

# Supply Chain Management

## Basic Approach

### Approach

We promote sustainable procurement throughout the entire supply chain based on our Purpose & Values, a philosophy shared across the Group. This supply-chain-wide initiative shaped by respect for human rights will satisfy the preconditions we are required to meet to fulfill our social responsibilities and support a sustainable society. The sustainable procurement also enhances corporate value for our suppliers and subcontractors (“business partners”), as well as TOPPAN.

Under the TOPPAN Group Sustainable Procurement Guidelines shared across the supply chain, we will accelerate this endeavor in cooperation with our partners through a cycle of operations, audits, and refinement.

## The Sustainable Procurement Guidelines

The TOPPAN Group Sustainable Procurement Guidelines consist of the Basic Procurement Policy, which is to be observed by every department responsible for procurement or involved in operations linked to products and services, and the Sustainable Procurement Standards, which are to be satisfied by our business partners.

The Sustainable Procurement Standards comprise nine sections: “legal compliance and respect for internationally recognized standards,” “human rights and labor,” “health and safety,” “environment,” “fair business and ethics,” “quality and safety,” “information security,” “business continuity planning,” and “establishing a management system.”

We strive for co-prosperity with business partners through sustainable procurement. Based on the TOPPAN Group Human

Rights Policy, the TOPPAN Group Environmental Policy, and the Declaration of Partnership Building, we respect human rights throughout the supply chain, conserve biodiversity, maintain good business practices with business partners, and provide the partners with advice and suggestions on their business continuity planning.

More details on the TOPPAN Group Sustainable Procurement Guidelines (Version 3.1) >

[https://www.holdings.toppan.com/assets/en/pdf/sustainability/TOPPAN\\_sustainable\\_E\\_3.1\\_20231120.pdf](https://www.holdings.toppan.com/assets/en/pdf/sustainability/TOPPAN_sustainable_E_3.1_20231120.pdf)

More details on the TOPPAN Group Human Rights Policy >

<https://www.holdings.toppan.com/en/about-us/our-corporate-approach/human-rights-policy.html>

More details on the TOPPAN Group Environmental Policy >

<https://www.holdings.toppan.com/en/sustainability/environment/>

More details on the Declaration of Partnership Building (in Japanese) >

[https://www.holdings.toppan.com/assets/ja/pdf/our-corporate-approach/toppan's\\_partnership.pdf](https://www.holdings.toppan.com/assets/ja/pdf/our-corporate-approach/toppan's_partnership.pdf)

## The Structure of the TOPPAN Group Sustainable Procurement Guidelines

### Basic Procurement Policy

This is a basic policy that applies to all workers involved in procurement activities at the TOPPAN Group.

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 sustainable procurement throughout the entire supply chain.

\*“Subcontractors” are referred to as “Business Partners” in these guidelines.

### Sustainable Procurement Standards

These are sections that set out requirements for suppliers and subcontractors\*.

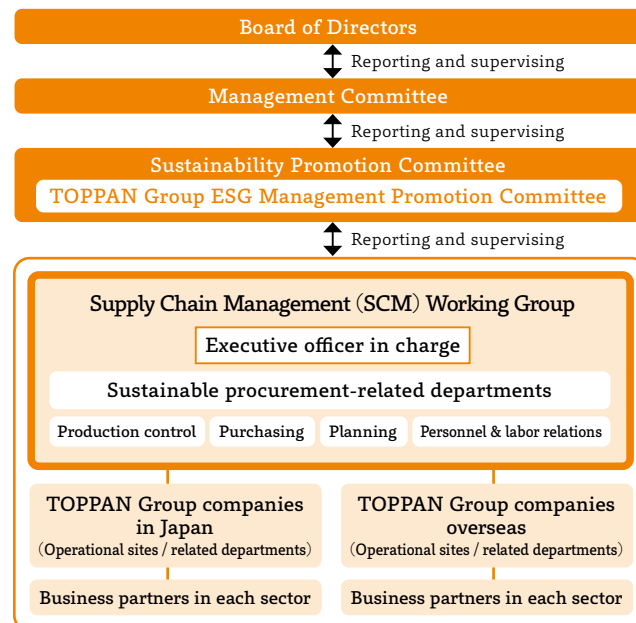
1. Legal Compliance and Respect for Internationally Recognized Standards
2. Human Rights and Labor
3. Health and Safety
4. Environment
5. Fair Business and Ethics
6. Quality and Safety
7. Information Security
8. Business Continuity Planning
9. Establishing a Management System

