

**Kyodo Printing Group  
Corporate Report**

**2022**

# Management Philosophy

Our Group Management Philosophy is the point of origin of the Kyodo Printing Group's corporate activities and the purpose of our business activities. Based on our Management Philosophy, we have established our Group Management Vision as a statement of the kind of company we aspire to be in the future.

## ● Group Management Philosophy ●

**Using our core printing business to contribute to society in the spheres of lifestyle, culture and information industries**

## ● Group Management Vision ●

**We aim to become a corporate group that continues to create new value by casting customers' aspirations into shape through honest communication and technical capabilities that lead the market.**

Corporate Brand **TOMOWEL**

# TOMOWEL

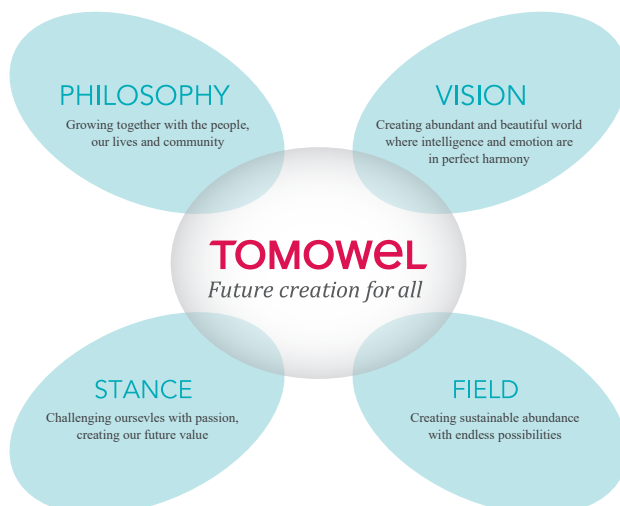
*Future creation for all*

The name TOMOWEL was coined to incorporate the meaning of "building good relationships together." It is a word devised by combining the Japanese word tomo (which can mean "together," "friend," "knowledge," or "wisdom") and the English word "well" (in its archaic meaning of "good," "full," or "friendly").

The character used to write tomo is also the one used for the "Kyo" of Kyodo Printing. This word is the core of our identity and the value of our existence in society, the expression of our ideal attitude, and the very future we wish to create.

Our intentions for TOMOWEL are to create and expand good relationships with all of those involved, and to create the future.

## Our Ideal for the Group as a Whole **The TOMOWEL WAY**



The TOMOWEL WAY is a clear statement of our ideal for the Group as a whole, and consists of four elements:

Our **PHILOSOPHY**, which represents the origin and mindset of the Group's universal principles of righteousness that will always remain unchanged, Our **STANCE**, which represents the Group's attitude toward corporate conduct, Our **FIELD**, which represents the Group's broad vision for the future, and Our **VISION**, which depicts the ideal future image and goal toward which we strive.

Based on these elements, we will contribute to the creation of prosperous lifestyles and culture for people.

## CONTENTS

<b>P1</b>	<b>Contents</b>	<b>P26</b>	<b>Sustainability</b>
<b>P2</b>	<b>Top Message</b>	• Sustainability .....	P26
<b>P6</b>	<b>Kyodo Printing Value Creation</b>	• Environmental Strategy .....	P30
• Awareness of the External Environment .....	P6	• Human Resource Strategy .....	P34
• Value Creation Materialities .....	P7	• Compliance .....	P36
• Value Creation Story .....	P8	• Information Security .....	P37
<b>P10</b>	<b>Medium-term Management Plan</b>	• Responsible Procurement .....	P37
• Priority Themes and Progress .....	P11	• Risk Management .....	P38
<b>P14</b>	<b>Financial Strategy</b>	<b>P40</b>	<b>Governance</b>
<b>P16</b>	<b>Business Strategy</b>	• Corporate Governance .....	P40
• Information Communication Business .....	P18	• Directors and Officers .....	P44
• Information Security Business .....	P20	<b>P46</b>	<b>Data Collection</b>
• Living & Industrial Materials Business .....	P22	• Financial and Non-Financial Highlights .....	P46
• R&D Strategy .....	P24	• Key Consolidated Management Indicators .....	P48
• Intellectual Property Strategy .....	P25	• Non-financial Data .....	P50
		• Corporate/Stock Information .....	P52

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

### Editorial Policy

Based on knowledge gained through dialogue with institutional investors and other stakeholders, this report presents Kyodo Printing's activities and growth strategies from an integrated perspective that includes not only financial information but also non-financial information such as environmental, social and governance (ESG) matters.

We hope this report facilitates an understanding of Kyodo Printing, which aims to solve social issues through corporate activities.

For more detailed information on financial status, please refer to the Annual Securities Report.

### Scope of Reporting

Kyodo Printing Co., Ltd. and major subsidiary companies

Notes: Environmental data covers ISO14001-certified business sites in Japan, including consolidated subsidiary companies, as well as Kyodo Ftech and Kyodo Kureha Blow Bottle. Calculations for TOMOWEL Promotion and TOMOWEL Payment Service are combined into those of Kyodo Printing.

Note: Personnel data is for Kyodo Printing only.

### Period of Reporting

April 2021 - March 2022 (including some information out-

side the period covered above)

### Publication Date

December 2022 (once a year)

(Previous issue: November 2021, next issue: scheduled for November 2023)

### Referenced Frameworks

In editing this report, we have referred to "Guidance on Integrated Disclosure and Dialogue for Value Co-creation" issued by the Ministry of Economy, Trade and Industry (METI) and the "International Integrated Reporting Framework" issued by the Value Reporting Foundation (VRF).

We have also referred to the Global Reporting Initiative (GRI) Standards for the disclosure of non-financial information.

### Disclaimer Regarding Forward-Looking Statements, etc.

This report contains some future forecasts and plans. These are based on currently available information and may subsequently be affected by various factors.

## Top Message

The Kyodo Printing Group celebrated its 125th anniversary in 2022. I have a real sense that people and society are undergoing drastic changes, such as the transformation of consumer awareness, changes in social structure due to demographic changes, and heightened environmental awareness. Under these circumstances, I believe that our Group has been able to continue its business for 125 years as a result of continuous efforts to stay close to society and meet its expectations. We must continue to respond flexibly to the speed of social change and continue to create the next new value. We will continue to heed the voices of people, society, and the earth, and to take on the challenge of future-driven change to create an prosperous society and new value.



藤森康彰

Representative Director and President



## Business Environment Awareness and Three Growth Areas

### Creating the next growth opportunity from turbulent social change

The changing values and behaviors of consumers, the declining birthrate and aging population, the digital shift, and increasing environmental awareness are not transient trends, and will continue to progress irreversibly and at an accelerating pace.

Our Group pursues the core of our sustainable development in the three spheres of consumers, society, and the global environment. We will work to achieve sustained growth by providing new value while viewing changes in society as opportunities for growth.

### Creating lifestyles that are prosperous and happy by catering to the diverse lifestyles of consumers

In the consumer field, given the current overabundance of goods, it is natural that the measure of affluence will shift from material goods to spiritual abundance. The Group must also change the way we provide value in response to changes among consumers. We will strengthen our business by taking an outside-in approach, moving away from the conventional business style of meeting the needs of client companies to one of supporting the enrichment of people's lives by staying close to them as they seek to realize their own lifestyles and experience a variety of values. First, the Group will focus on providing value-added experiences for lifelong learning and self-actualization, such as working, learning and hobbies, where the Group can leverage its accumulated strengths in information and communication. We will use our marketing functions planning and development capabilities as a backdrop to advance initiatives as a new growth opportunity.

### Creating a safe and convenient society for everyone through smart public services

In the social realm, rapid urbanization and depopulation of rural areas have highlighted the disparity between urban and rural areas, while public services that support people's lives, such as public administration, finance, healthcare, nursing care and transportation, have reached a turning point. In particular, the decline in the working population due to demographic changes, the increase in the workload of public service providers due to the arrival of a super-aged society, and the decline in convenience of day-to-day living for service recipients are among the challenges. Providing

sustainable access to public services that are available for use by everyone, at any time, anywhere with security and convenience, and that can be operated by fewer people, will be a crucial issue for the national government, municipal governments, and the private sector to address together. The key to the solution is the use of digital technologies such as IoT, Big Data, and AI. However, since we are not a system integrator, we believe that our role is to develop and provide human-oriented digital services that connect people and data by leveraging our accumulated strengths in information security and information communication. We will establish a sustainable business foundation by providing safe and convenient public services to everyone, focusing on three areas in particular: health, finance, and public administration, where we can capture the needs and seeds of our strong customer base.

### Creating a sustainable future with innovative packages and services that recycle the earth's bounty

Environmental issues, meanwhile, are common to all humankind. Climate change countermeasures and the transition to a recycling-oriented society must be addressed through our business. Of all the products we supply, plastic packaging is probably the one that has the greatest impact on the environment. We take pride in the fact that plastic packaging materials contribute to maintaining the safety and quality of pharmaceuticals and food products, supporting the health and affluent lives of consumers. On the other hand, plastic, which is made from petroleum, is a massive source of CO<sub>2</sub>, and we believe that the future of the packaging materials business depends on controlling one-way plastic packaging materials, which are disposed of after use. I believe that tackling this issue is not only our social responsibility as a provider of laminated tubes and high-performance packaging materials with the No. 1 market share in Japan, but also that it is an opportunity for significant growth. Therefore, we have narrowed our focus to the realization of a circular economy, which is leading the way in the EU, and we are developing plastic packaging materials that are resource-efficient, recyclable, and globally accepted. We are starting by reducing plastic and switching to other materials, but our ultimate goal is to achieve 100% recyclable packaging made from 100% recycled materials. We will continue to develop products that both make effective use of resources and reduce CO<sub>2</sub> emissions throughout the supply chain, while working toward the realization of a zero-waste society. At the same time, we are tackling the global issue of food loss with high-performance packaging materials that have long-term shelf life.

To accelerate this trend, we will establish a dedicated environmental department within our Research And Development

## Top Message

Division to promote the development of TOMOWEL NEXT PACK-AGING environmentally friendly products in order to differentiate our products in the market. In the information-related business, we have also launched a refurbishing business in which collected

products are recycled and send back out, and we are advancing efforts to realize a circular economy as a new growth area that transcends segment boundaries.

## Sources of Value Creation to Accelerate Growth

### Accelerating growth through society-driven innovation

Innovation is one of the engines that drive the growth strategy. Until now, as a BtoB company, we have focused on solving corporate issues, but from now on, research and development must also switch to an outside-in, society-driven mindset with an awareness of BtoBtoC. Fortunately, we have technical know-how and value-creating human resources that we have accumulated over many years in both the information-related business and the

lifestyle/industrial materials-related business. We will vector these resources toward solving social issues, develop new products and services to create value, and expand into new areas of business. In addition, we will undertake organizational reforms, including the establishment of a new Strategic Promotion Division to formulate strategies for the expansion of Group businesses, and to plan and promote new businesses and new business models, thereby creating new value and enhancing our own corporate value at the same time.

In this context, we have also launched a new initiative to generate innovation. A Business Contest was held to encourage people who aim to create new businesses that will support the Kyodo Printing Group for the next 10, 20, and even 100 years, and to create a prosperous society and new value by bringing about change. This event was held with the aim of raising employee awareness and fostering a corporate culture that creates innovation. As a new official business venture of the Group, the selected idea will be considered for full support, including financial aspects and personnel assignments. I hope that new businesses will grow out of this and become major pillars of our future.



### Value-creating human resources are the key to sustained growth

Human resources are the greatest source of value creation. The active participation of the Group's approximately 3,200 employees is the key to how we will increase our corporate value and what innovations we will devise to solve social issues.

Our employee composition has been centered on printing, but in order to create new business, it is essential that we utilize human resources with diverse values and abilities. In particular, we continue to undertake the active participation of women as an important issue. Although, as a company with a long history we cannot do it all in one leap, we have set a goal of increasing the percentage of female executives to at least 10% by the end of FY2025 to ensure diversity in the core workforce and to promote a change

in the company's values. In addition, in line with the transformation of our business, we will secure and develop digital human resources who are indispensable in expanding new growth areas through digital solutions and improving profits of existing businesses through digital transformation (DX). On the other hand, no matter how many talented people with diverse values we attract, we cannot create value unless we can create an environment in which they can maximize their abilities and feel fulfilled in their work. We will promote flexible work styles with consideration for work-life balance regardless of time and place, improve business operations and production processes through the use of DX, etc., and pay even greater attention to health and safety as we invest in human capital to build a system for sustained growth for both the company and its employees.



## Evolve into a corporate group that continues to grow together with society and create value

In order to continue sustainable development while responding to changes in society and various demands on the company, investment priorities must be determined with a comprehensive perspective from an overall management standpoint. It is necessary to engage in integrated thinking that sets a common direction for the entire company and organically operates the various management resources of the business and corporate divisions. We will therefore pursue efforts toward Sustainability Management, which continues growth by creating both social value and our own corporate value. At the core of these initiatives are

materialities, which are identified by prioritizing issues that have a significant impact on our ability to create value over the medium- to long-term, starting with the external environment. The promotion system consists of top management, at the Managing Executive Officer level and above, with the Sustainability Promotion Committee, which I chair, playing a top-down role. We will incorporate Sustainability Management into the core of our management and evolve into a corporate group that continues to grow together with society and create value in all areas.

## To Our Stakeholders

In order to realize our Medium-term Management Plan goal of "taking on the challenge of future-driven change to create a prosperous society and new value," we are working to develop the earning power of existing businesses and new businesses that will serve as the pillars of the future. As Representative Director,

I will do my utmost to ensure the sustained growth of the Kyodo Printing Group and increase its medium- to long-term corporate value while becoming the company of choice for society. I would like to ask all of our stakeholders for their continued long-term support of the Kyodo Printing Group.



# Kyodo Printing Value Creation

## Awareness of the External Environment (Megatrends)

Understanding megatrends in the external environment, which has a significant impact on the ability to create value over the medium- to long-term, is the starting point for Sustainability Management.

We will practice management by which we can adapt to social trends and transform ourselves in order to improve our ability to create value from a future-driven perspective to achieve sustained growth.



### Diversity and Transformation of Values

Changes in consumer behavior in 2030  
Divergence between ownership and use

**24.5** pt increase compared to 2020

(Source: "Youth Today and Ten Years from Now," NLI Research Institute.)



### Demographic Changes

Elderly aged 65 and over in 2030

About **one in three** of the nation's population

(Source: "Trends and Future Projections of the Aging Population in Japan," Ministry of Internal Affairs and Communications.)

### Worsening of Environmental Problems

Amount of plastic to be landfilled or naturally disposed of by 2050

≡ **12** billion tons

(Source: Geyer, R., Jambeck, J. R., & Law, K. L. [2017]).  
Production, use, and fate of all plastics ever made.  
Science advances, 3(7), e1700782



### Technological Evolution

IoT, Big Data, AI

### Advancing Urbanization

Municipalities with fewer than 200,000 inhabitants in 2030  
(other than the three major metropolitan areas)

Rate of decline in the working age population

≡ **17.2%** decrease compared to 2015

(Source: Local Policies for 2030, No. 119, Center for International Public Policy Studies.)



## Value Creation Materialities

In the three areas of diverse lifestyles, smart society and recycling-oriented society, which are oriented toward the future of megatrends, we will take on the challenge of transforming ourselves into a company that continues to grow and create a prosperous society and new value with our management resources at the core of the effort.

### Diverse Lifestyles

Creating a life of prosperity and happiness through information communication



In response to the changing values and diverse lifestyles of consumers, the means of information communication are also diversifying as digital technology advances.

Based on the technology and customer base that we have cultivated in print media, our Group will create digital solution services that contribute to improving quality of life for consumers by helping them achieve new lifestyles. We aim for sustained growth while realizing prosperous consumer lifestyles through productive work styles, learning opportunities that are not restricted by time or location, and the creation of new value-added experiences.

### Smart Society

Creating a safe and convenient society for everyone through information security



Amid a decline in the working population, extended healthy life expectancy, and the advance of urbanization, efforts are being made to solve various problems in urban and regional functionality and services, and to create new value including comfort and convenience, through the use of advanced digital technologies and data.

The Group will implement the information security technologies it has developed to date in order to deploy digital solutions in highly public areas such as healthcare, finance, and municipal government administration, thus improving convenience and productivity for consumers and society. We aim to achieve sustained growth while providing various solutions to realize a society in which everyone can receive services safely and conveniently.

### Recycling-oriented Society

Creating a sustainable future through innovative packaging and services



Amid calls for the sustainable use of resources, waste reduction, and efforts to combat climate change, the transition to a circular economy, in which resources are recycled in a sustainable manner, has become an issue for society.

Our Group aims to realize a sustainable future for people and the earth, and to achieve sustained growth by promoting value-creating innovation with the core technologies and packaging development capabilities we have cultivated, and by providing packaging and containers that are both environmentally friendly and easy to use.

