

TOPPAN

CSR REPORT 2008

Report on Corporate Social
Responsibility Activities



Questionnaire enclosed at the back: Please let us know your opinions

We welcome feedback from readers. Stakeholder opinions are used to enhance the understandability and relevancy of our corporate social responsibility (CSR) initiatives and information disclosure for both stakeholders and the people inside Toppan. We encourage you to take a few minutes to answer the questionnaire enclosed at the back of the report.

●Editorial Policy

Toppan is disclosing information in the hopes of encouraging dialogue on social and environmental activities with more people, especially people who have an interest in Toppan's CSR activities.

●Period Covered

This report mainly covers activities in fiscal 2007 (April 2007–March 2008), though information on prior and later years is also included.

●Scope of this Report

In principle, this report covers the social and environmental activities of Toppan Printing Co., Ltd. ("the Company") and Group entities that are consolidated for accounting purposes. Most of the information on personnel applies to personnel within Toppan Printing Co., Ltd., the parent company. The scope of environmental performance data and environmental accounting is presented on P.60. Sixty-five domestic sites and nine overseas sites are ISO 14001 certified.

●Selecting the Information for this Report

In selecting the information to present in this CSR report, Toppan assesses the materiality of the information for society and the Company itself.

To assess whether information can be considered material for society, Toppan holds in-house discussions on the following points: independent reviews and third-party opinions, questionnaire responses to CSR reports and in-house newsletters from inside and outside the Company, other opinions gleaned from dialogues inside and outside the Company, various guidelines (such as the Environmental Reporting Guidelines [fiscal 2007 version] from the Ministry of the Environment of Japan and GRI Sustainability Reporting Guidelines 2006 from the Global Reporting Initiative [GRI]), questionnaire items from third-party organizations, and CSR-related information obtained from media and news agencies.

●Reliability

KPMG AZSA Sustainability Co., Ltd. carries out annual independent reviews on Toppan's reports on its environmental and social performance. As a testament to the reliability of the sustainability information in this report, Toppan is authorized to attach the following mark. This means that the report meets the standards for sustainability report assurance and registration established by The Japanese Association of Assurance Organizations for Sustainability Information (<http://www.j-sus.org/>).



●Eye-friendliness and Readability

In line with Toppan's in-house guidelines, this report considers eye-friendliness and readability. It also incorporates universal-design displays for as many people as possible regardless of individual differences in color perception. Upon entrustment by Toppan, the Color Universal Design Organization (CUDO), a nonprofit organization, has reviewed and certified this report for its universal design.

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

The Global Reporting Initiative (GRI) Content Index and other forms of CSR information are posted on this site. If erroneous entries or misprints are found after the issuance of the CSR reports, the related information will be shown on this site.

Terms Used in this Report

- CSR: Corporate social responsibility
- Stakeholder: A person (or interested party) who has a direct or indirect relationship with a corporation, such as a customer, employee, shareholder/investor, or business partner. A community or society as a whole can also be a stakeholder.
- Stakeholder dialogue: Dialogue and exchange of views with stakeholders
- Corporate governance: Framework for the governance of corporate activities
- Compliance: Adherence to laws, regulations, and corporate ethics
- PDCA: A sequence of four procedures—Plan, Do, Check, and Act

Cover Page

Toppan expresses its commitment to communicate with society in the three primary colors of printing: blue for sincerity, red for enthusiasm, and yellow for creativity. Toppan takes a sincere, enthusiastic, and creative approach in communication to fulfill the expectations of all of its stakeholders, from its customers and employees to its shareholders/investors, business partners, communities, and society as a whole.



Publication Dates

Previous report: November 2007
Current report: November 2008
Next report: November 2009 (planned)

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Contributing to a Fulfilling Lifestyle

The Toppan Group seeks to serve society as a trustworthy, respected corporation that contributes to the realization of a sustainable world.

Global warming, the phenomenon triggered by carbon dioxide and other greenhouse gasses, is now a major concern. Never before in the history of human economic activity have so many people appreciated the forces that threaten the sustainability of our societies. This is the time to think deeply about social sustainability and to take swift actions for a sustainable society in the future.

To Be a Trustworthy, Respected Corporation

I am always telling people at Toppan to “join hands to build a trustworthy, respected company together.”

This goal of building a trustworthy, respected company follows from recognition that Toppan must win the perpetual esteem of the public and maintain its role as an essential part of society. When I ask colleagues to work together to build such a company, I am urging them to promote social and environmental activities, as well as an unshakable system for corporate governance as a framework to ensure full compliance with laws, regulations, and corporate ethics in balance with Toppan’s economic goals. No company can stand alone, independent of the society in which it operates. And to earn a place within society, a company bears a social responsibility to help make the society sustainable. Indeed, the significance and prosperity of a company depends on the extent to which it can contribute to the creation of a sustainable society.

Towards a Sustainable Society

In 2000, the centennial anniversary of its founding, Toppan established *TOPPAN VISION 21* as its corporate vision and as the foundation of all of its business activities for the 21st century.

TOPPAN VISION 21 consists of a Corporate Structure

(the Corporate Philosophy, the Corporate Creed, and a set of Conduct Guidelines defining the Company’s important values and standards) and five Business Fields based on the Corporate Structure.

In my view, the goal of Toppan’s corporate social responsibility (CSR) is to realize the Corporate Structure. All of the people working in the Group must understand their responsibilities to society and to stakeholders, and endeavor to fulfill those responsibilities in their daily business operations. These efforts are certain to help Toppan contribute to the creation of a sustainable society.

Global Conservation Comes First

Among Toppan’s various initiatives towards the realization of a sustainable society, those to reduce environmental burden are extremely important from a management perspective. The revised operational procedures in energy-hungry clean rooms and other intensive energy-saving measures throughout the Toppan Group are based on a host of newly established targets to mitigate global warming. In fiscal 2009, a plant for liquid crystal color filters now under construction in Sakai, Osaka will launch operations as an environmentally advanced plant with reduced CO₂ emissions, waste discharge, and drainage.

The Group will strengthen measures to mitigate global warming as an overriding task towards the next Medium- and Long-term Environmental Targets to be set during 2011.

Toppan has also begun projects to mitigate global warming in new fields based on technologies acquired through printing. Environmentally-friendly products such as membrane electrode assemblies for fuel cells, light-extraction film for organic Electro Luminescence (EL) panels for lighting, and back sheets for solar cells are already bringing us closer to a sustainable society through business operations.

Towards Awareness and Solutions for Broader Social Issues

Another important social responsibility for the Company, as I see it, is to recognize and resolve broader social issues in parallel with issues to do with the environment.

Toppan has participated in the United Nations Global Compact and supported its 10 principles since September 2006. Our commitment to the Global Compact gives us the opportunity to work on initiatives to address social issues from a more global point of view. One form of solution is education, an area in which we have been active as a mainstay of information and culture since our foundation. To contribute to the achievement of universal primary education, one of the Millennium Development Goals, we have launched educational support activities seeking improved literacy among children who face difficulties in accessing education.



Orchestrating Employee Job Satisfaction

The driving force behind these activities is the people working at the Toppan Group. Toppan should nurture the talents and skills of individuals with a respect for people through the provision of an environment in which diverse human resources can work safely and securely. Toppan aims for sustainable development as a company offering job satisfaction not only by providing a work-friendly environment, but by encouraging employees to take pride in their work. I believe that these efforts will contribute to the realization of a sustainable society.

To Fulfill our Responsibilities to Stakeholders

Corporate social responsibility is a responsibility to all stakeholders. It is no exaggeration to assert that every step we take to fulfill our CSR begins from listening sincerely to the voices of the stakeholders—their suggestions, opinions, expectations, and desires.

By refining our existing dialogues with stakeholders, we have launched a new system that will enable fixed-point observations and evaluations of our CSR activities from fiscal 2007 onward.

For information disclosure on CSR activities as a fundamental communication with stakeholders, Toppan's *CSR Report 2007* was highly rated for its forthright disclosure of information on personnel, labor, and negative episodes. The report was named an outstanding sustainability report at the 11th Environmental Communication Awards and received the highest award for sustainability reporting at the 11th Environmental and Sustainability Report Awards. Henceforth we will move further in the same direction, promoting transparency and information disclosure to new levels. We are eager to hear your candid opinions in this regard.

The Toppan Group will maintain its efforts to serve society as a trustworthy, respected corporation committed to the creation of rich and fulfilling lifestyles in a sustainable world. We rely on your ongoing support and guidance in the future.

August 2008

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

A handwritten signature in black ink that reads "N. Adachi". The signature is written in a cursive, flowing style.

Group Business Outline

Toppan has developed its activities through the integrated strength of the Group in five fields of business: Information & Networks, Living Environment, Electronics, Personal Service, and Next-generation Products. Toppan's business activities in all of these fields have been expanded with printing technology at the core.

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)	11,181 (as of the end of March 2008)
Number of employees (Consolidated)	38,570 (as of the end of March 2008)
Capital (Nonconsolidated)	104.9 billion yen

Group Profile

The Toppan Group comprises Toppan Printing Co., Ltd. and 176 related companies (155 subsidiaries and 21 affiliates) engaged in manifold businesses in three main fields: Information & Networks, Living Environment, and Electronics.

On the opposite page you will find an outline of the positioning of Toppan and its related companies in these fields.

Business Fields

Information & Networks

Providing solutions to increase the value of information and effectively deliver information for clients who require smooth communication



● Securities and Cards



● Commercial Printing



● Publications Printing

Personal Service

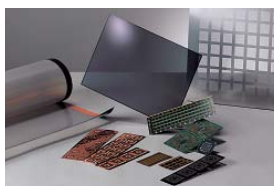
Providing customers with Toppan original brand of innovative information services and devices to mediate the links between people and goods



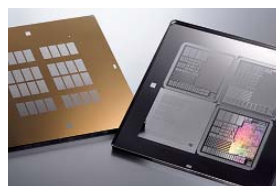
● Mapion, Internet-based map information service (in Japanese)

Electronics

Working with leading-edge technologies to provide electronic components with strong potential to be adopted as de facto standards



● Electronics



● Semiconductor Solutions

Living Environment

Providing customers around the world with products and services optimal for creating fulfilling lifestyles in fields such as medicine, food, and housing



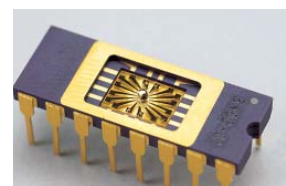
● Packaging



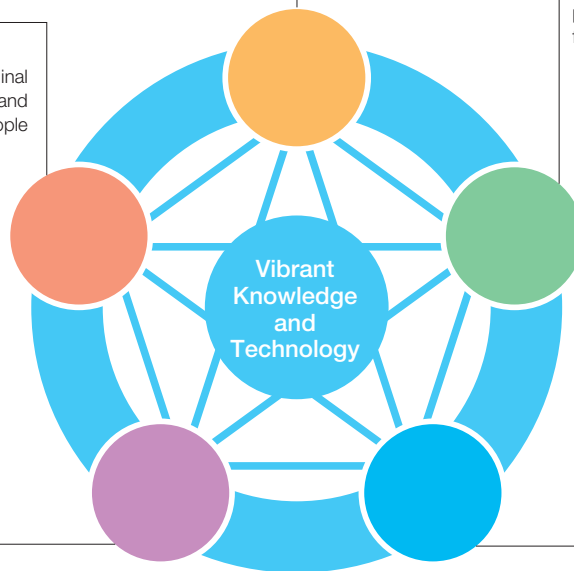
● Industrial Materials

Next-generation Products

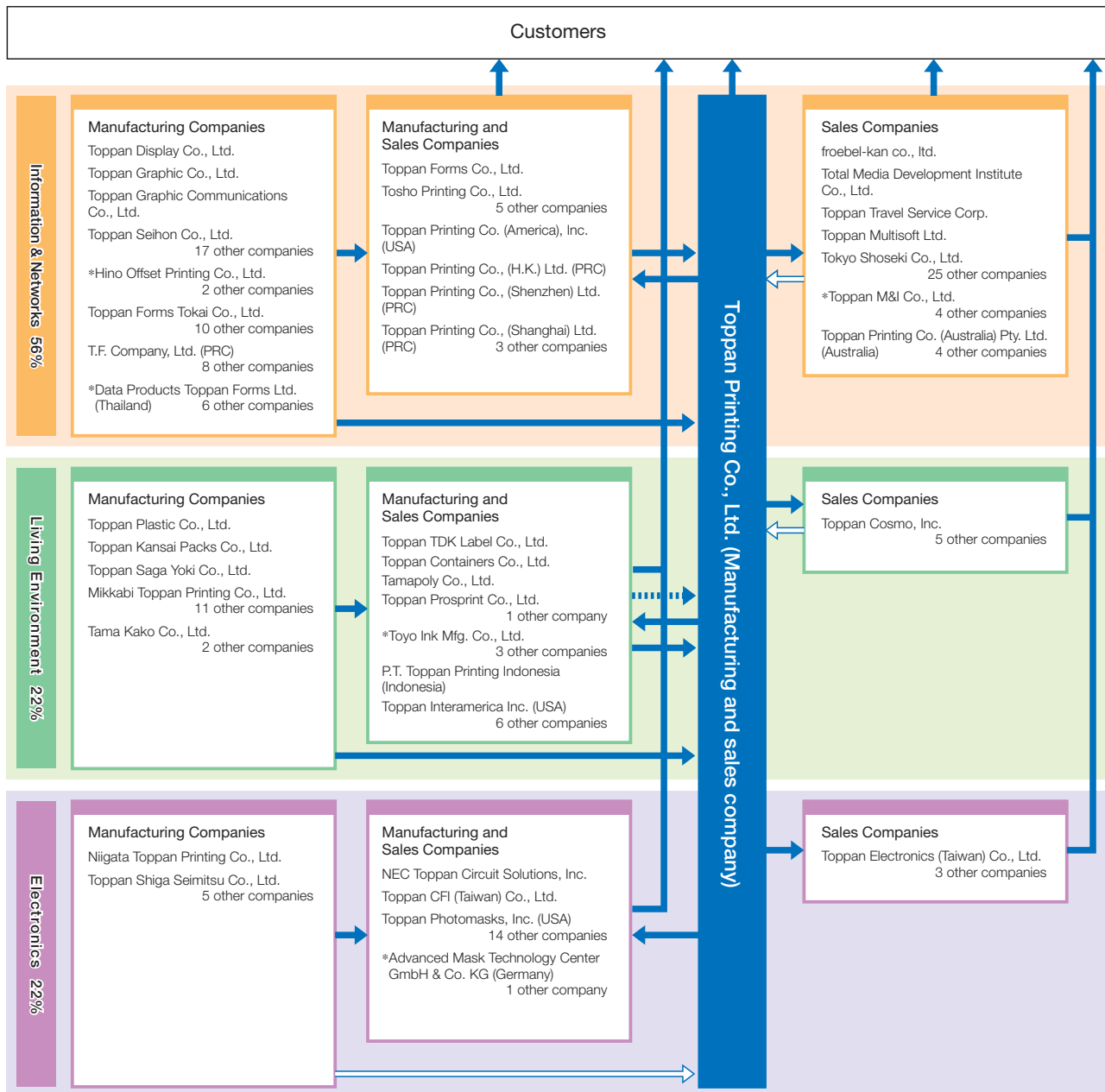
Providing high-performance industrial materials with links to the next generation by developing fields of business with growth potential



● Hydrogen sensor



Toppan Group Structure



Notes:

- No symbol: subsidiary—155 companies *: affiliates—21 companies (as of the end of March 2008)
- Toppan Group's business activities are usually divided into five fields. Here, however, they are divided into three fields based on the current sizes of the businesses and other factors.
- The composition ratios given under each business field are percentages of overall sales contributed. (The Net Sales by Business Field are shown on P.6.)
- Among Toppan's subsidiaries, Toppan Forms Co., Ltd. and Tosho Printing Co., Ltd. are listed on the first section of the Tokyo Stock Exchange.
- Tosho Printing Co., Ltd., a former affiliate of the Company, became a consolidated subsidiary when Toppan subscribed for its allocation of new shares on October 12, 2007.
- Toppan operational sites span across 15 countries and regions, including Japan.

•Scope of this Report

In principle, this report covers the social and environmental activities of Toppan Printing Co., Ltd. and Group entities that are consolidated for accounting purposes. Most of the information on personnel applies to personnel within Toppan Printing Co., Ltd., the parent company. The scope of environmental performance data and environmental accounting is presented on P.60. Sixty-five domestic sites and nine overseas sites are ISO 14001 certified.



Group Business Outline

Outline of Consolidated Operating Performance

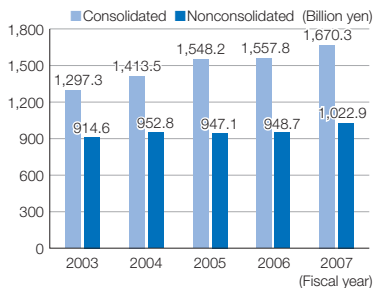
The Japanese economy recovered steadily in 2007, buoyed by growth in export and capital investment linked to the favorable performance in companies. In the second half of the year, however, uncertainty about the future heightened due to rapid exchange rate fluctuations and the stock market slump precipitated by steeply higher crude oil prices and the subprime loan debacle in the U.S. (subprime loans are housing loans for individuals with poor creditworthiness). The printing industry has faced severe price competition, aggravated by elevated costs for materials arising from higher costs for raw materials.

Within this environment, the Toppan Group has been eager to innovate the Group's profit structure and cut costs further based on *TOPPAN VISION 21*, the corporate vision for the 21st century. The Group has increased its production capacity and accelerated technological development to strengthen competitiveness in markets with high growth potential, such as color filters and services incorporating information security technologies. Management has also striven to expand its business areas and strengthen its management bases cooperatively within the Group.

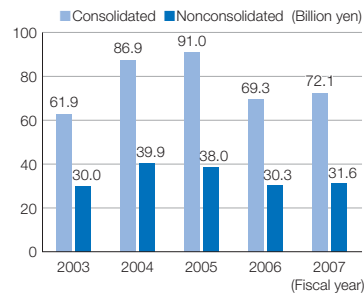
Consequently, consolidated net sales increased to 1,670.3 billion yen in fiscal 2007, up by 7.2% from the previous

year. Consolidated operating income reached 72.1 billion yen, climbing 4.0% year-on-year. Consolidated net income stood at 38.5 billion yen, for an increase of 47.8%.

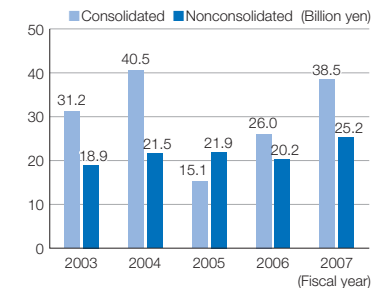
Net Sales



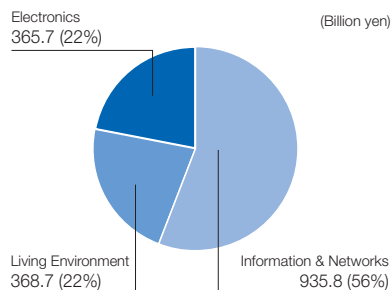
Operating Income



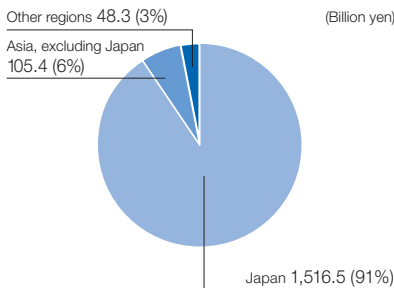
Net Income



Net Sales by Business Field (Consolidated)



Net Sales by Region (Consolidated)



Note: Here, sales are divided into three business fields based on the sizes of the businesses and other factors.

Number of Employees

	(Employees)				
	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007
Consolidated	32,178	32,724	35,954	36,757	38,570
Nonconsolidated	11,512	10,548	10,582	10,899	11,181

Number of Employees by Business Field (Consolidated)

(Employees)			
Information & Networks	Living Environment	Electronics	Company-wide Position
22,098	8,737	6,882	853

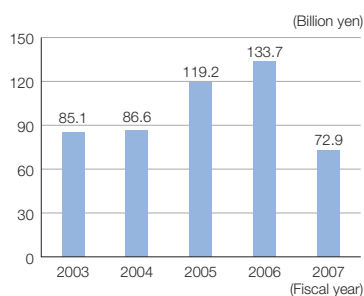
Key Financial Data (Consolidated)

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007
Net sales (million yen)	1,297,357	1,413,580	1,548,208	1,557,876	1,670,351
Operating income (million yen)	61,956	86,938	91,085	69,376	72,153
Net income (million yen)	31,229	40,574	15,148	26,067	38,523
Total assets (million yen)	1,461,305	1,483,477	1,727,636	1,837,719	1,787,408
Net assets (million yen)	740,481	768,245	803,678	918,002	940,303
Interest-bearing debt (million yen)	239,209	205,008	304,736	359,631	290,324
Capital expenditures (million yen)	85,108	86,625	119,221	133,722	72,911
R&D expenses (million yen)	21,302	22,255	27,593	29,132	29,732
Current income taxes (million yen)	24,918	22,154	34,073	32,354	16,214
Share price—high (yen)	1,396	1,380	1,648	1,645	1,396
Share price—low (yen)	690	1,002	1,050	1,161	965
Net income per share (Basic) (yen)	45.57	60.09	22.13	39.58	58.63
Net income per share (Diluted) (yen)	44.86	59.94	22.02	39.40	58.49
Shareholders' equity per share (yen)	1,104.62	1,154.21	1,216.04	1,222.27	1,223.41
Dividends per share (yen)	17.00	19.00	20.00	20.00	22.00
Return on assets (ROA; %)	2.2	2.8	0.9	1.5	2.1
Return on equity (ROE; %)	4.3	5.4	1.9	3.2	4.8
Cash and cash equivalents at end of period (million yen)	202,149	168,804	206,974	240,596	224,315
Number of employees	32,178	32,724	35,954	36,757	38,570

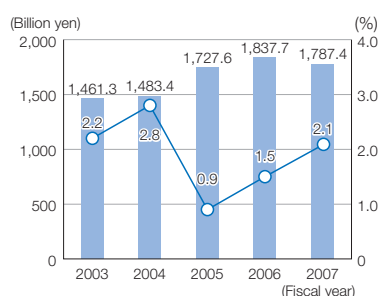
Notes:

- Net sales do not include consumption taxes.
- The number of employees is the number of employees working at the Company.
- Toppan has applied the "Accounting standards related to the impairment of fixed assets" and the "Guidelines on accounting standards related to the impairment of fixed assets" since fiscal 2004.
- Toppan has calculated the net assets by applying the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" since fiscal 2006.
- High and low share prices are prices on the first section of the Tokyo Stock Exchange.

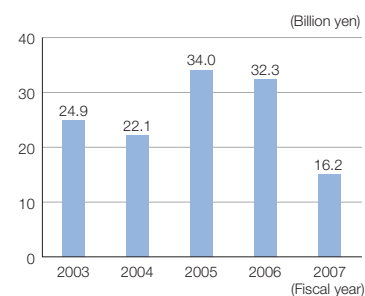
Capital Expenditures



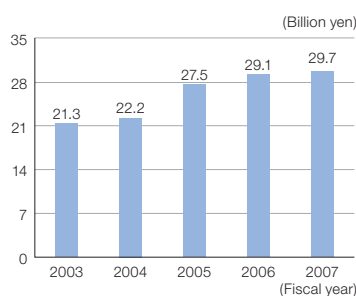
Total Assets & Return on Assets (ROA)



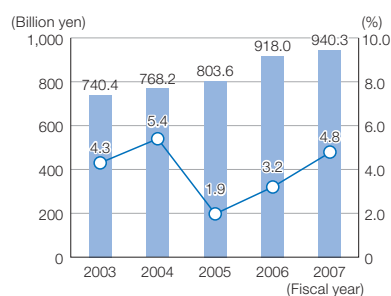
Current Income Taxes



R&D Expenses



Net Assets & Return on Equity (ROE)



Maintaining Work-Life Balance for Employees

Becoming a Company Offering Job Satisfaction

Toppan seeks to be a “company offering job satisfaction” by guaranteeing its employees “pride in work” and comfortable working environments. To realize a “work-friendly environment,” the Company must promote work-life balance to empower its people to enjoy contented lives both at home and at work.

Toppan has long been striving to enhance work-life balance for its employees. In coming years the Company will continue its efforts to secure fulfilling lifestyles for employees by improving its corporate system and establishing a corporate atmosphere in which employees are able to take more vacation time.

▶ See PP.50–57 for the details on employee treatment



Valuing Human Endeavors as a Company Offering Job Satisfaction

The shrinking of the labor force as a consequence of the declining birthrate and aging population has become a major social issue in Japan. The environment surrounding workers and companies has also been changing dramatically: economic conditions are becoming volatile, values and attitudes are diversifying, and labor-related legislation is being revised. Toppan employees, the force behind the Company's corporate activities, are prized as invaluable “human assets.” As changes in the labor environment deepen the importance of human resources for the companies that employ them, Toppan seeks to develop sustainably as a company offering job satisfaction. Job satisfaction, as Toppan defines it, enhances pride in work and secures a work-friendly environment. Various efforts are underway within the Company to realize just this kind of working environment.

To feel pride in work, employees must live with a positive sense of mission. Toppan regenerates through personnel rotations responsive to individual competencies and qualifications. It also takes various steps for human resource development to foster individual abilities and potential.

To realize a work-friendly environment, every employee should be highly esteemed and encouraged to enjoy a happy personal life. It is vital to promote a healthy work-life balance. Toppan strives to help its employees maintain a healthy work-life balance by offering family and childcare support, reducing overtime, and encouraging employees to take leave to refresh themselves and rebalance. All of these efforts improve productivity and add value in the long run.

A company can only offer job satisfaction to its employees if it promotes pride in work and provides a work-friendly environment. Toppan believes that the Company and its employees will develop sustainably by delivering these two ingredients for human resource development. The Company-wide slogan in fiscal 2008, “Realizing *TOPPAN VISION 21* to become No. 1 in Job Satisfaction,” betokens the mounting efforts at Toppan to reward its human assets.



Kodomo-ba ("kids park"), a website for parents (<http://kodomoba.jp/> [in Japanese])



In-house poster with the fiscal 2008 Company slogan

New Business Evolved from the Pursuit of Work-Life Balance

Efforts to pursue work-life balance can be a source of new ideas for business.

Kazuyoshi Miyamoto, the founder of *Kodomo-ba*, explains, "I wanted to start a business involving children, to take advantage of my experience in raising them." *Kodomo-ba* is a free, members-only website that provides local information on parenting. Miyamoto left work for about a year on childcare leave. After returning to work, he created the site as a new Toppan business based on his own experience in raising kids.

Kodomo-ba is a perfect example of a job satisfaction resource offered by a company committed to helping its employees attain balanced lives and enthusiasm for work. "People's values and the actual conditions of their lives vary," explains Miyamoto. "Many agonize over the choice between continuing work and devoting themselves full-time to their families after their children are born. The important thing for employees is to have various options available at work. I appreciate Toppan, as well as my supervisors and coworkers, for providing options. Everyone has helped me, officially and privately, both before my leave and now that I'm back."



Kazuyoshi Miyamoto, Media Business Development Department, Information and Communication Division

The Importance of Opinions in the Workplace

In-house communication, listening and exchanging opinions in the workplace, is a vital practice for any company that seeks to offer job satisfaction for its employees. When a new system is adopted or an existing system is changed, for example, full explanations and candid dialogues with the employees, the actual users of the system, can elevate its effectiveness. All of the employees at work should share their knowledge on the features and purposes of company systems, and both management and employees should agree on how the systems are run.

Employees are important stakeholders for a company. Management at Toppan engages its employees in dialogues to search for the best ways to enhance the Company's strengths and remedy its defects. This is natural for Toppan, as a company that strives to offer job satisfaction.

Recent Achievements for Work-Life Balance at Toppan

- Expanded qualification criteria for the staggered work-hour program
Employees can now use the staggered work-hour program for raising children.
- More opportunities to take half-day leaves
Employees can take up to 20 half-day leaves a year (versus 10 half-day leaves before).
- New financial assistance program for childcare leave
Employees who take childcare leave can now receive a benefit of 30,000 yen a month.
- New financial assistance program for parents entering nursing facilities
Employees can now receive a subsidy of 30,000 yen when their parents or spouse's parents enter nursing facilities.

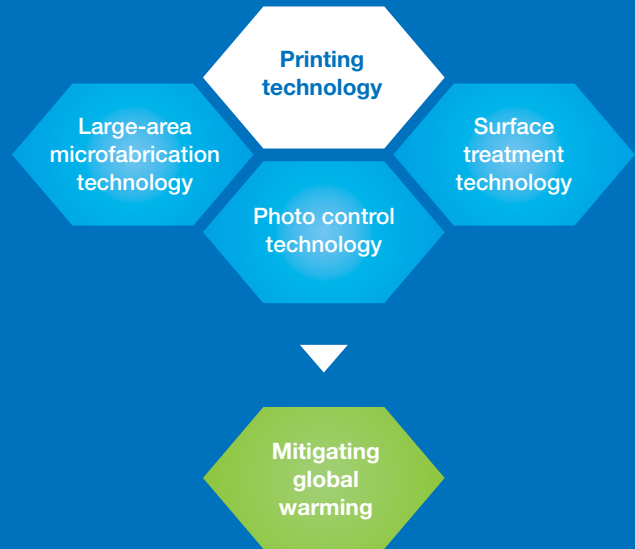
Developing Product Components for Reduced CO₂ Emission

Mitigating Global Warming through Printing Technologies

Toppan strives to reduce carbon dioxide (CO₂) emissions, the main cause of global warming, by promoting dual initiatives for lowering the environmental burdens associated with its production activities and developing and marketing environmentally-friendly products based on its printing-related technologies.

Two eco-friendly examples from Toppan are a large-area microfabrication technology derived from a plate-making technique to transcribe letters and pictures on paper, and a surface treatment technology now applied for designing and producing many types of films. By combining technologies such as these, the Company is advancing in the development of components for fuel cells and other products with strong potential to reduce CO₂ emissions.

▶ See PP.60–84 for the details on environmental activities

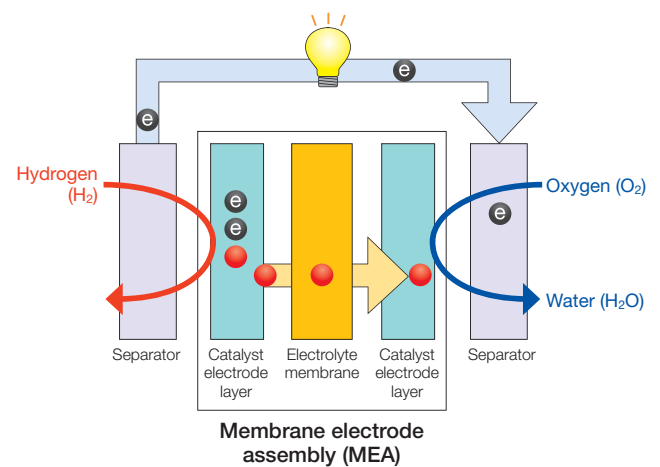


Membrane Electrode Assembly (MEA) for the Fuel Cell

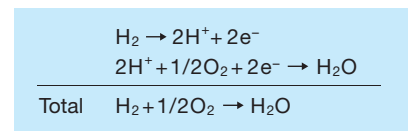
The fuel cell generates electricity through a reaction between hydrogen and oxygen. The system has great promise as a source of low-environmental-burden energy, offering higher power generation efficiency than existing generating systems, with zero emission of CO₂. The only by-product discharged during electricity generation is water. Toppan is developing a membrane electrode assembly (MEA) and separator that will form the core part of the fuel cell. The MEA consists of a catalyst layer and electrolyte membrane for optimal power generation efficiency and durability. The catalyst layer catalyzes the electrical generation by producing electrons through the dissolution of hydrogen and generating water through a reaction between the oxygen and hydrogen ions obtained. The electrolyte membrane, meanwhile, serves as a partition strip to permit only the hydrogen ions to pass, effectively separating the hydrogen and oxygen at the center of the fuel cell.

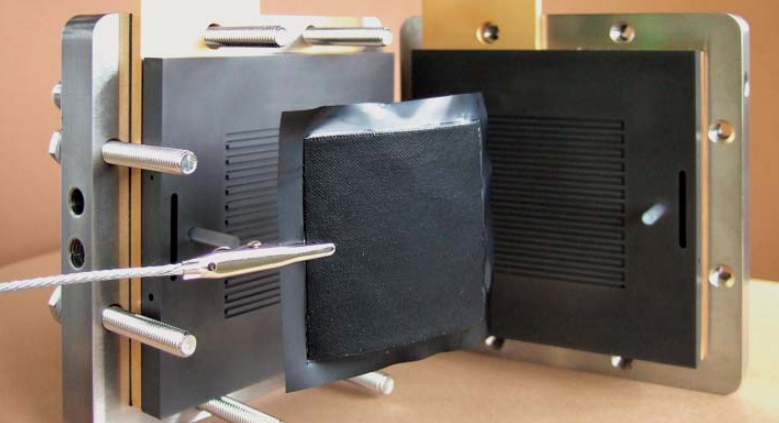
The fuel cell system requires a smooth flow of hydrogen, oxygen, and electrons and an adequate removal of water to increase the power-generation efficiency. The catalyst particles mixed with the resins in the catalyst layer should ideally disperse in interconnected clusters. Toppan is work-

ing to obtain this ideal condition with a proprietary inking technology and studying a process to combine the catalyst layer and electrolyte membrane with coating and laminating technologies.



- Proton (H⁺)
- Electron (e⁻)





Membrane electrode assembly (the sheet shown at the center of the photo)

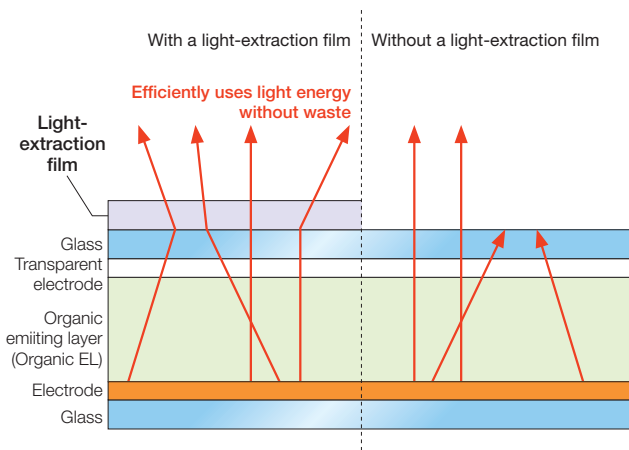


Solar cell made with a back sheet fabricated by Toppan

Light-extraction Film for the Organic Electro Luminescence Panels for Lighting

The organic Electro Luminescence (EL) panel is a light-emitting surface made from special organic compounds that emit light using electric energy. The panel uses less electricity than an incandescent lamp to emit the same amount of light. It also has the potential, in theory, to surpass fluorescent tubes in power efficiency. Toppan holds a stake in a corporation now exploring the business potential of the panel and handles the design and production of the light-extraction film attached on the panel. The film plays the following two roles: to diffuse light, and to extract the light that cannot pass through the glass. Through these features, the panel can illuminate the surrounding area in moderately bright light without too much directivity, efficiently using the light energy without waste.

Toppan is applying its work on the stereo printing principle to the development of this film. Stereo printing technology produces printed images that visibly change when viewed from different angles, smoothes the quality of video images, and converts plane images to three-dimensional images. These effects are achieved by either combining a printed material with a lenticular lens (a specially arranged array of convex lenses) or printing images directly on the lens itself.



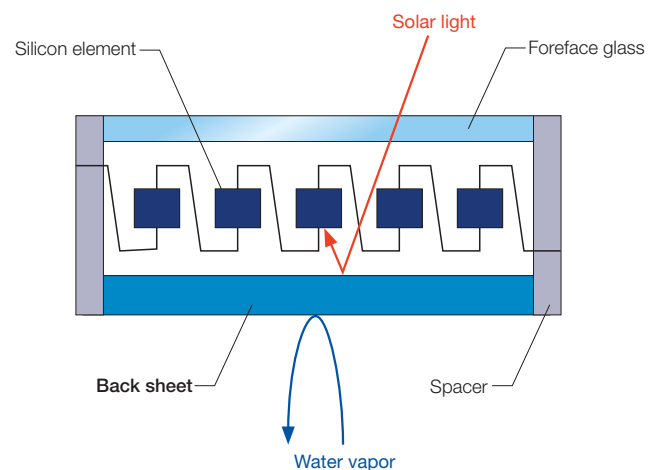
Back Sheet for the Solar Cell

The solar cell is a representative type of power-generation device fuelled by natural energy. Its prevalence is now growing, with advances in both the technology and drive to promote its use. The production output of solar cells, therefore, has been increasing year by year around the world.

For solar cells installed outdoors, safeguards to protect the inner components from external materials are essential to prevent deterioration and trouble. One of the arch foes of the silicon elements used to convert solar light into electricity is the water vapor in the air. Toppan develops and produces a back sheet to prevent invisible vapors in the air from infiltrating the cell.

Toppan's back sheet offers the world's highest-level performance as a vapor barrier through the optimal use of thin-film formation and coating technologies. It also improves efficiency in the use of light by reflecting the light not converted into electricity back onto the silicon elements again.

Toppan will move forward in its R&D on various manufacturing processes and product components, including the back sheet.



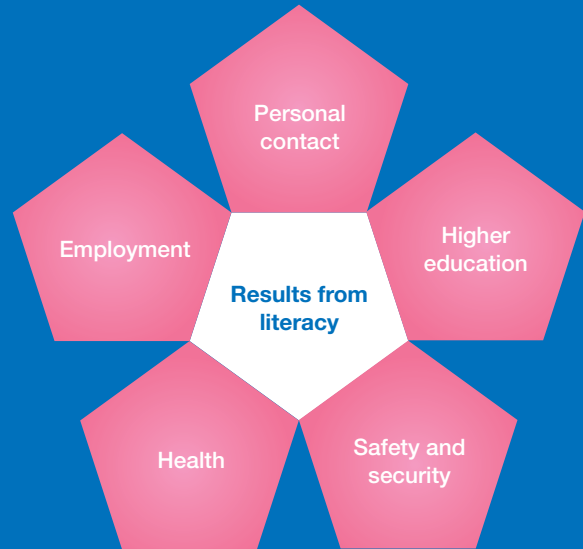
Educational Support to Improve Literacy

Promoting Fulfilling Lifestyles throughout Society

Toppan announced its participation in and support for the United Nations Global Compact in 2006. The Company recognizes anew its responsibility to address social issues from a more global perspective.

How can Toppan, a company that has contributed to the development of information and culture through printing, help to resolve the societal problems in the world? Toppan has launched an educational support project to improve literacy among children who face difficulty in accessing education. The project is designed to contribute to the achievement of universal primary education, one of the Millennium Development Goals*.

