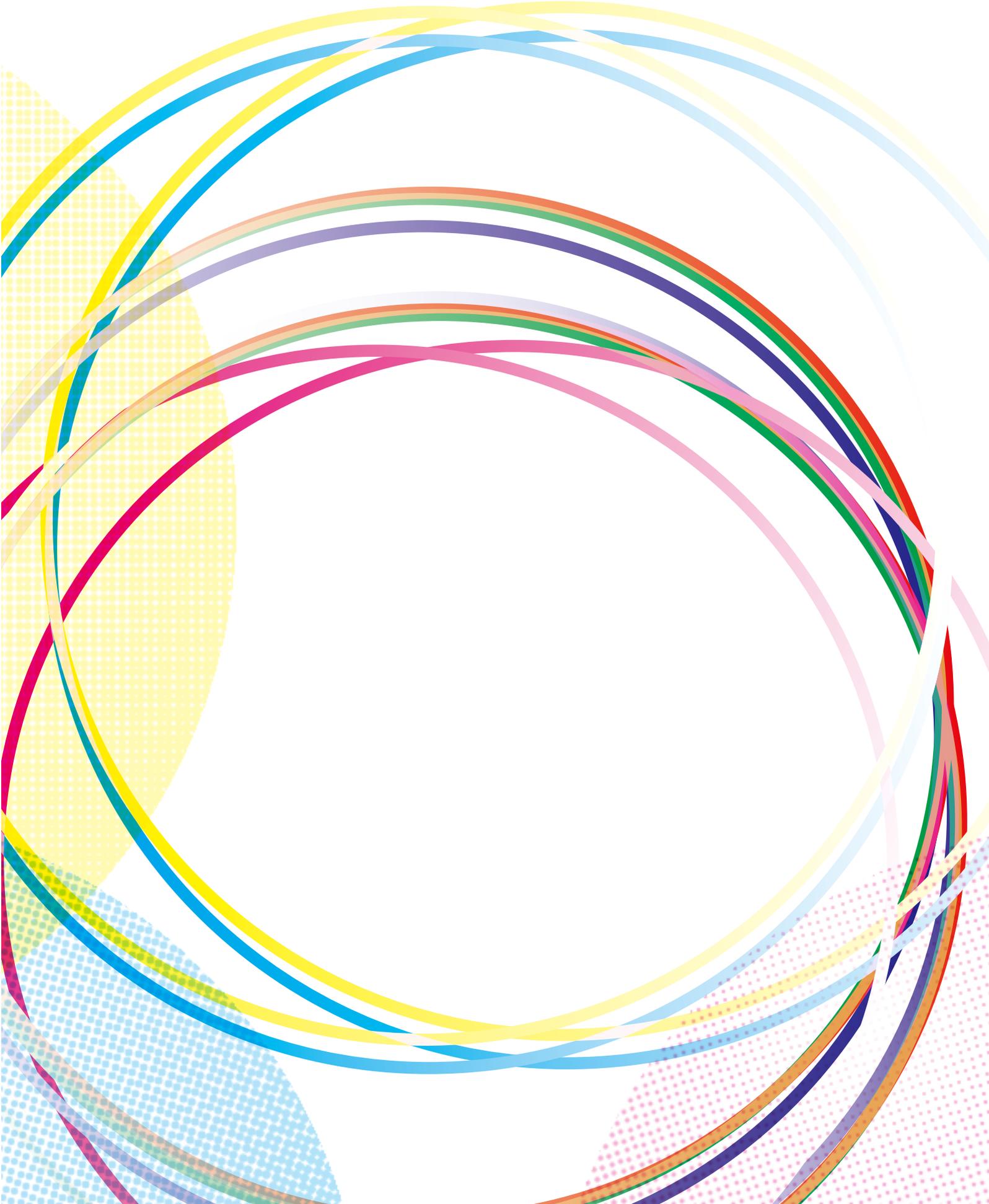


# TOPPAN

## CSR REPORT 2013

Report on Corporate Social  
Responsibility Activities



#### ●Editorial Policy

Toppan prepares this corporate social responsibility (CSR) report in the hopes of encouraging dialogues with many people, especially those who have an interest or stake in Toppan's CSR activities. Toppan reports its activities in line with the seven core subjects set under the International Organization for Standardization (ISO) 26000, an international standard on social responsibility formulated by multiple global stakeholders.

#### ●Period Covered

This report mainly covers activities in fiscal 2012 (from April 2012 to March 2013), though information on prior and later years is also included in parts.

#### ●Scope and Boundary of this Report

In principle, this report covers the CSR activities of Toppan Printing Co., Ltd. ("the Company") and Group entities consolidated for accounting purposes. Most of the information on personnel applies to personnel within Toppan Printing Co., Ltd., the parent company. The scope of the environmental performance data on pages 34-41 includes Toppan Printing Co., Ltd. and 20 domestic manufacturing subsidiaries covered within the Company's environmental targets. These subsidiaries share important roles in the Company's environmental conservation efforts.

The environmental performance data of the Toppan Group, including the overseas subsidiaries, are reported in *CSR Report 2013: Detailed Data*.

#### ●CSR Report 2013: Detailed Data

A PDF file with detailed and reference data not shown in this report is downloadable from Toppan's CSR website: <http://www.toppan.co.jp/english/csr/>.

#### ●Selecting the Information Presented in this Report

In choosing the information for this report, Toppan assesses the "materiality" of the information for society and the Company itself. Toppan considers the following points in particular: Opinions gleaned from dialogues; information from NPOs, NGOs, CSR-related organizations, and news agencies; responses to its CSR report questionnaires; and questionnaire topics from third-party organizations.

#### ●Guidelines and Standards Considered

- The United Nations Global Compact
- ISO 26000
- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2006
- Environmental Reporting Guidelines (fiscal year 2012 version) from the Ministry of the Environment of Japan

#### ●Reliability

KPMG AZSA Sustainability Co., Ltd. provides independent assurance for this report. As a testament to the reliability of the sustainability information presented in the report, Toppan is authorized to attach the following mark. Any report bearing this mark meets the Sustainability Reporting Assurance and Registration Criteria established by The Japanese Association of Assurance Organizations for Sustainability Information (<http://www.j-sus.org/>).



#### ●Eye-friendliness and Readability

This report considers eye-friendliness and readability in accordance with Toppan's in-house guidelines. It also incorporates universal-design displays for as many different types of people as possible, regardless of individual differences in color perception. The universal design in this report has been reviewed and certified by the Color Universal Design Organization (CUDO), a nonprofit organization, on entrustment by Toppan.

#### ●URLs for Relevant Information

- CSR information: <http://www.toppan.co.jp/english/csr/>  
(If erroneous entries or misprints are found after CSR reports are issued, the related information will be shown here.)
- IR information: <http://www.toppan.co.jp/english/ir/>
- Corporate governance reports: <http://www.tse.or.jp/listing/corpgov/>  
(in Japanese)
- Financial statements: <http://info.edinet-fsa.go.jp/> (in Japanese)

#### Publication Dates

Previous report: October 2012  
Current report: October 2013  
Next report: October 2014 (planned)

#### Contact Information

CSR Promotion Department, Legal Affairs Division, Toppan Printing Co., Ltd.  
(Tokyo, Japan)  
Email: [csr@toppan.co.jp](mailto:csr@toppan.co.jp)

The United Nations Global Compact sets forth 10 principles in the four areas of human rights, labour, environment, and anti-corruption. Toppan supports and implements the 10 principles as a socially responsible corporation.

#### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4: the elimination of all forms of forced and compulsory labour;  
Principle 5: the effective abolition of child labour; and  
Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;  
Principle 8: undertake initiatives to promote greater environmental responsibility; and  
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



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# Contributing to Fulfilling Lifestyles

## To Offer New Value

The Toppan Group was established in 1900 by a team of five founders. Most of them were former engineers from the Ministry of Finance Printing Bureau, now the National Printing Bureau. According to the Toppan charter, the Japanese public at the time was deprived of the many benefits of letterpress printing, an inexpensive printing technique that was capable of producing exquisite plates but had thus far been used only by the Printing Bureau. The Toppan founders wanted to start a business using the letterpress skills they acquired in the bureau.

Europeans flocked to the international exhibition in Paris the very same year. Japan was steadily building up its modern industries following the Meiji Restoration. The printing industry contributed to society significantly in three main areas in this era: the printing of banknotes, bonds, and securities, important instruments for the establishment of modern capitalism; the publication of newspapers, a medium for public discussion and the advancement of culture; and the publication of translations, novels, and mag-



azines to enlighten the public and give momentum to the establishment of the modern state.

Since its foundation, the Toppan Group has offered society new value by playing important roles in the advancement of information culture “as a mainstay of information and culture” through business with printing technology at its core.

Now, more than 110 years since our foundation, we find ourselves in an age where digital information streams every which way, from server to server, from smartphone to smartphone, over a global network. My role, as President & Representative Director of Toppan Printing, is to find the value we can offer society as we build fresh foundations for the Toppan Group in this era.

The management slogan I coined at the beginning of 2013 stresses innovation. To make innovation a reality, the people of Toppan must understand the dizzying trends reshaping our market and management environments. Looking to these trends as opportunities, I have established three management challenges to help Toppan build a new engine of growth for the Group.

The first challenge is to advance our Group-wide structural reform for our organizational, business, and cost structures to ensure that we stay profitable in today’s dramatically changing markets and enhance the value of our corporation and businesses. The second is to create new businesses and new markets by developing business models that meet the demands of today’s rapidly changing age using the printing technologies we have cultivated since our founding. The third is to accelerate global business expansion for swift operations by taking advantage of business alliances and M&As and by restructuring our sales and production structures mainly in Asia and other growing markets.

## To Be a Robust Group of Companies Trusted and Respected by Society

*TOPPAN VISION 21* is positioned as the foundation for all of our corporate activities. This vision consists of a Corporate Structure (the Corporate Philosophy, the Corporate Creed, and a set of Conduct Guidelines defining the values

and standards we should respect) and five Business Fields based on the Corporate Structure.

To make *TOPPAN VISION 21* a reality, I am convinced that it will be vital for us to accomplish the three management challenges and fulfill our social responsibility as a corporation. A company must develop steadily in step with all of society. We will be creating new growth engines to help solve social issues and drive our growth in step with the sustainable development of society. As we do, we would like to establish ourselves as a robust company group that society broadly trusts and respects.

## To Enhance Our CSR Management

The United Nations Global Compact is an invaluable guideline for us as we undertake our journey towards this end. Toppan has been participating in the United Nations Global Compact and supporting the 10 principles of the Global Compact on human rights, labour, environment, and anti-corruption since September 2006. I will continue espousing the United Nations Global Compact and shaping our corporate social responsibility (CSR) activities accordingly.

The International Organization for Standardization (ISO) 26000 Guidance on Social Responsibility (international standard for organizations) was formulated through the involvement of multiple stakeholders from more than 100 countries, many of them developing. The standard condenses various social issues to be solved. From my perspective, it also guides our own measures to implement the United Nations Global Compact. We incorporated ISO 26000 in our CSR management practices in fiscal 2011 and have been pushing forward with CSR activities by piecing together a clear picture of the social issues we should help solve and the social responsibilities we should fulfill.

## Towards a Sustainable Society

The challenges confronting the environment are among the most important social issues we face. Energy saving has been all the more pressing in Japan since the Great East Japan Earthquake of 2011. In the realm of energy, Toppan

has been providing society with functional products for solar cells and lithium-ion batteries. Backed by the operational know-how we have cultivated over the years, we will also offer new value to the “smart community,” a new concept you will surely be hearing more about in the future.

In the realm of resource recycling, Toppan has been making efforts to use recycled polyethylene terephthalate (PET) film as a packaging material by applying a mechanical recycling method. Recycled PET used to be difficult to use as a plastic film due to high costs and quality issues. Toppan’s mechanically recycled PET film has a high recycling rate and reduces CO<sub>2</sub> emissions by about 24% in the pre-manufacturing stage, compared with conventional petroleum-based films. Toppan has participated in a PET bottle recycling project in collaboration with partners along the value chain to help create a recycling-oriented society and facilitate sustainable resource use.

We will continue to offer society new value by proposing total solutions based on our broad-ranging know-how, resources, and technologies.

## With Our Stakeholders

At Toppan we would like to continue disclosing information through this CSR report, one of our most valuable tools for communicating with our stakeholders. I am eager to hear your candid opinions about this report.

We will keep up our work towards the creation of fulfilling lifestyles in a sustainable world. We rely on your ongoing support and guidance.

July 2013

### Shingo Kaneko

President & Representative Director  
Toppan Printing Co., Ltd.



# Group Business Outline

## Corporate Profile

**Corporate name**  
Toppan Printing Co., Ltd.

**Head office**  
1, Kanda Izumi-cho, Chiyoda-ku,  
Tokyo 101-0024, Japan  
Phone +81-3-3835-5111

**Established**  
January 17, 1900

**President & Representative  
Director**  
Shingo Kaneko

**Number of employees  
(nonconsolidated)**  
8,587 (as of the end of March 2013)

**Number of employees  
(consolidated)**  
48,878 (as of the end of March 2013)

**Capital (nonconsolidated)**  
104.9 billion yen

## Group Profile

The Toppan Group comprises Toppan Printing Co., Ltd. and 197 related companies (167 subsidiaries and 30 affiliates) engaged in manifold businesses in three main fields: Information & Networks, Living Environment, and Electronics.

The positioning of Toppan and related companies in these fields is outlined on page 44.

## Business Fields

### Information & Networks



Securities and Cards



Commercial Printing



Publications Printing

Providing solutions to increase the value of information and effectively deliver information for customers who require smooth communication

### Living Environment



Packaging



Functional Product and Energy  
Related



Interior Décor Materials

Providing customers around the world with products and services optimal for creating fulfilling lifestyles in fields such as medicine, food, and housing

### Electronics



Display Related



Semiconductor Related

Working with leading-edge technologies to provide electronic components with strong potential to be adopted as de facto standards

### Personal Service



Shufufoo!—an online mall for digital flyers (in Japanese)

Providing consumers with Toppan's original brand of innovative information services and devices to enrich the links between people and goods

### Next-generation Products



Ball SAW  
sensors



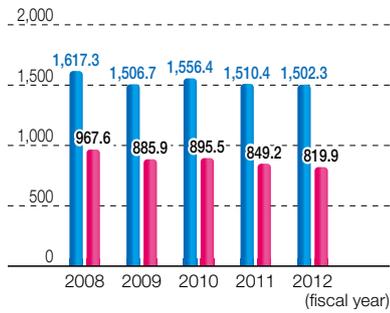
Fuel cell  
components

Providing high-performance industrial materials with links to the next generation by developing fields of business with growth potential

\*To create new businesses by responding promptly and flexibly to today's changing markets, Toppan established a new Material Solutions Division by integrating the Electronics Division and Functional Product Division on April 1, 2013.

### Net Sales

(billion yen) ■ Consolidated ■ Nonconsolidated



### Operating Income or Loss

(billion yen) ■ Consolidated ■ Nonconsolidated



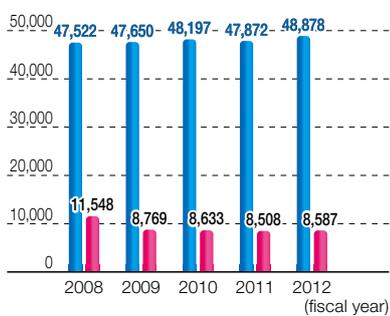
### Net Income or Loss

(billion yen) ■ Consolidated ■ Nonconsolidated

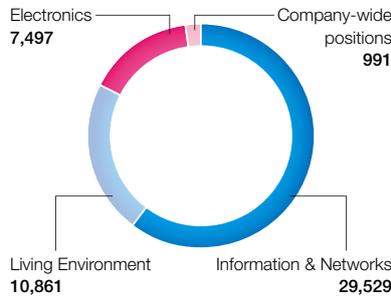


### Number of Employees

■ Consolidated ■ Nonconsolidated

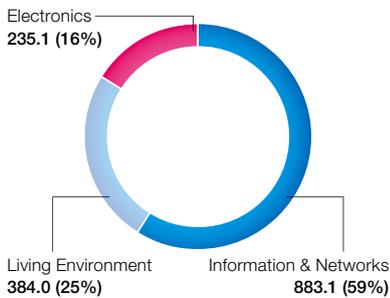


### Number of Employees by Business Field (consolidated)



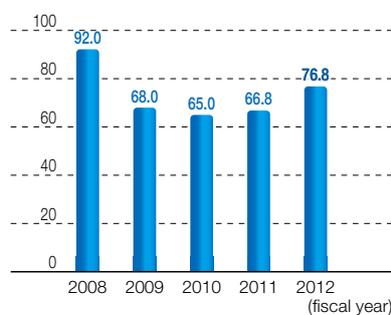
### Net Sales by Business Field

(billion yen)



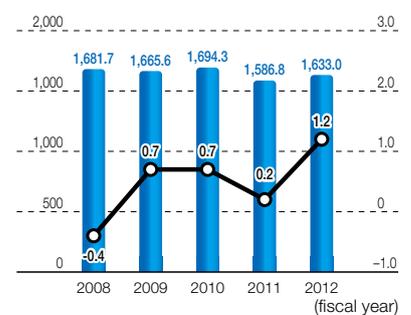
### Capital Expenditure

(billion yen)



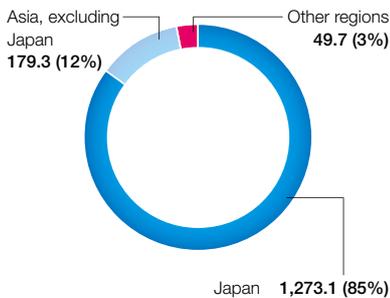
### Total Assets & Return on Assets (ROA)

(billion yen) (%)



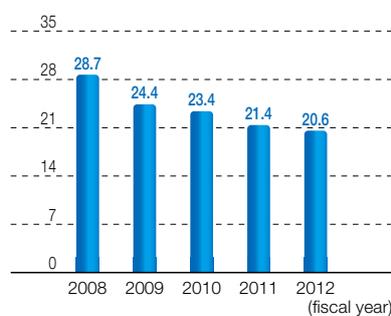
### Net Sales by Region

(billion yen)



### R&D Expenses

(billion yen)



### Net Assets & Return on Equity (ROE)

(billion yen) (%)



#### Notes:

- Net sales do not include consumption taxes.
- The number of employees is the number of employees working at the Group. The number of non-regular employees for fiscal 2012 stood at 7,890 on a consolidated basis (the average number of employees throughout the fiscal year, including part-time workers but excluding temporary staff).

# Designing the “Smart Community,” an Environmentally Friendly City for Comfortable Lifestyles

A smart community is a town where people can efficiently use energy and enjoy higher standards of comfort in daily life. Toppan has been developing information-intensive foundations for the creation of smart communities in fields where it has specialized know-how.

## The Smart Community: An Environmentally Friendly City Designed for Comfortable Living

A smart community is a social system designed to accommodate the total lifestyles of the people living in a community. The people in the smart community live comfortably while using energy in more efficient ways to optimize the supply-demand balance. The scope of the smart community vision is no longer confined to energy-related areas. The vision encompasses the creation of towns designed for comfortable lifestyles with a focus on areas such as health, transportation, community exchange, and the harmonious coexistence of humans with nature.

## Toppan's Creative Contributions to the Smart Community

— People embrace new lifestyles if the lifestyles are fun —

When people are asked to sacrifice lifestyle conveniences in the name of energy and power efficiency, their satisfaction tends to decline. Yet people will readily change their behavior if new living becomes spontaneous, comfortable, and fun.

Toppan focuses closely on the information to be circulated in a smart community from the perspectives of its people. Information packaged and delivered in meaningful and useful forms for people can facilitate the adoption of new behaviors spontaneously. Toppan will help materialize a smart community using its printing technologies, especially its technologies for processing, managing, and delivering information in three fields: 1) communication, 2) business process outsourcing (BPO), and 3) security.

### 1 Communication

Toppan will be using its communication know-how to clearly express and deliver information tailored to the diversified lifestyles of individuals. Toppan knows, for example, that people are unlikely to adopt energy- and power-saving habits if they

see nothing more than statistics on household power consumption on device displays. Graphical displays of motion sensor information on energy use and how energy is wasted room by room (figure 1) are convincing enough to change people's behavior. Toppan researchers also developed a recommendation-delivery system to encourage people to go out shopping or pursue other out-of-home activities during peak power-consumption hours in summer. If presented with well-timed messages about special limited-time sales at shops, people can be persuaded to turn off their household electricity and leave their homes. The system saves energy at homes and vitalizes regional economy by augmenting sales at retailers. Toppan's new information delivery system demonstrates



Figure 1: Wastefulness visualized (in Japanese)

how Toppan can spur energy- and power-saving actions through accessible, easy-to-understand communication. Toppan expects to see this system integrated into a coming generation refrigerators and other smart home appliances designed to enable people to save energy without sacrificing comfort (figure 2).



