

TOPPAN

CSR REPORT 2010

Report on Corporate Social
Responsibility Activities

110th
anniversary



●Editorial Policy

Toppan is disclosing information in the hopes of encouraging dialogues on social and environmental activities with more people, especially people who have an interest or stake in Toppan's corporate social responsibility (CSR) activities.

●Period Covered

This report mainly covers activities in fiscal 2009 (from April 2009 to March 2010), though information on prior and later years is also included in parts.

●Scope and Boundary of this Report

In principle, this report covers the social and environmental 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 boundaries of the environmental performance data and environmental accounting are presented on P. 44.

●Selecting the Information for this Report

In choosing the information to present in this CSR report, Toppan assessed the "materiality" of the information for society and the Company itself.

To assess whether information can be considered material for society, Toppan holds in-house discussions on the following points: independent reviews and third-party opinions, questionnaire responses to CSR reports from inside and outside the Company, other opinions gleaned from dialogues inside and outside the Company, the content of various guidelines (such as the Environmental Reporting Guidelines [fiscal 2007 version] from the Ministry of the Environment of Japan and the GRI Sustainability Reporting Guidelines 2006 from the Global Reporting Initiative [GRI]), questionnaire items from third-party organizations, and CSR-related information from media and news agencies.

●Guidelines Observed

This report complies with the GRI Sustainability Reporting Guidelines 2006 and is rated B+ among the levels defined in the guidelines.

●Reliability

KPMG AZSA Sustainability Co., Ltd. provides independent assurance for this report. As a testament to the reliability of the sustainability information in this report, Toppan is authorized to attach the following mark. This means that the report meets the standards for sustainability report assurance and registration 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 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/>

This site posts the latest information on ISO 14001 certification, data on the Global Reporting Initiative (GRI) content index, the CSR Procurement Guidelines, and other forms of CSR information. 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/>

Details on corporate governance can be found at the following URLs.

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 2009

Current report: October 2010

Next report: October 2011 (planned)

●Contact Information

CSR Promotion Department, Legal Affairs Division, Toppan Printing Co., Ltd. (Tokyo, Japan)

Email: 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.



Contents

| | |
|------------------------------------------------------------------------------------------------|----|
| Executive Message | 2 |
| Group Business Outline | 4 |
| Highlights 2009–2010 | |
| Special Report 1: Promoting Conservation and the Sustainable Use of Biodiversity | 6 |
| Special Report 2: Pioneering Frontiers in Medical Applications for Printing Technologies | 8 |
| Results for Fiscal 2009 and Future Measures | 10 |
| Stakeholder Dialogue | 12 |
| CSR Management | |
| Toppan's Social Responsibility | 14 |
| Corporate Governance | 16 |
| Compliance Promotion Activities | 18 |
| Information Risk Management | 20 |
| Conduct Guidelines and Information Management Policy | 22 |
| Social Report | |
| For Customers | 24 |
| With Business Partners | 28 |
| With Communities | 30 |
| With Employees | 34 |
| With Shareholders and Investors | 42 |
| Environmental Report | |
| Overview of Environmental Activities | 44 |
| Review of Fiscal 2009 Results and Future Targets | 46 |
| Environmental Management | 50 |
| Environmental Conservation Activities | 56 |
| Environmentally Friendly Products and Environment-related Business | 60 |
| Environmental Data | 63 |
| Third-party Opinion and Independent Assurance | |
| Third-party Opinion | 68 |
| Independent Assurance | 69 |
| Company Reaction to the Third-party Opinion and Independent Assurance | 71 |
| Group Business Structure | 72 |

Contributing to Fulfilling Lifestyles

Commemorating Toppan's 110th Year in Business

The Lehman Shock in 2008 triggered a major crisis in the global economy. The extensive stimulus measures orchestrated by the world's leading nations have panned out well, returning the global economy back on course in a gradual upswing. The Japanese economy showed signs of upward momentum in 2009 but fell far short of a full-fledged recovery. Sluggish consumer spending and other factors continue to weigh down heavily on economic activity. Toppan's efforts to increase profitability within this severe environment were successful. By adopting the following three strategies, we managed to bring about a turnaround during the year: carrying out structural reform "with nothing sacred," accelerating our globalization, and bolstering our management as a group.

It is a great pleasure to report the commemoration of Toppan's 110th anniversary in June 2010. I deeply appreciate the ongoing cooperation of all our stakeholders—our customers, shareholders and investors, business partners, communities, and employees.

Since its foundation in 1900, Toppan has striven to live by its Corporate Philosophy of contributing "to a fulfilling lifestyle as a mainstay of information and culture" through business operations centered around printing technologies. The market environment surrounding us today is shifting drastically on many levels in response to major social developments such as digitization for information distribution, economic growth in emerging countries, and the declining birthrate and aging population at home in Japan.

In June 2010, the 110th anniversary of our founding, I assumed the post of President & CEO. In watching the changes in today's market environment from my perspective as a leader of Toppan, I have come to believe that they bring us a rare opportunity to pursue New Challenges and Innovation as we strive to realize sustainable development in the future. I will lead Toppan to further development through the promotion of four major initiatives: driving on with reforms of our operational structure, bolstering our management as a group, accelerating our globalized business operations, and creating new businesses.

Towards a Sustainable Society

Then again, a company cannot actualize sustainable development all on its own. A company can only survive as a part of society interconnected with others. When I consider this, I recognize that the best possible approach for fulfilling corporate social responsibility is to support the sustainable development of society itself.

TOPPAN VISION 21 is positioned as the foundation for all of our corporate activities at Toppan. This vision consists of a Corporate Structure (the Corporate Philosophy, the Corporate Creed, and a set of Conduct Guidelines defining the values and standards the Company should respect) and five Business Fields based on the Corporate Structure.

In my view, the goal of our social responsibility activities is to realize the Corporate Structure, an ideal framework for growing in harmony with the environment and society.

Let me reiterate our firm commitment to thoroughly carrying out Toppan's social responsibility towards the realization of a sustainable society.

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. The Company continues to espouse the United Nations Global Compact as an invaluable guideline and arranges various activities to fulfill Toppan's social responsibility.

Staying Aware of Broader Social Issues and Addressing Them

I believe it vital for Toppan, as a promoter of sustainable society, to find ways to address broader social issues through its business operations.

Modern society is rife with global problems, some of them enormous, such as global warming and economic disparities. Under the Millennium Development Goals, the United Nations and international community struggle to eradicate extreme poverty and hunger, promote gender equality and the empowerment of women, reduce child mortality, and combat HIV/AIDS, malaria, and other diseases. As a nation, Japan is faced with a host of serious issues of its own, from a declining birthrate and aging population to food safety.

By providing our own innovations to help solve social issues, I am convinced that we can find shortcuts towards the realization of a sustainable society while securing footholds towards sustainable development for ourselves as a corporation.

Toppan has examined and prepared a set of five bylaws under The Toppan Group Declaration on the Global Environment and the Company's environmental management rules. With these bylaws, we are further strengthening our approaches to the major social challenge of conserving the global environment. They include, specifically, 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. Since their enactment on April 1, 2010, we have been intensifying our environmental conservation activities based on the bylaws in all the relevant areas.

In the area of global warming mitigation in particular, we will bolster our efforts to reduce carbon dioxide emissions by optimizing and streamlining production at operational sites across Japan in conjunction with our ongoing drive in management structure reforms. We will also introduce new measures in paper resource procurement and land usage for the conservation of biodiversity.

Toppan has engaged in research and development in medical fields since 1999 by applying microfabrication, surface treatment, formation, coating, and other technologies it has acquired in the course of the printing business. In fiscal 2009 we developed a new, low-cost, high-precision technique for gene analysis capable of analyzing mutated genotypes of cancerous tissue caused by acquired gene mutations. This is a method for finding and selecting pharmaceutical agents with the greatest possible therapeutic effects and mildest possible side effects prior to treatment based on the genetic profiles of individual patients.

The advance of personalized medicine, a clinical methodology for administering the most effective agent for the patient as an individual, will help doctors and hospitals combat today's ever rising healthcare expenditures, one of the most pressing issues facing modern society.

To Our Stakeholders

The first step in fulfilling our social responsibility is to consider what society demands of us. This alone, however, is not enough: every idea we have must be crosschecked with the voices of the stakeholders around us.

Toppan will fully disclose information as a starting point for communication with stakeholders in the years ahead and is eager to hear your candid opinions. We will maintain our work to serve society as a trustworthy, respected, and robust corporation committed to the creation of fulfilling lifestyles in a sustainable world. We rely on your ongoing support and guidance.

August 2010



Shingo Kaneko

President & CEO
Toppan Printing Co., Ltd.

A handwritten signature in black ink, reading "S. Kaneko".

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 & CEO
Shingo Kaneko

**Number of employees
(Nonconsolidated)**
8,769
(as of the end of March 2010)

**Number of employees
(Consolidated)**
47,650
(as of the end of March 2010)

Capital (Nonconsolidated)
104.9 billion yen

Group Profile

The Toppan Group comprises Toppan Printing Co., Ltd. and 202 related companies (177 subsidiaries and 25 affiliates) engaged in manifold businesses in three main fields: Information & Networks, Living Environment, and Electronics.

The positioning of Toppan and its related companies in these fields is outlined on P. 72.

Business Fields

Information & Networks



● Securities and Cards



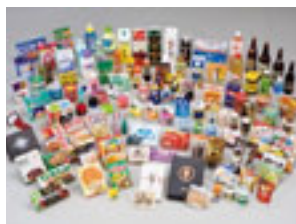
● Commercial Printing



● Publications Printing

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

Living Environment



● Packaging



● High-performance Components



● Industrial Materials

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

Electronics



● For Displays



● For Semiconductors

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

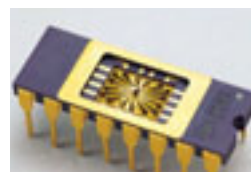
Personal Service



● Shufoo!—an online mall of 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

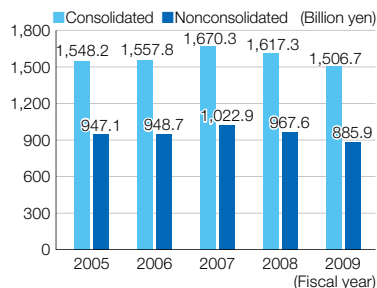
Next-generation Products



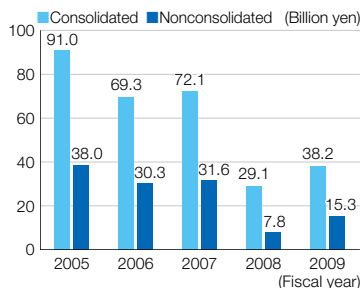
● Hydrogen sensor

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

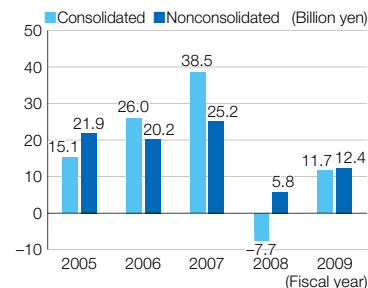
Net Sales



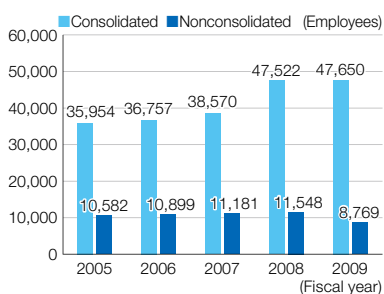
Operating Income



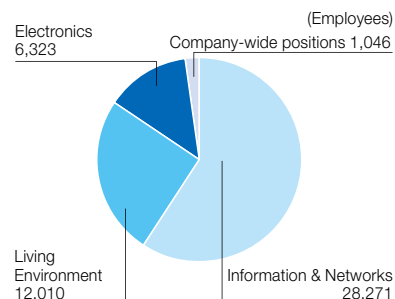
Net Income or Loss



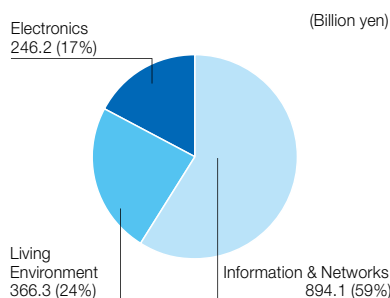
Number of Employees



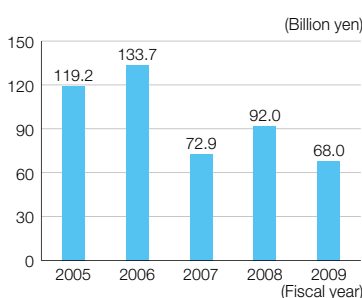
Number of Employees by Business Field (Consolidated)



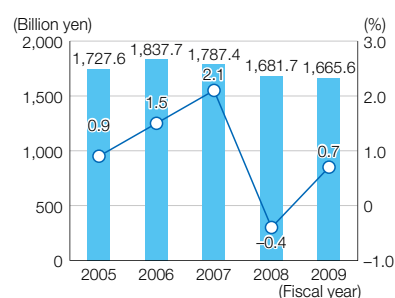
Net Sales by Business Field



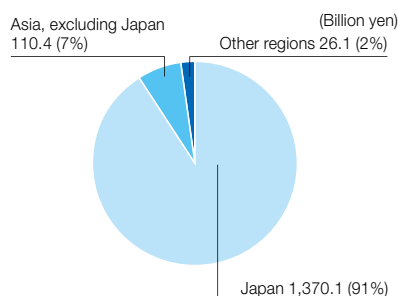
Capital Expenditures



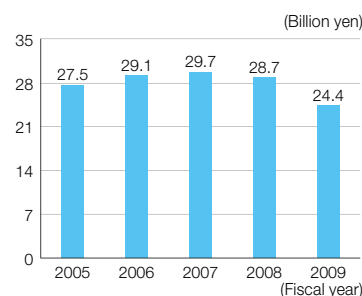
Total Assets & Return on Assets (ROA)



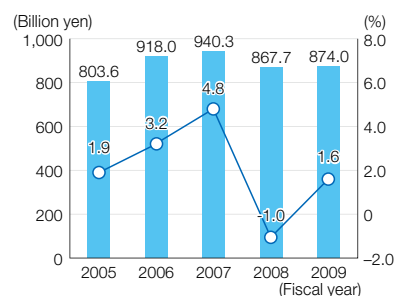
Net Sales by Region



R&D Expenses



Net Assets & Return on Equity (ROE)



Notes:

1. Net sales do not include consumption taxes.

2. The number of employees is the number of employees working at the Company. The number of non-regular employees for fiscal 2009 stood at 7,967 on a consolidated basis (the average number of employees throughout the fiscal year, including part-time workers but excluding temporary staff).

3. Net assets have been calculated based on the "Accounting Standard for the Presentation of Net Assets in the Balance Sheet" and the "Guidance on the Accounting Standard for the Presentation of Net Assets in the Balance Sheet" since fiscal 2006.

Special Report 1

Promoting Conservation and the Sustainable Use of Biodiversity

A company cannot run businesses without benefits from biodiversity* for the procurement of its raw materials or the use of the environments surrounding its operational sites. Toppan now takes an assertive approach to the conservation and sustainable use of biodiversity.

Establishing a Bylaw on Biodiversity

Toppan established its Bylaw on Biodiversity on April 1, 2010. This is a part of the bylaws to assure the implementation of Group-wide environmental conservation initiatives based on the fundamental principles of The Toppan Group Declaration on the Global Environment and the Company's environmental management rules.

As a company operating in the printing industry, Toppan runs businesses with considerable impacts on biodiversity in processes such as raw material procurement (e.g., paper), water use, the discharge of effluent and chemical substances, and the use of the land and environment in and around its operational sites.

With regard to paper, the Bylaw on Biodiversity requires the Company to take an assertive approach to the sustainable use of forest resources by avoiding and minimizing impacts on biodiversity. With regard to the use of water and chemical substances, the bylaw prescribes reinforcements in existing management practices. And with regard to land use, it specifies the need for impact assessments on biodiversity in advance.

Toppan will be stepping up initiatives for biodiversity

conservation and the sustainable use of natural resources through the observation of the Bylaw on Biodiversity.

Developing and Marketing Eco Products

Cartocan

Cartocan is a paper-based beverage container produced from more than 30% domestic lumber, including lumber harvested from forest-thinning operations in Japan. Thinning is a necessary operation in forest management. The thicker canopy of an un-thinned forest inhibits the growth of trees and deprives the forest bed of sunlight. This, in turn, inhibits the growth of the smaller plants vital for preventing soil runoff. When poorly grown trees are properly thinned, the space cleared around them gives other trees better opportunities to grow. Nurturing sound forests and conserving soil and water resources can create and maintain a friendly habitat for diverse living things.

Cartocan obtained the forest-thinning product mark designated by Japan's National Federation of Cooperative Associations for Forest Owners in December 2003. Soon thereafter, in April of the next year, the Morikami (Forest

Basic Policy on Biodiversity (excerpted from the Bylaw on Biodiversity)

- (1) The conservation of biodiversity is a part of management and is to be positioned as an important element of it.
- (2) In the procurement of raw materials, we will take a proactive approach to sustainable use by avoiding or minimizing the impact on biodiversity.
- (3) We will proactively undertake social contribution activities related to biodiversity.
- (4) In our initiatives, we will use preventative and adaptive methods and take a long-term perspective.
- (5) In our initiatives, we will give consideration to cooperation with various stakeholders with links to biodiversity such as local residents.
- (6) In undertaking the conservation and sustainable use of biodiversity, we recognize that it contributes to the prevention of global warming and other efforts.



and Paper) Conference was founded to promote the use of environmentally friendly paper-based containers for beverages. Toppan engages in various activities to contribute to the sound maintenance of forest resources in Japan in cooperation with Cartocan users, the Forestry Agency of Japan, and other parties concerned.

To further extend the benefits of Cartocan, Toppan established a system for the recycling of empty Cartocans into ECO-GREEN toilet paper in January 2002. ECO-GREEN is composed of about 50% used Cartocan material. Toppan purchased 165,760 rolls (approx. 46.8 tons) of ECO-GREEN in fiscal 2009.

Expanding Forest-certified Paper Sales

In May 2002, Toppan became the first company to acquire the Forest Stewardship Council™ (FSC™) Chain of Custody (CoC) certification in the field of commercial printing in Japan. Toppan customers have been offered the opportunity to have their products made with FSC-certified paper. More recently, Toppan acquired CoC certifications in securities printing and publications printing, as well. Toppan's forest-friendly proposals are ongoing in many fields.

Organizing Communication Activities

Exhibiting at the Biodiversity EXPO

The Biodiversity EXPO 2010 in Fukuoka was held in Japan in February 2010 as a forum for information exchange, intercommunion, and the revitalization of business activities related to biodiversity. Five companies in the Toppan Group produced a joint exhibit at the expo to converse extensively with other exhibitors and visitors of every variety.

Joining a Consortium

In April 2010, Toppan joined the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB), a consortium of companies dedicated to the promotion of biodiversity conservation initiatives in line with the trends of industry and government agencies.

<http://www.jbib.org/en/>

*Biodiversity: Can be categorized into three levels, namely, ecosystem diversity (forest, *satoyama***, river, marsh, tidal flat, coral reef, etc.), species diversity (animal, plant, microorganism [bacterium, etc.]), and genetic diversity (diversified traits in the members of a species, such as differences in body shape, body markings or coloration, patterns of behavior, etc. due to genetic variation). Human beings can only enjoy the blessings of nature if nature's diverse parts link together in sustainable balance.

***Satoyama*: A habitat rich in biodiversity within a landscape carefully managed by humans for mixed uses such as forestry, rice paddies, reservoirs, grasslands, etc.



Cartocan



Logo for
forest-thinning
products



The mark of
responsible forestry

The Forest Stewardship Council (FSC) forest management certification system is a framework for approving responsible forest management under the principles and standards established by the FSC. The FSC Chain of Custody (CoC) certification can only be granted to comprehensive identification and management systems that effectively prevent the admixture of lumber from certified forests with lumber from non-certified forests during any part of the production process from manufacturing to distribution.

Special Report 2

Pioneering Frontiers in Medical Applications for Printing Technologies

Printing technologies have rich potential for application to fields far more diverse than the printing fields generally expected. Medicine is one of the areas in which Toppan has been assiduously pursuing new applications for these technologies.

DNA as a Medium

The information flowing through modern society is served through media of various forms, from newspapers and other printed materials to television, mobile phones, and the Internet. The varieties of information distributed among companies and consumers via these media are stupefying. Toppan has used its original expertise in printing to contribute to the creation and development of many of the media we now rely on.

DNA is a medium for transmitting genetic information, information on life. It is the blueprint for a living organism, storing all of the genetic data as code. The accurate unscrambling of genetic codes requires state-of-the-art technologies. Toppan's corporate goal, as defined in the Corporate Philosophy, is to "contribute to a fulfilling lifestyle as a mainstay of information and culture." To fulfill this aspiration, the Company has developed technologies for both analyzing genetic information transmitted within DNA and applying the analytical results effectively in medicine.

Towards the Realization of Personalized Medicine

When patients undergo personalized medicine, they receive optimal individualized therapies suitable for their own physical characteristics. A genotype testing of a patient before prescribing medication will enable a doctor to assess which drugs will have favorable or adverse effects. This information will be key for choosing the most appropriate medications and optimal doses.

If adopted widely, personalized medicine will help to minimize the administration of drug regimens likely to be less efficacious or to have side effects. This, in turn, will help prevent and alleviate pain and anxiety for patients and

limit healthcare expenditures through enhancements in the efficiency of medical care.

In its pursuit for personalized medicine, Toppan has collaborated with RIKEN, Japan and other entities to develop a genotype analysis system with single nucleotide polymorphism (SNP)* chips for the testing of patient genotypes before the administration of medication.

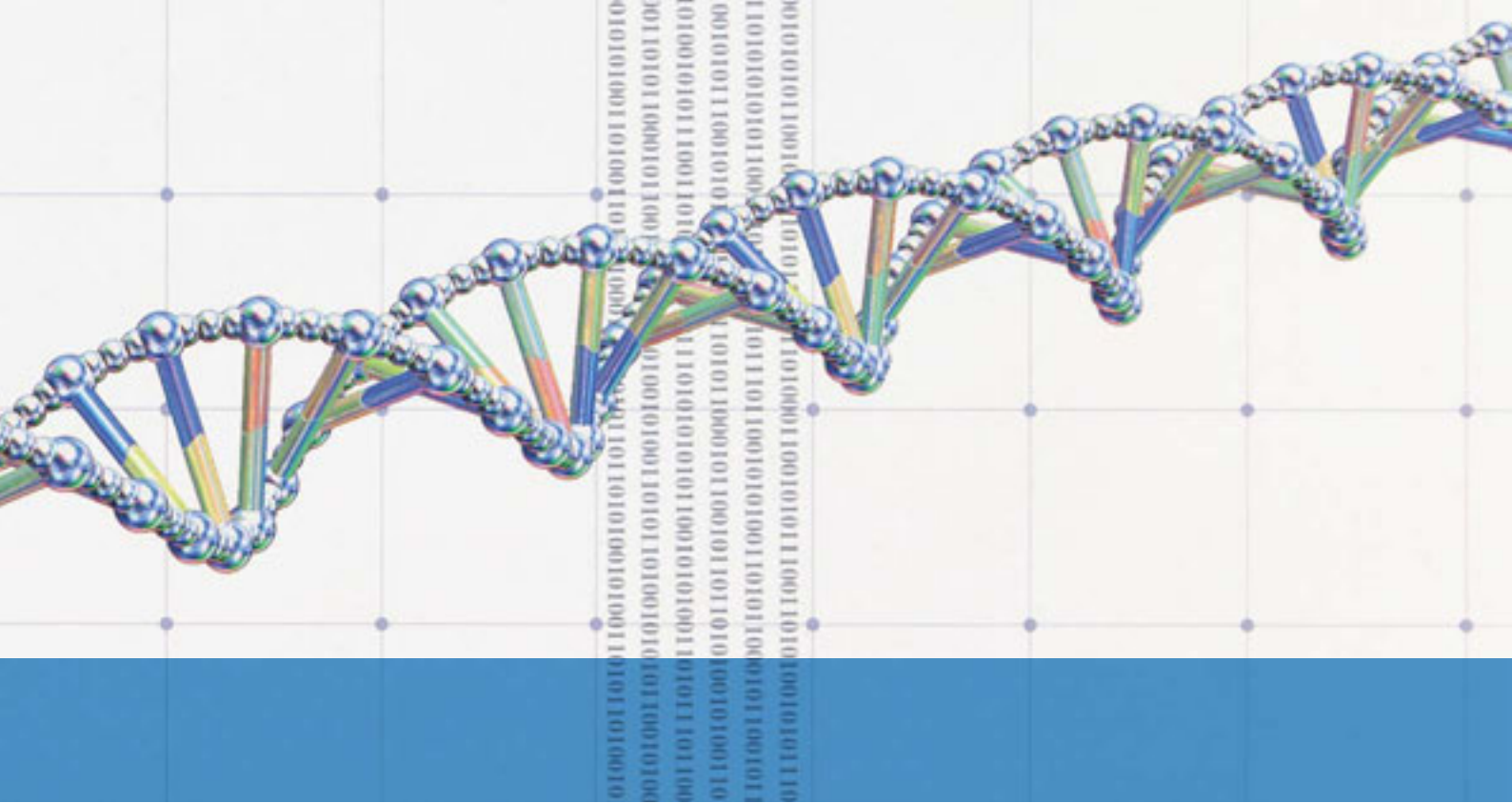
In fiscal 2007, Toppan, RIKEN, and RIKEN Venture Capital Co., Ltd. jointly founded RIKEN GENESIS CO., LTD., a provider of genotype analysis services on contract and a marketer of devices and chips for genotype analysis.

Developing a New Technique for the Genetic Testing of Cancerous Tissue

In fiscal 2009, Toppan developed the Fluorescent Preferentially Homoduplex Formation Assay (PHFA) method, a new analysis technique for the genetic testing of cancerous tissue. A joint study on the Fluorescent PHFA method with the University of Chicago has confirmed that the technique is effective for low-cost, high accuracy genotyping of cancerous tissue from patients.

Scientists now understand that the variations in drug efficacies from person to person are attributable not only to differences in congenital genotypes, but also differences in acquired gene mutations. This understanding has prompted studies to clarify how mutated genotypes relate to the effectiveness of medicines for cancers of various organs caused by acquired gene mutations.

Molecularly targeted anticancer drugs are an effective mode of cancer treatment. One of their major benefits is minimal side effects. In some cases, however, differences in the genetic mutations of cancers hinder the effectiveness of these drugs, even in patients with cancers of the same organ. To administer molecularly targeted antican-



cer drugs, it thus becomes very important to genotype the biopsy specimens of the cancer and identify the mutations before selecting the anticancer drug expected to be highly efficacious.

Genetic analysis of cancerous tissue involves the selective detection of genes from cancer cells in specimens with both tumor cells and non-tumorous cells from normal surrounding tissue. In some cases, the existing analysis techniques are too insensitive to detect the target cancer genes. Existing analysis techniques also tend to be too costly to adopt for widespread clinical use, requiring complicated, time-consuming procedures and expensive reagents.

To resolve these obstacles, Toppan has established the Fluorescent PHFA method for gene analysis. This innovative technique enables low-cost testing by applying an extremely simple principle for analyzing mutations simply through thermal treatment. The study conducted with the University of Chicago has confirmed that the Fluorescent PHFA method is more accurate than traditional analysis techniques.

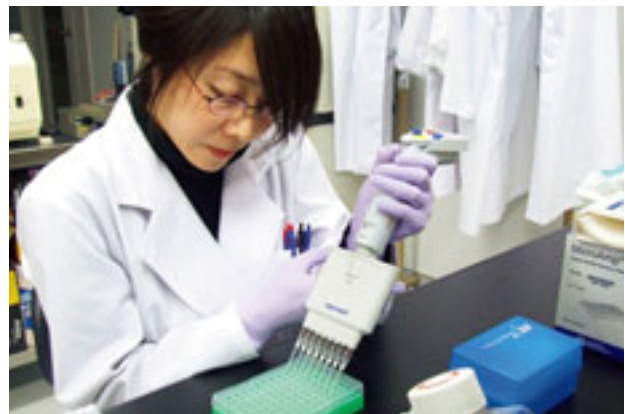
Towards the Widespread Use of the Fluorescent PHFA Method

With its Fluorescent PHFA method, Toppan will target the commercialization and sale of testing reagents for cancer treatment through joint initiatives with RIKEN GENESIS CO., LTD. Toppan and RIKEN GENESIS will also be developing automated testing devices and applying the Fluorescent PHFA method to fields other than cancer treatment.

The device development in this research is supported by a Grant for the Practical Application of Industrial Technology from the New Energy and Industrial Technology Development Organization (NEDO) of Japan, from August 2009 to February 2011.



Genotype analysis system with SNP chips



Research and development of the Fluorescent PHFA method

*SNP: The individual variations from person to person at birth derive from differences in the estimated 3 billion base pairs in the genome sequence. A single nucleotide polymorphism (SNP) is a site in the genome sequence where a single nucleotide varies from person to person. Differences in SNPs cause individual variations, including variations in drug sensitivity and disease susceptibility. By examining these differences, physicians can tailor drug regimens and therapies to individual patients.

Results for Fiscal 2009 and Future Measures

| Stakeholders | Topics | Action Points | Targets |
|----------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| All stakeholders | Complying with laws, regulations, and corporate ethics | Heightening awareness of laws, regulations, and the Conduct Guidelines through compliance promotion activities | — |
| | Reinforcing information risk management | Establishing an information security management structure towards the complete elimination of information-related accidents | — |
| | Conserving the global environment | (See PP. 46–48 for the results of environmental activities and future measures) | — |
| Customers | Assuring product safety and quality / Providing products and services to help solve social issues | Ensuring product safety | <ul style="list-style-type: none"> • Preventing accidents relevant to the Product Liability (PL) Act and the revised Consumer Product Safety Act of Japan |
| | | Quality assurance and enhancement | <ul style="list-style-type: none"> • Enhancing customer satisfaction (analyzing the degree of customer satisfaction under the ISO 9001 QMSs and applying the results to business operations) • Preventing serious quality-related accidents concerning the performance and functions of products |
| | | Providing products and services to help solve social issues | <ul style="list-style-type: none"> • Embarking on energy-related businesses for the future • Expanding businesses in the life sciences |
| | | | <ul style="list-style-type: none"> • Realizing a society where a diversity of people can enjoy fulfilling lifestyles (spreading universal design) • Passing down cultural assets as virtual reality (VR) reproductions |
| Business partners | Establishing a trusted supply chain | Promoting CSR procurement centered around communication with business partners | <ul style="list-style-type: none"> • Facilitating closer communication with business partners |
| | | Enhancing chemical substance management through strengthened cooperation with business partners | <ul style="list-style-type: none"> • Informing business partners of the Standards for the Chemical Components of Raw Materials (Ver. 2.0) designated by Toppan |
| Communities | Contributing to society, community, and culture | Social contributions | <ul style="list-style-type: none"> • Continually arranging social contribution programs to help solve social issues |
| | | Community contributions | <ul style="list-style-type: none"> • Expanding opportunities to communicate with communities and making contributions responsive to community needs |
| | | Cultural contributions | <ul style="list-style-type: none"> • Contributing to society through the provision of high-quality information and elevating the roles of printing and related industries • Strengthening cooperation with communities and cultural facilities across the world • Contributing to local communities and supporting educational institutions |
| Shareholders and investors | Disclosing information in a fair and open manner and improving transparency | IR activities | <ul style="list-style-type: none"> • Enhancing IR activities |
| Employees | Respecting and leveraging human assets | Merit-based personnel policies | <ul style="list-style-type: none"> • Operating personnel treatment systems properly |
| | | Realizing a safe and secure working environment | <ul style="list-style-type: none"> • Respecting basic human rights • Ensuring occupational safety and health • Reinforcing countermeasures against fires and disasters • Promoting healthcare and health enhancement • Arranging measures for mental healthcare |
| | | | <ul style="list-style-type: none"> • Supporting work-life balance by 1) shortening total working hours |
| | | | <ul style="list-style-type: none"> • Supporting work-life balance by 2) creating a working environment where employees can strike a balance between working and raising children |
| | | | <ul style="list-style-type: none"> • Creating a better working environment through partnerships between labor and management |
| | | Leveraging diverse human assets | <ul style="list-style-type: none"> • Proactively appointing female employees to higher positions • Supporting second careers for retired employees • Promoting employment of persons with disabilities |
| | | | <ul style="list-style-type: none"> • Providing an open environment and information for recruitment • Supporting individual career development |
| | | | <ul style="list-style-type: none"> • Properly leveraging the abilities and skills of non-regular employees |
| | | | <ul style="list-style-type: none"> • Fostering highly independent and self-reliant employees based on "conduct of high value," a key concept in human asset development |
| | | Developing and fostering human assets | |

