

# Message from an External Director

## The Direction for the TOPPAN Group's Sustainability Management Going Forward



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### Coherent Action Based on Global Collaboration

It is increasingly important for TOPPAN Group companies to work together on sustainability management. Investors are starting to demand effective ESG practices. Organizations composed of global institutional investors are changing their policies to focus on pressing companies to take concrete action. For example, international investors have launched the Climate Action 100+ (CA100+) initiative, which urges companies to accelerate decarbonization. More than 700 institutional investors participate, and there are also several funds focused on decarbonization. They will no doubt scrutinize not just verbal commitments, but also capital investment plans for decarbonization. Companies will need to demonstrate that their efforts are not just for show, so called greenwashing.

TOPPAN needs to see this as an opportunity, take the initiative in disclosing investment and other plans, and ensure policies are entrenched at entities overseas. From the perspective of governance, coordination between entities in Japan and overseas will be vital to ensure consistent sustainability management across the Group. It is not an easy mission, but with the transition to a holding company structure as the launchpad, there is value in taking on the challenge.

### Developing Human Assets to Drive Solutions in a Turbulent World

Companies must continuously transform to survive and grow. Efforts to drive DX and SX under the key concept of “Digital & Sustainable Transformation” embody TOPPAN's awareness of this need. TOPPAN has committed not just to transforming its portfolio and raising enterprise value, but also to leading solutions to social issues on a global scale.

The G7 Hiroshima Summit this year was a focus of attention due to its importance, and “economic security” was on the agenda for the first time. Agreement was also reached on the need for rules for generative AI. Growth of the digital sector is rapid, and the issue is directly related to national security. Although pressure on Russia and China was said to be aimed not at decoupling but at risk mitigation, it appears Japanese and American semiconductors are flowing into Russia via China and other countries, contributing to the continuation of the war. Supply chain restructuring is a critical issue, including addressing the Global South.

In this turbulent situation, the TOPPAN Group must secure and develop global human assets while keeping an eye on the world order based on the rule of law. To contribute as a company that leads the world, human asset development targeting true diversity is required.

### Contributing to Fulfillment and Happiness While Balancing Sustainability and Economic Activity

The world is at a historic watershed as it faces complex, interrelated issues, such as Russia's invasion of Ukraine and high inflation after the pandemic. This situation is known as VUCA (volatility, uncertainty, complexity, ambiguity), a concept that rapidly began to attract the business world's attention in the 2010s.

In a world of accelerating VUCA, the TOPPAN Group has devised its Purpose & Values and committed to management from a long-term perspective. Recent years have seen a backlash against the SDGs and a tendency to return to short-term thinking. However, financial statements are not enough to respond to capital markets wanting to know how resilient companies are over the long term. Long-term sustainability management could be rephrased as a company's ability to look ahead.

The TOPPAN Group needs to strike a balance between sustainability and economic activity, something filled with contradictions. It is important to build a consensus with stakeholders and civil society. Proactively disclosing non-financial information will be a driving force. The TOPPAN Group has a key role to play in enabling true fulfillment and happiness while demonstrating that they can go hand in hand with business.