Management Structure



Note: Does not include some overseas subsidiaries and independent subsidiaries

# Environmental Management Activities

Toppan's DCA cycle is being fully implemented via each individual company's environmental management systems and in-house environmental auditing. Furthermore, based on environmental compliance, in other words upholding all regulations relating to the environment, in the event that an accident should occur, Toppan is implementing emergency response training.

## In-house Environmental Audit System

Toppan's in-house environmental audit system follows a two-stage screening process: a document audit and an on-site audit. The in-house environmental audit team consists of provisional auditors of the Environmental Management System and in-house environmental auditors. This team begins by inspecting and evaluating the structural status of systems, the compliance with environment-related laws and regulations, and the compliance with in-house standards at all the operational sites audited (▶ P.72). Next, the team compiles the In-house Environmental Audit Reports, a report specifying any necessary improvements pointed out during the audit, and submits it to the officer in charge. The in-house environmental audits are reviewed within the same fiscal year in order to raise the level of compliance for the following fiscal year.

### Results of Fiscal 2004 Audit

In fiscal 2004, the in-house environmental audit team audited 51 operational sites in Japan and compiled a list of 383 areas in need of improvement. To correct

these deficiencies, each operational site is now following an Improvement Plan that lists the required improvements and schedules deadlines for completion. Toppan has confirmed the progress of improvement measures on 197 items at 15 operational sites through an in-house environmental audit review. The progress and results of the remaining 186 improvement measures will be reviewed at the time of the fiscal 2005 in-house environmental audits.

Local hearings and inspections are carried out every other year at overseas production plants in the Americas and Asia. In fiscal 2004, local environmental auditing was carried out at two production plants in Asia and two in the U.S. As a result of examining the implementation and operation of environmental management systems with respect to: 1) the understanding and confirmation of compliance with local laws and regulations, 2) the environmental impact on atmosphere and water; and 3) the daily control of energy and waste, the inspection identified 29 items requiring further attention. To improve the operational conditions, the overseas plants have used the same procedures employed under the Improvement Plan for domestic plants.

## Approach to Environmental Compliance

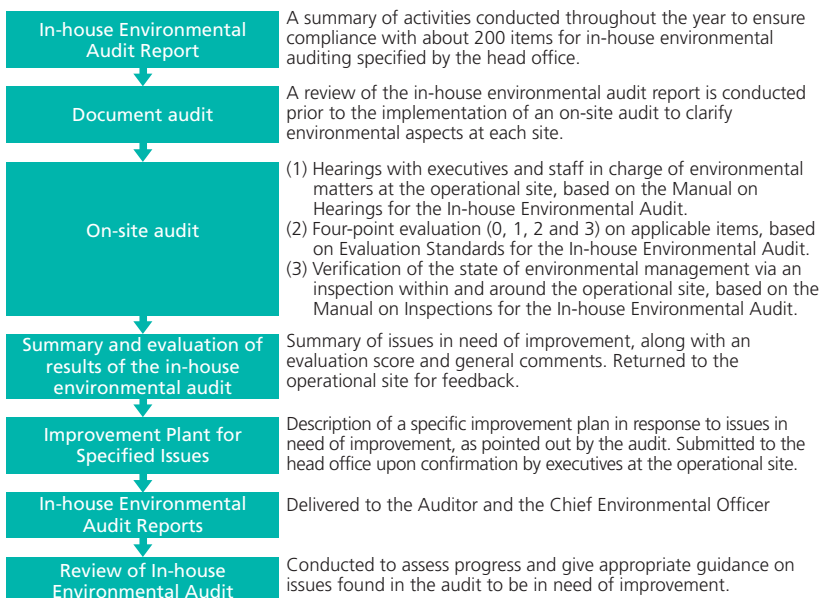
Toppan's production plants comply with all environmental laws, regulations and agreements set by national and local governments and communities. The plants also comply with Toppan's anti-pollution guidelines, which are usually stricter than national and local regulatory standards.

The compliance status at domestic operational sites is reported to head office in Eco-protection Achievement Reports every April. Overseas operation sites, meanwhile, submit Monthly Overseas Operational Site Reports, and compliance at both domestic and overseas sites is confirmed by in-house environmental audits.

### Compliance in Fiscal 2004

In respect of all production sites Toppan has confirmed that in relation to the atmosphere there were no problems at any site but with regard to water, three operational sites (BOD: 2 cases; Phosphorous levels: 1 case) recorded contamination levels exceeding the regulatory standards. The Company plans corrective measures in each case, and Toppan also plans to continue permanent corrective

### Review of the In-house Environmental Audit



An in-house environmental auditing hearing.



In-house environmental auditing.

measures in fiscal 2005 to prevent recurrence.

In terms of soil related cases, in fiscal 2001 there were two confirmed instances of soil contamination exceeding environmental or municipal standards, and one each in fiscal 2002 and fiscal 2003, all of which were handled with remediation steps. In fiscal 2004, soil contamination exceeding environmental standards was confirmed at the site of the former Fukuoka No. 1 factory and the Shiga factory. (For more details on the background, removal and remedial actions related to the site of the former Fukuoka No. 1 factory, please see Page 23, "CSR activity topics.")

At the Shiga factory in Higashiomi City, as a result of the self-imposed soil investigation conducted in the wake of land alterations in line with the reconstruction of the factory, it was discovered that chromium VI exceeded environmental standards. The Company removed and backfilled approximately 1,000m<sup>3</sup> of contaminated soil, carrying out appropriate processing and disposal in compliance with Soil Contamination Countermeasures Law under the guidance of the authorities.

Based on our experience with soil contamination at the site of the former Fukuoka No. 1 factory, Toppan plans to take preventative measures against future soil contamination by implementing regular voluntary investigations of business locations where there is the possibility of soil contamination, and coming up with a response that complies with applicable laws.

In terms of noise pollution, there was one instance in fiscal 2004 of the authorities bringing to the Company's attention noise levels that exceeded regulatory standards. The cause was noise as the result of defective outdoor equipment, to which the Company reacted by rapidly imposing sound proofing measures, and making a full report to the relevant authorities. The Company is aiming for further noise reduction at Toppan's production and business locations in suburban areas, and will continue to promote noise prevention measures.

In fiscal 2004 Toppan was not subject to any environmentally-related litigation, penalties or fines.

## Emergency Response

Chemical solvents are handled and used on a daily basis at each operational site. Some types of accidents that occur during handling and use pose the risk of soil and water pollution, particularly those that occur when the solvent is being transferred from tank trucks to tanks. Toppan is now installing pollution-preventive devices and preparing oil fences, sandbags, and other measures to prevent the outflow of solvents in the event of leaks or similar accidents at sites susceptible to having an impact on the environment.

Periodic drills are carried out to prepare the workforce for emergency action. The procedural manuals are also regularly evaluated and updated to ensure that they remain effective for actual emergencies.



In case of chemical spillages in the truck loading entrance, a pit has been dug to prevent the leakage spreading around or even escaping the area. (Toppan Electronics Fuji Co., Ltd.)

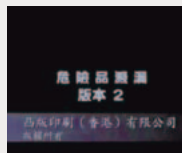


A metal drum is placed inside a special polythene container to prevent spillage while transferring waste ink (Toppan Interamerica Inc.)

## The Parallel Development of Emergency Responses

At Toppan Printing Co., (H.K.) Ltd. drills for use in emergency situations were videoed, as a way of promoting parallel

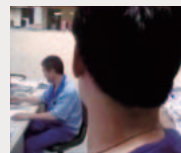
development with other divisions, and speeding up the spread of understanding to employees and other related staff.



Emergency drill video prepared by Toppan Hong Kong



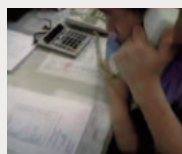
Simulation of situation of accidental solvent spillage during shipping



Employee immediately reports to superiors and awaits further instructions



Always in a state of preparedness to make a rapid response to emergency situations



Superiors rapidly relay report to HQ



Goggles, mask and rubber gloves are donned and the solvent is disposed of



Final clearing up is also conducted in a cautious manner



The video also showed responses in cases where staff members feel sick during the cleanup process

# Environmental Communication Activities

In order to make its environmental activities more fruitful, Toppan considers it important to spread awareness of its environmental activities amongst the wide range of people related to the Group, starting with employees. Toppan is developing various levels of environmental communication, including environmental education and integration into local communities.

## Environmental Education

To maintain and improve the quality and scope of its environmental activities, Toppan recognizes that its employees need to raise their level of awareness. For this purpose, the Company provides a systematic range of educational opportunities to raise the environmental consciousness of its entire workforce, from new recruits to senior managers.

In fiscal 2002, Toppan introduced an e-learning system supported by web-based training. This system offers educational opportunities for all employees without any constraints on time or place, and the network platform supports two-way communications for Q&A and other forms of dialog-based learning. Thanks to this system, employees can learn environmental issues effectively within a short time. In fiscal 2005, leveraging the characteristics of this e-learning, Toppan is implementing 'ISO 14001 In-house Auditor Education Training (2004 version).'

## Major Internal Communication Activities

### Formulation of Toppan's Environmental Logo

Every employee within Toppan must share an awareness of environmental issues if the Company is to fully understand its own impacts and promote comprehensive environmental activities. The Toppan environmental logo adopted in 1999 is now printed on in-house publications, business cards, stationery, and other materials to remind employees of the constant need for environmental action.



### Toppan's Environmental Logo

Toppan aspires to devote increasing attention to the global environment through its Eco-protection and Eco-creativity Activities. The Environmental Logo expresses both the Corporate Philosophy and Conduct Guidelines. Toppan's environmental efforts and actions are symbolized as a seed that will germinate and grow. The stalk shooting out of the seed symbolizes the "E" of ecology, and its two leaves represent Toppan's Eco-protection and Eco-creativity Activities.

## Toppan Environmental Link

The Toppan Environmental Link website was set up on the in-house intranet in May 2001 as a channel for sharing environmental information and raising employee awareness on the environment. Links to environmental information and data on environmentally-friendly products inside and outside the Company are provided.

## President's Ecology Awards

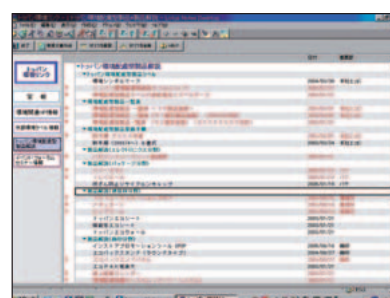
Toppan newly incorporated the Ecology Awards in its biannual lineup of President's Awards as a strategy to stimulate the environmental efforts of employees. In fiscal 2004, the following three cases were selected and received awards: 'The Thorough Promotion of Risk Communication Activities at Toppan Graphics Co., Ltd.', 'The Development of an Ethyl Acetate Recovery System at the Matsuzaka Plant' (▶P.57), and 'The Reduction of Waste through the Launch and Commercialization of Biodegradable Plant Pot Labels at the Hokkaido Division' (▶P.60).

## Fiscal 2004 Results of Toppan's Environmental Education

Training or Education		Contents	Number of Students
New employee training		General environmental education (introductory level)	215
New supervisor training		General environmental education (intermediate level)	135
e-learning		Environmental issues surrounding corporations and Toppan Group activities	5,895
Toppan Business School	Selected training	Introduction of ISO 14001	16
		Introduction to laws related to the environment	20
		Introduction of LCA	21
		Seminar to increase the level of ISO 14001 internal auditors	35
	Challenge school	4 courses related to the environment	38
Video library		2 titles related to the environment	—
In-house environmental auditor training		In-house environmental auditor training program	129



e-learning



Toppan Environmental Link



## Disclosure of Environmental Information

### Communication with Local Communities

The communities around Toppan's plants filed a total of 44 complaints and inquires in fiscal 2004, indicating that many stakeholders were inconvenienced. The complaints dealt mainly with noise and odors, two forms of urban pollution. While most of the problems were promptly solved, several require further efforts. Toppan will continue to make capital investments in efforts to improve facilities and deepen communication with local residents.

Toppan recognizes the importance of communicating with local communities. In order to make clearer its responsibility for the impact of its business activities on the environment, with the momentum from the launch of the PRTR law, the Company thoroughly reviewed both the understanding of the current situation through environmental assessment, and the way opinions are exchanged with third-parties through risk communi-

ation. Specifically, as well as presenting guidelines from the head office, Toppan shares information through holding 'Risk Communication Study Groups' and is implementing risk communication based on the actual status of each business site.

In fiscal 2004, the Matsuzaka plant, Toppan Graphics Kawaguchi plant and the Fukuzaki plant, as well as Toppan Container Co., Ltd. and the Saitama plant were all involved in exchanges of opinion with the local communities.

### Publishing the Environmental Report

Toppan has been disclosing the environmental information in its *Environmental Report* (re-named the *CSR Report* in 2004) since 1998. Furthermore, in line with the development of its global business, the same report has been available in English since 2000. Since 2000 Toppan's ISO 14001-certified sites have been issuing *Site Reports*, periodic communications directed to municipalities and residents in surrounding areas (▶P.76).

### Participation in Seminars and Holding of and Presenting at Environment Related Exhibitions

To promote a fuller understanding of the environmental efforts outside the Company, Toppan participates in a great many lectures and seminars, including its own programs and the seminars and conferences of trade and industrial organizations. Furthermore, presenting at and holding seminars, is allocated as a priority for Environment Communication activities. In fiscal 2004, as well as presenting at the Eco-products Exhibition, Toppan carried out an environmental seminar roadshow throughout the Kansai region.

The *CSR Report 2005* only presents environmental performance data from the entire Group. It is possible to obtain individual environmental performance data using the *CSR Report* URL below.

In order to view *Site Reports*, please make requests by email using the address below.

- CSR Report* URL  
<http://www.toppan.co.jp/csr/report05/>
- Address for requesting *Site Reports*  
[eco@toppan.co.jp](mailto:eco@toppan.co.jp)

## Exhibiting at Eco-Products 2004

Toppan was an exhibitor at Eco-Products 2004 in December 2004. Four major companies within the Group—Toppan Forms Co., Ltd., Toppan Label Co., Ltd. and Tokyo Shoseki Co., Ltd.—exhibited their own environmentally-friendly products and explained Toppan's Group-wide environmental approach to interested visitors.

Environmentally-friendly products were separated into the following three categories and presented. The categories are: 'woodland protection', 'atmosphere protection' and 'land protection (reducing landfills)'. Quantitative results for each environmentally-friendly product were presented as they are used across Japan. Moreover, the Eco-mini Plaza was opened and environmental events were held.



The Toppan booth was designed to allow people to gather under the large tree in the center



'Kinder Eco Clay (soft)' a froebel-kan modeling clay which uses composite vegetable oils but does not have the typical smell of oil-based clay greatly impressed those who saw it.



Regarding the atmosphere, Toppan displayed environmentally-friendly products that produce only small amounts of harmful gases even after disposal or burning



Making Christmas decorations from printing trimming waste

# Preventing Global Warming and Conserving Energy

In fiscal 2004, Toppan was unable to achieve its CO<sub>2</sub> emissions targets. However, by strengthening its energy management structure clear results began to be seen from energy conservation methods. Promotion of these energy conservation methods will be continued and strengthened in fiscal 2005.

## Energy Saving Activities

### Basic Policy on Energy-saving Activities

Toppan is constantly striving towards more effective ways to use energy in an effort to reduce greenhouse gas emissions, including CO<sub>2</sub> (carbon dioxide) emissions. To respond to Kyoto Protocol targets for reduced CO<sub>2</sub> emissions Toppan has established the following medium- and long-term targets:

By fiscal 2010, Toppan seeks to increase its environmental burden improvement index (sales/CO<sub>2</sub> emissions) by 20% relative to the level in fiscal 2000.

The Company also set targets for each fiscal year based on the medium and long-term targets. To meet Toppan's overall targets for the year, every production facility sets individual targets per basic unit of production value and per basic unit of production volume.

