

TOPPAN

CSR REPORT 2017



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.

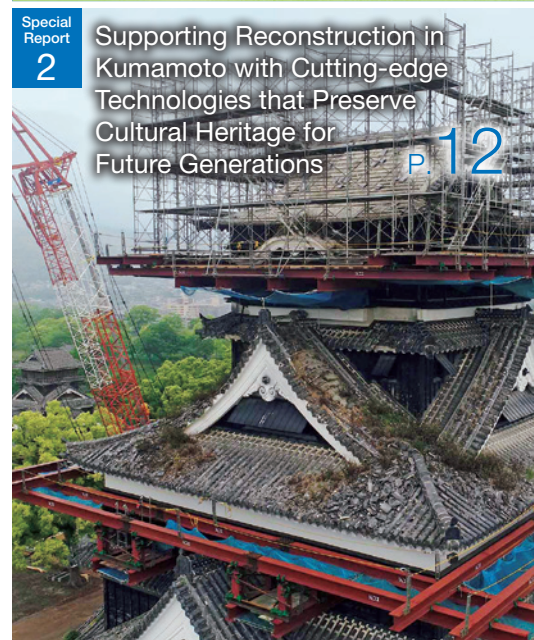
CSR Report 2017

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 2016 (from April 2016 to March 2017), 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 2016
Current report: December 2017
Next report: November 2018 (planned)
- **Related Information**
CSR information: <http://www.toppan.co.jp/english/csr.html>
*Including *Toppan CSR Report 2017: 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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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)

9,551 (as of the end of March 2017)

Number of employees (consolidated)

50,705 (as of the end of March 2017)

Capital (nonconsolidated)

104.9 billion yen

Group Profile

The Toppan Group ("the Group") comprises Toppan Printing Co., Ltd. ("the Company") and 175 related companies (150 subsidiaries and 25 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.



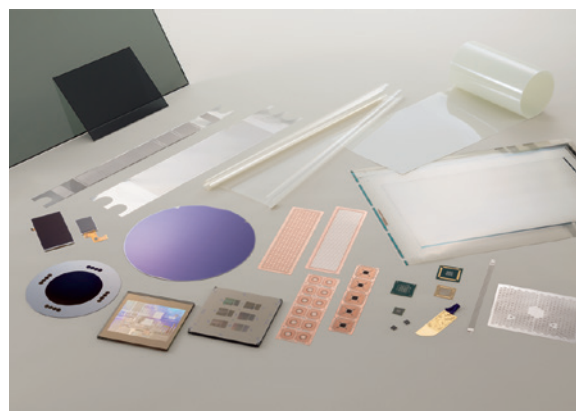
Living & Industry

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



Electronics

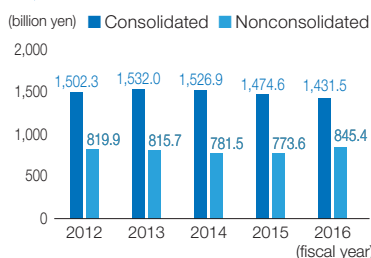
Using advanced technology and manufacturing capabilities to develop products related to displays and semiconductors.



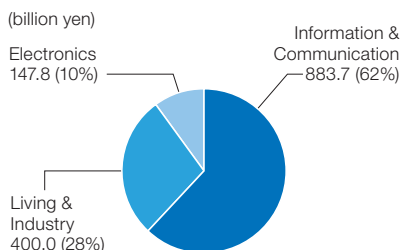
DATA

■ Net Sales

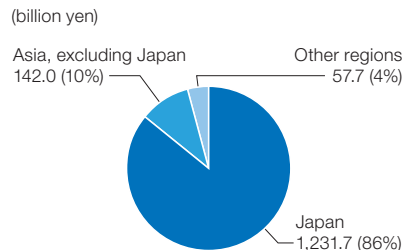
1,431.5 billion yen



■ Net Sales by Business Field

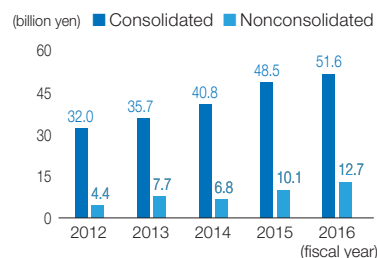


■ Net Sales by Region



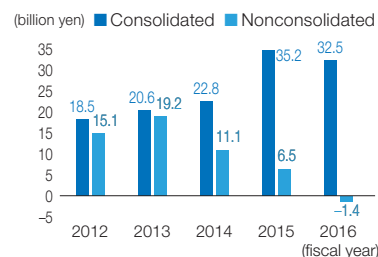
■ Operating Income

51.6 billion yen



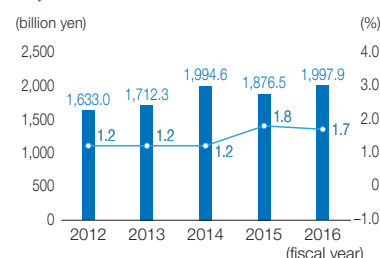
■ Net Income

32.5 billion yen



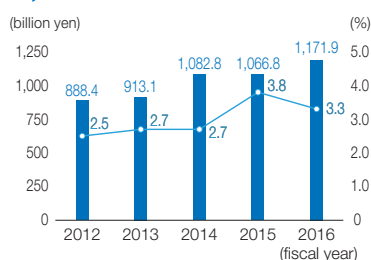
■ Total Assets & Return on Assets (ROA)

1,997.9 billion yen / 1.7%



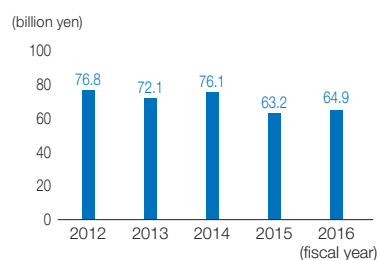
■ Net Assets & Return on Equity (ROE)

1,171.9 billion yen / 3.3%



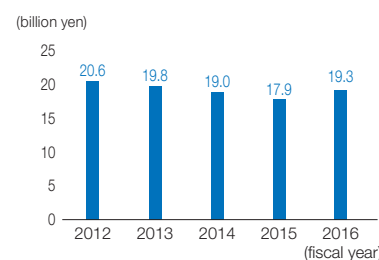
■ Capital Expenditure

64.9 billion yen



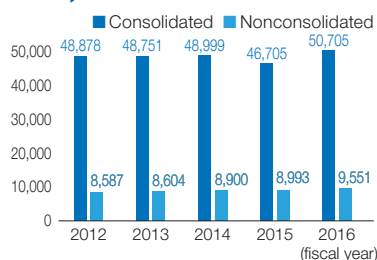
■ R&D Expenses

19.3 billion yen

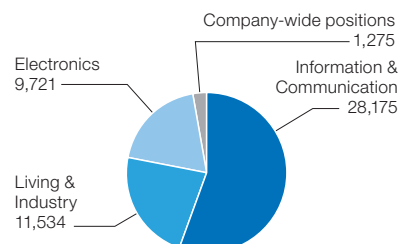


■ Number of Employees

50,705



■ Number of Employees by Business Field (consolidated)



Executive Message

Contributing to Fulfilling Lifestyles

The speed with which the various economies around the world recovered varied in 2016. Growth in the U.S. picked up after plateauing in the first half, while China and the emerging markets that depend upon it grew at a slow pace.

Recovery in Japan was moderate in general in fiscal 2016, with business earnings and employment and income environments showing signs of improvement. The domestic economy was clouded, however, by uncertainties in the world economy, volatile financial and capital markets, and other unpredictable elements.

While corporate advertising expenditure expanded primarily online, slackened demand for paper-based printing businesses and other negative trends continued to constrain markets in the printing industry.

In spite of a slight decline in net sales amid this challenging environment, our operating income increased year-on-year in fiscal 2016, exceeding our published forecasts.

As the President & Representative Director, I am developing a constellation of initiatives to achieve the three main management challenges of our Group: “advancing our Group-wide structural reform,” “creating new businesses and new markets,” and “accelerating global business expansion.” In fiscal 2016 I took a step to further our endeavors for creating new businesses and new markets.

Designing Infinite Possibilities

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 a set of Business Fields based on the Corporate Structure.

In fiscal 2016 we redefined our business fields. Specifically, we set out our Technology & Expertise based on resources in five business segments and established four growth fields on which to focus in terms of Markets & Customers: Healthcare & Life Sciences, Education & Cultural Exchange, Urban Space & Mobility, and Energy & Food Resources. This has been conceptualized as “designing infinite possibilities,” our management theme for 2017. “Infinite possibilities” represent “value for tomorrow,” while “designing” broadly embodies the processes of planning and creativity. We will grow as a corporation that creates social value by designing infinite possibilities—discovering the value of the future and making it real with planning and creativity.

Evolving as a Corporation that Grows Steadily with Society

In parallel with these economic growth strategies for tomorrow, I am convinced that we will have to execute a rigorous sustainability strategy to fulfill our social responsibility as a corporation committed to solving social issues and driving our growth in step with all of society.

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 based on this global policy initiative.

As an invaluable guideline to fulfill our social responsibility, we incorporated the International Organization for Standardization (ISO) 26000 Guidance on Social Responsibility (globally recognized standard for organizations) into our CSR management practices in fiscal 2011. We have been pushing forward with CSR activities accordingly 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 to the requirements of the United Nations Global Compact.

At the United Nations (UN) Headquarters in September 2015, the countries of the UN adopted a series of Sustainable Development Goals (SDGs) as core steps for “Transforming our World: the 2030 Agenda for Sustainable Development.” We will be analyzing how our Group’s businesses are relevant to the 17 SDGs in order to identify material issues to target more assertively in our ongoing CSR activities and to plot out a clear roadmap towards achieving those targets.

Solving Diverse Social Challenges

Among the 17 SDGs, environmental challenges mainly pertinent to Goals 12, 13, and 15 have tremendous significance for our Group. In Packaging & Converting, one of our five business segments, we have been developing sustainable packaging and engaging in businesses to propose new value-added creation using sustainable packaging.

Good examples are new forms of packaging made with GL BARRIER, a transparent film with barrier performance rivaling that of aluminum-based packaging materials. Toppan is now proposing GL BARRIER-based packaging as a sub-



stitute for bottles and cans. Although bottles and cans can store contents for long periods, their heavier weights push up costs and CO₂ emissions during transportation. Our GL BARRIER packaging contributes to sustainable societies by reducing CO₂ emissions and food waste.

Back in 1997, we also began archiving digital images of precious cultural properties to be sustained as legacies to posterity. Our archiving system applies core technologies for high-definition digitalization, color management, and a host of other long-held technologies we have developed through printing processes. In 2011 we created *Kumamotojo: Unraveling the mystery of the invincible castle*, a VR recreation of Kumamoto Castle, an important heritage site in Japan that suffered serious damage in the earthquakes of April 2016. The VR production is a compendium of high-definition archived data compiled from thousands of digital photographs of the castle tower structures, from the stone walls to the details of the donjon. From June to July 2016, the Tokyo National Museum (TNM) and Toppan Printing Co., Ltd. jointly held charity screenings at the TNM & TOPPAN MUSEUM THEATER. The full proceeds from the screenings were donated to the Kumamoto Earthquake Donations for Rebuilding Kumamoto Castle, a fund started to support Kumamoto City's castle reconstruction efforts.

I value our employees as precious "human assets" of the Toppan Group and have been accelerating diversity management endeavors in the hope of actualizing a growth

strategy focused on human asset diversity. We are working for the employment of persons with disabilities as part of these efforts. Toppan's special subsidiary, Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd., provides workplaces and support to persons with disabilities to facilitate their self-reliance and seamless participation in society. Prepress Toppan is committed to designing workplace environments and arranging various other infrastructures and initiatives to enhance the self-reliance of all persons so as to enable them to develop their skills with others and explore their individual potential regardless of the types of disabilities they live with or how seriously their disabilities affect their lives.

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 2017

Shingo Kaneko

President & Representative Director
Toppan Printing Co., Ltd.

Toppan's Corporate Social Responsibility Activities Digest 2016

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.

Human Rights

P. 22-

Action Points

- 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 2016

Number of female managerial and supervisory staff (nonconsolidated)

348

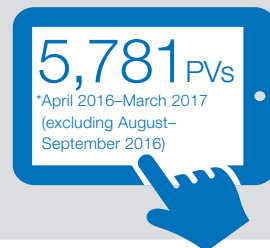
*As of April 2017



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

5,781 PVs

*April 2016–March 2017 (excluding August–September 2016)



Organizational Governance

P. 19-

Action Points

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

Main Results in Fiscal 2016

Reduction in the number of directors through the introduction of an executive officer system



20,519

Number of employees who have completed e-learning-based, Group-wide basic education on BCM



Labour Practices

P. 24-

Action Points

- 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 2016

Ratio of males among employees who have taken childcare leave

57.7%

Ratio of employees who have undergone stress checks

96.9%



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

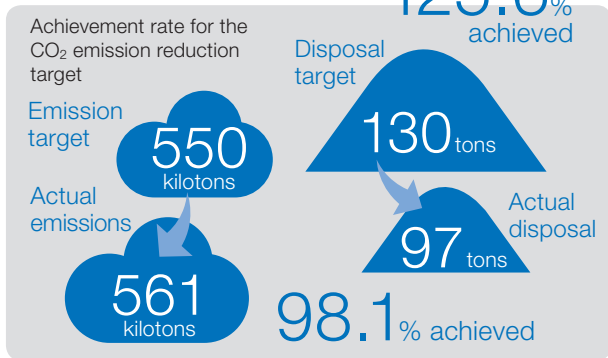
The Environment

P. 38-

Action Points

- Reduce CO₂ emissions
- Reduce final landfill waste disposal
- Reduce VOC emissions into the atmosphere

Main Results in Fiscal 2016



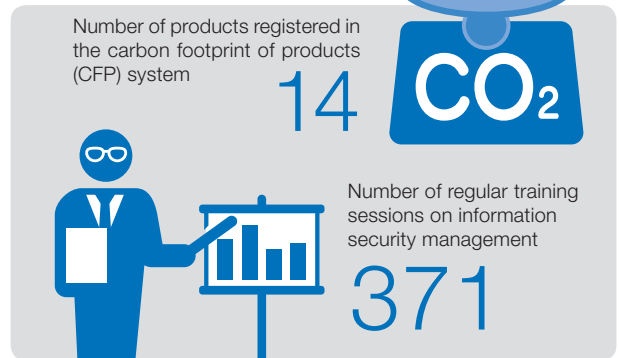
Consumer Issues

P. 32-

Action Points

- 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 2016



Fair Operating Practices

P. 28-

Action Points

- 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 2016



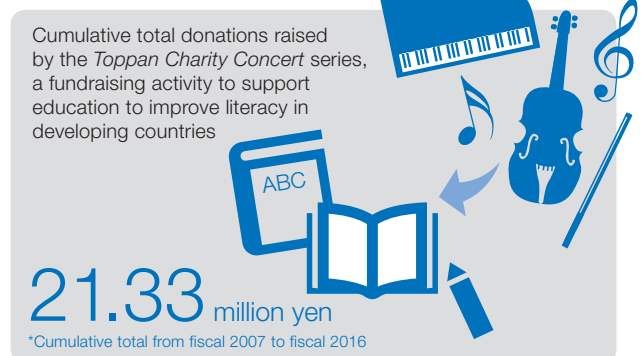
Community Involvement and Development

P. 36-

Action Points

- Arranging social contribution programs to help solve social issues

Main Results in Fiscal 2016





Boosting the Spread of Sustainable Packaging

Containers and packaging are indispensable in daily life. The Toppan Group is making them sustainable in collaborative partnerships with stakeholders throughout the value chain.

The Various Roles of Containers and Packaging

Containers and packaging are used in daily life for wide-ranging functions. One major role is to protect packaged products against the external environment. Others include the packaging of products conveniently in smaller portions to make them easy to carry or sell and the display of information on product usage or precautions.

