

Corporate Governance

Basic Approach

Approach

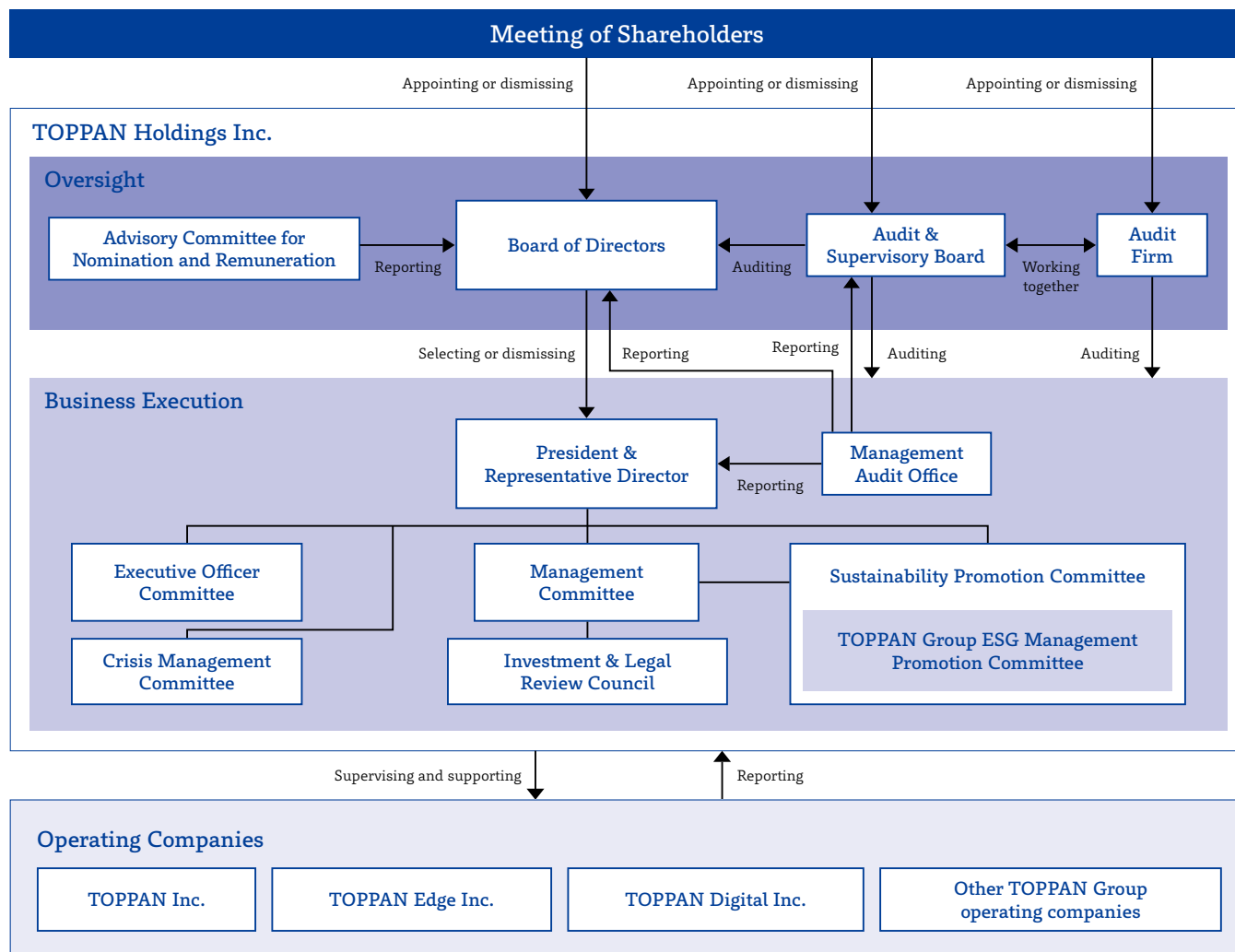
Reinforced corporate governance serves as an integral foundation to achieve sustainable growth and medium-to-long-term increases in our corporate value. We have formulated a Basic Policy on Corporate Governance to clarify our framework for corporate governance and basic governance approach based on a full understanding of the principles and aims of the Corporate Governance Code established by the Tokyo Stock Exchange (TSE). The basic policy was partially revised in June 2023 to further enhance corporate governance within the TOPPAN Group based on our efforts focused on diversity & inclusion and the SDGs.