▶ See PP.46–49 for details on social contribution activities



Literacy: Its Importance and Status around the World

Toppan held *Toppan Charity Concerts* in February 2008 as the first step of an educational support project with the goal of improving literacy among children who face difficulty in accessing education. Literacy, the ability to read and write, is one of the essential skills for living and communicating effectively in society. Reading and writing allow people to obtain everyday information related to health and safety, and to acquire knowledge required in the business and academic worlds. Literacy is one foundation for a person's future, a prerequisite for acquiring new knowledge, understanding, making decisions, and taking steps forward in society.

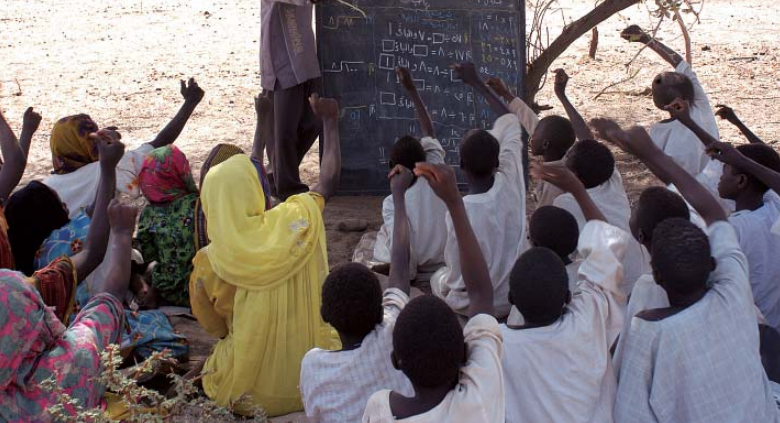
Poverty, conflict, discrimination, and other obstacles still prevent many people around the world from accessing the primary education required to acquire literacy. Illiterate adults, those deprived of the basic everyday skills of reading, writing, and doing arithmetic, are now assumed to number about 800 million worldwide (the illiteracy rate in the world adult population exceeds 10%). The number of children unable to attend primary schools once they reach school age is estimated to be around 100 million. The Millennium Development Goals include a concrete target: ensure that all boys and girls from every corner of the world complete a full

course of primary schooling by 2015. This has yet to be fully achieved, despite steady progress. A person who remains illiterate has only a slim chance of holding a stable job or leading a healthy life. Worse, the offspring of illiterate parents fall into the same circumstances.

*Millennium Development Goals (MDGs)

The common framework integrates two initiatives. The first is the United Nations Millennium Declaration for the international agenda for the 21st century adopted by 189 representatives of the UN member states at the UN Millennium Summit in September 2000. The second are the International Development Targets adopted at major international conferences and summits of the 1990s. The MDGs encompass eight goals, 21 quantifiable targets, and 59 indicators to be achieved by 2015 in order to respond to the world's main development challenges.

<http://www.undp.org/mdg/>



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Education for Child Refugees

Refugees, among others, face a high risk of losing the opportunity to attain a primary education. Refugees are driven from their homes by civil wars, conflicts, or persecution for reasons of religion, race, or political beliefs. The Office of the United Nations High Commissioner for Refugees (UNHCR) wrestles with the challenges of protecting and solving problems for refugees and internally displaced persons. The UNHCR has aided 31.7 million people (as of the end of 2007).

Children make up about half of refugees worldwide. They live in refugee camps with great difficulty, often struggling to access food, clothing, and shelter. The basic necessities for living take priority in the camps, limiting the funds available for educational support.

Education is an asset with which children build their futures. School attendance can ease the distress of a dislocation from home to refugee camp, and learning can foster self-sustaining competencies. Improvement of literacy through education is a foundation to rebuild new lives after refuge.



©UNHCR

Support through Charity Concerts

Toppan has been contributing to society through education and literacy-improvement programs in order to promote the healthy growth of children, the hopes of tomorrow. The Company prints and publishes picture books and textbooks, while running workshops and on-site tours at the Printing Museum, Tokyo and operational sites around Japan. Child-support activities have also been organized overseas. Daily necessities, stationery, bags, and various learning materials have been donated to children in primary schools and orphanages through these programs.

Toppan also organized charity concerts as a new endeavor in social contribution. The Company widely publicized the *Toppan Charity Concerts* both in-house and in the community, and held a panel exhibition to report refugee issues at the venue. The concert was Company-funded, and the 2,864,190 yen earned in ticket revenue was donated to "Japan for UNHCR," a non-profit organization and official donation recipient for UNHCR in Japan. This money will be used to repair school buildings and distribute textbooks and stationery at refugee camps in Southeast Asia, with UNHCR support. Toppan will continue to contribute to international communities through charity concerts, focusing on the achievement of universal primary education and literacy improvement.





The United Nations Global Compact's 10 Principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

<http://www.unglobalcompact.org>

The Eight Millennium Development Goals (MDGs)

Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal primary education

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality

Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, malaria and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Develop a Global Partnership for Development

<http://www.undp.org/mdg/basics.shtml>

CSR Topics 2007–2008

Topic 01

Toppan Receives Prize at the Barrier-Free Promotion Contributor Awards from the Minister of State in the Japanese Cabinet Office

Toppan received a prize for excellence at the 2007 Barrier-Free Promotion Contributor Awards from the Minister of State in the Japanese Cabinet Office. These awards are presented to an individual or group recognized to have made outstanding achievements or contributions in facility maintenance, product development, or promotion activities for barrier-free and universal design (UD).

The Company promotes the wider use of UD in society by developing containers and packages based on the UD concept, systematizing findings in UD learned during product development, and applying the findings as ground plans for the formulation of standards to be set by the Japanese Standards Association (JIS). The Minister of State selected Toppan as a prizewinner at the 2007 awards in recognition of these efforts.

Toppan has proposed UD-based solutions for the various problems impeding communication between companies and consumers in the fields of commercial printing, securities and cards printing, publications printing, packaging, and industrial materials. The Company has been especially active in packag-

ing since the early 1990s as an industry pioneer in research and development on easy-to-use UD packages.



UD Standing Pouches

Topic 02

The Niigata Plant Receives an Outstanding Energy-Efficient Factory Award from the Director General of the Tohoku Bureau of Economy, Trade and Industry

In fiscal 2007, the Niigata Plant in the Electronics Division received an Outstanding Energy-Efficient Factory Award for the second year in row (awarded this year by the Director General of Tohoku Bureau of Economy, Trade and Industry). Each year, the Tohoku Bureau of Economy, Trade and Industry (a local body under the Ministry of Economy, Trade and Industry), the Tohoku Branch of the Energy Conservation Center, Japan, and the Committee to Promote Electrical Power Use in the Tohoku Seven Prefectures present this award to factories that have served as outstanding role models in energy-saving management. In fiscal 2006, the Chairman of the Committee to Promote Electrical Power Use in the Tohoku Seven Prefectures named the Niigata Plant as its prize's winner. In fiscal 2007 the plant was conferred a higher rating than in the previous year, in recognition of its further energy-saving achievements.

The Niigata Plant has established a host of energy-saving targets, including those for energy-loss reduction through energy-saving patrols by employees from every plant section, renewal or energy-loss control for older equipment, and operational

improvements for clean rooms. The thoroughgoing energy-saving measures at the plant have sharply reduced both energy consumption and CO₂ emission on a year-on-year basis.



Boiler insulation jacket to minimize thermal loss

CSR Topics 2007–2008

■ ■ ■ Topic 03

Toppan Officially Recognized as a Company Active in Fostering the Next Generation

In August 2007, the Tokyo Labor Bureau certified Toppan as a qualified general proprietor, a company that proactively promotes measures to foster the next generation. This certification, established under the provisions of a law to promote measures to support the development of the next generation, is granted to companies that have established action plans to foster the next generation and have accomplished targets set under the plans.

Toppan has striven to establish and enhance systems and an environment to foster the next generation and work-life balance for employees. In January 2007, the Company introduced a system for rehiring former employees who resigned from the Company to devote themselves to delivering and raising children. The system for reduced working hours for employees with childcare responsibilities at home has also been extended. A schedule reduction of up to two hours a day was originally offered to a parent until his or her child reached the age of three; now it is available until the child completes the third year of elementary school. Toppan was granted its certification as a qualified general proprietor in recognition of its steady work to promote these measures.



The mark depicting Toppan's recognized status in Japan as a qualified general proprietor active in fostering the next generation

■ ■ ■ Topic 04

Toppan Holds the “Let’s Take a Quiz and Make a Book” Summer Workshop

“Let’s Take a Quiz and Make a Book,” Toppan’s summer vacation workshop for elementary and junior high school students and their parents, was held for the fourth time in the summer of 2007. The number of participants increased by more than 400 compared to the year before, bringing the total up to 850.

The workshop participants take part in three activities: touring the workshop exhibits to hunt for answers for a quiz, printing with type, and folding paper for bookbinding. Children and their parents can study the history and techniques of printing by perusing workshop exhibits and filling out worksheets at the Printing Museum, Tokyo. They can also print out their names in *hiragana* (Japanese syllabary characters) by choosing types from dozens of varieties on the shelf, setting the blocks correctly, and printing them with ink. Participants enjoy the workshop and appreciate the opportunity to learn how to make books of the kind people see every day.

Toppan received a first Kids Design Award and a 2007 Good Design Award for its workshop on the book, one of the most familiar communication tools in everyday life.



Topic 05

Developing a New Method for Exhibiting Cultural Assets in Cooperation with the Tokyo National Museum

The Tokyo National Museum (TNM) and Toppan have been jointly developing a new method for exhibiting cultural assets using virtual reality (VR) technologies. As a part of this project, the TNM & TOPPAN Museum Theater, a facility that projects ultra-high definition visuals on screen, has been installed at the Research and Information Center of TNM since November 2007. The theater opens to the public for showings of VR productions on cultural assets on Fridays, Saturdays, Sundays, and public holidays.

The theater can display works with visual perspectives not actually possible, recreating the appearance of cultural assets as they once existed in their original forms and locations. The shapes and colors of the artifacts are finely reproduced in detail by digital archiving technologies. Information on the TNM collection and research achievements are also presented to deepen the visitors' experience of cultural assets.

Visitors and guests have praised the theater for its high entertainment value and effectiveness as an educational resource.



Illustrated Biography of Prince Shotoku, a national treasure, presented from the opening of the theater (November 2007) to March 2008
Supervised by Tokyo National Museum
Produced by Toppan Printing Co., Ltd.
With the cooperation of Horyuji Temple

Topic 06

Establishing RIKEN Genesis Co., Ltd. to Accelerate Practical Application of Personalized Medicine

Toppan, RIKEN, and RIKEN Venture Capital Co., Ltd. have jointly established RIKEN Genesis Co., Ltd. The SNP genotyping technology RIKEN has developed is essential for analyzing disease causes at the genetic level for the research and development of drugs and therapies tailored for individuals. The technology will play a key role in the advance of personalized medicine*.

RIKEN Genesis will work towards the practical use of personalized medicine by contracting for gene analysis and marketing the downsized gene-analyzing devices and chips used for patient examinations at hospitals and other healthcare facilities. Having passed through the preliminaries in fiscal 2007, RIKEN Genesis will start full-scale operation in fiscal 2008. This is the first time Toppan has established a business enterprise in the life sciences, an area in which the Company has been active in R&D since 2000 (→P.42).



*Personalized medicine

When patients undergo personalized medicine, they receive optimal individualized therapies and prophylactic regimens using more effective drugs with fewer side effects, based on individual differences in disease susceptibility and drug sensitivity.

CSR Topics 2007–2008

■ ■ ■ Topic 07

Toppan's Response to Soil and Groundwater Pollution at the Itabashi Plant

In May 2007, Toppan voluntarily inspected six investigation wells on the premises of the Toppan Printing Co., Ltd. Itabashi Plant (Itabashi Ward, Tokyo). As a result, 0.13 mg/L of hexavalent chromium, a level in excess of the environmental standard of 0.05 mg/L, was detected in one well to the northwest of the plant. Upon the detection, the Company reported the result to neighboring residents and the local authority (Itabashi ward government). Toppan released this information to the press and reported it in the *CSR Report 2007* as well.

In the subsequent investigation, hexavalent chromium was detected in the soil and groundwater at maximum concentrations of 1.20 mg/L in soil with substances eluted and 1.40 mg/L in groundwater, exceeding the environmental standard of 0.05 mg/L. The cause of the pollution has not been determined from this investigation. The areas of contamination, however, were confined to the north of the plant, near the former site of a chrome-plating processing facility. With counsel from the local authority, Toppan managed to prevent groundwater in

the polluted area from flowing out of the premises by installing water-shielding walls. The Company will continue to extract the pollutants by pumping up groundwater within the plant and monitoring it for pollutants. Toppan personnel also conducted soil investigations in the areas where water-shielding walls were to be installed, in order to confirm compliance with requirements under the Tokyo municipal ordinance on water-shielding wall installation. As a result, lead was detected at maximum concentrations of 20,000 mg/kg in soil and 0.05 mg/L in soil with substances eluted (exceeding the environmental standards of 150 mg/kg and 0.01 mg/L, respectively). To eliminate the problem, the Company determined the polluted areas and removed and remedied the soil.

This case has been deliberated by the Pollution Examination Commissioner of the Tokyo Metropolitan Government since January 2008, based on a petition for arbitration filed by several of the neighboring residents.

■ ■ ■ Topic 08

Accepting Orders for Vehicle Storage Space Stickers

Japan's prefectural police departments used to order their vehicle storage space stickers from only two corporations, one of which was Toppan Printing Co., Ltd. In October 2007, the Japan Fair Trade Commission launched an investigation to determine whether the two corporations received these orders through practices in violation of the Antimonopoly Law.

On June 5, 2008, the Japan Fair Trade Commission declared that its investigation had uncovered no infractions by either corporation. In the same announcement, however, the commission warned the two corporations that they were at a risk of violating the Antimonopoly Law. Toppan takes this warning seriously and will strengthen its compliance structure further in the future.

■ ■ ■ Topic 09

Disguising the Used Paper Content in Recycled Paper

In January 2008, several paper manufacturers from which Toppan procures paper were found to be disguising the used paper content in their recycled paper. This practice has been an annoyance to customers and consumers. In response, Toppan urged all paper manufacturers and paper agents that do business with Toppan to individually and immediately investigate the actual contents of their products and disclose the results. Toppan also encouraged the Japan Federation of Printing Industries to join the Japan Paper Association in its efforts to

eliminate the practice on an industry-wide basis. The Company urged relevant business partners to take measures to assure the prevention of recurrence, requesting 24 major partners to report their own countermeasures after May 2008. The reports were returned in June and July. Toppan is now calling on all of its business partners to properly disclose information and check compliance with their own countermeasures, as needed to enhance transparency.

CSR Management

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Basic Approach to CSR

Toppan devotes itself to the fulfillment of its social responsibilities based on *TOPPAN VISION 21*, the Group vision for the 21st century.

Towards Sustainable Development

When Toppan was founded in 1900, Japan was rapidly building up its modern industries in the aftermath of the Meiji Restoration.

The printing industry was contributing to society in three important areas: 1) the printing of banknotes, bonds, and securities, crucial instruments for the establishment of modern capitalism; 2) the publication of newspapers, a medium for public discussion to stimulate the progress of civilization; and 3) the publication of translations, novels, and magazines to enlighten the public and encourage the establishment of a modern state.

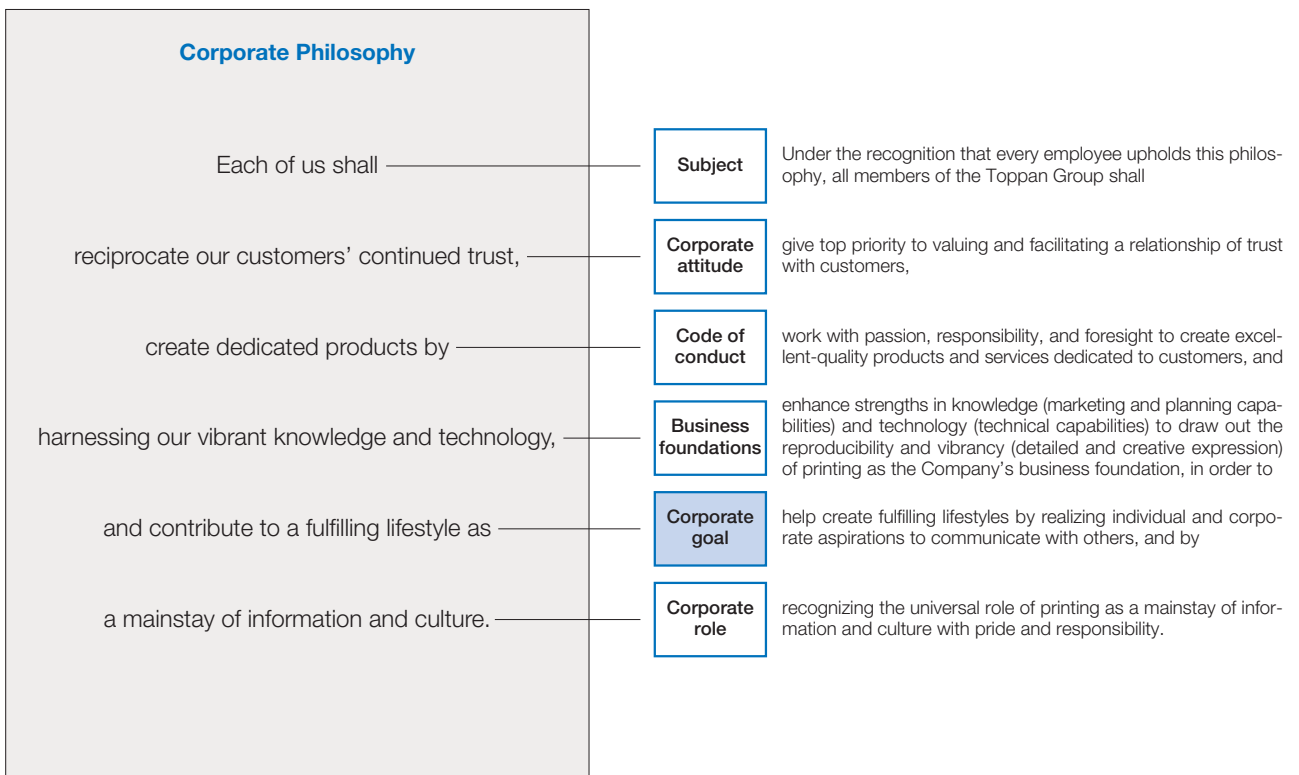
Toppan began in the last century as a provider of printing services to support the establishment of modern Japan. Today it has grown into a multifaceted

enterprise with myriad businesses such as IT and electronics, centered around core printing technologies. Toppan supports the development of information culture and the creation of fulfilling lifestyles in many ways.

Toppan has grown steadily amid the drastic changes that have taken place worldwide in the more than 100 years since its founding. These changes continue to pose threats to the earth and humankind in the 21st century. The world must contend with poverty, abuses of human rights, environmental destruction, and health problems. In Japan, meanwhile, birthrates are declining and the population is ageing.

Toppan believes it has a responsibility, in conducting its business operations, to help solve these types of problems by contributing "to a fulfilling lifestyle as a mainstay of information and

culture" in cooperation with all of its stakeholders. The Company contributes as an essential corporate citizen with an active commitment to realizing sustainable development for itself and society.



Established in June 2000

■ Toppan’s Social Responsibility: Realizing an Ideal “Corporate Structure”

TOPPAN VISION 21 expresses the basic concept and directionality of the activities undertaken by Toppan to grow in harmony with society and the global environment.

TOPPAN VISION 21 consists of the “Corporate Structure” and “Business Fields.” The Corporate Structure, meanwhile, is made up of three elements: Toppan’s Corporate Philosophy, the Corporate Creed, and the Conduct Guidelines. These elements specify a complete set of values, standards, and guidelines for the business operations of the Toppan Group. The Group will fulfill its social responsibilities by realizing this Corporate Structure.

The Toppan Group regularly enlightens its employees on the basic tenets

of TOPPAN VISION 21 and the Corporate Structure through communication in workplaces, training sessions, and various tools.

Corporate Philosophy

The Corporate Philosophy is the top-level concept that underpins Toppan’s corporate activities and defines its most important values and thoughts.

Corporate Creed and Conduct Guidelines

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

Built on the Corporate Philosophy and Corporate Creed, the Conduct Guidelines express the behavioral norms based on every employee’s compliance with laws, regulations, and corporate ethics.

Under no circumstances will any member of the Toppan Group engage in a business operation that infringes the rules of society or poses any risk of environmental or social harm. The Group also understands that any failure to maintain its high standards for business may make it difficult to guarantee profitable returns and benefits for society.

The Conduct Guidelines specify items that every employee in the Toppan Group should closely observe.

Toppan reviews its Conduct Guidelines every year in the conviction that the guidelines must evolve over time to rationally adapt to the various changes underway in corporate and social environments.

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 in June 2000

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. Striving to improve quality
6. Appropriate management and disclosure of information
7. Environmental and safety considerations

Chapter 2: Specific Conduct Guidelines

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

Established in June 2000; revised in April 2006
For more detailed information on the Conduct Guidelines, please see P.38.

Toppan's Relationships with Stakeholders

Toppan can only succeed in its businesses and stay viable as a corporation through strong ties with various stakeholders. The Company has defined five categories of stakeholders vital for its business activities: customers, business partners, communities, employees, and shareholders/investors. Toppan strives to build closer relationships of trust with its stakeholders in these categories by actively disclosing information and engaging stakeholders in dialogue.

The companies with which Toppan deals are by no means the only customers that Toppan serves. End users are also customers. Toppan is determined to fulfill its social responsibilities not only to its direct customers, but to society as a whole.

Communication with Stakeholders

Stakeholder dialogues are a very effective way to regularly grasp social needs. Toppan promotes and upgrades its CSR activities by incorporating stakeholder dialogues into the PDCA cycle.

Toppan held special dialogue sessions with key stakeholder representatives in fiscal 2004 and 2006, in addition to the regular dialogues it carried out in the course of business. From 2005 to 2007, the Company invited an external expert into annual in-house meetings of CSR promotion members to review its annual CSR activities.

Toppan established the CSR Promotion Study Group (→P.26) in fiscal 2007 to begin closely incorporating the knowledge gained through its stakeholder dialogues outside the Company into the PDCA cycle of its CSR activities.

Unifying dialogue channels with stakeholders outside the Company, Toppan will convene the study group annually at the end of each fiscal year to collect views on activities for the current year and suggestions for the next year.

Toppan's Relationships with Stakeholders and Communication Tools

● For All Stakeholders

- ◎ Corporate Guide
- ◎ CSR Report
- ◎ Various guides for individual divisions
- ◎ Financial statements
- ◎ Quarterly business reports
- ◎ Website, etc.

● For Shareholders and Investors

Toppan strives to improve its corporate value through sustainable business development on the basis of stable dividends. The Company makes itself fully accountable by promptly and appropriately disclosing corporate information to ensure that shareholders and investors completely and accurately understand the Company's business activities.

- ◎ Shareholder newsletter *Toppan Story*
- ◎ Business reports
- ◎ Annual Report
- ◎ Corporate governance reports, etc.

● For Employees (including part-time workers and temporary staff)

Toppan strives to provide comfortable workplaces where diverse employees can work to their full potential—a working environment where the dignity and lives of all employees are respected. The Company offers satisfying jobs to fulfill employees and tangibly contribute to the goals of the corporation.

- ◎ In-house newsletter *CONVEX* and *Web CONVEX*
- ◎ Overseas in-house newsletter *Interlink*
- ◎ Pamphlets on welfare benefits, etc.

(◎: Tools for communication)



● For Customers

Toppan's customers are not just the companies with which Toppan does business. Just about every person in society is a Toppan customer, in some way or another. The Company strives to merit the trust of its customers with sincerity, enthusiasm, and creativity at all times by satisfying customer requirements through Total Quality Assurance throughout the entire product life cycle, from planning and manufacturing to use and disposal.

- ◎ Various reports on business operations
- ◎ Various reports on products and services
- ◎ Various newsletters, etc.

● For Business Partners

Another crucial element in strong customer trust is steady relationships of trust and cooperation with the business partners who provide the raw materials, as well as the other partner companies with which Toppan works. Toppan does business on an equal footing with its partner companies in a fair and open manner as a matter of course. The Company strives to fulfill the social responsibilities that customers and society expect it to fulfill by promoting CSR procurement in cooperation with business partners.

- ◎ CSR Procurement Guidelines on the Toppan website, etc.

● For Communities

Toppan relates with communities and society as a whole through its business operations. The Company strives to win the trust of communities by contributing to society as a mainstay of information and culture.

- ◎ Plant guides
- ◎ Site Eco Report
- ◎ Annual report *Printing Museum*, etc.

Specific Concept of CSR Activities

The purpose of Toppan's CSR activities is to realize the sustainable development of society and the Company. To achieve this, Toppan must be a trustworthy, respected corporation for stakeholders of every kind. A company without this policy cannot expect to succeed in addressing social issues and needs through the creation of added-value businesses over the years.

Toppan has therefore set out priority themes ("material topics") for its activities by combining its policy towards the balanced development of society, the economy, and the environment with a conviction that a realization of an optimally organized Corporate Structure will help the Company fulfill its social responsibilities. Toppan announced its support

for the United Nations Global Compact as an active participant in 2006. By disseminating the principles of the Global Compact across the Company, Toppan promotes CSR activities in consideration of the roles it is to play as a member of international society.

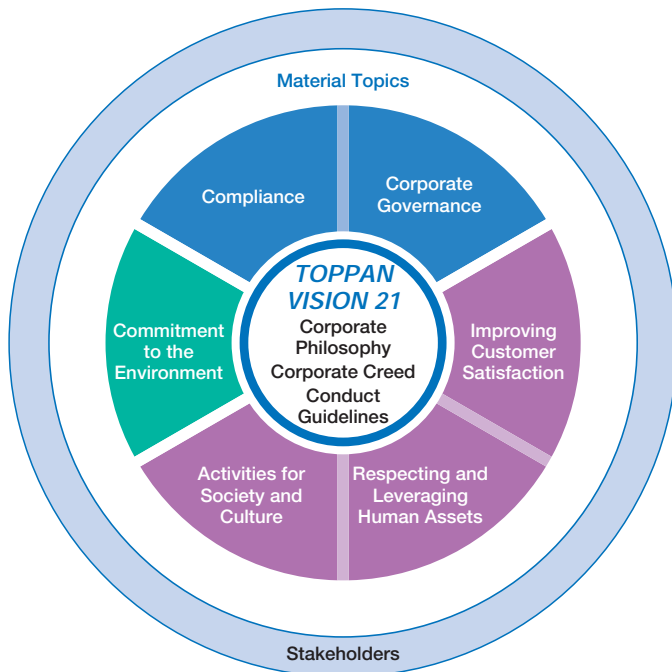
CSR Material Topics

Toppan sets action points and goals for each material topic for its CSR activities and reviews the topics yearly by assessing the levels of achievement. Based on the results of the review of the topics in fiscal 2007, the Company plans to advance its future CSR initiatives from fiscal 2008 onward by changing the six topics now designated into eight.

CSR Promotion Structure

The President & CEO and the Director in charge of CSR are leading a move to develop CSR activities through collaboration with the relevant management divisions of the head office and the CSR Promotion Department of the Legal Affairs Division, the department undertaking administrative operation. These parties regularly convene a CSR promotion department meeting to assess the progress of each action point and discuss ways to resolve related challenges.

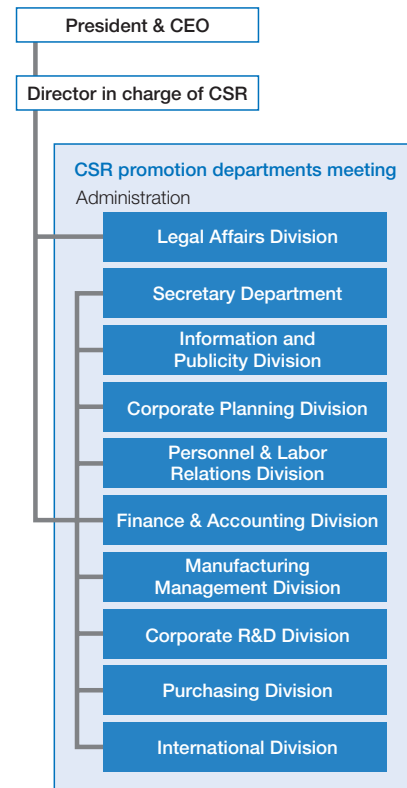
CSR Material Topics Based on the Corporate Structure and Stakeholders



United Nations Global Compact

The United Nations Global Compact comprises 10 principles in the four areas of human rights, labour standards, environment, and anti-corruption. Toppan supports and implements the 10 principles as a socially responsible corporation.

Toppan's CSR Promotion Structure



Targets and Results for Fiscal 2007

The next two pages summarize Toppan's main CSR activities and achievements in fiscal 2007.

Material Topics	Action Points	Issues and Targets
Corporate Governance	Establishing an internal control system (Responding to the Financial Products Exchange Law)	<ul style="list-style-type: none"> Drafting basic policy documents, grasping the current conditions of entity-level internal control, reexamining issues for improvement, and offering guidance on improvement towards the creation of an internal control system that meets the requirements of the Financial Products Exchange Law Completing the planned improvements and documentation for the internal control of the operating processes and general control of IT Having the Management Audit Office support the creation of an internal control system and monitor and verify the application of the system Preparing a checklist and an evaluation manual for the self-audits for the divisions to be audited for internal control
	Reinforcing risk management	<ul style="list-style-type: none"> Validating countermeasures against risks identified through risk assessment Regularly implementing risk assessment (to be scheduled in December) Creating a risk management system, formulating rules and regulations for risk management, and implementing risk assessments in Eastern Asia and the U.S.A. Reviewing the basic plan for countermeasures against earthquake disasters based on the concepts of the business continuity plan
Compliance	Compliance promotion activities	<ul style="list-style-type: none"> Holding follow-up training sessions to execute the Action Plan for the Conduct Guidelines Promotion Leaders Re-electing the Conduct Guidelines Promotion Leaders and increasing the ratio of female Leaders to 3.0% Having all of the overseas subsidiaries in the U.S.A. introduce their own Conduct Guidelines; having the overseas sites in Eastern Asia disseminate and entrench the guidelines they have introduced
	Information risk management	<ul style="list-style-type: none"> Reinforcing an information security management system that incorporates the management measures stipulated under the global standard ISO/IEC 27001 (e.g., applying 47 management measures for 50 areas under tight security, reviewing the rules and bylaws on information security management and procedures for handling manuscripts and artwork, and training 20 more qualified staff) Inspecting and offering guidance for the improvement of confidential information management at 12 related companies
	CSR promotion in the supply chain	<ul style="list-style-type: none"> Holding briefings for CSR procurement suppliers; grasping the current conditions through cooperative agreements and check sheets Feeding back survey results to suppliers; re-inspecting their management of designated chemical substances Installing and operating the Supplier Hotline
Improving Customer Satisfaction	Reinforcing Total Quality Assurance	<ul style="list-style-type: none"> Appointing an additional in-house consultant and launching an in-house consultation system for the Electronics field Continuing the quality assurance audits for food-filling plants and food product packaging plants
	Technological development aimed at value creation	<ul style="list-style-type: none"> Establishing a high-definition printing technology to prepare Toppan's organic Electro Luminescent (EL) displays for commercialization Accelerating the development of commercial SNP chips and reinforcing efforts to put the chips to practical use
	Products and services developed with society in mind	<ul style="list-style-type: none"> Starting to grasp the actual orders for products that meet the Company-wide Standards for Universal Design and formulating new action goals based on the achievements Holding training and educational seminars in the sales and planning departments to standardize information on Universal Design (UD) and how the discipline is understood, and to help the employees in those departments more ably solve Company-wide issues Promoting the UD application for communication tools issued by the Company
Respecting and Leveraging Human Assets	Merit-based personnel policies	<ul style="list-style-type: none"> Entrenching the treatment system for managerial staff
	Fostering and developing human assets	<ul style="list-style-type: none"> Implementing personnel rotation to reinforce Total Quality Assurance Strengthening the synergy of divisions and departments through ongoing Human Resource Development Leader Meetings Helping job applicants more thoroughly understand the work done at Toppan through internships, the TOPPAN CAFÉ (a job hunting and career conference), and so on Continuing educational seminars on the promotion of CSR activities in rank-based training
	Leveraging diverse human assets	<ul style="list-style-type: none"> Taking advantage of the management skills of female employees through positive action* (a 2.75% ratio of females in managerial and supervisory positions is targeted for April 2008) Making the most of the skills of experienced employees
	Realizing a safe and secure working environment	<ul style="list-style-type: none"> Upgrading mental health measures at workplaces Promoting action plans based on the law on measures to support the development of the next generation Promoting efforts to shorten total working hours
Activities for Society and Culture	Cultural contributions	<ul style="list-style-type: none"> Formulating policies on activities for society and culture Promoting educational activities and providing information to educational institutions and cultural facilities in Bunkyo Ward, Tokyo Holding 2 temporary exhibitions: <i>Making Beauty—Early Japanese Lithographic Posters</i> and <i>ENCYCLOPEDIA</i> Holding 33 Toppan Hall sponsored concerts (including 6 <i>Lunchtime Concerts</i>, 2 <i>Espoirs</i>, and 2 <i>Espoir Specials</i>) Continuing to lend out Toppan Hall to a nearby music college and local elementary schools, and continuing to participate in the Mejiro Ba-Rock Music Festival
	Activities for contributing to local communities	<ul style="list-style-type: none"> Conducting ongoing activities to contribute to local communities at operational sites around the world; running an international social action program (<i>Toppan Charity Concerts</i>) to promote literacy improvement
Commitment to the Environment	Tree-planting activities	<ul style="list-style-type: none"> Continuing to support and participate in tree-planting programs

*Proactive efforts independently initiated by a company to eliminate inequities in the treatment of male and female workers in the workplace resulting from outmoded concepts of gender-based division

Main Activities and Achievements	Self Evaluation	For Details
•Established basic policies and rules for the internal control over financial reporting; grasped the current conditions of entity-level internal control (including conditions in major related companies) and offered guidance on improvement	A	PP.30–33
•Completed the documentation for the internal control of the operating processes and general control of IT; continued to enhance the quality of the documents	A	
•Checked current progress towards the creation of an internal control system in 16 divisions (including departments) and offered proposals for improvement	A	
•Collected materials and data to prepare a checklist and an evaluation manual and verified the current conditions	B	
•Had each head office division conduct a review in October 2007 to validate the risks identified and the countermeasures taken by the divisions and to examine progress in the first half of the year; fed back these results to each division	A	PP.32–33
•Implemented risk assessments at the head office divisions in January 2008 and at the divisions in February 2008, to prepare for activities to be taken in fiscal 2008	A	
•Implemented risk assessments throughout the entire Group, including the overseas subsidiaries	A	
•Conducted earthquake-resistance checks for existing buildings; completed a brief investigation and simplified check as part of a four-step checking method; formulated an adoption plan for a safety confirmation networking system and determined stockpiles at all of the operational sites	B	
•Held 29 follow-up training sessions for the Conduct Guidelines Promotion Leaders across Japan (515 participants)	A	PP.34–35
•Fourteen of the 632 Leaders were female (2.2% ratio of females) in fiscal 2007	B	
•Held training sessions for the Conduct Guidelines Promotion Leaders in Shanghai and Beijing regions; had the overseas sites in Taiwan introduce their Conduct Guidelines and implement Leader training sessions	B	
•Revised the rules and bylaws under the ISO/IEC 27001 standard and revised the guidebook to disseminate these revisions; introduced 47 management measures and a monitoring system for workplace areas under tight security in accordance with the standard; established management guidelines for confidential operations and the handling of manuscripts, artwork, securities, and printed materials, and instructed the divisions on strict compliance at the Meeting of Information Security Managers; fostered about 50 qualified staff through training sessions for that purpose	A	PP.36–37
•Established and held the Information Security Promotion Meeting for Related Companies; investigated and identified areas in which personal information is handled; conducted hearings on information security management and fed back the results; held study and training sessions to foster qualified staff	A	
•Held briefings across Japan and grasped current conditions at 1,835 suppliers through cooperative agreements and check sheets	A	PP.44–45
•Fed back the survey results to major material suppliers who participated in the head office briefings (survey results of those who participated in the division briefings are now being analyzed); conducted hearings on their management of designated chemical substances	A	
•Engaged in discussions with related departments	B	
•Had three in-house consultants implement in-house consultations in the Information & Networks, Living Environment, and Electronics fields	A	PP.40–41
•Succeeded in passing another year without quality-related accidents in food-filling operations, through the ongoing quality assurance audits	A	
•Prototyped a panel and verified its excellent light-emitting property; enhanced pressrun stability through equipment improvements	A	PP.42–43
•Commenced collaborative research with partner medical institutions to evaluate the performance of SNP chips, and facilitated full-scale commercialization	A	
•Increased orders for UD products and services through business operations	B	P.43
•Organized the Comfortable Design Exhibit and Universal Design in Printing Exhibit to encourage stakeholders and the public to think more deeply on UD; held educational seminars in the sales and planning departments using training tools designed to standardize awareness and knowledge of UD and strengthen the problem-solving capabilities of employees; held lectures outside the Company	S	
•Applied UD principles in major in-house communication tools; prepared a design manual to encourage employees to create products and services from the UD viewpoint and began to disseminate the manual across the Company	A	
•Held 3 briefings on the revised treatment system for managerial staff (2 for all of the managerial staff and 1 for the department heads); evaluated performances based on the new system, fed back the results, and explained the details of the system at feed-back interviews, as needed	A	PP.52–53
•Implemented more personnel rotation by transferring competent human assets into new job categories and divisions to enhance individual strengths, improve organizational productivity, and reinforce the Company's market competitiveness and Total Quality Assurance structure (transferred 595 employees, mostly at the managerial level)	A	
•Periodically (quarterly) held the Human Resource Development Leader Meetings; verified the planning and implementation of human resource development programs in each department, presented new actions taken, consolidated opinions on Company-wide issues, and held training sessions across the Company	A	
•Held an internship program to introduce students to the business world in general; held a new virtual internship program on the website (916 students participated on a cumulative basis); held the TOPPAN CAFÉ to counsel students on job hunting	A	
•Held lectures, paper tests, and cleanup activities at Company-wide training sessions for new employees; held lectures at training sessions for new managers	A	
•Achieved a 3.2% ratio of females in managerial and supervisory positions as of April 2008, through the intensive promotion of positive action	S	PP.54–55
•Rehired post-retirement employees on a broad basis to make the most of their knowledge, skills, and expertise	A	
•Set up a mental management program to encourage creative activities for enhanced stress management in collaboration with institutions outside the Company; continued to hold mental health training sessions in rank-based training and new employee training	B	PP.50–51
•Promoted measures to foster the next generation under the first action plan and acquired certification as a qualified general proprietor; formulated and reported the second action plan	A	
•Periodically organized labor-management projects to shorten working hours at the operational sites and examined and implemented actions suitable for the current situations found at sites individually; decreased the average overtime hours worked throughout the Company in fiscal 2007 (third consecutive year of overtime reduction)	A	
•Continued to consider policies by reexamining various social issues, based on suggestions proposed by external stakeholders at the CSR Promotion Study Group held in February 2008	B	PP.46–47
•Participated in local activities hosted by the Bunkyo Academy Foundation and carried out educational promotion activities for local residents of every age; cooperated with the Bunkyo Muse Festa and Bunkyo Exhibition; won Kids Design Award and Good Design Award in recognition of the summer vacation workshop held at the Printing Museum, Tokyo	A	
•Held 2 temporary exhibitions: <i>Making Beauty—Early Japanese Lithographic Posters</i> (from April 7 to June 3; 7,310 visitors) and <i>ENCYCLOPEDIA</i> (from September 22 to December 9; 9,348 visitors); cultivated a new base of visiting researchers and educational professionals	A	
•Held 30 Toppan Hall sponsored concerts (including 6 <i>Lunchtime Concerts</i> to discover talented young musicians and 2 <i>Espoirs</i> and 2 <i>Espoir Specials</i> to foster talented young musicians around the world)	A	
•Lent out Toppan Hall to a nearby music college and local elementary schools, provided Toppan Hall as a venue for the Music Competition of Japan, and took part in the Meiji Ba-Rock Music Festival for 2 performances	A	
•Continued activities to contribute to local communities at operational sites around the world by sharing information on the activities undertaken by the operational sites in fiscal 2006; ran the international social action program (<i>Toppan Charity Concerts</i>) to help increase literacy rates among children who face difficulty in accessing education	A	PP.48–49
•Continued to support and participate in tree-planting programs	A	

Evaluation criteria: S, Results achieved far surpass targets; A, Targets achieved; B, Activities fully carried out, but targets unachieved; C, Activities insufficient

Stakeholder Dialogue

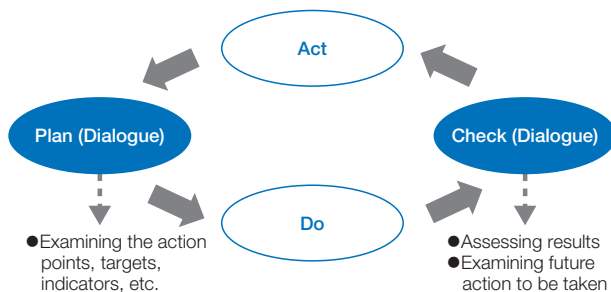
Toppan seeks CSR initiatives satisfactory to all stakeholders through planning and assessment based on dialogues with society.