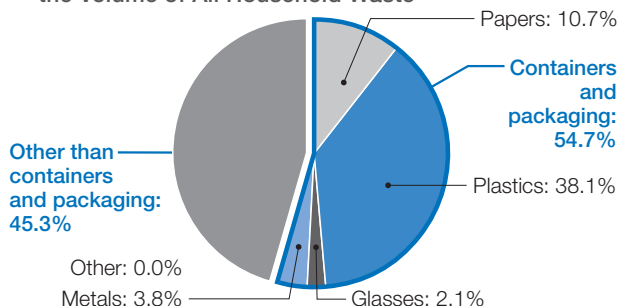
Despite their manifold functions, containers and packaging must be disposed of as waste once the products they contain are used or consumed. Broad sections of society, therefore, require manufacturers to develop containers and packaging that minimize their impacts on the global environment without sacrificing safety or convenience.

Containers and packaging are also helping to reduce food loss, a form of waste that has been drawing significant attention in recent years. They can preserve freshness for longer periods and extend best-before dates thanks to a combination of container and packaging technology with food processing technology. Small portions and individual packages, meanwhile, allow consumers to purchase and use only the amounts they need.

The Global Challenge of Reducing the Environmental Burden of Containers and Packaging

The European Union (EU) now places a new model called the “circular economy” at the core of its growth strategy. The Circular Economy Package adopted by the European Commission in December 2015 is a collection of major action plans to achieve the circular economy. Five priority areas are assigned: plastics, food waste, critical raw materials, construction and demolition, and biomass and bio-based materials. The EU is calling on each member state to set targets and develop necessary legislation for implementation towards the fulfillment of the goals.

■ Containers and Packaging Account for 54.7% of the Volume of All Household Waste



Source: Study on the Use and Discharge of Containers and Packaging 2016 from Japan's Ministry of the Environment

■ EU Waste Reduction Targets in Circular Economy Package

- Recycle 65% of municipal waste by 2030
- Recycle 75% of packaging waste by 2030
- Reduce landfill to a maximum of 10% of municipal waste by 2030

Source: Press release issued by the European Commission

Toppan's Vision for Sustainable Packaging

Containers and Packaging for a Sustainable Society

Toppan has a vision for containers and packaging. At the very least, they must serve all necessary functions expected of packaging without using materials in excessive volumes or of unduly high quality for the products being packaged. Toppan's ideal containers and packaging also ensure safety and security for every user and reduce environmental burden to the minimum possible levels. Toppan is confident that targeting such containers and packaging will contribute to the creation of a sustainable society.

Sustainable Packaging: A Scheme to Make the Finite Infinite

Packaging optimization—the process of maintaining and improving packaging functions while reducing raw materials consumed—has been a global issue in recent years. Toppan continues tracking this international trend and developing proposals for sustainable packaging based on the Group's own guidelines in line with the concepts of the ISO 18600 series standards on Packaging and the Environment.

The Group proposes packaging designs optimized to the entire lifecycles of products marketed by customer companies. Quality preservation and water and energy consumption during use are carefully controlled with no sacrifice of packaging functions through excessive reductions of packaging weight. In designing sustainable packaging, the Group also pursues the effective use of inexhaustible and recycled resources and the sustainable use of forest resources for the procurement of paper. The Toppan Group designates these policies as the Guidelines for Environmentally Friendly Packaging and offers eco-packaging proposals accordingly.

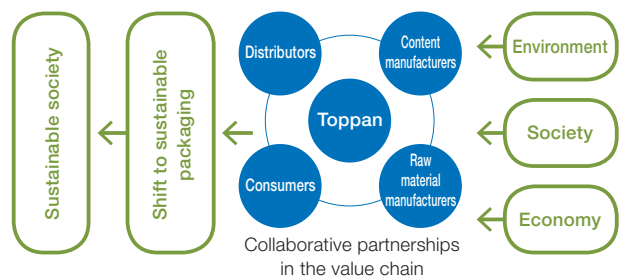
Sustainable packaging at this level can be achieved only through cooperation with various stakeholders in the value chain. Outside the scope of design and production, Toppan is organically linking manufacturers, distributors, consumers, and other stakeholders to facilitate the shift to sustainable packaging in terms of products and systems. The Group will remain dedicated to the creation of a sustainable society by building up and refining its efforts to make the finite infinite.

■ Vision for Containers and Packaging



Source: Japan Packaging Institute

■ Toppan's Vision for Sustainable Packaging



■ Guidelines for Environmentally Friendly Packaging

① Design encompassing the entire lifecycle of products

Packaging optimization	Optimize design focused on quality preservation, energy consumption, etc. during use without sacrificing packaging functions through excessive reductions of weight
Reduce, replace	Promote 4R design of packaging to encourage the effective use of resources
Reuse, recycle	

② Use of sustainable resources

Use of biomass resources	Propose packaging focused on the effective use of inexhaustible and recycled resources and the sustainable use of forest resources
Effective use of recycled resources	
Use of properly procured paper	

Evaluate environmental burden by life-cycle assessment (LCA) methods

Technologies and Innovations for Sustainable Packaging

GL BARRIER: A World-class Transparent Barrier Film



Each year, about 1.3 billion tons of unconsumed food—leftovers, food past its consume-by date, etc.—goes to waste on our planet. Toppan harnesses its packaging expertise to combat the global challenge of reducing food waste.

GL BARRIER, a transparent barrier film from Toppan, offers world-class barrier performance in food packaging rivaling that of aluminum foil. The film protects packaged food from degradation due to oxygen, aridity, and moisture, enabling longer periods of quality-preserving storage compared to containers lined with other protective materials. While the prolonged storage periods reduce material procurement costs and inventory-related loss, the streamlined layer structure lightens the packaging weight, which lowers energy consumption in transportation.

In April 2016, Toppan completed a new plant in the U.S. State of Georgia in anticipation of growing demand for transparent barrier films. By supplying films directly

to North American and European packaging manufacturers, the U.S. plant will lower transportation costs and guarantee a steady supply of the transparent barrier films.



A film suitable for printing, lamination, and other treatments, developed with Toppan's original coating and clear vapor deposition technologies

Mechanically Recycled PET Film: A PET Film Produced from Used PET Bottles

Mechanical recycling is a method to obtain a high-quality reproduced resin by eliminating impurities from a recycled material through the cleaning and crushing of used polyethylene terephthalate (PET) bottles followed by high-temperature, reduced-pressure treatment for a given length of time.

Toppan calls the PET film it produces from mechanically recycled PET resins “mechanically recycled PET film.” The film is now applied as a printing base or as a barrier material for various pouches.

Mechanically recycled PET film is composed of 80% recycled resin, a percentage unsurpassed in almost any other recycled PET film ever made. The film matches the transparency and other physical properties of conventional petroleum-based PET films but emits about 24% less CO₂ in the pre-manufacturing stage. Assessments based on the guidelines from the Ministry of Health, Labour and Welfare of Japan verify that mechanically recycled PET film satisfies performance levels of quality and safety required for use in food packaging.



GL-AR-NF, one of the GL BARRIER films developed by Toppan. A mechanically recycled PET film is used as the substrate of this transparent barrier film for use in retort pouches.

BIOAXX®: Packaging Series Using Biomass-based Plastics

Biomass-based plastic is a packaging material made from renewable plant-derived resources instead of exhaustible fossil resources. The absorption of atmospheric CO₂ during plant growth is estimated to offset any CO₂ emissions from incineration of the packaging.

Toppan has been developing and commercializing packaging composed of biomass-based plastics since 1991, including BIOAXX®, a series of laminated packaging materials made from plant-derived raw materials. Toppan developed a biomass polyethylene (PE) film with a thickness of less than 40µm in 2012. This material is adaptable for the flexible packaging of sundry products from non-food products to foods and medicines.



Adaptable for sundry products from stand-up refill pouches for toiletries to foods, medicines, and paper cups

Cartocan®: A Paper-based Beverage Container Produced with Lumber Harvested from Forest-thinning Operations

In pursuing the environmentally responsible use of paper, society expects businesses to principally use pulp derived from recycled paper. When a business uses virgin pulp, the desired choices are environmentally friendly paper such as forest-certified paper, tree-free paper, or paper made from pulp derived from lumber harvested from thinning or other forest maintenance operations. The Toppan Group established Paper Procurement Guidelines for the Sustainable Use of Forest Resources in September 2011.

Cartocan®, Toppan's paper-based beverage container, was placed on the market in 1996. The container uses GL BARRIER, Toppan's original transparent barrier film, and is produced from pulp derived from at least 30% lumber from Japanese forests, including lumber from forest-thinning operations. The assertive use of domestic lumber promotes forestal cycles and sounder forest nurturing across Japan.

Toppan donates some of the proceeds from Cartocan® container purchases by beverage manufacturers to the Green Fund, a program that funds volunteer organizations

involved in forest maintenance throughout Japan. Cartocan® is also collectable through the same recycling routes as beverage cartons and can be recycled into toilet paper.



Aseptic filling enables the shipping and storage of Cartocan® at room temperature and sales through various channels such as mail order and vending machines



Supporting Reconstruction in Kumamoto with Cutting-edge Technologies that Preserve Cultural Heritage for Future Generations

The 2016 Kumamoto earthquakes caused tremendous damage to valuable cultural properties along with local infrastructure. The Toppan Group is committed to contributing to the restoration of Kumamoto's historic landmarks for future generations.

Daitenshu, a greater donjon of Kumamoto Castle, as of May 2017 (Photo courtesy of Kumamoto Castle Office)

Devastating Kumamoto Earthquakes

Two major earthquakes struck Kumamoto on April 14 and 16, 2016. This was the first time for two successive quakes to register a score 7, the highest rating on the Japan Meteorological Agency (JMA) Seismic Intensity Scale, since the current JMA seismic degrees were adopted. The damage was catastrophic. About 180,000 people were forced to stay at evacuation centers immediately after the earthquakes. As of April 2017, about 47,000 people remain in temporary houses or other facilities awaiting reconstruction of essential infrastructure and their former homes.

Kumamoto Castle, a symbol and spiritual pillar of Kumamoto, was not spared from the earthquakes. The severe damage led to the complete or partial collapse of all 13 of the castle structures registered as important cultural properties of Japan. Kumamoto Castle is one of the three most impressive castles in Japan, along with the Nagoya Castle in Aichi Prefecture and Osaka Castle in Osaka Prefecture. Kiyomasa Kato, a local warlord renowned for his skill in designing medieval fortresses, built the original castle on the hilltop of Mt. Chausu in the center of Kumamoto City from 1601 to 1607. The castle has much to offer visitors, with graceful outer contours and massive stone walls thought to be the sturdiest ever built in a Japanese fortress. The reconstruction of Kumamoto Castle has been accelerated as a project emblematic of quick recovery for the citizens of Kumamoto City and Prefecture. Donations streamed in from across Japan to fund reconstruction after the earthquakes. Toppan is working to support the restoration of Kumamoto alongside many others.

Toppan VR and Digital Archiving for the Restoration and Reconstruction of Cultural Properties

Toppan has been digitalizing precious cultural properties in high-definition images using archiving technologies developed based on its long-held printing technologies. At the core are techniques for high-definition digitalization, color management, and three-dimensional geometric measurements. These digital archiving technologies make up the framework for Toppan VR (virtual reality), a tool for presenting digital archive data to the world. Toppan VR generates realistic images in real time, delivering a freely moveable virtual experience of unparalleled presence and immersion—the feeling of actually “being there.” Toppan has digitally archived dozens of precious cultural properties and world heritage sites around the globe. In 2011, Toppan produced *Kumamotojo: Unraveling the mystery of the invincible castle*, a VR recreation of Kumamoto Castle in the form it once took during the Edo Period (1603–1867). The Uto Turret and other castle structures that have survived the centuries have been captured in detail by high-definition photography, while the structures no longer existing are reproduced under the scholarly guidance of experts on the castle and its history. The VR production is based on about 40,000 detailed digital photographic images of the castle tower's stone walls, Uto Turret, donjon, Honmaru Goten Palace, and other structures.



Special screening of *Kumamotojo: Unraveling the mystery of the invincible castle*, a VR production, at TNM & TOPPAN MUSEUM THEATER, Tokyo National Museum

Kumamotojo: Unraveling the mystery of the invincible castle, a VR Production Specially Screened at Tokyo National Museum

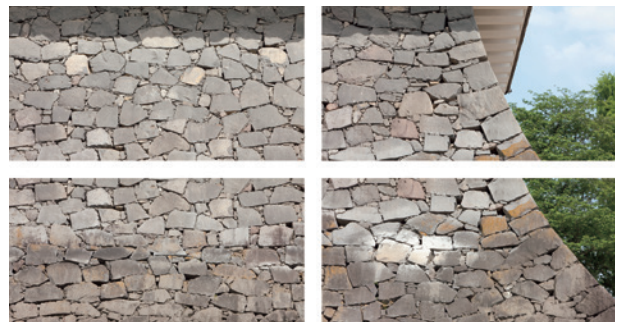
From June 22 to July 10, 2016, Tokyo National Museum (TNM) and Toppan Printing Co., Ltd. arranged special screenings of the VR production *Kumamotojo: Unraveling the mystery of the invincible castle* at the TNM & TOPPAN MUSEUM THEATER in the Tokyo National Museum. Proceeds from the screening were donated to support the restoration of Kumamoto Castle from the serious damage caused by the earthquakes of April 2016. The VR production presented Kumamoto Castle's well-fortified structure in a different arrangement from the earlier production screened at the Wakuwakuza History and Cultural Experience exhibit in Sakuranobaba Johsaien, the tourist facility next to the castle. The VR production was screened at the museum theater 42 times for 2,488 visitors over a period of two weeks, each time with an opening video message from Kazufumi Onishi, Mayor of Kumamoto City. TNM and Toppan donated 1,244,000 yen, the full proceeds from audiences, to the Kumamoto Earthquake Donations for Rebuilding Kumamoto Castle, a fund set up by Kumamoto City, Kumamoto Prefecture.

Joint Efforts with Kumamoto University to Restore the Stone Walls of Kumamoto Castle

Full-fledged reconstruction to restore the severely affected Kumamoto Castle has just begun. By current estimates, the restoration works may continue for more than twenty or thirty years.

The stone walls of the castle, known for their beautiful rising *musha-gaeshi* curves, have collapsed in about 50

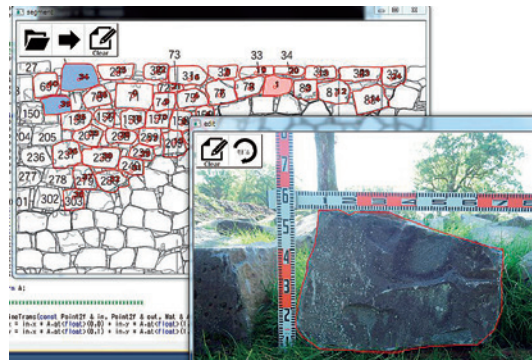
sections. Tens of thousands of stones and stone fragments fell from the walls during the earthquakes, leaving about a third of the walls damaged. The first phase of the restoration project will focus on identifying the original positions of the collapsed stones and replacing them as they were. The works will require sufficient pre-quake photographic images of the walls to locate the placement of the stones, followed by a long series of complicated operations to identify the original positions using these images. Toppan and researchers from Kumamoto University are now developing a stonewalling identification system to model the original stone placement in the wall structure. The system combines a computer vision technology from Kumamoto University with Toppan's image-processing technology and some 40,000 digital images detailing the stone walls, Uto Turret, and other structures photographed before the earthquakes to create the VR production of the castle. This identification system will serve as a key tool in the stone wall restoration works in the decades to come.



A portion of the documentary photography



Presenting a register of donations to Kazufumi Onishi, Mayor of Kumamoto City (left)



Screenshots in the stonewalling identification system



For Greater Independence and Social Participation of Persons with Disabilities

The Toppan Group provides workplaces and support for persons with disabilities to facilitate their enhanced independence and seamless participation in society.