Figure 2: Smart home electrical appliances

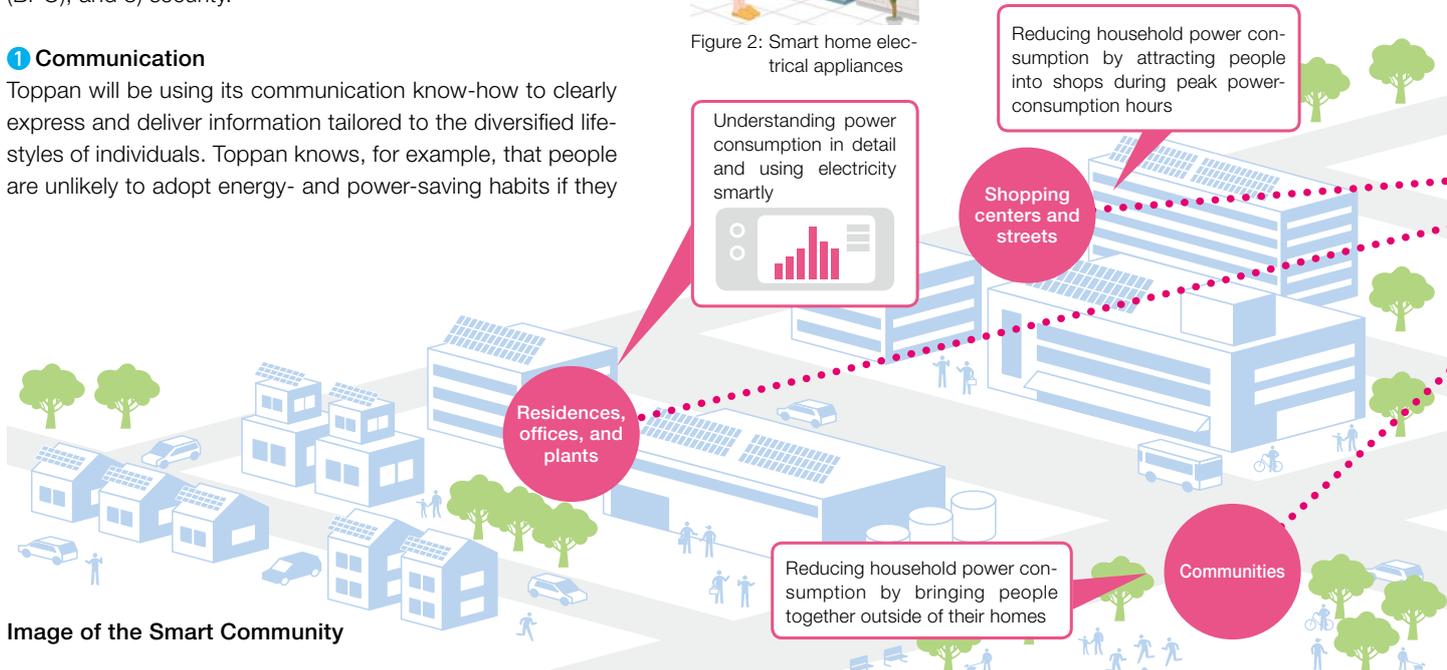


Image of the Smart Community

## 2 Business Process Outsourcing

Toppan will offer full-fledged support for the management and administration of smart communities using its know-how in advertising campaigns and other services that Toppan manages for client companies. Toppan will provide support for the introduction of solar panels, storage batteries, home energy management systems (HEMS), and similar energy-related devices on client premises, from procurement to installation. The Company will also support client companies with various local information services related to shopping, healthcare, and the like.

## 3 Security

The smart community requires a high-level security environment to protect the personal information of community members. Toppan will be using its know-how in the development and handling of smart cards for the financial industry to ensure the protection of personal information and data on household energy consumption in the smart community.

## Practical Test in Kitakyushu City

Toppan took part in the Kitakyushu Smart Community Creation Project in Fukuoka Prefecture in fiscal 2012. The experiment is being conducted in Higashida, Yahatahigashi Ward, a region where locally consumed electric power is generated using a solar, wind, hydrogen, and other renewable energies in combination with a natural-gas cogeneration system. Power demand and supply in Higashida is tracked and controlled at a regional power-saving station installed at the relay point of an IT network linking power-generating facilities with residences, offices, and plants.



Figure 3: Shufoo! screenshot (online mall for digital flyers; in Japanese)



Figure 4: Eco-coupon (in Japanese)

Toppan has brought about a change in public behavior using a communication tool designed based on consumer behavior analysis techniques developed by Toppan through the operation of the digital flyer portal site, Shufoo! (figure 3). The Company issued eco-coupons redeemable only during peak power-consumption hours in summer (figure 4) as a trial service to draw people out of their homes to commercial areas. People, the environment, and the regional economy all benefited from this experiment. The project experiments verified that direct communication matched to personal attributes, preferences, and lifestyles can motivate people to turn off their household electricity and leave their homes.

Toppan will continue participating in Kitakyushu City's experiment and various other test projects to provide safe, secure, and pleasant lifestyles for the community and its residents. Communication, BPO, and security are all indispensable for the creation of a smart community. Toppan will play an active role in realizing smart communities in the years to come.



\*Photo of the regional power-saving station in Kitakyushu City, Fukuoka Prefecture



Tracking and controlling power demand and supply via an IT network linking power-generating facilities with residences, offices, and plants

Generating electricity using renewable power, such as solar and wind power

Increasing the use of eco-vehicles, such as fuel-cell vehicles powered by hydrogen energy



### A Flag-bearer for the Smart Community Creation Project

**Mr. Taihei Shibata**  
Director, Office for Environmental Future City Promotion, Environment Bureau, City of Kitakyushu

The Kitakyushu Smart Community Creation Project aims to convert residents and businesses from one-way energy consumers to productive consumers through proactive energy-saving actions and the installation of solar and other renewable power generation devices. The project facilitates the participation of both residents and businesses. Smart energy initiatives such as the consolidation and visualization of local energy-related information and the "dynamic pricing" of electricity power rates based on demand-and-supply profiles activate proactive thinking and the participation of residents, companies, and organizations. We are building a mechanism by which actions beneficial to residents and businesses bring benefits to the local energy system at the same time. This mechanism will be built into the whole social system and structure in our target communities. The more the mechanism revitalizes the regional economy, the more independent and long-lasting it will be.

I hope Toppan becomes a flag-bearer for the smart community by building workable models.

# A Mechanically Recycled PET Packaging Material for a Recycling-oriented Society

Toppan has developed Japan's first environmentally friendly laminated packaging material made from recycled polyethylene terephthalate (PET) film. This new PET film matches the performance of petroleum-based films in terms of both safety and cost. Toppan will help build up a recycling-oriented society by facilitating the use of this new packaging material.

## Sustainable Resource Utilization Required for Packaging Materials

Society needs to use resources sustainably in order to mitigate global warming and to cure its excessive reliance on exhaustible resources such as petroleum.

Packaging and container designers have long been exploring ways to reduce or lighten packaging materials and develop containers that are refillable or easier to recycle. More packaging and containers nowadays are produced from recycled materials or renewable biomass resources.

## PET Bottle Recycling and Related Challenges

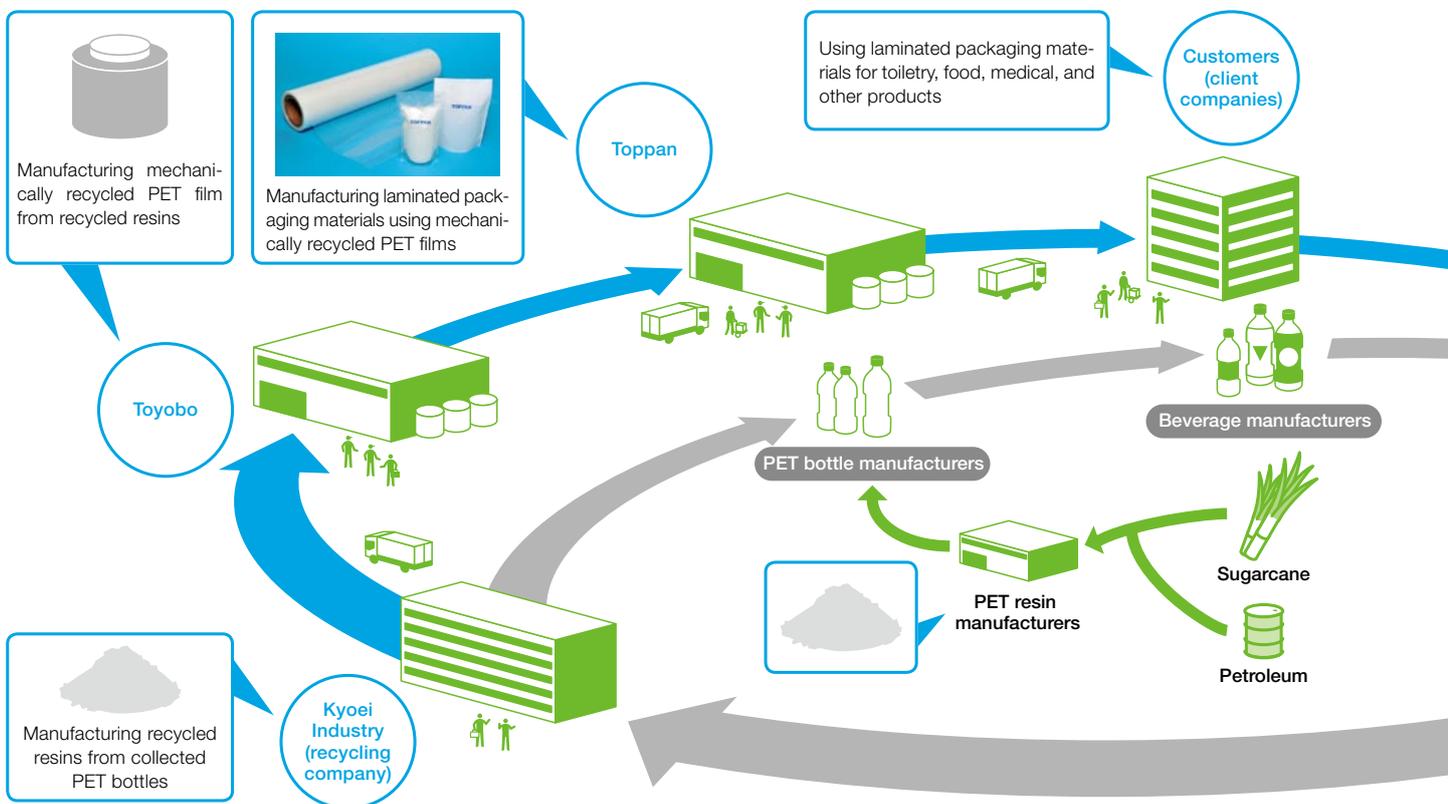
PET bottle collection and recycling have long been promoted, but chemical recycling (chemical decomposition of collected PET bottles into a plastic resin) is expensive and material recycling (the crushing and cleaning of PET bottles) produces a recycled resin interfused with impurities. Chemical recycling produces costly resins, while material recycling produces resins

that have limited usage and cannot be easily made into films.

## A Laminated Packaging Material Made from Mechanically Recycled PET Film

Mechanical recycling is a method to obtain a high-quality reproduced resin by eliminating impurities from a materially recycled resin through processes such as heat treatment and decompression. Mechanical recycling is more cost-competitive than chemical recycling and produces a superior recycled resin by eliminating impurities. This method is already being applied to produce recycled PET bottles and labels. The mechanical recycling method used to be a suboptimal choice for manufacturing thin PET films for lamination with films made from other materials. It was once impossible, for example, to use recycled PET films for laminated packaging materials such as pouches.

Toppan worked together with Toyobo Co., Ltd. to overcome this constraint. Through joint development, the two companies



Circulation of Mechanically Recycled PET Film

have produced a mechanically recycled PET film for a laminated packaging material.

The recycled PET film is made from a high ratio of recycled resin, up to 80%. CO<sub>2</sub> emissions in the film production stages up to final manufacturing are reduced by about 24% compared with conventional petroleum-based PET films. Early in May 2012, Toppan started to sell this laminated packaging material mainly for refill standing pouches for toiletry products and packaging materials for food and medical products.

Toppan's processing technologies ensure that the impact strength, tensile strength, laminating strength, and other physical properties of this laminated packaging material match the properties of conventional petroleum-based PET films.

### Contributing to the Establishment of a PET Resource Circulation System

Used PET bottles have been collected for many years at storefronts and via the channels prescribed under the Containers and Packaging Recycling Law of Japan. More recently, a coalition of private companies has been forming a new resource circulation route for used PET bottles covering the stages from collection to recycling.

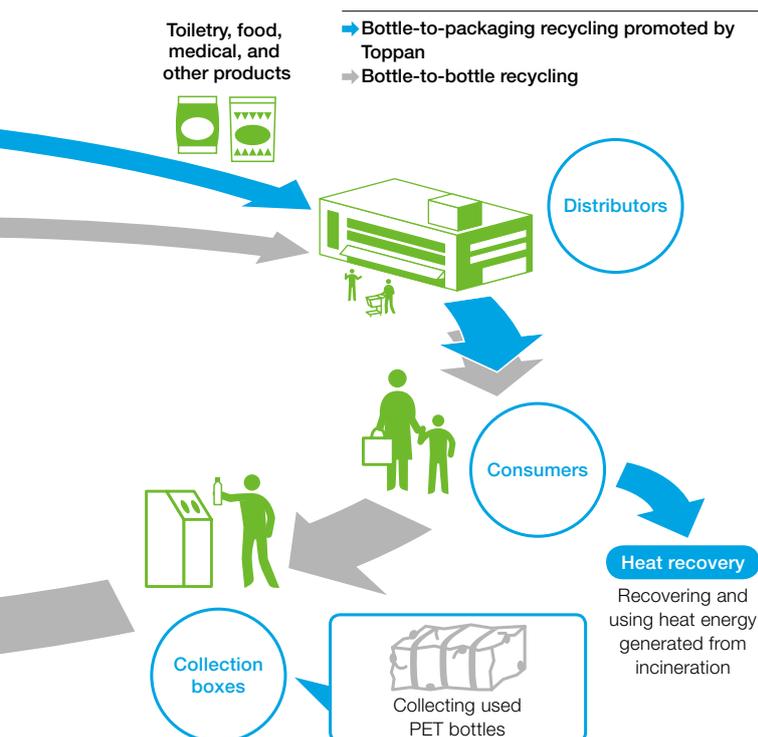
Under this recent scheme, reward points and other incentives can motivate consumers to bring in well-rinsed PET bottles to dedicated PET bottle collection boxes installed at supermarkets and convenience stores, through collaboration between recycling companies and retailers. In a cycle called "bottle-to-bottle recycling," recycling companies convert the collected PET bottles back into recycled resins usable for the



Laminated packaging materials made from the mechanically recycled pet film

production of PET bottles by container and beverage manufacturers.

The recycling ratio of bottle-to-bottle recycling still falls short of 100%. For recycled PET resins inconvertible to new bottles, Toppan has been taking part in a project to establish a bottle-to-packaging recycling process in which these resins are used for the laminated packaging material. Through this approach and several other systems like it, Toppan is helping to build up a recycling-oriented society by efficiently reusing plentiful resources across Japan.



**Effective Resource Extraction from the "Urban Oilfield" with Partners along the Value Chain**

**Mr. Eiichi Furusawa**  
Representative Director  
Kyoei Industry Co., Ltd.

Kyoei Industry thinks of discarded PET bottles and other waste plastics in Japan as a valuable resource, an "urban oilfield" of sorts. The Urban Oilfield Development Project is our effort to make maximum use of this resource with various recycling technologies. For resource extraction we have developed Japan's first mechanical recycling technology that enables bottle-to-bottle recycling from used PET bottles. The bottle-to-bottle recycling method was first introduced by Suntory Beverage & Food Limited, a major producer of bottled beverages. Other major beverage manufacturers in Japan have also adopted bottle-to-bottle recycling in recent years.

We are certain that Toppan's bottle-to-packaging recycling system, a complement to bottle-to-bottle recycling, will enhance the effective use of plastic resources in the urban oilfield. We are now working with Seven & i Holdings Co., Ltd. and other entities to establish collection routes from PET bottle collection boxes (automatic collection units) installed at retailer storefronts. This is a social infrastructure that can help supply sufficient materials to bottle-to-packaging recycling systems.

# Results in Fiscal 2012 and Future Measures

Seven Core Subjects	Action Points and Targets for Fiscal 2012	Main Measures in Fiscal 2012
<b>Organizational governance</b>	Developing CSR management based on ISO 26000	<ul style="list-style-type: none"> <li>Promote an understanding of ISO 26000 throughout Toppan and implement CSR management at Group companies in Japan</li> <li>Implement BCM at all divisions and main Group companies in Japan (by formulating an action procedure manual and organizing training)</li> <li>Prepare to acquire certification under the "ISO 22301:2012, Societal security – Business continuity management systems (BCMS)" standard and establish Toppan's own training, evaluation, and audit methods</li> </ul>
	Formulating business continuity plans (BCPs) across the Group and facilitating business continuity management (BCM) on an ongoing basis	
<b>Human rights</b>	Raising awareness of respect for basic human rights	<ul style="list-style-type: none"> <li>Organize various educational training sessions to nurture businesspeople guided by the concept of respect for people</li> </ul>
	Providing an open environment and information for recruitment	<ul style="list-style-type: none"> <li>Facilitate the hiring of human assets with latent faculties and aspirations suitable for a global business environment</li> </ul>
	Proactively appointing female employees to higher positions	<ul style="list-style-type: none"> <li>Leverage female talent through positive action</li> </ul>
	Working for equal opportunity in individual career development and helping employees pursue their own career paths	<ul style="list-style-type: none"> <li>Continue using the Challenging Job System (for the self-determination of career paths) in order to appoint at least 20% of employee applicants to the departments or divisions where they would like to work</li> </ul>
	Supporting second careers for retired employees	<ul style="list-style-type: none"> <li>Use the Senior Reemployment System as a tool for leveraging the knowledge, experience, and expertise of veteran employees</li> </ul>
	Promoting the employment of persons with disabilities	<ul style="list-style-type: none"> <li>Diligently facilitate the hiring of persons with disabilities in cooperation with local public job-placement offices in Japan</li> </ul>
<b>Labour practices</b>	Operating personnel treatment systems properly	<ul style="list-style-type: none"> <li>Rearrange working conditions and personnel systems to enhance the Company's capacity to respond to environmental changes in business; introduce and examine new systems and schemes</li> </ul>
	Supporting work-life balance 1) → Shortening total working hours	<ul style="list-style-type: none"> <li>Make use of various working systems, including the multi-shift working system</li> <li>Facilitate close supervision of working hours by adopting a new employment management system</li> </ul>
	Supporting work-life balance 2) → Creating a working environment where employees can strike a balance between working and raising children	<ul style="list-style-type: none"> <li>Continue convening labor-management committees for the creation of a working environment amenable to enhanced job satisfaction</li> <li>Continue informing employees of various childcare-leave-related systems</li> </ul>
	Creating a better working environment through partnerships between labor and management	<ul style="list-style-type: none"> <li>Increase opportunities for opinion exchanges between labor and management, including various council meetings and tripartite conferences</li> <li>Modify clauses on liability in the Company's collective labor agreement and conclude individual collective labor agreements at manufacturing subsidiaries, etc.</li> <li>Continue holding and gingering up recreational events jointly organized by labor and management</li> </ul>
	Ensuring occupational safety and health	<ul style="list-style-type: none"> <li>Continue operating touring <i>Anzen Dojo</i> facilities at operational sites across Japan and begin operating the <i>dojo</i> at manufacturing subsidiaries</li> <li>Open the Safety and Monotsukuri Library</li> </ul>
	Reinforcing countermeasures against fires and disasters	<ul style="list-style-type: none"> <li>Install Company-wide task force functions in Tokyo and the Kansai region in Japan</li> <li>Formulate a structure to implement initial actions at each operational site; prepare a management system at each division (comprehensive disaster-preparedness drills, installation of emergency communication hardware, full-scale operation of a safety confirmation system, stockpiling of supplies for use during earthquake disasters)</li> </ul>
	Promoting healthcare and health enhancement	<ul style="list-style-type: none"> <li>Reduce the number of employees with health risks associated with metabolic syndrome through preventive measures against lifestyle-related diseases</li> </ul>
	Arranging measures for mental healthcare	<ul style="list-style-type: none"> <li>Give employees opportunities to take part in Art Salon or consult with counselors over a wider geographic area in Japan</li> </ul>
	Fostering self-reliant employees based on "conduct of high value," a key concept in human asset development at Toppan	<ul style="list-style-type: none"> <li>Enhance employee skills in communication and networking and introduce practical programs to address business challenges</li> </ul>
<b>The environment</b>	See page 34	
<b>Fair operating practices</b>	Heightening awareness of laws, regulations, and the Conduct Guidelines	<ul style="list-style-type: none"> <li>Expand the roles of Conduct Guidelines Promotion Leaders and reinforce measures to prevent improper conduct</li> <li>Implement the Conduct Guidelines in overseas Group companies</li> </ul>
	Complying with transaction-related laws	<ul style="list-style-type: none"> <li>Continue organizing training on compliance with the Subcontract Law of Japan for employees in production control departments of Toppan and Group companies and continue interviews to check how subcontract transactions are being handled</li> </ul>
	Promoting CSR initiatives in the supply chain	<ul style="list-style-type: none"> <li>Review the CSR Procurement Guidelines with an eye to ISO 26000</li> <li>Establish operational rules accommodating global procurement</li> </ul>
<b>Consumer issues</b>	Ensuring consumer safety through the strict prevention of quality-related accidents	<ul style="list-style-type: none"> <li>Continue product safety management activities in the food packaging and filling/packing businesses</li> <li>Execute priority measures, including steps to prevent the admixture of different products and foreign substances in any type of packaging manufactured</li> <li>Continue managing chemical substances in products based on Green Procurement Standards at each division</li> </ul>
	Applying environmental impact assessment	<ul style="list-style-type: none"> <li>Establish and operate a promotion structure to disseminate the carbon footprint of products (CFP) scheme throughout the divisions in Japan</li> <li>Revise the CFP verification method from a product-by-product certification to a system certification</li> </ul>
	Establishing an information security management structure towards the complete elimination of information-related accidents	<ul style="list-style-type: none"> <li>Instruct 48 areas designated for the handling of personal information on conformance with the new criteria for the installation of the tightly secured areas and re-qualify them based on the new criteria</li> <li>Facilitate cooperation among Group companies to take countermeasures against IT risks (antivirus measures, related education)</li> </ul>
<b>Community involvement and development</b>	Arranging social contribution programs to help solve social issues	<ul style="list-style-type: none"> <li>Continue carrying out medium-term recovery assistance measures for the areas stricken by the Great East Japan Earthquake of 2011 (continuous activities of the Book Wagon mobile libraries)</li> <li>Sponsor the sixth series of <i>Toppan Charity Concerts</i></li> </ul>

