

# TOPPAN

CSR REPORT 2016



Report on Corporate Social Responsibility Activities

# Continuously contributing to fulfilling lifestyles as a mainstay of information and culture

All of us within the Toppan Group will recognize the issues facing society and work with stakeholders to find solutions.



## United Nations Global Compact



The United Nations Global Compact is a voluntary policy initiative through which businesses and organizations 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 a responsible member of society. Toppan participates in the United Nations Global Compact, supports its 10 principles in the four areas of human rights, labour, environment, and anti-corruption, and implements those 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.

## CSR Report 2016

The Toppan Group considers stakeholders' interests and reports its corporate social responsibility (CSR) activities in line with the seven core subjects set under the International Organization for Standardization (ISO) 26000 standard, a globally recognized set of guidelines on social responsibility.

- **Period Covered:** This report mainly covers activities in fiscal 2015 (from April 2015 to March 2016), though information on prior and later years is also included in parts.
- **Scope and Boundary:** Toppan Printing Co., Ltd. and its Group entities consolidated for accounting purposes. The information on personnel principally applies to personnel within Toppan Printing Co., Ltd., the parent company. The environmental performance data covers Toppan Printing Co., Ltd. and 15 manufacturing subsidiaries in Japan.
- **Publication Dates (English version)**  
Previous report: November 2015  
Current report: November 2016  
Next report: November 2017 (planned)
- **Related Information**  
CSR information: <http://www.toppan.co.jp/english/csr.html>  
\*Including *CSR Report 2016: Detailed Data*  
IR information: <http://www.toppan.co.jp/english/ir.html>
- **Guidelines**  
This report was edited according to the Environmental Reporting Guidelines (fiscal year 2012 version) issued by the Ministry of the Environment of Japan. The report also presents information in line with General Standard Disclosures required by the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.
- **Contact Information**  
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## CONTENTS

Group Business Outline	2
Executive Message	4
Toppan's Corporate Social Responsibility Activities: Digest 2015	6
Toppan's CSR	8
<b>Special Report 1</b>	<b>10</b>
Creating New Value with a Focus on Health	
<b>Special Report 2</b>	<b>14</b>
Popularizing and Promoting Para-Sports	
<b>Special Report 3</b>	<b>18</b>
Supporting Education to Improve Literacy	
Initiatives at Toppan and the Seven Core Subjects under ISO 26000	20
Organizational Governance	21
Human Rights	24
Labor Practices	26
Fair Operating Practices	30
Consumer Issues	34
Community Involvement and Development	38
The Environment	40
Toppan's Environmental Activities	40
Environmental Management Activities	40
Toppan's Environmental Burden and Environmental Impact	42
Eco-protection Activities	42
Eco-creativity Activities	46
Environmental Communication Activities	46
Independent Assurance	48
Independent Assurance Report	49



# 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

1900

### President & Representative Director

Shingo Kaneko

### Number of employees (nonconsolidated)

8,993 (as of the end of March 2016)

### Number of employees (consolidated)

46,705 (as of the end of March 2016)

### Capital (nonconsolidated)

104.9 billion yen

## Group Profile

The Toppan Group ("the Group") comprises Toppan Printing Co., Ltd. ("the Company") and 167 related companies (146 subsidiaries and 21 affiliates) engaged in manifold businesses in three fields: Information & Communication, Living & Industry, and Electronics. Detailed information on related companies can be found in the financial statements posted on the Toppan website (<http://www.toppan.co.jp/ir/material/report.html> [in Japanese]).

## Business Fields

### Information & Communication

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



Content Business



Secure Business



Marketing

### Living & Industry

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



Packaging



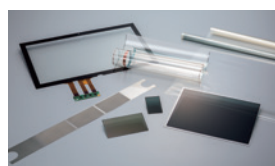
Functional Product & Energy Related



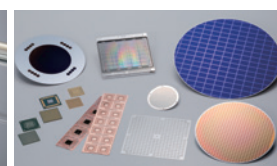
Interior Décor Materials

### Electronics

Using advanced technology and manufacturing capabilities to develop products related to displays and semiconductors.



Display Related

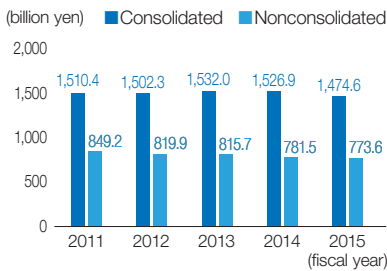


Semiconductor Related

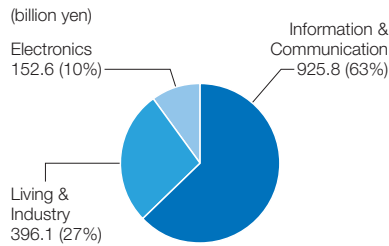
## DATA

### Net Sales

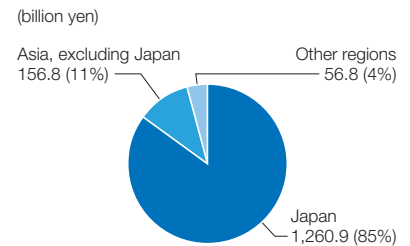
1,474.6 billion yen



### Net Sales by Business Field

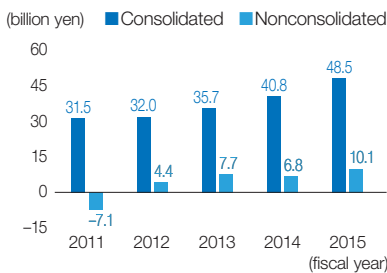


### Net Sales by Region



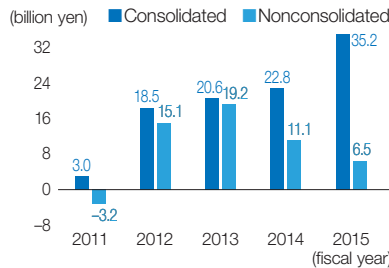
### Operating Income

48.5 billion yen



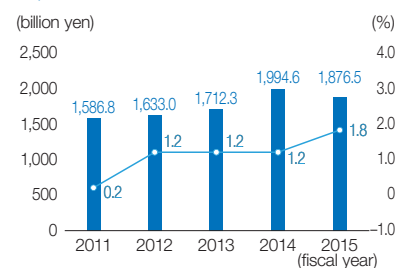
### Net Income

35.2 billion yen



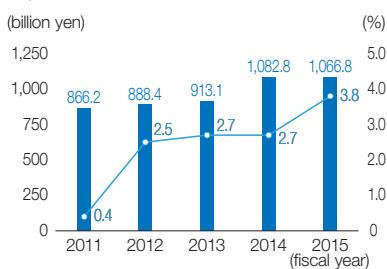
### Total Assets & Return on Assets (ROA)

1,876.5 billion yen / 1.8%



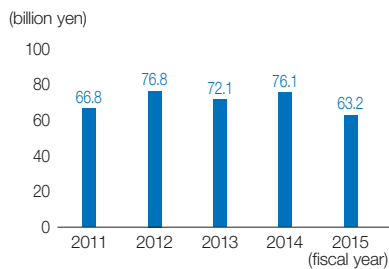
### Net Assets & Return on Equity (ROE)

1,066.8 billion yen / 3.8%



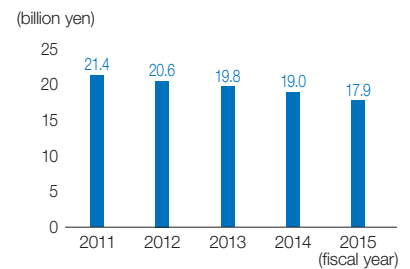
### Capital Expenditure

63.2 billion yen



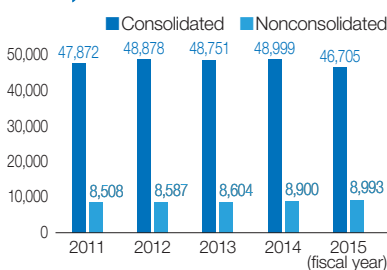
### R&D Expenses

17.9 billion yen

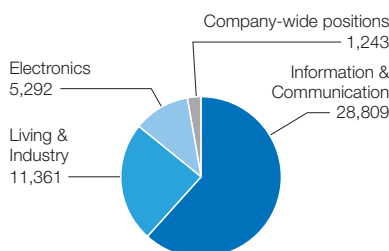


### Number of Employees

46,705



### Number of Employees by Business Field (consolidated)



## Executive Message

# Contributing to Fulfilling Lifestyles

First of all, let me express my condolences and heartfelt sympathies to the victims and those who lost friends or loved ones as a result of the Kumamoto Earthquake in central Kyushu in April of 2016. My thoughts are with everyone who has been affected by the loss of life and property damage in the quake. We are all praying for swift reconstruction and recovery in the affected regions.

Turning to the economy, the U.S. recovered steadily enough in fiscal 2015 to depart from its zero-interest-rate policy. Recovery trends also gradually spread in Europe, but the economies turned downward in Russia, China, and other emerging countries that had been leading the global economy.

The fiscal 2015 outlook in Japan remained uncertain, clouded by factors such as the diminishing effects of the government's economic policy, downside risks from the slowdown in Asian emerging countries, collapsing oil prices, and volatile financial and capital markets.

While the growth of digital sectors such as online advertising and e-books expanded, the shrinking trend of paper-based printing businesses and the fall in unit sales prices continued to constrain markets in the printing industry.

Net sales of the Toppan Group fell slightly in fiscal 2015, though operating income, ordinary income, and net income all increased year-on-year in spite of the challenging conditions described above. We credit these results to our aggressive initiatives to take on Toppan's three management challenges: advancing our Group-wide structural reform, creating new businesses and new markets, and accelerating global business expansion.

## Towards a "New Age for Printing"

Three industrial revolutions have transformed manufacturing industries in the last several hundred years: the invention of the steam engine in the late 18th century, the adoption of electricity in the early 20th century, and the information revolution from the late 1960s. Now we are poised to enter a fourth industrial revolution driven by Industrie 4.0 and the Industrial Internet using the Internet of Things (IoT).

Big opportunities come whenever societies enter phases of major change across industries and national borders. I am leading the Toppan workforce on an endeavor to embark on the development of a new era, a "new age for printing." We can use the printing technologies we have built up since our foundation and equip ourselves with

information to bring out the boundless expertise of our employees. With this technology and information we aim to solve the challenges of our client companies with ever-higher effectiveness and evolve into a group of companies that provides total solutions to help overcome challenges facing our societies and planet.

## Being a Company that Grows Steadily with Society

We position *TOPPAN VISION 21* as the foundation for all of our corporate activities. This vision consists of a Corporate Structure (the Corporate Philosophy, Corporate Creed, and Conduct Guidelines defining the values and standards we should respect) and Business Fields based on the Corporate Structure. If we are to truly realize *TOPPAN VISION 21*, I am convinced that we will have to fulfill our social responsibility as a corporation committed to solving social issues and driving our growth in step with all of society.

As an invaluable guideline to fulfill our social responsibility, Toppan has been participating in the United Nations Global Compact and supporting its 10 principles on human rights, labour, environment, and anti-corruption since September 2006. I will continue espousing the United Nations Global Compact and directing our corporate social responsibility (CSR) activities accordingly.

We incorporated the International Organization for Standardization (ISO) 26000 Guidance on Social Responsibility (international standard for organizations) into our CSR management practices in fiscal 2011. We 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. The ISO 26000 standard condenses various social issues to address. Our measures to tackle these issues correspond directly to the requirements of the United Nations Global Compact.

## Solving Diverse Social Challenges

I value our employees as precious "human assets" of the Toppan Group and understand how deeply the Group depends on them. The key challenges for me as the top manager are to safeguard the health of employees and their families and enable them to perform at their very best. The Group Health Management Declaration established in October 2015 has two goals: to further enhance the health of employees and their families and to contribute to society by supporting public health-promotion initiatives through

health-related businesses.

Working in cooperation primarily with our health insurance union, we have launched a series of measures to enhance the health of employees and their families. We also support local government-led health-promotion activities by leveraging our solutions in customer relationship management (CRM), business process outsourcing (BPO), and so on.

We are now accelerating diversity management efforts in the hope of actualizing a growth strategy focused on employee diversity. To disseminate this policy to society at large, we initiated our para-sports support activities in 2015. We launched a website highlighting the virtues of para-sports with a view to popularizing and heightening awareness of para-sports and drawing spectators to the venues. We have also held hands-on events to give employees opportunities to learn more about para-sports and appreciate their value.

In September 2015 the United Nations published a set of Sustainable Development Goals (SDGs), a series of targets for social issues for the international community to commit to solving. Literacy inextricably links to the end of poverty and hunger, healthy lives, gender equality, and other SDGs. The Toppan Group has embarked on literacy improvement activities as a fast-track strategy for progressing towards the SDGs. Since fiscal 2007 we have been holding the *Toppan Charity Concert* series, a fundraising mechanism to support literacy in developing countries in Asia through the Asia-Pacific Cultural Centre for UNESCO (ACCU). We have supported classes on literacy and maternal and child health for expectant mothers and mothers raising young children. In fiscal 2015 Toppan discussed the challenges encountered in the literacy classes with the ACCU and a Cambodian NGO working on the initiative. We considered how best to operate and support the literacy classes under the initiative going forward.

### 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.



August 2016

**Shingo Kaneko**  
President & Representative Director  
Toppan Printing Co., Ltd.



# Toppan's Corporate Social Responsibility Activities Digest 2015

The Toppan Group engages in corporate social responsibility (CSR) activities in line with action points and targets established based on the seven core subjects under ISO 26000. The following two pages enumerate the main activities undertaken under the core subjects.

Action targets, measures, results, self-evaluation, and other details relevant to the seven core subjects are posted on the Toppan website.

<http://www.toppan.co.jp/english/csr/csrreport.html>

## Human Rights

P. 24-

### Action Points for Fiscal 2015

- Heightening awareness of the importance of respecting basic human rights
- Providing an open environment and information for recruitment
- Proactively appointing female employees to higher positions
- Working for equal opportunity in individual career development and helping employees pursue their own career paths
- Supporting second careers for retired employees
- Promoting the employment of persons with disabilities
- Supporting para-sports

### Main Results in Fiscal 2015

Number of female managerial and supervisory staff (nonconsolidated)

299

\*As of April 2016



Average monthly number of page views of *SPORTRAIT*, Toppan's para-sports information website

5,958 pvs

\*September 2015–  
March 2016



## Organizational Governance

P. 21-

### Action Points for Fiscal 2015

- Developing CSR management based on ISO 26000
- Facilitating business continuity management (BCM) activities

### Main Results in Fiscal 2015

Number of management and operation audits

31



Number of employees who participated in Group-wide e-learning-based education programs on CSR and the environment

## Labour Practices

P. 26-

### Action Points for Fiscal 2015

- Supporting work-life balance
- Creating a better working environment through partnerships between labor and management
- Ensuring occupational health and safety and reinforcing countermeasures against fires
- Reinforcing countermeasures against disasters
- Promoting healthcare and health enhancement
- Arranging measures for mental healthcare
- Developing and fostering human assets\*

### Main Results in Fiscal 2015

Number of employees who have taken childcare leave (nonconsolidated)

295 (including 160 male employees)



Ratio of regular medical check-ups for dependents of employees

73.7%



\*Toppan values its employees as precious "human assets."



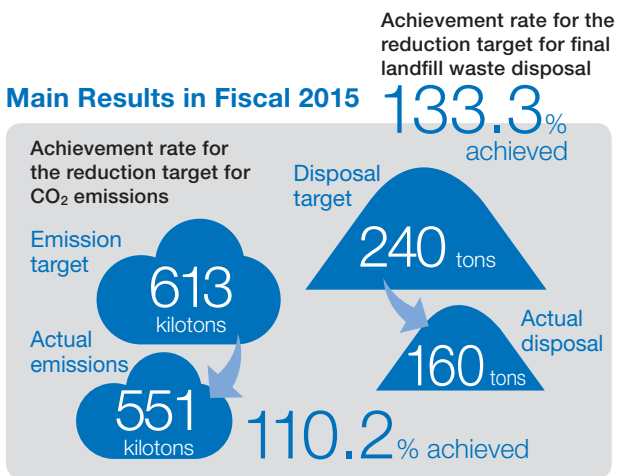
## The Environment

P. 40-

### Action Points for Fiscal 2015

- Reduce CO<sub>2</sub> emissions
- Reduce final landfill waste disposal
- Reduce VOC emissions into the atmosphere

### Main Results in Fiscal 2015



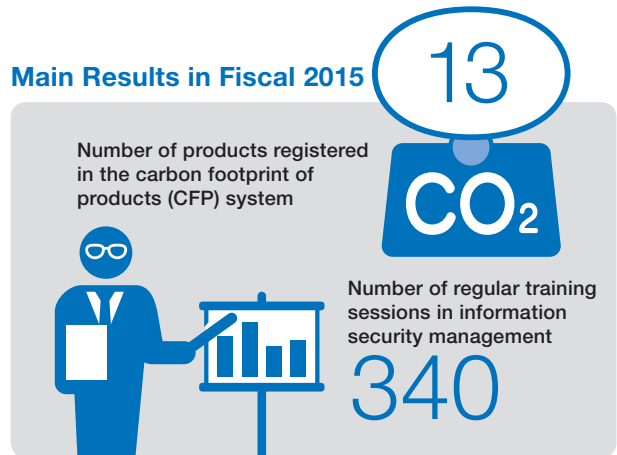
## Consumer Issues

P. 34-

### Action Points for Fiscal 2015

- Ensuring consumer safety through the strict prevention of quality-related accidents
- Evaluating environmental impact (disclosing CFP)
- Establishing a management structure towards the complete elimination of information security accidents

### Main Results in Fiscal 2015



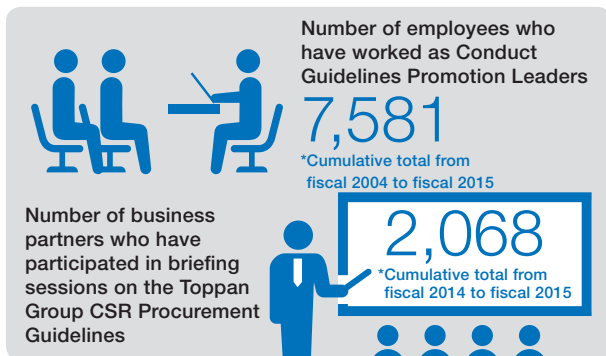
## Fair Operating Practices

P. 30-

### Action Points for Fiscal 2015

- Heightening awareness of laws, regulations, and the Conduct Guidelines
- Complying with transaction-related laws and regulations
- Promoting CSR initiatives in the supply chain

### Main Results in Fiscal 2015



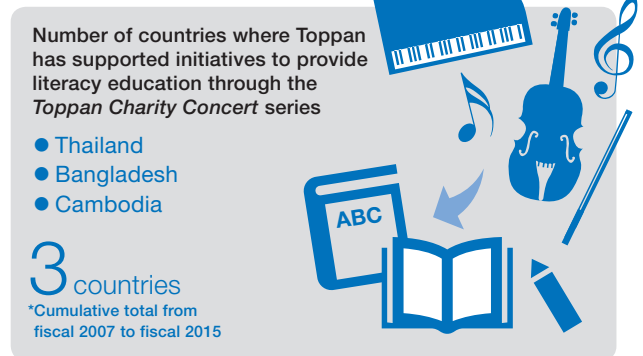
## Community Involvement and Development

P. 38-

### Action Points for Fiscal 2015

- Arranging social contribution programs to help solve social issues

### Main Results in Fiscal 2015



# Toppan's CSR

## Toppan's Ideal "Corporate Structure"

TOPPAN VISION 21 sets forth the basic concepts and direction for the ongoing 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."