## Promotion Framework and Mechanisms

### Framework

The executive officer heading the Corporate Planning Division spearheads sustainable procurement initiatives at TOPPAN. The Sustainability Promotion Committee deliberates on concrete measures and reports the results to the Board of Directors through the Management Committee. The directors make comprehensive decisions on sustainable procurement and discuss, monitor, and continuously oversee the implementation, target setting, and progress of measures. Sustainable practices are followed not just by the procurement departments, but by every department involved in operations linked to products and services. Production control, purchasing, planning, personnel & labor relations, and other departments in the Supply Chain

### Supply Chain Management Framework



Management (SCM) Working Group work with related departments in operating companies to implement sustainability measures in close cooperation with their business partners.

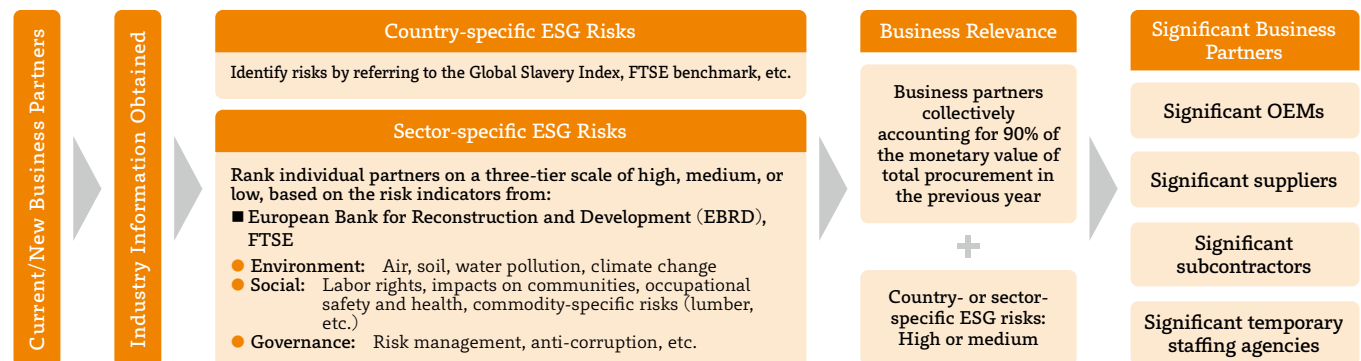
### Departments that Work with Business Partners

Departments	Significant Business Categories
Production control	OEMs
Purchasing	Suppliers
Planning	Subcontractors
General affairs	Temporary staffing agencies

### Selecting Significant Business Partners

The screening process for selecting significant business partners, both new and current, takes place in several steps. The first step is an assessment of environmental, social, and governance (ESG) risks specific to the countries and industries (business sectors) of our partners, primarily focusing on those with whom we do ongoing business. Next, the “significant business partner” designation is applied to the companies that collectively account for 90% of the monetary value of TOPPAN’s total procurement, or the companies with higher country-specific or sector-specific ESG risks. And significant business partners are divided into four major categories. Country-specific risks are identified with reference to the Global Slavery Index and other indicators. Sector-specific risks are assessed based on the industry classification benchmark from the Financial Times Stock Exchange (FTSE). ESG risks (e.g., labor rights, pollution of air, soil, water, etc.) corresponding to detailed sector classification (e.g., manufacturing, service, printing industries) are also considered.

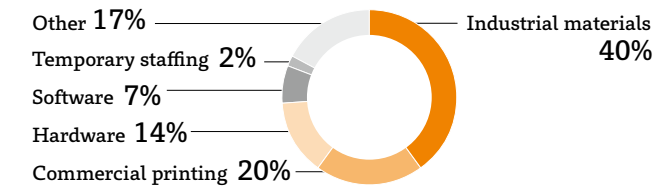
### Screening Process for Designating Significant Business Partners



### Supply Chain Overview

Below are percentages of our business partners by industry category in fiscal 2023.