# Value Creation Story

## Input

### Financial Capital

Net assets **61.2** billion yen

Total Assets **129.1** billion yen

Equity capital ratio **47.4%**

### Intellectual Capital

R&D investment **1.1** billion yen

### Manufacturing Capital

Domestic manufacturing bases

**11** locations

Overseas manufacturing bases

**3** locations

Capital Investment **15.3** billion yen

### Human Capital

Number of Employees

(Consolidated) **3,217**

Female Employee Ratio **23.7%**

### Social and Relational Capital

Number of customers

Approx. **2,400** companies

### Natural Capital

Energy input **894,827**GJ

Resource input **188,063**t

## Kyodo Printing Group Value Creation

Realizing Our Management Philosophy

## Value Creation

► P7

Diverse Lifestyles

Smart Society

Recycling Society

## Medium-term Management Plan

(FY2021 - FY2024)

► P10

Establish competitive business areas

Realization of high profit margins

Research and Development

## Value Chain

Logistics and Sales

Procurement and Production

## Management Foundation

► P26

Coexistence with the global environment

Active value creating human resources

Responsible corporate behavior

Corporate Governance ► P40



## Output

### Information Communication Business

▶ P18

Publishing Business  
Commercial Printing Business



Digital Gondola  
One Douga  
Waccas  
Y!asis

### Information Security Business

▶ P20

Data Printing Business  
Card Business



### Living & Industrial Materials

▶ P22

Packaging Business  
Industrial Materials Business



## Social Value

Contribution to SDGs

SUSTAINABLE  
DEVELOPMENT GOALS



## Economic Value

FY 2021 Results

Sales ..... **88.41** billion yen

Operating Profit ..... **750** million yen

Ordinary Profit ..... **1.29** billion yen

Current Net Profit  
for Shareholders  
of Parent Company ..... **680** million yen

Economic value to be reinvested

# Medium-term Management Plan

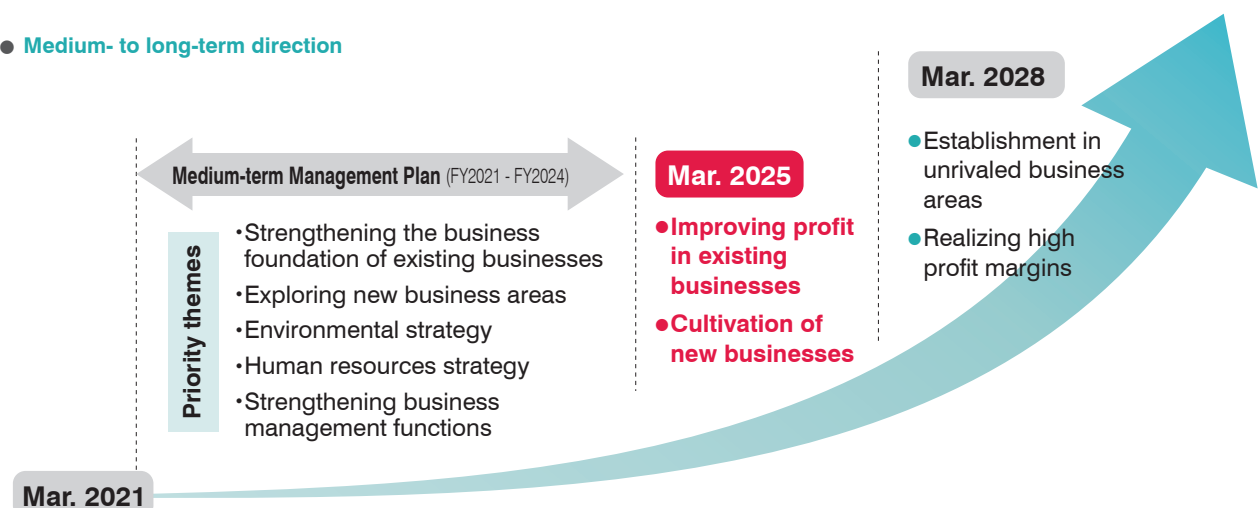
## Medium-term Management Policy

### Taking on the challenge of future-driven change to create a prosperous society and new value

Aiming to establish competitive business areas and achieve high profit margins, the Medium-term Management Plan (FY2021-FY2024) focuses on improving profits in existing businesses while cultivating new businesses that will become pillars for the Group.

- Under this Medium-Term Management Plan, we will complete efforts to generate profits in existing businesses and seek out businesses that will become the pillars of the next generation.
- Through analysis of our external and internal environments, the Group has identified themes to be addressed, and has formulated strategies to realize them. Through structural transformation of existing businesses, we will build a management foundation that enables us to measure and evaluate improvements in efficiency and quality, thereby achieving a corporate structure that can generate sustainable profits. We also aim to achieve further growth by concentrating profits in new business areas.
- In order to realize our business strategy, we will implement various measures for structural reforms of existing businesses (functional and organizational enhancements, operational reforms, etc.) and for creation of new businesses.

#### ● Medium- to long-term direction



#### Medium-term management targets (for FY2024)

Dividend payout ratio

**30% or more**

ROE

**5%**

Operating Profit

**3.8 billion yen**

## Priority Theme (1) Strengthen the business foundation of existing businesses

Strengthen the foundation of customer contact points, production processes, and business operations in order to add value from the customer's perspective.

### ● Three Areas of Focus

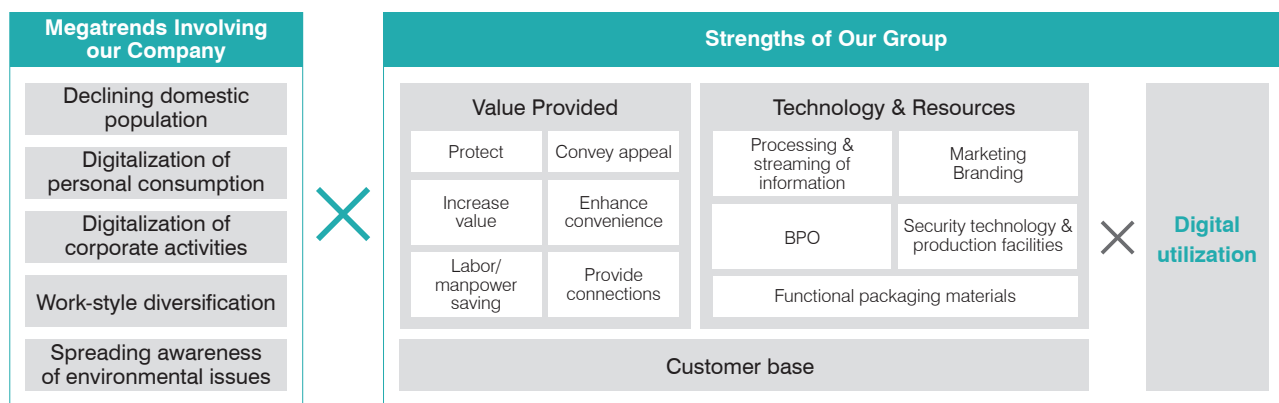
Strengthening contact points from the customer's perspective	<ul style="list-style-type: none"> <li>● Creation of added value from the customer's perspective through cross-selling</li> <li>● Changes to sales structure in line with areas of focus</li> <li>● Streamlining of sales processes and reallocating resources to priority processes</li> </ul>
Manufacturing Process Reform	<ul style="list-style-type: none"> <li>● Review of the whole series of processes from procurement to logistics</li> <li>● Digital technology utilization for greater efficiency and manpower reduction</li> <li>● Elimination of work personalization</li> </ul>
Operational Enhancement	<ul style="list-style-type: none"> <li>● Shift of resources from routine tasks to additional areas</li> <li>● Organization of overlapping functions</li> <li>● Review of operational processes</li> <li>● Improvement of operations through utilization of digital tools such as RPA</li> </ul>

### State of Progress

- Implementation of organizational reforms to promote business strategies and production reforms, and establishment and reinforcement of a central organization to serve as a hub for each segment and a specialized organization to promote each segment
- Production reform activity meetings led by the manufacturing divisions in each segment, held to share company-wide issues and deepen discussions toward solutions

## Priority Theme (2) Explore new business areas

Search for businesses that will become new pillars for the Group as a whole, in areas in which we have a foothold in the business, and which are in line with megatrends.



### Four Areas of Focus

#### Finance

Increased fintech-related crime prevention and security business opportunities

#### Public Services

Expansion of regional revitalization, digital government, etc.

#### Healthcare

Expanding demand related to health and medical welfare

#### Education

Exploration of business opportunities in the diversification of education

### State of Progress


- Establishment of the new Strategic Promotion Division to promote company-wide business strategies while strengthening new business development and marketing functions

## Priority Theme (3) Environmental strategy

Contribute to the realization of a sustainable society and economic growth through the provision of products and services that leverage our strengths while accelerating the expansion of the Group's overall business areas.

	Value Provided	Expansion of business areas
Climate Change	Contributing to climate change mitigation by reducing greenhouse gas emissions and saving energy throughout the product lifecycle	Expansion of environmentally friendly products and services
Recycling Society	Contributing to the realization of a circular economy by providing products and services that make effective use of resources	Plastic-saving eco-friendly packaging
Healthy Society	Contributing to secure and healthy living by providing technologies that reduce substances that adversely affect health	Resource conservation and chemical substance reduction design
		New materials with reduced environmental impact
		Digital solutions to reduce environmental impact
		Advancing innovation through partnerships

SDGs related items:



Main goals for 2025	<p>CO<sub>2</sub> Emissions: 10% reduction from FY2019 (26% reduction from FY2013)</p> <ul style="list-style-type: none"> <li>Promote initiatives such as materiality identification and KPI review</li> <li>The new company building (completed in 2022) meets ZEB Ready standards, which aim to reduce energy consumption by 50% or more, and is scheduled to obtain BELS certification (Building Energy Efficiency and Low Energy Performance Labeling System).</li> </ul>
---------------------	---

### State of Progress

- Deepening the discussion of the formulation of a long-term environmental vision and environmental materialities
- Calculate CO<sub>2</sub> supply chain emissions to address climate change
- New building (Koishikawa head office) acquired BELS certification (January 2022)

## Priority Theme (4) Human resource strategy

Develop human resource infrastructure that encourages autonomous growth of diverse human resources for sustained growth in corporate value.

### Three priority themes

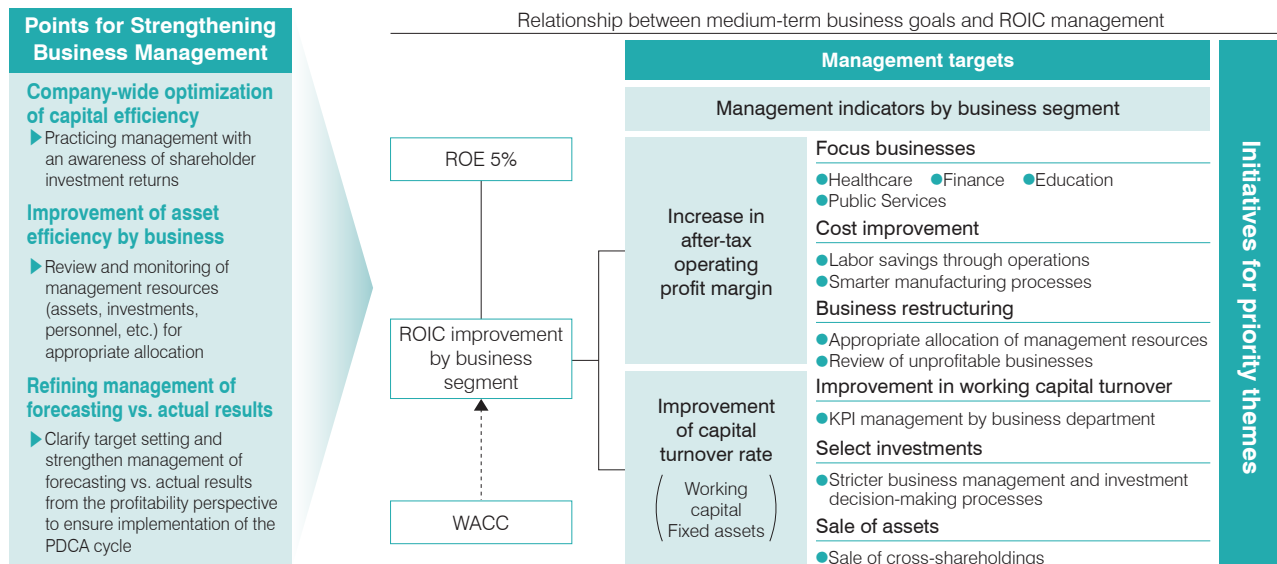
Securing human resources capable of adapting to change	<ul style="list-style-type: none"> <li>Diversification of recruitment methods based on human resource needs in line with management strategies, such as digital human resources</li> <li>Strengthening of human resource development that is responsive to change (review of training menus, transfers for training purposes, etc.)</li> </ul>
Comfortable work environments for a diverse workforce	<ul style="list-style-type: none"> <li>Promotion of diversity</li> <li>Work-style reform / health management</li> <li>Workplaces suitable for changing work styles (new buildings)</li> </ul>
Motivating personnel to take on challenges	<ul style="list-style-type: none"> <li>Review of personnel evaluation, compensation (role grades, retirement benefits/pensions), and related systems</li> <li>Improvement of employee communication (interviews, evaluation feedback)</li> </ul>

### State of Progress

- Introduction of the J-ESOP Stock Benefit Trust, a performance-linked stock ownership plan for employees
- Revitalization of internal communication through management training and strengthening of evaluation feedback interviews
- Review of various systems and regulations to realize a new work style in the new building

## Priority Theme (5) Strengthening business management functions

Introduction of the ROIC system for internal management indicators to achieve target ROE. Pursuit of business operations and profitability improvement with an eye to improving return on investment by business segment.



### State of Progress

- Understanding performance of related indicators such as capital turnover rate, and identifying issues
- Regular information sharing within the company to foster awareness that enables ROIC management to take root
- Strengthening of business investment management through the establishment of a new Investment Review Committee

## Governance Structure to Support the Five Priority Themes

Strengthen the governance structure to support the Group's five priority themes and enhance the Group's competitiveness. Carry out governance reforms to enhance the quality of management, including strengthening the role and functions of the Board of Directors.

Role and Functions of the Board of Directors	<b>Stimulating strategic discussions on sustained growth</b> <ul style="list-style-type: none"> <li>● Continued implementation and publication of a summary of the Board of Directors' effectiveness evaluation (FY2018)</li> <li>● Publication of the Board of Directors Skills Matrix and structure for functioning as a team (FY2021)</li> </ul>
Use of Outside Directors	<b>Strengthening supervisory and advisory functions with respect to the Board of Directors</b> <ul style="list-style-type: none"> <li>● Operation as a conference comprised solely of Independent Outside Directors and Independent Outside Auditors (FY2016)</li> <li>● Creation and publication of criteria for determining independence, and appointment of the lead Independent Outside Director (FY2021)</li> <li>● Secured at least 1/3 Independent Outside Directors (FY2021)</li> </ul>
Overall approach to appointment and remuneration of management team	<b>Enhancing the appropriateness and transparency of the process for determining the selection, dismissal and remuneration of Directors and Executive Officers</b> <ul style="list-style-type: none"> <li>● Introduction of a performance-linked stock compensation (BBT) system as an effective incentive (FY2018)</li> <li>● Confirmation by the Nomination and Remuneration Committee of the appropriateness and transparency of the proposed selection and dismissal of Directors (FY2019)</li> <li>● Implementation of reform of the Executive Officer remuneration system and establishment of a basic policy on executive compensation (FY2020)</li> </ul>
Relationships with Shareholders and Investors	<b>Enhancing constructive dialogue with the aim of increasing corporate value</b> <ul style="list-style-type: none"> <li>● Enhancement of constructive dialogue with shareholders and investors on topics such as management strategy, financial strategy, business models, and evaluation of the effectiveness of the Board of Directors</li> </ul>

# Financial Strategy



We aim to increase  
profitability and sustainably  
enhance corporate value  
through effective financial  
strategies

## Hidenori Watanabe

Senior Managing Executive Officer and  
Director Senior Manager, Group  
Corporate Headquarters and  
Management Supervisory Headquarters

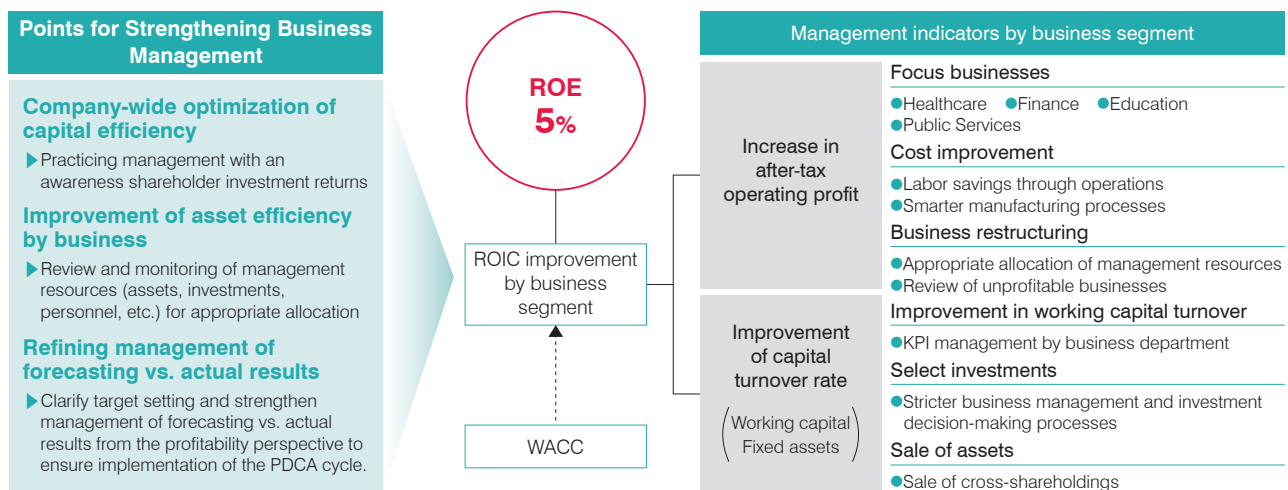
## Basic Philosophy

The Group's capital strategy is based on investments with a view to sustained growth and the maintenance of a level of shareholders' equity that ensures smooth business continuity, with the aim of a medium- to long-term increase in corporate value.

As part of our efforts to achieve the Medium-term Management Plan target of 5% ROE, in order to maximize company-wide profits, we are shifting from partial optimization through the traditional management of income and expenditures, which has been divided into sales and manufacturing segments, to management accounting, which involves overall optimization.

To achieve the target ROE, we are introducing the ROIC system

into internal management indicators within each segment as part of our efforts to strengthen business operations and profitability with an awareness of improving return on investment. In the past, business divisions have tended to focus management primarily on profit, but by increasing awareness of working capital and inventory, we are reforming our business operations to avoid inflating the balance sheet more than necessary. In introducing the system, it is important to raise awareness of accounting and instill the concept of total optimization. We are therefore advancing efforts such as conducting employee training.





## Improving Capital Efficiency and Investing for Growth

We aim to maximize corporate value by realizing generation of operating cash flow through improved profit in existing businesses and investments that are well balanced in accordance with capital efficiency.