Results in Fiscal 2012	Self Evaluation	Action Points, Targets, and Main Measures for Fiscal 2013
<ul style="list-style-type: none"> <li>Deepened the understanding of ISO 26000 via e-learning-based, Company-wide basic education for Toppan and Group company employees</li> </ul>	A	<ul style="list-style-type: none"> <li>Implement e-learning-based, Company-wide basic education on CSR management at more Group companies</li> </ul>
<ul style="list-style-type: none"> <li>Formulated a basic plan and action procedure manual, implemented and operated BCM, organized simulation training, conducted other related activities at the main sites of the divisions and main Group companies</li> </ul>	A	<ul style="list-style-type: none"> <li>Implement BCM at the regional divisions, Group companies, etc. that have yet to formulate BCPs (by formulating a basic plan and action procedure manual, organizing simulated training, and conducting related activities)</li> <li>Organize BCP- and BCM-related education and develop human assets to engage in BCPs and BCM</li> </ul>
<ul style="list-style-type: none"> <li>Acquired the Business Continuity Advancement Organization (BCAO) Business Continuity Specialist Grade I and II certifications</li> </ul>	A	<ul style="list-style-type: none"> <li>Continue organizing various educational training sessions to nurture business-people guided by the concept of respect for people</li> </ul>
<ul style="list-style-type: none"> <li>Organized education on conduct practices guided by the respect-for-people concept through rank-based training, Company-wide basic education on CSR, training for Conduct Guidelines Promotion Leaders, and so on</li> </ul>	A	<ul style="list-style-type: none"> <li>Promote the diligent hiring of human assets with latent faculties and aspirations suitable for a global business environment</li> </ul>
<ul style="list-style-type: none"> <li>Held company orientation sessions to brief recruits on Toppan's policy of hiring human assets with latent faculties and aspirations suitable for a global business environment</li> </ul>	A	<ul style="list-style-type: none"> <li>Appoint more female employees to higher positions and leverage female talent; create working environments where employees can strike a balance between working and raising children</li> </ul>
<ul style="list-style-type: none"> <li>Attained a 5.1% ratio of females among managerial and supervisory staff (as of April 1, 2013)</li> </ul>	A	<ul style="list-style-type: none"> <li>Use the Challenging Job System as a tool to deploy human assets based on individual capabilities and aspirations and to appoint at least 20% of employee applicants to the departments or divisions where they would like to work</li> <li>Arrange rotations and training to provide employees opportunities to develop their capabilities</li> </ul>
<ul style="list-style-type: none"> <li>Appointed 227 employee applicants (17.7% of all applicants) to the departments or divisions where they wished to work (as of April 2013)</li> </ul>	B	<ul style="list-style-type: none"> <li>Use the new Senior Reemployment System as a tool for leveraging the knowledge, experience, and expertise of veteran employees</li> </ul>
<ul style="list-style-type: none"> <li>Introduced a new Senior Reemployment System on April 1, 2013 in line with the amendment to the Law concerning Stabilization of Employment of Older Persons of Japan</li> </ul>	A	<ul style="list-style-type: none"> <li>Develop new job positions for employees with disabilities; strengthen support systems to hire more persons with disabilities</li> </ul>
<ul style="list-style-type: none"> <li>Attained a 2.13% ratio of employees with disabilities in the total workforce (as of June 1, 2013)</li> <li>Appointed employees with disabilities to sections that had not previously hired employees with disabilities</li> </ul>	A	<ul style="list-style-type: none"> <li>Rearrange working conditions and personnel systems to enhance the Company's capacity to respond to environmental changes in business; introduce new systems and schemes and examine support plans for individual career development</li> </ul>
<ul style="list-style-type: none"> <li>Introduced a new Second Career Support System, an early retirement support system, and handled processes from informing eligible people about the system to retirement procedures</li> </ul>	A	<ul style="list-style-type: none"> <li>Create new ways of working based on job specifications, work styles, and the like by adopting a new personnel treatment system in sales and planning departments</li> <li>Hold opinion-exchange discussions on ways to encourage employees to take leave, including the creation of more accommodating workplace climates</li> </ul>
<ul style="list-style-type: none"> <li>Launched the operation of a new employment management system at the Company in August 2012 and introduced the system to Group manufacturing subsidiaries in January 2013</li> </ul>	A	<ul style="list-style-type: none"> <li>Consider the introduction of a teleworking system for employees who want to come to the office but are prevented from doing so by childcare obligations</li> </ul>
<ul style="list-style-type: none"> <li>Reduced the average hours of overtime worked per month by 0.9 hours compared with the fiscal 2011 level</li> </ul>	A	<ul style="list-style-type: none"> <li>Increase opportunities for opinion exchanges between labor and management, including division tripartite conferences, business councils at individual divisions, and labor-management committees for the creation of a working environment amenable to enhanced job satisfaction</li> <li>Continue holding and gingering up recreational events jointly organized by labor and management</li> </ul>
<ul style="list-style-type: none"> <li>Removed the limit to the number of half-days employee can take as leave (previously limited to 20 half-days per year)</li> <li>Held the Hagukumi (bringing up) Art Salon for employees on childcare leave and their children</li> </ul>	A	<ul style="list-style-type: none"> <li>Introduce risk assessment on a full scale in a bid to make machines and equipment intrinsically safer</li> <li>Switch to less hazardous cleansing agents at the workplaces that use organic solvents for offset printing and like processes</li> </ul>
<ul style="list-style-type: none"> <li>Held negotiations and conferences between labor union and management on 45 separate occasions to exchange opinions and provide information</li> <li>Held a large-scale sports festival jointly organized by labor and management (attended by about 3,500 participants, including employees and their families)</li> </ul>	A	<ul style="list-style-type: none"> <li>Install Company-wide task force functions in the Kansai region in Japan</li> <li>Share information about stockpiled emergency supplies and management ledgers for the supplies at individual operational sites</li> <li>Continue organizing initial action drills; perform checks</li> </ul>
<ul style="list-style-type: none"> <li>Achieved 98% participation (more than 10,000 employees) in the Japan-wide Anzen Dojo facility tour (since the tour launch in October of 2011); failed, however, to reduce occupational accidents</li> <li>Opened the Safety and Monotsukuri Library with a collection of more than 1,200 documents</li> </ul>	B	<ul style="list-style-type: none"> <li>Offer systematic healthcare guidance for employees with health risks associated with metabolic syndrome (healthcare guidance on the preemption of lifestyle-related diseases, lifestyle improvement programs)</li> </ul>
<ul style="list-style-type: none"> <li>Installed a Company-wide task force at the head office in Tokyo; held a startup drill using satellite-based mobile phones, communication radios, and other emergency communication hardware</li> <li>Held a trial run for the safety confirmation system at all divisions in Japan</li> <li>Maintained emergency supplies in storage and carried out walk-home drills</li> </ul>	A	<ul style="list-style-type: none"> <li>Continue conducting mental health training and providing employees with opportunities to consult with counselors</li> </ul>
<ul style="list-style-type: none"> <li>Attained a regular medical check-up ratio of 54.8% for the dependents of employees (surpassing the targeted ratio of 50%)</li> <li>Offered scheduled healthcare guidance for employees with health risks associated with metabolic syndrome</li> </ul>	A	<ul style="list-style-type: none"> <li>Upgrade practical programs to address business challenges and programs to nurture leaders; strengthen the fosterage of human assets with the skills and aspirations necessary to work in a global business environment</li> </ul>
<ul style="list-style-type: none"> <li>Operated Art Salon at 16 regional sites across Japan (5 more sites than in fiscal 2011)</li> <li>Engaged three counselors, including one with official qualification in industrial counseling, to give employees the opportunity to consult with counselors over a wider geographic area in Japan</li> </ul>	A	
<ul style="list-style-type: none"> <li>Introduced and enriched new and existing programs to strengthen the foundations for employee capabilities and programs to nurture next-generation leaders</li> <li>Strengthened the development of human assets with the skills and aspirations necessary to work in a global business environment by newly dispatching employees to business schools overseas and arranging other programs</li> </ul>	A	
<ul style="list-style-type: none"> <li>Held 73 training sessions for 1,235 Leaders from Toppan and Group companies</li> <li>Delivered 37 lectures for 1,722 managerial staff on the prevention of improper conduct</li> <li>Carried out an e-learning-based program to train 22,389 employees on the prevention of improper conduct</li> </ul>	A	<ul style="list-style-type: none"> <li>Reinforce measures to prevent improper conduct by enhancing the activities of Conduct Guidelines Promotion Leaders</li> <li>Implement the Conduct Guidelines in overseas Group companies</li> </ul>
<ul style="list-style-type: none"> <li>Held 23 training sessions for 584 employees in sales offices and interviewed employees at 12 operational sites across Japan</li> </ul>	A	<ul style="list-style-type: none"> <li>Ensure proper subcontract transactions and build proper relationships with business partners</li> </ul>
<ul style="list-style-type: none"> <li>Reviewed the current CSR Procurement Guidelines, organized the requirements for compliance, and drew up an outline of operational procedures for newly established guidelines</li> </ul>	B	<ul style="list-style-type: none"> <li>Establish new CSR Procurement Guidelines with CSR procurement criteria based on internationally accepted auditing standards and notify business partners about the new guidelines</li> </ul>
<ul style="list-style-type: none"> <li>Conducted audits for the food filling/packing business and primary food packaging production at a cumulative total of 26 sites inside and outside the Company</li> <li>Acquired the Food Safety System Certification (FSSC) 22000 for food packaging production plants at all plants in the Living Environment Division and six plants in Group manufacturing subsidiaries</li> <li>Revised Green Procurement Standards at each division to meet the requirements under Ver. 3.1 of the Toppan Group's Standards for the Management of Chemical Components of Raw Materials</li> </ul>	A	<ul style="list-style-type: none"> <li>Support activities to visualize and quantify risks in business process outsourcing (BPO) operations</li> <li>Upgrade the quality assurance system for businesses related to packaging for food, medical, and pharmaceutical products</li> <li>Continue disseminating information on Ver. 3.1 of the Toppan Group's Standards for the Management of Chemical Components of Raw Materials</li> </ul>
<ul style="list-style-type: none"> <li>Built up an internal CFP system at four Tokyo-based plants in the Information and Communication Division</li> <li>Acquired CFP system certification</li> </ul>	A	<ul style="list-style-type: none"> <li>Operate the internal CFP system (monthly progress meetings, management reviews, regular audits)</li> <li>Nurture human assets to engage in CFP operations such as CFP quantification and verification</li> </ul>
<ul style="list-style-type: none"> <li>Completed qualification examinations for 63 areas, including several newly qualified areas</li> <li>Unified countermeasures against IT risks between Toppan and Group companies; organized 318 training sessions (for employees in Japan, including Group company employees)</li> </ul>	A	<ul style="list-style-type: none"> <li>Instruct 63 tightly secured areas designated for the handling of personal information on conformance with the revised criteria</li> <li>Organize education for all types of employee on the proper handling of personal information and carry out internal audits for all departments in Japan</li> </ul>
<ul style="list-style-type: none"> <li>Carried out the second-stage of activities from June to December 2012: 14,869 people visited Book Wagon, 8,620 people borrowed books, and 25,874 volumes were borrowed (totals of the first and second stages combined)</li> <li>Sponsored the concerts for two days as scheduled and donated 2.15 million yen to the Asia-Pacific Cultural Centre for UNESCO</li> </ul>	A	<ul style="list-style-type: none"> <li>Sponsor the seventh series of <i>Toppan Charity Concerts</i></li> <li>Consider social contribution programs in which Toppan employees take part</li> </ul>

Evaluation criteria: S, Results achieved far surpass the targets; A, Targets achieved; B, Activities fully carried out, but targets unachieved; C, Activities insufficient

# Toppan's CSR Activities

## Toppan's Ideal "Corporate Structure"

TOPPAN VISION 21 sets forth the basic concept and directionality for the continual growth of the Toppan Group in harmony with society and the global environment.

The vision consists of a "Corporate Structure" and a set of "Business Fields." The Corporate Structure specifies ideals and important values and concepts for the Group.

Toppan believes that endeavors to realize the Corporate Structure will support the sustainable development of the Group and society as a whole.

## Corporate Philosophy, Corporate Creed, and Conduct Guidelines

The Corporate Structure is made up of three elements: Toppan's Corporate Philosophy, the Corporate Creed, and the Conduct Guidelines. These elements specify a complete set of values, standards, and guidelines for the operations of the Toppan Group.

Toppan established the Corporate Philosophy, the top concept underpinning all of Toppan's corporate activities, to promote Toppan's continual development as a socially valuable corporation. The Corporate Creed expresses the standards to be kept foremost in mind when performing business operations. Built on the Corporate Philosophy and Corporate Creed, the Conduct Guidelines set out the basic concepts and behavioral norms for Toppan employees both as businesspeople and as members of society.

### Toppan's Ideal "Corporate Structure"

#### Corporate Philosophy

Each of us shall reciprocate our customers' continued trust, create dedicated products by harnessing our vibrant knowledge and technology, and contribute to a fulfilling lifestyle as a mainstay of information and culture.

Established in June 2000

#### TOPPAN VISION 21

[http://www.toppan.co.jp/english/corporateinfo/vision/corp\\_image/rinen.html](http://www.toppan.co.jp/english/corporateinfo/vision/corp_image/rinen.html)

#### Corporate Creed

To build our customers' trust through sincerity, enthusiasm, and creativity in all our corporate endeavors.

To strive for total innovation from a global perspective by conducting marketing and technological development rich in originality.

To conduct fair and open business operations while acknowledging our social responsibilities and aspiring for harmony with our global environment.

To create a positive working environment by maximizing our individual talents and strengths as a team.

To enhance our corporate standing and promote the continual development of the Toppan Group through the exploration of new possibilities.

Established in June 2000

#### Conduct Guidelines

##### Chapter 1: Basic Principles

1. Respecting basic human rights
2. Having high ethical standards and acting as a responsible member of society
3. Complying with laws and company rules and conducting fair business operations
4. Avoiding all links with antisocial groups
5. Striving to improve quality and providing creations that contribute to customer satisfaction
6. Recognizing the importance of information related to business and managing it appropriately
7. Proactively undertaking conservation of the global environment
8. Embracing change and taking on new challenges
9. Building trust from society through social contribution activities and appropriate disclosure of information
10. Bringing together individual strengths to fully exploit the integrated strength of the group

Established in June 2000; revised in November 2010

See page 27 for Chapter 2: Specific Conduct Guidelines.

## CSR Activities

Corporate social responsibility (CSR) activities are prominent among Toppan's many endeavors to realize the ideal Corporate Structure the Group envisions. As measures seeking to incorporate social demands into business operations, CSR activities are vital for Toppan's growth as a corporation in harmony with society and the global environment.

In designing concrete activities, Toppan closely refers to the ISO 26000 Guidance on Social Responsibility, an international standard formulated through the consensus of diverse stakeholders around the world. Various types of organizations and entities have engaged in the standard-making process. This standard therefore typifies demands from society at present.

ISO 26000 provides guidance on the principles of social responsibility—what it means and how it applies to organizations. Any type of organization of any size can use it. Unlike other standards on quality or environmental management, this guidance standard focuses on stakeholder opinions: no certification is granted by third-party organizations.

Toppan will promote CSR activities with this guidance in mind and disclose the results via this CSR report in line with the seven core subjects of social responsibility defined under ISO 26000.

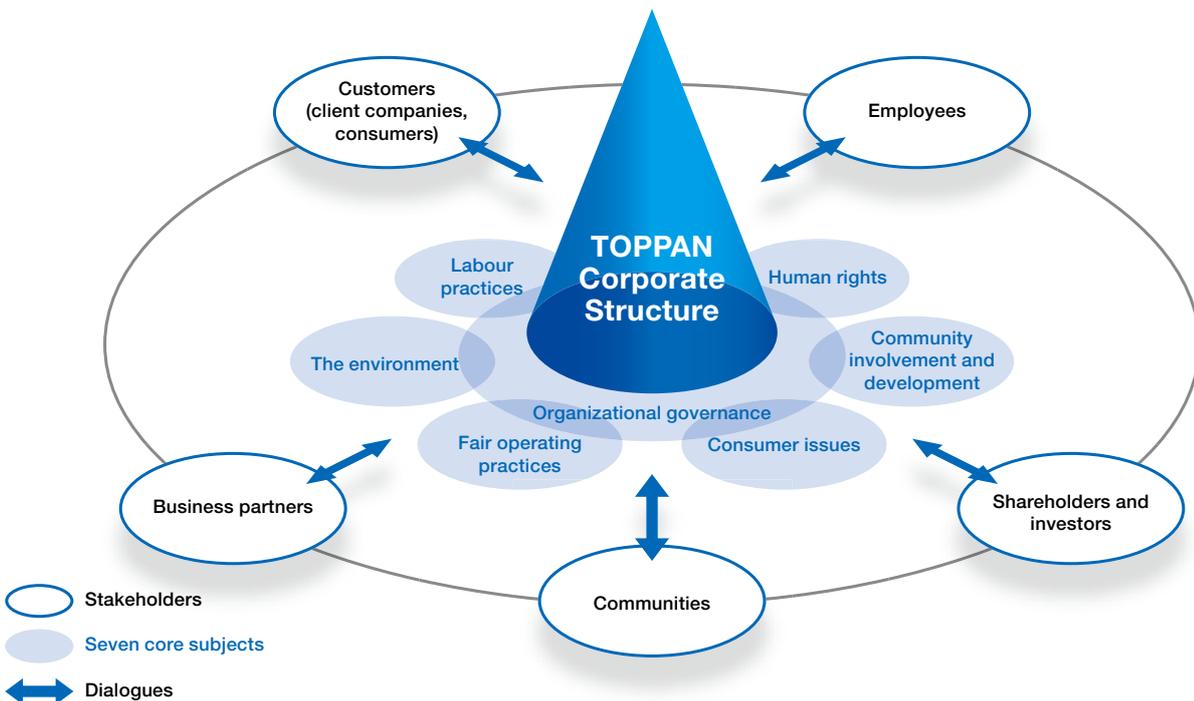
## Dialogues with Stakeholders

Toppan has recognized categories of stakeholders who are either vital for its business operations or potentially impacted by them: customers (client companies, consumers), business partners, communities, shareholders/investors, and employees.

To shape CSR activities satisfactory to all stakeholders, Toppan attaches great importance to stakeholder dialogues and reflects stakeholder opinions in its activities.

Along with the regular dialogues with its stakeholders in the course of daily business, Toppan has been holding meetings with representatives from each stakeholder category and with experts and organizations deeply knowledgeable on social issues since fiscal 2004. From fiscal 2011, Toppan has been taking part in the ISO 26000 Working Group organized by Global Compact Network Japan and carrying on dialogues with experts and NGOs on topics to do with the environment, human rights, community involvement, fair operating practices, and labour practices.

Toppan's Stakeholders and Seven Core Subjects



# Initiatives at Toppan and the Seven Core Subjects under ISO 26000

ISO 26000 Seven Core Subjects	Issues	For Details	Subjects
<b>Organizational governance</b> 	Organizational governance	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• CSR Initiatives</li> <li>• Risk Management Structure</li> <li>• Business Continuity Management</li> </ul>	<b>P. 15–</b>
<b>Human rights</b> 	Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Discrimination and vulnerable groups Issue 6: Civil and political rights Issue 7: Economic, social and cultural rights Issue 8: Fundamental principles and rights at work	<ul style="list-style-type: none"> <li>• Respecting Basic Human Rights</li> <li>• Collective Labor Agreement</li> <li>• Working for Equal Opportunity and Eliminating Discrimination</li> </ul>	<b>P. 18–</b>
<b>Labour practices</b> 	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace	<ul style="list-style-type: none"> <li>• Basic Concept of Human Assets</li> <li>• Labor-Management Partnership</li> <li>• Supporting Work-Life Balance</li> <li>• Occupational Safety and Health</li> <li>• Measures for Mental Healthcare</li> <li>• Developing and Fostering Human Assets</li> </ul>	<b>P. 20–</b>
<b>The environment</b> 	Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	<ul style="list-style-type: none"> <li>• Toppan's Environmental Activities</li> <li>• Environmental Management Activities</li> <li>• Toppan's Environmental Burden and Environmental Impact</li> <li>• Eco-protection Activities</li> <li>• Eco-creativity Activities</li> <li>• Environmental Communication Activities</li> </ul>	<b>P. 34–</b>
<b>Fair operating practices</b> 	Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights	<ul style="list-style-type: none"> <li>• Disseminating the Conduct Guidelines</li> <li>• Toppan Group Helpline</li> <li>• Implementing the Conduct Guidelines in Overseas Group Companies</li> <li>• Compliance Education</li> <li>• Promoting CSR Procurement</li> </ul>	<b>P. 24–</b>
<b>Consumer issues</b> 	Issue 1: Fair marketing, factual and unbiased information and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption Issue 4: Consumer service, support, and complaint and dispute resolution Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness	<ul style="list-style-type: none"> <li>• Assuring Product Safety and Quality</li> <li>• Universal Design Initiatives</li> <li>• Protecting Personal Information</li> <li>• Contributing to Sustainable Consumption</li> </ul>	<b>P. 28–</b>
<b>Community involvement and development</b> 	Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment	<ul style="list-style-type: none"> <li>• Community Involvement and Development</li> <li>• Cooperating with International Communities to Address Social Issues</li> </ul>	<b>P. 32–</b>

# Organizational Governance



- 1 Toppan has strengthened its governance structure through the establishment of a Management Audit Office, Compliance Department, and Ecology Center under the purview of a Board of Corporate Auditors according to the Companies Act of Japan.
- 2 Toppan develops governance aimed at maximizing the corporate value of the entire Group under the Related Company Administration Regulations.

## Corporate Governance

Corporate governance provides the foundation for addressing the seven core subjects.

Toppan has strengthened its governance structure through the establishment of a Management Audit Office, Compliance Department, and Ecology Center under the purview of a Board of Corporate Auditors according to the Companies Act of Japan. Toppan develops governance aimed at maximizing the corporate value of the entire Group under the Related Company Administration Regulations prescribed for the advancement of fair management for the Group.