■ Establishing the CSR Promotion Study Group

Toppan engages in dialogues with various people and draws great benefits from their views on ways to promote CSR activities. Throughout fiscal 2007, the Company has been studying the current CSR promotion issues it faces and examining how its earlier dialogues have related to the activities it has taken so far. Henceforth, Toppan will be developing more compelling activities for both the Company and society by tightening the links between these examinations and the Plan and Check steps in the PDCA cycle of its CSR activities.

For this purpose, Toppan has established the CSR Promotion Study Group, a body made up of the Director in charge of CSR, general managers of relevant departments, and external CSR experts. To discuss CSR promotion efforts on a regular basis, the first meeting of the study group was held in February 2008.

Towards More Compelling CSR Activities



Outline of the First CSR Promotion Study Group

■ Date

From 13:30 to 16:30 on February 25 (Mon), 2008

■ Participants

Stakeholders

Five experts

*See the names, positions, and photos (right)

Facilitator

Mr. Fumitake Sakamoto, Witan Associates Limited.

Toppan

Mr. Shingo Kaneko, Managing Director, head of the Corporate Planning Division, and Director in charge of CSR

Mr. Tsuneaki Hagiwara, Senior General Manager of the Legal Affairs Division, the division in charge of CSR promotion

Eighteen more persons from the divisions of the head office

■ Purpose of the First Meeting

To seek expert views on Toppan's CSR topics, individual action points, and proposed indicators for assessing the targets and achievements

Purpose of the First Meeting of the CSR Promotion Study Group

To collect views on Toppan's CSR action points, indicators, and measures

To seek expert views on the Company's CSR plan for fiscal 2008, including the action points, the indicators used to grasp and disclose the effects and developments of the activities, and the actual measures taken (→P.28 and P.64).

Major Opinions from Stakeholders

1. How to Define CSR

CSR: Steps a company takes up anew for society

CSR is the steps a company takes up anew to address social issues in recognition of the growing roles expected from society towards companies.

Solution business in the age of CSR

While CSR activities through core businesses have become standard practice for companies, CSR for addressing social issues has grown more important, as has conventional CSR for creating a more affluent society.

2. How to Promote CSR

Dialogues inside and outside Toppan

Toppan should identify important issues facing society through extensive dialogues with stakeholders inside and outside the Company. Dialogues may also engender effects such as dissemination, understanding, and activation, especially within the Company.



Mr. Yukihiro Ueno

Vice President, Shizuoka University of Art and Culture

Researches social information, cultural sociology, and CSR with an emphasis on stakeholder communications.



Mr. Yukio Okubo

General Manager, Works Institute, Recruit Co., Ltd.

Founded the Works Institute, installed as General Manager there in 1999. Specializes in human resource management, labor policies, and career issues.

Highly effective indicators

Toppan should examine a plan for setting more highly effective indicators for its important action points, rather than relying only on the quantitative data determined through CSR activities. The Company should refer to qualitative assessments of target stakeholders and external indicators to establish highly effective indicators for this purpose.

Leveraging business resources effectively

Toppan should grasp long-term social trends and choose which issues the Company can best resolve with its own resources through business operations and activities as a corporate citizen.

3. Issues to Focus on

Toppan should formulate strategies based on the impacts of both global issues (climate change and conservation of biological diversity) and domestic issues (the declining birthrate, the aging population, and population decreases) on Toppan and on society. Most importantly, the Company needs to establish a higher target for the reduction of total CO₂ emissions.

Responding to the Opinions (Issues to be examined by Toppan in fiscal 2008)**Selecting social issues and related actions to focus on more intensively in the future**

Toppan has promoted CSR activities under the six priority themes set out in 2003: corporate governance, compliance, improving customer satisfaction, respecting and leveraging

human assets, activities for society and culture, and commitment to the environment. In fiscal 2007, the Company went on to revise the themes according to the previous activities and latest CSR trends. In doing so, Toppan sought stakeholder views on the assumption that the Company would be performing its CSR activities based on the eight new themes (material topics) from fiscal 2008 (→P.28 and P.64).

Toppan holds the view that the Company should select social issues with serious impacts on both Toppan itself and society, and focus on them more intensively than before. Toppan will be examining this view as it works throughout fiscal 2008 to develop more compelling CSR activities satisfactory to all stakeholders.

Examining the highly effective indicators

The study group provided Toppan with views on the indicators the Company previously disclosed in CSR reports. Toppan will continue to disclose quantitative data based on the existing indicators in this report, while examining new indicators appropriate for the social issues of more intensive focus and the activities to be stressed.



Mr. Koichi Kaneda
CSR Expert,
CSR Promotion Department,
Daiwa Securities Group Inc.
Widely promotes CSR for his company and other financial institutions. Highly knowledgeable on collaboration with NPOs.



Mr. Toshihiko Goto
Chair, Environmental Auditing
Research Group
Plays an active part in overall CSR topics focused on the environment as a member of the steering committee, Global Compact Japan Network.



Mr. Toshihiko Fujii
Consulting Fellow, Research
Institute of Economy, Trade and
Industry, Incorporated
Administrative Agency (IAA)
Took charge of lobbying against EU and product-related environmental regulations as a member of the Ministry of Trade and Industry (the current Ministry of Economy, Trade and Industry) of Japan. Specializes in European CSR.



Mr. Fumitake Sakamoto
Facilitator
Senior Consultant,
Witan Associates Limited.
Consults on PR and CSR activities for corporations and provides management assistance for NPOs.

Targets and Measures for Fiscal 2008

Toppan will promote a set of measures focused on each of eight topics in fiscal 2008.

- In fiscal 2007, Toppan reviewed its six priority themes (material topics) to date.
- The Company received opinions on targets and measures at a stakeholder dialogue held in February 2008 (→P.26). The issues pointed out in the dialogue will be examined in fiscal 2008.

Stakeholders	Topics	Action Points
All stakeholders	Complying with laws, regulations, and corporate ethics	Heightening awareness of laws, regulations, and the Conduct Guidelines through compliance promotion activities
	Reinforcing information risk management	Establishing an information security management structure towards the complete elimination of information-related accidents
	Conserving the global environment	(See P.64 for the Environmental Targets for fiscal 2008)
Customers	Developing business operations to address social issues and assure product quality and safety	Ensuring product safety
	<ul style="list-style-type: none"> •Realizing Total Quality Assurance and creating "dedicated products" •Striving to solve social issues with technologies acquired through printing 	Quality assurance and enhancement
		Providing products and services to help solve social issues
Business partners	Establishing a trusted supply chain <ul style="list-style-type: none"> •Collaborating with suppliers to promote CSR initiatives throughout the entire supply chain 	Performing business deals strictly compliant with the CSR Procurement Standards
Communities	Contributing to society, community, and culture <ul style="list-style-type: none"> •Recognizing prevalent social issues from a global viewpoint and striving to resolve them as a mainstay of information and culture •Facilitating cultural development as a mainstay of information and culture in harmony with local communities 	Social contributions
		Community contributions
		Cultural contributions
Shareholders and investors	Disclosing information in a fair and open manner to enhance transparency <ul style="list-style-type: none"> •Disclosing detailed information on business performance in a fair and open manner to enhance transparency 	Enhancing IR activities
Employees	Respecting and leveraging human assets <ul style="list-style-type: none"> •Providing a safe and secure working environment for diverse employees (precious assets for the Company) and becoming a company offering job satisfaction by fostering and developing human assets through appropriate personnel treatment systems 	Realizing a safe and secure working environment
		Merit-based personnel policies
		Leveraging diverse human assets
		Fostering and developing human assets

Targets	Main Measures in Fiscal 2008
—	<ul style="list-style-type: none"> Disseminating the Conduct Guidelines through the Conduct Guidelines Promotion Leader system Establishing the Conduct Guidelines at overseas subsidiaries (in the U.S.A. and Southeast Asia) Continuing in-house education on laws and regulations such as the Antitrust Law and the Subcontract Law
—	<ul style="list-style-type: none"> Carrying out special audits to eliminate accidents caused by human error Expanding workplace areas under tight security, including areas where information other than personal information is handled, and formulating, disseminating, and thoroughly implementing measures to control the security areas Disseminating the operating rules on confidential operations and the handling of manuscripts, artwork, securities, and printed materials Developing Company-wide activities for acquiring ISO/IEC 27001 certification Conducting questionnaire surveys to assess secular changes of management levels
—	—
Preventing accidents relevant to the Product Liability (PL) Law and the revised Consumer Product Safety Law	<ul style="list-style-type: none"> Establishing a system under the Product Safety Management Guidelines in QMS (ISO 9000 series) and verifying compliance with the guidelines through audits
Enhancing customer satisfaction (analyzing the degree of customer satisfaction under ISO 9001 and applying the results to business operations) and preventing serious quality-related accidents concerning performance or functions	<ul style="list-style-type: none"> Continuing quality education using standardized in-house textbooks Continuing inspections led by directors to eliminate quality-related accidents Assuring and enhancing quality based on QMS (ISO 9000 series) Improving quality by leveraging intellectual property and preventing infringements of rights held by others
Launching energy-related businesses for the future	<ul style="list-style-type: none"> Developing components for fuel cells
Expanding businesses in the life sciences	<ul style="list-style-type: none"> Developing SNP chips for genetic analyses in medical institutions
Adapting to the aging society	<ul style="list-style-type: none"> Researching age-related changes in color perception and applying the acquired knowledge to develop new products or services
Passing down cultural assets	<ul style="list-style-type: none"> Producing and exhibiting virtual reality reproductions of important cultural assets
Disseminating the CSR Procurement Standards to all of Toppan's suppliers and encouraging the suppliers to implement the standards	<ul style="list-style-type: none"> Completing work to disseminate standards to all suppliers within fiscal 2008 Conducting a hearing for 30 suppliers on the current implementation status based on questionnaire results in fiscal 2008
Establishing a management and assurance structure for chemical substances	<ul style="list-style-type: none"> Meeting with suppliers to discuss the certification of non-usage or zero-content of chemical substances designated by the Company
Mutually enhancing corporate values through strengthened partnerships	<ul style="list-style-type: none"> Collaborating with suppliers to hold presentations and study meetings on CSR procurement-related cases
Enriching programs to address social issues	<ul style="list-style-type: none"> Holding <i>Toppan Charity Concerts</i> to promote literacy improvement Developing a new program focused on support for literacy improvement Discovering new social needs through interviews with international and domestic NGOs
Expanding opportunities to communicate with local communities and making contributions suitable for local needs	<ul style="list-style-type: none"> Holding plant tours and practical training sessions at plants Organizing environmental cleanup, beautification, and crime- and disaster-prevention activities in the communities around operational sites Participating in local events Promoting environmental communication activities
Contributing to society through the provision of high-quality information, endeavoring to elevate the roles of printing and related industries, striving to establish the study of printing culture, contributing to the communities around the operating sites, and supporting educational institutions	<ul style="list-style-type: none"> <Printing Museum, Tokyo> Reviewing the General Exhibition Zone for the 10th anniversary in 2010 and holding temporary exhibitions and lectures Holding a summer vacation workshop, strengthening the system for school visits, and cooperating with the Bunkyo Academy Foundation in Bunkyo Ward, Tokyo, as in earlier years <Toppan Hall> Holding <i>Lunchtime Concerts</i> to discover talented young musicians and <i>Espoirs</i> to foster talented young musicians, as in earlier years
Disclosing Company information promptly and improving access to the information once it is disclosed	<ul style="list-style-type: none"> Renewing the IR website Holding public meetings to announce financial results and distributing communication tools, as in earlier years
Respecting basic human rights	<ul style="list-style-type: none"> Enlightening employees on basic human rights through rank-based trainings
Ensuring occupational safety and health	<ul style="list-style-type: none"> Carrying out activities led by the Safety and Health Committee as core components of the Company's TPM activity, as in earlier years
Reinforcing countermeasures against fires and disasters	<ul style="list-style-type: none"> Implementing drills on various themes, including a comprehensive disaster-preparedness drill
Promoting healthcare and health enhancement	<ul style="list-style-type: none"> Arranging regular medical checkups and encouraging all employees to receive them Offering healthcare guidance to employees in need of lifestyle improvements Enlightening employees on healthcare by distributing various tools
Supporting work-life balance by (1) shortening total working hours	<ul style="list-style-type: none"> Having managerial staff control the overtime hours of subordinates Continuing efforts at each operational site through partnerships between labor and management Encouraging employees to take annual paid holidays
Supporting work-life balance by (2) creating workplaces where employees can strike a balance between working and raising children	<ul style="list-style-type: none"> Disseminating and appropriately applying various systems for childbearing and childrearing
Creating better working environments through partnerships between labor and management	<ul style="list-style-type: none"> Holding the business councils and various special committees Examining the matter at the labor-management committee in order to create a working environment amenable to enhanced job satisfaction
Operating personnel treatment systems appropriately	<ul style="list-style-type: none"> Operating personnel-treatment systems appropriately based on individual competence and achievements
Providing an open environment for recruitment	<ul style="list-style-type: none"> Providing opportunities to enable many people to apply for recruitment Expanding the internship programs
Supporting individual career development	<ul style="list-style-type: none"> Introducing a learning management system (LMS)
Promoting positive action	<ul style="list-style-type: none"> Further promoting the appointment of female employees to managerial and supervisory positions
Supporting second careers for retired employees	<ul style="list-style-type: none"> Providing opportunities for continued employment for post-retirement employees under the Senior Reemployment System
Promoting employment of persons with physical disabilities	<ul style="list-style-type: none"> Promoting employment of persons with physical disabilities, mainly through the special subsidiary established to employ them
Leveraging non-regular employees	<ul style="list-style-type: none"> Appointing non-regular employees to regular positions based on individual willingness and abilities
Fostering highly motivated employees based on "conduct of high value"	<ul style="list-style-type: none"> Providing training of various forms suitable for actual business conditions (rank-based, department-based, or optional or selective training) and implementing personnel rotation to foster human assets who can handle products of various sorts

Corporate Governance

Toppan is reinforcing corporate governance by strengthening its auditing and supervisory functions and improving the transparency of its corporate management.

Toppan's Corporate Governance

Toppan places top priority on three issues in its corporate management: developing continuously, raising its corporate value, and winning the approval of shareholders, customers, and society as a whole. While the Company is equipped with the Board of Corporate Auditors under the Company Law, it has strengthened the propriety and effectiveness of its governance system by establishing the Management Audit Office, the Compliance Department, and the Ecology Center.

Toppan's governance is geared to maximize the corporate value of the entire Group with closer cooperative relationships among Group companies

to secure the propriety of business operations within the Group under the Related Company Administration Regulations. Toppan aims to enhance profitability and provide products and services backed by the integrated strength of the Group by leveraging the technology and expertise of Group companies and promoting the effective use of production assets.

The Directors, Board of Directors, and Various Meetings

Toppan has 30 directors on its board (as of the end of March 2008). Board meetings are held monthly and whenever a pressing matter requires action or deliberation.

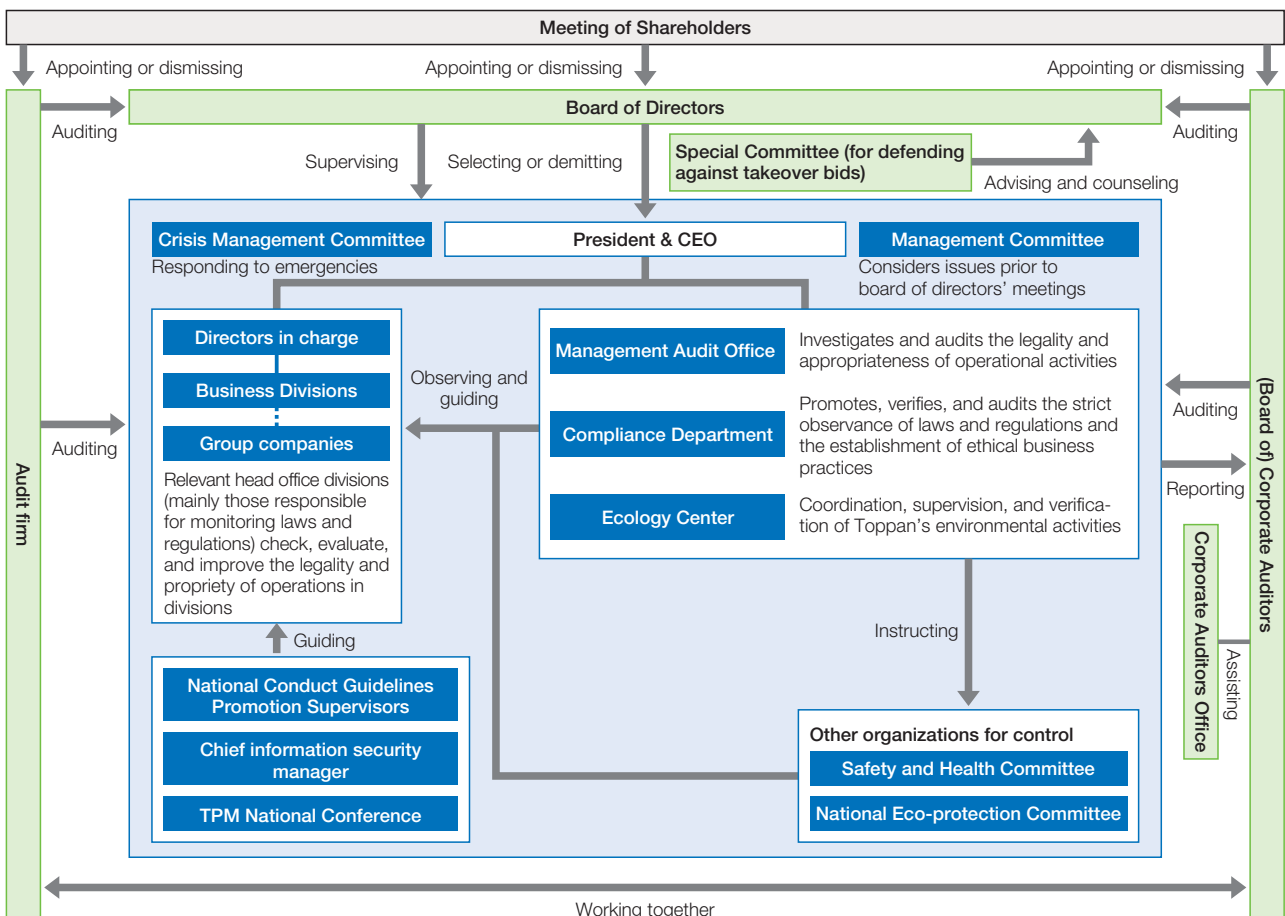
Especially important management

themes are examined beforehand in Management Committees made up of directors selected by the President & CEO. The goal is to lay weight on managerial efficiency in business judgment. Directors from the head office and other directors acting as division chiefs come to these meetings to discuss and examine measures and policies directly related to the Company's businesses from various perspectives.

Corporate Auditors, Board of Corporate Auditors, and Audit Firm

Toppan adopts a corporate auditors system. Three of the five corporate auditors are external (as of the end of March 2008). In accordance with the audit standards established by the

Toppan's Corporate Governance Structure



Board of Corporate Auditors, the corporate auditors regularly hold board meetings based on the audit policies and plans for the current fiscal year. They also attend important meetings, including those of the Board of Directors and Management Committee. The head office, main operational sites, and related companies are regularly audited and advised by the corporate auditors from a preventive perspective to ensure the legality and effectiveness of the operations of the directors and departments and smooth and appropriate corporate management in line with regulations and Company policies.

Toppan strives to audit effectively based on a three-way audit approach through the cooperative efforts of the Board of Corporate Auditors, the audit firm KPMG AZSA & Co., and internal audit-related departments at the Company, notably the Management Audit Office. From the viewpoint of consolidated operation management, the Board of Corporate Auditors of the Toppan Group also regularly meets to improve the effectiveness of the audits by the corporate auditors on a Group-wide basis.

Toppan has had KPMG AZSA verify the propriety of the Company's accounts through audits to enhance the reliability and transparency of the Company's financial information.

Remuneration to Directors and Corporate Auditors

Remuneration to directors is determined at the Board of Directors by the endorsement of the Meeting of Shareholders. The amounts remunerated are set based on considerations of the performance, responsible roles, and fulfillment of the operational targets of each director.

In fiscal 2007, the total annual remuneration to directors was 1,217 million yen and the total annual remuneration to corporate auditors was 95 million yen.

Strengthening Audit Functions

The Management Audit Office at Toppan is established independently from the operating departments. The primary purpose of an audit, as Toppan defines it, is: to fairly and objectively examine and evaluate the whole of corporate management systems and the conditions of the business operations, from

the viewpoint of legality and rationality; to keep the Company's property intact and enhance managerial efficiency through the provision of information and the offering of advice and proposals for improvement and streamlining based on evaluation results; and thus to contribute to the Company's development.

The audits by the Management Audit Office in fiscal 2007 included management audits and operation audits for 10 departments mainly in subsidiaries around the world, and follow-up audits for 17 departments.

The management audit reviews and evaluates the effectiveness of risk control and the consistency between business activities and business goals. The operation audit verifies the current status of compliance with laws, regulations, and in-house rules, the mechanisms to prevent unethical practices, and the obstacles to efficiency and accuracy in daily operations. The follow-up audit verifies improvements of issues pointed out during audits conducted in the previous fiscal year.

To make Toppan an even better company, the office feeds back the problems pointed out by audits to the

Internal Audits in Fiscal 2007

Audit Items		Fiscal 2007 Results
Management audit, operation audit	Verifying progress of the Medium-term Management Plan	1 division
	Grasping current conditions of the large-scale projects Efficiency, compliance, labor management, and other operating conditions in departments	7 domestic subsidiaries 2 overseas subsidiaries
Follow-up audit	Comprehensive audit of divisions	4 divisions
	Audit of domestic subsidiaries	5 subsidiaries
	Audit of overseas subsidiaries	8 subsidiaries
Internal control enhancement	Verifying progress in the establishment of internal control systems	16 divisions
	Preliminary hearing to prepare for implementation	1 domestic subsidiary

See the following reports for details on corporate governance:

- Corporate governance reports: available from a "search for corporate governance information" service provided by the Tokyo Stock Exchange Group (<http://www.tse.or.jp/tseHpFront/HPCGDS0701E.do?method=init&callJorEFlg=1> [in Japanese])
- Financial statements: available from EDINET (Electronic Disclosure for Investors' NETwork) (<http://info.edinet-fsa.go.jp/> [in Japanese])

relevant departments and proposes measures for improvements when necessary. The audit results are reported to the President & CEO, directors in charge of relevant departments, and the corporate auditors whenever necessary.

In addition to the above-mentioned routine audits, the Management Audit Office performed pre-investigations to grasp progress in the establishment of internal control systems related to financial statements for 17 departments in fiscal 2007. The results of these pre-investigations will be used as basic data with which to evaluate the conditions of implementation and operation in the future.

Auditing and Supervisory Functions by the Compliance Department and Ecology Center

The Compliance Department created under the Legal Affairs Division spearheads efforts throughout the Company to ensure compliance with laws and regulations and to firmly establish a system

of corporate ethics. Other department functions include employee education on compliance with the Conduct Guidelines and existing laws and regulations, and internal audits conducted collaboratively with quality assurance departments to improve the effectiveness of security management and ensure all forms of information security, including personal information protection.

The Ecology Center audits the operational sites to support their environmental efforts. The center requests the sites to submit Improvement Plans, monitors the progress and effects of these plans, and creates mechanisms to unflinchingly achieve improvement goals. The center now adheres to and evaluates compliance with various laws and regulations related to the environment and even stricter in-house management standards.

Risk Management Structure at Toppan

Toppan manages risk comprehensively to avoid risk and minimize the losses incurred when events at risk occur.

Based on the Company Law, the Company established a set of Rules and Other Systems for the Management of the Risk of Loss under the Basic Policy for Establishing the Internal Control System resolved at the Board of Directors meeting in May 2006. Under these Rules and Other Systems, the Company has set up a systematic risk management framework, a structure under which the responsibilities for risk management are allotted to specific divisions in the head office based on the types of risk involved. Within this framework, the directors in charge of each relevant division are responsible for taking measures to prevent, avoid, and correct each type of risk. Toppan, moreover, holds a weekly Risk Management Liaison Meeting for the sharing of information among the persons in charge of risk management in the divisions of the

Risk to Be Managed and the Relevant Main Divisions at the Head Office

	Risk to Be Managed	Division
Accidents involving products/product liability	Accidents or complaints related to products	Manufacturing Management
Accidents or disasters related to company operations	Accidents related to main systems	Business Innovation
	Accidents at the workplace, traffic accidents, and 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
	Accidents or disasters related to fires or explosions	Manufacturing Management
Defamation, slander, and other criminal damages	Illegal activity related to the storage of solvents, management of hazardous chemicals, etc.	Manufacturing Management
	Damage to the company's internal computer system due to cyber terrorism, illegal access or use of company information, or leakage of personal information or internal confidential information	Business Innovation
	Crimes against the company (threats, kidnapping, robbery)	Personnel & Labor Relations
Relationship with antisocial organizations	Unreasonable demands from antisocial organizations, deals between business partners and antisocial organizations	Legal Affairs
Natural disasters	Material losses or personal accidents suffered by customers or the company due to earthquakes, wind or water damage, lightning, etc.	Personnel & Labor Relations
Risk in business management	Shareholder derivative lawsuits, hostile takeovers	Legal Affairs
Unlawful activities related to external contracts	Violations of the Subcontract Law, illegal activities with business partners	Manufacturing Management
Infringement of intellectual property	Infringements of patents, trademarks, copyrights	Legal Affairs
Environmental problems	Violations of environmental laws or standards, illegal disposal of industrial waste	Manufacturing Management
Risk in overseas business activities	Product accidents, environmental problems, fires or natural disasters, damage to human or physical resources caused by international conflicts or terrorism, etc.	International

head office. The Company has thus established a practical structure with which to respond to risk.

The Rules on Risk Management have been established to resolve matters regarding risk avoidance and the minimization of loss when an event at risk occurs. Based on the rules, the Company sorts out and evaluates possible risks once a year and examines countermeasures to be taken.

■ Responding to the Financial Products Exchange Law

The Finance & Accounting Division played a key role in a Company-wide project to establish internal control over financial reporting in compliance with the requirements of the Financial Products Exchange Law.

Toppan worked in fiscal 2007 to sort out issues to be improved in its entity-level internal control over financial reporting, and strived to improve them. As part of these efforts, the Company has formulated basic policies and internal control rules on financial reporting to

concretize the basic terms, structures, and responsibilities in Group-wide implementation and operation. Briefings and in-house newsletters have been promulgated to disseminate these policies and rules to all Group employees.

Toppan has also completed documentation to establish internal control for operation processes and IT-related matters. The Company will disseminate and improve the details of the documents after fiscal 2008.

The Management Audit Office will evaluate the progress of the implementation and operation of internal control from a managerial viewpoint in the future.

■ Managing In-house Rules and Regulations

Toppan reinforces its internal control by putting in place and managing in-house rules and regulations.

The Company has appointed supervisors overseeing in-house rules and regulations in the Legal Affairs Division and persons in charge of in-house rules

and regulations in each of the head office divisions. These personnel review the in-house rules and regulations controlled by each head office division twice a year and determine points to revise, add, or abolish as needed.

In fiscal 2007, Toppan systemized management of the in-house rules and regulations controlled by the head office divisions, to make it easy for employees to instantly access the latest editions or revisions of the rules and regulations when necessary. Efforts to reinforce internal control in fiscal 2008 will be accelerated through the introduction of trial management systems in several divisions, with the aim of Company-wide installation of full-fledged systems.

Countermeasures against Disasters

Under the basic plan for countermeasures against disasters, Toppan has implemented comprehensive disaster-preparedness measures in alliance with Toppan Security Service Co., Ltd. In fiscal 2007, the Company held disaster-preparedness drill and training sessions to handle Automated External Defibrillators (AEDs) in an emergency life-saving course. The Company's fire-response squads participated in Self-defense Fire Training Competitions held by local fire departments, and an evacuation drill was held in the head office to rehearse for the eventuality of a large-scale inland earthquake in Tokyo. This drill included simulation drills for confirmation of disaster conditions, decision-making on the need for evacuation, and the establishment of a disaster-countermeasure office by the persons in charge of risk management. The comprehensive disaster-preparedness drills were conducted mainly to rehearse earthquake countermeasures such as the disaster-response actions to be taken, specialized drills for safety confirmation, and practice for providing employees with information to help them return safely home after a major quake.

To alleviate earthquake damage preemptively, Toppan has been working steadily over the last three years to install a system to receive the Earthquake Early Warnings issued by the Japan Meteorological Agency. Measures to reserve stockpiles for disasters have also been taken. The water storage facilities in the Company buildings can supply water in the aftermath of a major disaster. Steps are also being taken in cooperation with the Japanese Consumers' Co-operative Union to install vending machines that will dispense food, beverages, and goods for free during power failures caused by disasters.



Parabolic antenna to receive Earthquake Early Warnings by radio



Disaster evacuation drill



Training session to handle AEDs

Compliance Promotion Activities

The Toppan Group thoroughly implements its Conduct Guidelines to ensure full compliance with laws, regulations, and corporate ethics at all times.

Disseminating the Conduct Guidelines

Toppan has established a set of Conduct Guidelines, along with a Corporate Philosophy and Corporate Creed, as its Corporate Structure under *TOPPAN VISION 21*. The Conduct Guidelines consist of Basic Principles and Specific Conduct Guidelines (→P.38) to express the behavioral norms by which every employee complies with laws, regulations, and corporate ethics.

Conduct Guidelines Promotion Leaders

Toppan introduced a Conduct Guidelines Promotion Leader system in October 2004 to further establish a compliance system and corporate ethics through the full execution of the Conduct Guidelines in daily operations. Under this system, a team of Conduct Guidelines Promotion Supervisors (the “Supervisors”) and Leaders (the “Leaders”) have been deployed in all production subsidiaries and operational sites to promote the Conduct Guidelines in the workplace. Six-hundred and ninety-nine Leaders are now operating across

Japan. A cumulative total of 1,819 employees have had experience as Leaders since the commencement of the system. The training programs were revised in fiscal 2007 to further enhance the awareness and knowledge of the Leaders, though a change in the scheduling for the reappointment of Leaders has postponed the next round of reappointments to next year.

Toppan will resume the reelection of Leaders and hold specialist training sessions semiannually in fiscal 2008.

The current ratio of female Leaders is 2.2% (14 Leaders). The Company will maintain its efforts to increase this rate.

Dissemination Activities by Conduct Guidelines Promotion Leaders

The Leaders have formulated an optimal dissemination plan and promoted dissemination activities based on the plan to heighten awareness of the Conduct Guidelines in day-to-day operations. In setting the plan, they have tailored the details to actual conditions at workplaces, including staff compositions, routine work patterns, and facility environments.

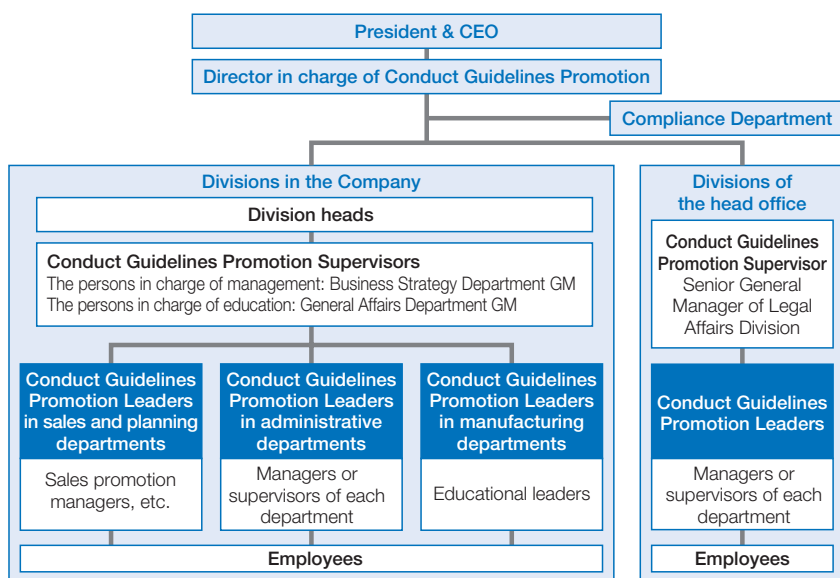
The National Meeting of Conduct Guidelines Promotion Supervisors is held each October to share and discuss the various outstanding activities at the workplaces in the operational sites across Japan.

Making Use of the Conduct Guidelines Casebook and Online Communication

Toppan gives every employee a *Conduct Guidelines Casebook*, a Q&A style casebook describing actual situations that can arise in daily work. The Leaders use the casebook to disseminate information and provide rank-based education on compliance.

The Conduct Guideline Notifications posted on the Company intranet heighten employee awareness on the latest important issues to do with conduct in the workplace. The Conduct Guideline Notifications issued in fiscal 2007 provided news and information on insider trading, the Subcontract Law, and recent revisions of the Road Traffic Act and Consumer Product Safety Law.

Structure to Promote the Conduct Guidelines



Training for the Conduct Guidelines Promotion Leaders



Conduct Guidelines Casebook (in Japanese)

Operating the Toppan Helpline

Toppan has been operating an internal reporting system called the Toppan Helpline since August 2003. In accordance with the Whistleblower Protection Act enforced from April 2006, the Helpline guarantees the rights of all persons who find a need to use it. This line is kept open for use by directors and employees, as well as temporary staff and part-time workers.

When a legal violation or injustice is discovered, it is to be reported to superiors for deliberation. When an employee's superiors fail to settle a problem, the employee is encouraged to call the Helpline to report the matter with his or her real name.

In fiscal 2007, the Helpline was used in two cases, one involving power harassment and one involving an improper payment of company expenses. Both cases were strictly investigated and appropriately dealt with to prevent recurrence.

Expanding the Compliance Promotion Structure

Development in Group Companies

By fiscal 2006, thirty companies in the Toppan Group, including the major domestic companies, had established their own Conduct Guidelines as part of the Group's internal control system. The Group verified the status of their compliance with these guidelines in fiscal 2007.

From fiscal 2008, the Group companies will start to operate their Conduct Guidelines Promotion Leader systems by thoroughly disseminating the guidelines to their employees.

Development in Overseas Group Companies

In fiscal 2007, the Toppan Group newly introduced Conduct Guidelines for subsidiaries in Taiwan to further promote compliance in overseas Group companies. Conduct Guidelines Promotion Leader systems were also started at subsidiaries in the Shanghai and Beijing regions that had established their own Guidelines in fiscal 2006.

Compliance Education

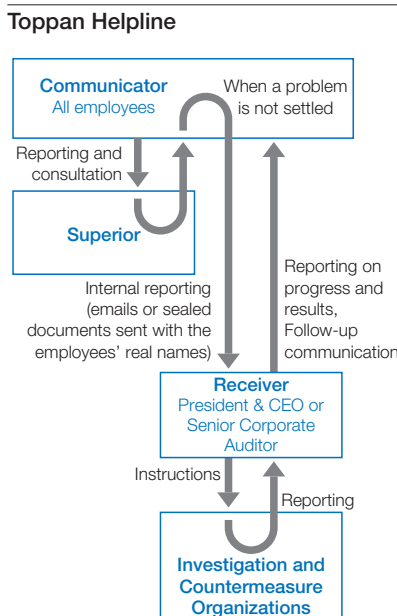
Compliance Education

Specialist training to promote the Conduct Guidelines was provided for 515 Leaders in 29 sessions held across Japan from September to November 2007.

Toppan also implemented an ongoing series of compliance education in rank-based training sessions for new employees and newly appointed supervisors and managerial staff.

Education on Compliance with the Antitrust Law and Other Laws and Regulations

Toppan continued its endeavors to attain full compliance with the Antitrust Law, the Subcontract Law, and other laws and regulations in fiscal 2007. The Company held 21 educational and verification sessions on compliance with the Subcontract Law, mainly for the production management departments in Japan, and nine education sessions on compliance with the Antitrust Law, mainly for the sales departments in Japan.