Pursuing Diversity Management

The Toppan Group's broad-ranging businesses centered around printing technology take in orders for products and services from more than 20,000 customers from sectors and industries of every kind. Toppan relies on a diverse workforce to respond flexibly to the demands and expectations of its huge and varied customer base. This is why the Toppan Group is committed to diversity management.

The employment of persons with disabilities is part of this effort. Toppan is working to employ persons with disabilities across the Group in cooperation with its special subsidiary, Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd.

Prepress Toppan is a joint public-private venture of Tokyo Metropolitan Government, Itabashi City, and Toppan Printing Co., Ltd. The company was founded as a special subsidiary of Toppan in June 1993.

Based on the Philosophy of Normalization

As a practitioner of equal opportunity under the philosophy of normalization, Prepress Toppan provides workplaces and support to persons with disabilities to enhance their independence and participation in society. Physical limitations should never confine a person's abilities or possibilities. All individuals can learn work, develop technical skills, and constantly upgrade themselves with a positive, forward-looking mindset. They can also take pleasure and

pride in their work as a form of social participation. Prepress Toppan is realizing these ideals by enhancing many aspects of the workplaces it provides.

Its facilities, for example, are designed to provide full accessibility for orthopedically impaired employees with floor plans that allow many people with severe disabilities to work. The working environments are comfortable for individuals of all kinds, with ample workplaces, spacious common areas, and accessible features such as sliding doors with sensors and restrooms at floor level (without steps) for the passage of wheelchairs. Prepress Toppan, meanwhile, works to maintain the mental and physical health of employees by arranging monthly visits and health-care consultations by industrial physicians, mental health-care services from industrial counselors, and much more.

For employees with hearing impairments, the company is stepping up initiatives to facilitate communication, including an application to automatically convert voice to text in workplace meetings, and a five-minute assembly held each morning in sign language.

Enhancing the Independence of People with Disabilities

Prepress Toppan runs a primary business in prepress, a series of processes encompassing the desktop publishing (i.e., typesetting and editing) of various printed materials (books, magazines, photography books, brochures, flyers, etc.) and the development of automatic software for typesetting. Apart from its primary business, the company is

also entrusted with document digitization and various other kinds of back-office operations by the parent company, Toppan Printing. The parameters of employees' disabilities are taken into account to enable all employees to realize their full abilities in positions right for them.

The personnel evaluation system is wholly based on competency. Whether an employee has a disability, or the degree of an employee's disability, is disregarded. Of the seven managerial positions established at Prepress Toppan, three (two males and one female) are occupied by persons in wheelchairs.

The company's employees take part in the Tokyo Abilitympics (skills competition for persons with disabilities) every year. Competitors from Prepress Toppan won silver medals in website creation in 2016 and in desktop publishing and PC data entry in 2017.

The company is pressing forward with measures focused on the self-reliance of persons with disabilities, including fire-extinguishing training for in-house firefighting teams and first aid workshops using automatic external defibrillators (AEDs) at annual emergency drills.

Prepress Toppan strives to create high-quality products through mutual cooperation among employees while enhancing their skills, empowering each to overcome individual difficulties and explore individual potential regardless of whether his or her experience is any way influenced by disability.

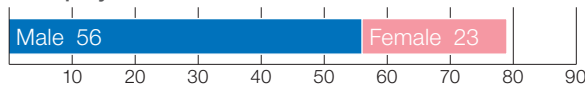
The Toppan Group will continue improving work environments for people with difficulties and investing greater efforts into the employment of persons with disabilities.

■ Composition of Employees in T.M.G. Prepress Toppan Co., Ltd.

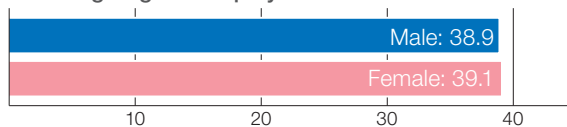
Type of Disability		Headcount	Number of Persons with Severe Disabilities
Persons with disabilities	Limb or trunk dysfunction	44	34
	Internal dysfunction	3	2
	Hearing impairment	10	8
	Visual impairment	1	-
	Mental disability	7	-
	Intellectual disability	14	6
Persons with disabilities in total		79	50
Persons without disabilities		21	-
Total number of employees		100	

(As of June 1, 2017)

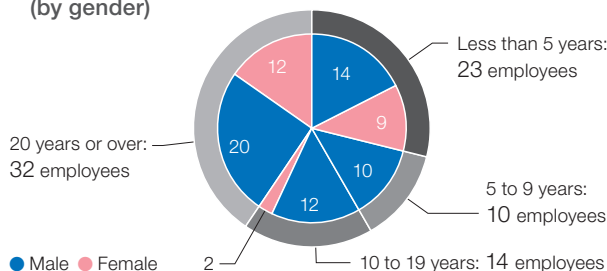
■ Employees with Disabilities: 79



■ Average Age of Employees with Disabilities



■ Service Years of Employees with Disabilities (by gender)



Office floor with ample space



Hallway wide enough for wheelchairs to easily pass each other



Mirror that can be lowered by persons in wheelchairs



Five-minute morning assembly held in sign language



Award ceremony for Tokyo Abilitympics



Fire-extinguishing drill by an in-house firefighting team

Toppan's CSR

Evolving as a Corporation that Creates Social Value

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."

■ 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.

■ Business Fields

The Toppan Group redefined its Business Fields in fiscal 2016, dividing them into two categories: "Technology & Expertise" and "Markets & Customers." The former category encompasses accumulated Toppan knowledge and technologies classified into five resource-based segments. The latter focuses on four key fields for growth: Healthcare & Life Sciences, Education & Cultural Exchange, Urban Space & Mobility, and Energy & Food Resources.

Toppan's CSR Activities

The Toppan Group undertakes corporate social responsibility (CSR) activities in accordance with the principles of the United Nations Global Compact and the guidelines of the ISO 26000 Guidance on Social Responsibility, a globally

recognized 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.

■ Committing to Achieving SDGs

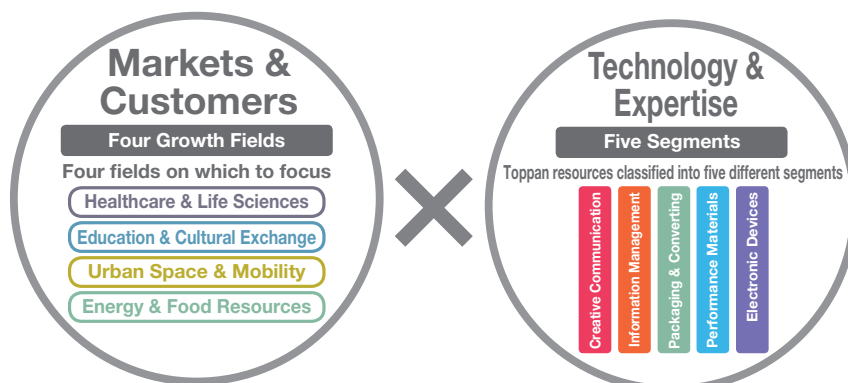
Japan and 192 other countries adopted the Sustainable Development Goals (SDGs), a set of shared global development agendas, at the UN General Assembly held in September 2015. The SDGs encompass 17 goals and 169 targets focused on social issues for the international community to commit to achieving by 2030. Private businesses around the world are expected to join policy initiatives to help solve the social issues under the SDGs. Toppan is making headway in its journey to evolving as a corporation that creates social value by incorporating the SDGs into the Group's CSR activity targets.

■ Material Issues

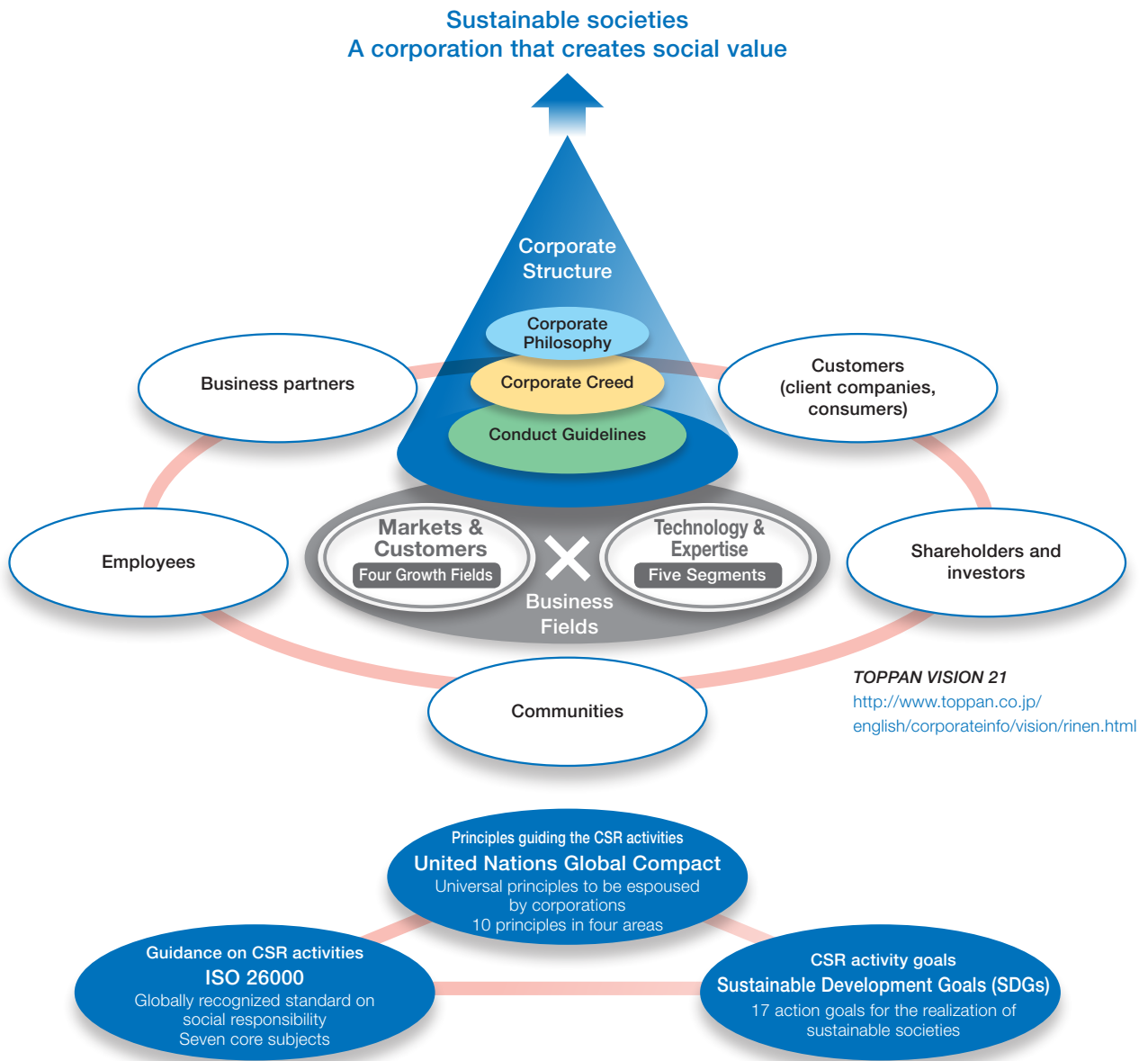
Based on the seven core subjects under ISO 26000, the Toppan Group has assessed CSR-relevant issues according to two criteria, the "influence on stakeholder assessments and decisions" and "Toppan's economic, environmental, and social impacts." The Group has identified the following as issues expected to become more material: human rights, human resource development and diversity, the environment, promoting social responsibility in the value chain, and privacy (personal information protection).

Toppan will be reviewing the 17 SDGs to select material issues for the Group to target by analyzing the relevant connections between the SDGs and the business activities and newly designed Business Fields of the Group. The Toppan Group plans to develop a clear roadmap in fiscal 2017 to achieve these targets.

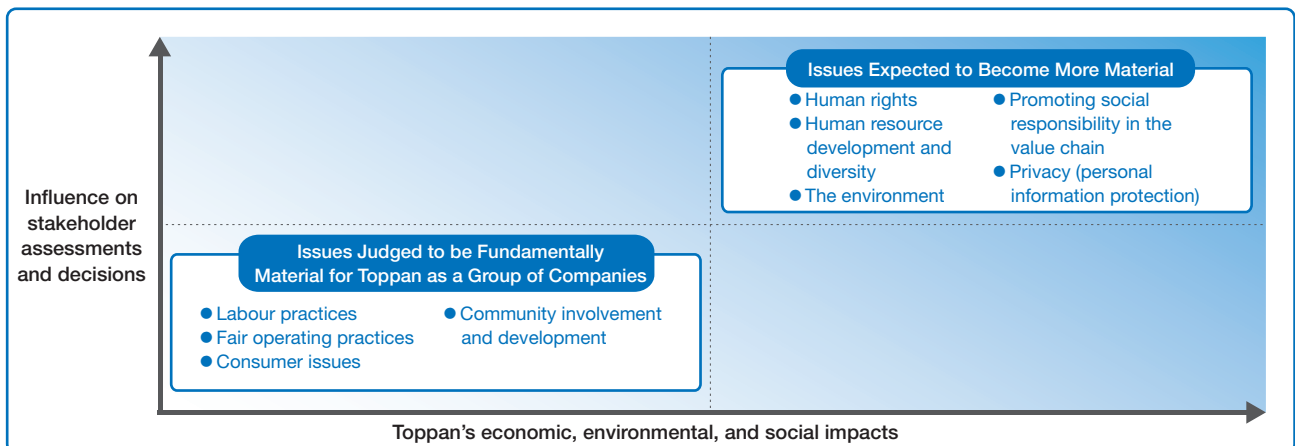
■ Toppan's New Business Fields



■ Toppan's Approach to CSR



■ Material Issues based on ISO 26000



Content Index in Line with Seven Core Subjects under ISO 26000 & the SDGs

*1 Detailed information on results in fiscal 2016 and future targets and measures can be found in the *Toppan CSR Report 2017: Detailed Data* posted on the Toppan website (<http://www.toppan.co.jp/english/csr/csrreport.html>).

■ 17 Goals Encompassed by the SDGs*2

*2 See page 48 for detailed information on the United Nations Sustainable Development Goals (SDGs).



Seven Core Subjects and Issues	For Details	SDGs*2	Pages
<h3>Organizational governance</h3>	<ul style="list-style-type: none"> ● Corporate Governance ————— 12 16 ● CSR Initiatives ● Risk Management Structure ————— 12 ● Business Continuity Management ————— 13 		▶ P. 19–
<h3>Human rights</h3> <p>Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Discrimination and vulnerable groups Issue 6: Civil and political rights</p> <p>Issue 7: Economic, social and cultural rights Issue 8: Fundamental principles and rights at work</p>	<ul style="list-style-type: none"> ● Respecting Basic Human Rights — 8 10 ● Collective Labor Agreement ——— 8 10 ● Working for Equal Opportunity and Eliminating Discrimination — 5 8 10 		▶ P. 22–
<h3>Labour practices</h3> <p>Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace</p>	<ul style="list-style-type: none"> ● Basic Approach Regarding Human Assets ● Labor-Management Partnership — 8 ● Supporting Work-Life Balance — 8 ● Occupational Health and Safety — 3 8 ● Measures for Mental Healthcare — 3 8 ● Developing and Fostering Human Assets ————— 4 8 		▶ P. 24–
<h3>Fair operating practices</h3> <p>Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights</p>	<ul style="list-style-type: none"> ● Disseminating the Conduct Guidelines ————— 5 10 ● Toppan Group Helpline ————— 10 16 ● Compliance Education ————— 10 16 ● Promoting CSR Procurement ——— 8 10 12 16 		▶ P. 28–
<h3>Consumer issues</h3> <p>Issue 1: Fair marketing, factual and unbiased information and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption</p> <p>Issue 4: Consumer service, support, and complaint and dispute resolution Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness</p>	<ul style="list-style-type: none"> ● Assuring Product Safety and Quality ————— 9 ● Protecting Consumers by Safeguarding their Personal Information ● Universal Design Initiatives ——— 12 ● Contributing to Sustainable Consumption ————— 2 9 12 		▶ P. 32–
<h3>Community involvement and development</h3> <p>Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation</p> <p>Issue 6: Health Issue 7: Social investment</p>	<ul style="list-style-type: none"> ● Community Involvement and Development ————— 3 4 5 17 		▶ P. 36–
<h3>The environment</h3> <p>Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection of the environment, biodiversity and restoration of natural habitats</p>	<ul style="list-style-type: none"> ● Toppan's Environmental Activities ● Environmental Management Activities ————— 4 ● Toppan's Environmental Burden and Environmental Impact ————— 12 ● Eco-protection Activities ————— 12 15 ● Eco-creativity Activities ————— 12 ● Environmental Communication Activities ————— 12 		▶ P. 38–

Organizational Governance

Corporate Governance

Toppan operates corporate activities under the purview of an Audit & Supervisory Board. The supervisory functions of the Board of Directors and audit functions of the audit & supervisory board members ensure the legality of the execution of the operations of the directors. Toppan has strengthened governance in corporate management in keeping with the Basic Policy on Corporate Governance established on November 26, 2015. The Toppan Group, meanwhile, practices 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. In structuring corporate management, Toppan has appointed three external directors (including two independent external directors) to reinforce supervisory functions. These external directors provide pertinent advice and inputs independently from the management.