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

### Corporate Structure

The Corporate Structure is made up of three elements: Toppan's Corporate Philosophy, the Corporate Creed, and the Conduct Guidelines.

The Corporate Philosophy specifies ideals and the most important values and concepts for the Group. The Corporate Creed expresses the standards to be kept foremost in mind when performing business operations. The Conduct Guidelines set out the basic concepts and behavioral norms for Toppan employees both as businesspeople and as members of society.

### CSR Activities

Corporate social responsibility (CSR) activities are prominent among Toppan's many endeavors to realize the ideal Corporate Structure the Group envisions. The United Nations Global Compact is an invaluable guideline for the Group as it undertakes CSR activities. Toppan also keeps close track of ISO 26000 Guidance on Social Responsibility, an international standard for organizations. ISO 26000 encourages organizations to address 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.

### Dialogues with Stakeholders

The Toppan Group has identified 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.

Stakeholder opinions learned in the course of daily operations are reflected in the Group's CSR initiatives. Toppan Printing Co., Ltd. takes part in the Global Compact Network Japan. In fiscal 2015 the Company entered dialogues with experts within the network to discuss various topics pertaining to human rights, the supply chain, and other areas.

### Material Issues

To promote CSR activities, the Toppan Group has selected issues expected to become more important based on the principles of materiality. By assessing CSR-relevant issues according to two criteria, the "influence on stakeholder assessments and decisions" and "Toppan's economic, environmental, and social impacts," the Group has identified the following as issues that will become more material: human rights, human resource development and diversity, the environment, promoting social responsibility in the value chain, and privacy (personal information protection).

The Toppan Group will advance measures pertinent to the material issues identified and review the issues as necessary.

#### ■ Selection Steps

##### 1 Classifying detailed issues and identifying relevant issues

Toppan classified detailed social issues featured in the ISO 26000 and GRI G4 Sustainability Reporting Guidelines and identified the issues considered relevant to the Group.



##### 2 Prioritizing issues

Toppan prioritized issues after assessing each for its "influence on stakeholder assessments and decisions" and connections with "Toppan's economic, environmental, and social impacts."

- Assessment points for the "influence on stakeholder assessments and decisions"
  - Issues raised during stakeholder dialogues
  - Criteria for socially responsible investing (SRI)
  - Approaches by benchmark companies
- Assessment points for "Toppan's economic, environmental, and social impacts"
  - Relevance to the management challenges
  - Relevance to the Corporate Structure
  - Progress of Toppan's CSR activities



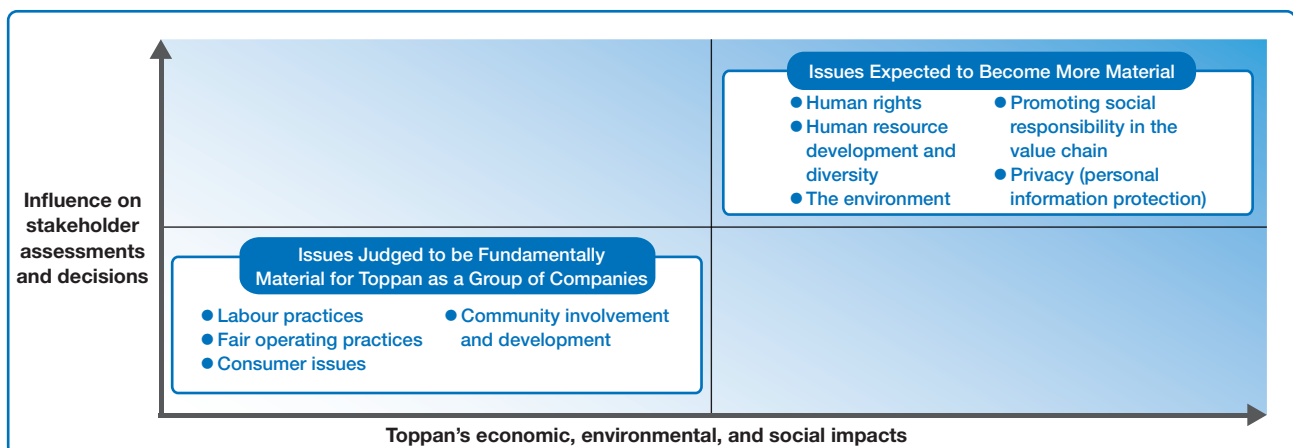
##### 3 Opinions from outside Toppan

Toppan engaged outside experts in dialogues and listened to their opinions on the process the Group uses to select material issues.

■ Toppan's Ideal "Corporate Structure"

Corporate Philosophy	Corporate Creed	Conduct Guidelines
<p>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.</p> <p>Established in June 2000</p> <p><b>TOPPAN VISION 21</b>  <a href="http://www.toppan.co.jp/english/corporateinfo/vision/corp_image/rinen.html">http://www.toppan.co.jp/english/corporateinfo/vision/corp_image/rinen.html</a></p>	<p>To build our customers' trust through sincerity, enthusiasm, and creativity in all our corporate endeavors.</p> <p>To strive for total innovation from a global perspective by conducting marketing and technological development rich in originality.</p> <p>To conduct fair and open business operations while acknowledging our social responsibilities and aspiring for harmony with our global environment.</p> <p>To create a positive working environment by maximizing our individual talents and strengths as a team.</p> <p>To enhance our corporate standing and promote the continual development of the Toppan Group through the exploration of new possibilities.</p> <p>Established in June 2000</p>	<p><b>Chapter 1: Basic Principles</b></p> <ol style="list-style-type: none"> <li>1. Respecting basic human rights</li> <li>2. Having high ethical standards and acting as a responsible member of society</li> <li>3. Complying with laws and company rules and conducting fair business operations</li> <li>4. Avoiding all links with antisocial groups</li> <li>5. Striving to improve quality and providing creations that contribute to customer satisfaction</li> <li>6. Recognizing the importance of information related to business and managing it appropriately</li> <li>7. Proactively undertaking conservation of the global environment</li> <li>8. Embracing change and taking on new challenges</li> <li>9. Building trust from society through social contribution activities and appropriate disclosure of information</li> <li>10. Bringing together individual strengths to fully exploit the integrated strength of the group</li> </ol> <p>Established in June 2000; revised in November 2010                      See page 33 for Chapter 2: Specific Conduct Guidelines.</p>

■ Issues Expected to Become More Material





# Creating New Value with a Focus on Health

Health is an important precondition for enjoying an active life and working more productively. The Toppan Group has declared a commitment to practicing thorough health management to implement initiatives towards improved health.

## Health Management for the Future of Companies and Communities

A healthy body and mind allow an employee to fully apply his or her individuality and abilities at work. The health of employees is vital to a company's efforts in advancing corporate activities and offering value to society.

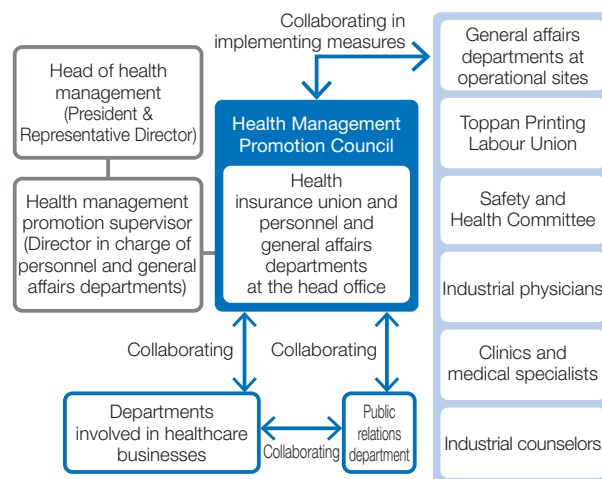
Based on the fundamental concept of respect for people, the Toppan Group has been active since its foundation in launching various measures for employee health in cooperation with the Toppan Group Health Insurance Union. In October 2015 the Group announced a Health Management Declaration to maintain and enhance the health of Group employees by visualizing and reorganizing health promotion plans and actions. The President & Representative Director has been put in charge of health management and undertaken a set of tasks and responsibilities to accelerate the Group's health management efforts.

The Health Management Declaration states policies for promoting the health of employees and their families and contributing to society through health-related businesses that support community health promotion activities. Toppan has also created a Health Management Promotion Council where representatives from the Group and its health insurance union can carry out various measures through a collaborative process.

The Group and the health insurance union work hand in hand to push forward with health-related businesses

by leveraging wide-ranging knowhow and capabilities in-house. Both will engage in businesses to develop and improve innovative solutions for health maintenance and enhancement in order to contribute to the creation of a wholesome society that enables peace of mind.

### ■ Structure for Health Management Promotion



## Promoting the Health of Employees and their Families

Toppan defines a healthy employee as a person sustained by a strong motivation to take on new challenges, an ambition to work vigorously with a healthy body and mind, and an earnest commitment to follow through on tasks to completion.

### Measure 1 Health Enhancement Measures by the Toppan Group Health Insurance Union

Toppan has consolidated various health-related services implemented by the Toppan Group Health Insurance Union into the Toppan Group GENKI (good health) Program. This program encourages operational sites, the labor union, and the health insurance union to work together with employees and their families to achieve good health. In parallel, clinics operating at 35 Group sites across Japan provide medical care and review the results of health check-ups to offer specialist advice such as guidance and referrals to outside clinical care providers for those employees who require it. These services seek to prevent lifestyle-related diseases proactively and support the good health of employees and their families and the vibrancy of the operational sites where they work.

The Group's countermeasures to prevent diabetes and hypertension from worsening are key in its work against lifestyle-related diseases that can potentially affect employees. Based on analyses of health examination data provided by Toppan, the health insurance union provides nutritional instructions and other healthcare guidance and recommends early clinic visits for employees at high risk of serious conditions.

Measures for improving the ratio of medical check-ups for the prevention of lifestyle-related diseases among dependents (i.e., employee families) have achieved significant results. The health insurance union worked with the operational sites in fiscal 2015 to encourage dependents to come in for check-ups. Invitation postcards were sent out in autumn to attract more applicants. Families yet to respond were sent out reminders 45 days before the closing date for application. These measures raised the medical check-up rate among dependents to 73.7% in fiscal 2015.

The Group will plan more measures and schemes to persuade employees and their families to participate in health enhancement activities.



The Group will continue promoting the health of employees and their families by helping them maintain and improve their mental and physical condition and by adopting new mechanisms focused on further health enhancements.

### Measure 2 Art Salon, a Clinical Art Workshop Program

Art Salon is a workshop program to activate participants' brains and refresh their minds through art. This program has been created in collaboration with a Group company, Institute of the Formative Art Co., Ltd., based on a clinical art approach.

Art Salon sessions aimed at promoting employee health are held at Group sites across Japan, including special sessions for employees and their families during summer holidays.



### Measure 3 Toppan Sports Festival Jointly Organized by Labor and Management

Toppan regularly holds a Group-wide sporting event to facilitate communication among employees, build a sense of unity within the Toppan Group, and enhance an understanding of the Group among employee families.

Two key features define the festival: Group employees and managers of all ages participate; and the event is exclusively planned, prepared, and operated by employees, mainly young ones.



# Spreading Health Enhancement Knowhow across Society through Toppan's Businesses

The Toppan Group exploits its accumulated printing technologies to expand healthcare-related businesses in collaboration with partner companies. Solutions in customer relationship management (CRM) and business process outsourcing (BPO) will be leveraged in areas such as health

enhancement, early prevention, and general nursing support systems for communities. To achieve good health across society, the Group will provide one-stop support for formulating strategies, executing measures, verifying benefits, and improving actions.

## Case 1 Increasing the Medical Check-up Ratio for Early Detection of Lifestyle-related Diseases – Initiative in Fukuoka City, Fukuoka Prefecture

Japan's national healthcare expenditure reached 40 trillion yen in fiscal 2013. The figure is expected to continue growing as the population ages and medical technology advances. Cancer, hypertension, and lifestyle-related diseases such as diabetes account for a large portion of healthcare spending, over 30%. Early detection and cure are certain to play more critical roles in the future.

Japan is faced with the challenge of improving the ratio of the population who receive medical check-ups focused on metabolic syndrome. The Ministry of Health, Labour and Welfare has set the goal of raising the rate to 60% among persons covered by the national health insurance schemes operated by municipalities by fiscal 2017. The rate in fiscal 2013 was 34.3%, far below the 2017 target.

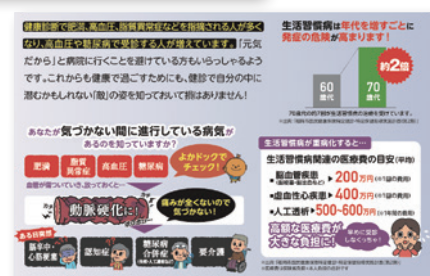
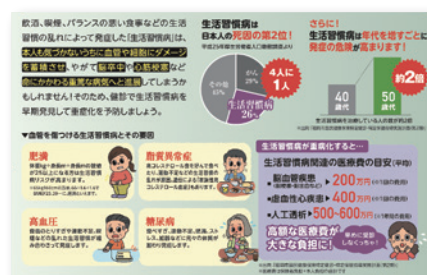
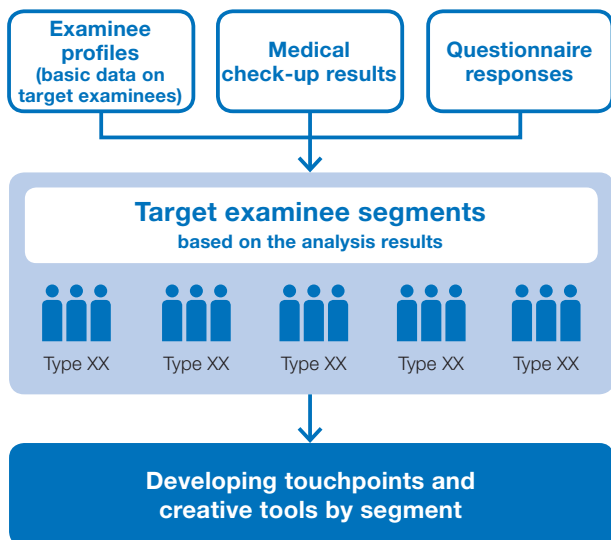
The Toppan Group is helping the nation address this challenge by offering a program to improve the ratio of people receiving medical check-ups for lifestyle-related diseases performed by municipalities. This program serves as a one-stop solution to provide every function necessary to raise the rate. The Group created the program with knowledge and knowhow it acquired in analyzing customer information, supporting the planning and implementation

of communication strategies, and facilitating communication with the elderly. The program also leverages various CRM communication approaches focused on individuals with a view to increasing the check-up ratio.

In fiscal 2015 Fukuoka City, Fukuoka Prefecture entrusted Toppan Printing Co., Ltd. with a project to support several measures to improve the check-up ratio. Specifically, Toppan analyzed demographic data to classify the persons yet to receive lifestyle-related disease check-ups (covered by the national health insurance) into multiple segments based on their ages, addresses, and other variables. Based on the results, the Company created direct mail and other types of notifications tailored to different age segments. One piece of direct mail, for example, described the prospective risks faced by people who receive no check-ups. Another explained potential risks likely to go undetected even in routine visits to doctors for other health conditions. Toppan also organized multiple measures such as questionnaire surveys and a handout listing medical institutions that perform health check-ups for citizens searching for institutions near their homes.

### ■ Analysis and Segmentation of Target Examinees

Information to be analyzed (example)



Direct mail notifications in Fukuoka City customized to the recipient's ages

## Case 2 Granting Walking Points to Make Healthy Habits Fun – Initiative in Yokohama City, Kanagawa Prefecture

Like much of Japan, Yokohama City in Kanagawa Prefecture is now coping with the problems of a rapidly aging population. According to forecasts, people over the age of 64 will number about 1 million by 2025, making up 26.1% of the citizenry. Among the worries and problems looming ahead, survey respondents have voiced strong concerns about their own health and lives after retirement, as well as the health and everyday problems of their families.

