

## 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.