■ Directors, Board of Directors, and Various Meetings

Toppan has 19 directors, including three external directors, on its board (as of the end of March 2017). 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 appointed by the President & Representative Director. The

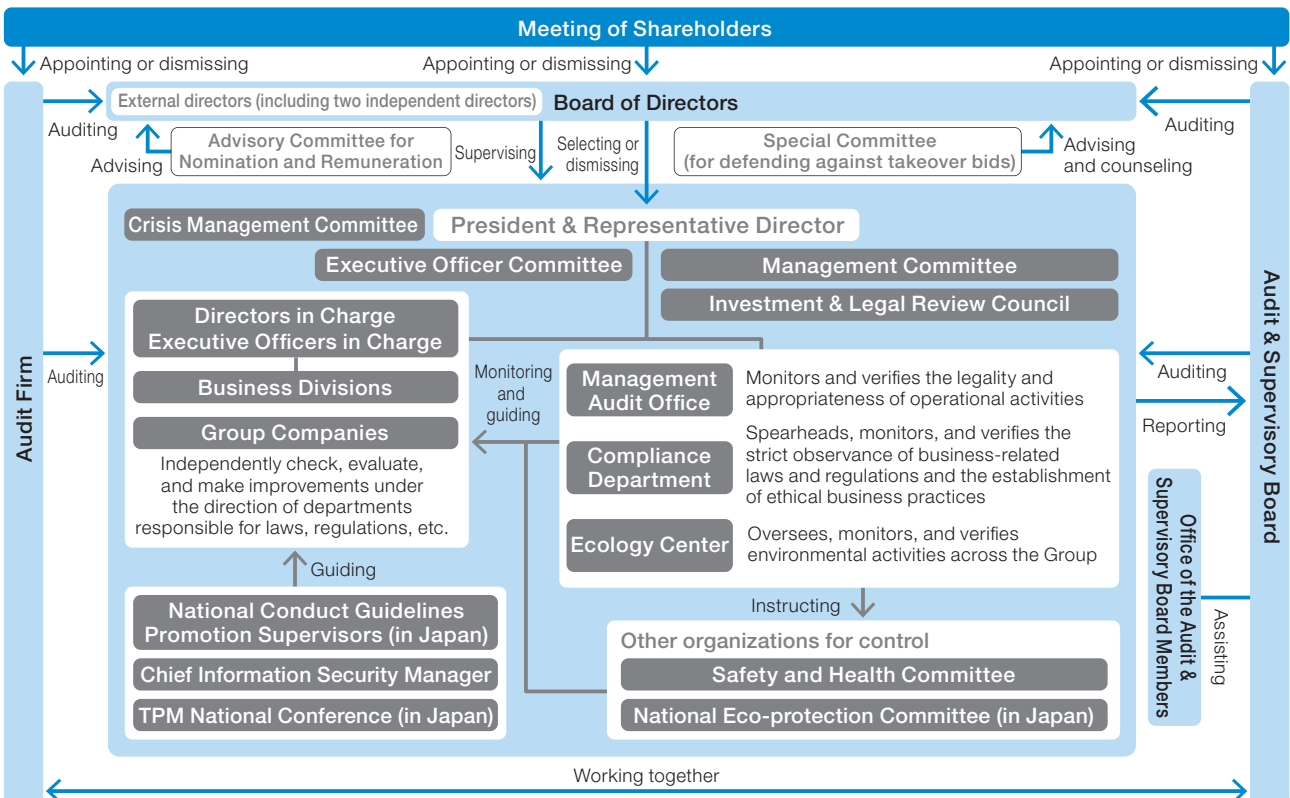
goal is to lay weight on managerial efficiency in business decision-making. Toppan put in place a new corporate governance structure in fiscal 2016 by introducing an executive officer system and establishing an advisory committee to deliberate on the nomination of directors and the remuneration they receive.

■ Audit & Supervisory Board, Board Members, and Audit Firm

As of the end of March 2017, Toppan has five audit & supervisory board members, including three external auditors, of whom two are independent officers. Along with their own board meetings, the board members 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 meeting of audit & supervisory boards from related companies to improve the effectiveness of the audits by board members across the Group.

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

■ Corporate Governance Structure (as of March 31, 2017)



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 audit & supervisory board members. The office carried out 30 management and operation audits in fiscal 2016. 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 & Intellectual Property 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. 28, 32). The Ecology Center in the Manufacturing Management Division oversees environmental activities across the Group, conducts internal audits at operational sites, and monitors the progress of their improvements (→P. 38).

■ Remuneration to Directors and Audit & Supervisory Board Members

In fiscal 2016 the total annual remuneration to directors was 1,083 million yen and the total annual remuneration to audit & supervisory board members was 114 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

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

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 a training course on CSR management for new employees (324 persons completed the course in fiscal 2016) and e-learning-based, Group-wide

basic education for employees at the Company and main Group companies (20,276 persons completed the course in fiscal 2016).

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

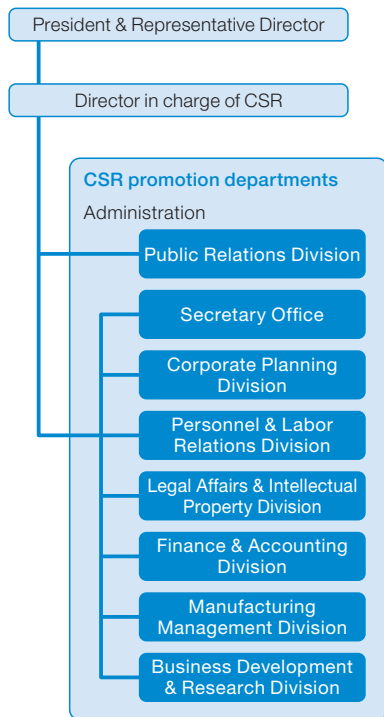
To prepare for the possible occurrence of a wide-scale disaster, the Toppan Group institutes business continuity management (BCM) activities under the Basic Plan for Countermeasures against Earthquake Disasters. These activities aim to minimize damage to the Group and maintain a steady supply of products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

The Toppan Group repeats various BCM drills at every site to enhance Group-wide competence for business continuity. In fiscal 2016 Toppan held e-learning-based, basic training for all Group employees in Japan (completed by 20,519 persons) to ensure awareness among employees on business continuity management.

The lessons learned from the Great East Japan Earthquake disaster of 2011 have renewed the Group's awareness of the importance of a stable supply chain for effective BCM. In fiscal 2016 the Group surveyed the business continuity competencies of 184 material suppliers by questionnaire to ascertain their current BCM measures. An expert was also invited to the head office to lecture at a training session for 23 business partners on business continuity management.

The Toppan Group seeks to coexist with communities through ongoing BCM activities.

■ CSR Promotion Structure



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

Types of Risk to Be Managed	
Product accidents or product liability	Product accidents or quality-related accidents (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 & Intellectual Property Div.)
	Leakage of personal information, internal confidential information, etc. (Legal Affairs & Intellectual Property Div.)
	Accidents or disasters related to fires or explosions (Manufacturing Management Div.)
Defamation, slander, or other criminal damages	Illegal activities related to the storage of solvents, management of dangerous chemicals, etc. (Manufacturing Management Div.)
	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 confidential information, etc. (ICT Management Div.)
Relationships with antisocial organizations	Acts of violence against the company (threats, kidnapping, or robbery) (Personnel & Labor Relations Div.)
	Unreasonable demands from antisocial organizations or transactions conducted between business partners and antisocial organizations (Legal Affairs & Intellectual Property 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 & Intellectual Property 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 & Intellectual Property Div.)
Environmental problems	Violations of environmental laws, regulations, 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 (Fukuoka Plant)



BCM training session for business partners



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.

In fiscal 2016 the Toppan Group adopted a further practical approach to the possible occurrence of a wide-scale disaster based on the experience of responding to the earthquakes that struck Kumamoto Prefecture in April 2016. The Group prepared two wide-scale disaster scenarios: one hitting eastern Japan and the other hitting western Japan. Inter-operational-site drills were organized in March 2017 to enable staff in one region to verify the safety of all Group employees across the areas potentially stricken by disasters in another region. In conjunction with these drills, Toppan built a system for the head office to purchase supplies for Group-wide deployment in the event of a disaster by confirming the current status of stockpiled emergency supplies in real time. 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 verification, the evacuation procedures, the employees' journeys back home from their workplaces on foot, and the distribution of stockpiled supplies.

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 (such as respecting personal qualities and individuality; prohibiting discrimination and harassment; and prohibiting child labor and forced labor [→P. 31]). 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. 38).

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. 30).

Toppan has also set up dual hotlines through which employees and business partners can promptly report human rights issues or violations.

Collective Labor Agreement

The Toppan Printing Labour Union and the 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 livelihood of employees. 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 Toppan and nine Group companies. The union and the management have concluded an agreement to impose a uniform set of liability-related clauses (rules governing union activities and labor-management negotiations) on all 10 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. Women play important roles in wider arenas as the Company has appointed 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 medium-to-long-term career development plans. 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. Toppan has also implemented various career development measures, such as a training program to help employees consider their own career paths going forward. For retired employees in their second careers in company life, the Company offers working options well suited to their knowledge, experience, skills, and motivation. Seventy-one of 85 employees who retired in fiscal 2016 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. Toppan and T.M.G. Prepress Toppan maintain 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. To make contact with diverse persons, Toppan publicizes its working styles in company orientation sessions and via the Company website and other media.

Toppan 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 fiscal 2016 the Company ran internship programs with practical training sessions for 92 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. 28, 31)

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. 30)

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. 28, 30)

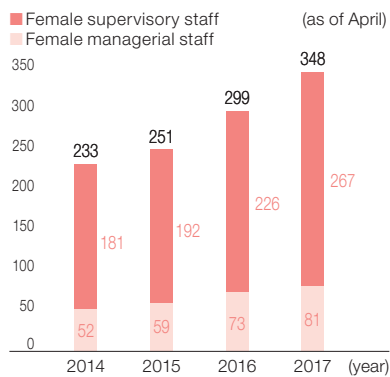
Toppan operates dual hotlines through which both employees and business partners can report human rights issues or violations.

Contributing to society
(▶ P. 36)

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 2016 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 2015	Fiscal 2016	Fiscal 2017
Regular recruitment of new graduates from universities and graduate schools	Sales, administration, etc.	Male	88	98	105
		Female	50	73	65
	Technical	Male	102	102	115
		Female	40	35	36
Regular recruitment of new graduates from high schools and colleges of technology					
		Male	5	3	1
		Female	21	33	33
Total number of regular recruits (percentage of women)			306 (36.3%)	344 (41.0%)	355 (37.7%)
Mid-career recruitment of experienced personnel			Male	27	56
			Female	29	20

■ Employment of Persons with Disabilities

	2015	2016	2017
Employees	247	250	253
Percentage of total workforce*	2.10%	2.07%	2.06%

*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 Japanese Law for Employment Promotion, etc. of the Disabled.

Recognized in the Health & Productivity "White 500" Category

Toppan Printing Co., Ltd. was recognized as an outstanding organization engaging in health and productivity management under the Certified Health and Productivity Management Organization Recognition Program operated by the Japanese Ministry of Economy, Trade and Industry (METI). METI established this program in 2017 to highlight excellent enterprises advancing health and productivity management. The ministry's aim is to facilitate an environment where these enterprises gain enhanced public recognition for their strategic health and productivity management practices to safeguard and maintain their employees' health from a management perspective.

Toppan was recognized in the large enterprise category ("White 500") under the program in 2017.



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 longstanding issues such as working hour reductions, wages, and health and safety. Individual labor-management committees meet when necessary to discuss specially designated subjects such as the creation of a working environment amenable to enhanced job satisfaction.

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

Committing to Health Management

Based on the long-held fundamental concept of respect for people, the Toppan Group is active in launching various measures for employee healthcare in cooperation with the Toppan Group Health Insurance Union.

In October 2015 the Group announced a Health Management Declaration to clarify future health management policies for maintaining and enhancing the health of Group employees. From a viewpoint of health and productivity management, this declaration visualizes and reorganizes health promotion measures and action plans previously organized by the Group and the health insurance union independently.

The Health Management Declaration enunciates dual focuses. The first is to promote enhanced health for employees and their families through various approaches such as activities to support work-life balance. The second is to contribute to society through health-related businesses that support community health promotion activities around the world.

The Group has also formulated a health management promotion structure by putting the President & Representative Director in charge of health management and creating a Health

Management Promotion Council. The council engages in constructive arguments on healthcare measures from various aspects under the direction of representatives from the Group and health insurance union. The healthcare guidance provided in the *Health Management Handbook* for Group employees illustrates the diverse outputs from the council.

Toppan will develop measures for the health maintenance and enhancement of Group employees in cooperation with the labor union, operational sites, clinics, and other organizations instituted in the Group.

■ Supporting Work-Life Balance

Senior management, managers, and employees have been jointly implementing measures to shorten working hours with a view to achieving better work-life balance and maintaining employee health. They have steadily reduced overtime hours by adjusting operations within departments and improving operating effectiveness through reviews of the ways individuals work and management administrates.

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 actual overtime practices and review the use of 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 wellbeing 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. The Hagukumi Program received the Minister of State for Gender Equality Award at the Kids Design Award 2016 in Japan.

■ 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 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			
Fiscal 2016	Male	18	2,158	1,932	7,930	15.1	43.4	9,551	502	237
	Female	1	71	224	1,621	9.3	34.3			

■ Reasons for Leaving*1

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Personal reasons	204 (48)	184 (39)	206 (54) ^{*2}
Retirement	86 (5)	94 (0)	85 (1)
Requested by the company	0 (0)	0 (0)	0 (0)
Other	83 (0)	92 (3)	83 (3)
Total	373 (53)	370 (42)	374 (58)
Turnover rate	4.1%	4.0%	3.8%

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

*2 Six female and 26 male employees took advantage of Toppan's support system for employees who pursue new careers after leaving the Company.