In fiscal 2004, Toppan began activities with the set aim of increasing its environmental burden improvement index by 9% but was not able to reach that target, realizing a result of 2.2%. The results of energy conservation, through strengthening and review of energy management structures, did not spread to the reorganization of business sites through new establishments such as the recognition

of production systems and implementation of environment preservation facilities. For this reason, Toppan is striving to improve the basic production amounts in each production site as far as production units are concerned, and make improvements in the majority of business sites.

### Examples of Energy Consumption Measures

From fiscal 2003, Toppan has been reviewing its management system for the rationalization of energy use. Along with its Energy Management Policy, the Company has appointed personnel to handle energy management at each production plant and, by establishing the Energy Subcommittee (which in principle meets each month), the Company is driving energy saving activities.

Equipment management activities are also being reviewed at each production plant to ensure compliance with the Energy-saving Law. Part of this effort includes the Energy-saving review, a specialized review held each year to identify and correct any problems. Wide-ranging improvements were confirmed in energy conservation items indicated in the previous fiscal year at 39 production plants targeted as needing improvements in energy management structure in 2004.

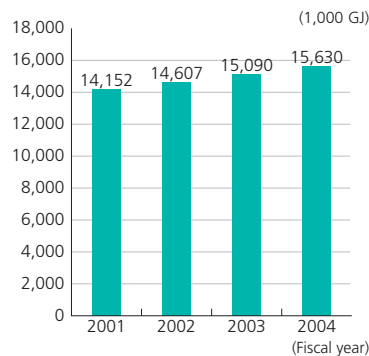
### Energy Savings via Improvements to Air Conditioning Equipment

At the Toppan Graphics Kawaguchi plant, a production center in the Information and Networks field, the Company has placed partitions between the ceiling and the printing machines in order to promote reductions in VOC emissions. By preventing the flow of VOC from the interior of the printing room, the Company has managed to increase the processing efficiency of its solvent recovery equipment. By putting partitions into place, the area to be air conditioned has been reduced by 25%, and by replacing facilities with two air conditioners capable of operating as stand alones it has been possible to operate the air conditioners in line with production conditions. The effects of the improvements in air conditioning facilities can be seen in the successful reductions of 210 MWh in electrical energy, and 644,000 m<sup>3</sup> in gas energy achieved by the Company. This amounts to 1,438t when calculated as CO<sub>2</sub> emissions; equivalent to 3.3% of total emissions from the Kawaguchi plant in the business year for 2004.

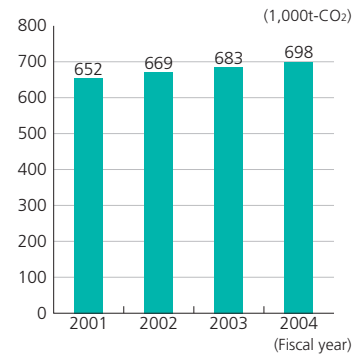


By placing and sprinkling water onto the tops of factory roofs, radiant heat from the sun's rays in summer is reduced, decreasing the burden on air conditioning. (Kumamoto plant)

### Energy Consumption



### CO<sub>2</sub> Emissions



Note: Excluding certain overseas subsidiaries and independent subsidiaries. For calculating energy consumption and CO<sub>2</sub> emissions, the Company referred to the Ministry of the Environment's Guidelines for Greenhouse Emissions Calculations from Businesses. Detailed percentage data by type of energy is shown on page 74.

# Waste Reduction and Promotion of Recycling

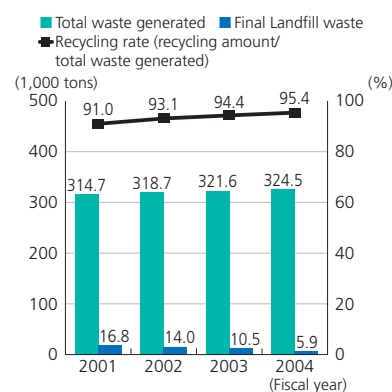
Through its skillful management of waste materials, Toppan has reduced its final disposal amount by 44% compared to the previous fiscal year and increased the number of zero-emission sites to 20. Toppan will continue to actively promote the reuse of waste as a recycled resource.

## Waste Reduction Activity

Waste paper, a waste product derived primarily from Toppan's Information & Networks and Living Environment fields, comprises 72.4% of the total waste generated by Toppan's operational sites. Waste acids (such as waste etchant from plants in the Electronics field) and waste plastics (from plants in the Living Environment field) also make up substantial portions of the total waste generated.

As an incentive for improved waste management performance, the Company has set a target to reduce its final disposal (direct landfill disposal volume + landfill disposal volume of residues from intermediate treatment) by 90% in fiscal 2010, relative to the level in fiscal 2000. In fiscal 2004, company-wide efforts to thoroughly separate and recycle wastes led to a 44% reduction in final disposal relative to the fiscal 2003 level. This far surpassed the 10% reduction targeted for the year.

## Total Waste Discharge and Final Disposal Waste/Recycling Rate



Note: Due to changes in the definition of recycle amounts, data from previous years have been revised.

## Development of Zero-emissions Target

In a move to standardize its approach to waste reduction, Toppan launched activities to achieve zero-emission targets at a number of plants selected as "zero-emission models" in 1999. Based on the results achieved at these model plants, Toppan began certifying "zero-emission plants" in November 2001.

Toppan encountered obstacles in achieving its zero-emission targets when external factors beyond the Company's control began dictating the regeneration and reuse rate (recycling rate). As a solution, Toppan reviewed its certification criteria and redefined zero-emission plants as plants with a regeneration-and-reuse rate of 98% or more. The Ecology Center in the head office certified 20 sites on the basis of these new criteria at the Toppan National Eco-protection Meeting held in November 2004 (▶P.74).

## Waste Disposal by Type

Type of Waste	Disposal Amount (tons)	Ratio
Waste paper	234,871	72.4%
Waste plastic	25,657	7.9%
Waste acid	19,225	5.9%
Sludge	12,210	3.8%
Waste oil	10,405	3.2%
Waste alkali	8,680	2.7%
Metal chips	5,221	1.6%
Wooden chips	2,602	0.8%
Cinders	2,473	0.8%
Glass chips	1,173	0.4%
Others	1,963	0.6%
Total	324,479	

## Reuse of Waste as Recycled Resources

Two important tasks in the work to achieve zero-emission efforts are to use wastes more effectively in-house and to develop recycling through external communication. Toppan is committed to reusing the waste from each process throughout the Company.



Cyclic use of VOCs in emitted gas as recycled solvents through reclamation and purification of emitted gases with solvent recovery processing equipment. (Matsuzaka plant)



Cyclic use of waste plastics generated by business sites as a recycle pallet. (Toppan Plastics Co., Ltd. Koshigaya plant)



Through the RPF (Refuse Paper and Plastic Fuel) system introduced in 1999, waste plastic and paper is recycled as solid fuel. (Sagamihara plant)

# Pollution Prevention and Chemical Substance Management and Reduction

Toppan is working to reduce its burden on the environment and prevent pollution by complying with legal regulations and establishing more stringent control standards of its own. Continuing from the previous fiscal year, in fiscal 2004 Toppan continued to greatly reduce VOC emissions concentrating on toluene.

## Pollution Prevention Activities

Toppan is now developing activities to prevent pollution and minimize the environmental burden of its production activities. Through these efforts, the Company will acquire an accurate picture of the actual state of the various environmental burdens at each operational site. The Company is working actively to reduce its burden on the environment and prevent pollution by complying with in-house control standards (established by the Ecoprotection Promotion Committee for each operational site) even more stringent than the legal regulations.

### Preventing Atmospheric Pollution and Protecting the Ozone Layer

To prevent atmospheric pollution, Toppan controls smoke and soot generating facilities such as boilers and incinerators by switching fuels and managing operations under appropriate combustion conditions. At the same time, the Company has introduced VOC waste gas treatment equipment for the thorough control of atmospheric pollution prevention.

Substantial progress has been achieved in ozone protection. In March 1994,

Toppan abolished the use of specific CFCs (chlorofluorocarbons) and 1,1,1-trichloroethane, two ozone-depleting substances mainly used in cleaning processes. Toppan regularly updates and replaces the remaining refrigerating machines that still use CFCs throughout the Company (two units abolished in fiscal 2004, 13 units currently in use). Another solid achievement in ozone-protection for fiscal 2004 was a large 40% reduction in the emissions of HCFCs (hydrochlorofluorocarbons), a family of CFC-substitutes used in cleaning processes.

### Preventing Water and Soil Pollution

Toppan reduces water pollution at its plants by installing wastewater treatment facilities designed to ameliorate the environmental burden imposed by specific production processes.

Toppan's principal safety concern in managing its chemical solution storage tanks is to prevent the leakage of fluids. Walls have been constructed around the storage tanks, and workers regularly inspect the tanks and piping to detect cracks and other flaws before soil pollution can occur.

## Management and Reduction of Chemical Substances

Toppan has managed its chemical substances in conformity with the PRTR Law since the law went into force in July 2000 (▶P.75). Management systematically studies the status of chemical usage and explores the feasibility of introducing alternatives to improve compliance with environmental targets.

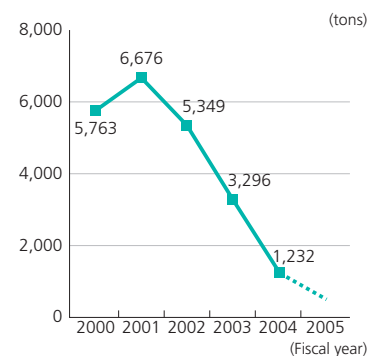
### Fiscal 2004 Performance

In fiscal 2004, the Company successfully achieved reduced emissions into the environment by 62% in 16 of the 18 specified chemical substances that are subject to registration, and for which there was evidence of emissions in the previous comparable period. In particular, compared to the previous period, the Company achieved a significant 63% increase in reductions of toluene and dichloromethane emissions for which environmental targets had been established. Toppan will continue to make efforts in activities aimed at reducing the amount of PRTR designated chemical substances in use and the volume emitted into the environment.



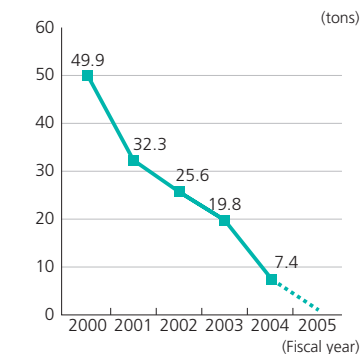
Gas emissions processing equipment (Fukuzaki plant)

### Toluene Emissions into the Atmosphere



Note: covers operational sites that handle at least 1.0 ton annually

### Dichloromethane Emissions into the Atmosphere



Note: covers all sites

## Approach to Logistics

Toppan Logistics Co., Ltd. handles the distribution and logistics of the Toppan Group. The main environmental challenge in logistics is to reduce the environmental burden caused by transportation. The introduction of, and operations of environmental management systems and implementation of Ecodrive is being fully pursued.

### Leveraging Environmental Management Systems

Toppan Logistics is undertaking and developing various activities to reduce atmospheric pollutants, including CO<sub>2</sub>, NO<sub>x</sub>, and PM emitted from company trucks. Regarding the ISO 14001, as well as the Kawaguchi (Saitama) site being certified in October 2002, it is planned that the Nishigaoka (Tokyo) plant and sales division will also acquire it.

In October 2004, recognizing the Transport Division's achievement with regard to environmental impact, it was certified as a 'Green Business' by the EcoMo Foundation.

### Operating the Environmental Awareness Management System (LEMS)

By fiscal 2010, Toppan is aiming to reduce CO<sub>2</sub> emission levels by 10% from the levels in fiscal 2002 and is promoting decreases in the number of vehicles used and the distance traveled as well as changing transport methods (modal shift). Regarding the reduction of vehicles,

Toppan is promoting mixed transportation between Kanto, Kansai, Chubu and Kyushu, as well as promoting mixed transportation within specified areas. Toppan is also striving to increase the effectiveness of loading by developing bases, and increase transportation efficiency.

On the other hand, as measures to reduce transportation distances, in fiscal 2004 Toppan introduced GPS systems to keep track of the whereabouts of vehicles. During fiscal 2005 Toppan installed GPS systems in 150 vehicles and is making plans to increase the efficiency of vehicle allocation and routes. As a result of these measures, CO<sub>2</sub> levels in fiscal 2004 were 7.6% lower than the level in fiscal 2002.

### Promotion of Ecodrive

As part of Ecodrive activities, Toppan has allocated increasing fuel consumption efficiency by 30% from the fiscal 2002 level. The Company is carrying out workshops and practical training for drivers as well as morning briefings and attaching educational stickers to the vehicles.

Toppan has also begun the lateral spread of Ecodrive activities into affiliated transportation companies.

Toppan's Fuel consumption efficiency in fiscal 2004 was 13.0% higher than in fiscal 2002. In fiscal 2005 it is planned to increase the number of affiliated transportation companies to 40 with 250 vehicles, while at the same time the three year plan calls for an increase to 100 companies with 1,000 vehicles.

### Other Activities

Responses to the laws and regulations pertaining to diesel fuel in eight cities and Hyogo Prefecture is 100% completed, including affiliated companies.

Regarding waste products, as activities to follow the completion of zero-emission, the 'Waste Committee' and its members as an organization, are promoting turning waste into useful material. In fiscal 2004, Toppan succeeded in surpassing its conversion target of 65%, achieving a 75.6% rate.

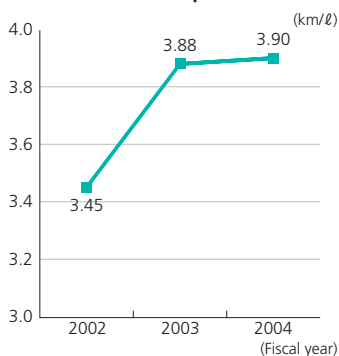
#### Fuel Consumption Ratio Improvement Activities (Company-owned transportation)

1. Ecodrive Committee (semi-annually)
2. On-site Training (semi-annually)  
Compared with professional driver data  
Realizing Benefits
3. Monitoring of progress (every day)
4. Feedback on problem areas (as necessary).  
Indicate and train through individual meetings
5. Public display of results (everymonth)  
Publish results by month and individual  
Confirmation of feeling of achievement
6. Motivation through awards
7. Confirmation of safety by all employees (every day)

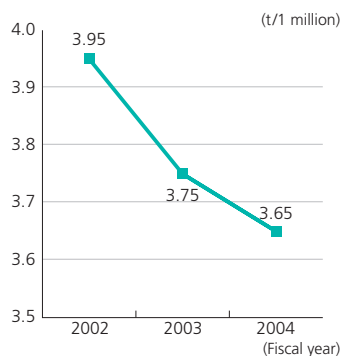


Green Management certification sticker

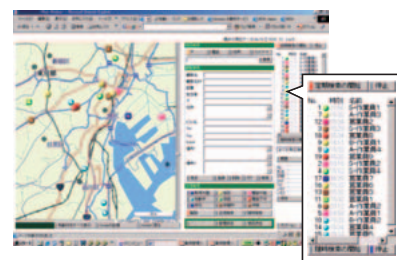
#### Trends in Fuel Consumption Ratio



#### Trends in CO<sub>2</sub> Emission Amounts



Note: Calculated based on the Ministry for the Environment's 'Environmental Activities Valuation Program' (April 2002).



GPS system tracking the whereabouts of vehicles

# Development and Assessment of Environmentally-friendly Products

The planning and development of environmentally-friendly products is carried out based on Toppan's in-house guidelines, which are compliant with ISO 14021. Furthermore, Toppan is striving to quantify the environmental burden through its ISO 14040 compliant LCA procedures. Each Group company has introduced Eco-products standards and is playing a role in the planning, development and assessment of environmentally-friendly products.

## Toppan's Basic Thinking on Environmentally-friendly Products

Toppan plans and develops its environmentally-friendly products in accordance with the environmentally-friendly product management flow described on page 44. The design and development procedures conform with a 14 point set of Environmental Evaluation Standards Guidelines developed independently by Toppan based on ISO 14021 standards. Each division carries out its own evaluation, and the Ecology Center performs a final inspection to ascertain whether the developed products meet all the criteria for registration as environmentally-friendly products. Only products that pass the final screening can be registered as environmentally-friendly products.