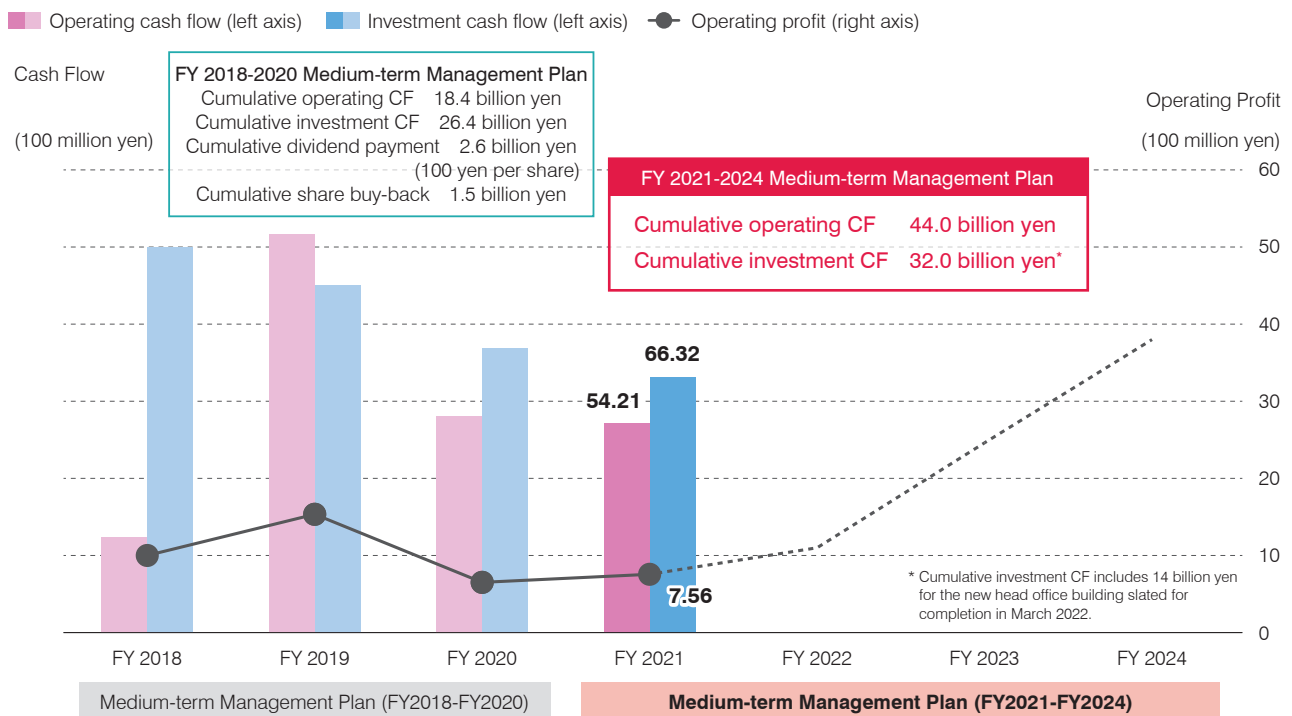
In FY2021, the Company reduced its cross-shareholdings by 1.44 billion yen in six issues in an effort to improve capital efficiency. In May 2022, a general fixed-term land lease agreement for 17.24 billion yen was signed to effectively use the land made available by the reconstruction of the head office building, which will be used to fund the reconstruction of the new building, etc.

While ensuring the soundness of the company's financial base,

retained earnings are used for R&D and capital investment to strengthen business foundation, for business alliances and M&A toward future growth, and for capital policy that will improve capital efficiency.

In R&D, we invested a total of 1.1 billion yen to research new technologies and materials, and to develop new technologies and products that anticipate market needs. Capital investments totaled 15.34 billion yen, including investments to strengthen quality assurance, address environmental issues, and construct a new office building, while focusing on improving profitability and competitiveness through reforms in business areas and cost reforms.

### Cash Flow Plan



Medium-term Management Plan capital investment	Information Systems business	Cumulative investment: 12.0 billion yen	● Labor savings through operations, updating of production equipment and systems
	Living & Industrial Materials business	Cumulative investment: 6.0 billion yen	● Various environmental measures, smarter production processes, renewal of production facilities

## Shareholder Return

Profit distribution is determined based on a comprehensive assessment of factors such as strengthening the corporate structure and enhancing retained earnings necessary for future business development, while emphasizing the stable and continuous return of profits to shareholders. While our first priority is to return to the profit level before the COVID-19 pandemic, we will determine the dividend based on consolidated business performance, the

dividend payout ratio, and dividend on equity (DOE), aiming for a stable improvement of dividend level.

In FY2021, the Company repurchased 1 billion yen worth of treasury stock and retired 650,000 shares of treasury stock in order to provide additional shareholder returns in response to the business environment and to improve capital efficiency.

# Business Strategy



We aim for sustained growth  
by fostering new businesses  
and establishing a stable  
profit base for existing  
businesses

## Hirotaka Matsuzaki

Senior Managing Executive  
Officer and Director  
Group Sales Managing Director

## FY2021 Overview

The Group's main businesses are publications printing and commercial printing in the Information Communication Segment; data printing, contract BPO, certificates and IC card manufacturing in the Information Security Segment; and the manufacture of packaging such as tubes, flexible packaging, paper containers, and industrial materials in the Living and Industrial Materials Segment.

In the Information Communication and Information Security Segments, the further acceleration of digitalization that resulted as new styles of living took root amid the COVID-19 pandemic was among the factors that posed major challenges, such as the continued decline in demand for paper media. At the same time, there are increasing opportunities to put forward new value-added services, such as the promotion of non-face-to-face, contactless communication and the use of personal data. In the Living and Industrial Materials Segment, demand for packaging materials such as cartons for food delivery and other ready-made meal markets, as well as soft packaging for instant noodles, increased due to the hesitancy to dine out and the increase in working from home induced by the COVID-19 pandemic. In addition, worldwide awareness of the risks of global warming has led to progress in efforts to realize a sustainable society, expanding demand and opportunities for orders for environmentally friendly products.

In this business environment, the Group aimed to achieve its annual plan with sales of 93 billion yen, operating profit of 900 million yen, ordinary profit of 1.4 billion yen, and net profit attributable to owners of parent of 850 million yen.

In the Information Communication Segment, we worked to increase orders in the digital content, intellectual development,

and education-related fields, as well as to promote solution proposals that realize new forms of customer service. In the Information Security Segment, we focused on expanding the corporate settlement solution business while promoting business support offerings among financial institutions, government agencies, and municipal governments, leveraging our abundant know-how and high-security environment. In the Living and Industrial Materials Segment, we worked to increase orders for packaging for food and daily necessities, for which demand expanded due to hesitancy to leave home, and promoted development of environmentally friendly products in flexible packaging and tubes to contribute to building a sustainable society.

As a result of the above efforts, sales increased in education-related books as well as data printing and BPO, mainly for municipal governments. Although sales of toothpaste tubes and other products were firm, demand for periodical publications and transportation system IC cards declined due to the extended declaration of a state of emergency caused by the COVID-19 pandemic. This led to voluntary restraint from going out, resulting in lower-than-expected sales in the Information Communication and Information Security Segments, and overall sales for the Group fell short of the sales for the previous fiscal year, totaling 88.416 billion yen. Profits were unfortunately lower than planned, with operating profit of 756 million yen, ordinary profit of 1.298 billion yen, and net income attributable to owners of parent of 683 million yen due to lower sales and higher raw material costs in the Living and Industrial Materials Segment.

## ● Results by Segment

(Million yen)

	Year through March 2021	Year through March 2022	Year-on-year comparison
<b>Sales</b>	91,031	88,416	(2.9%)
Information Communication	35,484	33,427	(5.8%)
Information Security	26,032	25,187	(3.2%)
Living & Industrial Materials	27,076	28,002	3.4%
Other	2,437	1,797	(26.2%)
<b>Operating Profit</b>	648	756	16.8%
Information Communication	92	(186)	-
Information Security	612	648	5.9%
Living & Industrial Materials	(117)	123	-
Other	189	15	(92.1%)
<b>Adjustment amount</b>	(129)	156	-
<b>Ordinary Profit</b>	1,345	1,298	(3.6%)
<b>Current Net Profit</b>	846	688	(18.7%)

## Toward Achieving Our Medium-term Management Plan

The stated policy of the Medium-term Management Plan, which we have been working on since FY2021, is “taking on the challenge of future-driven change to create a prosperous society and new value.” Specifically, we are working to nurture new businesses that will become pillars of the Group, and to establish a stable profit base for existing businesses.

In the information-related business, through our strengths in traditional analog media and advanced planning and development capabilities that include digital content production and livestreaming, we are expanding our menu of services to optimize communication for diverse consumer lifestyles. To support expanding online learning in the education field, we began offering Waccas, an instructor dispatch platform. In the field of sales promotion support, the Company will expand orders by strengthening promotional support for e-commerce and physical stores through provision of digital content that creates new customer experiences including the MIRUKAU live-streamed e-commerce site and Digital Gondola® which integrates digital signage with in-store sales fixtures.

In the business support field, we provide corporate health management services in the area of healthcare, supporting health-related services at three classes of parties: companies, health insurance associations, and health exam institutions. In the field of finance, we are expanding our business through services that contribute to better living for consumers, such as the joint development of a prepaid card payment platform that combines



Health Management Operations Center

Healthcare solutions that provide one-stop support for health-related services at companies, health insurance societies, and health exam institutions

cashless and senior citizen services. Meanwhile, in order to improve profitability, we are aggressively promoting fundamental production reforms and productivity improvement initiatives.

In Living and Industrial Materials businesses, we are expanding the scale of our operations through the development of environmentally friendly products and highly functional packaging materials. In recent years, we have particularly focused on the development of container and packaging-related products that use paper as a substitute for plastic. For example, we have developed packaging materials that use forest-certified paper for primary packaging materials that come in direct contact with food products, and paper cartons that reduce the amount of plastic used while ensuring convenience in combination with plastic lids that allow customers to see the contents of the carton. We will strive to expand sales by providing high-value-added products that contribute to the elimination of plastics while taking into consideration the functionality of containers and packaging and convenience for consumers. At the same time, we are digitalizing our manufacturing department, starting with some model plants.

In addition to these business-specific initiatives, we have begun initiatives such as collaboration among business divisions to create added value from the customer's perspective, and establishment of a new department responsible for creating new business models to expand our areas of business. Through these efforts, we will work to create corporate value and achieve our Medium-term Management Plan.



### Digital Gondola®

Sales promotion fixtures for the “ne normal” era that integrate sales fixtures, digital signage, and a mechanism for streaming content

# Information Communication Business

## Basic Data



- Segment sales ..... 33.42 billion yen
- Segment operating profit ..... (180) million yen
- Main Group companies ..... 4
- Number of major manufacturing bases ..... 2
- Segment personnel count  
(non-consolidated/consolidated) ..... 228/817

### ● Business Environment Analysis

#### Opportunities and Risks

- Diversification of information communication methods in line with changes in consumer values and lifestyles
- Expansion of education-related business investment by the government toward the realization of a lifelong learning society
- Decrease in demand for paper media due to digitization and interactivity of information

#### Strengths

- A strong customer base built up over a long period of time
- Planning and development functions that fuse the real and the digital

### Junichi Iwata

Managing Executive Officer and Senior Manager,  
Information Communication Headquarters

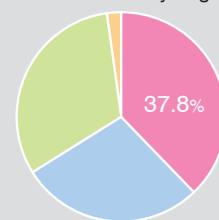
## FY2021 Highlights

### Sales:

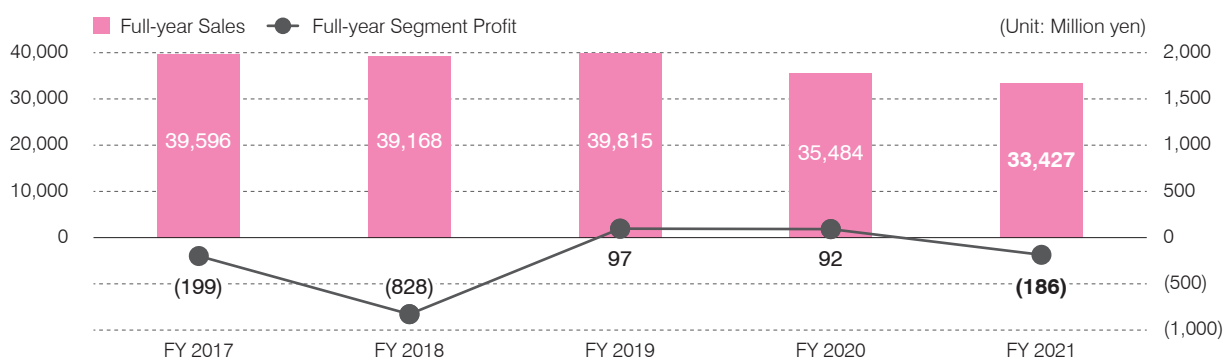
In publications printing, sales of magazines decreased mainly in periodicals, but sales of educational books and content-related items increased. In commercial printing, sales of catalogs decreased due to discontinuation and other factors, but sales of logistics-related operations increased.  
(Note: Despite the overall sales year-on-year decrease, there was essentially no change from the previous year because of a roughly 2.2 billion yen decrease [mainly in e-books] resulting from factors including the application of the Accounting Standard for Revenue Recognition.)

**Operating profit:** Profit was lower than the previous year due to a temporary increase in outsourcing costs associated with the consolidation of work sites.

Sales Breakdown by Segment



### ● Five-year Trend





## Review of FY2021

In publications printing, the Company worked to increase orders for the production of every content type, and in fields related to intellectual development and education. In addition to strong year-on-year sales of education-related products such as dictionaries and educational materials, as well as single-volume and newly published books amid a booming book market, sales in content-peripheral areas such as magazine supplements, sales promotion materials and goods such as exhibitions of original drawings of popular comics also increased. However, sales were down from the previous year due to a decrease in magazines, especially periodicals, and a decrease in e-books, partly due to the application of the Accounting Standard for Revenue Recognition.

In general commercial printing, although sales promotion demand has not fully recovered, sales of POP and pamphlets exceeded those of the previous fiscal year, when sales fell sharply due to the COVID-19 pandemic. Logistics-related operations, including shipping, and direct mail also performed well. However, catalogs decreased due to discontinuation and a shift to digital media, resulting in a year-on-year decline.

As a result, the division as a whole posted sales of 33.427 billion yen (down 5.8% year on year) and an operating loss of 186 million yen (compared with an operating profit of 92 million yen in the previous year).

## Medium-term Management Plan Initiatives

We are working to strengthen partnerships with our customers and to expand our areas of business. Particularly in the field of promotion, the Group is focusing on expanding its growth base by flexibly responding to customers' management strategies and business model reforms, and by focusing on providing solutions that only the Group can offer, including offerings that combine with other divisions. In addition, we are establishing a business model in which we develop, manufacture, and market our own content, mainly educational and infant/toddler content, in addition to our traditional outsourced contracting business. We are also working to strengthen the human resources that underpin

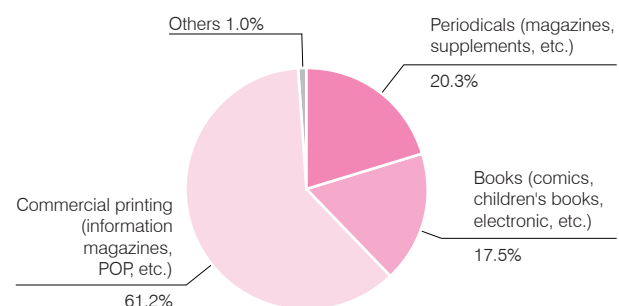
these efforts. In order to increase the number of value-creating personnel who can adapt to new business models, we are not only hiring new personnel, but also focusing on human resource development by increasing opportunities for many employees to participate in business planning.

For the existing printing business, we are reviewing manufacturing processes and working to reduce costs by improving efficiency, saving labor, and reducing loss. We will also expand the range of products and services that can be manufactured and produced at each of our plants, thereby expanding our business domain.

### ● Sales Composition Ratios by Item Category

(Million yen)

Item	FY2021 sales
• Periodicals (magazines, supplements, etc.)	6,784
• Books (comics, children's books, electronic, etc.)	5,863
• Commercial printing (information magazines, POP, etc.)	20,449
• Other	330
Segment total	33,427



### Items handled

Periodicals, books, general commercial printing, digital media, in-store media, digital communication services



 **Digital Gondola**

 **One Douga**

 **Waccas**

 **Y7 reading**

# Information Security Business

## Basic Data



- Segment sales ..... 25.18 billion yen
- Segment operating profit ..... 640 million yen
- Main Group companies ..... 3
- Number of major manufacturing bases ..... 3
- Segment personnel count (non-consolidated/consolidated) ..... 710/845

### ● Business Environment Analysis

#### Opportunities and Risks

- Expansion of digital investment in the public service sector, including smart city policies
- Expansion of the healthcare-related market due to increased health awareness among consumers and the government's policy of extending healthy life expectancy
- Decrease in demand for paper notices, cards, etc. due to transition to a smart society

#### Strengths

- Advanced information security environment and management systems
- A business design and operation system that blends the real and the digital

### Teruomi Ohashi

Managing Executive Officer and Senior Manager,  
Information Security Headquarters

## FY2021 Highlights

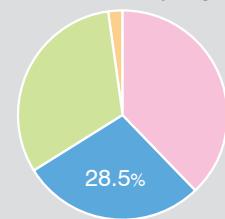
### Sales:

BPO and data printing sales remained strong, especially for municipalities, while sales of certificates remained mostly unchanged. Overall card revenue also declined due to a delay in the recovery of demand for transportation IC cards, despite steady performance of finance-related cards.

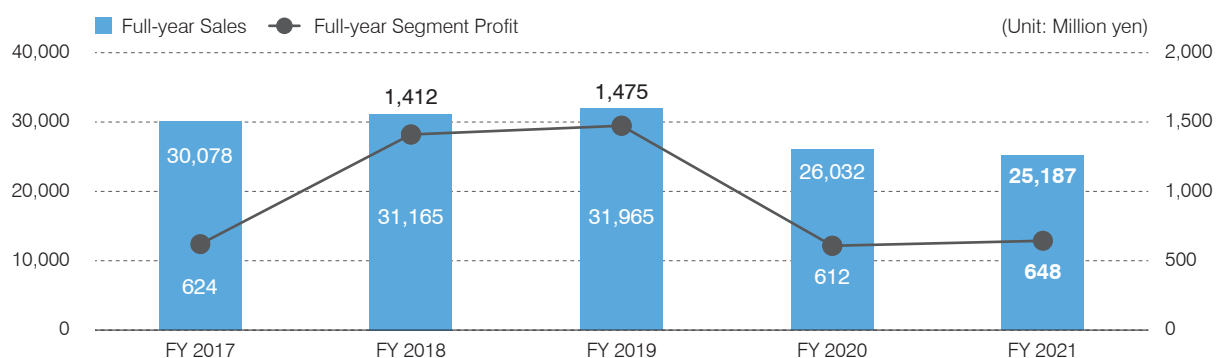
### Operating profit:

In addition to a change in the product sales ratio, fixed costs were reduced through flexible staffing assignments based on development of multi-skilled human resources, and profits were maintained at the same level as the previous year.