■ Average Annual Salary

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Average annual salary	6,647,468 yen	6,697,391 yen	6,956,597 yen

■ Annual Paid Leave Used

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Average paid leave used (days)	8.3	8.6	9.6
Average ratio*3	43.3%	45.1%	50.8%

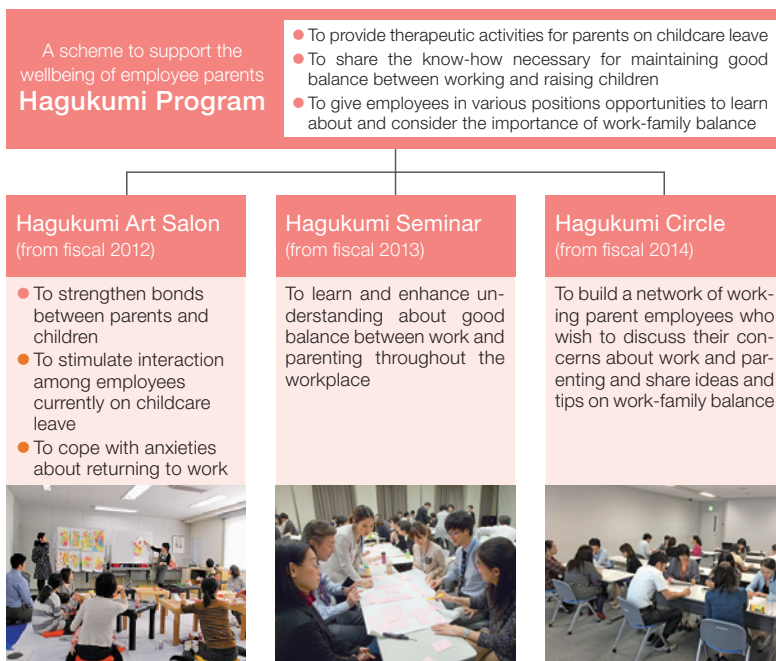
*3 Average ratio = average paid leave used / average paid leave granted

■ Employees Taking Maternity or Childcare Leave

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Employees taking maternity leave	81	85	105
Employees taking childcare leave*4	136 (3)	295 (160)	300 (173)

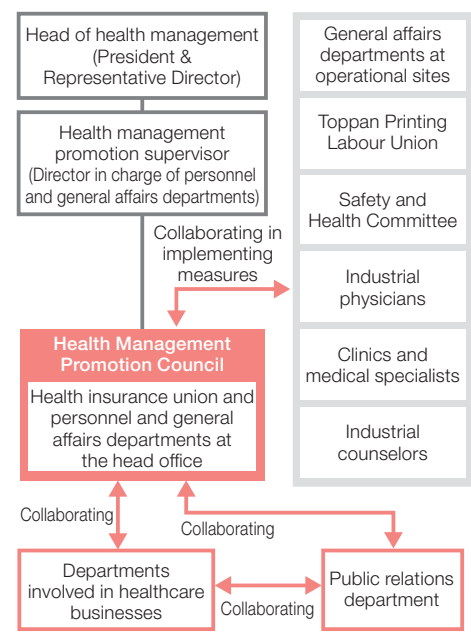
*4 The number of male employees who took childcare leave is shown in parentheses.

■ Hagukumi (nurturing) Program



Detailed information on Toppan's main leave systems and family benefits is shown in the *Toppan CSR Report 2017: Detailed Data* posted on the Toppan website (<http://www.toppan.co.jp/english/csr/csrreport.html>).

■ Structure for Health Management Promotion



■ Efforts to Support Employees Bearing Nursing Care Responsibilities

Toppan's labor union and management employ systems to help employees maintain good balance between work and care at home. These systems create an environment where employees can concentrate on work without worrying about care for family members at home. By reviewing the results of employee questionnaires on nursing care, Toppan has relaxed the eligibility requirements for nursing-care-related systems, designed ways to enable employees to more flexibly adjust their working hours for care, enhanced financial support during nursing care leave, and provided more information on work-care balance. Along with system enhancements in these four areas, the Company allows care-giving employees to commute to and from work by Shinkansen bullet train in certain cases.

Occupational Health and Safety

Back in 2010, Toppan formulated a Basic Policy on Health and Safety that enunciated a "safety first" principle as the top priority in business operations. The Group has been working to completely eliminate occupational accidents since. Safety masters, safety engineers (SEs), and other safety experts have been deployed to operational sites across Japan to build safety promotion systems. Toppan has also upgraded the intrinsic safety of machines and equipment and organized full-fledged safety education of various types centered around foreman training. Through these and other safety efforts, the total number of occupational accidents was reduced at Group sites in fiscal 2016. Employees, however, were still prone to accidents in work areas, and the number of accidents requiring leave increased. A severe accident regrettably occurred at a Group company in autumn of 2016.

Toppan will redouble its efforts in safety promotion activities, risk assessment activities, and other safety initiatives and provide more guidance from safety masters and SEs. The Group will continue taking steps to organize education for improved safety awareness among employees onsite, eliminate prohibited actions at the workplace, renovate workshops to better accommodate older employees, and pursue various other safety measures. *Anzen Dojo* safety training facilities outfitted to simulate dangers and alert employees at the workplace have been set up at the Takino Plant in Hyogo Prefecture and Fukuoka Plant in Fukuoka Prefecture, in addition to the original facility at the Kawaguchi Plant in Saitama Prefecture. Toppan is planning similar initiatives for Group overseas sites in the years to come.

Measures for Mental Healthcare

The maintenance of employee mental health is a keystone for Toppan to propel corporate activities. The Company defines a healthy employee as a person sustained by a strong moti-

vation to take on new challenges, an ambition to work vigorously, and an earnest commitment to follow through on tasks to completion.

Toppan undertakes various measures to prevent mental health problems at work. For example, the Company provides a stress check system and e-learning-based programs to help employees better perceive and cope with the stresses affecting them; operates Art Salon, a workshop to refresh employee minds and bodies through the work of artistic creation; organizes rank-based training and distributes handbooks to prevent or promptly detect and treat mental problems; opens counseling rooms where employees can receive advice from in-house counselors; and concludes advisory agreements with mental healthcare specialists. Employment regulations defining rehabilitation programs to support employees returning from mental healthcare leave also enable employees to return to work more seamlessly.

Toppan recognizes that the most effective strategy to administer fundamental prevention measures for mental health problems is to enhance job satisfaction by giving employees better means to understand themselves and communicate more skillfully. The Company has been organizing mental healthcare programs such as workshops arranged in cooperation with workplaces.

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 platform is striving to foster top leaders while supporting the skill improvement and career enhancement of employees through basic and special programs, a leadership program, and a personal empowerment program.

The Toppan Business School (group training) and Challenge School (correspondence learning courses), meanwhile, offer self-development training for employees. A cumulative total of 9,367 people trained under these programs in fiscal 2016. Employees also have ready access to basic, Group-wide education via the e-learning system. A cumulative total of 110,293 people took part in e-learning programs in fiscal 2016.

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. Eighty employees have been deployed as trainees under the system since fiscal 2011. The selective training on globalization

launched in fiscal 2010 has supported a cumulative total of 585 candidates for overseas assignments. Since fiscal 2012, 15 employees have attended advanced short-term open programs at the International Institute for Management Development (IMD) in Lausanne, Switzerland, one of the world's top-ranked business schools.

Toppan has been organizing specialized training since 2014

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.

■ The Four Approaches Applied in Toppan's Employee Support Systems to Maintain Good Balance between Work and Care at Home

Eligibility requirements for nursing-care-related systems	All eligible members from employee families are in need of long-term care or support under one of the following conditions: <ul style="list-style-type: none"> ● "In need of long-term care" as specified in the Child and Family Care Leave Act of Japan ● "In need of long-term care" as specified in the Long-term Care Insurance System of Japan ● "In need of support" as specified in the Long-term Care Insurance System of Japan
Ways to more flexibly adjust working hours for care	<ul style="list-style-type: none"> ● Nursing care leave ● Reduced working hours for nursing care (reduced working hours, flexible work schedules, reduced number of prescribed working days per week) <small>*Nursing care leave and reduced working hours for nursing care can be taken in installments. *Employees are allowed to switch between the two systems.</small> ● Days off for nursing care ● Commuting by Shinkansen bullet train for family care reasons
Financial support during nursing care leave	<ul style="list-style-type: none"> ● Allowance for nursing care leave (40% of the employee's average wage) ● Entitlement for paid days off for nursing care
Provision of information on work-care balance	<ul style="list-style-type: none"> ● Launch of a website to provide information on work-care balance <small>This site provides employees with general knowledge about work-care balance and information on support systems available at the Company, public nursing-care-related systems, and so on.</small> ● Launch of a nursing-care consultation desk by outside experts <small>The Company commissions an external professional body to offer unlimited, free-of-charge nursing-care consultation to employees on a contract basis. Employees can also use fee-based agency services such as watch-over visits or administrative processes handled by dedicated staff at care facilities and hospitals.</small>

■ Overview of Mental Healthcare Activities

	Self-care	Line Care (by managers and supervisors)	Care Using Resources within the Workplace	Care Using Resources outside the Workplace
Fundamental prevention Creation of job satisfaction	<ul style="list-style-type: none"> ● Assertion ● Career development 	<ul style="list-style-type: none"> ● Dialogue skills ● Target management ● Operational reform and improvement 	<ul style="list-style-type: none"> ● Participation in in-house seminars 	<ul style="list-style-type: none"> ● Participation in external seminars
Primary prevention Prevention	<ul style="list-style-type: none"> ● Self-development 	<ul style="list-style-type: none"> ● Attendance management ● Improvement of workplaces 	<ul style="list-style-type: none"> ● Participation in rank-based training programs ● Activities by the Safety and Health Committee 	<ul style="list-style-type: none"> ● Participation in external seminars
Stress check system	Test administration and understanding of current conditions	Improvement of workplaces	Interviews and guidance	
Secondary prevention Early detection and early response	<ul style="list-style-type: none"> ● Early counseling and consultation 	<ul style="list-style-type: none"> ● Recommendation for early consultation 	<ul style="list-style-type: none"> ● Consultation with industrial physicians and public health nurses 	<ul style="list-style-type: none"> ● Hospitals and EAP*3
Tertiary prevention Steps to limit severity and prevent recurrence	<ul style="list-style-type: none"> ● Ongoing treatment 	<ul style="list-style-type: none"> ● Return-to-work program ● Personnel reassignment 	<ul style="list-style-type: none"> ● Periodic interviews by industrial physicians 	<ul style="list-style-type: none"> ● Treatment by a general physician

*3 Employee assistance program (EAP): The EAP shown above refers to a program of counseling and training sessions by an external specialist body under contract with the Company and the Toppan Group Health Insurance Union.

■ Occupational Health and Safety

	2014	2015	2016
Deaths from occupational accidents	0	0	0
Frequency rate*1	0.05	0.05	0.000
Severity rate*2	0.000	0.001	0.000

*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

Strengthening the Environment to Develop Human Assets

Toppan has established training centers in Kawaguchi City, Saitama Prefecture and Yugawara Town, 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.

Toppan launched the Human Resource Development Laboratory, a research base established in April 2017 to develop new personnel training programs that apply brain and neurosciences. This laboratory will be used as a platform to design and implement programs that foster human assets with excellent communication skills and heightened sensibilities. The Company plans to improve individual productivity and facilitate the individual development of the Toppan workforce via this platform.



Human Resource Development Laboratory

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. 31).

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 circumstances 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 forty-one Leaders were deployed across the Group in fiscal 2016, including 82 women (11.1% of the Leaders). A cumulative total of 8,322 employees have worked as Leaders since the system was launched in 2004. The Leaders organize Conduct Guideline read-throughs, facilitate discussion using concrete cases, and implement other measures to activate compliance awareness among their colleagues.

■ 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 casebook is used in various guideline promotion activities. The Leaders, for example, use it to disseminate the guidelines at their workplaces.

The Group 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.

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 open for use by all Group employees, including dispatched staff and part-time workers. The Helpline was used in two cases in fiscal 2016, including one involving power harassment. Both cases were properly handled and followed up with necessary countermeasures to prevent recurrence.

Endeavors for Strict Compliance

■ Training for Conduct Guidelines Promotion Leaders

As in previous years, Toppan held group training for Conduct Guidelines Promotion Leaders in fiscal 2016. The training was scheduled in two phases. In the first, 614 Leaders were trained in 47 sessions across Japan from May to September 2016. In the second, 523 Leaders were trained in 42 sessions from November 2016 to March 2017.

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.

■ Compliance Seminar

In fiscal 2016 Toppan invited an outside lecturer (Mr. Tadashi Kunihiro, T. Kunihiro & Co. Attorneys-at-Law) to lead a seminar on the theme of “making compliance into a company strength.” Seven hundred and forty-eight Group personnel attended in total, mainly directors and managerial staff. A poster with a message from the management highlighting the importance of compliance was also produced.

■ Compliance with Transaction-related Laws and Regulations

Toppan regularly organizes transaction-related training, and monitors and audits how business transactions are being handled in Japan. Both activities are key to preventing improper import and export transactions and ensuring compliance with the Subcontract Law. In fiscal 2016, a total of 149 employees participated in group sessions focused on export controls under the Foreign Exchange and Foreign Trade Act; 1,053 employees were trained on compliance with the subcontract law; and 8,432 employees took a course on export controls via the e-learning system. The Group also audited the observance of export controls in 15 departments and compliance with the subcontract law in 34 departments.

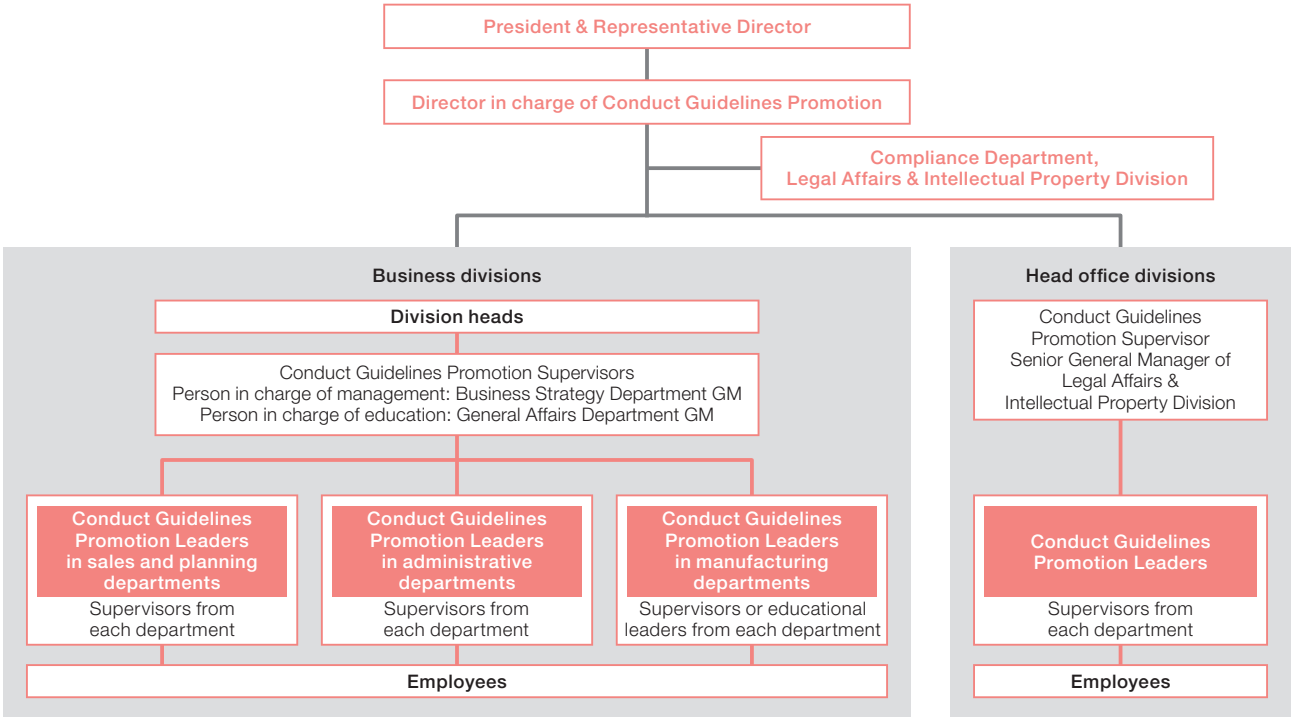
■ Anti-Corruption

Toppan participates in the United Nations Global Compact and conforms to its anti-corruption principle by stipulating the “prohibition of bribery and inappropriate entertainment practices” in the Toppan Group Conduct Guidelines. In fiscal 2016 the Group established a set of anti-bribery rules and formulated a compliance framework led by the Director in charge of Legal Affairs as the chief anti-bribery manager. Group employees will be apprised of further intensive actions against bribery through internal training sessions developed in cooperation with relevant departments.