### Partners by Industry Category



\*Based on the FTSE industry classification

## Group Policies and Measures for Sustainable Procurement

Group Policy	Policy (details)	Risks Identified through Assessments	KPI Benchmark or Management Metric or Standard	Business Partners Covered
TOPPAN Group Human Rights Policy	Human rights initiatives	Forced labor, harassment, or other human rights issues in the supply chain	Dissemination of the human rights policy and confirmation of compliance	Significant business partners*
TOPPAN Group Sustainable Procurement Guidelines	Basic Procurement Policy	Compliance violations (violations of subcontract law, etc.); acts contrary to accepted social ethics	Compliance training in procurement departments	Related departments within the Group
			Training on the Sustainable Procurement Guidelines in procurement departments	Related departments within the Group
			Monitoring on compliance in procurement departments and the assessment of monitoring results	Significant business partners*
	Sustainable Procurement Standards	Quality-related incidents, environmental incidents, legal violations, insufficiencies in raw material supply, or other incidents in the supply chain that can develop into issues in wider society	Number and percentage of business partners (meeting the Group's sales criterion) that have signed cooperation agreements, basic transaction agreements, and basic sale & purchase agreements stipulating the observance of the TOPPAN Group Sustainable Procurement Guidelines	Significant business partners*
			Self-assessment questionnaires (SAQs) business partners can use to assess their own ESG efforts based on the TOPPAN Group Sustainable Procurement Standards	Significant business partners*
Declaration of Partnership Building	Continuation of business operations with business partners in the event of a disaster	Supply disruption of materials, components, or equipment caused by earthquakes, storms, floods, or other natural disasters	Enhancement of the business continuity competencies of business partners (through annual SAQs and workshops on BCP)	Significant business partners*
	Observance of good business practices with business partners	Damage to social credibility arising from failures to rectify business practices concerning pricing methods, payment terms, work style reform, intellectual property usage, the sharing of expenses for mold management, etc.	Training on good business practices (training on transaction-related legislation and the Declaration of Partnership Building)	Related departments within the Group
TOPPAN Group Environmental Policy	Control of chemical substances in products	Reduced product safety resulting from the admixture of hazardous substances into raw materials	Dissemination of the TOPPAN Group Standards for the Management of Chemical Components of Raw Materials	Significant business partners*
	Biodiversity conservation	Suspension of operations at paper manufacturers resulting from interruptions in the supply of lumber derived from forest resources (the main material of paper) that are considered to have significant impact on biodiversity	Verification of the legality of lumber to promote the sustainable use of forest resources for paper production	All paper manufacturers in the supply chain
		Supply stoppage of printing paper and suspensions of printing operations	Dissemination of the Paper Procurement Guidelines for the Sustainable Use of Forest Resources	Significant business partners*

\*Significant business partners are those who engage in ongoing business with TOPPAN and either collectively account for 90% of the monetary value of the total supply or have country- or sector-specific ESG risks.

## Sustainable Procurement Initiatives

Approach Policy

### Applying the Sustainable Procurement Guidelines

We have been implementing the following measures since fiscal 2022 to apply the TOPPAN Group Sustainable Procurement Guidelines throughout the entire supply chain, in cooperation with significant business partners.

- Hold briefing sessions on the procurement guidelines
- Conclude cooperation agreements, basic transaction agreements, and basic sale & purchase agreements that stipulate the observance of the procurement guidelines
- Ask business partners to fill out self-assessment questionnaires (SAQs) on the procurement standards and encourage them to remedy any issues they have identified
- Confirm the BCP steps business partners are taking to address wide-scale disasters

TOPPAN has also established the Standards for the Management of Chemical Components of Raw Materials, a set of criteria to control chemical components throughout the entire supply chain.

More details on the TOPPAN Group Standards for the Management of Chemical Components of Raw Materials (ver. 5.1) >

<https://www.holdings.toppan.com/assets/en/pdf/about-us/our-corporate-approach/chemical-components-of-raw-materials-v5.1en.pdf>

### Advocating the Basic Procurement Policy (Fair transactions by procurement departments)

Sustainable procurement should be built upon trust between business partners and TOPPAN. We have set up a Supplier Hotline to enhance transparency and fairness in transactions

and deepen relationships of trust with business partners. The hotline is open for use by all of our partners.

We also send the partners questionnaires to monitor whether our procurement departments operate properly in accordance with the Basic Procurement Policy in their transactions with the partners.

More details on the Supplier Hotline >

<https://www.holdings.toppan.com/en/about-us/our-corporate-approach/supplier-hotline.html>

### Conserving Biodiversity

We promote the sustainable use of natural resources based on the TOPPAN Group Environmental Policy. As a mechanism for governing the procurement of raw materials, we have formulated a set of paper procurement guidelines to advance the sustainable use of paper, a resource representing 70% of our material input.

As an assurance for the sustainable use of forest resources, TOPPAN cooperates with paper manufacturers in the supply chain to confirm that the lumber they use for paper production is legally obtained.