We consolidate management under the Related Company Administration Regulations prescribed for the advancement of fair management within the Group. We promote governance aimed at maximizing the value of the entire Group through this approach.

More details on the Basic Policy on Corporate Governance >

https://www.holdings.toppan.com/library/english/ir/files/pdf/2023/corporate_governance_policy_en.pdf

Corporate Governance Structure of TOPPAN Holdings Inc. (as of October 1, 2023)



Promotion Framework at Toppan Inc.

(as of June 29, 2023)

Promotion framework

The governance structure of Toppan Inc. employs an Audit & Supervisory Board. As a body entrusted by shareholders, the Board of Directors strives to achieve sustainable growth and a medium-to-long-term increase in corporate value while making important managerial decisions and overseeing the execution of directors' duties.

An Audit & Supervisory Board composed of a majority of independent external members audits the execution of duties by directors from a position independent from management. An Advisory Committee for Nomination and Remuneration of directors has also been set up to enhance the objectivity and transparency of personnel affairs and remuneration of directors. The Company has adopted an executive officer system to clarify the authority and responsibilities of those in charge of business execution.

Management is consolidated under the Related Company Administration Regulations prescribed for fair management within the Group. The Company promotes governance aimed at maximizing the value of the entire Group.

The Basic Policy on Corporate Governance of Toppan Inc. formally adopted by the Board of Directors on November 26, 2015 clarifies the Company's approach to reinforcing corporate governance in ways that contribute to sustainable growth and medium-to-long-term enhancement of corporate value, based on the principles and aims of the Tokyo Stock Exchange's Corporate Governance Code. The basic policy was partially revised by the Board on June 22, 2023.

Directors, Board of Directors, and Various Meetings

The Articles of Incorporation of Toppan Inc. stipulate that the

directors shall number no more than 15 and that resolutions for the appointment of directors shall be adopted by a majority of the votes of attending shareholders who hold one-third or more of the voting rights of the shareholders authorized to vote.

The Board of Directors comprises six internal directors and three independent external directors (as of June 29, 2023). Based on a resolution adopted by the Board on April 27, 2016, the Company introduced an executive officer system to establish a flexible management framework that responds rapidly and precisely to shifts in the business environment. This system also aims to further clarify the authority and responsibilities of officers who execute duties. In addition to the executive officers concurrently serving as directors, another 35 executive officers not serving as directors are now engaged.

Ordinary Board meetings are basically held monthly to make decisions in accordance with the Regulations of the Board of Directors, receive reports from directors, and supervise their business execution. Besides ordinary meetings, the Board holds extraordinary meetings as required when urgent matters arise. Eighteen Board meetings were held in fiscal 2022.

In fiscal 2022 the Board discussed various Group management issues, priority issues in core businesses, and matters related to important business execution. Two key topics were the transition to a holding company structure planned for October 2023 and the New Medium Term Plan taking effect from fiscal 2023. To enhance commitment to sustainability, a separately established Sustainability Promotion Committee discusses relevant issues while the Board makes resolutions on key indicators for sustainability initiatives. The Board also deliberates resolutions on matters stipulated by laws and regulations and the Articles of Incorporation, receives reports on legislative matters and the execution of important businesses, and strictly supervises the execution of officers' duties.

Especially important managerial matters to be presented to the Board are deliberated beforehand by the Management

Committee, a body made up of directors and several other officers nominated by the President & Representative Director. The committee makes certain decisions by prioritizing managerial efficiency in business decision-making. Twenty-three committee meetings were held in fiscal 2022.