| Main Activities and Achievements in Fiscal 2009 | Self Evaluation | Main Measures in Fiscal 2010 | For Details |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <ul style="list-style-type: none"> • Distributed the <i>Conduct Guideline Handbook</i>, a collection of actual cases to explain the seven Basic Principles of the Conduct Guidelines • Organized education on the prevention of improper transactions for employees in the sales departments (18 sessions; 1,807 trainees) • Arranged an e-learning-based educational program on compliance with the Subcontract Law of Japan, mainly for employees in the production control departments (3,550 trainees) | A | <ul style="list-style-type: none"> • Introduce revised Conduct Guidelines (planned in July) at U.S. subsidiaries and renew related tools • Ensure proper subcontract transactions in the ordering departments | PP. 18–19 |
| <ul style="list-style-type: none"> • Organized group education for all employees using the revised <i>Information Security Management Guidebook</i> and the newly issued <i>Close Calls on the Job, Vol. 3</i> • Carried out Company-wide system asset audits and assembled a USB flash drive quarantine system • Integrated a risk assessment function within the department-based information management ledger system | A | <ul style="list-style-type: none"> • Arrange follow-up training programs for 110 employees designated as ISMS-qualified staff and assign them as internal assistant auditors • Intensify information management in the manufacturing departments (for production systems, website development, and operation processes) • Build the PDCA management structure at Group companies | PP. 20–21 |
| — | — | — | PP. 44–67 |
| <ul style="list-style-type: none"> • Incorporated product safety as a checkpoint for internal ISO 9001 QMS audits; elevated the levels of establishment and operation of the QMSs; verified that no quality-related accidents occurred | A | <ul style="list-style-type: none"> • Review the rules on product safety and sort out the challenges the divisions face | |
| <ul style="list-style-type: none"> • Revised the standardized in-house textbooks on general printing and packaging products for the sales departments • Carried out internal QMS audits at 29 operational sites designated as priority targets and verified the effectiveness of their QMSs | A | <ul style="list-style-type: none"> • Continue to organize product quality education with standardized in-house textbooks for the sales departments • Point out weaknesses to operational sites through QMS audits with ranking evaluations and request the sites to upgrade their QMSs by remedying their weak points | PP. 24–25 |
| <ul style="list-style-type: none"> • Recorded a power output well beyond the desired value in tests on a new material for the electrolyte membrane in the fuel cell | B | <ul style="list-style-type: none"> • Prototype an electrolyte membrane in an experimental size and evaluate the prototype to improve the membrane performance | PP. 26–27 |
| <ul style="list-style-type: none"> • Provided medical research in Japan and overseas with genotype analysis systems with SNP chips for the support of their clinical studies | A | <ul style="list-style-type: none"> • Acquire data on SNP chips and SNP analysis systems used at medical institutes towards the practical application of the systems and chips | PP. 8–9 |
| <ul style="list-style-type: none"> • Established the Toppan Declaration on Universal Design and revised Toppan's Seven Principles on Universal Design | A | <ul style="list-style-type: none"> • Constructively disclose the details of universal design efforts | P. 27 |
| <ul style="list-style-type: none"> • Screened <i>The Ashura Statue</i> and <i>The Recreated Kohfukui Chukondo</i> virtual reality (VR) productions at "The National Treasure ASHURA and Masterpieces from Kohfukui" exhibition (held at the Tokyo National Museum and Kyushu National Museum in Japan); created four VR productions, including <i>Genre Scenes in Kyoto (Funaki version)</i> • Promoted the commercial use of VR productions for rental, sightseeing, and other businesses | A | <ul style="list-style-type: none"> • Create two new VR productions of cultural assets • Develop new products for the secondary use of VR content | P. 26 |
| <ul style="list-style-type: none"> • Assessed the current status of about 200 equipment suppliers and about 1,100 material suppliers; established and operated the Business Partner Database • Installed and operated the Supplier Hotline | A | <ul style="list-style-type: none"> • Interview major business partners of the purchasing departments to keep track of the progress of their CSR initiatives • Check compliance with the procurement guidelines at the Company by monitoring major business partners of the purchasing departments | PP. 28–29 |
| <ul style="list-style-type: none"> • Completed a project to inform about 1,200 business partners of the revised Standards for the Chemical Components of Raw Materials Ver. 2.0 • Informed business partners of amendments to the green procurement guidelines by product type in accordance with the revisions mentioned above | A | <ul style="list-style-type: none"> • Inform every new business partner of the Standards for the Chemical Components of Raw Materials Ver. 2.0 | |
| <ul style="list-style-type: none"> • Launched a vaccine donation drive using proceeds from collected PET bottle caps, but failed to get any other program started | B | <ul style="list-style-type: none"> • Review the <i>Toppan Charity Concerts</i> to identify the optimal conditions for the staging of more concerts in the future | PP. 32–33 |
| <ul style="list-style-type: none"> • Extended community contributions at operational sites through environmental beautification activities, blood donation drives, plant tours, hands-on training sessions, disaster- and crime-prevention activities, etc. | A | <ul style="list-style-type: none"> • Maintain various community contributions responsive to community needs at operational sites across Japan | |
| <ul style="list-style-type: none"> • Organized a typographic printing workshop at Bunkyo Muse Festa in Japan (180 participants) • Ran collaborative coursework with neighboring elementary schools at the Printing Museum | A | <ul style="list-style-type: none"> • Hold an exhibition: <i>Printing Museum, Tokyo 10th Anniversary Exhibition</i> • Develop educational activities in collaboration with educational institutes and organize hands-on learning programs at the Printing Workshop | PP. 30–31 |
| <ul style="list-style-type: none"> • Sponsored 29 concerts, including nine special performances to discover and foster talented young musicians; rented the hall out for concert performances by neighboring elementary schools | B | <ul style="list-style-type: none"> • Sponsor 32 concerts, including eight special performances to discover and foster talented young musicians; work out a plan to allow students to use the hall as a practice space during summer vacation | |
| <ul style="list-style-type: none"> • Participated in conferences for foreign institutional investors twice a year | A | <ul style="list-style-type: none"> • Review <i>Toppan Story</i>, a newsletter for shareholders, to find ways to enrich its contents | P. 42 |
| <ul style="list-style-type: none"> • Held public meetings to announce financial results, provided individual consultations with investors, and arranged small-scale meetings | A | <ul style="list-style-type: none"> • Hold public meetings to announce financial results; visit and consult with investors individually | |
| <ul style="list-style-type: none"> • Partly revised the ability-based grade system for managerial staff in order to align human asset fosterage opportunities with treatment and leverage systems | A | <ul style="list-style-type: none"> • Construct a framework to encourage employees to develop individual careers, and examine and undertake follow-up measures | P. 34 |
| <ul style="list-style-type: none"> • Enlightened employees on basic human rights through rank-based and new employee training sessions | A | <ul style="list-style-type: none"> • Expand the scope of trainees by introducing a preparatory training session for new managers, and so on | |
| <ul style="list-style-type: none"> • Launched a Safety Project to facilitate prompt Group-wide reporting of the details of accidents and reviews of disaster reports to prevent recurrences | B | <ul style="list-style-type: none"> • Formulate basic policies on safety and health; take countermeasures against recurrence using an occupational accident database; introduce a new occupational risk assessment; open <i>Anzen Dojo</i>, a safety training facility | |
| <ul style="list-style-type: none"> • Reexamined fire- and disaster-prevention structure according to the revised Fire Service Act of Japan | B | <ul style="list-style-type: none"> • Enlighten employees on disaster preparedness by opening a disaster-prevention space | |
| <ul style="list-style-type: none"> • Offered the Lifestyle Improvement Support Service (for 548 employees across the Group) | B | <ul style="list-style-type: none"> • Offer systematic healthcare guidance for employees in need of lifestyle improvements (lifestyle-related health-problem preemption actions, etc.) | |
| <ul style="list-style-type: none"> • Held Art Salon sessions (18 sessions; 62 participants on a cumulative basis) | A | <ul style="list-style-type: none"> • Hold Art Salon sessions in more diverse regions; improve the counseling system for mental healthcare | |
| <ul style="list-style-type: none"> • Significantly decreased the number of employees working long hours through strict working-hour control by managerial staff, continuously operated working systems introduced on trial bases, undertook measures determined by the labor-management committees to shorten working hours, and so on • Confirmed labor-management cooperation in the shaping of the Company's responses to the revised Labor Standards Act of Japan | A | <ul style="list-style-type: none"> • Promote working hour reduction through the positive use of various working systems of multi working shift, flextime and off-hour working schedules per month or year, half-day compensatory leave, and special shortened working hours • Strengthen managerial working-hour control to limit overtime work to 60 hours a month | PP. 35–37 |
| <ul style="list-style-type: none"> • Expanded and upgraded systems to create a working environment where employees can strike a balance between working and raising children (extended period for childcare leave system; relaxed the requirements for the leave system due to morning sickness; etc.) | A | <ul style="list-style-type: none"> • Keep every employee informed of the expanded and upgraded childcare-leave-related systems (since May 2010); extra childcare leave for papas and mamas, extended period for childcare leave system, childcare flextime working system, etc. | |
| <ul style="list-style-type: none"> • Convened labor-management committees for working hour reductions five times to deliberate the Company's responses to the revised Labor Standards Act • Confirmed the implementation of reinforced measures to eliminate occupational accidents at labor-management committees for the creation of a working environment amenable to enhanced job satisfaction | A | <ul style="list-style-type: none"> • Continue to hold routine business councils and convene labor-management committees to help create a working environment amenable to enhanced job satisfaction • Ginger up internal recreational events jointly held by labor and management | |
| <ul style="list-style-type: none"> • Attained a 4.1% ratio of female managerial and supervisory staff (as of April 1, 2010) | A | <ul style="list-style-type: none"> • Leverage female talent through positive action | |
| <ul style="list-style-type: none"> • Reemployed 72 retired employees as senior workers or part-timers | A | <ul style="list-style-type: none"> • Maintain the Senior Reemployment System as a tool for leveraging the experiences and specialized knowledge of veteran employees | |
| <ul style="list-style-type: none"> • Joined in company orientation sessions sponsored by the public job-placement offices in Japan to promote the employment of persons with disabilities • Attained a 1.89% ratio of employees with disabilities in the total workforce (as of June 1, 2010) | A | <ul style="list-style-type: none"> • Diligently facilitate the hiring of persons with disabilities in cooperation with local public job-placement offices in Japan • Maintain a 1.8% ratio of employees with disabilities in the total workforce, as designated by the relevant law in Japan | PP. 38–39 |
| <ul style="list-style-type: none"> • Ran various internship programs, including practical training sessions, lectures, and online training courses (3,066 interns on a cumulative basis) | A | <ul style="list-style-type: none"> • Continue to run various internship programs • Increase opportunities to meet students through company orientation sessions, seminars in universities and colleges, and so on | |
| <ul style="list-style-type: none"> • Encouraged employees to take on new positions through the Challenging Job System | A | <ul style="list-style-type: none"> • Maintain the Challenging Job System as a tool for encouraging employees to develop their own careers effectively | |
| <ul style="list-style-type: none"> • Introduced an associate employee system on April 1, 2010 | A | <ul style="list-style-type: none"> • Establish a framework for properly operating the associate employee system through training sessions in the general affairs departments and audits | |
| <ul style="list-style-type: none"> • Began to operate the in-house education management system, Career Navigator • Rotated a total of 592 managerial and non-managerial staff between divisions, etc. | S | <ul style="list-style-type: none"> • Enrich measures to foster human assets active in global businesses | PP. 40–41 |

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

Stakeholder Dialogue

Toppan has been setting up a framework for dialogue on corporate social responsibility (CSR) with key external experts since fiscal 2004, drawing great benefits from their views on ways to facilitate its CSR activities.

In fiscal 2007 and 2008, Toppan convened a series of CSR Promotion Study Group meetings in a fresh bid to improve the PDCA cycle of its CSR activities using the knowledge gained through stakeholder dialogues outside the Company. Study group participants in fiscal 2008 offered diverse views on the overall picture of the action points Toppan expects to become relevant for society and the Company (see the list on the right).

From among these action points, Toppan selected two points it has been seeking to address for some years as discussion topics for fiscal 2009: ideal work-life balance and CO₂ emission reduction as it relates to the incoming medium-term environmental target.

Mr. Yukio Okubo, General Manager of Works Institute Recruit Co., Ltd. offered opinions on ideal work-life balance in succession to the meetings of the CSR Promotion Study Group. Mr. Jiro Adachi, executive director of the

Japan Center for Sustainable Environment and Society, a non-government organization, gave us his views on CO₂ emission reduction and Toppan's incoming medium-term environmental target (Mr. Adachi joined the dialogue in fiscal 2006).

Action Points Toppan Expects to Become More Relevant for Society and the Company

Environment

- Mitigating global warming through the development of energy-saving measures
- Promoting waste reduction and recycling

Global

- ◆ Establishing a trusted supply chain
- Upgrading environmental management systems at overseas production sites

Labor

- ◆ Supporting work-life balance (improving productivity and fostering the next generation)
- ◆ Creating better working environments through partnerships between labor and management
- ◆ Promoting positive action
- ◆ Providing an open environment for recruitment
- ◆ Promoting employment of persons with disabilities
- ◆ Supporting second careers for retired employees

Capturing growing businesses

- Expanding environmental contribution via the development and marketing of eco products
- ◆ Providing products and services to help solve social issues

- ◆ Social field
- Environmental field

Opinions from Stakeholders (Abstract)

Work-Life Balance (WLB)

- An important operating routine in advancing WLB is to keep constant watch of your progress in the following five stages: establishing necessary working environments for better WLB, disseminating the company's measures throughout the workforce, managing and applying the related systems, enhancing employee motivation, and improving productivity at the company. You also need to keep an eye on the current situation and take necessary steps whenever the need arises.
- The ideal WLB varies from person to person and closely depends on factors such as generation, rank, childcare burdens, and the like. The models and targets should therefore be defined for different groups of employees.



Mr. Yukio Okubo

General Manager, Works Institute Recruit Co., Ltd. Founded the Works Institute, Recruit Co., Ltd. and became General Manager in 1999. Specializes in human resource management, labor policies, and career issues.

CO₂ Emission Reduction and the Incoming Medium-term Environmental Target

- CO₂ emission reduction requires higher efficiencies in production and energy consumption. Alongside your existing goal for total emission volume, you can adopt the efficiency goal of becoming the world's most efficient producer and energy consumer in the printing industry.
- The prospects for achieving great technological innovations in a short time are remote. It may be effective, however, for you to establish an ultra-long-term vision with the intent of enhancing employee motivation towards technological innovation, promptly adopting an innovation when one finally arrives, and raising your emission reduction target to a level that can be expected with the innovation.



Mr. Jiro Adachi

Executive director, Japan Center for Sustainable Environment and Society (non-government organization). His books include *Environmental Tax—Taxation and Financial Reform* and *Sustainable Welfare Society* (Tsukiji-shokan).

CSR Management

Toppan's Social Responsibility

Basic Approach to CSR ————— 14

Corporate Governance

Corporate Governance ————— 16

Compliance Promotion Activities

Compliance Promotion Activities ————— 18

Information Risk Management

Information Risk Management ————— 20

Conduct Guidelines and

Information Management Policy ————— 22

Basic Approach to CSR

Points

- Toppan's social responsibility is to realize an ideal "Corporate Structure." This, together with "Business Fields," forms *TOPPAN VISION 21*.
- Toppan has established eight material topics to address through its CSR activities towards the realization of the Corporate Structure.

■ Toppan's Social Responsibility: Realizing an Ideal "Corporate Structure"

Humankind and Earth today face a host of issues. The international community is striving to address environmental challenges, health-related problems, poverty, and human rights abuses. In Japan, as in many other developed nations, birthrates are declining and the population is ageing.

Toppan believes it has a responsibility to help solve these problems in cooperation with all of its stakeholders through business operations conducted under its founding Corporate Philosophy of contributing "to a fulfilling lifestyle as a mainstay of information and culture." Toppan contributes as an essential corporate citizen with an active commitment to realizing sustainable development for society and itself.

TOPPAN VISION 21 expresses the basic concept and directionality of the activities undertaken by Toppan to grow in harmony with society and the global environment. The vision consists of a "Corporate Structure" and a set of "Business Fields." 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 business operations of the Toppan Group. The Group will fulfill its social responsibilities by realizing the Corporate Structure.

The Toppan Group regularly enlightens its employees on the basic tenets of *TOPPAN VISION 21* (including the Corporate Structure) through communication in workplaces, training sessions, and a variety of educational tools.

Corporate Philosophy

The Corporate Philosophy, the top-level concept, underpins all corporate activities at Toppan and defines Toppan's most important values and ideas.

Corporate Creed and Conduct Guidelines

The Corporate Creed expresses the standards that the Toppan Group applies to its corporate activities. Built on the Corporate Philosophy and Corporate Creed, the Conduct Guidelines express the behavioral norms based on every employee's compliance with laws, regulations, and corporate ethics.

The Group reviews its Conduct Guidelines every year to examine the need for revisions. This is done in the conviction that the guidelines will evolve over time to rationally adapt to the various changes underway in corporate and social environments.

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

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. Maintaining public order and standards of decency
3. Complying with laws and ethics
4. Conducting fair business operations
5. Striving to improve quality
6. Appropriate management and disclosure of information
7. Environmental and safety considerations

Chapter 2: Specific Conduct Guidelines

Section 1: Building customer trust

Section 2: Reforming operations

Section 3: Fulfilling corporate responsibilities

Section 4: Creating a positive work environment

Section 5: Developing the Toppan Group

Established in June 2000; revised in April 2006

For more detailed information on the Conduct Guidelines, please see P. 22.

■ Toppan's Relationships with Stakeholders

To operate businesses and stay viable as a corporation, Toppan must build strong ties with its various stakeholders. And to realize its ideal "Corporate Structure," the Company must listen closely to stakeholder opinions and precisely understand stakeholder demands.

Toppan has defined five categories of stakeholders, each of them vital for its business operations or potentially impacted by them: customers (companies, consumers), business partners, communities, shareholders/investors, and employees. The Company discloses information to the stakeholders in these categories and engages them in dialogue.

Stakeholder dialogues are a very effective way to regularly grasp social needs. Toppan promotes and upgrades

its CSR activities by incorporating stakeholder dialogues into the PDCA cycle.

In addition to its regular dialogues in the course of business, Toppan has been holding special dialogues with representatives from the five stakeholder categories and with influential experts on social issues. The dialogues began in fiscal 2004 and have continued into fiscal 2009, reaping valuable ideas on ways to facilitate its CSR activities (→P. 12).

■ Material Topics and Promotion Structure

Eight Material Topics

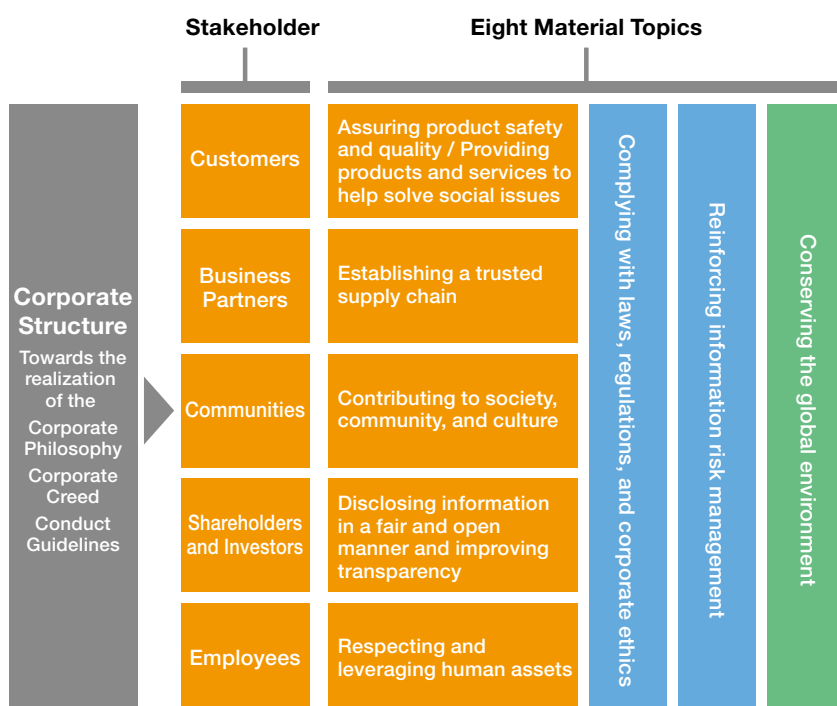
To help realize the Corporate Structure, Toppan has sought out stakeholder views and established eight material topics to address through its CSR activities. Action points and goals are now set for each material topic and reviewed

through the assessment of their achievement levels (→P. 10).

Promotion Structure

The CSR management divisions of the head office are working in collaboration with each other under the President & CEO and the Director in charge of CSR. They convene routine CSR promotion department meetings to assess the progress of their promotion efforts and discuss ways to resolve related challenges.

Eight Material Topics



Toppan's CSR Promotion Structure



Corporate Governance

Points

- Toppan has strengthened the 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 advances corporate management under the Related Company Administration Regulations prescribed for the propriety of operations within the Toppan Group.

Corporate Governance

Toppan is equipped with a Board of Corporate Auditors under the Companies Act of Japan and has strengthened its governance structure by establishing a Management Audit Office, Compliance Department, and Ecology Center.

The Company advances its corporate management under the Related Company Administration Regulations prescribed for the propriety of operations within the Toppan Group.

The Directors, Board of Directors, and Various Meetings

Toppan has 28 directors on its board (as of the end of March 2010). 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 & CEO. The goal is to lay weight on managerial efficiency in business judgment. Directors from the head office and other directors acting as division chiefs come to these meetings to discuss and examine measures and policies directly related to the Company's businesses from various perspectives.

Corporate Auditors, Board of Corporate Auditors, and Audit Firm

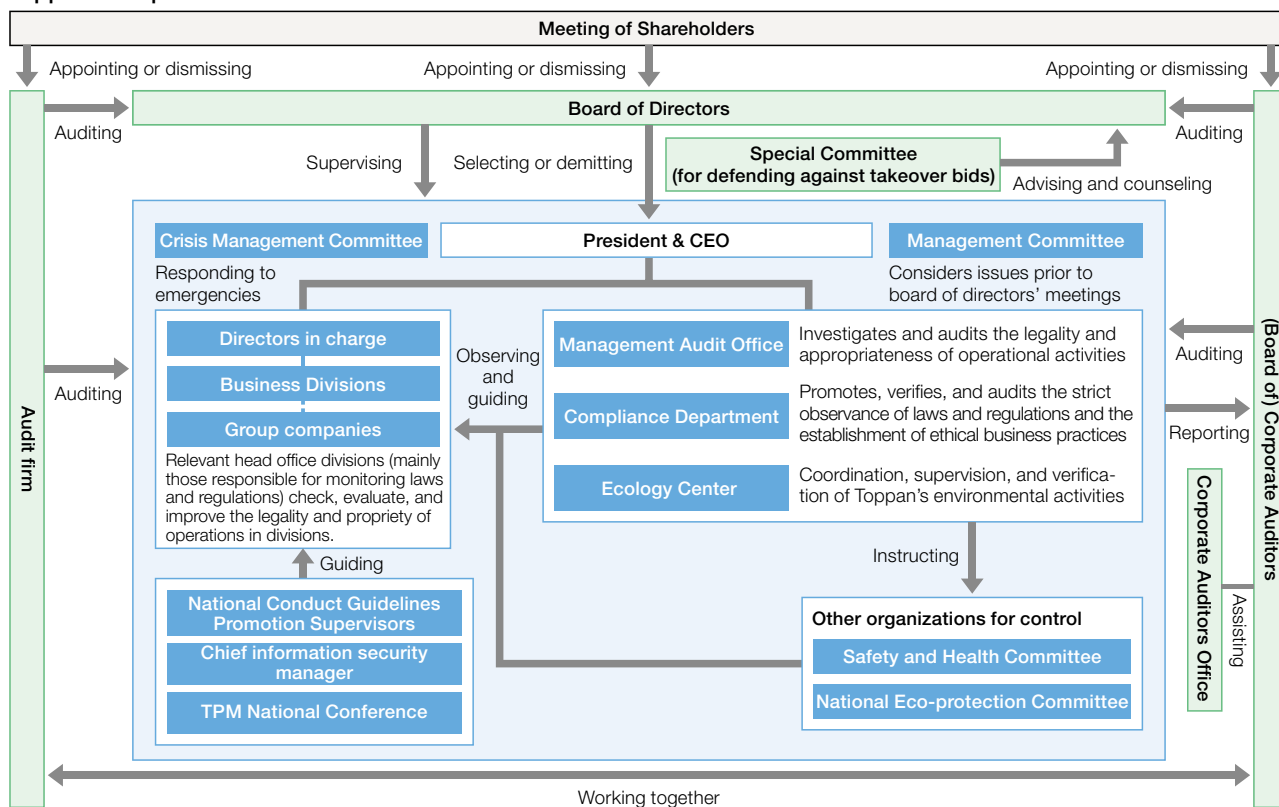
Three of the five corporate auditors are external (as of the end of March 2010). The corporate auditors regularly hold board meetings, attend meetings of the Board of Directors and Management Committee, and carry out audits for operational sites. They audit and advise the Company from a preventive perspective to ensure the legality and effectiveness of the operations of the directors and departments and smooth and appropriate corporate management in line with company policies and regulations.

Toppan strives to audit effectively through the cooperative efforts of the Board of Corporate Auditors, the audit firm KPMG AZSA & Co., and internal audit-related departments in the Company (notably, the Management Audit Office). The Board of Corporate Auditors of the Toppan Group also regularly meets to improve the effectiveness of the audits by the corporate auditors on a Group-wide basis. Toppan has had KPMG AZSA verify the propriety of the Company's accounts through audits to enhance the reliability and transparency of the Company's financial information. Two of the three external corporate auditors were newly appointed and registered as independent directors in March 2010.

Remuneration to Directors and Corporate Auditors

In fiscal 2009, the total annual remuneration to directors was 1,065 million yen and the total annual remuneration to cor-

Toppan's Corporate Governance Structure



porate auditors was 116 million yen.

Please refer to the Status of Corporate Governance, etc. in the financial statements for details on the method used to determine remunerations for directors and corporate auditors and other remuneration-related information.

■ Strengthening Audit Functions

The Management Audit Office, a body established independently from the operating departments, implements fair and objective audits of the managerial operating systems and practices throughout the Company management from legal and rational viewpoints.

The office provides feedback to the relevant departments on the problems pointed out by the audits, proposes measures for improvement when necessary, and reports the audit results to the President & CEO, directors in charge of relevant departments, and corporate auditors whenever necessary.

In fiscal 2009 the office carried out management audits and operation audits

for 17 departments. It also conducted operational and maintenance evaluations of the internal control over financial reporting for all of Company divisions and subsidiaries around the world.

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 and organizes employee education on compliance with existing laws and regulations. It also implements internal audits on information security (→PP. 18–21). The Ecology Center in the Corporate Manufacturing, Technology & Research Division supervises the Company's environmental activities by conducting internal audits at each operational site and monitoring the progress of improvements (→P. 52).

■ Risk Management Structure

Toppan manages risk comprehensively to avoid risk and minimize the losses

incurred when events at risk of occurring actually occur.

The Rules on Risk Management have been established to resolve matters regarding risk avoidance and the minimization of loss when an event at risk of occurring actually 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.

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

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

Compliance Promotion Activities

Points

- Toppan has introduced the Conduct Guidelines Promotion Leader system to disseminate the Conduct Guidelines and ensure full compliance with them;
- revised the manual and held training sessions to ensure full employee awareness regarding the revised Antimonopoly Act of Japan; and
- launched an e-learning-based educational program on compliance with the Subcontract Law of Japan.

Disseminating the Conduct Guidelines

The Conduct Guidelines consist of seven Basic Principles and 43 Specific Conduct Guidelines (→P. 22) to express the behavioral norms by which every employee at the Toppan Group complies with laws, regulations, and corporate ethics.

Conduct Guidelines Promotion Leaders

Toppan has introduced a Conduct Guidelines Promotion Leader system to disseminate the Conduct Guidelines in the workplace and ensure full compliance with them. A team of Conduct Guidelines Promotion Supervisors (the “Supervisors”) and Leaders (the “Leaders”) is deployed in every Toppan operational site, including the manufacturing subsidiaries. The current tally for leaders in Japan stands at 598. Seven percent of these Leaders (42 in total) are female, and Toppan will press ahead with assertive efforts to increase this rate by fostering more female Leaders. A cumulative total of 3,043 employees have worked as Leaders since the commencement of

the system in 2004.

From fiscal 2008, the system has been implemented throughout all Group companies in Japan, with semiannual specialist training sessions for Leaders held jointly with the Group companies.

Dissemination Activities by Conduct Guidelines Promotion Leaders

The Leaders have formulated an optimal dissemination plan and devoted themselves to develop activities based on the plan. Their plans are tailored to the details of business operations, staff compositions, and other individual factors at the workplaces where the Leaders serve. The National Meeting of Conduct Guidelines Promotion Supervisors is held each October in Japan for the sharing and discussion of various outstanding cases.

Using 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 Leaders make good use of the casebook to dis-

seminate the guidelines and the Company uses it in rank-based compliance education.

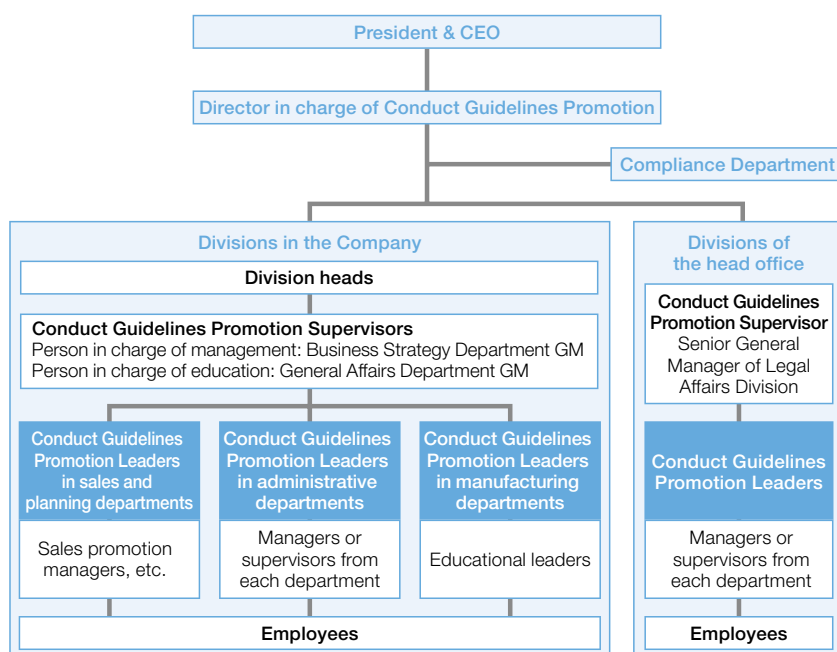
The Conduct Guideline Notifications posted on the Company intranet heighten employee awareness and call attention to compliance-related issues. The notifications published in fiscal 2009 provided information on topics such as information leakage, health and safety, and improper conduct.

In fiscal 2009, Toppan also sent every employee a *Conduct Guideline Handbook* with explanations of the seven Basic Principles of the Conduct Guidelines in a brief, easy-to-understand style. The Leaders used this handbook as a tool to stimulate a deepened understanding of the guidelines among all Company employees.

Operating the Toppan Group Helpline

The Toppan Group Helpline, the Group's internal reporting system set up in 2003, complies with the Whistleblower Protection Act enforced in Japan from April 2006. The Helpline was extended to cover all Group companies in 2008. When an employee discovers a legal

Structure to Promote the Conduct Guidelines



Training for the Conduct Guidelines Promotion Leaders



Conduct Guidelines Casebook (left) and Conduct Guideline Handbook (both in Japanese)

violation or injustice, he or she is to report it to his/her superiors for deliberation. When the employee's superiors fail to settle the problem, the employee is encouraged to call the Helpline to report the matter with his or her real name. The Helpline is kept open for use by all directors and employees, including temporary staff and part-time workers.

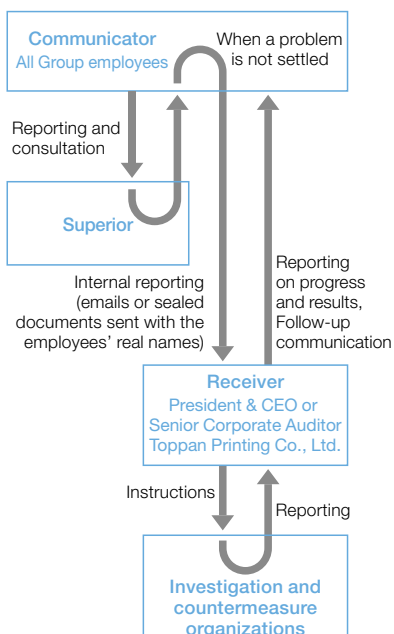
The Helpline was used in five cases in fiscal 2009. The incidents reported involved improper transactions, power harassment, and other inappropriate actions. All five cases were strictly investigated and properly handled, and necessary countermeasures were taken to prevent recurrence.

■ Promoting Compliance in Overseas Group Companies

By fiscal 2008, the Toppan Group had already introduced and disseminated Conduct Guidelines for subsidiaries in eastern Asia to promote compliance management in Group companies outside Japan.

Later, in fiscal 2009, the Group organized training for the Conduct Guidelines Promotion Leaders in subsidiaries in China.

Toppan Group Helpline



■ Compliance Education

Compliance Education

As in the previous fiscal year, Toppan held the semi-annual specialist training series for Conduct Guidelines Promotion Leaders in Japan in fiscal 2009. In the first series, 581 Leaders were trained in 28 sessions across the country, from May to July 2009. In the second, 526 Leaders were trained in 28 sessions, from November 2009 to February 2010.

Toppan also held an ongoing series of compliance courses in rank-based training sessions for new employees and newly appointed supervisors and managerial staff.

Education on Compliance with the Antimonopoly Act of Japan

The Company revised its *Manual on Compliance with the Antimonopoly Act* and distributed it mainly to employees in the sales departments to fully inform them of the details of the revised Antimonopoly Act enforced in Japan in January 2010. The Company also organized 32 workshops across the country on the prevention of bid rigging and cartel operation, from January to



Manual on Compliance with the Antimonopoly Act (in Japanese)



E-learning-based educational program on compliance with the Subcontract Law (in Japanese)

March 2010. A total of 3,417 employees participated.

Education on Compliance with the Subcontract Law of Japan

To attain full compliance with the relevant laws and regulations in transactions with subcontractors, Toppan launched an e-learning-based educational program on compliance with the Subcontract Law of Japan in November 2009. This program was arranged mainly for employees in the production control departments and planning and marketing departments. In total, 3,550 employees took part in fiscal 2009. In a separate effort, 10 major Group companies organized training sessions on the Subcontract Law and reconfirmed the flow of subcontract transactions in compliance with the law.

■ Briefing on Compliance

Toppan was not involved in any violations of laws or regulations with major impacts on society in fiscal 2009. The Company received no criminal punishments, administrative penalties, or administrative guidance.

Information Risk Management

Points

- Toppan has issued the *Information Security Management Guidebook* (2009 revised edition) and *Close Calls on the Job, Vol. 3*, and held briefing sessions on both;
- audited internal system assets and assembled a USB flash drive quarantine system; and
- integrated a risk assessment function within the department-based information management ledger system.

Preventing Human Error through Total Risk Awareness in Daily Operations

As a company operating in the information communication industry, Toppan handles a great deal of personal information and other types of data entrusted by customers. Convinced that information security management is vital for the assurance of customer trust and confidence, Toppan treats information with the utmost care to guarantee security.

Two in-house publications have been issued to alert employees to the potential for mistakes and mishaps in the daily handling of information: *Information Security Management Guidebook*, 2009 revised edition and *Close Calls on the Job, Vol. 3*. Toppan employees regularly read through both publications together at the workplace.

The Company also held 190 briefing sessions across Japan to reliably disseminate the information-handling rules to all employees. The briefings were set up in a face-to-face lecture style known to be effective in encouraging changes of mindsets through a group education approach. Employees took tests after the lectures to assess their understanding of the points.



Information Security Management Guidebook, 2009 revised edition (in Japanese)
Close Calls on the Job, Vol. 3 (in Japanese)

Assessing Risks under ISO/IEC 27001 and Promoting Certification Acquisition

In line with the in-house rules and bylaws based on ISO/IEC 27001, the global standard for information security management systems (ISMS), Toppan manages and controls information with an information management ledger system established in all departments.

A risk assessment function has been integrated within the ledger system since fiscal 2009. Mechanisms are now in place to automatically evaluate the propriety of data storage for information input into the system and to encourage the departments to improve their methods for storing information.

Toppan has also comprehensively promoted certification acquisition for operations in sites in the Electronics field and in tightly secured areas designated for the handling of personal information across the Company (seven operations were certified as of March 31, 2010). In fiscal 2009, the boundaries of two operations were expanded as well.

Monitoring software has been installed in tightly secured areas designated for the handling of personal information. The head office verifies the monitoring reports.

ISO/IEC 27001 Certification

(as of March 31, 2010)

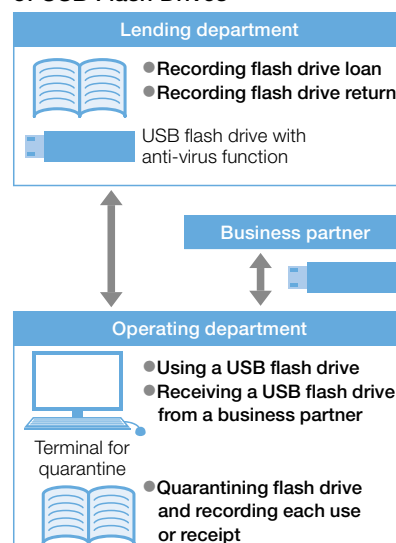
- Information and Communication Division
- TOPICA (December 2001)
- Asaka Securities Printing Plant, Toppan Communication Products Co., Ltd.—Information and Communication Manufacturing Subdivision (June 2006)
- IT Development Department, Toppan Idea Center; Contents Division, Toppan Graphic Communications Co., Ltd. (July 2008)
- Takino Securities Printing Plant, Toppan Communication Products Co., Ltd.—Information and Communication Manufacturing Subdivision (November 2008)
- Electronics Division
Photomask departments, Semiconductor Related Subdivision (January 2008)
- Toppan Multisoft Ltd.
Data Center (February 2008)
- Mapion Co., Ltd. (August 2008)

Reinforcing Countermeasures against New Types of Computer Viruses

Computer viruses frequently infect computers all over the world. Some infiltrate company networks via infected removable memory drives such as USB flash drives. Some are created to tamper with information on company websites. Broadly speaking, computer viruses are one of the main causes of information leakage, falsification, and manipulation. Toppan has recently formed a task force led by personnel working in information systems and technology, areas in which information management has been an issue of strong focus for years. It has also established a Company-wide system and rules on the safe use of information with computers to reinforce countermeasures against computer viruses. With help from the task force, the system and rules are widely enforced throughout the Company and its manufacturing subsidiaries.