Yokohama City has established a 10-year plan to be implemented from fiscal 2013 to 2022 to extend the healthy life expectancy of its citizens. This plan encompasses a host of measures to enable all citizens to lead independent lives as long as possible.

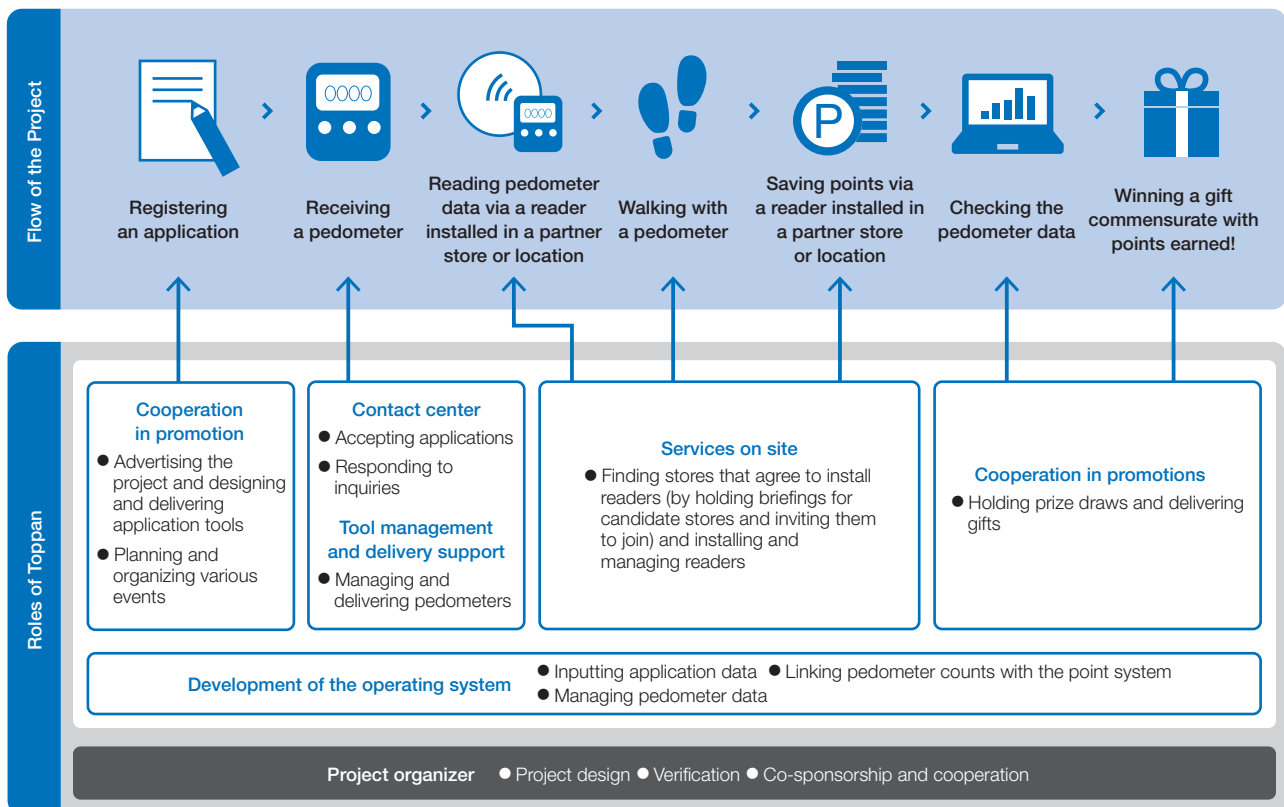
The Yokohama Walking Point project was launched in 2014 as a part of the 10-year plan. The project is jointly operated by the city government and private companies such as Toppan Printing Co., Ltd. Adults who live or work in Yokohama City can join in. Project participants earn points according to their accumulated step counts and redeem their points for entry into prize draws. Points are saved whenever a participant’s pedometer passes over a reader installed at a partner store or location in the city. This scheme gives citizens a fun incentive to casually walk their way to good health.

As the back-office administrator, Toppan is responsible for managing and delivering the pedometers, accepting applications, responding to inquiries, reviewing and registering applications, linking pedometer counts with the point system, holding prize draws, delivering gifts, and providing other services for the citizens participating.

The city government sought to register 50,000 participants in the first year of the project, fiscal 2014. The project drew unexpectedly strong attention, attracting over 80,000 citizens by December 2014, only a month after the official project launch. Toppan had to act swiftly and deftly to cope with the flood of incoming applications. In the years since, Toppan has continued operating a broad range of administrative works. The Company solicits stores in local shopping areas to participate and cooperate in events and regularly monitors the status of the pedometer readers installed at more than 1,000 locations (as of April 2016). Local stores benefit from the incoming traffic the readers attract.

The latest project goal is to register 300,000 participants over the four years up to the end of 2017. Participants totaled about 170,000 as of June 2016. Toppan will use its resources to offer better, higher-quality services to satisfy the changing operational requirements that come with the growing scale of the project.

### Flow of the Walking Point Project and Toppan’s Roles





# Popularizing and Promoting Para-Sports

The Toppan Group is helping popularize and heighten awareness of para-sports by disseminating information and organizing events.

Photo: Takao Ochi (KanPara Press)

## Supporting Para-Sports More Widely

The Toppan Group continues to leverage female talent and employ persons with disabilities through positive action as part of its push for diversity management. Schemes such as an employment system for people specializing in sports have also been introduced to further develop a growth strategy emphasizing employee diversity.

To extend Toppan's growth-through-diversity policy outside the Group, Toppan Printing Co., Ltd. became an official partner of the Japanese Para-Sports Association (JPSA) in January 2015. Toppan endorses JPSA's mission to pursue the "creation of a vigorous, coexistent society" and has launched various activities to support para-sports.

## Website *SPORTRAIT*

The Nippon Foundation has surveyed the awareness and interest of the general public in the Paralympics in six countries: the U.S., Germany, France, Australia, South Korea, and Japan. According to survey results released in November 2014, 98.2% of Japanese adults, the highest percentage in the six countries surveyed, know of the Paralympics.

The U.S. respondents had the lowest rate of awareness, at 71.1%. The country showings were different, however, for the percentages of respondents who had attended para-sports events other than the Paralympic Games as spectators. Here, the highest ratio was recorded in Germany, at 18.9%, followed by the U.S., at 17.9%. The rate for Japan was 4.7%. The survey results show that many Japanese respondents have seen the Paralympic Games on TV or online, while very few have watched para-sports at actual event venues.

Based on these results, Toppan hypothesized that the low para-sports participation and viewing levels in Japan are partly due to a failure to draw spectators. The Group therefore considered an information dissemination program designed to draw spectators to the venues. In September 2015 Toppan launched *SPORTRAIT*, a para-sports information website.

*SPORTRAIT* provides three essential types of content to help spectators understand and enjoy their first experiences watching para-sport events. *ATHLETES' CORE* presents the dedication, commitment, and outstanding talent of athletes with impressive portraits, photographic accounts, and up-close interviews. *POINT OF THE GAMES* introduces the sports to first-time spectators by offering clear guidance and commentary on the main points, rules, and other aspects of the events with graphics and illustra-






tions. *THE SUPPORTERS* highlights the games from different perspectives to shed light on the passion and determination of the athletes by focusing on the people, technologies, organizations, and other elements that make para-sports possible.

The Toppan Group will continue providing information to popularize and promote para-sports by linking to official SNS portals and expanding content.

## Highlighting the Appeal of Para-Sports with Hands-on Events

The Toppan Sports Festival has been held annually as a large-scale labor-management event since fiscal 2012. This event aims to strengthen the bonds linking colleagues and their families.

The 2015 festival, held at Makuhari Messe in Chiba Prefecture, drew a huge turnout. Over 4,000 employees, family members, and others came to vie in a medley of games in September.

Event organizers set up a “Para-Sports Zone” at the venue to present para-sports and provide an opportunity to experience them.

Panels installed at the Para-Sports Zone introduced 12 para-sports events. Another exhibit displayed the wheelchair, tennis whites, and racket used by wheelchair tennis player Yui Kamiji, along with the plate she received as the 2015 Wimbledon Ladies’ Wheelchair Doubles champion. Bell balls and eye masks for blind football were also on display.

Visitors to the Para-Sports Zone were encouraged to experience four para-sports events: wheelchair tennis, blind football, wheelchair rugby, and wheelchair racing.

In simulators set up for wheelchair racing, participants tried to keep pace with Toppan Printing’s Suguru Watanabe in a one-minute sprint. The simulation was a vivid demonstration of Watanabe’s ability as an athlete.

The Toppan Group will continue holding these hands-on events to enhance the understanding and interest in para-sports and attract new fans through communication with athletes.

## Opinion Exchange on Para-Sports Support

Toppan held a meeting in March 2016 to exchange opinions on strategies to promote para-sports. Participants discussed the tasks and challenges corporations were expected to address and how Toppan could support para-sports. Valuable input and opinions voiced at the meeting are summarized below. Toppan will incorporate them in its future activities to promote para-sports.

### Purposes and Philosophy of Support

**Fujita:** Corporate sports teams in Japan often have a tough time staying afloat when the Japanese economy slows down. The Japanese Para-Sports Association (JPSA) has a vision of continuously supporting and developing para-sports beyond the Tokyo 2020 Paralympic Game. Japanese companies need to agree to this vision. Specifically what philosophy do you follow as a supporter of para-sports?

**Ogawa:** The idea of enhancing our support for para-sports emerged in the natural course of our company's growth as a longtime proponent of social welfare and supporter of persons with disabilities. The timing was also good, as it coincided with our company's 60th anniversary.

**Tsubomatsu:** When considering new CSR initiatives, the para-sports theme clearly matched our corporate philosophy and the "yatte mina hare (give it a try)" spirit, our corporate sense of value. We decided to give it a try.

**Yamamoto:** The most important thing for us, JBFA, is to

get companies to understand our philosophy and work together with us towards creating a society where the impaired and unimpaired mingle together naturally.

**Ida:** At JPSA we spent a year developing a vision of the "creation of a vigorous, coexistent society" in order to clarify the ideals we pursue. We hope to synchronize our vision with the philosophies and missions of various companies and collaborate with companies poised to change society together as the JPSA family.

**Tsubomatsu:** The official JPSA partners share the challenge of extending the support beyond 2020.

**Yamamoto:** Sports associations may be unable to expect support after 2020 if the sole motivation of corporations supporting para-sports is to put themselves in the spotlight in the years leading up to the Tokyo Paralympic Games. In terms of continuous support, it will be essential for us to share our vision with companies and clarify the value we aim to offer every company and community.

### Types of Support Provided

**Fujita:** Corporations can support para-sports by employing para-sports athletes. Do you employ any?

**Ogawa:** We employ a visually impaired marathon runner. Supporting his athletic activities enhances the awareness and understanding of para-sports in our company. He plays a great role as an ambassador.



Motoaki Fujita, Facilitator

Chairman of the Preparation Committee  
Faculty of Sports Science, Nihon Fukushi  
University

(When the meeting was held: Professor  
at Faculty of Health & Sports Science,  
Doshisha University)



Tomohiro Ida

Director of the Marketing and  
Public Relations Department  
Japanese Para-Sports Association (JPSA)



Kouta Yamamoto

PR Team Manager of the  
Business Administration Department  
Japan Blind Football Association (JBFA)



Naoko Ogawa

Corporate Philanthropy Team Leader  
(When the meeting was held)  
CSR & Environmental Affairs Department  
Mitsubishi Corporation



Hiroyuki Tsubomatsu

Senior General Manager of CSR Department  
Corporate Communications Division  
Suntory Holdings Limited



Shinichi Okubo

Senior Managing Director  
Toppan Printing Co., Ltd.



Date and place: 3:00 p.m. to 5:00 p.m. Friday, March 18, 2016;  
Meeting room, Head Office Building, Toppan Printing Co., Ltd.

**Ida:** At JPSA we understand that athletes treated well as employees will be reluctant to migrate when other companies try to recruit them. How a company treats them as employees overrides how it treats them as athletes. If a company appreciates them mainly for their athletic abilities, para-sports athletes will fear for their contracts when injuries or other problems keep them from playing. Many seek stable employment for second careers after retiring as athletes. They wish to join a company that is committed to addressing the employment conditions of the para-sports athletes.

**Fujita:** So far it has been challenging for Japan to increase the number of companies who employ disabled athletes. Would the situation change if Japan had excellent coaches and instructors?

**Ida:** At JPSA we have about 22,000 people registered in our certified instructor program. Coaching certificates can be acquired at universities, junior colleges, and vocational schools. But once these people are employed, many choose not to use their certificates. Few become established as instructors with close ties to support their athletes.

**Yamamoto:** Do corporate volunteer activities work well at athletic meets?

**Tsubomatsu:** Interactions with athletes through volunteer activities help create fans.

**Ida:** Some of the volunteers lack opportunities to interact with the athletes, especially the parking lot attendants, receptionists, and lunch servers. That's my observation as an event organizer.

**Tsubomatsu:** We would like to see organizers build systems for cooperating with volunteers, such as exchange meetings between athletes and volunteers on the eves of events.

### Effects and Changes Achieved through Efforts as a Para-Sports Supporter

**Fujita:** Has anything changed in your people since you began supporting para-sports?

**Tsubomatsu:** Our employees gained a lot of awareness from watching wheelchair basketball games and taking part in hands-on events. It was extremely important for them to directly feel the power and enjoyment of games and witness the skills of the athletes. It was also key to

provide them with as many opportunities to experience the sports as soon as possible. These factors will lead to continuity.

**Ogawa:** Volunteer activities have added momentum to our support for para-sports throughout the company and helped foster a sense of unity.

### Opinions on Toppan's Efforts

**Fujita:** In closing, could you offer any advice to Toppan?

**Ida:** Treat your athlete employees as you treat everyone else. You might also consider employing several athletes within your company.

**Yamamoto:** If you dispatch your employees to sports associations, you can use what they learn there to innovate internally and develop human resources.

**Ogawa:** A company acting alone can only do so much. Let's work together to create more opportunities to do big things by bringing together the contributions each of us can offer.

**Tsubomatsu:** Continuity is the key. Once we start, we cannot stop halfway. We must be determined to continue such CSR activities as long as needed.

**Okubo:** We at Toppan should work to make the people who join us as para-sports athletes feel at home. Our persistence will be the true key. Thank you very much for your time.



# Supporting Education to Improve Literacy

Reading, writing, and calculating with proficiency are essential skills in daily life. Toppan has driven a support project to improve literacy in developing countries since fiscal 2007.

## Literacy—an Issue Shared Globally

Defined generically, literacy is the ability to read, write, and calculate well enough to function competently in daily life. Obstacles such as poverty, discrimination, and conflict still prevent many people around the world from acquiring literacy. Illiterate adults are estimated to number about 781 million worldwide.

A person who remains illiterate has difficulty in gaining elemental information necessary to live a healthy and safe life, gain or keep a stable job, or undertake academic study. Without literacy, he or she is unlikely to acquire the knowledge and knowhow necessary to improve his or her own livelihood in the future. Literacy is an essential skill for protecting and improving the life conditions of both oneself and one's family.

In 2015 the United Nations published a set of Sustainable Development Goals (SDGs) for the international community to commit to achieving. A 15-year agenda, the SDGs aim to end poverty and hunger, improve health, ensure education, achieve gender equality, tackle climate change, and address 11 other social issues by the target date of 2030. On education, SDG 4 seeks to “ensure inclusive and equitable quality education” and promote learning opportunities to acquire reading, writing, and basic calculation skills for all people.

### Examples of Daily Troubles More Likely to Affect Illiterate Persons



## Toppan Charity Concerts to Support Improvement in Literacy

Since its foundation, Toppan has promoted the diffusion and development of the written word and multiple other forms of information and culture. As part of this effort, the Company launched the *Toppan Charity Concert* series in fiscal 2007. This annual concert series serves as a fund-raising mechanism to support education to improve literacy in developing countries.

### Supporting Efforts in Cambodia

Literacy among Cambodian adults is estimated at 74%, a fairly low rate in the global context. While literacy exceeds 90% in Cambodia's cities, researchers estimate that it drops off to nearly 75% in surrounding rural districts. Therefore, raising literacy rates in the districts surrounding the cities is seen as an issue that needs to be addressed.

Toppan has donated the proceeds from the concert series to the Asia-Pacific Cultural Centre for UNESCO (ACCU) since fiscal 2010. The funds are used for literacy education in Cambodia. In conjunction with the ACCU, the Cambodian Women's Development Agency (CWDA) holds classes on literacy and maternal and child health for expectant mothers and mothers raising young children in

Cambodia. The classes provide opportunities for expectant and nursing mothers to learn about childcare, health and hygiene, nutrition, and other maternal issues while acquiring literacy in the process. The mothers who attend the classes become more literate, pursue healthier lives for their families, and take a deeper interest in education for their children.

Class-goers and community members reported positive outcomes from the classes in a survey performed in fiscal 2015. One mother giving feedback said that she had learned calculation and could now put aside a bit of money every month. A local village officer commented that women from the community could now fill in their birth registrations and other notifications.

### Looking Forward

In fiscal 2015 Toppan invited CWDA staff to Japan when the concerts were held and discussed how to operate the classes in the future. Mothers attending the classes voiced their desire to learn knowledge useful for bettering their lives and incomes, in addition to literacy skills and knowledge on maternal and child health. To respond to their wishes, the introduction of programs for improving farming techniques and other skills that contribute to their livelihood is now being considered. Training courses for local residents and CWDA staff will also be enriched to enhance their capabilities as teachers in the classes.