Briefing on the Taiwanese version of the Conduct Guidelines



The Taiwanese versions of the Conduct Guidelines and the *Conduct Guidelines Casebook*

Information Risk Management

The top priority in business operations at Toppan is to ensure safe management of information entrusted from customers. The Company has striven to establish a secure management structure to prevent information leakage, based on awareness of various risks inside and outside of the Company.

Reinforcing the Management System in Areas under Tight Security

In March 2007, an employee of a printing company was discovered to have leaked personal information without authorization. Recognizing the episode as a wakeup call for the printing industry, Toppan took immediate steps to dispel public distrust of the industry by reviewing its existing management structure and bolstering its system for preventing the unauthorized removal of information.

Toppan takes the following measures to secure personal information in designated areas for the handling of personal information at 50 operational sites across Japan.

1. The areas are classified into three levels of risk according to business operations and strictly controlled across the Company through management actions for each risk level.
2. In areas classified at the highest risk level, operational sites are required to acquire ISO/IEC 27001* certifications and reinforce the management of entrances/exits, information access, and the monitoring of operations.

Full-scale Revision of the Company-wide Rules Based on ISO/IEC 27001

After years of ongoing review of the in-house rules and bylaws since their establishment in 1991, Toppan introduced a set of thorough revisions based on international standards in fiscal 2007.

The Company has established a system to inculcate every employee with a deeper awareness of risks inside and outside the Company, to allocate the responsibilities on managing information and system properties it handles to relevant departments, and to verify the implementation of measures against risks.

Toppan has also strengthened its in-house network platform by restricting access to the Web, having employees renew their passwords more frequently, unifying the management of the servers handling important information, and taking a host of other strict measures.

Based on the revisions of the Company-wide rules, Toppan revised the *Information Security Management Guidebook* and distributed it to all employees, including temporary staff. This guidebook, together with tests and other educational activities across the Group, has bolstered information security in the Company.

Strengthening Information Management Foundations through Human Asset Development

Toppan fosters in-house proponents of information security by holding training sessions for employees who seek qualification to serve as the internal auditors responsible for auditing the information security management system (ISMS). The sessions are held three times a year, in January, March, and August. Internally qualified employees are encouraged to acquire higher qualification as ISMS assistant auditors. There are now 66 ISMS-qualified staff working at Toppan.

Toppan will be strengthening its information management foundations by working to increase the number of qualified staff.

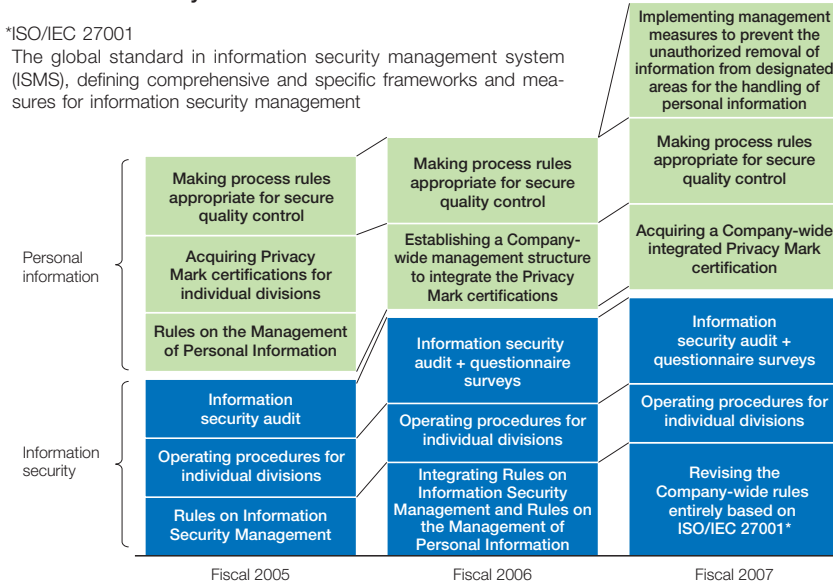
Reinforced Measures for ISO 27001 Certification

Responding to customer demand for security, Toppan has proactively acquired ISO/IEC 27001 certification for more of its operations.

In fiscal 2007, two operations acquired the certification and one operation expanded its scope. Two more operations have already launched efforts to acquire the certification within fiscal 2008.

Enhanced Security Level

*ISO/IEC 27001
The global standard in information security management system (ISMS), defining comprehensive and specific frameworks and measures for information security management



Monitoring the designated areas for the handling of personal information (in Japanese)



Training session for ISMS internal auditor qualification

Eliminating Information-related Accidents through Purpose-based Audits

Toppan endeavors to eliminate information-related accidents through various audits and surveys.

Internal Audit (Information security)

Toppan has focused on internal audits to review and improve the operations of information management system in the Company on an ongoing basis. The Company has been conducting the internal audits from fiscal 2005 onwards.

In total, internal audits were conducted in 331 departments throughout the Company by 224 auditors in fiscal 2007. The audits took 65 days to perform, counted on a cumulative basis.

Audit on the Handling of Personal Information (Quality control)

The Company audited quality control for all processes involving the handling of personal information, from sales and production management routines to procedures in plants (or partner companies). The principal concerns of the audits were to determine whether individual procedures were appropriate and thoroughly implemented, and whether all of the operations were recorded.

Survey of Actual Conditions and On-site Verification (by topic)

The Information Security Management Promotion Committee has overseen cross-divisional surveys on actual conditions and on-site verifications for high-risk operations.

- Information security management in Web-related businesses
- Management of the designated areas for the handling of personal information

Special Audit (to prevent accidents from recurring)

Not a single case of information leakage has occurred at Toppan in fiscal 2007, as in earlier years. However, three cases arose due to incorrect operations in the handling of information entrusted by customers. The Company reported them to the Japan Information Processing Development Corporation. In recognition of the great importance of these cases, the Information Security Management Promotion Committee spearheaded efforts to carry out special audits in all divisions to prevent recurrence. Special audits conducted in 17 operational sites confirmed that secure countermeasures to minimize risks had been fully taken.

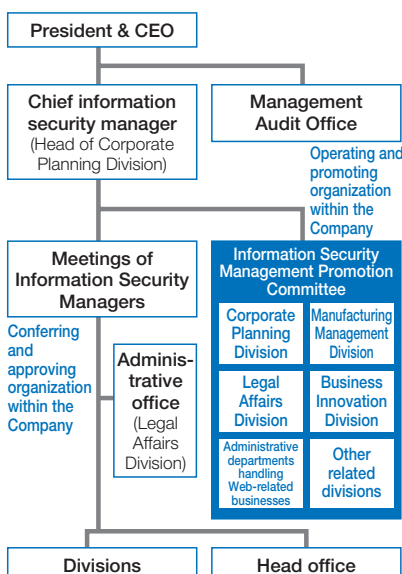
Reinforcing Cooperation within the Group

The Toppan Group has honored the trust of its customers by taking thorough measures to reinforce information management across the Group.

1. Developed measures to reinforce information management for different levels of security applying for the areas under tight security throughout the Group (77 operational sites)
2. Established the Information Security Promotion Meeting for Related Companies, a body to promote information security, in September 2007, and held quarterly meetings
3. Held ISMS introductory training and invited external lecturers to hold training sessions for ISMS internal auditor qualification as Group-wide educational programs
4. Supported the ISO 27001-certified Group companies in establishing information security management systems and conducting internal audits

The Toppan Group will work to establish a secure management structure across the Group to ensure the full prevention of information leakage accidents caused by erroneous operations.

Information Security Management Structure



Activities in Fiscal 2007

- Meetings of Information Security Managers:** May and August 2007, March 2008
- Regular meetings of the Information Security Management Promotion Committee:** weekly
- Information Security Promotion Meetings for Related Companies:** September and November 2007, February 2008
- Various surveys**
 - Audit on the handling of personal information: from June 2007 to March 2008
 - Survey of actual conditions in Web-related businesses: November 2007, February 2008
 - Verification of monitoring operations in areas under tight security: February 2008
 - Special audit: from February to March 2008
- Education**
 - Introductory training for monitoring software installed in areas under tight security: from August to September 2007
 - Training for ISMS internal auditor qualification: August 2007, January and March 2008
 - Regular training for information security: from September to December 2007
 - Internal auditor training: from November 2007 to February 2008
- Other**
 - Revisions of information management rule books and the *Information Security Management Guidebook*: February 2008

Towards Enhanced Reliability in the Printing Industry

Toppan supports activities to enhance reliability in the printing industry. Toppan personnel recently chaired and led a subcommittee to prepare a guidebook that will be used to position Privacy Mark acquisition as a standard in the printing industry. Briefings are now being held across Japan.



Conduct Guidelines and Information Management Policy

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 concept 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 effects 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 overseas and domestic laws, regulations, commercial practices, government notifications, and operational and industrial standards applicable to our corporate endeavors. Compliance with these laws and regulations forms the minimum standard of society's rules and we will uphold them without fail. In addition, we will 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. Striving to improve quality

With regards to the "dedicated products" that we provide to customers, we will strive to improve quality based on the concept of "Total Quality Assurance," not just in the direct manufacturing and quality management sections but throughout the entire Company, including sections related to sales, research, and administration.

6. Appropriate management and disclosure of information

Fully recognizing the importance of information, all employees will undertake its appropriate management. Even if it affects us adversely, we will not conceal information but actively undertake its appropriate disclosure and increase the transparency of our operations.

7. 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 facilitate a healthy and secure society to live in.

Chapter 2: Specific 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 handling of personal information
6. Protecting confidential corporate information

Section 2: Reforming operations

1. Complying with international rules and respecting the culture and commercial practices of overseas countries
2. Striving to improve knowledge, skills, and technology
3. Fulfillment of work responsibilities
4. Securing and utilizing intellectual property
5. Respecting the rights and interests of others
6. Striving to improve the current situation and targeting new possibilities

Section 3: Fulfilling corporate responsibilities

1. Compliance with antitrust laws
2. Prohibition of unlawful practices in dealings with support companies
3. Prohibition of unlawful acts against corporate competitors
4. Prohibition of receipt or provision for personal gain or rebate
5. Prohibition of bribery
6. Prohibition of inappropriate 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 import and export transactions
12. Prohibition of child labor and forced labor
13. Curtailment and reduction of environmental impact
14. Promotion of environmentally friendly activities

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 and power harassment
8. Prohibition of private activities
9. Appropriate use of the Internet
10. Appropriate management of information and records
11. Prevention of tacit approval, false reporting, and concealment of illegal conduct
12. Prevention of retaliation against a person 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. Promoting communication with shareholders and investors

Established June 2000 Revised April 2006

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 customer 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

Social Report

For Customers

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Reinforcing Total Quality Assurance

Toppan creates “dedicated products” with the consumer—the end user—always in mind, to fulfill its commitment to Total Quality Assurance throughout every process in producing a product.

■ The Basic Concept of Toppan’s Quality Assurance

The products manufactured in Toppan’s plants bear the brand labels of the customer companies who use them for their own products and services. Every customer requires its own specification for every product it orders, and every specification requires a separate approach for quality assurance.

Reinforcing Total Quality Assurance

Quality assurance is a concern not only for the departments that produce Toppan products. The departments involved in marketing, R&D, planning, design, sales, and delivery are all responsible for assuring the quality of every product for every customer.

This is why Toppan describes quality assurance throughout every process in producing a product as a “total” activity, setting it as a top priority for its business management.

■ Activities in the Sales and Planning Departments

The sales and planning departments at Toppan play the role of comprehensive producers, with a hand in every business process from submission of product plans to final delivery. They convey customer requirements for quality, cost, and delivery (QCD) accurately to the relevant departments, redoubling the assurance of high quality. The sales and planning staff sincerely respond to customers and proactively submit proposals for enhanced customer satisfaction on a day-to-day basis.

Toppan invests considerable efforts into quality education by publishing textbooks (10 sorts in total) for the sales departments. The goal is to enhance quality assurance through intensive education on basic knowledge. These textbooks are also used in several Group companies to advance QCD efforts throughout the Toppan Group.

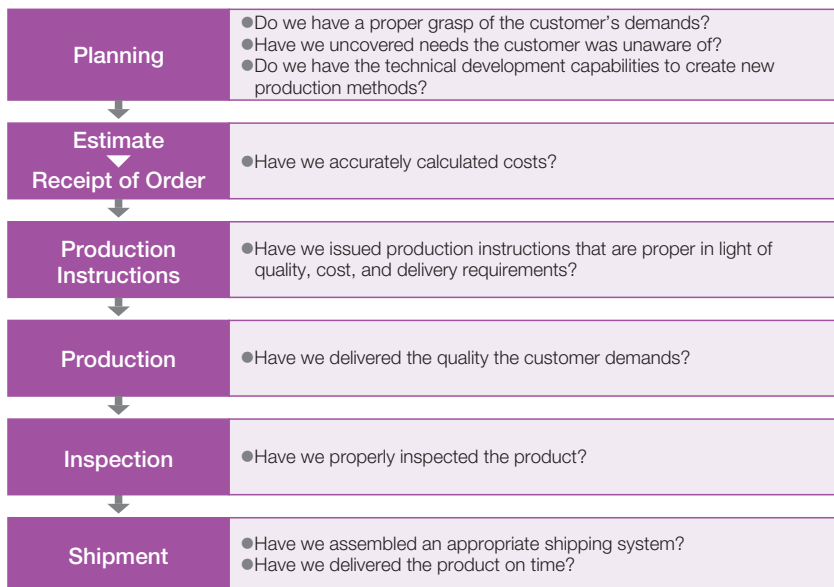
■ Activities in the Technology and Production Departments

Toppan has established its own quality assurance system to strengthen Total Quality Assurance in the technology and production departments responsible for realizing the quality required by customers.

When the production departments receive the ideal production conditions set by the technology departments, they use the Total Productive Maintenance (TPM) technique to refine the conditions towards further improved productivity and the complete elimination of production defects.

Next, Toppan standardizes the refined production conditions as rules in order to maintain them under the ISO 9001 quality management system. Toppan also strengthens its quality assurance by verifying its management structure through regular audits to maintain the quality that customers want and need. The Company thus improves product quality through its own quality assurance system based on integrated TPM and ISO 9001 quality management.

Total Quality Assurance in Toppan’s Business Activities



Quality Assurance for Intellectual Property

Quality assurance for intellectual property is a crucial matter for Toppan, an enterprise that works with creativity and inventive ideas in all business processes, from planning to shipment, in every department.

Toppan is eager to file patents to protect its intellectual properties, especially the technologies and business models the Company derives from its most ingenious, inventive concepts. At the same time, the Company takes careful steps to avoid any infringement of the copyrights, trademarks, or other intellectual property rights held by other companies. This is essential to protect customer companies from the risk of trouble or inconvenience in the course of business.

As one measure to avoid unintended infringements, the planning departments instruct employees and business partners on copyrights and explain actual cases.

Improvement Activities by TPM

All of Toppan's plants have been developing and conducting TPM activities since the activities were introduced in 1997. Toppan has strengthened its competitiveness in quality, cost, and delivery through concerted activities targeting zero production loss through equipment modifications and enhanced employee awareness.

The production departments have had experienced in-house consultants familiar with Company-specific technologies run a guidance system since fiscal 2004. These consultants direct individual improvement activities to enhance quality and reduce cost mainly through independently initiated maintenance activities, group activities, and dissemination of the 5S basic principles for optimal manufacturing—*seiri* (organizing), *seiton* (tidying), *seiso* (cleaning), *seiketsu* (purifying), and *shitsuke* (nurturing).

Three in-house consultants offered guidance on improvement activities in 20 plants in fiscal 2007.

Rooting Quality Assurance by ISO 9001

Two operational sites newly acquired the ISO 9001 certification in fiscal 2007 as part of the Company-wide effort to have all operational sites certified. Once certified, operational sites are subject to routine annual surveillance audits and reassessments once every three years for renewal. To confirm whether ISO 9001 is appropriately and effectively put into practice in each operational site, the head office carried out 29 operational site audits in 27 sites in fiscal 2007, in addition to the internal audits carried out in all sites. Twenty-six internal auditor training sessions were held to improve the quality of the internal audits. These activities continue to improve Toppan's quality management system.

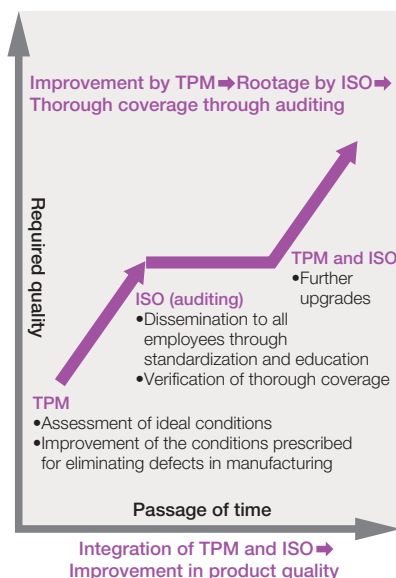
Assuring Quality by Auditing

Toppan regularly audits its quality assurance activities to verify whether the points improved through TPM activities and defect prevention measures are properly standardized in the manufacturing rules, whether the standardized rules are accurately observed in manufacturing processes, and whether there are possibilities for further improvement.

The audits in the food filling and packaging business are somewhat stricter, in light of the exacting requirements for quality assurance for safety and health. These audits cover not only in-house plants in this business, but also all operational sites, including those of partner companies. Toppan has adopted a certified approval system to ensure that operational sites can manufacture only after receiving the required ratings based on audit results.

In fiscal 2007, the Packaging Division collaborated with the head office in a series of audits to verify that all operational sites had responsible quality assurance practices in place.

Quality Assurance Cycle in Manufacturing Departments



Audits on Food Container and Filling/Packing Business

Audit Points

- Agreement with customers
- Quality assurance system
- Management of equipment and inspection devices
- Management of safety and sanitation
- Steps to prevent the admixture of different products
- Steps to prevent the admixture of foreign substances
- Steps to prevent the outflow of defective products
- Steps to prevent contamination
- Traceability
- Security
- Education and training
- Maintenance of systems and frameworks

Operational Sites Audited

- 5 subsidiaries
- 23 other production partner companies

Complying with the Revised Consumer Product Safety Law

Toppan established and disseminated a basic stance and guidelines on product safety management to prepare for the enforcement of the Product Liability (PL) Law. To accommodate the revisions of the Consumer Product Safety Law in May 2007, the Company reviewed its stance and guidelines to reinforce product safety management as a step to complete its internal control system.

In fiscal 2007, the head office disseminated the details of the revision to the divisions and reviewed the Company-wide frameworks to ensure that product safety management would meet the requirements of a quality assurance system in conformity with ISO 9001.

Technological Development Aimed at Value Creation/ Products and Services Developed with Society in Mind

Toppan uses the various technologies it has acquired in printing to develop products and services responsive to social issues and needs.

Technological Development towards Value Creation

The Technical Research Institute plays a central role in exploring untapped areas of science by thinking freely and pushing forward with R&D projects on new products designed to respond to the anticipated needs of the future market. The Company has successfully developed numerous products with enhanced environmental benefits and high added value by offering technical advantages and systemized techniques. Development efforts are guided by analysis to grasp the latest trends in the market and customers in close cooperation with sales and promotion departments.

In the area of production technology, on the other hand, Toppan endeavors to improve quality, shorten lead times, and reduce costs by automating production lines, saving labor and energy, and modifying processes in close collaboration with production departments.

Next-generation Products Developed by Technology Evolved from Printing

Advances in technology acquired by printing, surface processing, and the

application of prepress technology to microfabrication have led to the development of next-generation products such as color filters for large liquid crystal displays (LCDs), full-color organic Electro Luminescent (EL) displays, and medical chips for analyses.

Industry-Government-Academia Alliance

Toppan's cooperative structures with internal R&D departments and various external research institutes have been strengthened to promote technology development activities. In addition to engaging in national collaborative projects (including contract research sponsored by the New Energy and Industrial Technology Development Organization), Toppan researchers collaborate with many universities in Japan (including the University of Tokyo, the Tokyo Institute of Technology, and Tohoku University).

Toppan has also been active in technical cooperation with companies around the world to provide products, systems, and services with high added value in sundry fields.

Developing SNP Chips for Medical Institutions

Toppan researchers take frequent forays into the life sciences, especially in the fields of health and medical care. The Company now cooperates with RIKEN and other entities to develop a genetic analysis system with single nucleotide polymorphism (SNP) chips for medical application.

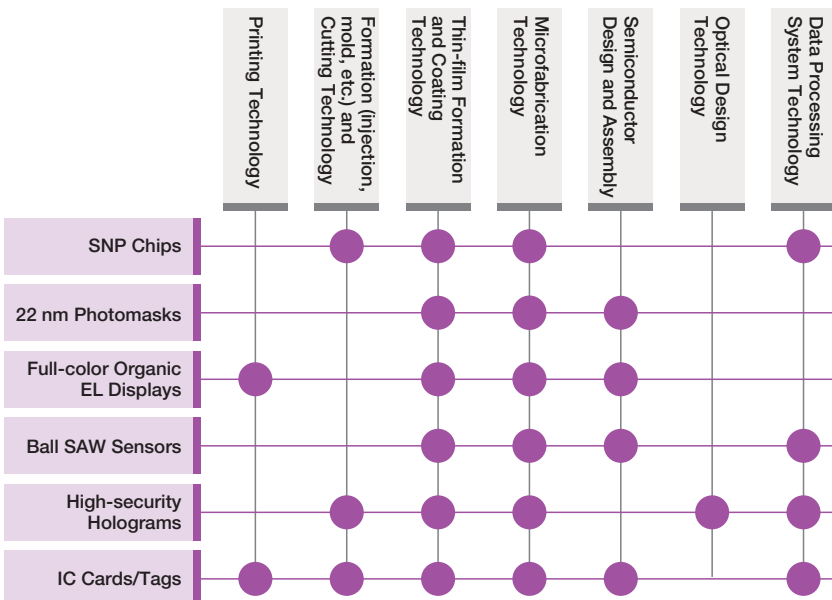
Towards Personalized Medicine

SNP chips are used for bio-molecular analyses as part of a service called personalized medicine*. Toppan develops and manufactures the chips with help from the printing, microfabrication, and coating technologies the Company has acquired in its businesses so far.

These unique chips are capable of identifying differences in individual genes. With this information, a doctor can more accurately assess whether a drug will have a favorable or adverse effect on a given patient and plan out tailored treatment strategies.

If adopted on a widespread basis, personalized medicine with SNP chips will reduce adverse drug effects and

Toppan's Map of Next-generation Product Technologies



*Personalized medicine: When patients undergo personalized medicine, they receive optimal individualized therapies and prophylactic regimens based on their genetic profiles. A close analogy would be a ready-to-wear garment that fits one person snugly and another loosely. When two patients with the same symptom receive the same drug, for example, slight differences in their genetic profiles may cause them to respond differently. A physician practicing personalized medicine attempts to bring about optimal drug responses from his or her patient by identifying the patient's genetic predispositions, just as a tailor fashions a perfect-fitting suit for a customer by taking exact measurements.

excessive dosing. This, in turn, will help to limit the ever-rising expenses for medical care.

In fiscal 2007, Toppan asked collaborating medical institutions to conduct an ongoing series of functional tests for pilot SNP chips and proceeded to develop commercial SNP chips applicable for actual treatments in hospitals and clinics. Reinforced development efforts in fiscal 2008 are expected to lead to the commercial use of SNP chips soon.

Toppan intends to explore further applications for SNP chips as it works to establish personalized medicine with SNP chips in Japan.

Challenges in Universal Design

Toppan always devises and provides products and services based on universal design (UD) principles in consideration of the user. As a company operating in the information communication industry, Toppan has introduced UD to bring about improvements in various fields of communication between client companies and their own customers.

Toppan thinks of UD as a corporate social responsibility. Through its work with UD, the Company creates fulfilling lifestyles and coexists with society by providing products and services in full consideration of as many people as possible.

Deepening the Awareness of UD in Society

The Comfortable Design Exhibit and Universal Design in Printing Exhibit were forums held at the Toppan Koishikawa Building to encourage shared thinking on UD and deeper awareness about UD for Toppan and its customers. Many visitors came to the exhibits and learned of various UD practices not only in

Toppan and its Group companies, but also government agencies and pioneering companies.

UD Efforts at Toppan Departments

The sales and planning departments educated employees to standardize awareness and knowledge on UD and strengthen the employee's problem-solving capabilities. At the same time, the departments have applied UD principles to many of their products and services.

The packaging departments, meanwhile, are stepping up efforts to plan and develop packaging materials that are easy-to-use and easy-to-understand for users. Orders for these UD packaging materials have been increasing. Similarly, the information-related departments are offering more proposals and developing more products and services incorporating UD. These efforts will be continued in the future.



Genetic analysis system with SNP chips for medical application



Comfortable Design Exhibit



UD paper containers



Comfortable Design Exhibit



UD flexible packaging materials and plastic containers

CSR Promotion in the Supply Chain

Under its CSR Procurement Guidelines, the Toppan Group promotes CSR initiatives throughout the entire supply chain in cooperation with business partners.

■ Promoting CSR Procurement

The Toppan Group has established a set of CSR Procurement Guidelines to promote CSR activities in cooperation with business partners involved in material and equipment provision, production, and processing for the Group.

These guidelines consist of the Basic Procurement Policy and the CSR Procurement Standards. The Basic Procurement Policy is the conceptual platform for every employee involved in the procurement operations to closely observe. The policy states the following six principles.

- Fairness/propriety
- Compliance
- Information security
- Environmental consideration
- Pursuit of QCD
- Promotion/development of CSR

In order to deepen their understanding of the Basic Procurement Policy, the Group incorporates the Conduct Guidelines, the Purchasing Rules, and the Subcontract Law Compliance Manual in education and training for employees.

The CSR Procurement Standards stipulate the requirements to be satisfied by every business partner. The twenty standards categorized into the eight separate areas covered by the CSR Procurement Standards conform with Toppan's Conduct Guidelines, with the CSR terms established by the Japan Electronics and Information Technology Industries Association (JEITA), and with the requirements for quality, cost, and delivery (QCD). Toppan asks its business partners not only to seek cost performance, but also to pay attention to society and the environment.

■ Encouraging Business Partners to Comply with the CSR Procurement Standards

The Toppan Group held 40 briefings with business partners at 14 operational sites across Japan in fiscal 2007. The business partners were asked to give their opinions and demands, and to understand and cooperate with the Group's CSR procurement activities. In total, 1,835 companies participated as busi-

ness partners, including overseas manufacturers.

Business partners at the briefing were requested to fill out a questionnaire survey to help the Group clarify how thoroughly they complied with the CSR Procurement Standards. The survey results have been compiled, analyzed, and evaluated by the Group, and fed back to the business partners one by one. The Toppan Group has also conducted on-site checks and exchanged views on future initiatives to be taken at the Group and its business partners.

The Toppan website posts the Group's CSR Procurement Guidelines, as well as an email address exclusive for inquiries.

To promote CSR procurement efficiently and effectively, the Toppan Group will be holding joint presentations with business partners and installing the Supplier Hotline, a portal for receiving reports from business partners, in and after fiscal 2008.

Toppan Group CSR Procurement Guidelines (revised from the Procurement Guidelines in May 2007)

Basic Procurement Policy

- We impartially offer opportunities to all suppliers.
- We comply with all domestic and overseas legislation and perform fair business dealings based on corporate ethics.
- We strictly control the information obtained through our procurement activities.

- We give full consideration to impacts on the environment.
- We pursue QCD (Quality, Cost, Delivery) in order to meet the needs of the market.
- We implement CSR initiatives throughout the entire supply chain.

CSR Procurement Standards

1. Basic human rights
 - (1) The company respects basic human rights.
 - (2) The company does not carry out unjust discrimination in the treatment and employment of employees.
2. Public order, compliance with laws, fair business activities
 - (3) The company does not carry out inappropriate profit sharing or receipts.
 - (4) The company does not have dealings with any antisocial individual or group.
 - (5) The company complies with laws, regulations, and government notices applicable to business activities, such as company laws, antitrust laws, subcontracting laws, labor-related legislation, and environment-related legislation.
 - (6) The company complies with laws protecting those who disclose information in the public interest, and it protects the rights of those who report internally.
 - (7) The company complies with legislation related to exports and with the laws of the countries and regions in which it operates.
 - (8) The company does not allow child labor or forced labor.
 - (9) The company does not infringe intellectual property rights such as patents, copyrights, and trademarks.
3. Management and disclosure of information
 - (10) The company carries out appropriate management of confidential information and personal information obtained through its dealings.
4. The environment and safety
 - (11) The company strives to make timely and appropriate disclosure of information relating to matters such as the details of business activities, quality, and product safety.
 - (12) The company strives to use raw materials and components with a low impact on the environment.
 - (13) The company strives to devise processes with a low impact on the environment for manufacturing and processing.
 - (14) The company carries out appropriate management of chemical substances specified by Toppan.
 - (15) The company carries out appropriate disposal of industrial waste.
 - (16) The company strives to prevent work-related accidents and create a safe and clean workplace, and also works to ensure the safety of employees in an emergency.
5. Improving quality
 - (17) The company meets the standards for quality required by Toppan and strives to improve quality.
6. Appropriate pricing
 - (18) The company provides products or services at a price that is competitive in the market.
7. Stable supply
 - (19) The company meets stipulated delivery dates and supplies items safely and reliably.
8. Social contributions
 - (20) The company engages in contributions to society.

Managing Chemical Substances

The Company-wide Standards for the Chemical Components of Raw Materials established under Toppan's CSR Procurement Standards help Toppan to tighten the management of the controlled and prohibited substances categorized based on the 24 groups of substances designated by the Japan Green Procurement Survey Standardization Initiative (JGPSSI). Each of the Company-wide common standards is supplemented by separate standards set for business fields that require management systems for specific product types, such as packaging, electronic components, and cards.

The Company is preparing to comply with REACH* in cooperation with business partners.

Complying with the Subcontract Law

As part of its effort to comply with the Subcontract Law, the Toppan head office engages in a monthly collection and review of the purchase orders sent out to business partners from the plan-

ning, production management, and purchasing departments. The reviews this year confirmed that as in fiscal 2006, there were no compliance problems in fiscal 2007.

Green Procurement and Green Purchasing

One important factor in building a recycling-oriented society is to purchase environmentally-friendly products preferentially. In April 2002, Toppan introduced a "green procurement" system that conforms to the Green Standards for Offset Printing Services established by the Japan Federation of Printing Industries. Toppan's achievement ratio for ink under these standards was 86.2% in fiscal 2007. Toppan's Green Procurement Standards (→P.80) were adjusted to conform with the revisions of the Green Standards by the Japan Federation of Printing Industries in March 2006. The Green Purchasing Network plans to introduce a set of revisions to its purchasing standards in the Japanese market, in order to cope with the recent emergence of recycled paper products with fraudulent labeling on their used

paper content. To keep up with the coming revisions, Toppan will consider revising its in-house standards accordingly.

Toppan adopted a Basic Policy of Green Purchasing for its office operations in January 1999. Under this basic policy, the Company selects products that meet in-house "green purchasing" standards and purchases them on a continuous basis.



CSR Procurement Guidelines
<http://www.toppan.co.jp/english/csr/policy.html>



Briefings on CSR procurement for business partners in Niigata, Japan



Briefings on CSR procurement for business partners in Tokyo, Japan

Green Purchasing Network (GPN)

A nationwide network founded in 1996 to promote green purchasing in Japan. As of April 24, 2008, the network comprised 2,942 organizations (2,371 companies, 297 government institutions, and 292 private organizations). The network announced its Purchasing Guidelines for Offset Printing Services (GPN-GL14) in December 2001.



*The Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals: a European Community regulation on chemicals and their safe use, enforced on 1 June 2007

Cultural Contributions

Adhering to its identity “as a mainstay of information and culture” under the Corporate Philosophy, Toppan draws from its specialist knowledge in printing to operate cultural facilities and organize cultural activities.

■ As a Mainstay of Information and Culture

Ever since its invention, printing has contributed to the development of culture and art through the conveyance of information. The information conveyed through printing can amaze and leave deep impressions. Activities to contribute to culture help Toppan live up to its identity “as a mainstay of information and culture” under the Corporate Philosophy.

Toppan Hall and the Printing Museum, Tokyo, Toppan’s two main cultural facilities, were inaugurated as annexes to the Toppan Koishikawa Building in commemoration of the Company’s 100th anniversary in 2000. Since then they have been venues for a host of cultural activities sponsored and organized by Toppan.

Group companies such as Tokyo Shoseki Co., Ltd. (a publisher of school textbooks) and froebel-kan co., ltd. (a publisher of children’s and picture books) have also engaged in cultural contribution activities. Toppan is eager to contribute to the growth of not only the Group, but the printing industry as a whole.

■ Activities to Contribute to Culture

Printing Museum

The Printing Museum, Tokyo pursues activities towards the establishment of a new academia, the study of printing culture, to cultivate learning on the cultural dimensions of printing itself. More than 230,000 visitors have come to the museum to date.

The public can visit the General Exhibition Zone in the Main Exhibition Room year round, as well as temporary exhibitions held several times annually. The museum also includes the P&P Gallery, Printing Workshop, VR (Virtual Reality) Theater, specialized library, and museum shop. In the General Exhibition Zone, the history of printing is presented over a time line spanning five ages, from its birth to the present. The Printing Workshop, a space for education and training, has been used by over 150 institutions and organizations, including companies, technical colleges, and elementary schools.

The museum held two temporary exhibitions in the Main Exhibition Room in fiscal 2007: *Making Beauty—Early*

Japanese Lithographic Posters and ENCYCLOPEDIA. The first exhibition was a collection of about 160 advertising posters of beautiful women and original drawings, thematically focused on advertising and printing. Visitors learned about state-of-the-art printing technologies in each period, from the end of the Meiji Era to the beginning of the Showa Era. The second exhibition was a collection of encyclopedias and natural history periodicals from all ages and cultures. Visitors learned about the media to systematize knowledge and inherit intellectual properties throughout human history.

The P&P Gallery presents temporary standalone exhibitions on themes primarily of printing techniques, designs, and books. Five exhibitions were organized in fiscal 2007: *GRAPHIC TRIAL 2007*; *How Books are Created*; *A cover for the ages—80 years of “Kinderbook”*; *The Most Attractive Books from Japan and Germany, 2006*; and *Universal Design in Printing*.



ENCYCLOPEDIA



A cover for the ages—80 years of “Kinderbook” exhibition at the P&P Gallery

Japanese Language Examination

A person must know the meanings and proper uses of words to accurately communicate intentions, feelings, and ideas. Exact meanings and adequate phrasing are the essentials of communication. The Japanese Language Examination was founded in 2007 as a learning target for mastering the correct usage of the Japanese language. People of every age, from children in primary school to working adults, can take the examinations in versions suitable for their living environments and developmental stages. Tokyo Shoseki Co., Ltd., the test-making organization, plays key roles in the Japanese Language Examination Committee. As of the end of fiscal 2007, more than 40,000 persons have taken the examination and more than 200 companies around Japan have organized group testing for employees.



Toppan Hall

Toppan Hall is a 408-seat symphonic concert hall opened in 2000. Designed to share the sense of “moving the heart,” the facility is known for the redolent, acoustical warmth of its wood materials.

Wide-ranging performances have been held in Toppan Hall, from recitals by world-famous musicians to the *Lunchtime Concerts* (six times a year; admission free) to discover talented young musicians and *Espoir* series to foster talented young musicians. Thirty concerts were organized in fiscal 2007, including special programs such as the publicly acclaimed *Piano Series* and *Violoncello Series*. Toppan Hall is also lent out for the Music Competition of Japan, the Mejiro Ba-Rock Music Festival, and local elementary schools. Many people use the hall each year (more than 290,000 people since the hall was opened).

Supporting and Sustaining Education Culture

Toppan works with The Mainichi Newspapers Co., Ltd. and the Japan School Library Association as a cosponsor of

the Central Contest for Book Report Drawings, an annual contest to encourage students to express their impressions of books by drawing. The judges of the 19th competition in 2007 received 531,276 picture entries from 7,431 schools.

Tokyo Shoseki Co., Ltd. opened The Textbook Library, Japan’s first repository of school textbooks, back in 1936. This library now houses about 150,000 volumes, from historical literature in the Edo Period to modern textbooks, including general educational books and wall charts and pictures. The entire collection can be freely browsed at no charge. The Tosho Education Award was established in 1984 with the aim of contributing to education. The library commends the best essays on teaching from among many submissions from educational professionals across Japan every year. The best of the essays are compiled in a collection and distributed to teachers around the country, to help propagate excellent teaching methods.

Contributions to Society through Music

In 1959, Froebel-kan co., ltd., a publisher of children’s and picture books, organized the Froebel Boys Choir as a social and cultural project. Boys choirs are relatively rare in Japan. As many as 1,000 boys have passed through the ranks of the choir since its founding. The choir now has about 90 young vocalists, ranging from three-year-olds to junior high-school students. The boys carry out wide-ranging activities, including appearances on television and commercials.

True to its corporate philosophy, “to develop character through education and culture,” Tokyo Shoseki Co., Ltd. has been a joint sponsor of Japan’s Nursery Rhyme Culture Award hosted by the Association of Children’s Song Writers in Japan since 2002. The sponsors celebrate the Children’s Song Day on July 1 of every year by bestowing the award on an individual or a group of individuals in Japan who have helped to spread children’s songs. Through this award, they hope to pass along the nursery rhyme culture of Japan to coming generations.



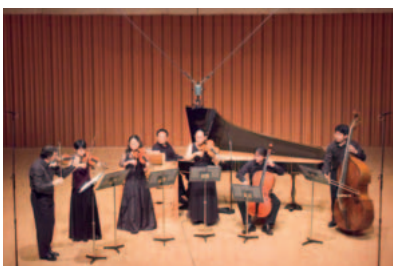
Piano Series: Valery Afanassiev



Central Contest for Book Report Drawings



Commendation ceremony for Japan’s Nursery Rhyme Culture Award



Mejiro Ba-Rock Music Festival 2007 ©Naoko Nagasawa



Exhibition room at The Textbook Library



Froebel Boys Choir

Activities for Contributing to Local Communities

Wherever Toppan operates around the globe, its operational sites coexist with the people in the communities.

Harmony with Local Communities

Toppan believes every operational site must fulfill its responsibilities as part of a community and respond to expectations in building better relationships as a corporate citizen coexisting with the people in the communities. Toppan contributes to and communicates with local communities, mainly through activities in which its own employees participate.

Personnel from every operational site beautify the environments around their plants, hold blood donation drives, and participate in and support local events. The operational sites offer plant tours and hold practical training sessions to nurture the next generation and assist with employment support. The sites also open their facilities as venues for local residents, organize initiatives to prevent crime and disasters, and undertake various other activities.

Cooperating with Local Communities in Natural Disasters

In fiscal 2007, the head office concluded an arrangement for mutual support in disaster-relief activities with neighboring

companies and nursing homes for the elderly. The purpose of this arrangement is to minimize disaster damage through cooperative support in fire-fighting, rescue, and first-aid activities when disasters strike. Mutual and uninterrupted cooperative action with neighborhoods is vital for effective disaster response. Toppan will endeavor to strengthen its region-wide cooperation for disaster relief based on this arrangement.