Toppan will continue to intensify countermeasures against computer viruses as they evolve in step with the spread of computers and the Internet.

Management Flow for the Handling of USB Flash Drives



■ Enhancing Internal Audits and Introducing a System Asset Audit

In fiscal 2009, Toppan carried out internal audits on the following four procedures in order to maintain and improve its information management structure on an ongoing basis.

Survey of Actual Conditions

Prior to the internal audits, the Company surveyed the entire Toppan workforce (21,617 employees in total, including temporary staff) on the actual status of compliance with 41 newly established rules on the routine handling of information and devices. The department trends clarified through survey results were then used for the internal audits.

Head Office Audits and System Asset Audits

In fiscal 2009, production system verification was added to the head office audit for the overall management structure at Toppan divisions. The head office informed division senior managers of vulnerabilities detected in their system management and worked together with them to improve these vulnerabilities.

Division Internal Audits

Each division conducted advisory internal audits with a standard checklist of 175 items for 228 departments, including departments in the manufacturing subsidiaries.

Audits on the Processes for Handling Personal Information

The Company audited all of the processes for handling personal information. The audits were conducted from a quality-control perspective to impose the appropriate procedures for preventing information-related accidents.

■ Reinforcing Quality Control of Websites

Toppan strives to ensure the security of its websites. The Company surveys the actual conditions for security verification on about 300 websites every quarter to prevent information leakage and tampering. It has also installed a tool to automatically detect website vulnerabilities and a system for operating the tool.

■ Reinforcing Cooperation within the Group

The Toppan Group holds a quarterly Information Security Promotion Meeting for Related Companies in order to entrench the PDCA cycle in Group companies by checking the progress of their measures in place.

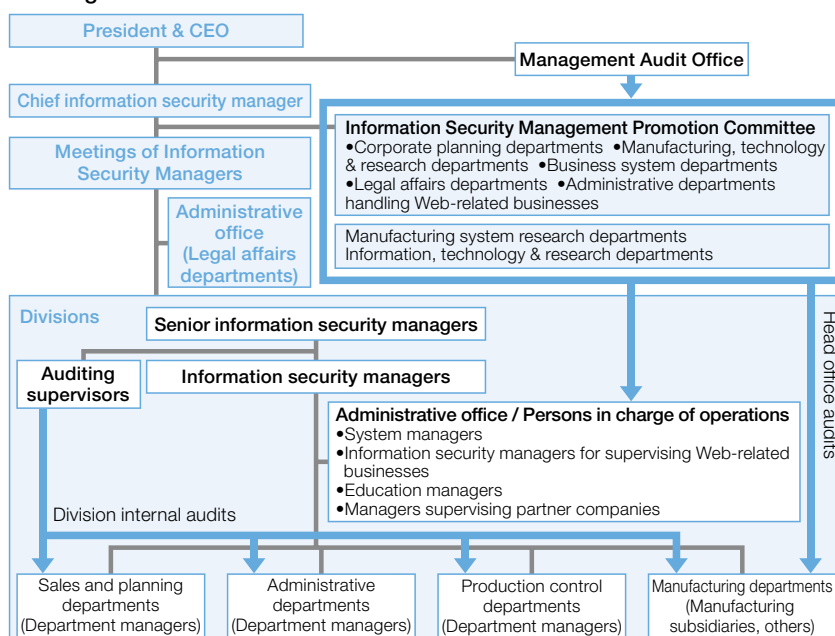
The Group conducts various audits for educational support and high-risk operations. It has also conducted several audits for overseas sites in Shanghai.

■ Strengthening Information Management Foundations through Human Asset Development

Toppan fosters in-house proponents of information security management by holding training sessions for employees who seek qualification to serve as internal assistant auditors responsible for auditing the ISMS. Now, in the third year since the inception of this fostering system, 111 Toppan employees are designated as ISMS-qualified staff.

The Company facilitates the use of trained human assets as internal auditors and arranges follow-up training programs as well.

Auditing Structure



Activities in Fiscal 2009

- **Meetings of Information Security Managers:** May 2009, February 2010
- **Regular meetings of the Information Security Management Promotion Committee:** weekly
- **Information Security Promotion Meetings for Related Companies:** April, July, and October 2009
- **Various surveys**
 - Audit on the handling of personal information: from April 2009 to February 2010
 - Survey of actual conditions in Web-related businesses: May, August, and November 2009, February 2010
 - Survey of actual conditions in all tightly secured areas: May 2009
 - Report on the monitoring of all tightly secured areas: monthly
- **Education**
 - Regular training for information security: from July to December 2009
 - Internal auditor training: from October to November 2009
 - Training for personnel handling Web-related businesses: from September to October 2009
 - Training for ISMS internal assistant auditor qualification: September 2009
 - Issuance of *Information Security Management Guidebook* booklet: June 2009
 - Issuance of *Close Calls on the Job* booklet: May 2009, February 2010

Conduct Guidelines and Information Management Policy

Conduct Guidelines

Chapter 1: Basic Principles

1. Respecting basic human rights

We will act in a way that our individual talents and abilities can be demonstrated to their maximum potential based on the concept of respect for people. We will respect basic human rights and in every regard work to ensure the dignity of individuals.

2. Maintaining public order and standards of decency

We will always be aware of our involvement with society, act with good sense, and never act in a way that disturbs public order or that defies common sense. We will sufficiently consider the effects of our operations on society and not act in a way that goes against public order and standards of decency.

3. Complying with laws and ethics

We will conduct ourselves in a way that complies with the laws and ethics in society. We will comply with overseas and domestic laws, regulations, commercial practices, government notifications, and operational and industrial standards applicable to our corporate endeavors. Compliance with these laws and regulations forms the minimum standard of society's rules and we will uphold them without fail. In addition, we will act with a high sense of ethical and moral awareness in carrying out our operations. Even in situations when legal issues do not arise, we still cannot allow humanitarian, moral, or ethical problems to develop.

4. Conducting fair business operations

We will conduct all foreign and domestic operations in a fair manner. As an upstanding corporate citizen, we will be aware of our social responsibilities and carry out sound operations that will not damage our reputation in society.

5. Striving to improve quality

With regards to the "dedicated products" that we provide to customers, we will strive to improve quality based on the concept of "Total Quality Assurance," not just in the direct manufacturing and quality management sections but throughout the entire Company, including sections related to sales, research, and administration.

6. Appropriate management and disclosure of information

Fully recognizing the importance of information, all employees will undertake its appropriate management. Even if it affects us adversely, we will not conceal information but actively undertake its appropriate disclosure and increase the transparency of our operations.

7. Environmental and safety considerations

We will carry out operations in harmony with the global environment. We will protect the precious environment bequeathed to us by nature and perform corporate operations that strive for reduced use of limited resources and facilitate recycling.

Furthermore, we will conduct safe production activities, ensure product safety, and aim to facilitate a healthy and secure society to live in.

Chapter 2: Specific Conduct Guidelines

Section 1: Building customer trust

1. Doing our best for the customer
2. Maintaining customer trust
3. Appropriate management of customer property
4. Protecting information about customers
5. Appropriate handling of personal information
6. Protecting confidential corporate information

Section 2: Reforming operations

1. Complying with international rules and respecting the culture and commercial practices of overseas countries
2. Striving to improve knowledge, skills, and technology
3. Fulfillment of work responsibilities
4. Securing and utilizing intellectual property
5. Respecting the rights and interests of others
6. Striving to improve the current situation and targeting new possibilities

Section 3: Fulfilling corporate responsibilities

1. Compliance with antitrust laws
2. Prohibition of unlawful practices in dealings with support companies
3. Prohibition of unlawful acts against corporate competitors
4. Prohibition of receipt or provision for personal gain or rebate
5. Prohibition of bribery
6. Prohibition of inappropriate entertainment practices
7. Prohibition of illegal political contributions and donations
8. Prohibition of providing unjust benefits
9. Prohibition of support for antisocial activities
10. Prohibition of insider trading
11. Prohibition of unlawful import and export transactions
12. Prohibition of child labor and forced labor
13. Curtailment and reduction of environmental impact
14. Promotion of environmentally friendly activities

Section 4: Creating a positive work environment

1. Striving for a lively and vibrant workplace
2. Striving for a safe and clean workplace
3. Following Company rules
4. Protecting corporate property
5. Avoiding conflicts of corporate interests
6. Prevention of discriminatory practices
7. Prevention of sexual harassment and power harassment
8. Prohibition of private activities
9. Appropriate use of the Internet
10. Appropriate management of information and records
11. Prevention of tacit approval, false reporting, and concealment of illegal conduct
12. Prevention of retaliation against a person who reports misconduct

Section 5: Developing the Toppan Group

1. Taking pride in the Toppan brand
2. Developing the Toppan brand
3. Strengthening cooperation between Group companies
4. Appropriate disclosure of information
5. Promoting communication with shareholders and investors

Established in June 2000 Revised in April 2006

Information Management Policy

1. Employees shall comply with all internal rules on information management and manage information appropriately in full observance of the law and social order.
2. Employees shall collect information for appropriate purposes using appropriate methods.
3. Employees shall recognize the value of information as an asset and use information safely and efficiently for the stated purpose of use.
4. Employees shall safely manage information handled on behalf of customers to secure customer trust.
5. To ensure the appropriate management of information at all times, the Company and its employees shall improve its information management system based on periodic reviews of social circumstances, technology trends, and the latest revisions in information systems.

Established on April 1, 2001

Social Report

For Customers

Assuring Product Safety and Quality — 24

Providing Products and
Services to Help Solve Social Issues — 26

With Business Partners

Establishing a Trusted Supply Chain — 28

With Communities

Cultural Contributions — 30

Social Contributions / Community Contributions — 32

With Employees

Merit-based Personnel Policies — 34

Realizing a Safe and
Secure Working Environment — 35

Leveraging Diverse Human Assets — 38

Developing and Fostering Human Assets — 40

With Shareholders and Investors

Increasing Transparency and
Distributing Profits Appropriately — 42

Assuring Product Safety and Quality

Points

- Toppan commits to total quality assurance not just in the direct production departments, but throughout the entire Company.
- Toppan carried out head office audits of the operational status of the quality management systems of 29 ISO 9001-certified sites and routine internal audits of certified sites.

■ Total Quality Assurance

Every customer who has a product manufactured at a Toppan plant prescribes a precise specification, and every specification requires a separate approach to quality assurance.

To build a product of satisfactory quality for a customer, Toppan must have more than just an accurate grasp of the customer's needs. The Company must know the unspoken demands that even the customer cannot see. Once all of the needs and demands are known, the Company must incorporate them seamlessly into the final product.

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 absolute quality. This is why Toppan describes quality assurance in production as a total activity ("Total Quality Assurance") with top priority for business management.

■ Assuring Product Safety and Quality

The following departments take comprehensive activities throughout the processes to deliver wholly safe products fully compliant with the specified requirements.

Activities in the Sales and Planning Departments

As active contributors to every process, from the submission of product plans to final delivery, the sales and planning departments at Toppan keep the other relevant departments informed of the exact customer requirements in terms of quality, cost, and delivery (QCD). Their participation and guidance redoubles the assurance of high quality.

The 10 Toppan textbooks for sales departments cover a wide range of topics such as the creation of safe products and compliance with the Product Liability (PL) Act of Japan. Every sales department in every division uses the textbooks for employee education and case studies.

Activities in the R&D Departments

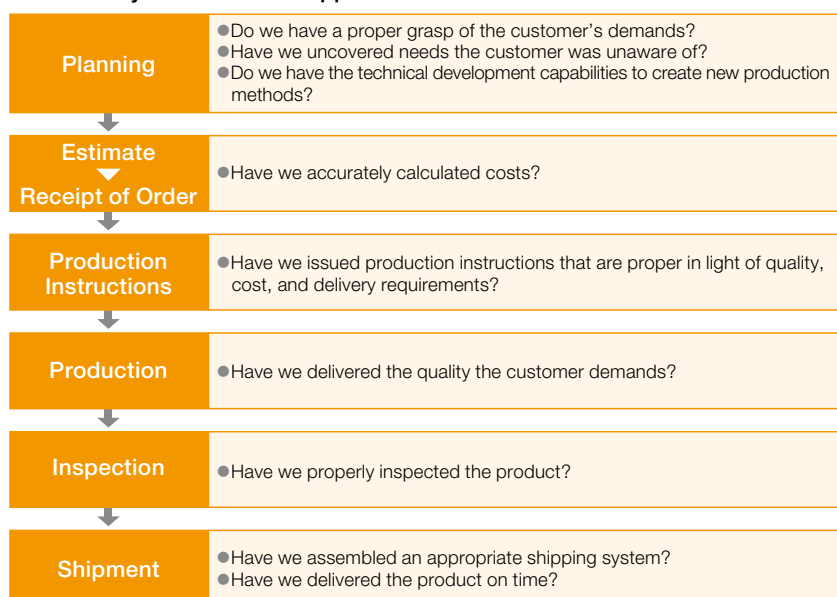
The Technical Research Institute has established guidelines on research

results for the development of products in consideration of safety and the environment. Based on these guidelines, the institute researches and develops safe products in accordance with related laws and regulations, including the PL Act. The product safety considerations cover all R&D processes, from the first stage of research up to design reviews for the commercialization of research results.

Activities in the Technology and Production Departments

Toppan has established a unique quality assurance system in technology and production departments. All of these departments are responsible for manufacturing products that meet the quality requirements of customers. Once the technology departments define the ideal production conditions, the production departments refine the conditions prescribed for eliminating production defects through Total Productive Maintenance (TPM) and other management techniques. Finally, the Company standardizes the refined production conditions as rules to be maintained under the ISO 9001 quality management systems

Total Quality Assurance in Toppan's Business Activities



Quality Assurance for Intellectual Property

Quality assurance for intellectual property is a crucial matter for Toppan, an enterprise that works with creativity and inventive ideas in all business processes, from planning to shipment, in every department.

Toppan is eager to file patents to protect its intellectual properties, especially the technologies and business models the Company derives from its most ingenious, inventive concepts. At the same time, the Company takes careful steps to avoid any infringement of the copyrights, trademarks, and other intellectual property rights held by other companies. This is essential to protect customer companies from the risk of trouble or inconvenience in the course of business.

As one measure to avoid unintended infringements, the planning departments instruct employees and business partners on copyrights and explain actual cases.

(QMSs) and audits the relevant departments to confirm that the rules are enforced throughout the Company.

■ Improving the Effectiveness of QMSs through Audits and Expansions in the Boundary of ISO 9001

Thirty-nine operational sites at Toppan have acquired the ISO 9001 certification (as of March 31, 2010) and operate their quality management systems (QMSs) on an ongoing basis. External auditors revisit these sites for routine surveillance audits once a year and for reassessments for renewal once every three years. The head office carried out 35 audits to confirm the operation status of the ISO 9001 QMSs at 29 operational sites in fiscal 2009. Routine internal audits were also conducted at certified sites. In addition, 17 training sessions for internal auditors were held to improve the quality of the internal audits. These activities continue to enhance the effectiveness of the QMSs at Toppan.

The latest information on ISO certification is available at <http://www.toppan.co.jp/english/csr/iso.html>.

■ Adopting a Certified Approval System for Manufacturing in Food-related Businesses

The head office audits primarily seek to verify whether the points improved through TPM activities and defect-prevention measures are properly standardized as rules, whether the standardized rules are accurately observed, and whether there are possibilities for further improvement.

In food filling and packaging, a business that requires exacting quality assurance for safety and sanitation, the audits cover not only in-house plants, but all operational sites, including those of production business partners. Toppan has adopted a certified approval system to ensure that operational sites can manufacture only after receiving the required ratings based on audit results.

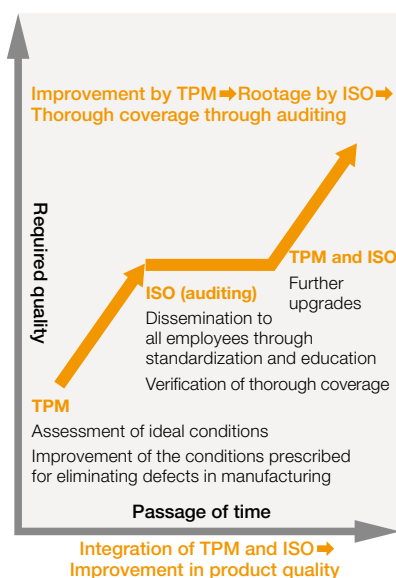
In fiscal 2009, the Living Environment Division (renamed from Packaging Division in fiscal 2009) continued to collaborate with the head office in audits to verify that all operational sites had responsible quality assurance practices in place.

■ Managing Chemical Substances in Products

Manufacturers all around the world are pressed to more strictly manage the chemical substances contained in their products. Toppan established a set of in-house guidelines for the management of chemical substances in products in 2006. More recently, throughout fiscal 2009, the Company continuously built, maintained, and reviewed its quality assurance systems for chemical substances in the products produced by the divisions in the business fields of Electronics, Living Environment, and Information & Networks. Toppan has asked its business partners to submit certifications for non-usage or exclusion of substances prohibited by the Company and to cooperate with Toppan in establishing in-house management systems of their own. The Company has also verified the current status of the management systems at its overseas operational sites.

Toppan will advance these Group-wide approaches to enhance the effectiveness of chemical substance management in fiscal 2010.

Quality Assurance Cycle in Manufacturing Departments



Audits on Food Container and Filling/Packing Business

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
 - 7 operational sites at divisions and manufacturing subsidiaries
- Filling/packing business
 - 5 operational sites at manufacturing subsidiaries
 - 12 operational sites at production business partners

Approach to Product Safety

Toppan has enacted its Basic Stance and Guidelines on Product Safety Management (<http://www.toppan.co.jp/english/csr/safety.html>) to respond to the Product Liability (PL) Act and Consumer Product Safety Act of Japan. Based on the stance and guidelines, the Company has been improving product safety management to provide customers with safer products. Several briefing sessions on product safety were held in fiscal 2009 for business partners entrusted with manufacturing of sales promotion (SP) products. The Company will formulate more effective product safety mechanisms by checking the status of operation and employee education on product safety management in each division in fiscal 2010.

Providing Products and Services to Help Solve Social Issues

Points

- Toppan has developed an MEA for a fuel cell with a power output well beyond the desired value in a multi-party project;
- launched the mass production of solar cell back sheets at the Fukaya Plant in Saitama, Japan; and
- established the Toppan Declaration on Universal Design and revised Toppan's Principles on Universal Design.

Developing Technologies to Help Solve Social Issues

The Technical Research Institute plays a central role at Toppan in exploring untapped areas of science and pushing forward with R&D projects on new products designed to respond to future market needs. The institute has been making headway in research to develop high-performance products with enhanced environmental benefits. Its product development efforts are guided by analyses carried out in close cooperation with the sales and marketing departments to grasp the latest customer and market trends.

Next-generation Products Developed by Technologies Derived from Printing

Advances in technologies—surface-treatment technology, microfabrication technology based on prepress technology, and technologies acquired in printing—have led to the development of next-generation products such as the membrane electrode assembly for fuel cells and light-extraction films for organic electro luminescence lighting panels.

Developing Product Components for Reduced Carbon Dioxide Emissions

Membrane Electrode Assembly (MEA) for the Fuel Cell

The fuel cell generates electricity through a reaction between hydrogen and oxygen. The low environmental burden properties of the cell qualify it as an ideal source of next-generation energy. Toppan is developing a membrane electrode assembly (MEA) and a separator, two core components for fuel cells, by applying an array of proprietary technologies for inking, coating, and laminating. The MEA consists of a catalyst layer and electrolyte membrane for optimal power-generation efficiency and durability.

In a NEDO* project to develop new materials for the fuel cell in fiscal 2009, Toppan and other participants developed an MEA for a fuel cell with a power output well beyond the desired value.

*New Energy and Industrial Technology Development Organization of Japan

Light-extraction Film for the Organic Electro Luminescence Panels for Lighting

The organic Electro Luminescence (EL) lighting panel has a light-emitting surface made from organic EL, an amalgam of special organic compounds that emit light using electric energy. The organic EL has the potential, in theory, to surpass fluorescent tubes in power efficiency. Toppan holds a stake in a corporation exploring the business potential of the organic EL panel and supports development by designing and producing the light-extraction film fixed to the panel. In fiscal 2009, this corporation created and exhibited an organic EL lighting panel incorporating the light-extraction film developed by Toppan for enhanced luminosity.

Back Sheet for the Solar Cell

One of the arch foes of solar cells installed outdoors is water vapor in the air. Toppan develops and produces a back sheet to prevent vapor in the air from infiltrating the cell. Toppan's back sheet serves as one of the world's high-

Passing Down Cultural Assets as Virtual Reality (VR) Reproductions Screenings of *The Ashura Statue* VR Production at Exhibitions in Japan

Toppan created *The Ashura Statue* virtual reality (VR) production, a precise reproduction of the Ashura statue (a national treasure of Japan) digitally archived through a combination of high-definition image processing, color measurement, and three-dimensional (3D) measurement technologies. Many of the 1,650,000 visitors who came to "The National Treasure ASHURA and Masterpieces from Kohfukuji" (exhibits held at the Tokyo National Museum and Kyushu National Museum in Japan) appreciated the screenings of the VR production. The VR conversion preserves this precious cultural asset as digital archive data viewable from any angle at extremely close range. Audiences can now directly experience true-to-life impressions of the statue.

Toppan has created numerous VR productions of cultural assets in the conviction that VR technology has great potential as a novel visual medium for the exhibition of cultural assets.

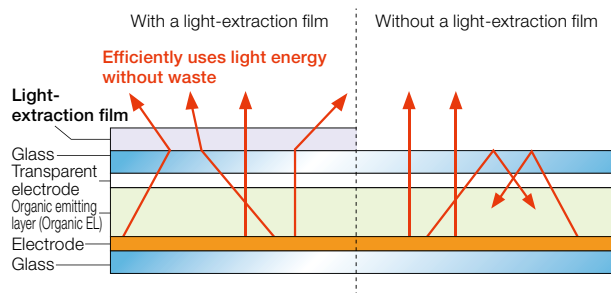


A digital image during VR reproduction
©Toppan Printing Co., Ltd.

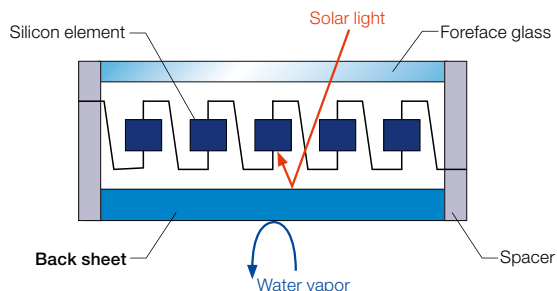


Digital archiving with 3D measurement technology
Photo shoot and measurement support from Kofukuji (Kyoto)

Light-extraction Film for the Organic Electro Luminescence Panels for Lighting



Back Sheet for the Solar Cell



est-performance vapor barriers and improves efficiency in the use of light by reflecting any light not converted into electricity through silicon elements.

In fiscal 2009, Toppan completed construction of the Fukaya Plant in Saitama, Japan and commenced the mass production of back sheets for solar cells.

■ Challenges in Universal Design

As Toppan sees it, universal design (UD) is a corporate social responsibility for every company. Toppan strives to realize the fulfilling lifestyles enunciated in its Corporate Philosophy by producing attractive, easier-to-use products and services customized to users in various scenes of life.

Toppan Declaration on Universal Design and Toppan's Seven Principles on Universal Design

Improving social ethics among consumers, a shift towards consumption with emphasis on comfort and sensory values, and the advance of globalization, declining birthrates, and population

ageing. With social trends like these, the roles of universal design (UD) have been growing in importance.

In April 2010, Toppan established the Toppan Declaration on Universal Design, a statement of its purpose and stance in the creation of UD designs, and added a seventh clause to Toppan's Principles on Universal Design (enacted first in 2001).

Based on the declaration and principles, the Company has restructured its UD initiatives to assign greater weight to sensory values and customization while maintaining emphasis on functions such as understandability and usability.

UD Efforts at Toppan Departments

In parallel with their perpetual endeavors to develop intuitive materials with enhanced user friendliness, the packaging departments are now pressing ahead in the planning and development of packaging materials with enhanced comfort. One recent fruit of their efforts has been the commercialization of a package designed to make a special sound every time it is closed.

Departments in the Information & Networks field, meanwhile, are gearing up their work to plan and develop attractive printed materials with higher readability and understandability. Recently commercialized examples of their efforts include a pop-up catalogue and Toppan E-UD, a UD production assistance service for public relations tools.

Toppan has also been offering various survey and analysis services to help users resolve their problems scientifically. These activities put momentum behind Toppan's drive for user collaboration in UD design through the solicitation of widespread user participation in the development of UD products and services.

Toppan Declaration on Universal Design

The starting point of our Universal Design is the provision of dedicated products and services realized through compassionate consideration of users.

By engaging in repeated dialogues with people from all walks of life and consistently incorporating the ideas of each person, we will create dedicated products that are comfortable, easier-to-use, and environment- and human-friendly.

As a corporation extensively involved in human life, we will help realize a society with a high appreciation of diversity through approaches to Universal Design.

Established in April 2010

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



Pop-up catalogue



Package designed to make a special sound every time it is closed



Eye-tracking camera for analyzing consumer gaze behavior

Establishing a Trusted Supply Chain

Points

- Toppan has asked equipment suppliers to cooperate with the Group's efforts in CSR procurement; and
- informed business partners of the Group's revised Standards for the Chemical Components of Raw Materials Ver. 2.0.

Promoting CSR Procurement

The Toppan Group implements CSR initiatives in cooperation with business partners throughout the entire supply chain to enhance corporate value for every counterpart. Towards this end, the Group has established a set of CSR Procurement Guidelines to promote CSR procurement in collaboration with business partners involved in the provision of raw materials and equipment and the production and processing of products for the Group.

These guidelines consist of the Basic Procurement Policy and the CSR Procurement Standards. The Basic Procurement Policy is a conceptual framework to be closely observed by every employee involved in procurement operations. The policy enunciates the six principles: the offering of impartial opportunities; compliance with legislation and fair business dealings; strict information control; environmental consideration; pursuit of quality, cost, and delivery (QCD); and promotion and development of CSR initiatives. To deepen employee

understanding of the Basic Procurement Policy, the Group incorporates the Conduct Guidelines, the Purchasing Rules, and the Subcontract Law Compliance Manual in education and training.

The CSR Procurement Standards stipulate the requirements to be satisfied by every business partner. At the same time, all employees in the Toppan Group are required to adhere to the standards.

Boundaries and Breadth of the CSR Procurement Standards

The CSR Procurement Standards require the close consideration of the following issues in the course of all business activities at the Toppan Group: basic human rights, public order, compliance with laws and regulations, information management, the environment, QCD, and social contributions. The 20 standards categorized into the eight separate areas covered by the CSR Procurement Standards conform with Toppan's Conduct Guidelines and the CSR terms established by the Japan Electronics

and Information Technology Industries Association (JEITA). The Group asks its business partners not just to seek cost performance, but also to give close consideration to society and the environment in each of the fields specified by the 20 standards.

As a basis for business, the Toppan Group recognizes that every business partner must have a full understanding of the purposes of CSR procurement at the Group, must comply fully with the Group's CSR Procurement Standards, and must fully cooperate in the implementation of CSR initiatives. The business partners of the Group include raw material and equipment manufacturers, trading companies, sales agencies, companies entrusted with production and processing, companies specialized in planning and design, and providers of services and labor.

Complying with the CSR Procurement Standards and Advancing CSR Initiatives Interactively

The Toppan Group asked equipment

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

- 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.
- 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.
- Management and disclosure of information
 - (10) The company carries out appropriate management of confidential information and personal information obtained through its dealings.
 - (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.
- The environment and 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.
- Improving quality
 - (17) The company meets the standards for quality required by Toppan and strives to improve quality.
- Appropriate pricing
 - (18) The company provides products or services at a price that is competitive in the market.
- Stable supply
 - (19) The company meets stipulated delivery dates and supplies items safely and reliably.
- Social contributions
 - (20) The company engages in contributions to society.

suppliers to cooperate with its CSR procurement efforts in fiscal 2009. Every business partner willing to observe the Group's standards of CSR procurement submits a memorandum of cooperation and reports the current status of its CSR activities in a questionnaire.

The Group strictly manages the information written up in the memorandums and questionnaires and consolidates them into a Business Partner Database. The compiled information serves as a valuable source for the promotion of Group activities such as opinion exchanges on CSR initiatives with business partners.

The Group also installed the Supplier Hotline, a portal for receiving reports from business partners, in fiscal 2009. The hotline is another channel for the steady improvement of communication with business partners.

And to ensure full compliance with the guidelines at Toppan's procurement departments, the Group has expanded the boundaries of companies participating in Business Partner Monitoring, a survey system for monitoring business partner satisfaction.



CSR Procurement Guidelines
<http://www.toppan.co.jp/english/csr/policy.html>

■Assisting Business Partners in the Management of Chemical Substances

Among the CSR Procurement Standards in place, the standard governing the management of chemical substances with the potential to harm humans is extremely important. To keep up with social trends and amendments in relevant laws and regulations, the Toppan Group revised its Standards for the Chemical Components of Raw Materials into Ver. 2.0 and increased the number of groups of designated substances to 38. These changes mark the Group's progress in bolstering risk management in collaboration with business partners.

Each of the common standards for the Group is supplemented by separate standards set for businesses that require management systems for specific product types such as electronic components, bank and credit cards, and packaging for food and medical supplies.

In fiscal 2009, the Group expanded its management coverage to include businesses in the fields of commercial and publications printing.

■Promoting Green Procurement and Green Purchasing

One important factor in building a sustainable society is to purchase environmentally friendly products preferentially. In conformance with the Green Standards for Offset Printing Services established by The Japan Federation of Printing Industries (JFPI), Toppan introduced a set of green procurement standards in April 2002 and revised them in March 2006. By fiscal 2009, Toppan's conformance ratio for offset ink had reached 96.8%. For paper products such as recycled paper and forest-certified paper, Toppan is considering a revision of its in-house procurement standards through the adoption of a comprehensive evaluation technique stipulated under the Law on Promoting Green Purchasing of Japan.

For its office operations, meanwhile, Toppan established a Basic Policy of Green Purchasing in January 1999. Under this basic policy, the Company selects products that meet in-house green purchasing standards and purchases them on an ongoing basis.

In-house Green Purchasing Standards and Level of Fulfillment

| Product | Fiscal 2009 |
|---------------------------------------------------------------------------------------------------------------|-------------|
| Copy machines and printers Configured to automatically revert to low-power mode or off mode | 95.8% |
| PCs Configured to automatically revert to low-power mode or off mode | 100% |
| Stationery and office goods Products listed in the eco-friendly product catalogues of manufacturers | 82.7% |

Cultural Contributions

Points

- The Printing Museum and Toppan Hall will celebrate their 10th anniversary in 2010.
- The Toshō Bunko Collection of The Textbook Library curated by Toppan Group's Tokyo Shoseki Co., Ltd. was designated as an Important Cultural Asset of Japan.

■ As a Mainstay of Information and Culture

Ever since its invention, printing has contributed to the development of culture and art through the conveyance of information. The information conveyed through printing can amaze and leave deep impressions. Activities to contribute to culture help Toppan live up to its identity “as a mainstay of information and culture” under the Corporate Philosophy.

The Printing Museum and Toppan Hall annexed to the Toppan Koishikawa Building in Tokyo are venues for a host of cultural activities sponsored and organized by Toppan. Both of these facilities will celebrate their 10th anniversary in October 2010.

Group companies such as Tokyo Shoseki Co., Ltd. (a publisher of school textbooks) and Froebel-Kan Co., Ltd. (a publisher of children's and picture books) have also been contributing culturally. Toppan is eager to contribute to the growth of not only the Group, but the printing industry as a whole.

■ Activities to Contribute to Culture

Printing Museum

The Printing Museum, Tokyo pursues activities towards the establishment of a new academia, the “study of printing culture,” to cultivate learning on the cultural dimensions of printing itself. The museum produces a diverse assortment of programs to proliferate and spread the awareness of printing culture. More than 290,000 people have visited to date.

The public can visit temporary special exhibitions and the General Exhibition Zone in the Main Exhibition Room. The P&P Gallery, Printing Workshop, VR (Virtual Reality) Theater, specialized library, and museum shop are also operated onsite. A permanent installation in the General Exhibition Zone presents an easy-to-understand history of printing over a timeline spanning five ages, from the birth of printing to the present. The Printing Workshop, a space for education and training, has been used by over 150 institutions and organizations, including companies and schools

of all levels, from elementary schools to technical colleges and universities.

The museum held a textbook exhibition at the Main Exhibition room in fiscal 2009: *Textbooks That Supported Modern Education in Japan—Textbooks from the Toshō Bunko and Printing Museum Collection*. Visitors learned all about school textbooks that have supported the development of Japan's educational system in modern times. Most of the textbooks and other educational materials on exhibit were from the Toshō Bunko Collection, a newly designated Important Cultural Asset of Japan. The exhibition traced the history of Japanese textbooks up to the publication of the modern volumes commissioned by the Ministry of Education after World War II, revealing the roles of textbooks as a print media and their connections with printing technologies and society at large.

The P&P Gallery, meanwhile, presents temporary standalone exhibitions on themes mainly to do with modern printing techniques and designs. Several exhibitions were organized in fiscal



Textbooks That Supported Modern Education in Japan



GRAPHIC TRIAL 2009

Toshō Bunko Collection, a Newly Designated Important Cultural Asset of Japan

The Textbook Library (Toshō Bunko) curated by Tokyo Shoseki Co., Ltd. houses about 140,000 books and other printed materials. Among them, a collection of 76,420 volumes has been designated as an Important Cultural Asset of Japan and registered as modern schoolbook-related materials in the historic resources category.

The Agency for Cultural Affairs of Japan decided to award this designation for the following reasons:

- These holdings make up the most distinguished collection of school textbooks and related materials in modern Japan.
- The collection mainly consists of textbooks and educational wall posters commissioned by the Ministry of Education during the Meiji Era (1868–1912), together with materials used in textbook publication, such as printing samples, original drawings, and printing blocks preserved by the company.
- The library has genealogically archived a large collection of educational materials on diverse school subjects for every grade of primary and secondary education, including textbooks commissioned by the Ministry of Education from the beginning of the Meiji Era to the post-WW II period.
- The collection serves as a fundamental resource for research on modern school education and has significant value, particularly from a historical perspective in fields of education and publishing culture from the Meiji to Showa Era (1868–1989) in Japan.

Recognizing curatorial role as one of its corporate social responsibilities, Tokyo Shoseki will continue to manage and preserve the collection with great devotion.

<http://www.tosho-bunko.jp/> (in Japanese)



Nihon Ryakushi (Outline of Japanese history)



Wall poster on ethics for the first semester of the first grade at Jinjo elementary schools*

*Compulsory education institutions from the Meiji Era to the pre-WW II period in Japan

2009, including *GRAPHIC TRIAL 2009*; *A Record of Textbooks after World War II—Textbooks Published by Tokyo Shoseki*; and *World Book Design 2008-09*.

Toppan Hall

Toppan Hall is a 408-seat symphonic concert hall. Designed as a venue for sharing feelings and sensations, the hall is known for the acoustical warmth of its wood materials.

