

TOPPAN

CSR REPORT 2014

Report on Corporate Social
Responsibility Activities



●Editorial Policy

Toppan prepares this corporate social responsibility (CSR) report in the hopes of encouraging dialogues with a wide range of people, especially those who have an interest or stake in Toppan's CSR activities. Toppan reports its activities in line with the seven core subjects set under the International Organization for Standardization (ISO) 26000, an international standard on social responsibility formulated by multiple global stakeholders.

●Period Covered

This report mainly covers activities in fiscal 2013 (from April 2013 to March 2014), though information on prior and later years is also included in parts.

●Scope and Boundary of this Report

In principle, this report covers the CSR activities of Toppan Printing Co., Ltd. ("the Company") and Group entities consolidated for accounting purposes. Most of the information on personnel applies to personnel within Toppan Printing Co., Ltd., the parent company. The scope of the environmental performance data on pages 34-41 includes Toppan Printing Co., Ltd. and 18 domestic manufacturing subsidiaries subject to the Company's environmental targets. These subsidiaries share important roles in the Company's environmental conservation efforts. The environmental performance data of NEC Toppan Circuit Solutions, Inc. has been excluded since October 2013, when all shares of that company were sold. The environmental performance data of the Toppan Group, including the overseas subsidiaries, are reported in *CSR Report 2014: Detailed Data*.

●CSR Report 2014: Detailed Data

A PDF file with detailed and reference data not shown in this report is downloadable from Toppan's CSR website: <http://www.toppan.co.jp/english/csr/>.

●Selecting the Information Presented in this Report

In choosing the information for this report, Toppan assesses the "materiality" of the information for society and the Company itself. Toppan considers the following points in particular: Opinions gleaned from dialogues; information from NPOs, NGOs, CSR-related organizations, and news agencies; responses to its CSR report questionnaires; and questionnaire topics from third-party organizations.

●Guidelines and Standards Considered

- The United Nations Global Compact
- ISO 26000
- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2006
- Environmental Reporting Guidelines (fiscal year 2012 version) from the Ministry of the Environment of Japan

●Reliability

KPMG AZSA Sustainability Co., Ltd. provides independent assurance for this report. As a testament to the reliability of the sustainability information presented in the report, Toppan is authorized to attach the following mark. Any report bearing this mark meets the Sustainability Reporting Assurance and Registration Criteria established by The Japanese Association of Assurance Organizations for Sustainability Information (<http://www.j-sus.org/>).



●Eye-friendliness and Readability

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

●URLs for Relevant Information

- CSR information: <http://www.toppan.co.jp/english/csr/>
(If erroneous entries or misprints are found after CSR reports are issued, the related information will be shown here.)
- IR information: <http://www.toppan.co.jp/english/ir/>
- Corporate governance reports: <http://www.tse.or.jp/listing/corpgov/> (in Japanese)
- Financial statements: <http://disclosure.edinet-fsa.go.jp/> (in Japanese)

Publication Dates (English version)

Previous report: October 2013
Current report: October 2014
Next report: October 2015 (planned)

Contact Information

CSR Promotion Department, Public Relations Division
Toppan Printing Co., Ltd. (Tokyo, Japan)
Email: csr@toppan.co.jp

The United Nations Global Compact is a voluntary policy initiative for businesses and organizations to enlist their participation in the establishment of a globally recognized practical framework under which every business and organization commits to the vision of sustainable development by implementing responsible, creative leadership initiatives and acting as responsible members of society. Toppan participates in the United Nations Global Compact, supports the 10 principles of the Global Compact in the four areas of human rights, labour, environment, and anti-corruption, and implements these principles in its own corporate activities.

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- 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.



Network Japan
WE SUPPORT

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Group Business Outline

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 & Representative
Director**
Shingo Kaneko

**Number of employees
(nonconsolidated)**
8,604 (as of the end of March 2014)

**Number of employees
(consolidated)**
48,751 (as of the end of March 2014)

Capital (nonconsolidated)
104.9 billion yen

Group Profile

The Toppan Group comprises Toppan Printing Co., Ltd. ("the Company") and 180 related companies (154 subsidiaries and 26 affiliates) engaged in manifold businesses in three fields: Information & Communication, Living Environment, and Material Solutions.

The positioning of the Company and related companies in these fields is outlined on page 44.

Business Fields

Information & Communication

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



Secure Business



Marketing



Content Business

Living Environment

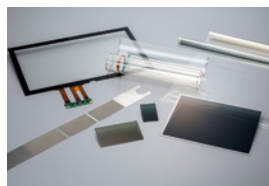
Providing a wide range of products and services to create living environments that offer comfort and peace of mind.



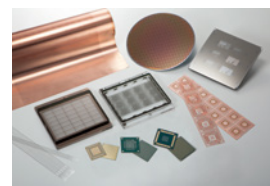
Packaging

Material Solutions

Using printing technologies to develop products related to displays, semi-conductors, functional products, energy, and more.



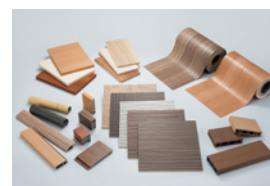
Display Related



Semiconductor Related



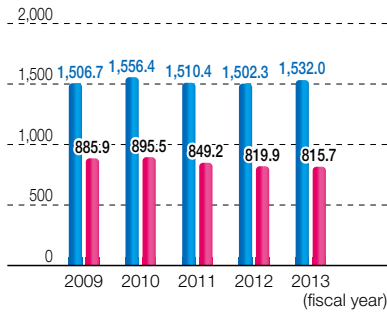
Functional Product and Energy
Related



Interior Décor Materials

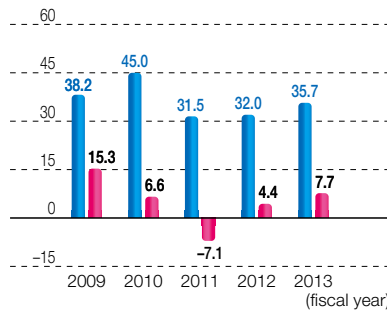
Net Sales

(billion yen) ■ Consolidated ■ Nonconsolidated



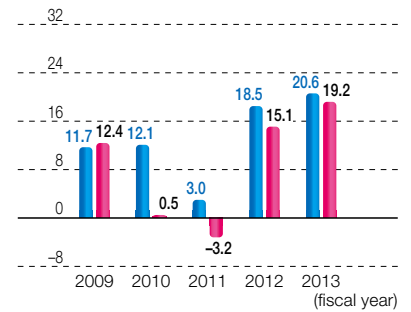
Operating Income or Loss

(billion yen) ■ Consolidated ■ Nonconsolidated



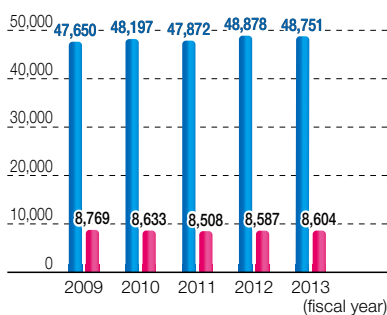
Net Income or Loss

(billion yen) ■ Consolidated ■ Nonconsolidated

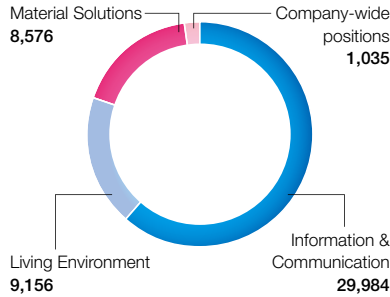


Number of Employees

■ Consolidated ■ Nonconsolidated

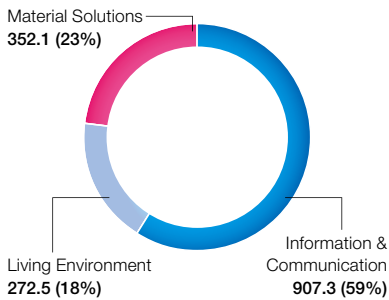


Number of Employees by Business Field (consolidated)



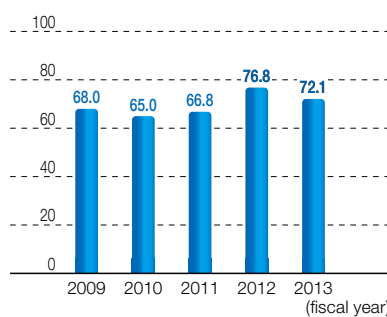
Net Sales by Business Field

(billion yen)



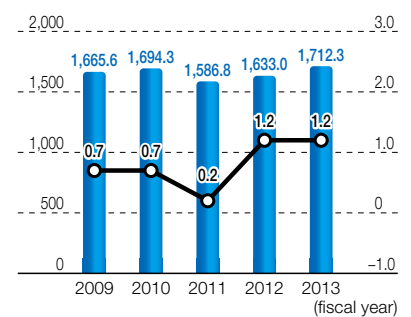
Capital Expenditure

(billion yen)



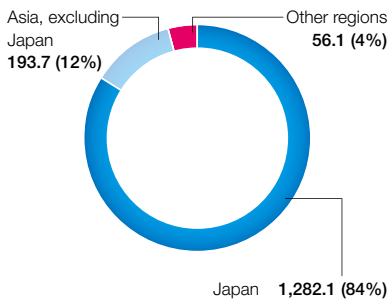
Total Assets & Return on Assets (ROA)

(billion yen) (%)



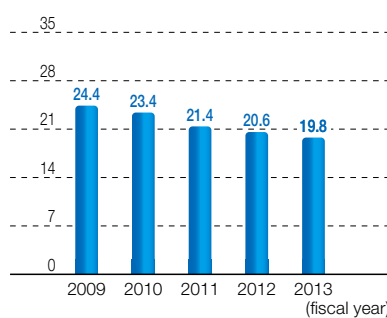
Net Sales by Region

(billion yen)



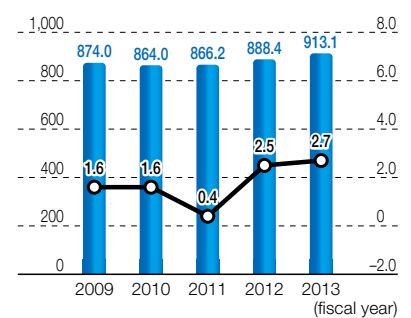
R&D Expenses

(billion yen)



Net Assets & Return on Equity (ROE)

(billion yen) (%)



Note: The number of employees is the number of employees working at the Group. The number of non-regular employees for fiscal 2013 stood at 7,627 on a consolidated basis (the average number of employees throughout the fiscal year, including part-time workers but excluding temporary staff).

Contributing to Fulfilling Lifestyles

Movements were mixed in the global economy for fiscal 2013. In the U.S., steady personal consumption kept the economy on a recovery track. In Europe, however, lingering uncertainty over the Southern Europe debt crisis thwarted hopes for a complete recovery from long-term stagnation. Growth also slowed in China and Southeast Asia.

Japan's economy moved into a gradual recovery trend. The government's economic policies helped correct the drastically elevated yen, while consumer spending and corporate earnings both recovered. Over the longer term, however, pressures such as sharply rising prices for raw materials and fuel cloud the outlook for the Japanese economy.

In light of this, we have been striving to improve our business performance by addressing three management challenges. The first challenge is to advance our Group-wide structural reform. Improvements in management efficiency will enable us to establish a stronger, sounder business structure that will keep us profitable in today's drastically changing markets and shift our management focus to enhanced value for our corporation and busi-

nesses. The second is to create new businesses and new markets by developing business models that meet the ever-changing demands of our time using the printing technologies we have cultivated since our founding. The third is to accelerate global business expansion targeting sustainable operations by taking advantage of business alliances and M&As and by restructuring our sales and production structures mainly in Asia and other growing markets.

Our business slogan for 2014 is "Full speed ahead—Let's accelerate growth with printing technologies." We continue taking on new challenges based on this slogan. By steering growth in the directions mapped out for the three management challenges, we are shifting into higher gear to gain momentum for a significant leap forward.

To Create Business Opportunities for Faster Growth

Paradigm shifts in our business environment will bring opportunities for us to grow faster. We define these changes as "three revolutions:" 1) the energy revolution, the change-over from fossil resources to renewable energy; 2) the packaging revolution, the replacement of glass bottles and metal cans with new types of packaging across the globe; and 3) the information revolution, the switch from paper-based media to digital media such as the Internet and smartphones.

I believe we can exploit the huge opportunities these three revolutions bring by engaging highly diverse human resources and building an environment in which they can fully demonstrate their abilities and skills.

At Toppan we do business with companies in every sort of industry. By engaging human resources with greater diversity, we can propose total solutions for the many different challenges our client companies face and devise custom-fit solutions to the unique problems individual companies come up against.

In fiscal 2013 Toppan became one of the "Diversity Management Selection 100," a group of companies selected and awarded by the Ministry of Economy, Trade and Industry of Japan in recognition of their use of diverse human resources to innovate. We will continue pursuing diversity management in the years to come.



To Be a Company that Grows Steadily with Society

TOPPAN VISION 21 is positioned as the foundation for all of our corporate activities. This vision consists of a Corporate Structure (the Corporate Philosophy, the Corporate Creed, and a set of Conduct Guidelines defining the values and standards we should respect) and business fields based on the Corporate Structure.

In striving to make *TOPPAN VISION 21* a reality, I am convinced that we must accomplish the three management challenges and fulfill our social responsibility as a corporation in order to help solve social issues and drive our growth in step with all of society.

The United Nations Global Compact is an invaluable guideline for us as we undertake our journey towards this end. Toppan has been participating in the United Nations Global Compact and supporting the 10 principles of the Global Compact on human rights, labour, environment, and anti-corruption since September 2006. I will continue espousing the United Nations Global Compact and shaping our corporate social responsibility (CSR) activities accordingly.

The International Organization for Standardization (ISO) 26000 Guidance on Social Responsibility (international standard for organizations) was issued in 2010 to provide guidelines with which every type of organization should comply in order to operate in socially responsible ways. The standard condenses various social issues to be addressed. Convinced that any help towards solving these issues will bring us closer to implementing the United Nations Global Compact, we incorporated ISO 26000 into our CSR management practices in fiscal 2011 and have been pushing forward with CSR activities by piecing together a clear picture of the social issues we should help solve and the social responsibilities we should fulfill.

Towards a Sustainable Society

We support employees with families to help them strike a balance between work and parenting. This support exemplifies our efforts to create an environment in which human resources of great variety can exploit their abilities to the greatest possible extent. We have extended the period of

childcare leave and improved the system of reduced working hours for employees with childcare responsibilities. A childrearing support program was launched in fiscal 2012 to help working parents cope with the stresses of parenting and to relieve the anxieties of employees on childcare leave who are worried about their return to the workplace. In fiscal 2013 we invited a lecturer to hold a seminar in this program. A large number of both female and male employees engaged in parenting attended. This indicates a growing interest in work-family balance among our employees.

We have also been facilitating CSR procurement in cooperation with business partners in an effort to fulfill our corporate social responsibilities not only within the Group, but throughout the entire supply chain. We revised and renewed the Toppan Group CSR Procurement Guidelines in January 2014 to work on newly defined issues that our customers and international social standards require companies to address. The Basic Procurement Policy was revised and the CSR Procurement Standards were reorganized into two categories aligned with the latest global standards: the Basic Procurement Standards and the Procurement Standards Concerning Human Rights, Labor, the Environment, and Anti-Corruption. Every business partner is asked to comply with the revised guidelines. We, in turn, will collaborate more closely with business partners throughout the entire supply chain to better fulfill our corporate social responsibilities.

With Our Stakeholders

At Toppan we would like to continue disclosing information through this CSR report, one of our most valuable tools for communicating with our stakeholders. I am eager to hear your candid opinions about this report.

We will keep up our work towards the creation of fulfilling lifestyles in a sustainable society. We rely on your ongoing support and guidance.

July 2014

Shingo Kaneko

President & Representative Director
Toppan Printing Co., Ltd.



Toppan's CSR Activities

Toppan's Ideal "Corporate Structure"

TOPPAN VISION 21 sets forth the basic concept and directionality for the continual growth of the Toppan Group in harmony with society and the global environment.

The vision consists of a "Corporate Structure" and a set of "Business Fields." The Corporate Structure specifies ideals and important values and concepts for the Group.

Toppan believes that endeavors to realize the Corporate Structure will support the sustainable development of the Group and society as a whole.

Corporate Philosophy, Corporate Creed, and Conduct Guidelines

The Corporate Structure 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 operations of the Toppan Group.

Toppan established the Corporate Philosophy, the top concept underpinning all of Toppan's corporate activities, to promote continual development as a socially valuable corporation. The Corporate Creed expresses the standards to be kept foremost in mind when performing business operations. Built on the Corporate Philosophy and Corporate Creed, the Conduct Guidelines set out the basic concepts and behavioral norms for Toppan employees both as businesspeople and as members of society.

Toppan's Ideal "Corporate Structure"

Corporate Philosophy

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

Established in June 2000

TOPPAN VISION 21

http://www.toppan.co.jp/english/corporateinfo/vision/corp_image/rinen.html

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. Having high ethical standards and acting as a responsible member of society
3. Complying with laws and company rules and conducting fair business operations
4. Avoiding all links with antisocial groups
5. Striving to improve quality and providing creations that contribute to customer satisfaction
6. Recognizing the importance of information related to business and managing it appropriately
7. Proactively undertaking conservation of the global environment
8. Embracing change and taking on new challenges
9. Building trust from society through social contribution activities and appropriate disclosure of information
10. Bringing together individual strengths to fully exploit the integrated strength of the group

Established in June 2000; revised in November 2010

See page 27 for Chapter 2: Specific Conduct Guidelines.

CSR Activities

Corporate social responsibility (CSR) activities are prominent among Toppan's many endeavors to realize the ideal Corporate Structure the Group envisions. As measures seeking to incorporate social demands into business operations, CSR activities are vital for Toppan's growth as a corporation in harmony with society and the global environment.

The United Nations Global Compact is an invaluable guideline for the Group as it undertakes CSR activities. In designing concrete activities, Toppan also closely refers to the ISO 26000 Guidance on Social Responsibility, an international standard formulated through the consensus of diverse stakeholders around the world. This standard typifies demands from society at present.

ISO 26000 provides guidance on the principles of social responsibility—what it means and how it applies to organizations. Any type of organization of any size can use it. This standard encourages organizations to address its seven core subjects—organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement and development—and emphasizes stakeholder engagement through dialogue.

Toppan will promote CSR activities with this guidance in mind and disclose the results via this CSR report in line with the seven core subjects.

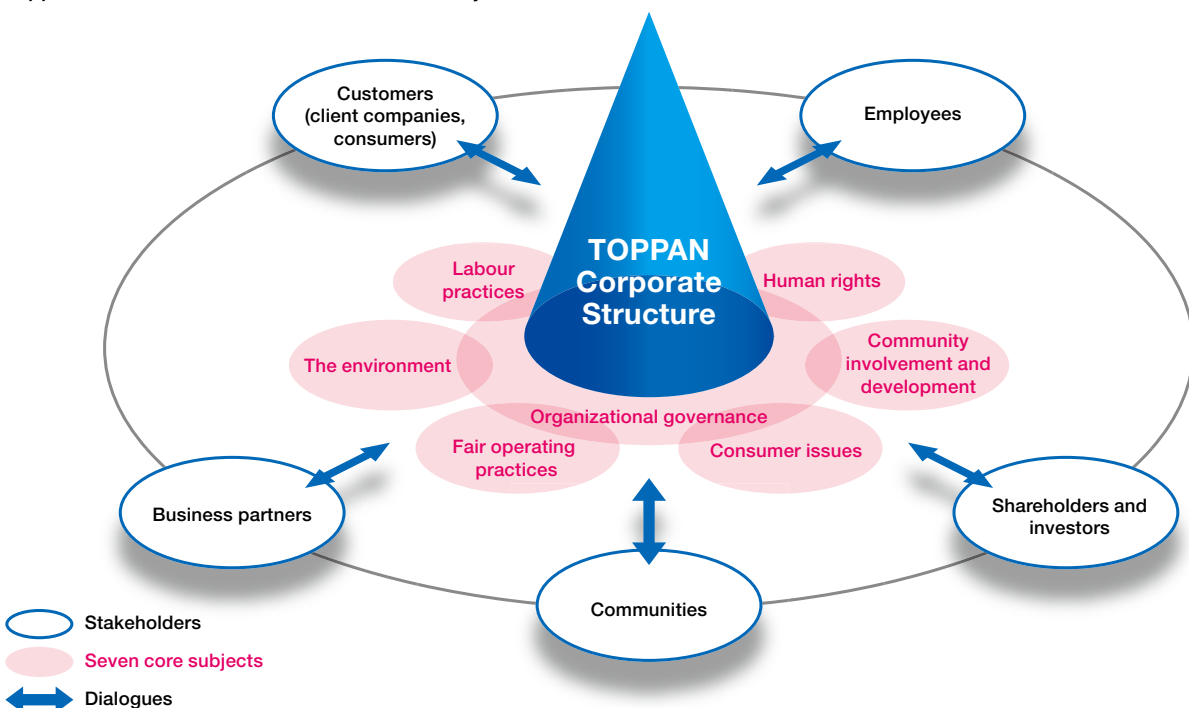
Dialogues with Stakeholders

Toppan has recognized categories of stakeholders who are either vital for its business operations or potentially impacted by them: customers (client companies, consumers), business partners, communities, shareholders/investors, and employees.