In addition to adding environmental labels to clarify the features of its environmentally-friendly products, Toppan has publicly disclosed its 14 Environmental Points to ensure accountability. 80 environmentally-friendly products were registered as of the end of March 2005 (▶ P.77).



**EPOP**  
An electronic POP made with safe materials. Solder around the board does not use lead.



**Biodegradable plant pots**  
Produced using biodegradable plastics which are broken down by microbes in the soil.



**Plastic clips**  
Clips used to seal pouches are made using recycled PET. This saves on natural resources by reducing the amount of material.



**Jar Plus**  
Receptacle made with specially constructed plastics to reduce the amount of plastic used.

## Toppan's 14 Environmental Points and Environmental Considerations

Life Cycle Stage	ISO 14021 Environmental Labeling Type II	Toppan's 14 Environmental Points for its Environmentally-friendly Products	Toppan's Standards
Products and Distribution		1. Use of safe materials	The Company will not use substances banned by industry organizations or substances that may result in the contamination of any of the materials used in the Company's products with environmental hormones.
	Recycling rate	2. Use of recycled materials	Toppan will not produce products from recycled materials that do or may contain environmental hormones or substances banned by industry organizations.
	Resource reduction	3. Resource-saving	The consumption of resources is reduced during the materials production and logistics processes.
		4. Reduced energy consumption in production	The consumption of energy and water is reduced during the production and logistics processes.
	Recovered energy	5. Use of recovered energy	Products are manufactured with surplus energy or energy recovered from waste materials.
	Reduced solid waste	6. Reduced solid waste	The generation of solid waste is reduced through modifications of the design process, product design, and packaging. (By products reused in processes are not included in this category.)
Use	Energy-saving	7. Energy-saving	Energy consumption is reduced during product operation.
		8. Reduced release of chemical substances	Products release the lowest possible levels of chemical substances.
	Long-life products	9. Long product life	Product lifetimes are extended by improving durability and adopting scalable designs.
After use	Reusable/Refillable	10. Reusability	Products can be reused or refilled for their original or related purposes Systems and infrastructures are provided for collection and reuse.
	Recyclable	11. Recyclability	Systems and facilities are provided for product recycling. Recyclable parts are indicated as such.
		12. Suitability for disposal	The materials used discharge the lowest possible levels of harmful gas during incineration. Landfill waste is carefully treated to prevent all forms of soil contamination.
	Easy detachment design	13. Easy separation and disassembly	Product designs enable easy separation and disassembly. The parts and materials used support product recycling.
	Degradability	14. Biodegradability	The biodegradable or photodegradable materials contained in the products break down naturally and are assimilated back into the environment.

### LCA Activities

In order to gain a quantitative grasp of the burdens of its products, Toppan uses LCA\*1 methodology in line with ISO 14040 in environmental impact assessment activities.

In fiscal 2004, in the Living Environment fields, the Company carried out an assessment of biodegradable film packaging materials using CO<sub>2</sub> emissions, and conducted a comparison with polypropylene film packaging materials at the Tohoku Division. In the Electronics business, Toppan also carried out a comparative assessment of CO<sub>2</sub> emissions at the Technical Research Institute, employing a new manufacturing procedure for color filters used in Liquid Crystal Displays which revealed the environmental impact produced as a result of the differing processes. The Company also established an 'LCA Sub-committee', at the Technical Research Institute with the goal of acquiring ISO 14001 accreditation. As a result, it can be seen that Toppan is including LCA assessments right from the very start with the R&D stage.

In fiscal 2005, the Company is implementing LCA at the Tohoku Division in line with the configuration of ISO 14001.

The Company also plans to introduce LCA at other regional divisions that are producing Living Environment products. At the Technical Research Institute, the Company carries out LCA assessment on numerous products, and is accumulating fundamental data on environmental design.

### Activities at the Tohoku Division

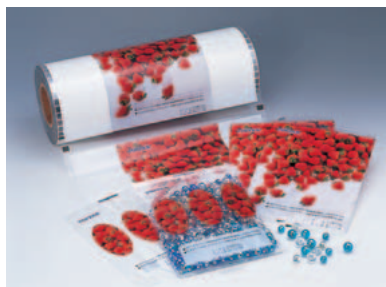
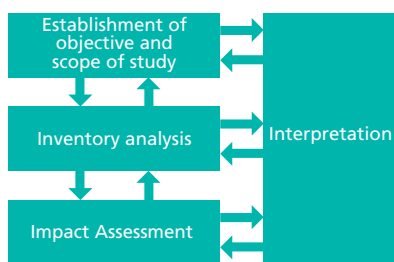
Toppan has implemented LCA regarding biodegradable packaging at the Tohoku division. In the early stages, there were varying reactions to the basic thinking behind LCA and in the commitment to the project from the materials makers that cooperate with Toppan on data gathering. However, Toppan has now improved communication with each company by holding a series of discussions, and is now in the position to request that each company continue to develop LCA data. Toppan positions LCA as an important criteria of environmental impact levels in the choice of materials and processing methodology in developing new products going forward, and aims to strengthening the systematic implementation of LCA itself.

\* LCA: Life Cycle Assessment

### Activities at Group Companies

Toppan group affiliates are also contributing to the establishment of a recycling oriented society through production activities that place importance on the preservation of the global environment. From fiscal 2004, Toppan drew upon ISO 14021 to establish the 'Toppan Group (TG) Eco Products Guideline,' following discussions with group companies. In accordance with this guideline, each member company of the Toppan Group has set up their own Eco-products Guideline, in line with the conditions in their respective industries. Toppan group companies are making efforts to develop, produce and market environmentally-friendly products based on this Eco-products Guideline at the same time as reinvigorating the environmental activities of the overall group by gaining accreditation for environmentally-friendly products.

### LCA Assessment Sheet



Packaging materials using biodegradable film and ink on which the Tohoku division performed LCA analysis



'Environmentally-related publications' from Tokyo Shoseki Co., Ltd that play an important role in environmental education and other enlightenment activities



LCA analytical software from the Japan Environmental Management Association for Industry used in LCA analysis



Clay that uses synthetic vegetable oil and is easy on the skin. The clay is also odor free and can be disposed of in regular flammable rubbish. froebel-kan co., ltd.

# Promoting Environmentally-friendly Printing Services

Toppan provides its environmentally-friendly printing services to respond to the demands of society. Every process is approached from an environmentally-friendly stance, from the initial design and selection of environmental inks and papers to the latter stages of printing, binding, and processing.

## Introducing GPN's Order Guidelines for Offset Printing Services

As a member of the Green Purchasing Network (GPN) (▶P.31), Toppan minimizes the environmental impact of printing and provides printing services based on the Guidelines for Ordering Offset Printing Services. The Company applies environmentally-friendly technologies at every step in the process, from the selection of designated inks and papers to surface processing, binding, and packaging. Many local governments and companies involved in green purchasing activities have adopted these services.

## Production and Plate-making

By digitalizing the entire process from drafts to plate-making, Toppan saves natural resources and energy.

## Using Environmentally-friendly Inks

Toppan has developed a soybean oil ink that contains virtually no aromatics, a class of organic compound thought to

be harmful to both life and the atmosphere. The Company has also commercialized a recycled vegetable oil ink made from used soybean oil collected from school cafeterias, restaurants and other such sources.

## Toppan's Environmentally-friendly Paper

Printing paper is a commodity made from forest resources. Types of printing paper in use today help conserve forest resources: recycled paper, tree-free paper, and paper made from tree-thinnings, as well as FSC certified paper.



## Waterless Printing System

In lieu of water, the waterless printing system uses a silicone layer that repels ink. This eliminates the need for dampening water containing IPA (isopropyl alcohol), an organic solvent, and the resulting discharge of liquid waste.



## Environmental-friendly Bookbinding and Finishing Processes

Fragmentation-resistant hot-melt is an adhesive suitable for use on paper to be recycled. Besides offering strong cohesion, it can be completely removed from printed materials without fragmenting during recycling. Toppan has also developed Eco-binding and other bookbinding and manufacturing processes that confer outstanding recyclability to bound printed materials by eliminating the use of stitching (wire).

### Toppan's Advanced Technology

- Color Management System (CMS): A computer-based color management technology for printing
- Digital photography technology: A photographic technology that requires no film
- DDCP (Direct Digital Color Proof): A color proof technology that generates far less film at the plate-making stage
- CTP (Computer to Plate): A plate technology that sends digital data directly to the printing plate

## Environmental Considerations in Producing this Report

Toppan actively applies various environmentally-friendly technologies and methods in the printing of the *Toppan CSR Report*.

The paper used for the cover page is tree-free 'Cotton Linter Pulp'. This is a pulp refined from the short fibers of cotton used for clothing. As this cotton has short fibers growing inside it, it was not suitable for clothing use so those parts have been used as materials for printing paper.

### Environmental Considerations in the *Toppan CSR Report 2005*

Process	Specific Measures	Environmental Considerations
Photography	Use of digital photography wherever possible	Elimination of filming and development processes (photographs used in data form)
Design and editing	Digital processes by DTP	Reduction of mid-process materials
Plate-making	Plate-making by CTP	Elimination of films for plate-making
Printing	Sheet-fed press waterless printing	Reduction of IPA use Elimination of waste fluids
Paper	Cover: 10% Cotton Linter + 90% non-chlorine bleached pulp papers Main section: 70% recycled paper	Forest resource-saving and encouragement of forest nurturing
Ink	Recycled vegetable oil made for waterless printing	Resource-saving, use of recycled materials
Bookbinding and finishing	Fragmentation-resistant Hot-Melt (EVA-base)	Improved recycling efficiency



## Efforts to Build a Recycling-oriented Society

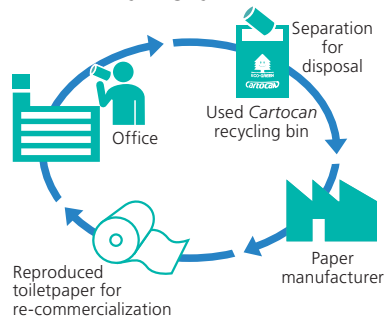
Toppan is fully aware of the importance of taking the initiative in the 3Rs (reducing, reusing and recycling) to achieve a recycling-oriented society. As well as developing products which can be recycled, Toppan is also involved in a range of activities to develop mechanisms for recycling.

### Cartocan Recycling

In April 2004, with the aim of contributing to the protection of the environment and expanding supply and demand for *Cartocans* Toppan established the 'Conference for Spreading Paper Soft Drink Containers that Protect the Environment' with 30 soft drink and paper companies. Toppan took part in 10 events such as the Eco-products Exhibition, and strove to increase awareness of its activities.

Toppan's Packaging Division established a system for the recycling into toilet paper of empty *Cartocans* in January 2002. The *Cartocan* recycling system salvages the paper from unwashed *Cartocans* and re-commercializes the recycled material. *ECO-GREEN*, an environmentally-friendly toilet paper, is made from about 50% used *Cartocans*. Toppan purchased 1,486 cases (60 rolls a case) of *ECO-GREEN* in fiscal 2004, making it the nation's largest user of the product.

### Cartocan Recycling System



*ECO-GREEN* toilet paper made using recycled *Cartocans*.

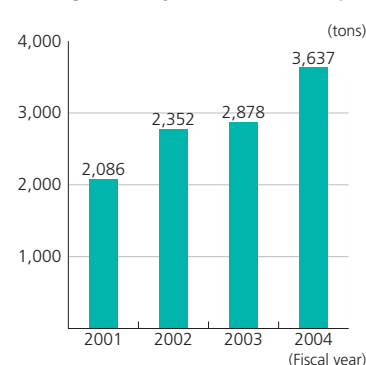
### Establishment of a Printed Material Recycling System

Recycling must be earnestly adopted in every part of life before a truly recycling oriented society can be established. As Toppan uses large amounts of printing paper, it has been promoting a self-completing recycling system for printed materials that encourages activities conducive to resource conservation.

Yet this is a system that can only bear fruit if customers and paper manufacturers share Toppan's goal of building a recycling-oriented society. Discarded printed materials recovered from consumers by paper manufacturers are recycled into Toppan's original printing paper and redelivered to consumers in the form of new printed materials.

The Chubu Division of Toppan is presently operating the printed material recycling system in collaboration with the Tokai Co-op Consumers' Co-operative Federation, along with its member co-ops: Meikin Coop, Co-op Gifu, Mikawa Citizens' Coop, and Co-op Mie. During fiscal 2004, the system recovered 3,637 tons of used paper, an approximately 26% increase over the previous fiscal year.

### Catalog Recovery at the Tokai Co-op



### Participation in and Cooperation with Tree Planting Programs

In 1997, Toppan in collaboration with Oji Paper Co., Ltd and Nissho Iwai (now Sojitz Corporation), established GPFL\*1 a joint tree planting venture aimed at producing hardwood chip in Victoria, Australia. (Hokkaido Electric Power Co. has been involved in the venture from 2000). Toppan is also a participant in joint research related to the development of methodology for monitoring CO<sub>2</sub> absorption in forests. From fiscal 2004, Toppan has also been a participant in PPT's\*2 hardwood planting program in Tasmania, Australia.

Since fiscal 1999, aiming to secure paper and pulp resources for future generations, the Company has been enrolled as a supporting member of Japan Overseas Plantation Center for Pulpwood, which conducts study and research related to plantations, in order to contribute to the healthy economic development of various regions overseas and the preservation of the global environment.

\*1 GPFL: Green Triangle Plantation Forest Company of Australia Pty. Ltd

\*2 PPT: Plantation Platform of Tasmania Pty. Ltd



In GPFL, Toppan is aiming for 10,000 hectares of forest by 2006. In fiscal 2004, the Company achieved 6,100 hectares.



In PPT, Toppan has set a goal of foresting 7,500 hectares by 2014. From 2000 to 2004, the Company had achieved 2,400 hectares.

**Environmental Improvement Activities at Overseas Business Centers**

During fiscal 2004, Toppan implemented in-house environmental audits at four overseas locations, including Siam Toppan Packaging in Thailand, Toppan Samporna Indonesia (TSI,) Toppan Printing Co. (America), Inc. (New Jersey) and Toppan Interamerica's Atlanta plant. Beginning with the configuration of environmental management systems and their operation, the audits mainly covered developments in environmental performance improvements, including waste materials and energy, and confirming the existence of chemical material management systems.

Improvements were seen at each plant in areas where recommendations had been made previously, and measures were adopted to improve environmental performance. In particular, TSI was evaluated for its forward looking environmental activities, and lateral development carried out in Japanese domestic locations

through the "National Eco-guard Council."

TSI acquired ISO 14001 certification in November 2004, and has been fully engaged on a company wide level with the promotion, dissemination and development of environmental activities. During the review of the environmental management system, the Company implemented a variety of facilities based responses. Regarding operational improvements, TSI also established a common rule on separating waste materials at each work station through a bold review of 5S throughout the entire factory. As a result, major advances were seen in the separating of waste from each work station. The thorough implementation of 5S activities has led not only to environmental improvements, but has also begun to produce results on the safety and quality levels as well.



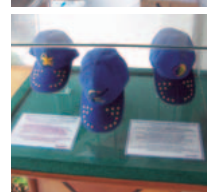
Toppan independently produces and publishes Environmental Report 2004.



The Company renews its underground effluent tanks, and increases the use of warning devices against the possibility of emergency situations including leakages.



Toppan reviews recovery methods for waste ink. An example of improvements to operating efficiency, while also preventing ink splashing over to surrounding areas.



Staff awarded "Winner's Caps" in recognition of the accomplishments achieved through outstanding activities. (Lateral development of a system put into practice at Siam Toppan Packaging.)