Audit & Supervisory Board and Board Members

Toppan Inc. has five audit & supervisory board members, including three independent external members. Based on the audit standards set by the Audit & Supervisory Board, audit & supervisory board members attend meetings of the Board of Directors, the Management Committee, the Investment & Legal Review Council, and other important meetings. They also attend executive and other business-division-based meetings. They exchange opinions with representative directors, receive reports from directors and officers on the execution of their duties, view approval and other important documents, and request business reports from consolidated subsidiaries. Through audits conducted mainly by those methods, the audit & supervisory board members oversee and audit management.

Full-time audit & supervisory board members, meanwhile, examine the execution of domestic and overseas businesses by attending business-division executive meetings and visiting research facilities, plants, and sales offices to interview Group personnel. In fiscal 2022 they arranged a series of remote audits, along with their routine site visits. Regular meetings of audit & supervisory boards from Group companies are also convened for the exchange of information and opinions on Group governance and the operational status of management, primarily internal control.

Audit & supervisory board meetings are basically held monthly and extraordinary meetings are held whenever necessary. The Audit & Supervisory Board determines audit plans and the division of audit duties, receives audit reports

from board members, asks directors, executive officers, internal auditors, and audit firms to report on the execution of their duties, and requests explanations on reports as needed. Sixteen board meetings were held in fiscal 2022.

The priority audit matters in fiscal 2022 are listed below.

- Growth of focused businesses such as DX, SX, and BPO
- Audits of subsidiaries and interviews with CEOs of overseas subsidiaries
- Progress of initiatives promoted by the TOPPAN Group ESG Management Promotion Committee (progress confirmed by attending the committee meetings)
- Reports on internal control over financial reporting
- Development and operation of a timely disclosure system

Internal Audits

Toppan Inc. has established a Management Audit Office independently from its business departments to enhance the soundness of management. The office audits the management and operations of operational sites and plants, including those of consolidated subsidiaries.

Twenty-two personnel in the office engage in audits, as of March 31, 2023. In the management audits, they verify and evaluate the consistency of management processes with management goals and confirm whether necessary-and-sufficient risk control is implemented. In the operation audits, they verify and evaluate the mechanisms for the prevention of misconduct and for compliance with relevant laws, regulations, and in-house rules. They also confirm whether business operations are carried out efficiently and accurately. Based on the operation audit results, the office makes recommendations for improvement whenever necessary. The results of the management and operation audits are reported directly to representative directors, the Board of Directors, the Audit & Supervisory Board, and the relevant directors in Group companies.

Composition, Authority, and Role of the Advisory Committee

Toppan Inc. established an Advisory Committee for Nomination and Remuneration of directors, pursuant to a resolution of the Board of Directors on May 26, 2016. This committee seeks to further enhance the transparency and objectivity of decisions and decision-making processes related to the nomination and remuneration of directors. The committee includes external directors who meet the Independence Standards for External Officers and who outnumber the total number of internal directors and audit & supervisory board members serving beside them. As of June 29, 2023, the advisory committee consists of the following members.

Shingo Kaneko	Chairman & Representative Director
Hideharu Maro	President & Representative Director
Yoshinobu Noma	Director (external)
Ryoko Toyama	Director (external)
Mieko Nakabayashi	Director (external)
Keiko Kakiuchi	Audit & Supervisory Board Member (external)

The advisory committee deliberates on the Company's drafts for the nomination and remuneration of directors, submits reports to the President & Representative Director, and discusses the following matters.

- 1) The nomination and dismissal of directors
- 2) Remuneration and the like for individual directors
- 3) Basic policies, rules, standards, etc. necessary for the deliberation of 1) and 2)
- 4) Other matters the Board of Directors has asked it to deliberate

The committee convened for meetings twice in fiscal 2022. It discussed the composition of the directors and audit &

supervisory board members after June 2022 by reviewing personal histories of the candidates and the reasons for their selection. Remuneration amounts for officers were also reviewed by referring primarily to performance evaluations of the businesses they have overseen.