To shape CSR activities satisfactory to all stakeholders, Toppan attaches great importance to stakeholder dialogues and reflects stakeholder opinions in its activities.

Along with the regular dialogues with its stakeholders in the course of daily business, Toppan has been holding meetings with representatives from each stakeholder category and with experts and organizations deeply knowledgeable on social issues since fiscal 2004. In fiscal 2011, Toppan began taking part in the ISO 26000 Working Group organized by Global Compact Network Japan. In fiscal 2013, Toppan entered dialogues with experts and NGOs on topics related to the supply chain, consumer issues, human rights, and community involvement.

Toppan's Stakeholders and the Seven Core Subjects under ISO 26000



Supporting Employees with Children

Toppan continues taking a proactive approach to address growing social demands for the creation of structures in which more diverse people, especially women, young people, and the elderly, can play active roles. In fiscal 2013 the Company launched a new “Hagukumi (nurturing) Program” to further facilitate support activities for employee parents to help them fully apply their abilities and skills.



Incentives to Support Balance between Working and Parenting

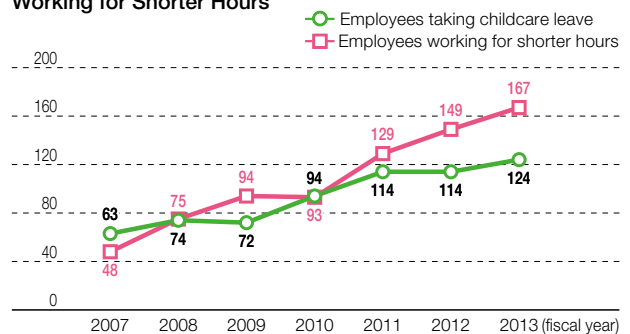
The participation of more diverse people in economic activities is one of the most important challenges under Japan's recent growth strategy. Japan understands the need to create an environment in which working parents can engage in both work and childcare without undue stress—especially working mothers. More and more parent employees at Toppan have been signing up for childcare leave or working for reduced hours in recent years.

Toppan's Continuous Efforts

Toppan continues making various efforts to create an environment in which a greater diversity of people can apply their abilities to maximum potential. For better balance between work and parenting, the Company introduces employee support systems that surpass legal requirements in Japan.

For parents, for example, Toppan has extended the period of childcare leave up to the end of the first March after the employee's child reaches the age of 12 months. This eases difficulties parents face in Japan, where entry to daycare services is often impossible midway through the year. The eligibility period for reduced working hours for employees with childcare responsibilities is set to continue up to the end of the child's third year of elementary school (→P. 21).

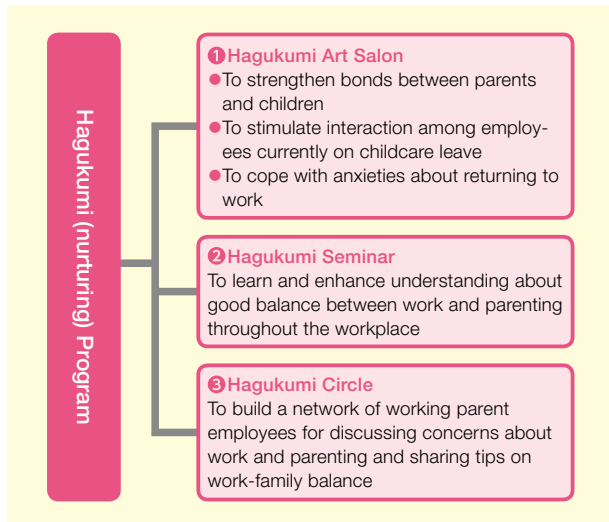
Numbers of Employees Taking Childcare Leave and Working for Shorter Hours



In fiscal 2012, a total of 14 parents and children joined the Hagukumi (nurturing) Art Salon, a therapeutic activity organized by Toppan in Tokyo for parent employees on childcare leave. Children and parents from each family collaborated in teams to create artworks in four separate sessions. This salon is structured as a program to strengthen bonds between parents and children, relieve the stresses of parenting, and stimulate interaction among different parents on leave. The participants also receive a *Hagukumi Newsletter* with information and advice to help them smoothly return to the workplace. The newsletter updates parents on current developments within the Company, information on various support systems useful for parents on childcare leave, and messages of encouragement from colleagues.

New and Improved Hagukumi Program

In fiscal 2013, Toppan upgraded the Hagukumi (nurturing) Program and conducted the three activities described below. This program aims to cope with the stresses employees on childcare leave so often feel about returning to the workplace and to relieve the uncertainties of working parents about their future careers. The program also provides opportunities for working parents to share useful skills for attaining work-family balance and for Company coworkers to enhance understanding about the importance of this balance.



1 Hagukumi Art Salon

In fiscal 2013, the Company increased the Art Salon venues to three—Tokyo, Osaka, and Fukuoka—and signed up a total of 28 parents and children for art sessions. Feedback from participants was consistently positive: (e.g.) “It was interesting to see my kid so deeply focused”; “Talking with other employees on childcare leave helped me prepare mentally for my upcoming return to work”; “I received a warm message from my boss.”



Hagukumi Art Salon



Hagukumi Newsletters (in Japanese)

2 Hagukumi Seminar

The Hagukumi Seminar was designed as an activity to make colleagues throughout the workplace more aware of the importance of work-family balance for working parents. The 131 seminar participants in fiscal 2013 included not only working parents, but also managers, and coworkers who hope to balance work and parenting in the future.

The seminar consisted of sundry activities such as a lecture by an invited lecturer, a panel discussion of participants who had experienced life as working parents, and small group discussions to think about how employees can improve balance between work and parenting as individuals. Participants rated the event favorably and clearly learned more about the issues involved in work-family balance. Participants commented that it eased their worries about taking maternity and childcare leave and returning to work after the leave; made them realize how important it is to think about working styles from personal, subjective viewpoints; and helped them to understand that instead of fretting over the pressures subordinates with children face, steps should be taken to sound out their working aspirations and help them move in the right directions in their careers.



Panel discussion

3 Hagukumi Circle

As a pilot activity to develop the Hagukumi Circle, several small groups of working parent employees were asked to gather at lunch to form a network for discussing their everyday concerns and sharing tips on maintaining a balance between work and parenting. The Company used feedback gleaned from the participants of this preliminary circle activity last year to develop a better way to operate the Hagukumi Circle when it starts up on a full scale in fiscal 2014.

Towards the Future

In fiscal 2014, Toppan will continue holding the Hagukumi Art Salon and Hagukumi Seminar and will officially start up the Hagukumi Circle. These activities will ease mental burdens for working parents and further the sharing of knowhow on work-family balance. The Company will also spread enhanced awareness on the importance of work-family balance throughout all of its workplaces. Toppan is determined to create an environment in which diverse human resources can fully apply their abilities and skills in their careers.

CSR Procurement: Working with Suppliers to Comply with Global CSR Standards

When applying CSR procurement at a company, every party throughout the supply chain needs to implement CSR initiatives. The Toppan Group issued a revised set of CSR procurement guidelines in fiscal 2013 incorporating the requirements stipulated under the United Nations Global Compact and the ISO 26000 international standard for organizations on social responsibility. Coinciding with this, Toppan continues engaging business partners in related CSR procurement briefings and dialogues and sending them questionnaires to assess the status of their CSR practices.



Toppan's Ongoing Efforts in CSR Procurement

As a corporate initiative, CSR procurement extends to labor and environmental management and other elements of corporate social responsibility at partner companies. In the 1990s, overseas companies faced a new wave of social and legislative demands requiring them to extend their CSR activities throughout the entire supply chain. The same demands soon spread to Japan.

In May 2007, Toppan issued the first version of the Toppan Group CSR Procurement Guidelines to improve mutual corporate values in cooperation with collaborating business partners. In the years since, every business partner willing to cooperate with the Group's CSR procurement initiatives has submitted a memorandum of cooperation and reported its CSR activities in questionnaires. Toppan has checked the current status of business partner practices with these questionnaires and visited partners to conduct onsite inspections and face-to-face interviews whenever necessary.

Issuing New Guidelines Pursuant to Global Standards

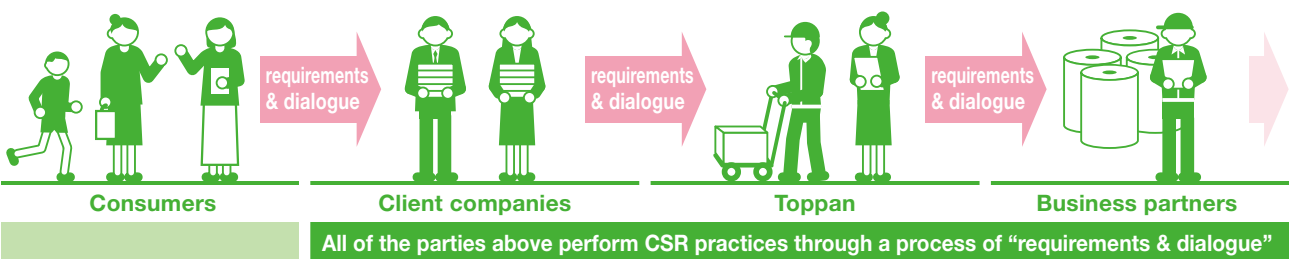
The Toppan Group revised its CSR procurement guidelines and issued a second version in January 2014.

The Toppan Group CSR Procurement Guidelines consist of the Basic Procurement Policy, a conceptual framework to be closely observed by every Toppan employee involved in procurement operations, and the CSR Procurement Standards, a set of requirements to be satisfied by every business partner.

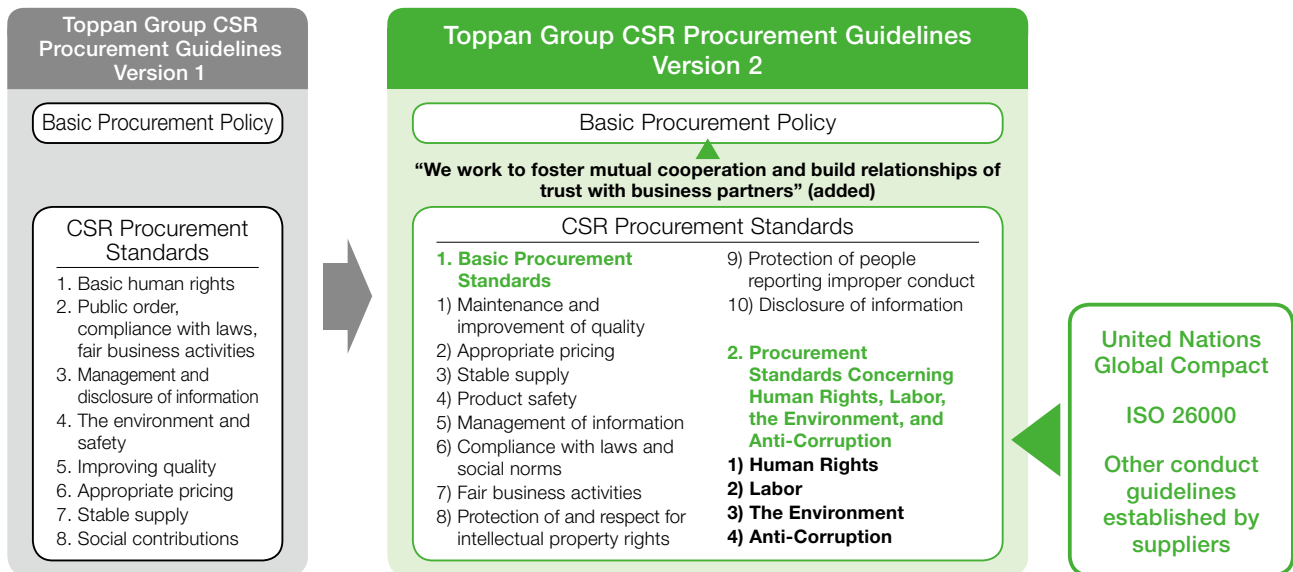
Two major revisions are adopted in the new guidelines. The first revision is the addition of an article related to the fosterage of mutual cooperation and relationships of trust with business partners in the Basic Procurement Policy to be observed by Toppan employees. So far the Group has provided compliance education for employees involved in procurement operations and has established and operated the Supplier Hotline, a portal for receiving reports from business partners on rule violations or improper conduct by Toppan. With this new article in place, the Group expects version 2 of the guidelines to renew employee awareness on the need for building mutual cooperation and relationships of trust.

The second revision is a composition change of the CSR Procurement Standards to improve their clarity. Specifically, the standards were reorganized into two categories: the Basic

We want companies to implement CSR initiatives throughout the entire supply chain



Major Revisions to the CSR Procurement Guidelines



Procurement Standards and the Procurement Standards Concerning Human Rights, Labor, the Environment, and Anti-Corruption. The former stipulates underlying conditions generally required in all business transactions, such as: product safety; management of information; and compliance with laws and social norms. The latter focuses on the major four issues globally emphasized in CSR initiatives. Toppan has been participating in the United Nations Global Compact and supporting the 10 principles of the Global Compact on human rights, labour, environment, and anti-corruption since September 2006. Toppan incorporated the concept of the ISO 26000 international standard for organizations on social responsibility in its CSR management practices in fiscal 2011 and has been pushing forward with CSR activities by piecing together a clear picture of the social issues the Group should help solve and the social responsibilities it should fulfill. The two revisions to the guidelines are further attempts by the Group to closely tie its responses to global demands in CSR procurement to the globalization of Toppan's business activities overall. Toppan Printing Co., Ltd. was the first company in Japan's printing industry to establish guidelines clearly stipulating good practices in the realms of human rights, labor, environment, and anti-corruption (→PP. 18, 26).

More Efforts in Fiscal 2013

In addition to the issuance of the Toppan Group CSR Procurement Guidelines Version 2, Toppan held briefing sessions for business partners in operational sites across Japan from January to March in 2014. Over the course of about an hour, the typical length of a session, participants shared views on demands from international communities for CSR initiatives throughout the entire supply chain, major CSR issues of special focus, and details on version 2 of the guidelines. Questions and inquiries from business partners were also encouraged. About 1,200 partner companies took part in the sessions, in total.

After each session, Toppan conducts questionnaires to review the activities business partners are undertaking in the realms of human rights, labor, environment, and anti-corruption.

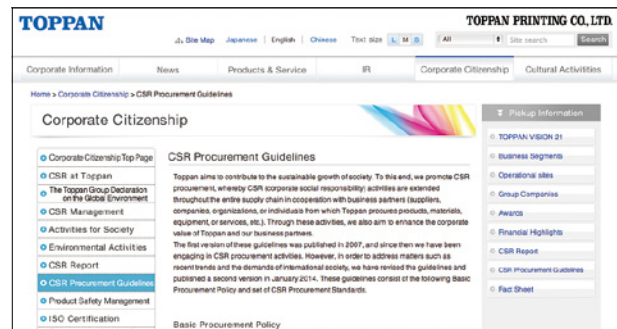
Future Approach

The Toppan Group will continue holding briefing sessions for business partners and sending out questionnaires in fiscal 2014 to enhance mutual understanding and review the current CSR practices of business partners.

When questionnaire results come in, the Group also plans to hold individual dialogues with business partners to facilitate the establishment of a reliable supply chain for society at large.



Briefing session for business partners



Toppan Group CSR Procurement Guidelines (Toppan website)
<http://www.toppan.co.jp/english/csr/policy.html>

CSR Activity Digest 2013





Results in Fiscal 2013 and Future Measures in Line with the Seven Core Subjects under ISO 26000

Seven Core Subjects	Action Points and Targets for Fiscal 2013	Main Measures in Fiscal 2013
Organizational governance	Developing CSR management based on ISO 26000	<ul style="list-style-type: none"> Implement e-learning-based, Company-wide basic education on CSR management at more Group companies
	Formulating business continuity plans (BCPs) across the Group and facilitating business continuity management (BCM) on an ongoing basis	<ul style="list-style-type: none"> Implement BCM at the regional sites, Group companies, and other Group entities that have yet to formulate BCPs (by formulating a basic plan and action procedure manual, organizing drills, and conducting related activities) Organize BCM- and BCP-related education and develop human assets to engage in BCM and BCPs
Human rights	Heightening awareness of the importance of respecting basic human rights	<ul style="list-style-type: none"> Continue organizing various training sessions to nurture businesspeople guided by the concept of respect for people
	Providing an open environment and information for recruitment	<ul style="list-style-type: none"> Facilitate the hiring of human assets endowed with latent talents and motivations advantageous for careers in a global business environment
	Proactively appointing female employees to higher positions	<ul style="list-style-type: none"> Appoint more female employees to higher positions and leverage female talent; create working environments where employees can strike a balance between working and raising children
	Working for equal opportunity in individual career development and helping employees pursue their own career paths	<ul style="list-style-type: none"> Use the system for career self-determination (Challenging Job System) as a tool to deploy human assets based on individual capabilities and motivation and to appoint at least 20% of employee applicants to the departments or divisions where they would like to work Arrange rotations and training to provide employees opportunities to develop their capabilities
	Supporting second careers for retired employees	<ul style="list-style-type: none"> Use the newly introduced Senior Reemployment System as a tool for leveraging the knowledge, experience, and expertise of veteran employees
	Promoting the employment of persons with disabilities	<ul style="list-style-type: none"> Develop new job positions for employees with disabilities; strengthen support systems to hire more persons with disabilities
Labour practices	Properly operating personnel treatment systems	<ul style="list-style-type: none"> Rearrange working conditions and personnel treatment systems to enhance the Company's capacity to respond to environmental changes in business; introduce new systems and schemes and consider support plans for individual career development
	Supporting work-life balance 1) → Shortening total working hours	<ul style="list-style-type: none"> Create new ways of working based on job specifications, work styles, and the like by adopting a new personnel treatment system in sales and planning departments Hold opinion-exchange discussions on ways to encourage employees to take leave, including the creation of more accommodating workplace environments
	Supporting work-life balance 2) → Creating a working environment where employees can strike a balance between working and raising children	<ul style="list-style-type: none"> Consider the introduction of a teleworking system for employees who want to come to the office but are prevented from doing so by childcare obligations
	Creating a better working environment through partnerships between labor and management	<ul style="list-style-type: none"> Increase opportunities for opinion exchanges between labor and management, including division tripartite conferences, business councils at individual divisions, and labor-management committees for the creation of a working environment amenable to enhanced job satisfaction Continue holding and gingering up recreational events jointly organized by labor and management
	Ensuring occupational health and safety and reinforcing countermeasures against fires	<ul style="list-style-type: none"> Introduce risk assessment on a full scale in a bid to make machines and equipment intrinsically safer Switch to less hazardous cleansing agents at the workplaces that use organic solvents for offset printing and like processes
	Reinforcing countermeasures against disasters	<ul style="list-style-type: none"> Install Company-wide task force functions in the Kansai area in Japan Share information about stockpiled emergency supplies and management ledgers for supplies at the main sites in Japan Continue organizing initial action drills; perform checks
	Promoting healthcare and health enhancement	<ul style="list-style-type: none"> Offer systematic healthcare guidance for employees with health risks associated with lifestyle-related diseases (healthcare guidance on the preemption of lifestyle-related diseases, lifestyle improvement programs)
	Arranging measures for mental healthcare	<ul style="list-style-type: none"> Continue conducting mental health training and providing employees with opportunities to consult with counselors
	Developing and fostering human assets	<ul style="list-style-type: none"> Upgrade practical programs to address business challenges and programs to nurture leaders; strengthen the fosterage of human assets with the skills and motivations necessary to work in a global business environment
	The environment	See page 35
Fair operating practices	Heightening awareness of laws, regulations, and the Conduct Guidelines	<ul style="list-style-type: none"> Reinforce measures to prevent improper conduct by enhancing the activities of the Conduct Guidelines Promotion Leaders Implement the Conduct Guidelines in overseas Group companies
	Complying with transaction-related laws and regulations	<ul style="list-style-type: none"> Ensure proper subcontract transactions and build proper relationships with business partners
	Promoting CSR initiatives in the supply chain	<ul style="list-style-type: none"> Establish new CSR Procurement Guidelines with CSR procurement criteria based on internationally accepted auditing standards and notify business partners about the new guidelines
Consumer issues	Ensuring consumer safety through the strict prevention of quality-related accidents	<ul style="list-style-type: none"> Help operational sites visualize and quantify risks in their business process outsourcing (BPO) operations Upgrade the quality assurance system for businesses related to packaging for food, medical, and pharmaceutical products Continue disseminating information on Ver. 3.1 of the Toppan Group's Standards for the Management of Chemical Components of Raw Materials
	Disclosing environmental information	<ul style="list-style-type: none"> Operate the internal carbon footprint of products (CFP) system (monthly progress meetings, management reviews, regular audits) Foster human assets to engage in CFP operations such as CFP quantification and verification
	Establishing an information security management structure towards the complete elimination of information-related accidents	<ul style="list-style-type: none"> Instruct 62 tightly secured areas designated for the handling of personal information on conformance with the revised criteria Organize education for all employees on the proper handling of personal information and carry out internal audits for all departments across Japan
Community involvement and development	Arranging social contribution programs to help solve social issues	<ul style="list-style-type: none"> Sponsor the 7th series of <i>Toppan Charity Concerts</i> Consider social contribution programs in which Toppan employees take part

