

Labor Practices

Basic Approach Regarding Human Assets

Toppan values its employees as precious “human assets” and understands how deeply it depends on them. From this perspective, the Company supports the motivated, vigorous, and earnest work of the Toppan workforce. The Company keenly understands the importance of the motivation to take on new challenges, the drive to work vigorously with a healthy body and mind, and an earnest commitment to follow through on tasks to completion. When employees are vigorous, earnest, and have strong motivation, Toppan is convinced that their true abilities come through in full force.

Labor-Management Partnership

Toppan’s labor union and management respect each other’s positions as partners with shared ideals. They have been working together on various issues on an equal footing. Business councils are convened as Company-wide and operational site forums to discuss wide-ranging managerial issues. Several special committees are also convened to deliberate pertinent issues of the day. Standing committees meet to discuss longstanding issues such as working hour reductions, wages, and health and safety. Individual labor-management committees meet when necessary to discuss specially designated subjects such as the creation of a working environment amenable to enhanced job satisfaction.

Toppan has adopted a union shop system. In principle, all non-managerial employees belong to the labor union as members.

Committing to Health Management

Based on the long-held fundamental concept of respect for people, the Toppan Group is active in launching various measures for employee healthcare in cooperation with the Toppan Group Health Insurance Union.

In October 2015 the Group announced a Health Management Declaration to clarify future health management policies for maintaining and enhancing the health of Group employees. From a viewpoint of health and productivity management, this declaration visualizes and reorganizes health promotion measures and action plans previously organized by the Group and the health insurance union independently.

The Health Management Declaration enunciates dual focuses. The first is to promote enhanced health for employees and their families through various approaches such as activities to support work-life balance. The second is to contribute to society through health-related businesses that support community health promotion activities around the world.

The Group has also formulated a health management promotion structure by putting the President & Representative Director in charge of health management and creating a Health

Management Promotion Council. The council engages in constructive arguments on healthcare measures from various aspects under the direction of representatives from the Group and health insurance union. The healthcare guidance provided in the *Health Management Handbook* for Group employees illustrates the diverse outputs from the council.

Toppan will develop measures for the health maintenance and enhancement of Group employees in cooperation with the labor union, operational sites, clinics, and other organizations instituted in the Group.

■ Supporting Work-Life Balance

Senior management, managers, and employees have been jointly implementing measures to shorten working hours with a view to achieving better work-life balance and maintaining employee health. They have steadily reduced overtime hours by adjusting operations within departments and improving operating effectiveness through reviews of the ways individuals work and management administrates.

At the ongoing business councils and labor-management committees, labor and management exchange opinions and deliberate measures to further shorten overtime working-hours and comply with the revised Labor Standards Act of Japan. They also analyze actual overtime practices and review the use of newly introduced working systems. Labor and management at each operational site have been discussing approaches to create more accommodating workplace environments that encourage employees to take leave. The measures they have devised and implemented are tailored to the actual working conditions at their sites.

■ Efforts to Support Employees with Children

Toppan has striven to create a working environment in which employees can achieve better work-life balance. It does so by providing systems for childcare and nursing care leave, reduced working hours, higher family allowances for dependents, and employee benefits of other forms.

From fiscal 2015 Toppan began paying a full salary for the first five days of childcare leave taken by male employees, in order to support employees with children by encouraging the use of the childcare leave system. In fiscal 2016 the eligibility period for preferential work shifts such as reduced working hours for employees with childcare responsibilities was extended to the end of a child’s fourth year of elementary school (surpassing the age-three requirement imposed under the applicable Japanese law).

Toppan has also been gradually enhancing the “Hagukumi (nurturing) Program” since fiscal 2012. This program supports the wellbeing of employee parents by providing therapeutic activities for parents on childcare leave, activities to share the know-how necessary for maintaining good balance between working and raising children, and activities to give employees in various positions opportunities to learn about and consider the importance of work-family balance. The Hagukumi Program received the Minister of State for Gender Equality Award at the Kids Design Award 2016 in Japan.

■ Number of Personnel (as of March 31)

		Directors	Management Class	Supervisors	Total Employees	Average Tenure	Average Age	Sum Total Employees	Part-time Workers	Dispatched Staff
Fiscal 2014	Male	26	1,933	1,826	7,586	15.1	42.6	8,900	681	112
	Female	0	52	180	1,314	9.8	34.0			
Fiscal 2015	Male	26	1,989	1,843	7,576	15.4	42.9	8,993	562	203
	Female	0	59	192	1,417	9.8	34.2			
Fiscal 2016	Male	18	2,158	1,932	7,930	15.1	43.4	9,551	502	237
	Female	1	71	224	1,621	9.3	34.3			

■ Reasons for Leaving*1

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Personal reasons	204 (48)	184 (39)	206 (54) ^{*2}
Retirement	86 (5)	94 (0)	85 (1)
Requested by the company	0 (0)	0 (0)	0 (0)
Other	83 (0)	92 (3)	83 (3)
Total	373 (53)	370 (42)	374 (58)
Turnover rate	4.1%	4.0%	3.8%

*1 The number of female employees who left the Company is shown in parentheses.