### The Directors, Board of Directors, and Various Meetings

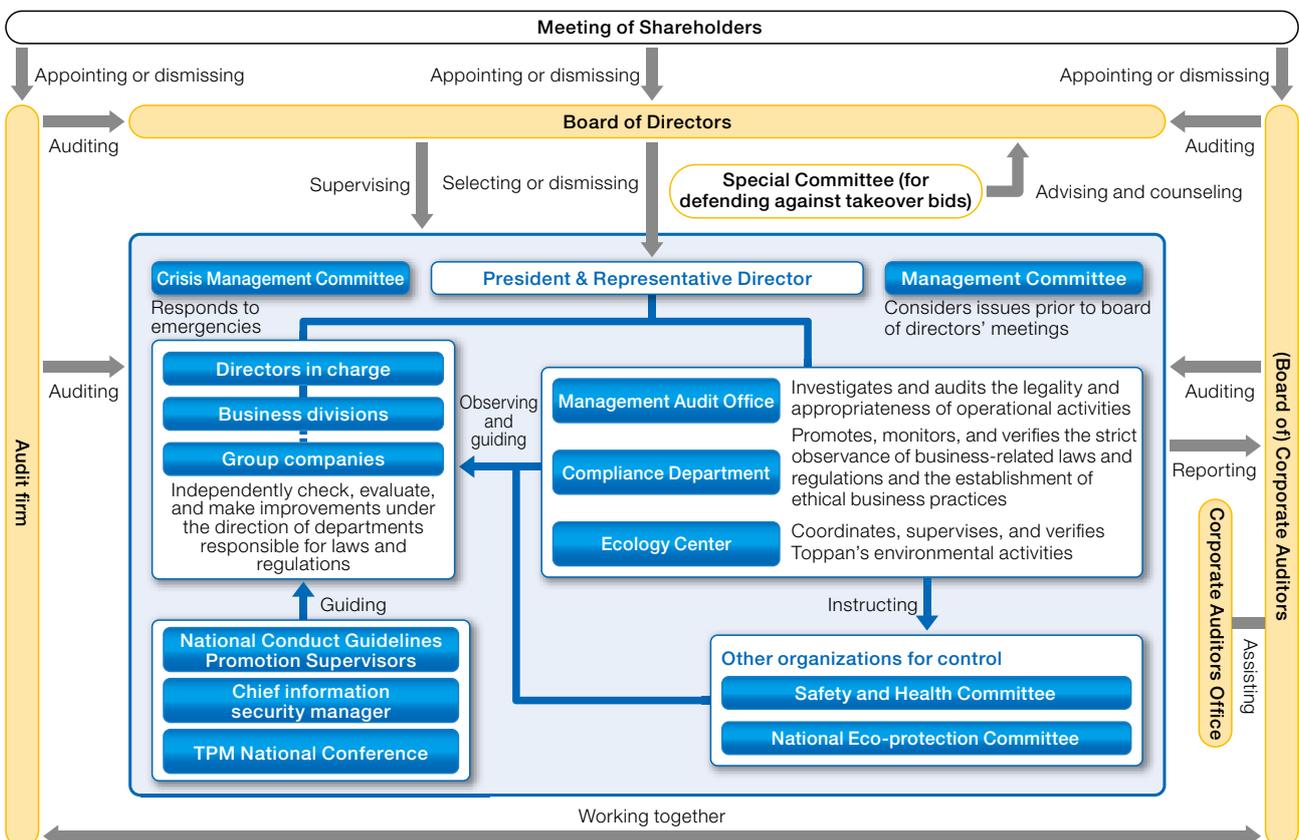
Toppan has 25 directors, including two outside directors, on its board (as of the end of March 2013). Board meetings are held monthly and whenever a pressing matter requires action or deliberation. Especially important management themes are deliberated beforehand by the Management Committee, a body made up of directors selected by the President & Representative Director. The goal is to lay weight on managerial efficiency in business decision making.

### Corporate Auditors, Board of Corporate Auditors, and Audit Firm

As of the end of March 2013, Toppan has five corporate auditors, including three external auditors, of whom two are independent officers. Along with their own board meetings, the corporate auditors attend meetings of the Board of Directors and Management Committee and important meetings on risk management. They systematically carry out audits for operational sites and related companies in close cooperation with the audit firm and internal audit-related departments of the Company. Through these tasks, they audit and advise the Company from a preventive perspective to ensure the legality of the operations of the directors and departments and smooth and appropriate corporate management in line with company policies and regulations. They also regularly convene a board of corporate auditors of related companies to improve the effectiveness of the audits by the corporate auditors across the Group.

Toppan has had KPMG AZSA LLC verify the propriety of the Company's accounts through audits to enhance the reliability and transparency of the Company's financial information.

## Corporate Governance Structure



### Strengthening Audit Functions

The Management Audit Office is a body established independently from the business divisions. Working from legal and rational viewpoints, the office conducts fair and objective audits on the administrative and operational systems and practical status of the Company's management activities. The office provides feedback to the relevant departments on problems, proposes measures for improvement, and reports the audit results to the President & Representative Director, directors in charge of relevant departments, and corporate auditors. In fiscal 2012, the office carried out 25 management and operation audits. It also conducted maintenance and operational evaluations of internal controls over financial reporting for all business divisions and main subsidiaries.

The Compliance Department in the Legal Affairs Division spearheads the Company's initiatives to ensure the strict observance of laws and regulations and to firmly establish ethical business practices. The department facilitates the complete awareness of the Conduct Guidelines, organizes employee education on compliance with applicable laws, and implements internal audits on information security (→PP. 24, 30). The Ecology Center in the Manufacturing Management Division supervises environmental activities, conducts internal audits at operational sites, and monitors the progress of improvements (→P. 34).

### CSR Promotion Structure



### Remuneration to Directors and Corporate Auditors

In fiscal 2012, the total annual remuneration to directors was 1,057 million yen and the total annual remuneration to corporate auditors was 108 million yen. Please refer to the section on corporate governance, etc. in the securities report (in Japanese) for details on the method used to determine remunerations and remuneration-related information.

### CSR Initiatives

#### Promotion Mechanism

Under the President & Representative Director and the Director in charge of CSR, the divisions of the head office work in collaboration with each other to promote CSR activities.

These directors and divisions devise action plans every year and carry out measures based on shared information on their progress and the issues they tackle. From fiscal 2013, Toppan will engage in more intensive dialogues with experts and stakeholders outside the Company to form a clearer picture of the social issues Toppan should address and what society expects from a company's CSR initiatives in general. Toppan will continuously upgrade its CSR activities with a perpetually evolving recognition of social issues and expectations.

### Risk to Be Managed and the Relevant Head Office Divisions in Charge

Risk to Be Managed	
Accidents involving products or product liability	Accidents or complaints related to products (Manufacturing Management Div.)
Accidents or disasters related to company operations	Accidents related to main systems (ICT Div.)
	Occupational accidents, traffic accidents, or other accidents involving employees (Personnel & Labor Relations Div.)
	Incidents related to notes or accounts receivable (Finance & Accounting Div.)
	Legal problems with orders received (Legal Affairs Div.)
Defamation, slander, or other criminal damages	Leakage of personal information, internal confidential information, etc. (Legal Affairs Div.)
	Accidents or disasters related to fires or explosions (Manufacturing Management Div.)
	Illegal activities related to the storage of solvents, management of dangerous chemicals, etc. (Manufacturing Management Div.)
Relationships with antisocial organizations	Damage to the company's internal computer system due to cyber terrorism, illegal access or use of company information, leakage of personal information, internal information, etc. (ICT Div.)
	Acts of violence against the company (threats, kidnapping, robbery) (Personnel & Labor Relations Div.)
Natural disasters	Unreasonable demands from antisocial organizations, transactions conducted between business partners and antisocial organizations (Legal Affairs Div.)
	Material losses or personal accidents suffered by customers or the company due to earthquakes, wind or water damage, lightning, etc. (Personnel & Labor Relations Div.)
Risk in business management	Operational shutdowns due to large-scale earthquakes or other unexpected events (Legal Affairs Div.)
Unlawful activities related to external contracts	Shareholder derivative lawsuits, hostile takeovers (Legal Affairs Div.)
Infringement of intellectual property	Violations of the Subcontract Law of Japan, illegal transactions with business partners (Manufacturing Management Div.)
Environmental problems	Infringements of patents, trademarks, or copyrights (Legal Affairs Div.)
Risk in overseas business activities	Violations of environmental laws or standards, illegal disposal of industrial waste (Manufacturing Management Div.)
	Product accidents, environmental problems, fires or natural disasters, damage to human or physical resources caused by international conflicts or terrorism, etc. (Corporate Planning Div.)

## Risk Management Structure

Toppan manages risk comprehensively to avoid risk and minimize the losses incurred when events at risk occur.

The Rules on Risk Management have been established to address matters regarding risk avoidance and the minimization of loss when an event at risk occurs. In accordance with these rules, the Company has set up a risk management structure under which the responsibilities for risk management are allotted to specific divisions in the head office based on the types of risk involved. Under this structure, the directors in charge of each relevant division are responsible for taking measures to prevent, avoid, and correct each type of risk.

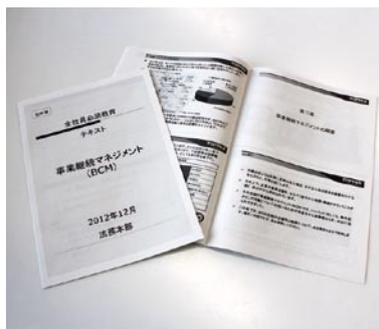
Toppan reviews risks to be managed once a year and examines countermeasures to be taken in line with the rules. The Company also holds a regular Risk Management Liaison Meeting for the persons in charge of risk management in the head office divisions in order to share information on a continuous basis and respond to risk practically.

### Countermeasures against Disasters

Toppan has carried out comprehensive disaster-preparedness measures throughout its operational sites under a basic plan for countermeasures against disasters.

The foremost aims of the countermeasures against disasters at the Group are to ensure the safety of all Toppan employees and their families and to provide aid for affected people in general. A safety confirmation system composed of multiple communication channels such as email and mobile phone has been in place since 2011 as a tool to allow employees to immediately confirm their safety in the event of a wide-scale disaster. Every operational site has organized its own safety confirmation drills since the introduction of the system.

All operational sites reserve stockpiles of food and other requisites for commuters who have no means to return to their homes. The Group has also been preparing procedures to minimize damage to business operations, preserve company assets, and provide assistance to customers and disaster-affected people and areas in cooperation with companies and residents in the community as a socially responsible corporation. In parallel with these disaster-preparedness measures, steps are also being taken to raise awareness of disaster-mitigation procedures among individual employees. Through the regular repetition of evacuation drills, walk-home drills, and other drills for disaster-preparedness, every employee will have the know-how to deal with emergency situations quickly and properly.



Education text for employees throughout the whole Company (in Japanese)



Large-scale earthquake simulation drill (Fukuoka Plant)

## Business Continuity Management

As a preparation for the contingency of operational shutdowns, Toppan began formulating business continuity plans (BCPs) in fiscal 2010 to enable the resumption of business operations as rapidly as possible. In anticipation of large-scale earthquakes as a risk to be managed, the Group formulated BCPs at the main operational sites in the Tokyo metropolitan district. From fiscal 2011, Toppan has been laying down BCPs throughout the whole Group, including regional sites and Group companies, to prepare for the contingency of large-scale earthquakes throughout all of Japan.

To give concrete form to BCPs, Toppan instituted comprehensive activities for business continuity management (BCM) in fiscal 2012. The Group, for example, continued supplier surveys to assess suppliers' business continuity capabilities and formulated purchasing strategies based on the survey results. To keep every employee informed of BCM, Toppan organized Company-wide education programs via the e-learning system and other channels (with 22,294 participants), in-house seminars by outside professionals (with 133 participants), lectures at training sessions for new employees (with 236 participants), and other measures.

Through these ongoing BCM activities, Toppan seeks to secure Group-wide competence for business continuity while coexisting with communities as a social benefactor.

# Human Rights



- 1 Based on the concept of respect for people, Toppan is committed to respecting basic human rights inside and outside the Company.
- 2 Toppan has been participating in global policy initiatives such as the United Nations Global Compact and engaging in dialogues on human rights.
- 3 In fiscal 2012, Toppan employed more persons with disabilities and improved its systems to support them.

## Respecting Basic Human Rights

Toppan operates business under the foundational concept of respect for people. The Conduct Guidelines, which set out behavioral norms for Toppan personnel, call for respecting basic human rights (respecting personal qualities and individuality; prohibiting discrimination and harassment; prohibiting child labor and forced labor; and so on [→P. 27]). Based on The Toppan Group Declaration on the Global Environment and the Basic Policy on Biodiversity, Toppan promotes environmental conservation initiatives to avoid negative impacts on the lives of people living near its operational sites (→P. 34).

The Group has been carrying out education on human rights in rank-based training for employees to prevent issues from arising. To disseminate initiatives for respecting human rights throughout the entire supply chain, Toppan sets forth an article on respecting basic human rights in the CSR Procurement Guidelines of the Group and requires Group companies and business partners to comply with this article.

Toppan has set up dual hotlines through which employees and business partners can promptly report inappropriate actions.

## Collective Labor Agreements

The Toppan Printing Labour Union and the Company's management have concluded a collective labor agreement in order to stabilize labor-management relations, maintain and improve working conditions, and secure the corporate concord. The agreement sets forth a fundamental policy between labor and management, the rules governing union activities and labor-management negotiations, and employment conditions such as wages and working hours.

As a fundamental policy between labor and management, Article 1 of the collective labor agreement, the General Principles, stipulates that the Company and union shall contribute to society through business operations and collectively work for the benefit of the Company and long-term stability of the employees' livelihood. Labor and management both uphold these as common goals. Article 2 of the agreement specifies that the Company shall respect the union's rights to organize and collectively bargain and act. It clearly states that the union has all the rights established by law.

The Toppan Printing Labour Union is run by members from 12 Toppan Group companies. In fiscal 2012, the union and the Company concluded a revised labor agreement to impose a uniform set of liability-related clauses (rules governing union activities and labor-management negotiations) on all 12 Group companies.

### Initiatives for Respecting Basic Human Rights

#### Participating in the United Nations Global Compact

Toppan participates in the global policy initiative and respects basic human rights in a proactive manner with other business participants.

#### Respect for people

A universal concept highly valued by Toppan

##### Establishing and disseminating the Conduct Guidelines (→PP. 24, 27)

Toppan specifies respect for basic human rights in the Conduct Guidelines—its listing of behavioral norms for employees—and disseminates this principle across the Group.

##### Working for equal opportunity and eliminating discrimination

Toppan respects personal qualities and individuality, and hires and treats employees without discrimination of any kind.

##### Organizing training and education

Toppan organizes training sessions for new employees to educate them about respect for basic human rights in easy-to-understand lessons.

##### Promoting CSR procurement (→P. 26)

Toppan cites respect for basic human rights as a guiding principle in the CSR Procurement Guidelines and requires business partners to comply with the guidelines.

##### Operating hotlines (→PP. 24, 26)

Toppan operates dual hotlines through which both employees and business partners can report inappropriate actions.

##### Contributing to society (→P. 32)

Toppan supports people's livelihood through educational cooperation in developing countries and the donation and supply of money and goods throughout the world.

In fiscal 2012, Toppan took part in a series of human rights due diligence workshops undertaken by Caux Round Table Japan and worked to clarify significant human rights issues specific to different industries through dialogues with NGOs. <http://www.crt-japan.jp/EN/>

## Working for Equal Opportunity and Eliminating Discrimination

### Positive Action

Toppan has promoted positive action focused on the hiring of diverse human assets with wide-ranging aptitudes and the creation of positive working environments in order to bring out the full potential of individual employees, regardless of gender. The Company continues to appoint female employees to managerial positions based on their skills and motivation. In total, 197 female managerial and supervisory staff members were deployed as of April 2013.

### Self-determination on the Career Path / Second Careers

Toppan has established the Challenging Job System, a program to encourage employees to consider their own work experience, official qualifications, and the departments and divisions to which they would like to be transferred. Employees think carefully about their own medium-to-long-term career development and the skill-enhancement plans necessary to move them on track. The system cultivates a problem-solving, can-do mindset that kicks in when employees reach the new positions to which they aspire. For retired employees in their second careers in company life, the system offers working options matched to their career aspirations and the knowledge, experience, and skills they have acquired through long years of service. Fifty of 69 employees who retired in fiscal 2012 were reemployed and now remain with the Company.

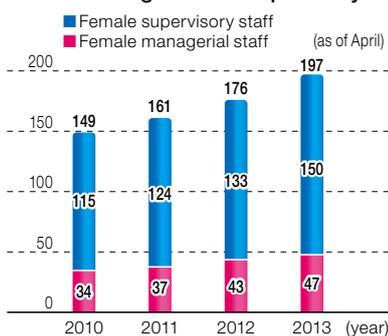
### Employment of Persons with Disabilities

Toppan promotes the hiring of persons with disabilities in collaboration with a special subsidiary, Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd. In fiscal 2012 Toppan launched a project team for hiring persons with disabilities and encouraged departments to create new job categories. Toppan also set up an in-house consultation service to further improve the Company's systems to support employees with disabilities. These efforts allowed more departments in the Company to hire persons with disabilities. As of June 1, 2013, the percentage of Toppan employees with disabilities rose to 2.13% out of the total Toppan workforce.

### Providing an Open Environment for Recruitment

Toppan hires persons of both genders and of many nationalities, ages, and levels of physical ability through three recruitment channels: regular hiring of new graduates from universities and high schools, mid-career hiring of experienced personnel, and hiring of persons with disabilities. Toppan offers various employment opportunities through job-specific screenings in Japan and the recruitment of global personnel all over the world. Toppan also runs internship programs to boost student awareness about the working world. About 130 students took part in six-day practical training sessions in fiscal 2012.

Female Managerial and Supervisory Staff



Employment of Persons with Disabilities

	2011	2012	2013
Employees	199	197	221
Percentage of total workforce*	1.97%	1.91%	2.13%

\*The percentage is calculated based on the total number of regular employees (as of June 1) as a denominator. The total number was presented in the Disabled Persons Employment Report in accordance with Article 8 of the Law for Employment Promotion, etc. of the Disabled of Japan.

Number of Recruits

		Fiscal 2011	Fiscal 2012	Fiscal 2013	
Regular recruitment of new university graduates and post-graduates	Sales, administration, etc.	Male	51	60	80
		Female	23	24	39
	Technical	Male	83	105	70
		Female	22	26	30
New graduates from high schools and colleges of technology		Male	3	0	4
		Female	13	11	14
Total number of regular recruits (percent female)		195 (29.7%)	226 (27.0%)	237 (35.0%)	
Mid-career recruitment of experienced personnel		Male	2	16	—
		Female	3	8	—

# Labor Practices



- 1 Toppan recognizes how deeply it depends on employees and encourages them to work vigorously and earnestly with strong motivation.
- 2 Toppan's labor union and management engage in dialogues at business councils and various committees.
- 3 Toppan has been undertaking initiatives to shorten working hours as a means of achieving better work-life balance and maintaining employee health.

## Basic Concept of Human Assets

Toppan values its employees as precious company assets, as "human assets," and recognizes 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 they show their true abilities to the full.

Toppan strives to improve the abilities of every employee through the stages of hiring, appointment, training, and treatment and to bring these abilities together to strengthen the organization as a whole. To do so, Toppan places high priority on communication in a spirit of mutual trust, career progress in the directions in which employees envision, clearly defined rewards and penalties, and the establishment of an open and fair working environment. Through these efforts, Toppan will invigorate human resources and the organizations they form, and foster more talented individuals who can create new engines of further growth for the Group as a whole.

## Labor-Management Partnership

As partners with shared ideals, Toppan's labor union and management have trust in each other and respect for each other's positions. Together they work on various issues on an equal footing and hold recreational activities for employees and a host of other activities. In fiscal 2012 they organized a large-scale sports festival attended by some 3,500 participants (including Toppan employees and their families) on the grounds of Toshimaen amusement park in Tokyo. Employees from Toppan operational sites all around Japan competed against each other in team events.

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 safety and health. Individual committees meet when necessary to discuss specially designated subjects such as the creation of a working environment amenable to enhanced job satisfaction. In the committee convened to deliberate working hour reductions in fiscal 2012, labor and management discussed ways to shorten extended overtime work and a new shift work system based on work sharing. The new shift work system was introduced in October 2012. Toppan has adopted a union shop system. In principle, all non-managerial employees belong to the labor union as members.

### Number of Personnel (as of March 31)

		Directors	Management Class	Supervisors	Total Employees	Average Tenure	Average Age	Sum Total Employees	Part-time Workers	Temporary Staff
Fiscal 2010	Male	26	1,686	1,800	7,512	14.4	40.7	8,633	647	47
	Female	0	33	114	1,121	8.7	32.2			
Fiscal 2011	Male	26	1,687	1,749	7,363	14.9	41.3	8,508	730	68
	Female	0	39	121	1,145	9.2	32.8			
Fiscal 2012	Male	25	1,769	1,790	7,417	15.0	41.8	8,587	708	75
	Female	0	41	133	1,170	9.6	33.3			

### Reasons for Leaving\*1

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Personal reasons	116 (38)	131 (48)	180 (53)*2
Retirement	89 ( 0)	80 ( 1)	69 ( 2)
Requested by the company	0 ( 0)	0 ( 0)	0 ( 0)
Other	60 ( 2)	84 ( 1)	83 ( 4)
<b>Total</b>	<b>265 (40)</b>	<b>295 (50)</b>	<b>332 (59)</b>
<b>Turnover rate</b>	<b>3.0%</b>	<b>3.4%</b>	<b>3.7%</b>

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

\*2 Twenty-seven males and two females took advantage of Toppan's support system for employees pursuing second careers.

### Average Annual Salary

	Fiscal 2010	Fiscal 2011	Fiscal 2012
<b>Total</b>	<b>6,680,897 yen</b>	<b>6,397,624 yen</b>	<b>6,414,340 yen</b>

### Annual Paid Leave Used

	Fiscal 2010	Fiscal 2011	Fiscal 2012
<b>Average paid leave used (days)</b>	<b>7.8</b>	<b>8.2</b>	<b>8.1</b>
<b>Average ratio*3</b>	<b>40.7%</b>	<b>42.4%</b>	<b>41.9%</b>

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

### Employees Taking Maternity or Childcare Leave

	Fiscal 2010	Fiscal 2011	Fiscal 2012
<b>Employees taking maternity leave</b>	<b>72</b>	<b>58</b>	<b>68</b>
<b>Employees taking childcare leave*4</b>	<b>94 (1)</b>	<b>114 (2)</b>	<b>114 (3)</b>

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

## Supporting Work-Life Balance

### ■ Efforts to Shorten Working Hours

The special demands of the printing industry have made it a significant challenge for Toppan to reduce the excessive overtime hours worked by employees. Toppan has been instituting Company-wide measures to eradicate extended overtime work as a means of achieving better work-life balance and maintaining employee health.

Senior management, managers, and employees jointly undertake initiatives to improve operating effectiveness by reviewing the ways individuals work and the ways management administrates; to equalize overtime hours by adjusting operations within the departments; and to introduce new working systems such as flextime and irregular working schedules.

At the ongoing business councils and labor-management committees, labor and management exchange opinions and deliberate on measures to further shorten overtime working-hours and to comply with the revised Labor Standards Act of Japan. They also analyze the actual overtime practices and review the use of the newly introduced working systems.