Offering Field Training for Students from the School for the Deaf

Toppan Display Co., Ltd. (Sakado Plant) has offered field training for students from prefectural Sakado School for the Deaf in Saitama, Japan since 2000. In fiscal 2007, three students in the second and third year at the senior-high-school level learned the craft of bookbinding with adhesives in a hands-on workshop held for five eight-hour days. The department training the student apprentices assigns employees literate in sign language to accompany them.

Offering Environmental Study

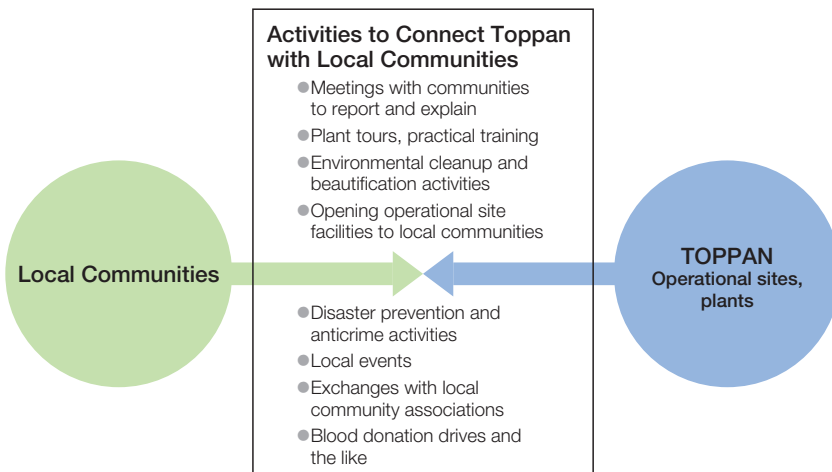
Recognized for its exemplary record of environmental activities, the Toppan Tohoku Division was honored to host a field tour organized by the Sendai City Municipal Government.

Twenty pairs of fifth- and sixth-graders and their parents (43 persons in total) visited the Tohoku Division during summer vacation. The division introduced several environmental actions and facilities, including its VOC treatment equipment, the first advanced device for reducing organic solvent emission ever to be installed in the Tohoku region.

Recovering Aluminum Cans and Donating the Proceeds

Under its ISO 14001-certified environmental management system, Shiga Plant has thoroughly separated and recovered used beverage containers sold at vending machines and co-ops in the plant since 1998. The proceeds earned from the recovered aluminum cans have been donated to Higashiomi City in Shiga, Japan. The municipal government uses the revenue to fund various measures to create dream futures

Toppan's Activities for Contributing to Local Communities



Field tour organized by the Sendai City Municipal Government

Activities for Contributing to Local Communities in Fiscal 2007

	Operational Sites	Participants
Environmental cleanup and beautification activities	28	9,808
Blood donation drives	33	2,723
Plant tours and field training	25	1,537

for children: acquiring children's books for libraries in the city's primary and junior high schools, handing local culture down to the coming generations, offering learning and training programs outside school (including programs overseas), carrying out environmental education programs, and undertaking green conservation actions.

Hosting Eco Meetings with Local Community Associations

Toppan Printing Tokyo Co., Ltd.'s Itabashi Plant holds eco meetings with members of local community associations.

In these meetings, Toppan Printing Tokyo reports its environmental initiatives at the Itabashi Plant to ensure that local residents fully understand its endeavors. Both sides engage in frank exchanges of views on the overall operations of the plant, including the environmental initiatives.

Initiatives Overseas

The Company also engages in activities to contribute to and communicate with communities overseas in the same way that it does in Japan. The basic policy here is to carry out community-based activities in full consideration of local laws, customs, and cultures. In addition to the cleaning of areas surrounding plants, volunteer activities, and blood donation drives, operational sites make charitable donations and hold plant tours. The sites also engage in various activities in collaboration with NGOs and NPOs in each region, including support for events and participation in meetings aimed at promoting understanding of different cultures.

Initiatives in Asia

At its Tainan Plant, Toppan CFI (Taiwan) Co., Ltd. has cooperated with the Tainan Visually Impaired Masseurs Association to provide an opportunity for visually-impaired masseurs to give massages to employees in a corner of the plant's canteen for six months from October 2007 to March 2008. Toppan CFI (Taiwan) also made visits to children's homes to coin-

cide with the Women and Children's Day holiday on March 8, and recorded 165 participants in ongoing blood donation drives taking place three times a year.

Initiatives in the U.S. and Europe

Toppan Photomasks, Inc. has bases throughout the world. Its operational site in Germany cooperated with an organization supporting people with intellectual disabilities to provide a work opportunity for people to take part in the cleaning of gloves for clean rooms. Donations were also made to a convalescent home for children suffering from exposure or illness as a result of the Chernobyl disaster.

Toppan Printing Co. (America), Inc.'s New Jersey plant welcomed students for plant tours and made food donations to the local Franklin Township Food Bank.



Provision of opportunities for work (Toppan CFI (Taiwan))

Support for Areas Struck by the Major Earthquake in Sichuan, China

The major earthquake in Sichuan, China on May 12, 2008 brought catastrophic damage to the region. Toppan took immediate emergency relief action as a company operating across China and as an employer of many persons from the affected region. Toppan collected 25.08 million yen in donations from employees in Japan and 12 operational sites in China, together with contributions from the Company. The donated money was sent to local governments and the Red Cross in regions in which Toppan operational sites are based.

Toppan Printing Co., (Shenzhen) Ltd. in China, an employer of many persons from the disaster-stricken region (about 25% of its workforce), prepared daily necessities such as water, food, and blankets. A group of nine employee volunteers transported the relief supplies directly to local temporary depositories. Beijing Nippo Printing Co., Ltd., meanwhile, manufactured and donated 100,000 notebooks, a commodity urgently needed by the many schools damaged by the earthquake.



Ceremony to commend the employees who delivered relief supplies



Presenting the donations

Realizing a Safe and Secure Working Environment

To fulfill its most fundamental responsibility to its employees, Toppan goes to great lengths to provide a safe and secure working environment. Safety and security are prerequisites for improved productivity.

Respecting Basic Human Rights

The Conduct Guidelines call for the assurance of the dignity of individuals under all circumstances, and no invidious discrimination on the basis of race, ethnicity, nationality, religion, gender, or physical characteristics. To raise esteem for basic human rights, including the prevention of sexual and power harassment, Toppan has been promoting awareness-raising activities during rank-based training sessions. Some 1,617 employees participated in fiscal 2007.

To resolve and prevent troubles with sexual harassment, the Company established a Basic Policy on Sexual Harassment at the Workplace and deployed sexual harassment counselors in July 1999.

No instances of child labor or forced labor have ever occurred in the Company.

Occupational Safety and Health

Toppan makes every effort to eliminate workplace accidents through the work of the Safety and Health Committee, a body made up of both labor and man-

agement. The Safety and Health Subcommittee set up under the committee as a total productive maintenance (TPM) activity is seeking to increase the synergy of production activities and safety and health measures. Toppan also carries out proactive safety checks in cooperation with technology departments before installing equipment. This is an essential step for avoiding disasters.

Healthcare and Health Enhancement

Toppan arranges regular medical checkups and screenings for lifestyle-related diseases in order to maintain and enhance the health of employees by preventing and promptly detecting health problems. The Company carried out a Lifestyle Improvement Support Service and other measures on a trial basis in fiscal 2007. Employees in need of lifestyle improvements were offered guidance on preemptive actions they can take to stave off health problems. In response to the Japanese medical institutional reforms of April 2008, the Company has established a new system to take countermeasures against

metabolic syndrome, in cooperation with the Toppan Group Health Insurance Union and 59 clinics across Japan. Toppan also provides employees with opportunities to enhance their physical and mental well-being in various ways, including the opportunity to use any of the 500 fitness clubs contracted by the Toppan Group Fraternal Benefit Society throughout Japan.

Measures for Mental Health

Toppan has been enriching measures to enhance the mental health of employees with an emphasis on prevention and early detection. The Company has arranged various mental healthcare training sessions and appointed a person to take charge of mental health enhancement at each operational site. Toppan will be reinforcing these measures and taking other steps to help employees when they return from mental healthcare leave.

Workplace Safety and Health

	Deaths from Work Accidents	Frequency Rate*1	Severity Rate*2
2005	0	0.24	0.01
2006	0	0.16	0.02
2007	0	0.39	0.01

*1 Number of employees injured or killed in labor accidents per million working hours (reflects the frequency of labor accidents)

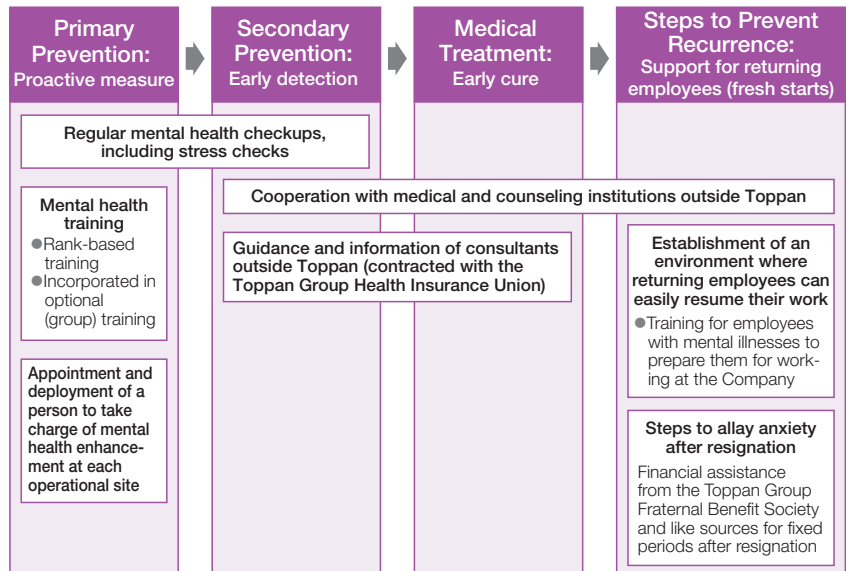
*2 Number of workdays lost as a consequence of labor accidents per thousand working hours (reflects the severity of labor accidents)

Status of Main Holiday and Leave Systems

	Average Ratio of Annual Paid Holidays Used*3	Employees Using the Maternity Leave System	Employees Using the Childcare Leave System
Fiscal 2005	38.9%	32	55
Fiscal 2006	41.2%	40	58
Fiscal 2007	41.4%	37	63

*3 Average number of holidays used/average number of holidays granted

Overview of Mental Health Maintenance System



Supporting Work-Life Balance

Efforts to Shorten Total Working Hours

The special conditions of the printing industry have made it a longstanding challenge to reduce the total hours worked by employees. Both labor and management have examined and implemented more effective measures attune to the actual conditions in each division. Managerial staff have been striving to control the working hours of subordinates since fiscal 2006. As a result, the hours of overtime worked by employees have declined for the last several years. Toppan also encourages employees to take holidays individually through planned leave on consecutive holidays granted in summer and other seasons, as well as through personalized holidays to commemorate anniversaries and other important personal events. Starting from fiscal 2008, the Company will introduce a long-service leave for long-term employees to encourage them to take consecutive holidays. The usage ratio of annual paid holidays was 41.4% in fiscal 2007, up from the year before.

Efforts to Foster the Next Generation

In addition to making efforts to shorten total working hours, Toppan has striven for years to create an environment in which employees can achieve better work-life balance. It does so by providing systems for maternity and nursing care leave, for reduced working hours, and for a higher family allowance for dependents.

A rehiring system for employees who resign from the Company to deliver and bring up children has been established since fiscal 2006. Now, in the second year of system operation, seven resigning employees have registered for future rehiring. The coverage of the system for reduced working hours for employees who need to care for a child has also been extended. A schedule reduction of up to two hours a day was originally offered to a parent until his or her child reached the age of three; now it is available until the child completes the third year of elementary school. A staggered work-hour program for childrearing has been put in place during fiscal 2008. The Company has aimed for institutional improvement through these systems

and will continue to facilitate various measures to provide employees with working environments for better work-life balance.

Labor-Management Partnership

In keeping with the perception that labor and management are partners in shared ideals, the Company management and the labor union trust and respect each other's positions. The two parties work on various issues together on an equal footing and hold events of different sorts, including recreational activities for employees. Business councils are convened as forums on Company-wide and operational site bases to discuss wide-ranging managerial issues. Committees to deliberate individual issues are also convened, including standing committees to discuss working hour reductions, wages, welfare, and safety and health, and special committees to tackle topical issues facing the Company.

Toppan has introduced a union shop system. In principle, all non-managerial employees are members of the labor union.

Main Holiday and Leave Systems/Measures to Support Work-Life Balance and Foster the Next Generation

Stock Leave	Employees can accumulate up to 50 days of annual paid leave that would otherwise be lost if not exercised within two years from the date they are earned. Employees are eligible to use their stock leave when they or their dependents require treatment or nursing, or for recovery from unexpected accidents.
Maternity Leave	Employees can take six weeks of leave before childbirth and another eight weeks after.
Childcare Leave	Both mothers and fathers are eligible for continuous childcare leave until their child reaches the age of 18 months (eight male employees have taken childcare leave so far). Employees receive 10% of their regular salaries during the leave. They can also work for shorter hours (maximum reduction of two hours per day, in principle) from the date of their return to the job until their child completes the third year of elementary school. Toppan subsidizes some childcare costs and provides childcare-related information through a consultation office. Employees can consult with the Company to discuss their career plans for after they return to work.
Rehiring of Employees who Leave the Company to Raise Children	Rehiring is guaranteed for an employee who resigns to deliver and raise a child, provided that the employee has worked for Toppan for more than three consecutive years just before resigning. A resigned employee who meets these conditions will remain eligible for rehiring until May 1 of the year when the child enters primary school.
Nursing Care Leave	Employees are entitled to take leave for the nursing care of at least one family member when necessary. The maximum consecutive leave is one year and the maximum reduction in a working day is two hours. The Company subsidizes some nursing costs and provides nursing-related information through a consultation office.
Healthcare Leave	Employees can take up to 10 days of leave a year. These days can also be taken in half-day allotments when necessary.
Volunteer Leave	Employees can take a maximum of one year, in principle, of volunteer leave to engage in socially beneficial activities. Employees on volunteer leave receive an allowance.
Staggered Work-hours	An employee can adjust daily working hours upward or downward by up to two hours to care for a child, until the child completes the third year of elementary school.
Dependent Family Allowance	The Company pays every employee a monthly allowance of 20,000 yen for each child in the employee's family. The allowance is discontinued on the first April 1 to arrive after the child's 18th birthday.
Partial Subsidization of Babysitter Expenses	Toppan Group Fraternal Benefit Society subsidizes 50% of babysitter expenses, up to a maximum of 5,000 yen a day, for up to 90 days a year.
Other Systems	The Toppan Group Health Insurance Union offers a supplementary allowance in addition to a lump-sum allowance for childbearing and childrearing. It also provides one-year free subscriptions to the monthly childcare magazine <i>Baby and Mommy</i> and runs a consultation office for employees with questions about the health of the mind and body.

Merit-based Personnel Policies

Toppan values its employees as important assets (“human assets”).

The Company develops personnel policies to encourage highly motivated, vigorous, and earnest efforts.

Basic Concept of Human Assets

Toppan values its employees as precious company assets and recognizes how much it depends on them. From this perspective, the Company supports the motivated, vigorous, and earnest work of the Toppan workforce.

Toppan keenly understands the importance of the motivation to take on new challenges, the drive to work vigorously with a healthy body and mind, and earnest commitment to follow through on tasks to completion. The Company believes that its employees must work vigorously, earnestly, and with strong motivation if they are to fully show their true abilities. Toppan strives to draw out and enhance the abilities and organizational powers of every employee through the stages of hiring, appointment, training, leveraging, and treatment. To do so, the Company places importance on communication between superiors and subordinates under mutual trust, pursues its goals with well-defined visions, formulates systems to strictly and appropriately enforce rewards and penalties, and works to establish an open and fair environment.

Basic Thinking on Personnel Policies

Toppan recognizes that it can build the trust and respect of society, customers, and other stakeholders by encouraging all of its employees to pursue the realization of *TOPPAN VISION 21* through “conduct of high value.” In keeping with this conviction, the Company’s personnel policies for hiring, appointment, training, leveraging, and treatment are all based on “conduct of high value” and “abilities and skills.” The term “conduct of high value” describes the concrete employee actions that go into the realization of the Corporate Philosophy and Corporate Creed. “Abilities and skills,” meanwhile, are indispensable to the practice of valuable conduct. A basic framework for abilities and skills is set for each job type and department.

Personnel Treatment System

Toppan has formulated a personnel treatment system based on the competence and achievement of each employee, in consideration of the degree to which the system is disseminated throughout the Company. The system is designed to encourage employees to fully exert their diverse abilities and skills.

Revising the Managerial Staff Treatment System

Managerial staff at Toppan are treated commensurately with their achievements, as evaluated under a newly introduced system. The evaluations focus on efforts to practice conduct of high value for the realization of *TOPPAN VISION 21*—overall efforts to improve business performance from the stages of goal setting to the achievement of results. In fiscal 2007, the system for treating managerial staff placed more weight on the importance of job roles within Toppan than on job capabilities. After making the revision, the Company sought to entrench the system among all of its managerial staff by having each operational site hold several briefings. The details of the system are also

Employee Data

As of March 31 each fiscal year; the number of temporary staff is the average number from January to March.

		Number of Executives	Management Class	Supervisor	Total Number of Employees	Average Tenure	Average Age	Sum Total of Employees	Part-time Workers	Temporary Staff
Fiscal 2005	Male	30	1,889	2,106	9,693	16.0	39.1	10,582	1,103	1,142
	Female	1	11	56	889	9.5	31.6			
Fiscal 2006	Male	30	1,796	2,173	9,964	15.8	39.0	10,899	1,163	1,851
	Female	1	15	69	935	9.4	31.6			
Fiscal 2007	Male	29	1,840	2,205	10,180	15.5	39.1	11,181	1,273	2,039
	Female	1	21	89	1,001	9.2	31.6			

Recruits

			Fiscal 2006	Fiscal 2007	Fiscal 2008
Regular recruitment of new university graduates and post-graduates	Sales, administration, etc.	Male	142	178	132
		Female	43	66	74
	Technical	Male	166	170	145
		Female	34	36	31
New graduates from high schools and National Colleges of Technology	Male	181	151	156	
	Female	28	25	17	
Total number of regular recruits (percent female)			594 (17.7%)	626 (20.3%)	555 (22.0%)
Mid-career recruitment of experienced personnel			150	119	77

Reasons for Leaving

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Personal reasons	284	320	348
Retirement	56	117	150
Requested by the company	0	0	0
Accession to directorship	5	3	6
Total	345	440	504
Turnover rate	3.1%	3.9%	4.4%

explained in personnel-performance evaluation and feedback interviews under the new system, as needed.

Functional Classification

Toppan has operated a multi-track job function framework for non-managerial staff since fiscal 2004. Employees in the sales, planning, technology, research, and business administration departments are evaluated under a five-grade scheme. Employees in the manufacturing departments, meanwhile, are working under an eight-grade scheme. As a step forward, a wage system tailored to each grade scheme has been applied in this framework since fiscal 2005. With this revision, differences between actual task performance and achievement are reflected more precisely in the determinations of wages and other allowances.

In fiscal 2006, the Company drastically renewed its system for reviewing the performance and making promotion decisions. New criteria were established for the selection of capable employees for early promotion. Interviews, tests on management aptitude, and task presentations were also commenced to tighten the selection process.

Goal Setting and Transparency in Evaluation

Toppan applies a management-by-objective (MBO) system for managerial staff. Goals are set, approaches are modified, and results are evaluated based on conduct of high value according to three criteria of operating performance: achievement, conduct, and ability/skill. Toppan emphasizes sufficient communication with superiors during the process as needed for goal sharing, transparency in evaluation, and enhanced satisfaction.

The feedback interviews give the Company the opportunity to meet non-managerial staff in order to feed back detailed results on their evaluations individually and to discuss future career aspirations and goals. These systems help deepen common recognition mutually.

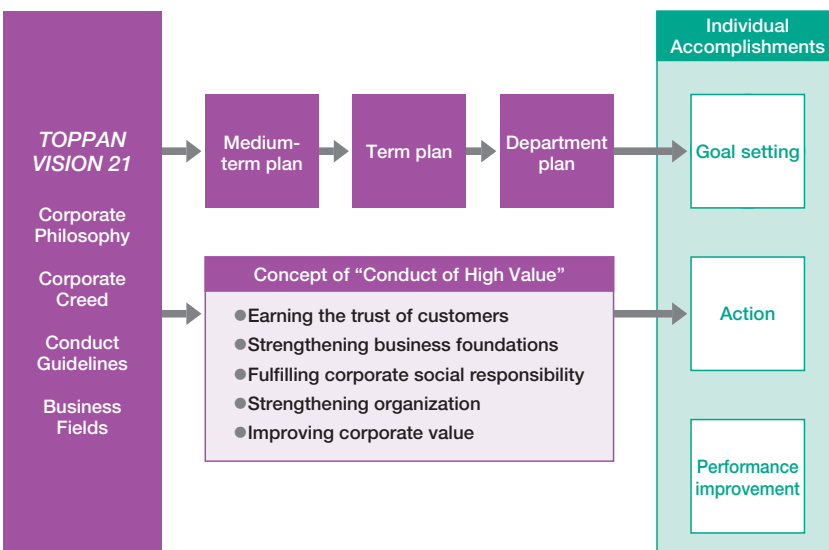
Operating the Personnel Evaluation System Properly in Cooperation with the Labor Union

The labor union surveys non-managerial staff with questionnaires to assess how thoroughly the Company informs them of the evaluation criteria it uses to set annual allowances and bonuses. The

questionnaire gauges the status of opinion exchanges with superiors on the alignment of job goals, the level of achievement, issues to be solved or improved in the future, and the degree to which employees are satisfied with their feedback interviews. The questionnaire results are reported to management and used for comprehending and reviewing the operation of the personnel system. Management seeks to develop and operate the personnel system more effectively in cooperation with employees at all times.

Basic Concept of the Personnel Treatment System

Process management from goal setting to the improvement of job performance



Average Annual Salary*

Fiscal 2005	6,957,713 yen
Fiscal 2006	6,751,069 yen
Fiscal 2007	6,699,674 yen

*Including annual bonus and nonstandard wages

Leveraging Diverse Human Assets

Working on a foundation of broad and equal opportunities, Toppan leverages an array of human assets in pursuit of diversity*1, drawing from the diverse “integrated strength” of its people.

■ Providing an Open Environment for Recruitment

Toppan offers various employment opportunities for persons of both genders and persons of many nationalities and ages. Recruitment takes mainly two forms: hiring of new graduates from universities, National Colleges of Technology, and high schools every April, and mid-career hiring of experienced personnel year round. To draw out the innate merits of every candidate in the recruitment process, Toppan adopts hiring standards for new graduates based on the conduct of high value consistent with the principles of Toppan’s Corporate Philosophy and Corporate Creed. Recruitment screenings are conducted in seven venues in Japan to provide a more open environment for hiring. The Company has run its mainstay internship program to boost student awareness about work, and a new internship program using interactive communication online. These programs attracted accumulated totals of 154 interns on-site and 916 interns online in fiscal 2007.

Toppan hired 77 experienced personnel in fiscal 2007. Sixteen of them had

worked in Toppan previously as temporary staff or part-time workers.

■ Systems for Self-determination on the Career Path

Toppan is establishing an ideal environment for employees who are eager to create their own careers. The Company offers employees various opportunities to take on new challenges through the Challenging Job System, in-house staff recruitment system, and overseas study support system.

The Challenging Job System provides employees with opportunities to voluntarily report their own work experiences, official qualifications, language abilities, medium-to-long-term career aspirations, and the names of the departments and divisions to which they would like to be transferred. After submitting voluntarily reports, employees get the opportunity to exchange opinions with superiors in interview settings and to personally make requests regarding their own career plans, Company-wide affairs, and other issues.

■ Leveraging Female Talent More Shrewdly

Toppan has promoted positive action to create new values through leveraging diversified human assets. All-women teams at Toppan are now developing new products and services from feminine perspectives. The activities of the all-women teams have inspired other female staff, as well. This has helped Toppan to create stimulating systems and working environments in which female employees can work more energetically and freely.

Toppan proactively appoints female employees to managerial and supervisory positions. Those efforts have increased the number of female managerial and supervisory staff to 136, or 3.2% (as of April 1, 2008). The Company will continue to leverage its female workforce.

■ Supporting Second Careers

To support second careers in company life, Toppan offers diverse options for second-career employees by developing suitable work categories. The Company builds up a structure to use the knowledge, experience, techniques,

TOPPAN CAFÉ

The TOPPAN CAFÉ is not a company orientation session per se. It can be better described as a series of roundtable meetings where students discuss and share their concerns and difficulties as job hunters. The purpose is to ease the common anxieties and troubles of job hunters by reminding them that they are all in the same boat. Some 650 students took part in the meetings in fiscal 2007.

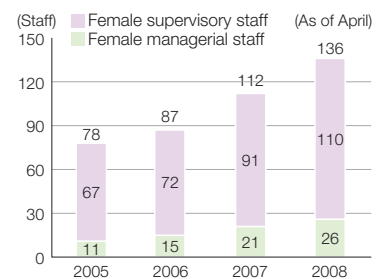


Internship

Toppan’s internship program provides students with opportunities to experience work as it really is. Participants gain insight into work at Toppan through lectures on marketing theory and printing techniques, as well as plant tours and group work.



Female Managerial and Supervisory Staff



*1 Diversity: “Diversity is a ‘strategy of utilizing a variety of human resources.’ Avoiding the hitherto established standards within firms and society and taking into consideration the values and concepts of various attributes (gender, age, nationalities, etc.), this is a strategy which responds to the changes in business environment in a rapid and smooth manner to achieve firm growth and individual happiness.” (*Regression to the Origin—The Directions of Diversity Management* from Japan Federation of Employers’ Associations: May 2002)

and skills that employees acquire through long years of work. Toppan operates a Senior Reemployment System to offer retired employees extended tenure at the Company on a post-retirement basis until they reach the age of 65. Eighty-five of 150 employees who retired in fiscal 2007 were reemployed in the same year and now remain with the Company.

Internal Venture System

The Internal Venture System was established in January 2001 to discover human assets abounding in entrepreneurial spirit and to create next-generation businesses. Fifty projects have been proposed under the system so far. This has led to the founding of one company (Toppan Character Production Co., Ltd.), the initiation of two businesses, and the adoption of one proposal into a company project. One of the in-house new businesses, FUJITANE Contents Design Works, received an in-house award from the Company in recognition of the success of its business to create game content for mobile phones over its first four years of operation.



Fruit-Pong α , a mobile phone game from FUJITANE Contents Design Works ©TOPPAN PRINTING CO., LTD.

Ongoing Success in the Employment of Persons with Physical Disabilities

In 1993, Toppan founded Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd., a special subsidiary to employ persons with physical disabilities. Since then, Toppan’s ongoing measures to promote the hiring of persons with physical disabilities have been handled mainly via this company. As of June 1, 2008, persons with physical disabilities accounted for 1.83% of the total workforce in the Company.

Propriety in Contract and Dispatch

The audit departments at Toppan conduct in-house audits to secure the propriety of operations undertaken by contracted or dispatched workers. Actual conditions at workplaces are monitored as needed, especially contractual documents and operating processes, to confirm that no inappropriate operations are performed.

Appointing Part-time Workers to Regular Positions

As working styles continue to diversify, the roles of part-time workers at workplaces have gradually expanded. To adapt effectively to this shift, companies must retain their competent part-time workers as active participants in operations for as long as possible. In April 2008, Toppan established a system to offer regular employment opportunities to part-time workers who fulfill certain conditions. The system stimulates this important body of workers to stay longer and play a bigger role in the Company, while cultivating their capabilities for the future. Each operational site has held several briefings to encourage part-time workers to seek promotion to regular positions by taking advantage of this system.

Employees with Physical Disabilities

	Employees	Percentage of Total Workforce*2
Fiscal 2005	138	1.81%
Fiscal 2006	146	1.84%
Fiscal 2007	151	1.83%

*2 The rate is calculated based on the total number of employees (as of June 1) as a denominator. The total number was presented in the Disabled Persons Employment Report in accordance with Article 8 of the Law for Employment Promotion, etc. of the Disabled.



T.M.G. Prepress Toppan Co., Ltd.



Briefing for part-time workers

Fostering and Developing Human Assets

Human assets are fostered and cultivated at Toppan based on the two concepts—conduct of high value and abilities and skills—to develop individuals and the Company as a whole.

■ Concept of Human Asset Development and Fostering

Toppan's rank-based training helps employees understand the roles and responsibilities of each rank and appreciate and practice conduct of high value. The Company offers various training programs systematically to encourage employees to acquire the abilities and skills required by each division, department, and workplace. In rank-based and departmental training sessions, employees draw up the curricula and act as facilitators or trainers to lead and train others in styles closely attuned to actual business situations. For stronger fostering of younger employees, Toppan has launched an early career planning system to help new employees to achieve individually affirmed career ideals within three years from recruitment. The Company has also revised its training system with Brothers and Sisters (senior associates in the workplace) to apply it across the Company for enhanced on-the-job training (OJT) to foster new employees.

A cumulative total of 3,215 employees participated in rank-based training programs sponsored by the head office in fiscal 2007. In department-based training, the relevant divisions of the

head office offer curricula to resolve the problems faced by each department. The divisional training sessions equip employees with practical skills essential for performing tasks. The Toppan Business School, meanwhile, has offered self-development training to a cumulative total of 10,021 employees as of the end of fiscal 2007. The programs at the school are customizable to employee career designs with optional (group) courses, the Challenge School (correspondence learning courses), and the video library. The video collection at the library is useful for holding small group activities on themes at specific workplaces. Some 437 videos were lent out last fiscal year.

Toppan also offers educational programs through e-learning on CSR activities, personal information protection, introductory information on sales operations, and *TOPPAN VISION 21*. The course on the CSR activity promotion has been conducted as a part of rank-based training. The Company also encourages personnel in the design, prepress, and sales departments to acquire certifications by enrolling in preparatory courses for DTP experts certified by the Japan Association of Graphic Arts Technology (JAGAT) and

for Promotional Marketers certified by the Japan POP Promotion Institute Inc. One-hundred-and-ninety-seven employees have acquired the DTP expert certification so far.

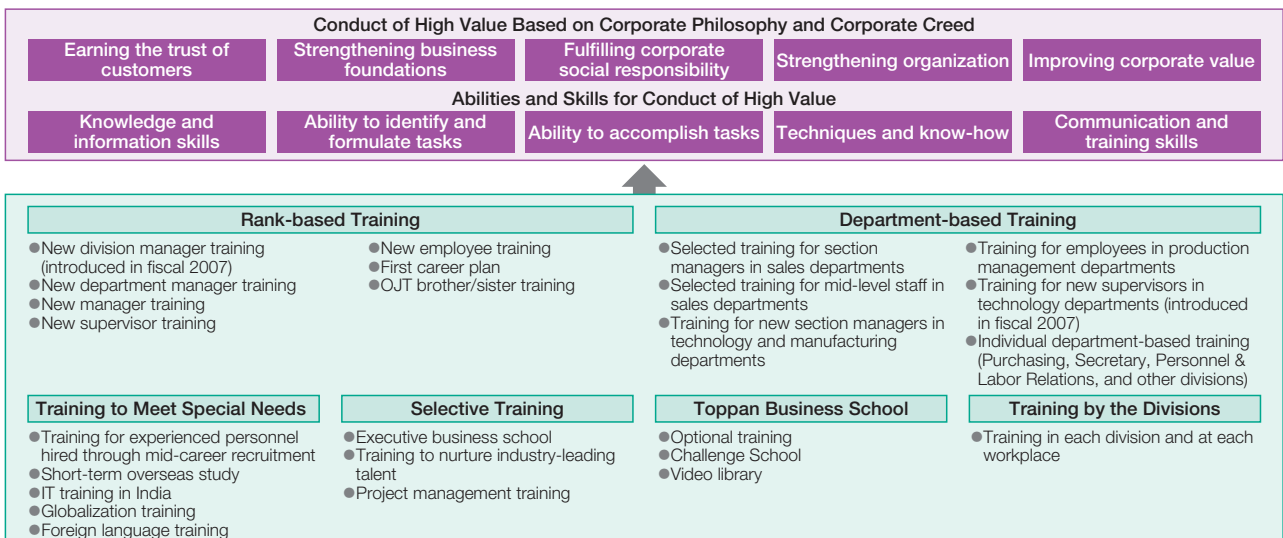
Coordination between Development and Fostering

Toppan rotates employees within and between divisions. The objectives are to foster human assets capable of dealing with all of Toppan's products and to fulfill the Company-wide priority themes: integrated strength enhancement and Total Quality Assurance. The Company implements horizontal rotation among different lines of work to cultivate versatile skill sets. Some new employees are rotated between divisions in Tokyo and local cities in Japan to balance their knowledge and expand the scope of their skills.

The Company also strives to enhance its integrated strength through its commendation system, a system to recognize employee proposals and performance based on the Company's integrated strength.

The Company regularly held four Human Resources Development Leader Meetings in fiscal 2007 to discuss improvement of human resource devel-

Toppan's Human Asset Development Program



opment. These meetings identify important training issues in departments and strengthen the synergy of Company-wide training and specialized training in the divisions and departments. In line with its policy to strengthen the unity of departments, Toppan will continue to hold these meetings and offer opportunities to more effectively foster human assets by tailoring guidance and training to the career visions of individual employees.

Assigning and Fostering New Employees

Employees hired mainly through regular recruitment are interviewed on at least three occasions before formal assignment: at their recruitment, during orientation just after they enter the Company, and shortly after they are assigned. At each interview they have the opportunity to express their wishes for posting and to confer with their supervisors on the divisions most suitable for their career plans.

Every employee also has a chance to meet with a supervisor after one year to discuss whether the employee's current workplace is suitable or not. After this interview, the Company officially determines the division or department to which the employee should be assigned.

Results in Human Asset Development

	Funds Spent on Training per Employee	Usage Rate of Toppan Training Center*1
Fiscal 2005	36,600 yen	51.8%
Fiscal 2006	37,900 yen	51.5%
Fiscal 2007	41,300 yen	66.4%

*1 The usage rate is calculated by dividing the number of days it was actually used (including use by subsidiaries and affiliated companies) by the number of days the facility was available.

Toppan regards the first three years after recruitment as the fosterage period for a new employee. A senior associate in the employee's new workplace is appointed as a Brother or Sister. The employee, the employee's immediate superior, and the Brother or Sister work together to form a vision of an ideal future for the employee at the end of the fosterage period and set career goals. They prepare a "design sheet for ability and skill development," an action plan with a checklist of accomplishments to be achieved by the employee on the way to his or her goal.

People-to-People Exchange with the Overseas Subsidiaries

Toppan temporarily assigns employees to posts in overseas Group companies as a means of promoting people-to-people exchange among Group companies. The Company also accepts employees from overseas Group companies as trainees through its education and skill training systems. Two personnel from Toppan Printing Co., (Shenzhen) Ltd. are now receiving skill training.

Fostering Human Assets Adaptable to Globalization

Toppan highly values its system to support overseas study for the fosterage of

human assets who can play active roles in global businesses. Employees have the opportunity to participate in the following specialist training programs: the MBA abroad program to foster experts in business management, the study abroad program for engineers to foster technical human assets and build overseas networks, IT training in India for in-house IT specialists, and the support system for short-term overseas training to foster human assets in the sales and planning departments.

Toppan's globalization training to mobilize fitting responses to globalization is a set of individualized courses to help candidates for overseas assignments and employees from departments involved in overseas businesses acquire basic skills for working internationally (such as cross-cultural communication, proposing and presenting in other languages, coordinating and managing conferences, and negotiating and persuading overseas businesspeople). All of the 119 employees who have participated since the launch of the training in 1996 have worked in overseas Group companies or departments involved in overseas businesses.

Personnel Rotation*2

	Employees Transferred	Percentage of Total Workforce
Fiscal 2005	326	3.0%
Fiscal 2006	301	2.8%
Fiscal 2007	595	5.3%

*2 Including only rotations among different divisions to develop human assets for integrated strength enhancement and Total Quality Assurance

Retention Rate for Recruits (Percentage of recruits hired in fiscal 2005 who are still working at Toppan)

	Male	Female
Hired on April 1, 2005	322	96
Still with Toppan as of April 1, 2008	290	73
Retention rate	90%	76%
Average totals for males and females	87%	
Percentage who leave the Company before working three years	13%	



Trainees from Shenzhen



Globalization training

Increasing Transparency and Distributing Profits Appropriately

Toppan works to continuously enhance corporate value and establish long-term, stable relationships with shareholders through fair and open disclosure of its management activities and appropriate profit distribution.

Increasing the Transparency of Management Activities

Adhering to its investor relations (IR) motto of fair and open disclosure of management activities, Toppan thoroughly discloses information through various communication tools for each stakeholder (→P.22).

Disclosing IR Information

Under the in-house Basic Policy on IR, Toppan has built an exclusive IR website to ensure fairness, transparency, and promptness in its disclosure of IR information. Toppan has been announcing its financial results quarterly via the Company's website and *Toppan Story*, a newsletter for shareholders. Public meetings with top management have also been held to explain the Company's interim and full-year results. All documents distributed at these meetings are posted on the Company's IR website.

Overview of Stock and Shareholders

As of the end of March 2008, the total number of outstanding common stock was 699,412,481 shares and the total number of shareholders was 43,902. Financial institutions, individual investors, foreign companies, and other companies make up 37.39%, 22.17%, 24.72%, and 14.26% of the shareholders, respectively. The principal shareholders are listed below.

Dividend Policy

Toppan seeks to improve its dividend payout with a consolidated dividend payout ratio of 30% or more as a guide based on comprehensive consideration of the consolidated financial performance of each fiscal year, the dividend payout ratio, and internal reserves. Through this approach, it strives to provide stable profit returns to its valued shareholders and realize sustainable growth of the Company.

Sufficient reserves will be allotted to capital investment and research and development for expanding business

fields with growth potential, with the objective of enhancing corporate value. The Company will allocate retained funds to increase investment efficiency from a long-term perspective.

Toppan believes that its policy on profit distribution will help to enhance its corporate structure and increase future profitability, and thereby enable the Company to return profits to its shareholders.

The annual dividend per share at the end of fiscal 2007 was 22.00 yen, with a consolidated payout ratio of 37.5%.

Meeting of Shareholders

One-hundred-and-seventy-seven shareholders participated in the ordinary general meeting held in June 2008. Toppan has established a system that allows shareholders who choose not to attend the meeting to exercise their voting rights online or in writing.