A stilt house where literacy classes are held



CWDA staff at the concerts



Feedback meeting with the learning mothers to monitor the effects of literacy classes



Discussions between the ACCU, CWDA, and Toppan about the challenges from here on

# Initiatives at Toppan and the Seven Core Subjects under ISO 26000

Seven Core Subjects and Issues	For Details	Pages
<p><b>Organizational governance</b></p>	<ul style="list-style-type: none"> <li>● Corporate Governance</li> <li>● CSR Initiatives</li> <li>● Risk Management Structure</li> <li>● Business Continuity Management</li> </ul>	<p>▶P. 21–</p>
<p><b>Human rights</b></p> <p><b>Issue 1:</b> Due diligence  <b>Issue 2:</b> Human rights risk situations  <b>Issue 3:</b> Avoidance of complicity  <b>Issue 4:</b> Resolving grievances  <b>Issue 5:</b> Discrimination and vulnerable groups  <b>Issue 6:</b> Civil and political rights</p> <p><b>Issue 7:</b> Economic, social and cultural rights  <b>Issue 8:</b> Fundamental principles and rights at work</p>	<ul style="list-style-type: none"> <li>● Respecting Basic Human Rights</li> <li>● Collective Labor Agreement</li> <li>● Working for Equal Opportunity and Eliminating Discrimination</li> </ul>	<p>▶P. 24–</p>
<p><b>Labour practices</b></p> <p><b>Issue 1:</b> Employment and employment relationships  <b>Issue 2:</b> Conditions of work and social protection  <b>Issue 3:</b> Social dialogue  <b>Issue 4:</b> Health and safety at work  <b>Issue 5:</b> Human development and training in the workplace</p>	<ul style="list-style-type: none"> <li>● Basic Approach Regarding Human Assets</li> <li>● Labor-Management Partnership</li> <li>● Supporting Work-Life Balance</li> <li>● Occupational Health and Safety</li> <li>● Measures for Mental Healthcare</li> <li>● Developing and Fostering Human Assets</li> </ul>	<p>▶P. 26–</p>
<p><b>Fair operating practices</b></p> <p><b>Issue 1:</b> Anti-corruption  <b>Issue 2:</b> Responsible political involvement  <b>Issue 3:</b> Fair competition  <b>Issue 4:</b> Promoting social responsibility in the value chain  <b>Issue 5:</b> Respect for property rights</p>	<ul style="list-style-type: none"> <li>● Disseminating the Conduct Guidelines</li> <li>● Toppan Group Helpline</li> <li>● Compliance Education</li> <li>● Promoting CSR Procurement</li> </ul>	<p>▶P. 30–</p>
<p><b>Consumer issues</b></p> <p><b>Issue 1:</b> Fair marketing, factual and unbiased information and fair contractual practices  <b>Issue 2:</b> Protecting consumers' health and safety  <b>Issue 3:</b> Sustainable consumption  <b>Issue 4:</b> Consumer service, support, and complaint and dispute resolution</p> <p><b>Issue 5:</b> Consumer data protection and privacy  <b>Issue 6:</b> Access to essential services  <b>Issue 7:</b> Education and awareness</p>	<ul style="list-style-type: none"> <li>● Assuring Product Safety and Quality</li> <li>● Protecting Consumers by Safeguarding their Personal Information</li> <li>● Universal Design Initiatives</li> <li>● Contributing to Sustainable Consumption</li> </ul>	<p>▶P. 34–</p>
<p><b>Community involvement and development</b></p> <p><b>Issue 1:</b> Community involvement  <b>Issue 2:</b> Education and culture  <b>Issue 3:</b> Employment creation and skills development  <b>Issue 4:</b> Technology development and access  <b>Issue 5:</b> Wealth and income creation</p> <p><b>Issue 6:</b> Health  <b>Issue 7:</b> Social investment</p>	<ul style="list-style-type: none"> <li>● Community Involvement and Development</li> </ul>	<p>▶P. 38–</p>
<p><b>The environment</b></p> <p><b>Issue 1:</b> Prevention of pollution  <b>Issue 2:</b> Sustainable resource use  <b>Issue 3:</b> Climate change mitigation and adaptation  <b>Issue 4:</b> Protection of the environment, biodiversity and restoration of natural habitats</p>	<ul style="list-style-type: none"> <li>● Toppan's Environmental Activities</li> <li>● Environmental Management Activities</li> <li>● Toppan's Environmental Burden and Environmental Impact</li> <li>● Eco-protection Activities</li> <li>● Eco-creativity Activities</li> <li>● Environmental Communication Activities</li> </ul>	<p>▶P. 40–</p>

# Organizational Governance

## Corporate Governance

Corporate governance provides the foundation for addressing the seven core subjects under ISO 26000.

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.

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

Toppan has 26 directors, including two outside directors, on its board (as of the end of March 2016). Board meetings are held monthly and whenever a pressing matter requires action or deliberation. Especially important matters 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. Toppan will reinforce its corporate governance in fiscal 2016 by introducing an executive officer system and establishing an advisory committee to deliberate on the appointment of directors and the remuneration they receive.

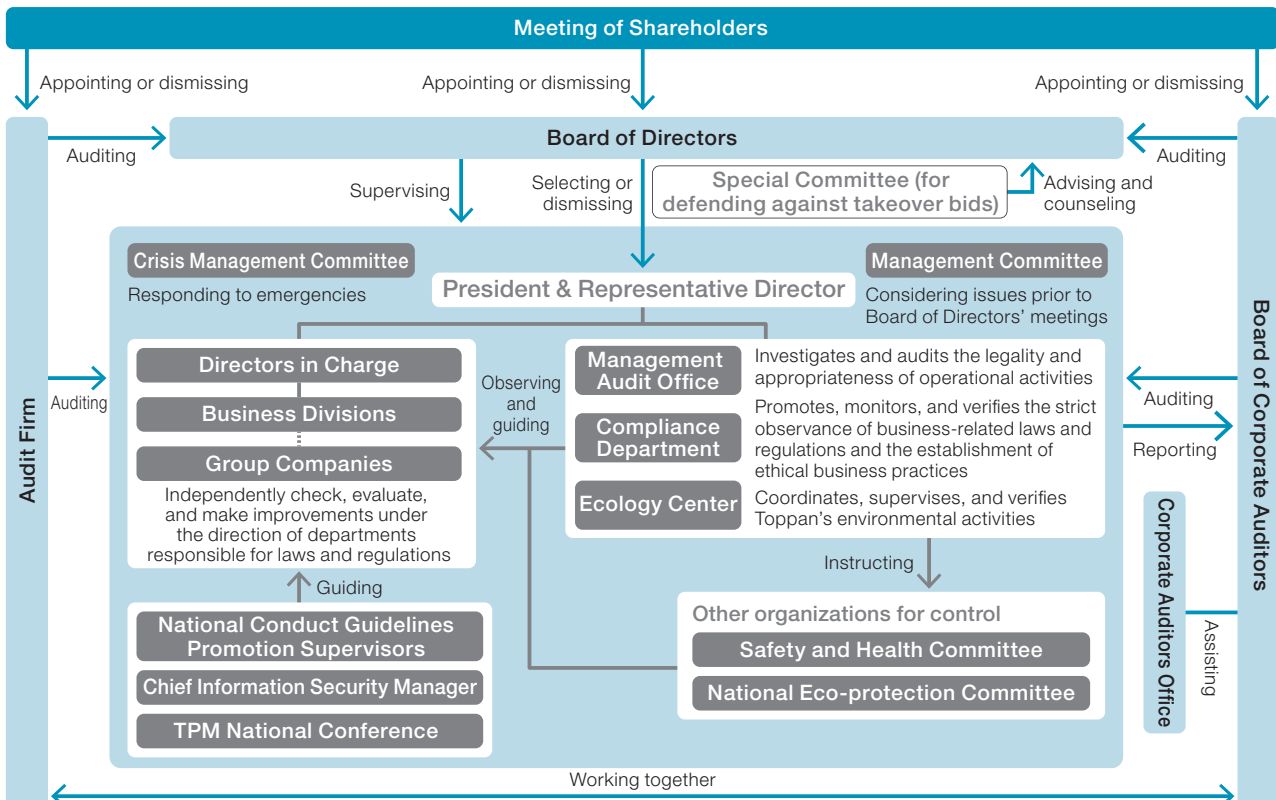
## Corporate Auditors, Board of Corporate Auditors, and Audit Firm

As of the end of March 2016, 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 various meetings, including 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. By these means, 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.

\*Effective from April 2016, two official names in English have been changed:  
Corporate Auditors → Audit & Supervisory Board Members  
Board of Corporate Auditors → Audit & Supervisory Board

### ■ Corporate Governance Structure (as of March 2016)



The latest information on corporate governance can be found on the Toppan website (<http://www.toppan.co.jp/ir/management.html> [in Japanese]).

## Strengthening Audit Functions

The Management Audit Office is a body established independently from the business divisions of the Company. 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 31 management and operation audits in fiscal 2015. 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. 30, 34). The Ecology Center in the Manufacturing Management Division supervises environmental activities, conducts internal audits at operational sites, and monitors the progress of improvements (→P. 40).

## Remuneration to Directors and Corporate Auditors

In fiscal 2015 the total annual remuneration to directors was 1,096 million yen and the total annual remuneration to corporate auditors was 115 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 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.

Every year Toppan organizes training sessions on CSR management for new employees (306 participants in fiscal 2015) and e-learning-based basic education programs for employees at the Company and main Group companies (20,105 participants in fiscal 2015).

## Risk Management Structure

Toppan manages risk comprehensively to avoid risk and minimize loss 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 various types of risk 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

To prepare for the possible occurrence of a wide-scale disaster, the Toppan Group institutes business continuity management (BCM) activities under the Basic Plan for Countermeasures against Earthquake Disasters. These activities aim to minimize damage to the Group and maintain a steady supply of products and services to customers.

To enhance Group-wide competence for business continuity, Toppan repeats various BCM drills, reinforces buildings and structures with seismic strengthening retrofits, installs satellite-based mobile phone networks, and takes other proactive measures necessary for BCM.

In fiscal 2015 Toppan equipped all Japanese sites with IP transmission systems to doubly protect the lines of communication in an emergency. In addition to regular BCM assessments of business partners, the Group held training sessions for business partners to secure the stable supply chains required for more effective BCM.

Toppan Printing Co., Ltd. received the Grand Prize at the Business Continuity Advancement Organization (BCAO) Award 2015 in recognition of its business continuity efforts over the past five years.

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



## ■ CSR Promotion Structure



## ■ Types of Risks to be Managed and the Relevant Head Office Divisions in Charge

Types of Risks 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 computer 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.)
	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.)
Defamation, slander, or other criminal damages	Damage to the company's internal computer system due to cyber terrorism, illegal access or use of company information, or leakage of personal information, internal information, etc. (ICT Management Div.)
	Acts of violence against the company (threats, kidnapping, or robbery) (Personnel & Labor Relations Div.)
Relationships with antisocial organizations	Unreasonable demands from antisocial organizations or transactions conducted between business partners and antisocial organizations (Legal Affairs Div.)
Natural disasters	Material losses or personal accidents suffered by customers or the company due to earthquakes, wind or water damage, lightning, etc. (Personnel & Labor Relations Div.)
Risk in business management	Shareholder derivative lawsuits or hostile takeovers (Legal Affairs Div.)
Unlawful activities related to external contracts	Violations of the Subcontract Law of Japan or illegal transactions with business partners (Manufacturing Management Div.)
Infringements of intellectual property rights	Infringements of patents, trademarks, or copyrights (Legal Affairs Div.)
Environmental problems	Violations of environmental laws or standards or illegal disposal of industrial waste (Manufacturing Management Div.)
Risk in overseas business activities	Product accidents, environmental problems, fires or natural disasters or damage to human or physical resources caused by international conflicts, terrorism, etc. (Corporate Planning Div.)



BCM drill (Higashinihon Division)



Receiving the Grand Prize at the BCAA Award ceremony



Comprehensive disaster-preparedness drill (Akihabara)

## Countermeasures against Disasters

The Toppan Group takes comprehensive disaster-preparedness measures throughout the operational sites across Japan under the Basic Plan for Countermeasures against Earthquake Disasters. The basic plan specifies that Toppan employees are to: 1) take safety-first actions based on the concept of respect for people; 2) fulfill social responsibilities by maintaining steady supplies of products and services that society needs most; and 3) cooperate with governments and communities to minimize damage and provide aid for affected people.

All Japanese sites hold disaster drills and employee firefighting training sessions. In their communication drills, for example, they use their own communication systems to confirm their ability to promptly confirm the safety of their employees and employee families in the event of an actual disaster. In February 2016 Toppan tested an inter-operational-site drill to enable sites to confirm the safety of each other's employees from remote locations by issuing safety confirmation alerts to employees in the Kanto region and the Kinki region on two separate days, one in each region. The head office site in Akihabara and other main Group sites also organize regular comprehensive disaster-preparedness drills to rehearse the actions to be taken during actual wide-scale disasters: the initial damage assessment and safety confirmation, the evacuation procedures, the employees' journeys back home from the workplace on foot, and the distribution of stockpiled supplies. In conjunction with these drills, the Group sites continue stockpiling water, food, and other emergency supplies to support local communities and commuters who will have no means to return to their homes.

The regular repetition of these drills will keep all Toppan employees on alert and provide them with the know-how necessary for dealing with emergency situations quickly and properly.

# Human Rights

## Respecting Basic Human Rights

The Toppan Group 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. 33]). Based on The Toppan Group Declaration on the Global Environment and the Basic Policy on Biodiversity, the Group promotes environmental conservation initiatives to avoid negative impacts on the lives of people living near its operational sites (→P. 40).

Toppan has been carrying out education on human rights through CSR training for new employees and e-learning-based programs on CSR and the environment for all employees of the Group. To disseminate initiatives for respecting human rights throughout the entire supply chain, the Group 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 (→P. 32).

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 this policy as a common goal. Article 2 of the agreement clearly states that the union has all the rights established by law, specifying 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 10 Toppan Group companies. The union and the Company have concluded an agreement to impose a uniform set of liability-related clauses (rules governing union activities and labor-management negotiations) on all 10 Group companies.

## Working for Equal Opportunity and Eliminating Discrimination

Toppan pursues diversity management to innovate and create

value by engaging diverse human resources and nurturing their competence to its full potential.

### Positive Action

Toppan promotes positive action to bring out the full potential of individual employees and assign them to more diverse positions regardless of gender. To uphold the ideals stated in the Act to Advance Women's Success in their Working Life, a new Japanese law enforced in April 2016, the Company undertakes a consistent, well-planned program of actions, including measures to appoint more female employees to managerial positions based on their skills and motivation.

### Self-determination on the Career Path / In-house Staff Recruitment / 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 to facilitate 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. Eighty-four of 94 employees who retired in fiscal 2015 were reemployed.

### 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 maintains the hiring and employment of persons with disabilities by devising procedures and routines adjusted to their capabilities to empower them to perform wide-ranging jobs in the workplace.

### Providing an Open Environment for Recruitment

Toppan hires diverse persons of both genders and of many nationalities, ages, and levels of physical and mental ability through recruitment channels such as the regular hiring of new graduates from universities and high schools and the hiring of persons with disabilities and experienced personnel in the middle of their careers. Toppan participates in a number of events, such as forums for international students learning in Japan, to make contact with human resources suited to careers in a global business environment.

The Company also holds multiple job-specific screenings in Japan to offer recruits a wider choice of employment opportunities in accordance with their own aspirations and vocational aptitudes. In the winter of fiscal 2015 the Company ran internship programs with practical training sessions for 106 students.

■ 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. 30, 33)

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 carries out education on human rights in rank-based training.

**Promoting CSR procurement**  
(→ P. 32)

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. 30, 32)

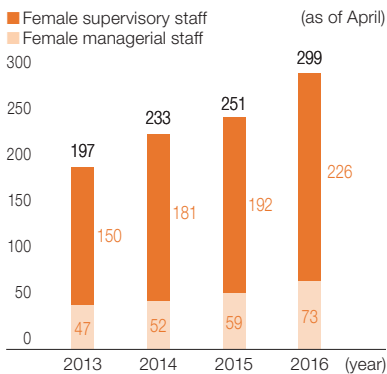
Toppan operates dual hotlines through which both employees and business partners can report inappropriate actions.

**Contributing to society**  
(→ PP. 18, 38)

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

In fiscal 2015 Toppan participated in working groups on due diligence for human rights organized by the Global Compact Network Japan. Toppan gathered information and held opinion exchanges with other members on respect for basic human rights.

■ Female Managerial and Supervisory Staff



■ Number of Recruits

		Fiscal 2014	Fiscal 2015	Fiscal 2016	
Regular recruitment of new graduates from universities and graduate schools	Sales, administration, etc.	Male	69	88	98
		Female	42	50	73
	Technical	Male	94	102	102
		Female	33	40	35
Regular recruitment of new graduates from high schools and colleges of technology	Male	1	5	3	
	Female	11	21	33	
Total number of regular recruits (percent women)		250 (34.4%)	306 (36.3%)	344 (41.0%)	
Mid-career recruitment of experienced personnel	Male	19	27	—	
	Female	10	29	—	

■ Employment of Persons with Disabilities

	2014	2015	2016
Employees	247	247	250
Percentage of total workforce*	2.09%	2.10%	2.07%

\*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.

**Toppan Becomes One of the Diversity Management Selection 100**

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. 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. 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

## Basic Approach Regarding Human Assets

Toppan values its employees as precious “human assets” and understands 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 their true abilities come through in full force.

## Labor-Management Partnership

Toppan’s labor union and management respect each other’s positions as partners with shared ideals. They have been working together on various issues on an equal footing. 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 long-standing 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.

Toppan has adopted a union shop system. In principle, all non-managerial employees belong to the labor union as members.

## Supporting Work-Life Balance

### Efforts to Shorten Working Hours

Senior management, managers, and employees have been jointly instituting measures to shorten working hours with a view to achieving better work-life balance and maintaining employee health. They undertake initiatives from various approaches, including measures 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. Labor and management at each operational site have been discussing approaches to create more accommodating workplace environments that encourage employees to take leave. The measures they have devised and implemented are tailored to the actual working conditions at their sites.

### Efforts to Support Employees with Children

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.

