

Supply Chain Management

Basic 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.

In recent years, there has been increasing social interest and demand for corporate initiatives regarding human rights, occupational safety and health, and the environment. Recognizing the need for more specific and broader responses through supply chain management, we revised the contents of the TOPPAN Group CSR Procurement Guidelines (established in 2007, revised to the second edition in 2014) in January 2022 and changed their name to the TOPPAN Group Sustainable Procurement Guidelines. Communicating these guidelines throughout the supply chain, we drive a cycle of implementing the guidelines, auditing compliance, and rectifying issues by working together with our business partners to further promote sustainable procurement activities.

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.

-  TOPPAN Group Sustainable Procurement Guidelines (Version 3.1) >
https://www.holdings.toppan.com/assets/en/pdf/sustainability/The_Toppan_Group_Sustainable_Procurement_Guidelines.pdf
-  TOPPAN Group Human Rights Policy >
<https://www.holdings.toppan.com/en/about-us/our-corporate-approach/human-rights-policy.html>
-  TOPPAN Group Environmental Policy >
<https://www.holdings.toppan.com/en/sustainability/environment/>
-  Declaration of Partnership Building (in Japanese) >
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*.

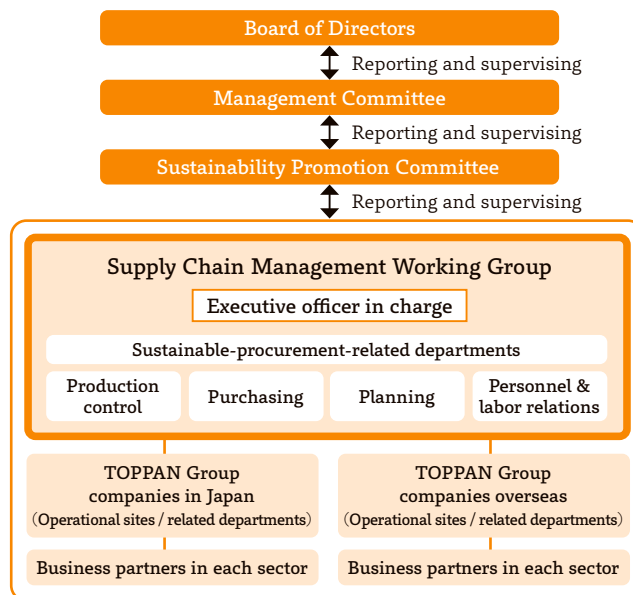
1. Legal Compliance and Respect for Internationally Recognized Standards
2. Human Rights and Labor
3. Health and Safety
4. Environment
5. Fair Business and Ethics
6. Quality and Safety
7. Information Security
8. Business Continuity Planning
9. Establishing a Management System

Governance

The TOPPAN Group's sustainable procurement initiatives are conducted under a Groupwide framework established by the Supply Chain Management Working Group of the Sustainability Promotion Committee (administered by the Corporate Planning Division and supervised by the responsible officer).

The Board of Directors receives reports from the Management Committee regarding sustainable procurement initiatives as discussed and deliberated on by the Sustainability Promotion Committee, and discusses, monitors and supervises the setting and progress of targets related to these initiatives. In the event of any issues related to sustainable procurement, the Board of Directors receives reports—including responses from the relevant divisions—and discusses and decides on appropriate actions.

Promotion Framework



Within the Supply Chain Management Working Group, departments such as production control, purchasing, planning, and personnel & labor relations, as well as relevant divisions of operating companies, advance initiatives in close collaboration with business partners in each industry. We are committed to sustainable procurement not only in departments responsible for procurement but in all departments involved in supplying goods and services as part of our business activities.