Results in Fiscal 2013	Self Evaluation	Action Points, Targets, and Main Measures for Fiscal 2014
<ul style="list-style-type: none"> Deepened the understanding of ISO 26000 via e-learning-based, Company-wide basic education for Toppan and Group company employees 	A	<ul style="list-style-type: none"> Implement e-learning-based, Company-wide basic education on CSR management at more Group companies
<ul style="list-style-type: none"> Formulated BCPs at all of the main sites in Japan Organized BCM simulations and various other drills at the main sites in Japan Acquired the Business Continuity Advancement Organization (BCAO) Business Continuity Specialist Grade I and II certifications 	A	<ul style="list-style-type: none"> Review and prepare various BCM procedures and other BCM materials; implement preliminary business continuity measures; organize BCM simulations and various other drills Organize BCM- and BCP-related education and develop human assets to engage in BCM and BCPs
<ul style="list-style-type: none"> Organized education on respect for basic human rights through basic Company-wide training and rank-based training; disseminated the principle of respect for basic human rights through the activities of the Conduct Guidelines Promotion Leaders 	A	<ul style="list-style-type: none"> Continue organizing various training sessions to nurture businesspeople guided by the concept of respect for people
<ul style="list-style-type: none"> Made provisional offer of employment to 3 Americans at the Boston Career Forum held in the U.S. for bilingual job-seekers (e.g., Japanese students learning overseas and international students learning in Japan) 	A	<ul style="list-style-type: none"> Promote the hiring of human assets who possess latent talents and motivations advantageous for careers in a global business environment (including international students learning in Japan)
<ul style="list-style-type: none"> Attained a 5.7% ratio of females among managerial and supervisory staff (as of April 1, 2014) 	A	<ul style="list-style-type: none"> Take positive actions to appoint more female employees to higher positions, leverage female talent, and create working environments where employees can strike a balance between working and raising children
<ul style="list-style-type: none"> Appointed 244 employee applicants (18.9% of all applicants) to the departments or divisions where they wished to work (as of April 2014) 	A	<ul style="list-style-type: none"> Make proactive use of the Challenging Job System to appoint at least 20% of employee applicants to the departments or divisions where they would like to work
<ul style="list-style-type: none"> Introduced a new Senior Reemployment System on April 1, 2013 in line with the amendment to the Law concerning Stabilization of Employment of Older Persons in Japan 	A	<ul style="list-style-type: none"> Promote systems to support second careers for retired employees and to offer working options well suited to the motivation of more experienced employees
<ul style="list-style-type: none"> Attained a 2.09% ratio of employees with disabilities in the total workforce (as of June 1, 2014) Appointed employees with disabilities to sections that had not previously hired employees with disabilities and developed new job positions for them 	A	<ul style="list-style-type: none"> Diligently facilitate the hiring of persons with disabilities by sharing information with local public job-placement offices across Japan
<ul style="list-style-type: none"> Reviewed personnel treatment systems for managerial staff at Group companies 	A	<ul style="list-style-type: none"> Hold career seminars; devise schemes to contribute to individual career development Consider and implement measures to maintain employee motivation and provide follow-up
<ul style="list-style-type: none"> Convened special labor-management committees to discuss new ways of working in sales and planning departments and updated personnel treatment systems based on evolving working styles; adopted a new working system in July 2013 Discussed ways to encourage employees to take leave during opinion exchanges at labor-management committees for the creation of a working environment amenable to enhanced job satisfaction 	A	<ul style="list-style-type: none"> Facilitate appropriate supervision of working hours using the employment management system Implement measures based on labor-management discussions on ways to encourage employees to take leave, including the creation of more accommodating workplace environments
<ul style="list-style-type: none"> Introduced a teleworking system in February 2014 Held the Hagukumi (nurturing) Seminar in December 2013 and Hagukumi Art Salon in February and March 2014 	A	<ul style="list-style-type: none"> Continue holding the Hagukumi Seminar and Hagukumi Art Salon; organize these activities in more areas in Japan Operate the Hagukumi Circle, a network of employees balancing work and childcare
<ul style="list-style-type: none"> Arranged regular opportunities for opinion exchanges between labor and management, including division tripartite conferences and labor-management committees for the creation of a working environment amenable to enhanced job satisfaction Held division-based recreational events jointly organized by labor and management 	A	<ul style="list-style-type: none"> Increase opportunities for opinion exchanges between labor and management, including division tripartite conferences, business councils at individual divisions, and labor-management committees for the creation of a working environment amenable to enhanced job satisfaction Continue holding and gingering up recreational events jointly organized by labor and management (including one Company-wide event to be held in October 2014)
<ul style="list-style-type: none"> Reduced the number of occupational accidents by 20% Improved the <i>Anzen Dojo</i> safety training facility at the Kawaguchi Plant in Saitama Prefecture; established a <i>dojo</i> at Fukuoka Plant in Fukuoka Prefecture Selected new cleansing agents for offset printers to prepare for gradual adoption during fiscal 2014 	B	<ul style="list-style-type: none"> Promote safety activities across operational sites based on the analyses of workplace safety awareness surveys Enrich rank- and job-based safety education with a textbook for foremen Complete the switch from cleansing agents previously used at offset printing workplaces to new agents not restricted under the Ordinance on Prevention of Organic Solvent Poisoning ("Organic Solvent Ordinance") in Japan
<ul style="list-style-type: none"> Organized drills for the establishment of disaster task forces at the main sites in Japan Organized a comprehensive disaster-preparedness drill in Akihabara on March 11, 2014 (evacuation drill, distribution of stockpiled supplies, communication drill using the safety confirmation system, walk-home drill) 	A	<ul style="list-style-type: none"> Organize startup drills for alternate functions of the Company-wide task force in the Kansai area in Japan Continue organizing initial action drills in Akihabara; hold assembling drills for the task force crew
<ul style="list-style-type: none"> Attained a regular medical check-up ratio of 57.3% for the dependents of employees (a 3 point improvement from the ratio in the previous year) Held various meetings to encourage more people to come in for health check-ups for lifestyle-related diseases 	A	<ul style="list-style-type: none"> Improve the medical check-up ratio by intensively encouraging insured members of employee families to come in for regular medical check-ups Cooperate with the Toppan Group Health Insurance Union to formulate and implement a Data Health Plan
<ul style="list-style-type: none"> Operated Art Salon at 17 regional sites across Japan (1 more site than in fiscal 2012) Distributed a new handbook for managerial and supervisory staff to provide guidance on handling mental healthcare for their subordinates 	A	<ul style="list-style-type: none"> Continue operating Art Salon Arrange mental health check-ups jointly with the regularly scheduled medical check-ups
<ul style="list-style-type: none"> Educated 141 managerial staff via programs aimed to strengthen fundamental capabilities; added 7 courses to the training programs organized by divisions outside the Tokyo metropolitan district Sent 4 employees to an overseas business school; put 101 employees through the selective training on globalization 	A	<ul style="list-style-type: none"> Upgrade support programs via various channels such as the Toppan Business School; expand learning opportunities and enrich learning content Dispatch employees outside the Company to strengthen the fosterage of human assets with the skills and motivations necessary to work in a global business environment
<ul style="list-style-type: none"> Held 77 training sessions for 1,205 Leaders from Toppan and Group companies Examined the content of a Chinese version of the <i>Conduct Guidelines Casebook</i>, a Q&A style booklet describing practices related to the Conduct Guidelines 	B	<ul style="list-style-type: none"> Reinforce measures to prevent improper conduct by upgrading training programs for the Conduct Guidelines Promotion Leaders and undertaking other relevant activities Implement the Conduct Guidelines in overseas Group companies
<ul style="list-style-type: none"> Held training sessions for 1,571 employees mainly in production control departments at Toppan divisions and Group companies and interviewed employees at 17 sites across Japan 	A	<ul style="list-style-type: none"> Continue organizing training on compliance with the Subcontract Law of Japan for Toppan and Group company employees and continue interviews to check how subcontract transactions are being handled
<ul style="list-style-type: none"> Revised the Toppan Group CSR Procurement Guidelines and issued a second version in January 2014 Held briefing sessions for about 1,200 business partners working with Toppan's procurement and production control departments; sent out questionnaires to review the CSR activities business partners are promoting 	A	<ul style="list-style-type: none"> Apply the Toppan Group CSR Procurement Guidelines to business partners working with Toppan Group companies
<ul style="list-style-type: none"> Established a set of guidelines for risk analysis on BFO operations and sent the guidelines to divisions across Japan Conducted audits for 5 primary food filling/packing plants based on the revised auditing criteria; improved control and maintenance levels for facilities and operational conditions Revised the Toppan Group's Standards for the Management of Chemical Components of Raw Materials from Ver. 3.1 to Ver. 3.2; revised the Green Procurement Standards at each division to satisfy the Ver. 3.2 standards 	A	<ul style="list-style-type: none"> Prepare a manual for applying failure mode and effective analysis (FMEA, a step-by-step approach for analyzing possible points of malfunction or failure) to product design and manufacturing processes; provide guidance on FMEA in general; establish standards for applying risk assessment procedures and help operational sites use the standards Renew the Quality Assurance Guidelines for Food Packaging; establish a set of guidelines for food defense and carry out audits based on the established guidelines Establish auditing standards for primary food filling/packing sites; help the sites use the standards during their internal audits
<ul style="list-style-type: none"> Gained CFP registration for 5 products, including an in-house newsletter and eco calendar Underwent a regular CFP audit in November 2013; added 1 new site to the scope of the Company's CFP system certification Registered 3 employees for engagement in CFP quantification for the Company's system certification; trained 3 employees for engagement in CFP verification 	A	<ul style="list-style-type: none"> Apply for CFP registration for 6 products during the course of the year Organize CFP education for employees in sales departments
<ul style="list-style-type: none"> Completed qualification reviews under the revised criteria for 28 tightly secured areas scheduled for review in fiscal 2013 Held 442 training sessions on cyber security for all employees across Japan Surveyed the actual day-to-day security practices of 21,237 employees across Japan 	A	<ul style="list-style-type: none"> Comply with the various modifications to the laws, regulations, and standards related to personal information Organize education for all employees on the proper handling of personal information and confidential information and carry out internal audits for all departments across Japan
<ul style="list-style-type: none"> Sponsored the concerts for two days as scheduled and donated nearly 2 million yen to the Asia-Pacific Cultural Centre for UNESCO Listed up action themes but had yet to formulate a concrete program in which Toppan employees could take part 	B	<ul style="list-style-type: none"> Sponsor the 8th series of <i>Toppan Charity Concerts</i> Consider new social contribution programs to support literacy and other educational initiatives

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

Initiatives at Toppan and the Seven Core Subjects under ISO 26000

Seven Core Subjects	Issues	For Details	Pages
Organizational governance 	Organizational governance	<ul style="list-style-type: none"> • Corporate Governance • CSR Initiatives • Risk Management Structure • Business Continuity Management 	P. 15–
Human rights 	Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Discrimination and vulnerable groups Issue 6: Civil and political rights Issue 7: Economic, social and cultural rights Issue 8: Fundamental principles and rights at work	<ul style="list-style-type: none"> • Respecting Basic Human Rights • Collective Labor Agreement • Working for Equal Opportunity and Eliminating Discrimination 	P. 18–
Labour practices 	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace	<ul style="list-style-type: none"> • Basic Approach Regarding Human Assets • Labor-Management Partnership • Supporting Work-Life Balance • Occupational Health and Safety • Measures for Mental Healthcare • Developing and Fostering Human Assets 	P. 20–
The environment 	Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	<ul style="list-style-type: none"> • Toppan's Environmental Activities • Environmental Management Activities • Toppan's Environmental Burden and Environmental Impact • Eco-protection Activities • Eco-creativity Activities • Environmental Communication Activities 	P. 34–
Fair operating practices 	Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights	<ul style="list-style-type: none"> • Disseminating the Conduct Guidelines • Toppan Group Helpline • Compliance Education • Promoting CSR Procurement 	P. 24–
Consumer issues 	Issue 1: Fair marketing, factual and unbiased information and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption Issue 4: Consumer service, support, and complaint and dispute resolution Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness	<ul style="list-style-type: none"> • Assuring Product Safety and Quality • Universal Design Initiatives • Protecting Personal Information • Contributing to Sustainable Consumption 	P. 28–
Community involvement and development 	Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment	<ul style="list-style-type: none"> • Community Involvement and Development • Cooperating with International Communities to Address Social Issues 	P. 32–

Organizational Governance



- 1 Toppan has strengthened its governance structure through the establishment of a Management Audit Office, Compliance Department, and Ecology Center under the purview of a Board of Corporate Auditors according to the Companies Act of Japan.
- 2 Toppan implements governance aimed at maximizing the corporate value of the entire Group under the Related Company Administration Regulations.

Corporate Governance

Corporate governance provides the foundation for addressing the seven core subjects.

Toppan has strengthened its governance structure through the establishment of a Management Audit Office, Compliance Department, and Ecology Center under the purview of a Board of Corporate Auditors according to the Companies Act of Japan. Toppan implements governance aimed at maximizing the corporate value of the entire Group under the Related Company Administration Regulations prescribed for the advancement of fair management for the Group.

The Directors, Board of Directors, and Various Meetings

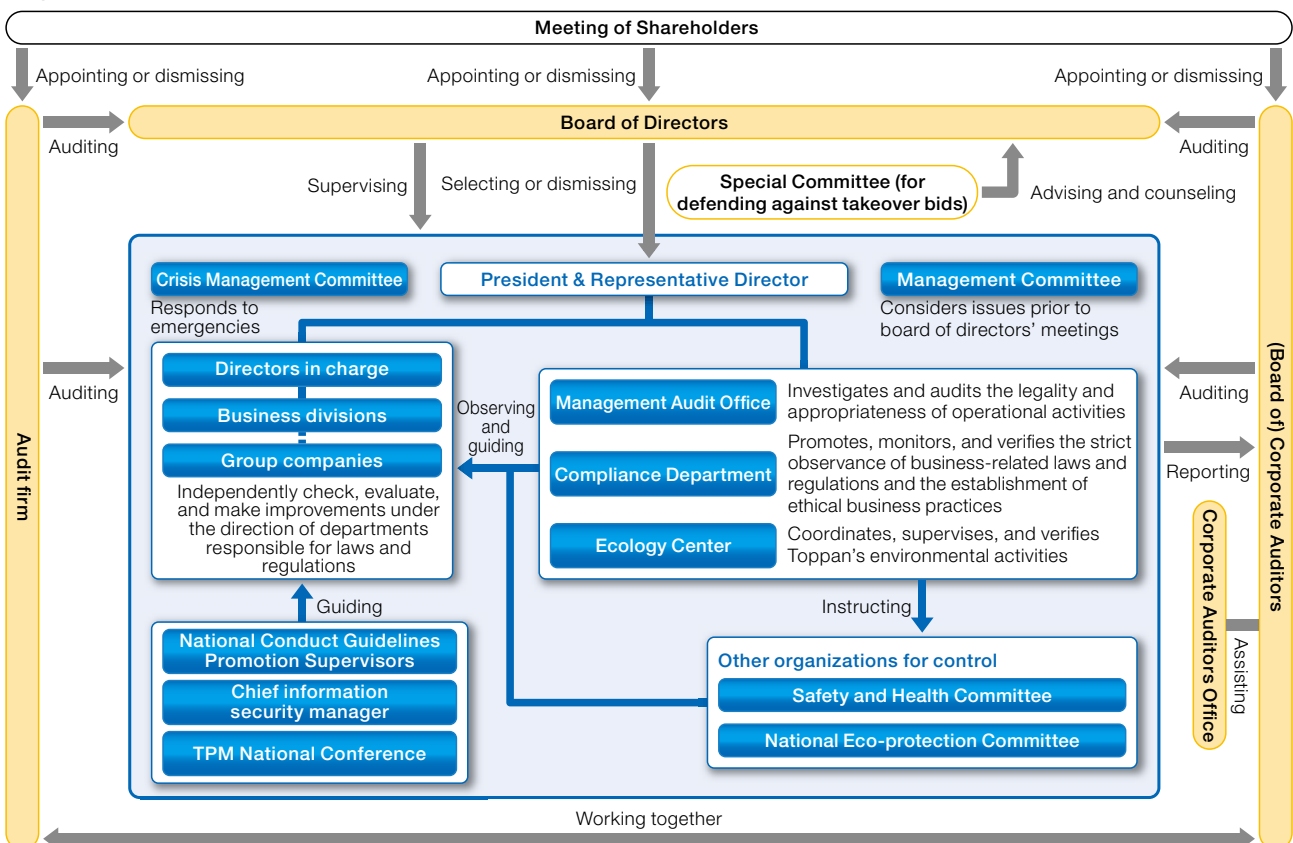
Toppan has 26 directors, including two outside directors, on its board (as of the end of March 2014). Board meetings are held monthly and whenever a pressing matter requires action or deliberation. Especially important management themes are deliberated beforehand by the Management Committee, a body made up of directors selected by the President & Representative Director. The goal is to lay weight on managerial efficiency in business decision making.

Corporate Auditors, Board of Corporate Auditors, and Audit Firm

As of the end of March 2014, Toppan has five corporate auditors, including three external auditors, of whom two are independent officers. Along with their own board meetings, the corporate auditors attend meetings of the Board of Directors and Management Committee and important meetings on risk management. They systematically carry out audits for operational sites and Group companies in close cooperation with the audit firm and internal audit-related departments of the Company. Through these tasks, they audit and advise the Company from a preventive perspective to ensure the legality of the operations of the directors and departments and smooth and appropriate corporate management in line with company policies and regulations. They also regularly convene a board of corporate auditors from related companies to improve the effectiveness of the audits by corporate auditors across the Group.

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

Corporate Governance Structure

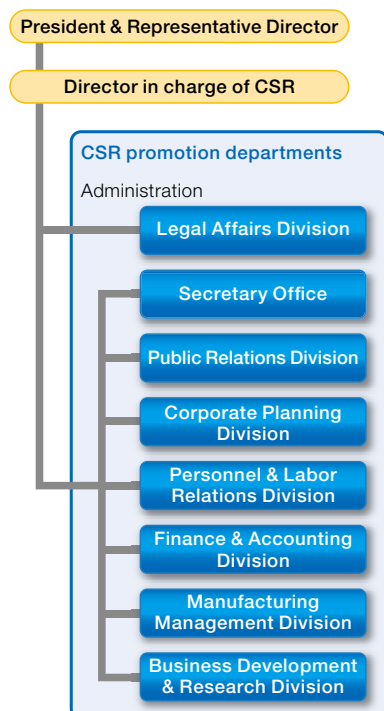


Strengthening Audit Functions

The Management Audit Office is a body established independently from the business divisions. Working from legal and rational viewpoints, the office conducts fair and objective audits on the administrative and operational systems and practical status of the Company's management activities. The office provides feedback to the relevant departments on problems, proposes measures for improvement, and reports the audit results to the President & Representative Director, directors in charge of relevant departments, and corporate auditors. The office carried out 26 management and operation audits in fiscal 2013. It also conducted maintenance and operational evaluations of internal controls over financial reporting for all business divisions and main subsidiaries.

The Compliance Department in the Legal Affairs Division spearheads the Company's initiatives to ensure the strict observance of laws and regulations and to firmly establish ethical business practices. The department facilitates the complete awareness of the Conduct Guidelines, organizes employee education on compliance with applicable laws, and implements internal audits on information security (→PP. 24, 30). The Ecology Center in the Manufacturing Management Division supervises environmental activities, conducts internal audits at operational sites, and monitors the progress of improvements (→P. 34).

CSR Promotion Structure



Remuneration to Directors and Corporate Auditors

In fiscal 2013, the total annual remuneration to directors was 1,127 million yen and the total annual remuneration to corporate auditors was 108 million yen. Please refer to the section on corporate governance, etc. in the securities report (in Japanese) for details on the method used to determine remunerations and remuneration-related information.

CSR Initiatives

Promotion Mechanism

Under the President & Representative Director and the Director in charge of CSR, the divisions of the head office work in collaboration with each other to promote CSR activities.

Each division confirms the materiality of its action points in line with the seven core subjects set under ISO 26000. The divisions devise action plans and carry out measures based on shared information about the issues they are addressing and the progress they are making. The head office divisions also coordinate and share information with Group companies to advance Group-wide CSR initiatives.