**Promoting Efforts Aimed at Acquiring ISO 14001 Accreditation Covering the Entire Range of Business Activities from R&D through Planning, Production and Sales**

Fiscal 2004 was a turning point for activities aimed at acquiring ISO 14001 certification. Toppan built an environmental management system covering the entire range of business activities at four domestic manufacturing and sales bases concentrated mainly in regional centers. The Company did not stop at environmental conservation activities in offices and factories, as operations and staff worked together along with the manufacturing workshop to promote environmental activities covering environmentally-friendly products and services from the planning stage through production to sales and marketing.

In May 2005, the Toppan Technical Research Institute—the R&D backbone of the Company—acquired ISO 14001 certi-

fication. The Technical Research Institute, situated at Sugito Town in Saitama Prefecture, features an environmental management system that subjects all products to assessment forecasts of their environmental impact at the R&D stage, and reflects these results in research activities. LCA methodology is also adopted, depending on the research theme. The Technical Research Institute acquired Eco-stage III\* in recognition that LCA effective management has been incorporated into existing operations.

\*A private sector standard that recognizes the degree of progress in environmental management, including "green procurement," and management at waste material contractors. This standard aims to complement ISO 14001, at the same time as, supporting the stage by stage development of environmental management in line with the scope of the organization.

**Toppan's efforts as a Member of Team Minus 6%**

As a member of "Team minus 6%," Toppan promotes anti-global warming measures. As one facet of our office eco-protection activities, the Company is promoting 'Coolbiz' at our Sales and Administration divisions, making the announcement via posters and display boards posted at each business center that give a run down of the movement. Toppan has gone one step further at its West Chugoku and Shikoku Sub-division, looking to heighten the sense of participation by having all staff members wear badges.



Coolbiz badge

**Registered Scope and Sites of Accredited Divisions**

	West Chugoku and Shikoku Sub-division	Kansai Commercial Printing Sub-division/Kansai Securities Printing Sub-division	Tohoku Division	Hokkaido Division
Registered Scope	Planning, sales and marketing, business management and production of business and packaging type printed materials	Planning, production along with sales and marketing of business printing and securities printing (Takino plant received accreditation in October 2002)	Planning, design, plate making, printing, processing along with sales and marketing of general printing and packaging (packaging materials)	Planning, design, plate making, printing, processing along with sales and marketing of general printing and packaging (packaging materials)
Site	West Chugoku and Shikoku Sub-division, (including the Hiroshima office,) Fukuyama sales office, Matsue sales office, Yamaguchi sales office, Matsuyama sales office, and Kannabe Toppan.	Kansai Commercial Printing Sub-division/Kansai Securities Printing Sub-division, Hokuriku sales office, Kyoto sales office, Osaka Toppan Display Oyodo plant.	Tohoku Division (including Sendai plant,) Aomori sales office, Hachinohe sales office, Morioka sales office, Akita sales office, Yamagata sales office, Koriyama sales office, Utsunomiya sales office, Niigata sales office	Hokkaido Division (including Sapporo plant) Chitose plant (including Chitose sales office)

Note: Scope of registration of integrated research sites: R&D of Printing Related Products and Related Businesses

# Data and Additional Information

## **Basic Reporting Data**

Corporate Profile	66
Group Profile	

## **Economic Performance Data**

Key Financial Data (Consolidated)	67
Corporate Governance	

## **Social Performance Data**

Conduct Guidelines	68
Information Risk Management	69
Green Procurement/Green Purchasing	
Strengthening Product Quality Assurance	70
Hiring and Employment	71
Data Relating to Human Asset Development	
Data Related to Leveraging Personnel	
Application of Human Resources Measures	
Workplace Health and Safety	

## **Environmental Management Data**

Organizational Structure	72
Environmental Accounting	73

## **Eco-protection Data**

Energy Type Ratio and Consumption	74
Promotion of Waste Reduction and Recycling	
Preventing Pollution/The Management and Reduction of Chemical Materials	75
Atmospheric Emissions	
Environmental INPUT/OUTPUT Data by Site	76
Environmental Communication	

## **Eco-creativity Data**

Development of Environmentally-friendly Products	77
--	----

## Corporate Profile

Corporate name	Toppan Printing Co., Ltd.
Head office	1, Kanda Izumi-cho, Chiyoda-ku, Tokyo 101-0024 Japan Phone +81-3-3835-5111
Established	January 17, 1900
President & CEO	Naoki Adachi
Number of employees (Nonconsolidated)	10,548 (end of March 2005)
Number of employees (Consolidated)	32,724 (end of March 2005)
Capital (Nonconsolidated)	104.9 billion yen

## Group Profile

The Toppan Group comprises Toppan Printing Co., Ltd. and 147 related companies (126 subsidiaries and 21 affiliates) engaged in a wide scope of businesses of which 3 main fields are Information & Networks, Living Environment, and Electronics. The position of Toppan and its affiliated companies with respect to these business fields is outlined below.

### ■ Toppan Group Structure

Toppan Printing Co., Ltd.

<b>Information &amp; Networks</b>
Manufacturing Companies
Toppan Display Co., Ltd.
Toppan Graphic Co., Ltd.
Toppan Graphic Communications Co., Ltd.
Toppan Seihon Co., Ltd. 16 other companies
* Hino Offset Printing Co., Ltd. 2 other companies
Hamamatsu Toppan Forms Co., Ltd. 10 other companies
T.F. Company, Ltd. (Hong Kong, China) 8 other companies
* Korea Toppan Forms Co., Ltd. (Republic of Korea) 8 other companies
Manufacturing and Sales Companies
Toppan Forms Co., Ltd. 2 other companies
* Tosho Printing Co., Ltd.
* Tokyo Magnetic Printing Co., Ltd.
Toppan Printing Co. (America), Inc. (USA)
Toppan Printing Co., (H.K.) Ltd. (Hong Kong, China)
Toppan Printing Co., (Shenzhen) Ltd. (China)
Toppan Printing Co., (Shanghai) Ltd. (China) 3 other companies
Sales Companies
froebel-kan co., Ltd.
Total Media Development Institute Co., Ltd.
Toppan Travel Service Co., Ltd.
Toppan Multisoft Ltd. 16 other companies
* Toppan M&I Co., Ltd.
* Tokyo Shoseki Co., Ltd. 2 other companies
Toppan Printing Co., (Australia) Pty. Ltd. (Australia) 1 other company

<b>Living Environment</b>
Manufacturing Companies
Toppan Plastic Co., Ltd.
Toppan Kansai Packs Co., Ltd.
Toppan Saga Yoki Co., Ltd.
Mikkabi Toppan Printing Co., Ltd. 14 other companies
Tama Processing Co., Ltd. 2 other companies
Manufacturing and Sales Companies
Toppan Label Co., Ltd.
Toppan Containers Co., Ltd.
Tamapoly Co., Ltd.
Toppan Prosprint Co., Ltd. 2 other companies
* Toyo Ink Mfg. Co., Ltd. 2 other companies
P. T. Toppan Sampoerna Indonesia (Indonesia)
Toppan Interamerica Inc. (USA) 5 other companies
Sales Companies
Toppan Cosmo, Inc. 1 other company
<b>Electronics</b>
Manufacturing Companies
Niigata Toppan Printing Co., Ltd.
Toppan Shiga Seimitsu Co., Ltd. 5 other companies
Manufacturing Companies
NEC Toppan Circuit Solutions, Inc.
Toppan CFI (Taiwan) Co., Ltd.
Toppan Optical Products, Inc. (USA) 3 other companies
Sales Companies
Toppan Electronics (Taiwan) Co., Ltd. 4 other companies

Notes:

- No symbol: subsidiary—126 companies; \*(asterisk): related company-21 companies (end of March 2005)
- While Toppan's business operations activities are divided into five fields, only three main categories are adopted for consolidated environmental accounting.
- Among Toppan's subsidiaries, Toppan Forms Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange.

### ■ Main Changes to Operating Companies

- On July 1, 2005, the Industrial Materials Division of Toppan Printing Co., Ltd. merged with Toppan Cosmo, Inc. and became a manufacturing and sales company.
- On April 23, 2005 Dupont Photomasks (U.S.) became a wholly-owned subsidiary.
- On September 1, 2005, Tokyo Magnetic Printing Co., Ltd. changed its name to TMP Co., Ltd.

### ■ Scope of the Report

In principle, this report is concerned with social and environmental activities carried out by Toppan Printing Co., Ltd. and organizations included in the scope of its consolidated accounting. The report focuses on activities carried out in fiscal 2004 (April 2004 to March 2005), but also contains complementary information on activities that took place previous in fiscal 2003 or before or those that are scheduled for fiscal 2005 or after. Further, personnel-related data cover only Toppan Printing Co., Ltd. The scope of the environmental performance data and environmental accounting is determined based on the importance of each subsidiary in the field of environmental conservation.

## Key Financial Data (Consolidated)

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004
Sales (millions of yen)	1,293,836	1,296,195	1,251,605	1,297,357	1,413,580
Ordinary Income (millions of yen)	73,198	63,596	50,739	62,016	88,301
Net Income (millions of yen)	14,752	27,847	29,125	31,229	40,574
Net assets (millions of yen)	716,084	707,489	715,438	740,481	768,245
Total Assets (millions of yen)	1,380,155	1,354,999	1,317,454	1,461,305	1,483,477
Interest bearing debt (millions of yen)	138,979	144,265	136,294	239,209	205,008
Capital expenditure (millions of yen)	99,050	83,820	83,312	85,108	86,625
R&D expenses (millions of yen)	18,850	19,144	20,252	21,302	22,255
Corporate, residential & enterprise taxes (millions of yen)	35,523	27,422	24,872	24,918	22,154
Share price—high (yen)	1,255	1,410	1,437	1,396	1,380
Share price—low (yen)	867	944	732	690	1,002
Earnings per share (yen)	21.09	40.84	42.29	45.57	60.09
Shareholders equity per share (yen)	1,023.85	1,037.62	1,053.22	1,104.62	1,154.21
Fully diluted earnings per share (yen)	21.00	40.27	41.77	44.86	59.94
Dividends per share (yen)	16.00	16.00	16.00	17.00	19.00
Return on assets (ROA; %)	1.1	2.0	2.2	2.2	2.8
Return on equity (ROE; %)	2.1	3.9	4.1	4.3	5.4
Cash and cash equivalents at end of period (millions of yen)	139,898	141,179	107,214	202,149	168,804
Number of employees	32,163	31,610	33,292	32,178	32,724

## Notes:

- Sales do not include consumption taxes.
  - Number of employees is indicated as "Number of staff on payroll."
  - From the start of fiscal 2002 the Company has adopted "Accounting standards related to the treasury stock and the utilization of legal reserves".
  - From the start of fiscal 2002 the Company has adopted "Accounting standards related to net earnings per share", along with "Guidelines on accounting standards related to net earnings per share" in calculating net assets per share, net earnings per share and fully diluted net earnings per share.
  - From the start of fiscal 2004 the Company has adopted "Accounting standards related to impairment of fixed assets", along with "Guidelines on accounting standards related to impairment of fixed assets".
  - High and low share prices are as on the first section of the Tokyo Stock Exchange.
- For more detailed data please see the IR pages of the Toppan website

## Corporate Governance

## ■ Dividend Policy

Toppan's basic policy on profit distribution is to provide stable dividends to shareholders, and to achieve increasing dividends while taking into account the dividend payout ratio and also aiming to enhance internal reserves through establishing a stable revenue base and strengthening its business structure. In addition to allotting internal reserves to capital expenditure and R&D to support expansion in business areas deemed to have growth prospects, the Company also aims to steadily improve the use of the reserves aimed at increasing long-term investment efficiency. Toppan recognizes that conducting profit distribution in this manner will lead to a stronger business structure, and contribute to increased profits in the future, as well as making it possible to return profits to investors.

As far as dividends for fiscal 2004 are concerned, the Company continued to face severe conditions as shipment values from the printing industry were below the previous year for the seventh consecutive year. However, as a result of the Company exploiting its collective strengths to aggressively pursue demand creation oriented operations activities along with the achievement of ongoing cost reductions, at the 159th General Shareholders Meeting held on June 29, 2005, a dividend of 10.50 yen per common share was approved. As a result, when combined with the interim dividend of 8.50 yen per share, dividends per share in fiscal 2004 rose 2.0 yen to 19.0 yen, with a dividend payout ratio of 59.4%.

## ■ Relations with Outside Directors and Outside Auditors

Sawako Noma, an outside director of Toppan, serves as a representative director of Kodan-sha Ltd., which is a client of Toppan, and with which Toppan maintains an ongoing transactional relationship. There is no transactional relationship between Toppan and its outside auditors.

## ■ Remuneration to Directors and Retiring Directors

Remuneration to directors is decided with the endorsement of the General Shareholders' Meeting, taking into account performance, the role of each director, and the fulfillment of operational targets. The retirement benefit allowance for directors is decided based on internal rules relating to retirement benefit allowances; being the sum total of monthly remuneration at time of retirement, multiplied by the coefficient of the period in office at each rank, and on an individually ranked basis.

Total annual remuneration to directors  
1,128,000,000 yen (including 8,000,000 yen for outside directors.)

Total annual remuneration to corporate auditors  
68,000,000 yen (including 21,000,000 yen for outside auditors.)

- The above-mentioned figures include salaries and bonus payments for directors also listed as staff members.
- Apart from the above-mentioned figures, the Company also paid 256,000,000 yen as retirement benefit allowances to six retiring directors in line with decisions made at the General Shareholders' Meeting.

## ■ List of Major Organizations in which Toppan Participates

Name of Organization
Nippon Keidanren (Japan Business Federation)
Japan Association of Corporate Executives
The Tokyo Chamber of Commerce and Industry, and other chambers
The Japan Federation of Printing Industries
Printers Association of Japan
The Japanese Society of Printing Science and Technology
Japan Electronics and Information Technology Industries Association
Information Processing Society of Japan
Japan Advertising Review Organization, Inc.
Japan Publishers Club
Japan Packaging Institute
International Association for Universal Design
Association for Corporate Support of the Arts, Japan (Kigyō Mecenat Kyōgikai)
Green Marketing Association
The World Wide Fund for Nature (WWF) Japan
Nikkei BP Eco Management Forum
Green Purchasing Network
The United Nations University Zero Emissions Forum
Global Reporting Initiative Forum Japan
Network for Sustainability Communication
Collect-and-Use Recycle Society
Environmental Management and Communication Study Group
Special Project on Eco-Efficiency and Eco-Design
Japan for Sustainability
Japan Life Cycle Assessment Association

## Conduct Guidelines

### Chapter 1: Basic Principles

#### 1. Respecting basic human rights

We will act in a way that our individual talents and abilities can be demonstrated to their maximum potential based on the ideal of respect for people. We will respect basic human rights and in every regard work to ensure the dignity of individuals.

#### 2. Maintaining public order and standards of decency

We will always be aware of our involvement with society, act with good sense, and never act in a way that disturbs public order or that defies common sense. We will sufficiently consider the affects of our operations on society and not act in a way that goes against public order and standards of decency.

#### 3. Complying with laws and ethics

We will conduct ourselves in a way that complies with the laws and ethics in society. We will comply with international and domestic laws, regulations, commercial practices, government notifications, operational and industrial standards applicable to our corporate endeavors. Compliance with these laws and regulations forms the minimum standard of society's rules that must be upheld. In addition, we are to act with a high sense of ethical and moral awareness in carrying out our operations. Even in situations when legal issues do not arise, we still cannot allow humanitarian, moral or ethical problems to develop.

#### 4. Conducting fair business operations

We will conduct all foreign and domestic operations in a fair manner. As an upstanding corporate citizen, we will be aware of our social responsibilities and carry out sound operations that will not damage our reputation in society.

#### 5. Appropriate disclosure of information

We will cooperate in the appropriate disclosure of information. Even if unprofitable, we are committed to not concealing information and conducting operations that are open to the public.

#### 6. Environmental and safety considerations

We will carry out operations in harmony with the global environment. We will protect the precious environment bequeathed to us by nature and perform corporate operations that strive for reduced use of limited resources and facilitate recycling. Furthermore, we will conduct safe production activities, ensure product safety, and aim to realise a healthy and secure society to live in.