External Directors

The appointment of external directors and audit & supervisory board members with a high degree of independence from the Board of Directors is critical for sound governance. From this viewpoint, three external directors and three external audit & supervisory board members who are sufficiently independent from the Board are appointed. Toppan Inc. has confirmed that none of the external directors or audit & supervisory board members are major shareholders or stakeholders of the Company, receive monetary amounts or other assets from the Company apart from their remuneration as officers, or bear any responsibility for the execution of the operations of any of the Company's major business partners.

The Company clarified its standards for assessing the independence of external directors and audit & supervisory board members by establishing a set of Independence Standards for External Officers through a resolution of the Board of Directors on November 26, 2015. The Company assesses independence based on these standards, in addition to the standards of the Tokyo Stock Exchange (TSE). Details on the independence standards are available on the corporate website. The Company's external directors (Yoshinobu Noma, Ryoko Toyama, and Mieko Nakabayashi) and external audit & supervisory board members (Keiko Kakiuchi, Haruo Kasama, and Teruhiko Kawato) are independent officers pursuant to the TSE standards.

A support system for external officers has also been established. The external directors exchange information and

opinions with other directors, as required, while the president's office provides them with necessary information from both inside and outside of the Company. The external audit & supervisory board members receive internal and external information from other audit & supervisory board members and dedicated personnel working under them, as required, and share information and exchange opinions with other members.

Overall Balance of the Board of Directors

Toppan Inc. selects Board candidates who have experience and insight as businesspeople, have expertise that enhances the corporate value of the Group, and are able to fulfill their fiduciary responsibilities to shareholders as directors. Diversity factors such as their ages, genders, and nationalities are also considered. The number of directors serving on the Board is necessary and sufficient to form a structure that makes each director responsible for corporate management. A matrix listing the skills of the respective directors is shown on the right.

Concurrent Executive Positions in Other Companies

The concurrent executive positions held in other listed companies by directors and audit & supervisory board members are presented in business reports, reference documents for shareholder meetings, etc.

Directors and Audit & Supervisory Board Members at Toppan Inc. (as of June 29, 2023)

Directors: 9 (7 men, 2 women)


Audit & supervisory board members: 5 (4 men, 1 woman)

Name	Current Position	Independence	First Year*	Tenure in Years*	Attendance at Board of Directors Meetings (Fiscal 2022)	No. of Company Shares Held (thousands)	Expertise / Experience									
							Corporate Management	Finance/Accounting	Sales/Marketing	Internationality	Personnel/Labor Relations	Environmental/Social	Legal Affairs/Risk Management	Digital/IT	Manufacturing	Knowledge of Other Companies
Shingo Kaneko	Chairman & Representative Director		2003	20	18/18	125	●		●			●		●		●
Hideharu Maro	President & Representative Director		2009	14	18/18	73	●		●	●				●	●	
Kazunori Sakai	Executive Vice President & Representative Director		2019	4	18/18	29	●		●	●	●		●	●		
Masanori Saito	Director & Senior Managing Executive Officer		2023	–	Assumed office on June 29, 2023	25	●		●					●		
Takashi Kurobe	Director & Managing Executive Officer		2018	5	18/18	17	●	●		●						
Hideki Soeda	Director		2023	–	Assumed office on June 29, 2023	4	●		●					●		
Yoshinobu Noma	Director (external)	✓	2010	13	17/18	34	●	●	●							●
Ryoko Toyama	Director (external)	✓	2016	7	18/18	–	●		●	●						●
Mieko Nakabayashi	Director (external)	✓	2020	3	17/18	–		●		●		●	●			
Masatoshi Hagiwara	Senior Audit & Supervisory Board Member		2022	1	14/14	10	●				●					
Itaru Kubozono	Audit & Supervisory Board Member		2019	4	18/18	6	●	●								
Keiko Kakiuchi	Audit & Supervisory Board Member (external)	✓	2016	7	18/18	–						●	●			●
Haruo Kasama	Audit & Supervisory Board Member (external)	✓	2018	5	18/18	–						●	●			●
Teruhiko Kawato	Audit & Supervisory Board Member (external)	✓	2022	1	14/14	–		●				●	●			

*As a director or an audit & supervisory board member

Average tenure in years	6
Percentage of female officers	21.43%
Average attendance rate	99.16%

The composition of the Board of Directors and Audit & Supervisory Board of TOPPAN Holdings Inc. is the same as that of Toppan Inc. after the annual general meeting of shareholders held on June 29, 2023.