Toppan renewed its employment management system in fiscal 2012 to enable departments to manage working hours in a more timely and detailed fashion.

As a result of these initiatives, the number of employees who worked long hours was reduced by 95% in fiscal 2012 compared with fiscal 2007, the year before the measures were introduced. The average hours of overtime worked also decreased by more than 20%.

### ■ Efforts to Foster the Next Generation

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. Under the rehiring system for employees who resign from the Company to deliver and bring up children, 24 resigning employees have registered for future rehiring as of April 2013.

Toppan has also made institutional improvements for the childcare leave system. For parents, for example, the Company has extended the period of childcare leave up to the first March 31 after the employee's child reaches the age of 12 months, a point in time beyond the requirements of the applicable law in Japan. This change eases difficulties parents face in Japan, where entry to daycare services is often impossible midway through the year. Meanwhile, the eligibility period for reduced working hours for employees with childcare responsibilities is set to continue up to the end of the child's third year of elementary school (again surpassing legal requirements in Japan), even in households where the employee's spouse has time to devote to childcare. Annual paid leave has been reviewed to enable employees to take leave for purposes such as childcare, nursing care, or fosterage of the next generation. In April 2013, Toppan removed the limit to the number of half-days employees can take as leave.

### Main Leave Systems / Measures to Support Work-Life Balance and Foster the Next Generation

Stock Leave	Employees can accumulate up to 50 days of annual paid leave (exercisable within two years from the date the days are granted). Employees are eligible to use their stock leave for medical treatment for themselves or their dependents, healthcare or nursing care for their families, recovery-work in the aftermath of unexpected disasters, and so on.
Childcare Leave	Both mothers and fathers are eligible for fulltime childcare leave consecutively up until the first March 31 after their child reaches the age of 12 months (sixteen male employees have taken childcare leave so far, on a cumulative basis). Employees on leave receive 10% of their regular salaries from the Company (until their child reaches the age of 18 months) and subsidies of 30,000 yen a month from the Toppan Group Fraternal Benefit Society. They can also work for shorter hours (maximum reduction of two hours per day) or select a flextime or irregular working schedule from the date of their return to the job until their child completes the third year of elementary school. The Company subsidizes certain childcare costs and provides childcare-related information through a consultation office.
Rehiring of Employees who Leave the Company to Raise Children	Rehiring is guaranteed for an employee who resigns to deliver and raise a child, provided that the employee has worked for Toppan for more than three consecutive years up to the date of resignation. A resigned employee who meets this condition will remain eligible for rehiring until May 1 of the year when the child enters elementary school.
Nursing Care Leave	Employees are entitled to take leave for nursing care. The maximum consecutive leave and maximum reduction in a working day are one year and two hours, respectively, for every family member requiring nursing care. The Toppan Group Fraternal Benefit Society pays a 30,000-yen subsidy per month as assistance during the leave. The Company subsidizes certain nursing care costs and provides nursing care-related information.
Leave for Child Healthcare	Employees can take up to 10 days of leave a year, regardless of the number of children they are raising. These days can be taken in half-day allotments when necessary.
Volunteer Leave	In principle, employees can take volunteer leave to engage in socially beneficial activities for a maximum of one year. Employees on volunteer leave receive an allowance.
Staggered Work-hours	An employee can adjust daily working hours upward or downward by up to one hour to avoid rush-hour commutes during pregnancy and by up to two hours for childcare (until his or her child completes the third year of elementary school).
Dependent Family Allowance	For employees with children, the Company pays a monthly allowance of 20,000 yen for each child. This allowance is discontinued on the first April 1 to arrive after the child's 18th birthday. (No limit for the number of children is applied.)
Partial Subsidization of Babysitter Expenses	The Toppan Group Fraternal Benefit Society subsidizes 50% of babysitter expenses (up to 5,000 yen per day) for up to 90 days a year.
Other Systems	The Toppan Group Health Insurance Union offers a supplementary allowance in addition to a lump-sum allowance for childbearing and childrearing. It also provides one-year free subscriptions to the monthly childrearing magazine <i>Baby and Mommy</i> and runs a consultation office for employees with questions about the health of the body and mind.

## Occupational Safety and Health

Toppan affirmed that safety should take top priority in business operations under its Basic Policy on Health and Safety formulated in 2010. Each operational site has taken the actions clarified under the policy for the complete elimination of occupational accidents. The number of accidents has been gradually reduced since this affirmation was announced. The safety promotion team at the head office and safety promotion leaders at operational sites will work together to continue organizing safety education and upgrading the intrinsic safety of machines and equipment.

In fiscal 2012, Toppan enriched the education content of the *Anzen Dojo*, a safety training facility in Kawaguchi, Saitama Prefecture, and opened the facility to both Toppan employees and external parties. More than 10,000 people have experienced accident simulations using specialized simulation hardware installed at the *dojo* so far. About the same number, more than 10,000 employees (including part-time workers and other non-regular employees), have also tried out a danger simulator, a mobile device conveyed to operational sites throughout Japan. The danger simulator has been very effective in imparting a steady awareness of occupational safety to the Toppan employees who try it.

Moving forward, Toppan will undertake full-fledged risk assessment activities for accident prevention across the Group. All operational sites will work in concert to completely eliminate occupational accidents.

### Occupational Safety and Health

	2010	2011	2012
Deaths from occupational accidents	0	0	0
Frequency rate*1	0.00	0.10	0.05
Severity rate*2	0.00	0.004	0.00

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

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

### Response to Biliary Cancer

Toppan will handle organic solvents at manufacturing workplaces by thoroughly controlling them in observance of the regulations under the Industrial Safety and Health Act of Japan. These workplaces will steadily switch from the organic solvents they now use to alternative substances not subject to restrictions under the act.

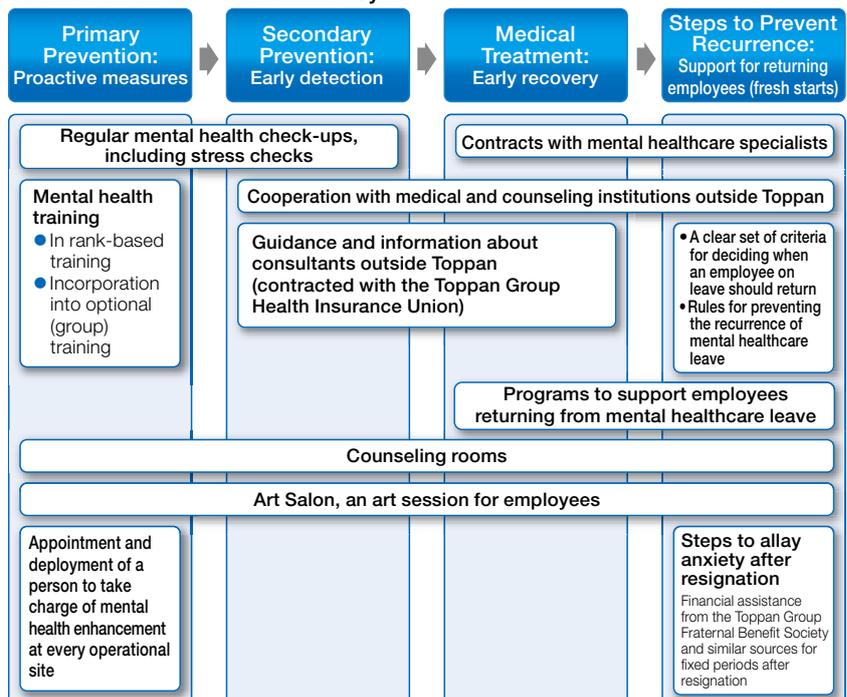
## Measures for Mental Healthcare

Labor and management regard the maintenance of employee health as a shared mission vital for the corporate activities at Toppan and have regularly met to exchange frank views on mental healthcare measures.

Based on the opinions exchanged, several rules have been appended to the employment regulations to help the Company provide a working environment to which employees can more readily return from mental healthcare leave. These rules define a clear set of criteria for deciding when an employee should return to work, measures to prevent the recurrence of leave, and programs to support employees once they return to work. To prevent mental illness or promptly detect and treat it, Toppan also holds regular mental health check-ups for all employees and arranges rank-based mental healthcare training. Toppan has also concluded advisory agreements with mental healthcare specialists and encourages employees to take advantage of the counseling rooms established in all of the regions where Toppan operates.

In a project jointly arranged by a Group company called Institute of the Formative Art Co., Ltd., Toppan operates Art Salon, an art session to refresh employee minds and bodies through the creative work of painting. Art Salon sessions are held in regions all around Japan. In fiscal 2012, Toppan and the institute also opened the Hagukumi (bringing up) Art Salon, an art session widely appreciated by employees on childcare leave and their children, the participants for which it was established.

### Overview of the Mental Healthcare System



## Developing and Fostering Human Assets

### ■ Concept of Human Asset Development and Fostering

Mindful of how deeply it depends on employees, Toppan fosters human assets with ambition and integrity. Toppan would like to contribute to society as a corporation blessed with excellent human assets. The Company has set up human asset development programs systematically around a simple platform, the Toppan University. This in-house virtual university supports life-long learning, skill improvement, and career enhancement for all Toppan employees while striving to foster top leaders.

### ■ Various Education Systems

The head office organizes rank-based and department-based training and enriches selective training courses planned out to foster leaders of tomorrow. For new employees, Toppan regards the first three years after recruitment as a Company-wide development period (the “early career planning” period). To help new employees acquire necessary skills, Toppan organizes Company-wide training and on-the-job training (OJT) with help from the new employees’ immediate superiors, the “Brothers” or “Sisters.”

The Toppan Business School, meanwhile, offers self-development training for employees via optional courses (group training) and correspondence learning courses (the Challenge School). A cumulative total of 9,712 employees participated in fiscal 2012. Employees also have ready access to basic, Company-wide education via the e-learning system year

round. A cumulative total of 199,739 employees took part in fiscal 2012.

### ■ Fostering Human Assets with Ideal Working Skills and Aspirations for a Global Business Environment

Toppan has set up an overseas study system to develop human assets who can play active roles in global businesses. The Company has also been operating a trainee system to provide employees with practical training in day-to-day business activities overseas since fiscal 2011. Twenty employees have been deployed as trainees under the system, as of the end of fiscal 2012.

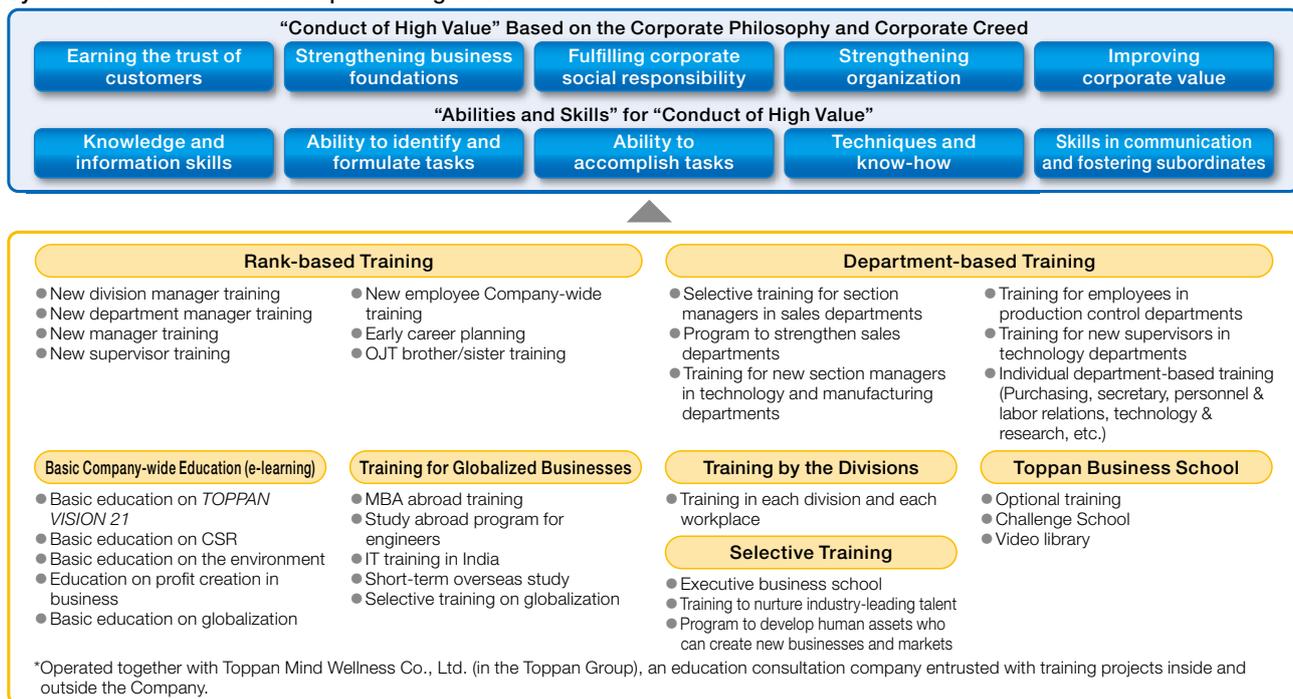
The selective training on globalization launched in fiscal 2010 has supported a cumulative total of 332 candidates for overseas assignments so far.

### ■ Strengthening the Environment to Develop Human Assets

Toppan has established training centers in Kawaguchi, Saitama Prefecture and Yugawara, Kanagawa Prefecture to nurture individuals who will shape Toppan’s future. These centers are venues for various training sessions and interchanges among Toppan personnel.

The Company runs an intranet to help employees enhance their abilities and skills online. Employees visit the intranet to read posts on human asset development programs and review the records on their own training.

### Systematic Human Asset Development Programs



# Fair Operating Practices



- 1 The Toppan Group began drawing up a *Conduct Guidelines Casebook* for overseas.
- 2 Toppan provided training on the prevention of corruption, embezzlement, and other forms of improper conduct.
- 3 Toppan has been monitoring the supply chain to ensure that paper suppliers legally obtain the lumber they use as a raw material for paper production.

## Disseminating the Conduct Guidelines

In June of the year 2000, the centennial of Toppan Printing Co., Ltd., Toppan established the Conduct Guidelines, a set of normal standards of behavior based on the Corporate Philosophy and the spirit of compliance with laws and regulations. In November 2010, Toppan completely revised the Conduct Guidelines as a set of common principles that all Group companies around the world are required to observe for the assurance of total Group-wide compliance.

### Conduct Guidelines Promotion Leader System

Toppan operates a Conduct Guidelines Promotion Leader system. In this system, every Group operational site assigns a Conduct Guidelines Promotion Supervisor (the "Supervisor") and Leaders (the "Leaders") for disseminating the Conduct Guidelines and ensuring full guideline compliance. Supervisors and Leaders implement ongoing activities directly connected with their daily business operations. Seven hundred and ninety-two Leaders were deployed across the Group in fiscal 2012, including 60 women (7.6% of the Leaders). A cumulative total of 5,295 employees have worked as Leaders since the system was launched in 2004. Toppan will continue with measures to deploy many more Leaders and to resolutely foster and assign more female Leaders.

### Dissemination Activities by the Conduct Guidelines

#### Promotion Leaders

The Leaders formulate action plans tailored to the details of business operations and conditions, staff compositions, and other individual factors at the workplaces where they serve. The Leaders organize Conduct Guideline read-throughs and facilitate discussion using concrete cases to enhance compliance awareness among their colleagues.

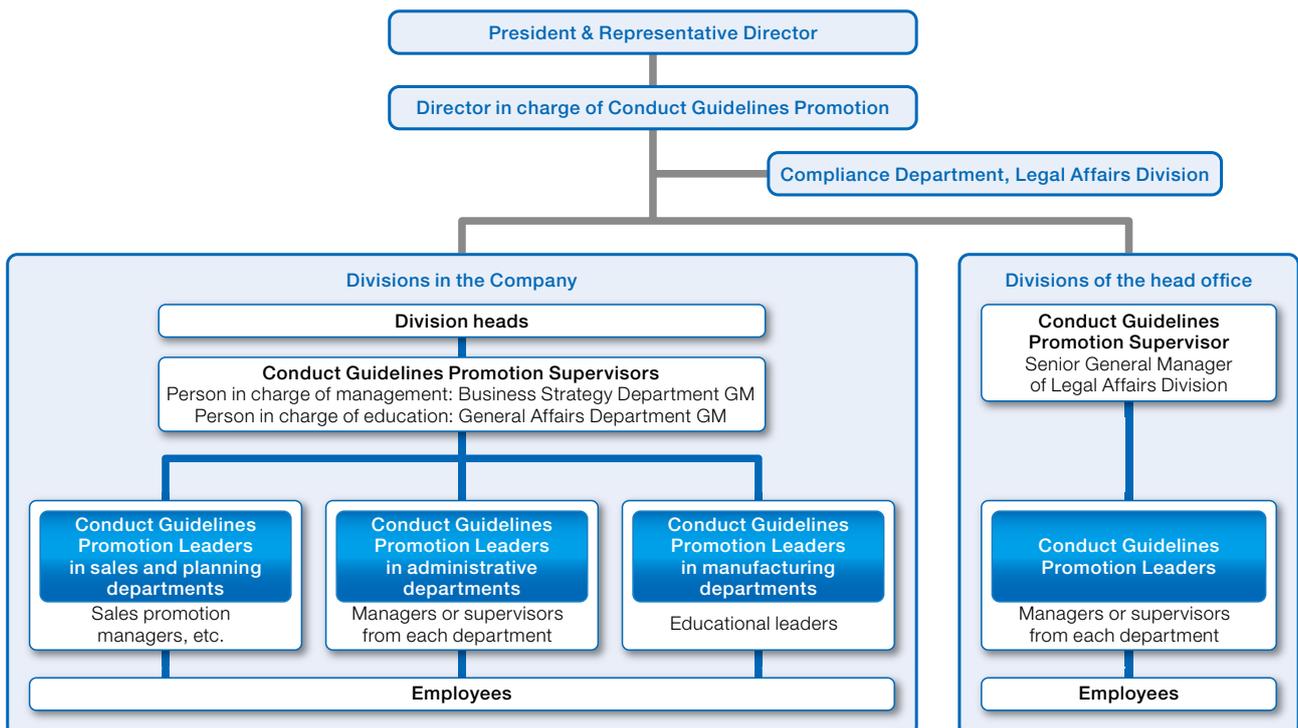
#### Tools to Promote the Conduct Guidelines

Toppan gives every employee a *Conduct Guidelines Casebook*, a Q&A style casebook describing actual situations that can arise in daily work. The Company uses the casebook for rank-based education and the Leaders use it to disseminate the guidelines at their workplaces. Toppan also posts regular Conduct Guideline Notifications on topics relevant to the guidelines, in order to heighten employee awareness and call attention to compliance-related issues. The notifications published in fiscal 2012 covered topics such as power harassment, information leakage, and unlawful conduct.

### Toppan Group Helpline

When an employee discovers a legal violation or improper conduct somewhere in the Toppan Group, he or she is to report it to his/her superior for deliberation, in principle. If the employee's superior fails to resolve the problem, the employee is encouraged to call the Toppan Group Helpline, the Group's

Structure to Promote the Conduct Guidelines



internal reporting system. The helpline is kept open for use by all Group employees, including temporary staff and part-time workers.

The helpline was used in eight cases in fiscal 2012. The incidents reported involved power harassment and other inappropriate actions. All eight cases were strictly investigated and properly handled, and necessary countermeasures were taken to prevent recurrence.

### Implementing the Conduct Guidelines in Overseas Group Companies

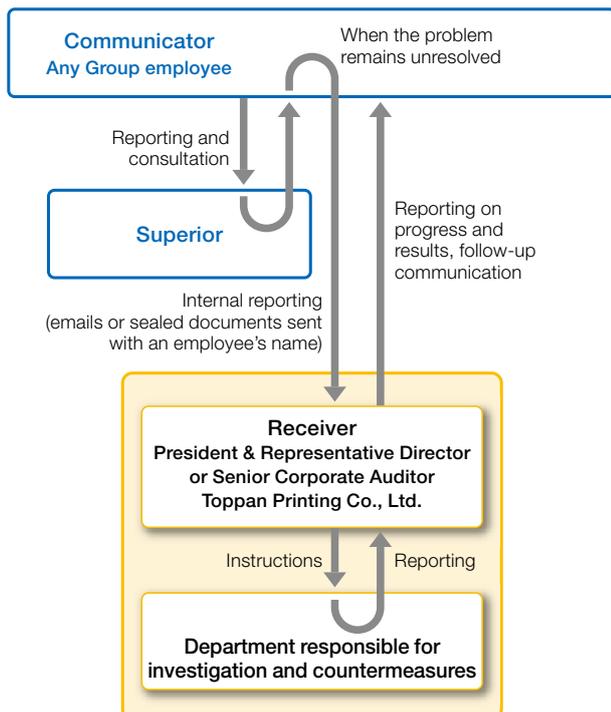
In fiscal 2012, the Toppan Group began drawing up a *Conduct Guidelines Casebook* for overseas. The casebook is based on a wholly updated edition of the Group-wide *Conduct Guidelines Casebook* issued in fiscal 2011. As soon as the casebook is completed, the Group will hold briefing sessions in every country and region to ensure full compliance with the guidelines at overseas Group companies.

### Compliance Education

#### Training for Conduct Guidelines Promotion Leaders

As in previous years, Toppan held group training for Conduct Guidelines Promotion Leaders in fiscal 2012. The training was scheduled in two phases. In the first, 677 Leaders were trained in 39 sessions across Japan from May to September 2012. In the second, 558 Leaders were trained in 34 sessions from November 2012 to March 2013.

#### Toppan Group Helpline



In these sessions, Toppan devises ways to enhance the effectiveness of training through activities such as group discussions using case methods describing actual incidents and accidents.

#### Training to Prevent Improper Conduct

Toppan provided training on actual cases of corruption, embezzlement, and other forms of improper conduct that have taken place at other companies. A total of 22,389 employees took the course via the e-learning system, and 1,722 managerial staff took the course via group training.

#### Education on Compliance with Transaction-related Laws and Regulations

To ensure compliance with the Subcontract Law of Japan and prevent improper export and import trade, Toppan regularly offers special training courses and checks and audits how transactions are being handled. In fiscal 2012, the Company trained 376 employees on compliance with the Subcontract Law and trained 421 employees in group sessions focused on export controls under the Foreign Exchange and Foreign Trade Act of Japan. As many as 4,358 employees took the course on export controls via the e-learning system.