Risk to Be Managed and the Relevant Head Office Divisions in Charge

Risk to Be Managed	
Accidents involving products or product liability	Accidents or complaints related to products (Manufacturing Management Div.)
Accidents or disasters related to company operations	Accidents related to main systems (ICT Management Div.)
	Occupational accidents, traffic accidents, or other accidents involving employees (Personnel & Labor Relations Div.)
	Incidents related to notes or accounts receivable (Finance & Accounting Div.)
	Legal problems with orders received (Legal Affairs Div.)
Defamation, slander, or other criminal damages	Leakage of personal information, internal confidential information, etc. (Legal Affairs Div.)
	Accidents or disasters related to fires or explosions (Manufacturing Management Div.)
	Illegal activities related to the storage of solvents, management of dangerous chemicals, etc. (Manufacturing Management Div.)
Relationships with antisocial organizations	Damage to the company's internal computer system due to cyber terrorism, illegal access or use of company information, leakage of personal information, internal information, etc. (ICT Management Div.)
Natural disasters	Acts of violence against the company (threats, kidnapping, robbery) (Personnel & Labor Relations Div.)
	Unreasonable demands from antisocial organizations, transactions conducted between business partners and antisocial organizations (Legal Affairs Div.)
Risk in business management	Material losses or personal accidents suffered by customers or the company due to earthquakes, wind or water damage, lightning, etc. (Personnel & Labor Relations Div.)
Unlawful activities related to external contracts	Operational shutdowns due to large-scale earthquakes or other unexpected events (Legal Affairs Div.)
Infringement of intellectual property	Shareholder derivative lawsuits, hostile takeovers (Legal Affairs Div.)
Environmental problems	Violations of the Subcontract Law of Japan, illegal transactions with business partners (Manufacturing Management Div.)
Risk in overseas business activities	Infringements of patents, trademarks, or copyrights (Legal Affairs Div.)
	Violations of environmental laws or standards, illegal disposal of industrial waste (Manufacturing Management Div.)
	Product accidents, environmental problems, fires or natural disasters, damage to human or physical resources caused by international conflicts or terrorism, etc. (Corporate Planning Div.)

Risk Management Structure

Toppan manages risk comprehensively to avoid risk and minimize the losses incurred when an event at risk of occurring actually occurs.

The Rules on Risk Management have been established to address matters regarding risk avoidance and the minimization of loss when a potentially damaging event occurs. In accordance with these rules, the Company has set up a risk management structure under which the responsibilities for risk management are allotted to specific divisions in the head office based on the types of risk involved. Under this structure, the directors in charge of each relevant division are responsible for taking measures to prevent, avoid, and correct each type of risk.

Toppan reviews risks to be managed once a year and examines countermeasures to be taken in line with the rules. The Company also holds a regular Risk Management Liaison Meeting for the persons in charge of risk management in the head office divisions in order to share information on a continuous basis and respond to risk practically.

Business Continuity Management

As a preparation for operational shutdowns after large-scale earthquakes, Toppan institutes business continuity management (BCM) activities under the Basic Plan for Countermeasures against Disasters. These activities aim to maintain the steady provision of products and services to customers by restoring business operations as rapidly as possible whenever an emergency shutdown occurs. The Toppan Group has introduced its BCM activities at the main operational sites in the Tokyo metropolitan district and implements them throughout the whole Group, including regional sites and Group companies, to prepare for the contingency of large-scale earthquakes throughout Japan.

A new data center with superior earthquake resistance was completed in fiscal 2013 to safeguard the Group-wide IT infrastructure. Toppan repeated various BCM drills across its operational sites to enhance Group-wide competence for business continuity. Toppan also invited outside professionals to give seminars (133 participants) and held training sessions for new employees (272 participants) to improve employee awareness of BCM.

The Toppan Group seeks to coexist with communities as a social benefactor through these ongoing BCM activities.

Countermeasures against Disasters

To ensure the safety of all Toppan employees and their families and provide aid for affected people in general, the Group has carried out comprehensive disaster-preparedness measures throughout its operational sites under the Basic Plan for Countermeasures against Disasters.

Every site operates its own system to promptly confirm employee safety in the event of a wide-scale disaster, organizes safety-confirmation drills, and reserves stockpiles of food and water for commuters who have no means to return to their homes.

Toppan has also been preparing countermeasures against disasters to minimize damage to the Group, to carry on providing products and services for customers, and to assist disaster-affected people and areas in cooperation with local communities as a socially responsible corporation.

On March 11, 2014 (the third anniversary of the Great East Japan Earthquake), Toppan organized a comprehensive disaster-preparedness drill simulating the contingency of a large-scale earthquake in Akihabara, where the head office is based. The Group reconfirmed the actions to be taken during an actual emergency, from the initial damage assessment and safety confirmation to the evacuation, walk-home, and distribution of stockpiled supplies.

The regular repetition of disaster-preparedness drills will keep every employee on alert and prepared to apply the know-how necessary for dealing with emergency situations quickly and properly.



Seminar by an outside professional



Simulation drill (Sagamihara Plant)



Comprehensive disaster-preparedness drill (Akihabara)



Task force operation drill (Kumamoto Plant)

Human Rights



- 1 Based on the concept of respect for people, Toppan is committed to respecting basic human rights inside and outside the Company.
- 2 Toppan participates in global policy initiatives such as the United Nations Global Compact and engages in dialogues on human rights.
- 3 In fiscal 2013, Toppan became one of the “Diversity Management Selection 100,” a group of companies selected by the Ministry of Economy, Trade and Industry of Japan.

Respecting Basic Human Rights

Toppan operates business under the foundational concept of respect for people. The Conduct Guidelines, which set out behavioral norms for Toppan personnel, call for respecting basic human rights (respecting personal qualities and individuality; prohibiting discrimination and harassment; prohibiting child labor and forced labor; and so on [→P. 27]). Based on The Toppan Group Declaration on the Global Environment and the Basic Policy on Biodiversity, Toppan promotes environmental conservation initiatives to avoid negative impacts on the lives of people living near its operational sites (→P. 34).

The Group has been carrying out education on human rights in rank-based training for employees to prevent issues from arising. To disseminate initiatives for respecting human rights throughout the entire supply chain, Toppan sets forth an article on respecting basic human rights in the Toppan Group CSR Procurement Guidelines and asks business partners to comply with this article (→PP. 10, 26).

Toppan has also set up dual hotlines through which employees and business partners can promptly report inappropriate actions.

Collective Labor Agreement

The Toppan Printing Labour Union and the Company’s management have concluded a collective labor agreement in order to stabilize labor-management relations, maintain and improve working conditions, and secure the corporate concord. The agreement sets forth a fundamental policy between labor and management, the rules governing union activities and labor-management negotiations, and employment conditions such as wages and working hours.

As a fundamental policy between labor and management, Article 1 of the collective labor agreement, the General Principles, stipulates that the Company and union shall contribute to society through business operations and collectively work for the benefit of the Company and long-term stability of the employees’ livelihood. Labor and management both uphold these as common goals. In addition to clearly stating that the union has all the rights established by law, Article 2 of the agreement specifies that the Company shall respect the union’s rights to organize and collectively bargain and act.

The Toppan Printing Labour Union is run by members from nine Toppan Group companies. The union and the Company concluded a revised labor agreement in fiscal 2012 to impose a uniform set of liability-related clauses (rules governing union activities and labor-management negotiations) on all nine Group companies.

Initiatives for Respecting Basic Human Rights

Participating in the United Nations Global Compact

Toppan participates in the global policy initiative and respects basic human rights in a proactive manner.

Respect for people

A universal concept highly valued by Toppan

Establishing and disseminating the Conduct Guidelines (→PP. 24, 27)

Toppan specifies respect for basic human rights in the Conduct Guidelines—its listing of behavioral norms for employees—and disseminates this principle across the Group.

Working for equal opportunity and eliminating discrimination

Toppan respects personal qualities and individuality, and hires and treats employees without discrimination of any kind.

Organizing training and education

Toppan organizes training sessions for new employees to educate them about respect for basic human rights in easy-to-understand lessons.

Promoting CSR procurement (→PP. 10, 26)

Toppan cites respect for basic human rights as a guiding principle in its CSR procurement guidelines and asks business partners to comply with the guidelines.

Operating hotlines (→PP. 25, 26)

Toppan operates dual hotlines through which both employees and business partners can report inappropriate actions.

Contributing to society (→P. 32)

Toppan supports people’s livelihood through educational cooperation in developing countries and the donation and supply of money and goods throughout the world.

In fiscal 2013, Toppan participated in a working group on due diligence for human rights organized by the Global Compact Network Japan. The Company gathered information and held opinion exchanges with other members on respect for basic human rights.

Working for Equal Opportunity and Eliminating Discrimination

Toppan pursues diversity management to innovate and create value by engaging diverse human assets and nurturing their competence to its full potential. In fiscal 2013, Toppan Printing Co., Ltd. became one of the “Diversity Management Selection 100,” a group of companies selected by the Ministry of Economy, Trade and Industry of Japan.

Positive Action

Toppan promotes positive action to bring out the full potential of individual employees, regardless of gender, and assign them to more diverse positions. The Company continues to create positive working environments and appoint female employees to managerial positions based on their skills and motivation.

In-house Staff Recruitment / Self-determination on the Career Path / Second Careers

Toppan has established the Challenging Job System, a self-directed program to encourage employees to report their work experience, official qualifications, medium-to-long-term career development plans, and the departments and divisions to which they would like to be transferred. The combined effects of the Challenging Job System and an in-house staff recruitment system nourish a problem-solving, can-do mindset, which facilitates the placement of the right person in the right position across the Company. For retired employees in their second careers in company life, Toppan offers working

options well suited to their knowledge, experience, skills, and motivation. Seventy-six of 88 employees who retired in fiscal 2013 were reemployed and now remain with the Company.

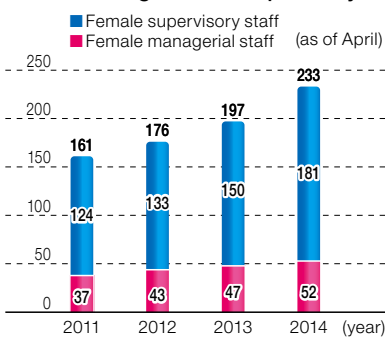
Employment of Persons with Disabilities

Toppan promotes the hiring of persons with disabilities in collaboration with a special subsidiary, Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd. The Company offered a greater range of positions for intellectually disabled employees in fiscal 2013, including positions in document digitalization.

Providing an Open Environment for Recruitment

Toppan hires persons of both genders and of many nationalities, ages, and levels of physical and mental ability through three recruitment channels: the regular hiring of new graduates from universities and high schools, mid-career hiring of experienced personnel, and hiring of persons with disabilities. The Company offers employment opportunities for recruits to choose in accordance with their own aspirations and vocational aptitudes through job-specific screenings in Japan and the recruitment of global personnel all over the world. Toppan takes part in forums around the world to make contact with more human assets suited to careers in a global business environment. Toppan also ran internship programs for 111 students in a series of six-day practical training sessions in fiscal 2013.

Female Managerial and Supervisory Staff



Employment of Persons with Disabilities

	2012	2013	2014
Employees	197	221	247
Percentage of total workforce*	1.91%	2.13%	2.09%

*The percentage is calculated based on the total number of regular 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 of Japan.

Number of Recruits

		Fiscal 2012	Fiscal 2013	Fiscal 2014	
Regular recruitment of new university graduates and post-graduates	Sales, administration, etc.	Male	60	80	69
		Female	24	39	42
	Technical	Male	105	70	94
		Female	26	30	33
Regular recruitment of new graduates from high schools and colleges of technology	Male	0	4	1	
	Female	11	14	11	
Total number of regular recruits (percent female)		226 (27.0%)	237 (35.0%)	250 (34.4%)	
Mid-career recruitment of experienced personnel	Male	16	18	—	
	Female	8	11	—	

Toppan Becomes One of the Diversity Management Selection 100

Toppan recently became one of the “Diversity Management Selection 100,” a group of companies selected by the Ministry of Economy, Trade and Industry of Japan. The ministry aims to broaden the foundations of human resource diversity by selecting and recognizing the companies of the Diversity Management Selection 100 for their track records in innovation through the engagement of diverse human resources. Toppan’s efforts to promote diversity have been extensive, and the ministry gave high marks to the Company’s initiatives to harness the unique capabilities and perspectives of women employees, especially in the areas of product and service development.



Labor Practices



- 1 Toppan recognizes how deeply it depends on its people and encourages employees to work vigorously and earnestly with strong motivation.
- 2 Toppan's labor union and management engage in dialogues at business councils and various committees. Their initiatives seek to support work-life balance, promote occupational health and safety, maintain the mental health of employees, and develop and foster human assets.

Basic Approach Regarding Human Assets

Toppan values its employees as precious company assets, as "human assets," and recognizes how deeply it depends on them. From this perspective, the Company supports the motivated, vigorous, and earnest work of the Toppan workforce. The Company keenly understands the importance of the motivation to take on new challenges, the drive to work vigorously with a healthy body and mind, and an earnest commitment to follow through on tasks to completion. When employees are vigorous, earnest, and have strong motivation, Toppan is convinced that they show their true abilities to the full.

Toppan strives to improve the abilities of every employee through the stages of hiring, appointment, training, and treatment and to bring these abilities together to strengthen the organization as a whole. To do so, Toppan places high priority on communication in a spirit of mutual trust, career progress in the directions in which employees envision, clearly defined rewards and penalties, and the establishment of an open and fair working environment. Through these efforts, Toppan will invigorate human resources and the organizations they form and foster talented individuals who can create new engines of further growth for the Company as a whole.

Labor-Management Partnership

As partners with shared ideals, Toppan's labor union and management have trust in each other and respect for each other's positions. Together they have been working on various issues on an equal footing and holding a host of recreational and other activities for employees. Recent examples include Company-wide and site-specific sports festivals held for large numbers of employees and their families to encourage them to enjoy closer people-to-people interactions.

Business councils are convened as Company-wide and operational site forums to discuss wide-ranging managerial issues. Several special committees are also convened to deliberate pertinent issues of the day. Standing committees meet to discuss longstanding issues such as working hour reductions, wages, and health and safety. Individual labor-management committees meet when necessary to discuss specially designated subjects such as the creation of a working environment amenable to enhanced job satisfaction.

In the committee convened to deliberate working hour reductions in fiscal 2013, labor and management discussed ways to establish a teleworking system for employees who want to come to the office but are prevented from doing so by their obligations outside of work. A new teleworking system was introduced in February 2014. Toppan has adopted a union shop system. In principle, all non-managerial employees belong to the labor union as members.

Number of Personnel (as of March 31)

		Directors	Management Class	Supervisors	Total Employees	Average Tenure	Average Age	Sum Total Employees	Part-time Workers	Temporary Staff
Fiscal 2011	Male	26	1,687	1,749	7,363	14.9	41.3	8,508	730	68
	Female	0	39	121	1,145	9.2	32.8			
Fiscal 2012	Male	25	1,769	1,790	7,417	15.0	41.8	8,587	708	75
	Female	0	41	133	1,170	9.6	33.3			
Fiscal 2013	Male	26	1,822	1,779	7,395	15.3	42.2	8,604	705	71
	Female	0	47	148	1,209	9.9	33.6			

Reasons for Leaving*1

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Personal reasons	131 (48)	180 (53)	188 (52)*2
Retirement	80 (1)	69 (2)	88 (1)
Requested by the company	0 (0)	0 (0)	0 (0)
Other	84 (1)	83 (4)	90 (3)
Total	295 (50)	332 (59)	366 (56)
Turnover rate	3.4%	3.7%	4.1%

*1 The number of female employees who left the company is shown in parentheses.

*2 Twenty-six males and two females took advantage of Toppan's support system for employees pursuing second careers.

Average Annual Salary

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Total	6,397,624 yen	6,414,340 yen	6,711,582 yen

Annual Paid Leave Used

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Average paid leave used (days)	8.2	8.1	8.0
Average ratio*3	42.4%	41.9%	41.7%

*3 Average ratio = average paid leave used / average paid leave granted

Employees Taking Maternity or Childcare Leave

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Employees taking maternity leave	58	68	76
Employees taking childcare leave*4	114 (2)	114 (3)	124 (4)

*4 The number of male employees who took childcare leave is shown in parentheses.

Supporting Work-Life Balance

■ Efforts to Shorten Working Hours

The special demands of the printing industry have made it a significant challenge for Toppan to reduce the excessive overtime hours worked by employees. Toppan has been instituting Company-wide measures to eradicate extended overtime work as a means of achieving better work-life balance and maintaining employee health.

Senior management, managers, and employees jointly undertake various initiatives to improve operating effectiveness by reviewing the ways individuals work and the ways management administrates; to equalize overtime hours by adjusting operations within departments; and to introduce new working systems such as flextime and irregular working schedules.

At the ongoing business councils and labor-management committees, labor and management exchange opinions and deliberate measures to further shorten overtime working-hours and comply with the revised Labor Standards Act of Japan. They also analyze the actual overtime practices and review the use of the newly introduced working systems. The Company renewed its work-attendance management system in fiscal 2012 and enabled departments to manage working hours in a more timely and detailed fashion.

Special labor-management committees were convened in fiscal 2013 to discuss new ways of working in sales and planning departments and updated personnel systems based on evolving working styles. As a result, the Company adopted a new working system in sales and planning departments in July 2013.

■ Efforts to Foster the Next Generation

Toppan has striven to create a working environment in which employees can achieve better work-life balance. It does so by providing systems for childcare and nursing care leave, reduced working hours, higher family allowances for dependents, and employee benefits of other forms. Under the rehiring system for employees who resign from the Company to deliver and bring up children, 24 resigning employees have registered for future rehiring as of April 2014.

Toppan has also made institutional improvements for its childcare leave system. For parents, for example, the Company has extended the period of childcare leave up to the first March 31 after the employee's child reaches the age of 12 months, a point in time beyond the requirements of the applicable law in Japan. This change eases difficulties parents face in Japan, where entry to daycare services is often impossible midway through the year. Meanwhile, the eligibility period for reduced working hours for employees with childcare responsibilities is set to continue up to the end of the child's third year of elementary school (again surpassing legal requirements in Japan), even in households where the employee's spouse has time to devote to childcare. In April 2014, child healthcare leave was extended to enable employees to take leave up to the end of the child's third year of elementary school. Among the 10 days of leave a year, five days can be taken as paid leave.

Main 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 (exercisable within two years from the date the days are granted). Employees are eligible to use their stock leave for medical treatment for themselves or their dependents, healthcare or nursing care for their families, recovery-work in the aftermath of unexpected disasters, and so on.
Childcare Leave	Both mothers and fathers are eligible for fulltime childcare leave consecutively up until the first March 31 after their child reaches the age of 12 months (twenty male employees have taken childcare leave so far, on a cumulative basis). Employees on leave receive 10% of their regular salaries from the Company (until their child reaches the age of 18 months) and subsidies of 30,000 yen a month from the Toppan Group Fraternal Benefit Society. They can also work for shorter hours (maximum reduction of two hours per day) or select a flextime or irregular working schedule from the date of their return to the job until their child completes the third year of elementary school. The Company subsidizes certain childcare costs and provides childcare-related information through a consultation office.
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 up to the date of resignation. A resigned employee who meets this condition will remain eligible for rehiring until May 1 of the year when the child enters elementary school.
Nursing Care Leave	Employees are entitled to take leave for nursing care. The maximum consecutive leave and maximum reduction in a working day are one year and two hours, respectively, for every family member requiring nursing care. The Toppan Group Fraternal Benefit Society pays a 30,000-yen subsidy per month as assistance during the leave. The Company subsidizes certain nursing care costs and provides nursing care-related information.
Leave for Child Healthcare	Employees can take up to 10 days of leave a year, regardless of the number of children they are raising. (Five days can be taken as paid leave, either as full days or half-day allotments, as necessary.)
Volunteer Leave	In principle, employees can take volunteer leave to engage in socially beneficial activities for a maximum of one year. Employees on volunteer leave receive an allowance.
Staggered Work-hours	An employee can adjust daily working hours upward or downward by up to one hour to avoid rush-hour commutes during pregnancy and by up to two hours for childcare (until his or her child completes the third year of elementary school).
Dependent Family Allowance	For employees with children, the Company pays a monthly allowance of 20,000 yen for each child. This allowance is discontinued on the first April 1 to arrive after the child's 18th birthday. (No limit for the number of children is applied.)
Partial Subsidization of Babysitter Expenses	The Toppan Group Fraternal Benefit Society subsidizes 50% of babysitter expenses (up to 5,000 yen per 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 free one-year subscriptions to the monthly childrearing magazine <i>Baby and Mommy</i> and runs a consultation office for employees with questions about the health of the body and mind.

Occupational Health and Safety

Back in 2010, Toppan formulated a Basic Policy on Health and Safety based on a “safety first” theme and clarified the actions to be taken at each operational site towards the complete elimination of occupational accidents. The Company has organized rank-based safety training mainly on legal and regulatory compliance and has undertaken various initiatives such as safety promotion and risk assessment activities led by safety promotion leaders. Through these efforts, the number of occupational accidents has been gradually reduced. The safety promotion team at the head office and safety promotion leaders at operational sites will work together to continue organizing safety education and upgrading the intrinsic safety of machines and equipment.