Strategy and Measures

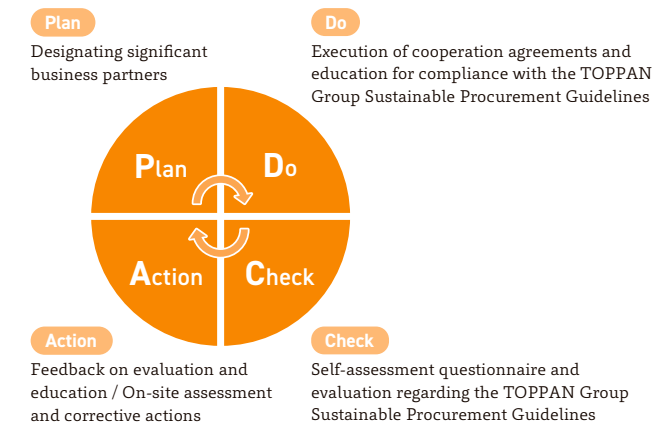
Issues and Responses

With the transformation of the TOPPAN Group's business portfolio, we are pursuing business expansion and overseas development, and taking on the challenge of building sustainable supply chains with a wide range of business partners by anticipating risks specific to each country, environment, society, governance system, and industry. In light of this, we regularly conduct selection of significant business partners, guideline education, self-assessment questionnaires, and evaluations based on the TOPPAN Group Sustainable Procurement Guidelines. If necessary, we confirm corrective actions related to human rights, safety, and environmental aspects through on-site assessments. We also collaborate on supporting the formulation of business continuity plans (BCPs), promoting forest conservation activities and sustainable paper procurement, thereby advancing sustainable procurement and strengthening the supply chain.

Efforts to Ensure Compliance with the TOPPAN Group Sustainable Procurement Guidelines

The TOPPAN Group requires its significant business partners to comply with the TOPPAN Group Sustainable Procurement Guidelines, and verifies their initiatives through a PDCA cycle that includes signing cooperation agreements, education, evaluation, on-site assessments, and corrective actions. Through this series of activities, we are promoting sustainable procurement throughout the entire supply chain.

PDCA Cycle Diagram



● Designating Significant Business Partners

The TOPPAN Group evaluates business partners with ongoing transactions from the following perspectives, and selects those who meet any of these criteria as “significant business partners.” We ask significant business partners to comply with the TOPPAN Group Sustainable Procurement Guidelines and promote sustainable procurement throughout the supply chain.

• Country-specific ESG Risks

We identify high-risk countries by referencing sources such as the Global Slavery Index and European Bank for Reconstruction and Development (EBRD).

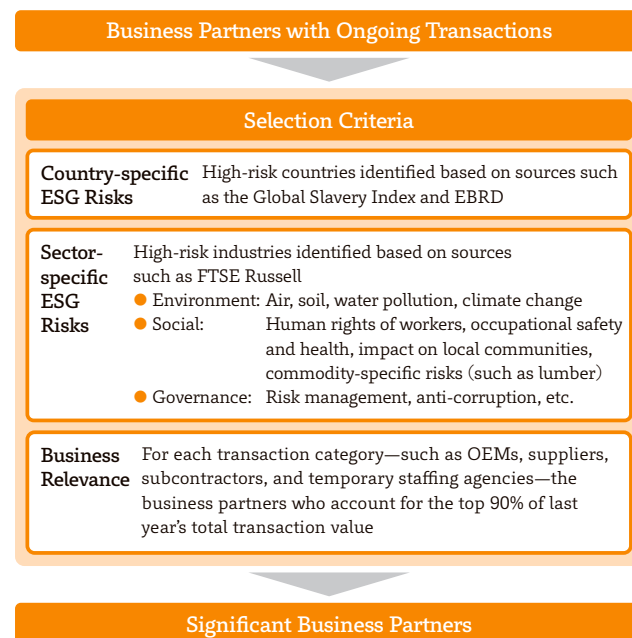
• Sector-specific ESG Risks

We identify high-risk industries based on classifications such as FTSE Russell's industry categories. Furthermore, we take into account ESG risks such as environmental pollution (air, soil, water) and human rights of workers in each specific sector, including manufacturing, services, and printing industries.

• Business Relevance

For each transaction category—such as OEMs, suppliers, subcontractors, and temporary staffing agencies—we identify the business partners who account for the top 90% of the previous year's total transaction value.

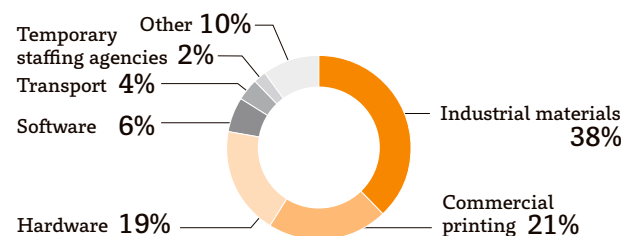
Screening Process for Designating Significant Business Partners



● Supply Chain Overview

The breakdown of significant business partners by category for the TOPPAN Group in fiscal 2024 is as follows.