From fiscal 2015 Toppan began paying a full salary for the first five days of childcare leave taken by male employees, in order to support employees with children by encouraging the use of the childcare leave system. In fiscal 2016 the eligibility period for preferential work shifts such as reduced working hours for employees with childcare responsibilities was extended to the end of a child’s fourth year of elementary school (surpassing the age three requirement imposed under the applicable Japanese law).

Toppan has also been gradually enhancing the “Hagukumi (nurturing) Program” since fiscal 2012. This program supports the well being of employee parents by providing therapeutic activities for parents on childcare leave, activities to share the know-how necessary for maintaining good balance between working and raising children, and activities to give employees in various positions opportunities to learn about and consider the importance of work-family balance.

### Efforts to Support Employees Bearing Nursing Care Responsibilities

In October 2015 Toppan’s labor union and management significantly enhanced measures to help employees maintain good balance between work and care at home by reviewing the results of employee questionnaires on nursing care. These measures respond to employees’ worries about care for family members and create an environment where employees can concentrate on work free from anxiety.

Toppan has relaxed the eligibility requirements for nursing-care-related systems by, for example, expanding coverage to include family members deemed to be “in need of support” according to the criteria of the Long-term Care Insurance System of Japan. To enable employees to more flexibly adjust their working hours for care, Toppan has provided systems for switching from nursing care leave to shorter working hours for care, divvying up periods of leave, extending the available periods of time, and so on. The Company has also enhanced financial support during nursing care leave by offering benefits of various types, including an increased allowance for nursing care leave. In response to strong requests from employees for more information on work-care balance, Toppan has launched an in-house website to offer general information on nursing care, contracted consultants outside the Company to provide advice free of charge, and opened other similar channels. Support eligibility criteria have also been expanded to allow care-giving employees to commute by Shinkansen bullet train after a job relocation or transfer, to ensure that they can continue caring for their parents.

### ■ Number of Personnel (as of March 31)

		Directors	Management Class	Supervisors	Total Employees	Average Tenure	Average Age	Sum Total Employees	Part-time Workers	Dispatched Staff
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			
Fiscal 2014	Male	26	1,933	1,826	7,586	15.1	42.6	8,900	681	112
	Female	0	52	180	1,314	9.8	34.0			
Fiscal 2015	Male	26	1,989	1,843	7,576	15.4	42.9	8,993	562	203
	Female	0	59	192	1,417	9.8	34.2			

### ■ Reasons for Leaving\*1

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Personal reasons	188 (52)	204 (48)	184 (39)*2
Retirement	88 ( 1)	86 ( 5)	94 ( 0)
Requested by the company	0 ( 0)	0 ( 0)	0 ( 0)
Other	90 ( 3)	83 ( 0)	92 ( 3)
<b>Total</b>	<b>366 (56)</b>	<b>373 (53)</b>	<b>370 (42)</b>
Turnover rate	4.1%	4.1%	4.0%

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

\*2 One female and 31 male employees took advantage of the Company's support system for employees pursuing second careers.

### ■ Average Annual Salary

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Average Annual Salary	6,711,582 yen	6,647,468 yen	6,697,391 yen

### ■ Annual Paid Leave Used

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Average paid leave used (days)	8.0	8.3	8.6
Average ratio*3	41.7%	43.3%	45.1%

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

### ■ Employees Taking Maternity or Childcare Leave

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Employees taking maternity leave	76	81	85
Employees taking childcare leave*4	124 (4)	136 (3)	295 (160)

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

### ■ Main Leave Systems and Family Benefits

- Stock leave
- Childcare leave
- Rehiring of employees who leave the Company to deliver and bring up children
- Nursing care leave
- Leave for child healthcare
- Volunteer leave
- Staggered work-hours
- Dependent family allowance
- Partial subsidization of babysitter expenses
- Other

### ■ Hagukumi (nurturing) Program

A scheme to support the well being of employee parents  
**Hagukumi Program**

- To provide therapeutic activities for parents on childcare leave
- To share the know-how necessary for maintaining good balance between working and raising children
- To give employees in various positions opportunities to learn about and consider the importance of work-family balance

#### Hagukumi Art Salon (from fiscal 2012)

- To strengthen bonds between parents and children
- To stimulate interaction among employees currently on childcare leave
- To cope with anxieties about returning to work



#### Hagukumi Seminar (from fiscal 2013)

To learn and enhance understanding about good balance between work and parenting throughout the workplace



#### Hagukumi Circle (from fiscal 2014)

To build a network of working parent employees who wish to discuss their concerns about work and parenting and share ideas and tips on work-family balance



Detailed information on Toppan's main leave systems and family benefits is shown in the *CSR Report 2016: Detailed Data* posted on the Toppan website (<http://www.toppan.co.jp/english/csr/csreport.html>).

## Occupational Health and Safety

Back in 2010, Toppan formulated a Basic Policy on Health and Safety based on a “safety first” theme. Since then the Company has upgraded the intrinsic safety of machines and equipment, organized legal and regulatory compliance training mainly for foremen at operational sites, and 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 overall.

Yet older employees are still prone to accidents outside of actual work areas, such as falls, collisions, or false steps on staircases. Toppan has taken several steps to ensure safety awareness among employees primarily through safety education and the renovation of workshops to better accommodate older employees. Company-wide efforts are also underway to comply with an ordinance mandating companies to conduct risk assessments on chemical substances, effective from June 2016 in Japan.

Rising recognition of the *Anzen Dojo*, Toppan’s safety training facility, has attracted high commendation from other companies nationwide. Toppan will continue opening the *dojo* to trainees from outside the Company.

## Measures for Mental Healthcare

Labor and management implement various measures to maintain the health of employees, a keystone for Toppan’s corporate activities. Rank-based training is offered to prevent mental illness or to promptly detect and treat it if it develops. The Company opens counseling rooms, distributes handbooks to managerial and supervisory staff, concludes advisory agreements with mental healthcare specialists, and undertakes various other measures in the same vein. 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.

In fiscal 2015 the Company introduced a stress check system under the revised Industrial Safety and Health Act of Japan and arranged an e-learning program on self-care for all employees at the Company. These and other related measures are designed to prevent mental illness, improve working environments, and enhance job satisfaction among employees.

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 meet-up for employee families.

## Developing and Fostering Human Assets

### Concept of Human Asset Development and Fostering

Mindful of how deeply it depends on its employees, Toppan fosters individuals with ambition and integrity who will go on to become the driving force towards the realization of *TOPPAN VISION 21*. Toppan would like to contribute to society as a corporation blessed with human assets with excellent communication skills and heightened awareness and sensibilities.

### Various Programs to Develop Human Assets

Toppan has set up a 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.

In fiscal 2015 the Company organized “Dialogue in the Dark,” a training workshop for new employees to provide the experience of daily living in the dark with the aid of hearing and other senses unrelated to vision.

The Toppan Business School (group training) and Challenge School (correspondence learning courses), meanwhile, offer self-development training for employees. A cumulative total of 9,407 people trained in these schools in fiscal 2015. Employees also have ready access to basic, Group-wide education via the e-learning system. A cumulative total of 126,558 people took part in e-learning programs in fiscal 2015.

To foster human assets for global business, the Company operates a trainee system to provide employees with practical training in day-to-day business activities overseas. Sixty-eight employees were deployed as trainees under the system from fiscal 2011 to fiscal 2015. The selective training on globalization launched in fiscal 2010 supported a cumulative total of 567 candidates for overseas assignments by fiscal 2015. Since fiscal 2012, 13 employees in the advanced-learning course for the selective training have attended short-term open programs at International Institute for Management Development (IMD) in Lausanne, Switzerland, one of the world’s top-ranked business schools.

Toppan organizes specialized training to bolster employee commitment to solving social issues in Minamisoma City, Fukushima Prefecture, an area seriously affected by the Great East Japan Earthquake of 2011. Toppan employees have also worked as Japan Overseas Cooperation Volunteers for the Japan International Cooperation Agency (JICA) to help address social issues for the international community while developing themselves as individuals.

### Strengthening the Environment to Develop Human Assets

Toppan has established training centers in Kawaguchi, Saitama Prefecture and Yugawara, Kanagawa Prefecture to nurture human assets. These centers are venues for various training sessions and interaction between Toppan personnel. The Company also operates an education management system to help employees enhance their abilities and skills. E-learning programs are arranged and employees can review the records on their own training online. Training tools and information on learning courses are also provided.

**Occupational Health and Safety**

	2013	2014	2015
Deaths from occupational accidents	0	0	0
Frequency rate*1	0.20	0.05	0.05
Severity rate*2	0.002	0.000	0.001

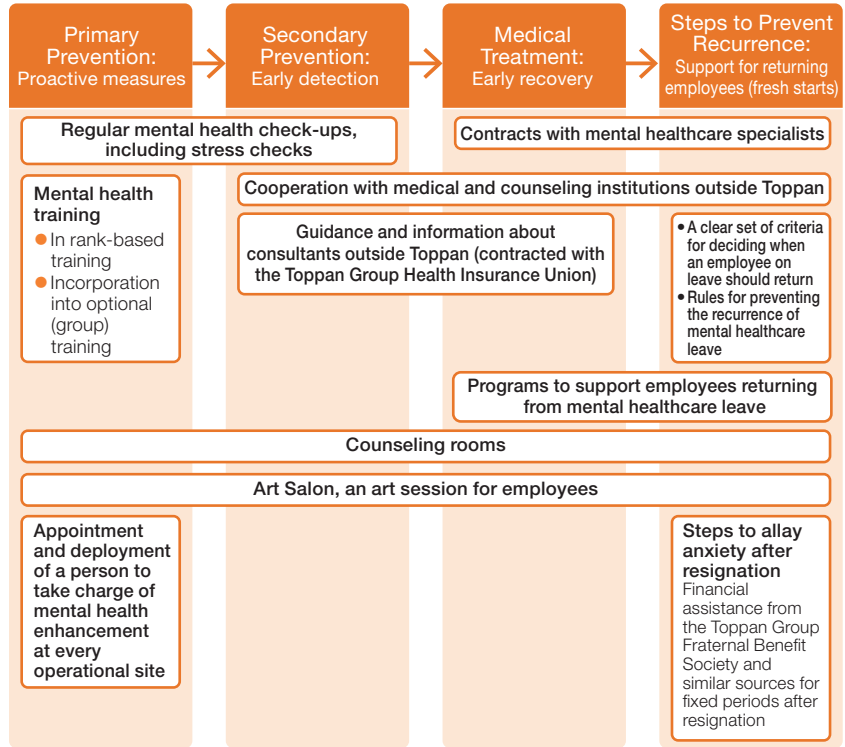
\*1 Number of occupational accidents requiring employee leave, per million cumulative actual working hours (reflects the frequency of occupational accidents)

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

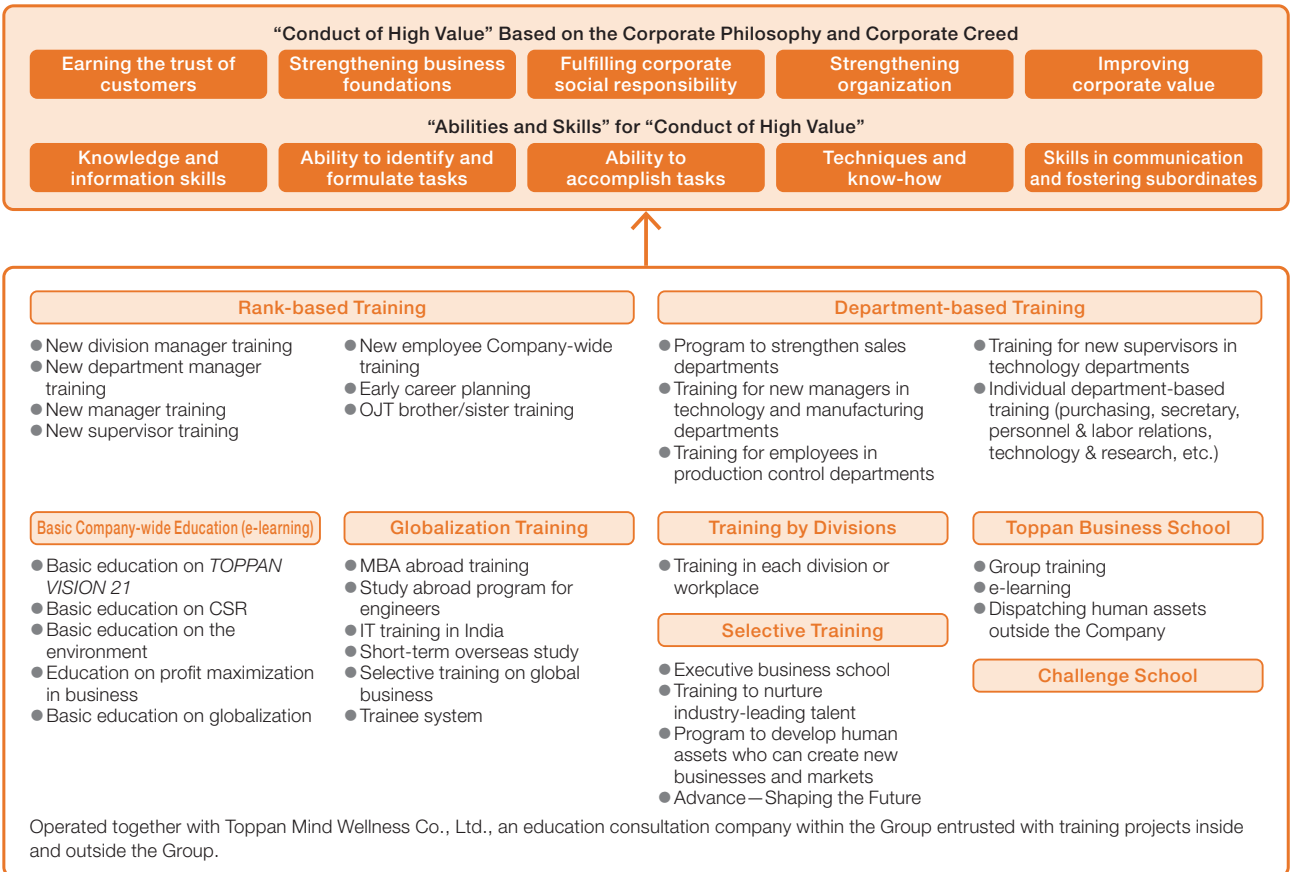


Anzen Dojo

**Overview of the Mental Healthcare System**



**Systematic Human Asset Development Programs**



Operated together with Toppan Mind Wellness Co., Ltd., an education consultation company within the Group entrusted with training projects inside and outside the Group.

# Fair Operating Practices

## 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 legal compliance (→ P. 33).

In November 2010, Toppan completely revised the guidelines into the Toppan Group Conduct Guidelines, a set of common principles that all Group companies around the world are required to observe for the assurance of strict compliance. These Group-wide guidelines are reviewed every year to adjust to changes in business environments, social conditions, and other conditions relevant to the Group.

## Conduct Guidelines Promotion Leader System

The Toppan Group 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-four Leaders were deployed across the Group in fiscal 2015, including 66 women (8.8% of the Leaders). A cumulative total of 7,581 employees have worked as Leaders since the system was launched in 2004. Toppan will continue with measures to resolutely foster and assign more female Leaders and deploy many more Leaders to enhance compliance awareness among employees.

## 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. They organize Conduct Guideline read-throughs, facilitate discussion using concrete cases, and implement other measures to activate compliance awareness among their colleagues. The Leaders also report on their activities and discuss outstanding cases.

## Tools to Promote the Conduct Guidelines

Toppan gives every employee in Japan a *Conduct Guidelines Casebook*, a Q&A style casebook describing situations that can arise in daily work. The Group uses the casebook for rank-based education and the Leaders use it to disseminate the guidelines at their workplaces.

The fiscal 2015 edition of the casebook newly addresses topical themes such as quasi-legal drugs and the handling of individual identification numbers under Japan’s new Social Security and Tax Number System.

Toppan also posts regular Conduct Guideline Notifications on themes relevant to the guidelines in order to heighten employee awareness and call attention to compliance-related issues. The notifications posted in fiscal 2015 covered topics

such as unlawful conduct, corporate misdoings, the leakage of personal information, and the unauthorized removal of confidential information from the workplace.

## 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 as a basic rule. 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 dispatched staff and part-time workers. No employees used the helpline in fiscal 2015.

## Compliance Education

### Training for Conduct Guidelines Promotion Leaders

As in previous years, Toppan held group training for Conduct Guidelines Promotion Leaders in fiscal 2015. The training was scheduled in two phases. In the first, 608 Leaders were trained in 43 sessions across Japan from May to August 2015. In the second, 532 Leaders were trained in 41 sessions from November 2015 to March 2016.