In fiscal 2013, Toppan continued enriching the educational content of the *Anzen Dojo*, a safety training facility in Kawaguchi, Saitama Prefecture. The Company also established an *Anzen Dojo* website to open the *dojo* to trainees outside Toppan. Danger simulators similar to the *dojo* in Kawaguchi will be introduced at new safety training facilities in Fukuoka and Osaka Prefectures to improve occupational safety awareness among Toppan employees. The Company will also promote safety activities based on workplace safety awareness surveys.

Occupational Health and Safety

	2011	2012	2013
Deaths from occupational accidents	0	0	0
Frequency rate*1	0.10	0.05	0.20
Severity rate*2	0.004	0.00	0.002

*1 Number of occupational accidents requiring employee leave, per million cumulative actual working hours (reflects the frequency of occupational accidents)

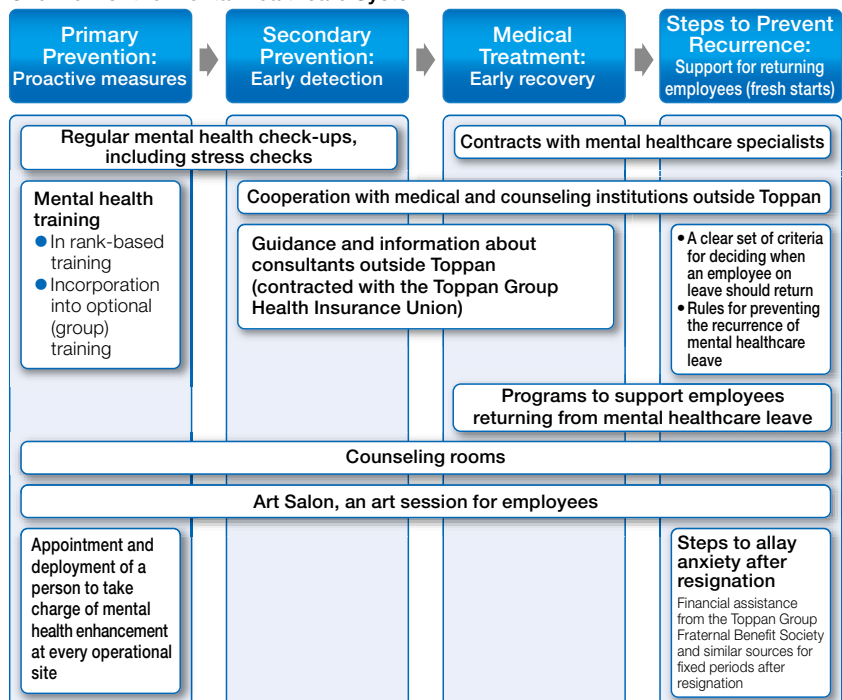
*2 Number of workdays lost as a consequence of occupational accidents, per thousand cumulative actual working hours (reflects the severity of occupational accidents)

Measures for Mental Healthcare

Labor and management undertake various measures to maintain the health of the employees, the key drivers of Toppan’s corporate activities. Several rules have been included in the employment regulations to enable employees to more readily return from mental healthcare leave. These rules define a clear set of criteria for deciding when an employee should return to work, measures to prevent the recurrence of leave, and programs to support employees once they return to work. Rank-based training is offered to prevent mental illness or to promptly detect and treat mental illness if it develops. The Company also opens counseling rooms, concludes advisory agreements with mental healthcare specialists, holds regular mental health check-ups for all employees, and undertakes various other measures. In fiscal 2013 the Company produced and distributed a new handbook for managerial and supervisory staff to encourage them to improve working environments and consult with subordinates wishing to discuss their mental health.

Toppan and a Group company called Institute of the Formative Art Co., Ltd. jointly operate Art Salon, a workshop to refresh employee minds and bodies through the creative work of painting. Art Salon sessions are held all around Japan. Toppan and the institute also hold the Summer Holiday Art Salon for Parents and Children, an art-making workshop for employees and their families.

Overview of the Mental Healthcare System



Developing and Fostering Human Assets

The Concept of Human Asset Development and Fostering

Mindful of how deeply it depends on employees, Toppan fosters human assets with ambition and integrity. Toppan would like to contribute to society as a corporation blessed with human assets with excellent communication skills and heightened awareness and sensibilities. The Company has set up human asset development platform called the Toppan University. This in-house virtual university supports life-long learning, skill improvement, and career enhancement while striving to foster top leaders.

Various Education Systems

Along with rank-based and department-based training, the head office organizes selective training courses planned out to foster leaders of tomorrow. For new employees, Toppan regards the first three years after recruitment as a Company-wide development period. To help new employees acquire necessary skills, Toppan organizes Company-wide training and on-the-job training (OJT) with help from the immediate superiors of new employees.

Meanwhile, the Toppan Business School (group training) and the Challenge School (correspondence learning courses) offer self-development training for employees. A cumulative total of 9,359 people trained in these schools in fiscal 2013. Employees also have ready access to basic, Company-wide

education via the e-learning system. A cumulative total of 87,834 people took part in e-learning programs in fiscal 2013.

Fostering Human Assets for Global Business

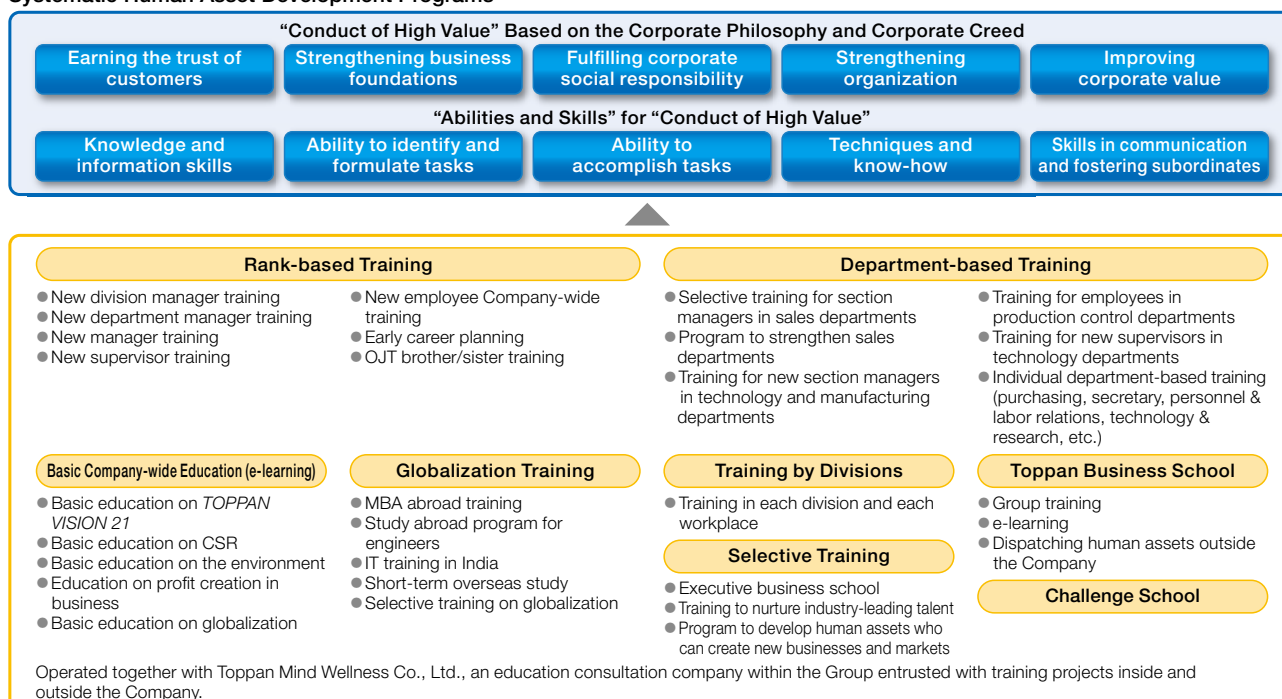
Toppan has been operating a trainee system to provide employees with practical training in day-to-day business activities overseas since fiscal 2011. Thirty-nine employees have been deployed as trainees under the system, as of the end of fiscal 2013. Three of them worked as Japan Overseas Cooperation Volunteers for the Japan International Cooperation Agency (JICA).

The selective training on globalization launched in fiscal 2010 has supported a cumulative total of 435 candidates for overseas assignments so far. Five employees in the advanced-learning course for the selective training have attended short-term open programs at IMD in Lausanne, Switzerland, one of the world's top-ranked business schools, since fiscal 2012.

Strengthening the Environment to Develop Human Assets

Toppan has established training centers in Kawaguchi, Saitama Prefecture and Yugawara, Kanagawa Prefecture to nurture individuals who will shape Toppan's future. These centers are venues for various training sessions and interaction between Toppan personnel. The Company runs an intranet to help employees enhance their abilities and skills online. Employees visit the intranet to read posts on human asset development programs and review the records on their own training.

Systematic Human Asset Development Programs



Fair Operating Practices



- 1 Toppan organized training on compliance with the Subcontract Law, the Act Concerning Special Measures for Pass-on of Consumption Tax, and other transaction-related laws and regulations in force in Japan.
- 2 Toppan educated employees and audited operations as measures to prevent improper export and import transactions.
- 3 Toppan has been monitoring the supply chain to ensure that paper suppliers legally obtain the lumber they use as a raw material for paper production.

Disseminating the Conduct Guidelines

In June of the year 2000, the centennial of Toppan Printing Co., Ltd., Toppan established the Conduct Guidelines, a set of normal standards of behavior based on the Corporate Philosophy and the spirit of legal compliance. In November 2010, Toppan completely revised the Conduct Guidelines as a set of common principles that all Group companies around the world are required to observe for the assurance of total Group-wide compliance.

Conduct Guidelines Promotion Leader System

Toppan operates a Conduct Guidelines Promotion Leader system. In this system, every Group site assigns a Conduct Guidelines Promotion Supervisor (the "Supervisor") and Leaders (the "Leaders") for disseminating the Conduct Guidelines and ensuring full guideline compliance. Supervisors and Leaders implement ongoing activities directly connected with their daily business operations. Seven hundred and fifty-six Leaders were deployed across the Group in fiscal 2013, including 65 women (8.6% of the Leaders). A cumulative total of 6,051 employees have worked as Leaders since the system was launched in 2004. Toppan will continue with measures to deploy many more Leaders and to resolutely foster and assign more female Leaders.

Dissemination Activities by the Conduct Guidelines Promotion Leaders

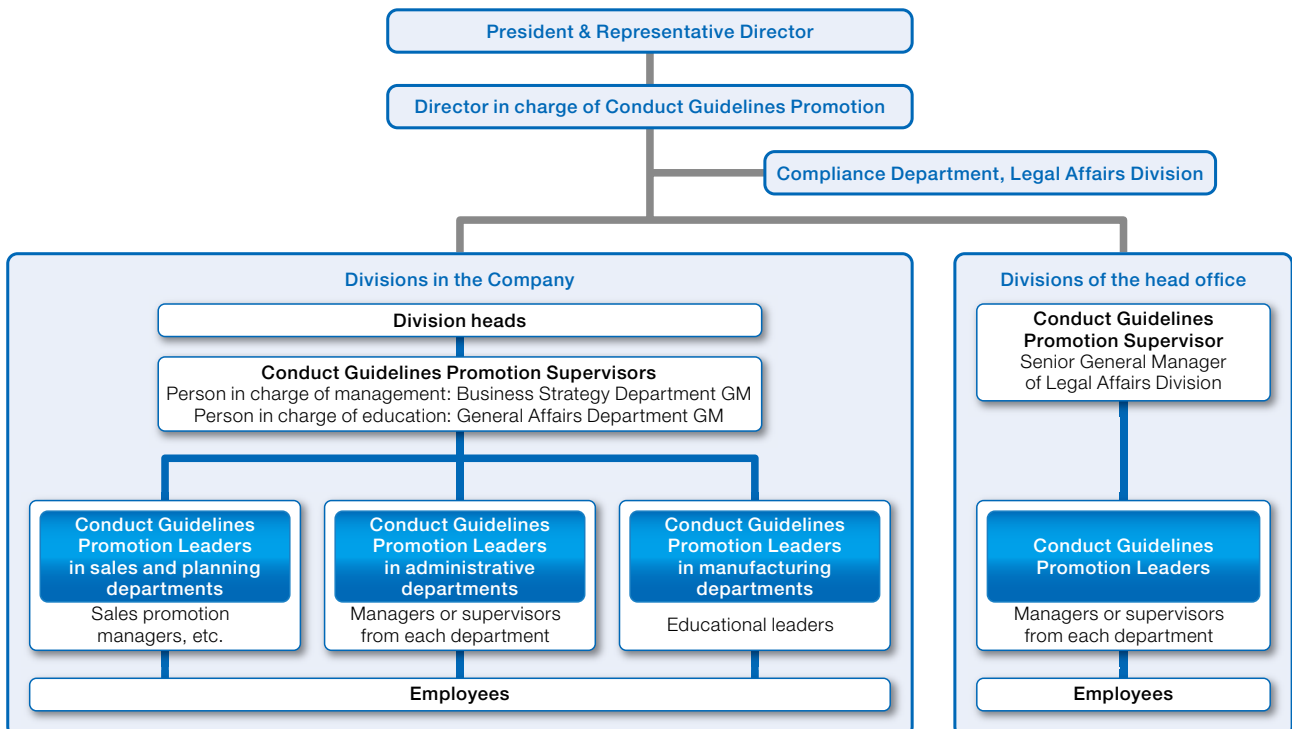
The Leaders formulate action plans tailored to the details of business operations and conditions, staff compositions, and other individual factors at the workplaces where they serve. The Leaders organize Conduct Guideline read-throughs, facilitate discussion using concrete cases, and implement other activities to enhance compliance awareness among their colleagues.

At the Meeting of Conduct Guidelines Promotion Supervisors held each October, Supervisors from operational sites throughout Japan report their activities and discuss and share outstanding cases and measures.

Tools to Promote the Conduct Guidelines

Toppan gives every employee a *Conduct Guidelines Casebook*, a Q&A style casebook describing actual situations that can arise in daily work. The Company uses the casebook for rank-based education and the Leaders use it to disseminate the guidelines at their workplaces. Toppan also posts regular Conduct Guideline Notifications on topics relevant to the guidelines in order to heighten employee awareness and call attention to compliance-related issues. The notifications posted in fiscal 2013 covered topics such as information leakage, unlawful conduct, and accidents and problems related to products and services.

Structure to Promote the Conduct Guidelines



Toppan Group Helpline

When an employee discovers a legal violation or improper conduct somewhere in the Toppan Group, he or she is to report it to his/her superior for deliberation, in principle. If the employee's superior fails to resolve the problem, the employee is encouraged to call the Toppan Group Helpline, the Group's internal reporting system. The helpline is kept open for use by all Group employees, including temporary staff and part-time workers.

The helpline was used in two cases in fiscal 2013. One of the incidents reported involved the use of improper procedures to cope with a quality-related accident. Both cases were strictly investigated and properly handled, and necessary countermeasures were taken to prevent recurrence.

Compliance Education

Training for Conduct Guidelines Promotion Leaders

As in previous years, Toppan held group training for Conduct Guidelines Promotion Leaders in fiscal 2013. The training was scheduled in two phases. In the first, 664 Leaders were trained in 41 sessions across Japan from May to August 2013. In the second, 541 Leaders were trained in 36 sessions from November 2013 to March 2014.

Toppan devises ways to enhance the effectiveness of training at the sessions through activities such as group discussions using case methods describing actual incidents and accidents.

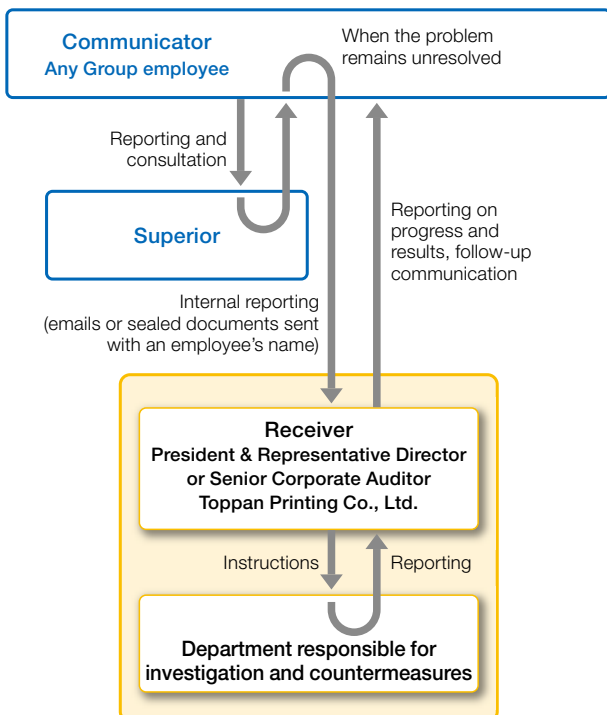
Education on Compliance with Transaction-related Laws and Regulations

Toppan regularly organizes transaction-related training and checks and audits how business transactions are being handled in Japan. Both measures are key to preventing improper export and import transactions and ensuring compliance with the Subcontract Law and the Act Concerning Special Measures for Pass-on of Consumption Tax. In fiscal 2013, a total of 325 employees participated in group sessions focused on export controls under the Foreign Exchange and Foreign Trade Act; 1,571 employees were trained on compliance with the Subcontract Law and the Act Concerning Special Measures for Pass-on of Consumption Tax; and as many as 6,120 employees took a course on export controls via the e-learning system.

Briefing on Compliance

Toppan was not involved in any serious accidents or violations of laws or regulations in the course of business in fiscal 2013.

Toppan Group Helpline



Training for Conduct Guidelines Promotion Leaders (Kumamoto Plant)

Approach to Intellectual Property

Protection and management of intellectual property is a crucial issue for Toppan, a company operating in the three fields of Information & Communication, Living Environment, and Material Solutions. The Company devotes strict attention to measures to prevent the infringement of copyrights, trademarks, and other intellectual property rights of third parties while obtaining patents for its own technologies and business models.

Along with special training for employees, planning departments regularly hold training sessions for business partners. Participants in these sessions acquire basic knowledge of laws on intellectual property rights by reviewing actual cases involving problems in design work and the like.

Promoting CSR Procurement

The Toppan Group implements CSR initiatives in cooperation and collaboration with business partners throughout the entire supply chain. The Toppan Group CSR Procurement Guidelines are a set of principles the Group observes to drive this endeavor. These guidelines consist of the Basic Procurement Policy, a conceptual framework to be closely observed by every Toppan employee involved in procurement operations, and the CSR Procurement Standards, a set of requirements to be satisfied by every business partner. In January 2014 the Group revised them into guidelines stipulating human rights, labor, the environment, and anti-corruption, the four issues globally emphasized in CSR initiatives. Toppan also held briefing sessions for business partners and conducted questionnaires to review the status of their measures to address corporate social responsibility (→PP. 10, 18).

Turning to the environment, the Toppan Group promotes CSR procurement in line with the Standards for the Management of Chemical Components of Raw Materials and the Paper Procurement Guidelines for the Sustainable Use of Forest Resources.

■ Verifying the Legality of Lumber as Paper Material

Toppan promotes the sustainable use of forest resources by monitoring paper suppliers (business partners) to ensure that the lumber they use for paper production is legally obtained.

Toppan surveyed 50 sites of 45 business partners around the world in fiscal 2013 and confirmed that all of the procured lumber was obtained legally. Toppan provided the results from these inspections to the CDP Forest program, an initiative to collect information on corporate practices concerning the sustainable use of forests and timber products conducted by CDP, an organization through which companies can disclose their environmental information to global investors.

■ Promoting Compliance in Procurement Departments

The Toppan Group regularly checks whether its procurement departments operate properly in accordance with the Basic Procurement Policy in their transactions with business partners. The Group asked 15 business partners to fill out questionnaires in fiscal 2013 and used the results to improve compliance in procurement operations.

The Group has also established the Supplier Hotline, a portal for receiving reports from business partners, on its website.

Toppan Group CSR Procurement Guidelines

Basic Procurement Policy

- We fairly and impartially offer opportunities to all business partners and potential business partners.
- We comply with domestic and overseas laws and regulations and conduct fair business transactions based on corporate ethics.
- We strictly control the information obtained through procurement activities.
- We work to conserve the environment and reduce impact on the environment.
- We pursue QCD (Quality, Cost, Delivery) in order to meet the needs of the market.
- We work to foster mutual cooperation and build relationships of trust with business partners.
- We promote CSR initiatives throughout the entire supply chain.

CSR Procurement Standards

1. Basic Procurement Standards
 - 1) Maintenance and improvement of quality
 - 2) Appropriate pricing
 - 3) Stable supply
 - 4) Product safety
 - 5) Management of information
 - 6) Compliance with laws and social norms
 - 7) Fair business activities
 - 8) Protection of and respect for intellectual property rights
 - 9) Protection of people reporting improper conduct
 - 10) Disclosure of information
2. Procurement Standards Concerning Human Rights, Labor, the Environment, and Anti-Corruption
 - 1) Human Rights
Business partners should respect the human rights of all people related to their business activities. They should also ensure that their activities do not infringe human rights directly or indirectly.
 - 2) Labor
 - (1) Prohibition of forced labor
 - (2) Prohibition of child labor
 - (3) Non-discrimination
 - (4) Prohibition of harassment
 - (5) Respect for workers' rights
 - (6) Ensuring occupational health and safety
 - (7) The payment of appropriate wages
 - (8) Management of appropriate working hours
 - (9) Consideration for job security and fulfillment of the obligations of an employer
 - 3) The Environment
Business partners should comply with local environment-related laws and regulations and work to prevent pollution of the atmosphere, water, and soil. They should also continuously measure and assess the use and discharge of resources and work to reduce impacts on the environment.
 - 4) Anti-Corruption
Business partners should prohibit and prevent conduct such as bribery, corruption, inappropriate provision or receipt of profits, extortion, and misappropriation.