### Chapter 2: Outline of Conduct Guidelines

#### Section 1 Building customer trust

1. Doing our best for the customer
2. Maintaining customer trust
3. Appropriate management of customer property
4. Protecting information about customers
5. Appropriate management of information on our customers' clientele

#### Section 2 Reforming operations

1. Acting in accordance with international rules
2. Striving to improve knowledge, skills, and technology
3. Fulfillment of work responsibilities
4. Protecting confidential corporate information
5. Securing and utilizing intellectual property
6. Respecting the rights and interests of others

#### Section 3 Fulfilling corporate responsibilities

1. Compliance with antitrust laws
2. Fair treatment among support companies
3. Abstention from Unlawful acts against corporate competitors
4. Non-solicitation or provision for personal gain or rebate
5. Prohibition of bribery
6. Appropriate entertainment practices
7. Prohibition of illegal political contributions and donations
8. Prohibition of providing unjust benefits
9. Prohibition of support for antisocial activities
10. Prohibition of insider trading
11. Prohibition of unlawful export transactions
12. Prohibition of child labor
13. Curtailment and reduction of environmental impact
14. Promotion of environmentally friendly business

#### Section 4 Creating a positive work environment

1. Striving for a lively and vibrant workplace
2. Striving for a safe and clean workplace
3. Following company rules
4. Protecting corporate property
5. Avoiding conflicts of corporate interests
6. Prevention of discriminatory practices
7. Prevention of sexual harassment
8. Prohibition of private activities
9. Appropriate use of the Internet
10. Appropriate management of information and records
11. Prevention of participation in illegal conduct, false reports, and concealment
12. Protection of the identity of persons who reports misconduct

#### Section 5 Developing the Toppan Group

1. Taking pride in the Toppan brand
2. Developing the Toppan brand
3. Strengthening cooperation between group companies
4. Appropriate disclosure of information
5. Appropriate relationship with shareholders

Established June 2000  
Revised July 2003

## Information Risk Management

### ■ Privacy Mark Certification

Company	Operational Site	Date Obtained	Certification Type
Toppan Printing Co., Ltd.	Securities Printing Division	March 2000	A190005 (03)
	Commercial Printing Division	May 2001	A190018 (03)
	Nishinohon Division	December 2004	A190100 (01)
	Chubu Division	July 2005	A190171 (01)
Toppan Forms Co., Ltd.	General Production Division	June 2001	A190019 (02)
	IMS Business Division	July 2003	A190050 (01)
	Kansai Business Division	November 2002	A190027 (02)
	Chubu Business Division	April 2003	A190039 (01)
	Nishinohon Business Division	April 2003	A190040 (01)
Toppan Forms Operation Co., Ltd.		August 2002	A820089 (02)
Toppan Forms Logistics and Services Co., Ltd.		August 2002	A450002 (02)
Toppan Forms Services (Kansai) Co., Ltd.	Entire company	August 2002	A190028 (02)
Toppan Forms Process Co., Ltd.	Entire company	June 2003	A190047 (01)
Toppan Forms (Hamamatsu) Co., Ltd.	Shizuoka plant No. 2	August 2002	A190029 (02)
Toppan NSW Co., Ltd.		February 2004	A820186 (01)
Toppan Logistics Co., Ltd.		November 2004	A450006 (01)
Toppan MultiSoft, Inc.		June 2005	B820346 (01)

### ■ ISMS Certification

Company	Operational Site	Date Obtained	Certification Type
Toppan Printing Co., Ltd.	E-business Division (TOPICA service)	June 2002 (Ver.1.0)	CR-I0001
		June 2005 (Ver.2.0)	
Toppan Forms Co., Ltd.	Tokyo Data Center	February 2003 (Ver.1.0)	JQA-IM0049
	Kansai Business Division, Kansai Data Center	January 2004 (Ver.1.0)	JQA-IM0137

## Green Procurement/Green Purchasing

### ■ Toppan Green Procurement Standards

#### Paper

	Level 1	Level 2	Performance		
			Fiscal 2002	Fiscal 2003	Fiscal 2004
1. Recycled paper usage*1	100%	70%+	18.3%	22.7%	24.7%
2. Degree of whiteness*2	Below 70% (down to +4%)	Below 80% (down to +4%)			
3. Coating volume	Below 12g/m <sup>2</sup> (Maximum of 8g/m <sup>2</sup> per single surface)	Below 30g/m <sup>2</sup> (Maximum of 17g/m <sup>2</sup> per single surface)			

\*1 The recycled paper components include paper from non-lumber pulp sources and paper produce from lumber from thinning.

\*2 Does not include high quality color and specialized papers.

#### Offset ink\*

	Level 1	Level 2	Performance		
			Fiscal 2002	Fiscal 2003	Fiscal 2004
1. Avoiding materials harmful to the human body	Conforms to NL restrictions of Japan printing ink makers association		96.4%	96.6%	98.0%
2. Avoiding use of Chloride based resins	Non-usage of chloride based resins				
3. Considerations related to PRTR designated chemicals	Non-usage of PRTR designated chemicals	Identification of PRTR designated chemicals (prepared with MSDS)			
4. Restricting VOC emissions	Petroleum solvent ratios below 15% (Does not include web ink)	Uses aroma free ink, soybean oil ink, recycled vegetable oil ink			

\*Does not apply to gold, silver and pearl ink

### ■ In-house Green Purchasing Standard and Level of Fulfillment

Product	Purchasing Standard	Performance		
		Fiscal 2002	Fiscal 2003	Fiscal 2004
OA paper	Recycled component to be above 70%, whiteness below 80%	98.6%	98.3%	98.9%
Copy machines/ Printers	Fully functioned to automatically revert to low power mode or off mode if not used for specific period of time	97.9%	90.8%	98.5%
PCs	Fully functioned to automatically revert to low power mode or off mode if not used for specific period of time, while maintaining low energy consumption when in low power mode	100.0%	100.0%	100.0%
Toilet paper	100% recycled paper, whiteness below 80%	100.0%	100.0%	100.0%
Stationery/ Office goods	Products with endorsement highlighting environmentally-friendly stance, including the eco mark, green mark or products listed in ecology (environmentally-friendly) product catalogues from each maker	86.6%	92.6%	94.6%

## Strengthening Product Quality Assurance

### ■ ISO 9001 Certification within the Toppan Group

Division	Operational Site	Registrar	Registration Date
Electronics Division	Asaka plant, Shiga plant	JQA	November 1993
Interior Decor Materials Division	Kashiwa plant, Satte plant	JQA	December 1994
Optronics Division	Satte plant, Shiga plant	JQA	March 1995
Electronics Division	Kumamoto plant	JQA	April 1995
Packaging Division, Kansai Branch	Takino packaging plant, Fukusaki plant, Itami plant	JQA	April 1995
Chubu Division	Matsuzaka plant, Mikkabi Toppan Printing, Nagoya plant	JQA	July 1997
Nishinihon Division, Kyushu Sub-Division	Fukuoka plant No. 2, Securities department	JQA	March 1999
	Amagi plant	JQA	June 2004
Hokkaido Division	Chitose plant	JQA	November 2000
Securities Printing Division	Asaka plant (Securities), Ranzan plant, Kansai Securities Printing Sub-Division, Takino plant (Securities), Securities Printing R&D Department	JQA	April 2002
Electronics Division, Display Sub-Division	Shiga plant No. 2, Niigata plant, Mie plant	JQA	June 2002

Group Company	Operational Site	Registrar	Registration Date
Toppan Seihon Co., Ltd.	CD Manufacturing Department	JQA	June 1998
Toppan Graphic Communications Co., Ltd.	Itabashi, Asaka, Honjo areas	QMI	March 2004
Toppan Electronics Fuji Co., Ltd.		JQA	December 1993
NEC Toppan Circuit Solutions, Inc.		Reliability Center for Electronic Components of Japan	April 1993
Kumamoto Toppan Co., Ltd.	Toppan Logistics Co., Ltd.	JQA	November 1997
Toppan Plastic Co., Ltd., Kansai Branch	Fukusaki plant, Wakayama Manufacturing Department	JQA	October 2001
Toppan Plastic Co., Ltd.	Koshigaya plant	QMI	April 2005
Toppan Prosprint Co., Ltd.	Mito plant	JQA	November 2001
Toppan Technical Design Center Co., Ltd.	Asaka Design Center, Kyoto Design Center	JQA	January 2003
Toppan Display Co., Ltd.		Quality Certification Bureau Inc.	February 2004
Toppan Packaging Service Co., Ltd.	Ranzan plant	JQA	March 2005

Overseas Subsidiary	Registrar	Registration Date
Toppan Printing Co., (Shenzhen) Ltd.	SQCC	November 1995
Toppan Printing Co. (America), Inc.	DNV	July 2000
Toppan Printing Co., (Shanghai) Ltd.	TÜV Anlagentechnik GmbH	September 2001
Toppan Chunghwa Electronics Co., Ltd.	RWTÜV	May 2002
Toppan Printing Co., (H.K.) Ltd.	DNV	May 2002
P. T. Toppan Sampoerna Indonesia	LRQA	September 2002
Toppan CFI (Taiwan) Co., Ltd.	SGS	December 2003
Siam Toppan Packaging Co., Ltd.	MASCI	September 2003

Note: The names of all divisions, company and operating sites are shown as at the time of registration.

### ■ Main Universities that are Collaborating and Cooperating in Technological Development

The University of Tokyo
Tokyo Institute of Technology
Tohoku University
Yamagata University
Massachusetts Institute of Technology
Oxford University



## Hiring and Employment

### Number of Employees

	Number of Employees	Average Tenure	Average Age	Turnover Rate
Fiscal 2002 as of end of March 2003	12,053 (8.1% women)	15.5 years	37.4	3.7%
Fiscal 2003 as of end of March 2004	11,512 (7.9% women)	15.5 years	37.5	3.6%
Fiscal 2004 as of end of March 2005	10,548 (8.2% women)	15.7 years	38.1	3.5%

### Employees by Type

	Executives	Management Class (assistant manager and above, including contract employees)	Supervisor (supervisory, including contract employees)	Part-time
Fiscal 2002 as of end of March 2003	29	1,977 (0.8% women)	2,465	782
Fiscal 2003 as of end of March 2004	31	1,897 (1.0% women)	2,334	849
Fiscal 2004 as of end of March 2005	31	1,836 (1.2% women)	2,210	893

### Recruits (regular hiring, new graduates, including post-graduate students)

	Sales, Administration	Technical	% Women
April 2003	105	120	22.2%
April 2004	105	120	20.9%
April 2005	120	150	22.2%

## Data Relating to Human Asset Development

### Results and Plans in Human Asset Development

	Funds Spent on Training per Employee
Fiscal 2003	29,000 yen
Fiscal 2004	45,800 yen

### Use of Toppan Training Center

	Utilization Ratio
Fiscal 2003	—
Fiscal 2004	56.9%

\*The training center was established in July 2004. The utilization ratio is calculated based on the days when the center could be used between July 2004 and March 2005.

## Data Related to Leveraging Personnel

### Transfer Staff on Rotation

	Employees	Percentage of Entire Workforce
Fiscal 2003	588	4.5%
Fiscal 2004	343	3.3%

### Employees with Disabilities

	Employees	Percentage of Entire Workforce*
Fiscal 2002	145	1.84%
Fiscal 2003	137	1.97%
Fiscal 2004	134	1.83%

\*In accordance with the Law for Employment Promotion, etc. of Disabled Persons, the number of employees with disabilities is calculated based on the numbers presented in the Disabled Persons Employment Report published on June 1, 2005.

## Application of Human Resources Measures

### Main Work Holidays and Leave Systems

Stock Leave	Accumulated annual paid leave is generally lost if it is not exercised within two years. At Toppan, it is possible to accumulate 50 days of annual paid leave. This can be used when employees or their dependents require treatment or nursing, or for recovery from unexpected accidents.
Maternity Leave	As well as full-time employees, both contract and part-time employees can take up to six weeks of leave before childbirth and another eight weeks after.
Childcare Leave	Toppan operates a system to allow regular, full-time employees to take leave to look after children. Until the child has reached one year old, it is possible to take an extended period of leave. Employees receive a proportion (10%) of their regular salary during the leave. Employees can also apply to shorten or extend the leave as well as working shorter hours on returning to work. Toppan subsidizes some childcare costs and provides information through its consultation office. Employees can consult with the Company to discuss their career plans before they return to work.
Nursing Care Leave	Regular, full-time employees may take leave, or shorten working hours to provide nursing care. Leave can be taken once per family member needing care and it is possible to take a maximum of one year or shorten working hours by two hours a day. The Company subsidizes some nursing costs and provides information through its consultation office.
Health Care Leave	Employees may take leave for the purposes of providing health care. Employees may take up to five days of unpaid leave a year.
Volunteer Leave	As a system to support those employees wishing to take leave to engage in socially-beneficial activities, the Company operates a volunteer leave system. In principle, it is possible to take leave for a maximum of one year and Toppan provides a volunteer leave benefits package. In fiscal 2003 this leave was taken advantage of by an employee in order to take part in the Japan Overseas Cooperation Volunteers organized by the Japan International Cooperation Agency (JICA).
Other Systems	All employees can take advantage of the flexi-time work system and the Company's 'refresh holiday' system.

### Status of Work Holiday and Leave Systems

	Average Ratio of Annual Paid Holiday Used	Employees Using the Maternity Leave System	Employees Using the Childcare Leave System
Fiscal 2002	38.6%	32	37
Fiscal 2003	38.2%	35	48
Fiscal 2004	38.1%	38	46

## Workplace Health and Safety

	Deaths from Work Accidents	Frequency Rate*1	Severity Rate*2
Fiscal 2002	0	0.55	0.02
Fiscal 2003	0	0.30	0.01
Fiscal 2004	0	0.41	0.01

\*1 Frequency rate: number of employees injured and dead in labor accidents per 1 million working hours (reflects the frequency of labor accidents)

\*2 Severity rate: number of workdays lost per 1,000 working hours (reflects the severity of labor accidents)

### Prevention of Child Labor, and Forced and Compulsory Labor

Toppan has had no occurrences of problems with Child labor, forced or compulsory labor.