Breakdown of significant business partners by industry category



*Based on the FTSE Russell industry classification

● No. of Significant Business Partners

To expand sustainable procurement activities throughout the supply chain, we select significant business partners from those with direct transactions and ask them to comply with the TOPPAN Group Sustainable Procurement Guidelines.

With regards to “paper,” which accounts for about 60% of the input volume of raw materials, we also position paper suppliers as “significant partners in Tier-2” and promote the sustainable use of forest resources through investigations into the legality of wood used as raw material for paper.

No. of Significant Business Partners

	Fiscal 2024	
	No. of Companies	Share of Procurement by Monetary Value*
Significant business partners	3,553	90%
Significant partners in Tier-2 (paper suppliers)	142	—

*Transaction amount with significant business partners

● Implementation of Sustainable Procurement Guidelines Briefings and Education

We educate significant business partners on our Sustainable Procurement Guidelines and hold briefings on self-assessment questionnaire (SAQ) feedback.

 Education on the Sustainable Procurement Guidelines (see page 79) >

● Execution of Cooperation Agreements and Basic Transaction Agreements

We prioritize significant business partners with superior ESG practices who comply with our Sustainable Procurement Guidelines. All transactions are contracted with cooperation agreements, basic transaction agreements, or basic sale & purchase agreements stipulating compliance with the Guidelines to ensure significant business partners commit to compliance. We aim to have agreements concluded with 90% of significant business partners by fiscal 2025.

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 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.

If the guidelines are violated, we request corrective action, and if not remedied within a certain period, we review transactions and terminate contracts according to the relevant clauses of basic transaction or basic sale & purchase agreements. We also require compliance with our environmental guidelines 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. The following table presents results for execution of the aforementioned agreements stipulating Sustainable Procurement Guidelines compliance.

No. of Partners with Agreements

		Fiscal 2024
Target		3,553
Result		2,916
Rate of conclusion of agreements		82%
Business category	OEMs	1,044
	Suppliers	1,080
	Subcontractors	702
	Temporary staffing agencies	90

● Conducting and Evaluating Self-assessment Questionnaires

SAQs provide insight into the ESG practices of significant business partners and help them verify and improve adherence to our Sustainable Procurement Guidelines. They are based on international codes of conduct, guidelines, and assessment criteria on sustainability and human rights from bodies such as the Responsible Business Alliance (RBA) and the Japan Electronics and Information Technology Industries Association (JEITA).

Self-assessment Questionnaire for Significant Business Partners

SAQ sections (excerpt)

International certifications / Policies and rules

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

SAQ results are fed back to the business partners, with requests for corrective actions. In fiscal 2024, we evaluated working hour management, appropriate wages, whistleblower systems on harassment, and other items under “human rights and labor.” Sixteen percent of respondents reported having no whistleblower system on harassment. Respondents were given feedback on their overall SAQ ratings/item-based ESG-risk evaluations, industry averages, items for improvement, and improvement plans. No serious human rights abuses were identified.

No. of Partners Undergoing SAQs & Receiving Feedback

		Fiscal 2024
Target		3,553
Result		2,724
Percentage of responses received		77%
Business category	OEMs	1,032
	Suppliers	966
	Subcontractors	636
	Temporary staffing agencies	90
Feedback provided*1		2,265

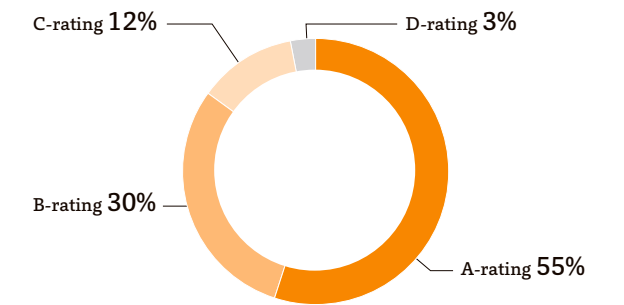
*1 No. of business partners receiving feedback on overall SAQ ratings/item-based ESG-risk evaluations, risk mitigation measures, and recommended improvement plans

Feedback on SAQ Results

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

SAQ Evaluation

Percentage breakdown of companies by overall rating. Respondent partners can use this chart to compare their positioning against other companies.