The Group 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

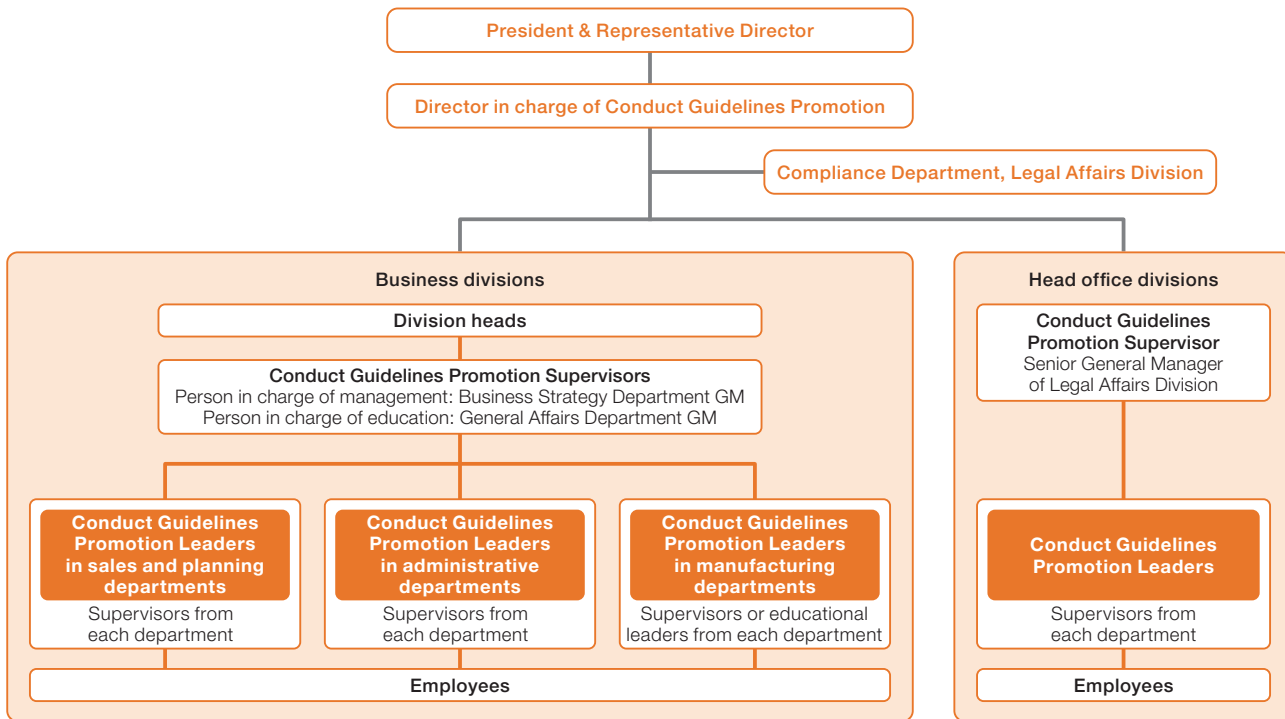
Toppan regularly organizes transaction-related training and checks and audits how business transactions are being handled in Japan. Both activities are key to preventing improper export and import transactions and ensuring compliance with the Subcontract Law. In fiscal 2015, a total of 140 employees participated in group sessions focused on export controls under the Foreign Exchange and Foreign Trade Act; 443 employees were trained on compliance with the Subcontract Law; and 7,557 employees took a course on export controls via the e-learning system.

### Briefing on Compliance

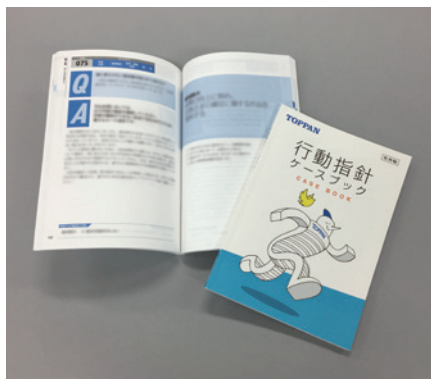
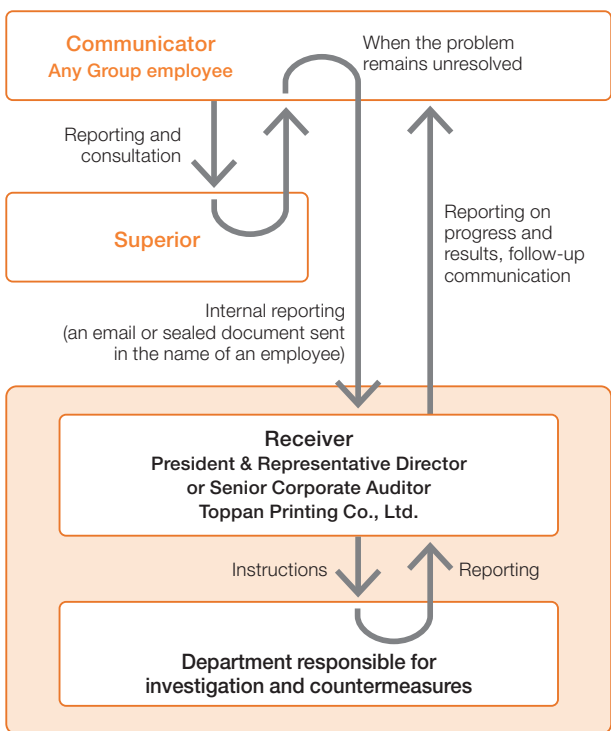
Toppan was not involved in any serious accidents or violations of laws or regulations in the course of business in fiscal 2015.



■ Structure to Promote the Conduct Guidelines



■ Toppan Group Helpline



Conduct Guidelines Casebook (in Japanese)

Approach to Intellectual Property

Protection and management of intellectual property is a crucial issue for Toppan, a group of companies operating in the three fields of Information & Communication, Living & Industry, and Electronics. The Group 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. Apart from in-house special training, Toppan holds regular training sessions for employees of the Toppan Group and its business partners. Participants in these sessions acquire basic legal knowledge on intellectual property rights by reviewing case histories in design work and other operations involving intellectual property issues within the Group.

## 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 standards of action pertaining to human rights, labor, the environment, and anti-corruption, the four issues globally emphasized in CSR initiatives. By fiscal 2014 Toppan had held briefing sessions with questionnaires for 2,047 business partners. The Group briefed 21 business partners on the guidelines in fiscal 2015.

Turning to the environment, the Toppan Group promotes CSR procurement in line with specific standards such as 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

The Toppan Group 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. The Group surveyed 32 sites of 28 business partners around the world in fiscal 2015 and confirmed that all of the procured lumber was obtained legally.

## 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 seven business partners to fill out questionnaires in fiscal 2015 and used the results to improve compliance in procurement operations. Toppan has also set up the Supplier Hotline\*, a portal for receiving reports from business partners, on its website.

\*[http://www.toppan.co.jp/english/corporateinfo/our\\_suggestion/supplier\\_hotline.html](http://www.toppan.co.jp/english/corporateinfo/our_suggestion/supplier_hotline.html)

## ■ 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, Chapter 2 (see “Chapter 1: Basic Principles of the Conduct Guidelines” on page 9.)

### Chapter 2: Specific Conduct Guidelines

#### 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

## Assuring Product Safety and Quality

Quality assurance for products at the Toppan Group 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 shipment all contribute to quality. This is why Toppan describes quality assurance as a total activity (“total quality assurance”) and strives to improve product quality and manage product safety throughout the Group.

### Product Safety

The Toppan Group 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. Every Group site continues improving its quality management system (ISO 9001) to bolster product safety management. Ninety-eight employees took part in training sessions for internal auditors in fiscal 2015.

### Certified Approval System for the Production of Food Packaging

Food packaging requires exacting quality assurance for safety and sanitation. The Toppan Group has adopted a certified approval system to ensure that the operational sites of Toppan and partner companies can manufacture containers and packages only after undergoing audits with checklists in conformance with the Quality Assurance Guidelines for Food Packaging. Toppan audited packaging operations for 15 sites inside and outside the Group in fiscal 2015.

### Reinforcing Food Defense

The Toppan Group has worked to ensure food safety by preventing contamination of food during packaging production processes. In recent years the Group has been reinforcing food defense to secure safety from hazards that can be deliberately exploited to contaminate food products using toxins or other harmful substances. The Group refines incoming security checks, installs more security cameras to monitor food processing operations, deepens communication between management and employees, strengthens food defense training, and so on.

### Controlling Chemical Substances in Products

The Toppan Group intensively promotes product safety management in all production 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 its own set of Green Procurement Standards attuned to the features of products manufactured at plants across its business fields. The Group controls chemical substances in products throughout the entire supply chain.

## Protecting Consumers by Safeguarding their Personal Information

The Toppan Group protects the rights and interests of consumers by repeating thorough qualification audits based on stringent security criteria to prevent the improper internal use of personal information in its tightly secured areas. The Group works to acquire information security management system (ISMS) certifications in order to propose business plans that will enable client companies to use personal data in safer and securer ways.

### Monitoring the Handling of Personal Information

The Toppan Group keeps various logs on the handling of files, read/write operations on storage media, and other operational details in tightly secured areas designated for the handling of personal information. Information leaks caused by internal misconduct frequently occurred at other companies in fiscal 2015. To prevent internal misconduct at Toppan, the Group installed a log analysis system to monitor and confirm operations in the tightly secured areas at the head office and every operational site in Japan. The Group also monitors the comings and goings of employees through entryways and exits, controls employee access rights and belongings, and manages computer interfacing and read/write operations using smartphones and other storage media and devices.

### Protecting Personal Information against Cyber Attacks

Two specialized organizations are in place at the Toppan Group to enhance ICT security measures: TOPPAN-CERT (the computer emergency response team) and the anti-virus task force. In fiscal 2015 they conducted a drill to rehearse the Group’s response to a series of targeted email attacks launched to steal important information.

### Completing Internal Training

Self-justifying excuses—like “No one will know,” “No big deal,” “Just a little,” or “It couldn’t be helped”—can often signal a looming danger of misconduct. Toppan reminds all Group employees to be vigilant whenever they find themselves having thoughts like these. To heighten awareness on security dangers, Toppan arranges face-to-face group training on internal compliance. Employees receiving the training learn about employment regulations at the Group and the unfortunate outcomes of actual cases of internal misconduct documented in Japanese industry.

### Handling Individual Numbers

The Toppan Group undertakes strict measures to minimize the risk of internal leaks resulting from the exchange of individual identification numbers under the Social Security and Tax Number System of Japan.

**Basic Stance on Product Safety Management**

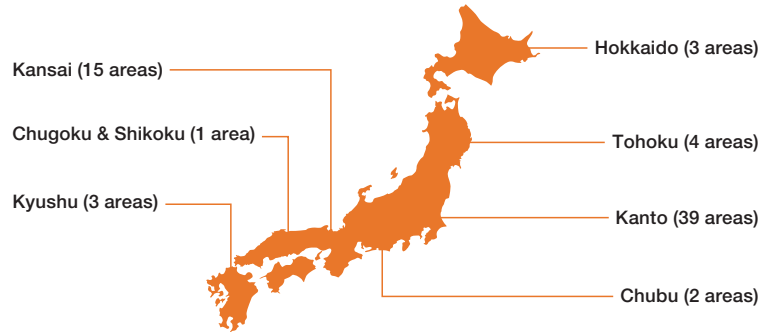
We promote product safety management throughout the Group by securing safety and improving the quality of our products based on the Basic Principles of Conduct Guidelines and the principles of corporate social responsibility as a protector of user safety and health.

**Audits for the Food Filling/Packing Businesses**

- Audit Points**
- Agreements with client companies
  - Quality assurance systems
  - Management of equipment and inspection devices
  - Management of safety and sanitation
  - Steps to prevent the admixture of different products
  - Steps to safeguard against insect infestations
  - Steps to prevent the admixture of foreign substances
  - Steps to prevent the outflow of defective products
  - Steps to prevent contamination
  - Traceability
  - Food defense
  - Education and training
  - Maintenance of systems and frameworks for product safety and quality

- Operational Sites Audited**
- Food filling/packing businesses
  - 5 sites run by manufacturing subsidiaries
  - 10 sites run by production business partners

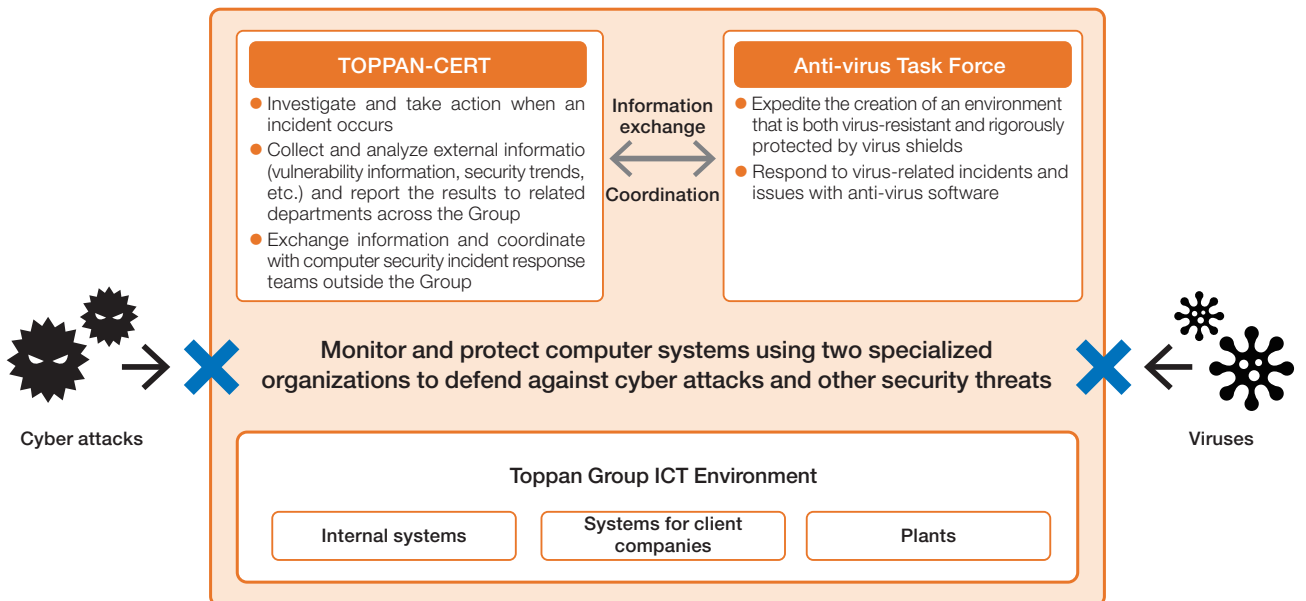
**Number of Domestic Sites with Tightly Secured Areas Designated for the Handling of Personal Information (as of March 31, 2016)**



**Tightly Secured Areas at Toppan Group Companies with ISO/IEC 27001 Certification (as of March 31, 2016)**

- Team 1, IT Service Department, ICT Solution Center, Information & Communication Division, Toppan Printing Co., Ltd.; TOPICA Creation Team, Engineering Department, ICT Infrastructure Technology Center, ICT Management Division, Toppan Printing Co., Ltd.
- Information & Communication Division, Toppan Printing Co., Ltd.; ICT Infrastructure Technology Center, ICT Management Division, Toppan Printing Co., Ltd.; Toppan Communication Products Co., Ltd.; Toppan Joho Kako Co., Ltd.
- Kyushu, Chugoku & Shikoku Team and ISMS Promotion Committee, Information Security Management, Nishinohon Division, Toppan Printing Co., Ltd.
- Higashinohon Division, Toppan Printing Co., Ltd.
- Takino Plant, Toppan Communication Products Co., Ltd.; Takino Manufacturing Department, Toppan Joho Kako Co., Ltd.; Production Technology Team, Technology, Kansai Information & Communication Subdivision, Toppan Printing Co., Ltd.

**Protecting Personal Information against Cyber Attacks**



Consumer Issues

## Universal Design Initiatives

Universal design (UD) is one of the primary corporate social responsibilities for Toppan, a group of companies that strive to realize fulfilling lifestyles as enunciated in the Corporate Philosophy. The Group has been designing and producing attractive, easy-to-use packaging and communication tools for as many people as possible. In keeping with the Toppan Declaration on Universal Design and Toppan's Seven Principles on Universal Design, the Group promotes UD initiatives that assign greater weight to sensory values and customization while also emphasizing functions such as understandability and usability.

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

### Examples of UD Initiatives

Toppan Printing Co., Ltd. formed a business alliance with Mirairo Inc. in advance of the April 2016 introduction of the Act on the Elimination of Discrimination against Persons with Disabilities of Japan. Under the alliance, Toppan has started to distribute a Universal Manners Test (operated by the Japan Universal Manners Association) and offer consultations to client companies who seek to develop products and services that accommodate the viewpoints of persons with disabilities and the elderly. The Universal Manners Test is designed to facilitate the appreciation and entrenchment of a universal code of good manners to enable people to base their actions on an adequate knowledge and understanding of the standpoints of others. The test helps people learn the psychology of the elderly and disabled, along with specific ways of interacting with them. Toppan encourages persons inside and outside the Group to acquire the certification for this test. The Group will also embrace the universal good manners perspective by adopting comprehensive UD proposals for client companies engaged in the handling of manuals, pamphlets, product packages, events, and other products and services accessible to more diverse people.

In April 2016 the Toppan Group launched a comprehensive support service for Muslim-friendly product packaging ranging from research and planning services to development and manufacturing. Muslim-friendly packaging provides Muslims with designs respectful of their faith, cultures, and customs. The Group offers one-stop support for producing Muslim-friendly packaging by adopting methods for displaying raw materials and styles of design favored by Muslim tourists visiting Japan, as well as other features. The Toppan Group will provide client companies with various services, including backup support for study sessions on Muslim-friendly product packaging and research on Muslims living in Islamic regions for companies planning to market their products or services in Islamic countries.

## Contributing to Sustainable Consumption

The Toppan Group markets environmentally friendly products and services designed to contribute to sustainable consumption.

### Recyclable Aluminum-free Paper Carton

ITO EN, Ltd. and Toppan Co., Ltd. won the Minister of the Environment Prize at the 25th Grand Prize for the Global Environment Award sponsored by Fujisankei Communications Group. This prize was awarded to commend the two companies for developing a recyclable aluminum-free, paper-based beverage carton in collaboration with Nippon Paper Industries Co., Ltd.

Conventional paper containers use aluminum foil liners inside to preserve beverages for long periods. Recycling after use requires a difficult process to separate the aluminum foil from the underlying paper. The used containers are usually discarded and not recycled via existing routes because of the difficulty in separation.

In 2010, ITO EN began examining solutions using GL FILM from Toppan as an alternative to aluminum foil. GL FILM is an eco-friendly, transparent, high-barrier film used for the packaging of products such as food, toiletries, and cosmetics. Over the next four years, a paper carton lined with GL FILM for the packaging of vegetable juices was successfully developed. The new carton has roughly the same oxygen permeability of existing containers and rivals them in other quality-preserving properties. It is the first paper-based vegetable juice container storable at room temperature for long periods that can be recycled by the same process used for milk and beverage cartons. ITO EN and Toppan were awarded with the Minister of the Environment Prize in recognition of the environmental friendliness of the new carton.