### Sales Breakdown by Segment



### ● Five-year Trend





## Review of FY2021

In addition to working to win orders by promoting proposals to financial institutions, government agencies and municipal governments, we focused on expanding sales of Bizpreca, a prepaid card service for corporate customers, to expand our corporate settlement solutions business. Regarding business forms, data printing and BPO increased mainly for municipalities, including work related to the new COVID-19 vaccine, and were higher than in the previous fiscal year. Certificates increased over the previous year, as boarding tickets increased year on year and raffle tickets

remained at the same level as the previous year, while the stagnation of people flows due to the COVID-19 pandemic lingered. Regarding cards, however, while financial cards performed well, transportation system IC cards were affected by a delayed recovery in passenger demand and other factors, resulting in a significant decline from the previous fiscal year.

As a result, overall sales for the division totaled 25.187 billion yen (down 3.2% from the previous year), with operating profit of 648 million yen (up 5.9% year on year).

## Medium-term Management Plan Initiatives

As the market environment changes and the shift from products to services continues, we are working to secure earnings in existing businesses and cultivate new businesses that will become the pillars of the next generation.

In recent years, increasing awareness of health management by corporations has accelerated their efforts to obtain corporate certification for outstanding organizational health management and to maintain and promote the health of employees, but the complexity of information management within companies is expected to drive outsourcing. Another challenge for financial institutions seeking to improve operational efficiency is the increase in inheritance-related operations against the backdrop of an aging population. In order to steadily capture these business opportunities,

we are targeting the areas of healthcare and of services for financial institutions as we aggressively develop sales activities to increase orders.

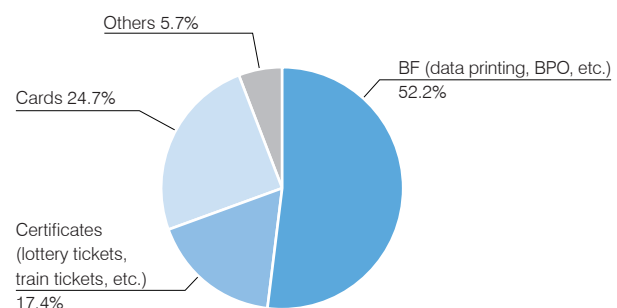
In the transportation-related business, in which the main products are tickets and transportation IC cards, we are not only striving to provide a stable and flexible supply of products in response to demand trends, but also to offer solutions to the issues faced by transportation companies, such as the creation of a simple digital ticketing system and the development of packaging materials that support logistics solutions.

Through these measures, we aim to fulfill our Medium-term Management Plan by expanding our business domains and strengthening our earning power.

### ● Sales Composition Ratios by Item Category

(Million yen)

Item	FY2021 sales
BF (data printing, BPO, etc.)	13,141
Certificates (lottery tickets, train tickets, etc.)	4,382
Cards	6,225
Other	1,437
Segment total	25,187



### Items handled

Business forms, data printing, BPO, bankbooks and certificates, various cards, settlement solutions business



# Living & Industrial Materials Business

## Basic Data



- Segment sales ..... 28.0 billion yen
- Segment operating profit ..... 120 million yen
- Main Group companies ..... 6
- Number of major manufacturing bases ..... 6 in Japan, 3 overseas
- Segment personnel count (non-consolidated/consolidated) ..... 481/897

### ● Business Environment Analysis

#### Opportunities and Risks

- Transition to a Circular Economy
- Expansion of need for new environmentally friendly packaging in line with the promotion of carbon neutrality
- Tighter regulations on plastic products, including plastic offsets

#### Strengths

- Core technologies and development capabilities accumulated over many years, in which we hold the top market share, including laminated tubes
- Comprehensive planning and proposal capabilities from design to product

### Tadashi Tomioka

Managing Executive Officer and Senior Manager,  
Living & Industrial Materials Headquarters

## FY2021 Highlights

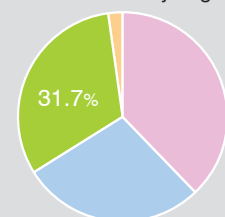
### Sales:

Paper container sales increased for ready-made meal packaging, but decreased for daily necessities packaging. In flexible packaging, sales of packaging materials for liquids and packaging and lidding materials for instant noodles increased. Sales of tubes for seasonings increased, and sales for toothpaste also remained strong.

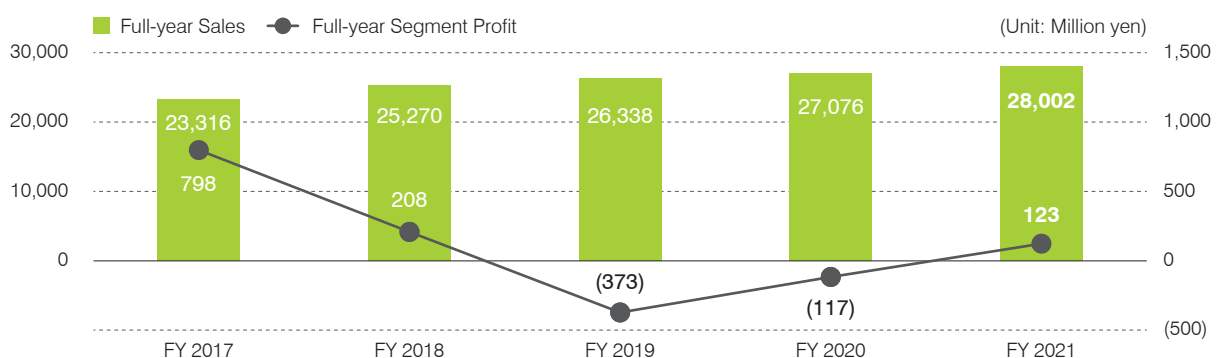
### Operating profit:

Despite the impact of higher raw material costs, sales exceeded the previous year's level and the company returned to profitability.

Sales Breakdown by Segment



### ● Five-year Trend



## Review of FY2021

Sales of paper containers were flat from the previous year, mainly due to strong sales of oil-resistant cartons for the ready-made meal market including delivery services, due to the recommendation to avoid crowding, while sales of cartons for kitchen wraps, mainly for commercial use, decreased. Flexible packaging increased due to an increase in film packaging and lidding materials for instant noodles, as well as solid sales of packaging materials for liquids such as the Handy Cube® medium-volume flexible container.

Tubes were up from the previous year due to strong sales for

toothpaste and favorable sales for food products, especially for seasonings, despite a slow recovery in demand for UV care products and other cosmetics. Blow-molded bottles remained at the same level as the previous year despite a lull in household demand. However, sales of industrial materials declined, especially for pharmaceuticals.

As a result, the division as a whole posted sales of 28.002 billion yen (up 3.4% from the previous year) and operating profit of 123 million yen (after an operating loss of 117 million yen the previous year).

## Medium-term Management Plan Initiatives

Toward the goal laid out in our Medium-term Management Plan of establishing our position as a packaging solution vendor, we are strengthening development and offerings of environmentally friendly products and highly functional packaging materials, as well as promoting efforts to increase orders for packaging and laminated tubes for food and daily necessities.

In particular, in preparation for the global transition to a circular economy, we are focusing on the development of environmentally friendly products such as paper packaging materials that do not use plastic film and paper cartons with high fitting property to plastic lids. We will supply the market with branded, high-value-added products that combine functionality as containers and

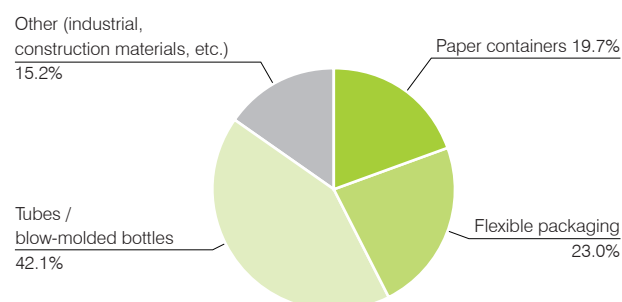
packaging with convenience for consumers while contributing to de-plasticization.

With regard to the production system, we have been working on smartening the manufacturing department, starting with some model plants. We will maximize profits by reforming production processes to improve production efficiency and reduce costs.

In addition, we are promoting initiatives for growth, such as exploring new possibilities for industrial materials based on our core technologies cultivated over many years. In expanding sales of laminated tubes in Southeast Asia, we are strengthening proposals to local manufacturers in addition to Japanese manufacturers.

### ● Sales Composition Ratios by Item Category (Million yen)

Item	FY2021 sales
Paper containers	5,527
Flexible packaging	6,452
Tubes / blow-molded bottles	11,777
Other (industrial, construction materials, etc.)	4,245
Segment total	28,002



### Items handled

Paper containers, flexible packaging, tubes, construction materials, metallic printing, high-performance materials



# R&D Strategy

## Basic Philosophy

As society changes at an unprecedented pace, including the transformation of consumer values, the advent of a data-driven society, and global environmental issues, solving various social issues through innovation will be a source of competitiveness and growth for companies.

### Research and Development

Our corporate DNA has been handed down continuously since 1932, when we established the first research laboratory of a private-sector printing company, and it is still alive and well today.

We pursue research and development to create new value under our basic policy of R&D as the creation of products that will support Kyodo Printing ten years down the road.

We promote the development of future-oriented solutions based on core technologies that we have cultivated through our continuous response to the demands of society in the fields of information communication, information security and packaging.

While concentrating resources on developing new markets and products in line with our strategy for each business segment, we are also expanding our innovation-driven business domain by developing environmentally friendly products and establishing a new materials businesses in strategic areas of diversification to create new growth opportunities.

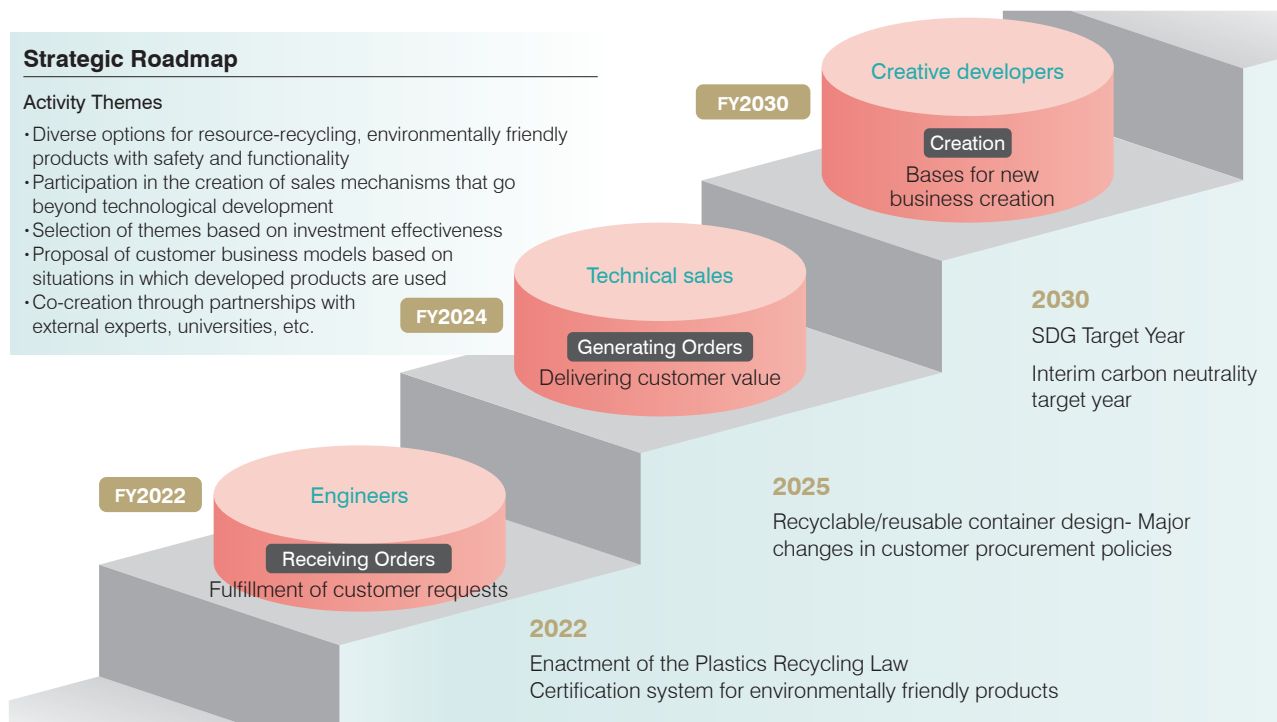
### Medium- to Long-term Development Strategy

Key Measures	Output	Outcomes
Environmentally friendly product development	Environmentally friendly products that characterize Kyodo Printing as an environmentally friendly manufacturer	Sustainable new business
Focus on new market and product development	Customer value creation	
Promote new materials business in strategic areas of diversification	Generation of new sales in new business areas	

### Strategic Roadmap

#### Activity Themes

- Diverse options for resource-recycling, environmentally friendly products with safety and functionality
- Participation in the creation of sales mechanisms that go beyond technological development
- Selection of themes based on investment effectiveness
- Proposal of customer business models based on situations in which developed products are used
- Co-creation through partnerships with external experts, universities, etc.



### Digital Solution Development

The changing values of consumers, declining birthrate, aging society, urbanization, and other social issues require the creation of new value through IT solutions and DX. We have a planning and development system in place to create new value by providing secure and convenient solutions that anyone can use anywhere, anytime. The Sales Promotion Planning Department, established within the Business Division, is the starting point for planning and

development, and the Communication Design Center (CDC) is responsible for development. The technical core is handled by the IT Division, which works on IT technology development, creation of new service menus, and system development directly connected to business strategies, as well as promoting research on data utilization, operation of data platforms, and data analysis and marketing.

# Intellectual Property Strategy

## Basic Philosophy

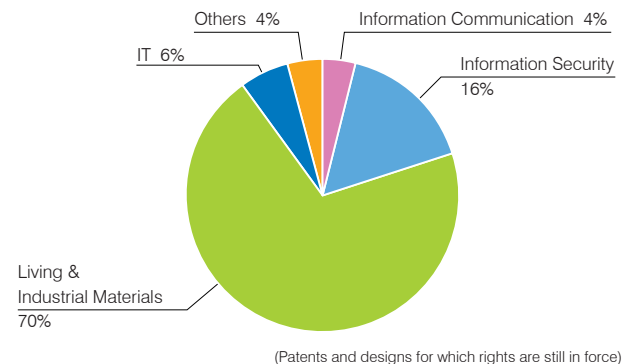
Our Group regards intellectual property as an important management resource that serves as a source of competitive advantage. We are working to maximize sustained growth and corporate value not only by obtaining rights to intellectual property created through research and development, but also by strengthening our

formation of core technologies and market competitiveness while expanding business domains with intellectual property strategies. At the same time, we respect the intellectual property rights of other companies and strive to create a fair business environment that does not infringe on them.

## Implementation Framework

In order to establish powerful intellectual property based on technical and legal expertise, we assign an intellectual property manager to each development section to work with developers to understand market needs, the business environment for the future, and the latest technology trends, and to hone their expertise. In addition to the product field, mainly packaging materials, where technological competition is fierce, we are allocating resources according to our business growth strategy, such as strengthening our response to the IT field in line with the expansion of our information-related solutions business. In reporting to management, we conduct an integrated analysis of intellectual property information and market information of the company and our competitors, and make recommendations that contribute to management decision-making, such as market position, selection of focus areas, and growth potential.

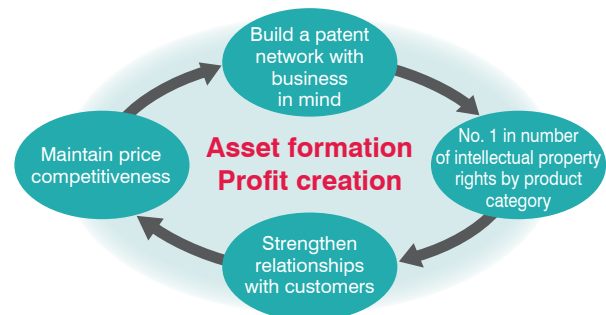
### ● Intellectual Property Portfolio (Summary)



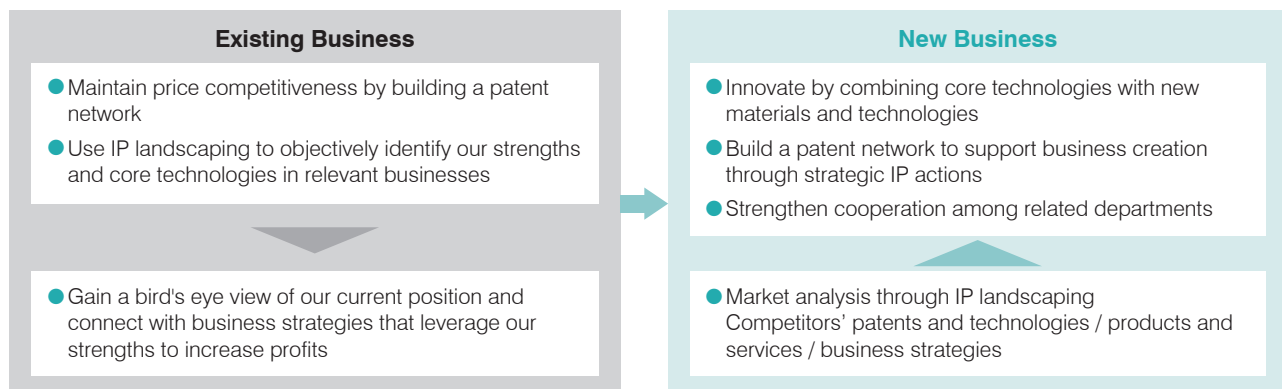
## Strategic Intellectual Property Activities for Value Creation

We promote strategic IP activities by singling out themes for strategic support from among our development themes, which serve as a core for value creation. From the early stages of development, we consider anticipatory patents with an eye on the future business environment as we systematically build our patent network. We provide comprehensive support for business challenges, from customer proposals to development-related contracts, that are not limited to intellectual property. We are also focusing on market analysis through IP landscaping to develop business strategies for expansion of existing businesses and creation of new businesses, as well as to develop a company-wide cross-functional structure.

### ● Profit Generation Cycle



### ● Business Strategy Support Using IP Landscaping\*



\* A method of comprehensively analyzing the intellectual property and markets of our Company and the competition, and applying the information obtained from that analysis to business strategy.