Performances of many genres have been held at the hall, from recitals by world-famous musicians to special performances to discover and foster talented young musicians. Twenty-nine concerts were organized in fiscal 2009, including special programs such as *Cycle—Till Fellner plays All Beethoven Pianosonatas* (Till Fellner is a new generation pianist from Vienna) and *J. S. Bach: Brandenburg Concerto* by Akademie für Alte Musik Berlin. These meticulously planned concerts were highly acclaimed demonstrations of world trends in music. Toppan Hall has also been lent out for the Music Competition of Japan and on many occasions for concert performances by local music colleges and elementary schools. More than 370,000 people have visited the hall to date.



Cycle—Till Fellner plays All Beethoven Pianosonatas



J. S. Bach: Brandenburg Concerto by Akademie für Alte Musik Berlin

Supporting and Sustaining Education Culture

Toppan works with The Mainichi Newspapers Co., Ltd. and the Japan School Library Association as a cosponsor of the Central Contest for Book Report Drawings, an annual contest to encourage students to express their impressions of books by drawing. The judges of the 21st competition in 2009 received 520,506 picture entries from 6,813 schools.

Tokyo Shoseki Co., Ltd. opened The Textbook Library (Tosho Bunko), Japan's first repository of school textbooks, back in 1936. This library now houses about 140,000 volumes, from historical literature in the Edo Period to modern textbooks. The entire collection can be browsed at no charge.

The Tosho Education Award was also established in 1984 with the aim of contributing to education. Tokyo Shoseki commends excellent essays on teaching from among submissions from educational professionals across Japan every year. The essays are compiled in a collection and distributed to teachers around the country to help propagate excellent teaching methods.



Central Contest for Book Report Drawings held in Japan



Exhibition room at The Textbook Library

Contributing to Society through Music

In 1959, Froebel-Kan Co., Ltd., a publisher of children's and picture books, organized a boys choir, a relatively rare thing in Japan, as a social and cultural project. As many as 1,000 boys have passed through the ranks of the Froebel Boys Choir since its founding. About 80 young vocalists, from three-year-olds to junior high school students, are now members. In 2009, the choir commemorated its 50th anniversary by holding its 49th annual concert. The choir members also make many kinds of appearances, including television performances and commercials.

True to its corporate philosophy, "to develop character through education and culture," Tokyo Shoseki Co., Ltd. has been a joint sponsor of Japan's Nursery Rhyme Culture Award, an event hosted by the Association of Children's Song Writers of Japan, since 2002. The sponsors celebrate the Children's Song Day in Japan on July 1 of every year by bestowing the award on an individual or group who has helped to spread children's songs. Through this award, they hope to pass along the nursery rhyme culture of Japan to coming generations.



Commendation ceremony for Japan's Nursery Rhyme Culture Award



Froebel Boys Choir

Social Contributions / Community Contributions

Points

- Toppan held the third series of *Toppan Charity Concerts*.
- An accumulated total of 14,375 Toppan employees took part in environmental cleanup and beautification activities at 31 operational sites in Japan. Meanwhile, an accumulated total of 2,862 employees donated blood at 31 operational sites.

■ Toppan Charity Concerts

The *Toppan Charity Concerts* are annual events in Japan to address social issues of global relevance. The third concert series was held in fiscal 2009.

The concerts are organized to help raise child literacy rates across the world. After deducting honorariums for the performers, the ticket revenue from the concerts is donated to the Office of the United Nations High Commissioner for Refugees (UNHCR) via "Japan for UNHCR," an NPO acting as the official recipient for the office in Japan. The donations are used to fund education for child refugees.

In fiscal 2009, the Company sponsored the concerts on March 5 and 6, 2010. Thanks to the high turnout over the two days, Toppan brought in as much as 2,339,000 yen in donation funds for UNHCR.

■ Harmony with Communities

Toppan operational sites perform various community contribution activities in Japan on a voluntary and ongoing basis. Employees at the sites beautify the environment around plants and cooperate in local events. The sites also organize

plant tours and hands-on training sessions, establish cooperative structures for natural disaster response, and open their facilities to residents from surrounding communities.

Blood Donation Drives and Activities for Cleanup and Beautification of the Environment

Thousands of Toppan employees participate in activities to contribute to communities each year.

An accumulated total of 14,375 employees took part in environmental cleanup and beautification activities at 31 operational sites in fiscal 2009. In addition, a cumulative total of 2,862 employees donated blood at 31 operational sites.

Plant Tours, Hands-on Training Sessions, and Job-hunting Support Programs

Toppan holds meetings to report its environmental efforts to residents from surrounding communities. It also arranges programs to foster the next generation and organizes sessions to support young job-hunters.

Upon request from participant groups,

Toppan hosts plant tours, shows introductory videos on its production systems and processes for printed materials, gives participants opportunities to experience actual work, and organizes various other programs.

The Company welcomed 1,367 people to plant tours and hands-on training sessions at 26 operational sites in fiscal 2009.

Disaster-prevention Activities in Cooperation with Communities

Toppan cooperates with local fire-response squads to help step up disaster-prevention measures at its operational sites and in neighboring communities.

Two employees at the Itabashi Plant registered in fire-response squads and took part in a range of activities, including special, year-end/new-year patrol, fire-prevention education for the community, inspection of fire-fighting instruments, and a fire-pump operation competition for firefighters.

Shiga Plant and the head office also participated in the activities of local fire-response squads.



Yurie Miura



Tsugio Tokunaga



Explaining environmental efforts to residents from surrounding communities



Cleanup around a plant



Plant tour

Community Contribution Activities in Japan in Fiscal 2009

| | Operational Sites | Participants |
|-----------------------------------------------------|-------------------|--------------|
| Environmental cleanup and beautification activities | 31 | 14,375 |
| Blood donation drives | 31 | 2,862 |
| Plant tours and hands-on training sessions | 26 | 1,367 |

Other Activities

The head office organized an Art Salon program for members of neighborhood associations for the elderly in fiscal 2009. Art Salon is a business operated by the Institute of the Formative Art Co., Ltd., a Toppan Group affiliate. The Institute has developed various curricula for the Art Salon to stir the senses and activate the brain and mind through artistic and creative work such as painting. Participants speak highly of the experience.

Initiatives at Group Companies in Japan

Group Companies in Japan have also been eager to organize various community contributions, including environmental cleanup and beautification activities, blood donation drives, plant tours, hands-on training sessions, job-hunting support, and disaster-prevention activities. A major aim of these and various other activities the Group companies undertake is to meet the needs of neighboring communities. Proceeds from bazaars held at in-house events are donated to local social welfare councils, and city employees are invited to gatherings with community members for discussions.

Initiatives Overseas

Toppan also carries out community-based activities overseas in consideration of the local laws, customs, and cultures of each region.

Toppan undertakes a range of activities, including volunteer activities, blood donation drives, charitable donations, and plant tours for the families of employees.

Initiatives in Asia

Every year, employees from Toppan CFI (Taiwan) Co., Ltd. volunteer to help farmers plant rice seedlings in rural paddy fields for one day during the planting season. The rice produced from their support is donated to organizations that support the children of disadvantaged families. Previously, Toppan CFI (Taiwan)'s Tainan Plant cooperated with the Tainan Visually Impaired Masseurs Association and provided opportunities for visually impaired masseurs to give massages to company employees at the plant. In fiscal 2009, the plant hired several masseurs directly as company employees and began donating service fees received from other employees to social welfare organizations. As study

support for children, company employees went to elementary schools and helped teachers conduct special lessons such as scientific experiments and group works.

As a regular ongoing activity, P.T. Toppan Printing Indonesia invited children from orphanages in nearby areas to its operational site. Toppan Printing Indonesia provides donations and commemorative gifts (stationery, bags, etc.) and brings the children and its employees together for a meal.

Initiatives in the U.S. and Europe

Toppan Printing Co. (America), Inc. made donations to the American Cancer Society and planted 600 trees as part of an Earth Day Program to contribute to the environment.



Donated rice (Toppan CFI [Taiwan])



Study support at an elementary school (Toppan CFI [Taiwan])



Welcoming children to an operational site (Toppan Printing Indonesia)

Merit-based Personnel Policies

Points

- Toppan values employees as precious company assets or “human assets”; and
- operates personnel and labor systems and creates working environments to encourage employees to work vigorously, earnestly, and with strong motivation.

Basic Concept of Human Assets

Toppan values its employees as precious company assets (“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 earnest commitment to follow through on tasks to completion. When employees work vigorously, earnestly, and with strong motivation, Toppan is convinced that they show their true abilities to the full.

Toppan strives to improve the abilities and draw out the organizational powers of every employee through the stages of hiring, appointment, training, leveraging, and treatment. To do so, the Company places high priority on communication between superiors and subordinates in a spirit of mutual trust, employee progress towards goals with well-defined visions,

the formulation of a personnel system for the strict and appropriate enforcement of rewards and penalties, and the establishment of an open and fair environment.

Basic Thinking on Personnel Policies

Toppan recognizes that it can build the trust and respect of society, customers, and other stakeholders by encouraging all of its employees to pursue the realization of *TOPPAN VISION 21* through “conduct of high value.” In keeping with this conviction, the Company’s personnel policies for hiring, appointment, training, leveraging, and treatment are all based on “conduct of high value” and “abilities and skills.” The term “conduct of high value” describes the concrete employee actions that go into the realization of the Corporate Philosophy and Corporate Creed. “Abilities and skills,” meanwhile, are indispensable to the practice of valuable conduct. A basic framework for abilities and skills is set for each job type and department.

Operating the Personnel System Properly in Cooperation with the Labor Union

The labor union surveys non-managerial staff with questionnaires to gauge how thoroughly the Company informs them of the evaluation criteria it uses to set annual salaries and bonuses. The questionnaire assesses: 1) the alignment of job goals and the degrees to which the goals are achieved; 2) the status of opinion exchanges with superiors on issues to be solved or improved in the future; and 3) the degree to which employees are satisfied with their feedback interviews. The questionnaire results are reported to management and used for comprehending and reviewing the operation of the personnel system. This approach helps management develop and operate the personnel system effectively in cooperation with employees at all times.

Employee Data

A spin-off of subsidiaries on April 1, 2009 substantially altered the number of employees.

| Number of Employees (as of March 31) | | Directors | Management Class | Supervisors | Total Employees | Average Tenure | Average Age | Sum Total Employees | Part-time Workers | Temporary Staff |
|-----------------------------------------|--------|-----------|------------------|-------------|-----------------|----------------|-------------|---------------------|-------------------|------------------------------------------|
| Fiscal 2007 | Male | 29 | 1,840 | 2,205 | 10,180 | 15.5 | 39.1 | 11,181 | 1,273 | 2,039 (average from January to March) |
| | Female | 1 | 21 | 89 | 1,001 | 9.2 | 31.6 | | | |
| Fiscal 2008 | Male | 28 | 1,836 | 2,244 | 10,437 | 15.3 | 39.2 | 11,548 | 1,208 | 1,666 |
| | Female | 1 | 26 | 108 | 1,111 | 9.0 | 31.7 | | | |
| Fiscal 2009 | Male | 27 | 1,670 | 1,853 | 7,672 | 14.4 | 40.0 | 8,769 | 541 | 144 |
| | Female | 1 | 30 | 104 | 1,097 | 8.5 | 31.5 | | | |

| Number of Recruits*1 | | | Fiscal 2008 | Fiscal 2009 | Fiscal 2010 |
|--------------------------------------------------------------------------------|----------------------------------|--------|----------------|----------------|----------------|
| Regular recruitment of new university graduates and post-graduates | Sales, admini- stration, etc. | Male | 132 | 136 | 57 |
| | | Female | 75 | 72 | 20 |
| | Technical | Male | 146 | 150 | 56 |
| | | Female | 31 | 36 | 21 |
| New graduates from high schools and National Colleges of Technology | | Male | 156 | 155 | 0 |
| | | Female | 17 | 24 | 9 |
| Total number of regular recruits (percent female) | | | 557 (22.1%) | 573 (23.2%) | 163 (30.7%) |
| Mid-career recruitment of experienced personnel | | | 61 | 13 | — |

*1 The number of employees presented for fiscal 2009 includes employees who are now working at subsidiaries that were spun off on April 1, 2009.

| Reasons for Leaving*2 | Fiscal 2007 | Fiscal 2008 | Fiscal 2009 |
|--------------------------|-------------|-------------|-------------|
| Personal reasons | 307 (74) | 218 (40) | 110 (40) |
| Retirement | 150 (2) | 144 (3) | 118 (0) |
| Requested by the company | 0 (0) | 0 (0) | 0 (0) |
| Other | 47 (3) | 33 (1) | 50 (4) |
| Total | 504 (79) | 395 (44) | 278 (44) |
| Turnover rate | 4.4% | 3.4% | 3.1% |

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

| Average Annual Salary | Fiscal 2007 | Fiscal 2008 | Fiscal 2009 |
|-----------------------|---------------|---------------|---------------|
| Total | 6,699,674 yen | 6,561,080 yen | 6,442,189 yen |

Realizing a Safe and Secure Working Environment

Points

- Toppan held a training session for persons in charge of safety throughout the Group;
- endeavored to shorten total working hours and attained steady reductions in the number of employees who worked long hours and the average hours of overtime worked; and
- examined measures for nursing care support and next-generation fosterage, along with necessary responses to the amendments of relevant laws in Japan, through joint deliberation of labor and management.

Respecting Basic Human Rights

The Conduct Guidelines call for the assurance of the dignity of individuals under all circumstances, and no invidious discrimination on the basis of race, ethnicity, nationality, religion, gender, or physical characteristics. To raise esteem for basic human rights, including the prevention of sexual and power harassment, Toppan has been promoting awareness-raising activities in rank-based training for employees. Some 845 employees participated in fiscal 2009.

To resolve and prevent troubles with sexual harassment, inappropriate employee conduct is reprimanded under employment regulations based on the Basic Policy on Sexual Harassment at the Workplace established in 1999. Sexual harassment counselors are also deployed.

No instances of child labor or forced labor have ever occurred in the Company.

Occupational Safety and Health

Labor and management at the Toppan Group make every effort to secure substantial occupational safety through the coordinated endeavors of the manufacturing and technology departments and the general affairs departments. Whenever an accident occurs, employees throughout the Group receive information on the details and causes of the problem.

Occupational Safety and Health

| | Deaths from Occupational Accidents | Frequency Rate*3 | Severity Rate*4 |
|------|------------------------------------|------------------|-----------------|
| 2007 | 0 | 0.39 | 0.01 |
| 2008 | 0 | 0.19 | 0.001 |
| 2009 | 0 | 0.09 | 0.003 |

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

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

Each operational site uses the information to plan out customized countermeasures to ensure that similar accidents will never recur on its premises.

Despite these efforts, the number of occupational accidents occurring across the Group has not actually been decreasing. To bring about better results, the Group decided to hold a new training session for persons in charge of safety at all Group companies as a means of reinforcing safety and health management structure and improving individual management skills. This session enhanced safety activities throughout the Group by facilitating the prompt and brisk sharing of information.

The Toppan Group has long acted to eliminate occupational accidents, mainly through the periodic work of the Safety and Health Committee, the body responsible for organizing safety education and establishing safeguards within the Group. The manufacturing departments have set up their own Safety and Health Subcommittees to bolster the total productive maintenance (TPM) activities. These subcommittees seek to secure

safety through all-hands safety improvement activities. The technology departments, meanwhile, lead Group-wide initiatives to identify the potential causes of occupational accidents as thoroughly as possible in advance, from the point of equipment installation. Proactive safety checks and improvements are essential steps for preventing accidents.

Healthcare and Health Enhancement

Toppan arranges regular medical checkups and screenings for lifestyle-related diseases in order to maintain and enhance the health of employees by preventing and promptly detecting health problems. Working in cooperation with the Toppan Group Health Insurance Union and 56 in-company clinics across Japan, the Company has been offering a Lifestyle Improvement Support Service and carrying out other measures for employees at risk of lifestyle-related diseases. Through the service, employees in need of lifestyle improvements have received guidance on preemptive actions to stave off health problems.

Countermeasures against Disasters

Under the basic plan for countermeasures against disasters, Toppan has implemented comprehensive disaster-preparedness measures in alliance with Toppan Security Service Co., Ltd. Since fiscal 2007, the Company has been holding disaster-preparedness drills in conjunction with an emergency life-saving drill that includes training sessions on the use of Automated External Defibrillators (AEDs). The Company's fire-response squads have also participated in Self-defense Fire Training Competitions held by local fire departments in Japan.

In the meantime, an evacuation drill has been held in the head office to rehearse for the eventuality of a large-scale inland earthquake in Tokyo. This drill includes simulations of the steps to be taken to establish a disaster-countermeasure office. The Company has checked the initial actions to be taken primarily by its own fire-response squads in the event of an actual disaster as a strategy for reducing the time required to identify personnel under disaster conditions.

Toppan is also installing a Group-wide safety confirmation system to check employee safety at the early stages of disasters and convey appropriate instructions to employees on initial response actions required. Measures have also been taken to reserve stockpiles for disasters. As part of this effort, Toppan is cooperating with the Japanese Consumers' Co-operative Union in a project to install vending machines that will dispense food, beverages, and goods for free during power failures caused by disasters.

Countermeasures against Pandemic Influenza

With help from information gathered from relevant authorities, Toppan has prepared a manual on health-control measures to prevent infections and the spread of pandemic influenza. In accordance with this manual, the Company has been stockpiling masks and other necessary articles; encouraging employees to take up preventive practices such as gargling and hand washing; restricting business trips; establishing a routine for sterilization with ethyl alcohol before entry into the Company's premises; and taking various other countermeasures.



Training session for persons in charge of safety

■ Measures for Mental Healthcare

For the development of a company, every employee must be healthy in mind and body and demonstrate his or her thriving potential and skills to the utmost. The maintenance and enhancement of employee mental health are critical to that end.

The maintenance of employee health—a vital component of corporate activities at Toppan—is a mission shared by personnel of every rank. Labor and management have exchanged their frank views on mental healthcare measures on a repeated basis. In 2008, several rules were 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 include 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. Toppan also decided to hold regular mental health checkups for all employees as a means of preventing and promptly car-

ing for mental problems. In 2009, the Company introduced Art Salon, an art session to refresh employee minds and bodies through the creative work of painting. Eighteen annual sessions were held in 2009, and many of the employees who took part were pleased with the experience. Employees are also encouraged to freely consult with counselors in newly established counseling rooms in all regions where Toppan sites operate. And for guidance from professional viewpoints, the Company has concluded advisory agreements with mental healthcare specialists to secure a ready source of advice and instruction.

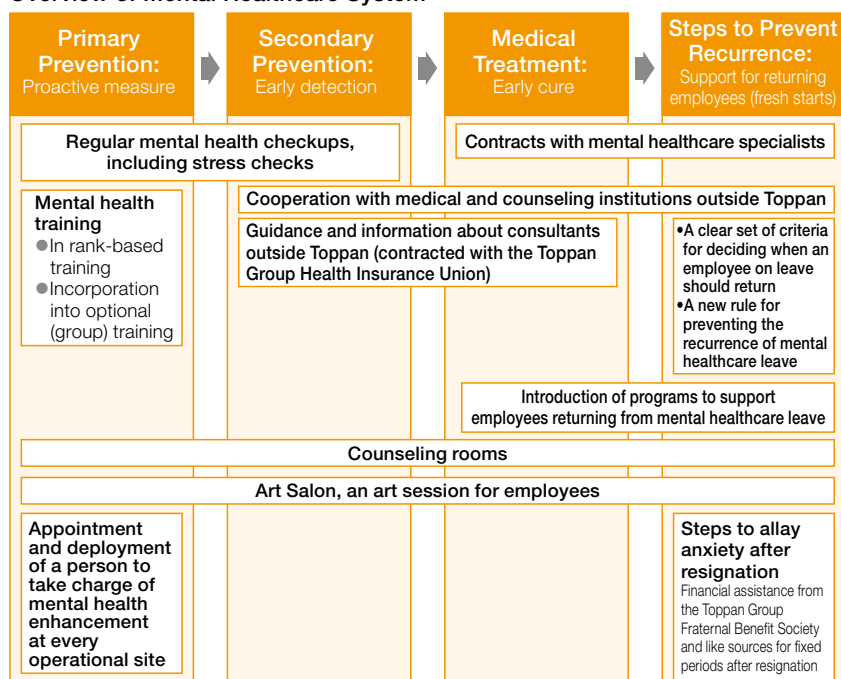
■ Supporting Work-Life Balance Efforts to Shorten Total Working Hours

Excessive overtime is a longstanding issue for Toppan. Labor and management have jointly examined the actual overtime practices at each operational site and responded with measures to control the numbers of hours worked. For the time being, however, the characteristics of the printing industry still stand in the way of fundamental solutions. In October 2008, Toppan launched a Company-wide effort

to eradicate extended overtime work as a top-priority issue for supporting better work-life balance and maintaining employee health. Senior management seeks to bring Toppan closer to its ultimate goal of eradicating extended overtime by collaborating with managers and employees in implementing measures 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 off-hour working schedules on a trial basis.

In fiscal 2009, the Company analyzed the actual overtime practices and reviewed the use of the newly introduced working systems at the business councils and labor-management committees. Labor and management also convened standing committees for working hour reductions to exchange straightforward opinions on efforts to shorten overtime working hours still further and deliberate the Company's measures to comply with the revised Labor Standards Act of Japan. As a result of these initiatives, the

Overview of Mental Healthcare System



Annual Paid Leave Used

| | Average Paid Leave Used (Days) | Average Ratio*1 |
|-------------|--------------------------------|-----------------|
| Fiscal 2007 | 7.7 | 41.4% |
| Fiscal 2008 | 8.1 | 43.5% |
| Fiscal 2009 | 7.7 | 40.8% |

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

Employees Taking Maternity or Childcare Leave

| | Employees Taking Maternity Leave | Employees Taking Childcare Leave*2 |
|-------------|----------------------------------|------------------------------------|
| Fiscal 2007 | 37 | 63 (2) |
| Fiscal 2008 | 42 | 74 (2) |
| Fiscal 2009 | 45 | 72 (0) |

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

number of employees who worked long hours was reduced by about 95% in fiscal 2009 compared with fiscal 2007, the year before the measures were introduced. The average hours of overtime worked also decreased by more than 10%.

The enforcement of the revised Labor Standards Act certainly requires further restraint of long working hours. Toppan continues to tackle the issue with whole-hearted commitment through measures such as the full-fledged institution of the working systems now in place on a trial basis.

Efforts to Foster the Next Generation

In addition to making efforts to shorten total working hours, Toppan has striven for years 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, for reduced working hours, and for a higher family allowance for dependents.

A rehiring system for employees who resign from the Company to deliver and bring up children has been established since fiscal 2006. Now, in the fourth year of

system operation, 15 resigning employees have registered for future rehiring. Toppan has made other institutional improvements as well. The eligibility period for reduced working hours for employees with child-care responsibilities is now extended to the end of the child's third year of elementary school, a point in time beyond the requirements of the relevant law in Japan. A staggered working-hour system for expectant mothers and childrearing parents has also been introduced.

Since fiscal 2010, Toppan has extended the period of childcare leave up until the first March 31 after the employees' child reaches the age of 12 months. This change satisfies the requirements of the revised Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave of Japan and addresses difficulties that parents face in Japan, where entry to daycare services is often impossible midway through the year. On a more general level, the Company has revised various leave systems for maternity, childrearing, and child healthcare to help employees take leave more easily

according to their needs and situations.

■ Labor-Management Partnership

In keeping with the perception that labor and management are partners in shared ideals, the Company management and the labor union trust and respect each other's positions. The two parties work on various issues together on an equal footing and hold events of different sorts, including recreational activities for employees.

Business councils are convened as forums on Company-wide and operational site bases to discuss wide-ranging managerial issues. Several types of committees to deliberate individual issues are also convened. Standing committees, for example, meet to discuss issues such as working hour reductions, wages, welfare, and safety and health, and special committees meet whenever necessary to address more novel issues facing the Company.

Toppan has adopted a union shop system. In principle, all non-managerial employees are members of the labor union.

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 they are granted). Employees are eligible to use their stock leave for treatments for themselves or their dependents, healthcare for their families, or recovery from unexpected disasters. |
| 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 (Ten 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 off-hour 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 these conditions 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 the nursing care. The Toppan Group Fraternal Benefit Society pays a 30,000-yen subsidy per month as assistance during the nursing care 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 | The Company pays every employee with children 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 a 5,000-yen limit 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. |

Leveraging Diverse Human Assets

Points

- The number of female managerial and supervisory staff stood at 149 (4.1%) as of April 1, 2010.
- The percentage of persons with disabilities in the total workforce was 1.89% as of June 1, 2010.
- Toppan introduced an associate employee system for promoting highly motivated, capable non-regular employees whom the Company expects to become active contributors.

■ Promoting Diversity*¹

Creating a Workplace Smartly

Designed to Leverage Female Talent

Toppan has promoted positive action*² to leverage female talent for creating new value. To better respond to customer and social needs, the Company must develop new products and services from feminine perspectives.

Toppan proactively appoints female employees to managerial and supervisory positions. Those efforts have increased the number of female managerial and supervisory staff to 149, or to 4.1% of the total number of managers and supervisors (as of April 1, 2010). This trend is an encouragement for female employees and tends to activate energy in the workplace overall. In parallel with its vigorous attempts to promote managerial advancement for women, Toppan has upgraded and expanded various systems to create working environments in which female employees can take full advantage of their capacities at work as businesswomen and at home as mothers. The Company will maintain its efforts to build workplace environments in which female employees can

contribute more energetically and freely.

Supporting Second Careers

To support second careers in company life, Toppan offers diverse options for retired employees by developing suitable work categories. The Company builds up a structure to use the knowledge, experience, techniques, and skills that employees acquire through long years of work.

Toppan operates a Senior Reemployment System to offer retired employees extended tenure at the Company on a post-retirement basis until they reach the age of 65. Seventy-two of 118 employees who retired in fiscal 2009 were reemployed as senior workers or part-timers in the same year and now remain with the Company.

Ongoing Success in the Employment of Persons with Disabilities

In 1993, Toppan founded Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd., a special subsidiary that employs persons with disabilities. Since then, Toppan's ongoing measures

to promote the hiring of persons with disabilities have been handled mainly via this company. As of June 1, 2010, persons with disabilities accounted for 1.89% of the total workforce at Toppan.

Providing an Open Environment for Recruitment

Toppan offers various employment opportunities for persons of both genders and persons of many nationalities, ages, and levels of physical ability. Recruitment takes mainly two forms: hiring of new graduates from universities and high schools every April, and mid-career hiring of experienced personnel year round.

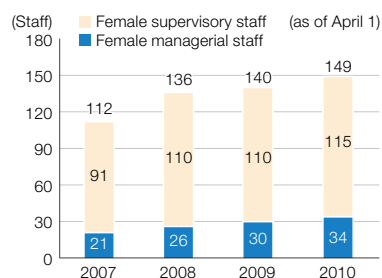
Prior to recruitment screening, Toppan determines the forms of talent it actually requires based on the results of employee consciousness surveys and a review of the behavioral characteristics of outstanding achievers and performers. In screening candidate recruits, the Company tries to estimate if their competencies and potentialities are suitable. Recruitment screenings are conducted in seven venues in Japan to provide a

*1 Diversity: "Diversity is a 'strategy of utilizing a variety of human resources.' Avoiding the hitherto established standards within firms and society and taking into consideration the values and concepts of various attributes (gender, age, nationalities, etc.), this is a strategy which responds to the changes in business environment in a rapid and smooth manner to achieve firm growth and individual happiness." (Source: *Regression to the Origin—The Directions of Diversity Management* from Japan Federation of Employers' Associations, May 2002)

*2 Positive action: A concept incorporated in the Equal Employment Act of Japan, a Japanese equivalent to the concept of affirmative action from the U.S. Positive action takes the form of aggressive measures to encourage women to demonstrate their abilities and effectively use them in society. The ultimate goal is to do away with the gap between men and women in employment.

(Source: *The Dictionary of Human Resources and Labor* by the head office of the Japan Business Federation [Nippon Keidanren])

Female Managerial and Supervisory Staff



Employees with Disabilities

| | Employees | Percentage of Total Workforce* ³ |
|------|-----------|---------------------------------------------|
| 2008 | 151 | 1.83% |
| 2009 | 160 | 1.90% |
| 2010 | 183 | 1.89% |

*3 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.



T.M.G. Prepress Toppan Co., Ltd.

more open environment for hiring. The Company has also run various internship programs to boost student awareness about work, including practical training sessions, lectures, workshops, and online training courses. A cumulative total of 3,066 interns participated in these programs in fiscal 2009.

Toppan hired 13 experienced personnel in fiscal 2009. These persons come to the Company with a rich variety of experience and skills suitable for the pursuit of Toppan's business strategies.

■ Systems for Self-determination on the Career Path

Toppan is establishing an ideal working environment for employees who are eager to shape their own careers. The Company offers employees various opportunities to take on new challenges through the Challenging Job System, in-house staff recruitment system, and overseas study support system.

In the Challenging Job System, employees are encouraged to cultivate a problem-solving, can-do mindset by considering their own medium-to-long-term career aspirations and developing

skill-enhancement plans necessary for that end. Employees voluntarily report their own work experiences, official qualifications, language abilities, and the names of the departments and divisions to which they would like to be transferred. Before voluntarily submitting reports, they have the opportunity to exchange opinions with superiors in interview settings and personally make comments and requests with regard to Company-wide affairs, in addition to their own career plans.

■ Internal Venture System

The Internal Venture System aims at discovering human assets abounding in entrepreneurial spirit, cultivating a problem-solving, can-do mindset in employees, and creating next-generation businesses. Fifty-six projects have been proposed under the system so far. This has led to the founding of one company (Toppan Character Production Co., Ltd.), the initiation of two in-house businesses, and the adoption of one proposal into an existing company project. The in-house awards commend projects with excellent outcomes in order to stimulate employee motivation and to strengthen

opportunities for the advancement of the awarded projects in the future.

■ Introducing an Associate Employee System

Toppan has introduced an associate employee system, a new employment system for outstanding non-regular employees, including part-time workers and temporary staff. In this system, highly motivated, capable non-regular employees whom the Company expects to become active contributors for years to come are offered positions as associate employees with no contractual periods set. With this system, Toppan seeks to promote human assets with superior levels of experience and performance, stimulate the motivation of non-regular employees, and fulfill its corporate social responsibilities as a provider of employment stability and professional development. The system also offers a wide range of working choices for employees harmonious with their own working values in different situations. Toppan will use the associate employee system as a means for providing every employee with enhanced job satisfaction.

Joint Company Orientation Session on the Toppan Group

The Toppan Group organized a joint company orientation session to give students the opportunity to understand the integrated strength of the Group. A cumulative total of 500 students participated in fiscal 2009. Each of the seven Group companies that took part in the session presented participants with a description of its business and attractive points. The sessions awakened the interest of the students and convinced many of them to apply for recruitment screening at these companies.



Internship

Toppan's internship program provides students with opportunities to experience work as it really is. Participants gain insight into work at Toppan through lectures on marketing theory and printing techniques, as well as experience in planning. The program also gives interns the chance to actually experience a day's work by accompanying Toppan staff in the sales and planning departments. When interns complete the program, they leave with a palpable understanding of the work experience at Toppan.



TOPPAN CAFÉ

The TOPPAN CAFÉ is not a company orientation session per se. It can be better described as a series of roundtable meetings where students meet with Toppan employees to discuss and share their concerns and difficulties as job hunters. The purpose is to ease the common anxieties and troubles of newcomers to the labor market. Some 217 students took part in the meetings in fiscal 2009.



Developing and Fostering Human Assets

Points

- Toppan introduced an in-house education management system, Career Navigator, for an enriched educational environment;
- continued to rotate human assets for integrated strength enhancement; and
- started basic education on globalization for all employees in fiscal 2009.

■ Concept of Human Asset Development and Fostering

Toppan's rank-based training helps employees understand the roles and responsibilities of each rank and appreciate and practice "conduct of high value." Toppan offers a wide variety of training programs systematically to encourage employees to acquire the "abilities and skills" required by each workplace. In fiscal 2009, Toppan constructed the Career Navigator, an in-house education system equipped with a database for managing education-related information uniformly throughout the Group. With this system, Toppan provides all Group companies with basic Company-wide education via an e-learning platform to ensure that every employee acquires the basic knowledge required of a member of the Toppan Group.

Organizing Rank-based Training and Supporting Self-development

A cumulative total of 2,514 employees participated in rank-based training sessions held by the head office in fiscal 2009. The head office welcomes Group company employees to the sessions. In addition to the department-based training sessions planned out by the relevant

divisions of the head office, the divisional training sessions equip employees with practical skills essential for performing tasks.

The Toppan Business School, meanwhile, offered self-development training to a cumulative total of 10,387 employees in fiscal 2009. The programs at the school are customizable to employee career designs with optional (group) courses and the Challenge School (correspondence learning courses). The newly introduced Career Navigator system supports employees in their efforts for self-development. By accessing the Career Navigator over the intranet, employees and their superiors can view available courses, file applications, and check course progress and histories.

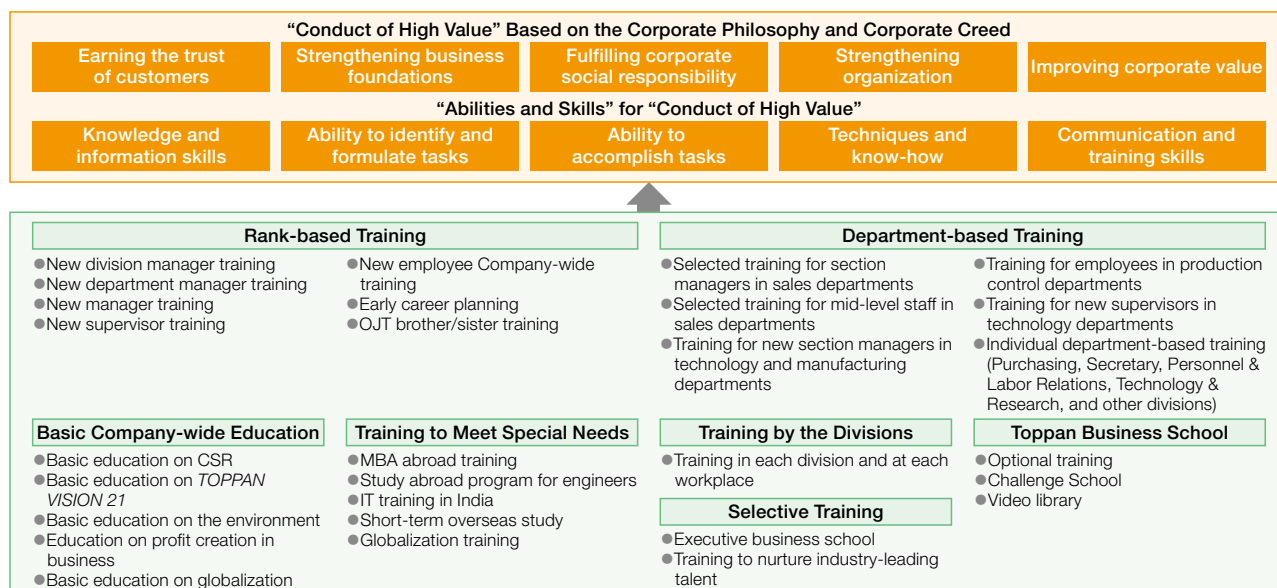
Organizing E-learning-based Programs

Toppan's e-learning system offers basic education courses on CSR, *TOPPAN VISION 21*, the environment, and globalization, as well as a course on profit creation in business.

Coordinating Human Asset Development and Leverage

To fulfill its priority themes of integrated strength enhancement and Total Quality Assurance, Toppan must draw out the potential of every employee and leverage diversified abilities and skills to the utmost. Toppan fosters human assets by rotating employees systematically into different regions, job categories, and product specialties in order to give individuals experiences in various operations throughout their career paths and help them apply their diversified experiences to operations at different workplaces. The employee rotations extending outside the Company encourage people-to-people exchanges throughout the Group companies for enhanced cooperation and integrated strength of the Group. In the wider context of the Group as a whole, the rotations support employees in advancing individual careers, foster Group management perspectives, and optimize personnel positioning across the Group. In the first two years after hiring, some new employees are rotated systematically between divisions in Tokyo and regional divisions in Japan. The experience of work in other parts of the Company cultivates young employees with strong potential to enhance Toppan's integrated strength.

