

# Corporate Governance

## Basic Approach

Approach

Corporate governance focused on the management of sustainability activities provides an integral foundation for Toppan's approach to fulfilling corporate social responsibilities as a group of companies dedicated to furthering sustainable growth hand-in-hand with the development of society at large.

Toppan has formulated a Basic Policy on Corporate Governance to reinforce its corporate governance based on a full understanding of the spirit and aims of the Corporate Governance Code established by the Tokyo Stock Exchange. In March 2020 Toppan revised the basic policy to better align it

with the progress made in promoting workplace diversity and addressing the SDG issues of focus for the Group.

Toppan and its Group companies work together to consolidate management under the Related Company Administration Regulations prescribed for the advancement of fair management within the Group. Through this approach, the Toppan Group promotes governance aimed at maximizing the value of the entire Group.

Basic Policy on Corporate Governance of Toppan Inc.  
<https://www.toppan.com/en/ir/management/governance-policy.html>

## Promotion Framework

Promotion framework

Toppan Inc.'s governance structure employs an Audit & Supervisory Board.

As an entity entrusted by shareholders and substantially represented by independent external members (one-third of all members), the Board of Directors strives to achieve sustainable growth and a medium- to long-term increase in the corporate value of the Group while overseeing important managerial decision-making and the execution of duties by each director.

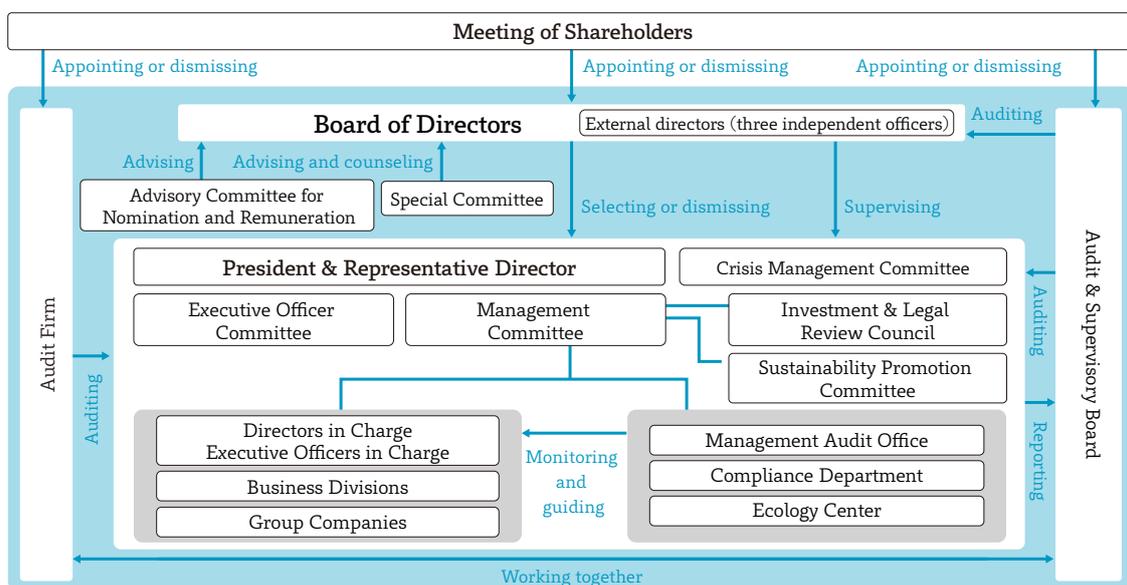
An Audit & Supervisory Board composed of a majority of

independent external members audits the execution of duties by directors from a position independent from management.

An Advisory Committee for Nomination and Remuneration has also been set up to enhance the objectivity and transparency of personnel affairs and remuneration of directors.

Toppan has adopted an executive officer system to clarify the authority and responsibilities of those in charge of business execution.

## Corporate Governance Structure (as of June 29, 2021)



## Directors, Board of Directors, and Various Meetings

Promotion framework

Toppan's Board of Directors is composed of six Company directors and three external directors appointed as independent officers (as of June 29, 2021). Board meetings are held monthly and whenever a pressing matter requires action or deliberation. Especially important matters are deliberated beforehand by the Management Committee, a body made up of directors nominated by the President & Representative Director. The goal is to lay weight on managerial efficiency in business

decision-making. Toppan has also adopted an executive officer system to clarify the authority and responsibilities of those in charge of business execution and enable prompt responses to changes in business circumstances. An Advisory Committee for Nomination and Remuneration for directors has also been in place since fiscal 2017. The Company partially revised its executive officer system in May 2018.

## Audit & Supervisory Board, Board Members, and Audit Firm

Promotion framework

As of June 29, 2021, five persons are serving as audit & supervisory board members at Toppan, including three external members appointed as independent officers. In addition to their own board meetings, the board members attend meetings of the Board of Directors, meetings of the Management Committee, and other important meetings on risk management. The board members systematically manage the implementation of audits of operational sites and Group companies in close cooperation with the audit firm and internal audit-related departments of the Company. By these means, they audit and advise the

Company from a preventive perspective to ensure the legality of the operations of the directors and departments and smooth and appropriate corporate management in line with company policies and rules. They also regularly convene a meeting of audit & supervisory boards from related companies to improve the effectiveness of the audits by board members across the Group. Toppan has had KPMG AZSA LLC verify the propriety of the Company's accounts through audits in order to enhance the reliability and transparency of the Company's financial information.