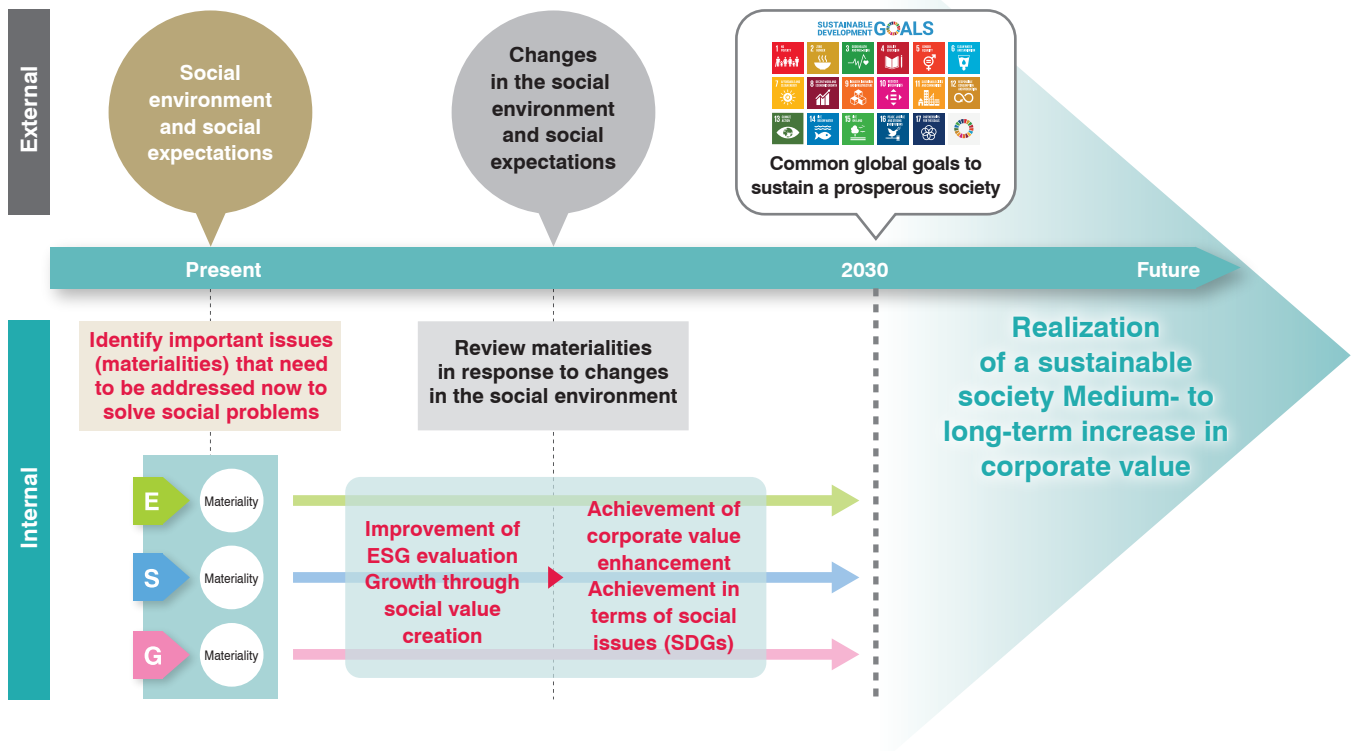
# Sustainability

## Identifying Materialities for Sustainability Management

Society is in the midst of a major transition, involving a shift in consumer values, increasing urbanization, and environmental challenges such as climate change. The printing industry is also under pressure to change its business model, including responding to the rapid shift to digital technology. Under these circumstances, the Group has been working to identify important management issues with the aim of becoming a sustainable company that can flexibly respond to changes in people, society, and the environment and continue to grow together with them.

In September 2022, based on a long-term perspective targeting the year 2030, we identified six materialities (important management issues) that will have an important impact on our ability to create value into the medium- to long-term future. We aim to achieve sustained growth and increase our medium- to long-term corporate value by leveraging our own competitive resources, investing in growth, and creating new business models based on social issues.

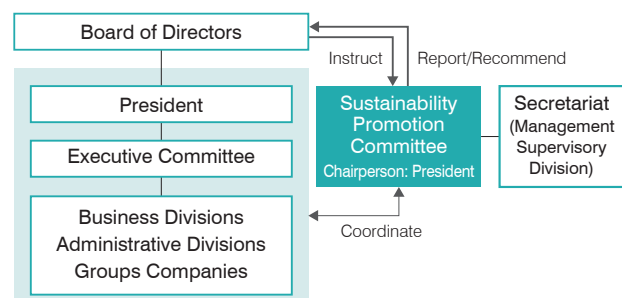
### • Our Concept of Materiality



### Implementation Framework

We established the Sustainability Promotion Committee, chaired by the President and consisting of Managing Executive Officers and above. The committee will discuss and plan important sustainability policies and measures, such as materiality identification and response policies. It will report important matters to the Board of Directors, thereby strengthening the Sustainability Management system under the leadership of top management.

### • Sustainability Promotion Organizational Diagram





## Materiality Activities of the Kyodo Printing Group

We have identified materialities in areas of value creation for sustained growth and in areas of management foundation to support value creation.

### Value Creation Areas

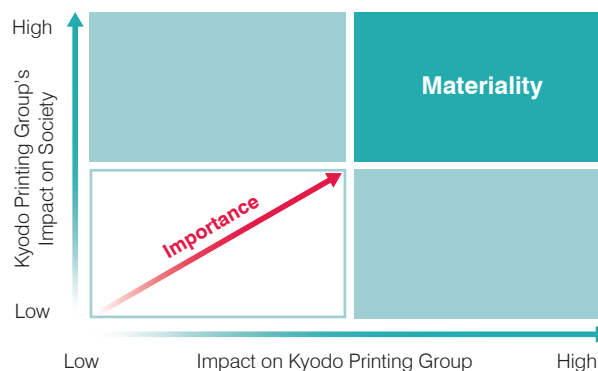
Living	<p><b>Diverse Lifestyles:</b> Creating Lifestyles of Prosperity and Happiness through information communication</p> <p><b>Major Initiatives</b></p> <ul style="list-style-type: none"> <li>● Smart work support solutions</li> <li>● Lifelong learning solutions</li> <li>● Experiential value creation solutions</li> </ul>      
Society	<p><b>Smart Society:</b> Creating a safe and convenient society for everyone through information security</p> <p><b>Major Initiatives</b></p> <ul style="list-style-type: none"> <li>● Next-generation healthcare solutions</li> <li>● Solutions for smart financial services</li> <li>● Solutions for smart municipal government</li> </ul>      
Earth	<p><b>Recycling-oriented Society:</b> Creating a sustainable future through innovative packaging and services</p> <p><b>Major Initiatives</b></p> <ul style="list-style-type: none"> <li>● Resource recycling solutions</li> <li>● Food loss solutions</li> </ul>      

### Management foundation areas

E Environment	<p><b>Coexistence with the global environment</b></p> <p><b>Major Initiatives</b></p> <ul style="list-style-type: none"> <li>● Climate change mitigation and adaptation</li> <li>● Biodiversity conservation</li> </ul>     
S Society	<p><b>Active value-creating human resources</b></p> <p><b>Major Initiatives</b></p> <ul style="list-style-type: none"> <li>● Utilization of diverse values</li> <li>● Securing and strengthening value-creating human resources</li> <li>● Creation of an environment that maximizes the use of our capabilities</li> </ul>     
G Governance	<p><b>Responsible corporate behavior</b></p> <p><b>Major Initiatives</b></p> <ul style="list-style-type: none"> <li>● Corporate ethics and fair operating practices</li> <li>● Respect for human rights</li> <li>● Information security and privacy</li> <li>● Integrated risk management</li> </ul>     

## Materiality Identification Process

A Sustainability Promotion Team was established as an office for identifying materialities, and a list of issues was compiled based on various guidelines and frameworks, while accessing the knowledge of external advisors. Narrowing down the list, we prioritized those items that would have an important impact on our ability to create value over the medium- to long-term future, while taking into account their impact on society. In the meantime, a draft was prepared through repeated discussions at the Executive Committee consisting of Managing Executive Officers and above, as well as at the Board of Directors, while also considering input from each business and corporate division. Based on the draft, the Board of Directors also verified the appropriateness of the proposal from an objective, outside perspective through exchanges of opinions with experts and management, and passed a resolution on the proposal.



### ● Materiality Identification Steps

#### Main reference guidelines

- ISO26000
- GRI Standard
- SASB Standard
- SDGs, etc.



## Expert Comment

Demographic changes, the spread of digitalization, and other changes in the external environment that are expected in the future are having a major impact on the printing industry. Kyodo Printing's business is no exception, and in order to respond to these dramatic changes and sustainably create value, it is imperative that Kyodo Printing change its business and its mindset. It has been timely in this regard that Kyodo Printing has clarified the future challenges that it faces in the form of the value creation materialities. Moving forward, it will be important to clarify specific initiatives for each of the three identified value creation materialities, set indicators and targets, and monitor progress on an ongoing basis, as well as to ensure that these initiatives permeate each business through engagement with diverse employees and unification of awareness. I believe that these materialities will be effective tools for incorporating into concrete initiatives our major

### Hidemi Tomita

LRQA Sustainability K.K.  
Managing Director



goal for the future ten years from now, as envisioned through TOMOWEL. From FY2022 onward, it is expected that progress will be evaluated at the management level, incorporating external perspectives, and that information on the results and challenges will be continuously disclosed.

I think it is very significant that Kyodo Printing has identified materialities that will lead to value creation from a long-term perspective based on the envisioned state of society in 2030 and the challenges facing our country. The content is well-developed and persuasive, and the discussion process, which fully reflects both internal and external views, is very valuable for incorporation into management.

The corporate sector is expected to demonstrate strong leadership in achieving a sustainable society. The positioning of the value creation categories of life, society and the Earth at the top of the management foundation area of ESG is an easy-to-understand concept. In practice, however, I believe that the integration of the two into one, making ESG itself an important driver of value creation, will lead to even greater value creation in the future.

In terms of issue areas, I would like to see more focus on human rights efforts in accordance with the UN Guiding Principles on Business and Human Rights, and on biodiversity,

### Masao Seki

Sompo Japan Insurance Inc.  
Senior Advisor, Business  
Planning Department



which is an important issue along with the climate crisis. I would also like to see the establishment of indicators linked to the strategy, and the inclusion of a social impact perspective in the measurement and evaluation of results.

It is anticipated that social expectations will change and greatly intensify. I hope that Kyodo Printing will keep engaged in continual dialogue with stakeholders while aiming for even higher goals.

# Environmental Strategy

## External Conditions

Economic activities have supported human living and provided prosperous lifestyles. At the same time, however, the dramatic expansion of economic activities has brought about climate change, loss of biodiversity, depletion of resources, increased waste, and

pollution. Economic activities are based on the use of natural resources and the bounty of the ecosystem. We have a responsibility to pass on to future generations a society in which people and the Earth can live together in harmony.

## Basic Philosophy

The spread of ethical consumption due to growing environmental awareness among consumers, procurement screening from client companies on environmental aspects, ESG ratings from rating agencies, and investment decisions from investors are having a significant impact on management in terms of both opportunities and risks.

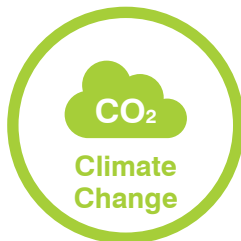
Under these circumstances, we are pursuing an environmental growth strategy aimed at realizing a sustainable society and economic growth through the provision of products and services that leverage our strengths while accelerating the expansion of the Group's overall business domain. The Medium-term Management

Plan therefore calls for the expansion of our scope of business in the environmental fields of climate change, recycling-oriented society and healthy society.

In addition, we have identified important management issues for a long-term environmental strategy for 2030, which are a recycling-oriented society as a growth strategy, and co-living with global environment with themes of "climate change mitigation and adaptation" and "biodiversity conservation" as countermeasures for environmental risks. We also have begun formulating a new long-term environmental vision for the year 2050.

### ● Environmental Strategy

**Contributing to the realization of a sustainable society and economic growth through the provision of products and services that leverage our strengths and accelerating the expansion of the Group's overall business domain**



Contributing to climate change mitigation by reducing greenhouse gas emissions and saving energy throughout the product lifecycle



Contributing to the realization of a circular economy by providing products and services that make effective use of resources



Contributing to secure and healthy living by providing technologies that reduce substances that adversely affect health

## Expansion of business areas

### Expansion of environmentally friendly products and services

- Plastic-saving eco-friendly packaging
- Resource conservation and chemical substance reduction design
- New materials with reduced environmental impact
- Digital solutions to reduce environmental impact
- Advancing innovation through partnerships

## Changes in Environmental Activities

In 1933, the company's first President, Kokichi Ohashi, held a "Paper Festival" to express his gratitude for paper as an essential material for printers, to honor its virtues, and to recognize the obligation of printers to reduce wasteful use of paper. His desire to make effective use of resources, reduce waste, and sustainably use of natural capital, and gratitude for benefit from natural capital have been passed down from generation to generation.

Pollution had become a major social issue in the early 1970s, and the Group's efforts to address pollution led to the establishment of a dedicated department to work on environmental issues.

In the 1990s, following the formation of environmental initiatives that continue to this day, including the Earth Summit held in Rio and the enactment of the Basic Environmental Law in Japan, the company established an environmental policy in 1998 and at the same time became the first general printing company to obtain ISO14001 certification. We have responded to global environmental trends with measures including the establishment of a new Environmental Management Department in 2000 and an Environmental Committee the following year, and by announcing our environmental goals.

	The Environmental Journey of Kyodo Printing Group	Domestic and International Environmental Trends
<b>1998</b>	Establishment of Environmental Policy	Law on Promotion of Global Warming Countermeasures enacted
<b>2000</b>	Environmental Management Department established	Basic law for promoting the formation of a recycling-oriented society enacted
	First ISO14001 certification of an integrated printing plant obtained (Goka plant)	Containers and Packaging Recycling Law fully enacted
<b>2001</b>	Company-wide Environmental Committee established	Law on Green Purchasing Enacted
	Launch of Environmental Vision 2005, a medium-term environmental plan	PRTR Law enacted
	Publication of environmental reports begun	
	First green product standards in the industry established	
<b>2002</b>	First rotary offset plant in the industry to receive FSC CoC certification	Johannesburg Summit
<b>2003</b>	Green Product Development Policy established	Law on Promotion of Environmental Education enacted
	Plastic products added to Green Product Standards	
<b>2006</b>		RoHS Directive enforced
<b>2008</b>	Zero emissions achieved at all of the company's major plants	
<b>2010</b>		Convention on Biological Diversity Conference adopts Aichi Targets
<b>2012</b>		United Nations Conference on Sustainable Development (Rio+20)
<b>2015</b>	Started operation of a solar power generation facility with a generating capacity of 955.5 kw (Goka Plant)	Adoption of SDGs
		COP21 Paris Agreement adopted
<b>2017</b>	Started operation of a solar power generation facility with a generating capacity of 247 kw (Goka Plant)	TCFD final report published
	Chemical substance management system begins operation	
<b>2018</b>	Establishment of Green Procurement Guidelines	Publication of IPCC 1.5°C Special Report
<b>2021</b>	Started operation of a solar power generation facility with a generating capacity of 252 kw (Sagamihara Plant)	
<b>2022</b>	Obtained ZEB Ready and BELS certification (☆☆☆☆☆) (head office)	



## Recycling-oriented Society

### External Environment

Plastic packaging materials contribute to maintaining the safety and quality of pharmaceuticals and food products, supporting our healthy and prosperous lifestyles. On the other hand, excessive use of one-way plastic packaging materials must be curbed from the perspective of global environmental conservation.

### Basic Philosophy

As a supplier of plastic packaging materials, including laminated tubes, of which we have the largest market share in Japan, we need to actively work for people's secure and prosperous lives and for global environmental conservation.

With our accumulated core technologies and planning and development capabilities as a source of competitive advantage, we

The shift to a circular economy, in which the EU is leading the way, is expected to solve many social issues such as resource depletion, waste, food loss and other food disposal problems, and to help with CO<sub>2</sub> reduction, by recovering products and recycling them to create new products.

will invest in the development of environmental products that create new value, and will strategize our business as a major growth opportunity. In addition to product development, we will be actively involved in the social implementation of recycling schemes, from collection to recycling, together with our customers and local governments.

### Implementation Framework

The Eco-TOMOWEL project is launched, centered on the Living & Industrial Materials Division and the Research and Development Division. We are promoting strategic product development through the triumvirate of development, manufacturing, and sales. In addition to recycling-oriented products, we will also address a wide range of environmental issues, including helping with the

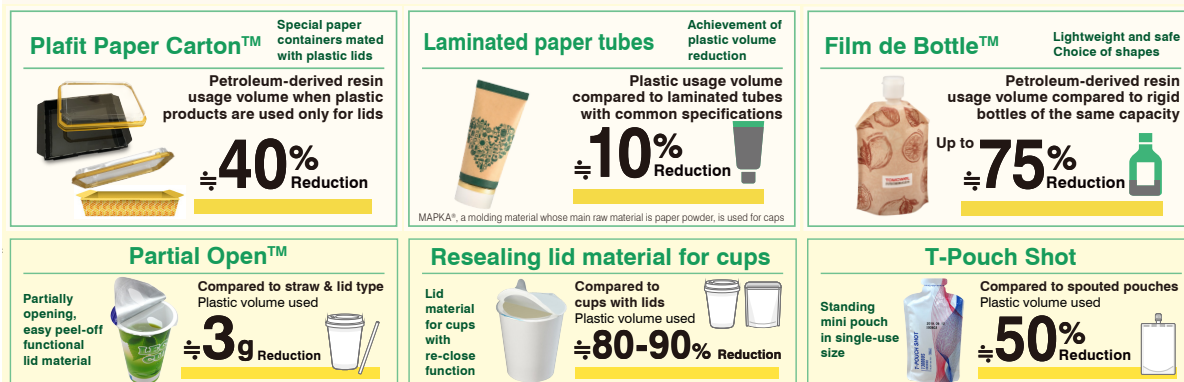
problem of food loss through high-barrier products, addressing climate change by reducing CO<sub>2</sub> emissions, and reducing VOCs, as well as developing universal products that are easy for everyone to use. The strategic products developed have been branded as "TOMOWEL NEXT PACKAGING" and are now being supplied to the market.

#### ● Action Plan

- ① Help reduce plastic resources by expanding sales of environmentally friendly packaging.
- ② Promote the introduction of eco-materials in core products and redesigning for alternative materials, and respond to the circular economy in the future.
- ③ Promote eco-friendly manufacturing design, which contributes to reduction of chemical substances and input of plastic raw materials.

### TOMOWEL NEXT PACKAGING

**TOMOWEL NEXT PACKAGING, the environmentally friendly packaging brand by Kyodo Printing, offers a new form of packaging that supports new lifestyles and prosperous living**



MAPKA® is a trademark of the Eco Research Institute Ltd.