 New Management Structure after the Transition to a Holding Company Structure (in Japanese) >

https://www.holdings.toppan.com/ja/news/2023/06/newsrelease230629_1.html

Remuneration Paid to Directors and Audit & Supervisory Board Members at Toppan Inc. (as of June 29, 2023)

Please see the section covering corporate governance in the securities report (in Japanese) for details on the method used to determine remunerations and other remuneration-related information.

[More details on the 177th securities report \(in Japanese\) >](https://ssl4.eir-parts.net/doc/7911/yuho_pdf/S100R83D/00.pdf)
https://ssl4.eir-parts.net/doc/7911/yuho_pdf/S100R83D/00.pdf

Administration of the Board of Directors at Toppan Inc. (as of June 29, 2023)

Evaluating the Effectiveness of the Board of Directors

To ensure that the Board of Directors executes duties appropriately and effectively, the Basic Policy on Corporate Governance calls for an annual analysis and evaluation of the effectiveness of the Board and the disclosure of a summary of results. Toppan Inc. surveyed, analyzed, and evaluated the effectiveness of the Board in March 2023. A summary of the results follows below. Starting from fiscal 2022, the Company has been asking an external organization to design, analyze, and evaluate the questionnaire in order to secure objectivity in the analysis and evaluation.

1. Evaluation method

The Company surveyed and received responses from all nine directors and five audit & supervisory board members to verify issues that are deemed to be significant to the Board of Directors in its work to fulfill its roles and responsibilities. The issues

verified include the composition and operation of the Board and the process of deliberating on corporate strategies. The survey also checked the governance structure expected in the current market environment and the involvement of the Board in sustainability initiatives.

2. Summary of evaluation results

As a result of the analysis and evaluation, the Board of Directors was judged to be functioning effectively. The positive rating was mainly based on the appropriate ratio of independent external directors participating in discussions and the readiness of the Board to address sustainability issues.

The analysis, on the other hand, determined that the effectiveness of the Board would need to improve in the lead-up to the transition to a holding company structure planned for October 2023. The Board would have to deliberate on the roles it should play during the transition period and design an effective method for selecting its agenda. Meanwhile, enhanced monitoring of the Groupwide risk management structure was confirmed to be an effective means to further globalize Group operations towards sustainable growth.

The Board strives to enhance the effectiveness of its function based on these reviews.

Training for Directors and Audit & Supervisory Board Members

Toppan Inc. has systematically organized regular training for directors on the approaches to be taken in addressing managerial issues. The directors hone their management skills through frank dialogue. New director candidates also receive training focused on managerial issues, financial knowledge, the legal responsibilities of directors, and related rules and regulations. Audit & supervisory board members, meanwhile, are working to understand the characteristics of the business

and expand their auditing functions by gathering information and visiting operational sites and participating in training courses held by external organizations.

Succession Planning

Based on the management philosophy and management strategy, the Board of Directors judges that the selection of the President & Representative Director, executives, and other senior managers and the strategies to be adopted for successor development are integral decisions for the sustainable growth of the Group and medium-to-long term enhancement of corporate value. The Board has been implementing a succession plan with the following objectives.

Objectives of succession planning:

- Maintaining and enhancing organizational competitiveness by systematically developing human assets assigned to important posts (posts requiring personnel with considerable experience and abilities)
- Pooling leadership candidates to swiftly allocate human assets who can address shifts in the business environment
- Promptly appointing successors when important posts are vacated due to unforeseen circumstances
- Enhancing the awareness of senior managers regarding the development of successors
- Formulating and implementing concrete succession plans in alignment with TSE's Corporate Governance Code, and integrating those plans with the Company's initiatives to strengthen governance

Through these initiatives, we will work to achieve sustainable corporate growth and management stability.