## Strengthening Audit Functions

Promotion framework

Activity results, performance data

The Management Audit Office is a body established independently from the business divisions of the Company. Working from legal and rational viewpoints, the office conducts fair and objective audits on the administrative and operational systems of management activities and the practical status of the Company's operations. The office provides feedback to the relevant departments on issues identified, proposes measures for improvement, and reports the audit results to the President & Representative Director, directors in charge of relevant departments, and audit & supervisory board members.

The Compliance Department in the Legal Affairs & Intellectual Property Division spearheads the Company's initiatives to ensure the strict observance of laws and regulations and to firmly establish ethical business practices. The department is responsible for ensuring that employees are fully informed of the Conduct Guidelines and comply with applicable laws and regulations.

The department also reports to the Audit & Supervisory Board on improper acts such as collusion, illicit trading, and bribery, along with other forms of corruption, misconduct, and legal violations.

Toppan addresses these compliance issues through the Toppan Group Helpline, an internal reporting system that any officer or employee (including a part-time worker or dispatched staff) of a Group company (excluding listed corporations) can contact whenever a legal violation or other improper act comes to light.

The Information Security Division audits information security management within the Toppan Group as an organization responsible for the control of information security. The Ecology Center in the Manufacturing Management Division, meanwhile, oversees environmental activities across the Group. The center conducts internal environmental audits at operational sites and monitors the progress of improvements in their environmental management.

## Conducting Management Audits

Activity results, performance data

The Management Audit Office carried out 16 operation audits in fiscal 2020 and conducted maintenance and operational evaluations of internal controls over financial reporting for all business divisions and main subsidiaries.

The audit results are regularly reported to the representative directors, directors in charge of the relevant organizations, and the audit & supervisory board members.

## Reinforcing Group Governance under the Operating Guidelines for Overseas Subsidiaries

Policy

Activity results,  
performance data

The processes by which the overseas subsidiaries in the Toppan Group were formed have varied. Some of the subsidiaries were established by Toppan Inc., while others were brought into the Group through investments or acquisitions. As the subsidiary businesses are also diverse, Toppan has sometimes faced difficulty in ensuring effective control over them. Toppan strives to secure the effective control and sustainable growth of global business by developing a governance structure that immediately addresses business challenges related to governance, compliance, and risk management, while respecting the autonomy of the Group companies.

In 2019 Toppan issued its first set of Operating Guidelines for

Overseas Subsidiaries to reinforce the governance structure across the Group. The second set of guidelines, formulated in 2020, reflects changing business environments, revisions in relevant legislation and in-house rules, and other factors affecting Group governance.

Toppan will continue to seek ideal Group governance by helping Group companies build operating foundations and governance structures based on the guidelines. With sound foundations and governance in place, Group companies will be better able to shape their own cultures and maintain their organizational autonomy under the effective control of Toppan Inc.

Toppan also considers environmental, social, and governance (ESG) factors when performing due diligence for M&As.

## List of Directors and Audit & Supervisory Board Members (as of June 29, 2021)

Directors: 9 (7 men, 2 women)

Audit & supervisory board members: 5 (4 men, 1 woman)

Name	Current position	Independence	First year*	Tenure in years*	Attendance at Board of Directors meetings (Fiscal 2020)	Number of Company shares held (thousands)
Shingo Kaneko	Chairman & Representative Director		2003	18	15/18	113
Hideharu Maro	President & Representative Director		2009	12	18/18	61
Shinichi Ohkubo	Executive Vice President & Representative Director		2005	16	18/18	98
Kazunori Sakai	Director & Senior Managing Executive Officer		2019	2	18/18	22
Takashi Kurobe	Director & Managing Executive Officer		2018	3	18/18	11
Hironori Majima	Director & Executive Officer		2021	–	–	8
Yoshinobu Noma	Director (external)	✓	2010	11	18/18	34
Ryoko Toyama	Director (external)	✓	2016	5	18/18	–
Mieko Nakabayashi	Director (external)	✓	2020	1	14/14	–
Jitsumei Takamiyagi	Senior Audit & Supervisory Board Member		2014	7	18/18	85
Itaru Kubozono	Audit & Supervisory Board Member		2019	2	18/18	5
Hiroyuki Shigematsu	Audit & Supervisory Board Member (external)	✓	2014	7	18/18	–
Keiko Kakiuchi	Audit & Supervisory Board Member (external)	✓	2016	5	18/18	–
Haruo Kasama	Audit & Supervisory Board Member (external)	✓	2018	3	17/18	–

\*As a director or an audit & supervisory board member

Average tenure in years	6.57
Percentage of female executives	21.43%
Average attendance rate	98.26%

## ■ Remuneration to Directors and Audit & Supervisory Board Members

The total annual remuneration to directors and total annual remuneration to audit & supervisory board members were 945 million yen and 111 million yen, respectively, in fiscal 2020. Please see the section covering corporate governance in the securities report (in Japanese) for details on the method used

to determine remunerations and other remuneration-related information.

Securities report (in Japanese)  
[https://ssl4.eir-parts.net/doc/7911/yuho\\_pdf/S100J99K/00.pdf](https://ssl4.eir-parts.net/doc/7911/yuho_pdf/S100J99K/00.pdf)