

Strict Compliance

Basic Approach

Approach

Legal compliance in business operations is an indispensable condition that every corporation must satisfy to fulfill its responsibilities to society. The TOPPAN Group firmly believes that every person working in the Group must fully recognize the importance of compliance, make proper judgments, and act with integrity under high ethical standards by respecting laws, regulations, in-house rules, social norms, and other standards of conduct.

Risks related to compliance increase as we globalize our business and intensify our operations beyond borders.

In 2000 we established a set of Conduct Guidelines based on the Corporate Philosophy and Corporate Creed. The guidelines were, and continue to be, a collection of fundamental provisions that set out the basic concepts and behavioral norms for employees to follow in accordance with corporate ethics and the principles of legal compliance. Ten years later, in response to shifts in business environments and social conditions, we completely revised the guidelines into the TOPPAN Group Conduct Guidelines, a set of principles that all Group companies around the world are required to observe. A second full-fledged revision of the guidelines took place in April 2021, based on a comprehensive review conducted in 2020. The latest Basic Principles in the guidelines call upon Group employees “(to) achieve a sustainable society” and strive for “personnel diversity,” a “rewarding work environment,” and other sustainability requirements. The latest guidelines will guide accelerated efforts to address the material issues propounded in the *TOPPAN SDGs STATEMENT*, and observance of them will

help shape a sustainable society.

[More details on the TOPPAN Group Conduct Guidelines](#) >

<https://www.holdings.toppan.com/en/group/conduct-guidelines.html>

Compliance Promotion Structure

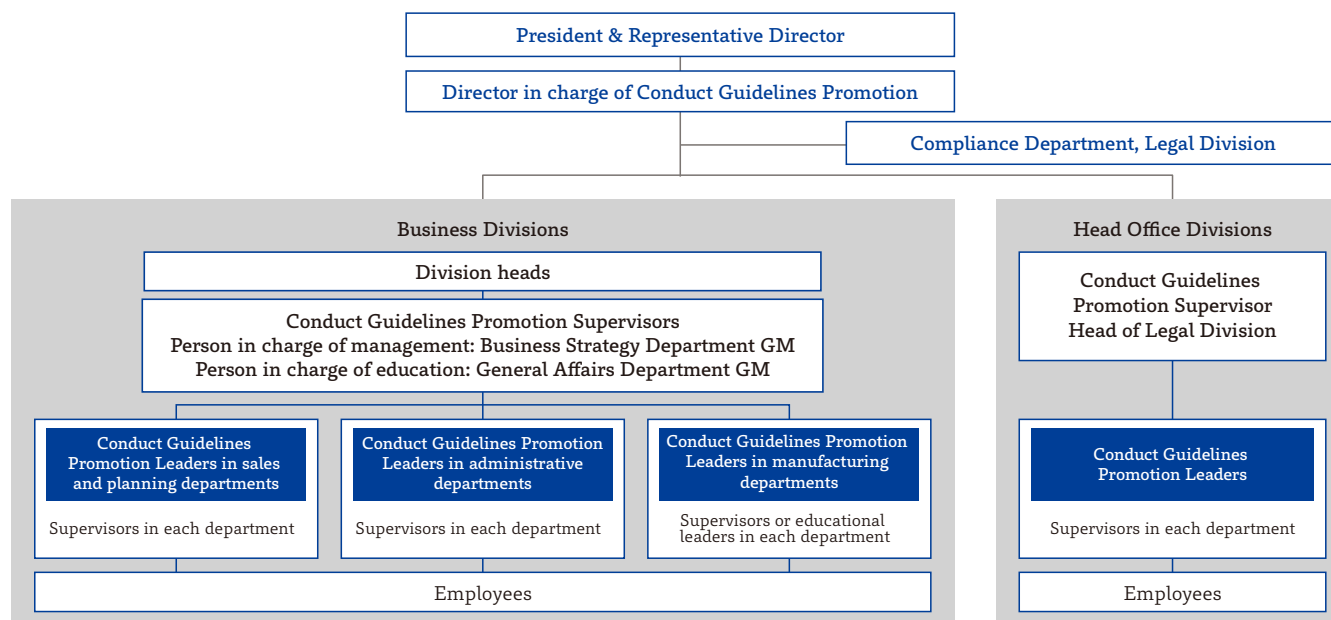
Promotion framework

The TOPPAN Group Conduct Guidelines have been formed as a set of basic rules to be fully observed by employees to ensure