#### Briefing on Compliance

Toppan was not involved in any serious accidents or violations of laws or regulations in the course of business in fiscal 2012.



Training for Conduct Guidelines Promotion Leaders (Niigata Plant)

#### Approach to Intellectual Property

Protection and management of intellectual property is a crucial issue for Toppan, a company engaged in planning and development in the diverse business fields of Information & Networks, Living Environment, Electronics, Personal Service, and Next-generation Products. The Company devotes strict attention to measures to prevent the infringement of copyrights, trademarks, and other intellectual property rights of third parties while obtaining patents for its own technologies and business models.

Along with special training for employees, planning departments regularly hold training sessions for business partners. Participants in these sessions acquire basic knowledge of laws on intellectual property rights by reviewing actual cases involving problems in design work and the like.

## Promoting CSR Procurement

The Toppan Group implements CSR initiatives in cooperation and collaboration with business partners throughout the entire supply chain. The CSR Procurement Guidelines are a set of principles the Group observes to drive this endeavor. These guidelines consist of the Basic Procurement Policy, a conceptual framework to be closely observed by every Toppan employee involved in procurement operations, and the CSR Procurement Standards, a set of requirements to be satisfied by every business partner.

### ■ Initiatives in the Supply Chain

Every business partner willing to cooperate with the Toppan Group's CSR procurement initiatives submits a memorandum of cooperation and reports its CSR activities in questionnaires. Toppan checks the current status of business partner activities via these questionnaires and reassesses or visits partners to conduct onsite inspections and interviews face to face whenever necessary.

### ■ Verifying the Legality of Lumber as Paper Material

Toppan promotes sustainable procurement of raw materials by monitoring paper suppliers (business partners) to ensure that the lumber they use for paper production is legally obtained.

In fiscal 2012, Toppan surveyed 61 sites of 58 business partners from which the Company purchases paper around the world. Toppan asked the 58 partners to fill out questionnaires. Whenever the questionnaire results revealed a need for detailed onsite inspections, Toppan visited the sites to check the sources of the lumber the partners procured, the certifications or permits they acquired, the traceability management procedures they practice, and other relevant matters. These surveys confirmed that all of the procured lumber was obtained legally.

### ■ Promoting Compliance in Procurement Departments

The Toppan Group regularly conducts Business Partner Monitoring, a questionnaire survey of business partners, to check whether Toppan's procurement departments perform proper operations in accordance with the Basic Procurement Policy. In fiscal 2012 the Group asked seven business partners to fill out the questionnaires and improved compliance in procurement operations based on the results.

The Group has also established the Supplier Hotline, a portal for receiving reports from business partners, on its website.

## Toppan Group CSR Procurement Guidelines (revised from the Procurement Guidelines in May 2007)

### Basic Procurement Policy

- We impartially offer opportunities to all suppliers.
- We comply with all domestic and overseas legislation and perform fair business dealings based on corporate ethics.
- We strictly control the information obtained through our procurement activities.
- We give full consideration to impacts on the environment.
- We pursue QCD (Quality, Cost, Delivery) in order to meet the needs of the market.
- We implement CSR initiatives throughout the entire supply chain.

### CSR Procurement Standards

1. Basic human rights
  - (1) The company respects basic human rights.
  - (2) The company does not carry out unjust discrimination in the treatment and employment of employees.
2. Public order, compliance with laws, fair business activities
  - (3) The company does not carry out inappropriate profit sharing or receipts.
  - (4) The company does not have dealings with any antisocial individual or group.
  - (5) The company complies with laws, regulations, and government notices applicable to business activities, such as company laws, antitrust laws, subcontracting laws, labor-related legislation, and environment-related legislation.
  - (6) The company complies with laws protecting those who disclose information in the public interest, and it protects the rights of those who report internally.
  - (7) The company complies with legislation related to exports and with the laws of the countries and regions in which it operates.
  - (8) The company does not allow child labor or forced labor.
  - (9) The company does not infringe intellectual property rights such as patents, copyrights, and trademarks.
3. Management and disclosure of information
  - (10) The company carries out appropriate management of confidential information and personal information obtained through its dealings.
4. The environment and safety
  - (11) The company strives to make timely and appropriate disclosure of information relating to matters such as the details of business activities, quality, and product safety.
  - (12) The company strives to use raw materials and components with a low impact on the environment.
  - (13) The company strives to devise processes with a low impact on the environment for manufacturing and processing.
  - (14) The company carries out appropriate management of chemical substances specified by Toppan.
  - (15) The company carries out appropriate disposal of industrial waste.
  - (16) The company strives to prevent work-related accidents and create a safe and clean workplace, and also works to ensure the safety of employees in an emergency.
5. Improving quality
  - (17) The company meets the standards for quality required by Toppan and strives to improve quality.
6. Appropriate pricing
  - (18) The company provides products or services at a price that is competitive in the market.
7. Stable supply
  - (19) The company meets stipulated delivery dates and supplies items safely and reliably.
8. Social contributions
  - (20) The company engages in contributions to society.

# Conduct Guidelines and Information Management Policy

## Conduct Guidelines

Here are the specific conduct guidelines presented after Chapter 1 of the Conduct Guidelines (described on page 12).

### Chapter 2: Specific Conduct Guidelines

Chapter 2 defines the specific conduct practices that we should undertake based on the Basic Principles provided in Chapter 1.

#### Basic Principle 1: Respecting basic human rights

1. Recognizing the diverse values of individuals and respecting personal qualities and individuality
2. Prohibition of discrimination of any kind
3. Prohibition of sexual and power harassment

#### Basic Principle 2: Having high ethical standards and acting as a responsible member of society

##### In the conduct of business

1. Acting with pride as a member of the Toppan Group
2. Prohibition of tacit approval of illegal conduct and rule violations
3. Respect for foreign cultures and customs

##### In our private lives

4. Prohibition of conduct that causes distress to other people
5. Prohibition of drink-driving
6. Prohibition of the possession and use of illegal drugs
7. Prohibition of gambling

#### Basic Principle 3: Complying with laws and company rules and conducting fair business operations

##### Legal compliance

1. Prohibition of collusion and cartels
2. Prohibition of improper conduct in dealings with business partner companies
3. Prohibition of improper conduct against competitors
4. Prohibition of false transactions
5. Respecting business partners' standpoints and building appropriate relationships with customers
6. Prohibition of bribery and inappropriate entertainment practices
7. Prohibition of illegal political contributions or donations
8. Prohibition of insider trading
9. Prohibition of illicit import and export transactions
10. Prohibition of child labor and forced labor
11. Compliance with international rules and local laws in overseas business

##### Compliance with company rules

12. Maintaining discipline and order in the workplace
13. Prohibition of other work without the company's permission
14. Prohibition of conduct that causes a conflict of interests with the company
15. Prohibition of receipt or provision for personal gain or rebate
16. Appropriate management of assets entrusted to the company by customers
17. Appropriate management and use of company assets
18. Prohibition of prejudicial treatment of persons that have reported problems via the appropriate procedure
19. Fulfilling duties with integrity
20. Reporting promptly and appropriately

#### Basic Principle 4: Avoiding all links with antisocial groups

1. Prohibition of any dealings with antisocial groups
2. Prohibition of involvement in antisocial activities
3. Prohibition of provision of unjust benefits

#### Basic Principle 5: Striving to improve quality and providing creations that contribute to customer satisfaction

1. Making our best efforts for the customer and building a relationship of trust
2. Striving to improve quality in every process
3. Fully ensuring the safety and security of products and services
4. Prohibition of the infringement of the intellectual property rights of others

#### Basic Principle 6: Recognizing the importance of information related to business and managing it appropriately

1. Protecting information regarding customers
2. Protecting the company's confidential information
3. Appropriate handling of personal information
4. Striving for the appropriate management of information and records

#### Basic Principle 7: Proactively undertaking conservation of the global environment

1. Striving to reduce the environmental burden of business activities
2. Promoting businesses with consideration for the environment

#### Basic Principle 8: Embracing change and taking on new challenges

1. Making proposals that embrace change to customers
2. Advancing technical development that meets the needs of customers
3. Having an awareness of problems and striving to improve the status quo
4. Striving to enhance one's knowledge, skills and techniques
5. Securing and using intellectual property

#### Basic Principle 9: Building trust from society through social contribution activities and appropriate disclosure of information

1. Proactively participating in the company's activities to contribute to society and local communities
2. Contributing to the development and passing on of skills and culture
3. Disclosing information appropriately and enhancing the transparency of business activities

#### Basic Principle 10: Bringing together individual strengths to fully exploit the integrated strength of the group

1. Striving to create a lively and vibrant workplace
2. Striving to create a safe and clean workplace
3. Taking pride in the Toppan Brand and striving to cultivate it
4. Group companies working together to maximize integrated strength

Established in June 2000 Revised in November 2010

## Toppan Group Basic Policy on Information Security

As a group of companies operating in the information communication industry, each of us at the Toppan Group carries out Group-wide information security management in the recognition that the management of information necessary for business is a significant managerial challenge for us as a means to reciprocate our customers' trust and promote the ongoing growth of the Toppan Group.

1. We manage information necessary for our business appropriately in observance of our in-house rules, the law, and the principles of social order.
2. We collect information for appropriate purposes using appropriate methods.
3. We safely manage the information entrusted to us by customers in order to reciprocate our customers' trust.
4. We are deeply aware of the risks to the information assets we handle, such as illegal access, loss, damage, falsification/manipulation, and leakage of information, and take necessary and reasonable safety measures against these risks. We deal with and rectify any problems that occur promptly and in an appropriate manner.
5. We establish, operate, maintain, and continuously improve information security management systems.

Established on April 1, 2001 Revised on August 1, 2011

# Consumer Issues



- 1 Toppan received two awards for its universal design (UD) initiatives.
- 2 Toppan has increased the number of tightly secured areas designated for the handling of personal information and is taking steps to have more of these areas accredited and certified.
- 3 Toppan was one of the first private-sector companies to acquire the Carbon Footprint of Products (CFP) system certification under the CFP Communication Program undertaken in Japan.

## Assuring Product Safety and Quality

Quality assurance for products at Toppan is a concern for every department, not only the departments directly responsible for production. The departments involved in marketing, R&D, planning, design, sales, and delivery all contribute to quality. This is why Toppan describes quality assurance in production as a total activity (“Total Quality Assurance”) and strives to improve product quality and manage product safety.

### Product Safety

Toppan has established a Basic Stance on Product Safety Management and Basic Guidelines on Product Safety Management to secure the safety management of the products it manufactures. The latter provides guidelines for the following measures: the establishment of a structure to secure product safety by identifying and evaluating the risk of improper use or other product-related mishaps and complying with laws and regulations relevant to products manufactured by each division; information collection and provision and actual measures in the case of product-related accidents or problems; and product recall procedures.

To support product safety management, Toppan strives to improve product quality on an ongoing basis. Every operational site has acquired the ISO 9001 certification for its quality management system (QMS) and works to update it. Two hundred and fifty-four employees took part in Toppan’s training sessions for internal auditors at operational sites in fiscal 2012.

### Certified Approval System for Manufacturing in Food Packaging

Food packaging requires exacting quality assurance for safety and sanitation. Toppan has adopted a certified approval system to ensure that the operational sites of Toppan and partner companies can manufacture containers and packages only after receiving the required ratings in audits. The audits are conducted based on the Quality Assurance Guidelines for Food Packaging using a checklist. Toppan carried out 29 audits at 28 operational sites inside and outside the Company in fiscal 2012.

### Management of Chemical Substances in Products

Toppan intensively promotes product safety management in all manufacturing processes, from material procurement to product shipment, by controlling various chemical substances whose use is prohibited or restricted. While adhering to green procurement standards prescribed by client companies, the Company has established a set of Green Procurement Standards attuned to the features of products manufactured by every division in the business fields of Electronics, Living Environment, and Information & Networks. Toppan manages chemical substances in products throughout the whole supply chain.

### Basic Stance on Product Safety Management

We promote product safety management throughout the Group by securing safety and improving the quality of our products based on the Basic Principles of Conduct Guidelines and the principles of corporate social responsibility as a protector of user safety and health.

### Audits for the Food Container and Filling/Packing Businesses

#### Audit Points

- Agreement with customers
- Quality assurance system
- Management of equipment and inspection devices
- Management of safety and sanitation
- Steps to prevent the admixture of different products
- Steps to prevent the admixture of foreign substances
- Steps to prevent the outflow of defective products
- Steps to prevent contamination
- Traceability
- Security
- Education and training
- Maintenance of systems and frameworks

#### Operational Sites Audited

- Food containers
  - 12 operational sites at divisions and manufacturing subsidiaries
- Filling/packing businesses
  - 5 operational sites at manufacturing subsidiaries
  - 8 operational sites at production business partners



Operational site audit



Training session for internal auditors

## Universal Design Initiatives

Universal design (UD) is one of the prime corporate social responsibilities for Toppan, a company that designs and produces packaging and communication tools consumers see and use every day.

Toppan strives to help realize the fulfilling lifestyles enunciated in the Corporate Philosophy by providing people with attractive, easier-to-use products and services. In keeping with the Toppan Declaration on Universal Design and Toppan's Seven Principles on Universal Design, the Company promotes UD initiatives that assign greater weight to sensory values and customization while emphasizing functions such as understandability and usability.

<http://www.toppan.co.jp/ud/> (in Japanese)

### Examples of Universal Design

Toppan's packaging departments have been applying their own research and development methods to develop UD proposals that enhance the inherent brand values of client products. In fiscal 2012, Toppan and Meiji Co., Ltd., a client company and collaborator, shared an Accessible Design Package Award for their design of a tube container for butter, "Meiji butter in tube 1/3," at the Japan Packaging Contest. The Japan Packaging Institute, the event sponsor, valued the container most for the tube cap, which requires fewer twists to open and close, reducing the physical demands imposed on users. The cap

also snaps with an audible "click" to give users a tangible sense of "open" and "tightly closed."

In 2013, Toppan also received the chairman's award at the Japan Packaging Competition sponsored by the Japan Federation of Printing Industries. The prizewinning package was designed for "Meiji Buono Cheese," a snack-like cheese stick. The tip of the cheese stick pops out from its wrapper as the consumer opens the package. Thanks to this pop-out mechanism, the consumer can eat the cheese without actually touching it with his or her fingers.

Toppan assigns high value to three ideals when introducing universal designs in the business field of Information & Networks: diversity awareness, enhanced user-friendliness, and continuity. Departments in this field offer UD proposals to client companies to help them improve their communication tools and make those tools available to more people. Their proposals are total solutions covering the whole design process: from the analyses of existing problems and editing and design by specialists to support for the formulation of guidelines and manuals and the development and implementation of in-house training programs.

### Toppan's Seven Principles on Universal Design

1. Design products and services that are more responsive to people with different physical abilities and perceptions.
2. Facilitate communication using multiple channels for communication, including visual, aural, and tactile channels.
3. Make products easier to use by making them easier to understand.
4. Make products that are easier to move, easier to approach, and require less strength (remove the physical burdens).
5. Design products that are safe to use procedurally, functionally, structurally, materially, and environmentally.
6. Provide products at a reasonable price and in the amounts required by society.
7. Engage in design that appeals to the senses with consideration for comfort, enjoyment, and beauty.

Established in 2001  
Revised in April 2010



Meiji butter in tube 1/3



The cap opens and closes with a few twists and snaps with an audible "click" to give users a tangible sense of open and closed.



Meiji Buono Cheese



The tip of the cheese stick pops out when the consumer opens the package. Thanks to this mechanism, the consumer can eat the cheese without actually touching it with his or her fingers.

## Protecting Personal Information

Toppan treats all personal information entrusted to the Company safely and securely in order to protect the interests and rights of individuals, to reciprocate customers' trust, and to cope with the growth of more-personalized communication services.

### Reinforcing the Management of Operations Involving the Handling of Personal Information

Toppan has structured a system to maintain unified control over the handling of personal information across Japan by thoroughly implementing its own qualification system based on stringent security criteria. In fiscal 2012, the Company increased the number of qualified security areas designated for the handling of personal information to 63.

More of these areas are working to acquire ISO/IEC 27001 certification in addition to PrivacyMark accreditation. Toppan's tightly secured areas at the Kyushu and Chugoku & Shikoku Subdivisions of the Nishinihon Division acquired the ISO/IEC 27001 certification in fiscal 2012.

### Response to New IT Risks

#### ● Establishing a Set of Guidelines

In response to the prevalence of smartphones and tablets and the widespread use of social media services such as Twitter and Facebook, Toppan drew up a set of guidelines to prevent information leaks and careless remarks in virtual environments. These guidelines have been disseminated across the Group via regular employee education.

#### ● Holding an Open Seminar

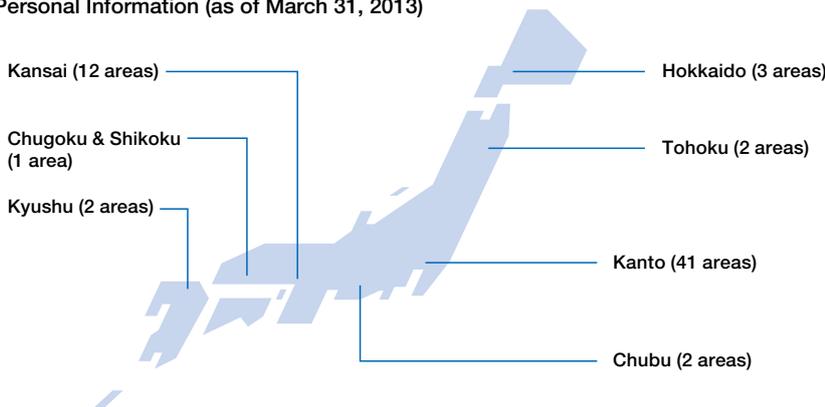
Risks in cyberspace are becoming a global issue. Toppan took a step to spread accurate knowledge about these risks among employees by inviting a cyber-security specialist to present a guest lecture. Mr. Itsuro Nishimoto from LAC Co., Ltd. spoke on "Cyber Security—current threats in cyberspace and how to control them." A total of 263 Group employees joined the seminar.

### Making Activities Ongoing

Toppan continuously conducts quality-oriented audits on operations involving the handling of personal information. The Company closely audited the management and deletion of intermediate files containing personal information for 25 operations in fiscal 2012.

Toppan also arranged face-to-face lectures for all employees across Japan to heighten their awareness on the handling of personal information. A total of 318 lectures were presented in fiscal 2012.

Regions in Japan with Tightly Secured Areas Designated for the Handling of Personal Information (as of March 31, 2013)



A specialist guest speaks at an open seminar on cyber security for Group employees

#### Tightly Secured Areas Designated for the Handling of Personal Information at Toppan Group Companies with ISO/IEC 27001:2005 Certification (as of March 31, 2013)

- Information and Communication Division (IT Solutions, IT Solution Department, Toppan Idea Center; Service Integration Department, IT Service Division, Toppan System Solutions Co., Ltd.), Toppan Printing Co., Ltd.
- Information and Communication Division, Toppan Printing Co., Ltd.; Toppan Communication Products Co., Ltd.; Toppan Joho Kako Co., Ltd.
- Oji Security Room, Data Center, Toppan System Solutions Co., Ltd.
- Takino Securities Printing Plant, Toppan Communication Products Co., Ltd.; Information and Communication Manufacturing Subdivision, Information and Communication Division, Toppan Printing Co., Ltd.
- Kyushu, Chugoku and Shikoku Team and ISMS Promotion Committee, Information Security Management, Nishinihon Division, Toppan Printing Co., Ltd.

## Contributing to Sustainable Consumption

Toppan produces a host of environmentally friendly products designed to contribute to a sustainable society.

In the field of paper-based containers and packaging, Toppan has developed and markets the Eco Flat Cup®, a paper-based beverage container produced from pulp using domestic lumber, including lumber harvested from forest-thinning operations. The Eco Flat Cup is coated with a thin GL Film barrier and can be easily crushed into a very small volume for disposal. The superior barrier and seal properties of the Eco Flat Cup enable longer periods of storage compared to similar containers. In fiscal 2012, the Company created a new use for the cup by commercializing a new type that can be used for alcoholic beverages that require high-temperature filling.

In 2002 Toppan acquired the Forest Stewardship Council (FSC®) Chain of Custody (COC\*) certification, a forest product certification covering production processes during manufacturing, processing, and distribution. Since then the Company has been steadily expanding the scope of the certification. Among plants manufacturing paper-based containers, the Sagamihara Plant was covered by the Company's COC certifications from the FSC® and the Programme for the Endorsement of Forest Certification Schemes (PEFC) before the beginning of fiscal 2012. Toppan expanded the scope of the certifications to include the Itami and Mikkabi Plants by the end of the same year.

## Reporting the Carbon Footprints of Products

The carbon footprint of products (CFP) is a measure of CO<sub>2</sub> emissions associated with the life cycle of a product or service, from raw-material procurement to disposal and recycling. It is a single number anyone can understand. More consumers are expected to voluntarily choose eco-friendly products by referring to these numerical values on product labels.

As a participant in a CFP pilot program operated by the Ministry of Economy, Trade and Industry of Japan, Toppan collaborated with the ministry in the formulation of Product Category Rules (PCRs). In fiscal 2012, Toppan acquired the CFP system certification in two fields: publication and commercial printed materials (intermediate goods) and printed materials for advertisement and business. Toppan was one of the first private-sector companies to acquire this certification under the CFP Communication Program, a Japanese CFP scheme undertaken by the Japan Environmental Management Association for Industry (JEMAI). The system certification acknowledges that an internal system has been established to manage CFP through the stages of CFP quantification up to the application for CFP registration and disclosure. The acquirement of the certification allows four of Toppan's plants in the Kanto region to apply for registration and disclosure of CFP data without carrying out product-by-product verification procedures outside the Company.

Toppan will offer the CFP registration and disclosure service to client companies as a means of disseminating more products with CFP labels.



Eco Flat Cups



Carbon Footprint of Products (CFP) registration certificate (in Japanese)



Products with the CFP certification (in Japanese)



### Forest Stewardship Council® (FSC) forest management certification

A scheme for approving responsible forest management under the principles and standards established by the FSC®.