*2 Six female and 26 male employees took advantage of Toppan's support system for employees who pursue new careers after leaving the Company.

■ Average Annual Salary

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Average annual salary	6,647,468 yen	6,697,391 yen	6,956,597 yen

■ Annual Paid Leave Used

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Average paid leave used (days)	8.3	8.6	9.6
Average ratio*3	43.3%	45.1%	50.8%

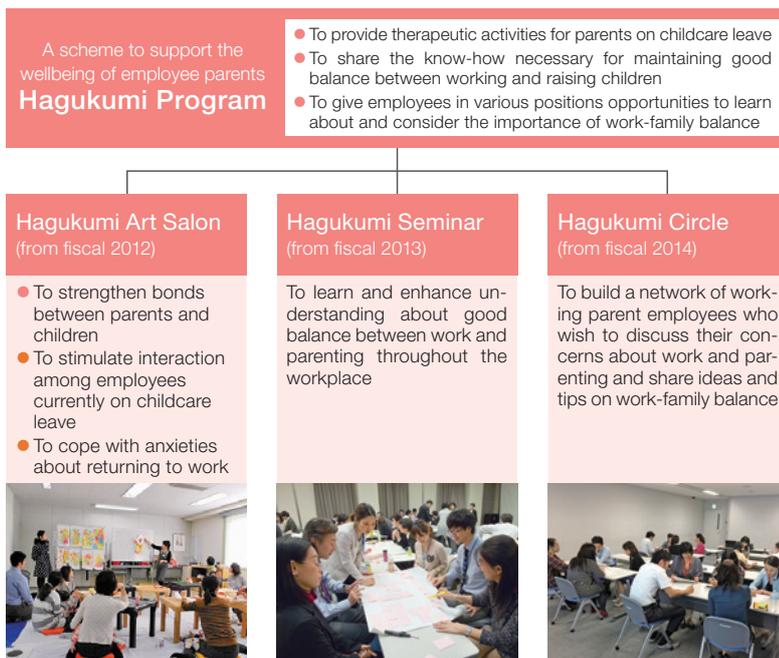
*3 Average ratio = average paid leave used / average paid leave granted

■ Employees Taking Maternity or Childcare Leave

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Employees taking maternity leave	81	85	105
Employees taking childcare leave*4	136 (3)	295 (160)	300 (173)

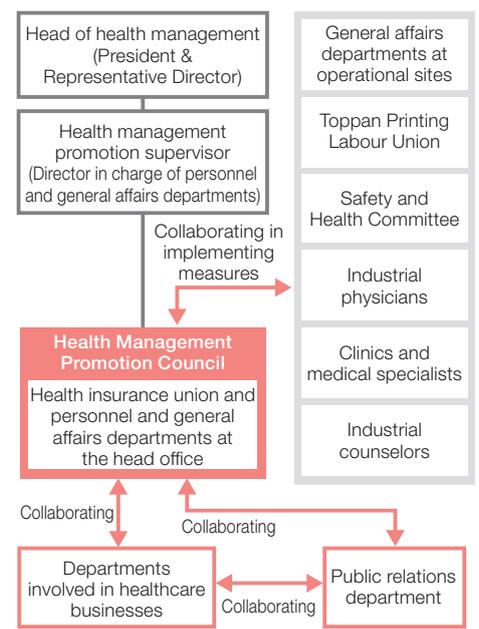
*4 The number of male employees who took childcare leave is shown in parentheses.

■ Hagukumi (nurturing) Program



Detailed information on Toppan's main leave systems and family benefits is shown in the *Toppan CSR Report 2017: Detailed Data* posted on the Toppan website (<http://www.toppan.co.jp/english/csr/csrreport.html>).

■ Structure for Health Management Promotion



■ Efforts to Support Employees Bearing Nursing Care Responsibilities

Toppan's labor union and management employ systems to help employees maintain good balance between work and care at home. These systems create an environment where employees can concentrate on work without worrying about care for family members at home. By reviewing the results of employee questionnaires on nursing care, Toppan has relaxed the eligibility requirements for nursing-care-related systems, designed ways to enable employees to more flexibly adjust their working hours for care, enhanced financial support during nursing care leave, and provided more information on work-care balance. Along with system enhancements in these four areas, the Company allows care-giving employees to commute to and from work by Shinkansen bullet train in certain cases.