the legality of the execution of job duties. The Compliance Department set up under the Legal Division coordinates with the legal departments and other related sections of our subsidiaries to secure legal compliance and establish corporate ethics across the Group. A Conduct Guidelines Promotion Leader (“Leader”) system supports guideline compliance in workplaces in the Group. Leaders appointed under the system work to enforce guideline compliance in daily operations under the Director in charge of Conduct Guidelines Promotion.

Specifically, the Director in charge of Conduct Guidelines Promotion (Executive Vice President & Representative Director)

Structure to Promote the Conduct Guidelines



heads the Leader system and supervises compliance promotion activities. The Leaders appointed at workplaces arrange training programs at their sites and report locally arising questions and consultations to the Director in charge of Conduct Guidelines Promotion via administration offices.

Disciplinary provisions in our employment rules, meanwhile, stipulate disciplinary actions for serious violations of laws, regulations, the Conduct Guidelines, and other in-house rules. Our personnel performance evaluations and evaluations for bonuses and annual salary revisions also weight criteria focused on legal compliance, corporate ethics, and environmental protection, to better ensure that our social obligations are optimally fulfilled.

Conduct Guidelines Promotion Leaders

Seven hundred and seventeen Leaders were newly deployed across the Group in fiscal 2022, including 124 women (17.3% of the Leaders). A cumulative total of 12,562 employees have worked as Leaders since the system was launched in fiscal 2004.

	No. of Newly Deployed Leaders	No. of Female Leaders Deployed (percentage)	Cumulative Total No. of Leaders
Fiscal 2019	688	87 (12.6%)	10,420
Fiscal 2020	712	98 (13.8%)	11,132
Fiscal 2021	713	115 (16.1%)	11,845
Fiscal 2022	717	124 (17.3%)	12,562

Compliance Training

Training, education

Group training sessions for Conduct Guidelines Promotion Leaders (“Leaders”) are organized every year. We devise ways to

enhance the effectiveness of training sessions through activities such as group discussions using case methods describing actual incidents. Thirty-eight online training sessions for 1,150 Leaders were held across the Group in Japan in fiscal 2022.

Employees who wish to get a better understanding of the Conduct Guidelines can read through the *Conduct Guidelines Casebook*, which is especially useful for employees who have doubts or wish to receive guidance on handling daily operations. We reviewed and revised the *Casebook* on April 1, 2022.

The latest casebook responds to shifts in social conditions, legislative amendments, and other circumstances surrounding the Group by consolidating and modifying cases presented in the earlier edition while adding new cases associated with emerging risks in general or in our recent business operations. The Compliance Department in the Legal Division, meanwhile, posts monthly *Conduct Guideline Notifications* on topics relevant to the guidelines at workplaces to ensure strict compliance under the Leaders. We have also been holding seminars, producing posters, and implementing other compliance promotion activities to secure full observance of the guidelines among Group employees.

We have applied the TOPPAN Group Conduct Guidelines to overseas subsidiaries and held briefing sessions to disseminate the guidelines and promote strict compliance globally.

Main Revisions in the *Conduct Guidelines Casebook*

● Cases involving human rights

Added human rights cases to alert employees to potential problems involving privacy invasion (one of the six forms of “abuse of authority” designated by the Japanese Ministry of Health, Labour and Welfare), child labor, forced labor, and other global human-rights abuses.

● Cases involving anti-collusion measures

Added bid-rigging cases to present key points on proper bidding, as we are winning more contracts for public work projects.

● Cases involving sustainable procurement

Added cases involving sustainable procurement focused on transactions with suppliers and subcontractors, as society requires us to fulfill our corporate responsibilities throughout the entire supply chain.