### Programme for the Endorsement of Forest Certification Schemes (PEFC) forest certification

A forest certification scheme covering the world's largest certified forest area, managed by the PEFC council (international headquarters based in Switzerland).

\*Chain of Custody (COC) certification is a scheme for approving comprehensive product management to effectively prevent the admixture of pulpwood and wood products from responsibly managed forests with pulpwood and wood products from non-controlled sources during any part of the production process from manufacturing to distribution.

# Community Involvement and Development



- 1 The Toppan Group has been engaging in support activities in several projects to assist with the post-disaster reconstruction of eastern Japan in cooperation with other companies, NPOs, and local and national governments.
- 2 Toppan personnel have participated in support activities to educate and foster coming generations in communities.
- 3 Toppan sponsored the 6th *Toppan Charity Concert* series to help enhance literacy in developing countries.

## Community Contribution and Involvement

The Toppan Group has supported the communities in which it operates by solving local issues and contributing to sustainable local development as a community member. Its domestic and overseas operational sites are involved in organizations that bring together the opinions of members in the communities and promote community contribution activities through dialogue.

### Assisting the Post-disaster Reconstruction of Eastern Japan

#### Co-creation Workshop to Accelerate Reconstruction

In August 2012, Toppan and a group of companies launched a workshop to promote the sharing of goals and challenges among companies with broad-ranging know-how and technologies, NPOs deeply aware of local needs, and local governments playing leading roles in community renovation. Workshop participants are encouraged to start up projects focused on the co-creation of activities that will help accelerate reconstruction of the areas affected by the Great East Japan Earthquake of 2011. They strive to create businesses in which corporate economic value is balanced with initiatives to address social betterment and community reconstruction challenges.

Over the course of fiscal 2012, three working groups were set up to discuss model businesses based on the roadmap for leading providers of reconstruction assistance formulated by the Reconstruction Agency of Japan.

#### Book Wagon Mobile Libraries

Toppan began its mobile library program in July 2011. Mobile libraries were deployed on regular rounds of 14 temporary housing sites in Sendai City, Miyagi Prefecture to deliver books to residents. The aim was to contribute to community creation by providing mobile spaces to bring people together. The program ran until March 2012.

In fiscal 2012, the mobile libraries resumed operation from June to December with help from local university student volunteers. Later in the year, at the end of the resumed operation, the Toppan Group turned over the program, along with the mobile library trucks, to two organizations, the Shanti Volunteer Association and Shikama Town, Miyagi Prefecture. Shanti Volunteer Association had already established a similar mobile library program for reconstruction assistance, while Shikama Town had its own mobile library plan to give townspeople more opportunities to read books. Both organizations continue to operate the mobile libraries Toppan established.

#### Volunteer Activities

The Toppan site in Sendai City, Miyagi Prefecture pooled efforts with the Shichigahama Volunteer Center to remove debris every Saturday from agricultural fields hit by the 2011 tsunami near the coast in Shichigahama Town. Toppan employees from Kansai and Hokkaido also took part in this activity, bringing the total volunteer tally to 169 on a cumulative basis.



Mobile library (Shanti Volunteer Association)



Work experience program (in Chiba)



Work experience program (in Shiga)



Mobile library (Shikama Town, Miyagi Prefecture)



Class for elementary school students invited to the site (in Nagoya, Aichi Prefecture)



Roundtable conference with a local community (in Niigata)

### Fostering Future Generations and Contributing to Education

The Toppan Group is an active participant and contributor in programs to foster the children and young people who one day will be sustaining society. Many operational sites in Japan have arranged classes, internships, work experience programs, and similar activities.

An operational site in Fukuoka City, Fukuoka Prefecture, for example, gave university students opportunities to experience and appreciate work in information analysis as paid interns in a special work placement program. An operational site in Nagoya City, Aichi Prefecture continues to offer classes in collaboration with a local elementary school and NPO. Using Toppan products and know-how, site instructors give the students tips on communication and the importance of natural environments.

### Dialogues with Communities

Every Toppan site throughout Japan stays in constant dialogue with its neighboring communities to grow with them as a community member.

The plant in Shibata City, Niigata Prefecture has improved its operations by inviting local residents and government officers for meetings to inform them of recent plant events and sound out their opinions and suggestions.

### Initiatives at Overseas Operational Sites

An operational site in the US donated to a community educational assistance program, and its employees worked as program committee members. This program donates learning tools and reminds parents of the importance of education to encourage the parents to keep their children in school. In Thailand, the Toppan site took part in a mangrove planting activity to protect the natural environment and prevent damage from waves and monsoons.

### Cooperating with International Communities to Address Social Issues

Toppan participates in activities to enhance literacy (the abilities to read, write, and calculate with adequate proficiency to function well in daily life) for people living in developing countries. Literacy is a living skill essential for escaping poverty and enjoying a healthier, more culturally enriched existence.

Toppan sponsored the 6th *Toppan Charity Concert* series in fiscal 2012 and donated concert proceeds to the Asia-Pacific Cultural Centre for UNESCO (ACCU). The funds donated this year will be used for literacy education and classes on maternal and child health for mothers raising young children in Cambodia.



Educational assistance event (in the US)



Toppan Charity Concert  
(Violinist Emiri Miyamoto)



Literacy education in Cambodia ©ACCU



Mangrove planting (in Thailand)



Toppan Charity Concert  
(Saxophonist Nobuya Sugawa)



Literacy education in Cambodia ©ACCU

# The Environment



- 1 The Toppan Group has established a set of medium-and-long-term environmental targets for fiscal 2020 and presses ahead with environmental initiatives.
- 2 The Group operates environmental activities in four areas: Environmental Management, Eco-protection, Eco-creativity, and Environmental Communication.

## Toppan's Environmental Activities

### Four Environmental Activity Areas

The Toppan Group actively promotes environmental initiatives based on The Toppan Group Declaration on the Global Environment, a basic philosophy for the environmental activities of the Group.

Toppan's environmental activities are divided into four areas—Environmental Management, Eco-protection, Eco-creativity, and Environmental Communication. The Group enacted a set of five bylaws to strengthen the Eco-protection Activities performed to minimize environmental burdens associated with the Group's corporate operations: the Bylaw on Global Warming Mitigation, the Bylaw on the Building of a Recycling-oriented Society, the Bylaw on Chemical Substance Management, the Bylaw on Pollution Control, and the Bylaw on Biodiversity. The Toppan Group has taken steps to conserve the global environment in each of the areas based on the five bylaws.

### The Toppan Group Declaration on the Global Environment

As responsible members of international society, we who work within the Toppan Group strive to realize a sustainable society through forward looking corporate activities with consideration for the conservation of the global environment.

#### Basic Principles

1. We observe all laws, regulations and in-company rules relating to the environment.
2. For the future of the Earth, we strive for the effective utilization of limited resources and the reduction of all types of environmental burden.
3. With foresight, we promote the development and widespread use of products that show consideration for the environment, and contribute to the environmental activities of customers.
4. We engage in communication related to the environment with a wide range of peoples both inside and outside the company, and strive for mutual understanding.
5. We also take a proactive approach to environmental conservation in corporate activities in international society.

Established in April 1992  
Revised in April 2009

### Medium-and-long-term Environmental Targets for Fiscal 2020

#### 1. Mitigation of global warming

- Reduce CO<sub>2</sub> emissions by **11%** compared to the fiscal 2008 level (751 kilotons)  
→ 669 kilotons: -82 kilotons)

#### 2. Action for building a recycling-oriented society

- Reduce final landfill waste disposal by **87%** compared to the fiscal 2008 level (1,584 tons)  
→ 206 tons: -1,378 tons)

#### 3. Conservation of the atmospheric environment

- Reduce VOC emissions into the atmosphere by **70%** compared to the fiscal 2008 level (7,326 tons)  
→ 2,198 tons: -5,128 tons)

### Target Values, Results, and Evaluation of Environmental Targets for Fiscal 2012 and Environmental Targets (Values) for Fiscal 2013

Environmental Targets	
1. Mitigation of global warming	● Reduce CO <sub>2</sub> emissions
2. Action for building a recycling-oriented society	● Reduce final landfill waste disposal ● Reduce waste generation per unit of production value
3. Conservation of the atmospheric environment	● Reduce VOC emissions into the atmosphere
4. Waste reduction	● Control waste generation
5. Chemical substance management	● Reduce the handling amount of chemical substances designated under the PRTR law
6. Initiatives to conserve biodiversity	● Promote conservation during paper procurement and at operational sites
7. Environmental contribution through products	● Develop and expand the sales of environmentally friendly products
8. Facilitation of environmental communication	● Maintain effective communication
9. Prevention of environmental risk	● Establish and observe new in-house control standards
10. Enrichment of environmental education	
11. Environmental conservation at overseas production sites	

## Environmental Management Activities

### Operating Environmental Management Systems

Toppan operates established environmental management systems (EMSs) based on the Group's environmental management rules.

Seventy-two Group domestic sites undertake environmental activities to achieve the targets set under the Eco-protection Activity Plan. The Ecology Center collects environmental performance data as the organization responsible for supervising the Group's environmental activities. The center then evaluates and verifies the data and reports the results to the Board of Directors and other management bodies. Points of improvement for the continuous upgrading of environmental management are proposed and implemented throughout the entire Company.

The environmental audit follows a three-stage screening process: a management system audit by an ISO 14001 registrar, an internal audit by the Ecology Center, and another internal audit at the individual site. Toppan underwent management

system audits for 52 systems and carried out internal environmental audits at 72 operational sites in fiscal 2012. Necessary procedures were taken to correct the deficiencies pointed out during the audits.

### Improving Environmental Literacy

Toppan undertakes various measures to improve the environmental literacy of Group employees based on social trends related to the environment, priority topics for year-by-year environmental activities, and other environment-related matters.

Toppan held rank-based, optional, and internal auditor training sessions and arranged Group-wide e-learning-based programs in fiscal 2012. Email newsletters from the Ecology Center serve as educational tools for the persons in charge of environmental management at operational sites. The center began sending out a newsletter on biodiversity twice every month in fiscal 2011 and began issuing energy-saving notifications six times a year in December 2012.

Management Indicators	Fiscal 2012				Environmental Targets (Values) for Fiscal 2013
	Target Values	Results	Achievement Rates	Evaluation	
●CO <sub>2</sub> emissions	739 kilotons	679 kilotons	108.1%	S	688 kilotons
●CO <sub>2</sub> emissions per unit of sales	0.72 tons/million yen	0.76 tons/million yen	94.4%	B	0.75 tons/million yen
●Final landfill waste disposal	475 tons	352 tons	125.9%	S	455 tons
●Waste generation per unit of production value	0.653 tons/million yen	0.724 tons/million yen	89.1%	B	0.735 tons/million yen
●VOC emissions into the atmosphere	5,250 tons	4,497 tons	114.3%	S	4,762 tons
●VOC emissions into the atmosphere per unit of production value	—	—	—	—	0.0128 tons/million yen
●Material recycling rate	92.4%	92.7%	100.3%	A	92.7%
●Handling amount of chemical substances designated under the PRTR law	8,643 tons	6,689 tons	122.6%	S	6,828 tons
●Handling amount of chemical substances designated under the PRTR law per unit of production value	—	—	—	—	0.0183 tons/million yen
●Usage rates of certified paper and recycled paper	Continuous increase	Applied a set of paper procurement guidelines	—	A	—
●Operational sites for land-use assessment	2 sites	4 sites	200%	S	4 sites
●Percentage of lumber legally obtained by suppliers (out of all lumber used as a material for paper that Toppan procures)	—	—	—	—	100%
●Total sales of environmentally friendly products (Cartocan, etc.)	240.0 billion yen	208.5 billion yen	86.9%	B	5% increase in total sales compared with the previous year
●Issuance rate for <i>Site Eco Reports</i> *1	100%	100%	100%	A	100%
●Rate of establishment of new in-house control standards	100%	33%*2	33%	C	100%
●Rate of course completion in e-learning-based programs	100%	98%	98%	B	100%
●Establishment of in-house standards	Trial assessment using the in-house standard values	Checked the in-house management indicators	—	C	Trial assessment using the in-house standard values

\*1 Toppan independently determines which operational sites are required to issue *Site Eco Reports*.

\*2 Toppan carefully examined the relevant indicators and the contents of the in-house standards.

Evaluation criteria: S, Results achieved far surpass the targets (achievement rate [%]  $\geq$  105); A, Targets achieved (100  $\leq$  achievement rate [%] < 105); B, Activities fully carried out, but targets unachieved (70  $\leq$  achievement rate [%] < 100); C, Activities insufficient (achievement rate [%] < 70)

Achievement rates: For environmental targets #1, 2, 3, 5: 200 - (values actually achieved / target values)  $\times$  100 [%]; for environmental targets #4, 7, 8, 9, 10: (values actually achieved / target values)  $\times$  100 [%]

## Toppan's Environmental Burden and Environmental Impact

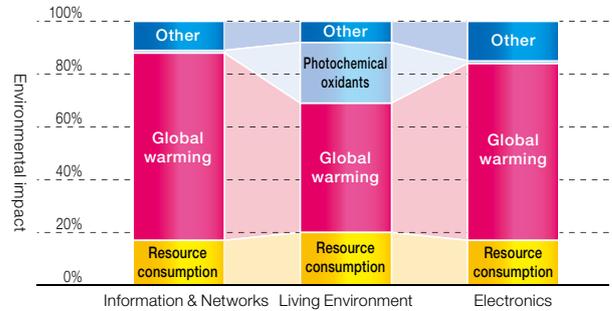
Toppan applies the LIME\* life-cycle impact assessment method to consolidate INPUT and OUTPUT data on environmental burden associated with business activities into a single index of environmental impact.

This assessment provides a holistic view of the environmental impact of all business activities at the Group and serves as a benchmark for establishing medium-and-long-term environmental targets and checking the effectiveness of environmental initiatives.

Toppan has managed to reduce its environmental impact every year. In fiscal 2012, the Group attained a 25% reduction compared to the fiscal 2006 level.

\*Life-cycle Impact assessment Method based on Endpoint modeling (LIME): A version of the damage-oriented environmental impact assessment method adjusted for application in Japan based on the environmental background domestically. Damage derived from impact categories is quantified for each part of the environment to be protected (e.g., human health, biodiversity). Once the damage is quantified, the environmental impacts of multiple factors are integrated into a single index.

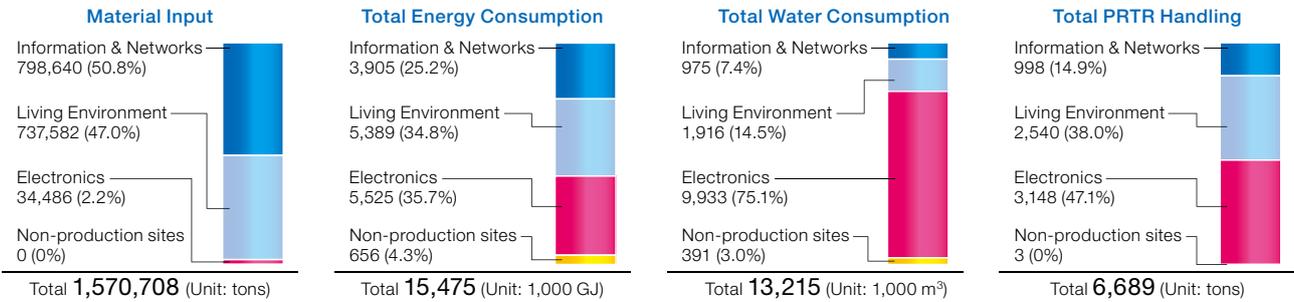
## Types of Environmental Impact by Business Field



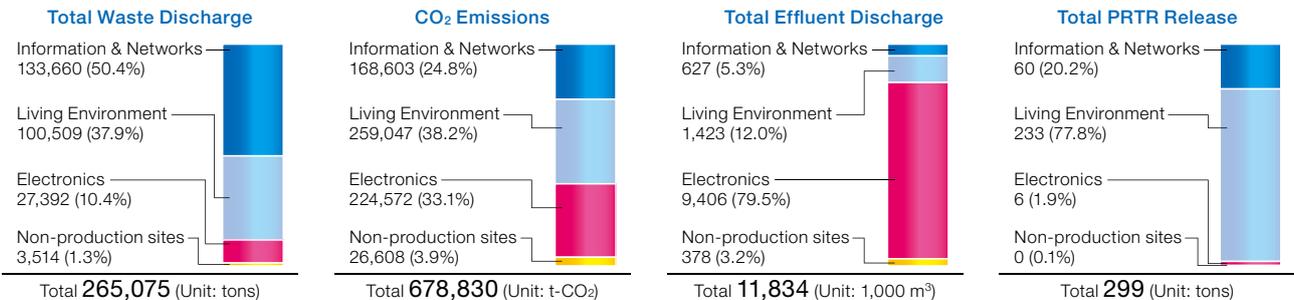
Note: In Living Environment, the chart shows a significant impact from photochemical oxidants, pollutants formed by reactions between sunlight and VOCs released into the atmosphere. In Electronics, the chart shows that energy consumption in clean rooms and other facilities with high energy-loads imposes higher impacts on global warming. Toppan includes these indicators among its medium-and-long-term environmental targets and has taken initiatives to reduce these types of environmental impact.

## Major Environmental Burdens by Business Field in Japan (INPUT/OUTPUT data)

### INPUT



### OUTPUT



Note: Energy consumption associated with fuel consumption is calculated using the conversion factor specified in the year 2000 amendment of the Act on the Rational Use of Energy of Japan. The primary energy input associated with electricity factor is calculated uniformly as 0.00983 GJ/kWh. Some of the material inputs are calculated from estimated values based on production values.

- "Waste" in this report includes industrial waste of no value and waste materials of value sold or transferred as resources (both generated in association with business activities).
- Total energy consumption is the quantity of electricity and fuels consumed.

## Eco-protection Activities

### Mitigating Global Warming and Saving Energy

Toppan has been reducing the total emissions of carbon dioxide (CO<sub>2</sub>) to help mitigate global warming.

Toppan engaged in diverse activities throughout Japan in fiscal 2012 to cope with the power-supply shortages after the Great East Japan Earthquake of 2011. The Company introduced a nationwide demand-monitoring system as a means of controlling the peak power demand in the summer and winter. This system profiles electricity consumption conditions at operational sites in real time. If electricity consumption at a site increases, the Company encourages the site to make energy-saving efforts. As in the year before, Toppan continued adopting LED lights and heat-shield films and coatings, along with other energy-saving measures such as reviews of air conditioner temperatures and a lights-out policy for lights not in use. Through these efforts, CO<sub>2</sub> emissions in fiscal 2012 were reduced to 679 kilotons (well within the target of 739 kilotons for the year).

In March 2012, Toppan installed solar panels capable of generating 60 kW of electricity at the Fukaya Plant in Saitama Prefecture in order to use renewable energy.

As a result of these efforts, five plants in the Toppan Group received awards at the “2012 Kanto Efficient Electricity Use Awards” sponsored by the Japan Electric Association Kanto

Branch. The Sakado Plant of Toppan Communication Products Co., Ltd. and the Asaka, Ranzan, and Itabashi Plants of Toppan Printing Co., Ltd. received the top awards for outstanding performance. An award for excellence was also conferred upon the Kawaguchi Plant of Toppan Communication Products Co., Ltd.

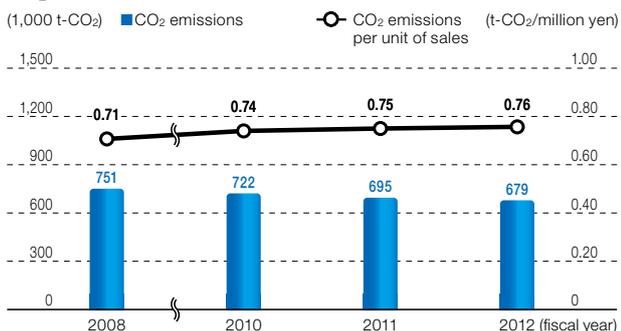
### Improving Transport Efficiency in Logistics

Toppan Logistics Co., Ltd., the logistics specialist for the Toppan Group, is working with shippers from Toppan Group companies to reduce the energy consumption per unit of transport volume by company vehicles and the total volume of CO<sub>2</sub> emissions from transport.

Energy consumption per unit of transport volume in fiscal 2012 was 57.5 kL/million ton-kilometers, 11.4% lower than the volume recorded in fiscal 2011. The energy consumption per unit of transport volume for the five years from fiscal 2008 to fiscal 2012 was reduced by an average of 2.6% per year, well surpassing the targeted average reduction of 1%. CO<sub>2</sub> emissions were 48,752 tons, or 38.4% higher than the fiscal 2011 level, due to an increase in overall transport volume in terms of freight ton-kilometers.

Toppan Logistics will work to accomplish the targets for fiscal 2013 by optimizing transportation conditions and further improving transportation efficiency.

### CO<sub>2</sub> Emissions



Note: CO<sub>2</sub> emissions are calculated by the method specified in the Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) from the Ministry of the Environment (MOE) of Japan. The CO<sub>2</sub> emissions associated with electricity consumption, however, are calculated uniformly as 0.378 t-CO<sub>2</sub>/MWh.

CO<sub>2</sub> emissions in fiscal 2012 amounted to 809,466 t-CO<sub>2</sub> when calculated using the effective emission factor from another MOE method specified in the Ministerial Ordinance Concerning the Calculation of Greenhouse Gas Emissions from Business Activities of Specified Dischargers (the latest amendment on March 31, 2010).



“2012 Kanto Efficient Electricity Use Award” (Itabashi Plant)



Solar panels (Fukaya Plant)

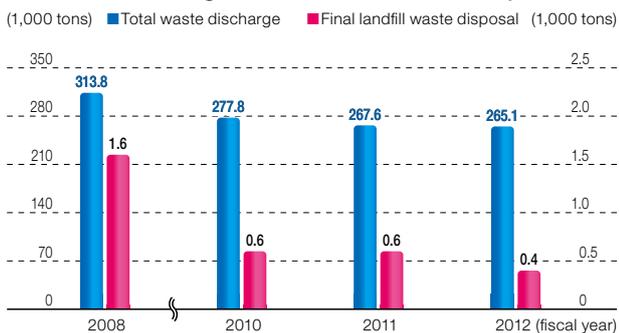
### ■ Building a Recycling-oriented Society

In a drive to use limited resources more effectively, Toppan works to reduce the discharge of waste, increase the recycling rate, and apply appropriate waste treatment methods.