## Organizational Structure

### ■ Toppan Group Environmental Meeting

Tokyo Ink Mfg. Co., Ltd.
Tosho Printing Co., Ltd.
Tokyo Shoseki Printing Co., Ltd.
Toppan Forms Co., Ltd.
Tokyo Magnetic Printing Co., Ltd.
Toppan Label Co., Ltd.
Toppan Logistics Co., Ltd.
Tamapoly Co., Ltd.
NEC Toppan Circuit Solutions, Inc.
Toppan Printing Co., Ltd.
10 companies overall

### ■ Toppan Group Eco-products Meeting

Tokyo Ink Mfg. Co., Ltd.
Tosho Printing Co., Ltd.
Tokyo Shoseki Printing Co., Ltd.
Toppan Forms Co., Ltd.
Toppan Cosmo, Inc.
Toppan Label Co., Ltd.
Tokyo Magnetic Printing Co., Ltd.
Total Media Development Institute Co., Ltd.
Toppan Logistics Co., Ltd.
Toppan Multisoft Ltd.
Tamapoly Co., Ltd.
froebel-kan co., Ltd.
Toppan Printing Co., Ltd.
13 companies overall

### ■ Eco-creativity Promotion System

Division	Promotion System Name
Securities Printing Division	Eco-creativity Project
Commercial Printing Division	Eco-creativity Promotion
Kansai Commercial Printing Sub-division	Eco-creativity Promotion Committee
Electronics Division	Eco-creativity Promotion (Electronics)
Information & Publications Division	Eco-promotion Project
Packaging Division	Package and Environmentally-Friendly Products Development Project
Interior Décor Materials Division	Eco-creativity Promotion Committee
Optronics Division	Eco-creativity Promotion Committee
Chubu Division	Chubu Eco-project
Nishinohon Division	Nishinohon Eco-creativity Committee
Tohoku Division	Tohoku Eco-Creativity Project
Hokkaido Division	Eco-Creativity Committee
Technical Research Institute	Research Institute Eco-creativity Promotion Committee

### ■ Registered In-house Environmental Auditors

Position	Personnel
Managers	204
Supervisors	160
Employees	110
Total	474

### ■ Verification of Environmental Activities in Eco-protection Promotion Meetings

- 1) Reporting of activity achievements and measures taken for Eco-protection issues
  - (1) Results in waste disposal and recycling
  - (2) Results in energy saving
  - (3) Status in observance of in-house standards on atmosphere, water and others
- 2) Information on environmental concerns outside the Company
  - (1) Information on the establishment and revision of environment-related laws and regulations
  - (2) Information on contractors for industrial waste disposal consignment
  - (3) Guidelines, requests and information from government administrations, including local municipalities
  - (4) Complaints, requests, and feedback from local residents and others
- 3) Progress of the Eco-protection Activity Plan (Environmental Management Program)
- 4) In-house nonconformities and irregularities in environmental conservation
  - (1) Reporting on troubleshooting analyses and recommendations on improvement plans (correction or prevention) for cases in question
  - (2) Dissemination of information on problems common to different departments
- 5) Reporting on other environment-related information
  - (1) Adopting or changing the use of chemical substances
  - (2) Changing or newly installing production processes and facilities
- 6) Reporting on the environmental management system
  - (1) Content of in-house environmental auditing
  - (2) Content of internal environmental auditing
- 7) Other issues specific to the production plant, such as ecological conservation of the premises and/or the surrounding area

### ■ Major Environment-related Laws Involving the Printing Industry in Japan

Basic Stance and Rules
The Basic Environment Law
Law for Promotion of Nature Restoration
The Basic Law for Establishing the Recycling-Based Society
Legislation to Implement a Basic Law on Energy Policy
Law Concerning Increasing the Desire for Environmental Conservation and Promoting Environmental Education
Law Concerning the Promotion of Environmentally Conscious Activities of Specified Businesses through the Promotion of the Provision of Environmental Information
Eco-protection Fields
Air Pollution Control Law
Water Pollution Control Law
Sewerage Law
Septic Tank Law
Law Concerning Special Measures for Conservation of the Environment of the Seto Sea Island
Soil Contamination Countermeasures Law
Offensive Odor Control Law
Noise Regulation Law
Vibration Regulation Law
Industrial Water Law
Law Concerning the Rational Use of Energy
Law Concerning the Promotion of the Development and Introduction of Alternate Energy
Law Concerning the Promotion of the Use of New Energy
Waste Disposal and Public Cleaning Law
Law for the Control of Export, Import, and Others of Specified Hazardous Wastes and Other Wastes
Construction Materials Recycling Act
Law Concerning Special Measures against PCB waste
Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemicals and Promoting Improvements in their Management
Law Concerning Special Measures against Dioxins
Law Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides from Automobiles in Specified Areas
Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures
Law Concerning the Promotion of the Measures to Cope with Global Warming
Factory Location Law
Landscape Law
City Planning Law
Urban Green Law
Law Concerning the Improvement of Pollution Prevention Systems in Specific Factories
Eco-creativity Fields
Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities
Law for the Promotion of Effective Utilization of Recyclable Resources
Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging
Law for the Conservation of Endangered Species of Wild Fauna and Flora

## ISO 14001 Certification

(36 systems, 48 operating sites as of June 30, 2005)

Division/Operational Site	Main Product	Registrar	Registration Date (Revision Date)
Electronics Division (Shiga plant)	Electronics products	JQA	July 1998
Electronics Division (Kumamoto plant)	Electronics products	JQA	November 1998 (December 2001)
Interior Décor Materials Division (Satte plant/Kashiwa plant)	Wallpapers, decorative paper/film for furnitures	JQA	March 2000 (June 2000)
Electronics Division (Niigata plant and NEC Toppan Circuit Solutions, Inc. Niigata plant)	Electronics products	JQA	April 2000 (October 2002)
Commercial Printing Division (Toppan Printing Communications Co., Ltd.)	Books, magazines, catalogs	JQA	October 2000 (December 2002)
Securities Printing Division (Ranzan plant)	Credit cards, IC cards	JQA	November 2000
Packaging Division (Akihabara office/Ebisu office)	Planning, development, design, sales, prepress of packages	JQA	March 2001
Information & Publications Division (Itabashi plant/Toppan Seihon Co., Ltd.)	Books, magazines	JQA	February 2002
Packaging Division (Fukusaki plant)	Soft packaging materials, paper cups, plastic products	JQA	July 2002
Information & Publications Division (Toppan Graphic Co., Ltd. Kawaguchi plant/Oji plant)	Books, magazines	JQA	August 2002 (July 2004)
Kansai Commercial Printing Sub-Division/Kansai Securities Printing Sub-Division/Kansai Packaging Sub-Division (Takino plant)	Printed commercial materials, securities, paper containers for liquids	JQA	October 2002
Packaging Division (Gunma plant)	Soft packaging materials	JQA	July 2003
Securities Printing Division/Commercial Printing Division/Electronics Division/Electronics Division (Asaka plant)	Securities, commercial printed materials, electronics products	JQA	December 2003
Electronics Division (Toppan Electronics Fuji Co., Ltd.)	Electronics products	JQA	June 2004
East Chugoku and Shikoku Sub-division (Hiroshima Office, Kannabe Toppan Co., Ltd.)	Planning and sales of commercial and packaging printed materials, business administration and manufacture	JQA	October 2004
Kansai Commercial Printing Sub-division/Kansai Securities Printing Sub-division (Ebie Site/Osaka Toppan Display Co., Ltd. Oyodo plant)	Planning, sales and manufacture of commercial and packaging printed materials	JQA	November 2004
Tohoku Division	Planning, design, manufacture, printing, processing and sales of printed materials and packaging	JQA	March 2005
Technical Research Institute	R&D of printing related products and related businesses	JQA	May 2005
Hokkaido Division (Sapporo plant/Chitose plant)	Planning, design, manufacture, printing, processing and sales of printed materials and packaging	JSA	June 2005

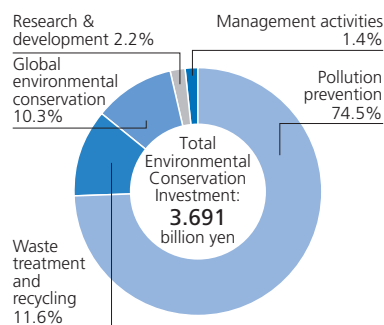
Group Company/Operational Site	Main Product	Registrar	Registration Date (Revision Date)
Total Media Development Institute Co., Ltd. (Entire company)	Consulting for museums and related facilities	JSA	March 2001 (April 2002)
Toppan Forms Co., Ltd. (Hino plant)	Business forms and DPS (digital print service) products	JQA	June 2001
Toppan Label Co., Ltd. (Fukushima plant)	Self-sealing labels	JQA	November 2001
Toppan Logistics (Kawaguchi site)	Storage and transportation of products	JQA	October 2002 (October 2003)
Toppan Forms Co., Ltd. (Fussa plant)	Business forms	JQA	February 2004
Toppan Forms Co., Ltd. (R&D Center)	R&D	JQA	March 2004
Toppan Containers Co., Ltd. (Saitama plant/Miyagi plant)	Cardboard and cardboard boxes	JQA	April 2004 (April 2005)
Toppan Forms Co., Ltd. (Nagoya plant)	Business forms and DPS (digital print service) products	JQA	August 2004
Toppan Forms Co., Ltd. (Osaka plant)	Business forms and DPS (digital print service) products	JQA	December 2004
Toppan Forms Co., Ltd. (Kyushu plant)	Business forms and DPS (digital print service) products	JQA	January 2005

Overseas Subsidiary	Main Product	Registrar	Registration Date
Siam Toppan Packaging Co., Ltd.	Paper cartons and fine cardboard	MASCI	April 2002
Toppan Printing Co., (H.K) Ltd.	Books, magazines, commercial printed matter	DNV	May 2002
Toppan Printing Co. (America), Inc.	Commercial printed matter	DNV	December 2002
Toppan Chunghwa Electronics Co., Ltd.	Electronics parts	SGS	October 2003
Toppan Printing Co., (Shenzhen) Ltd.	Books, paper containers, cards	SSCC	December 2003
Toppan CFI (Taiwan) Co., Ltd.	Electronics parts	SGS	November 2004
P.T. Toppan Sampoerna Indonesia	Soft packaging materials	LLOYD	November 2004

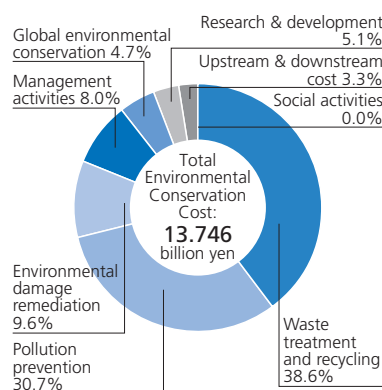
Note: The names of all divisions, company and operating sites are shown as at the time of registration or revision.

## Environmental Accounting

### Breakdown of Environmental Conservation Investment for Fiscal 2004



### Breakdown of Environmental Conservation Cost for Fiscal 2004

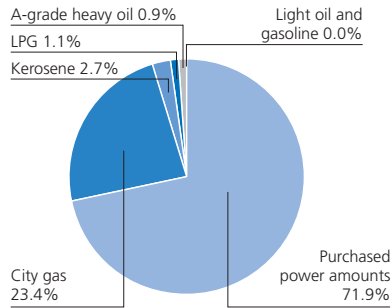


### Calculating Standards for Environmental Accounting for Fiscal 2004

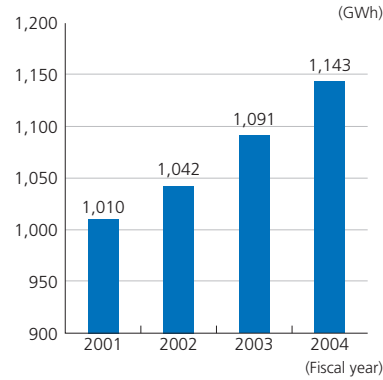
- Reference Guidelines  
Ministry of the Environment *Environmental Accounting Guidelines* (2005 version)
- Calculation standards for environmental conservation cost
  - Investment: Based on the prices of the environmental protection facilities obtained in the fiscal period
  - Cost: Depreciation of environmental protection facilities (according to ordinary accounting), operational costs (including electricity, fuel and repairs), and other maintenance costs.
  - Composite costs: For more detailed information related to environmental works, the percentage related to environmental conservation is defined in the in-house guidelines for aggregation.
- Calculation standards for economic benefit  
The Economic benefit (effect on business) is based solely on the actual effect and does not include surmised effects.
  - Energy-saving: energy saving (converted to annual amount) × unit price
  - Environmental business: sales of environmentally-friendly products × profit margin

Energy Type Ratio and Consumption

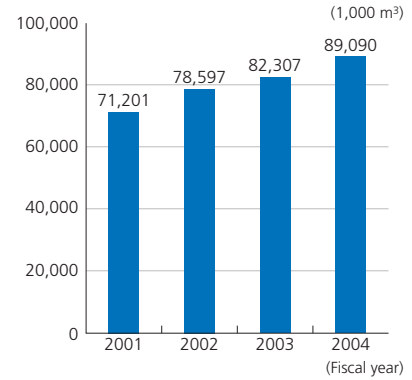
Energy Used by Type for Fiscal 2004 (Total heat conversion)



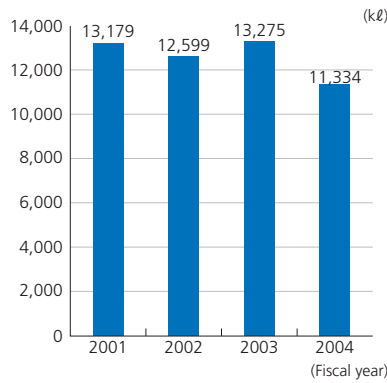
Electricity Consumption



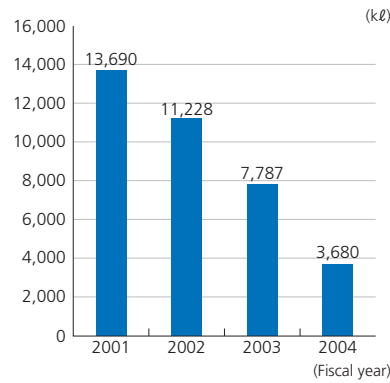
City Gas Consumption



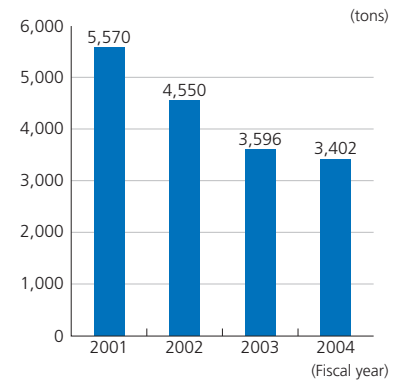
Kerosene Consumption



A-grade Heavy Oil Consumption



LPG Consumption



Note: Some overseas companies and independent business subsidiaries are not included.

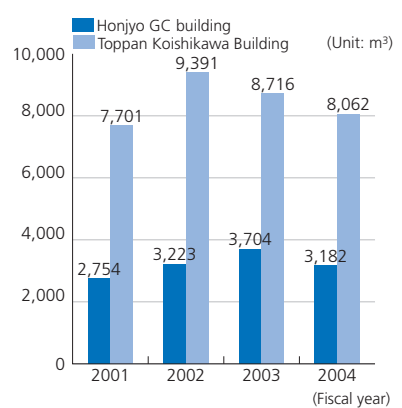
Promotion of Waste Reduction and Recycling

Plants Certified for Zero-emissions

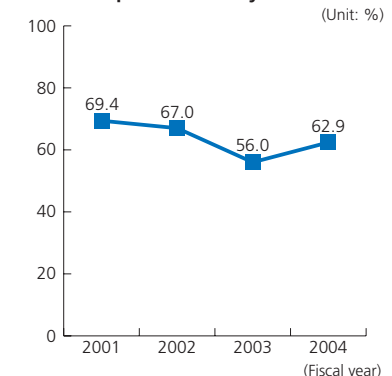
(Certified November 2004)

Plant	Total Waste Generated (tons) Fiscal 2003	Total Recycled Waste (tons) Fiscal 2003	Recycling Ratio (%) Fiscal 2003
1 Toppan Printing Communications Co., Ltd.	25,253.6	25,248.2	99.98
2 Kumamoto plant (Electronics)	17,619.7	17,282.4	98.09
3 Itabashi plant (Publications Printing)	18,095.8	17,818.8	98.47
4 Kawaguchi plant (Toppan Graphic Co., Ltd.)	46,952.0	46,910.0	99.91
5 Toppan Seihon Co., Ltd.	32,122.5	31,996.5	99.61
6 Oji plant (Toppan Graphic Co., Ltd.)	3,743.8	3,743.8	100.00
7 Sagamihara plant (Packaging)	23,774.2	23,725.9	99.80
8 Sagamihara plant (Toppan Plastics Co., Ltd.)	161.4	161.4	100.00
9 Saitama plant (Toppan Containers Co., Ltd.)	8,278.3	8,167.4	98.66
10 Sano plant (Toppan Containers Co., Ltd.)	3,576.3	3,554.6	99.39
11 San-ei Shiki Ltd.	272.3	268.6	98.64
12 Kansai commercial printing plant (Takino site) (Commercial printing)	10,435.8	10,364.6	99.32
13 Oyodo plant (Osaka Toppan Display Co., Ltd.)	3,570.7	3,544.0	99.25
14 Itami plant (Packaging)	8,829.0	8,747.3	99.07
15 Toppan Harima Products Co., Ltd.	32.5	32.0	98.46
16 Nagoya plant (Chubu)	4,164.4	4,112.7	98.76
17 Mikkabi Toppan Printing Co., Ltd.	3,376.2	3,319.0	98.31
18 Fukuoka Plant No. 2 (Nishinihon)	5,565.5	5,490.4	98.65
19 Kumamoto Toppan Co., Ltd.	6,052.3	6,052.0	100.00
20 Sapporo plant (Hokkaido)	2,440.2	2,424.8	99.37