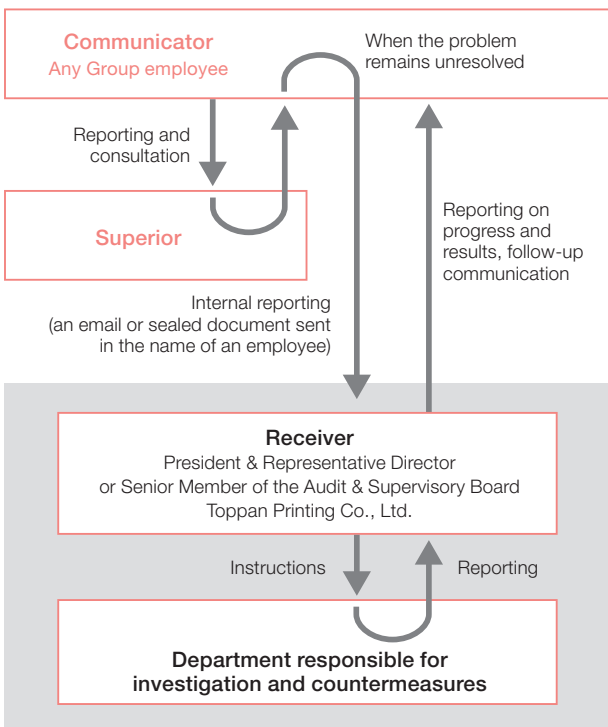
■ Briefing on Compliance

Toppan was not involved in any serious incidents or violations of laws or regulations in the course of business in fiscal 2016.

■ Structure to Promote the Conduct Guidelines



■ Toppan Group Helpline



Lecturer at the compliance seminar

Poster promoting compliance (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 2015 Toppan had briefed 2,068 business partners on the guidelines. The Group held briefing sessions for another seven partners in fiscal 2016.

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 a 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 26 sites of 20 business partners around the world in fiscal 2016 and confirmed that all of the procured lumber was obtained legally. In yen terms, these 26 partner sites supplied 99.6% of the paper used by Toppan in fiscal 2016.

■ Promoting Compliance in Procurement Departments

The Toppan Group regularly monitors whether its procurement departments operate properly in accordance with the Basic Procurement Policy in their transactions with business partners.

The Group asked 10 business partners to fill out questionnaires in fiscal 2016 (a cumulative total of 96 partners since 2008) 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

■ 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) 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

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.

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

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. Two hundred and twenty employees took part in training sessions for internal auditors in fiscal 2016.

■ 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 16 sites inside and outside the Group in fiscal 2016.

■ 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

Toppan has solidified safeguards to prevent leaks and outflows of the ever-diversifying forms of personal information handled within the Group by restricting the handling of personal information to tightly secured areas that satisfy rigorous criteria for qualification audits. The Group has also worked for thorough security control in operation design and quality assurance with safe, secure systems and processes designed to manage personal information.

■ Monitoring the Handling of Personal Information

In fiscal 2016 Toppan expanded the number of tightly secured areas to 73 throughout the Group. Toppan's audit criteria now include new items associated with the individual identification numbers recently established under the Social Security and Tax Number System of Japan. With updated criteria, the Toppan Group audits both of the sites that handle individual identification numbers. Day-to-day inspections are also carried out across the Group to detect abnormal behaviors through the sorting of various operation logs (records) of individual operators in chronological order.

■ 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 2016 Toppan scaled up security drills for defense against a series of targeted email attacks to cover all Group sites. The drills sought to heighten awareness on security dangers among employees and fully inform them of how to respond effectively to targeted email attacks.

■ Completing Internal Training

The Toppan Group promotes awareness of the importance of information security management through face-to-face group training for each and every employee.

To comply with the amended Act concerning Protection of Personal Information to be partially enforced in Japan in 2017, Toppan cataloged various issues facing the Group and provided training sessions for the relevant Group personnel in fiscal 2016.

■ Enhancing Corporate Value for Customers through BPO Solutions

The Toppan Group is accelerating business process outsourcing (BPO). Toppan's BPO business supports a wide range of operations, including the handling of personal information for customers, mainly companies and municipalities, at service sites such as administration and contact centers. In fiscal 2016 the Group established the BPO Square Asaka as a core base for next-generation BPO solutions for clients.

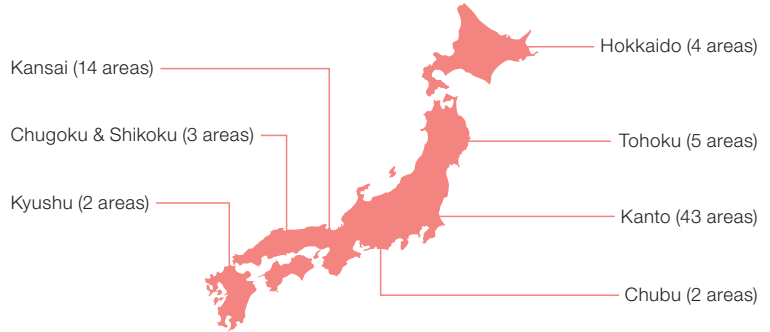
Basic Stance on Product Safety Management

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
- 4 sites run by manufacturing subsidiaries
 - 12 sites run by production business partners

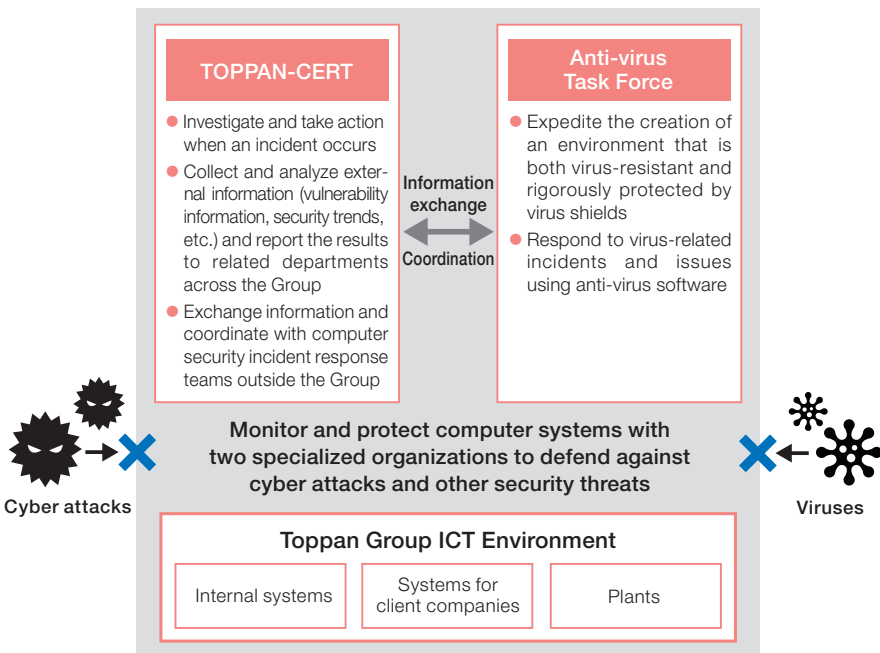
Number of Domestic Sites with Tightly Secured Areas Designated for the Handling of Personal Information (as of March 31, 2017)



Tightly Secured Areas at Toppan Group Companies with ISO/IEC 27001 Certification (as of March 31, 2017)

- 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.
- *The "TOPICA server hosting service," a service certified from December 2001, was integrated into the coverage for the above certification on February 17, 2017.
- Kyushu, Chugoku & Shikoku Team and ISMS Promotion Committee, Information Security Management, Nishinihon Division, Toppan Printing Co., Ltd.
- Kansai Production Department, Toppan Graphic Communications Co., Ltd.
- Higashinihon 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



BPO Bases across Japan



Consumer Issues

Universal Design Initiatives

Universal design (UD) is one of the primary corporate social responsibilities for Toppan, a group of companies that have 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. has been working with Mirairo Inc. since fiscal 2015 in a business alliance 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. More than 280 Group employees have passed the Universal Manners Test Grades 2 and 3 as of April 2017. In August 2016 Toppan invited Toshiya Kakiuchi, President of Mirairo Inc., to host an employee seminar entitled "'Barrier Value' for the future: UD for a 40-million-consumer market." Toppan also held similar seminars at Group-produced exhibitions at customer sites to facilitate enhanced awareness on the significance of universal manners. Beyond these educational activities, the Group is working to offer society proposals and product development focused on universal manners.

In the realm of food packaging, S & B Foods Inc., PIJIN Co., Ltd., and Toppan Printing Co., Ltd. received the 41st Kinoshita Prize in Packaging Technology for the "Meisho (craftsman) Series," a lineup of tube spice products sold by S & B Foods. This award is organized by the Japan Packaging Institute (JPI). Packages of the Meisho Series are printed with QR Codes* to direct consumers to product information in any of four languages: English, Chinese, Korean, or Japanese. A quick scan of the code with a smartphone automatically retrieves the information in the same language set for the phone. With this multilingual packaging provided by PIJIN and Toppan, food manufacturers in Japan can use their products to deliver information on traditional Japanese food culture in multiple languages.

*QR Code is a trademark of DENSO WAVE Incorporated.

Contributing to Sustainable Consumption

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

■ EP-PAK Fold & Tear: Paper Container Easily Disassembled after Use

Toppan's paper-based liquid container, EP-PAK Fold & Tear, won the Chairperson's Award from the Eco-Products Awards Steering Committee at the 13th eco products awards in 2016. The container is easily broken down for recycling after use.

The original EP-PAK with Toppan's unique spout preserves liquid content with outstanding reliability, enabling long-term storage at room temperature. Segregation of used cartons for disposal, however, has been hampered by EP-PAK's tough body and tightly sealed structure. The properties most requisite for preserving the quality of packed liquids have posed challenges in the recycling process.

EP-PAK Fold & Tear offers improved recyclability while retaining the advantages of the original EP-PAK. The container can now be easily separated into two halves by hand by folding back and forth along the perforated line formed on the upper portion with the spout. The Eco-Products Awards Steering Committee recognized this highly recyclable EP-PAK Fold & Tear as a product designed in anticipation of the coming sustainable society.

■ Quantifying CO₂ Emissions Associated with Events and Applying for Carbon Offset Certifications by Proxy to Help Clients Mitigate Global Warming

Toppan methods for carbon footprint of products (CFP) assessments are now employed to quantify CO₂-equivalent greenhouse gas (GHG) emissions and prepare applications for carbon offset certifications associated with events. The scope of this quantification and application service previously covered products and services, but not events. The Group has developed a unique approach to quantifying GHG emissions associated with events, covering difficult-to-quantify emissions associated with the movement of participants. The service adopting this approach was applied to educational events for Group employees in model cases before being provided to clients. Toppan purchased a carbon-absorption credit from forests owned by Kumamoto Prefecture to offset GHG emissions at the events and support the recovery of Kumamoto from the earthquake disaster of April 2016. Toppan's carbon offsetting services now extend beyond printed materials to the use of various other means to help advance activities to mitigate global warming.

In fiscal 2016 Toppan conducted CFP quantifications on the CO₂-equivalent GHG emissions of 14 products and services and applied for carbon offset certifications for eight products and services, including a quantification and certification for the educational events described above.

■ 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



Simulation of the experience of the elderly in the Universal Manners Test

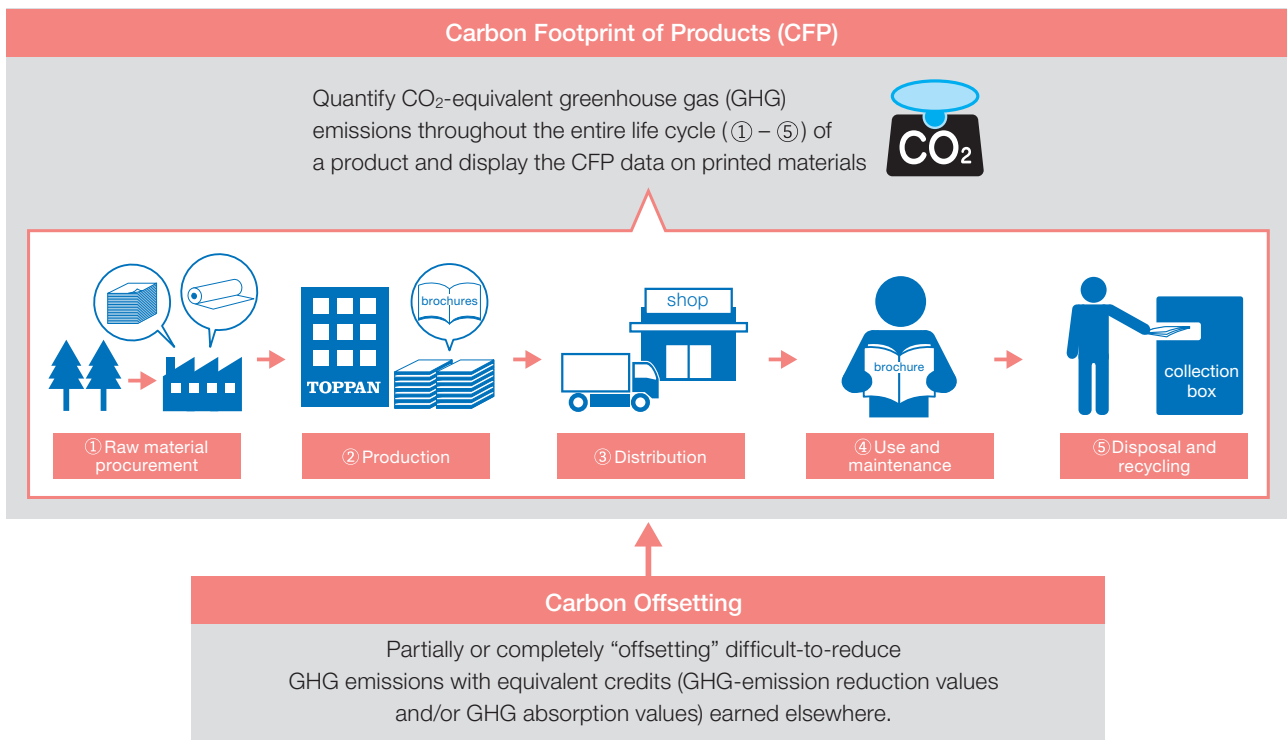


Multilingual packages for Meisho Series tube spice products



EP-PAK Fold & Tear

■ 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 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. The Group sites also offer local residents facilities such as meeting rooms and playgrounds.

In fiscal 2016 an operational site in Meiwa Town, Gunma Prefecture invited students from neighboring elementary schools on plant tours to learn about the packaging manufacturing process and participate in a tree-planting event organized by the Meiwa workforce. Toppan personnel engaged in productive exchanges with the local residents and were asked to arrange similar meetings in the future.

■ 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 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. The Printing School workshop received the Kids Design Association (KDA) Chairman's Award at the 10th Kids Design Award sponsored by Japanese non-profit organization KDA.

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 children by encouraging them to express their impressions of books by drawing. The judges of the 28th competition in 2016 received 701,239 picture entries from 6,955 schools. Toppan produced and distributed a calendar decorated with the prize-winning works to schools and other educational facilities across Japan. The schools of the prize-winning students also received replicas of famous Japanese-style paintings produced with Toppan's technology.

A Group company called Froebel-Kan Co., Ltd. operates the Froebel Kodomo Plaza, a space for preschool-aged children to enjoy. Froebel-Kan facilitates communication in the community by providing the Plaza as a secure space where children can play freely in safety.