● Cases involving quality

Added cases involving falsified quality results linked to products and services, as conspicuous instances are emerging. Clearly indicated that falsified quality results can incite claims of contract violation and damage our social credibility.

● Cases involving diversity & inclusion

Added cases that deepen employee understanding of diversity and inclusion in the workplace in accordance with “promoting diversity and inclusion,” a basic principle added to our Conduct Guidelines in the 2021 revisions.

● Cases involving intellectual property rights

Substantially revised the existing cases involving intellectual property in order to cover trademark rights, design rights, and the steps we are taking to file more patent applications for technologies and business models with a view to “securing and using intellectual property” as stated in the Conduct Guidelines.

● Cases involving BCP

Added cases involving earthquake preparations and actions to be taken when a quake strikes, in order to minimize damage to our business activities in the event of an earthquake striking directly beneath the Tokyo metropolitan area or occurring on the Nankai Trough, an ocean-floor trench off the coast spreading from Shizuoka to Kyushu, Japan.

● Cases involving cyber security

Called attention to the risk of business email compromise

(BEC) and required employees to use a “suspicious-email report form” on our internal website to report fraudulent email messages as soon as they are detected. These safeguards have high priority, as a surge of BEC incidents and other cyber-attacks against corporations have been causing considerable damage.

Compliance in Fiscal 2022

We have not been involved in any serious incidents or violations of laws or regulations in the course of business in fiscal 2022.

Anti-Corruption Initiatives

Policy **Activity results, performance data**

We have been undertaking various anti-corruption initiatives in conformance with the anti-corruption principles set out by the United Nations Global Compact. The TOPPAN Group Conduct Guidelines affirm wide-ranging principles on corruption prevention, such as the “prohibition of bribery and inappropriate entertainment practices,” “prohibition of receipt or provision for personal gain or rebate,” “prohibition of illegal political contributions or donations,” and “prohibition of collusion and cartels.”

To better combat bribery, we established a set of anti-bribery rules and guidelines in March 2017 and formulated an anti-bribery framework led by the Director in charge of the Legal Division as the chief anti-bribery manager. For more intensive anti-bribery control, we launched a system requiring pre-authorization for the offering of any entertainment or gifts to a public official or the like. An FAQ describing specific cases of bribery was issued in April 2018 to further heighten employee awareness and call strict attention to compliance-related issues. As a basic rule, employees are prohibited from making “small

facilitation payments” (payments to facilitate or expedite routine governmental services such as visa issuance or customs clearance) to public officials.

Illegal contributions and funding provision are also comprehensively prohibited throughout the Group. Any form of association or contact with anti-social forces, for example, is clearly prohibited in the TOPPAN Group Conduct Guidelines and the Guidelines on Dealing with Anti-social Forces. No cases of inappropriate entertainment or gifts to public officials or the like were identified in fiscal 2022.

In training sessions organized each year for candidates for overseas assignments, trainees learn reinforced strategies to combat bribery in the commercial and public sectors and become familiar with the pre-authorization system. Twenty-six employees attended six sessions in Japan in fiscal 2022.

We have also been formulating anti-bribery rules for overseas affiliates across the Group. Rules of this type were established at Group affiliates in Shanghai, China in fiscal 2021. Briefing sessions were held for Shanghai-based employees in fiscal 2022.

We continue to win more contracts with national and local governments. To ensure proper compliance and conduct, we held a series of training sessions on antimonopoly legislation in fiscal 2022. A total of 1,597 persons, primarily from related companies, attended the sessions.

Political Contributions and Other Expenditures

(million yen)

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Lobbying activities	0	0	0	0
Expenditures for political activities and payments to political groups	7.9	7.7	7.6	7.8
Expenditures to industry groups and others	21.3	21.5	21.9	22.0
Other (expenditures related to proposed voting legislation and national referendums)	0	0	0	0
Total	29.2	29.2	29.5	29.9

Training for Compliance with Transaction-related Legislation

Policy **Training, education**

To observe major transaction-related laws and regulations, we have been promoting compliance with the Subcontract Law of Japan and comprehensively preventing improper import and export transactions.