Rainwater Use



Office Paper Waste Recycle Ratio



## Preventing Pollution/The Management and Reduction of Chemical Materials

### ■ Fiscal 2004 Toppan PRTR Survey and Results

(Unit: kg/year)

Ordinance Material No.	Chemical	Emissions	Emissions			Volume Moved	Volume Moved to Drains Disposal
			1. Atmosphere	2. Water	3. Soil		
1	Water soluble Zinc compounds	6	0	6	0	0	406
16	2-amino ethanol	0	0	0	0	0	0
24	Linear Alkylbenzenesulfonate and chlorides	0	0	0	0	0	11,394
40	Ethyl benzene	31,254	31,254	0	0	0	7,756
44	Ethylene glycol Monoethyl ether	217	217	0	0	0	919
46	Ethylene diamine	0	0	0	0	0	910
63	Xylene	40,180	40,180	0	0	0	9,594
64	Silver and water soluble compounds	0	0	0	0	0	0
66	Glutaldehyde	0	0	0	0	0	0
68	Chrome and trivalent chromium compounds	30	0	30	0	1	11,591
69	Hexvalent chromium	0	0	0	0	0	1,667
108	Inorganic cyanogens compounds	0	0	0	0	0	128
132	1,1-Dichloro-1-fluoroethane (HCFC-141b)	8,919	8,919	0	0	0	1,009
145	Dichloro methane	5,860	5,860	0	0	0	1,251
172	N,N-dimethylformamide	0	0	0	0	0	122,748
179	Dioxins	(66mg-TEQ)	(66mg-TEQ)	(0.005mg-TEQ)	—	—	(936mg-TEQ)
207	Water soluble copper compounds	294	0	294	0	414	119,299
224	1,3,5-Tri-methyl benzene	4,260	4,260	0	0	0	16,356
227	Toluene	1,231,635	1,231,635	0	0	79	1,178,772
230	Lead and its compounds	2	0	2	0	0	246
231	Nickel	0	0	0	0	0	109
232	Nickel compounds	146	0	146	0	0	315,758
254	Hydroquinone	0	0	0	0	0	2,086
270	Di-n-butyl phthalate	0	0	0	0	0	8
272	Bis phthalate (2-ethylhexyl)	0	0	0	0	0	74
304	Boron and its Compounds	35	0	35	0	0	5
309	Poly (oxyethylene) nonylphenyl ether	497	497	0	0	0	1,938
310	Formaldehyde	107	107	0	0	0	287
311	Manganese and its compounds	323	0	323	0	0	3,933
313	Maleic anhydride	0	0	0	0	0	0

#### Notes:

- Calculated over the period from April 1, 2004 to March 31, 2005.
- The above 30 substances are the target materials for reports to the government.
- Target divisions: Divisions where amount of Class I designated chemical substances handled over the period of the year are in excess of 1.0t per year. (In excess of 0.5t per year in the case of specified Class I designated chemical substances.)
- Some overseas subsidiaries and independent subsidiaries have been excluded from the numbers.
- The volume of waste materials moved outside each operational site (including inverse onerous contracts and charge free recycling) is listed under volume moved to disposal.

## Atmospheric Emissions

### ■ Ratio of Greenhouse Gases (Ratio on CO<sub>2</sub> Conversion)

(Unit: ratio: % total: t-CO<sub>2</sub>)

Fiscal Year	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	Total
2001	99.89	0.00	0.11	652,256
2002	99.90	0.00	0.10	668,964
2003	99.91	0.00	0.09	682,959
2004	99.91	0.00	0.09	698,759

### ■ Breakdown of Greenhouse Gas Emissions by Source

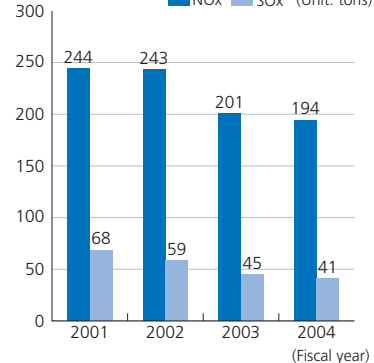
(Ratio on CO<sub>2</sub> Conversion)

(Unit: ratio: % total: t-CO<sub>2</sub>)

Fiscal Year	Electricity Use	Fuel Use	Waste Incineration	Total
2001	59	36	5	652,256
2002	59	36	5	668,964
2003	60	35	5	682,959
2004	62	34	4	698,759

### ■ NOx and SOx Emissions

(Unit: tons)



#### Notes:

- Some overseas companies and independent business subsidiaries are not included.
- NOx and SOx emissions are calculated based on the Ministry for the Environment Environmental Activities Evaluation Program established in April 2002.

## Environmental INPUT/OUTPUT Data by Site

## ■ Combined Results by Business

		Electronics	Information & Networks	Living Environments	Non-productive Operating Sites	Total	
INPUT	Energy	Total Energy consumption (GJ)	6,325,888	6,896,180	5,290,899	905,051	19,418,018
		Electric Energy consumption (GJ)	5,419,493	4,393,927	3,948,034	728,305	14,489,760
		Heat Energy consumption (GJ)	906,395	2,502,253	1,342,865	176,746	4,928,258
	Water	Water consumption (m <sup>3</sup> )	10,216,295	2,241,276	2,144,390	381,776	14,983,737
		Industrial water (m <sup>3</sup> )	278,291	721,578	580,983	0	1,580,852
		Municipal water (m <sup>3</sup> )	1,550,381	928,127	749,915	381,776	3,610,199
		Groundwater (m <sup>3</sup> )	8,387,623	591,571	813,492	0	9,792,686
	Utilization of Rainwater (m <sup>3</sup> )	0	2,424	0	11,244	13,668	
	Utilization of water circulated on premises (m <sup>3</sup> )	1,367,096	0	98,755	0	1,465,851	
OUTPUT	Atmosphere	CO <sub>2</sub> emission (t-CO <sub>2</sub> )	266,615	307,162	266,399	37,491	877,667
		Emission of substances destructive to the ozone layer (ODP-kg)	0	2,234	1,363	0	3,597
		NOx emission (kg)	24,239	101,148	87,435	6,411	219,233
		SOx emission (kg)	19,843	1,704	42,207	50	63,804
		Emission of dioxins (ng-TEQ)	486,336	12,576,469	46,283,086	0	59,345,891
	Water system and Soil	Total water discharge (m <sup>3</sup> )	8,657,519	1,676,628	1,568,050	328,615	12,230,812
		Public water system (m <sup>3</sup> )	7,378,403	234,431	1,100,488	24,198	8,737,520
		Sewage system (m <sup>3</sup> )	1,279,116	1,442,197	467,562	304,417	3,493,292
		Underground penetration (m <sup>3</sup> )	0	3,100	46,892	0	49,992
		On-site evaporation (m <sup>3</sup> )	1,063,848	557,817	405,558	64,405	2,091,627
		BOD discharge (kg)	62,970	80,417	25,830	9,627	178,844
		COD discharge (kg)	97,911	18,856	26,114	3,822	146,703
		Nitrogen discharge (kg)	20,874	7,812	14,689	3,295	46,670
	Waste	Phosphorous discharge (kg)	507	784	1,373	230	2,893
		Total discharge (tons)	49,465	228,249	148,476	4,726	430,916
Recycling of used products (tons)		36,706	224,319	143,061	4,042	408,127	
Final waste landfill (tons)		5,365	1,644	3,116	147	10,272	

## Environmental Communication

## ■ Fiscal 2004 Toppan Group Environmental Slogan Competition Winners

	Slogan	Name	Division
First prize	"Don't just think—act! An energy saving relay to the future."	Nobuhiro Inoue	Chubu Division, Matsuzaka plant
Distinction	"The thawing ice of global warming cries the tears of mother earth."	Isao Ishida	Kenzai Tech Co., Ltd.
	"Environmentally-friendly cost reduction. Reducing waste is also a technological achievement."	Kazuhiro Obara	Tohoku Division
Merit	"Energy saving activities for everyone. Just a little thought can put your heart and your actions on a higher level."	Takayuki Fujimoto	Tokyo Securities Printing Sub-division, Takino Securities plant
	"Switch off—unnecessary electricity. Switch on—energy saving awareness."	Koki Sakamoto	Nishinohon Division
	"Cut just a little waste and get more mileage out of global resources."	Ryuichi Kawase	Niigata plant
	"It only takes a flick of the finger to save electricity. Everything depends on your attitude."	Takashi Gojitsu	Takino Package plant
	"Think, that's a waste! And you've already taken the first step towards environmental preservation."	Takasuke Sugiyama	Toppan Printing Communications

(Total number of respondents : 4,767)

## ■ Site Report Issuance

Fiscal Year	2000	2001	2002	2003	2004
Number	2	5	7	8	12

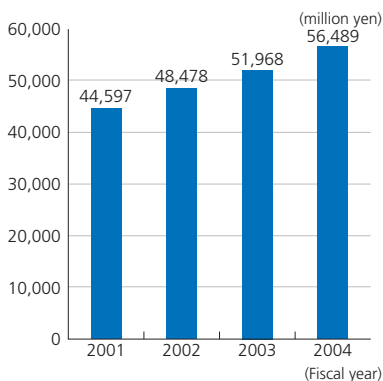
Development of Environmentally-friendly Products

■ List of Environmentally-friendly Products (as of end March 2005)

Business Fields	Toppan's Environmentally-friendly Products	Main Environmental Points
Securities Printing	Ecothrough card	Suitability for disposal
	Paper IC Card	Use of recycled materials
	BE Card	Biodegradability
	Eco Holosticker	Biodegradability
	Bulky Waste Processing Sticker	Resource-saving (reduced amount of materials used)
	Recycleco Gift Card	Use of recycled materials
	Card for ETC	Suitability for disposal
	Hanshin Expressway Public Corporation Multipass	Use of recycled materials
Commercial Printing	Rewritable Paper	Long-life products
	Toppan Green Paper 100	Use of recycled materials
	Toppan Green Paper Bagasu	Use of recycled materials
	Eco Pack (life-size POP display)	Resource-saving (reduced amount of materials used)
	Aiba Environmentally-friendly Exhibit System	Reusability
	Paper Desk Calendar	Use of recycled materials
	Ecology Calendar	Use of recycled materials
	Eco POP	Use of recycled materials, Suitability for disposal, Energy saving
	Eco Pack Stand	Resource-saving
	Eco Pack Multipanel	Reusability
	Eco Floor Sticker	Suitability for disposal
	Cerap	Suitability for disposal
	Eco Pack End Panel	Resource-saving
	Eco Pack Stand, Round-type	Reusability
Publications Printing	EPOP	Use of safe materials
	Recycled vegetable-Oil Ink	Use of recycled materials
	Polyurethane Reactive Hot-Melt	Easy separation and easy disassembly
Electronics	Non-Vinyl Chloride Lenticular Lens	Suitability for disposal
	Low-halogen Printed-wiring board	Suitability for disposal
Optronic	Lenticular Screen	Resource-saving, Use of safe materials
	Antireflection Film	Resource-saving
Interior Décor Materials	Toppan Ecowall	Reduced release of chemical substances
	Toppan Ecofoil	Reduce release of chemical substances
	Functional Ecofoil (Airfeel, Mirrafeel, Purefeel)	Suitability for disposal
	NaturArt	Reduced release of chemical substances
	Coordination Floor	Reduced release of chemical substances, Long-life substances
	PURE ALL	Use of safe materials, Suitability for disposal

Business Fields	Toppan's Environmentally-friendly Products	Main Environmental Points
Packaging	GL Family	Suitability for disposal
	Standing pouch for Refill	Resource-saving (reduced amount of materials used)
	Bottled Pouch	Resource-saving (reduced amount of materials used)
	Thin-Wall Bottle	Resource-saving (reduced amount of materials used)
	Plastic Container Made from Recycled Materials	Use of recycled materials
	Ecogloss (environmentally friendly gloss finishing)	Resource-saving (reduced use of exhaustible materials), Use of recycled materials
	Recording Media Packaging	Resource-saving (reduced use of exhaustible materials)
	TT Paper Can	Easy separation and disassembly
	Neovert	Use of recycled materials
	Ecotainer	Resource-saving (reduced use of exhaustible resources)
	TL-PAK	Resource-saving (reduced use of exhaustible resources)
	EP-PAK (EP-GL)	Resource-saving (reduced energy usage in logistics)
	EP-PAK (AI)	Resource-saving (reduced energy usage in logistics)
	Stand-up Laminated Tube	Resource-saving (reduced amount of materials used)
	Recyclen Cap	Easy separation and disassembly
	AP Cartons	Resource-saving (reduced energy usage in logistics)
	Micro-Flute	Resource-saving (reduced energy usage in logistics)
	TP-Tray	Recyclability
	Corrugated Absorber	Recyclability
	AD-Case	Resource-saving (reduced amount of materials used)
	Cartocan	Recyclability
	Paper Cup Made from recycled paper	Use of recycled materials
	Cup made from Tree Free paper	Resource-saving (use of by-products)
	Biodegradable Package	Biodegradability
	Cylindrical Paper Cartridges	Resource-saving
	Coated Barrier Film	Suitability for disposal
	GL-C Bottle	Resource-saving
	GX Film	Resource-saving
	Jar Plus	Resource-saving
	Tray All	Easy separation and disassembly
	GL Film Lined Paper Cup	Resource-saving
	Double-Wall Barrier Cup	Resource-saving
	Oil-Proof Paper	Use of safe materials, suitability for disposal
	Functional Coated Paper	Recyclability
	In-Mold Barrier Cup	Resource-saving
	Tamper Evident Recyclen Cap	Easy separation and disassembly
	Easy peel-off thermo-cap for PET bottles	Easy separation and disassembly
	Ecoband	Resource-saving
	Water-based Cold Seal	Reduce release of chemical substances
	Biodegradable Plant Pot	Biodegradability
	Barrier Cup (NSP Process)	Resource-saving
	Plastic Clip	Recyclability
Notchless Easy-cut Container (AL type)	Resource-saving (reduced energy expended in manufacturing process)	
Recycled PET Clear Case	Recyclability	
ALUGLAS	Suitability for disposal	

■ Sales of Environmentally-friendly Products

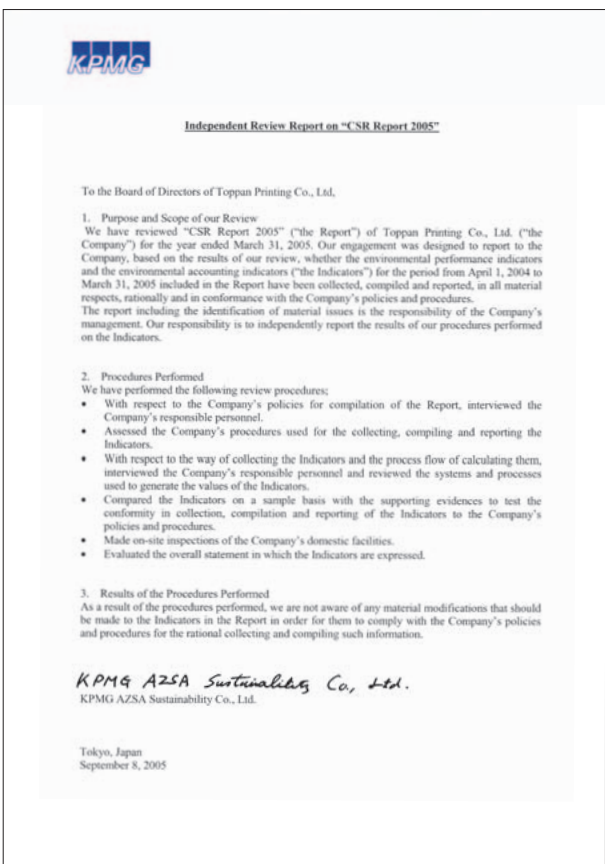


# Independent Review

In the "Overview of CSR Activities and New Initiatives" section on pages 8 and 9 of this report, Toppan posted a six point priority CSR action plan, highlighting in an easy to view fashion, the status of the Company's CSR activities and its forward looking stance on this issue. This is commendable. However, I consider it is important that Toppan establish a more concrete set of quantitative targets, in addition to the existing qualitative targets. I also indicate that it is necessary for the Company to carry out progress management of CSR activities, along with performance appraisals and reviews, and promote CSR activities as a management system.

