

## Third-party Opinion

The high quality of Toppan's *CSR Report* has been maintained. The report ranks among the top in Japan, especially in terms of the breadth of information included. Much is to be learned from the information reported on the new management systems formed and the achievements of the activities conducted in relation to the environment and to business partners. Yet within the field of CSR in general, the reports prepared by Japanese companies have been of only middling quality. Japanese society, meanwhile, senses the growing importance of a host of new issues, particularly global warming and the need for stable employment amid the rising bifurcation of its labor market due to the increased hiring of non-regular employees. Noting these current trends, I hope that Toppan will further step up its CSR initiatives and improve the level of information disclosure.

**PDCA Review** This report includes a fairly detailed PDCA review of CSR activities ("Results for Fiscal 2008 and Future Measures" on PP. 20–21), a keystone for any CSR report. But from now on, I think it will be necessary to rearrange this review. The number of organizing activities carried out in accordance with the number planned has yet to earn an "A" rating in the Company's self-evaluation. Toppan must select its activities based on their materiality for the Company. Does the activity really address an important social issue? What responsibilities does the Company burden as it implements measures to solve the issue? A host of questions are to be answered for the selection. A detailed description of each activity should be included in the relevant section of the report.

**Special Reports** Toppan selected two topics. The first is the development of a

genotype analysis system for personalized medicine, a potential solution for various social issues, particularly in developing countries. The second is a clinical art therapy to energize the mind through the power of art. Both special reports bring new images of Toppan to light.

**Negative Information** The report accurately describes an accident involving the leakage of printing solvent, a problem that occurred about a month before the report was issued.

**Stakeholders** The report shows the framework of Toppan's relationships with major stakeholders. For new steps into the future, Toppan should design new modes of communication. The report, meanwhile, should include descriptions on relationships with more diverse entities, such as research institutions and national and local governments, among its stakeholders. I also expect the Company to expand communications with the CSR Promotion Study Group, a body of experts it set up in 2008.

**Product Life Cycle** I think it would be better if the report included details on the status of complaints about the quality and safety of products after sales. I would also like to learn more about the measures taken to respond to the complaints and improve the Company products.

**Employment and Labor** I highly evaluate the information on non-regular employees and expenditures for employee training and other human resource development programs. On the other hand, the report fails to provide an explanation of the decrease in the number of temporary staff. The specific descriptions of Toppan's measures to reduce the long hours worked by its employees show that the Company has kept up diligent efforts throughout the year. Toppan should consider present-

ing the numerical changes in total working hours in future reports. Diversity in human resources, meanwhile, is becoming an issue of increasing relevance in Japanese society. Though Toppan has been promoting positive actions, the number of female managerial staff is largely unchanged. Strengthened measures to leverage female talent are necessary. One way to take a great leap forward for diversity would be to form an exclusive promotion structure, something akin to a "Diversity Promotion Department."

**Environment** The report indicates the accomplishments in PRTR-related activities. CO<sub>2</sub> emissions have also been steadily reduced, both as a total amount and as an amount per unit of sales. From now, however, Toppan should set and achieve even higher targets for the reduction of CO<sub>2</sub> emissions. We all foresee the importance of introducing renewable energy in the future. Companies should take the initiative to develop systems to use renewable natural energy while demanding financial support or administrative backing from the government. They should do so both individually and collectively. Toppan can consider following the example of other companies in building an eco factory. One intriguing plan would be to build a manufacturing plant for solar-cell-related products that itself runs on photovoltaic power. I expect Toppan to establish medium- and long-term targets for marked improvement in its CSR activities to come.

### Yoshiki Midorikawa

Director, Green Consumer Research Group  
Co-chair, The Valdez Society

緑川芳樹



#### Profile

Mr. Midorikawa worked for many years in the Kanagawa prefectural government in Japan, mainly in labor and consumer administration. After retiring from the prefectural service, he served as Executive Officer of the Kanagawa Prefecture Small and Medium Business Management Association. Mr. Midorikawa's NGO/NPO achievements include the founding of the Green Consumer Research Group in 1991 and participation in The Valdez Society, a body that researches and proposes concepts and solutions related to corporate environmental responsibilities through collaboration between citizens and companies (Mr. Midorikawa joined in 1991). He has authored several books in Japanese, including *CSR Practice Methods with Visible Effects* (co-authored), *CSR Management* (co-authored), and *Green Consumer Shopping Guide* (co-authored).