Conduct Guidelines and Information Management Policy

Conduct Guidelines

Here are the specific conduct guidelines presented after Chapter 1 of the Conduct Guidelines (described on page 6).

Chapter 2: Specific Conduct Guidelines

Chapter 2 defines the specific conduct practices that we should undertake based on the Basic Principles provided in Chapter 1.

Basic Principle 1: Respecting basic human rights

1. Recognizing the diverse values of individuals and respecting personal qualities and individuality
2. Prohibition of discrimination of any kind
3. Prohibition of sexual and power harassment

Basic Principle 2: Having high ethical standards and acting as a responsible member of society

In the conduct of business

1. Acting with pride as a member of the Toppan Group
2. Prohibition of tacit approval of illegal conduct and rule violations
3. Respect for foreign cultures and customs

In our private lives

4. Prohibition of conduct that causes distress to other people
5. Prohibition of drink-driving
6. Prohibition of the possession and use of illegal drugs
7. Prohibition of gambling

Basic Principle 3: Complying with laws and company rules and conducting fair business operations

Legal compliance

1. Prohibition of collusion and cartels
2. Prohibition of improper conduct in dealings with business partner companies
3. Prohibition of improper conduct against competitors
4. Prohibition of false transactions
5. Respecting business partners' standpoints and building appropriate relationships with customers
6. Prohibition of bribery and inappropriate entertainment practices
7. Prohibition of illegal political contributions or donations
8. Prohibition of insider trading
9. Prohibition of illicit import and export transactions
10. Prohibition of child labor and forced labor
11. Compliance with international rules and local laws in overseas business

Compliance with company rules

12. Maintaining discipline and order in the workplace
13. Prohibition of other work without the company's permission
14. Prohibition of conduct that causes a conflict of interests with the company
15. Prohibition of receipt or provision for personal gain or rebate
16. Appropriate management of assets entrusted to the company by customers
17. Appropriate management and use of company assets
18. Prohibition of prejudicial treatment of persons that have reported problems via the appropriate procedure
19. Fulfilling duties with integrity
20. Reporting promptly and appropriately

Basic Principle 4: Avoiding all links with antisocial groups

1. Prohibition of any dealings with antisocial groups
2. Prohibition of involvement in antisocial activities
3. Prohibition of provision of unjust benefits

Basic Principle 5: Striving to improve quality and providing creations that contribute to customer satisfaction

1. Making our best efforts for the customer and building a relationship of trust
2. Striving to improve quality in every process
3. Fully ensuring the safety and security of products and services
4. Prohibition of the infringement of the intellectual property rights of others

Basic Principle 6: Recognizing the importance of information related to business and managing it appropriately

1. Protecting information regarding customers
2. Protecting the company's confidential information
3. Appropriate handling of personal information
4. Striving for the appropriate management of information and records

Basic Principle 7: Proactively undertaking conservation of the global environment

1. Striving to reduce the environmental burden of business activities
2. Promoting businesses with consideration for the environment

Basic Principle 8: Embracing change and taking on new challenges

1. Making proposals that embrace change to customers
2. Advancing technical development that meets the needs of customers
3. Having an awareness of problems and striving to improve the status quo
4. Striving to enhance one's knowledge, skills and techniques
5. Securing and using intellectual property

Basic Principle 9: Building trust from society through social contribution activities and appropriate disclosure of information

1. Proactively participating in the company's activities to contribute to society and local communities
2. Contributing to the development and passing on of skills and culture
3. Disclosing information appropriately and enhancing the transparency of business activities

Basic Principle 10: Bringing together individual strengths to fully exploit the integrated strength of the group

1. Striving to create a lively and vibrant workplace
2. Striving to create a safe and clean workplace
3. Taking pride in the Toppan Brand and striving to cultivate it
4. Group companies working together to maximize integrated strength

Established in June 2000 Revised in November 2010

Toppan Group Basic Policy on Information Security

As a group of companies operating in the information communication industry, each of us at the Toppan Group carries out Group-wide information security management in the recognition that the management of information necessary for business is a significant managerial challenge for us as a means to reciprocate our customers' trust and promote the ongoing growth of the Toppan Group.

1. We manage information necessary for our business appropriately in observance of our in-house rules, the law, and the principles of social order.
2. We collect information for appropriate purposes using appropriate methods.
3. We safely manage the information entrusted to us by customers in order to reciprocate our customers' trust.
4. We are deeply aware of the risks to the information assets we handle, such as illegal access, loss, damage, falsification/manipulation, and leakage of information, and take necessary and reasonable safety measures against these risks. We deal with and rectify any problems that occur promptly and in an appropriate manner.
5. We establish, operate, maintain, and continuously improve information security management systems.

Established on April 1, 2001 Revised on August 1, 2011

Consumer Issues



- 1 Toppan received two awards for its universal design (UD) initiatives in fiscal 2013.
- 2 Toppan works to continue acquiring information security management system (ISMS) certifications in order to further secure personal information.
- 3 A Toppan-made calendar became Japan's first calendar to acquire Carbon Offset certification.

Assuring Product Safety and Quality

Quality assurance for products at Toppan is a concern for every department, not only the departments directly responsible for production. The departments involved in marketing, R&D, planning, design, sales, and delivery all contribute to quality. This is why Toppan describes quality assurance in production as a total activity ("total quality assurance") and strives to improve product quality and manage product safety.

Product Safety

Toppan has established a Basic Stance on Product Safety Management and Basic Guidelines on Product Safety Management to secure the safety management of the products it manufactures. The latter provides guidelines for the following measures: the establishment of a structure to secure product safety by identifying and evaluating the risk of improper use or other product-related mishaps and complying with laws and regulations relevant to products manufactured by each division; information collection and provision and actual measures in the case of product-related accidents or problems; and product recall procedures.

Every Toppan site continues improving its quality management system (ISO 9001) to bolster product safety management. One hundred and eighty-six employees took part in training sessions for internal auditors at operational sites in fiscal 2013.

Certified Approval System for Manufacturing in Food Packaging

Food packaging requires exacting quality assurance for safety and sanitation. Toppan has adopted a certified approval system to ensure that the operational sites of Toppan and partner companies can manufacture containers and packages only after receiving the required ratings in audits. The audits are conducted based on the Quality Assurance Guidelines for Food Packaging using a checklist. Toppan carried out 17 audits at 17 operational sites inside and outside the Company in fiscal 2013.

Management of Chemical Substances in Products

Toppan intensively promotes product safety management in all manufacturing processes, from raw material procurement to product shipment, by controlling various chemical substances whose use is prohibited or restricted. While adhering to green procurement standards prescribed by client companies, the Group has established a set of Green Procurement Standards attuned to the features of products manufactured at plants in the business fields of Material Solutions, Living Environment, and Information & Communication. Toppan manages chemical substances in products throughout the entire supply chain.

Basic Stance on Product Safety Management

We promote product safety management throughout the Group by securing safety and improving the quality of our products based on the Basic Principles of Conduct Guidelines and the principles of corporate social responsibility as a protector of user safety and health.

Audits for the Food Filling/Packing Businesses

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

- Food filling/packing businesses
- 5 operational sites at manufacturing subsidiaries
 - 12 operational sites at production business partners



Audit for a food filling/packing site



Training session for internal auditors

Universal Design Initiatives

Universal design (UD) is one of the prime corporate social responsibilities for Toppan, a company that designs and produces packaging and communication tools consumers see and use every day.

Toppan strives to help realize the fulfilling lifestyles enunciated in the Corporate Philosophy by providing people with attractive, easier-to-use products and services. In keeping with the Toppan Declaration on Universal Design and Toppan's Seven Principles on Universal Design, the Company promotes UD initiatives that assign greater weight to sensory values and customization while emphasizing functions such as understandability and usability.

<http://www.toppan.co.jp/ud/> (in Japanese)

Examples of Universal Design

In the Living Environment field, Toppan has been applying its unique research and development abilities to devise UD proposals that enhance the inherent brand values of client products.

In fiscal 2013, Toppan redesigned the container for "moony baby wipes" in collaboration with Unicharm Corporation, the manufacturer of the product. This new container has multiple finger grips to allow users to hold the container with one hand. The container also has a special pushup button at the bottom

to push up the wipes and make them easier to pull out when they start to run short.

In fiscal 2013, Toppan won the 37th Kinoshita Prize sponsored by the Japan Packaging Institute in recognition of an outstanding achievement in R&D for packaging. The prizewinning packaging was "Sosogi Jozu," a stand-up pouch developed using a proprietary bag-making technology to make refilling easier. Unilever Japan KK has adopted Sosogi Jozu for refill bags for its hair care products. Its "LUX" brand earned the chief's award from the Bureau of Manufacturing Industries under the Ministry of Economy, Trade and Industry of Japan at the Japan Packaging Competition sponsored by the Japan Federation of Printing Industries. The wide spout of Sosogi Jozu opens automatically when torn at the top, for easier refill pouring.

In the field of Information & Communication, Toppan assigns high value to diversity awareness, enhanced user-friendliness, and continuity. Departments in this field offer UD proposals to client companies to help them design manuals and communication tools that are easier-to-use, superior in quality, and accessible to more people. Their proposals are total solutions for continuous usage covering the whole process from analyses of existing problems and the development and implementation of in-house training programs to specialist support for the editing, design, and production of tools and manuals.

Toppan's Seven Principles on Universal Design

1. Design products and services that are more responsive to people with different physical abilities and perceptions.
2. Facilitate communication using multiple channels for communication, including visual, aural, and tactile channels.
3. Make products easier to use by making them easier to understand.
4. Make products that are easier to move, easier to approach, and require less strength (remove the physical burdens).
5. Design products that are safe to use procedurally, functionally, structurally, materially, and environmentally.
6. Provide products at a reasonable price and in the amounts required by society.
7. Engage in design that appeals to the senses with consideration for comfort, enjoyment, and beauty.

Established in 2001
Revised in April 2010



Unicharm moony baby wipes



The pushup button at the bottom pushes up the wipes and makes them easier to pull out when they start to run short.



Unilever Japan LUX



The wider spout opens automatically when torn at the top, for easier refill pouring.

Protecting Personal Information

Toppan treats all personal information entrusted to the Company safely and securely in order to protect the interests and rights of individuals, to reciprocate the trust of customers, and to cope with the growth of more-personalized communication services.

Strictly Managing the Handling of Personal Information

Personal information entrusted to Toppan by customers is never handled outside tightly secured areas that have passed qualification reviews based on stringent security criteria. Toppan operates 58 qualified areas across Japan as of March 31, 2014.

More of these areas are working to acquire information security management system (ISMS) certifications in addition to PrivacyMark accreditation. Toppan's tightly secured areas at the Higashinohon Division acquired the ISMS certification in fiscal 2013.

Tightly Controlled High-security Service

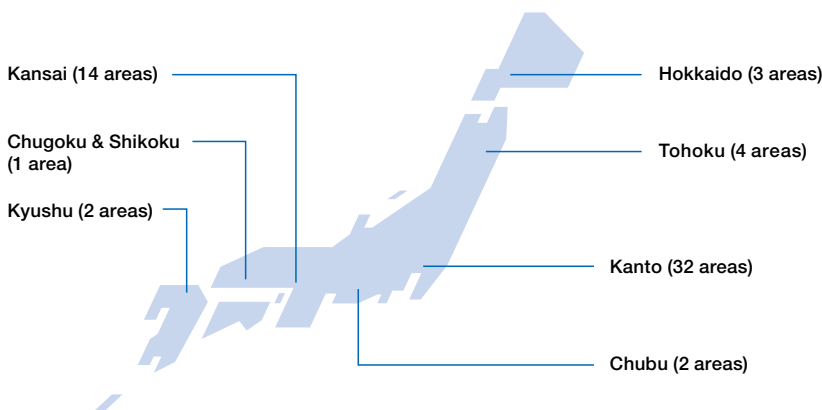
The Gift Card ASP Service is a real-time balance management service jointly operated by Fujitsu FIP Corporation and Toppan for the settlement of gift card transactions. In August 2013 this service became the first payment service in Japan to acquire a rating of AAAs, the highest rating for information security.

Publishing In-house Educational Tools for Use Outside the Company

The *Close Calls on the Job* series has long been used as a key in-house educational tool at Toppan's workplaces across Japan. Edited under the supervision of professionals, this series was published by PHP Institute, Inc. in December 2013 as a handbook exclusively for corporate customers. The book compilation of the series covers topical themes such as precautions for the use of smartphones and social media.

This book presents examples of misunderstandings and mistakes in actual situations when workers are misled into thinking "It's too late to ask" or "I can just wing it!" Materials are presented in the form of questions and answers accompanied by options and explanations. The book sells outside Toppan and remains in use as an in-house educational tool across Toppan Group companies in Japan.

Number of Domestic Sites with Tightly Secured Areas Designated for the Handling of Personal Information (as of March 31, 2014)



An easy-to-understand introduction to information security (in Japanese; published by PHP Institute, Inc. with editorial support from Toppan Printing Co., Ltd.)

Tightly Secured Areas at Toppan Group Companies with ISO/IEC 27001:2005 Certification (as of March 31, 2014)

- Information and Communication Division (IT Solutions, IT Solution Department, Toppan Idea Center; Service Integration Department, IT Service Division, Toppan System Solutions Co., Ltd.), Toppan Printing Co., Ltd.
- Information and Communication Division, Toppan Printing Co., Ltd.; Toppan Communication Products Co., Ltd.; Toppan Joho Kako Co., Ltd.
- Oji Security Room, Data Center, Toppan System Solutions Co., Ltd.
- Kyushu, Chugoku and Shikoku Team and ISMS Promotion Committee, Information Security Management, Nishinohon Division, Toppan Printing Co., Ltd.
- Higashinohon Division, Toppan Printing Co., Ltd.

Contributing to Sustainable Consumption

Toppan produces a host of environmentally friendly products designed to contribute to a sustainable society.

In the field of flexible packaging materials, Toppan worked together with Toyobo Co., Ltd. to develop a mechanically recycled PET film for laminated packaging materials in 2012. This film is composed of more recycled resin than almost any other recycled PET film ever made: 80%. CO₂ emissions in the film production stages up to final manufacturing can be reduced by about 24% compared with conventional petroleum-based PET films.

A new material composed of this mechanically recycled PET film and a biomass polyethylene (PE) film developed by Toppan in 2011 was adopted for powder detergent packaging in September 2013. The biomass PE film is partially composed of a raw material derived from sugarcane and has a biomass ratio of up to 50% (by weight). The packaging material made from these two films retains the physical properties of existing packaging materials in terms of shock resistance, tensile strength, laminating strength, and so on.



Powder detergent packaging made from mechanically recycled PET film and biomass polyethylene (PE) film



Toppan ecolable Calendar

Carbon Offsetting Based on the Carbon Footprint of Products

The carbon footprint of products (CFP) is a method to disclose CO₂-equivalent greenhouse gas (GHG) emissions associated with a product or service throughout its entire life cycle, from raw-material procurement to disposal and recycling. The CFP is expressed as a single number anyone can understand. In fiscal 2012 Toppan acquired the CFP system certification in two fields: publication and commercial printed materials (intermediate goods) and printed materials for advertisement and business.

In fiscal 2013, Toppan participated in the Pilot Project for the “Carbon Offset Products Making Use of the Carbon Footprint” Program of 2013 operated by the Ministry of Economy, Trade and Industry of Japan. This project aims to establish a framework under which participating enterprises offset the GHG emissions of their products or services with credits equivalent to their CFPs (“carbon offsets”) and label their products with the Carbon Offset mark. Toppan calculated the CFP of the Toppan ecolable Calendar, offset that amount, and acquired the Carbon Offset certification. The Toppan ecolable Calendar was the first calendar in Japan to acquire this certification.

Toppan will offer the CFP registration and disclosure service to client companies as a means of disseminating more products with CFP labels.

Community Involvement and Development



- 1 Toppan Group domestic and overseas sites have been engaging in diverse community contribution activities based on dialogue with neighboring communities.
- 2 Toppan sponsored the 7th *Toppan Charity Concert* series to help enhance literacy in developing countries.

Community Contribution and Involvement

The Toppan Group has supported the communities in which it operates by addressing local issues and contributing to sustainable local development as a community member. Its domestic and overseas sites have engaged in contribution activities forged through constant dialogues with neighboring communities. Their dialogue is sustained through manifold activities, including involvement in organizations that bring together the opinions of community members.

Dialogues with Communities

Toppan sites participate in the activities of local resident associations and other community organizations. The sites have shaped business activities and community contribution activities by referring to the opinions sounded out from their communities. Meetings and conferences are also held at the sites to inform neighborhoods of production operations and environmental initiatives, to answer questions from community members, and to elicit opinions.

In fiscal 2013, an operational site in Sakado City, Saitama Prefecture invited some 370 visitors from neighboring communities into its premises for a plant tour organized jointly with resident associations. Participants shared an enriching experience with Toppan personnel by touring the plant, seeing the facilities and products manufactured, receiving reports on environmental efforts, and taking part in a bookmaking workshop program.

Awards for Blood Donation Drives

Toppan had the honor of receiving the "Promoting Blood Donations Award" from the Emperor Showa Memorial Fund for Blood Programme at the "49th National Awards Ceremony for the Promotion of Blood Donation" (sponsored by the Ministry of Health, Labour and Welfare of Japan and the Japanese Red Cross Society) held on July 5, 2013. The Emperor Showa Memorial Fund for Blood Programme was founded by the Japanese Red Cross Society with money donated from the Emperor Showa. Each year the fund bestows the "Promoting Blood Donations Award" to commend the outstanding achievements of individuals and groups in disseminating the blood donation philosophy and in developing activities to promote blood donation. Toppan has undertaken Company-wide blood donation drives across its operational sites in Japan for 45 years, since 1967. This activity was highly lauded as a cooperative effort for the stable supply of blood products for blood transfusion. The 2013 award was presented by the Crown Prince of Japan, the Honorary Vice-President of the Japanese Red Cross Society.



Plant tour for neighboring communities (in Saitama)



Plant tour for elementary school students (in Saitama)



Roundtable conference with community members (in Niigata)



Class for elementary school students invited to the site (in Aichi)

Fostering Future Generations and Contributing to Education

Many operational sites at the Toppan Group organize programs to foster the children and young people who one day will be sustaining society and communities. Japanese sites arrange plant tours, work experience programs, internships, and other similar activities.

An operational site in Asaka City, Saitama Prefecture held a plant tour as a general study activity for local elementary school students to enrich their education. The tour formed part of a special class designed to get the children to think about issues of the global environment and how they can contribute to environmental conversation.

Forming Cooperative Relationships in Emergencies

Toppan and local communities have been taking joint steps to minimize damage caused by large-scale disasters.

Under an agreement signed by an operational site in Fukushima Ward, Osaka City (Osaka Prefecture) with neighboring communities, the site will open part of its premises as a tsunami evacuation building, a temporary shelter for local residents, if a large-scale disaster involving a tsunami strikes the surrounding area. The site also organized disaster drills with 149 participants in fiscal 2013.

■ Tie-up Activities with Local Cultural Events

Toppan has proactively engaged in activities to pass on local traditional culture to coming generations in the communities neighboring its operational sites.

An operational site in Taito City, Tokyo works to strengthen interaction with the Taito community and to pass down the local culture and traditions. Each year portable shrines are displayed in the site's lobby before local residents parade them through the streets in a seasonal festival. An operational site in Higashi-Omi City, Shiga Prefecture, meanwhile, takes part in the traditional Higashi-Omi Giant Kite (Odako) Festival. The site encourages employees to submit kite designs and then holds workplace votes to select winning designs. Giant kites fashioned from the winning designs are flown during the festival.

■ Initiatives at Overseas Sites

Community contribution activities are also conducted at overseas sites.

At a site in Thailand, 35 employees visited a welfare facility for the elderly on a mission "to fill hearts with love." During the visit they sang songs, played games, and lunched with residents. The site also donated daily necessities to the welfare facility.

Cooperating with International Communities to Address Social Issues

Toppan announced its participation in the United Nations Global Compact in September 2006 and pledged support for its principles. Convinced anew that cooperative solutions to global issues are vital for its community contribution activities, the Company launched the *Toppan Charity Concert* series in the next year, fiscal 2007. This series aims to support global initiatives to raise literacy rates in developing countries. Literacy is the ability to read, write, and calculate with proficiency sufficient to function well in daily life.

The first two of the eight Millennium Development Goals (MDGs) seek to eradicate extreme poverty and hunger and achieve universal primary education. To realize the MDGs, a set of common goals of the international community, Toppan regards literacy as an essential skill enabling people in developing countries to stand on their own feet. The annual concert series is a fundraising mechanism to support literacy.