In the area of Commitment to the Environment, which is one of its six priority themes, Toppan is promoting toluene reduction activities throughout the entire Group, and is already seeing results. This was also touched upon as one of the topics of last year's report. Also, looking at developments in the PRTR report on emission volumes into the air, review of CSR Reports (Environmental Reports), of the past we can see at a glance that there have been major reductions in emission volume achieved over the last year. Based on environmental accounting materials that I have been provided with during the independent review process, I was also able to confirm the benefits of investments made, including investments made in gas emission disposal equipment over the last few years. Having said that, it is insufficient that there is little mention of such activities and their results included in the *CSR Report 2005*. In the important area of its approach to the environment I regard Toppan could provide a more concrete and comprehensive explanation by displaying related values on an annual basis, and listing activities to date alongside results for the fiscal year in question.

Toppan's business activities cover a broad and divergent set of areas, and as a result, many pages of the report are taken up with merely explaining its various activities and in-house systems. I was also conscious that there were duplicated listings in certain parts of the report. As a result, I expect that Toppan will continue properly marshalling the listed dated as well as considering both the inclusion of quantitative listings to back up the qualitative data and the importance of the other data contained in the report.



**Maho Yao**  
 Manager,  
 AZSA Sustainability Co., Ltd.  
 (AZSA & Co. group)



### Independent Review Process

<b>Planning</b>	<ul style="list-style-type: none"> <li>● Discussion and planning</li> </ul>	Hearing to review improvements from the previous year, examination of methods and scope of aggregation; determination of the schedule and the sites to be reviewed
<b>Implementation</b>	<ul style="list-style-type: none"> <li>● Management interview</li> <li>● Head office Review Toppan Printing Co., Ltd. (parent) and Group companies in and outside Japan</li> <li>● On-site review</li> </ul>	Interview with those responsible for CSR activities. Confirmation of Toppan's basic thinking on Corporate Social Responsibility (CSR) and presentation guidelines for the <i>CSR Report 2005</i> confirmed  Hearing on data-collection methods, including internal controls; implementation of analytical procedures, questioning and vouching procedures; examination of the calculation accuracy and appropriateness of methods; examination of consistency among data (including descriptions)  Toppan Electronics Fuji Co., Ltd.
<b>Final review of the script</b>	<ul style="list-style-type: none"> <li>● Review at head office</li> </ul>	Confirm data on the entire Group and perform a final check on the <i>CSR Report</i> content
<b>Internal review at AZSA Sustainability Co., Ltd.</b>	<ul style="list-style-type: none"> <li>● Internal review meetings</li> </ul>	Before submitting the independent review, AZSA reviewers uninvolved in the Toppan review examine the review procedure, examine the review results and draw up their conclusions about the <i>CSR Report 2005</i>
<b>Submitting the Independent Review Report</b>	<ul style="list-style-type: none"> <li>● Submission of the Independent Review Report</li> </ul>	The independent reviewer submits the Independent Review Report to Toppan
<b>Reporting</b>	<ul style="list-style-type: none"> <li>● Briefing on the findings in the independent review</li> </ul>	The independent reviewer reports the findings of the review to Toppan



## Third-party Opinion

The Toppan report comes with many pages and is extremely detailed. A careful reading of the text reveals that the report is based on a well thought out, systematic composition. In particular, as a development of the CSR report in its second year, I found that the presentation of an overview table of the activities performance along with issues and targets in line with the six CSR priority themes to be praiseworthy and well connected with the themes of the report. CSR in the Information Communications Industry is also featured, while personal data protection systems and the status of system development were also well covered. This is a timely activity that has accurately homed in on the social issues connected with the unique characteristics of the industry segment in which Toppan operates, and should be seen as form of disclosure. From these statements and descriptions, I was able to get the feeling that the Company is steadily laying the groundwork for CSR activities. Also, in the CSR topics section, several reports with negative connotations for soil pollution issues were picked up from various sources, from which I was able to surmise that the Company understands the basics of CSR reporting.

### Social Report

I am able to positively evaluate the fact that the Toppan report is quite systematic, with listings that touch on a broad range of areas. There are, however, a number of issues where improvement is called for. For example, the section dealing with supply chain activities notes that efforts are being made to adopt CSR activities in selection standards for procurement, and supplier audits. It is also necessary, however, to provide concrete examples of implementing these measures and of their results.

In disclosing performance data, I believe it is necessary for Toppan to prioritize the disclosure of activities related to issues that have become social problems, and would therefore like to see this considered as one issue for future discussion. There are numerous examples, for instance, the operational status of hot-lines and safeguards for those who disclose information in the public interest, efforts related to shortening working hours and the work-life balance, along with mental health measures and performance results. We are seeing the beginning of moves towards self-evaluation and disclosure of overall CSR activities, and as a result, I would like to see the Company make it a rule in the area of personal data as well, to take information, wherever possible, and make disclosures on a quantitative and chronological basis, including self-assessments.

The *CSR Report 2005* is heavily tilted to data and resources, and I feel that referencing of these data to the main body of the text is insufficient. If efforts are not made to make it easier to get a grasp of the overall picture of each individual section from the main body of the text, by providing a basic data section, including quantitative data, and referencing this to detailed information in the data section, readers may be disadvantaged and left in doubt as to the importance of the information presented to them. One way to achieve this could be to include something in the body of the main text that highlights the existence in the report of a data section.

### Environmental Report

Revisions have been made to medium term reports and new targets established in response to progress in environmental activities. Overall, there is a large amount of quantitative data, and this portion of the report is satisfactory. There are however, problematic areas. In particular, the section about activities aimed at preventing global warming uses a base year of 2001, and even if the Company manages to fulfill 2010 targets it may not be positively evaluated by society for doing so. It may be necessary to reset these targets at high levels, but I would like to see performance disclosure and target fixing switched to a 1990 base year in line with the Kyoto Protocol. Also, the management of chemical substances and their reduction should not be restricted to specified materials alone; I would like to request that the Company disclose quantitative data for emission volume, and changes thereof, for all PRTR materials.

Issues for future discussion include environmental impact reports and target setting activities on a divisional basis. I would like to see Toppan look into the possibility of introducing higher quality activities, including aiming for ongoing improvements by setting "eco factory" standards, and assessment levels, and using these measures as a base to consider establishing environmental management indexes linked to such standard business measures as sales.

In closing, while there are numerous photographs throughout the report, they tend to be of facilities and goods, with some group photos thrown in. I feel, however, if a little more information come by people in the work place was included, it would contribute to making the report more vivid.

### Yoshiki Midorikawa

Director, Green Consumer Research Group  
Co-chair, The Valdez Society

緑川芳樹

#### Profile

Mr. Midorikawa graduated from the department of law, Chuo University and department of literature Waseda University. He worked mainly in labor administration after entering public service in the Kanagawa prefectural government in 1961. After retiring from the prefectural service in 1995, Mr. Midorikawa then went on to serve as Executive Officer of the Kanagawa Prefecture small and medium business management association until 1999. Mr. Midorikawa's NGO/NPO credentials include participating from 1991 in the Valdez Society, which researches and make proposals on corporate responsibility to the environment through collaboration between general citizens and companies, and founding the Green Consumer Research Group in the same year. He has been a fulltime officer of the Green Consumer Research Group since April 1999.



## Company Reaction to Independent Review and Third-party Opinion

AZSA Sustainability Co., Ltd. has provided an independent review for Toppan's "Environmental reports" since 2001, and provided the same service for the *CSR Report 2005*. Toppan also solicited third-party opinion from Yoshiki Midorikawa, director of the Green Consumer Research Group, and co-chair of the Valdez Society. Toppan would like to express its gratitude for the objective, thought provoking and concrete opinions provided.

The *CSR Report 2004* allowed the Company to review the issue of "what constitutes social responsibility for Toppan," and this year has seen the Company get to grips with the six priority themes earmarked in that report, as concrete topics for implementation. From this year, in order to be able to look back on our activities over the year and follow-up from the standpoint of "what the Company was able to achieve, and where it was we fell short," Toppan will add a "check sheet," which will list an overview of CSR activities and new activities, provide disclosure to our stakeholders, as well as serving as a self-administered check for the Company itself. In the report on the social nature of the Company, AZSA Sustainability proposed that Toppan take its progress management of CSR activities along with performance appraisals and reviews, and

expand them to produce a CSR management system by establishing targets based on quantitative data. Mr. Midorikawa also provided a valuable opinion on activities related to issues that have become social problems, noting the need to make disclosures on a quantitative and chronological basis after adding self-assessments. He also offered a proposal on the handling of basic data and detailed data, including data drawn up in a quantitative format.

With this check sheet, Toppan aims to make self-assessments based on what the Company was able to achieve and where it fell short, and disclose this information to our stakeholders. In addition the Company would also like to see each and every Toppan staff member take action from the standpoint of "What CSR activity can I carry out".

Concerning the environmental report, AZSA Sustainability also proposed that Toppan provide a quantitative disclosure of investments and their effectiveness on an annual basis. The Company is aware that this latest report contains shortcomings in the area of quantitative data related to qualitative data, as a result of Toppan actively selecting certain listed information over other data in order to reduce the number of overall pages. The Company also aims to perform disclosure

of quantitative data related to PRTR emissions into the atmosphere and annual changes in the "environmental activities data," page on the Toppan website following proposals in connection with the "PRTR report on emission volumes into the atmosphere".

Mr. Midorikawa also proposed that the Company review targets set against the backdrop of 1990 performance disclosure bases for gases linked to global warming, and disclose quantitative data on PRTR materials. This is broadly in line with proposals made by AZSA Sustainability, and we will respond in the aforementioned manner. As far as ascertaining 1990 performance levels for gases linked to global warming is concerned, we aim to make this an action issue from the upcoming fiscal year, and will investigate the possibility of calculating the figure based on deemed co-efficients, while taking into consideration industry developments on target setting.

We sincerely accept the proposals and opinions made on the Company's behalf, and will implement CSR activities unique to Toppan that have a direct bearing on our business. We will also continue to make ongoing improvements in order to continue to be a true corporate citizen.

### Editor's Postscript

This is the second consecutive year Toppan has released a "CSR report." In editing the report, we have attempted to give expression to the opinions and comments received from stakeholders who took part in the discussions included as a special section in last year's report, along with those offered in the independent review process and third party opinion.

Toppan operates mainly in a "B to B" driven business, but also takes great pains in making the connection with the consumer by adding the all important "to C" element of the equation, and it is in this connection that the Company has

included in this report a feature on "personal information protection", which is a topic closely connected with consumers. Toppan has also made efforts to clearly display negative data in special columns rather than the main body of the text, to enhance personnel and economic performance related data, improve functional links with related articles and data, at the same as also listing item names in the "comparative GRI guideline index," and powering up retrieval functions, even while reducing the overall number of pages compared to last year.

As a new venture, the Company

invited external stakeholders, and benefited from their efforts as facilitators when reviewing CSR activities over the period of the year, and as a result was able to make clear selections of issues to be addressed going forward. It is impossible to give a full account of our activities in the limited space provided, but we hope that this report will serve to help the reader understand Toppan's CSR activities. We look forward to hearing your opinions and comments.

Vision and Strategy	
1.1	P.4–7
1.2	P.2–3
Profile	
Organizational Profile	
2.1	P.1
2.2	P.4–5
2.3	P.4–5, 66
2.4	P.66
2.5	P.66
2.6	P.66
2.7	P.4–7
2.8	P.66–67
2.9	P.13
Report Scope	
2.10	P.1
2.11	P.1
2.12	—
2.13	P.1
2.14	P.66
2.15	P.66
2.16	P.23
Report Profile	
2.17	Used as reference
2.18	P.73
2.19	NA
2.20	P.1
2.21	P.1
2.22	P.1, 13, 15, 40, 41, 55, 67
Governance Structure and Management Systems	
Structure and Administration	
3.1	P.10
3.2	P.10
3.3	P.10
3.4	P.10
3.5	P.67
3.6	P.11, 16, 51
3.7	P.6–7, 44
3.8	P.10
Stakeholder Engagement	
3.9	P.13
3.10	P.13–14, 55
3.11	P.14, 55
3.12	P.14, 55
Overarching Policies and Management Systems	
3.13	P.12, 15–17
3.14	NA
3.15	P.67
3.16	P.30–31, 59, 60–61, 63
3.17	P.61
3.18	P.66
3.19	P.8–9, 11, 46–48, 50
3.20	P.16, 29, 33, 50, 69–70, 73

Economic Performance Indicators	
Customers	
EC1	P.5, 67
EC2	—
Suppliers	
EC3	—
EC11	—
EC4	—
Employees	
EC5	—
Providers of Capital	
EC6	P.67
EC7	P.67
Public Sector	
EC8	P.67
EC12	—
EC9	—
EC10	—
Indirect Economic Impact	
EC13	—
Environmental Performance Indicators	
Materials	
EN1	—
EN2	—
Energy	
EN3	P.45, 56, 74, 76
EN17	—
EN18	—
EN4	—
EN19	—
Water	
EN5	P.76
EN20	—
EN21	P.76
EN22	P.74, 76
Biodiversity	
EN6	—
EN23	—
EN24	—
EN7	—
EN25	—
EN26	—
EN27	—
EN28	—
EN29	—
Emissions, Effluents and Waste	
EN8	P.56, 59, 75–76
EN30	—
EN9	P.58, 76
EN10	P.45, 58, 75–76
EN11	P.45, 57, 76
EN31	—
EN12	P.45, 76
EN32	—
EN13	P.23, 52–53
Suppliers	
EN33	—
Products and Services	
EN14	P.60–63, 77
EN15	P.60–63, 77
Compliance	
EN16	P.23, 52–53
Transport	
EN34	P.59
Overall	
EN35	P.49, 73

Social Performance Indicators	
Employment	
LA1	P.71
LA2	P.71
LA12	P.38–39, 71
Labor/Management Relations	
LA3	—
LA4	P.39
LA13	—
Health and Safety	
LA5	P.11, 39, 71
LA14	—
LA6	P.39
LA15	P.39
LA7	P.71
LA8	—
Training and Education	
LA9	P.37, 71
LA16	P.36–39
LA17	P.36–39
Diversity and Opportunity	
LA10	P.37–38
LA11	P.71
Human Rights: Strategy and Management	
HR1	P.11, 68
HR8	P.26–27
HR2	P.30–31
HR3	P.30–31
Non-Discrimination	
HR4	P.11, 38, 68
Freedom of Association and Collective Bargaining	
HR5	P.39
Child Labor	
HR6	P.11, 68
Forced and Compulsory Labor	
HR7	P.11, 68, 71
Disciplinary Practices	
HR9	P.26
HR10	P.26
Security Practices	
HR11	—
Indigenous Rights	
HR12	—
HR13	NA
HR14	—
Community	
SO1	P.40–42
SO4	P.24
Bribery and Corruption	
SO2	P.11, 68
Political Contributions	
SO3	P.11, 68
SO5	P.11, 68
Competition and Pricing	
SO6	P.11, 68
SO7	P.11, 68
Customer Health and Safety	
PR1	P.11, 32–33
PR4	P.33
PR5	—
PR6	P.24, 33
Products and Services	
PR2	—
PR7	—
PR8	—
Advertising	
PR9	—
PR10	NA
Respect for Privacy	
PR3	P.11, 15–18
PR11	—

Note: This table displays the pages on which the corresponding content for required GRI Guidelines can be found only, and does necessarily not certify that these guidelines are being adhered to. Blue ink denotes an optional item.