Basic Policy on IR

1. Information Disclosure Standards

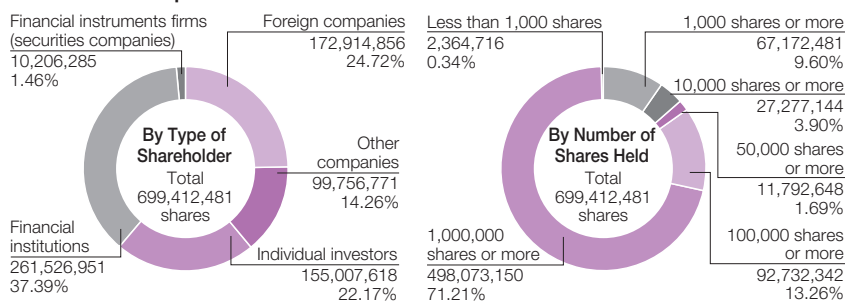
Toppan discloses all information required under the Rules on Timely Disclosure established by the Tokyo Stock Exchange. It also uses its website in a positive and fair manner to disclose useful information not required by the rules, in order to help shareholders and investors fully understand the Company.

2. Information Disclosure Methods

Information applicable to the Rules on Timely Disclosure is disclosed on the Timely Disclosure network (TDnet) provided by Tokyo Stock Exchange under the rules. Information disclosed on TDnet is posted on the Company's website as soon as possible.

The Company's website does not include all of the information disclosed by the Company and may include expressions different from the expressions used in other sources.

Stock Ownership Profile



Principal Shareholders	Number of Shares Held (1,000 shares)	Percentage of Total Number of Shares Issued (%)
NATS CUMCO	44,337	6.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,889	4.99
Nippon Life Insurance Company	32,648	4.67
The Dai-ichi Mutual Life Insurance Company	25,750	3.68
Japan Trustee Services Bank, Ltd. (Trust Account)	24,827	3.55
The Bank of Tokyo-Mitsubishi UFJ	15,628	2.23
Sumitomo Mitsui Banking Corporation	15,628	2.23
Hero and Company	13,101	1.87
Kodansha Ltd.	13,077	1.87
Employees' Stock Club	13,031	1.86

Note: As of March 31, 2008. The 41,222,000 shares of treasury stock are included in the "Individual investors" category of the graph "By Type of Shareholder" and in the "1,000,000 shares or more" category of the graph "By Number of Shares Held." These shares are excluded from the above table "Principal Shareholders."

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Toppan's Environmental Activities

Every Toppan employee participates in the Company's environmental activities to realize the goals of Toppan's Declaration on the Global Environment. The Environmental Action Plan specifies concrete Environmental Targets for the medium- to long-term and for every current fiscal year.

Declaration on the Global Environment

In 1991, Toppan established the Ecology Center and assigned it the role of overseeing its environmental activities. In 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 the Group as Toppan works to advance environmental activities under the leadership of the Ecology Center. In September 2000, Toppan revised parts of its Toppan Declaration on the Global Environment to reflect reformed management policies. Reviewing the Environmental Action Plan regularly, Toppan treats the Environmental Targets set under the action plan as benchmarks of its environmental management performance. This helps to guide Toppan as it strives to continually improve its environmental activities (→P.62).

The Toppan Declaration on the Global Environment will be thoroughly reviewed whenever social attitudes on the global environment significantly change. Toppan's work to upgrade its environmental activities will be ceaseless 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 it manufactures imposes different environmental burdens. Environmental burdens must be reduced in accordance with every product life cycle and production process based on a thorough understanding of the individual environmental burdens entailed in the development, commercialization, and manufacture of every product.

Toppan has established a comprehensive set of Environmentally-friendly Product Assessment Guidelines to ensure that this can be achieved for every product group. By acting on assessment guidelines that bring the entire life cycle into view, from product planning and development onward, the Company aims to develop environmentally-friendly products in a manner appropriate to the environmental burden of each business area.

Toppan aggregates and ascertains data on the environmental burden associated with its production activities in three separate fields of business and undertakes a set of environmental activities to manage each environmental burden.

Toppan's Environmental Burden and Environmental Impact

The first step in reducing environmental burden is to ascertain the environmental impact of the Company's overall business activities. Toppan aggregates data on the balance of materials at each production site based on INPUT (materials and energy used)/OUTPUT (materials discharged as a result of production) and then assesses the impacts of sites from various environmental aspects. The Company establishes Environmental Targets based on the results of these assessments to clarify the priorities and verify the results of its environmental activities.

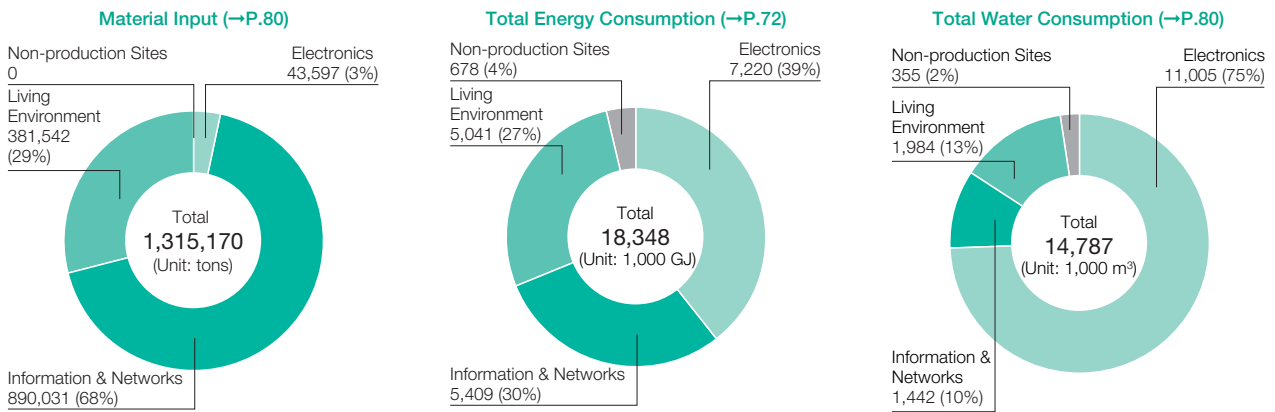
As a company engaged in diverse business fields, Toppan imposes environmental impacts in various forms. To evaluate the extent and variation of its environmental burden rationally, the Company aggregates and ascertains its environmental data independently in its three main business fields: Information & Networks, Living Environment, and Electronics (→P.61).

Scope of Environmental Performance Data and Environmental Accounting

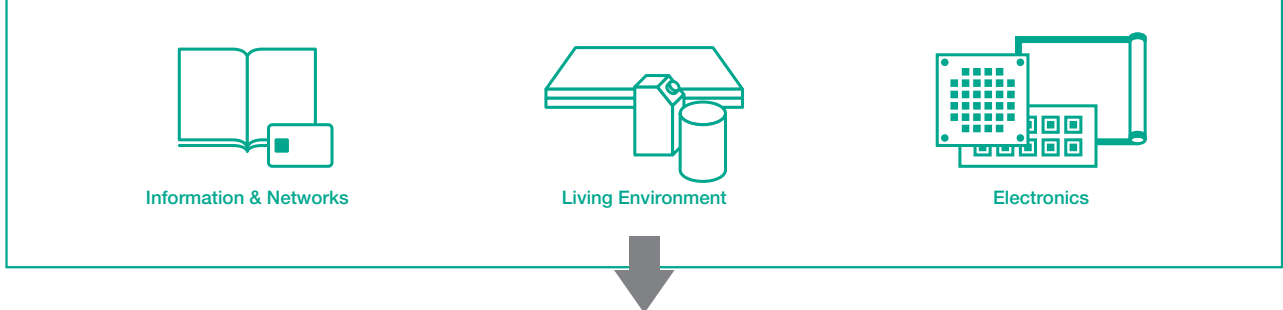
- First, Toppan selected subsidiaries that share important roles in the environmental conservation activities of the Toppan Group together with Toppan Printing Co., Ltd., from among the Group entities that are consolidated for accounting purposes. Next, the Company decided which of the subsidiaries selected were to be included within the scope, based on the autonomy and independency of their environmental activities. Toppan Forms Co., Ltd., Toppan TDK Label Co., Ltd., Toppan Logistics Co., Ltd., Tamapoly Co., Ltd., Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd., Tokyo Shoseki Co., Ltd., Tosho Printing Co., Ltd., and overseas subsidiaries are not included, in principle. The entities covered differ, however, for the following types of data.
- P.65 Capital Investment for Environmental Conservation, Environmental Conservation Benefit
→Entities covered: All domestic and overseas subsidiaries with important roles in the environmental conservation activities of the Toppan Group, excluding Toppan Photomasks, Inc. and its subsidiaries
- P.75 Approach to Logistics
→Entity covered: Toppan Logistics Co., Ltd.
- PP.76-77 Sales of Environment-related Business
→Entities covered: Toppan Printing Co., Ltd. in P.76; Toyo Ink Mfg. Co., Ltd., Toppan Forms Co., Ltd., Toppan TDK Label Co., Ltd., Tamapoly Co., Ltd., Tokyo Shoseki Co., Ltd., Tosho Printing Co., Ltd., Toppan Cosmo, Inc., and froebel-kan co., ltd. in P.77
- P.80 Environmental INPUT/OUTPUT data by Business Field
→Entities covered (other than material data): All domestic and overseas Group companies with important roles in the environmental conservation activities of the Toppan Group, excluding Toppan Photomasks, Inc. and its subsidiaries

Major Environmental Burdens in the Business Fields (INPUT/OUTPUT data)

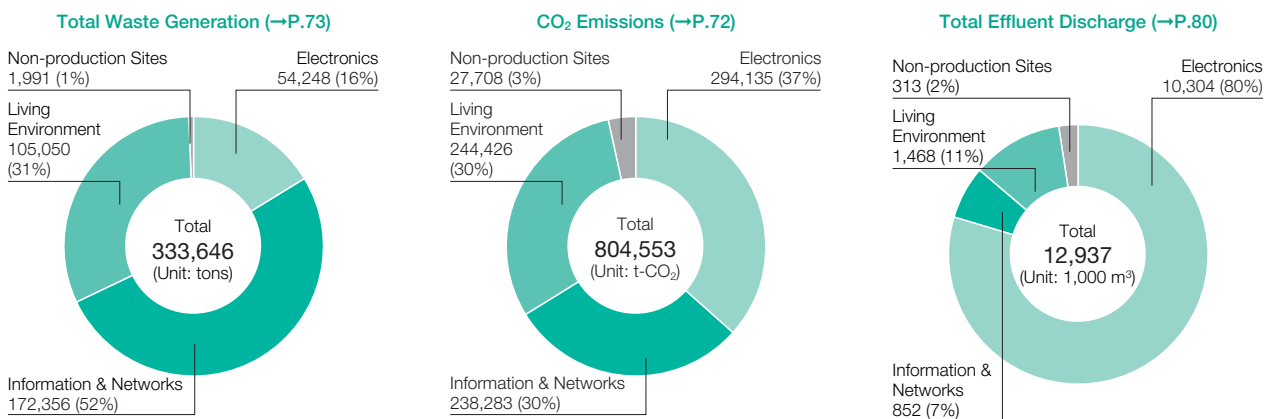
INPUT



TOPPAN



OUTPUT



- In a breakdown by business field, Information & Networks accounts for 68% of material input (mainly paper) and 52% of waste generation, while Electronics accounts for 74% of water consumption and 80% of effluent discharge.
- The total energy consumption, i.e., the quantity of electricity and fuels consumed, is about the same in each business field.

Note: The calorific value of the primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh. Some of the material inputs are calculated from estimated values based on production values.

Environmental Targets and Results for Fiscal 2007

Toppan specifies concrete Environmental Targets for the medium- to long-term and for every current fiscal year, to promote the Company-wide environmental activities towards the realization of the goals of Toppan's Declaration on the Global Environment.

■ Toppan's Environmental Targets

Based on its Environmental Action Plan, Toppan specifies concrete policies for the realization of the goals of the Declaration on the Global Environment, the basic philosophy of Toppan's environmental activities in all of its business fields. The Medium- and Long-term Environmental Targets and Environmental Targets for every current fiscal year set under the Environmental Action Plan promote environmental activities with participation from every employee.

Toppan takes one fiscal year as one cycle for its environmental activities and reviews those activities within that time frame. The Medium- and Long-term Environmental Targets are reviewed and the Environmental Targets for the following fiscal year are set based on the evaluations of achievements in the current fiscal year.

■ Evaluating Progress towards the Environmental Targets

Toppan set 16 Environmental Targets for fiscal 2007 and undertook various programs and activities to attain them. As of the end of the year, eight of the targets were reached and eight were not.

The Company has succeeded in achieving the targets it has set for reduced waste generation per unit of production value, reduced consumption of chemical substances designated under the PRTR law, and an expanded number of certified zero-emission sites.

Environmental Targets and Results for Fiscal 2007

Environmental Objectives	Medium- and Long-term Environmental Targets
1. Mitigation of global warming through the development of energy-saving measures	Reduce CO ₂ emissions per unit of sales by 10% by fiscal 2010 (compared to the fiscal 2000 level)
2. Promotion of waste reduction and recycling	Reduce waste generation per unit of production value
	Expand the material recycling of industrial waste
	Reduce final landfill waste disposal*1 by 95% by fiscal 2010 (compared to the fiscal 2000 level)
3. Prevention of atmospheric pollution via VOC emission restraints	Efficiently use the industrial waste materials generated in the manufacturing stage and have all domestic sites certified as zero-emission sites*2 by fiscal 2010
	Reduce VOC emissions into the atmosphere by 70%*3 by fiscal 2010 (compared to the fiscal 2000 level)
4. Control of risks from chemicals	Reduce the consumption of chemical substances designated under the PRTR law
5. Environmental contribution via the development and marketing of eco products	Promote environment-related businesses by expanding the sales of environmentally-friendly products
	Develop environmentally-friendly products
6. Promotion of environmental communication	—
7. Avoidance of environmental risk	Establish and observe appropriate in-house management guidelines that embrace regulatory controls
	Reduce the risk of soil contamination
	Maintain appropriate communication with stakeholders
8. Enhancement of environmental education and the environmental awareness of all employees	—
9. Upgrading of environmental management systems at our overseas production sites	—

*1 Final landfill waste disposal: Direct landfill disposal + landfill disposal of residues from intermediate treatment

*2 Zero-emission site: Operational site with a recycling rate of 98% or over (subject to approval by the Ecology Center)

*3 Target in the industry: 41% reduction by fiscal 2010 (compared to the fiscal 2000 level)

In fiscal 2007, however, Toppan fell short of achieving its targeted sales in the environment-related business and its targeted reductions of CO₂ emissions per unit of sales and the VOC emissions into the atmosphere.

■ Reviewing Environmental Targets

Toppan reviewed its targets for fiscal 2008 by evaluating its progress in accomplishing the Environmental Targets for fiscal 2007. The Company will plan out its environmental activities by setting 15 Medium- and Long-Term Environmental Targets and 16 Environmental Targets for the current fiscal year.

To help mitigate global warming, the Company will undertake a host of energy-saving measures to reduce CO₂ emissions. One of the most important

environmental impacts of the printing industry arises from the use of large amounts of chemical substances. To address this problem, the Company will continue to reduce its environmental burden by further reducing its VOC emissions into the atmosphere and its consumption of chemical substances designated under the PRTR law. By the end of fiscal 2008, Toppan will consider setting new targets beyond fiscal 2011.

Environmental Targets for Fiscal 2007	Results and Status for Fiscal 2007	Evaluation	For Details
CO ₂ emissions per unit of sales: Reduce by 5% compared to the fiscal 2006 level	CO ₂ emissions per unit of sales: Reduced by 4.4% compared to the fiscal 2006 level	B	P.72
Waste generation per unit of production value: Reduce by 5% compared to the fiscal 2006 level	Waste generated per unit of production value: Reduced by 7.3% compared to the fiscal 2006 level	A	P.73
Material recycling rate: 87%	Material recycling rate: 85.3%	B	
Final landfill waste disposal: Reduce by 15% compared to the fiscal 2006 level	Final landfill waste disposal: Reduced by 9.7% compared to the fiscal 2006 level (Landfill disposal: 1,800 tons)	B	P.74
Expand the number of certified zero-emission sites: To 35 sites	Expand the number of certified zero-emission sites: Increased to 38 sites	A	
VOC emissions into the atmosphere: Reduce by 10% compared to the fiscal 2006 level	VOC emissions into the atmosphere: Reduced by 5.4% compared to the fiscal 2006 level	B	P.76
Consumption of chemical substances designated under the PRTR law: Reduce by 3% compared to the fiscal 2006 level	Consumption of chemical substances designated under the PRTR law: Reduced by 8.7% compared to the fiscal 2006 level	S	
Sales in environment-related business: 57.9 billion yen (increase by 7% compared to the fiscal 2006 level)	Sales in environment-related business: 53.5 billion yen (decreased by 1.2% compared to the fiscal 2006 level)	C	PP.70-71
Expand the number of registered environmentally-friendly products: 5 new products	Number of registered environmentally-friendly products: 2 items added	B	
Promote environmental communication by exhibiting at Eco-Products 2007	Exhibited at Eco-Products 2007 (held on December 13-15, 2007)	A	P.68
Observe in-house management guidelines at all operational sites and review them as necessary	Evaluations implemented at 58 domestic sites through internal environmental audits	A	P.69
Monitor the operational sites, including the vacant lots of reconditioned sites	<ul style="list-style-type: none"> Former Fukuoka Plant: Soil remediation work was completed after the two-year groundwater monitoring; the local authority approved the remediation in November 2007 Asaka Plant: Groundwater data are now being monitored and reported to the local authority 	A	
Expand the number of operational sites that issue <i>Site Eco Reports</i> : To 32 sites (24 reports in total)	Expand the number of operational sites that issue <i>Site Eco Reports</i> : Increased to 20 sites (16 reports in total)	B	P.71
Implement environmental education via e-learning on an ongoing basis (follow-up for those yet to participate)	Reviewed the content of e-learning-based programs created in 2004; many points to be revised were found; a review of the overall content is therefore planned (for fiscal 2008)	B	P.69
Conduct internal environmental audits at overseas production sites: Southeast Asia and the U.S.A.	<ul style="list-style-type: none"> Conducted audits at two sites, one in Indonesia and one in Thailand, in February Conducted audits at two sites in the U.S.A. in March 	A	P.68
Monthly records of conformance with local regulatory standards and environment-related data	Periodically collected data on environment-related issues via monthly overseas site reports	A	

Evaluation criteria: S, Results achieved far surpass targets; A, Targets achieved; B, Activities fully carried out, but targets unachieved; C, Activities insufficient

Environmental Targets for Fiscal 2008

Environmental Objectives and Medium- and Long-term Environmental Targets	Environmental Targets for Fiscal 2008	Details on Specific Measures
1. Mitigation of global warming through the development of energy-saving measures		
Reduce CO ₂ emissions per unit of sales by 10% by fiscal 2010 (compared to the fiscal 2000 level)	CO ₂ emissions per unit of sales: Reduce by 5% compared to the fiscal 2007 level	<ul style="list-style-type: none"> •Eradicate energy losses through comprehensive plant audits and reviews that cover even routine inspection procedures; develop cross-divisional projects to be undertaken by the personnel in charge of energy management •Examine energy-saving measures using energy-saving checks by outside sources such as the Energy Conservation Center, Japan •Confirm minor energy losses through verification tests for measuring data on model devices •Reinforce large-scale energy-saving measures (fuel switchover, improvements in clean room control)
2. Promotion of waste reduction and recycling		
•Reduce waste generated per unit of production value by 25% by fiscal 2010 (compared to the fiscal 2000 level)	Waste generated per unit of production value: Reduce by 5% compared to the fiscal 2007 level	Reduce material consumption and improve recovery rates
Expand the material recycling of industrial waste	Material recycling rate: 85%	<ul style="list-style-type: none"> •Share information within the Toppan Group to seek recycling partners •Monitor recycling processes through on-site inspections for contractors
Reduce final landfill waste disposal* ¹ by 95% by fiscal 2010 (compared to the fiscal 2000 level)	Final landfill waste disposal: Reduce by 15% compared to the fiscal 2007 level	Examine recycling processing technologies and processing contractors
Efficiently use the industrial waste materials generated in the manufacturing stage and have all domestic sites certified as zero-emission sites* ² by fiscal 2010	Expand the number of certified zero-emission sites: To 40 sites	Separate wastes to condition them as valuable resources, and offer waste management guidance
3. Prevention of atmospheric pollution via VOC emission restraints		
Reduce VOC emissions into the atmosphere by 70%* ³ by fiscal 2010 (compared to the fiscal 2000 level)	VOC emissions into the atmosphere: Reduce by 10% compared to the fiscal 2007 level	<ul style="list-style-type: none"> •Examine methods for the treatment of combined solvents (combustion or recovery), in order to choose the best •Determine the status of compliance with laws and regulations on VOC emissions into the atmosphere at all operational sites and make arrangements for the equipment not yet configured to comply with laws and regulations
4. Control of risks from chemicals		
Reduce the consumption of chemical substances designated under the PRTR law	Consumption of chemical substances designated under the PRTR law: Reduce by 5% compared to the fiscal 2007 level	<ul style="list-style-type: none"> •Reduce the consumption of materials containing designated chemical substances and shift to alternative materials with low content of the same •Share information within the Toppan Group to adopt materials containing no designated chemical substances
5. Environmental contribution via the development and marketing of eco products		
Promote the sales of environmentally-friendly products	<ul style="list-style-type: none"> •Review the criteria for environmentally-friendly products •Maintain sales at the fiscal 2007 level 	<ul style="list-style-type: none"> •Review the in-house criteria for the registration of environmentally-friendly products •Transfer business operations (policy formulation, sales target setting and management) to relevant departments
Reinforce efforts to develop, manufacture, and assess environmentally-friendly products	<ul style="list-style-type: none"> •Promote FSC certification •Apply LCI in conjunction with the Packaging Division 	Establish a method to manage environmental labeling information
6. Promotion of environmental communication		
	Disseminate information through exhibitions and lecture presentations	Exhibit at Eco-Products 2008 and environmental forums
7. Avoidance of environmental risk		
Establish and observe appropriate in-house management guidelines that embrace regulatory controls	Observe in-house management guidelines at all operational sites and review them as necessary	Conduct internal environmental audits at 58 operational sites to confirm the validity and compliance of the items and reference values established under the in-house management guidelines
Reduce the risk of soil contamination	Monitor the operational sites, including the vacant lots of reconditioned sites	Regularly monitor groundwater and report the results to governmental agencies
Maintain appropriate communication with stakeholders	Expand the number of operational sites that issue <i>Site Eco Reports</i> : To 34 sites (26 reports in total)	Issue a <i>CSR Report</i> and <i>Site Eco Reports</i>
8. Enhancement of environmental education and the environmental awareness of all employees		
	<ul style="list-style-type: none"> •Conduct new employee training •Review environmental education materials 	<ul style="list-style-type: none"> •Conduct environmental education through Company-wide training •Review the overall content of e-learning-based programs and renew the programs to incorporate the latest information
9. Upgrading of environmental management systems at our overseas production sites		
	Conduct internal environmental audits at overseas production sites: Eastern Asia	Conduct audits at eight sites in Eastern Asia
	Monthly records on conformance with local regulatory standards and environment-related data	Periodically collect data on environment-related issues via monthly overseas site reports

*1 Final landfill waste disposal: Direct landfill disposal + landfill disposal of residues from intermediate treatment

*2 Zero-emission site: Operational site with a recycling rate of 98% or over (subject to approval by the Ecology Center)

*3 Target in the industry: 41% reduction by fiscal 2010 (compared to the fiscal 2000 level)

Environmental Investment and Conservation Benefit

Toppan has always consciously striven to improve the effectiveness of its environmental conservation activities by aggregating and disclosing its capital investment for environmental conservation and the environmental conservation benefits obtained.

Environmental Conservation Cost

Toppan has been keeping an environmental account since fiscal 1998 as a tool to calculate the cost effectiveness of its investment in environmental conservation. Since fiscal 2005, the Company has focused solely on capital investment for environmental conservation and the environmental conservation benefits obtained, in order to exclude reliance on estimates insofar as possible. This is expected to improve the accuracy of examinations on cost effectiveness.

Toppan invested 3,167 million yen in environmental conservation in fiscal 2007, 47% less than it invested the year before. This reduction is the result of considerable investments in earlier years to install various types of equipment, including VOC treatment equipment to prevent atmospheric pollution and wastewater treatment equipment to prevent water pollution. The major capital investments for fiscal 2007 have been used to pay for the installation of reprocessing equipment for recycling glass at production sites in the Electronics field, the installation of equipment for recov-

ering solvents at production sites in the Living Environment field, and the replacement of drying deodorizing equipment for printing at production sites in the Information & Networks field.

Other capital investments have been expended to fund energy-saving improvements by switching to brighter lights without increasing energy consumption, replacing chillers with new, highly efficient types, and switching from kerosene to natural gas for fuel. Toppan also invested resources to create green spaces for natural conservation, beautification, and landscape maintenance.

Capital investment for environmental conservation includes investments to adopt equipment for countermeasures taken by Toppan in response to administrative guidance and complaints and inquiries from neighboring residents.

Another major environment-related cost in fiscal 2007 was an expenditure of 213 million yen to purify soil and groundwater pollution. The remaining expenditure for this measure, 171 million yen, will be appropriated in the fiscal 2008 accounting.



Glass reprocessing facility (Mie Plant II)



Equipment for recovering solvents (Fukusaki Plant)



Drying deodorizing equipment (Toppan Graphic Co., Ltd.)

Capital Investment for Environmental Conservation

		(Million yen)		
Item	Major Contents	Fiscal 2007	Increase/Decrease from Fiscal 2006	Total Sum for the Last Five Years
1. Investment in equipment to prevent pollution	Investment in equipment to prevent atmospheric and other forms of pollution	807	-2,649	13,747
2. Investment in equipment to conserve the global environment	Investment in equipment to conserve the global environment such as by mitigating global warming	189	25	1,796
3. Investment in equipment to circulate resources	Investment in equipment for the adequate treatment and recycling of waste materials	2,161	-168	5,927
4. Investment in equipment for management activities	Investment in equipment to monitor and measure environmental burdens and to plant trees at operational sites	10	-44	371
Total		3,167	-2,836	21,841

Environmental Conservation Benefit

Item	Major Contents	Increase/Decrease	Fiscal 2007
Energy	Total energy consumption (1,000 GJ)	1,383	23,826
Water	Water consumption (1,000 m ³)	-184	17,904
Atmosphere	CO ₂ emission (1,000 t-CO ₂)	56	1,105
	Emission of ozone-depleting substances (ODP-t)	-1	0.7
	NOx emission (tons)	-26	231
	SOx emission (tons)	-16	56
	Emission of dioxins (mg-TEQ)	82	115
Water and soil environments	Total effluent discharge (1,000 m ³)	14	15,402
	Underground penetration (1,000 m ³)	-6	38
	On-site evaporation (1,000 m ³)	-400	2,034
	BOD (tons)	-1	63
	COD (tons)	2	26
Waste	Total generation (1,000 tons)	25	441

Notes: Period covered: Last fiscal year for each company or subsidiary
See P.74 for details on the conservation benefit gained from the reduction in PRTR release.

Environmental Management Structure

Toppan has established an environmental management system based on the PDCA cycle to promote two types of activities: Eco-protection Activities to reduce environmental burdens associated with production processes, and Eco-creativity Activities to develop and market environmentally-friendly products.

Toppan's Environmental Management

Toppan's environmental management relies on the operation of an established environmental management system covering the sales, sales promotion, and R&D departments, in addition to the actual production sites. Top management conducts ongoing environmental management reviews to ensure that the PDCA cycle, a core part of this system, continues to serve its function of improving the efficiency of environmental measures. Environmental performance data, meanwhile, are regularly collected by the Ecology Center in the head office, evaluated and verified by the Director in charge of the Environment, and reported to top management via the Management Committees and other channels. Improvements to the system are proposed and implemented throughout the entire Company after further reviews.

Characteristics of Toppan's Environmental Management System

Toppan's environmental management system is uniquely structured. The PDCA cycle is put into practice at every operational site, irrespective of ISO 14001 certification. Fifty-seven domestic production sites and two research facilities have been pressing ahead with their environmental activities to achieve the targets set under the Eco-protection Activity Plan.

The progress of the activities is checked monthly by the Eco-protection Promotion Committee to ensure that any newly arising problems are resolved as quickly as possible. Every operational site sends the Ecology Center reports on major environmental performance data, such as results on waste and energy, either monthly or every half-year. Toppan prepares an effective structure for promptly evaluating progress towards its Environmental Targets and reviewing the targets as needed.

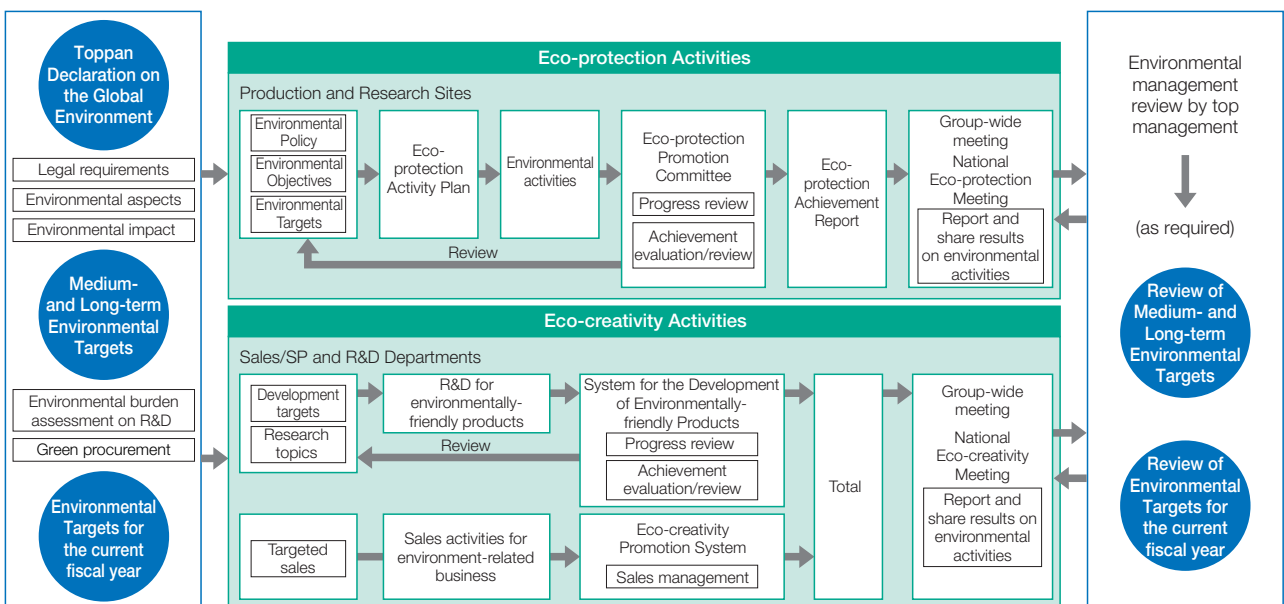
Status for Obtaining ISO 14001 Certification

Sixty-five sites (50 systems) in the Toppan Group were ISO 14001 certified as of April 2008. Toppan Saga Yoki Co., Ltd. and Toppan Packaging Service Co., Ltd.'s Kyushu Plant newly acquired the certification in fiscal 2007 (the Kyushu Plant received the same certification rewarded to the Ranzan Plant, but with an expanded coverage). Two other operational sites are now establishing systems to prepare for the certification. Toppan is working towards the certification of the remaining seven main sites in Japan by fiscal 2012.

Structure to Promote Environmental Activities

Under the control and leadership of the President & CEO and the Director in charge of the Environment, Toppan has set up an environmental management system in every production site, R&D department, sales department, and sales promotion department inside and outside of Japan. The head office

Overview of Environmental Management



Ecology Center is directly responsible for operating the system. Once the personnel in charge of environmental matters at the operational sites determine the environmental policies and targets and the measures to implement and achieve them, the Ecology Center works with the employees of the various divisions and production sites to ensure implementation. The center also conveys environmental information from the divisions and production sites back to the managers at those sites.

Toppan has established in-house systems to promote the Eco-protection and Eco-creativity Activities. Under these systems the Company advances various environmental measures with guid-

ance from the Ecology Center and other relevant head office divisions.

In addition, Toppan production sites convene their own Eco-protection Promotion Committees, each with its own subcommittees to address specific issues. The Energy Subcommittees in these sites have continued to pursue energy-saving activities.

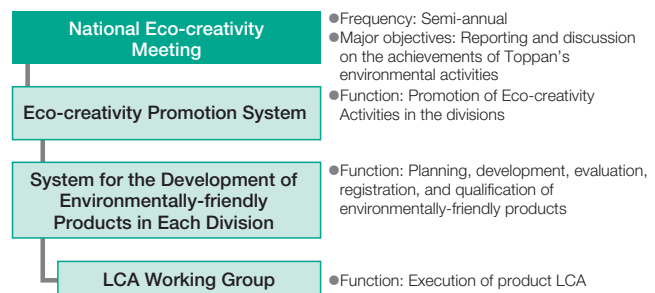
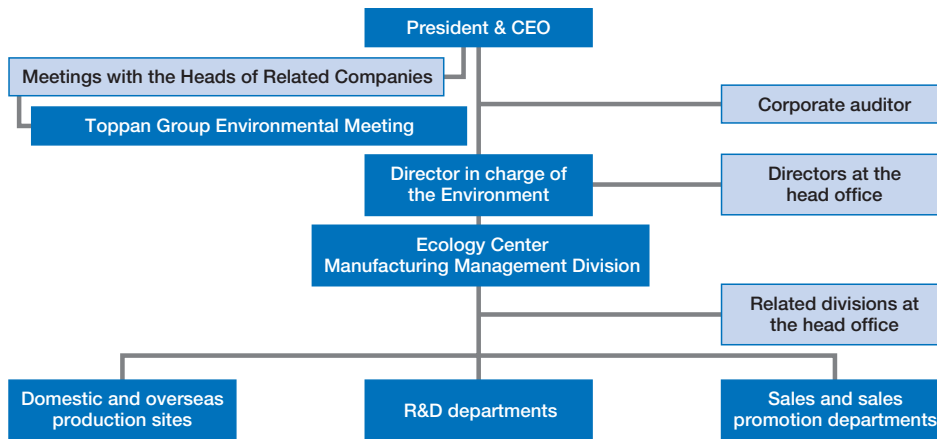
With regard to Toppan's Eco-creativity Activities, each division has established an Eco-creativity Promotion System to develop environmentally-friendly products and environmental support businesses.

Reinforcing the Integrated Strength of the Group

As a Group-wide environmental management initiative, Toppan organizes a semi-annual Toppan Group Environmental Meeting under the auspices of the Meetings with the Heads of Related 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 to leverage the integrated strength of the Group.

Every Group company shares environmental information to help develop environmentally-friendly products.

Environmental Management Structure



Environmental Management Activities

Toppan fully implements the PDCA cycle through internal environmental audits and the environmental management systems established at its operational sites. The Company also works towards total environmental compliance, that is, the upholding of all environmental regulations.

Internal Environmental Audit System

Toppan's internal environmental audit system follows a two-stage screening process: a document audit and an on-site audit. The internal environmental audit team consists of assistant auditors to oversee the environmental management system (EMS), in addition to the internally certified environmental auditors. The team begins by inspecting and evaluating the structural status of EMSs, compliance with environment-related laws and regulations, and compliance with in-house standards at all the operational sites audited. Next, the team compiles the Internal Environmental Audit Result Report (a document specifying necessary improvements pointed out during audits) and submits it to the Director in charge of the Environment. The internal environmental audits are reviewed within the same fiscal year in order to systematically raise the quality of the audit for the following fiscal year.

Results of the Fiscal 2007 Audit

The internal environmental audit team identified 558 issues in need of improvement at 58 domestic sites in fiscal 2007. To correct the deficiencies pointed out, each operational site follows an Improvement Plan with a detailed list of required improvements and deadlines for completion. Toppan has confirmed the progress of improvement measures on 96 issues at six operational sites through internal environmental audit reviews. The progress and results of the remaining 462 specified issues are to be reviewed during the internal environmental audits for fiscal 2008.

Local hearings and inspections are carried out every other year, in principle, at overseas production sites in Asia and the U.S.A. Two sites in Southeast Asia and two sites in the U.S.A. were inspected for local environmental audits in fiscal 2007. The inspections identified 27 issues in need of improvement. The main focal points in the inspections were the implementation and operation of environmental management systems and the understanding and confirmation of compliance with local environment-

related laws and regulations. Other priorities included the environmental impacts on water and the atmosphere, and the daily control of energy and waste. The overseas sites have followed the example of the domestic sites by taking necessary procedures under the Improvement Plan to achieve better operational conditions.

Approach to Environmental Compliance

Toppan's production sites endeavor to prevent environmental pollution more rigorously by complying with all environmental laws, regulations, and agreements set by national and local governments. The sites also strive to comply with Toppan's in-house standards, which are usually stricter than national and local regulatory standards.

The compliance status at every domestic site is reported to the head office in the Eco-protection Achievement Reports every April. Overseas sites, meanwhile, submit monthly overseas site reports. Compliance at both domestic and overseas sites is assessed by internal environmental audits.

Internal Environmental Audit System



*Operational sites that have already acquired the ISO 14001 certification report their activities in the management review document.



Internal Environmental Audit System



Internal environmental audit inspection

Compliance in Fiscal 2007

No nonconformities related to the atmosphere were detected in any of production sites in Japan in fiscal 2007.

With regard to water, however, one operational site recorded contamination levels exceeding the regulatory standards (in BOD). Toppan immediately took corrective measures. The contamination turned out to be a temporary problem associated with construction, and the Company will take measures to reliably prevent recurrence.

Regarding the pollution of soil and groundwater, there were confirmed instances of contamination exceeding national or municipal environmental standards from fiscal 2001 to fiscal 2007 (shown below). Toppan has handled every case by taking soil remediation measures.

After remediation, the Company continues to monitor the groundwater to ensure the reliability of remediation operations. Countermeasures have been completed for soil and groundwater pollution at the Itabashi Plant (→P.18).

Two incidents of water contamination required administrative guidance and mandatory reporting to the authorities in

fiscal 2007. Drainpipe construction work and an equipment defect resulted in the leakage of plant effluent into nearby rivers. Toppan promptly took corrective measures and reported to the relevant local authorities in both cases. Toppan will promote more preventive measures at its operational sites in the future.

Details on the soil and groundwater pollution at the Itabashi Plant were submitted to arbitration at the Pollution Examination Commissioner of Tokyo Metropolitan Government in fiscal 2007. The case is now being deliberated.