Industry Average

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

SAQ Example



Key Management Questions

From the perspective of international standards and local laws and regulations, we request top-priority improvement for responses from significant business partners where appropriate countermeasures have not been taken and which may lead to significant risks.

	Improvement Items Requested	Number of Applicable Companies in Fiscal 2024
Human rights and labor	Procurement from regions where human rights issues are a concern	8
	Retention of original passports, etc. of foreign employees	69
	Occurrence of harassment incidents	11
Health and safety	Occurrence of work-related accidents resulting in four or more days off	0
Environment	Compliance with environmental laws and regulations	85
Fair business and ethics	Administrative guidance regarding anti-corruption	3
	Administrative guidance regarding disclosure of false information	34
Quality and safety	Presence of conflict minerals in products	7
	Compliance with laws and regulations for product design	30
	Compliance with laws and regulations regarding export/import management	7

● Implementation of On-site Assessments for Corrective Action

Based on the results of the SAQs, our employees conduct onsite assessments and provide support for corrective improvements.

In fiscal 2024, our employees conducted on-site assessments for 12 companies whose overall self-assessment questionnaire scores were low. As a result of providing specific improvement support for each item of the TOPPAN Group Sustainable Procurement Guidelines, corrective action

was completed at seven companies. The remaining five companies are also continuing to make improvements, and no transactions have been suspended.

Status of On-site Assessment and Corrective Action

	Fiscal 2024
Subject to corrective actions*1	12
On-site assessment*2	12
Corrective measures confirmed*3	7*5
Transaction terminated*4	0

*1 No. of partners assessed to have substantial actual or potential negative impacts

*2 No. of partners assessed on-site among those evaluated as having significant actual or potential negative impacts

*3 No. of partners who were confirmed to have taken corrective measures, among those assessed to have substantial actual or potential negative impacts

*4 No. of partners whose transactions were suspended due to having significant actual or potential negative impacts

*5 The five partners who have yet to complete their corrective plans continue to implement the corrective measures

Breakdown of Items Subject to Improvement Support through On-site Assessment

	On-site Assessment Improvement Support	Corrective Measures Confirmed
No. of target companies	12	7
Legal compliance and respect for internationally recognized standards	1	–
Human rights and labor	15	12
Health and safety	25	12
Environment	3	2
Fair business and ethics	–	–
Quality and safety	1	1
Information security	3	1
Business continuity planning	7	5
Establishing a management system	1	1
Total number of cases	56	34

Education on the Sustainable Procurement Guidelines

The TOPPAN Group Sustainable Procurement Guidelines apply to every department that handles goods and services necessary for our business operations. Therefore, we provide information and training to relevant departments.

Education on the TOPPAN Group Sustainable Procurement Guidelines for Relevant Departments

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
No. of participants	495	2,129	1,492	1,907

We provide education on the TOPPAN Group Sustainable Procurement Guidelines to significant business partners.

Education on the TOPPAN Group Sustainable Procurement Guidelines for Significant Business Partners

	Fiscal 2023	Fiscal 2024
No. of companies participating	630	769

We conduct self-assessment questionnaire feedback sessions for significant business partners as part of our educational activities.

Self-Assessment Questionnaire Feedback Sessions for Significant Business Partners

	Fiscal 2024
No. of companies participating	292

In ordering and sales departments, in addition to training on the Declaration of Partnership Building, we also provide training on transaction-related legislation to ensure compliance with the Basic Procurement Policy's requirement to comply with domestic and overseas laws and regulations and conduct fair business transactions based on corporate ethics.

Training on Declaration of Partnership Building and Transaction-related Legislation for Ordering and Sales Departments within the TOPPAN Group

	Fiscal 2024
No. of participants	15,260

Other Activities

● Initiatives for BCP Formulation by Business Partners

Preparations need to be made in advance so that business partners can quickly resume production activities in the event of a large-scale natural disaster or similar incident. In the Declaration of Partnership Building announced by TOPPAN Holdings in October 2023, we state our support for business partners in formulating their business continuity plans (BCPs) from the perspective of ensuring business continuity in times of disaster. We conduct BCP questionnaires for business partners and hold BCP workshops.