■ Employment Support

Toppan Group sites organize workplace-training programs across Japan to give students working experience and help them cultivate working values. A site in Osaka City arranged a program for computer science students from vocational technical schools in fiscal 2016. The workshop encouraged students to explore the possibility of working in the printing industry by considering their own occupational aptitudes and future career trajectories.

Cooperating with International Communities to Address Social Issues

Convinced that cooperative solutions to global issues are vital for its community contribution activities, Toppan has been organizing the *Toppan Charity Concert* series since fiscal 2007. This series aims to support global initiatives to raise literacy rates in developing countries. Literacy is the ability to read, write, and calculate with proficiency sufficient to function well in daily life.

Upon completing the 10th *Toppan Charity Concert* series in fiscal 2016, Toppan had donated an accumulated total of 21,332,183 yen to the Office of the United Nations High Commissioner for Refugees and the Asia-Pacific Cultural Centre for UNESCO (ACCU). The funds provided to the ACCU have been used for literacy education and classes on maternal and child health for mothers raising young children in Cambodia. From fiscal 2015, Toppan has been inviting personnel from a Cambodian NGO working on the literacy initiative to greet the concert audiences and engage in discussion on the operation of the classes in the years to come.

A Toppan site in Thailand, meanwhile, contributed funds to an organization operating support projects for HIV carriers.



Cleanup around the site (Hokkaido)



Traffic safety campaign (Niigata)



Plant tour for elementary school students (Gunma)



Local portable shrines on display in the site lobby (Tokyo)



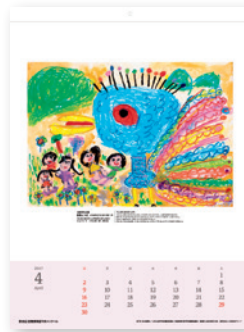
Printing School for students from elementary schools, a workshop class to make guidebooks for local shopping streets (Tokyo)



Award certificate received for the Printing School at the 10th Kids Design Award (Tokyo)



Central Contest for Book Report Drawings



Calendar with pictures expressing impressions of books



Froebel Kodomo Plaza (Tokyo)



The TSUKEMEN trio at the *Toppan Charity Concert*



Discussion with Cambodian NGO members



Contribution to support projects for HIV carriers (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-eight 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 overseeing the Group's environmental activities. The center then

evaluates and verifies the data and reports the results to the Board of Directors and other management bodies. Points of improvement for the continuous upgrading of environmental management are proposed and implemented throughout the entire Group.

The environmental audit follows a three-stage screening process: a management system audit by an ISO 14001 registrar, an internal audit by the Ecology Center, and another internal audit at the individual site. Toppan underwent management system audits for 39 systems and carried out internal audits at the 58 sites in fiscal 2016. 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 2016 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

The Toppan Group calculated its scope 3 emissions (entire value chain greenhouse gas [GHG] emissions) in fiscal 2016 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 the Group's GHG emissions.

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

■ Readjusting the Environmental Targets for Fiscal 2020

Through intensive measures undertaken up to fiscal 2015, the Toppan Group's medium-and-long-term environmental targets for reducing CO₂ emissions and final landfill waste disposal were achieved five years in advance of the 2020 deadline. The previous targets were a 20% reduction of CO₂ emissions compared to the fiscal 2008 level and an 87% reduction of final landfill waste disposal. The Group is now pursuing the new goals of reducing CO₂ emissions by 30% and final landfill waste disposal by 95% compared with fiscal 2008.

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

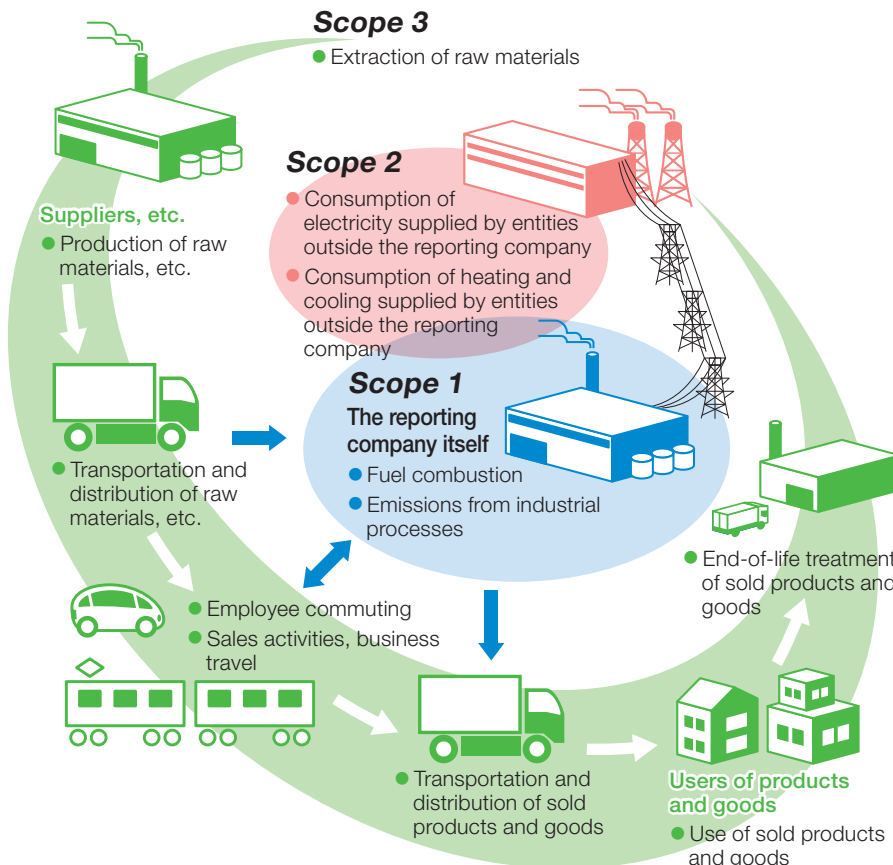
1 Mitigation of global warming	2 Action for building a recycling-oriented society	3 Conservation of the atmospheric environment
<ul style="list-style-type: none"> Reduce CO₂ emissions by 30% compared to the fiscal 2008 level (751 kilotons → 530 kilotons: -221 kilotons) 	<ul style="list-style-type: none"> Reduce final landfill waste disposal by 95% compared to the fiscal 2008 level (1,584 tons → 80 tons: -1,504 tons) 	<ul style="list-style-type: none"> Reduce VOC emissions into the atmosphere by 70% compared to the fiscal 2008 level (7,326 tons → 2,198 tons: -5,128 tons)

■ Values, Results, and Evaluation of Environmental Targets for Fiscal 2016 and Environmental Target Values for Fiscal 2017

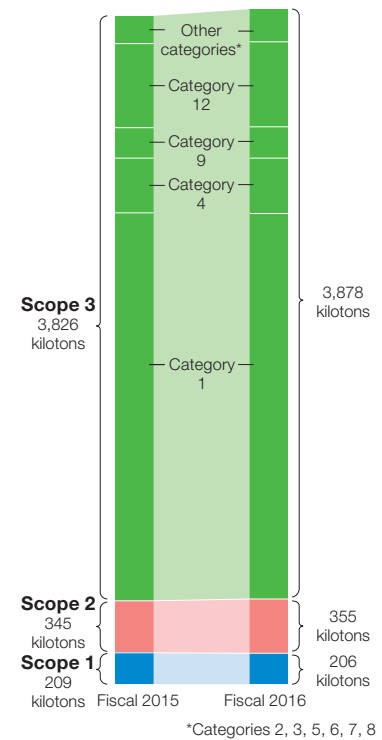
Environmental Targets		Management Indicators	Fiscal 2016				Environmental Target Values for Fiscal 2017
			Target Values	Results	Achievement Rates	Evaluation	
1 Mitigation of global warming	<ul style="list-style-type: none"> Reduce CO₂ emissions 	<ul style="list-style-type: none"> CO₂ emissions 	550 kilotons	561 kilotons	98.1%	B	550 kilotons
2 Action for building a recycling-oriented society	<ul style="list-style-type: none"> Reduce final landfill waste disposal 	<ul style="list-style-type: none"> Final landfill waste disposal 	130 tons	97 tons	125.6%	S	100 tons
3 Conservation of the atmospheric environment	<ul style="list-style-type: none"> Reduce VOC emissions into the atmosphere 	<ul style="list-style-type: none"> VOC emissions into the atmosphere 	3,400 tons	3,403 tons	99.9%	B	3,200 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



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

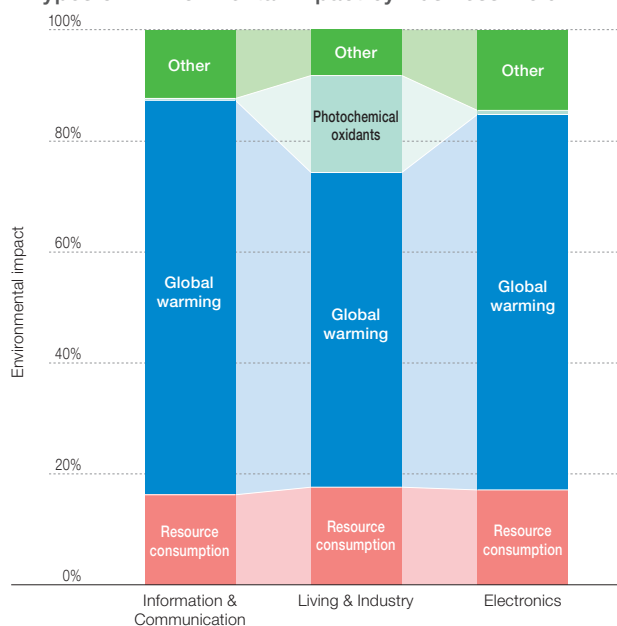
Toppan's Environmental Burden and Environmental Impact

The Toppan Group applies the LIME* life-cycle assessment (LCA) 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 of the Group's business activities 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 through the ongoing Eco-protection Activities. In fiscal 2016 the Group attained a 42% reduction compared to the fiscal 2006 level.

Toppan Printing Co., Ltd. received the Encouragement Prize from the Life Cycle Assessment Society of Japan (JLCA) at the 13th LCA Society of Japan Awards held in fiscal 2016. The JLCA Awards commend companies, organizations, and researchers who make intensive efforts in applying LCAs to reduce environmental burden. This was the second prize Toppan has received from the society, following the JLCA Chairman's Award in fiscal 2012. The JLCA awarded Toppan mainly in recognition of three points: first, comprehensive environmental activities based on solid LIME-based quantifications of environmental impact associated with the Company's overall

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.

business operations, along with assurances of the effectiveness of the activities; second, prolonged initiatives significantly reducing the Company's environmental impact over the previous 10 years, along with assertive disclosure of the results of the initiatives; and third, environmental assessments of the Company's new plants, intensive environmental impact assessments applying various schemes such as a water footprint (WFP) measurement, and efforts to enhance the availability of lumber from forest-thinning operations.

*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.

Eco-protection Activities

Mitigating Global Warming and Saving Energy

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

In fiscal 2016 Toppan controlled peak power demand in summer using the nationwide demand-monitoring system the Group operates in Japan. The head office set targets for power demand values in January 2016 to enable individual sites to control electricity consumption year round through energy-saving measures. To reduce 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.

Toppan also attained a significant energy-saving effect by rearranging the air piping at the Ranzan Plant in Saitama Prefecture.

In spite of these efforts, rising production volumes pushed the Group's CO₂ emissions up to 561 kilotons in fiscal 2016, a level higher than the targeted limit of 550 kilotons for the year. The Toppan Group will bolster energy-saving activities to unflinchingly achieve the target in the years to come.

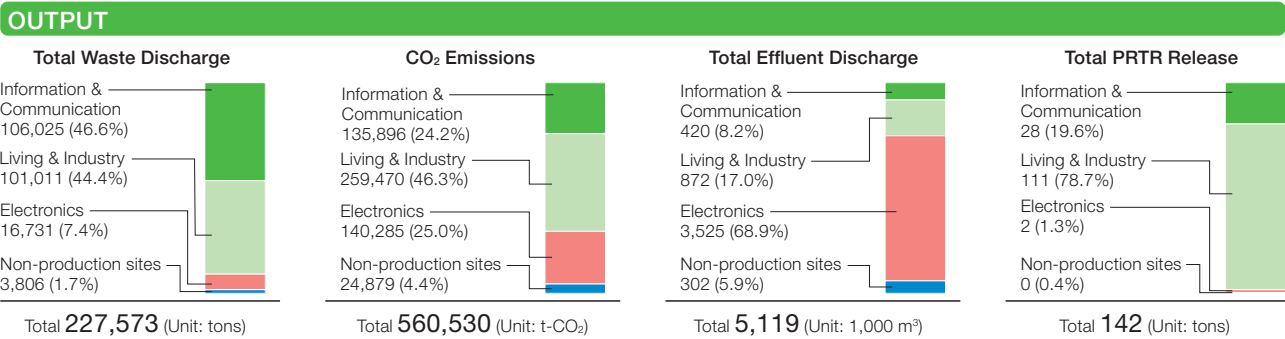
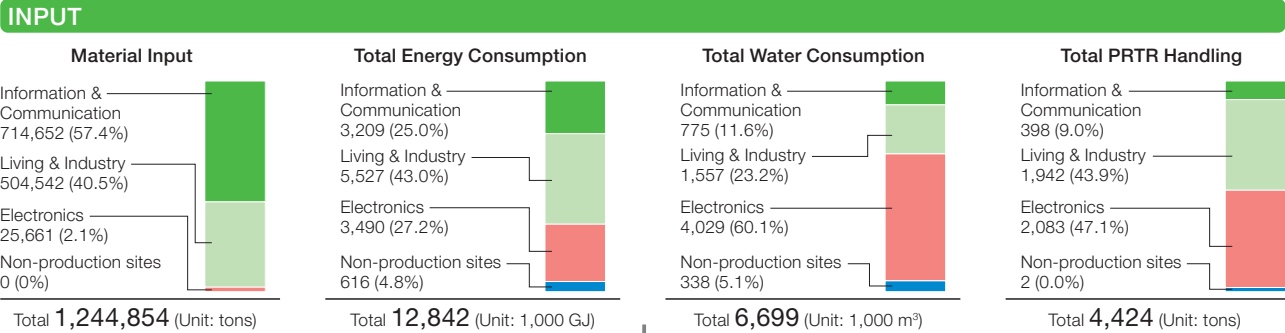
Improving Transport Efficiency in Logistics

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

Energy consumption per unit of transport volume in fiscal 2016 was 58.73 kL/million ton-kilometers, a 0.2% reduction from fiscal 2015, missing the year-by-year reduction target of 1% prescribed by the Act on the Rational Use of Energy of Japan. CO₂ emissions, meanwhile, totaled 34,611 tons, a 3.2% increase from the fiscal 2015 level.

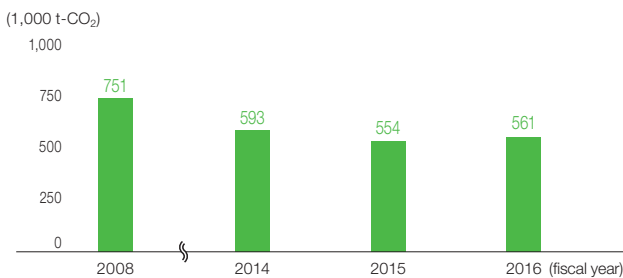
Toppan Logistics will work to accomplish the targets for fiscal 2017 by optimizing transportation conditions and further improving transportation efficiency.

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



- Notes:
- Energy consumption associated with fuel consumption is calculated using the conversion factor specified in the year 2000 amendment of the Act on the Rational Use of Energy of Japan. The primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh. Some of the material inputs are calculated from estimated values based on production values.
 - "Waste" in this report includes industrial waste of no value and waste materials of value sold or transferred as resources (both generated in association with business activities).
 - Total energy consumption is the quantity of electricity and fuels consumed.
 - Total values may not exactly match the sum totals of individual values, as decimals are rounded up or down.

