

# Strict Compliance

## Basic Approach

Approach

Legal compliance in business operations is an indispensable prerequisite for every corporation to fulfill its responsibilities to society.

Toppan established the Conduct Guidelines as a set of compliance standards in June 2000, the centennial of Toppan Inc. These guidelines set forth standards for Toppan personnel's behavior based on the Corporate Philosophy and principles of legal compliance.

In November 2010 Toppan completely revised the guidelines into the Toppan Group Conduct Guidelines, a set of

common principles that all Group companies around the world are required to observe for the assurance of strict compliance. These Groupwide guidelines are reviewed every year to adjust to changes in business environments, social conditions, and other circumstances relevant to the Group. Any revision of the guidelines is subject to a resolution by the Board of Directors of Toppan Inc.

Toppan Group Conduct Guidelines  
<https://www.toppan.com/en/about-us/philosophy/conduct-guidelines.html>

## Reviewing the Toppan Group Conduct Guidelines

Policy

Training,  
education

The Legal Affairs & Intellectual Property Division reviews the Toppan Group Conduct Guidelines every year. The division revised the guidelines on April 1, 2021 based on a review performed in fiscal 2020, the 120th anniversary of Toppan Inc. The last round of guideline revisions was completed a decade earlier.

The latest revisions enable Toppan employees to act appropriately in their initiatives to pursue the Group's

management challenges. Focusing on the United Nations Sustainable Development Goals (SDGs), a topic of growing interest throughout the world, the revised guidelines aim to accelerate individual efforts to address material issues identified in the *TOPPAN SDGs STATEMENT*. Proper actions in accordance with the guidelines will help the international community shape a sustainable society.

### ■ Main Revisions

#### 1) Revisions in “Chapter 1 Basic Principles”

Chapter 1: Basic Principles (revised portions underlined)

#### Basic Principles (before revision)

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

#### Basic Principles (after revision)

1. Respecting human rights
2. Having high ethical standards and acting as a responsible member of society
3. Complying with laws and company rules and conducting fair business operations
4. Proactively undertaking preservation of the global environment to achieve a sustainable society
5. Striving to improve quality and providing dedicated products that contribute to customer satisfaction
6. Respecting personnel diversity and striving to create a rewarding work environment that is physically and mentally healthy
7. Embracing change and taking on new challenges
8. Recognizing the importance of and properly managing business-related information and information process system
9. Providing organizational risk management and control thoroughly against threats that have a serious impact on our corporate activities (added)
10. Striving to improve corporate value through social contribution activities and proper information disclosure/communication

- Article 1 on “respecting human rights” closely relates to Toppan’s time-honored concept of “respect for human beings.” Civil society now urges businesses to take responsible actions on human rights around the world. Toppan therefore puts the human rights clause at the top of the Basic Principles. In the title of the fiscal 2020 edition, “basic human rights” has been changed to “human rights” in line with the wording used by globally recognized standards, primarily the United Nations Global Compact, a voluntary corporate sustainability initiative whose principles Toppan supports.
- Article 2 represents corporate ethics and Article 3 covers legal compliance. Together they form the core of the Toppan Group Conduct Guidelines. The importance of these matters in the revised principles remains unchanged from before.
- Article 6 (renumbered from 10) adds descriptions of a rewarding environment and personnel health and diversity to the former Article 10, which advocated a work environment

that fully exploits individual abilities. These points are now articulated in the title.

- Articles 4 to 6 cover the “environmentally friendly & sustainable production” and “employee health & job satisfaction” themes under the Companywide Materiality category presented in the *TOPPAN SDGs STATEMENT*.
- Article 8 describes information and evinces the importance of information process systems as infrastructure to support information management, with the progress of digital transformation (DX) in a digitalized society.
- Article 9 introduces a basic principle on risk management and control. The avoidance of links with antisocial groups, a point affirmed in the former Article 4, has been integrated into this article.
- The basic principles affirm Group commitment throughout the supply chain to initiatives for human rights, environmental conservation, and product-quality improvement.