In fiscal 2024, we conducted questionnaires with 516 companies, of which 54 participated in online BCP workshops and held discussions.

Support for Business Partners in Formulating BCPs

	Tier-1 Suppliers	Tier-2 Suppliers	Business Partners	Total for Fiscal 2024
Survey results	81	72	363	516
No. of companies participating in workshops	14	1	39	54
No. of companies whose questionnaire evaluations improved after participating in workshops	1	0	0	1

● Promotion of Compliance in Ordering Departments

Efforts toward sustainable procurement are built upon relationships of trust between the TOPPAN Group and its business partners. Our Supplier Hotline has been established to enhance transparency and fairness in transactions and boost relationships of trust. This contact point for reporting is available to all business partners.

 Supplier Hotline >

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

To develop ongoing partnerships with our partner companies, we review the results of the follow-up survey on price negotiation promotion months (March and September) conducted by The Small and Medium Enterprise Agency, identify issues, implement corrective measures, and monitor the progress of these measures through internal audits.

● Monitoring Survey on Compliance in Ordering Departments

To confirm whether ordering departments are taking appropriate action in accordance with the Basic Procurement Policy, we conduct monitoring surveys (compliance checks with business partners). In fiscal 2024, a survey was conducted with 22 companies. This will also continue to be conducted in fiscal 2025.

Monitoring Results (Compliance checks with business partners)

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
No. of responding business partners	10	10	0	22
Total no. of companies (cumulative)	161	171	171	193

● Conserving Biodiversity

Forest Conservation Activities and Sustainable Paper Procurement

The TOPPAN Group is actively engaged in reducing its environmental impact, aiming to achieve zero deforestation and promote the use of sustainable forest resources. As a specific measure, the TOPPAN Group Environmental Policy formulated in April 2024 set forth the achievement of zero deforestation in paper procurement.

Furthermore, the TOPPAN Group Medium-and-Long-Term Environmental Targets for Fiscal 2030 set a goal of confirming “100% legality in procurement of raw materials of paper by 2025.” To achieve this goal, for paper procurement, we conduct investigations into the legality of the wood used as raw material for paper.

In fiscal 2024, legality surveys were conducted on 142 paper suppliers across the TOPPAN Group, including overseas bases, and legality was confirmed for 79.7% of them. For the 23 paper suppliers with whom TOPPAN Inc. does business, 100% legality was confirmed.

Through these initiatives, the TOPPAN Group contributes to the conservation of forest resources and aims to achieve a sustainable society.

🌐 TOPPAN Group Environmental Policy >

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

🌐 TOPPAN Group Paper Procurement Guidelines for the Sustainable Use of Forest Resources (in Japanese) >

<https://www.holdings.toppan.com/library/japanese/about-us/files/sustainability/2025/ppgsufr.pdf>

Survey Results on the Legality of Lumber for Paper Production

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024 ^{*1}
Paper suppliers surveyed	13	10	24	142
Purchase value basis	91.8%	97.4%	100%	100%
Percentage of lumber sources verified as legal (by purchase weight)	100%	100%	100%	79.7% ^{*2}

^{*1} From fiscal 2024, surveys are conducted covering the entire TOPPAN Group

^{*2} In terms of number of companies, 50% (71 companies)

● Management of Chemical Components in Raw Materials

For purchased materials and supplies, we have established a list of substances prohibited or restricted in raw materials based on domestic and international chemicals regulations and laws—our Standards for the Management of Chemical Components of Raw Materials. These standards are managed through periodic reviews. Based on the standards, we work on chemical management throughout the entire supply chain.

🌐 TOPPAN Group Standards for the Management of Chemical Components of Raw Materials >

<https://www.holdings.toppan.com/assets/en/pdf/about-us/our-corporate-approach/chemical-components-of-raw-materials-v5.1.1en.pdf>

Risk Management

Risks related to the supply chain are identified in “Business and Other Risks,” which outlines the major risks associated with the TOPPAN Group, and are incorporated into comprehensive risk management.

(For details on risk management related to sustainability risks, see section 2 of the Securities Report [issued in Japanese])