## Climate Change

### External Environment

Energy use is increasing at a high rate due to the expansion of production, distribution, and consumption associated with economic development, as well as lifestyle changes. Global warming caused by greenhouse gas (GHG) emissions, mainly from energy use, is a serious problem that is having a severe impact on the global environment. In the international community, the goal adopted in the Paris Agreement to limit the increase in average global temperature compared to pre-industrial times to less than 2°C

became operational in 2020. Participating countries are asked to make concrete efforts to limit the atmospheric temperature increase to 1.5°C. In addition, since the Task Force on Climate-related Financial Disclosure (TCFD) released a report in 2017 recommending the disclosure of climate-related information that has financial implications, investors and other stakeholders have come to expect companies to address environmental issues.

### Basic Philosophy

We recognize that addressing climate change is an important issue for the Group to undertake. We will analyze the risks and earnings opportunities related to climate change and formulate management strategies based on these analyses, and we will also continue to consider how information should be disclosed.

We will build a robust business structure enabling us to respond to all climate change risks, including the risk of disaster induced

by climate change, raw material procurement risk, introduction of carbon pricing, and legal and regulatory compliance. While gaining the understanding and support of our suppliers, we will strive to reduce CO<sub>2</sub> emissions throughout the product lifecycle from raw materials to product disposal, while developing products and services that contribute to CO<sub>2</sub> emissions reduction, thereby creating growth opportunities.

#### ● Examples of Major Climate Change Impacts

Opportunities	Expansion of Digital Solution Business	Reducing GHG and creating opportunities through expansion of the digital solutions business
	Development of environmentally friendly packaging	Creating opportunities to receive orders and expanding market share by offering resource-recycling products
Risks	Regulatory Risks	Decrease in profit due to carbon pricing
		Increased cost of investments in climate change countermeasures for legal and regulatory compliance
		Increased costs due to conversion to renewable energy sources
	Technological Risks	Decreased competitiveness due to delays in technological development
	Market Risks	Decrease in orders due to screening for market incompatibility
	Reputational Risks	Brand value loss due to delays in climate change countermeasures and information disclosure
	Physical Risks (acute)	Direct damage from climate change disasters and indirect damage in the supply chain
	Physical Risks (chronic)	Raw material procurement risk due to depletion of forest resources caused by climate change

## Sustainable Use of Forest Resources

### Advantages of Paper Resources

Trees, the raw material for printing paper, absorb and fix atmospheric CO<sub>2</sub>. Japan has one of the best recycling systems in the world and can continue to fix and store CO<sub>2</sub> as long as it continues to recycle paper. Even when incinerated, no new increase in

CO<sub>2</sub> results, since fixed CO<sub>2</sub> is simply returned to the atmosphere where it originated. Printing paper is an environmentally sustainable resource, since it is biodegradable when released into nature, and has properties that do not leave a residue like plastics.

### Responding to Illegal Logging

Forests play a variety of roles, including nurturing biodiversity, cultivating water sources, preventing global warming, and preventing disasters. We believe that sustainable use of forest resources is fundamental to the continuation of our printing business.

To counter decreases in forest resources due to illegal logging, we will promote the verification of the legality of the paper we use, the conservation of forest resources and non-participation in illegal organizations.

# Human Resource Strategy

## Basic Philosophy

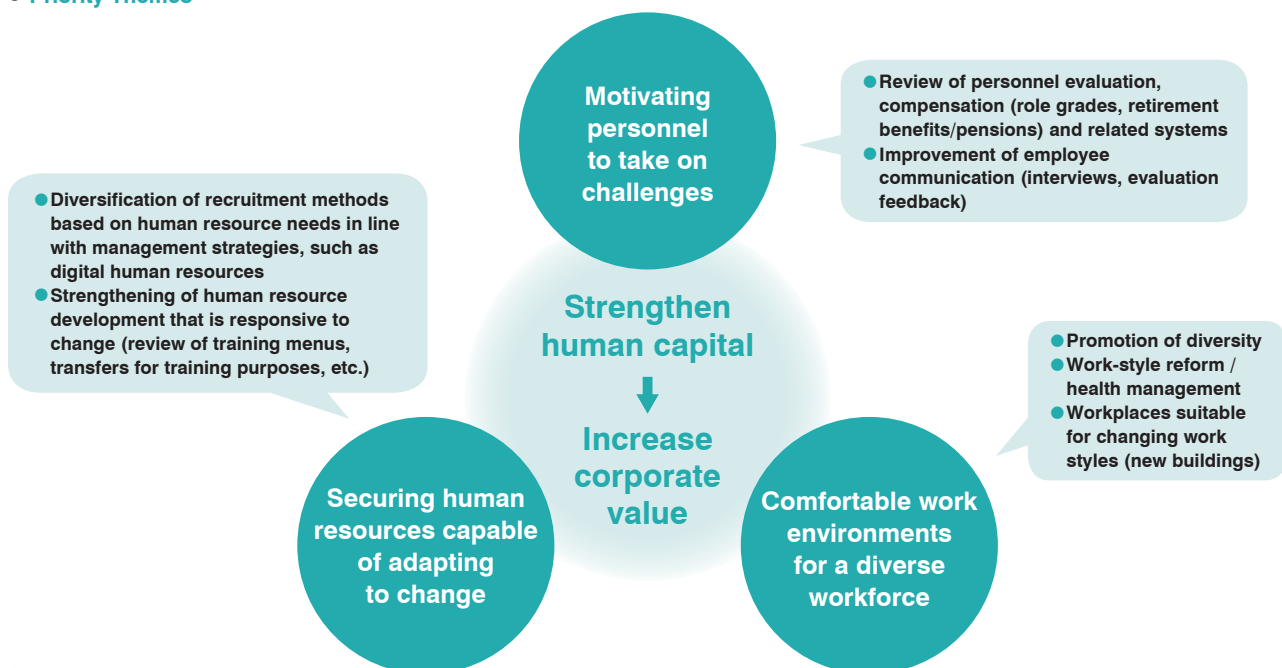
In order to continue creating new value for the future, it is crucial that we secure excellent human resources with diverse values and business strategies that enable them to respond to change. We must also create an environment in which they can maximize their abilities. As the social environment surrounding human resources continues to change amid a declining working-age population due to the falling birthrate and aging population, and amid

changing work styles due to diversifying lifestyles, we believe that human resources are the most important management resource from which to create a competitive advantage and ensure sustained growth. We encourage autonomous growth and support human resources who take on challenges, while reforming our corporate culture to improve job satisfaction and work comfort.

### ● Aspirational Ideal

**Develop human resource infrastructure that encourages autonomous growth of diverse human resources for sustained growth in corporate value.**

### ● Priority Themes



### Six Key Measures

1 Improve productivity of back office	2 Establish a DX promotion system	3 Establish systems to hire, develop, and evaluate human resources, including digital HR
4 Establish systems to support human resources who take on challenges	5 Strengthen human resources capable of responding to changing times	6 Establish HR infrastructure that is easy to work with

## Utilize Diverse Human Resources to Create Value

In order to create new value, it is important to have a workforce that is as diverse as society itself, that practices mutual respect and recognition of individual values and perspectives, and that makes use of various perspectives, experiences, and abilities for the growth of the company. In order to reflect diverse values in corporate decision-making, we are promoting the appointment of women to management and other core personnel roles. We have set goals for promotion and are working to achieve them by providing career development and training for female leaders.

In addition, we will continue to support our employees during life events such as childbirth and childrearing by providing systems and various training programs to enable them to continue their careers, thereby realizing value creation and sustained growth based on a diverse workforce. Furthermore, we are actively promoting career hires with diverse experience, values, and skills, aiming to continue and expand our business in the future by fostering a new culture eager for challenge and demonstrating innovation.

## Secure and Develop Human Resources to Implement Management Strategies

We respond flexibly to changes in society and the business environment, and are working to secure and strengthen the development of value-creating human resources in line with our management strategy. In particular, our management challenge is to secure digital human resources in line with our management strategy to expand new business areas through innovation in information-related businesses, to reform production through IoT, and to strengthen our management base through the use of digital tools and the advancement of business operation processes.

In terms of acquiring digital talent, we are expanding our channels for acquiring human resources by introducing new recruitment methods, expanding career hiring, and implementing

reemployment programs. In the area of human resource development, we are revamping our menus and making transfers for the purpose of training.

In promoting human resource management in line with our management strategy, we view the abilities and skills of our employees as a crucial management resource, and have introduced and are strengthening our talent management system as the basis for strategic recruitment, placement, and training. In addition, we are strengthening our investment in human capital by expanding subsidies for the acquisition of relevant certifications to enhance our capabilities in line with the specialized nature of our business.

## A Work Environment Balancing Productivity and Job Satisfaction

We believe that productivity can be increased by improving employee job satisfaction and engagement through flexible work styles unrestricted by time and place, work-life balance, health and safety, and other work environment improvements that match the changing attitudes of workers.

In the area of flexible work styles, we are promoting telework by improving work systems and business processes. We have also introduced a side-job system to support employees' autonomous career development, while at the same time promoting the growth of both employees and the company by allowing them to utilize their experience and knowledge of other industries to generate synergies with their core businesses. In the promotion of work-life balance, we see this as a way to improve productivity and

corporate competitiveness by securing, developing, and retaining excellent human resources, as well as realizing work styles that help employees maintain and improve their physical and mental health, and balance work with childcare and nursing care.

In employee health and safety, based on the belief that the source of a company's profitability lies in the health of its employees, we promote health management through the Health Management Promotion Project led by the President. We aim to achieve sustained growth for the Group as a whole, not only by maintaining and improving the health of employees and their families, but also by increasing productivity and revitalizing the organization through improved employee motivation.

### TOPICS

#### Initiatives of the Health Management Promotion Project

Our purpose in promoting health management is to realize sustained growth of the Group as a whole through improved employee productivity and organizational revitalization. Under the Kyodo Printing Group Health Management Promotion Project, Kyodo Printing and the Kyodo Printing Health Insurance Association jointly take various health promotion measures and invest in the health of employees as a management resource.

Themes	Main Measures Taken in FY2021
Improvement of health literacy	Held seminars and disseminated varied information
Improvement of lifestyle habits	Implemented the KP Health 21 health improvement program, etc.
Implementation of smoking cessation guidance	Implemented smoking cessation programs, individual smoking cessation guidance by public health nurses, etc.
Enhancement of disease prevention	Reinforced secondary checkup recommendations Added non-statutory items to periodic medical checkups
Improvement of productivity loss	Collaborated with the Safety and Health Committee on secondary research on back pain Utilized EAP. Established a psychiatric consultation service
Health promotion and maintenance for women	Opened a special consultation contact point operated by female nurses and female employees in charge, and held seminars on women's specific health issues.

# Compliance

## Basic Philosophy

We believe that compliance means sincerely practicing responsible corporate behavior based on a sound and elevated sense of ethics, not to mention laws, regulations, and internal rules. A lack of responsible corporate behavior can also be an important management issue because of the serious business risk it poses. In order to put these principles into practice, we have established the Group Business Behavior Charter, which sets forth specific

actions to be taken by all Executive Officers and employees, and which serves as a common set of values for the Group. We strive to foster a corporate culture in which each employee is well aware of the importance of corporate ethics, observes laws and regulations, company rules, and social norms, and practices responsible corporate behavior with self-discipline.

## Implementation Framework

Based on the Group Ethics Charter, a code of conduct for corporate ethics, we have established the Corporate Ethics Committee, chaired by the Executive Officer in charge of corporate ethics. Aiming to establish the Group's corporate ethics, we are working

to promote awareness of corporate ethics through the formulation and promotion of company-wide policies and measures. In addition, we conduct annual checks through management reviews.

## Whistleblowing System

An Ethics Consultation Office was established. This office is made up of an internal help desk for early discovery and correction of unfair acts by officers and employees, and an external help desk for consultations, anonymous or otherwise. In addition, an Auditor's Route, a reporting channel independent of management,

has been established within the Ethics Consultation Office to receive reports concerning Directors. The Whistleblower Regulations protect whistleblowers by stipulating the prohibition of searching for or treating them disadvantageously.

## Compliance Education

We are utilizing e-learning to conduct classes by employee level for education on legal compliance and human rights and to raise compliance awareness of directors and employees throughout the Group. These efforts to raise Group-wide awareness also

include distributing to all Group employees our Corporate Ethics Handbook, which compiles important key points and self-checklists that must be observed during daily work, as well as publishing educational articles in the Group newsletter.

## Anti-Corruption and Bribery Countermeasures

The Ethics Charter of the Group prohibits gifts and special treatment that deviate from general business custom and common sense. Furthermore, we endeavor to maintain appropriateness with governments in Japan and overseas by ensuring a sound

and transparent relationship with public officials.

In addition, we have formulated a hospitality and gift-giving/receiving policy, and are operating a management system to record hospitality and gifts.

## Compliance with Antimonopoly Law

In October 2019, we received an on-site inspection by the Japan Fair Trade Commission (JFTC) regarding our bidding for the preparation of forms and other services for the Japan Pension Service. In March 2022, we received a cease-and-desist order and a surcharge payment order from the JFTC under the Antimonopoly Law. We take the situation very seriously and are doing our utmost to prevent a recurrence of such an incident, making compliance with the Antimonopoly Law one of our most important management priorities. We have strengthened our management and monitoring functions by establishing new Regulations for Prevention of Cartels and Bid Rigging, requiring records of contacts with competitors, and introducing an e-mail monitoring system for our sales departments. In addition, we have renewed our Antimonopoly Law Compliance Manual and once again made it thoroughly known to all employees, while also focusing on education on related laws and regulations by providing training by outside experts. We will steadily and continuously implement these measures to prevent recurrence and restore confidence.

### ● Summary of Major Recurrence Prevention Measures

Countermeasures	Implementation
<b>Stricter control system</b>	<ul style="list-style-type: none"> <li>● Establishment of Regulations for Prevention of Cartels and Bid Rigging</li> <li>● Mandatory keeping of records of contact with competitors</li> <li>● Monitoring through an e-mail monitoring system</li> <li>● Establishment of a whistleblower contact point (Auditor's Route) independent of management</li> </ul>
<b>Understanding of relevant laws and regulations</b>	<ul style="list-style-type: none"> <li>● Revamping of the Antimonopoly Law Compliance Manual</li> <li>● Seminars conducted by outside experts and the Legal Division</li> </ul>
<b>Prevention of holding same position for extensive period</b>	<ul style="list-style-type: none"> <li>● Regular job rotation</li> </ul>
<b>Improvement of corporate culture</b>	<ul style="list-style-type: none"> <li>● Promotion of internal communication through interviews with supervisors and subordinates</li> <li>● Implementation of compliance awareness surveys to identify issues</li> </ul>



# Information Security

## Basic Philosophy

In today's society, where people are connected with other people and with things through information and communication networks that transcend national borders, the threat of cyber attacks, the growing importance of protecting personal information, and ensuring data privacy have become issues for society as a whole.

As a Group, we consider the establishment of an information security system that firmly protects personal and corporate

information and other information assets entrusted to us by our customers to be a crucial management issue. In response to the trust society places in us, we will strive to reduce corporate risk and, as a foundation for growth, create new value through the provision of digital services that provide safety and a sense of security, accessibility, and convenience for everyone.

## Implementation Framework

In order to respond to the DX era and ensure a high level of information security, we have established an Information Security Basic Policy and set up an Information Security Committee chaired by the responsible Executive Officer to take measures that protect information assets. The committee develops regulations, auditing and training systems, as well as equipment, and performs annual oversight through management reviews. In addition, the Business

Media Division has obtained ISO/IEC27001 certification, the international standard for information security management systems (ISMS), for the Kawajima Solution Center and the Tsurugashima Plant. It has also obtained ISO22301 certification, the international standard for business continuity management systems (BCMS), to minimize damage and promptly restore operations in the event of an emergency.

## Incident Response

TOMOWEL-CSIRT has been established as a specialized organization to provide agile response direction and technical measures in case of emergency. During normal times, it engages in

countermeasures training and educational activities against targeted e-mail attacks in cooperation with our existing information security system to prevent emergencies from occurring.

## Personal Information Protection (Privacy Mark)

In utilizing personal data to provide products and services, due consideration for consumer privacy is the foundation for business continuity. Based on the Personal Information Protection Policy, the Group created a Personal Information Protection Management System conforming to the Personal Information Protection

Management System requirements (JIS Q 15001), and we are comprehensively managing operation of the system. We are working on raising awareness throughout the group with regular education for all employees, etc.

# Responsible Procurement

## Basic Philosophy

Our products and services are made possible not only by our company, but also through the cooperation of the entire supply chain. In procurement, our fundamental stance is to comply with laws and social norms, and to conduct fair procurement. We aim

to provide social value and achieve sustainable growth throughout the entire supply chain by fulfilling our consideration and supply responsibility to society and the environment through sustainable procurement.

## Implementation Framework

We have established our CSR Basic Procurement Policy, to which we must adhere in procurement, and the Group CSR Procurement Standard, which provides our criteria for procurement. Headed by the CSR Procurement Investigation Committee, CSR procurement is promoted across our entire supply chain to ensure a shared direction and sense of value in every facet, from

those in charge of placing orders to each supplier.

In addition, once a year, we survey our major suppliers, including those overseas, to determine the status of their efforts to meet our procurement standards, and conduct additional surveys and corrective actions as necessary.