More details on the TOPPAN Group Environmental Policy >

<https://www.holdings.toppan.com/en/sustainability/environment/>

More details on the TOPPAN Group Paper Procurement Guidelines for the Sustainable Use of Forest Resources (second edition) (in Japanese) >

[https://www.holdings.toppan.com/library/japanese/about-us/files/sustainability/2014/proc2014\\_06.pdf](https://www.holdings.toppan.com/library/japanese/about-us/files/sustainability/2014/proc2014_06.pdf)

## Main Activities and Results

Activity results, performance data

### Designating Significant Business Partners

For wider dissemination of the sustainability initiatives throughout the supply chain, we select significant business partners and ask them to observe the TOPPAN Group Sustainable Procurement Guidelines.

In procuring paper, a resource accounting for 70% of our material input, TOPPAN has designated a group of significant paper manufacturers that collectively represent more than 90% of total paper purchases by monetary value. Efforts to ensure our sustainable use of forest resources are conducted through surveys that confirm the legality of lumber used in paper production by these significant partners.

#### No. of Significant Business Partners

Rank	Fiscal 2023	
	No. of Companies	Share of Procurement by Monetary Value <sup>1</sup>
Significant partners in Tier-1	2,919	94%
Significant partners in Tier-2 (paper manufacturers) <sup>2</sup>	24	-
Significant business partners <sup>3</sup>	2,943	-

<sup>1</sup> Transaction amount with significant business partners in Tier-1

<sup>2</sup> Significant partners not in Tier-1

<sup>3</sup> Total for partners in Tier-1 and Tier-2

### Concluding Agreements with Business Partners

We have been promoting sustainable procurement throughout the entire supply chain by encouraging business partners to conclude cooperation agreements, basic transaction agreements, and basic sale & purchase agreements that stipulate the observance of the TOPPAN Group Sustainable Procurement Guidelines. Our goal is to conclude agreements with 90% of our

significant partners by no later than fiscal 2025. If we discover that a partner has violated the procurement guidelines, we request the partner to take corrective actions. Should the corrections not be made within a set timeframe, we may reconsider how and if we will transact with the partner, and in some cases may choose to terminate our contract with the partner in accordance with the terms of the agreements concluded.

Turning to the environment, TOPPAN asks business partners to adhere to the procurement guidelines by setting 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.

#### Ex. 1: Cooperation Agreement text (excerpt)

The company understands the intent of sustainable procurement, and in transactions with TOPPAN Group companies, shall observe sustainable procurement standards and shall comply with said procurement standards or equivalent company standards.

#### Ex. 2: Basic Transaction Agreement (excerpt)

Article 41. Legal Compliance and Promotion of Corporate Social Responsibility

Through procurement, manufacturing, sales, disposal, and all

#### No. of Partners with Agreements

		Fiscal 2023
Target		2,943
Result		2,068
Rate of conclusion of agreements		71%
Breakdown by business category	OEMs	658
	Suppliers	1,072
	Subcontractors	337
	Temporary staffing agencies	1

other business activities, the company shall observe the Sustainable Procurement Guidelines, and shall request its own business partners to comply with said guidelines or with equivalent guidelines established by the company.

### Asking Partners to Fill out SAQs

The self-assessment questionnaires (SAQs) provide insight into the environmental, social, and governance (ESG) practices of business partners and help the partners verify and improve their adherence to the TOPPAN Group Sustainable Procurement Guidelines on their own. The SAQs are prepared based on international codes of conduct, guidelines, and assessment criteria on sustainability and human rights established by the Responsible Business Alliance (RBA), the Japan Electronics and Information Technology Industries Association (JEITA), and other organizations. The SAQ results are fed back to business partners, along with requests for corrective actions whenever necessary. The same results serve as a useful reference for TOPPAN employees and contracted consultants as they organize onsite assessments and provide guidance on corrective measures.

The fiscal 2023 SAQs evaluated the management of working hours, the payment of appropriate wages, the extent to which a whistleblower system on harassment has been established, and several other assessment items specified in the “human rights and labor” section. Fifteen percent of the respondents reported that no whistleblower system on harassment had been in place. The respondents were given feedback on their overall SAQ ratings/item-based ESG-risk evaluations, the industry averages, specific items in need of improvement, and recommended improvement plans. No serious human rights abuses were found in the supply chain in fiscal 2023. TOPPAN employees carried out onsite assessments of the four partners who received low SAQ ratings/ESG evaluations.