CO₂ Emissions



Note: CO₂ 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 CO₂ emissions associated with electricity consumption, however, are calculated uniformly as 0.378 t-CO₂/MWh.

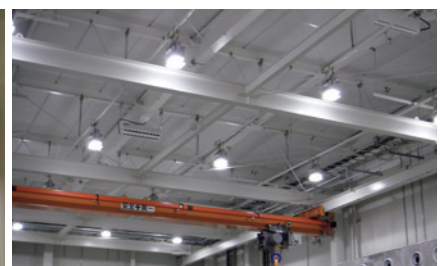
CO₂ emissions in fiscal 2016 totaled 685,303t-CO₂ when calculated using the effective emission factor from another MOE method specified in the Ministerial Ordinance Concerning the Calculation of Greenhouse Gas Emissions from Business Activities of Specified Dischargers (the latest amendment on April 30, 2015).



JLCA Awards



Air piping rearrangement (Ranzan Plant)



LED lights installed on high ceilings (Satte 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 (73.3%) of the total waste discharged at Group sites. This is followed by waste plastics from plants in the Living & Industry field and waste acid 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. Waste acid, meanwhile, has been treated in-house to lower volumes for disposal. These measures reduced the final landfill waste disposal in fiscal 2016 to 97 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. While toluene emissions into the atmosphere remained almost unchanged in fiscal 2016, atmospheric VOC emissions were reduced from the fiscal 2015 level.

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 in order 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. In spite of these measures, the rise in production volumes in fiscal 2016 increased the amount of PRTR-designated chemical substances handled by the Group by 13% compared to the fiscal 2015 level.

Group production sites have also been appropriately controlling chemical substances based on established management procedures.

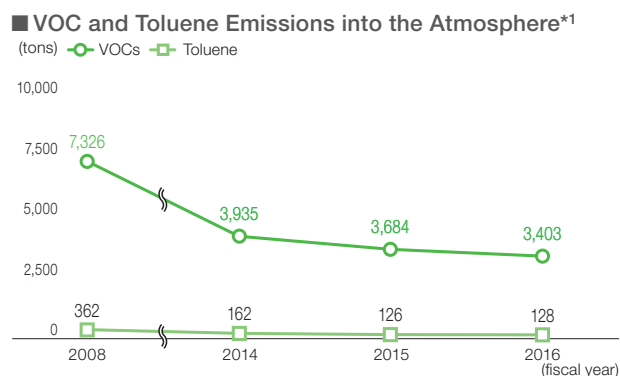
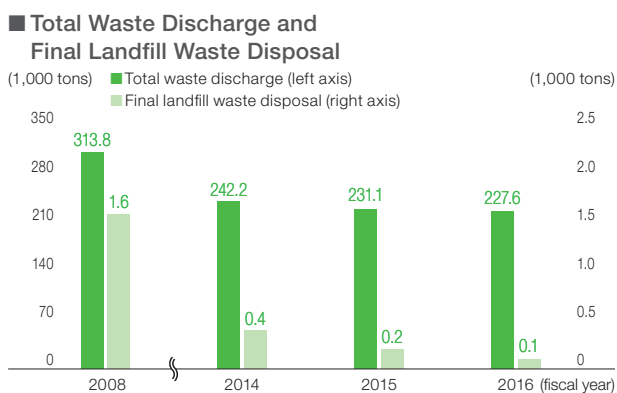
■ Controlling Water Risk

The Toppan Group conserves water resources by operating wastewater recycling systems to recover and reuse wastewater at Electronics plants that discharge effluents in significant amounts. The Group also monitors the amounts of water consumed in office buildings, welfare facilities, cafeterias, and other premises to reduce the levels of water consumption and effluent discharge. Through these efforts, water consumption per unit of sales totaled 7.59 m³/million yen in fiscal 2016.

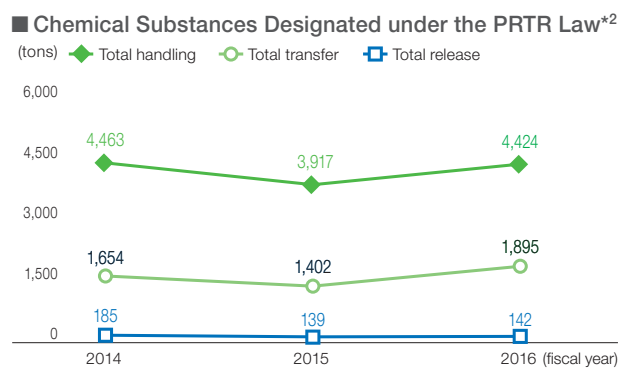
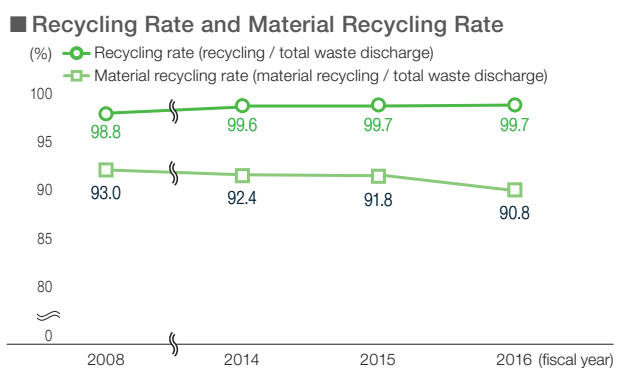
■ Approach to Environmental Compliance

Toppan used its in-house environmental database for Group sites in Japan to identify any risk of exceeding the limits stipulated under laws, ordinances, agreements, and other applicable regulations in fiscal 2016. Preventive measures against unduly high risks were taken to ensure that none of the regulatory limits would be breached. As a consequence, no excessive levels relative to the regulatory standards were recorded throughout the Group in fiscal 2016. As a preventive action against environmental pollution, the Group also reviews drills for coping with potential emergencies and accidents during production operations whenever necessary.

Communities around Toppan plants filed three complaints at three sites in fiscal 2016. Two involved noise and the other involved inconvenience to community members 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. To control odor, the Group has reinforced maintenance and inspection procedures for deodorizing equipment. Toppan will continue enhancing the quality of environmental management through earnest dialogue with residents in surrounding communities.



*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).



*2 Dioxins are excluded because of a difference in the calculation 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

■ 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
Itami Plant (Itami City, Hyogo)	Lead, fluorine and fluorine compounds	Excavation and removal	Remediation partially completed

*3 As of March 2017

■ 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 9-10th phases of their wildlife-support project in fiscal 2016. Children participating in summer learned about diverse forms and shapes of leaves gathered from the woods by tracing the contours of the leaves and then stamping the outlines on fabric in various colors to make “stencil towels.” In the following winter, participants cleaned up birdhouses for woodpeckers and Japanese Tits and surveyed the nesting rate at birdhouses installed a year earlier. A high rate of about 80% was confirmed.

Recognizing these conservation activities at the plant, the Association for Business Innovation in harmony with Nature and Community (ABINC) commended the Fukaya Plant with an Excellent Prize, the top prize awarded at the 1st ABINC Awards in 2016. Employees at the Fukaya Plant commemorated the achievement by planting spiketail seeds and seedlings taken from the northern Tone River basin.

Personnel from a site in Nagoya, Aichi Prefecture also planted orange seedlings obtained from Mikkabi, a town famous for the production of mandarin oranges in Shizuoka, the prefecture neighboring Aichi. Swallowtail butterflies flying nearby the site are expected to use the orange bush as an egg-laying area.

Biodiversity Conservation outside Operational Sites

Toppan Group employees in Hokkaido Prefecture tuned in to the sights, sounds, smells, and textures of the woods in Asahiyama Memorial Park in Sapporo City. They revisited the urban park in fiscal 2016 to document their perceptions of the rich natural environment through various activities, including a workshop to craft birdcalls from fallen trees gathered in the woods.

Toppan employees and their families have also been observing aquatic life at Yanase River in Saitama Prefecture since 2013. In fiscal 2016 guides from the Saitama Ecosystem Conservation Society instructed participating families how to watch organisms in water from the river surface using glass-bottomed hydrosopes. Methods to collect aquatic organisms were also taught. After one society member showed the way to drive a casing net, a selected group of participants tried to harvest water creatures with the net. Once the organisms were collected, the families transplanted them to a mini-aquarium where creatures of about twenty different species, some of them rare, were identified. Participants learned that freshwater fish (lake and river fish that never migrate to salt water) and amphidromous fish (fish that migrate from fresh water to salt water) both inhabit streams far away from the sea. The Toppan Group will continue conserving biodiversity throughout Japan

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 87 products were registered as “environmentally friendly products” as of the end of March 2017.

The Company has approved and registered eight “exceptional environmentally friendly products” (as of the end of March 2017) 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 509.4 billion yen in fiscal 2016.

Environmental Communication Activities

■ Presenting at Eco-Pro 2016

The long-held “Eco-Products” fair was reborn as “Eco-Pro” in December 2016. The Toppan Group, an exhibitor at Eco-Pro 2016, set up a section focused on four topics covering expanded themes: Healthy, longer lives of tomorrow; Comfort, smart communities of tomorrow; Global-connecting living of tomorrow; and Non-consuming lifestyles of tomorrow. The booth was also outfitted with a virtual reality (VR) dome, augmented reality (AR) system, and platform stage. Toppan presented products and services jointly developed, marketed, and operated by the Group in collaboration with client companies, organizations, and other entities. Visitors to the booth experienced Toppan products and services designed for tomorrow.

■ 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-seven reports from 49 sites were issued in fiscal 2016.



Creating stencil towels (Fukaya Plant, Saitama)



Swallowtail butterfly's larva on the leaf of a tree planted in Nagoya, Aichi



Eco-Pro 2016



Studying the woods in Asahiya Memorial Park in Hokkaido



Making a mini-aquarium at Yanase River in Saitama



Eco-Pro 2016

■ 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

Over several years *Toppan CSR Reports* presented results and future targets & measures of the Group's corporate social responsibility (CSR) activities in line with the core subjects set under ISO 26000. The *CSR Report 2017* stretches the envelope to cover the link between the activities implemented by the Group and the individual goals encompassed in the United Nations Sustainable Development Goals (SDGs).

This expanded coverage clearly demonstrates the connections between the initiatives Toppan has been developing and the social issues the international community is called upon to address by achieving the SDGs. Toppan is expected to go further in reviewing the material issues to be addressed in the Group's CSR activities vis-à-vis the SDGs and identifying the business fields where the Group can create shared value from

SDG standpoints. We believe that information on the results of these endeavors in future reports will effectively show Toppan's contributions to achieving specific SDGs on which the Group focuses.

Since fiscal 2011 the Toppan Group has been pursuing three medium-and-long-term environmental targets to be achieved by fiscal 2020. The Group achieved two of the three goals well in advance of their deadline and readjusted those targets into more ambitious values in fiscal 2016. We commend Toppan for its determination to keep up the progress in setting targets.

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	22	Number of retired employees; number of reemployed employees
	23	Number of female managerial and supervisory staff
		Number of employees with disabilities; percentage of employees with disabilities
Labor Practices	25	Number of Recruits
		Number of Personnel
		Reasons for Leaving
		Average Annual Salary
		Annual Paid Leave Used
	26	Employees Taking Maternity or Childcare Leave
		Number of employees who participated in the Toppan Business School
		Number of employees who learned in basic, Group-wide education programs via the e-learning system
	27	Number of employees deployed overseas under the trainee system to acquire practical training in overseas businesses
		Number of employees who participated in selective training on global business
Fair Operating Practices	28	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
	30	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 in group sessions or via the e-learning system on export controls under the Foreign Exchange and Foreign Trade Act of Japan
		Number of business partners surveyed to verify the legality of lumber used for paper production
The Environment	38	Number of employees who participated in training sessions for internal auditors
		Number of operational sites audited for their packaging operations using the quality audit checklist
	39	Number of systems that received management system audits; number of operational sites that received internal environmental audits
		Environmental target values and results for fiscal 2016
	40	Scope 1-3 Greenhouse Gas Emissions
		Energy consumption per unit of transport volume; CO ₂ emissions from transport
	41	Major Types of Environmental Burden by Business Field in Japan (INPUT/OUTPUT data)
		CO ₂ Emissions
	42	Number of production sites that recorded levels exceeding applicable regulatory standards
		Number of complaints from communities around Toppan sites
	43	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		
44	Purification of Soil and Groundwater Pollution	
	Number of approved and registered environmentally friendly products	
		Total sales of environment-related businesses

Some data in the *Toppan CSR Report 2017: 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 46 for the period from April 1, 2016 to March 31, 2017 (the “Indicators”) included in its CSR Report 2017 and CSR Report 2017: Detailed Data disclosed on the Company’s website (collectively, the “Report”) for the fiscal year ended March 31, 2017, 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 Gunma Central Plant of Toppan Package 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

November 10, 2017

Sustainable Development Goals

One hundred and ninety-three countries gathered for the United Nations (UN) Sustainable Development Summit at the UN General Assembly held in September 2015 unanimously adopted “Transforming our World: the 2030 Agenda for Sustainable Development.” The Sustainable Development Goals (SDGs) are set under the 2030 Agenda, an action plan for people, planet, and prosperity. The SDGs encompass 17 goals and 169 targets on social issues for the international

community to commit to achieving by 2030. Companies are expected to contribute to the 15-year SDGs through their corporate activities and business enterprises in collaborative partnerships with various other stakeholders.

Toppan is addressing the SDGs as inclusive targets for initiatives to fulfill its corporate responsibilities as a social benefactor committed to helping solve pressing challenges for global sustainable development.

SUSTAINABLE DEVELOPMENT GOALS





17 GOALS TO TRANSFORM OUR WORLD



- Goal 1** End poverty in all its forms everywhere
- Goal 2** End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3** Ensure healthy lives and promote well-being for all at all ages
- Goal 4** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5** Achieve gender equality and empower all women and girls
- Goal 6** Ensure availability and sustainable management of water and sanitation for all
- Goal 7** Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10** Reduce inequality within and among countries
- Goal 11** Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12** Ensure sustainable consumption and production patterns
- Goal 13** Take urgent action to combat climate change and its impacts
- Goal 14** Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 16** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17** Strengthen the means of implementation and revitalize the global partnership for sustainable development

Labels

*Every label shown here is a sample.

Name	Logo	Meaning	Management Organization
Logo for Green Purchasing Network Printing Services		A Green Purchasing Network (GPN) member or a company engaged in green purchasing in compliance with GPN's Ordering Guidelines for Printing Services	Green Purchasing Network of Japan http://www.gpn.jp/english/index.html
FSC® trademark (Forest Management certification system)		A product (wood product, paper, etc.) made from lumber, etc. harvested from responsibly managed forests	Forest Stewardship Council® www.fsc.org
Logo for Gold Standard credits		Internationally recognized carbon offset credits provided by the Gold Standard Foundation*. Available to institutions as a mechanism for contributing to climate security and sustainable development on a high level in association with the UN Sustainable Development Goals (SDGs) *An organization established in 2003 by the World Wide Fund for Nature (WWF) and operated with more than 80 NGO supporters as of 2017	The Gold Standard Foundation's headquarters https://www.goldstandard.org/
CUD logo		A printed material, product, etc. recognized by the Color Universal Design Organization as a creation that conforms with color universal design principles incorporating eye-friendly displays in consideration of as many different types of people as possible, regardless of individual differences in color perception	Color Universal Design Organization http://www2.cudo.jp/wp/?page_id=1936



Toppan's environmental logo



Toppan has offset greenhouse gas emissions associated with the entire life cycle of this brochure through an SDG-linked credit (originating from power generation using FSC-certified wood chips in Brazil) provided by the Gold Standard Foundation under the United Nations (UN) Clean Development Mechanism.



We practice Green Purchasing of printing services. PS17-0012