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 a risk of soil and water pollution, particularly those that occur when solvent is being transferred from tank trucks to tanks. Toppan has installed pollution-preventive devices and prepared oil fences, sandbags, and other safeguards to prevent the outflow of solvents in the event of leaks or similar accidents at operational sites susceptible to environmental impacts.

Environmental Education

Toppan has been providing a systematic range of environmental educational opportunities, including environment training for new employees.

E-learning-based programs are for all employees. Toppan is now reviewing their content, with plans to resume them from fiscal 2009. In ISO 14001-related training at the Toppan Business School, personnel from the Ecology Center lecture to train Toppan employees in-house. The internal environmental auditor training, meanwhile, aims to foster environmental auditors certified internally (→P.83).

Purification of Soil/Underground Water Pollution Monitored by Voluntary Investigation

Operational Site	Location	Detail	Status in Fiscal 2007
Vacant lot of the former Fukuoka Plant I	Koga City, Fukuoka	Soil pollution by hexavalent chromium Groundwater pollution by hexavalent chromium and VOCs	Two-year period for groundwater monitoring completed
Nagoya Plant	Nishi Ward, Nagoya City, Aichi	Soil pollution by hexavalent chromium (Detected by a voluntary investigation during disposal into underground pits)	Remediation work completed; groundwater now being monitored
Shiga Plant	Higashi-omi City, Shiga	Soil pollution by hexavalent chromium (Detected by a voluntary investigation of areas where substances of concern were formerly used)	Remediation work completed; groundwater now being monitored
Asaka Plant	Niiza City, Saitama	Groundwater pollution by VOCs (Detected by a voluntary investigation of well water on the plant premises)	Groundwater now being monitored
Toppan Electronics, Inc. (TEI) Miramar Plant	San Diego County, California, USA	Soil pollution by heavy metals (lead, etc.) and VOCs	Remediation work completed; groundwater monitoring now planned
Itabashi Plant	Itabashi Ward, Tokyo	Groundwater pollution by hexavalent chromium (Detected by a voluntary investigation of well water on the plant premises)	Countermeasure work completed



Internal environmental auditor training by Toppan personnel

Environmental Communication Activities

Toppan is developing various environmental communication activities to spread awareness on environmental issues among stakeholders inside and outside the Company.

Major In-house Communication Activities

Toppan Environmental Link

Toppan has set up an intranet system for raising employee awareness on the environment and sharing a wide range of environmental information and data inside and outside the Company.

Employees can navigate the intranet to browse official gazettes on environment-related laws and regulations to learn about statutory trends, as well as environment-related websites to promote information sharing among employees. The intranet also includes information on environmentally-friendly products and environmental labeling outside the Company, and announcements on various environmental forums, seminars, and events.

The information provided through this system activates communication inside and outside the Company.

Formulating Toppan's Environmental Logo

All of the employees within the Toppan Group must constantly reconsider 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, 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 Toppan's corporate concept and activities. Toppan's environmental action is symbolized as a seed that will germinate and grow. The stalk shooting out of the seed symbolizes the "E" of ecology, and the two leaves represent Toppan's Eco-protection and Eco-creativity Activities.

President's Ecology Awards

Toppan has incorporated the Ecology Awards in its biannual lineup of President's Awards to encourage the environmental efforts of employees by commending excellent environmental

activities. Employees who have achieved or contributed in the following ways are nominated as candidates to receive the award: those who significantly contribute to in-house environmental conservation activities; those who serve as role models through their successes in promoting ingenious measures for improvement; those who contribute substantially to the development of environmentally-friendly technologies or products that win patents or utility model rights. A group of employees received an Ecology Award in fiscal 2007 for their work in adopting equipment for solvent recovery.

A very serious defect resulting from numerous possible causes was detected at the equipment startup. The persons on hand worked closely together under highly difficult conditions to root out the cause by examining all the possibilities one by one. Their unflagging efforts and eventual success in restoring stable operation were highly rated.

Environmental Events

Fukuoka Eco-Kids

Junior Eco-Club is an organization of children who engage in environmental activities, with support from the Ministry of the Environment of Japan. The national club meeting in Kitakyushu, Fukuoka on March 30, 2008 was a great success, drawing some 12,800 visitors in spite of drizzly weather. Toppan took part in the meeting by holding a card-making workshop, inviting about 80 children to press paper and make postcards from Cartocans. Many of the parents asked Toppan about Cartocan and reported their impressions and opinions. The workshop was originally organized at the request of the host as a venue to raise the environmental awareness among children. Ultimately, however, it provided Toppan with the opportunity to introduce the environmental benefits of Cartocan not only to children, but also to their parents. This made the workshop all the more meaningful for Toppan.

Eco-Products 2007

Toppan exhibited products in cooperation with its Group companies (Tokyo Shoseki Co., Ltd., Toppan Forms Co., Ltd., Toppan Cosmo, Inc., Toppan TDK Label Co., Ltd., and roebel-kan co., ltd.) at the Eco-Products 2007 exhibition held in December 2007. The catchphrase for Toppan's exhibit was "Toppan eco-products—here, there, everywhere." Many of the displays recreated scenes where Toppan environmentally-friendly products are used, such as in offices, living rooms, or convenience stores. The displays enlightened visitors on a wide range of designs for the environment (DfE) incorporated in everyday products. They also illustrated environmentally-friendly printing processes and the Cartocan recycling system. As in previous years, visitors were especially interested in hands-on events at the exhibit. Highlights among them were a coloring session, a letterpress printing workshop, and nature games. These fun events were arranged for schoolchildren and visitors of all ages, to heighten their interest in the environment.



Fukuoka Eco-Kids



Eco-Products 2007

■ Disclosing Environmental Information

Communication with Local Communities

The communities around Toppan's plants filed 42 complaints and inquiries (16 of them new) at 10 operational sites in fiscal 2007, indicating that many stakeholders were inconvenienced. The complaints dealt mainly with noise and foul odors, two forms of urban pollution. While most of the problems were promptly solved, problems related to production activities at two operational sites require further efforts.

To mitigate noise, Toppan has revised operating methods and taken sound-insulating measures, such as the installation of sound-proof walls and the introduction of sound-absorbing materials. To mitigate foul odors, the Company has stepped up its efforts to install effluent gas treatment equipment at the production sites in which organic solvents are often used. Toppan is also striving to properly manage everyday operations through routine inspections of devices installed.

Toppan will continue to make capital investments to improve environmental equipment and deepen communication with local residents.

Publishing Environmental Reports

Toppan has been disclosing environmental information in its *Environmental Report* (re-named the *CSR Report* in fiscal 2004) since 1998. In line with the development of its global business, Toppan has been making the same report available in English since 2000. Toppan's ISO 14001-certified sites have been issuing *Site Eco Reports*, periodic communications directed to municipalities and residents in surrounding communities, since fiscal 2000 (16 reports were issued by 20 operational sites in fiscal 2007).

Organizing and Participating in Seminars and Environment-related Exhibitions

Toppan encourages the public outside the Company to understand its environmental efforts. It does this mainly by participating in lectures and seminars, including the conferences of trade and industrial organizations and programs of its own. Toppan regards environment-related exhibitions as platforms for practicing environmental communication activities.

Environmental Lessons

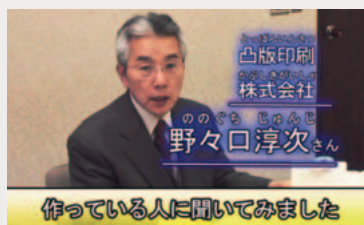
Toppan dispatched a lecturer to present the Cartocan as an example of an environmentally-friendly product at "World Quest Program: An Introduction to Environment and Social Activities," a program held by Benesse Corporation in August 2007.

An audience of fourth- to sixth-graders learned how Cartocan is helping to mitigate global warming. During the easy-to-understand lecture, the children took true-or-false quizzes in teams and saw and touched Cartocans that had been opened up. After learning more about the features of Cartocan, they formed small discussion groups to talk about Cartocan and the ways it can be sold to consumers.

Toppan also supported Benesse in the production of an instructional video on environmental education by supplying Cartocan materials and a lecturer to appear in the video.



In the classroom



Instructional video

Mitigating Global Warming and Saving Energy

Toppan is pushing ahead with efforts to mitigate global warming, one of the most pressing environmental issues facing the planet, mainly through energy-saving activities to reduce carbon dioxide emissions.

Energy-saving Activities

Toppan is conserving energy to reduce the emissions of carbon dioxide (CO₂) and other greenhouse gasses. To work towards the Kyoto Protocol targets for reduced greenhouse gas emissions, Toppan has established a Company-wide Medium- and Long-term Environmental Target: to reduce CO₂ emissions per unit of sales by 10% by fiscal 2010 compared to the fiscal 2000 level. The Company also sets a yearly target based on the medium- and long-term target. To meet the Company's overall target for the year, every production site sets individual targets for emissions per unit of production value and emissions per unit of production volume by product type.

CO₂ emissions per unit of sales in fiscal 2006 increased by 12.2% compared to the fiscal 2000 level and by 2.3% compared to fiscal 2005, failing to reach the targeted reduction of 4% year-on-year. Toppan established a higher target of 5% reduction year-on-year for fiscal 2007, to make up for lost ground in the Company's progress towards the medium- and long-term target by 2010.

CO₂ emissions per unit of sales were reduced by 4.4% for the year, falling just short of the target. The reduction was achieved through stable operation at newly established production sites in the Electronics field, such as Mie Plant II, and the effects of various energy-saving measures. Two factors were responsible for preventing the reduction from reaching the target: the lower unit price for orders received and the startup of newly installed effluent gas treatment equipment.

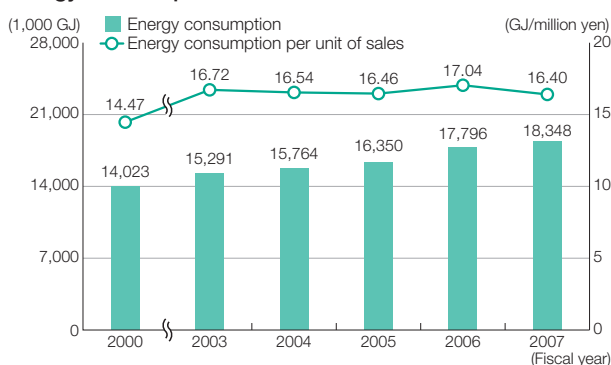
CO₂ emissions per unit of sales in fiscal 2007 increased by 7.3% compared to the fiscal 2000 level. Toppan will take more intensive energy-saving measures to accomplish its medium- and long-term target through a combination of capital investment and operational enhancements.

Details of the Company's Efforts

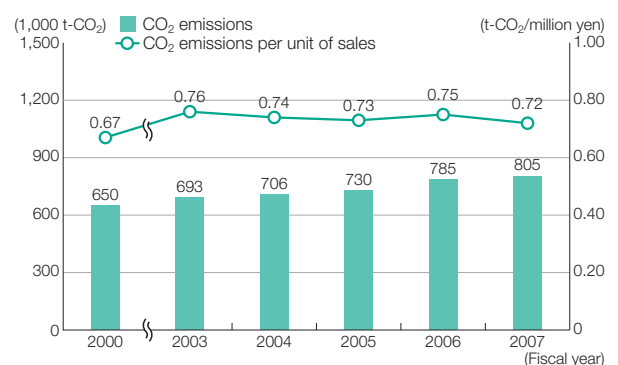
Toppan will continue to make Company-wide capital investments to facilitate fuel switchovers, improve air-conditioning control systems for energy-hungry clean rooms, and replace older equipment with higher-efficiency alternatives. Now

that the Company has taken extensive operational energy-saving measures for both production and incidental equipment, it will begin implementing more specialized activities. One problem to fix, for example, will be the chronic leaks of compressed air from production equipment. Compressed air is used in much of the production equipment. The Company will apply the effective leak countermeasures already deployed at certain sites to other operational sites across the Company. Toppan will also strengthen its energy-saving activities by checking actual conditions and clarifying points to be improved via energy-saving reviews. Measures will be taken to reduce energy loss by visualizing data in model devices and inviting outside specialists to conduct energy-saving checks throughout the Company. Toppan's efforts to find new energy-saving measures will be intensive and ongoing.

Energy Consumption



CO₂ Emissions



Note: CO₂ emissions are calculated by the method specified in the Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) from the Ministry of the Environment of Japan. When calculated by another method, that specified in the Manual on Calculating and Reporting Greenhouse Gas Emissions (2007), CO₂ emissions in fiscal 2007 amounted to 812,569 t-CO₂. The calorific value of the primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh. The Company does not use the 1990 CO₂ emissions as the base year value, since problems with the accuracy of measurement and expansions and revisions in the scope of data would make a retroactive calculation highly contingent on elaborate estimates. The energy type ratio and other detailed data are shown on P.83. In applying the factors for natural gas, the Company has begun to adopt an individual factor for each gas company. The data for fiscal 2006 and earlier are therefore restated.

Resource Circulation

Toppan controls waste generation and recycles resources to achieve zero emissions at all domestic sites.

Waste Reduction Activity

Waste paper derived primarily from Toppan's Information & Networks and Living Environment fields comprises 71% of the total waste generated at the 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.

Toppan attained its medium- and long-term target set earlier for final landfill waste disposal. For an overall improvement in its waste management performance, the Company set a new target of reducing final landfill waste disposal by 95% by fiscal 2010, compared to the fiscal 2000 level. In fiscal 2007, Toppan reduced final landfill disposal by 10% relative to the fiscal 2006 level, falling short of the 15% reduction target for the year. Against the medium- and long-term target, this resulted in a 92% reduction from the fiscal 2000 level. The Company will remain an active proponent of recycling activities as it works to attain the target.

From fiscal 2006, Toppan has also been pursuing the new target of reducing waste generated per unit of production value. The result for fiscal 2007 was a 7.3% reduction relative to the fiscal 2006 level, meeting the 5% reduction target for the year. This marked a 20% reduction against the medium- and long-term target of a 25% reduction by fiscal 2010, compared to the fiscal 2000 level. The Company will control waste generation on an ongoing basis in the years to come.

Developing Zero-emission Targets and Reusing Waste as Recycled Resources

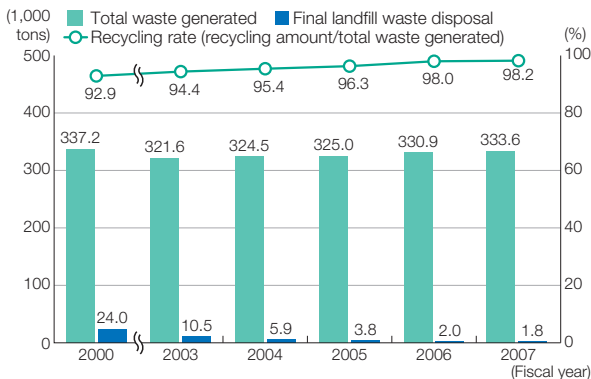
In a move to standardize its approach to waste reduction, Toppan launched activities to achieve zero-emission targets at a number of plants selected as "zero-emission models" in 1999. Based on the results achieved at these model plants, Toppan began certifying "zero-emission sites" in November 2001.

The recycling rate has great influence on the degree to which the Company can expect to achieve its zero-emission

targets. Toppan, therefore, reviewed its certification criteria and redefined zero-emission sites as operational sites with recycling rates of 98% or over and zero-emission approval by the Ecology Center in the head office. The center certified and registered 38 sites in fiscal 2007.

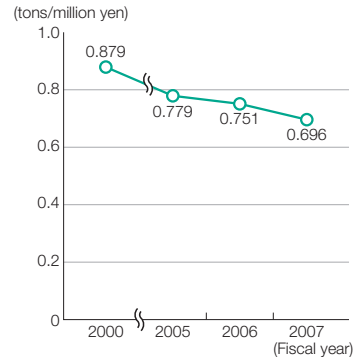
Toppan began setting a target for its material recycling rate in fiscal 2006. The Company recorded an 85% recycling rate in fiscal 2007, falling short of the 87% target set. Two important tasks in further promoting material recycling will be to use waste more effectively in-house and to outsource material recycling to external businesses. Toppan pursues the maximum reuse of the waste generated from every process throughout business operations, with the target of having all domestic sites certified as zero-emission sites by fiscal 2010.

Total Waste Generation, Final Landfill Waste Disposal, and Recycling Rate



Note: Final landfill waste disposal is direct landfill disposal plus landfill disposal of residues from intermediate treatment. It includes the residues discharged from recycling processes.

Waste Generated Per Unit of Production Value



Pollution Prevention and Chemical Substance Management and Reduction

Toppan is working to reduce its burden on the environment and prevent pollution by complying with in-house control standards even more stringent than the legal requirements. The Company continued its efforts to reduce the consumption of chemical substances, especially the consumption of toluene, in fiscal 2007.

■ Pollution Prevention Activities

Antipollution measures begin with information collection at each production site to glean an accurate picture of the actual state of pollution and other environmental burdens. Toppan works actively to reduce its burden on the environment and prevent pollution by complying with in-house control standards (established by the Eco-protection Promotion Committee at each operational site) even more stringent than the legal requirements.

Preventing Atmospheric Pollution and Protecting the Ozone Layer

To prevent atmospheric pollution, Toppan controls smoke- and soot-generating equipment such as boilers and incinerators by switching fuels and managing operations under appropriate combustion conditions. The Company has also introduced VOC effluent gas treatment equipment for the thorough control of atmospheric pollutants. The Medium- and Long-term Environmental Target and the annual target for VOC emissions into the atmosphere have been reviewed based on industry targets since fiscal 2006. VOC emissions in fiscal 2007 were reduced by 5.4% compared to fis-

cal 2006, falling short of the 10% target set. Efforts to reduce emissions were hindered when product quality concerns forced operational sites to delay the planned switchover to alternatives.

Toppan is imposing control in accordance with the relevant laws and regulations and considering the step-by-step replacement of all equipment that uses designated chlorofluorocarbons.

Preventing Water and Soil Pollution

Toppan manages wastewater at its plants by installing wastewater treatment facilities designed to ameliorate specific production processes. Newly introduced wastewater recycling systems have improved the rates of wastewater reuse, particularly in the production sites with intensive water consumption, such as those in the Electronics field. These systems have reduced the water consumption and effluent discharge of the Company as a whole.

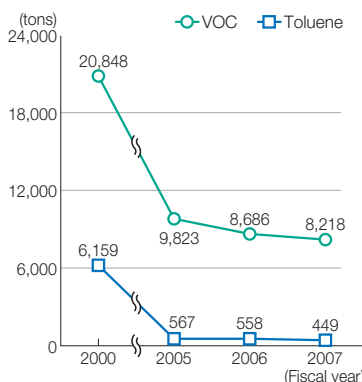
The Company's principal concern in managing its chemical solution storage tanks is to prevent the leakage of fluids. Walls have been constructed around the storage tanks and Toppan personnel regularly inspect the tanks and piping to

detect cracks and other flaws before soil pollution can occur.

■ Managing Chemical Substances

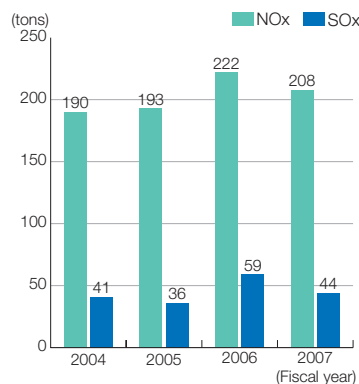
Toppan established its Environmental Target for the consumption of chemical substances designated under the PRTR law in fiscal 2006. The Company reduced the consumption of these substances by 8.7% in fiscal 2007, surpassing its targeted reduction of 3% year-on-year. The total release and total transfer were also decreased by 21.8% and 18.7%, respectively, compared to the fiscal 2006 level. The reduction in toluene consumption contributed 60.1% of the consumption reduction, 93.6% of total release reduction, and 62.7% of the total transfer reduction. This toluene consumption reduction resulted from an adoption of alternatives for ink and cleaning solvents and a switchover to toluene-free materials. Toppan will press forward in its efforts to reduce the consumption of chemical substances designated under the PRTR law in the years to come. The actual levels of consumption (handle) were first reported in the fiscal 2007 results (→P.84).

VOC and Toluene Emissions into the Atmosphere



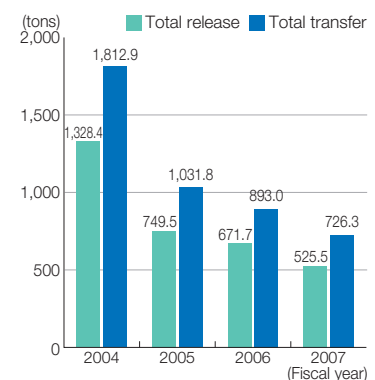
Note: Covers operational sites that handle at least 1.0 ton annually. The data for fiscal 2006 and earlier have been restated based on the revised methods for calculation.

NOx and SOx Emissions



Note: Figures are calculated based on the Environmental Activities Evaluation Program issued by the Ministry of the Environment in April 2002. The NOx data for fiscal 2006 and earlier have been restated based on the revised methods for calculation.

Total Release and Transfer of Chemical Substances Designated under the PRTR Law



Note: Calculated from the release and transfer of chemical substances designated under the PRTR law at each operational site. Dioxins are not included, due to a difference in the counting unit. The total transfer is the sum of transfers into waste and into sewage systems. The data for fiscal 2006 and earlier have been restated based on the revised methods for calculation.

Approach to Logistics

Toppa Logistics Co., Ltd., the logistics specialist for the Toppa Group, organizes energy-saving measures in transportation and other environmental conservation activities through waste reduction and recycling. It also secures safe transportation throughout all of its divisions.

Efforts for Energy Saving in Transportation

Under the revised Energy Saving Law enforced from April 2006, Toppa is required to undertake energy-saving measures to reduce CO₂ emissions associated with transportation per unit of transport volume by 1% year over year. Toppa Logistics Co., Ltd. is conducting energy-saving activities together with Toppa to meet this mandatory target.

Measures to reduce CO₂ emissions at Toppa Logistics during fiscal 2007 included an upsizing of company-owned trucks, an increase in the load efficiency of trucks, and the promotion of modal shifts. As a result of these initiatives, Toppa Logistics reduced CO₂ emissions per unit of transport volume by 3.1% compared with fiscal 2006, attaining the target.

In fiscal 2008, Toppa Logistics will push forward the modal shift from truck-based transport to rail transportation, to further reduce CO₂ emissions.

To support the Green Management-certified initiatives applied mainly to company-owned vehicles, Toppa Logistics

implements eco-driving, commissions low-pollution vehicles, and inspects and maintains vehicles according to in-house standards. Eco-driving is also implemented at partner companies to improve their gas mileage.

Environmental Conservation Efforts

Toppa Logistics operates an ISO 14001-certified environmental management system (EMS) to effectively promote environmental conservation activities. It develops EMSs throughout its operational sites, from the Kawaguchi site, its major logistics base, to the Nishigaoka, Tokorozawa, Niiza, and Atago sites.

Toppa Logistics recycles wastes and other materials generated at its sites by thoroughly separating them for conditioning as valuable resources.

Efforts for Safe Transportation

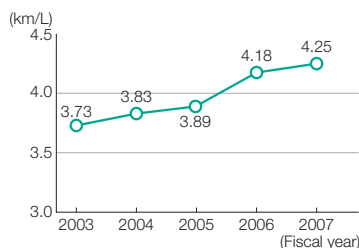
Toppa Logistics operates a safety management system to improve the safety of its vehicles under the requirements of the comprehensive law on transport safety enforced from 2006.

Its intensive safe transportation efforts include regular training for drivers, health checks before driving, and breathalyzer testing to prevent driving under the influence of alcohol.

Fiscal 2007 Results

- Promotion of modal shifts to rail transportation (for 5% of distance transport)
Number of rail containers: 25% increase compared with fiscal 2006
- 22% improvement of transport truck mileage compared to the fiscal 2002 level (for 48 company-owned vehicles)
- Environmental management system (EMS)
Continued Green Management certification
- Recycling of wastes
Recycling rate: 92.7% (5-point increase compared with fiscal 2006)
- Adoption of low-pollution trucks
Adoption of vehicles meeting the standards of the New Long-term Exhaust Gas Regulation
- Promotion of eco-driving
Education and practical training for drivers (twice a year)
- Safety management system
Continued G Mark certification for excellence in operational safety

Mileage of Company-owned Vehicles



Efforts under the Revised Energy Saving Law

	Medium-term Targets (Fiscal 2007–2009)	Fiscal 2007 Results
Per unit*	64.51	64.47
Compared with fiscal 2006	-3%	-3.1%

*Per unit: Energy consumption (converted to crude oil [kL]) per transport volume (ton-kilometers)



Eco-driving course



Safe-driving course (vehicle maintenance)

Developing and Assessing Environmentally-friendly Products

Toppan develops its environmentally-friendly products based on in-house criteria that comply with ISO 14021, while applying ISO-14040-compliant LCA procedures to quantify the environmental burdens of its products.

Toppan's Basic Thinking on Environmentally-friendly Products

Toppan develops its environmentally-friendly products based on its own set of standards established in close consideration of the industries in which the divisions operate. The overarching criteria are Toppan's 14 Environmental Points based on ISO 14021 standards. The Ecology Center assesses the developed products and registers those that meet all of the criteria for "environmentally-friendly products." Success in developing these products was mixed in fiscal 2007, however, as only two of the eight products submitted for registration actually met the registration criteria.

Toppan attaches Environmentally-friendly Product Certification Labels to all of its environmentally-friendly products. These labels fulfill accountability requirements while enlightening users on relevant environmental considerations.

Toppan has produced 84 environmentally-friendly items so far (as of the end of March 2008) (→P.81).



Cartocan is a small, paper-based beverage container made without metals such as aluminum foil. The container can be shipped and stored for long periods at ordinary temperatures.



GL and GX films are clear barrier films made entirely without chlorine-based resin, based on a vapor deposition coating technology. The high barrier performance of these films against oxygen and moisture locks in the quality of the contents.

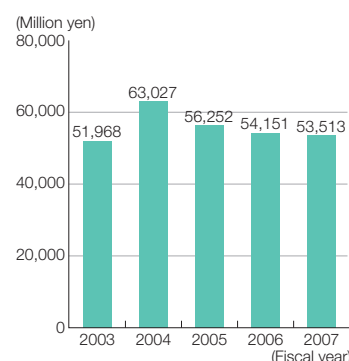


Toppan Material Wood is a recycled industrial material made entirely from waste wood and waste plastic. This industrial material can be re-crushed and recycled time and time again, with no change in its original form and function.

Environment-related Business

Toppan fell short of meeting its target for fiscal 2007, mainly as a result of weaker sales of environmentally-friendly products in the electronic device-related business. The Company intends to review its Eco-creativity Promotion System and criteria for registering environmentally-friendly products in the years to come.

Sales of Environment-related Business



Note: The sales of the former Industrial Materials Division have been excluded from the results since fiscal 2005, when the division was spun off into a separate company.

Toppan's 14 Environmental Points and Environmental Considerations

Life Cycle Stage	ISO 14021 Environmental Labeling Type II	Toppan's 14 Environmental Points for Environmentally-friendly Products	Toppan's Standards
Products and distribution		1. Use of safe materials	Toppan will not use substances banned by industrial organizations or substances that could potentially contaminate the Company's products with environmental hormones.
	Recycling rate	2. Use of recycled materials	Toppan will not produce products from recycled materials that could potentially contain environmental hormones or substances banned by industrial 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 produced 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 production process, product design, and packaging. (Byproducts 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 gases 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 and photodegradable materials used in the products break down naturally and are assimilated back into the environment.

■ Activities by Group Companies

Group companies are also helping to establish a recycling-oriented society through production activities that place importance on the preservation of the global environment.

Each Group company has established a set of Eco-product Standards in line with industry conditions and the features of product categories. These companies develop, produce, and market products under their Eco-product Standards. Total sales in environment-related business stood at 178.1 billion yen* in fiscal 2007, an 8.4% increase from fiscal 2006. The favorable results were mainly the outcome of robust sales of environmentally-friendly products in publications printing and industrial material-related businesses.

*Recycled paper products with fraudulent labeling on their used paper content have recently appeared in Japan (→P.18). The sales of environmentally-friendly products potentially affected by this problem are therefore excluded from the total amount.

■ Managing Chemical Substances in Products

Manufacturers operating globally are urgently pressed to manage chemical substances in products in order to minimize risks to the health of consumers and the global environment by reducing the levels of hazardous chemical substances in their products insofar as they can.

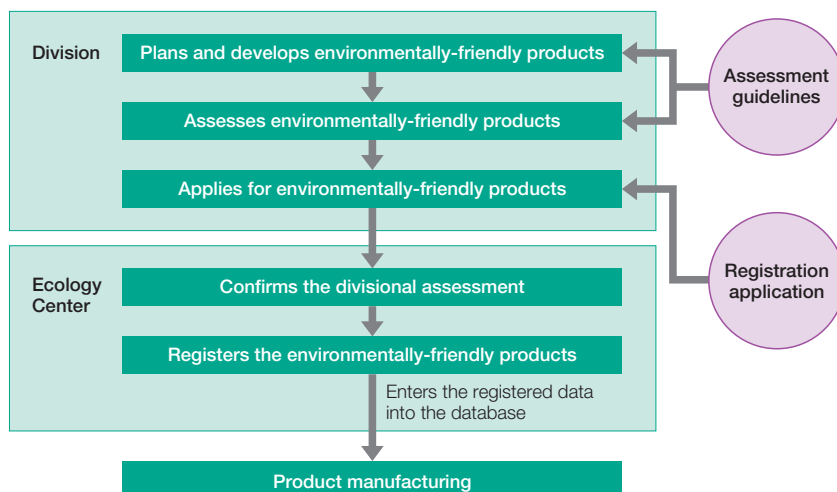
Toppan established a set of Guidelines for Management of Chemical Substances in Products in fiscal 2006 and reviewed in-house rules and systems for quality assurance based on the guidelines. To move forward in improving the management rules and systems, the Ecology Center and Quality Control Department collaborated in fiscal 2007 on a series of internal audits at the plants to assess their management of chemical substances in products. The audits identified 90 issues in need of improvement. Toppan intends to require each plant to correct the deficiencies pointed out.

■ Environmental Impact Assessment on R&D Topics

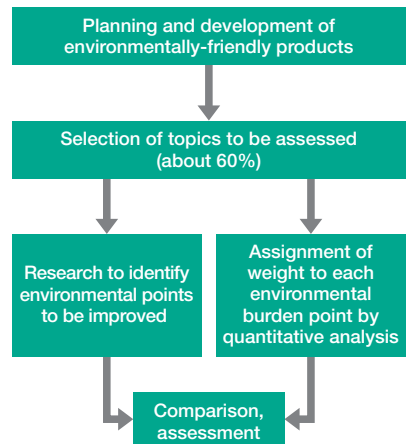
To predict the environmental burden of products quantitatively from the R&D stage towards the development of products friendlier to the environment, the Technical Research Institute applied Life Cycle Assessment (LCA) procedures to six products under research and development up to fiscal 2006.

In fiscal 2007, the institute established a new assessment method based on LCA results and applied the method to evaluate all the R&D topics. Subjective evaluations by researchers were compared with quantitative predictions calculated based on multiple criteria, to produce a set of numerical scores that quantified the degree to which the topics focused on improving the points with higher environmental burden. In fiscal 2008, the institute plans to continue to assess R&D topics and use the assessment results to create a system for developing products with lower environmental burden.

Management Flow for Environmentally-friendly Products



Flow of the Environmental Burden Assessment Method



Environmentally-friendly Printing Services

Toppan provides environmentally-friendly printing services at every stage of printed material production, from material selection, design, and plate-making to printing and processing.

Introducing the GPN Purchasing Guidelines for Offset Printing Services

As a member of the Green Purchasing Network (GPN) (→P.45), Toppan tries to minimize the environmental impact of printing and provides printing services based on the Purchasing Guidelines for Offset Printing Services. The Company applies environmentally-friendly technologies at every step of the process, from the selection of designated inks and papers to surface processing and binding. Many local governments and companies involved in green purchasing activities have adopted these services.

Production and Plate-making

Toppan saves natural resources and energy by excluding filming and development processes through the full digitalization of every stage, from production of the original manuscript and artwork to plate-making.

Using Environmentally-friendly Inks

The new soybean-oil ink developed by Toppan contains virtually no aromatic hydrocarbon, an organic compound

harmful to both the human body and the earth's atmosphere. The Company has also commercialized a recycled vegetable-oil ink made from used soybean oil collected from school cafeterias, restaurants, and other sources.

Providing Environmentally-friendly Paper

Printing paper is a resource directly related to the conservation of forest resources. The types of printing paper in use today help conserve forest resources: recycled paper, tree-free paper, FSC-certified paper, and paper made with pulp from forest-thinning operations.

Waterless Printing System

The waterless printing system repels ink with a layer of silicon instead of a layer of water. This eliminates the need for

dampening water made with organic solvent isopropyl alcohol (IPA) and the resulting discharge of liquid waste.

Environmentally-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 methods for bookbinding and processing to confer outstanding recyclability. With Eco-binding, for example, printed materials can be bound without the stitching wire used in saddle stitching.

Toppan's Advanced Environmentally-friendly Printing Technologies

- Color Management System (CMS): A computer-based color management technology for printing
- Digital photography technology: A photographic technology requiring no film
- Direct Digital Color Proof (DDCP): A color proof technology requiring virtually none of the films previously used for the prepress process
- Computer to Plate (CTP): A plate technology that sends digital data directly to the printing plate

Environmental Considerations in Producing this Report

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

The Green Purchasing Network plans to introduce a set of revisions to its purchasing standards, in order to cope with the recent emergence of recycled paper products with fraudulent labeling on their used paper content in the Japanese market. To keep up with the coming revisions, Toppan will consider adopting recycled paper for its coming reports.

As in previous years, the body of this report is printed on paper made with pulp from forest-thinning operations. The paper is fully authentic, with no alterations to disguise its used paper content. Toppan will continue to promote environmentally-friendly printing services and the use of paper designed to benefit domestic forest resources.

Environmental Considerations in the *CSR Report 2008*

Processes and Materials	Specific Measures	Environmental Considerations
Photography	Use of digital photography for the new images recorded for this year's report	Elimination of filming and development (conventional photographs from previous reports are now recorded digitally)
Design and editing	Digital processes by DTP	Reduction of mid-process materials such as artwork
Prepress	Plate-making by CTP	Elimination of the films required for making plates
Printing	Sheet-fed press waterless printing	Reduction of IPA use, elimination of waste fluids
Paper	Body: 70% domestic pulp, including 10% pulp from forest-thinning operations	Forest resource-saving and proper 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

Considering the Ecosystem

To preserve the ecosystem, Toppan procures materials and provides its clients with eco-suggestions for the protection of the environments where the Company procures materials.

■ Cartocan

Japan needs to nurture and maintain its forest resources soundly to provide habitats for diverse species and to help mitigate global warming. The Forestry Agency promotes KIZUKAI-UNDOH (Wood Products Utilization Campaign), a campaign to encourage forest maintenance by promoting the use of domestic lumber, including lumber harvested from forest-thinning operations.

As a supporter of KIZUKAI-UNDOH, Toppan supports the sound nurturing and maintenance of the country's forest resources by using domestic lumber to produce its paper-based beverage container, Cartocan.

To extend the benefits of Cartocan, a container made of a high-quality paper similar to that used for milk cartons, Toppan established a system for the recycling of empty Cartocans into toilet paper 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 approximately 50% used Cartocans. Toppan purchased

2,675 cases (60 rolls per case) of ECO-GREEN in fiscal 2007, about 11% more than it purchased in fiscal 2006.

■ FSC COC Certification

In May 2002, Toppan became the first company to acquire the Forest Stewardship Council (FSC) Chain of Custody (COC) certification in the field of commercial printing in Japan. The Company subsequently acquired the COC certification in the fields of securities printing and publications printing. Toppan is convinced that the diffusion of products with the FSC logo will enhance forest management and environment-related communication between corporations and consumers. The Company will actively propose products with the FSC logo to customers.

■ Tree-planting Programs

In 1997, Toppan joined with Oji Paper Co., Ltd. and Nissho Iwai Corp. (now Sojitz Corporation) to establish GPFL*1, a tree-planting venture to produce hardwood chip in Victoria, Australia (Hokkaido Electric Power Co., Inc. joined the venture in 2000). The Company participates in efforts to develop methods for monitoring CO₂ absorption in forests. Toppan has also participated in the PPT's*2 hardwood planting program in Tasmania, Australia since fiscal 2004. Toppan, together with relevant companies, seeks to acquire a third-party forest management certification in these afforested areas and to establish a system for the traceability of wood products.

Toppan has been collaborating in study and research on plantation as a supporting member of the Japan Overseas Plantation Center for Pulpwood since fiscal 1999.



Cartocan obtained the forest-thinning product mark (left). The 3.9 GREENSTYLE MARK, a logo of the KIZUKAI-UNDOH (right); Toppan obtained the registration number.



FSC COC Certification

The FSC forest management certification system is a framework to approve proper forest management under the principles and standards established by the Forest Stewardship Council. The FSC Chain of Custody (COC) certification can only be granted to comprehensive management systems that effectively prevent the admixture of lumber from certified forests with lumber from non-certified forests during any part of the production process from manufacturing to distribution.