### SAQ sections (excerpt)

International certifications obtained / Policies and rules formulated

- |  |                                     |
|--|-------------------------------------|
| 1. Legal compliance and respect for internationally recognized standards | 6. Quality and safety               |
| 2. Human rights and labor  | 7. Information security             |
| 3. Health and safety   | 8. Business continuity planning     |
| 4. Environment   | 9. Establishing a management system |
| 5. Fair business and ethics  |                                     |

#### No. of Partners Undergoing SAQs & Onsite Assessments

		Fiscal 2023
Target		2,943
Result		1,952
Percentage of responses received		67%
Breakdown by business category	OEMs	674
	Suppliers	919
	Subcontractors	356
	Temporary staffing agencies	3
Feedback provided <sup>1</sup>		468
Subject to corrective actions <sup>2</sup>		4
Subject to an onsite assessment <sup>3</sup>		4
Corrective measures confirmed <sup>4</sup>		1 <sup>*6</sup>
Transaction terminated <sup>5</sup>		0

<sup>1</sup> No. of business partners receiving feedback on overall SAQ ratings/item-based ESG-risk evaluations, risk mitigation measures, and recommended improvement plans

<sup>2</sup> No. of partners assessed to have substantial actual or potential negative impacts

<sup>3</sup> No. of partners who underwent onsite assessments, among those assessed to have substantial actual or potential negative impacts

<sup>4</sup> No. of partners who were confirmed to have taken corrective measures, among those assessed to have substantial actual or potential negative impacts

<sup>5</sup> No. of partners whose transactions with TOPPAN were terminated, among those assessed to have substantial actual or potential negative impacts

<sup>6</sup> The three partners who have yet to complete their corrective plans continue to implement the corrective measures

## Feedback on SAQ Results

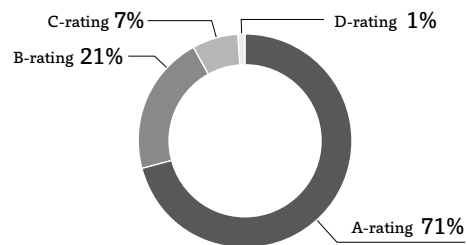
The business partners who respond to the SAQs receive feedback on their overall ratings and the evaluation results for each ESG-risk item.

### Overall SAQ Rating

Percentage breakdown of companies by overall rating.

Respondent partners can use this chart to compare their positioning against other companies.

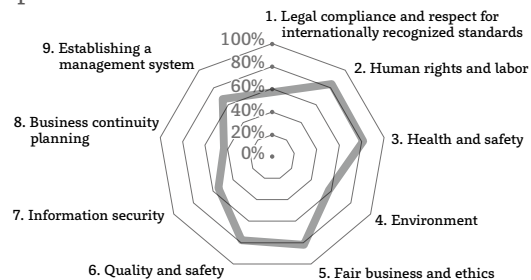
#### Sample Case



### Industry Average

Respondent partners can check their positioning by comparing their own scores with the industry average for each risk section.

#### Sample Case



### Detailed Evaluation by Risk Item (sample case)

Below are the ESG risks to be closely examined.

Risks requiring confirmation:	Items to be checked and addressed
Further actions required:	Items to be addressed through sustainability activities
Risk factors:	Items to be checked and addressed as risks
Important management questions:	Items that take higher priority

#### Sample Case

Section	Item	Risks Requiring Confirmation	Further Actions Required	Risk Factors	Important Management Questions
1. Legal compliance and respect for internationally recognized standards	1) Legal compliance and respect for internationally recognized standards	✓	✓		
2. Human rights and labor	2-1) Prohibition of forced labor				
	2-3) Management of appropriate working hours	✓		✓	
4. Environment	4-1) Environmental permits and reports	✓	✓		✓

### Improvement Plans by Risk Item (sample case)

TOPPAN provides business partners with recommended improvement plans for guidance.

#### Sample Case

##### Inadequate Environmental Approvals and Authorizations

As actions for improvement, the company is required to collect information on the latest applicable laws and regulations and to establish an in-house framework and mechanisms to ensure compliance.

## Improvement Support via Onsite Assessments

TOPPAN has helped business partners develop concrete improvement plans to address each risk section specified in the fiscal 2023 assessment. Risk remediation through improvement measures has also been confirmed.