# Risk Management

## Basic Philosophy

We recognize that it is the Group's social responsibility to provide a stable supply of its products and services and to ensure the continuity of its business amid the growing and diversifying risks surrounding the company. In order to fulfill this responsibility, it is important to correctly recognize various risks in our business activities, to minimize their occurrence as much as possible, and

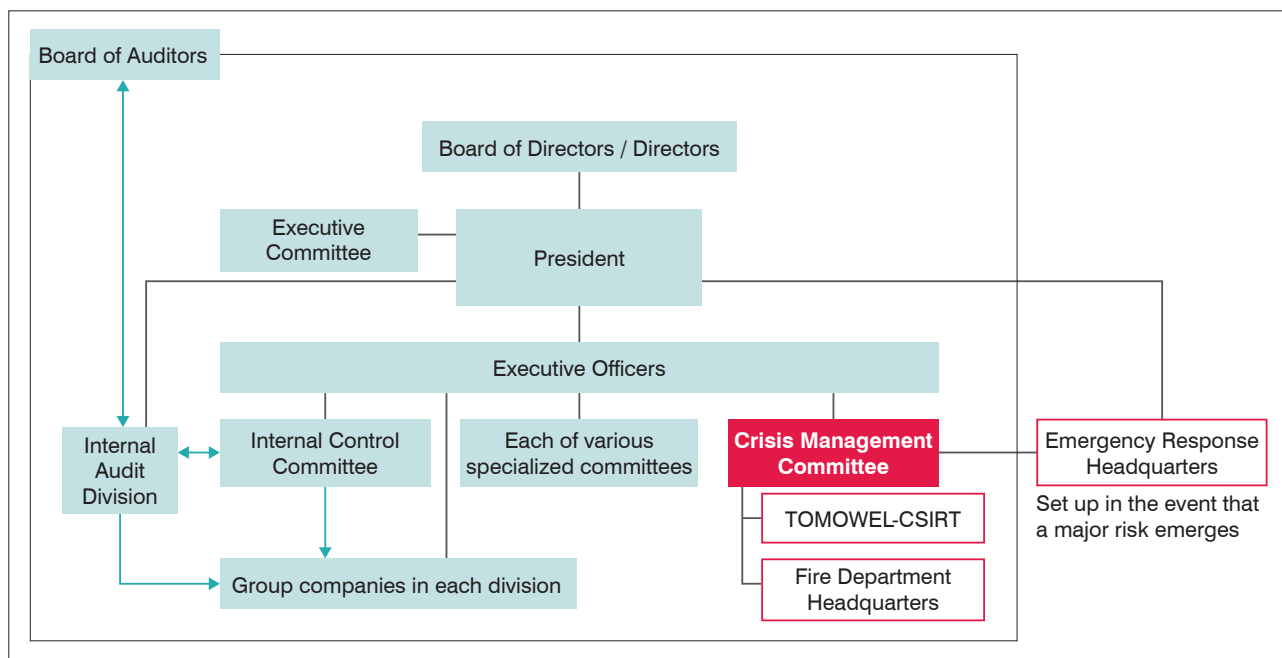
to minimize any losses if they should occur. The Group has established a Risk Management System to prevent management risks that may hinder the achievement of business plans, and a Crisis Management System to deal with unforeseen situations, and is conducting proactive and dynamic risk management.

## Implementation Framework

Under the supervision of Directors, the Risk Management System consists of day-to-day management by each department to prevent the manifestation of risks in the normal course of business execution, as well as specialized committees, each led by the responsible Executive Officer, such as the Internal Control Committee, Quality Assurance Committee, Product Safety Committee, Information Security Committee, and Environmental Committee, which work together to identify, analyze, evaluate, and respond to

risks from a company-wide perspective and to resolve issues. In the event of an unforeseen situation, the Crisis Management Committee takes the lead in information management and information sharing, and responds in cooperation with related departments. We have formulated a Crisis Management Manual that outlines the response flow for typical crisis situations, and we prepare for contingencies by reviewing it as needed in response to changes in the business environment.

### ● Risk Management System Diagram



## Business Continuity Plan (BCP)

Under the Kyodo Printing Group Basic BCP Policy, the Group is advancing the establishment of a system to ensure that, in the event of a major disaster, the Group will not only place the highest priority on securing lives and safety, but will also strive to continue product supply, fulfill its responsibilities to customers, resume and restore operations as quickly as possible, and minimize the

impact on management. We have also expanded the scope of certification under our Business Continuity Management System (BCMS)/ISO22301 to strengthen our business continuity system, and are striving to create a system that will earn even greater trust from our customers and society.

## ● Major Business Risks

Risk Items	Perceived Risks	Countermeasures
<b>Business environment</b>	Major changes in printing demand exceeding expectations	In response to the ongoing shift to paperless operations, we are striving to secure sales by strengthening our response with products for which demand is relatively strong, and focusing on the e-book business, as we work to improve productivity by restructuring our production system. In response to medium- to long-term changes in demand, we are working on structural reforms to improve the profitability of existing businesses, and exploring new business areas to strengthen our corporate structure so that we can generate profits on a sustainable basis.
<b>Competitiveness</b>	Risk of inability to gain advantage in terms of product quality, price, service content, or technical capabilities in competition with competitors	Based on the Kyodo Printing Group Quality Policy, we have acquired various external certifications, including ISO9001, and we manufacture products under thorough quality control based on a product safety promotion system led by the Product Safety Committee. In addition, the Group conducts fixed-point observations, such as surveys and analysis of technological trends related to our business areas, including market demands for environmental responsiveness and revisions to laws and regulations, and we promote the creation of customer value by developing new functions and products looking 10 years into the future. We are working to strengthen our competitiveness from multiple perspectives, including differentiation through the development of high-value-added products, improvement of quality and service, and ongoing cost reduction.
<b>Business investment</b>	Impairment risk in the event that business alliances, investments, and acquisitions fail to achieve their objectives	In order to maximize investment results, we consider various aspects, including capital efficiency, before deciding whether or not to execute them, and after doing so, we regularly monitor progress. If we determine that we cannot achieve the return initially anticipated, we sell the shares or liquidate the company, and link this to our knowledge and expertise for the next project. In FY2022, we established a new Investment Review Committee to systematically strengthen our business investment management. We will continue to effectively allocate management resources through selection and concentration toward the medium- to long-term ideal we envision for ourselves as a corporate group.
<b>Legal and regulatory compliance</b>	Legal sanctions and loss of social credibility due to the revision or abolition of laws and regulations, or establishment of new laws and regulations, or insufficiently thorough compliance	We disseminate information on laws, regulations, and legal revisions to each department and company through regular meetings, etc. We also promote understanding of various laws and regulations by systematically and continuously educating our employees on environmental laws, antitrust laws, subcontracting laws, copyright laws, etc. In order to ensure the early detection of fraud and other irregularities, the Company has established internal and external whistleblowing channels to ensure an appropriate monitoring system, and is working to strengthen these channels by, for example, establishing a dedicated route for information concerning Directors to be passed directly to the auditors. In addition to audits by the Audit Office, which is kept separate and independent from our business execution organization, we encourage autonomous audits by each department led by the Self-auditing Committee to maintain our legal compliance system.
	Recurrence of Antimonopoly Law violations	We are further strengthening our efforts to thoroughly prevent recurrence and ensure compliance with laws and regulations by spreading a better understanding of relevant laws and regulations, tightening management systems including strengthening internal regulations, and revitalizing internal communication.
<b>Disaster and pandemic</b>	Risk of direct damage to employees, facilities, or equipment due to the occurrence of a major natural disaster or an epidemic of infectious disease, or stagnation of business activities, which could disrupt product supply.	In accordance with our Basic BCP Policy, we conduct various drills based on the assumption that a situation may arise. In addition, we have established a business continuity system by acquiring Business Continuity Management System (ISO22301) certification for our data processing business, introduced an employee safety status confirmation system, and implemented fire and earthquake protection measures for our buildings and production facilities. In case of an infectious disease outbreak, we are taking various measures to minimize impact on management, such as promoting business operations that utilize remote work, etc., considering operational responses by securing substitute personnel, and working to supply products by strengthening cooperation with partner plants, etc., to meet delivery deadlines.
<b>Information security</b>	Loss, falsification or leakage of information due to intentional acts or negligence, including cyber attacks, and resulting loss of public trust	We have acquired Privacy Mark and Information Security Management System (ISO27001) certifications for the safe, accurate management of personal and confidential information. In addition, we have established TOMOWEL-CSIRT as a specialized organization to take all possible measures to prevent unauthorized access, loss, falsification or leakage of information, and to prepare for contingencies by preparing response flows and simulations in case an incident occurs. In addition to periodic e-learning, we strive to strengthen our management system by conducting targeted e-mail attack drills and other highly effective employee training.
<b>Raw materials procurement</b>	Price hikes of key raw materials due to market fluctuations, and procurement delays or stoppages due to disasters, etc.	Based on the Group's CSR Procurement Standards, we request suppliers to establish a stable supply of products and services and a BCP system in case of emergency, and we verify their raw material supply systems through periodic inspections and other means. We also promote the procurement of high-quality, price-competitive overseas materials, while maintaining a decentralized purchasing policy. We are working to procure raw materials that contribute to the stabilization of product supply by collecting information on potentially difficult-to-obtain raw materials at ordinary times, and by examining and testing alternatives.

# Corporate Governance

## Basic Philosophy

Our Group Management Philosophy guides us in management geared toward being a dynamic company which is praised and trusted by shareholders and all other stakeholders through value creation, growth, and challenge, and which is appealing for our

employees to work for. To this end, we consider the enhancement of management efficiency, soundness, and transparency, as well as the improvement of corporate governance, to be of paramount importance.

## Changes in Corporate Governance Enhancement

Initiatives/Year	2015	2016	2017	2018	2019	2020	2021
Separation oversight and execution of business management		Introduction of the Executive Officer system					
Appointment of Outside Directors	1	2				3 (minimum of 1/3 secured)	
Diversity of Board of Directors	Appointment of Female Directors						
Establishment of voluntary committees		Establishment of the Independent Directors Liaison Committee (now the Independent Directors Committee)				Change to Independent Board of Directors	
Nomination and remuneration process				Establishment of the Nomination and Remuneration Committee		Delegation to the Nomination and Remuneration Committee of authority to determine remuneration	
Corporate Officer remuneration				Introduction of performance-linked stock compensation system			
					Establishment of basic policies and Corporate Officer Remuneration System Rules		
Board of Directors effectiveness evaluation	Board of Directors effectiveness evaluations begin				Summary publication of evaluation results		
Other					Establishment and publication of the Skills Matrix		
		Establishment and Publication of criteria for determining the independence of Outside Directors					
					Appointment of the Lead Independent Outside Director		

## Outside Directors

Outside directors and outside corporate auditors meet the requirements of the criteria for independent directors and outside corporate auditors stipulated by the Tokyo Stock Exchange as well as the Company's own criteria for determining independence.

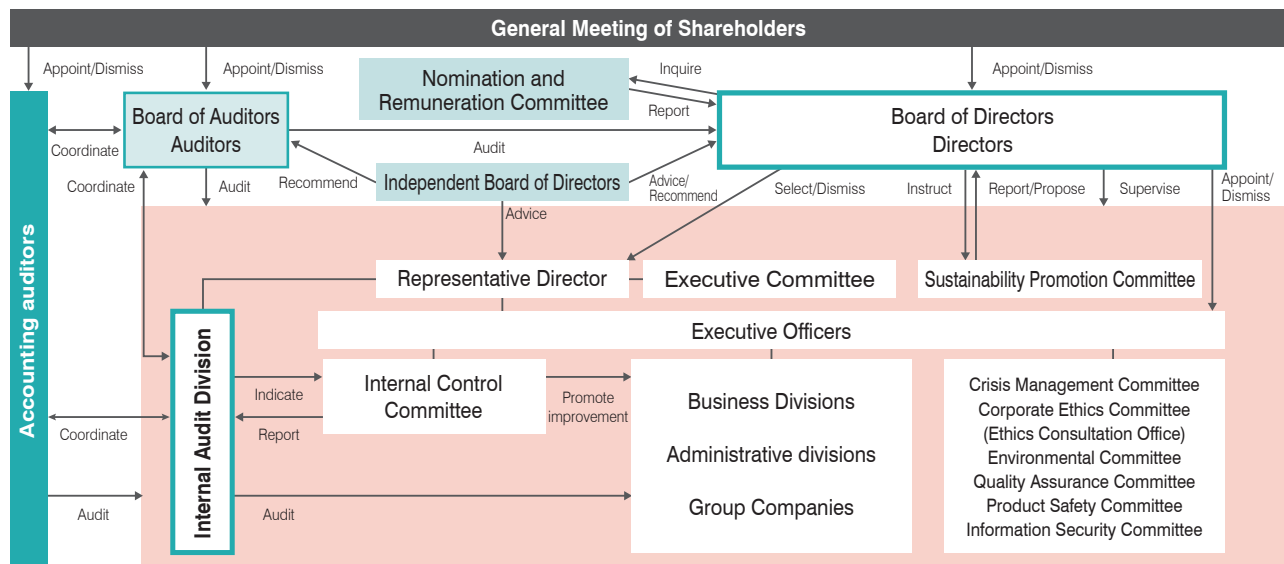
Criteria for determining independence are disclosed at our website.

Executive Classification	Name	Expected Role	Attendance (FY2021)		
			Board of Directors	Board of Auditors	Independent Board of Directors
Outside Directors	Mika Takaoka	Supervision and advice on overall management strategies, based on expertise in business administration as a university professor and extensive experience and knowledge as an Outside Director of other companies.	19/19 conferences (100%)	-	7/7 conferences (100%)
	Tsuneo Naito	Supervision and advice on overall corporate management based on a wealth of experience and knowledge gained from experience in corporate management at several business corporations.	19/19 conferences (100%)	-	7/7 conferences (100%)
	Yosuke Mitsusada	Supervision and advice on all aspects of corporate finance based on extensive experience and knowledge of finance, investment and M&A practices at several investment firms, as well as service as Outside Director at other companies.	15/15 conferences (100%)	-	5/5 conferences (100%)*
Outside Auditors	Takaki Tokuoka	Supervision of Directors' execution of duties based on a high level of expertise and extensive experience in corporate legal matters as an attorney.	19/19 conferences (100%)	15/15 conferences (100%)	7/7 conferences (100%)
	Masahiko Furutani	Supervision of Directors' execution of duties based on extensive experience and broad knowledge of management in the financial industry.	19/19 conferences (100%)	15/15 conferences (100%)	7/7 conferences (100%)

\* The number of Board of Directors conferences attended differs from that of other Outside Directors because of new appointment at the 141st ordinary shareholders general meeting held on June 29, 2021.

## Corporate Governance Structure

As of November 1, 2022



### Board of Directors 19 meetings held in FY2021

Make decisions on important management matters and supervise the execution of business operations.

### Nomination and Remuneration Committee 6 meetings held in FY2021

The Committee, a majority of whose members including the Chairperson are Independent Outside Directors, receives inquiries and delegation from the Board of Directors to deliberate on important matters such as the election and dismissal of management team members and their compensation, and to determine the specific remuneration amounts for Directors and other members.

### Board of Auditors 15 meetings held in FY2021

Conduct rigorous audits of business execution in cooperation with accounting auditors and the Internal Audit Division.

### Independent Board of Directors 7 meetings held in FY2021

Consisting of Independent Directors and chaired by the Lead Independent Outside Director, the Independent Board of Directors works together to strengthen corporate governance and provide advice to the Board of Directors.

### Executive Committee 51 meetings held in FY2021

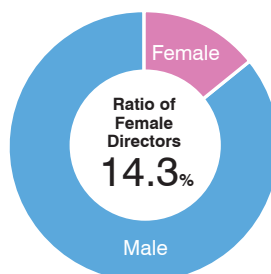
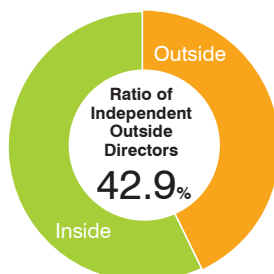
The conference consists mainly of Managing Executive Officers and above, and deliberates flexibly on business execution.

### Sustainability Promotion Committee (Newly established in November 2022)

This committee consists mainly of Managing Executive Officers and above, and deliberates and plans important policies and measures concerning sustainability.

## Composition of Director

As of November 1, 2022

Total number of Directors **7**Inside Directors **4**Independent  
Outside Directors  
**3**

## Policies and Procedures for Appointment of Directors

In order to ensure appropriate supervision and decision-making, the Company strives to ensure the diversity of the members of the Board of Directors, as well as to optimize the size of the Board of Directors. It is the Company's policy to appoint more than one Independent Outside Director in accordance with the criteria for

determining independence. The Nomination and Remuneration Committee deliberates appointments in consultation with the Board of Directors, and the Board of Directors respects the Nomination and Remuneration Committee's report, thereby enhancing the objectivity and transparency of the decision-making process.



## Director Skills Matrix

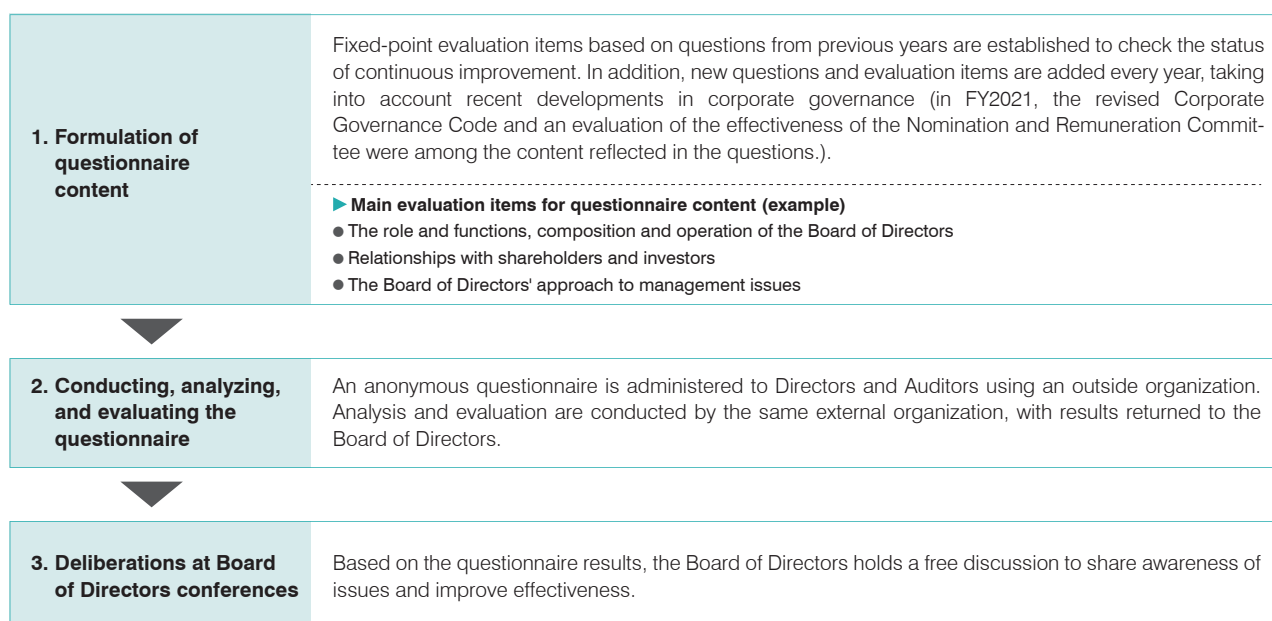
Name		Corporate Management & Business Strategy	Sales & Marketing	Production, Technology & IT	International Business	Legal, Risk Management & Governance	Finance & Accounting
Directors	Yoshiaki Fujimori	○		○		○	○
	Hidenori Watanabe	○			○	○	○
	Hirotsuka Matsuzaki	○	○	○			
	Koji Takahashi Independent Outside	○		○			
	Mika Takaoka Independent Outside	○	○				
	Tsuneo Naito Independent Outside	○	○		○		
	Yosuke Mitsusada	○			○	○	○
Auditors	Mikihiko Shiozawa					○	○
	Hideo Akimoto					○	○
	Takaki Tokuoka Independent Outside					○	○
	Masahiko Furutani Independent Outside	○			○	○	○

## Board of Directors Effectiveness Evaluation

With the aim of continuously strengthening governance and increasing our value over the medium- to long-term, the Company has conducted an annual effectiveness evaluation since FY2016

to ensure the effectiveness of high-level decision-making and supervision of execution by the Board of Directors.