# External Assurance

The conclusion of our assurance engagement is stated in our Independent Assurance Report. The following summarizes improvements from the previous year and issues remaining, as identified in the course of our assurance process.

The "Environmental INPUT/OUTPUT Data by Business Field" on page 72 includes data on Toppan Photomasks, Inc. and its subsidiaries, entities that were not included in the boundary before. The table also covers data in a timely manner on the second-half of the fiscal year for SNP Corporation Pte. Ltd. and its subsidiaries, entities acquired by Toppan as consolidated subsidiaries upon the completion of acquisition procedures in September 2008. The boundary for consolidated financial statements and that for environmental performance data have thus become more consistent, allowing users to compare and analyze information more easily. On the other hand, the boundaries for environmental performance and personnel data on other pages remain relatively limited. The disclosure of performance data on a consolidated accounting basis is becoming a commonplace practice in CSR reporting. In light of this, we expect Toppan to consider expanding the boundary in upcoming reports.

Toppan has improved the overall accuracy in the collection of environmental performance data. Its internal data check procedures, however, can still be improved. Each operational site could, for example, carry out consistency checks between different performance indicators before reporting the data to the head office, and the head office could then verify the con-

sistency and completeness of the reported data by performing comparative analyses in order to improve the accuracy in data collection.

In reporting social performance indicators, Toppan discloses actual results for the topics that it considers material, based on opinions collected from the meeting of the CSR Promotion Study Group and other stakeholder dialogue channels. The Company also shows quantitative data wherever possible. Toppan is expected to examine the possibility of setting quantitative targets in the future.



**Kazuhiko Saito**  
Senior Manager  
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(KPMG AZSA & Co. group)

## Level of Compliance with GRI Sustainability Reporting Guidelines 2006

Global Reporting Initiative (GRI) is a nonprofit organization established to formulate international guidelines for sustainability reporting. Entities of every type can use these guidelines in their work to create their own sustainability reports. GRI prepares Sustainability Reporting Guidelines in collaboration with various stakeholders. The first edition of the guidelines was issued in 2000; the third (G3 Guidelines), in 2006.

Toppan understands that intensive stakeholder engagement was required to produce the guidelines. For this reason, the Company treats the guidelines as an important reference for understanding the types of information readers want to know.

The G3 Guidelines require reporting organizations to declare the levels to which they have applied the guidelines. This ensures that the reporting organi-

zations will identify their current levels of improvement, and helps readers easily understand the extent to which a report complies with the guidelines.

This report is rated B+ among the levels defined in the G3 Guidelines.



Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Report Externally Assured	Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report Externally Assured

\*Sector supplement in final version

\*Please access <http://www.toppan.co.jp/english/csr/> for the GRI content index.



## Independent Assurance Report

To the Board of Directors of Toppan Printing Co., Ltd.,

### 1. Purpose and Scope of our Review

We have been engaged by Toppan Printing Co., Ltd. ("the Company") to perform limited assurance procedures on the Company's CSR Report 2009 ("the Report") for the fiscal year ended March 31, 2009. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- the environmental and social performance indicators and the environmental accounting indicators ("the Indicators") for the period from April 1, 2008 to March 31, 2009 included in the Report are fairly generated, aggregated and reported, in all material respects, in accordance with the Company's reporting standards;
- all the material sustainability information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the Report; and
- the Company's self-declaration on the Global Reporting Initiative ("the GRI") application level conforms to the application level criteria stipulated by the GRI.

The content of the Report is the responsibility of the Company's management. Our responsibility is to express our conclusion to the Company, based on our independent assurance engagement.