Section	No. of Partners Targeted	Human Rights and Labor	Health and Safety	Environment	Fair Business and Ethics	Quality and Safety	Information Security	Business Continuity Planning	Establishing a Management System	Total No. of Cases
Improvement support via onsite assessments	4	9 cases	7 cases	1 case	—	2 cases	1 case	3 cases	—	23 cases
Improvement measures confirmed	1	1 case	1 case	—	—	—	—	1 case	—	3 cases



## Enhancing BCP Competencies

TOPPAN expects business partners to prepare procedures in advance to ensure that production can be promptly resumed when a wide-scale natural disaster or other emergency affects their operations. The Declaration of Partnership Building released from TOPPAN Holdings Inc. in October 2023 voices our support for business continuity planning (BCP) at business partners to secure the continuity of their operations in the event of a disaster. We survey the BCP steps taken by significant business partners every year and invite those partners to participate in our BCP workshops.

Out of the 211 partners surveyed, 22 participated in online workshops and discussed BCP matters in fiscal 2023.

### BCP Survey Results

		No. of Partners Surveyed	No. of Partners Participating in Workshops	No. of Partners with Improved Evaluations after Workshops	No. of Partners with Improved Evaluations after Workshops (cumulative total)
Fiscal 2021	Suppliers in Tier 1	63	14	2	6
	Suppliers in Tier 2	122	6	1	9
	Total	185	20	3	15
Fiscal 2022	Suppliers in Tier 1	25	7	2	8
	Suppliers in Tier 2	223	73	9	18
	Total	248	80	11	26
Fiscal 2023	Suppliers in Tier 1	119	16	4	12
	Suppliers in Tier 2	92	6	3	21
	Total	211	22	7	33

## Procurement Guideline Training within the Group

The TOPPAN Group Sustainable Procurement Guidelines apply to every department that handles goods and services necessary for our business operations. Training on the guidelines is organized for employees in the relevant departments and for corresponding personnel from significant business partners.

The Declaration of Partnership Building, issued by TOPPAN Holdings Inc. in October 2023, pledges our ongoing commitment to the building of close relationships and the observance of good business practices with the partners.

TOPPAN holds training sessions on transaction-related legislation and on the Declaration of Partnership Building at the procurement departments to remind personnel of their obligation to practice the following commitment set forth in the Basic Procurement Policy: “We comply with domestic and overseas laws and regulations and conduct fair business transactions based on corporate ethics.”

### Procurement Guideline Training within the Group

Training Result		Fiscal 2021	Fiscal 2022	Fiscal 2023
Break-down	Production control	327	653	781
	Purchasing	168	302	259
	Planning	—	1,019	311
	General affairs	—	155	141
Total no. of participants		495	2,129	1,492

### Procurement Guideline Training for Significant Partners

		Target	Fiscal 2023 Result
Break-down	OEMs		269
	Suppliers		186
	Subcontractors		161
	Temporary staffing agencies		14
Total no. of partners		630	630

Training on Partnership Building and Transaction-related Legislation

No. of Participants	Fiscal 2023
Ordering departments, incl. procurement depts.	6,480

## Monitoring Compliance in Procurement Departments

TOPPAN regularly asks significant business partners to fill out questionnaires to clarify their transactions with the Group. With the questionnaire results, we monitor whether our procurement departments operate properly in accordance with the Basic Procurement Policy. No monitoring survey was carried out in fiscal 2023, however, as we concentrated on preparing for the shift to a holding company structure and on reviewing our transaction arrangements with suppliers who could be subject to the Subcontract Law of Japan. We will be sure to carry out the survey in fiscal 2024.


### Monitoring Results

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
No. of responding partners	17	10	10	0
Cumulative no. of partners	151	161	171	171

## Verifying the Legality of Lumber for Paper Production

The TOPPAN Group Environmental Policy, formulated in April 2024, reaffirms our commitment to achieving zero deforestation associated with forest resources in paper procurement. As a major procurer of paper, a resource representing 70% of our material input, we promote the sustainable use of forest resources by surveying the legality of lumber, the main material of paper.

TOPPAN continues to monitor paper suppliers based on the environmental policy. A fiscal 2023 survey of 35 sites operated by 24 paper manufacturers around the world confirmed that all of the lumber they used to produce paper was obtained legally. These 24 partners supplied 100% of the paper TOPPAN Inc., one of our main operating companies, procured in fiscal 2023.

 More details on the TOPPAN Group Environmental Policy >

<https://www.holdings.toppan.com/en/sustainability/environment/>

### Survey Results on the Legality of Lumber for Paper Production

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Paper suppliers surveyed	13	13	10	24
Purchase value basis	90.0%	91.8%	97.4%	100%
Percentage of lumber sources verified as legal	100%	100%	100%	100%