Occupational Health and Safety

Back in 2010, Toppan formulated a Basic Policy on Health and Safety that enunciated a "safety first" principle as the top priority in business operations. The Group has been working to completely eliminate occupational accidents since. Safety masters, safety engineers (SEs), and other safety experts have been deployed to operational sites across Japan to build safety promotion systems. Toppan has also upgraded the intrinsic safety of machines and equipment and organized full-fledged safety education of various types centered around foreman training. Through these and other safety efforts, the total number of occupational accidents was reduced at Group sites in fiscal 2016. Employees, however, were still prone to accidents in work areas, and the number of accidents requiring leave increased. A severe accident regrettably occurred at a Group company in autumn of 2016.

Toppan will redouble its efforts in safety promotion activities, risk assessment activities, and other safety initiatives and provide more guidance from safety masters and SEs. The Group will continue taking steps to organize education for improved safety awareness among employees onsite, eliminate prohibited actions at the workplace, renovate workshops to better accommodate older employees, and pursue various other safety measures. *Anzen Dojo* safety training facilities outfitted to simulate dangers and alert employees at the workplace have been set up at the Takino Plant in Hyogo Prefecture and Fukuoka Plant in Fukuoka Prefecture, in addition to the original facility at the Kawaguchi Plant in Saitama Prefecture. Toppan is planning similar initiatives for Group overseas sites in the years to come.

Measures for Mental Healthcare

The maintenance of employee mental health is a keystone for Toppan to propel corporate activities. The Company defines a healthy employee as a person sustained by a strong moti-

vation to take on new challenges, an ambition to work vigorously, and an earnest commitment to follow through on tasks to completion.

Toppan undertakes various measures to prevent mental health problems at work. For example, the Company provides a stress check system and e-learning-based programs to help employees better perceive and cope with the stresses affecting them; operates Art Salon, a workshop to refresh employee minds and bodies through the work of artistic creation; organizes rank-based training and distributes handbooks to prevent or promptly detect and treat mental problems; opens counseling rooms where employees can receive advice from in-house counselors; and concludes advisory agreements with mental healthcare specialists. Employment regulations defining rehabilitation programs to support employees returning from mental healthcare leave also enable employees to return to work more seamlessly.

Toppan recognizes that the most effective strategy to administer fundamental prevention measures for mental health problems is to enhance job satisfaction by giving employees better means to understand themselves and communicate more skillfully. The Company has been organizing mental healthcare programs such as workshops arranged in cooperation with workplaces.

Developing and Fostering Human Assets

■ Concept of Human Asset Development and Fostering

Mindful of how deeply it depends on its employees, Toppan fosters individuals with ambition and integrity who will go on to become the driving force towards the realization of *TOPPAN VISION 21*. Toppan would like to contribute to society as a corporation blessed with human assets with excellent communication skills and heightened awareness and sensibilities.

■ Various Programs to Develop Human Assets

Toppan has set up a human asset development platform called the Toppan University. This platform is striving to foster top leaders while supporting the skill improvement and career enhancement of employees through basic and special programs, a leadership program, and a personal empowerment program.

The Toppan Business School (group training) and Challenge School (correspondence learning courses), meanwhile, offer self-development training for employees. A cumulative total of 9,367 people trained under these programs in fiscal 2016. Employees also have ready access to basic, Group-wide education via the e-learning system. A cumulative total of 110,293 people took part in e-learning programs in fiscal 2016.

To foster human assets for global business, the Company operates a trainee system to provide employees with practical training in day-to-day business activities overseas. Eighty employees have been deployed as trainees under the system since fiscal 2011. The selective training on globalization

launched in fiscal 2010 has supported a cumulative total of 585 candidates for overseas assignments. Since fiscal 2012, 15 employees have attended advanced short-term open programs at the International Institute for Management Development (IMD) in Lausanne, Switzerland, one of the world's top-ranked business schools.

Toppan has been organizing specialized training since 2014

to bolster employee commitment to solving social issues in Minamisoma City, Fukushima Prefecture, an area seriously affected by the Great East Japan Earthquake of 2011. Toppan employees have also worked as Japan Overseas Cooperation Volunteers for the Japan International Cooperation Agency (JICA) to help address social issues for the international community while developing themselves as individuals.