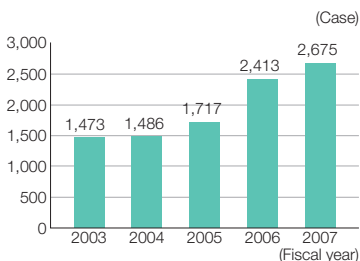


Tree planting by GPFL (upper) and PPT (lower)

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

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

ECO-GREEN Purchasing



Environmental INPUT/OUTPUT Data by Business Field

■ Combined Results by Business Field

Category	Chief Components	Electronics	Information & Networks	Living Environment	Non-production Sites	Total	
INPUT	Material	Total input (tons)	43,597	890,031	381,542	—	1,315,170
		Paper (tons)	0	860,111	79,569	—	939,680
		Plastic (tons)	5,636	2,176	164,916	—	172,728
		Glass (tons)	9,319	0	0	—	9,319
		Inks (tons)	27,338	25,723	136,554	—	189,614
		Other (tons)	1,304	2,022	503	—	3,829
	Energy	Total energy consumption (1,000 GJ)	8,826	7,964	6,302	734	23,826
		Electricity consumption (1,000 GJ)	7,822	5,367	4,616	581	18,385
		Fuel consumption (1,000 GJ)	1,004	2,597	1,687	153	5,441
	Water	Water consumption (1,000 m ³)	12,614	2,737	2,185	369	17,904
		Industrial water (1,000 m ³)	1,945	778	482	0	3,205
		Municipal water (1,000 m ³)	190	970	689	369	2,218
		Groundwater (1,000 m ³)	10,479	989	1,014	0	12,481
Use of rainwater (1,000 m ³)		0	2	0	10	12	
Use of water circulated on premises (1,000 m ³)		25,075	0	63	0	25,138	
OUTPUT	Atmosphere	CO ₂ emission (t-CO ₂)	403,398	361,703	309,650	30,597	1,105,348
		Emission of ozone-depleting substances (ODP-kg)	0	508	190	0	698
		NOx emission (kg)	34,373	80,651	111,135	4,373	230,532
		SOx emission (kg)	21,366	2,107	32,351	47	55,871
		Emission of dioxins (mg-TEQ)	0	5.4	109.9	0	115
	Water and soil environments	Total effluent discharge (1,000 m ³)	11,644	1,851	1,581	326	15,402
		Public water system (1,000 m ³)	9,797	620	963	0	11,381
		Sewage system (1,000 m ³)	1,847	1,230	618	326	4,021
		Underground penetration (1,000 m ³)	0	4	35	0	38
		On-site evaporation (1,000 m ³)	860	666	441	67	2,034
BOD (kg)		56,717	1,393	4,838	0	62,949	
COD (kg)		18,987	3,100	3,889	0	25,975	
Waste	Nitrogen discharge (kg)	139,676	1,231	8,617	0	149,524	
	Phosphorous discharge (kg)	753	232	709	0	1,694	
	Total generation (tons)	59,496	250,694	126,867	4,141	441,198	
	Reused and recycled (tons)	53,241	248,837	122,644	3,438	428,160	
	Final landfill waste disposal (tons)	2,136	796	2,884	88	5,904	

Note: The Company refers to the Ministry of the Environment's Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) for its own calculation of CO₂ emissions. The calorific value of the primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh. The data for overseas sites, however, are calculated based on another definition. In the results disclosed in previous years, Toppan quantified the discharges of BOD, COD, nitrogen, and phosphorous into both public water systems and sewage systems. From fiscal 2007, the results will cover only the discharges into public water systems, based on the Environmental Reporting Guidelines (fiscal 2007 version) from the Ministry of the Environment of Japan.

Green Procurement/Green Purchasing

■ Toppan's Green Procurement Standards (Offset Ink*)

(Revised in fiscal 2006; data for fiscal 2005 are based on previous standards)

	Level 1	Level 2	Fiscal 2005	Fiscal 2006	Fiscal 2007
1. Avoiding materials harmful to the human body	Conforms to the NL restrictions of the Association of Japan Printing Ink Manufacturers		97.3%	89.1%	86.2%
2. Avoiding the use of substances known to generate hazardous substances	Non-usage of chloride-based resins				
3. Considering chemical substances designated under the PRTR law	Non-usage of substances designated under the PRTR law	Identification of substances designated under the PRTR law (preparing for MSDS)			
4. Controlling VOC emissions	VOC content below 1% (non-VOC ink): Excluding ink for web press	VOC content below 15% (low-VOC ink) or soybean-oil ink			

■ In-house Green Purchasing Standards and Level of Fulfillment

Product	Purchasing Standards	Fiscal 2005	Fiscal 2006	Fiscal 2007
Copy machines/printers	Configured to automatically revert to low-power mode or off mode when not used for a specific period of time	93.7%	96.4%	94.5%
PCs	Configured to automatically revert to low-power mode or off mode when not used for a specific period of time, and to maintain low energy consumption when in low-power mode	100.0%	100.0%	100.0%
Stationery/office goods	Products endorsed with environment-friendly qualifications such as the Eco Mark or Green Mark, and products listed in the eco-friendly product catalogues of manufacturers	96.8%	95.8%	99.0%

*Not applicable to gold, silver, and pearl ink

Note: The data for fiscal 2006 calculated based on previous standards have been restated. Results for paper, OA paper, and toilet paper are omitted here, as the recent problem involving recycled paper products with fraudulent labeling on their used paper content may affect the figures.

Organizational Structure

■ Toppan Group Environmental Meeting

Toyo Ink Mfg. Co., Ltd.	Toppan Forms Co., Ltd.	Tamapoly Co., Ltd.
Tosho Printing Co., Ltd.	Toppan TDK Label Co., Ltd.	NEC Toppan Circuit Solutions, Inc.
Tokyo Shoseki Printing Co., Ltd.	Toppan Logistics Co., Ltd.	Toppan Printing Co., Ltd.

Environmentally-friendly Products

■ List of Environmentally-friendly Products

Business Fields	Products	Environmental Points
Securities and Cards	Ecothrough card	Suitability for disposal
	Paper IC Card	Use of recycled materials
	Bulky Waste Processing Sticker	Resource-saving (reduced use of materials)
	Recycleco Gift Card	Use of recycled materials
	Card for ETC	Suitability for disposal
Commercial Printing	Rewritable Paper	Long product life
	Toppan Green Paper	Use of recycled materials
	Eco Pack (life-size POP display)	Resource-saving (reduced use of materials)
	Paper Desk Calendar	Use of recycled materials
	Ecology Calendar	Use of recycled materials
	Eco POP	Use of recycled materials, suitability for disposal, energy saving
	Cerap	Suitability for disposal
	Eco Pack Stand	Resource-saving
	Eco Pack Multipanel	Reusability
	Eco Floor Sticker	Suitability for disposal
	Eco Pack End Panel	Resource-saving
Publications Printing	Eco Pack Stand, Round-type	Resource-saving
	EPOP	Use of safe materials
	Recycled vegetable-Oil Ink	Use of recycled materials
Electronics	Polyurethane Reactive Hot-Melt	Easy separation and easy disassembly
	Non-Vinyl Chloride Lenticular Lens	Suitability for disposal
Packaging	Lenticular Screen	Resource-saving, use of safe materials
	Anti-reflection film	Resource-saving
	GL Family	Suitability for disposal
	Standing pouch for refill	Resource-saving (reduced use of materials)
	Bottled Pouch	Resource-saving (reduced use of materials)
	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
	Neover	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 (Al)	Resource-saving (reduced energy usage in logistics)
	Stand-up Laminated Tube	Resource-saving (reduced use of materials)
	Recyclen Cap	Easy separation and disassembly
	AP Cartons	Resource-saving (reduced use of energy in logistics)
	Micro-Flute	Resource-saving (reduced use of energy in logistics)
	TP-Tray	Recyclability
	Corrugated Absorber	Recyclability
AD-Case	Resource-saving (reduced use of materials)	
Cartocan	Recyclability	

Business Fields	Products	Environmental Points
Packaging	Paper Cup Made from Recycled Paper	Use of recycled materials
	Cup made from Tree-Free paper	Resource-saving (use of byproducts)
	Biodegradable Package	Biodegradability
	Cylindrical Paper Cartridges	Resource-saving (reduced use of energy in logistics)
	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
	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	Reduced 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)
	Recycled PET Clear Case	Recyclability
	ALUGLAS	Suitability for disposal
	Stripping and heat-sensitive label for glass bottles	Easy separation and disassembly
	Food container made from heat-resistant paper	Resource-saving
	Paper carton with temper evident closure	Resource-saving
	One-piece occlusion-preventive plug for TL-PAKs	Resource-saving
	Sealed paper tray	Resource-saving
	Flexible packaging material using paper	Resource-saving
	Clear UV-Blocking Film	Suitability for disposal
	Injection molded articles of biomass-plastics	Resource-saving
	EL-Case	Easy separation and disassembly
Oil-proof paper for fluorine-free cardboard	Use of safe materials	
Paper cup made from pulp from forest-thinning	Resource-saving	
GL-compliant back sheet for solar cells	Suitability for disposal, long product life	
Paper composite container	Resource-saving, recyclability	
Pouch-type fragrance container	Resource-saving, recyclability	
Resource-saving Cartocan (rectangular type)	Resource-saving, recyclability	
Packaging materials using low-migration type adhesives	Reduced release of chemical substances, use of safe materials	
Delayed-tack label for glass bottles (film type)	Easy separation and disassembly, resource-saving	

ISO 14001 Certification (50 systems, 65 operational sites as of April 1, 2008)

■ Toppan Printing Co., Ltd. and Production Subsidiaries

Division/Operational Site	Registrar	Registration Date
Shiga Plants (Electronics Division/Semiconductor Solutions Division/Optronics Division)	JQA	Jul. 1998
Electronics Division (Kumamoto Plant)	JQA	Nov. 1998
Toppan Cosmo, Inc. (Kashiwa Plant/Satte Plant, Toppan Decor Products Inc.)	JQA	Mar. 2000
Electronics Division (Niigata Plant) and NEC Toppan Circuit Solutions, Inc. (Niigata Plant)	JQA	Apr. 2000
Sakado Site	JQA	Oct. 2000
Information and Communication Division (Ranzan Plant)	JQA	Nov. 2000
Packaging Division (Akihabara Office/Ebie Office*)	JQA	Mar. 2001
Itabashi Site (including Toppan Seihon Co., Ltd.)	JQA	Feb. 2002
Fukusaki Site (including Wakayama Plant, Toppan Plastic Co., Ltd.)	JQA	Jul. 2002
Toppan Graphic Co., Ltd.	JQA	Aug. 2002
Takino Plants (Information and Communication Division/Packaging Division)	JQA	Oct. 2002
Gunma Site (including Tatebayashi Plant)	JQA	Jul. 2003
Asaka Plants (Information and Communication Division/Semiconductor Solutions Division)	JQA	Dec. 2003
Toppan Electronics Fuji Co., Ltd.	JQA	Jun. 2004
West Chugoku & Shikoku Subdivision (Hiroshima Office/Kannabe Toppan Co., Ltd.)	JQA	Oct. 2004
Kansai Area (Kansai Commercial Printing Subdivision*/ East Chugoku & Shikoku Subdivision/ Kansai Securities Printing Subdivision*)	JQA	Nov. 2004
Tohoku Division	JQA	Mar. 2005
Technical Research Institute	JQA	May 2005
Hokkaido Division (Sapporo Plant/Chitose Plant)	JSA	Jun. 2005
Electronics Division (Mie Plant I)	JQA	Jan. 2006
Optronics Division (Satte Plant)	JQA	Mar. 2006
Toppan Plastic Co., Ltd. (Koshigaya Plant/Kawaguchi Plant/Sagamihara Plant)	QMI	Dec. 2006
Toppan Packaging Service Co., Ltd. (Ranzan Plant/Kyushu Plant)	JQA	Feb. 2007
Packaging Division (Sagamihara Plant)	QMI	Mar. 2007
Toppan Saga Yoki Co., Ltd.	QMI	Nov. 2007

*"Ebie Site" consists of the Ebie Office, the Kansai Commercial Printing Subdivision, and the Kansai Securities Printing Subdivision.

Note: The names of divisions and operational sites accord with those mentioned in the review report issued in fiscal 2007 by the registrars.

■ Domestic Group Companies

Group Company/Operational Site	Registrar	Registration Date
NEC Toppan Circuit Solutions, Inc. (Toyama Plant)	JQA	Jan. 1997
Total Media Development Institute Co., Ltd. (Entire company)	JSA	Mar. 2001
Toppan Forms Co., Ltd. (Hino Plant)	JQA	Jun. 2001
Toppan Label Co., Ltd. (Fukushima Plant)	JQA	Nov. 2001
Toppan Logistics Co., Ltd. (Nishigaoka Site, including the Kawaguchi transport department)	JQA	Oct. 2002
Toppan Proprint Co., Ltd. (Mito Plant)	JSA	Jan. 2004
Toppan Forms Co., Ltd. (Fussa Plant)	JQA	Feb. 2004
Toppan Forms Co., Ltd. (R&D Center)	JQA	Mar. 2004
Toppan Containers Co., Ltd. (Saitama Plant/Miyagi Plant/Sano Plant)	JQA	Apr. 2004
Toppan Forms Tokai Co., Ltd. (Nagoya Plant)	JQA	Aug. 2004
Toppan Forms Kansai Co., Ltd. (Osaka Plant)	JQA	Dec. 2004
Toppan Forms Nishinohon Co., Ltd. (Kyushu Plant)	JQA	Jan. 2005
Toppan Proprint Co., Ltd. (Koto Production Center)	JQA	Mar. 2005
Toppan Forms Kansai Co., Ltd. (Settsu Plant)	JQA	Mar. 2006
Toppan Forms Co., Ltd. (Kawamoto Plant)	JQA	Aug. 2006
Toppan Forms Kansai Co., Ltd. (Kobe Plant)	JQA	Sep. 2006

■ Overseas Subsidiaries

Group Company	Registrar	Registration Date
Siam Toppan Packaging Co., Ltd.	MASCI	Apr. 2002
Toppan Printing Co., (H.K.) Ltd.	DNV	May 2002
Toppan Printing Co. (America), Inc.	DNV	Dec. 2002
Toppan Chunghwa Electronics Co., Ltd.	SGS	Oct. 2003
Toppan Printing Co., (Shenzhen) Ltd.	SSCC	Dec. 2003
Toppan CFI (Taiwan) Co., Ltd.	SGS	Nov. 2004
P.T. Toppan Printing Indonesia	LRQA	Nov. 2004
Toppan Printing Co., (Shanghai) Ltd.	CEC	Feb. 2006
Toppan SMIC Electronics (Shanghai) Co., Ltd.	BSI	Feb. 2007

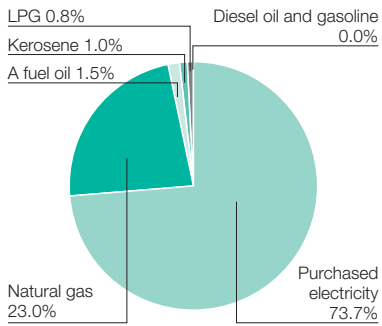
Major Environment-related Laws Involving the Printing Industry in Japan

■ List of Laws

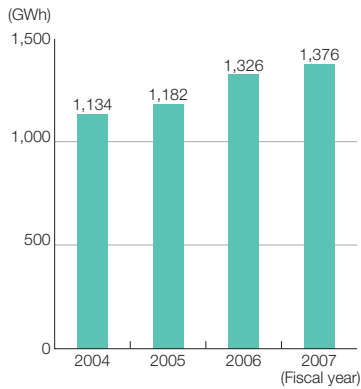
Basic Stance and Rules
The Basic Environment Law
Law for Promotion of Nature Restoration
The Basic Law for Establishing the Recycling-oriented Society
Legislation to Implement a Basic Law on Energy Policy
Law Concerning Increasing the Desire for Environmental Conservation and Promoting Environmental Education
Law Concerning the Promotion of Environmentally Conscious Activities of Specified Businesses through the Promotion of the Provision of Environmental Information
Eco-protection Field
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 Inland Sea
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 the Recovery and Destruction of Fluorocarbons (Fluorocarbons Recovery and Destruction Law)
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 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 Field
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

Energy Type Ratio and Consumption

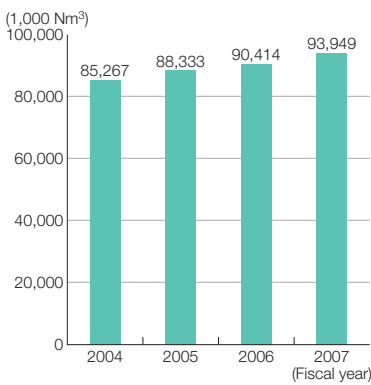
■ Energy Used by Type for Fiscal 2007
(in terms of calorific value)



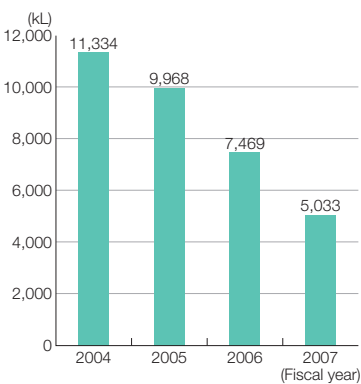
■ Electricity Consumption



■ Natural Gas Consumption



■ Kerosene Consumption



Note: The calorific value of the primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh.

Environmental Education

■ Fiscal 2007 Results of Toppan's Environmental Education

Training or Education	Contents	Number of Trainees
New employee training	General environmental education (introductory level)	457
e-learning	Environmental issues involving corporations and Toppan Group activities	0 (Sum total: 20,123)
Toppan Business School	Optional training	
	Introduction to ISO 14001	28
	Introduction to environment-related laws	25
	Seminar to enhance the skills of ISO 14001 internal auditors	18
Challenge School	Three courses related to the environment	20
Internal environmental auditor training	Internal environmental auditor training program	127

Promotion of Waste Reduction and Recycling

■ Zero-emission Sites (TZERO-07)

(Certified December 2007)

Operational Site	Total Waste Generation (tons)	Total Waste Recycling (tons)	Recycling Rate (%)
1 Information and Communication Division (Asaka Securities Printing Plant)	3,821.4	3,785.2	99.05%
2 Information and Communication Division (Ranzan Plant)	1,044.5	1,044.5	100.00%
3 Semiconductor Solutions Division (Asaka Plant)	400.4	400.3	99.98%
4 Electronics Division (Mie Plant I)	6,125.3	6,070.6	99.11%
5 Electronics Division (Mie Plant II)	1,414.4	1,404.6	99.31%
6 Electronics Division (Kumamoto Plant)	12,189.3	12,081.4	99.11%
7 Toppan Electronics Fuji Co., Ltd.	337.0	332.2	98.58%
8 NEC Toppan Circuit Solutions, Inc. (Toyama Plant)	4,298.2	4,296.2	99.95%
9 Electronics Division (Satte Plant)	1,290.4	1,288.6	99.86%
10 Electronics Division (Shiga Plant II)	1,069.5	1,069.5	100.00%
11 Information and Communication Division (Itabashi Site)	17,533.6	17,453.2	99.54%
12 Information and Communication Division (Asaka Site)	11,623.8	11,591.6	99.72%
13 Information and Communication Division (Sakado Site)	28,519.6	28,519.6	100.00%
14 Toppan Graphic Co., Ltd.	46,216.7	46,216.8	100.00%
15 Toppan Seihon Co., Ltd.	30,616.7	30,616.7	100.00%
16 Packaging Division (Sagamihara Plant)	21,527.8	21,484.4	99.80%
17 Toppan Containers Co., Ltd. (Saitama Plant)	9,199.3	9,076.7	98.67%
18 Toppan Containers Co., Ltd. (Sano Plant)	3,895.2	3,871.4	99.39%
19 Toppan Containers Co., Ltd. (Miyagi Plant)	4,010.1	3,978.1	99.20%
20 Toppan Containers Co., Ltd. (Kumagaya Site)	263.2	263.2	100.00%
21 Toppan Plastic Co., Ltd. (Koshigaya Plant)	616.5	609.0	98.78%
22 Toppan Plastic Co., Ltd. (Sagamihara Plant)	113.1	113.1	100.00%
23 Toppan Packaging Service Co., Ltd. (Ranzan Plant)	460.3	457.3	99.36%
24 Toppan Packaging Service Co., Ltd. (Kyushu Plant)	178.9	178.9	100.00%
25 Toppan Decor Products Inc. (Kashiwa Plant)	3,661.9	3,661.9	100.00%
26 Toppan Decor Products Inc. (Satte Plant)	4,851.6	4,851.6	100.00%
27 Toppan Harima Products Co., Ltd.	309.2	307.6	99.48%
28 Information and Communication Division (Takino Commercial Printing Plant)	12,589.5	12,589.5	100.00%
29 Packaging Division (Takino Packaging Plant)	3,918.9	3,915.0	99.90%
30 Information and Communication Division (Takino Securities Printing Plant)	1,316.9	1,314.9	99.85%
31 Information and Communication Division (Nagoya Plant)	4,616.8	4,589.3	99.40%
32 Mikkabi Toppan Printing Co., Ltd.	2,968.8	2,952.5	99.45%
33 Nishinohon Division (Fukuoka Plant Manufacturing Department 2)	5,916.8	5,845.6	98.80%
34 Toppan Saga Yoki Co., Ltd.	231.5	228.8	98.85%
35 Information and Communication Division (Sendai Plant)	3,884.4	3,813.7	98.18%
36 Hokkaido Division (Sapporo Plant)	2,759.3	2,757.9	99.95%
37 Toppan Prosprint Co., Ltd. (Mito Plant)	3,482.5	3,476.2	99.82%
38 Toppan Prosprint Co., Ltd. (Koto Plant)	1,807.8	1,803.2	99.75%

Preventing Pollution/Management and Reduction of Chemical Substances

■Fiscal 2007 Toppan PRTR Survey and Results

(Unit: kg/year)

PRTR No.	Chemical	Handle	Releases	Releases			Transfer as Waste
				1. Atmosphere	2. Water	3. Soil	
16	2-amino ethanol	80,907	0	0	0	0	4,599
24	Linear alkylbenzenesulfonate and chlorides	2,980	0	0	0	0	231
40	Ethyl benzene	40,609	7,112	7,112	0	0	2,125
45	Ethylene glycol monomethyl ether	8,923	460	460	0	0	1,252
46	Ethylene diamine	1,973	0	0	0	0	658
63	Xylene	85,748	10,657	10,657	0	0	2,985
64	Silver and water-soluble compounds	1,855	0	0	0	0	0
68	Chrome and trivalent chromium compounds	16,946	11	0	11	0	6,776
69	Hexavalent chromium	21,056	0	0	0	0	751
108	Inorganic cyanogens compounds	4,892	0	0	0	0	152
132	1,1-dichloro-1-fluoroethane (HCFC-141b)	2,828	2,828	2,828	0	0	0
179	Dioxins	(1,175 mg-TEQ)	(110 mg-TEQ)	(110 mg-TEQ)	0	0	(1,065 mg-TEQ)
207	Water-soluble copper compounds	1,703,424	536	0	536	0	229,541
224	1,3,5-tri-methyl benzene	10,972	3,672	3,672	0	0	6,312
227	Toluene	4,681,216	499,038	499,038	0	0	400,046
231	Nickel	107,628	0	0	0	0	0
232	Nickel compounds	59,532	31	0	31	0	57,641
254	Hydroquinone	1,156	0	0	0	0	1,156
304	Boron and its compounds	2,738	410	0	410	0	658
309	Poly (oxyethylene) nonylphenyl ether	3,261	652	652	0	0	2,544
310	Formaldehyde	43,970	93	93	0	0	0
311	Manganese and its compounds	10,251	0	0	0	0	8,652
	Total	6,892,866	525,501	524,512	988	0	726,079

Notes: Period covered: April 1, 2007–March 31, 2008

Substances designated: The 22 substances shown above

Operational sites covered: Sites that handle more than 1.0 ton of Class I designated chemical substances per year. (Or specified Class I designated chemical substances in excess of 0.5 tons per year.)

Materials transported out from operational sites are listed under "Transfer as Waste" even if they are sold as resources.

Atmospheric Emissions

■Ratio of Greenhouse Gas Emissions by Type

(in tons of CO₂ equivalent)(Unit: ratio: % total: t-CO₂)

Fiscal Year	CO ₂	CH ₄	N ₂ O	Total
2004	99.91	—	0.09	706,751
2005	99.92	—	0.08	730,356
2006	99.93	—	0.07	785,562
2007	99.93	—	0.07	805,109

■Ratio of Greenhouse Gas Emissions by Source

(in tons of CO₂ equivalent)(Unit: ratio: % total: t-CO₂)

Fiscal Year	Electricity Use	Fuel Use	Waste Incineration	Total
2004	61	35	4	706,751
2005	61	35	4	730,356
2006	64	31	4	785,562
2007	65	32	4	805,109

Note: Calculated by referring to the Ministry of the Environment's Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003). In applying the factors for natural gas, the Company has begun to adopt an individual factor for each gas company. The data for fiscal 2006 and earlier are therefore restated.

Waste Disposal and Recycling by Type

■Fiscal 2007 Results at Toppan

Type of Waste	Disposal (tons)	Ratio	Recycling Rate	Primary Reusage
Waste paper	237,666	71.2%	99.7%	Recycled paper
Waste plastic	28,205	8.5%	97.7%	RPF, plastic materials
Waste acid	18,937	5.7%	92.5%	Neutralizer
Waste oil	10,283	3.1%	93.9%	Recycled oil, fuel
Waste alkali	18,141	5.4%	92.1%	Neutralizer
Sludge	9,646	2.9%	95.2%	Roadbed materials
Metal chips	5,356	1.6%	99.4%	Metal materials
Wooden chips	1,990	0.6%	96.1%	Chips, paper materials
Cinders	1,865	0.6%	73.1%	Roadbed materials
Glass chips	720	0.2%	96.4%	Glass materials
Other	836	0.3%	62.8%	—
Total	333,646	100.0%	98.2%	—

Third-party Opinion

Toppan greatly improved its CSR report once again this year, adding to the improvements of the previous report in terms of the volume and depth of the information disclosed. The essence of CSR is to prevent actions that may cause social problems, and to take actions to address or work with social issues in ways fully transparent to stakeholders. Toppan can be rated highly for its steady efforts to establish CSR foundations.

In its Executive Message, Toppan hammers home its goal of contributing to the creation of a sustainable society and clearly describes the corporate social responsibilities Toppan recognizes as its own. The Company established the CSR Promotion Department and the CSR Promotion Study Group to engage stakeholders during the year.

As I foresee it, the CSR Promotion Study Group will not be a forum for dialogue to embellish the pages of the report, but a mechanism to elicit fixed-point observations within a routine PDCA cycle capable of securing stakeholder engagement. I expect the study group to branch out with the inclusion of female members. Diversity at every level in corporations and in government is an important underpinning for a gender-equal society.

In Special Report 1, Toppan affirms its commitment to supporting work-life balance for the enhancement of job satisfaction and the pride its employees take in their work. The ideal Toppan has in mind can be likened to the “decent

work” (work with human rewards) concept promoted by the International Labour Organization (ILO) as a labor challenge for the 21st century. In both contexts, work-life balance is considered from a comprehensive viewpoint with emphasis on the quality (job satisfaction and pride in work) and quantity (working hours) of labor. Toppan has placed overriding priority on childrearing measures such as programs to offer continuous employment and reemployment for female personnel raising children. Even so, I expect the Company to establish more comprehensive long- and medium-term targets in the years to come.

Companies nowadays devote careful attention to employee job satisfaction, as I mentioned earlier. The number of companies that conduct surveys to assess the degree of job satisfaction among employees has more than doubled. A constant and accurate grasp of employee job satisfaction is vital for companies not only when they select measures to improve labor productivity, but also when they self-evaluate their CSR efforts.

The educational support to improve literacy reported in Special Report 3 really hits a target as an activity to fulfill corporate social responsibilities for Toppan as a company that contributes to the development of information and culture through printing. Though the charity concerts are modest in scale, they meet the needs of the times by widening the range of social contribu-

tion activities, in association with Toppan’s core businesses, for the support of developing countries.

The Environmental Report provides ample information to deepen the reader’s understanding, especially the data section. As companies in Japan strive to cope with global warming, their most pressing task is to establish post-Kyoto-protocol targets. The Executive Message has affirmed Toppan’s pledge to position its measures for global-warming mitigation at the top of its agenda in the next Medium- and Long-term Environmental Targets. Though more should surely be done to realize Toppan’s existing goals towards pursuing the coming targets, the Company can be rated highly for making continuous efforts and attaining quantifiable achievements in reducing the consumption of chemical substances designated under the PRTR law. The Company made great progress on overall environmental fronts by fulfilling target values and steadily improving performance in areas where it has fallen short of its targets. I have every confidence that Toppan will continue to strengthen its activities.

Yoshiki Midorikawa

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

緑川芳樹



Profile

Mr. Midorikawa worked for many years in the Kanagawa prefectural government, mainly in labor and consumer administration. After retiring from the prefectural service, he served as Executive Officer of the Kanagawa Prefecture Small and Medium Business Management Association. Mr. Midorikawa’s NGO/NPO achievements include the founding of the Green Consumer Research Group in 1991 and participation in The Valdez Society, a body that researches and proposes concepts and solutions related to corporate environmental responsibilities through collaboration between citizens and companies (Mr. Midorikawa joined in 1991). He has authored several books, including *CSR Practice Methods with Visible Effects* (co-authored) and *CSR Management* (co-authored).

Independent Review

The conclusions of our independent review are presented in the Independent Review Report. The following summarizes improvements from the previous year and issues to be further improved, as identified in the course of our review.

This is Toppan's first CSR report prepared in accordance with the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines Version 3.0 (the G3 Guidelines), the de facto global standard for sustainability reporting. To comply with the G3 Guidelines, Toppan has greatly improved the clarity of the report boundary and the process for defining the report content.

The CSR Promotion Study Group is worthy of special mention. This is a body established to provide the opportunities for dialogue with experts outside the Company. The deeper understanding Toppan acquires through its dialogues with external experts and other stakeholders will help the Company to better prioritize the topics and indicators to be disclosed in the CSR report, from the viewpoint of "materiality."

The boundaries for some personnel and environmental performance data are relatively limited. We recommend that Toppan consider how it can push the boundaries for these data outward in the future. One of the practical challenges for Toppan to accomplish this will be to collect the data on overseas environmental performance with reasonable accuracy.

The section on environmental performance in the report discloses the material inputs for the first time and gives lucid, clearly understandable explanations of environmental aspects

for each business field. With regard to performance indicators such as the material recycling rate and consumption of chemical substances designated under the PRTR law—indicators for which environmental targets are set—we expect future reports to present the performances of previous years as well as the current fiscal year. We also noticed that the definitions and calculation methods for some of the performance indicators are slightly different between overseas and domestic sites. The gaps should be filled in due course.

As for social and economic performance indicators, we think the Company should consider extending its list of indicators to be disclosed, in consideration of materiality. Several of the core indicators prescribed in the G3 Guidelines could be additionally included.



Kazuhiko Saito
Senior Manager
KPMG AZSA Sustainability Co., Ltd.
(KPMG AZSA & Co. group)

Level of Compliance with GRI Sustainability Reporting Guidelines 2006

Global Reporting Initiative (GRI) is a nonprofit organization established to formulate international guidelines for sustainability reporting. Entities of every type can use these guidelines in their work to create their own sustainability reports. GRI prepares Sustainability Reporting Guidelines in collaboration with various stakeholders. The first edition of the guidelines was issued in 2000; the third (G3 Guidelines) in 2006.

Toppan understands that intensive stakeholder engagement was required to produce the guidelines. For this reason, the Company recognizes the guidelines as an important reference for understanding the types of information readers want to know.

The G3 Guidelines require reporting organizations to declare the level to which they have applied the guidelines. This is done to help readers easily

understand the extent to which a report complies with the guidelines, as well as to have the reporting organizations identify their current levels of improvement.

This report is rated B+ among the levels defined in the G3 Guidelines.



Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

*Sector supplement in final version

*Please access to <http://www.toppan.co.jp/english/csr/> for the GRI content index.



Independent Review Report on "CSR Report 2008"

To the Board of Directors of Toppan Printing Co., Ltd.,

1. Purpose and Scope of our Review

We have reviewed "CSR Report 2008" ("the Report") of Toppan Printing Co., Ltd. ("the Company") for the year ended March 31, 2008. Our engagement was designed to report to the Company, based on the results of our review, whether:

- the environmental and social performance indicators and the environmental accounting indicators ("the Indicators") for the period from April 1, 2007 to March 31, 2008 included in the Report are collected, compiled and reported, in all material respects, rationally and in conformance with the Company's policies and standards;
- all the material sustainability information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the Report; and
- the Company's self-declaration on the Global Reporting Initiative (GRI) application level conforms to the application level criteria stipulated by the GRI.

The Report, including the identification of material issues, is the responsibility of the Company's management. Our responsibility is to independently report the results of our procedures performed.

2. Procedures Performed

We have performed the following review procedures:

- Interviewed the Company's responsible personnel as to the Company's policies for compilation of the Report.
- With respect to the Indicators,
 - assessed the Company's standards used for collecting, compiling and reporting the Indicators;
 - interviewed the Company's responsible personnel as regards the way of collecting the Indicators and the process flow of calculating them, and reviewed the systems and processes used to generate the values of the indicators;
 - compared the Indicators on a sample basis with the supporting evidences to test the conformity in collection, compilation and reporting of the Indicators to the Company's policies and standards, and recomputed the Indicators; and
 - made an on-site inspection of the Company's domestic facility.
- Assessed whether all the material sustainability information defined by J-SUS is included in the Report.
- Evaluated the Company's self-declared GRI application level against the application level criteria.
- Evaluated the overall statement in which the Indicators are expressed.

We conducted our engagement in accordance with the Assurance Standard for Environmental Reports (pilot version) of the Ministry of the Environment (March 2004) and the Practical Guidelines of Sustainability Information Assurance of J-SUS (revised February 2008).

3. Results of the Procedures Performed

Based on our review, nothing has come to our attention that causes us to believe that:

- the Indicators in the Report are not collected, compiled and reported, in all material respects, rationally and in conformance with the Company's policies and standards;
- all the material sustainability information defined by J-SUS is not included in the Report; and
- the Company's self-declaration on the GRI application level does not conform to the application level criteria.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
July 31, 2008

Company Reaction to the Third-party Opinion and Independent Review

Toppan continuously asks for third-party opinions and independent reviews, in recognition of their tremendous importance for thinking deeply about CSR initiatives and improving the content and quality of information disclosed.

Mr. Yoshiki Midorikawa, director of the Green Consumer Research Group and co-chair of The Valdez Society, has provided a third-party opinion mainly on methods of information disclosure in the CSR reports, from 2005 to the present. KPMG AZSA Sustainability Co., Ltd. has independently reviewed Toppan's *Environmental Reports* published from 2001 onward, including the *CSR Report* this year. Toppan would like to thank Mr. Midorikawa and KPMG AZSA for the concrete and stimulating opinions they have developed over their many years of involvement.

The public expects and demands that companies promote extensive CSR initiatives to more proactively address social issues. To respond to these

expectations, Toppan has written up detailed descriptions of its initiatives related to the following three themes in the Special Report sections of the *CSR Report 2008*: labor, environment, and international social contribution. The 2008 report also describes the content of the meetings of the CSR Promotion Study Group held to incorporate more public views into CSR management at Toppan. The Company will continue its efforts to create improved CSR reports by carefully considering the opinions and recommendations from various stakeholders.

Mr. Midorikawa and KPMG AZSA recommended that Toppan tackle the pressing social issues facing the Company by enhancing the activities of the CSR Promotion Study Group to engage stakeholders more substantially. As challenges for Toppan's CSR management, the study group pointed out the importance of examining highly effective indicators and selecting social

issues and related actions to focus on more intensively in the future. The Company will consider these points in fiscal 2008.

In the recommendations on the Social Report section, Mr. Midorikawa proposed that Toppan conduct an employee satisfaction survey and establish medium- and long-term targets related to work-life balance. KPMG AZSA, meanwhile, proposed that Toppan explore the ways in which it can expand the scope (boundaries) of the report. The Company will consider these suggestions as it deals with the two points mentioned above.

KPMG AZSA also pointed out the limited scope of the Environmental Report section and the need for standardized indicators and factors. These issues have grown as the Group itself has grown. Toppan will continuously examine and resolve these issues while refining its approach to environmental management optimal for the entire Group.

Questionnaire enclosed here: Please let us know your opinions

We welcome feedback from readers. Stakeholder opinions are used to enhance the understandability and relevancy of our corporate social responsibility (CSR) initiatives and information disclosure for both stakeholders and the people inside Toppan. We encourage you to take a few minutes to answer the questionnaire enclosed here.

Questionnaire on Toppan's CSR Initiatives and CSR Report 2008

Thank you for reading Toppan's CSR Report 2008. We would appreciate it if you could answer the following questions and fax the completed questionnaire to the fax number on the right. All feedback received will be helpful for us as we develop future CSR initiatives and CSR reports.

CSR Promotion Department,
Legal Affairs Division, Toppan Printing Co., Ltd.
FAX: +81-3-3835-1447

Q1. From what viewpoint did you read this report?

- | | | |
|--|--|---|
| <input type="checkbox"/> Customer | <input type="checkbox"/> Customer (in charge of CSR) | <input type="checkbox"/> Customer (consumer) |
| <input type="checkbox"/> Business partner | <input type="checkbox"/> Business partner (in charge of CSR) | <input type="checkbox"/> Shareholder/Investor |
| <input type="checkbox"/> Member of a community near a Toppan operational site | <input type="checkbox"/> NPO/NGO (CSR, environment) | <input type="checkbox"/> Media |
| <input type="checkbox"/> Governmental organization, government-related institution | <input type="checkbox"/> Media | <input type="checkbox"/> Student |
| <input type="checkbox"/> Employee/Member of employee's family | <input type="checkbox"/> Other () | |

Q2. How did you find the Toppan CSR Report 2008?

- Received from Toppan Toppan's website From Toppan employee Newspaper Magazine Other ()

Q3. Please enter numbers of the topics that, in your opinion, fit the ratings in tables A and B (up to five each).

1. Special Report 1: Maintaining Work-Life Balance for Employees (P.8)
2. Special Report 2: Developing Product Components for Reduced CO₂ Emission (P.10)
3. Special Report 3: Educational Support to Improve Literacy (P.12) 4. Compliance Promotion Activities (P.34)
5. Information Risk Management (P.36) 6. Reinforcing Total Quality Assurance (P.40)
7. Technological Development Aimed at Value Creation/Products and Services Developed with Society in Mind (P.42)
8. CSR Promotion in the Supply Chain (P.44) 9. Cultural Contributions (P.46)
10. Activities for Contributing to Local Communities (P.48)
11. Realizing a Safe and Secure Working Environment (P.50) 12. Merit-based Personnel Policies (P.52)
13. Leveraging Diverse Human Assets (P.54) 14. Fostering and Developing Human Assets (P.56)
15. Increasing Transparency and Distributing Profits Appropriately (P.58) 16. Environmental Management Activities (P.68)
17. Environmental Communication Activities (P.70) 18. Mitigating Global Warming and Saving Energy (P.72)
19. Resource Circulation (P.73) 20. Pollution Prevention and Chemical Substance Management and Reduction (P.74)
21. Approach to Logistics (P.75) 22. Developing and Assessing Environmentally-friendly Products (P.76)
23. Environmentally-friendly Printing Services (P.78) 24. Considering the Ecosystem (P.79)

A. On the content and quality of activities

1. Excellent					
2. More effort required					
3. Poor					

B. On the content and quality of the information provided

1. Excellent					
2. Room for improvement					
3. Poor					

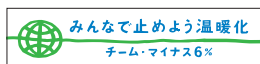
Q4. Are there any social issues that you think Toppan should tackle more actively in the future?

(For example: environmental actions; efforts to adapt to the declining birthrate and aging population; support to developing and impoverished countries; fair business activities; respect for basic human rights; consideration for workers; safety and security for consumers; consideration, cooperation, and support for local communities around operational sites; etc.)

Thank you very much for your cooperation.
(We do not request any personal information that can be used to identify individuals.)



B-(2)-060003



This report incorporates eye-friendly displays and considerations for as many people as possible regardless of individual differences in color perception. Monitors from the Color Universal Design Organization (CUDO), a nonprofit organization, have reviewed and certified this report for its universal design.