Waste paper derived from operational sites primarily in the Information & Networks and Living Environment fields makes up the largest portion (74.6%) of the total waste discharged at Toppan sites. This is followed by waste plastics from plants in the Living Environment field and waste acids and alkalis such as waste etchant from plants in the Electronics field. Toppan has worked to increase the material recycling rate by processing waste paper into recycled paper and by separating waste plastics and processing composite plastic into pellets. Waste acids and alkalis have been processed by internal chemical treatments. Final landfill waste disposal was reduced by 200 tons in fiscal 2012 by converting cinders discharged from incinerators, a waste product formerly allocated to landfill, into a roadbed material. The Company has pressed ahead with recycling by establishing more detailed criteria for approving “zero-emission sites” with a three-level grading system based on achievement rates.

Toppan will subdivide waste-separation displays at offices and other non-production sites from fiscal 2013. Data from inspections of separation conditions will be provided as feedback to the workplaces in order to heighten awareness among employees.

#### Total Waste Discharge and Final Landfill Waste Disposal



#### Recycling Rate and Material Recycling Rate



### ■ Preventing Pollution

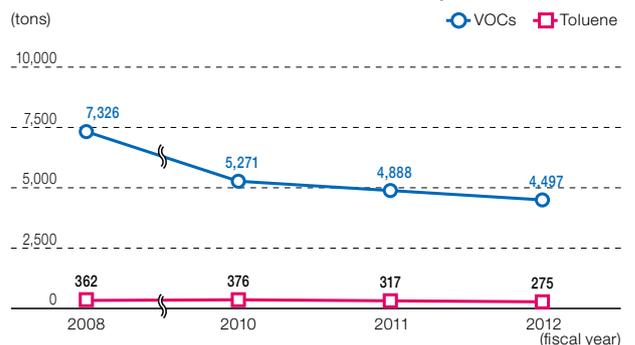
The Eco-protection Promotion Committee at each Toppan site sets in-house control standards more stringently than the regulatory standards require. By complying with these standards, Toppan sites work to reduce environmental burden and prevent pollution at the sites.

To prevent atmospheric pollution, Toppan controls boilers and other plant facilities responsible for air pollutants by managing operations under appropriate combustion conditions. In fiscal 2012 the Company continued enhancing efficiency in effluent-gas treatment by precisely controlling the plant facilities subject to the requirements stipulated under the Air Pollution Control Law of Japan. VOC and toluene emissions into the atmosphere in fiscal 2012 were both reduced compared with the fiscal 2011 levels.

To prevent water pollution, Toppan has installed wastewater treatment facilities designed to cope with specific water consumption and pollutant conditions at individual sites. Wastewater recycling systems have been installed at Electronics plants that discharge effluents in significant amounts. By recovering and reusing wastewater via these systems, the plants have been reducing the levels of water consumption and effluent discharge.

Toppan has also been working for the prevention of groundwater pollution by checking facilities subject to the requirements stipulated by the revised Water Pollution Control Law of Japan and taking other preventive measures based on the regulatory regime.

#### VOC and Toluene Emissions into the Atmosphere\*



\*Emissions into the atmosphere are calculated in conformance with the standards established by the Japan Federation of Printing Industries (JFPI) and the Japan Electronics and Information Technology Industries Association (JEITA). The data for fiscal 2011 have been adjusted based on revised methods for calculation.

### Controlling Chemical Substances

Toppan has striven to reduce the consumption of chemical substances designated under the Pollutant Release and Transfer Register (PRTR) law of Japan in an attempt to reduce environmental burden. In fiscal 2012, Toppan sites all over the world terminated the use of dichloromethane. Steps have also been taken to reduce the consumption of other designated chemical substances, both volume-wise and in terms of the range of application, by introducing safer substitutes. These efforts reduced the handling amount of chemical substances designated under the PRTR law by 7.5% compared to the previous fiscal year, surpassing the target for fiscal 2012.

Toppan has upgraded chemical substance control measures to meet increasing social demand year by year. Procedures for controlling chemical substances at production sites are in place, and the Company has been taking thorough steps to implement them.

### Approach to Environmental Compliance

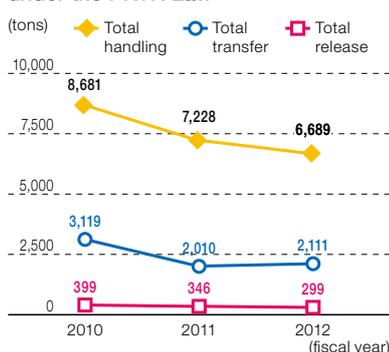
In fiscal 2012 in Japan, three production sites recorded VOC emission levels exceeding the regulatory standards set under the Air Pollution Control Law and one site recorded odor levels exceeding the limits set under the Offensive Odor Control Law. Three production sites, meanwhile, recorded excessive levels of BOD, COD, and n-hexane extractable substances, relative to the regulatory standards set for water contaminants under the Water Pollution Control Law and Sewerage Law. Regarding noise, seven production sites exceeded regulatory standards

set under the Noise Regulation Law. (Toppan is devising countermeasures, including investigations into the sources to determine whether the noise is Toppan's responsibility or the responsibility of others.) The Company took immediate corrective measures for every case, including steps to revise the control methods for equipment. Since implementing these corrective measures, Toppan has reviewed control procedures and taken necessary actions to reliably prevent recurrences. As a preventive action against environmental pollution, Toppan holds regular drills to cope with emergencies and accidents during production operations. Emergency-preparedness procedures are reviewed whenever the results of the drills call for them.

In fiscal 2012, the Company verified compliance with in-house standards at each plant via internal environmental audits and other checks. For plants whose in-house standards had been set inappropriately, standards were reset and existing operation and control conditions were reviewed to ensure that none of the regulatory standards would be exceeded.

Communities around Toppan plants filed five complaints and inquiries at four sites in fiscal 2012. All cases involved inconveniences to community residents related to noise. Toppan has reviewed the control of facilities and equipment responsible for noise and either installed isolators or assessed plans to install them. The Company has also stepped up routine inspections and other measures to prevent the recurrence of noise-related problems. Toppan will enhance the quality of environmental management through ongoing dialogue with residents in surrounding communities.

### Chemical Substances Designated under the PRTR Law\*1



\*1 Dioxins are excluded because of a difference in the counting unit. The data for fiscal 2011 have been adjusted based on revised methods for calculation.

### Purification of Soil and Groundwater Pollution

Operational Site	Detail	Current Progress*2
Ebie Plant (Osaka City, Osaka)	Soil pollution by hexavalent chromium and lead	Remediation work completed
Itabashi Plant Minami I bldg. (Itabashi Ward, Tokyo)	Soil pollution by hexavalent chromium and lead	Remediation work completed
Itabashi Plant (Itabashi Ward, Tokyo)	Groundwater pollution by hexavalent chromium and toluene	Groundwater pumped and purified; continuously monitored
Niigata Plant (Shibata City, Niigata)	Soil pollution by fluorine and its compounds	Continuously monitored
Asaka Plant (Niiza City, Saitama)	Groundwater pollution by VOCs (Voluntary investigation of well water on the plant premises)	Continuously monitored

\*2 As of March 2013



Emergency-preparedness drill to cope with a hypothetical leakage scenario (Fukuyama Plant)



Odor measurement by an external agency (Sakado Plant)

**■ Promoting the Conservation of Biodiversity**

**● Acquiring SEGES for Urban Development Certification at the New Plant in Gunma**

Toppan's Basic Policy on Biodiversity stipulates rules for the procurement of raw materials such as paper, water use and effluent discharge, the release of chemical substances, the use of land and environments in and around operational sites, and other environmental matters. Under this policy, the Company will be designing green spaces that emulate the indigenous environmental features in and around the site premises at Toppan's new plant under construction in Gunma Prefecture. Plant construction will be completed in March 2014.

This green space plan is the first plan of its kind within a plant premises to acquire the certification of the Social and Environmental Green Evaluation System (SEGES) for Urban Development. The Organization for Landscape and Urban Green Infrastructure of Japan grants this certification to businesses that contribute to society and the environment through green conservation and creation.

The plan secures a green space ratio of 30% or more. It also seeks to reach a 50% permeable land ratio (area where rainfall infiltrates into the ground) by installing a rain garden, a wetland area that uses rainwater effectively. The green space will consist of three zones: the Wind Forest, the Thicket Forest, and the Flower Forest. The Wind Forest is modeled after

the landscape of a windbreak forest, with protective mounds built in. The Thicket Forest is conceived as an ecosystem-minded local forest made up native vegetation. The Flower Forest will provide an attractive community landscape with rows of cherry blossom trees combined with azaleas and other flowering trees.

**● Biodiversity Conservation at Operational Sites**

The Fukaya Plant launched a biodiversity conservation activity onsite in fiscal 2012. The activity was inaugurated with an event entitled "Forest-planting for local wildlife." Employees and their families took part in quizzes, plant observation sessions, an eco-workshop to create safe habitats for beetle larvae, and so on. The second event was a "Birdhouse installation for wild birds in the forest." This time the participants observed living things within the plant premise under the guidance of expert naturalists. Every participating family built and installed a birdhouse and feeding station in the green space for the Great Tit.

**● Improving Land-use Practices at Operational Sites**

Since fiscal 2010, a cumulative total of nine operational sites have applied the land-use assessment method\* to monitor organisms within their premises and to assess the degree to which their land-use methods contribute to biodiversity.



Concept illustration of Thicket Forest at new Gunma plant



Birdhouse creation (Fukaya Plant)



Concept illustration of Flower Forest at new Gunma plant



Wildlife observation (Fukaya Plant)

\*Based on a set of Guidelines for Sustainable Business Site Management® established by the Japan Business Initiative for Biodiversity (JBIB)

## Eco-creativity Activities

### Developing and Approving Environmentally Friendly Products

Toppan approves eco-friendly products in accordance with the criteria set under Toppan's 14 Environmental Points based on ISO 14021 and in-house standards established separately by divisions. A total of 106 products were registered as "environmentally friendly products" as of the end of March 2013.

The criteria for the 14 Environmental Points were reviewed in fiscal 2012. Toppan will apply the revised criteria to approve environmentally friendly products from fiscal 2013 and revitalize its Eco-creativity Activities further.

### Environment-related Businesses at Group Companies

Like Toppan itself, the companies of the Toppan Group develop, produce, and market eco-friendly products in line with standards they formulate themselves in consideration of social demands.

The total sales of environment-related businesses—including, most notably, sales of environmentally friendly products satisfying the in-house criteria of the Toppan Group—stood at 208.5 billion yen in fiscal 2012.

## Environmental Communication Activities

### Presenting at Eco-Products 2012

At the Eco-Products 2012 fair in December 2012, Toppan proposed new environmental solutions based on an "ecollable" concept oriented towards a sustainable society. By combing "ecology," "collaboration," and "able," the Company intends to show that governments, companies, organizations, consumers, and other stakeholders are able to collaborate on eco-tasks that no entity can accomplish alone. These entities may work together for the development of new environmental technologies and the creation of new society-wide schemes to resolve environmental challenges. Toppan presented environmental solutions such as packaging materials for lithium-ion batteries, the eco-friendly Cartocan, and smart community initiatives. These products and initiatives exemplify the endeavors Toppan has realized through collaboration with client companies, organizations, governments, and other entities in development, sales, and operation.

### Issuing Site Eco Reports

Toppan's ISO 14001-certified sites in Japan issue *Site Eco Reports* directed towards local municipalities and residents in surrounding communities. Thirty-three reports from 44 sites were issued in fiscal 2012.

### Toppan's 14 Environmental Points and Environmental Considerations

Life Cycle Stage	Toppan's 14 Environmental Points for Environmentally Friendly Products
Production and distribution	1. Use of safe materials
	2. Use of recycled materials
	3. Resource-saving
	4. Reduced energy consumption in production
	5. Use of recovered energy
	6. Reduced solid waste
Use	7. Energy-saving
	8. Reduced release of chemical substances
	9. Long product life
After Use	10. Reusability
	11. Recyclability
	12. Suitability for disposal
	13. Easy separation and disassembly
	14. Biodegradability



Eco-Products 2012

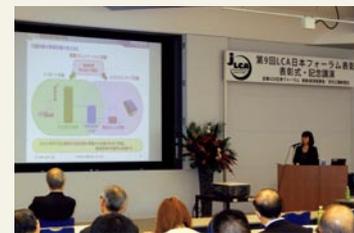


Site Eco Reports (in Japanese)

### Receiving LCA Society of Japan Chairman's Award

In November 2012, Toppan received the LCA Society of Japan Chairman's Award at the 9th LCA Society of Japan Awards sponsored by the Life Cycle Assessment Society of Japan (JLCA). These awards commend companies, organizations, and researchers who make intensive efforts to reduce environmental burden by applying life cycle assessments (LCAs).

JLCA applauded Toppan for the following: for applying LCAs to the quantification of environmental burden associated with both the Company's overall business activities and individual products; for incorporating the concept of LCA into the measurement of water consumption and other types of environmental burden; and for successfully reducing environmental burden and improving environmental efficiency throughout its business activities through the aforesaid measures.



# Independent Assurance

Toppan revised the composition of the environment section of the *CSR Report 2013* to make it easier to read. The Company was able to make the revisions without any quantitative reduction of the information to be disclosed. Pursuant to these revisions, some of the supplementary data are now disclosed via the *CSR Report 2013: Detailed Data*, a PDF file posted on the Toppan website.

In May 2013, the Global Reporting Initiative (GRI) revised its Sustainability Reporting Guidelines, the de facto global standard for CSR reporting. Several of the revisions affect the directionality of future CSR reporting in significant ways. For example, an organization preparing a CSR report in accordance with the GRI guidelines is required to disclose not only the process it uses to identify the information to be disclosed, but also the material aspects identified through the process. To cope with these new information-disclosure trends adeptly, reporting organizations will need time to prepare. They are

therefore advised to begin examining the revised guidelines at an early stage.

We see that the accuracy of the environmental performance data in the report is improved overall, thanks in large part to improvements in the organization of the rules for reporting through the use of information systems. We believe, however, there is room for improvement in data presentation. For example, Toppan's stakeholders can gain a clear picture of the environmental burden throughout the Group only after referring to the *Detailed Data* online.

The scope and boundary of the social performance data covers only Toppan Printing Co., Ltd., in principle. It will be an ongoing challenge for Toppan to disclose the activities and results of the entire Group comprehensively.

**Shinichiro Akasaka**  
KPMG AZSA Sustainability Co., Ltd.

## Indicators in this Report Assured by an Independent Assurance Provider

Pages		Indicators Assured by an Independent Assurance Provider
19	Human Rights	Number of Recruits; Female Managerial and Supervisory Staff; Employment of Persons with Disabilities; number of retired employees; number of reemployed employees
20	Labor Practices	Number of Employees; Reasons for Leaving; Average Annual Salary; Annual Paid Leave Used; Employees Taking Maternity or Childcare Leave
21		Rates of decrease in the average hours of overtime worked (in fiscal 2007, fiscal 2012); number of employees who have resigned from the Company and registered to join the rehiring system for employees who resign from the Company for the delivery and upbringing of children
22		Occupational Safety and Health
23		Number of employees who participated in the Toppan Business School; number of employees who participated in basic, Company-wide education (via e-learning programs); number of employees who were deployed overseas under the trainee system to acquire practical training in overseas business; number of employees who participated in selective training on globalization
24	Fair Operating Practices	Number of Conduct Guidelines Promotion Leaders; ratio of female Leaders
25		Number of employees who participated in training sessions for Conduct Guidelines Promotion Leaders; number of employees who participated in training on the prevention of improper conduct; number of employees who participated in education on compliance with transaction-related laws and regulations
26		Number of business partners surveyed to verify the legality of lumber used for paper production
28	Consumer Issues	Number of employees who participated in training sessions for internal auditors; results of audits conducted using the quality audit checklist
34	Toppan's Environmental Activities	Environmental targets (values) and results for fiscal 2012 *Only the numerical results are assured.
35	Environmental Management Activities	Number of internal environmental audits conducted
36	Toppan's Environmental Burden and Environmental Impact	Major Environmental Burdens by Business Field in Japan (INPUT/OUTPUT data)
37	Eco-protection Activities	CO <sub>2</sub> Emissions
38		Total Waste Discharge and Final Landfill Waste Disposal; VOC and Toluene Emissions into the Atmosphere; Recycling Rate and Material Recycling Rate
39		Chemical Substances Designated under the PRTR Law; Compliance with regulatory standards in fiscal 2012; number of complaints and inquiries from communities around Toppan plants; Purification of Soil and Groundwater Pollution
41	Eco-creativity Activities	Number of newly registered environmentally friendly products; total sales of environmentally friendly products at Toppan and Group companies

Some data in the *CSR Report 2013: Detailed Data* posted on the Toppan website are also assured by the assurance provider.

# Independent Assurance Report



## Independent Assurance Report

To the President and Representative Director of Toppan Printing Co., Ltd.

### Purpose and Scope

We were engaged by Toppan Printing Co., Ltd. (the "Company") to provide limited assurance on its CSR Report 2013 and CSR Report 2013: Detailed Data posted on its website (the "Report") for the fiscal year ended March 31, 2013. 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 environmental accounting indicators listed in the table on page 42 for the period from April 1, 2012 to March 31, 2013 included in the Report (the "Indicators") are prepared, in all material respects, in accordance with the Company's reporting criteria; and
- all the material sustainability information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the Report.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

### Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the GRI and Environmental Reporting Guidelines 2012 of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators. For the completeness of material sustainability information, we used the 'Sustainability Reporting Assurance and Registration Criteria' of J-SUS.

### Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS.

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visit to the Satte Plant of Toppan Functional Products Co., Ltd., the Satte Plant of Toppan Decor Products Inc., and the Satte Plant of Toppan Plastic Co., Ltd. selected on the basis of a risk analysis.
- Assessment of whether or not all the material sustainability information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

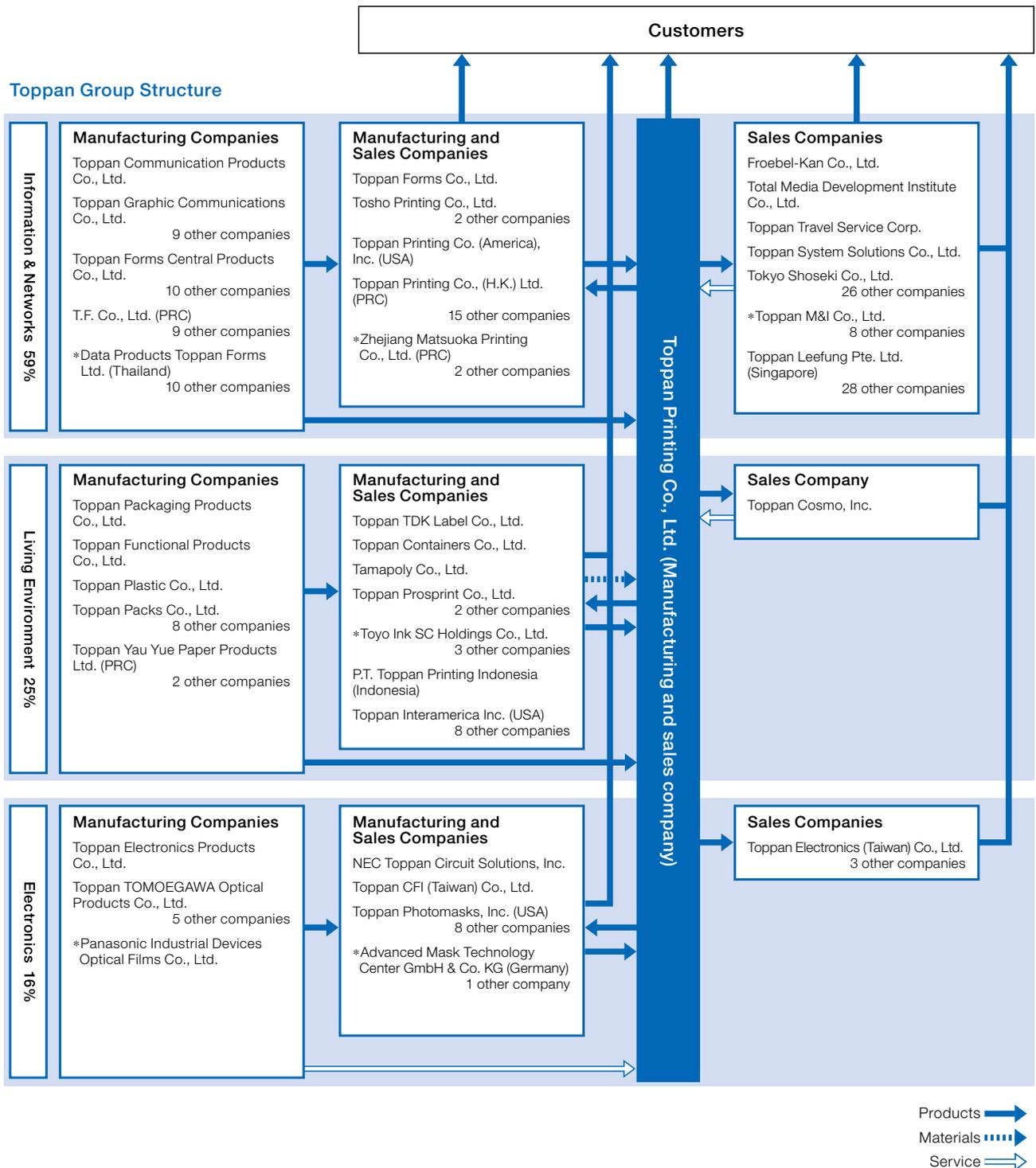
- the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report;
- all the material sustainability information defined by J-SUS is not included in the Report.

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 27, 2013

# Group Business Structure



**Notes:**

- No symbol: subsidiary—167 companies \* : affiliates—30 companies (as of the end of March 2013)
- Toppan Group's business activities are usually divided into five fields. Here, however, they are divided into three fields based on the current sizes of the businesses and other factors.
- The composition ratios given under each business field are percentages of overall net sales contributed. ("Net Sales by Business Field" are shown on page 5.)
- Toppan Forms Co., Ltd., Tosho Printing Co., Ltd., and Toyo Ink SC Holdings Co., Ltd. are listed on the first section of the Tokyo Stock Exchange.
- Toppan operational sites span 15 countries and regions, including Japan.