### 2. Criteria

The Company applies its own reporting standards, derived, among others, from Environmental Reporting Guidelines 2007 of the Ministry of the Environment, and Sustainability Reporting Guidelines 2006 of the GRI. We used these standards as the criteria for evaluating the Indicators. A major part of the Company's reporting standards is described in the Report.

### 3. Procedures Performed

We conducted our engagement in accordance with the Practical Guidelines of Sustainability Information Assurance (revised February 2008) issued by J-SUS. We have performed the following review procedures:

- Interviewed the Company's responsible personnel to obtain an understanding of the Company's policy for the preparation of the Report.
- Reviewed the Company's reporting standards.
- Obtained an understanding of the systems used to generate, aggregate and report the Indicators, and of the internal controls at corporate and site level.
- Performed an analytical review of the Indicators aggregated at corporate level.
- Examined, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting standards, and also recalculated the Indicators.
- Made an on-site inspection of the Company's domestic facility.
- Assessed whether all the material sustainability information defined by J-SUS is included in the Report.
- Evaluated the Company's self-declared GRI application level against the application level criteria.
- Evaluated the overall statement in which the Indicators are expressed.

### 4. Conclusion

Based on our review, nothing has come to our attention that causes us to believe that:

- the Indicators in the Report are not fairly generated, aggregated and reported, in all material respects, in accordance with the Company's reporting standards;
- all the material sustainability information defined by J-SUS is not included in the Report; and
- the Company's self-declaration on the GRI application level does not conform to the application level criteria.

### 5. Independence

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
September 30, 2009

## Company Reaction to the Third-party Opinion and External Assurance

For this *CSR Report 2009*, Toppan has again received a third-party opinion from Mr. Yoshiki Midorikawa (director of the Green Consumer Research Group and co-chair of The Valdez Society) and external assurance from KPMG AZSA Sustainability Co., Ltd. The Company would like to thank both for the concrete and stimulating opinions they have developed over their many years of involvement in the publication of the reports. Following is a brief summary of the issues to be addressed at Toppan and directionalities for the future.

As CSR initiatives become more common, companies must select and focus more intensively on the fields that seem to be material for both society and themselves. Toppan selected its material topics in fiscal 2008. The Company will push ahead CSR activities based on those topics and disclose information in an easier-to-understand way through ongoing examinations to set more effective target values and determine

how to evaluate the progress towards the targets.

The boundary of the report is a matter associated with the expansion of business areas. Toppan advocates "accelerating toward globalization" as an issue on which to focus. In fiscal 2008, Toppan established the International Division as the spearhead of this endeavor. Toppan's expansion in the growing Chinese market is handled by the Company's existing local production sites and the operational sites of SNP Corporation Pte. Ltd., a subsidiary acquired in fiscal 2008. Toppan will steadily continue its CSR initiatives and expand the reporting boundary in the years to come.

On the environmental front, Mr. Midorikawa proposes that Toppan undertake actions for the mitigation of global warming, including measures to introduce renewable energy. KPMG AZSA Sustainability Co., Ltd., on the other hand, points out the need for more accurate

performance data. Toppan commenced its Pro-Green Activities in fiscal 2008 for the thorough review and advancement of its environmental management. Through these activities, the Company seeks once more to measure its environmental burden and the effectiveness of its actions in precise detail. Toppan will also perform environmental activities to contribute to the simultaneous pursuit of global environmental conservation and the continuance of business.

The worsening economic conditions in fiscal 2008 shed light on various problems and possible crises in the global environment and world societies, including Japanese society. Communication with stakeholders is essential for an accurate understanding of social issues and an objective evaluation of CSR initiatives. The CSR report is a vital tool for this communication. Toppan will therefore reexamine the shaping of the CSR report in careful consideration of the opinions it has obtained.

### Questionnaire enclosed here: Please let us know your opinions

We welcome feedback from readers. Stakeholder opinions are used to enhance the understandability and relevancy of our corporate social responsibility (CSR) initiatives and information disclosure for both stakeholders and the people inside Toppan. We encourage you to take a few minutes to answer the questionnaire enclosed here.