In fiscal 2022, a total of 2,644 employees from departments that customarily conduct transactions with subcontractors were trained on compliance with the subcontract law, and 10,336 employees took an e-learning course on export controls under the Foreign Exchange and Foreign Trade Act of Japan. We also audited compliance with the subcontract law in 62 departments and the observance of export controls in 35 departments.

The audits in fiscal 2022 confirmed conformance with these laws across the Group. No serious legal violations or cases of misconduct were identified, and no problems or incidents occurred in transactions with subcontractors or import or export transactions.

Internal Reporting System

System Activity results, performance data

When a person discovers a legal violation or improper conduct somewhere in the Group, the person is to report it to their superior for deliberation as a basic rule. If the problem is not resolved by their own department, the person is encouraged to call the TOPPAN Group Helpline, our internal reporting system.

The helpline is open for use by all officers and employees (including dispatched staff and part-time workers) at Group companies (excluding listed corporations). This system allows us to ensure strict compliance with the TOPPAN Group Conduct Guidelines by promptly identifying and properly dealing with legal violations and misconduct.

We revised the rules on reporting in November 2019 to encourage Group personnel to call the helpline by lowering the threshold for use. The revised rules stipulate the establishment of three portals to receive reports: a “corporate portal” and “audit & supervisory board member portal” operated in-house, and an “external portal” operated by legal consultants. The receiver has thus been changed from the President & Representative Director or Senior Audit & Supervisory Board Member to the three portals that have been in operation since April 1, 2020. The President & Representative Director currently serves as the chief manager of the helpline.

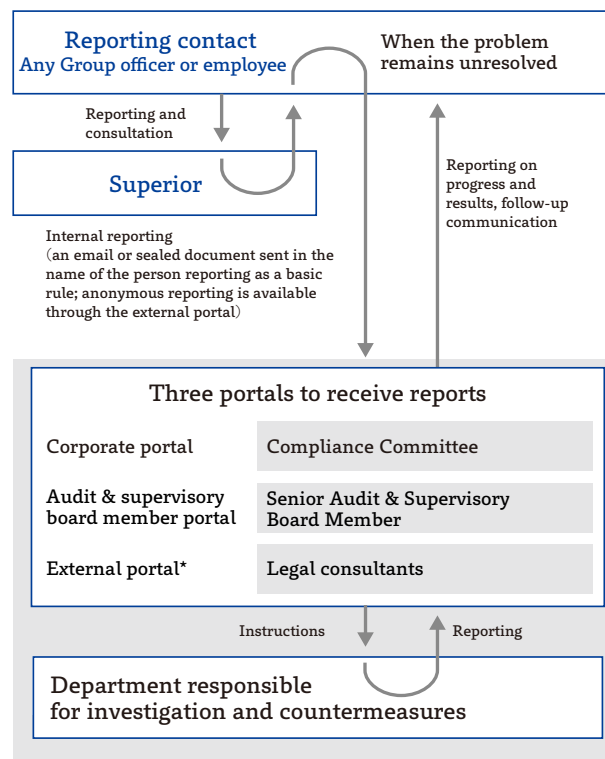
Our internal website, meanwhile, posts topics on the intent of the reporting system, system outlines, and precautions regarding calls placed to the helpline, along with other helpline information. We also hold rank-based training, training for new employees, and other types of training to inform Group personnel about the system.

Reporting rules were further revised in May 2022 to ensure compliance with the amended Whistleblower Protection Act enacted in Japan in June 2022.

Number of Internal Reports

The TOPPAN Group Helpline was used in 17 cases in fiscal 2022. No serious legal violations or cases of misconduct were reported. Twelve of the helpline reports were on harassment. In the remaining five cases, the reporting contact called for improvements in work processing. Every case was properly handled and followed up with necessary countermeasures to prevent recurrence.

TOPPAN Group Helpline



(as of October 1, 2023)

*The Compliance Committee investigates issues reported to the external portal and considers and formulates measures, etc. to handle them.