

Special Report 3: Evolution of Activities Focused on the TCFD

Toppan recognizes the scale of climate change's impact on the Group's business. We view analyzing climate change risks and opportunities and taking countermeasures to be vital management issues. We announced our support for the recommendations of the TCFD in 2019, starting scenario analysis in accordance with the recommendations in fiscal 2020 and disclosing related information in fiscal 2021.

Based on issues identified in fiscal 2020, relevant business divisions also participated in fiscal 2021, stimulating discussions to enhance the accuracy of analysis and countermeasures. The results have been disclosed in line with the four thematic areas of the TCFD recommendations. Details can be found on page 30.

About the TCFD



The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to enhance disclosure of climate-related information in financial reporting. Companies are expected to recognize and incorporate climate change risks and opportunities into their management strategies, and disclosed information is referenced for ESG investing.

Issues Identified in Fiscal 2020 Scenario Analysis

1. Expanding scope

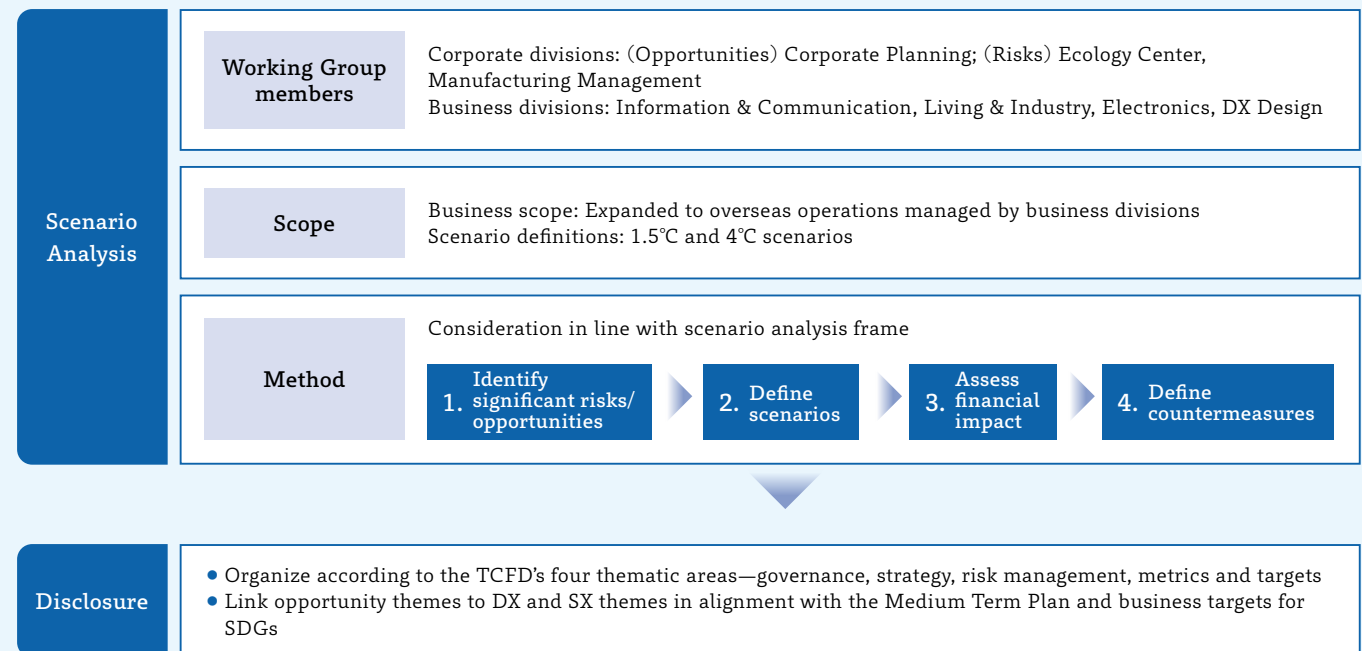
Climate change risks in overseas business need to be monitored as we expand globally.

2. Enhancing content of opportunities

- Enhance content based on characteristics of the business and link to the Medium Term Plan in financial impact assessment
- Raise the accuracy of financial impact assessment and countermeasures

Fiscal 2021 Scenario Analysis and Disclosure

Business divisions participated in our TCFD Working Group to ensure a scenario analysis that reflects the characteristics of the business.



Interview

Taking a fresh look at Toppan from multiple perspectives

To address the challenge of giving shape to business opportunities, we performed scenario analysis again in fiscal 2021 with a working team including staff from business divisions. Our discussions on the impact climate change will have on the business environment went beyond the boundaries of business divisions. We identified opportunities to exploit Toppan's strengths, organizing them systematically and linking them to the Medium Term Plan. It was a chance to reassess Toppan's distinctive characteristics and the challenges we need to address from multiple perspectives. Going forward, we will enhance collaboration across the Group, reexamine analyses as the environment changes, and work to realize opportunities.