## 2) Revisions in “Chapter 2: Specific Conduct Guidelines”

In tandem with the revisions in the basic principles, Toppan has reorganized the paragraphs describing the specific conduct guidelines and added new paragraphs, as follows (examples).

Paragraph headings:

- Striving to maintain and promote physical and mental health
- Understanding the characteristics of social media and using it with self-awareness and responsibility as a working professional
- Promoting development of products and services by incorporating a standpoint of universal design
- Striving for appropriate management of information processing system and network
- Simulating emergency and taking precautions
- Acting properly at the time of disaster
- Striving to secure cyber security

The principle on the environment set forth in the specific guidelines from before was presented in two paragraphs, headed as follows: “striving to reduce the environmental burden of business activities” and “promoting businesses with consideration for the environment.” With the growing concerns about global environmental issues and tougher environmental legislation and policies worldwide, this principle is now expressed in four paragraphs, headed as follows: to “establish a low-carbon society,” “create a recycle-based society,” “take environmental risk measures,” and “preserve biodiversity.”

The principle of the prohibition of discrimination specifies types of discrimination in the heading of the paragraph declaring Toppan’s commitment to non-engagement in discrimination on the basis of disability, sexual orientation,

and gender identity. This paragraph reflects the increased employment of persons with disabilities and enhanced global awareness about lesbian, gay, bisexual, transgender, and queer or questioning (LGBTQ) persons.

The diversity principle had been expressed in a paragraph on “recognizing the diverse values of individuals and respecting personal qualities and individuality.” The words “diversity and inclusion” have been added to the paragraph heading to manifest Toppan’s dedicated approach to diversity and inclusion (D&I) as a means of ensuring heightened D&I awareness among employees throughout Group workplaces.

The heading for the paragraph stipulating the building of appropriate relationships with business partners has been revised to include “procurement with responsibility” in order to accentuate Toppan’s commitment to fulfilling social responsibilities throughout the entire supply chain. Toppan has drafted the content of this paragraph in line with the Toppan Group CSR Procurement Guidelines.

The revised specific guidelines contain a paragraph on the contribution to popularization and promotion of culture, arts, and sports through business activities. In addition to the development and passing on of skills and culture, Toppan has reviewed its employee athlete program, the Kanosei Art Project (“*kanosei*” means “potential” in Japanese), its Groupwide projects focused on social topics such as education, arts, and healthcare, and various other initiatives the Group has recently been advancing.

Toppan has also revised several other principles to adjust to current social demands, business environments, and other circumstances relevant to the Group.

### Disseminating the Revised Conduct Guidelines

Toppan gives every Group employee in Japan a booklet presenting the revised Conduct Guidelines and arranges an e-learning program to heighten awareness of the revisions. Toppan also organizes group training for Conduct Guidelines Promotion Leaders (“Leaders”) to brief them on the details and intent of the latest revisions. The Leaders disseminate the revised guidelines at their workplaces throughout the Group.



E-learning program on the revised guidelines

## Compliance Promotion Structure

Toppan believes that the strict observance of the Conduct Guidelines directly links to legal compliance. The Conduct Guidelines Promotion Leader system is a core mechanism to ensure full observance of the guidelines. Upon their election every year, the Leaders initiate guideline compliance in daily operations at their workplaces under the Director in charge of Conduct Guidelines Promotion.

Seven hundred and twelve Leaders were deployed across the Group in fiscal 2020, including 98 women (13.8% of the Leaders). A cumulative total of 11,132 employees have worked as Leaders since the system was launched in fiscal 2004.

	Number of Newly Deployed Leaders	Number of Female Leaders Deployed (Percentage)	Cumulative Total Number of Leaders
Fiscal 2017	733	95 (13.0%)	9,055
Fiscal 2018	677	86 (12.7%)	9,732
Fiscal 2019	688	87 (12.6%)	10,420
Fiscal 2020	712	98 (13.8%)	11,132

### Structure to Promote the Conduct Guidelines