Toppan's Human Asset Development Program



Assigning and Fostering New Employees

Employees hired mainly through regular recruitment will have at least three opportunities to confer with supervisors on the divisions likely to be the most suitable for his or her career plans: once at the point of recruitment, once during orientation just after entry into the Company, and once shortly after the first assignment is decided. Later, after one year on assignment, an employee will have another chance to meet with supervisors to discuss how well he or she is positioned in the current workplace. After this interview, the Company formally determines the division or department to which the employee should be assigned.

Toppan regards the first three years after recruitment as the fosterage period for new employees and establishes an early career planning system to help new employees learn about themselves and achieve individually affirmed career ideals. A senior associate in the employee's workplace is appointed as a "Brother" or "Sister" responsible for training and fostering new employees mainly through on-the-job training (OJT). The employee, the employee's immediate superior, and the Brother or Sister prepare an action plan "design sheet for ability and skill

development" and regularly check the employee's accomplishments. Training sessions for Brothers and Sisters are also held to improve the level of the fosterage system. As a result of these measures, the retention rate for recruits at Toppan has remained consistently high, at about 90%.

People-to-People Exchange with Overseas Group Companies

Toppan temporarily assigns employees to posts in overseas Group companies as a means of promoting people-to-people exchange internationally. The Company also accepts employees from overseas Group companies as trainees through its education and skill training systems. Fourteen personnel from Siam Toppan Packaging Co., Ltd. of Thailand received education and skill training in fiscal 2009.

Fostering Human Assets Active in Global Businesses

Toppan highly values its system to support overseas study for the fosterage of human assets who can play active roles in global businesses. Employees have the opportunity to participate in the following specialist training programs: the MBA abroad program to foster experts

in business management, the study abroad program for engineers to foster technical human assets and build overseas networks, IT training in India for in-house IT specialists, and the support system for short-term overseas training to foster human assets in the sales and planning departments.

Toppan's globalization training is a set of individualized courses to help candidates for overseas assignments and employees from departments involved in overseas businesses acquire basic skills for working internationally (such as cross-cultural communication, proposing and presenting in other languages, facilitating and managing conferences, and negotiating and persuading overseas businesspeople). A cumulative total of 138 employees have participated since the launch of the training in 1996 and have worked in overseas Group companies or departments involved in overseas businesses.

As a means of accelerating globalization throughout the Group, Toppan started a basic education course on globalization in fiscal 2009. A total of 22,084 Group company employees have completed the course so far. The Company has also expanded opportunities to learn foreign languages via e-learning.

Personnel Rotation*1

| | Employees Transferred | Percentage of Total Workforce |
|-------------|-----------------------|-------------------------------|
| Fiscal 2007 | 595 | 5.3% |
| Fiscal 2008 | 556 | 4.8% |
| Fiscal 2009 | 592 | 6.8% |

*1 Only includes rotations among different divisions to develop human assets for integrated strength enhancement and Total Quality Assurance.

Retention Rate for Recruits

(Percentage of fiscal 2007 hires still working at Toppan)

| | Male | Female |
|-------------------------------------------------------------|------|--------|
| Hired on April 1, 2007 | 499 | 127 |
| Still with Toppan as of April 1, 2010 | 450 | 116 |
| Retention rate | 90% | 91% |
| Average total for males and females | 90% | |
| Percentage who leave the Company before working three years | 10% | |

Results in Human Asset Development

| | Funds Spent on Training per Employee | Usage Rate of Toppan Training Center*2 |
|-------------|--------------------------------------|----------------------------------------|
| Fiscal 2007 | 41,300 yen | 66.4% |
| Fiscal 2008 | 35,325 yen | 59.2% |
| Fiscal 2009 | 41,789 yen | 68.8% |

*2 The usage rate is calculated by dividing the number of days the facility was actually used (including use by subsidiaries and affiliated companies) by the number of days it was available.



Trainees from Siam Toppan Packaging receiving education and skill training



Globalization training

Increasing Transparency and Distributing Profits Appropriately

Points

- Toppan adheres to the investor relations (IR) motto of fair and open disclosure of management activities; and
- announces financial results via the IR website, newsletters for shareholders, public meetings, etc.
- Toppan distributed an annual dividend of 22.00 yen per share for fiscal 2009.

Increasing the Transparency of Management Activities

Adhering to its investor relations (IR) motto of fair and open disclosure of management activities, Toppan thoroughly discloses information through various communication tools designed for different types of stakeholders.

Disclosing IR Information

Under the in-house Basic Policy on IR, Toppan has built an exclusive IR website to ensure fairness, transparency, and promptness in its disclosure of IR information. Toppan has been announcing its financial results quarterly via the Company's website and *Toppan Story*, a newsletter for shareholders. Public meetings with top management have also been held to explain the Company's second-quarter and full-year results. All documents distributed at these meetings are posted on the Company's IR website.

Basic Policy on IR

1. Information Disclosure Standards

Toppan discloses all information required under the Rules on Timely Disclosure established by the Tokyo Stock Exchange. It also uses its website in a positive and fair manner to disclose useful information not required by the rules, in order to help shareholders and investors fully understand the Company.

2. Information Disclosure Methods

Information applicable to the Rules on Timely Disclosure is disclosed on the Timely Disclosure network (TDnet) provided by Tokyo Stock Exchange under the rules. Information disclosed on TDnet is posted on the Company's website as soon as possible.

The Company's website does not include all of the information disclosed by the Company and may include expressions different from the expressions used in other sources.

Stock Ownership and Shareholder Profile

As of the end of March 2010, the total number of outstanding common shares was 699,412,481 and the total number of shareholders was 44,410. Financial institutions, individual investors and others, foreign companies, and other companies make up 39.60%, 25.04%, 19.06%, and 14.39% of the shareholders, respectively. The principal shareholders are listed below.

Dividend Policy

Toppan seeks to improve its dividend payout with a consolidated dividend payout ratio of 30% or more as a guide based on comprehensive consideration of the consolidated financial performance of each fiscal year, the dividend payout ratio, and internal reserves. Through this approach, it strives to provide stable profit returns to its valued shareholders and realize sustainable growth of the Company.

Sufficient reserves will be allotted to capital investment and research and development for expanding business fields with growth potential, with the objective of enhancing corporate value. The Company will also allocate retained funds to increase investment efficiency from a long-term perspective.

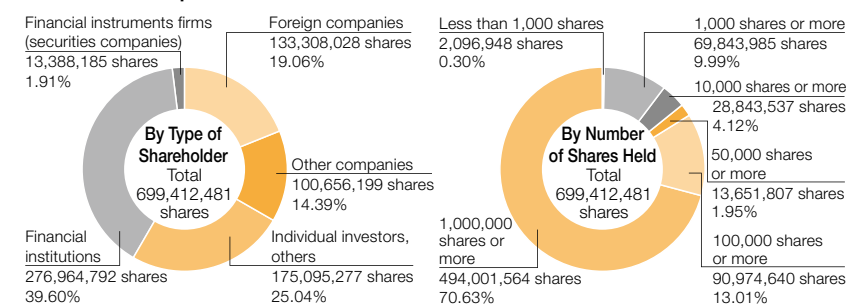
Toppan believes that its policy on profit distribution will help to enhance its corporate structure and increase future profitability, and thereby enable the Company to return profits to its shareholders.

The annual dividend per share for fiscal 2009 was 22.00 yen.

Meeting of Shareholders

A total of 212 shareholders participated in the ordinary general meeting held in June 2010. Toppan has established a system that allows shareholders who choose not to attend the meeting to exercise their voting rights online or in writing.

Stock Ownership Profile



| Principal Shareholders | Number of Shares Held (1,000 shares) | Percentage of Total (%) |
|------------------------------------------------------|--------------------------------------|-------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 35,913 | 5.57 |
| Nippon Life Insurance Company | 32,648 | 5.06 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 31,972 | 4.96 |
| The Dai-ichi Mutual Life Insurance Company | 22,886 | 3.55 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 15,628 | 2.42 |
| Sumitomo Mitsui Banking Corporation | 15,628 | 2.42 |
| Employees' Stock Club | 14,566 | 2.26 |
| Kodansha Ltd. | 13,077 | 2.03 |
| Mitsui Sumitomo Insurance Company, Limited | 8,882 | 1.38 |
| NATS CUMCO | 8,764 | 1.36 |

Note: As of March 31, 2010. The 54,420,000 shares of treasury stock are included in the "individual investors, others" category in the graph entitled "By Type of Shareholder" and in the "1,000,000 shares or more" category in the graph entitled "By Number of Shares Held." These shares are excluded from the above list entitled "Principal Shareholders." The percentages of shares held by principal shareholders are calculated by subtracting the number of treasury shares from the total number of outstanding common shares.

Environmental Report

Overview of Environmental Activities

| | |
|-----------------------------------|----|
| Toppan's Environmental Activities | 44 |
|-----------------------------------|----|

Review of Fiscal 2009 Results and Future Targets

| | |
|-----------------------------------------------------|----|
| Environmental Targets and Results for Fiscal 2009 | 46 |
| Environmental Investments and Conservation Benefits | 49 |

Environmental Management

| | |
|----------------------------------------|----|
| Environmental Management Structure | 50 |
| Environmental Management Activities | 52 |
| Environmental Communication Activities | 54 |

Environmental Conservation Activities

| | |
|----------------------------------------------------------------------|----|
| Mitigating Global Warming and Saving Energy | 56 |
| Resource Circulation | 57 |
| Pollution Prevention and Chemical Substance Management and Reduction | 58 |
| Approach to Logistics | 59 |

Environmentally Friendly Products and Environment-related Business

| | |
|------------------------------------------------------------|----|
| Developing and Assessing Environmentally Friendly Products | 60 |
| Environmentally Friendly Printing Services | 62 |

Environmental Data

| | |
|--------------------|----|
| Environmental Data | 63 |
|--------------------|----|

Toppan's Environmental Activities

Points

- Toppan takes an assertive approach to conserve the global environment based on The Toppan Group Declaration on the Global Environment.
- Paper accounts for the greater portion of material input and total waste generation at Toppan, while activities in the Electronics field account for the greater portion of water consumption and effluent discharge.

The Toppan Group Declaration on the Global Environment

With the growing awareness of environmental conservation throughout the world in the 1990s, the scope of environmental issues to be tackled by companies grew significantly. Toppan reorganized its previous structure for environmental conservation by establishing the Ecology Center in 1991 and promulgating Toppan's Declaration on the Global Environment, a basic philosophy for environmental conservation activities, in 1992. The Company has promoted environmental initiatives based on the declaration ever since.

Toppan has taken an important step to help realize a sustainable world in which every form of life can coexist into the future. In April 2009, it revised Toppan's Declaration on the Global Environment into The Toppan Group Declaration on the Global Environment, a new basic philosophy for environmental activities for the entire Group. The revised declaration reflects Toppan's more assertive approach to the conservation of the global environment.

Overview of Environmental Activities

Toppan's environmental activities are divided into four main areas, all centered around The Toppan Group Declaration on the Global Environment, Toppan's basic environmental philosophy.

First are the environmental management activities for systematically managing environmental initiatives, such as the construction of an environmental management system (EMS). Second are the Eco-protection Activities to reduce the environmental burden associated with corporate activities as much as possible. Third are the Eco-creativity Activities to proactively promote the development, assessment, and sales of environmentally friendly products and technical services. Fourth are the environmental communication activities for sharing awareness of environmental conservation with stakeholders through dialogues with local communities and educational programs inside and outside the Group.

Environmental Burden and Environmental Impact

The first step in reducing environmental burden is to ascertain the environmental impact of the Company's overall business activities. Toppan aggregates data on the balance of materials at each production site based on INPUT (materials and energy used) and OUTPUT (materials discharged as a result of production) and assesses the impacts of individual sites from various environmental standpoints. Next, it establishes environmental targets based on the results of these assessments to clarify the priorities and verify the results of its environmental activities.

As a company engaged in diverse business fields, Toppan imposes environmental impacts in various forms. To evaluate the extent and variation of its environmental burden rationally, the Company aggregates and ascertains its environmental data independently in its three main business fields: Information & Networks, Living Environment, and Electronics (→P. 45).

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

Boundaries of Environmental Performance Data and Environmental Accounting

While the Toppan Group comprises Toppan Printing Co., Ltd. and 202 related companies (177 subsidiaries and 25 affiliates), only Toppan Printing Co., Ltd. and 29 domestic manufacturing subsidiaries are included within the boundaries of Toppan's environmental performance data and environmental accounting.

However,

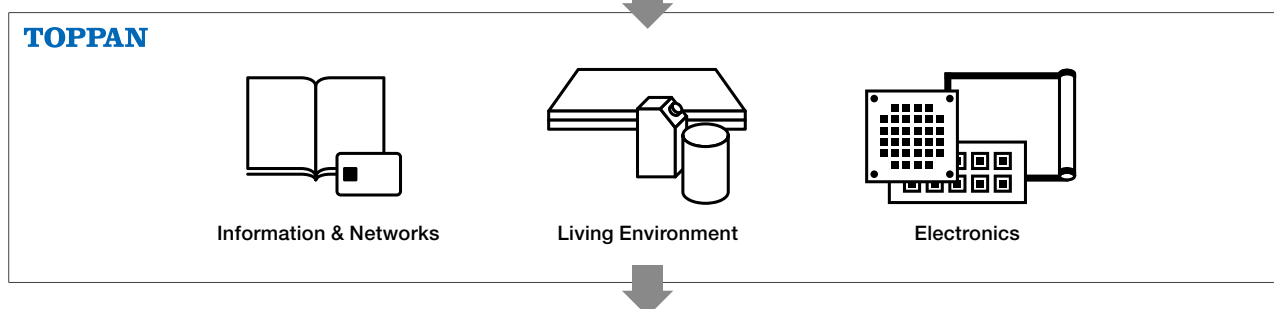
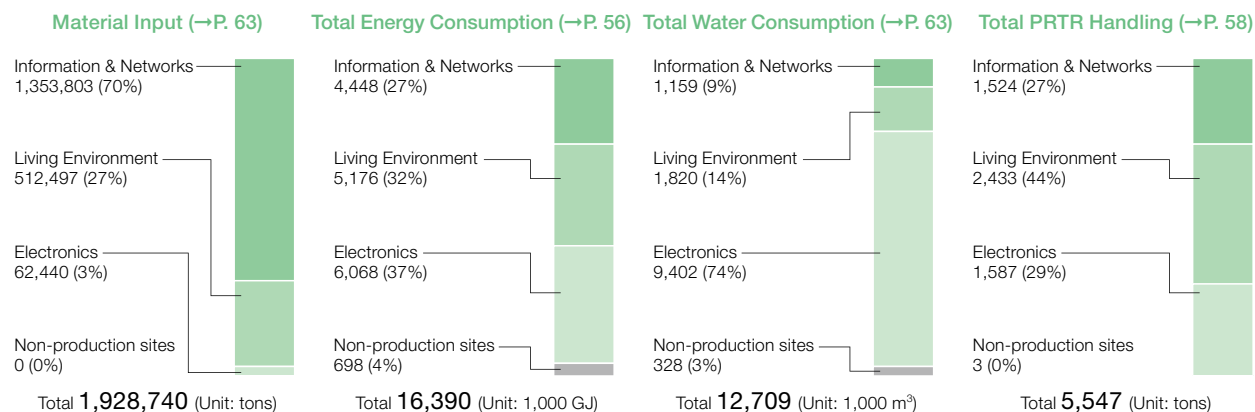
Note 1: The entity covered in "Approach to Logistics" on P. 59 is Toppan Logistics Co., Ltd.

Note 2: Sales in the environment-related business described in "Environment-related Business" on P. 60 are the total sales of Toppan Printing Co., Ltd., Toppan Forms Co., Ltd., Toppan TDK Label Co., Ltd., Tamapoly Co., Ltd., Tokyo Shoseki Co., Ltd., Toshio Printing Co., Ltd., Toppan Cosmo, Inc., and froebel-kan co., Ltd.

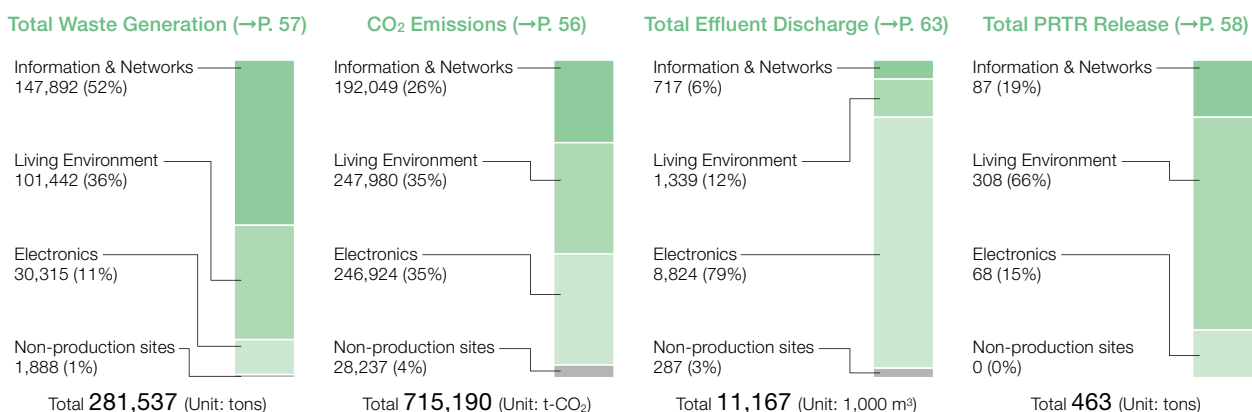
Note 3: The table on "Capital Investment for Environmental Conservation" (P. 49), the table on "Environmental Conservation Benefit" (P. 49), and the table on "Environmental INPUT/OUTPUT Data by Business Field" (P. 63) cover 76 companies in total, i.e., Toppan Printing Co., Ltd. and 75 domestic and overseas Group companies with production facilities. Not all of these sites are covered, however, for two categories of data: the data on material input cover only Toppan Printing Co., Ltd. and 29 domestic manufacturing subsidiaries, and the data on dioxin emissions and the handling and release of chemical substances designated under the Pollutant Release and Transfer Register (PRTR) law of Japan cover only Toppan Printing Co., Ltd. and 49 domestic subsidiaries with production facilities.

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

INPUT



OUTPUT



- Paper used mainly in Information & Networks and Living Environment accounts for 83% of material input and 75% of total waste generation at the Company, while water consumption and effluent discharge in Electronics account for 74% of total water consumption and 79% of total effluent discharge at the Company.
- Two types of waste are covered in this report: industrial waste of no value, and materials of value sold or transferred as resources. Both types are generated by or connected with business activities.
- Total energy consumption, i.e., the quantity of electricity and fuels consumed, is about the same in each business field.

Note: The calorific value of the primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh. Some of the material inputs are calculated from estimated values based on production values.

Environmental Targets and Results for Fiscal 2009

Points

- Toppan's CO₂ emissions per unit of sales increased by 3.8% compared to the fiscal 2008 level.
- The Company reduced final landfill waste disposal by 40.9% compared to the fiscal 2008 level; and
- reduced the handling of chemical substances designated under the PRTR law by 8.1% compared to the fiscal 2008 level.

Setting Environmental Targets

Toppan specifies environmental objectives for the realization of the goals of the Declaration on the Global Environment, the basic philosophy governing Toppan's overall environmental activities in every business field. The Medium- and Long-term Environmental Targets and concrete targets for every current fiscal year are set under the individual environmental objectives to clarify the activities to be taken and the criteria for assessing achievements. Based on the objectives

and targets, Toppan promotes environmental activities with participation from every employee.

The Company reviews its environmental activities once every fiscal year (ending March 31). Based on the evaluation of achievements towards the environmental targets for the current fiscal year, the Medium- and Long-term Environmental Targets are reviewed and the targets for the following fiscal year are set.

Evaluating Progress towards the Environmental Targets

In fiscal 2009, Toppan undertook various activities to achieve the 16 environmental targets set for the year. Ten of the targets were reached and six were not.

The Company has succeeded in achieving its annual targets for reduced final landfill waste disposal, an expanded number of certified zero-emission sites, and reduced handling of chemical substances designated under the Pollutant Release and Transfer Register (PRTR)

Environmental Targets and Results for Fiscal 2009

| Environmental Objectives | Medium- and Long-term Environmental Targets |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Mitigation of global warming through the development of energy-saving measures | Reduce CO ₂ emissions per unit of sales by 10% by fiscal 2010 (compared to the fiscal 2000 level) |
| 2. Promotion of waste reduction and recycling | Reduce waste generation per unit of production value by 25% by fiscal 2010 (compared to the fiscal 2000 level) |
| | Expand the material recycling of waste |
| | Reduce final landfill waste disposal*1 by 95% by fiscal 2010 (compared to the fiscal 2000 level) |
| | Efficiently use the industrial waste materials generated in the manufacturing stage and have all domestic sites certified as zero-emission sites*2 by fiscal 2010 |
| 3. Prevention of atmospheric pollution via VOC emission restraints | Reduce VOC emissions into the atmosphere by 70%*3 by fiscal 2010 (compared to the fiscal 2000 level) |
| 4. Control of risks from chemicals | Reduce the handling of chemical substances designated under the PRTR law |
| 5. Environmental contribution via the development and marketing of eco products | Promote the sales of environmentally friendly products |
| | Reinforce efforts to develop, manufacture, and assess environmentally friendly products |
| 6. Promotion of environmental communication | — |
| 7. Avoidance of environmental risk | Establish and observe appropriate in-house management guidelines that embrace regulatory controls |
| | Reduce the risk of soil contamination |
| | Maintain adequate communication with stakeholders |
| 8. Enhancement of environmental education and the environmental awareness of all employees | — |
| 9. Upgrading of environmental management systems at our overseas production sites | — |

*1 Final landfill waste disposal: Direct landfill disposal + landfill disposal of residues from intermediate treatment

*2 Certified zero-emission site: Operational site with a recycling rate of 98% or over (subject to approval by the Ecology Center)

*3 Target in the industry: 41% reduction by fiscal 2010 (compared to the fiscal 2000 level)

law of Japan.

However, Toppan fell short of achieving its targets for reduced CO₂ emissions per unit of sales, reduced waste generation per unit of production value, an improved material recycling rate, and reduced VOC emissions into the atmosphere. The major factors impeding these improvements were equipment restoration works and decreased production volumes in the first-half of the fiscal year.

■ Reviewing Environmental Targets

Toppan established environmental targets for fiscal 2010 based on an evaluation of achievements towards the targets set for fiscal 2009 (→P. 48). In fiscal 2010, the Company will undertake environmental activities towards the 15 medium- and long-term targets and 15 targets for the current fiscal year.

To accomplish its medium- and long-term targets, the Company intends to continue supporting the mitigation of global warming through the develop-

ment of energy-saving measures, further reducing its environmental burden through the promotion of waste reduction and recycling, and controlling risks from chemicals through the prevention of atmospheric pollution via VOC emission restraints and the reduced handling of chemical substances designated under the PRTR law.

Toppan will carefully consider setting new targets beyond fiscal 2011 in tune with the environmental policy of Japanese government and the environmental trends in industry.

| Environmental Targets for Fiscal 2009 | Results and Status for Fiscal 2009 | Evaluation | For Details |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|
| •CO ₂ emissions per unit of sales: Reduce by 5% compared to the fiscal 2008 level | •CO ₂ emissions per unit of sales: Increased by 3.8% compared to the fiscal 2008 level | B | P. 56 |
| •Waste generation per unit of production value: Reduce by 5% compared to the fiscal 2008 level | •Waste generation per unit of production value: Reduced by 1.4% compared to the fiscal 2008 level | B | P. 57 |
| •Material recycling rate: 94% | •Material recycling rate: 92% | B | |
| •Final landfill waste disposal: Reduce by 15% compared to the fiscal 2008 level | •Final landfill waste disposal: Reduced by 40.9% compared to the fiscal 2008 level | S | |
| •Expand the number of certified zero-emission sites: To 45 sites (out of 56 domestic sites in total) | •Expand the number of certified zero-emission sites: Increased to 45 sites (out of 57 domestic sites in total) | A | |
| •VOC emissions into the atmosphere: Reduce by 10% compared to the fiscal 2008 level | •VOC emissions into the atmosphere: Increased by 11% compared to the fiscal 2008 level | B | P. 58 |
| •Handling of chemical substances designated under the PRTR law: Reduce by 5% compared to the fiscal 2008 level | •Handling of chemical substances designated under the PRTR law: Reduced by 8.1% compared to the fiscal 2008 level | A | |
| •Review the criteria for environmentally friendly products •Examine designs for an LCIA method | •Criteria for environmentally friendly products: Not revised •Established a Company-wide environmental impact evaluation indicator by applying the LCIA method | B | PP. 60–61 |
| •Establish an in-house structure to calculate and label Toppan's "carbon footprint" •Comply with the guidelines developed under the Convention on Biological Diversity | •Established a set of common rules on carbon footprints (CFPs) in the industry; organized a structure responsive to the requirements for calculating and labeling CFPs in each division; fostered 26 persons in charge of CFP calculation •Established a Bylaw on Biodiversity | A | PP. 6–7, 61 |
| •Provide information through exhibitions, lectures, and other presentations | •Exhibited at Eco-Products 2009 (held on December 10 to 12, 2009) | A | P. 55 |
| •Observe in-house management guidelines at all operational sites and review them as necessary | •Assessed the observance of in-house management guidelines at 59 domestic sites through internal environmental audits | A | P. 52 |
| •Monitor the operational sites, including the vacant lots of reconditioned sites | •Monitored the sites on an ongoing basis •Inspected underground tanks at all operational sites and took necessary countermeasures based on the inspection results | A | PP. 58, 64 |
| •Publish a <i>CSR Report</i> (in Japanese) in July; expand the number of operational sites that issue <i>Site Eco Reports</i> to 36 domestic sites (27 reports in total) | •Issued a <i>CSR Report</i> (in Japanese) in July; expanded the number of operational sites that issue <i>Site Eco Reports</i> to 32 domestic sites (24 reports in total) | B | P. 55 |
| •Conduct new employee education •Conduct environmental education via e-learning | •Conducted environmental education via Company-wide training •Revised the content of e-learning-based programs and resumed the programs in September | A | P. 53 |
| •Conduct internal environmental audits at overseas production sites: Southeast Asia and the U.S.A. | •Conducted audits at two sites in Southeast Asia in March •Conducted audits at two sites in the U.S.A. in February | A | P. 52 |
| •Observe local regulatory standards and collect monthly environment-related data | •Periodically reported data on environment-related issues via monthly overseas site reports | A | |

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

Environmental Targets for Fiscal 2010

| Environmental Objectives and Medium- and Long-term Environmental Targets | Environmental Targets for Fiscal 2010 | Details on Specific Measures |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Mitigation of global warming through the development of energy-saving measures | | |
| Reduce CO ₂ emissions per unit of sales by 10% by fiscal 2010 (compared to the fiscal 2000 level) | CO ₂ emissions per unit of sales: Reduce by 1% compared to the fiscal 2009 level | <ul style="list-style-type: none"> • Reinforce the activities of the Energy Subcommittees (energy-saving reviews, etc.) • Share information on energy-saving to implement measures across the Company (meetings of personnel in charge of energy-saving, etc.) • Replace existing incidental facilities with highly functional, energy-saving alternatives |
| 2. Promotion of waste reduction and recycling | | |
| Reduce waste generation per unit of production value by 25% by fiscal 2010 (compared to the fiscal 2000 level) | Waste generation per unit of production value: Reduce by 7% compared to the fiscal 2009 level | <ul style="list-style-type: none"> • Reduce waste generation by reducing the volumes of wastes |
| Expand the material recycling of waste | Material recycling rate: 94% | <ul style="list-style-type: none"> • Search for new external recycling partners • Share information in-house |
| Reduce final landfill waste disposal* ¹ by 95% by fiscal 2010 (compared to the fiscal 2000 level) | Final landfill waste disposal: Reduce by 16% compared to the fiscal 2009 level (The medium-and-long-term target has already been achieved.) | <ul style="list-style-type: none"> • Reduce the generation of non-industrial wastes • Examine recycling processing technologies and processing contractors |
| Efficiently use the industrial waste materials generated in the manufacturing stage and have all domestic sites certified as zero-emission sites* ² by fiscal 2010 | Expand the number of certified zero-emission sites: To 51 domestic sites | <ul style="list-style-type: none"> • Encourage operational sites to separate wastes for processing as valuable resources |
| 3. Prevention of atmospheric pollution via VOC emission restraints | | |
| Reduce VOC emissions into the atmosphere by 70%* ³ by fiscal 2010 (compared to the fiscal 2000 level) | VOC emissions into the atmosphere: Reduce by 30% compared to the fiscal 2009 level | <ul style="list-style-type: none"> • Properly maintain and operate VOC effluent gas-treatment equipment • Consider the introduction of alternative materials with low concentrations of VOCs; share the information on alternative materials to prepare for their adoption across the Company |
| 4. Control of risks from chemicals | | |
| Reduce the handling of chemical substances designated under the PRTR law | Ascertain the handled volume of chemical substances newly designated under the PRTR law | <ul style="list-style-type: none"> • Comply with the revisions of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. of Japan • Reduce the handling of materials containing designated chemical substances and shift to alternative materials with low concentrations of designated chemical substances |
| 5. Environmental contribution via the development and marketing of eco products | | |
| Promote the sales of environmentally friendly products | <ul style="list-style-type: none"> • Review the criteria for environmentally friendly products • Examine designs for an LCIA method | <ul style="list-style-type: none"> • Examine, issue, and implement the revised criteria for environmentally friendly products • Develop an environmental impact evaluation tool in cooperation with Tokyo City University and disclose related data |
| Reinforce efforts to develop, manufacture, and assess environmentally friendly products | <ul style="list-style-type: none"> • Establish an in-house structure to calculate and label Toppan's "carbon footprint" • Promote conservation and the sustainable use of biodiversity | <ul style="list-style-type: none"> • Respond to the requirements for calculating CFPs at operational sites • Establish a target for the sustainable use of forest resources affected by paper procurement • Establish a target for biodiversity conservation with links to land use |
| 6. Promotion of environmental communication | Provide information through exhibitions, lectures, and other presentations | <ul style="list-style-type: none"> • Exhibit at TOKYO PACK 2010 and take part in environmental forums, etc. |
| 7. Avoidance of environmental risk | | |
| Establish and observe appropriate in-house management guidelines that embrace regulatory controls | Observe in-house management guidelines at the Group production sites | <ul style="list-style-type: none"> • Conduct internal environmental audits to confirm the validity and observance of the reference values established under the in-house management guidelines |
| Reduce the risk of soil contamination | Monitor the operational sites, including the vacant lots of reconditioned sites | <ul style="list-style-type: none"> • Investigate, inspect, and restore buried equipment (tanks, etc. for storing heavy metals, hazardous substances, and chemicals) |
| Maintain adequate communication with stakeholders | Publish a <i>CSR Report</i> (in Japanese) in August; expand the number of operational sites that issue <i>Site Eco Reports</i> to 38 domestic sites (30 reports in total) | <ul style="list-style-type: none"> • Issue a <i>CSR Report</i> and <i>Site Eco Reports</i> |
| 8. Enhancement of environmental education and the environmental awareness of all employees | <ul style="list-style-type: none"> • Conduct environmental education on a regular basis (new employee and optional training) and an as-needed basis • Conduct environmental education via e-learning | <ul style="list-style-type: none"> • Conduct environmental education via group training • Review and revise the content of the e-learning-based programs for more coordinated links with specialty- and rank-based training |
| 9. Upgrading of environmental management systems at our overseas production sites | <ul style="list-style-type: none"> • Conduct internal environmental audits at overseas production sites: Eastern Asia • Observe local regulatory standards and collect monthly environment-related data | <ul style="list-style-type: none"> • Conduct environmental audits at sites in Eastern Asia • Collect environment-related data via monthly overseas site reports |

*1 Final landfill waste disposal: Direct landfill disposal + landfill disposal of residues from intermediate treatment

*2 Certified zero-emission site: Operational site with a recycling rate of 98% or over (subject to approval by the Ecology Center)

*3 Target in the industry: 41% reduction by fiscal 2010 (compared to the fiscal 2000 level)

Environmental Investments and Conservation Benefits

Points

- Toppan increased capital investment for environmental conservation by 135% in fiscal 2009 compared to the fiscal 2008 level; and
- increased capital investment in equipment to mitigate global warming, etc. by almost 400% compared to fiscal 2008, mainly for the installation of electric power equipment associated with the construction of new plants at two operational sites.

Capital Investment for Environmental Conservation

Toppan invested 3,179 million yen in environmental conservation in fiscal 2009, 135% more than it invested the year before. This increase was mainly the result of an almost fivefold year-on-year increase in the amount invested in equipment to mitigate global warming, etc. for the conservation of the global environment. The increased investment for the conservation of the global environment was mainly capital investment in electric power equipment associated with the construction of new plants at two operational sites, including highly efficient power transformers, energy-saving lighting fixtures, and power-monitoring equipment. This extended investment in global warming mitigation in the construction of new plants reflects Toppan's commitment to efficiency improvements in energy consumption and enhancements in its energy control structure overall.

The major capital investments for

fiscal 2009 were allocated to the installation and improvement of effluent gas-treatment equipment at seven sites to prepare for the March 2010 expiration of the grace period stipulated under the VOC emission law of Japan. The investments are expected to decrease VOC emissions into the atmosphere in fiscal 2010. Toppan also invested resources to install warehouses for waste management and effluent-treatment facilities such as purification tanks at new plants.

Some capital investment went towards energy-saving improvements. The Ranzan Plant switched from LPG to LNG fuel for its boilers, bringing about an approx. 500-ton reduction of CO₂ emissions for fiscal 2009. Toppan adopted highly efficient chillers and solar-panel-equipped outdoor lights, maintained storm drains, created green spaces, and built fences for beautification.

Capital investment for environmental conservation includes investment in equipment works for soil purification and remediation of groundwater pollution.



Highly efficient power transformers (Sakai Plant, Toppan Electronics Products Co., Ltd.)



Effluent gas-treatment equipment (Fukaya Plant)



Fuel switchover for boilers (Ranzan Plant, Toppan Communication Products Co., Ltd.)

Capital Investment for Environmental Conservation (Million yen)

| Item | Major Content | Fiscal 2009 | Increase/Decrease from Fiscal 2008 | Total Sum for the Last Five Years |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------|------------------------------------|-----------------------------------|
| 1. Investment in equipment to prevent pollution | Investment in equipment to prevent atmospheric and other forms of pollution | 1,311 | 471 | 9,519 |
| 2. Investment in equipment to conserve the global environment | Investment in equipment to conserve the global environment by mitigating global warming, etc. | 1,524 | 1,198 | 2,557 |
| 3. Investment in equipment to circulate resources | Investment in equipment for the adequate treatment and recycling of waste materials | 325 | 161 | 5,214 |
| 4. Investment in equipment for management activities | Investment in equipment to monitor and measure environmental burdens and plant trees at operational sites | 19 | -5 | 135 |
| Total | | 3,179 | 1,825 | 17,425 |

Note: Since fiscal 2005, Toppan has focused solely on capital investment for environmental conservation and the environmental conservation benefit obtained. This is expected to improve the accuracy of assessments and verifications of cost effectiveness by excluding reliance on estimates insofar as possible.