Gaku Satomi
Junior Manager
Corporate Strategy
Department
Corporate Planning Division

Interview

More precise analysis and assessment

With the IPCC's Sixth Assessment Report stating there is no doubt that global warming is human-induced, and agreement being reached on the 1.5°C target at COP26, we reviewed the 1.5°C and 4°C scenarios for climate change risks to reflect the acceleration of mitigation initiatives. For transition risks, we applied a new scenario to reassess and calculate carbon pricing and other financial impacts under the expanded scope. BCP and facilities personnel joined us for assessment of physical risks. We were able to conduct a more precise financial impact assessment than last year by reviewing sites that could be damaged and going through potential damage point by point. We will continue to work to enhance resilience to climate change risks.



Hiroshi Asakawa
General Manager
Global Environmental Policy
Department
Ecology Center
Manufacturing Management
Division

Takeaways from Scenario Analysis Discussions

In the words of leaders from business divisions who joined the working group in fiscal 2021.

Information & Communication



Driving commitment to targets based on forecasts for the future

Yoshiyuki Nishikawa
Manager
Business Transformation Office and
SDGs UNIT Promotion Project
Business Strategy Department
Information & Communication Division
(Current position: Manager, Group
Management Strategy Office)

The most challenging part of scenario analysis was plotting the business risks, which are extensions of the present, against the opportunities that are part of the strategy to address the risks. Our business division will have to continue extensive discussions on this.

We had to rely on qualitative information for forecasts, and it was difficult to assess their appropriateness because it depended largely on each person's own sensitivity to changes in the environment. The challenge now will be to set quantitative targets based on the forecasts and drive commitment to them, so we need to keep working on it.

Environmentally Friendly Products and Services

Our division is working to enhance ethical sales promotion offerings. We plan, design, and pitch sales promotion tools based on Toppan's guidelines for environmentally friendly products, which cover material selection, printing, processing, packing, use, disposal, and recycling. We also hold supplier workshops to inform subcontractors of the guidelines.

We are advancing a range of activities for a circular economy with other Toppan divisions, customers, and our external partners.

Living & Industry



Addressing the TCFD aligns with the key theme for our business

Kenji Shinohara

General Manager
Sales Planning 1
Business Strategy Department
Living & Industry Division

The fundamental policy for the Living & Industry business going forward is to provide solutions to social issues through sustainable transformation from a global perspective. The TCFD advocates disclosure of business risks and opportunities brought by global warming and other aspects of climate change. Addressing this aligns with the key theme for our business. The business opportunities also line up with the Medium Term Plan. This process has allowed us to understand the importance of the TCFD in relation to our business.

Our packaging business is divided into various types, such as flexible packaging, folding cartons, and rigid plastics. The opportunities and risks of each business line can sometimes conflict with respect to TCFD-related impacts, so the process has reemphasized the importance of optimizing business mix and portfolio when looking at packaging as a whole.

Environmentally Friendly Products and Services

Demand for more readily recyclable mono-material packaging is growing globally to drive a circular economy.* Toppan's GL BARRIER film delivers world-class moisture barrier performance. We have a lineup using various materials and will accelerate development of mono-material barrier packaging for all kinds of products and contents.

*Many types of film packaging consist of multiple materials that fulfill different roles. Mono-material packaging is composed of film of a single material, enabling significant improvement in recyclability by eliminating the need for separation.

Electronics



Reassessing strengths and weaknesses within the context of climate change

Ryota Hosoya

Manager
Administration
Business Strategy Department
Electronics Division

Discussing the effects of rising temperatures furthered my understanding of the impact of climate change and prompted me to take ownership with a more focused sense of urgency. Assessing our activities in the context of climate change allowed me to reconfirm the strengths and weaknesses of each business.

In identifying opportunities and making quantitative assessments, it was difficult to pinpoint the extent of the impact of climate change. It was also challenging to estimate the impact for individual electronic components, which are the focus of what we supply.

We need to continue efforts to clarify risks and opportunities and conduct quantitative assessment taking into account factors other than climate change. I also think we should always be mindful of the impact our activities have on society and reflect that perspective in the products and solutions we create.

Environmentally Friendly Products and Services

e-Platch is a solution that uses ZETA networks and IoT technologies to monitor environmental conservation activities at factories. It can support efforts targeting zero emissions through services such as visualization of power consumption, which is in development.