### Popularizing Carbon Offsetting Using CFP Data

The Toppan Group offers a one-stop service for client companies covering the stages from quantification under the carbon footprint of products (CFP) system to carbon offsetting. CFP is a method to quantify CO<sub>2</sub>-equivalent greenhouse gas (GHG) emissions associated with a product or service throughout its entire life cycle, from raw-material procurement to disposal and recycling. CFPs are expressed as single numbers anyone can understand. Carbon offsetting is a method used to partially or completely "offset" difficult-to-reduce GHG emissions with equivalent credits—GHG-emission reduction values and/or GHG absorption values—earned elsewhere. The Group also uses this simple, one-stop procedure for its own printed materials.

### ■ 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



Lecture for the Universal Manners Test

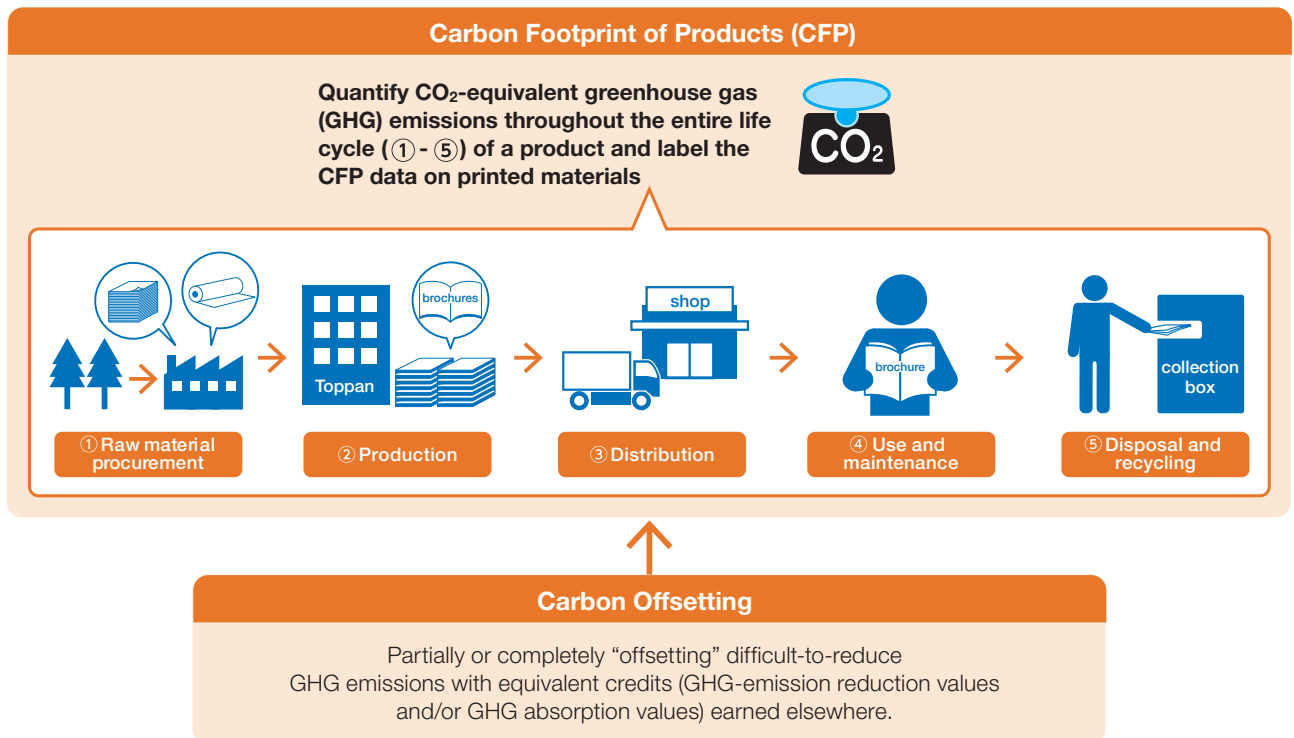


Monitoring research by Muslims



Jujitsu Yasai 200ml carton (aluminum-free paper container)

### ■ Framework for CFP and Carbon Offsetting



# Community Involvement and Development

## 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. Domestic and overseas sites in the Group have engaged in contribution activities forged through dialogues with neighboring communities. Their dialogue is sustained through manifold activities, including collaborative works in organizations that bring together the opinions of community members.

### Dialogues with Communities

Toppan sites take part in the meetings and activities of various community organizations. Group sites have shaped business activities and community contribution activities by sounding out opinions from their communities. 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 2015 the operational sites in Kawaguchi and Niiza Cities, Saitama Prefecture invited residents from neighboring communities onto their premises to learn about the environmental efforts underway at their plants. Visitors took part in enriching exchanges with Toppan personnel and later asked the sites to continue holding similar meetings.

### 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 various activities such as plant tours, work experience programs, internships, and off-site lectures.

Group sites in Bunkyo and Itabashi Cities within Tokyo cooperate with local elementary schools by organizing the "Printing School," a workshop class where students create guidebooks to promote the shopping districts in their towns. Younger employees from Toppan lecture on the efficient methods to mine and edit data. The students learn more about work-oriented mindsets by interviewing shopkeepers and gain exposure to the challenges of phrase-making and persuasive expression in their work by editing the guidebook content. The guidebooks are published and delivered in and around the local shopping streets.

Toppan Printing Co., Ltd. has worked for many years with the Japan School Library Association and The Mainichi Newspapers Co., Ltd. as a cosponsor of the Central Contest for Book Report Drawings, an annual contest that cultivates the reading and creative skills of students by encouraging them to express their impressions of books by drawing. The judges of the 27th competition in 2015 received 635,263 picture entries from 6,678 schools. Toppan produced and distributed a calendar decorated with the prize-winning works to schools and other educational facilities across Japan. The schools

attended by prize-winning students also received reproductions of famous drawings.

### Employment Support

Toppan Group sites organize workplace training programs across Japan to give students working experience and help them cultivate working values. A program for nursing students arranged in fiscal 2015 by the site in Miyagi Prefecture encouraged students to consider healthcare issues in industrial fields. The students experienced shift patterns, environments, and duties in the workplace and healthcare systems for workers at Toppan.

### Cooperating with Communities for Fire- and Disaster-preparedness

The Toppan Group engages in proactive disaster-preparedness activities in the communities neighboring its operational sites. Some Group sites cooperate with local fire-response squads and sign agreements with nearby communities to arrange cooperative activities to be performed in emergencies.

In fiscal 2015 one operational site in Osaka Prefecture entered into a disaster-preparedness agreement with the prefectural government covering three activities: providing disaster relief supplies, using packaging technologies to enhance the prefecture's stockpiling capacity, and holding educational events for local residents and companies on improved disaster-preparedness. As part of the activities, the site provided an emergency bag developed and sold by Toppan to transport water during disasters. This emergency bag holds up to about nine liters of water. It can be folded up for storage when not in use and is compact enough to carry in a tote bag or the like.

### Initiatives at Overseas Sites

A Toppan site in Thailand repurposed plastic offcuts generated from its plant as a raw material for the production of baskets, handbags, and other personal effects in community workshops. Employees at the site purchased the items created at the workshop to supplement the livelihoods of the community members.

A Group site in Shanghai, meanwhile, has been inviting students from local universities to attend lectures on printing-related industries and participate in work experience programs. The site wants to incentivize the students to work by showing them the joys of work and how it can help them to achieve their dreams.





Cleanup around the site (Sapporo)



Cleanup around the site (Shiga)



Plant tour for elementary school students (Gunma)



Plant tour for high school students (Saitama)



Work experience for middle school students (Chiba)



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



Printing School for students from elementary schools, a workshop class to make guidebooks for local shopping streets (Tokyo)



Shopping-street guidebook created in a Printing School class



Central Contest for Book Report Drawings



Calendar with prize-winning pictures from the contest



Emergency water-supply bag provided to the prefectural government (Osaka)



Basket- and handbag-creation with community members using plastic offcuts from the factory (Thailand)

# The Environment

## 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

## Environmental Management Activities

### Operating Environmental Management Systems

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

Fifty-nine Group sites in Japan 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 improve-

ment 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 management system audits for 43 systems and carried out internal environmental audits at the 59 sites in fiscal 2015. 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.

In fiscal 2015 Toppan held sessions for rank-based training, optional training, and internal auditor training, along with Group-wide e-learning-based training. Ongoing group training in rank-based education is arranged in conjunction with e-learning programs focused on Eco-creativity Activities for employees in sales departments.

### 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 all stages 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 and steam consumption (scope 2).

The Toppan Group calculated its scope 3 emissions in fiscal 2015 to identify the categories of corporate activity that represented larger sources of GHG emissions and to establish priority targets in its emission reduction strategy. This calculation showed that category 1 (manufacturing of products purchased by Toppan), categories 4 and 9 (transportation and distribution of products purchased and sold by Toppan), category 12 (end-of-life treatment of products sold by Toppan), and other categories related to raw material consumption collectively accounted 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.

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

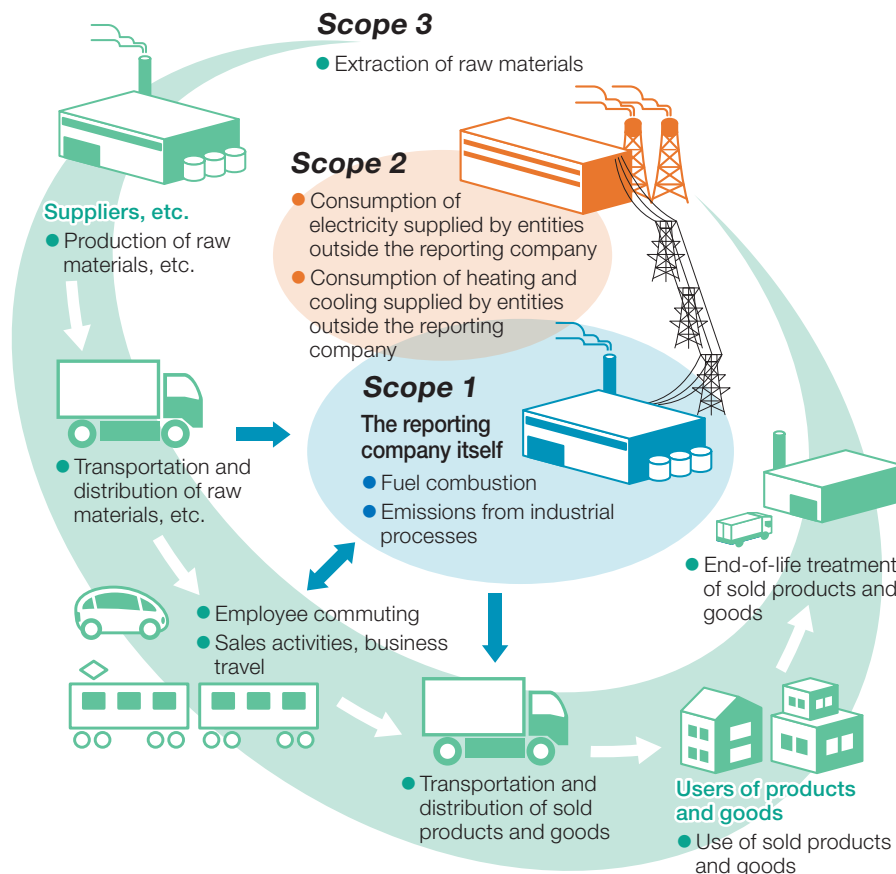
1 Mitigation of global warming	2 Action for building a recycling-oriented society	3 Conservation of the atmospheric environment
<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by <b>20%</b> compared to the fiscal 2008 level (751 kilotons) → 600 kilotons: -151 kilotons)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce final landfill waste disposal by <b>87%</b> compared to the fiscal 2008 level (1,584 tons) → 206 tons: -1,378 tons)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce VOC emissions into the atmosphere by <b>70%</b> compared to the fiscal 2008 level (7,326 tons) → 2,198 tons: -5,128 tons)</li> </ul>

■ **Values, Results, and Evaluation of Environmental Targets for Fiscal 2015 and Environmental Target Values for Fiscal 2016**

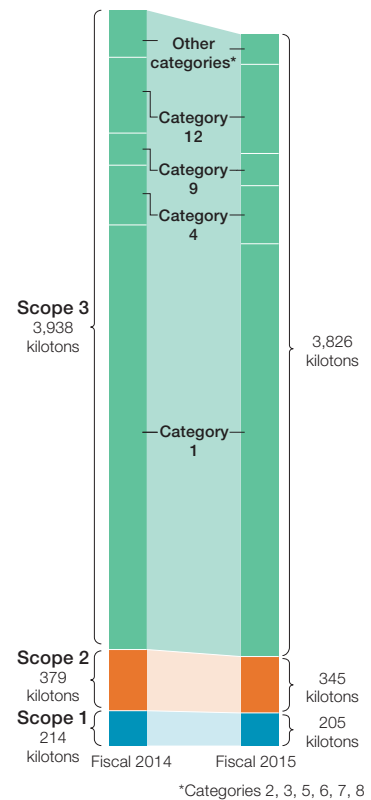
Environmental Targets		Management Indicators	Fiscal 2015				Environmental Target Values for Fiscal 2016
			Target Values	Results	Achievement Rates	Evaluation	
1 Mitigation of global warming	Reduce CO <sub>2</sub> emissions	CO <sub>2</sub> emissions	613 kilotons	551 kilotons	110.2%	S	550 kilotons
2 Action for building a recycling-oriented society	Reduce final landfill waste disposal	Final landfill waste disposal	240 tons	160 tons	133.3%	S	130 tons
3 Conservation of the atmospheric environment	Reduce VOC emissions into the atmosphere	VOC emissions into the atmosphere	4,000 tons	3,684 tons	107.9%	S	3,400 tons

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 [%]

■ **Calculating Scope 3 Emissions**



■ **Scope 1-3 Greenhouse Gas Emissions**



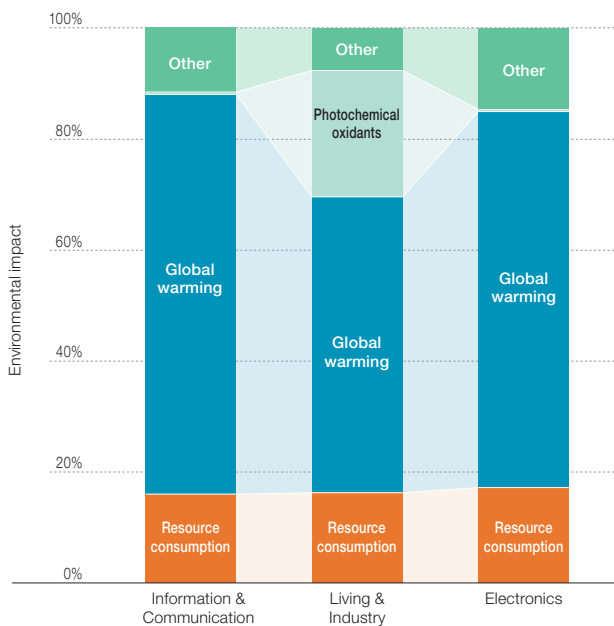
## Toppan's Environmental Burden and Environmental Impact

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 2015 the Group attained a 40% 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 domestic environmental background. 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: Every business field shows comparatively high global warming effects from energy consumption for electricity used for power and air-conditioning and for natural gas used for heat sources. The Living & Industry field shows significant impacts from photochemical oxidants, pollutants formed by reactions between sunlight and VOCs released into the atmosphere. The Toppan Group includes these indicators among medium-and-long-term environmental targets and has taken steps to reduce environmental impacts of these types.

## Eco-protection Activities

### Mitigating Global Warming and Saving Energy

The Toppan Group has been reducing the total emissions of carbon dioxide (CO<sub>2</sub>) to help mitigate global warming.

In fiscal 2015 Toppan continued operating its nationwide demand-monitoring system to control peak power demand in summer and winter in Japan. 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.

Toppan is also replacing long-used utility facilities with high-efficiency alternatives according to schedule. In fiscal 2015 the Sakado Plant in Saitama Prefecture attained significant energy savings by replacing existing cooling machines with more efficient models. To reduce the unnecessary or nonessential use of electricity, the Group has redressed demand-and-supply imbalances and suspended the use of any equipment that stays running continuously during vacations.

As a result of these efforts, CO<sub>2</sub> emissions in fiscal 2015 were reduced to 551 kilotons, below the targeted limit of 613 kilotons for the year.

### Improving Transport Efficiency in Logistics

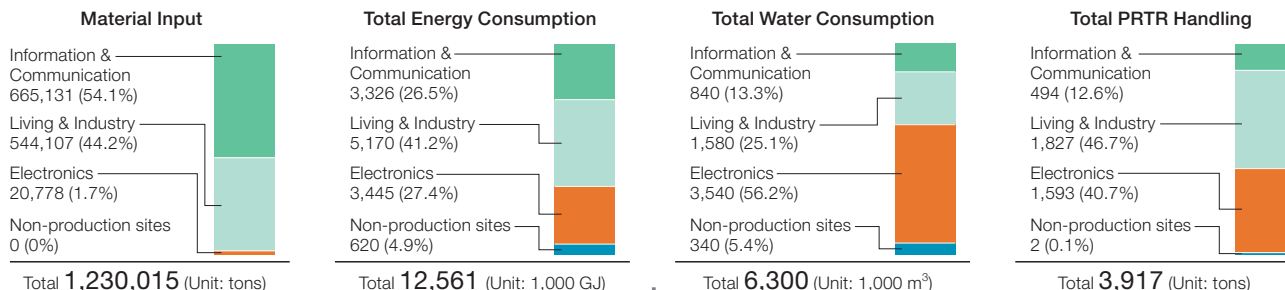
Toppan Logistics Co., Ltd., the logistics specialist for the Toppan Group, is working with shippers from Toppan Group companies to reduce the energy consumption per unit of transport volume by company vehicles and the total volume of CO<sub>2</sub> emissions from transport.