Environmental Conservation Benefit

| Item | Major Content | Increase/Decrease | Fiscal 2009 |
|-----------------------------|-----------------------------------------------------|-------------------|-------------|
| Energy | Total energy consumption (1,000 GJ) | -1,021 | 24,999 |
| Water | Water consumption (1,000 m ³) | -506 | 17,159 |
| Atmosphere | CO ₂ emission (1,000 t-CO ₂) | -54 | 1,175 |
| | Emission of ozone-depleting substances (ODP-t) | 0 | 1 |
| | NOx emission (tons) | -31 | 190 |
| | SOx emission (tons) | -5 | 32 |
| | Emission of dioxins (mg-TEQ) | 85 | 94 |
| Water and soil environments | Total effluent discharge (1,000 m ³) | -350 | 15,021 |
| | Underground penetration (1,000 m ³) | -12 | 43 |
| | Onsite evaporation (1,000 m ³) | -100 | 1,889 |
| | BOD (tons) | -5 | 51 |
| | COD (tons) | -6 | 19 |
| Waste | Total generation (1,000 tons) | -36 | 412 |

Notes: ● Period covered: Last fiscal year for each company or subsidiary
 ● See P. 58 for details on the conservation benefits gained from the reduction in PRTR release.

Environmental Management Structure

Points

- Toppan operates an established environmental management system (EMS) at every operational site and continues to improve the efficiency of these systems.
- Toppan acquired ISO 14001 certification for six systems in fiscal 2009, bringing the Group total up to 69 certified systems at 105 sites (as of the end of March 2010).

Environmental Management

Toppan's environmental management relies on the operation of an established environmental management system (EMS) at every operational site based on the Company's environmental management rules. The PDCA cycle is a core part of the EMSs and vital for the continuous improvement of the efficiency of the systems. To ensure the effectiveness of the PDCA cycle, top management conducts ongoing environmental management reviews. The Ecology Center regularly collects the environmental performance data and the Director in charge of the Center verifies and evaluates the data and reports evaluation results to the Board of Directors and other management bodies. Improvements to the EMSs are proposed and implemented throughout the entire Company.

Features of Toppan's Environmental Management Systems

Toppan's EMSs are uniquely managed. The PDCA cycle is put into practice at every operational site, irrespective of the ISO 14001 certification. Fifty-seven domestic production sites and two research facilities have been pressing ahead with their environmental activities to achieve the targets set under the Eco-protection Activity Plan.

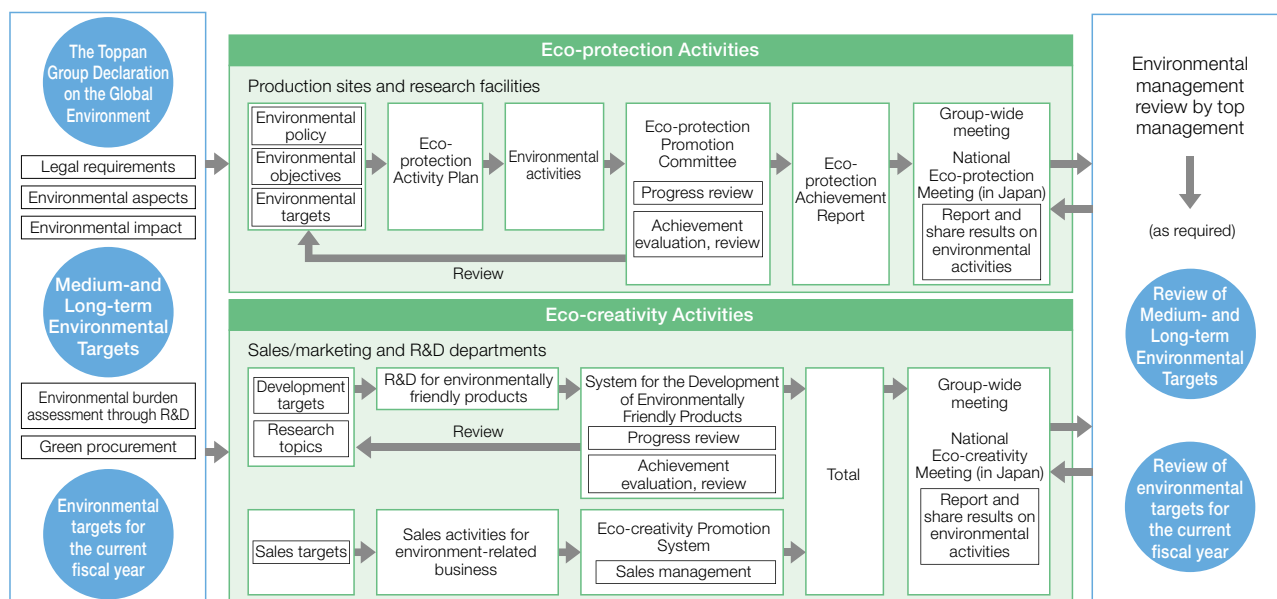
Every month, the Eco-protection Promotion Committees check the progress of the activities to ensure that any newly arising problems are resolved as quickly as possible. Every operational site sends the Ecology Center reports on major environmental performance data periodically. Results on energy are sent monthly, for example, while those on waste are sent every half-year. Toppan prepares an effective system for evaluating progress towards its environmental targets and reviewing the targets whenever necessary.

ISO 14001 Certification

Sixty-nine systems at 105 sites (50 systems at 83 domestic sites and 19 systems at 22 overseas sites) in the Toppan Group were ISO 14001 certified as of the end of March 2010. Six systems acquired the certification at six sites in fiscal 2009: Sodegaura Beverage Plant (of Toppan Packaging Service Co., Ltd.), Fukuoka Plant (of Toppan Communication Products Co., Ltd.), Fukaya Plant (of the High Performance Component Subdivision in Living Environment Division), Zama Plant (of Toppan Media Printec Tokyo Co., Ltd.), Toppan Forms (Sanyo) Co., Ltd., and Beijing Nippo Printing Co., Ltd.

Two domestic sites are establishing systems to prepare for the certification. Toppan is working towards the certification of the remaining three major sites by fiscal 2012.

Overview of Environmental Management



Promotion Structure for Environmental Activities

The Board of Directors is positioned as the highest decision-making body in Toppan's promotion structure for environmental activities. The Ecology Center supervises environmental activities undertaken at the divisions and Group companies under its Director, the officer responsible for the Company's environment-related matters. Every division and Group company has its own Environmental Management Officers in relevant departments. These officers head the environmental activities carried out at their departments in collaboration with the Eco-protection Promotion Committees, the bodies responsible for the actual implementation of the activities.

In fiscal 2009, Toppan established a new set of environmental management rules for the construction of a further enhanced promotion structure for environmental activities.

Toppan has established two in-house systems to promote the balanced imple-

mentation of its Eco-protection and Eco-creativity Activities: the Eco-protection Promotion System and the Eco-creativity Promotion System. Under these systems, the Company advances various environmental measures with guidance from the Ecology Center.

Operational sites convene their own Eco-protection Promotion Committees while subcommittees set up under the committees plan out Eco-protection Activities to address specific environmental issues. The Energy Subcommittees in these sites have continued to pursue energy-saving activities.

With regard to Toppan's Eco-creativity Activities, every division has its own Eco-creativity Officers to develop environmentally friendly products and organize environmental support businesses.

Enhancing the Integrated Strength of the Group

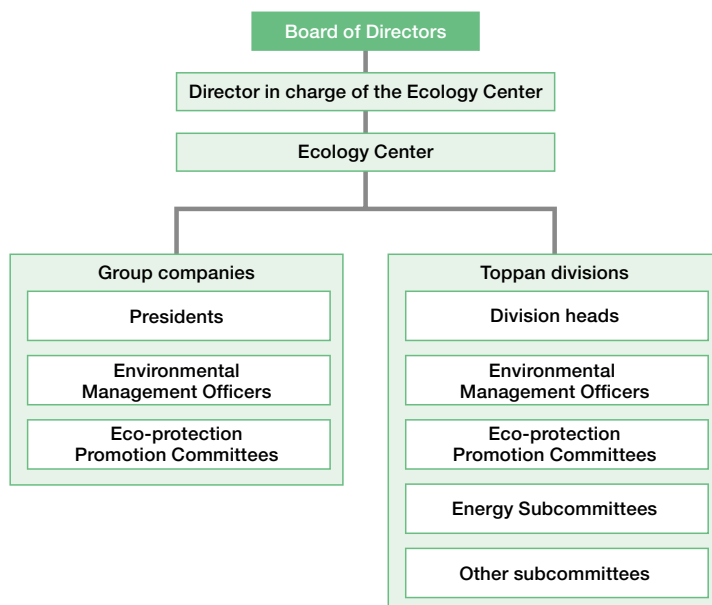
Toppan convenes a semi-annual Toppan Group Environmental Meeting to promote Group-wide environmental man-

agement. Through mutual visits to operational sites, the participating companies share information on environmental issues and the progress achieved towards their environmental targets. The sharing of information reinforces the Group's environmental risk management and spreads measures supported by the integrated strength of the Group throughout the workplaces in the Group companies.

In fiscal 2009, the Ecology Center carried out internal environmental audits at the Fukushima Plant of Toppan TDK Label Co., Ltd.

Toppan intends to further improve the level of environmental management by expanding the boundaries of its internal environmental audits and supporting the efforts of its Group companies to acquire ISO 14001 certification in the years to come.

Environmental Management Structure



Toppan Group Environmental Meeting

Toyo Ink Mfg. Co., Ltd.
 Tosho Printing Co., Ltd.
 Livretch Co., Ltd.
 Toppan Forms Co., Ltd.
 Toppan TDK Label Co., Ltd.
 Toppan Logistics Co., Ltd.
 Tamapoly Co., Ltd.
 NEC Toppan Circuit Solutions, Inc.
 Toppan Printing Co., Ltd.

9 companies in all

Environmental Management Activities

Points

- Toppan conducted internal environmental audits at 59 domestic sites and four overseas sites.
- Toppan seeks to ensure environmental compliance through immediate corrective measures, continuous monitoring after remediation, and additional measures when needed.

Environmental Audit System

Toppan's environmental audit system follows a three-stage screening process: a system audit by an ISO 14001 registrar, an internal audit by the Ecology Center, and another internal audit by site personnel. The internal environmental audit team consists of assistant auditors to oversee the environmental management system (EMS), in addition to the internally certified environmental auditors. The team begins by inspecting and evaluating the status of the EMSs and compliance with environment-related laws, regulations, and in-house standards at all of the operational sites audited. To correct the deficiencies associated with the issues in need of improvement pointed out during the audits, the team requires each site to submit a Plan for the Improvement of Specified Issues (Improvement Plan). Later, the team conducts a Review of the Internal Environmental Audit to assess the progress towards the required improvements.

Results of the Fiscal 2009 Internal Audit

The internal environmental audit team identified 690 issues in need of improvement at 59 domestic sites in fiscal 2009. To correct the deficiencies pointed out, each operational site follows an Improvement Plan with a detailed list of required improvements and target dates for completion. Toppan has confirmed the progress of improvement measures on 90 issues at six operational sites through the Reviews of the Internal Environmental Audit. The progress and effects of countermeasures against the remaining 600 specified issues are to be reviewed during the internal environmental audits for fiscal 2010.

Onsite hearings and inspections are carried out every other year, in principle, at overseas production sites. Two sites in Southeast Asia and two sites in the U.S.A. were reviewed for local environmental audits in fiscal 2009. The audits identified 23 issues in need of improvement. The priorities in the audits were the implementation and operation of the EMSs and compliance with local

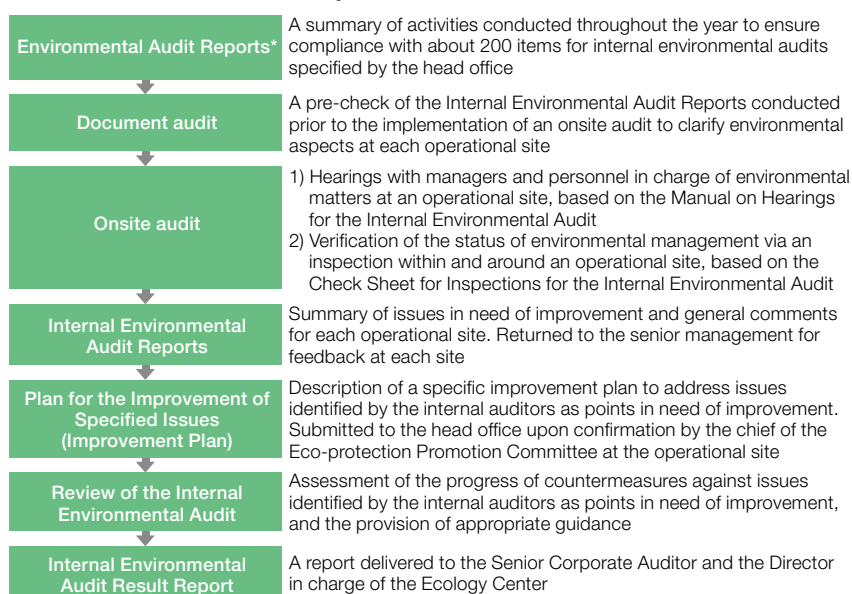
environment-related laws, regulations, and ordinances. Other points included the environmental impacts on water and the atmosphere, and the regular control of energy and waste. The overseas sites have followed the example of the domestic sites by taking necessary procedures to achieve better operational conditions under the Improvement Plan.

Approach to Environmental Compliance

Toppan Group's production sites make every effort to prevent environmental pollution by observing established in-house control standards that tend to be stricter than the national or local regulatory standards. Through this approach, the production sites seek to eliminate all failures in complying with the environment-related laws and regulations set by national governments and ordinances and agreements set by the local governments where the sites operate.

The compliance status at every domestic site is reported to the head office via the Eco-protection Achievement Reports every April. Overseas sites,

Internal Environmental Audit System



*The operational sites that have already acquired the ISO 14001 certification report their activities in the management review document.



Internal environmental audit hearing



Internal environmental audit inspection

meanwhile, submit monthly overseas site reports. The reports from both domestic and overseas sites are assessed by internal environmental audits.

Compliance Status in Fiscal 2009

One production site in Japan recorded a concentration of odor exceeding the regulatory standards set under the Offensive Odor Control Law. Five production sites, meanwhile, recorded levels of BOD and normal hexane exceeding the regulatory standards set for water contaminants under the Water Pollution Control Law and Sewerage Law. Toppan immediately took corrective measures for every case, including steps to revise the control methods for equipment. After implementing these corrective measures, the Company also revised its control procedures for more frequent equipment checks to ensure that recurrences are reliably prevented.

Toppan also received complaints of foul odor and noise, problems caused by insufficient control of effluent gas-treatment equipment at several sites. All of these sites resolved the problems

through immediate corrective measures. Full reports on the incidents were presented to the relevant authorities.

Regarding the pollution of soil and groundwater environments, the Company continues to monitor groundwater after soil remediation (→P. 64).

Emergency Responses

At every production site, chemical solvents are conveyed into the premises in tank trucks and transferred to storage tanks on a daily basis. Leakage accidents during the operations pose the risk of soil and water pollution.

Toppan has therefore prepared oil absorbents, sandbags, and other necessary safeguards to prevent the outflow of solvents in the event of an emergency or accident during production operations. Emergency-preparedness drills have also been held regularly. The Company formulates procedures to prevent and mitigate environmental pollution during emergencies. The effectiveness of the procedures is verified and defective points are corrected during the drills.

Environmental Education

Toppan provides environmental education through comprehensive e-learning-based programs for all employees. It also organizes specialized training sessions for employees of every rank, including new employees and newly appointed managers.

The Company revised the content of its e-learning-based programs in fiscal 2009. Optional training courses at the Toppan Business School include seminars on ISO 14001 and sessions to foster internal environmental auditors and enhance their skills. Personnel from the Ecology Center lecture trainees in seminars and sessions held regularly throughout the year.

Toppan uses this education as an opportunity to raise the environmental awareness of employees and maintain and improve the level of the Company's environmental activities on a continuous basis.

Solvent Leak at the Itabashi Plant

Toluene, a solvent for printing, leaked from an underground tank at the Itabashi Plant in Japan in June 2009. (The details of the incident were reported in the *CSR Report 2009* and posted on the Company website.) Toppan took thorough countermeasures at the plant as soon as the leakage was detected. After removal of the underground tank containing the solvent, the soil surrounding the tank was excavated, replaced with good soil, and purified by pumping out the solvent. In another incident a few months later, in September 2009, toluene was detected in spring water in Mitsugi Park, a public space bordering the plant. The Company promptly extended one of the water-shielding walls that had been installed two years earlier to cover the boundary between the plant and the park. These walls had originally served to prevent the outflow of groundwater from the premises in order to contain the spread of hexavalent chromium pollution discovered in the soil and groundwater in 2007. The Company also laid activated carbon on the boundary to prevent toluene from flowing into the park.

Toppan sincerely apologizes for the considerable trouble caused to surrounding neighborhoods and all the other parties involved. The Company will be taking more vigorous steps to protect the safety of neighboring

residents and conserve the environment surrounding the Itabashi Plant.



Removal of the underground tank



Extension work of the water-shielding wall

Fiscal 2009 Results of Environmental Education

| Education or Training | Number of Trainees |
|-----------------------------------------------------------------------------------------------|--------------------|
| New employee training General environmental education (introductory level) | 404 |
| Training for newly appointed managers General environmental education (intermediate level) | 160 |
| E-learning Basic education on the environment | 21,481 |
| Optional training | |
| Introduction to ISO 14001 | 15 |
| Introduction to environment-related laws | 8 |
| Seminar to enhance the skills of ISO 14001 internal auditors | 50 |
| Challenge School Seven courses related to the environment | 42 |
| Internal environmental auditor training program | 176 |

Environmental Communication Activities

Points

- Toppan strives to share environmental conservation awareness with stakeholders through communication activities; and
- engages in assertive communication for risk control with communities around its plants via dialogues, site tours, and *Site Eco Reports*.

In-house Communication Activities

Environmental Meeting

Toppan has held a National Eco-protection Meeting in Japan to report and discuss environmental activities twice a year since 1992. Meeting participants report environmental performance data, present actual measures undertaken at operational sites to promote similar actions throughout the Company, and describe the latest revisions of environment-related laws and the countermeasures required for compliance with them. Every operational site convenes an Eco-protection Promotion Committee, on a monthly basis in principle, in accordance with its environmental management system for the sharing of information on daily activities to reduce environmental burden. These gatherings are part of a multiple-layer meeting regime throughout Toppan to maximize the sharing and dissemination of environmental awareness and information on environmental challenges and solutions.



National Eco-protection Meeting held in Japan



Eco-protection Promotion Committee

Environment Month

The Ministry of the Environment of Japan has designated June as "Environment Month," a time for promulgating intensive environmental actions in Japan. Toppan undertakes a number of activities each June to deepen employee awareness of the environment, create comfortable and environmentally friendly workplaces, and maintain and enhance positive relationships with communities.

An environmental slogan coined by a Toppan employee is posted at each operational site in Environment Month to improve environmental awareness among employees. In fiscal 2009, Toppan joined in the GPN 5 Million Mass-action Project, a campaign by the Green Purchasing Network (GPN) of Japan to promote mass action for green purchasing.

Energy-Saving Month

To bolster energy-saving endeavors, Toppan continues to take part in activities for Energy-Saving Month, an event advocated by the Ministry of Economy, Trade and Industry of Japan, in summer and winter. The Company also encourages its employees to wear light clothing

in the summer (known in Japan as "Cool Biz") and heavy clothing in the winter ("Warm Biz").

Communication Activities outside the Company

Environment-related Awards

Toppan received several more environment-related awards from government institutions in Japan in fiscal 2009 in recognition of its steady and ongoing activities to reduce environmental burden.

The Niigata Plant of Toppan Electronics Products Co., Ltd. received an award from an environmental conservation association in Kaetsu, the region to the north of Niigata Prefecture, Japan, in recognition of its dedicated chemical substance management and communication for risk control with local governments and neighboring communities.

The Itabashi Plant of Toppan Printing Co., Ltd., meanwhile, received an award from Itabashi city for the Promotion of Activities to Mitigate Global Warming at the Itabashi Green Curtain Contest in 2009.

The Fukuoka Plant of Toppan Packaging Products Co., Ltd. received a

Environmental Slogan

By the beginning of every June, Environment Month, Toppan solicits environmental slogans from employees. One slogan is selected as the "most outstanding," two are selected as "outstanding," and five are selected as "notable." The most outstanding slogan is posted at every operational site. Employees submitted 5,168 slogans in fiscal 2009 and 6,700 slogans in fiscal 2010.

■ The Toppan Group's environmental slogan for fiscal 2010:
"Don't need that light? Turn it off now.
Never postpone action against global warming."



Pro-Green Activities

In fiscal 2008, Toppan launched Pro-Green Activities, a series of stable and familiar solutions to various environmental challenges, for the spread of augmented cost-reduction and morale-improving effects in corporate operations. The head of each operational site across Japan runs and oversees the Pro-Green activities at the workplace and directs a regimen of self-styled eco activities to position environmental considerations as stable and familiar elements of employee operations.

As a measure for morale improvement in fiscal 2009, Toppan ran a greeting campaign to revitalize communication among employees and facilitate smoother daily operations across the Company. In addition, environmental measures introduced to resolve various challenges at the site level have brought about considerable cost reductions.

commendation from the Japan Association for Safety of Hazardous Materials in recognition of its efforts to establish a security control structure by accelerating projects for the prevention of disasters and the safety management of hazardous substances.

Communicating with Local Communities

The communities around Toppan's plants filed 19 complaints and inquiries at nine domestic sites in fiscal 2009, indicating that many stakeholders were inconvenienced. The complaints had mainly to do with noise and foul odors. While most of the noise-related problems were promptly solved, the Company has had to continuously implement measures for the remediation of odor-related problems at two operational sites.

To mitigate noise, Toppan has suspended the use of devices responsible for noise, installed soundproof sheets and rubber, and reviewed its checklists for preventing equipment malfunctions. To mitigate odors, the Company has improved its systems for the proper management of routine operations by

revising its methods for the operation and control of effluent gas-treatment equipment and deodorizing equipment. The Company has also stepped up its comprehensive routine inspections and other measures to prevent the recurrence of odor- and noise-related problems.

Toppan will continue to engage in environmental management through dedicated communications with residents in surrounding communities.

Issuing Site Eco Reports

Toppan's ISO 14001-certified sites have been issuing *Site Eco Reports* on their environmental activities since fiscal 2000. As periodic communications directed towards local municipalities and residents in surrounding communities, 24 reports were issued at 32 domestic sites in fiscal 2009.

When issuing reports, operational sites fully consider the understandability and readability based on Toppan's in-house Guidelines for Creating Environmental Reports for Operational Sites.

Organizing and Participating in Seminars and Environment-related Exhibitions

Toppan wants the public outside the Company to understand its environmental efforts. The Company participates in environment-related exhibitions and dispatches lecturers to seminars held by various organizations.

In fiscal 2009, presenters from Toppan traveled to South Korea to explain the latest Japanese trends in environmentally friendly printing. Toppan lecturers also described the new environmental approaches taken by corporations, such as initiatives on carbon footprint (CFP) and biodiversity conservation, at seminars across Japan.

Toppan's environmentally friendly products are on permanent display at PLAZA21 in the Toppan Koishikawa Building in Tokyo, a communication venue set up to present case examples of the integrated strength of the Group.



Hands on tour for residents from surrounding communities



Site Eco Reports (in Japanese)

Eco-Products 2009

In December 2009, Toppan Printing Co., Ltd. and three Group companies (Toppan Forms Co., Ltd., Tamapoly Co., Ltd., and froebel-kan co., Ltd.) held a joint exhibit at Eco-Products 2009 in Japan to show off good examples of the total environmental solutions from the Toppan Group. Under the catchy caption "Here! Eco products," they demonstrated the environmental efficiency of the Cartocan and the features of the solar cell back sheet, a renewable energy-related component.



Toppan Lecturers at Major Seminars in Fiscal 2009

| | |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2009 | |
| May | Lecture for seminars commemorating joint hosting of A-PACK 2009 Osaka and FOOTE-Kansai 2009 in Japan |
| November | CFP briefing for the Japan Federation of Printing Industries CFP briefing for the Printers Association of Japan International seminar on environmentally friendly printing at the Korean Printers Association |
| December | CFP briefing for the Japan Federation of Printing Industries |
| 2010 | |
| March | Biodiversity workshop of the Eco Management Forum sponsored by Nikkei Business Publications |

Mitigating Global Warming and Saving Energy

Points

- Toppan streamlined the operation of equipment to reduce energy consumption.
- CO₂ emissions per unit of sales increased by 3.8% compared to fiscal 2008, mainly due to decreases in orders received and declines in the unit prices of products.

Energy-saving Activities

Toppan undertakes energy-saving activities to reduce the emissions of carbon dioxide (CO₂) and other greenhouse gasses under the established medium-and-long-term target of reducing CO₂ emissions per unit of sales by 10% by fiscal 2010, compared to the fiscal 2000 level. The Company sets a yearly target to accomplish the medium-and-long-term target. To meet this target, every production site sets individual targets for emissions per unit of production value and emissions per unit of production volume by product type.

CO₂ emissions per unit of sales in fiscal 2009 were increased by 3.8% compared to fiscal 2008, failing short of the targeted reduction of 5%. A substantial decrease in orders received from the second-half of fiscal 2008 to the first-half of fiscal 2009 and declines in product unit prices cancelled out the CO₂ reduction effects achieved through fuel switchovers, efficiency improvement of waste heat boilers, and other energy-saving measures.

Compared to the fiscal 2000 level, CO₂ emissions per unit of sales in fis-

cal 2009 were increased by 10.6%. For fiscal 2010, Toppan seeks to reduce CO₂ emissions per unit of sales by 1% compared to fiscal 2009. To accomplish this target, the Company will reinforce its energy-saving activities by further streamlining equipment operation and taking a more assertive approach to the installation of equipment such as energy-saving devices.

Details of the Activities

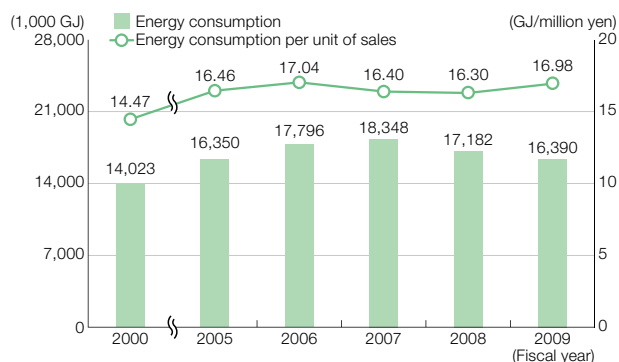
Toppan worked to reduce energy consumption by extensively reviewing and adjusting equipment operation in an environment of reduced equipment use in fiscal 2009, a year with sharply lower orders received. To adjust to the actual conditions of use, the Company has controlled equipment operation by suspending the operation of unnecessary air conditioning, fans, and pumps, reducing the numbers of operated machines, and reviewing preset baselines for temperature, pressure, and other conditions in the operating environment. The Company has also reduced energy consumption in standby mode by powering off equipment whenever possible during

lunch breaks, holidays, and other idle periods.

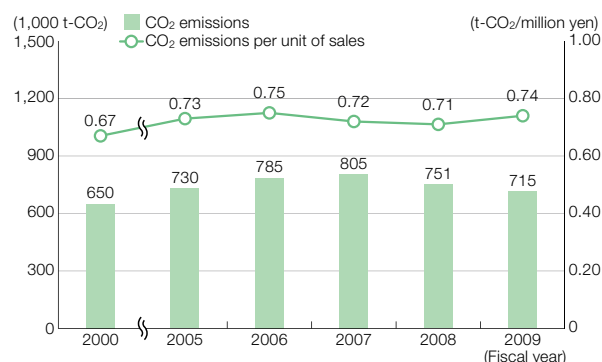
To more thoroughly share and disseminate information on effective practices throughout the Company, Toppan sought cooperation from external equipment manufacturers that have already deployed excellent energy-saving measures. The chief means of information exchange were plant visits by Toppan to these manufacturers and return visits by these manufacturers to Toppan. Following on from fiscal 2008, "green curtains," natural sources of shade for saving energy, have been installed at 27 domestic sites in fiscal 2009.

From fiscal 2010, Toppan plans to replace its existing boilers, refrigerating machines, and other machines with high-efficiency alternatives and to harness waste heat from thermal-storage combustion units for heating. The Company will consider plans for installing more LED lights and other high-efficiency devices, expanding the use of the equipment for renewable energy generation such as solar panels, and adopting unused energy sources (→P. 63).

Energy Consumption



CO₂ Emissions



Note: Energy consumption associated with fuel consumption is calculated using the conversion factor specified in the year 2000 amendment of the Law Concerning the Rational Use of Energy of Japan. The energy consumption associated with electricity consumption, however, is calculated uniformly as 0.00983 GJ/kWh. CO₂ 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 CO₂ emissions associated with electricity consumption, however, are calculated uniformly as 0.378 t-CO₂/1,000 kWh. When calculated by 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), CO₂ emissions in fiscal 2009 amounted to 765,936 t-CO₂. The Company does not use the fiscal 1990 CO₂ emissions as the base year value, as problems with the measurement accuracy and expansions and revisions in the data boundaries would make a retroactive calculation highly contingent on elaborate estimates. The energy type ratio and other detailed data are shown on P. 65.

Resource Circulation

Points

- Toppan certified and registered 45 sites as “zero-emission sites” out of 57 domestic sites in total; and
- reduced final landfill waste disposal by 40.9% compared to fiscal 2008 and by 96.1% compared to fiscal 2000, attaining the medium-and-long-term target before the deadline set.

Waste Reduction Activities

Waste paper derived primarily from operational sites in the Information & Networks and Living Environment fields comprises the largest portion (75%) of the total waste generated at the 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.

As its medium-and-long-term target, Toppan aims for the reduction of final landfill waste disposal by 95% by fiscal 2010, compared to the fiscal 2000 level. In fiscal 2009, the Company reduced final landfill waste disposal by 40.9% relative to the fiscal 2008 level, far surpassing the 15% target set for the year. Overall, final landfill waste disposal was reduced by 96.1% by fiscal 2009 compared to the fiscal 2000 level. This reduction surpasses the medium-and-long-term target before the deadline set.

On the other hand, the waste generation per unit of production value in fiscal 2009 was reduced by 1.4% relative to the fiscal 2008 level, falling short of the

targeted reduction of 5% year-on-year. This result was mainly attributable to the substantial decline in orders received continuing from fiscal 2008. The overall reduction compared to fiscal 2000 stood at 19.3% in fiscal 2009, a level somewhat behind the 25% reduction set as the medium-and-long-term target for fiscal 2010.

The Company will accelerate its efforts for the control of waste generation and the recycling of waste through the improvement of waste liquid treatment and other waste-reduction measures (→P. 63).

Targeting Zero Emissions and Recycling Waste

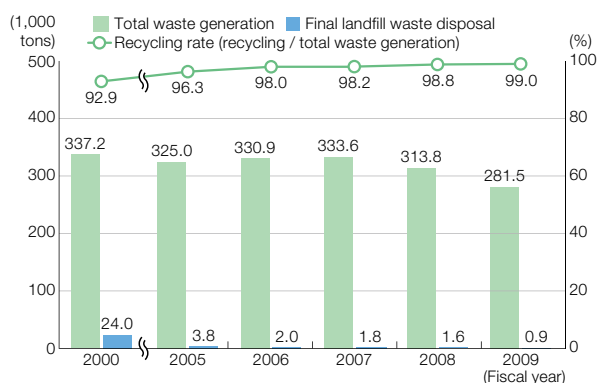
Toppan began certifying “zero-emission sites” in fiscal 2001. The recycling rate has great influence on the degree to which the Company can expect to achieve its zero-emission targets. Toppan, therefore, defines zero-emission sites as operational sites with recycling rates of 98% or over and zero-emission approval by the Ecology Center in the head office. The center certified and registered 45 zero-emission sites out

of Toppan’s 57 domestic sites for fiscal 2009 (→P. 65). The Company will work towards the target of 51 certified sites in fiscal 2010.

Toppan recorded a 92% material recycling rate in fiscal 2009, failing to meet the 94% target set.

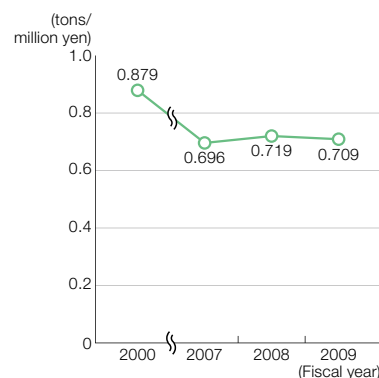
To further improve the material recycling rate in coming years, the Company intends to optimize waste treatment by searching for new external recycling partners and sharing information in-house.

Total Waste Generation, Final Landfill Waste Disposal, and Recycling Rate



Note: Final landfill waste disposal is direct landfill disposal plus landfill disposal of residues from intermediate treatment. This includes the residues discharged from recycling processes.

Waste Generation Per Unit of Production Value



Pollution Prevention and Chemical Substance Management and Reduction

Points

- Toppan reduced the handling of chemical substances designated under the PRTR law by 8.1% compared to fiscal 2008 and recorded an 11% increase in VOC emissions into the atmosphere due to a suspension of VOC effluent gas-treatment equipment for restoration works; and
- assessed the risk of fluid leakage from buried pipes and underground tanks at operational sites and took necessary countermeasures.

Preventing Pollution

Every production site gleans an accurate picture of the use and discharge of materials (notably chemical substances) and identifies its own environmental burden. Based on the results, the Eco-protection Promotion Committee at every site sets in-house control standards even more stringent than the legal requirements. By complying with these standards, Toppan production sites work vigorously to reduce their environmental burdens and prevent pollution.

Preventing Atmospheric Pollution and Protecting the Ozone Layer

To prevent atmospheric pollution, Toppan controls boilers and other equipment responsible for smoke and soot by switching fuels and managing operations under appropriate combustion conditions. The Company has also introduced VOC effluent gas-treatment equipment for the thorough control of atmospheric pollutants. VOC emissions into the atmosphere in fiscal 2009 were increased by 11% compared to fiscal 2008, missing the 10% reduction targeted for the year. Efforts to reduce emissions were mostly

hindered by a suspension of VOC effluent gas-treatment equipment for restoration works.

For ozone-layer protection, all equipment that uses specified chlorofluorocarbons at Toppan plants is controlled in conformance with the relevant laws and regulations. The step-by-step replacement of this equipment is now being considered.

Preventing Water and Soil Pollution

To prevent pollution in the water environment, Toppan manages wastewater at its plants by installing wastewater treatment facilities designed to ameliorate specific production processes. Wastewater recycling systems have been introduced at production sites with intensive water consumption in the Electronics field. These systems enable the sites to recover and reuse wastewater and reduce the levels of water consumption and effluent discharge.

Toppan assessed the risk of fluid leakage from the buried pipes and underground tanks owned by all of its operational sites in fiscal 2009. Pipes and tanks at any risk of leakage

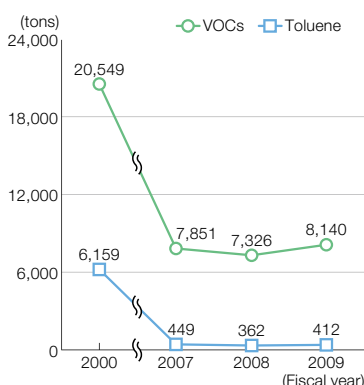
were replaced, repositioned at ground level, or modified by other necessary countermeasures.

Managing Chemical Substances

Toppan works to reduce the handling of chemical substances designated under the Pollutant Release and Transfer Register (PRTR) law of Japan.