■ The Four Approaches Applied in Toppan's Employee Support Systems to Maintain Good Balance between Work and Care at Home

Eligibility requirements for nursing-care-related systems	All eligible members from employee families are in need of long-term care or support under one of the following conditions: <ul style="list-style-type: none"> ● "In need of long-term care" as specified in the Child and Family Care Leave Act of Japan ● "In need of long-term care" as specified in the Long-term Care Insurance System of Japan ● "In need of support" as specified in the Long-term Care Insurance System of Japan
Ways to more flexibly adjust working hours for care	<ul style="list-style-type: none"> ● Nursing care leave ● Reduced working hours for nursing care (reduced working hours, flexible work schedules, reduced number of prescribed working days per week) <small>*Nursing care leave and reduced working hours for nursing care can be taken in installments. *Employees are allowed to switch between the two systems.</small> ● Days off for nursing care ● Commuting by Shinkansen bullet train for family care reasons
Financial support during nursing care leave	<ul style="list-style-type: none"> ● Allowance for nursing care leave (40% of the employee's average wage) ● Entitlement for paid days off for nursing care
Provision of information on work-care balance	<ul style="list-style-type: none"> ● Launch of a website to provide information on work-care balance <small>This site provides employees with general knowledge about work-care balance and information on support systems available at the Company, public nursing-care-related systems, and so on.</small> ● Launch of a nursing-care consultation desk by outside experts <small>The Company commissions an external professional body to offer unlimited, free-of-charge nursing-care consultation to employees on a contract basis. Employees can also use fee-based agency services such as watch-over visits or administrative processes handled by dedicated staff at care facilities and hospitals.</small>

■ Overview of Mental Healthcare Activities

	Self-care	Line Care (by managers and supervisors)	Care Using Resources within the Workplace	Care Using Resources outside the Workplace
Fundamental prevention Creation of job satisfaction	<ul style="list-style-type: none"> ● Assertion ● Career development 	<ul style="list-style-type: none"> ● Dialogue skills ● Target management ● Operational reform and improvement 	<ul style="list-style-type: none"> ● Participation in in-house seminars 	<ul style="list-style-type: none"> ● Participation in external seminars
Primary prevention Prevention	<ul style="list-style-type: none"> ● Self-development 	<ul style="list-style-type: none"> ● Attendance management ● Improvement of workplaces 	<ul style="list-style-type: none"> ● Participation in rank-based training programs ● Activities by the Safety and Health Committee 	<ul style="list-style-type: none"> ● Participation in external seminars
Stress check system	Test administration and understanding of current conditions	Improvement of workplaces	Interviews and guidance	
Secondary prevention Early detection and early response	<ul style="list-style-type: none"> ● Early counseling and consultation 	<ul style="list-style-type: none"> ● Recommendation for early consultation 	<ul style="list-style-type: none"> ● Consultation with industrial physicians and public health nurses 	<ul style="list-style-type: none"> ● Hospitals and EAP*³
Tertiary prevention Steps to limit severity and prevent recurrence	<ul style="list-style-type: none"> ● Ongoing treatment 	<ul style="list-style-type: none"> ● Return-to-work program ● Personnel reassignment 	<ul style="list-style-type: none"> ● Periodic interviews by industrial physicians 	<ul style="list-style-type: none"> ● Treatment by a general physician

*3 Employee assistance program (EAP): The EAP shown above refers to a program of counseling and training sessions by an external specialist body under contract with the Company and the Toppan Group Health Insurance Union.

■ Occupational Health and Safety

	2014	2015	2016
Deaths from occupational accidents	0	0	0
Frequency rate* ¹	0.05	0.05	0.000
Severity rate* ²	0.000	0.001	0.000

*1 Number of occupational accidents requiring employee leave, per million cumulative actual working hours (reflects the frequency of occupational accidents)

*2 Number of workdays lost as a consequence of occupational accidents, per thousand cumulative actual working hours (reflects the severity of occupational accidents)



Anzen Dojo

Strengthening the Environment to Develop Human Assets

Toppan has established training centers in Kawaguchi City, Saitama Prefecture and Yugawara Town, Kanagawa Prefecture to nurture human assets. These centers are venues for various training sessions and interaction between Toppan personnel. The Company also operates an education management system to help employees enhance their abilities and skills. E-learning programs are arranged and employees can review the records on their own training online. Training tools and information on learning courses are also provided.

Toppan launched the Human Resource Development Laboratory, a research base established in April 2017 to develop new personnel training programs that apply brain and neurosciences. This laboratory will be used as a platform to design and implement programs that foster human assets with excellent communication skills and heightened sensibilities. The Company plans to improve individual productivity and facilitate the individual development of the Toppan workforce via this platform.



Human Resource Development Laboratory