Energy consumption per unit of transport volume in fiscal 2015 was 58.9 kL/million ton-kilometers, a 2.3% increase from fiscal 2014, missing the year-by-year reduction target of 1% prescribed by the Act on the Rational Use of Energy of Japan. On another front, CO<sub>2</sub> emissions totaled 33,533 tons, falling below the fiscal 2014 level by 3.7%.

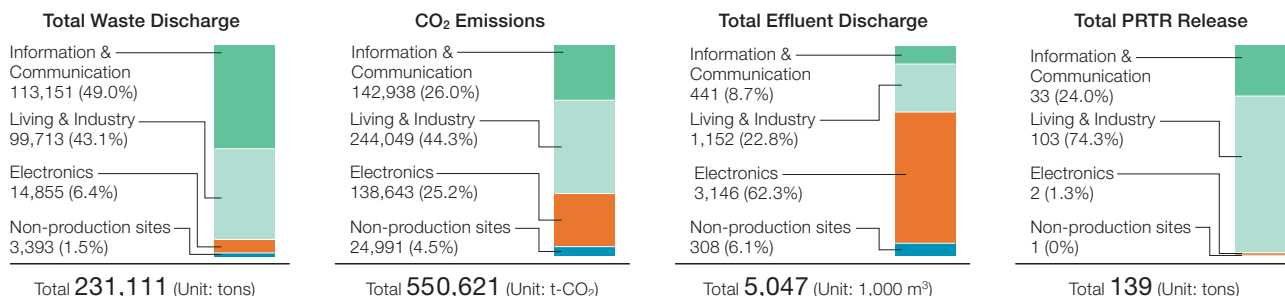
Toppan Logistics will work to accomplish the targets for fiscal 2016 by optimizing transportation conditions and further improving transportation efficiency.

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

### INPUT

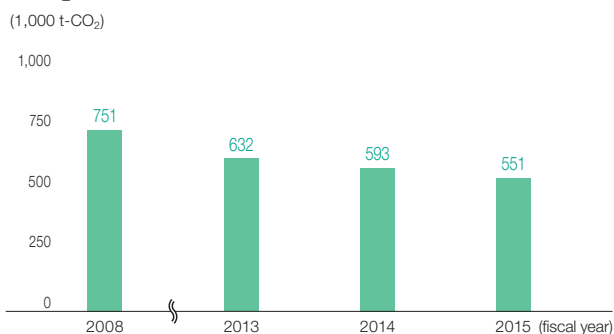


### OUTPUT



- 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.

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



Note: CO<sub>2</sub> emissions are calculated by the method specified in the Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) issued by the Ministry of the Environment (MOE) of Japan. The CO<sub>2</sub> emissions associated with electricity consumption, however, are calculated uniformly as 0.378 t-CO<sub>2</sub>/MWh.

CO<sub>2</sub> emissions in fiscal 2015 totaled 683,296 t-CO<sub>2</sub> 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 April 30, 2015).



High-efficiency cooling machine (Sakado Plant)



Facility for recovering solvents (Gunma Central Plant)

### 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 & Industry fields makes up the largest portion (74.7%) of the total waste discharged at Group sites. This is followed by waste plastics from plants in the Living & Industry field and sludge from the Electronics field. The Group has striven to increase the material recycling rate by processing waste paper into recycled paper, separating waste plastics and processing composite plastics into pellets, and implementing other recycling methods. Sludge, meanwhile, has been reduced in-house to smaller volumes for disposal. The Fukaya Plant in Saitama Prefecture began material recycling in fiscal 2015 by processing waste glass, a material previously treated for landfill disposal, for reuse as a cement material for structures to be built underwater and elsewhere. These measures reduced the final landfill waste disposal in fiscal 2015 to 160 tons.

The Toppan Group will continue reducing waste discharge and promoting material recycling.

### Preventing Pollution

The Eco-protection Promotion Committee at each Group site in Japan 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. The Group enhances the efficiency of effluent-gas treatment in plant facilities subject to requirements under the Air Pollution Control Act by reusing recovered solvents and precisely controlling combustion facilities. VOC and toluene emissions into the atmosphere in fiscal 2015 were both reduced compared with the fiscal 2014 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 also been installed at Electronics 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.

The Toppan Group also checks plant facilities subject to the Water Pollution Control Law in compliance with the regulatory regime for facility structures. The Group will monitor every facility, including those not subject to the law, to prevent groundwater pollution caused by the leakage of chemicals and other liquids. Any equipment or components with undue wear will be replaced.

### 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. The Group continues reducing the consumption of chemical substances designated under the Pollutant Release and Transfer Register (PRTR) law of Japan and introducing safer substitutes by setting priorities in terms of both the type and range of application. These measures helped the Group reduce the amount of chemical substances handled under the designation of the PRTR law by 12.2% compared to the amount handled in fiscal 2014.

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

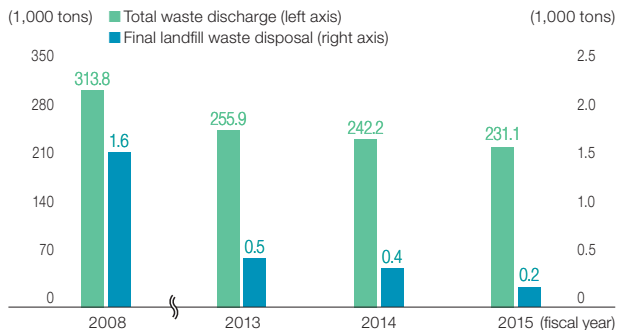
### Approach to Environmental Compliance

In fiscal 2015, Toppan used its in-house environmental database to identify possible risks of exceeding any of the limits stipulated under regulatory standards for Group sites in Japan. Preventive measures against higher risks were taken to ensure that none of the regulatory limits were breached.

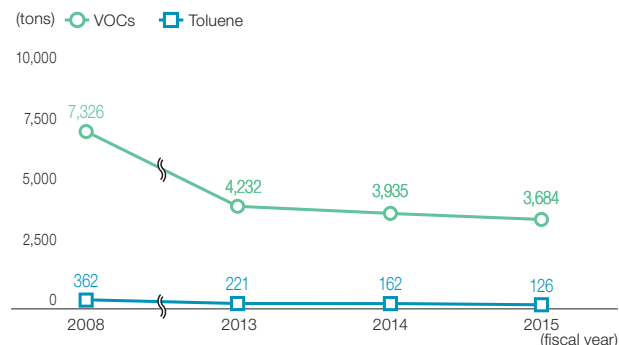
Despite these steps, one production site recorded excessive levels of air pollutants and three sites recorded excessive levels of BOD, total nitrogen, or other water contaminants relative to standards set under laws, ordinances, agreements, or other applicable regulations. The Toppan Group has taken 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 reviews drills for coping with potential emergencies and accidents during production operations whenever necessary.

Communities around Toppan plants filed two complaints at two sites in fiscal 2015. One involved noise and the other involved inconvenience to community residents related to odor. The Group has responded by reviewing the operational rules for plant facilities responsible for noise and instituting a stricter regime for maintaining and inspecting facilities that generate noise or odor. Whenever judged to be appropriate, Toppan will install deodorizing equipment to control odor. The Toppan Group will continue enhancing the quality of environmental management through earnest dialogue with residents in surrounding communities.

### ■ Total Waste Discharge and Final Landfill Waste Disposal

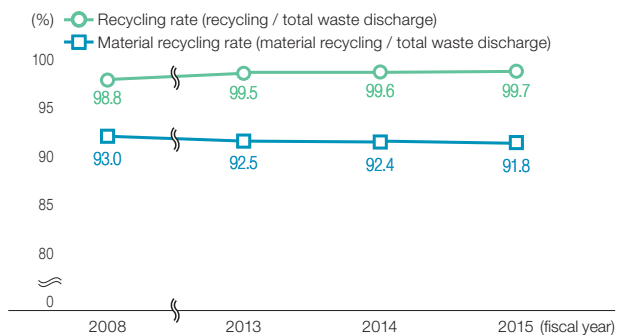


### ■ VOC and Toluene Emissions into the Atmosphere\*1

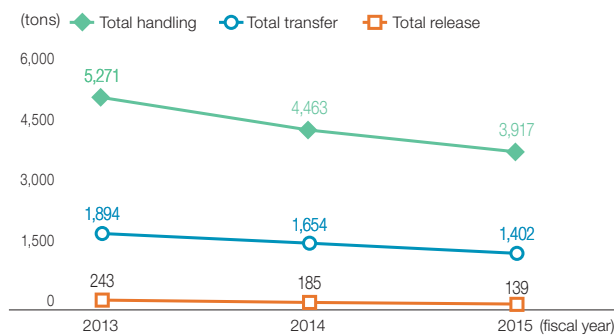


\*1 Emissions into the atmosphere are calculated in conformance with the standards established by the Japan Federation of Printing Industries (JFPI) and the Japan Electronics and Information Technology Industries Association (JEITA).

### ■ Recycling Rate and Material Recycling Rate



### ■ Chemical Substances Designated under the PRTR Law\*2



\*2 Dioxins are excluded because of a difference in the counting unit.

### ■ Purification of Soil and Groundwater Pollution

Operational Site	Detail	Current Progress*3
Itabashi Plant (Itabashi City, Tokyo)	Groundwater pollution by hexavalent chromium and toluene	Continuously monitored
Niigata Plant (Shibata City, Niigata)	Soil pollution by fluorine and fluorine compounds	Continuously monitored
Toppan Technical Research Institute (Kita-Katsushika District, Saitama)	Soil pollution by fluorine and fluorine compounds	Monitoring completed

### ■ Soil Pollution Remediation for Redevelopment in Conformance with Applicable Laws, Regulations, and Ordinances

Operational Site	Chemical Substances Subject to Remediation	Remediation Measures	Current Progress*3
Kawaguchi Plant (Kawaguchi City, Saitama)	Lead; fluorine; cyanide and cyanide compounds	Excavation and removal	Remediation completed
Ebie Site (Osaka City, Osaka)	Hexavalent chromium; lead and lead compounds	Excavation and removal	Remediation completed

\*3 As of March 2016

## 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. The NPO and plant worked together in the 7th phase of their wildlife-support project, “Paradise for Wild Birds,” in the summer of 2015. Participating children mowed undergrowth, creepers, and other weeds to clear a small square. In the “Leaf Card” activity, they learned about the diverse forms and shapes of leaves taken from nature by playing with special decks of cards made from actual leaves. The game sharpened the children’s abilities to both observe different shapes and explain their observations. In the following winter, participants in the 8th phase of the project installed new birdhouses for woodpeckers and Japanese Tits and surveyed the nesting rate at birdhouses installed a year earlier. A high rate of about 60% was confirmed.

Since fiscal 2013 the employees from the Asaka Plant in Saitama Prefecture have been maintaining a conservation pond on the plant premises mimicking waterside environments surrounding local rivers. Under the supervision of the Saitama Ecosystem Conservation Society, they have checked the quality and year-round temperature of the pond water and identified species to be conserved. The pond is currently inhabited by Japanese eight-barbel loach, Japanese *minami medaka* rice fish, and several other aquatic organisms comfortable in the pond ecosystem. Asaka Plant will manage the pond to protect these species from any existential threats.

### ● Biodiversity Conservation outside Operational Sites

The Toppan Group continues conserving forest resources throughout Japan. In fiscal 2015 Group employees tuned in to the sights, sounds, smells, feelings, and textures of the woods in Asahiyama Memorial Park in Sapporo City, Hokkaido. They visited the urban park to document their perceptions of abundant natural phenomena such as holes pecked into trees by woodpeckers and the gnarled surfaces of nuts gnawed by Ezo squirrels.

Toppan employees also worked with members from the Center for Ecological Education (CEED) to observe migrant birds and create decoys in the Kasai Rinkai Park in Edogawa City, Tokyo. Participants found more than 15 species of wild birds and witnessed a bird fight between goshawk and ravens. Carved into the form of little terns, the decoys have been put on the water to attract real-life terns as they gather into breeding colonies.

Employees also took part in educational fieldwork in the “Ranzan Community Forest” neighboring the Ranzan Plant in Saitama Prefecture to mow low-growing plants such as *nezasa* dwarf bamboo and thin out evergreen needle-leaved trees such as Japanese cypresses. Children assisting the works collected beetle larvae, locusts, crickets, and other insects and sketched the captured creatures in an original illustrated guide.

Employees in Katano City, Osaka, meanwhile, have been maintaining bamboo thickets in countryside woods.

## Eco-creativity Activities

### Developing and Approving Environmentally Friendly Products

Toppan has established the Toppan Standards for Environmentally Friendly Products, a set of criteria covering five stages of the product life cycle. A total of 88 products were registered as “environmentally friendly products” as of the end of March 2016.

The Company has approved and registered “exceptional environmentally friendly products” that are recognized 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—were 311.8 billion yen in fiscal 2015.

## Environmental Communication Activities

### Presenting at Eco-Products 2015

At the Eco-Products 2015 fair in December 2015, the Toppan Group presented a set of environmental proposals based on various themes such as forest nurturing, CO<sub>2</sub>-reduction measures, energy-saving actions, and a recycling-oriented society. The Toppan booth exhibited products and services the Group has created in collaboration with client companies, organizations, and other entities in development, sales, and operation. The exhibit included a virtual reality display to vividly depict the effects of forest thinning operations and demonstrate their importance.

### Issuing Site Eco Reports

Toppan Group’s ISO 14001-certified sites in Japan issue *Site Eco Reports* directed towards local municipalities and residents in surrounding communities. Thirty-five reports from 47 sites were issued in fiscal 2015.





"Leaf Card" activity (Fukaya Plant, Saitama)



Conservation pond mimicking local waterside environments (Asaka Plant, Saitama)



Wood study in Asahiyama Memorial Park in Hokkaido



Wild-bird observation in Kasai Rinkai Park in Tokyo



Eco-Products 2015



Eco-Products 2015

## ■ 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 offsets	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 gases 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 (WFP)
	Labeling with environmental logos	Examples: Eco Mark, Forest Thinning Mark, etc.

# Independent Assurance

The *CSR Report 2016* expounds upon the Toppan Group's use of managerial resources to help solve social issues by presenting efforts in health management, para-sports promotion, and literacy support in developing countries. The "Digest 2015" section provides a clear summary of the results of various CSR activities like the initiatives described above.

The Toppan Group has been reporting CSR issues expected to become more material for the Group, starting from the 2015 report. The Group will be expected to present detailed information more focused on material issues in the coming reports. To promote social responsibility in the value chain, for example, Toppan explains its methodologies for calculating its entire value chain greenhouse gas emissions and assessing the

environmental burden incurred throughout the life cycle of its products. We hope that future reports on the value chain will present more concrete information on the Group's own risk awareness beyond the realm of the environment, as well as information on actions taken to cope with the expected risks, and the results achieved. Data on human rights and human resource development cover mainly Toppan Printing Co., Ltd. alone. We recommend that the Toppan Group extend the boundaries of reporting systematically to help readers better understand the activities and results of the entire Group.

**Tomonori Yoshida**  
KPMG AZSA Sustainability Co., Ltd.

## Indicators in this Report Assured by an Independent Assurance Provider

Pages	Indicators Assured by an Independent Assurance Provider	
Human Rights	24	Number of retired employees; number of reemployed employees
	25	Number of female managerial and supervisory staff
		Number of employees with disabilities; percentage of employees with disabilities
		Number of Recruits; number of persons hired through the mid-career recruitment of experienced personnel
Labor Practices	27	Number of Employees
		Reasons for Leaving
		Average Annual Salary
		Annual Paid Leave Used
		Employees Taking Maternity or Childcare Leave
	28	Number of employees who participated in the Toppan Business School
		Number of employees who learned in basic, Company-wide education programs via the e-learning system
Number of employees deployed overseas under the trainee system to acquire practical training in overseas businesses		
29	Number of employees who participated in selective training on global business	
Fair Operating Practices	30	Occupational Health and Safety
		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 of Japan
Consumer Issues	32	Number of employees who participated in training sessions on compliance with the Subcontract Law of Japan
		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 of Japan
The Environment	34	Number of business partners surveyed to verify the legality of lumber used for paper production
		Number of employees who participated in training sessions for internal auditors
	41	Results of audits conducted using the quality audit checklist
		Environmental target values and results for fiscal 2015
	43	Scope 1-3 Greenhouse Gas Emissions
		Major Types of Environmental Burden by Business Field in Japan (INPUT/OUTPUT data)
	44	CO <sub>2</sub> Emissions
		Number of production sites that recorded air-pollutant and water-contaminant levels exceeding applicable regulatory standards
	45	Number of complaints and inquiries from communities around Toppan sites
		Total Waste Discharge and Final Landfill Waste Disposal
Recycling Rate and Material Recycling Rate		
VOC and Toluene Emissions into the Atmosphere		
Chemical Substances Designated under the PRTR Law		
46	Purification of Soil and Groundwater Pollution	
	Number of approved and registered environmentally friendly products	
	Total sales of environment-related businesses	

Some data in the *CSR Report 2016: Detailed Data* posted on the Toppan website are also assured by the assurance provider.



Toppan is authorized to attach the mark on the left as a testament to the reliability of the sustainability information presented in this report. Any report bearing this mark meets the Sustainability Reporting Assurance and Registration Criteria established by The Japanese Association of Assurance Organizations for Sustainability Information.

# 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 48 for the period from April 1, 2015 to March 31, 2016 (the “Indicators”) included in its CSR Report 2016 and CSR Report 2016: Detailed Data posted on the Company’s website (collectively, the “Report”) for the fiscal year ended March 31, 2016, 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, 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 Sakado Plant of Toppan Communication 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

October 18, 2016