Toppan sponsored the 7th *Toppan Charity Concert* series in fiscal 2013 and donated 1,939,000 yen to the Asia-Pacific Cultural Centre for UNESCO (ACCU). The funds are now being used for literacy education and classes on maternal and child health for mothers raising young children in Cambodia.



Work experience program (in Chiba)



Toppan kite at the Giant Kite Festival (in Shiga)



Literacy class in Cambodia ©ACCU



Local portable shrine exhibition (in Tokyo)



Visit to a welfare facility for the elderly (in Thailand)



A mother and her child learning together in the literacy class ©ACCU

The Environment



- 1 The Toppan Group has established a set of medium-and-long-term environmental targets for fiscal 2020 and presses ahead with activities in four areas: Environmental Management, Eco-protection, Eco-creativity, and Environmental Communication.
- 2 The Group has calculated its entire value chain greenhouse gas emissions (scope 3 emissions) and identified which activity categories represent larger sources of emission.

Toppan's Environmental Activities

Four Environmental Activity Areas

The Toppan Group promotes environmental initiatives based on The Toppan Group Declaration on the Global Environment, a basic philosophy for the environmental conservation activities of the Group.

Toppan's environmental activities are divided into four areas—Environmental Management, Eco-protection, Eco-creativity, and Environmental Communication. The Group enacted a set of five bylaws to strengthen the Eco-protection Activities performed to minimize environmental burden associated with the Group's corporate operations: the Bylaw on Global Warming Mitigation, the Bylaw on the Building of a Recycling-oriented Society, the Bylaw on Chemical Substance Management, the Bylaw on Pollution Control, and the Bylaw on Biodiversity. The Toppan Group has taken steps to conserve the global environment in each of the areas based on the five bylaws.

The Toppan Group Declaration on the Global Environment

As responsible members of international society, we who work within the Toppan Group strive to realize a sustainable society through forward looking corporate activities with consideration for the conservation of the global environment.

Basic Principles

1. We observe all laws, regulations and in-company rules relating to the environment.
2. For the future of the Earth, we strive for the effective utilization of limited resources and the reduction of all types of environmental burden.
3. With foresight, we promote the development and widespread use of products that show consideration for the environment, and contribute to the environmental activities of customers.
4. We engage in communication related to the environment with a wide range of peoples both inside and outside the company, and strive for mutual understanding.
5. We also take a proactive approach to environmental conservation in corporate activities in international society.

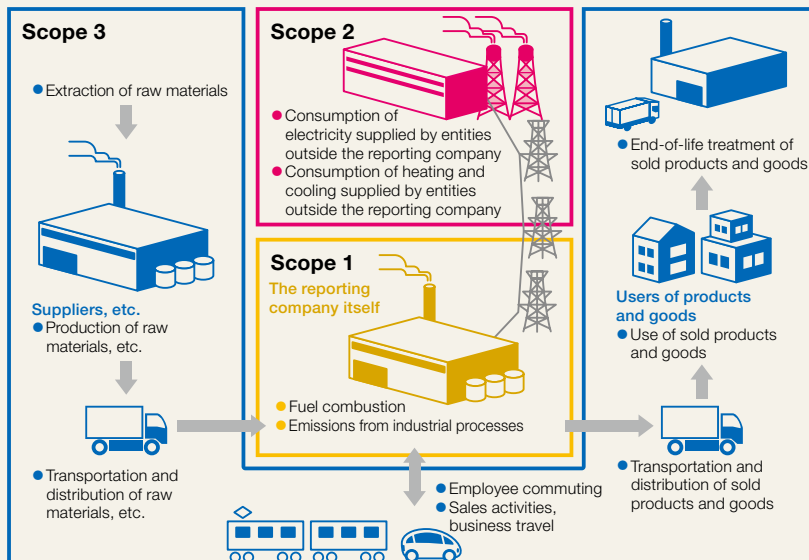
Established in April 1992
Revised in April 2009

Calculating Scope 3 Emissions

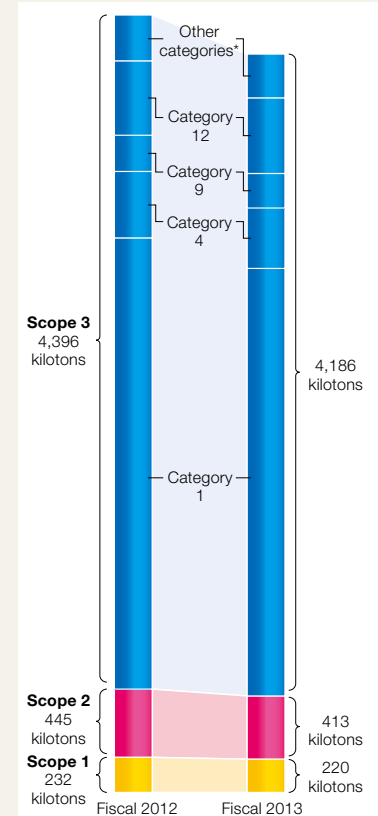
More and more businesses around the world nowadays are quantifying and managing their value chain greenhouse gas (GHG) emissions associated with every stage of operation from raw material procurement to the distribution and disposal of products (scope 3), in addition to direct emissions (scope 1) and indirect emissions associated with purchased electricity consumption (scope 2).

The Toppan Group has calculated its scope 3 emissions in fiscal 2012 and 2013 to identify the categories of corporate activity that represent larger sources of GHG emissions and to establish priority targets in its emission reduction strategy. This calculation shows that raw material consumption in category 1 (manufacturing of products Toppan has purchased), categories 4 and 9 (transportation and distribution of these products), category 12 (end-of-life treatment of products Toppan has sold), and other categories collectively accounts for the largest share of Toppan's GHG emissions.

The Group will continue monitoring and evaluating GHG emissions across its value chain and work to reduce environmental burden incurred throughout the life cycle and production process of every product.



Scope 1-3 Greenhouse Gas Emissions



*Categories 2, 3, 5, 6, 7, 8

Environmental Management Activities

■ Operating Environmental Management Systems

The Toppan Group operates established environmental management systems (EMSs) based on its environmental management rules.

Sixty-nine Group domestic sites undertake environmental activities to achieve the targets set under the Eco-protection Activity Plan. The Ecology Center collects environmental performance data as the organization responsible for supervising the Group's environmental activities. The center then evaluates and verifies the data and reports the results to the Board of Directors and other management bodies. Points of improvement for the continuous upgrading of environmental management are proposed and implemented throughout the entire Group.

The environmental audit follows a three-stage screening process: a management system audit by an ISO 14001 registrar, an internal audit by the Ecology Center, and another internal audit at the individual site. Toppan underwent man-

agement system audits for 48 systems and carried out internal environmental audits at 69 operational sites in fiscal 2013. Necessary procedures were taken to correct the deficiencies pointed out during the audits.

■ Improving Environmental Literacy

The Toppan Group implements various measures to improve the environmental literacy of its employees based on social trends related to the environment, priority topics for year-by-year environmental activities, and other environment-related issues.

Toppan arranged Group-wide e-learning programs in fiscal 2013, along with sessions for optional training, rank-based training, and internal auditor training. The Group focused closely on rank-based education by organizing e-learning programs for managerial staff and training sessions for employees in manufacturing and technology departments. Briefing sessions on chemical substance control were also held at 23 sites to improve the reliability of control measures.

Medium-and-long-term Environmental Targets for Fiscal 2020

1. Mitigation of global warming

- Reduce CO₂ emissions by **11%** compared to the fiscal 2008 level (751 kilotons)
→ 669 kilotons: -82 kilotons)

2. Action for building a recycling-oriented society

- Reduce final landfill waste disposal by **87%** compared to the fiscal 2008 level (1,584 tons)
→ 206 tons: -1,378 tons)

3. Conservation of the atmospheric environment

- Reduce VOC emissions into the atmosphere by **70%** compared to the fiscal 2008 level (7,326 tons)
→ 2,198 tons: -5,128 tons)

Values, Results, and Evaluation of Environmental Targets for Fiscal 2013 and Environmental Target Values for Fiscal 2014

Environmental Targets		Management Indicators	Fiscal 2013				Environmental Target Values for Fiscal 2014
			Target Values	Results	Achievement Rates	Evaluation	
1. Mitigation of global warming	● Reduce CO ₂ emissions	● CO ₂ emissions	688 kilotons	632 kilotons	108.1%	S	620 kilotons
		● CO ₂ emissions per unit of sales	0.75 tons/million yen	0.72 tons/million yen	103.9%	A	0.70 tons/million yen
2. Action for building a recycling-oriented society	● Reduce final landfill waste disposal	● Final landfill waste disposal	455 tons	483 tons	93.8%	B	375 tons
	● Reduce waste generation per unit of production value	● Waste generation per unit of production value	0.735 tons/million yen	0.731 tons/million yen	100.5%	A	—
3. Conservation of the atmospheric environment	● Reduce VOC emissions into the atmosphere	● VOC emissions into the atmosphere	4,762 tons	4,238 tons	111.0%	S	4,527 tons
		● VOC emissions into the atmosphere per unit of production value	0.0128 tons/million yen	0.0121 tons/million yen	105.5%	S	—

Evaluation criteria: S, Results achieved far surpass the targets (achievement rate [%] ≥ 105); A, Targets achieved (100 ≤ achievement rate [%] < 105); B, Activities fully carried out, but targets unachieved (70 ≤ achievement rate [%] < 100); C, Activities insufficient (achievement rate [%] < 70)
Achievement rates: 200 - (values actually achieved / target values) × 100 [%]

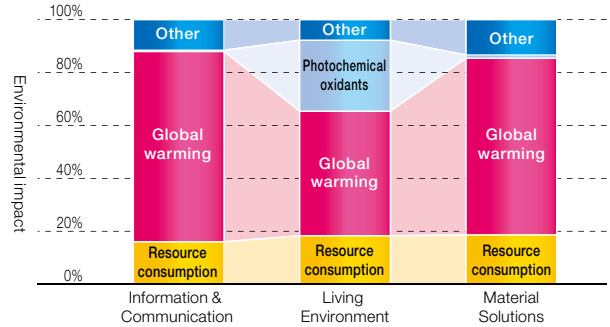
Toppan's Environmental Burden and Environmental Impact

The Toppan Group applies the LIME* life-cycle assessment method to consolidate INPUT and OUTPUT data on environmental burden associated with business activities into a single index of environmental impact.

This assessment provides a holistic view of the environmental impact of all business activities at the Group and serves as a benchmark for establishing medium-and-long-term environmental targets and checking the effectiveness of environmental measures. Toppan has managed to reduce its environmental impact every year. In fiscal 2013, the Group attained a 30% reduction compared to the fiscal 2006 level.

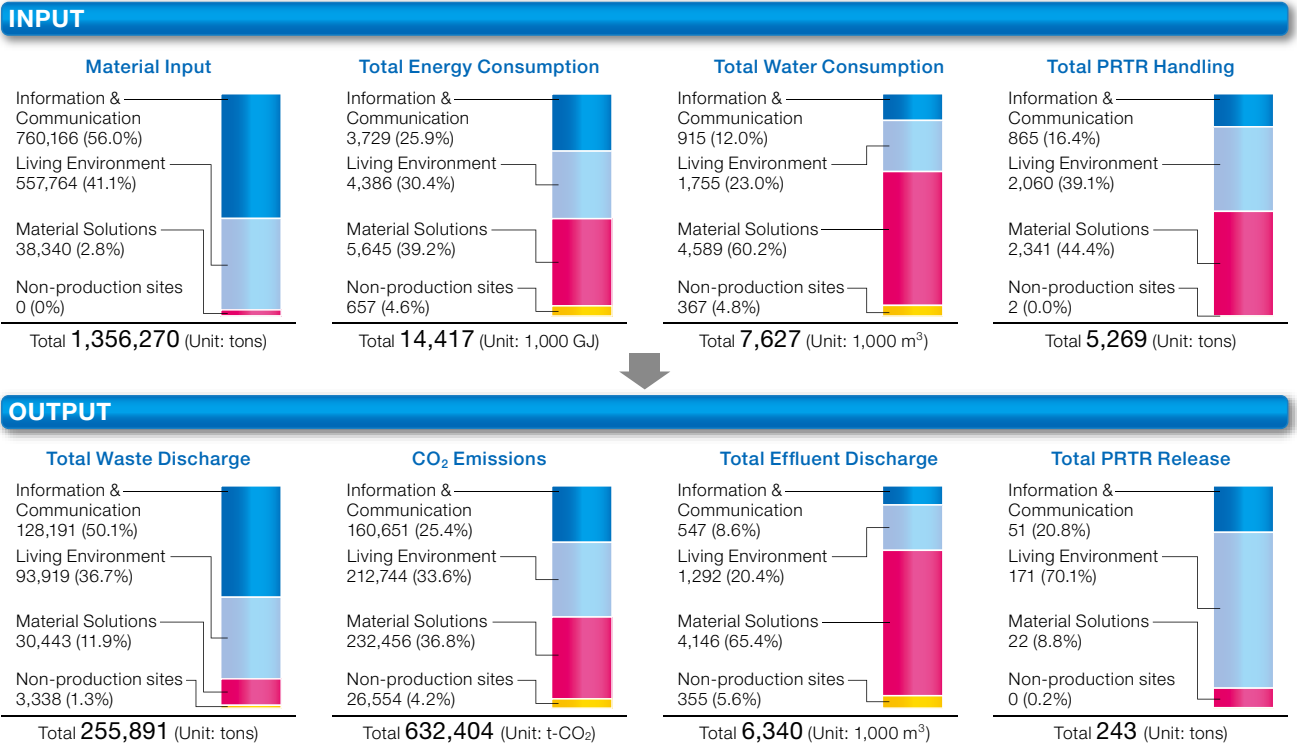
*Life-cycle Impact assessment Method based on Endpoint modeling (LIME): A version of the damage-oriented environmental impact assessment method adjusted for application in Japan based on the environmental background domestically. Damage derived from impact categories is quantified for each part of the environment to be protected (e.g., human health, biodiversity). Once the damage is quantified, the environmental impacts of multiple factors are integrated into a single index.

Types of Environmental Impact by Business Field



Note: In the Living Environment field, the chart shows a significant impact from photochemical oxidants, pollutants formed by reactions between sunlight and VOCs released into the atmosphere. In the Material Solutions field, the chart shows the comparatively high global warming effects from energy consumption in clean rooms and other facilities with high energy-loads. The Toppan Group includes these indicators among its medium-and-long-term environmental targets and has taken steps to reduce environmental impact of these types.

Major Types of Environmental Burden by Business Field in Japan (INPUT/OUTPUT data)



Notes: ● Energy consumption associated with fuel consumption is calculated using the conversion factor specified in the year 2000 amendment of the Act on the Rational Use of Energy of Japan. 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.
 ● "Waste" in this report includes industrial waste of no value and waste materials of value sold or transferred as resources (both generated in association with business activities).
 ● Total energy consumption is the quantity of electricity and fuels consumed.
 ● Total values may not exactly match the sum totals of individual values, as decimals are rounded up or down.

Eco-protection Activities

Mitigating Global Warming and Saving Energy

The Toppan Group has been reducing the total emissions of carbon dioxide (CO₂) to help mitigate global warming.

The Group continued engaging in diverse activities throughout Japan in fiscal 2013 to cope with the power-supply shortages after the Great East Japan Earthquake of 2011. The nationwide demand-monitoring system introduced a year earlier continued operating as a tool for controlling peak power demand in summer and winter. The electricity consumption data compiled for each site via this system enables the Group to review power contracts and encourage energy-saving efforts on a site-by-site basis.

The Toppan Group also installed heat-radiation-prevention materials for piping, painted heat-shield coatings on folded-plate roofs and other buildings, and replaced older utility facilities (installed more than 15 years ago) with high-efficiency alternatives.

The Group is switching from mercury-vapor lamps and fluorescent lights to LED lights gradually across operational sites. All fluorescent lights were replaced by LED lights at the head office in fiscal 2013. In September the Group installed solar panels capable of generating 88 kW of electricity at the Toppan Technical Research Institute's Experiment Center.

As a result of these efforts, CO₂ emissions in fiscal 2013 were reduced to 632 kilotons, below the targeted limit of 688

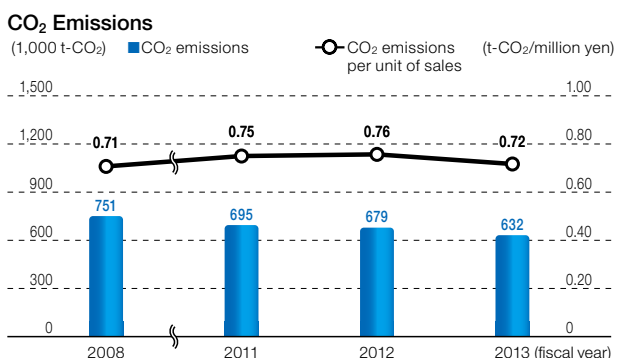
kilotons for the year. The Itabashi Plant of Toppan Printing Co., Ltd. and the Kawaguchi Plant of Toppan Communication Products Co., Ltd. both received awards at the "Kanto Efficient Electricity Use Awards" sponsored by the Kanto Branch of the Japan Electric Association: the former received a special award conferred by the chief of the Kanto Bureau of Economy, Trade and Industry; the latter received the top award for outstanding performance.

Improving Transport Efficiency in Logistics

Toppan Logistics Co., Ltd., the logistics specialist for the Toppan Group, is working with shippers from Toppan Group companies to reduce the energy consumption per unit of transport volume by company vehicles and the total volume of CO₂ emissions from transport.

Energy consumption per unit of transport volume in fiscal 2013 was 58.2 kL/million ton-kilometers, 1.3% higher than the volume recorded in fiscal 2012. The energy consumption per unit of transport volume for the five years from fiscal 2009 to fiscal 2013 was reduced by an average of 3.1% per year, surpassing the targeted average reduction of 1%. CO₂ emissions were 34,886 tons, or 28.4% lower than the fiscal 2012 level.

Toppan Logistics will work to accomplish the targets for fiscal 2014 by optimizing transportation conditions and further improving transportation efficiency.



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 (MOE) of Japan. The CO₂ emissions associated with electricity consumption, however, are calculated uniformly as 0.378 t-CO₂/MWh.

CO₂ emissions in fiscal 2013 amounted to 806,900 t-CO₂ when calculated using the effective emission factor from another MOE method specified in the Ministerial Ordinance Concerning the Calculation of Greenhouse Gas Emissions from Business Activities of Specified Dischargers (the latest amendment on March 31, 2010).



Solar panels (Experiment Center, Toppan Technical Research Institute)



All fluorescent lights at the head office replaced with LED lights

■ Building a Recycling-oriented Society

In a drive to use limited resources more effectively, the Toppan Group works to reduce the discharge of waste, increase the recycling rate, and apply appropriate waste treatment methods.

Waste paper derived from operational sites primarily in the Information & Communication and Living Environment fields makes up the largest portion (75.4%) of the total waste discharged at Group sites. This is followed by waste plastics from plants in the Living Environment field and waste acids such as waste etchant from plants in the Material Solutions field. The Group has striven to increase the material recycling rate by processing waste paper into recycled paper, by separating waste plastics and processing composite plastic into pellets, and by implementing other recycling methods. Waste acids, meanwhile, have been processed internally with chemical treatment. A change in the method for treating particulates discharged from incinerators resulted in a 100 ton increase in the final landfill waste disposal in fiscal 2013, compared with the year before. To reduce the landfill disposal, the Group began reusing these particulates as a humidity control agent for solid fuels in February 2014.

The waste volume, separation conditions, and other waste profiles for each office were reported at periodic meetings of the Health and Safety & Fire- and Disaster-preparedness Committees held at offices throughout fiscal 2013. The reported data is provided as feedback to workplaces in order to heighten awareness among employees. Through these

efforts, Toppan Printing Co., Ltd. received the Award for Excellence from Chiyoda City in Tokyo at the “FY 2014 Awards for Outstanding Waste Administrators for Large-scale Commercial Buildings.”

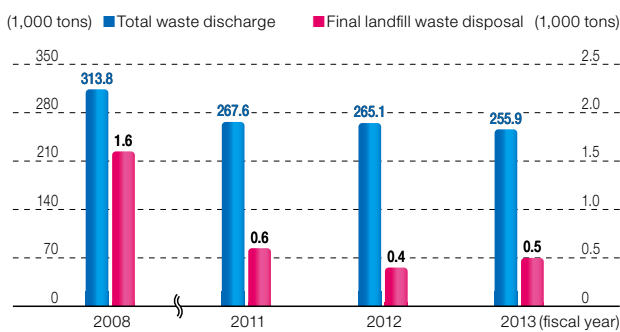
■ Preventing Pollution

The Eco-protection Promotion Committee at each Group site sets in-house control standards more stringently than the regulatory standards require. By complying with these standards, the Toppan Group works to reduce environmental burden and prevent pollution.