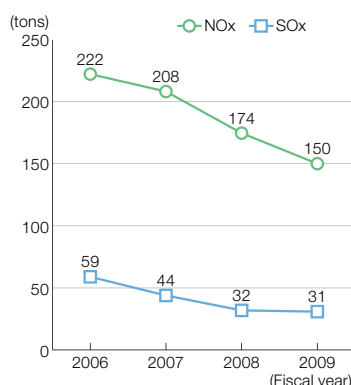
The handling of these substances was reduced by 8.1% in fiscal 2009, surpassing the targeted reduction of 5% year over year. The total transfer was also decreased by 6.7%, while the total release increased by 13.4%, compared to the fiscal 2008 levels. As described earlier, the increase in the release mainly resulted from a substantial increase in toluene emissions due to the suspension of VOC effluent gas-treatment equipment. In fiscal 2010, Toppan will ascertain the handled volume of chemical substances newly designated under the PRTR law to prepare for consistent reductions after fiscal 2011 (→P. 66).

VOC and Toluene Emissions into the Atmosphere



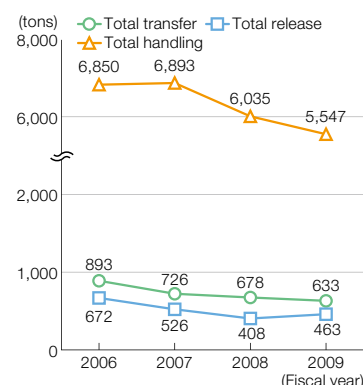
Note: Emissions into the atmosphere are calculated in conformance with the standards established by the Japan Federation of Printing Industries (JFPI) and the Japan Electronics and Information Technology Industries Association (JEITA).

NOx and SOx Emissions



Note: Calculated based on the Environmental Reporting Guidelines (fiscal 2007 version) and the Environmental Activities Evaluation Program (April 2002) issued by the Ministry of the Environment of Japan.

Chemical Substances Designated under the PRTR Law



Note: Calculated based on data on the handling, release, and transfer of chemical substances designated under the PRTR law at each operational site. Dioxins are excluded due to a difference in the counting unit.

Approach to Logistics

Points

- Toppan Logistics' energy consumption per unit of transport volume increased by 3.4% compared with fiscal 2008.
- The company reduced CO₂ emissions by 9.6% compared with fiscal 2008.
- The company continues to pursue enhancements in the safe operation of company-owned vehicles.

Reducing CO₂ Emissions

Toppan Logistics Co., Ltd., the logistics specialist for the Toppan Group, is reducing the volume of CO₂ emitted from company vehicles in a coordinated effort with its shippers, Toppan Group companies. Under the revised Energy Conservation Law of Japan, a "designated shipper"^{*1} is required to reduce energy consumption per unit of transport volume by an average of 1% a year for five years^{*2}, starting from fiscal 2006.

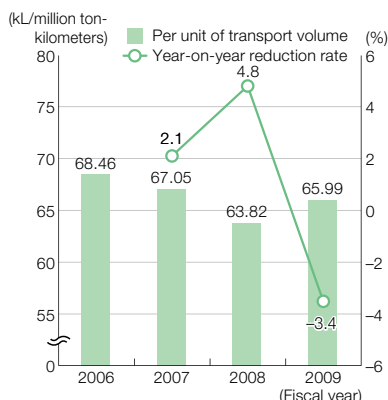
^{*1} Designated shipper: Any entity engaging in the transport of more than 30 million ton-kilometers of freight per year.

^{*2} The annual average of energy consumption per unit of transport volume: An average year-on-year reduction rate. The result for fiscal 2009, calculated based on the revised Energy Conservation Law of Japan, was a 1.2% reduction.

Improving Transport Efficiency

In spite of the company's efforts towards a targeted reduction of 1%, energy consumption per unit of transport volume at Toppan Logistics in fiscal 2009 was 65.99 kL/million ton-kilometers, a 3.4% increase compared with fiscal 2008. CO₂ emissions were 33,433 tons, or 9.6% lower than the fiscal 2008 level.

Energy Consumption Per Unit of Transport Volume



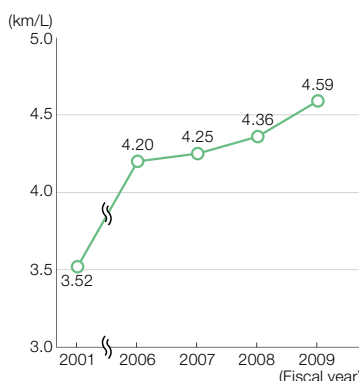
In fiscal 2010, Toppan Logistics will continue to increase the number of GPS-equipped vehicles for the vehicle allocation tracking support system. This will enhance the load efficiency of every truck and improve transportation efficiency.

Promoting Green Management-certified Initiatives

Toppan Logistics has acquired the Green Management Certification granted by the Foundation for Promoting Personal Mobility and Ecological Transportation of Japan. To earn this certification, an entity needs to satisfy 36 or more of the 66 criteria on environmental consciousness specified in a manual issued by the foundation. Toppan Logistics succeeded again in renewing the certification in fiscal 2009 by promoting trucking operations with lower environmental burden.

The company nurtures an eco-driving consciousness in drivers by holding regular study sessions to review data recorded by digital tachometers on the road. These approaches help to improve the fuel efficiency of company-owned vehicles.

Fuel Efficiency of Company-owned Vehicles



Securing Safe Transportation

Toppan Logistics operates a safe transportation management system under the comprehensive law on driving transport safety enforced in Japan from 2006. The company strictly controls vehicle operations in compliance with the law.

In pursuit of enhanced safe operations of company-owned vehicles, Toppan Logistics extended the boundaries of the G Mark certification (a mark for excellence in operational safety of trucks evaluated and administered by the Japan Trucking Association; the Kawaguchi and Sagamihara sites have already acquired the mark) to cover the Niiza site in fiscal 2009.

Drivers from Toppan Logistics participated in the 2009 Belt-up 100 Campaign, a campaign held in Saitama, Japan to evaluate the rate of safety belt use and the effectiveness of various measures for safe transportation. The safety records of these drivers earned the company an award for excellent site operations for the third year in a row.



G Mark certificate



Plaque for the Belt-up Award for excellent site operations

Developing and Assessing Environmentally Friendly Products

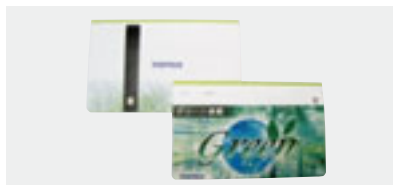
Points

- Toppan has developed a total of 98 environmentally friendly products as of the end of March 2010.
- Toppan undertook an experimental initiative for emission trading and carbon offset; and
- formulated an in-house structure to calculate CO₂ emissions up to the delivery of products and services.

Basic Thinking on Environmentally Friendly Products

Toppan develops environmentally friendly products in accordance with its own set of criteria established in closer consideration of the social demand for products and services from the divisions and Toppan's 14 Environmental Points based on ISO 14021. The Ecology Center assesses newly developed products in order to certify and register those that meet the criteria for "environmentally friendly products." Four products were registered in fiscal 2009. One of the targets for fiscal 2009 was to review the criteria for environmentally friendly products and revise the criteria based on the review results. Toppan managed to examine a way to express the criteria in numerical values, but it was unable to revise the criteria itself. Toppan will continue its review of the criteria and press forward with revisions in the near future.

The Company has developed 98 environmentally friendly products as of the end of March 2010 (→P. 67).



The Green Bankbook is a highly recyclable bank passbook with PVC-free magnetic tape and a cover made from a paper-cloth instead of a conventional textile cloth.



The solar cell back sheet is a lightweight, highly weather-resistant film designed to protect the backs of solar panels and enable the panels to operate stably for extended periods of use.



Toppan Material Wood is a recycled industrial material made entirely from waste wood and waste plastic. This industrial material can be re-crushed and recycled without any change of its original form or function.

Environment-related Business

The companies of the Toppan Group, like Toppan itself, consider ways to conserve the global environment as they conduct their corporate activities. Each company assertively develops, produces, and markets eco-friendly products in line with its own Eco-product Standards carefully formulated in consideration of the demands from society and the features of its products and services. The total sales of the environment-related businesses of the Group stood at 224.7 billion yen in fiscal 2009.

Total sales decreased from the previous year, but the Group embarked on new business ventures such as the production of solar cell back sheets.

The Toppan Group will examine a way to standardize the criteria for environmentally friendly products on a Group-wide basis in pursuit of improved and uniform environmental efficiency for products and services.

Toppan's 14 Environmental Points and Environmental Considerations

| Life Cycle Stage | ISO 14021 Environmental Labeling Type II | Toppan's 14 Environmental Points for Environmentally Friendly Products | Toppan's Standard |
|---------------------------|------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Products and distribution | | 1. Use of safe materials | Toppan will not use substances banned by industrial organizations or substances that could potentially contaminate products manufactured at the Company with environmental hormones. |
| | Recycling rate | 2. Use of recycled materials | Toppan will not produce products from recycled materials that could potentially contain environmental hormones or substances banned by industrial organizations. |
| | Resource reduction | 3. Resource-saving | The consumption of resources is reduced during the materials production and logistics processes. |
| | | 4. Reduced energy consumption in production | The consumption of energy and water is reduced during the production and logistics processes. |
| | Recovered energy | 5. Use of recovered energy | Products are produced with surplus energy or energy recovered from waste materials. |
| | Reduced solid waste | 6. Reduced solid waste | The generation of solid waste is reduced through modifications of production processes, product designs, and packaging. (Byproducts reused in processes are not included in this category.) |
| Use | Energy-saving | 7. Energy-saving | Energy consumption is reduced during product operation. |
| | | 8. Reduced release of chemical substances | Products release the lowest possible levels of chemical substances. |
| | Long-life products | 9. Long product life | Product lifetimes are extended by improving durability and adopting scalable designs. |
| After use | Reusable/refillable | 10. Reusability | Products can be reused or refilled for uses related to the purposes for which they were originally intended or for other purposes of the Company. Systems and infrastructures are provided for collection and reuse. |
| | Recyclable | 11. Recyclability | Systems and facilities are provided for product recycling. Recyclable parts are indicated as such. |
| | | 12. Suitability for disposal | The materials used discharge the lowest possible levels of harmful gases during incineration. Landfill waste is carefully treated to prevent all forms of soil contamination. |
| | Easy detachment design | 13. Easy separation and disassembly | Product designs enable easy separation and disassembly. The parts and materials used support product recycling. |
| | Degradability | 14. Biodegradability | The biodegradable and photodegradable materials used in the products break down naturally and are assimilated back into the environment. |

■ Using an Emission Trading Scheme

In fiscal 2009, Toppan undertook an experimental initiative to create “zero CO₂ emission plants and offices” through a carbon offset program for the Sodegaura Beverage Plant of Toppan Packaging Service Co., Ltd. and the office buildings of the head office in Akihabara, Tokyo.

To qualify these sites as zero CO₂ emission plant and offices, Toppan offset approximately 7,600 tons of CO₂ emitted from these sites by amortizing the emissions through the purchase of an equal amount of CO₂ in Certified Emission Reductions (CERs; Kyoto mechanism credits), an emission trading scheme.

■ Calculating and Labeling Carbon Footprint

The Carbon Footprint Pilot Program launched by the Ministry of Economy, Trade and Industry of Japan provides a new set of methods for calculating and labeling CO₂ emissions derived from products and services. Toppan has been taking part in the formulation of Product Category Rules (PCRs) for publication and commercial printed materials (intermediate goods) and containers

and packaging under this program since fiscal 2008.

Toppan established an in-house structure responsive to the calculation requirements for each of its products under the PCRs in fiscal 2009. The CO₂ emissions derived from this CSR report, for example, have been calculated based mainly on paper, ink, and other raw materials procured and the energy consumption during production. (From the calculation, one copy of this report emitted 460 g-CO₂.)

The CO₂ emissions from the production of printed products are derived primarily from paper. To reduce this source of emission, Toppan is developing products that require fewer raw materials and reducing materials used in manufacturing. The Company will launch initiatives to link its energy-saving activities with its efforts for reducing CO₂ emissions derived from manufacturing.

■ Establishing an Evaluation Method Well Suited to the Printing Businesses

In cooperation with Norihiro Itsubo, an Associate Professor from Tokyo City University, Toppan has introduced a

Life-cycle Impact assessment Method based on Endpoint modeling (LIME), an LCA method for the quantitative and integrated assessment of environmental impact. With this method, Toppan seeks to grasp and reduce environmental impact caused by energy and resource inputs into business activities and CO₂, VOCs, and other substances released as a result of business activities. LIME is a method for continuously evaluating environmental efficiency for every fiscal year. The environmental efficiency is calculated by dividing net sales by an integrated environmental impact indicator with the value for fiscal 2006 set as a baseline. Based on the evaluation results, the Company will formulate actual measures to further reduce its environmental burden.

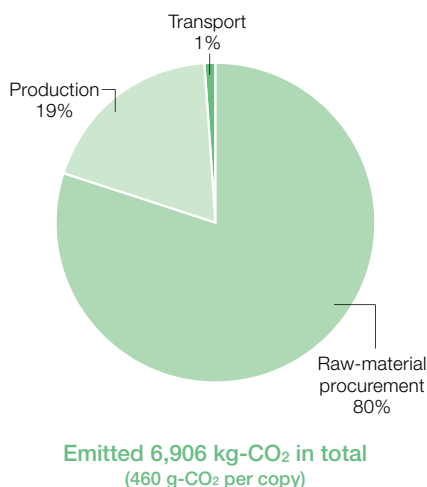
In fiscal 2010, Toppan will be applying this evaluation method to the environmental impact assessment of packaging materials for food and consumer electronics, publications and printed materials such as magazines and books, color filters installed in LCD televisions, and other major products in the business fields. The scope of application is expected to steadily expand in the future.

Calculation of CO₂ Emissions Derived from the Manufacturing of the Japanese Version of this Report (15,000 copies)

| Raw-material consumption | |
|---------------------------|-----------|
| Paper | 5,420 kg |
| Ink | 65 kg |
| CTP plate | 50 plates |
| →5,521 kg-CO ₂ | |

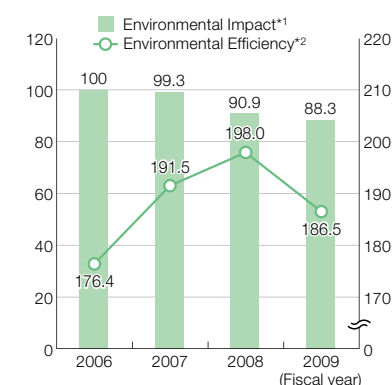
| Energy consumption during production | |
|--------------------------------------|-------------|
| Plate-making | } 2,571 kWh |
| Printing | |
| Binding | |
| →1,290 kg-CO ₂ | |

| | |
|------------------------|--------|
| Transport | 6 t-km |
| →95 kg-CO ₂ | |



The calculation of CO₂ emissions covers plate-making, printing, and binding processes. The stages of sales, use, disposal, and recycling are not included. Values published from manufacturers and industry organizations are used as CO₂ emission factors.

Environmental Impact and Environmental Efficiency



*1 The value in fiscal 2006 = 100 (baseline)

*2 Net sales / environmental impact

Environmentally Friendly Printing Services

Points

- Toppan offers a lineup of environmentally friendly products and services attuned to every stage of printed material production, from raw material selection, design, and plate-making to printing and processing.
- Toppan planned out the production of this CSR report to ensure its recyclability as paper for printing.

■ GPN Purchasing Guidelines for Offset Printing Services

As a member of the Green Purchasing Network (GPN) of Japan, Toppan tries to minimize the environmental impact of printing and provides printing services based on the GPN Purchasing Guidelines for Offset Printing Services. The Company offers environmentally friendly technologies and materials for every step of the printing process designated under the guidelines, from the selection of papers and inks to surface treatment and binding. Many local governments and companies involved in green purchasing have adopted these services.

Production and Plate-making

Toppan saves natural resources and energy by excluding filming and development processes through the full digitalization of every stage, from production of the original manuscript and artwork to plate-making.

Using Environmentally Friendly Inks

Soybean oil ink developed by Toppan contains virtually no aromatic hydrocarbon, an organic compound harmful to both the human body and the earth's atmosphere. Toppan has also commercialized a vegetable-oil printing ink recycled from used soybean oil collected from school cafeterias, restaurants, and other sources.

In addition, the Company is spreading the use of environmentally friendly inks by printing with vegetable-oil inks designated by the Japan Printing Ink Makers Association (JPIMA). All products printed with these inks bear the "VEGETABLE OIL INK" mark from the JPIMA.

Providing Environmentally Friendly Paper

The selection of printing paper contributes greatly to the conservation of forest resources and biodiversity. Toppan's environmentally friendly paper lineup includes tree-free paper, FSC-certified paper, and paper made with pulp from forest-thinning operations.

Waterless Printing System

The waterless printing system repels ink with a layer of silicon instead of a layer of water. This eliminates the use and discharge of dampening water, an industrial chemical with an organic solvent isopropyl alcohol (IPA) component.

Recyclable Methods for Binding and Processing

Fragmentation-resistant hot-melt is an adhesive suitable for use on paper to be recycled. It can be completely removed from printed materials without fragmenting during recycling. Toppan has also developed methods for binding and processing to confer outstanding recyclability. With Eco-binding, for example, printed materials can be bound without the stitching wire used in conventional saddle stitching.

Recyclable Printed Materials

In a move to increase the paper-to-paper recycling rate, The Japan Federation of Printing Industries (JFPI) and relevant industries jointly issued a set of "Guidelines for recyclable print productions" in March 2009. The guidelines classify papers, inks, and processed materials based on the component properties obstructive to recycling and clarify the recyclability of a printed material made from various classified materials.

The usage rate of waste paper for printed materials for publication and other purposes is currently limited to about 30%. Some printing materials degrade the quality of recycled paper or cause problems in the processes to produce them. To enhance the usage rate, the printed materials themselves must have improved recyclability.

Toppan is generalizing recyclable printing in cooperation with client companies and business partners.

Source: "Guidelines for recyclable print productions" issued by The Japan Federation of Printing Industries and the Paper Recycling Promotion Center of Japan in March 2009

Printing Materials (papers, inks, and processing materials)

Ranking of waste paper recyclability

Rank A
For paper: ○ For paper board: ○
Does not inhibit recycling into paper and paper board.

Rank B
For paper: × For paper board: ○
Inhibits recycling into paper, but not recycling into paper board.

Rank C
For paper: × For paper board: ×
Inhibits recycling into paper and paper board.

Rank D
For paper: × For paper board: ×
Cannot be recycled into paper or paper board: Interspersed trace materials cannot be removed.

Recyclable Printed Materials

Recyclability A

This printed material can be recycled into paper for printing.
Fully recyclable into paper

Recyclability B

This printed material can be recycled into paper board.
Fully recyclable into paper board

Intended Purpose of Recycled Paper (paper, paper board)

Paper
Newspapers, flyers, magazines, books, etc.

Paper board
Paper boxes, picture books, cardboard containers, paper tubes, etc.

This CSR report has been awarded a Recyclability A ranking.

Environmental INPUT/OUTPUT Data by Business Field

■ Combined Results by Business Field

| Category | Chief Component | Information & Networks | Living Environment | Electronics | Non-production Sites | Total |
|--------------------|----------------------------------------------------------------------|------------------------|--------------------|-------------|----------------------|-----------|
| INPUT | Material | | | | | |
| | Total input (tons) | 1,353,803 | 512,497 | 62,440 | 0 | 1,928,740 |
| | Papers (tons) | 1,323,718 | 285,505 | 402 | 0 | 1,609,625 |
| | Plastic (tons) | 3,283 | 167,995 | 5,171 | 0 | 176,449 |
| | Glass (tons) | 1 | 0 | 31,585 | 0 | 31,586 |
| | Ink, solvent (tons) | 13,847 | 36,555 | 2,203 | 0 | 52,605 |
| | Other (tons) | 12,954 | 22,442 | 23,079 | 0 | 58,475 |
| | Energy | | | | | |
| | Total energy consumption (1,000 GJ) | 7,719 | 6,552 | 9,983 | 745 | 24,999 |
| | Primary energy [fuel] (1,000 GJ) | 2,011 | 1,906 | 907 | 131 | 4,955 |
| | Secondary energy [electricity, steam] (1,000 GJ) | 5,708 | 4,646 | 9,076 | 614 | 20,044 |
| | Water | | | | | |
| | Water consumption (1,000 m³) | 3,421 | 2,017 | 11,389 | 332 | 17,159 |
| | Industrial water (1,000 m³) | 998 | 539 | 1,914 | 0 | 3,451 |
| | Municipal water (1,000 m³) | 1,022 | 667 | 266 | 317 | 2,272 |
| | Groundwater (1,000 m³) | 1,396 | 812 | 9,208 | 0 | 11,416 |
| | Rainwater (1,000 m³) | 5 | 0 | 0 | 15 | 20 |
| | Use of water circulated on premises (1,000 m³) | 0 | 33 | 26,121 | 0 | 26,154 |
| Chemical substance | Handling of chemical substances designated under the PRTR law (tons) | 1,530 | 2,487 | 1,587 | 3 | 5,607 |
| OUTPUT | Atmosphere | | | | | |
| | CO ₂ emission (t-CO ₂) | 347,612 | 312,851 | 483,133 | 31,002 | 1,174,599 |
| | Emission of ozone-depleting substances (ODP-kg) | 444 | 91 | 21 | 0 | 556 |
| | NO _x emission (kg) | 75,043 | 89,609 | 21,742 | 3,617 | 190,011 |
| | SO _x emission (kg) | 146 | 20,077 | 11,863 | 34 | 32,120 |
| | Emission of dioxins (mg-TEQ) | 4 | 90 | 0 | 0 | 94 |
| | Release of chemical substances designated under the PRTR law (tons) | 86 | 315 | 68 | 0 | 469 |
| | Water and soil environments | | | | | |
| | Total effluent discharge (1,000 m³) | 2,821 | 1,445 | 10,463 | 291 | 15,021 |
| | Public water system (1,000 m³) | 1,235 | 893 | 8,418 | 0 | 10,545 |
| | Sewage system (1,000 m³) | 1,586 | 552 | 2,046 | 291 | 4,475 |
| | Underground penetration (1,000 m³) | 3 | 39 | 1 | 0 | 43 |
| | Onsite evaporation (1,000 m³) | 535 | 458 | 855 | 41 | 1,889 |
| | BOD (kg) | 1,304 | 3,140 | 46,587 | 0 | 51,031 |
| | COD (kg) | 4,340 | 2,332 | 11,964 | 0 | 18,636 |
| | Nitrogen discharge (kg) | 473 | 5,699 | 12,810 | 0 | 18,982 |
| | Phosphorous discharge (kg) | 56 | 1,014 | 470 | 0 | 1,540 |
| | Release of chemical substances designated under the PRTR law (kg) | 3,901 | 70 | 279 | 0 | 4,250 |
| | Waste | | | | | |
| | Total generation (tons) | 252,799 | 121,334 | 35,681 | 2,432 | 412,246 |
| | Recycled (tons) | 249,866 | 117,294 | 33,811 | 1,593 | 402,564 |
| | Final landfill waste disposal (tons) | 2,241 | 3,427 | 881 | 28 | 6,577 |

Note: CO₂ emissions are calculated by the method specified in the Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) from the Ministry of the Environment of Japan. The calorific value of the primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh. The data for overseas sites, however, are calculated based on other definitions.

Mitigation of Global Warming through the Development of Energy-saving Measures

| | Main Measures in Fiscal 2009 | Reduction Result (t-CO ₂ /year) | Main Plans for Fiscal 2010 | Reduction Target (t-CO ₂ /year) |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Information & Networks | Ranzan: Installed heat pump chillers Sakado: Modified air conditioners to improve their energy-saving features Nagoya: Took countermeasures against air leakage | -2,290 | Kawaguchi: Replace once-through boilers Takino: Replace chillers Fukuoka: Review the operation control for air conditioners | -2,470 |
| Living Environment | Gunma: Improved the thermal efficiency of waste heat boilers Sendai: Regulated the air capacity of air conditioners Fukuoka: Recovered heat from heat pipes | -3,200 | Satte: Use waste heat from effluent gas-treatment equipment for heating Gunma: Replace refrigerating machines Sendai: Introduce a humidification system with water | -3,230 |
| Electronics | Mie: Optimized the frequency of air release from ovens Asaka: Suspended the operation of clean rooms Niigata: Reduced the number of chilled-water pumps | -4,050 | Kumamoto: Replace refrigerating machines Mie: Review the operation of fan filter units Niigata: Review the preset temperatures for air conditioners | -3,500 |
| Non-production sites | Koishikawa: Adopted LED lights | -1,000 | Koishikawa: Introduce a "free cooling" system | -1,000 |
| Total | — | -10,540 | — | -10,200 |

Promotion of Waste Reduction and Recycling

| | Main Measures in Fiscal 2009 | Reduction Result (tons/year) | Main Plans for Fiscal 2010 | Reduction Target (tons/year) |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Information & Networks | Sakado: Progressed in the reduction of defective plates Kawaguchi: Reduced the generation of waste machine oil and waste ink Toppan Seihon: Changed wooden pallet suppliers | -4,190 | Sakado: Proceed further in the reduction of defective plates Kawaguchi: Reduce the generation of waste machine oil and waste ink Ebise: Reduce the generation of non-industrial wastes | -2,000 |
| Living Environment | Gunma: Reduced the generation of waste oil through the distillation of solvents; reduced the volume of ash through improvements in incineration efficiency Fukusaki: Separated incinerated ash for processing as recyclable resources | -2,030 | Gunma: Reduce the generation of waste oil through the distillation of solvents; reduce the volume of ash through improvements in incineration efficiency Chitose: Halt the generation of sludge by dismantling effluent treatment equipment | -2,000 |
| Electronics | Mie: Reviewed the treatment methods for waste alkalis Shiga: Separated and internally treated waste liquids | -4,110 | Mie: Review the treatment methods for waste alkalis Shiga: Review the treatment methods for waste liquids; reduce the generation of non-industrial wastes | -3,200 |
| Non-production sites | Reduced the generation of non-industrial wastes | -100 | Reduce the generation of non-industrial wastes | -100 |
| Total | — | -10,430 | — | -7,300 |

Note: Includes measures to reduce waste generation per unit of production value, improve the material recycling rate, reduce final landfill waste disposal, and expand the number of certified zero-emission sites.

ISO 14001 Certification (69 systems at 105 operational sites, as of March 31, 2010)

■ Toppan Printing Co., Ltd. and Manufacturing Subsidiaries

| Operational Site (Division or Manufacturing Subsidiary) | Registrar | Registration Date |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------|
| Shiga Plant (Toppan Electronics Products Co., Ltd.) | JQA | Jul. 1998 |
| Kumamoto Plant (Toppan Electronics Products Co., Ltd.) | JQA | Nov. 1998 |
| Toppan Cosmo, Inc. [Kashiwa Plant and Satte Plant of Toppan Decor Products Inc.] | JQA | Mar. 2000 |
| Niigata Plant (Toppan Electronics Products Co., Ltd.), Niigata Plant (NEC Toppan Circuit Solutions, Inc.) | JQA | Apr. 2000 |
| Sakado Site | JQA | Oct. 2000 |
| Ranzan Plant (Toppan Communication Products Co., Ltd.) | JQA | Nov. 2000 |
| Akihabara Office (Living Environment Division) | JQA | Mar. 2001 |
| Itabashi Site (Information and Communication Division) [including Toppan Seihon Co., Ltd. and Toppan Display Co., Ltd.] | JQA | Feb. 2002 |
| Fukusaki Plant (Toppan Packaging Products Co., Ltd.) [including Toppan Packs Co., Ltd. and the Wakayama Plant of Toppan Plastic Co., Ltd.] | JQA | Jul. 2002 |
| Toppan Graphic Co., Ltd. | JQA | Aug. 2002 |
| Takino Plants (Information and Communication Division, Living Environment Division) | JQA | Oct. 2002 |
| Gunma Plant (Toppan Packaging Products Co., Ltd.) | JQA | Jul. 2003 |
| Asaka Plants (Information and Communication Division, Electronics Division) | JQA | Dec. 2003 |
| Toppan Electronics Fuji Co., Ltd. | JQA | Jun. 2004 |
| Hiroshima Office (Chugoku & Shikoku Subdivision), Fukuyama Plant (Toppan Nishinohon Insatsu Kako Co., Ltd.) | SAI GLOBAL | Oct. 2004 |
| Kansai Division | JQA | Nov. 2004 |
| Higashinohon Division | JQA | Mar. 2005 |
| Technical Research Institute | JQA | May 2005 |
| Sapporo Plant, Chitose Plant (Hokkaido Division) | JSA | Jun. 2005 |
| Mie Site (Electronics Division) | JQA | Jan. 2006 |
| Koshigaya Plant, Kawaguchi Plant, Sagami-hara Plant (Toppan Plastic Co., Ltd.) | SAI GLOBAL | Dec. 2006 |
| Ranzan Plant, Kyushu Plant (Toppan Packaging Service Co., Ltd.) | JQA | Feb. 2007 |
| Sagami-hara Plant (Toppan Packaging Products Co., Ltd.) | SAI GLOBAL | Mar. 2007 |
| Saga Plant (Toppan Nishinohon Insatsu Kako Co., Ltd.) | SAI GLOBAL | Nov. 2007 |
| Fukuoka Plant (Toppan Packaging Products Co., Ltd.) | SAI GLOBAL | Oct. 2008 |
| Sodegaura Beverage Plant (Toppan Packaging Service Co., Ltd.) | SAI GLOBAL | Apr. 2009 |
| Fukuoka Plant (Toppan Communication Products Co., Ltd.) | SAI GLOBAL | Oct. 2009 |
| Fukaya Plant [including the Satte Site] (High Performance Component Subdivision of the Living Environment Division) | JQA | Mar. 2010 |

■ Domestic Group Companies

| Operational Site (Group Company) | Registrar | Registration Date |
|------------------------------------------------------------------------------------------------------------------------|-----------|----------------------|
| Toyama Plant [including the Manufacturing Department 3 and Inspection Department] (NEC Toppan Circuit Solutions, Inc.) | JQA | Aug. 2000 |
| Total Media Development Institute Co., Ltd. | JSA | Mar. 2001 |
| Hino Plant (Toppan Forms Co., Ltd.) | JQA | Jun. 2001 |
| Head office and head office plant, Saitama Plant (Livretch Co., Ltd.) | JCQA | Jul. 2001 |
| Fukushima Plant, Takino Plant (Toppan TDK Label Co., Ltd.) | JQA | Nov. 2001 |

| Operational Site (Group Company) | Registrar | Registration Date |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------|
| Nishigaoka Site [including the Kawaguchi transport department] (Toppan Logistics Co., Ltd.) | JQA | Oct. 2002 |
| Tosho Printing Co., Ltd. [including Creative Center Co., Ltd., Tosho Bindery Co., Ltd., and Tosho Bookbinding Co., Ltd.] | JQA | May 2003 |
| Mito Plant (Toppan Prosprint Co., Ltd.) | JSA | Jan. 2004 |
| Fussa Plant (Toppan Forms Co., Ltd.) | JQA | Feb. 2004 |
| R&D Center (Toppan Forms Co., Ltd.) | JQA | Mar. 2004 |
| Saitama Plant, Miyagi Plant, Sano Plant (Toppan Containers Co., Ltd.) | JQA | Apr. 2004 |
| Hamamatsu Plant, Media Plant, Shizuoka Plant, Nagoya Plant (Toppan Forms Tokai Co., Ltd.) | JQA | Aug. 2004 |
| Kyushu Plant (Toppan Forms Nishinohon Co., Ltd.) | JQA | Jan. 2005 |
| Sagami-hara Plant, Kita Plant, Nishi Plant, Nishi Warehouse (Toppan TDK Label Co., Ltd.) | JCQA | Jan. 2005 |
| Koto Plant (Toppan Prosprint Co., Ltd.) | JQA | Mar. 2005 |
| Head office, Plate-making Center, Kobe Plant, Kyoto Plant (Kansai Tosho Printing Co., Ltd.) | JQA | Jun. 2005 |
| Hino Plant (Toppan Media Printec Tokyo Co., Ltd.) | JSA | Nov. 2005 |
| Kawamoto Plant (Toppan Forms Co., Ltd.) | JQA | Aug. 2006 |
| Esaka Center, Osaka Plant, Settsu Plant, Kobe Plant, Ibaraki Logistics Center, KCF Co., Ltd. operational site (Toppan Forms Kansai Co., Ltd.) | JQA | Apr. 2007 |
| Head office, Kansai branch, Atsugi site (Toppan Techno Co., Ltd.) | SAI GLOBAL | Mar. 2009 |
| Zama Plant (Toppan Media Printec Tokyo Co., Ltd.) | JACO | Sep. 2009 |
| Toppan Forms (Sanyo) Co., Ltd. [including the Sanin Center] | JQA | Oct. 2009 |

■ Overseas Group Companies

| Group Company | Registrar | Registration Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------|
| Toppan Photomasks France SAS | LRQA | Oct. 2000 |
| Toppan Photomasks, Inc. (Santa Clara, Round Rock) | LRQA | Nov. 2001 |
| Siam Toppan Packaging Co., Ltd. | MASCI | Apr. 2002 |
| Toppan Printing Co., (H.K.) Ltd. | DNV | May 2002 |
| Toppan Printing Co. (America), Inc. | DNV | Dec. 2002 |
| Toppan Chunghwa Electronics Co., Ltd. | SGS | Oct. 2003 |
| Toppan Printing Co., (Shenzhen) Ltd. | SSCC | Dec. 2003 |
| Toppan Photomasks Germany GmbH | LRQA | Oct. 2004 |
| Toppan CFI (Taiwan) Co., Ltd. | SGS | Nov. 2004 |
| P.T. Toppan Printing Indonesia | LRQA | Nov. 2004 |
| Toppan Photomasks Korea Ltd. | LRQA | Feb. 2005 |
| Toppan Photomasks Co., Ltd., Shanghai | LRQA | Feb. 2005 |
| Toppan Printing Co., (Shanghai) Ltd. | CEC | Feb. 2006 |
| Toppan SMIC Electronics (Shanghai) Co., Ltd. | BSI | Feb. 2007 |
| SNP Leefung Printers (Shanghai) Co. Ltd. | CCCI | Apr. 2007 |
| SNP Yau Yue (Shenzhen) Paper Products Co., Ltd. | SGS | Nov. 2007 |
| Shanghai Toppan Printing Co., Ltd. | NQA | Jul. 2008 |
| Beijing Nippo Printing Co., Ltd. | SGS | Sep. 2009 |
| SNP Leefung Packaging & Printing (Dongguan) Co., Ltd. (Packaging Division) | MIC | Jan. 2009 |
| SNP Leefung Printers Ltd. (Export Division—book printing) [SNP Leefung Packaging & Printing (Dongguan) Co., Ltd. (Export Division—book printing)] | CNAS | Mar. 2009 |

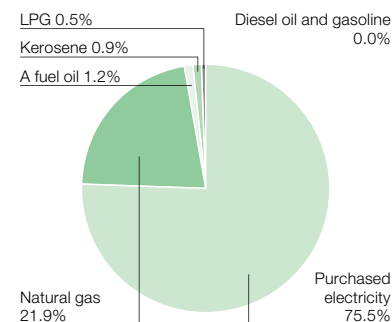
Note: The company names accord with those mentioned in the registration certificate.

Purification of Soil and Groundwater Pollution Monitored by Voluntary Investigation

| Operational Site | Detail | Progress in Fiscal 2009 |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Nagoya Plant (Nishi Ward, Nagoya City, Aichi) | Soil pollution by hexavalent chromium (Detected by a voluntary investigation during disposal into underground pits) | Remediation work is completed; groundwater is being continuously monitored |
| Shiga Plant (Higashi-omi City, Shiga) | Soil pollution by hexavalent chromium (Detected by a voluntary investigation of areas where substances of concern were formerly used) | Remediation work is completed; groundwater is being continuously monitored |
| Asaka Plant (Niiza City, Saitama) | Groundwater pollution by VOCs (Detected by a voluntary investigation of well water on the plant premises) | Groundwater is being continuously monitored |
| Toppan Electronics, Inc. (TEI) Miramar Plant (San Diego County, California, USA) | Soil pollution by heavy metals (lead, etc.) and VOCs | Remediation work is completed; VOC concentrations are now being monitored |
| Itabashi Plant (Itabashi Ward, Tokyo) | Groundwater pollution by hexavalent chromium (Detected by a voluntary investigation of well water on the plant premises) | Arbitrated by the Pollution Examination Commissioner of the Tokyo Metropolitan Government in April 2009 |

Energy Type Ratio and Consumption

■ Ratio by Energy Type for Fiscal 2009 (in terms of caloric value)

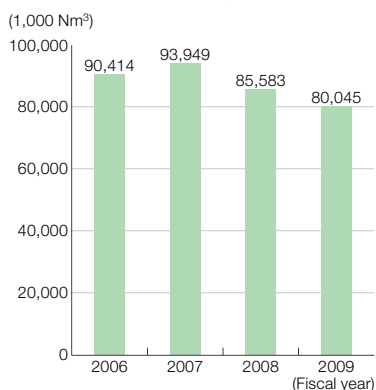


Note: The calorific value of the primary energy input associated with electricity consumption is calculated uniformly as 0.00983 GJ/kWh.

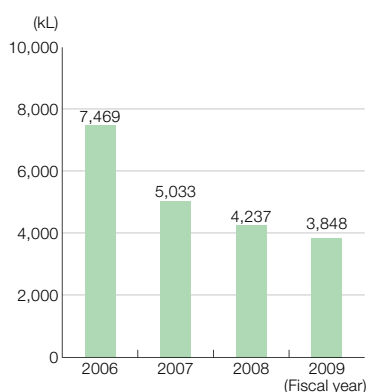
■ Electricity Consumption



■ Natural Gas Consumption



■ Kerosene Consumption



Promotion of Waste Reduction and Recycling (45 plants certified in July 2009)

■ Zero-emission Sites (TZERO-09)

| Operational Site | Generation (tons) | Recycled (tons) | Recycling Rate (%) |
|----------------------------------------------------------------------------|-------------------|-----------------|--------------------|
| Technical Research Institute | 432.4 | 432.4 | 100.00% |
| Asaka Securities Printing Plant (Toppan Communication Products Co., Ltd.) | 3,806.2 | 3,742.1 | 98.32% |
| Ranzan Plant (Toppan Communication Products Co., Ltd.) | 903.0 | 902.6 | 99.96% |
| Asaka Plant (Toppan Electronics Products Co., Ltd.) | 427.2 | 418.8 | 98.03% |
| Niigata Plant (Toppan Electronics Products Co., Ltd.) | 11,650.8 | 11,641.9 | 99.92% |
| Mie Plant I (Toppan Electronics Products Co., Ltd.) | 4,958.8 | 4,957.5 | 99.97% |
| Kumamoto Plant (Toppan Electronics Products Co., Ltd.) | 8,146.6 | 8,127.5 | 99.77% |
| Toppan Electronics Fuji Co., Ltd. | 290.1 | 287.4 | 99.07% |
| Toyama Plant (NEC Toppan Circuit Solutions, Inc.) | 3,571.5 | 3,550.9 | 99.42% |
| Itabashi Site (Information and Communication Division) | 14,660.3 | 14,613.5 | 99.68% |
| Asaka Site (Information and Communication Division) | 9,276.7 | 9,271.2 | 99.94% |
| Sakado Site (Information and Communication Division) | 27,425.2 | 27,425.2 | 100.00% |
| Kawaguchi Site (Information and Communication Division) | 42,070.8 | 42,070.8 | 100.00% |
| Itabashi Plant (Toppan Seihon Co., Ltd.) | 27,806.5 | 27,788.1 | 99.93% |
| Sagamihara Plant (Toppan Packaging Products Co., Ltd.) | 20,234.8 | 20,234.8 | 100.00% |
| Sagamihara Plant (Toppan Packs Co., Ltd.) | | | |
| Saitama Plant (Toppan Containers Co., Ltd.) | 9,258.8 | 9,201.1 | 99.38% |
| Sano Plant (Toppan Containers Co., Ltd.) | 4,479.8 | 4,420.7 | 98.68% |
| Miyagi Plant (Toppan Containers Co., Ltd.) | 3,502.7 | 3,431.5 | 97.97% |
| Kumagaya Site (Toppan Containers Co., Ltd.) | 249.8 | 249.5 | 99.88% |
| Koshigaya Plant (Toppan Plastic Co., Ltd.) | 475.4 | 473.3 | 99.56% |
| Sagamihara Plant (Toppan Plastic Co., Ltd.) | 111.7 | 111.7 | 100.00% |
| Wakayama Manufacturing Department (Toppan Plastic Co., Ltd.) | 131.1 | 131.1 | 100.00% |
| Ranzan Plant (Toppan Packaging Service Co., Ltd.) | 425.0 | 425.0 | 100.00% |
| Kyushu Plant (Toppan Packaging Service Co., Ltd.) | 205.9 | 205.9 | 100.00% |
| Kashiwa Plant (Toppan Decor Products Inc.) | 1,007.2 | 1,007.2 | 100.00% |
| Satte Plant (Toppan Decor Products Inc.) | 6,608.5 | 6,608.5 | 100.00% |
| Itami Plant (Toppan Packaging Products Co., Ltd.) | 9,781.5 | 9,685.4 | 99.02% |
| Toppan Harima Products Co., Ltd. | 1,234.2 | 1,234.2 | 100.00% |
| Takino Plant (Toppan Communication Products Co., Ltd.) | 13,599.4 | 13,599.4 | 100.00% |
| Takino Plant (Toppan Packaging Products Co., Ltd.) | 5,153.1 | 5,153.1 | 100.00% |
| Takino Securities Printing Plant (Toppan Communication Products Co., Ltd.) | 1,172.3 | 1,157.0 | 98.69% |
| Nagoya Plant (Chubu Division) | 5,480.7 | 5,462.5 | 99.67% |
| Matsuzaka Plant (Toppan Packaging Products Co., Ltd.) | 2,511.9 | 2,482.3 | 98.82% |
| Mikkabi Plant (Toppan Chubu Insatsu Kako Co., Ltd.) | 3,605.5 | 3,575.5 | 99.17% |
| Fukuoka Plant (Toppan Packaging Products Co., Ltd.) | 5,361.2 | 5,358.3 | 99.95% |
| Fukuoka Plant (Toppan Communication Products Co., Ltd.) | 5,797.3 | 5,797.3 | 100.00% |
| Saga Plant (Toppan Nishinihon Insatsu Kako Co., Ltd.) | 202.9 | 202.6 | 99.87% |
| Tamana Plant (Toppan Nishinihon Insatsu Kako Co., Ltd.) | 5,537.2 | 5,520.2 | 99.69% |
| Fukuyama Plant (Toppan Nishinihon Insatsu Kako Co., Ltd.) | 4,139.2 | 4,065.2 | 98.21% |
| Sendai Plant (Higashinihon Division) | 4,578.3 | 4,501.0 | 98.31% |
| Sapporo Plant (Hokkaido Division) | 2,652.9 | 2,652.9 | 100.00% |
| Mito Plant (Toppan Prosprint Co., Ltd.) | 3,927.4 | 3,924.3 | 99.92% |
| Koto Plant (Toppan Prosprint Co., Ltd.) | 1,953.7 | 1,949.9 | 99.80% |
| Sansei Printing Ltd. | 45.4 | 44.8 | 98.68% |
| Fukuren Co., Ltd. | 74.4 | 74.4 | 100.00% |

Notes: • Two criteria were set for certifying operational sites as zero-emission sites in July 2009. 1) For first-time certification, a site is required to have attained a recycling rate of 98% or over in fiscal 2008. 2) For ongoing certification, a site is required to have attained an average recycling rate of 98% or over during fiscal 2007–2008.

• The performance data above are the results for fiscal 2008. Though its recycling rate has been confirmed to fall below 98%, the Miyagi Plant of Toppan Containers Co., Ltd. is certified as a zero-emission site. This site retains the designation because it underwent an assessment for ongoing certification and maintained an average recycling rate of over 98% during fiscal 2007–2008.

• The operational site designated as the "Packaging Division (Sagamihara Plant)" up to fiscal 2008 was divided into two sites, the Sagamihara Plant of Toppan Packaging Products Co., Ltd. and the Sagamihara Plant of Toppan Packs Co., Ltd., as a result of a spin-off of the manufacturing departments at Toppan. These two sites are still counted as a single site, however, in the registration for zero-emission site certification.

Pollution Prevention and Chemical Substance Management and Reduction

■ PRTR Results for Fiscal 2009

(Unit: kg/year)

| PRTR No. | Chemical Substance | Handle | Release | | | | Total Transfer |
|----------|--------------------------------------------------------------------|----------------|-------------|---------------|----------|---------|----------------|
| | | | | 1. Atmosphere | 2. Water | 3. Soil | |
| 16 | 2-amino ethanol | 51,289 | 0 | 0 | 0 | 0 | 15,580 |
| 24 | Linear alkylbenzenesulfonate and chlorides | 2,183 | 0 | 0 | 0 | 0 | 851 |
| 30 | Bisphenol A type epoxy resin (liquid) | 2,550 | 0 | 0 | 0 | 0 | 765 |
| 40 | Ethyl benzene | 27,071 | 5,378 | 5,378 | 0 | 0 | 164 |
| 45 | Ethylene glycol monomethyl ether | 6,480 | 324 | 324 | 0 | 0 | 1,015 |
| 46 | Ethylene diamine | 5,480 | 0 | 0 | 0 | 0 | 5,420 |
| 61 | ε-caprolactam | 4,283 | 0 | 0 | 0 | 0 | 577 |
| 63 | Xylene | 61,601 | 6,689 | 6,689 | 0 | 0 | 215 |
| 64 | Silver and water-soluble compounds | 1,248 | 0 | 0 | 0 | 0 | 0 |
| 68 | Chrome and trivalent chromium compounds | 19,036 | 6 | 0 | 6 | 0 | 6,460 |
| 69 | Hexavalent chromium compounds | 18,965 | 0 | 0 | 0 | 0 | 1,257 |
| 108 | Inorganic cyanogens compounds | 3,323 | 0 | 0 | 0 | 0 | 41 |
| 179 | Dioxins | 1,098 (mg-TEQ) | 90 (mg-TEQ) | 90 (mg-TEQ) | 0 | 0 | 1,008 (mg-TEQ) |
| 207 | Copper salts (water-soluble, except complex salts) | 1,205,306 | 284 | 0 | 284 | 0 | 190,289 |
| 218 | 1,3,5-tris(2, 3-epoxypropyl)-1,3,5-triazine-2,4,6(1H,3H,5H)-trione | 7,198 | 0 | 0 | 0 | 0 | 2,286 |
| 224 | 1,3,5-tri-methyl benzene | 6,714 | 1,012 | 1,012 | 0 | 0 | 5,701 |
| 227 | Toluene | 3,936,786 | 449,255 | 445,354 | 0 | 3,901 | 367,674 |
| 231 | Nickel | 97,664 | 0 | 0 | 0 | 0 | 70 |
| 232 | Nickel compounds | 33,306 | 14 | 0 | 14 | 0 | 30,082 |
| 304 | Boron and its compounds | 1,798 | 32 | 0 | 32 | 0 | 2 |
| 310 | Formaldehyde | 45,446 | 32 | 32 | 0 | 0 | 94 |
| 311 | Manganese and its compounds | 9,583 | 13 | 0 | 13 | 0 | 4,168 |
| | Total | 5,547,309 | 463,039 | 458,789 | 349 | 3,901 | 632,710 |

Notes: • Period covered: April 1, 2009–March 31, 2010

• Substances designated: The 22 substances shown above; the PRTR numbers are those designated by the previous version of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof of Japan.

• Operational sites covered: Sites that handle more than 1.0 ton of Class I designated chemical substances per year. (Or specified Class I designated chemical substances in excess of 0.5 tons per year.)

• The total transfer is the sum of transfers into waste and sewage systems.

Atmospheric Emissions

■ Ratio of Greenhouse Gas Emissions by Type

(in tons of CO₂ equivalent) (Unit: ratio: % total: t-CO₂)

| Fiscal Year | CO ₂ | CH ₄ | N ₂ O | Total |
|-------------|-----------------|-----------------|------------------|---------|
| 2006 | 99.93 | — | 0.07 | 785,562 |
| 2007 | 99.93 | — | 0.07 | 805,109 |
| 2008 | 99.93 | — | 0.07 | 751,901 |
| 2009 | 99.92 | — | 0.08 | 715,729 |

■ Ratio of Greenhouse Gas Emissions by Source

(in tons of CO₂ equivalent) (Unit: ratio: % total: t-CO₂)

| Fiscal Year | Electricity Use | Fuel Use | Waste Incineration | Total |
|-------------|-----------------|----------|--------------------|---------|
| 2006 | 64 | 31 | 4 | 785,562 |
| 2007 | 65 | 32 | 4 | 805,109 |
| 2008 | 66 | 31 | 4 | 751,901 |
| 2009 | 66 | 30 | 4 | 715,729 |

Note: Calculated by the method specified in the Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) from the Ministry of the Environment of Japan.

Cartocan

■ ECO-GREEN Purchasing

| Fiscal Year | 2006 | 2007 | 2008 | 2009 |
|-------------|-------|-------|-------|-------|
| Case | 2,413 | 2,675 | 2,753 | 2,634 |

Note: ECO-GREEN is a toilet paper composed of about 50% used Cartocan paper.

Waste Generation and Recycling by Type

■ Fiscal 2009 Results

| Type of Waste | Generation (tons) | Ratio | Recycling Rate | Primary Reusage |
|-------------------------|-------------------|--------|----------------|------------------------|
| Waste paper | 210,928 | 74.9% | 99.6% | Recycled paper |
| Waste plastic | 24,914 | 8.8% | 98.4% | RPF, plastic materials |
| Waste acid | 12,385 | 4.4% | 98.8% | Neutralizer |
| Waste alkali | 7,746 | 2.8% | 97.7% | Neutralizer |
| Waste oil | 7,633 | 2.7% | 97.6% | Recycled oil, fuel |
| Sludge | 7,521 | 2.7% | 95.4% | Roadbed materials |
| Metal chip | 5,057 | 1.8% | 99.6% | Metal materials |
| Wooden chip | 1,908 | 0.7% | 99.5% | Chip, paper materials |
| Cinder | 1,812 | 0.6% | 76.1% | Roadbed materials |
| Glass chip | 736 | 0.3% | 97.4% | Glass materials |
| Flora or fauna residuum | 133 | 0.0% | 99.5% | Feed |
| Other | 764 | 0.3% | 82.9% | — |
| Total | 281,537 | 100.0% | 99.0% | — |

Environmentally Friendly Products

■ List of Environmentally Friendly Products (as of the end of March 2010)

| Business Field | Product | Environmental Point |
|-----------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------|
| Securities and Cards | Ecothrough card | Suitability for disposal |
| | Paper IC Card | Use of recycled materials |
| | Bulky Waste Processing Sticker | Resource-saving (reduced use of materials) |
| | Card for ETC | Suitability for disposal |
| | Rewritable Paper | Long product life |
| | Ultra-thin DM | Resource-saving |
| Commercial Printing | Green Bankbook | Recyclability |
| | Eco Pack (life-size POP display) | Resource-saving (reduced use of materials) |
| | Paper Desk Calendar | Use of recycled materials |
| | Ecology Calendar | Use of recycled materials |
| | Eco POP | Use of recycled materials, suitability for disposal, energy-saving |
| | Cerap | Suitability for disposal |
| | Eco Pack Stand | Resource-saving |
| | Eco Pack Multipanel | Reusability |
| | Eco Floor Sticker | Suitability for disposal |
| | Eco Pack End Panel | Resource-saving |
| | Eco Pack Stand, Round-type | Resource-saving |
| | EPOP | Use of safe materials |
| | Eco Pack Multipanel Mini | Reusability |
| | Multicube POP | Reusability |
| Publications Printing | Recycled vegetable-Oil Ink | Use of recycled materials |
| | Polyurethane Reactive Hot-Melt | Easy separation and easy disassembly |
| | Non-Vinyl Chloride Lenticular Lens | Suitability for disposal |
| Electronics | Disk Tottokun Series | Recyclability |
| | Halogen-free printed wiring board | Suitability for disposal |
| | Anti-reflection film | Use of safe materials |
| | Color filter (resin black matrix [BM]) | Use of safe materials |
| | Palladium-plated leadframe | Use of safe materials |
| Packaging | Lead-free solder coated printed wiring board | Use of safe materials |
| | GL Family | Suitability for disposal |
| | Standing pouch for refill | Resource-saving (reduced use of materials) |
| | Bottled Pouch | Resource-saving (reduced use of materials) |
| | Plastic Container Made from Recycled Materials | Use of recycled materials |
| | Ecogloss (environmentally-friendly gloss finishing) | Resource-saving (reduced use of exhaustible materials), use of recycled materials |
| | Recording Media Packaging | Resource-saving (reduced use of exhaustible materials) |
| | TT Paper Can | Easy separation and disassembly |
| | Neovert | Use of recycled materials |
| | Ecotainer | Resource-saving (reduced use of exhaustible resources) |
| | TL-PAK | Resource-saving (reduced use of exhaustible resources) |
| | EP-PAK (EP-GL) | Resource-saving (reduced energy usage in logistics) |
| | EP-PAK (Al) | Resource-saving (reduced energy usage in logistics) |
| | Stand-up Laminated Tube | Resource-saving (reduced use of materials) |
| | Recyclen Cap | Easy separation and disassembly |
| | AP Cartons | Resource-saving (reduced use of energy in logistics) |
| | Micro-Flute | Resource-saving (reduced use of energy in logistics) |
| | TP-Tray | Recyclability |
| | Corrugated Absorber | Recyclability |
| | AD-Case | Resource-saving (reduced use of materials) |
| | Cartocan | Recyclability |
| | Paper Cup Made from Recycled Paper | Use of recycled materials |
| | Cup made from Tree-Free paper | Resource-saving (use of byproducts) |

| Business Field | Product | Environmental Point |
|----------------|--------------------------------------------------------|---------------------------------------------------------------|
| Packaging | Biodegradable Package | Biodegradability |
| | Cylindrical Paper Cartridges | Resource-saving (reduced use of energy in logistics) |
| | Coated Barrier Film | Suitability for disposal |
| | GL-C Bottle | Resource-saving |
| | GX film | Resource-saving |
| | Jar Plus | Resource-saving |
| | Tray All | Easy separation and disassembly |
| | GL Film Lined Paper Cup | Resource-saving |
| | Double-Wall Barrier Cup | Resource-saving |
| | Oil-Proof Paper | Use of safe materials |
| | Functional Coated Paper | Recyclability |
| | In-Mold Barrier Cup | Resource-saving |
| | Tamper-Evident Recyclen Cap | Easy separation and disassembly |
| | Easy peel-off thermo-cap for PET bottles | Easy separation and disassembly |
| | Ecoband | Resource-saving |
| | Water-based Cold Seal | Reduced release of chemical substances |
| | Biodegradable Plant Pot | Biodegradability |
| | Barrier Cup (NSP Process) | Resource-saving |
| | Plastic Clip | Recyclability |
| | Notchless Easy-cut Container (AL type) | Resource-saving (reduced energy expended in manufacturing) |
| | Recycled PET Clear Case | Recyclability |
| | ALUGLAS | Suitability for disposal |
| | Stripping and heat-sensitive label for glass bottles | Easy separation and disassembly |
| | Food container made from heat-resistant paper | Resource-saving |
| | Paper carton with tamper evident closure | Resource-saving |
| | One-piece occlusion-preventive plug for TL-PAKs | Resource-saving |
| | Sealed paper tray | Resource-saving |
| | Flexible packaging material using paper | Resource-saving |
| | Clear UV-Blocking Film | Suitability for disposal |
| | Injection-molded articles of biomass-plastics | Resource-saving |
| | EL-Case | Easy separation and disassembly |
| | Oil-proof paper for fluorine-free cardboard | Use of safe materials |
| | Paper cup made from pulp from forest-thinning | Resource-saving |
| | GL-compliant back sheet for solar cells | Suitability for disposal, long product life |
| | Paper composite container | Resource-saving, recyclability |
| | Pouch-type fragrance container | Resource-saving, recyclability |
| | Resource-saving Cartocan (rectangular type) | Resource-saving, recyclability |
| | Packaging materials using low-migration type adhesives | Reduced release of chemical substances, use of safe materials |
| | Delayed-tack label for glass bottles (film type) | Easy separation and disassembly, resource-saving |
| | Cylindrical paper-complex container | Resource-saving |
| | High Resistance Flexible Pouch | Resource-saving |
| | Folding Pouch (for refilling) | Easy separation and disassembly |
| | In-mold Decorated Components | Reduced release of chemical substances |
| | Aluminum-free Dead-fold Lid Material | Suitability for disposal |
| | Solar cell back sheet | Energy-saving |
| | Special Shaped Pouch with Embossing and Laser-cutting | Easy separation and disassembly |
| | Heat-insulating Paper with Foamed Layer | Reduced energy consumption in production |

Third-party Opinion

Companies nowadays are focusing on online disclosure of their CSR reports. When these reports are issued in print, they tend to be shorter in length and to resemble public relations pamphlets. All too often they fail to disclose clear information on materiality. Online, the reports tend to enumerate information in limited detail. More companies must recognize the importance of activity promotion and information disclosure as the two core focuses of CSR. Toppan continues to devote close attention to information disclosure via the publication of CSR reports in printed form. I applaud Toppan's efforts to communicate with its stakeholders through a well-established method for information disclosure.

In the Executive Message, the Company President & CEO makes definite statements on strategic targets such as the acceleration of globalized business operations. He also accurately recognizes the social issues to be addressed based on the Millennium Development Goals. The steps taken to help resolve social issues form the basis of CSR, and the potential fields for CSR seem to expand without limit. In addition to the improvement and reshaping of its existing activities, I expect Toppan to be flexible in planning out future CSR strategies for the expansion of ongoing activities, development of new social businesses, and other related initiatives.

The ISO 26000 guidance standard on social responsibility for entities will soon be issued. This will not be a standard directly linked to a certification system, but corporations and industries will be able to freely establish certification organizations. While no trend to establish such organizations is foreseen in Japan,

several organizations seem to have been set up recently in China. Even without a formal certification system, the ISO 26000 will surely become an important standard in light of its content levels. The companies of the Toppan Group should consult the guidance standard as they upgrade their CSR initiatives.

Toppan is highly motivated in environmental activities and has formulated comprehensive in-house bylaws encompassing diverse areas. The Special Report on "Promoting Conservation and the Sustainable Use of Biodiversity," a very timely article, presents the Basic Policy regarding Toppan's Bylaw on Biodiversity and describes the Company's relevant business operations. Toppan's participation in the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity will help reinforce the future environmental activities of the Company, especially those undertaken collaboratively and in partnerships. Other activities the Company promotes based on the Bylaw on Global Warming Mitigation and various other in-house bylaws also raise my expectations for the future.

The labor disputes Japanese companies and other expatriate companies have been confronting in China serve as valuable lessons in global business operations. These Japanese companies lack diversity. Japanese expatriate employees make up most of the key personnel in China. The gap between their salaries and the low salaries paid to the Chinese employees has been excessive. Japanese companies need to localize their operations more completely. Although I believe the overseas sites run by Toppan are somewhat less susceptible to these problems thanks to

the Company's stance towards personnel, a meaningful step for Toppan in the coming year will be to enhance the working environment by acquiring the SA 8000 certification on labor conditions, a certification commonly sought by companies running businesses in China and other emerging countries.

The associate employee system introduced by Toppan has significantly reduced the numbers of part-time workers and temporary staff employed. I take this to be a proactive approach to the proposed regulation before its adoption. Toppan will confront various medium-term challenges to be addressed in association with the shift from fixed-term to long-term employment. I expect the Company to enhance its working environment by improving its treatment of employees overall, upgrading education and training programs beyond the scope of on-the-job training, and expanding the coverage of its welfare and benefit systems. In all of these efforts, the overriding goal for Toppan should be to provide "decent working conditions" (working conditions with human rewards).

Overall, Toppan has maintained a high level of quality for its CSR reports. The above suggestions, including the recommendations on global CSR initiatives into the future, are based on a comprehensive evaluation of the CSR report for fiscal 2010.

Yoshiki Midorikawa

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

緑川芳樹

Profile

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



Independent Assurance

The conclusions of our assurance engagement are stated in our Independent Assurance Report. The following summarizes improvements from the previous year and recommendations for further improvements, as identified in the course of our assurance procedures.

The Law Concerning the Rational Use of Energy and the Law Concerning the Promotion of the Measures to Cope with Global Warming of Japan were revised to expand the boundaries for energy consumption and greenhouse gas emissions to be reported by company rather than by operational site. In response, Toppan reviewed its reporting boundaries to confirm whether any of the operational sites or subsidiaries subject to coverage were excluded or overlapped. The review identified that several operational sites and non-production business activities were excluded from the boundaries. While these exclusions had no significant impacts on the overall environmental performance indicators, the Company took various steps to appropriately manage this issue, mainly by including the data on these sites and activities in its environmental performance indicators from the last fiscal year. As Toppan streamlines its operational sites and reforms the organizational structure of the Group, it must continuously monitor its reporting boundaries in order to ensure that no operational sites will overlap or be excluded from the reporting boundaries. And when an operational site or business activity formerly excluded from the boundaries is to be included in coming fiscal years, the Company should carefully handle the retrospective adjustment of the data up until the base year on performance indicators for which the Company has set current-year targets against base-year data.

The boundaries of the “Environmental INPUT/OUTPUT Data by Business Field” on page 63 basically encompass major manufacturing sites around the world. On the other hand, the

boundaries of data presented in the environmental report pages, including the “Environmental Targets and Results for Fiscal 2009” on pages 46–48, cover only Toppan Printing Co., Ltd. and its major domestic manufacturing subsidiaries, as a rule. We could not see any clear-cut steps taken to solve this issue from the previous fiscal year. Readers may find the data difficult to grasp if indicators based on several different boundaries are presented in the same report. We expect Toppan to consider an expansion of the boundaries of its environmental report in the future. This would improve the consistency between the environmental performance indicators and financial performance indicators.

Personnel indicators are also generally intended for Toppan Printing Co., Ltd. alone. The reporting boundaries of personnel data are still a challenge for the Company to address. Toppan is targeting a 30% overseas sales ratio and faster expansions in global business operations through corporate acquisitions and other means. As the Company’s presence overseas grows, more international stakeholders, including the employees of overseas subsidiaries, will be using Toppan’s CSR reports. The Company has been responding to globalization through advanced approaches in CSR reporting. From fiscal 2008, for example, it started preparing CSR reports in conformity with GRI Sustainability Reporting Guidelines 2006, a major global standard for CSR reporting. We expect Toppan to examine expansions in the boundaries of personnel data, as well.



Ryota Ando

KPMG AZSA Sustainability Co., Ltd.
(KPMG AZSA & Co. group)

Level of Compliance with GRI Sustainability Reporting Guidelines 2006

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

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

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

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

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



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

*Sector supplement in final version

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



Independent Assurance Report

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

Purpose and Scope

We were engaged by Toppan Printing Co., Ltd. (the "Company") to provide limited assurance on its CSR Report 2010 (the "Report") for the fiscal year ended March 31, 2010. 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 (the "Indicators") for the period from April 1, 2009 to March 31, 2010 included in the Report are prepared, in all material respects, in accordance with the Company's reporting criteria;
- all the material sustainability information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the Report; and
- the Company's self-declaration on the Global Reporting Initiative ("the GRI") application level conforms to the application level criteria stipulated by the GRI.

The content of the Report is the responsibility of the Company's management. Our responsibility is to 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 Environmental Reporting Guidelines of Japan's Ministry of the Environment and the Sustainability Reporting Guidelines 2006 of the GRI. We used these criteria to evaluate the Indicators. For the completeness of material sustainability information, we used the 'Criteria for Granting a Sustainability Report Assurance and Registration Symbol' of J-SUS. For the GRI application level, we used the criteria stipulated by the GRI.

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 of Sustainability Information Assurance' 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.
- Obtaining an understanding of the systems used to generate, aggregate and report the Indicators, and of the internal controls at corporate and site level.
- Analytical reviews of the Indicators aggregated at corporate level.
- 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 Fukusaki Plant of Toppan Packaging Products Co., Ltd.
- Assessment of whether or not all the material sustainability information defined by J-SUS is included in the Report.
- Evaluating the Company's self-declared GRI application level against the application level criteria.
- 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; and the Company's self-declaration on the GRI application level does not conform to the application level criteria.

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

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

September 30, 2010

Company Reaction to the Third-party Opinion and Independent Assurance

As in earlier years, Toppan received a third-party opinion on this *CSR Report 2010* from Mr. Yoshiki Midorikawa (director of the Green Consumer Research Group and co-chair of The Valdez Society) and independent assurance from KPMG AZSA Sustainability Co., Ltd. The Company would like to thank both Mr. Midorikawa and KPMG AZSA for the concrete and stimulating opinions they have offered over their many years of involvement in the publication of the reports.

KPMG AZSA Sustainability Co., Ltd. pointed out the need to expand the reporting boundaries. Toppan has been establishing new companies and operational sites and advancing organizational reforms throughout the Group based on its four management challenges: driving on with reforms of the operational structure, bolstering management as a group, accelerating globalized business operations, and creating new businesses. Now, in a parallel effort, Toppan

is considering how to expand its reporting boundaries, as recommended.

Mr. Midorikawa offered suggestions on the associate employee system Toppan introduced in fiscal 2010 and the globalization of CSR initiatives with reference to global standards such as ISO 26000 and SA 8000.

As a dedicated proponent of respect for people, Toppan has positioned “respecting and leveraging human assets” as one of its CSR material topics. In the associate employee system, highly motivated, capable part-time workers, temporary staff, and other non-regular employees whom the Company expects to become active contributors for years to come are offered positions as associate employees with no contractual periods set. This system further evinces the Company’s commitment to fulfilling its corporate social responsibilities for employment stability and professional development. Toppan will verify and review the operating situation of the

new system to realize a working environment where all employees work with satisfaction.

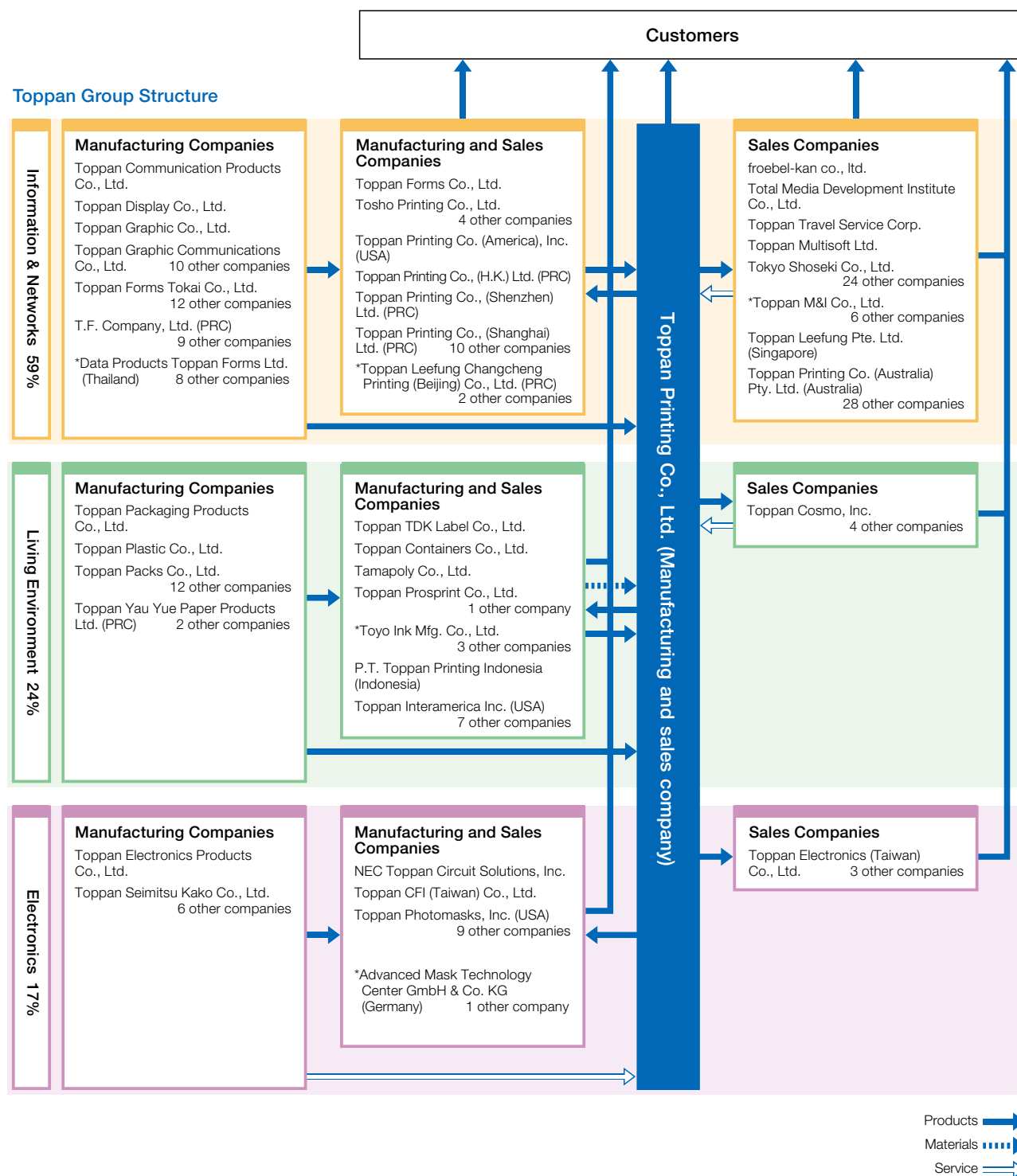
Another essential step for Toppan, in fulfilling its social responsibilities towards the realization of sustainable development for both society and the Company, is to crosscheck its thoughts with the voices from stakeholders.

Stakeholder dialogues and the disclosure of CSR-related information are vital parts of corporate communication on CSR. The most effective approaches for both have been evolving and diversifying year by year due to the widespread use of the Internet. In fiscal 2010, Toppan will continue to review ways to shape a reader-friendly CSR report in careful consideration of coming trends like these, the suggestions from Mr. Midorikawa and KPMG AZSA, and the opinions of the stakeholders who read the CSR report.

Questionnaire enclosed here: Please let us know your opinions

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

Group Business Structure



Notes:

- No symbol: subsidiary—177 companies *: affiliates—25 companies (as of the end of March 2010)
- 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 sales contributed. ("Net Sales by Business Field" are shown on P. 5.)
- Among Toppan's subsidiaries, Toppan Forms Co., Ltd. and Tosho Printing Co., Ltd. are listed on the first section of the Tokyo Stock Exchange.
- SNP Corporation Pte. Ltd. was renamed Toppan Leefung Pte. Ltd. on October 1, 2009.
- Toppan operational sites span across 21 countries and regions, including Japan.



All of the electricity used for the printing of this CSR report (1,700 copies) has been generated by solar power (90 kWh).



This report incorporates eye-friendly displays and considerations for as many people as possible, regardless of individual differences in color perception. Monitors from the Color Universal Design Organization (CUDO), a nonprofit organization, have reviewed and certified this report for its universal design.

TOPPAN PRINTING CO., LTD.

1, Kanda Izumi-cho, Chiyoda-ku, Tokyo 101-0024, Japan
<http://www.toppa.co.jp/english/>

© TOPPAN 2010.10 K I Printed in Japan