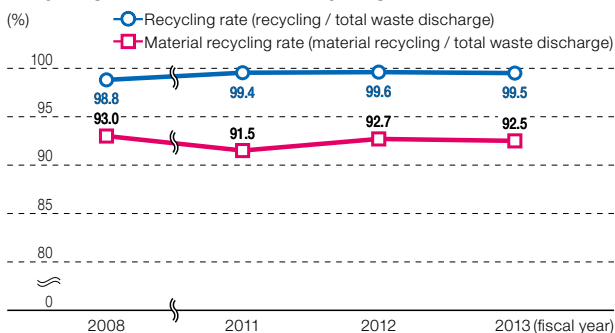
To prevent atmospheric pollution, the Group controls boilers and other plant facilities responsible for air pollutants by managing operations under appropriate combustion conditions. In fiscal 2013 the Group continued enhancing efficiency in effluent-gas treatment by precisely controlling the plant facilities subject to the requirements stipulated under the Air Pollution Control Act of Japan. VOC and toluene emissions into the atmosphere in fiscal 2013 were both reduced compared with the fiscal 2012 levels.

To prevent water pollution, the Group has installed wastewater treatment facilities designed to cope with specific water consumption and pollutant conditions at individual sites. Wastewater recycling systems have been installed at Material Solutions plants that discharge effluents in significant amounts. By recovering and reusing wastewater via these systems, the plants have been working to reduce the levels of water consumption and effluent discharge.

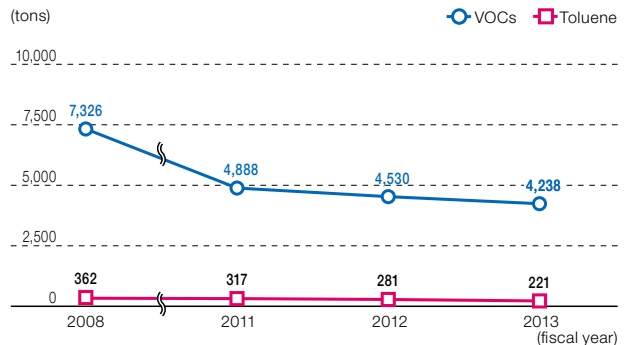
Total Waste Discharge and Final Landfill Waste Disposal



Recycling Rate and Material Recycling Rate



VOC and Toluene Emissions into the Atmosphere*



*Emissions into the atmosphere are calculated in conformance with the standards established by the Japan Federation of Printing Industries (JFPI) and the Japan Electronics and Information Technology Industries Association (JEITA).

The Toppan Group has also been striving to prevent ground-water pollution by checking facilities subject to the requirements stipulated by the revised Water Pollution Control Law of Japan and taking other preventive measures based on the regulatory regime.

Controlling Chemical Substances

The Toppan Group has striven to reduce the consumption of chemical substances to mitigate the impacts of these substances on the environment. For chemical substances designated under the Pollutant Release and Transfer Register (PRTR) law of Japan, the Group continues reducing their consumption and introducing safer substitutes by setting priorities in terms of both the type and range of application. These measures helped the Group achieve a year-on-year reduction of 21.6% in the handling amount of chemical substances designated under the PRTR law, surpassing the target for fiscal 2013.

Group production sites have also been appropriately managing chemical substances based on established control procedures.

Approach to Environmental Compliance

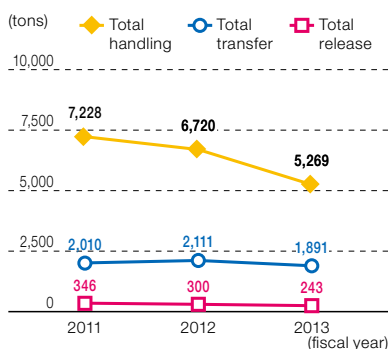
In fiscal 2013 in Japan, one production site recorded VOC emission levels exceeding the regulatory standards set under the Air Pollution Control Act. Four production sites, meanwhile, recorded excessive levels of pH, BOD, or n-hexane extractable substances relative to the regulatory standards set for water contaminants under the Sewerage Act. Regarding noise,

one production site exceeded the regulatory standards set under the Noise Regulation Act. The Toppan Group took immediate corrective measures for every case, including steps to inspect facilities and revise the methods for facility control. Since implementing these corrective measures, the Group has reviewed control procedures and taken necessary actions to reliably prevent recurrences. As a preventive action against environmental pollution, the Group holds regular drills to cope with potential emergencies and accidents during production operations. Emergency-preparedness procedures are reviewed whenever the results of the drills call for them.

In fiscal 2013, the Toppan Group introduced new control standards to promptly detect malfunctioning equipment or abnormalities in production processes and take required corrective measures. The Group has been advancing trend management based on the new standards using an in-house environmental database to ensure that none of the regulatory limits are exceeded.

Communities around Toppan plants filed four complaints and inquiries at four sites in fiscal 2013. Three of them involved inconveniences to community residents related to noise. The Group has reviewed operation rules and either installed sound-insulation facilities or assessed plans to install them. The facilities generating noise are more strictly maintained and inspected to prevent noise-related problems. The Toppan Group will continue enhancing the quality of its environmental management through earnest dialogue with residents in surrounding communities.

Chemical Substances Designated under the PRTR Law*1



*1 Dioxins are excluded because of a difference in the counting unit.

Purification of Soil and Groundwater Pollution

Operational Site	Detail	Current Progress*2
Itabashi Plant (Itabashi City, Tokyo)	Groundwater pollution by hexavalent chromium and toluene	Continuously monitored
Niigata Plant (Shibata City, Niigata)	Soil pollution by fluorine and its compounds	Continuously monitored
Asaka Plant (Niiza City, Saitama)	Groundwater pollution by VOCs (voluntary investigation of well water on the plant premises)	Monitoring completed: Standard values continuously met
Toppan Technical Research Institute (Kita-Katsushika District, Saitama)	Soil pollution by fluorine and fluorine compounds	Continuously monitored after remediation

*2 As of March 2014

Promoting the Conservation of Biodiversity

Biodiversity Conservation at Operational Sites

The Fukaya Plant in Saitama Prefecture has promoted biodiversity conservation within its premises in collaboration with the Environmental NPO “SHU” since fiscal 2012. In fiscal 2013 the NPO and plant worked together in the summer to enlarge conserved forest areas in the 3rd phase of a wildlife-support project, “Paradise for Wild Birds.” Participants spotted acorn seedlings and budding orchids, tangible effects of the program, in forest areas developed in fiscal 2012. They collaborated again in the winter in the 4th phase to clean up the birdhouses installed in fiscal 2012. Great Tits had nested in about 80% of the birdhouses, creating a wonderful opportunity to view bird nests in their natural state.

Improving Land-use Practices at Operational Sites

Since fiscal 2010, a cumulative total of 13 operational sites have applied the land-use assessment method* to monitor organisms within their premises and to assess the degree to which their land-use methods contribute to biodiversity.

Biodiversity Conservation outside Operational Sites

The Saitama Ecosystem Conservation Society and the Asaka Plant in Saitama Prefecture pooled their forces in a project to make a mini-aquarium and observe creatures living in Yanase River upstream of the plant. Participants collected aquatic organisms to inhabit the mini-aquarium and learned how to distinguish species and how the organisms living in a water habitat can serve as a measure of water quality. Toppan employees, meanwhile, planted trees and toured a waste incineration plant at Umi-no-Mori in Tokyo. The Umi-no-Mori sea forest is a living example of a recycling-oriented zone where planting activities are transforming a waste island into a beautiful forest. The employees took part in a planting festival sponsored by Tokyo Metropolitan Government to plant saplings of local species that tolerate salty wind and bear blossoms and fruits attractive to birds. The plant tour spurred participants to rethink the problems of urban waste.

*Based on a set of Guidelines for Sustainable Business Site Management® established by the Japan Business Initiative for Biodiversity (JBIB)



Making signs for Paradise for Wild Birds



Creature watching at Yanase River



Planting trees at Umi-no-Mori (Sea Forest) in Tokyo



Birdhouses for wild birds, with employees and their families joining in



Making a mini-aquarium at Yanase River



Incineration plant tour

Eco-creativity Activities

Developing and Approving Environmentally Friendly Products

In fiscal 2013 Toppan replaced Toppan's 14 Environmental Points (in-house criteria for approving eco-friendly products set under ISO 14021) by establishing Toppan Standards for Environmentally Friendly Products, a new set of criteria covering five stages of the product life cycle. A total of 94 products were registered as "environmentally friendly products" as of the end of March 2014.

Toppan will approve and register "exceptional environmentally friendly products" that are recognized as eco-friendly by third-party organizations or that have undergone life cycle assessment for quantification of environmental burden across the life cycle.

Environment-related Businesses at Group Companies

Like Toppan itself, the companies of the Toppan Group develop, produce, and market eco-friendly products in line with standards they formulate themselves in consideration of social demands.

The total sales of environment-related businesses—including, most notably, sales of environmentally friendly products satisfying the in-house criteria of the Toppan Group—stood at 244.6 billion yen in fiscal 2013.

Environmental Communication Activities

Presenting at Eco-Products 2013

At the Eco-Products 2013 fair in December 2013, Toppan proposed new environmental solutions based on its own "ecollable" concept oriented towards a sustainable society. By combing "ecology," "collaboration," and "able," the Company intends to show that eco-tasks unachievable by any one actor can be achieved through the collaborative actions of governments, companies, organizations, consumers, and other stakeholders. These entities may work together for the development of new environmental technologies and the creation of new society-wide schemes to resolve environmental challenges. Toppan presented environmental solutions such as packaging materials for lithium-ion batteries, the eco-friendly Cartocan, and smart community initiatives. These products and initiatives exemplify the endeavors Toppan has realized through collaboration with client companies, organizations, governments, and other entities in development, sales, and operation.

In the "ecollable" booth, the Company set up a display on packaging production processes using recycled resins and rolled films that visitors could touch. Staff from companies and governments collaborating with Toppan publicly discussed viable strategies for creating new society-wide eco-schemes.

Toppan Standards for Environmentally Friendly Products

Life Cycle Stage	Toppan Standards for Environmentally Friendly Products	
	Large Categories	Small Categories
Raw material procurement	Reduced use of hazardous substances	Reduced use of hazardous substances and volatile solvents (excluding banned substances)
	Use of recycled materials	Use of waste paper Use of recycled plastics
	Use of materials with lower environmental burden	Reduced consumption of energy and water
	Resource-saving efforts	Reduced use of materials in production
	Use of sustainable resources	Use of lumber from forest-thinning operations, use of forest-certified paper, use of tree-free paper Alternatives to petroleum-based materials and mineral resources Effective use of biomass resources
Production	Reduced energy consumption in production	Reduced energy consumption through changes in product design and production processes (excluding reduction through changes in equipment)
	Use of recyclable energy	Use of green electricity
	Implementation of carbon offset	Same as left
	Reduced water consumption in production	Reduced water consumption through changes in product design and production processes (excluding reduction through changes in equipment)
	Reduced generation of waste in production	Waste reduction (excluding reuse of waste inside plants)
Distribution	Improvement in transport efficiency	Product design for improved loading ratio
	Optimization of transportation	Selection of more environmentally friendly transportation
Use	Reduced release of chemical substances during use	Reduction of chemical substances potentially released from products
	Extension of product life	Prolonged product life through improvement in durability and enhancement of functions
	Reduced environmental burden during use	Reduced consumption of energy and water during use
Disposal & recycling	Reuse	Improvement in reusability
		Easy separation and disassembly for reuse
	Recycling	Improvement in recyclability
		Easy separation and disassembly for recycling Recyclability through existing recycling routes (excluding waste paper collection routes)
	Environmentally friendly disposal	Reduced emissions of hazardous gas during disposal
Use of biodegradable materials	Use of recyclable materials that can be degraded and returned to nature (biodegradability, photodegradability, etc.)	
Proof of environmental friendliness	Visualization of environmental burden	Carbon footprint of products (CFP), life-cycle assessment (LCA), water footprint (WF)
	Labeling with environmental logos	Examples: Eco Mark, Forest Thinning Mark, etc.

Independent Assurance

As seen in the Global Reporting Initiative (GRI) Guidelines revised in May 2013, companies nowadays are required to assess the impacts throughout their value chains along with the environmental and social impacts associated with the direct business operations of their own groups. Companies are also required to take appropriate measures to address their impacts in proportion to the influences they confer and to disclose their policies, actions, performance, and other relevant facts. Toppan has revised the Toppan Group CSR Procurement Guidelines and newly disclosed greenhouse gas emissions across its entire value chain (scope 3 emissions). This seems to be a key step for meeting the social requirements described above. In coming reports we expect the Company to disclose more detailed information on its efforts to address the impacts throughout its value chain and the results it achieves.

The environmental performance data disclosed in this CSR report had to be rearranged for better alignment with organizational restructuring. Overall, the data aggregation seems to have been completed without any major disruptions. For data on social performance, we believe that it will be an essential challenge for the Company to expand the boundaries of reporting from Toppan Printing Co., Ltd. alone to more companies within the Group. When reviewing material issues for the entire Group in the future, we recommend that the Toppan Group identify the spheres in which impacts occur for each material issue and redefine the organizations to be covered in reporting.

Shinichiro Akasaka
KPMG AZSA Sustainability Co., Ltd.

Indicators in this Report Assured by an Independent Assurance Provider

Pages		Indicators Assured by an Independent Assurance Provider
19	Human Rights	Number of female managerial and supervisory staff
		Number of employees with disabilities; percentage of employees with disabilities
		Number of retired employees; number of reemployed employees
		Number of Recruits
20	Labor Practices	Number of Employees
		Reasons for Leaving
		Average Annual Salary
		Annual Paid Leave Used
		Employees Taking Maternity or Childcare Leave
21	Labor Practices	Number of employees who have resigned from the Company and registered to join the rehiring system for employees who resign from the Company for the delivery and upbringing of children
22		Occupational Health and Safety
23		Number of employees who participated in the Toppan Business School
		Number of employees who participated in basic, Company-wide education (via e-learning programs)
	Number of employees who were deployed overseas under the trainee system to acquire practical training in overseas business	
24	Fair Operating Practices	Number of employees who participated in selective training on globalization
		Number of Conduct Guidelines Promotion Leaders; ratio of female Leaders
		Number of employees who participated in training sessions for Conduct Guidelines Promotion Leaders
		Number of employees who participated in training sessions on compliance with the Subcontract Law and the Act Concerning Special Measures for Pass-on of Consumption Tax in Japan
25	Fair Operating Practices	Number of employees who participated in training (in group sessions or via the e-learning system) on export controls under the Foreign Exchange and Foreign Trade Act in Japan
26		Number of business partners surveyed to verify the legality of lumber used for paper production
28	Consumer Issues	Number of employees who participated in training sessions for internal auditors
		Results of audits conducted based on the Quality Assurance Guidelines for Food Packaging using the quality audit checklist
34	Toppan's Environmental Activities	Greenhouse gas emissions in fiscal 2012 and 2013
35	Environmental Management Activities	Environmental target values and results for fiscal 2013
36	Toppan's Environmental Burden and Environmental Impact	Major Types of Environmental Burden by Business Field in Japan (INPUT/OUTPUT data)
37	Eco-protection Activities	CO ₂ Emissions
		Total Waste Discharge and Final Landfill Waste Disposal
		Recycling Rate and Material Recycling Rate
		VOC and Toluene Emissions into the Atmosphere
38	Eco-protection Activities	Number of production sites that recorded noise or chemical-substance levels exceeding applicable regulatory standards
		Number of complaints and inquiries from communities around Toppan sites
		Chemical Substances Designated under the PRTR Law
		Purification of Soil and Groundwater Pollution
39	Eco-protection Activities	Number of approved and registered environmentally friendly products; total sales of environment-related businesses
41		Eco-creativity Activities
41		Eco-creativity Activities

Some data in the CSR Report 2014: Detailed Data posted on the Toppan website are also assured by the assurance provider.

Independent Assurance Report



Independent Assurance Report

To the President and Representative Director of Toppan Printing Co., Ltd

We were engaged by Toppan Printing Co., Ltd (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators and environmental accounting indicators listed in the table on page 42 for the period from April 1, 2013 to March 31, 2014 (the "Indicators") included in its CSR Report 2014 (the "Report") for the fiscal year ended March 31, 2014, and the completeness of material sustainability information in the Report.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the Sustainability Reporting Guidelines version 3.0 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment, and for including the material sustainability information defined in the 'Sustainability Reporting Assurance and Registration Criteria' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Kumamoto Plant of Toppan Material Products Co., Ltd. and the Tamana Plant of Toppan Packaging Products Co., Ltd. selected on the basis of a risk analysis.
- Assessing whether or not all the material sustainability information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, and all the material sustainability information defined by J-SUS is not included in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

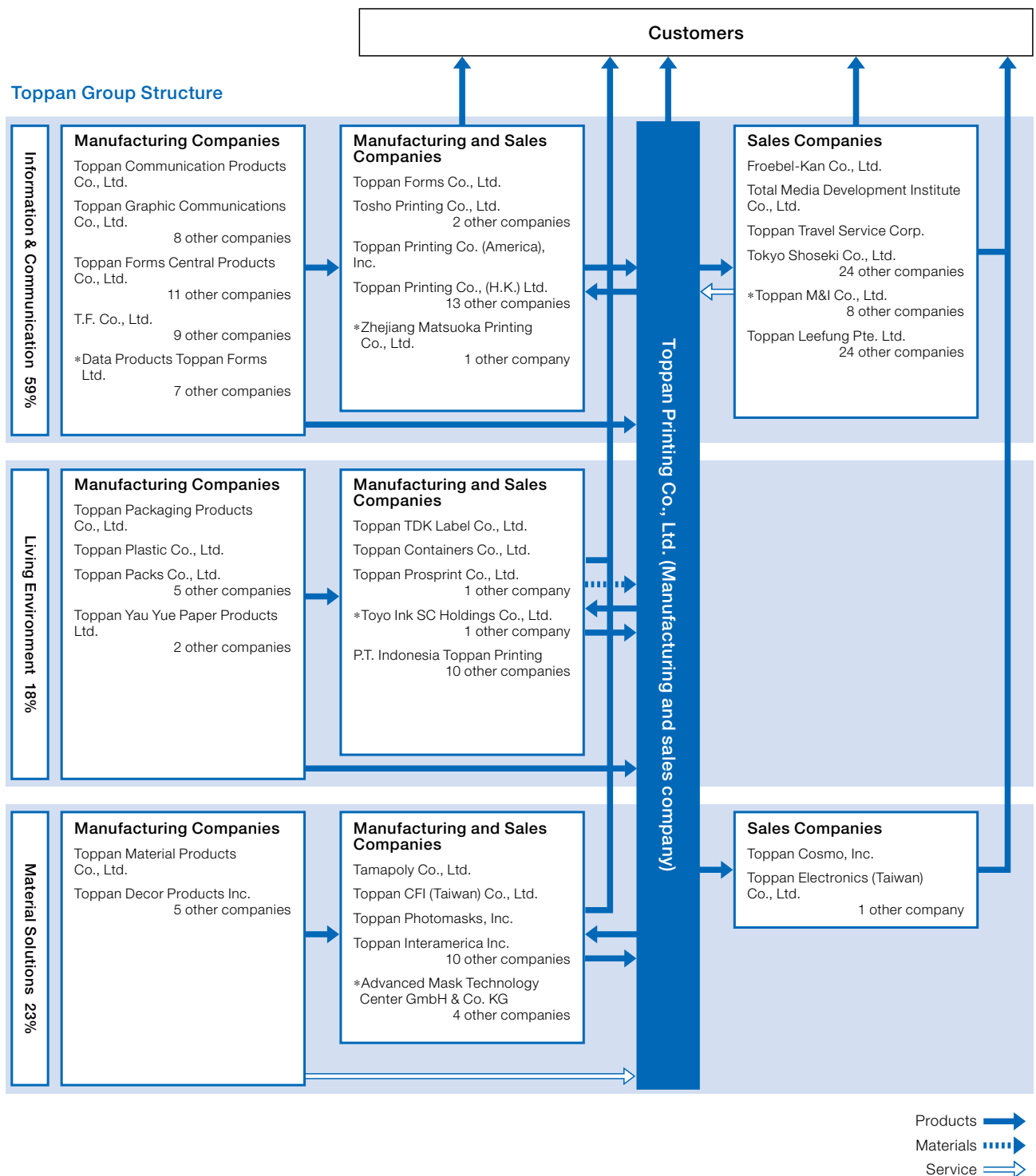
KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

September 25, 2014

Group Business Structure



Notes:

- No symbol: subsidiaries—154 companies * : affiliates—26 companies (as of the end of March 2014)
- The composition ratios given under each business field are percentages of overall net sales contributed. ("Net Sales by Business Field" are shown on page 3.)
- Toppan Forms Co., Ltd., Tosho Printing Co., Ltd., and Toyo Ink SC Holdings Co., Ltd. are listed on the first section of the Tokyo Stock Exchange.
- Toppan operational sites span 13 countries and one region.



TOPPAN PRINTING CO., LTD.

1, Kanda Izumi-cho, Chiyoda-ku, Tokyo 101-0024, Japan
<http://www.toppa.co.jp/english/>

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