### Effectiveness Evaluation Process



## Summary of evaluation results

It is recognized as a strength that the Board of Directors has the necessary and sufficient skills and diversity to fulfill the oversight function of Independent Outside Directors. Since FY2021, the effectiveness of the Nomination and Remuneration Committee has also been evaluated, and the committee's deliberations and proceedings have been positively evaluated.

The evaluation concluded that the effectiveness of the Board

of Directors is ensured, having confirmed that the Board makes appropriate and prompt decisions based on active discussions and plays an effective role in improving corporate value over the medium- to long-term future.

Based on the effectiveness assessment, we will work to address the issues identified and further improve the effectiveness of the Board of Directors.

Key Issues	Main Results of FY2021	Issues Identified in FY2021
Response to Medium- to Long-term Issues	In order to stimulate deliberations at the Board of Directors conferences, the Independent Board of Directors Rules were revised to allow the Lead Independent Outside Director to make recommendations or offer to exchange opinions with the Board of Directors as necessary.	Review of management strategies and plans for medium- to long-term growth, and enhancement of our response to sustainability management issues
Nomination and Remuneration Process Initiatives	To improve transparency in the process of determining executive compensation, the delegation of authority from the Board of Directors to determine compensation amounts was redirected from the Representative Director and President to the Nomination and Compensation Committee.	<ul style="list-style-type: none"> <li>● Enhancement of deliberations at Board of Directors conferences regarding nominations and compensation</li> <li>● Further improvement of the composition (skills) of the Board of Directors</li> </ul>

## Corporate Officer Remuneration System

The Group regards the Corporate Officer Remuneration System to be one of the crucial mechanisms essential for proper corporate governance and sustained growth of the Group as a whole, and has made it visible in the Corporate Officer Remuneration System Rules, which are disclosed internally.

The remuneration policy, system, percentage of each type of remuneration, and calculation method of specific remuneration amounts under the Corporate Officer Remuneration System are subject to consultation with the Nomination and Remuneration Committee, the majority of whose members are Independent Outside Directors. The Board of Directors respects the results of the committee's recommendations in an effort to improve objectivity and transparency in the remuneration decision-making process.

In addition, the Nomination and Remuneration Committee periodically checks the performance-linkage ratio and the ratio of stock compensation, and revises them as necessary to ensure

that executive remuneration provides an incentive motivating efforts to improve corporate value over the medium- to long-term, in addition to sustained annual performance improvement each fiscal year.

Remuneration for Directors, excluding Outside Directors, consists of fixed and performance-linked remuneration. Performance-linked remuneration includes bonuses linked to short-term performance, and stock compensation (stock benefit trust) linked to medium- to long-term performance. The amounts of fixed remuneration and performance-linked remuneration based on the Corporate Officer Remuneration System Rules are determined by the Nomination and Remuneration Committee, which is authorized by the Board of Directors, within the limits of the total remuneration amounts determined at the shareholders general meeting.

## Our Approach to Cross-shareholding

We hold shares of our business partners only when it is deemed that doing so helps maintain and strengthen business relationships with important business partners, contributing to enhanced medium- to long-term corporate value of the Group.

Each year, the Board of Directors reviews the appropriateness of cross-shareholdings by examining each individual issue from the perspective of its purpose, economic rationale, and whether it will contribute to improving the Group's medium- to long-term corporate value. As a result of this verification, we proceed with the sale, as appropriate, of stocks for which the significance of the holding has been found to have diminished.

With respect to voting rights related to cross-shareholdings, we do not use uniform standards to determine approval or disapproval, but rather exercise our voting rights appropriately on a proposal-by-proposal basis upon comprehensively considering the management policies and strategies of the relevant investee company. In the event of a situation in which the corporate value or shareholder value of the company in question is significantly impaired, or a situation in which there are serious corporate governance concerns, we will exercise our voting rights with particular care and scrutiny.

# List of Directors and Auditors

## Directors



1976 Joined Kyodo Printing  
2004 Director, Kyodo Printing  
2013 Representative Director and President, Kyodo Printing (current)

### Yoshiaki Fujimori

Representative Director  
and President



1982 Joined Dai-Ichi Kangyo Bank, Ltd.  
(now Mizuho Bank, Ltd.)  
2009 General Manager, Global Credit  
Investment Department, Mizuho  
Corporate Bank, Ltd.  
2011 Joined Kyodo Printing  
2011 Director, Kyodo Printing (current)

### Hidenori Watanabe

Director  
and Senior Managing Executive Officer



1985 Joined Kyodo Printing  
2021 Director, Kyodo Printing (current)

### Takaharu Takahashi

Director  
and Managing Executive Officer



1972 Joined SUMITOMO CORPORATION  
1996 Representative Director, Senior  
Managing Director and Division  
Manager, Sales, S.C.A. Tobacco  
Corporation  
2004 Executive Officer, Division Manager,  
Logistics & Insurance, SUMITOMO  
CORPORATION  
2006 Representative Director and President,  
Sumisho Global Logistics Co., Ltd.  
2009 Representative Director and President,  
Chiba Kyodo Silo Co., Ltd.  
2016 Outside Director, Kyodo Printing  
(current)

### Tsuneo Naito

Director  
**Independent** **Outside**



1984 Joined Kyodo Printing  
2018 Director, Kyodo Printing (current)

### Hirotaka Matsuzaki

Director  
and Senior Managing Executive Officer



2001 Associate Professor, Institute for  
economic research, Osaka City University  
2009 Professor, College of Business, Rikkyo  
University (current)  
2014 Outside Director, MOS FOOD  
SERVICES, Inc. (current)  
2015 Outside Director, Kyodo Printing (current)  
2018 Outside Director, SG HOLDINGS Co.,  
Ltd. (current)  
2019 Outside Director, FamilyMart UNY  
Holdings Co., Ltd. (now FamilyMart Co.,  
Ltd.)

### Mika Takaoka

Director  
**Independent** **Outside**

#### Important concurrent positions

Professor, College of Business, Rikkyo University  
Outside Director, MOS FOOD SERVICES, Inc.  
Outside Director, SG HOLDINGS Co., Ltd.



1986 Joined The Nippon Credit Bank, Ltd.  
(currently Aozora Bank, Ltd.)  
1999 Joined Unison Capital, Inc.  
2012 Professor, Institute of Management,  
SANNO University (current)  
2013 Director, Founding Partner, Asuka  
Corporate Advisory Co., Ltd. (current)  
2016 Outside Director, Yume no Machi  
Souzou linkai Co., Ltd. (now  
Demae-can Co., Ltd.) (current)  
2019 Outside Director, PHYZ Inc. (now PHYZ  
Holdings Inc.) (current)  
2021 Outside Director, Kyodo Printing (current)

### Yosuke Mitsusada

Director  
**Independent** **Outside**

#### Important concurrent positions

Professor, Institute of Management, SANNO University  
Outside Director, PHYZ Holdings Inc.

## Auditors



1980 Joined Kyodo Printing  
2018 Auditor, Kyodo Printing (current)

### Mikihiko Shiozawa

Full-time Auditor



1985 Joined Kyodo Printing  
2022 Auditor, Kyodo Printing (current)

### Hideo Akimoto

Full-time Auditor



1981 Registered as an attorney at law and  
joined Blakemore Law Office  
1993 Outside Auditor, Nippon Lever K.K.  
1996 Outside Auditor, Eli Lilly Japan K.K.  
2015 Outside Auditor, Kyodo Printing  
(current)  
2018 Joined The Tokyo-Marunouchi Law  
Offices (current)

### Takaki Tokuoka

Auditor

Independent Outside



1980 Joined Dai-Ichi Kangyo Bank, Ltd. (now  
Mizuho Bank, Ltd.)  
2011 Managing Director, Mizuho Bank, Ltd.  
2013 Vice President, American Family Life  
Assurance Company of Columbus  
(American Family Life Insurance  
Company) Japan Branch  
2016 Representative Director & President,  
Data Keeping Service Co., Ltd.  
2019 Outside Auditor, Kyodo Printing  
(current)

### Masahiko Furutani

Auditor

Independent Outside

## Message from an Outside Auditor

The business environment surrounding the printing industry is becoming more uncertain every year. The Medium-term Management Plan, which started in FY2021, was formulated by defining as our goal the future ideal we envision for ourselves, and then using a backcasting approach to engage in discussions on drawing up a growth strategy considering what we should do now. As an outside auditor, I have very high expectations for this plan. In particular, we will closely monitor the progress of the restructuring of our business portfolio (searching for new areas of business), which is a pressing issue for us.

The Group has established a systematic risk management effort centered on the Crisis Management Committee. Since the occurrence of the Antimonopoly Law violation case, the departments in charge of managing, supervising and auditing risks have further increased their awareness and sensitivity to risk, and I believe that they are now at a reliable level. I feel that it is necessary to continue to take measures to further raise awareness of the sales and operations divisions in which risks are inherent.

Amid a tough environment, Kyodo Printing is transforming itself into an intriguing, solid company. I would like to thank all of our stakeholders as I look forward to your continued support.

### Masahiko Furutani

Outside Auditor

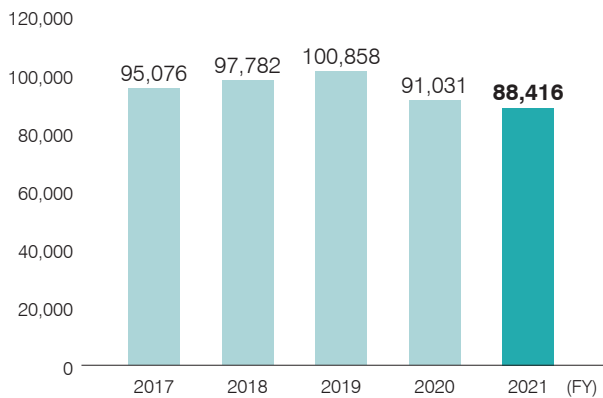


# Data Collection

## Financial Highlights

### Sales

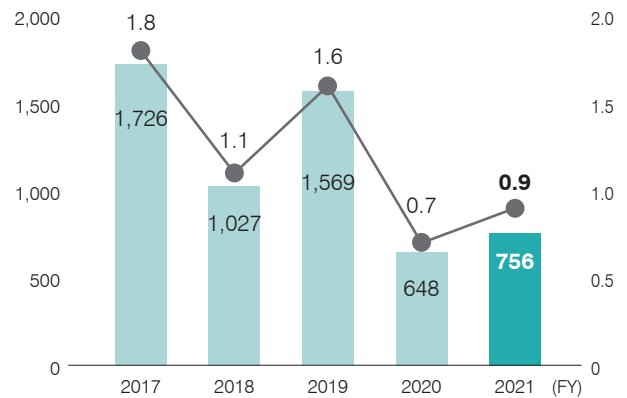
(Million yen)



### Operating Profit

(Million yen)

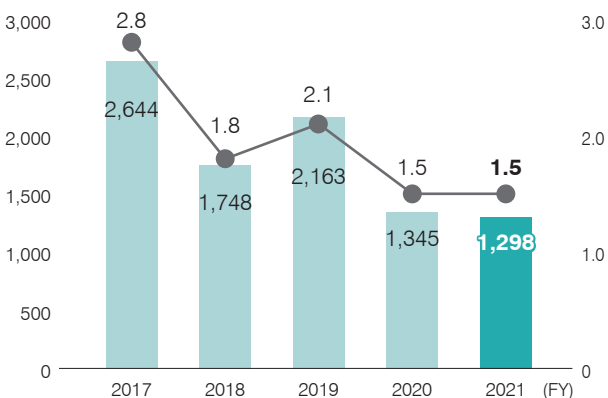
Operating Profit on Sales (%)



### Ordinary Profit

(Million yen)

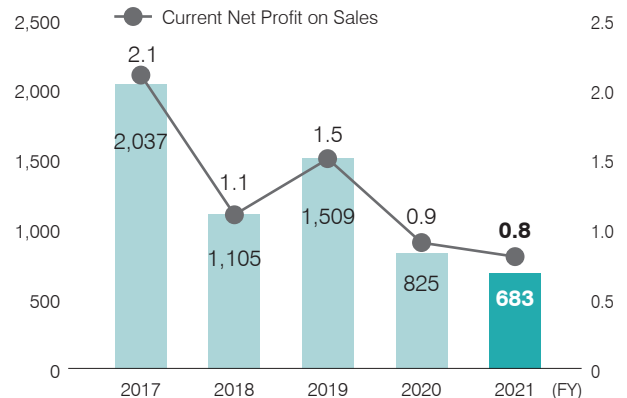
Ordinary Profit on Sales (%)



### Current Net Profit for Shareholders of Parent Company

(Million yen)

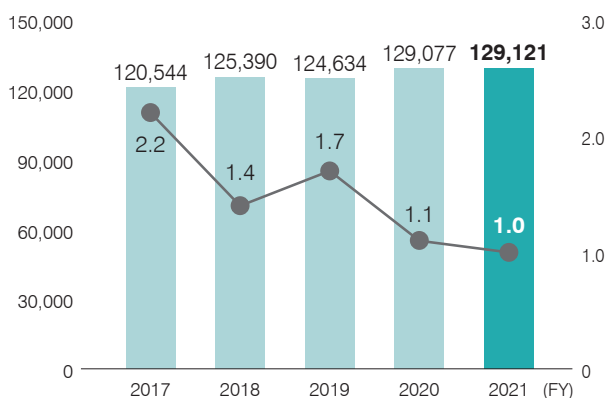
Current Net Profit on Sales (%)



### ROA

(Million yen)

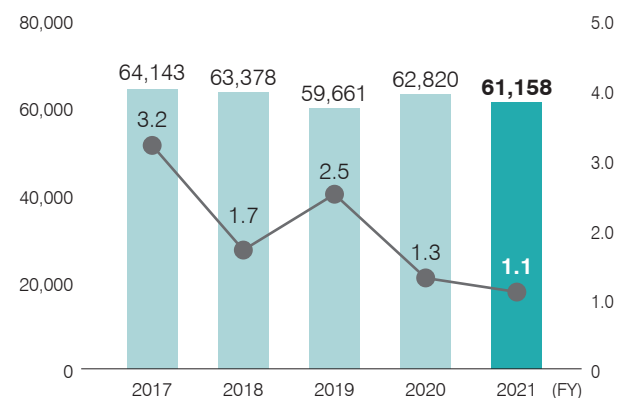
Return on Assets (ROA) (%)



### ROE

(Million yen)

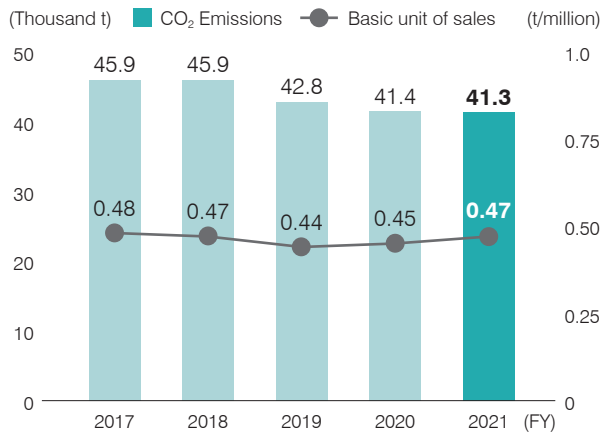
Return on Equity (ROE) (%)



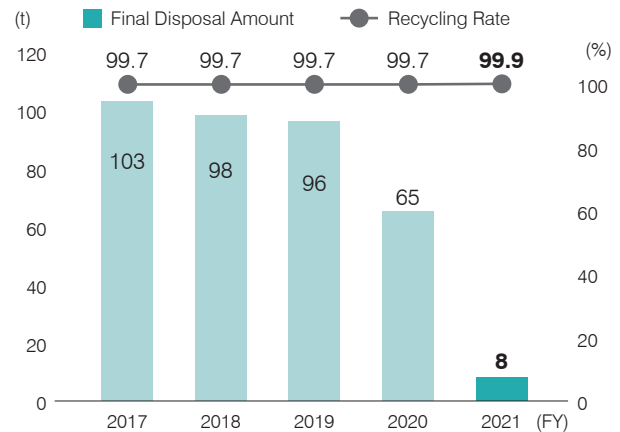


## Non-financial Highlights

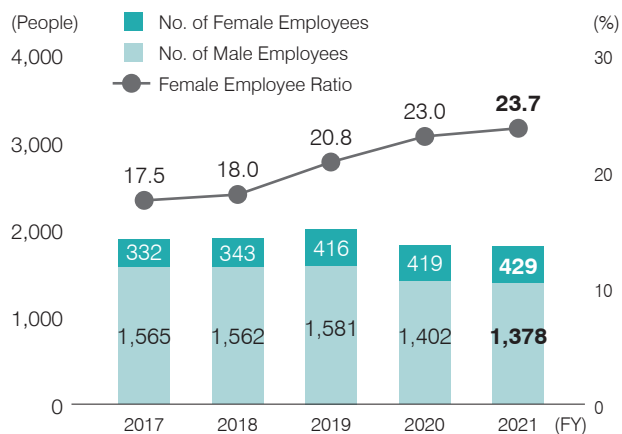
### CO<sub>2</sub> Emissions



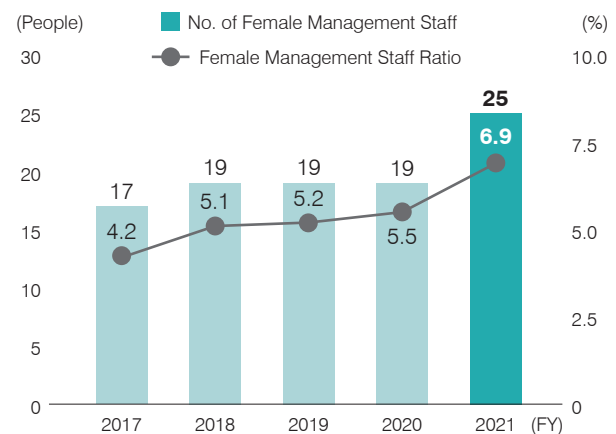
### Recycling rate



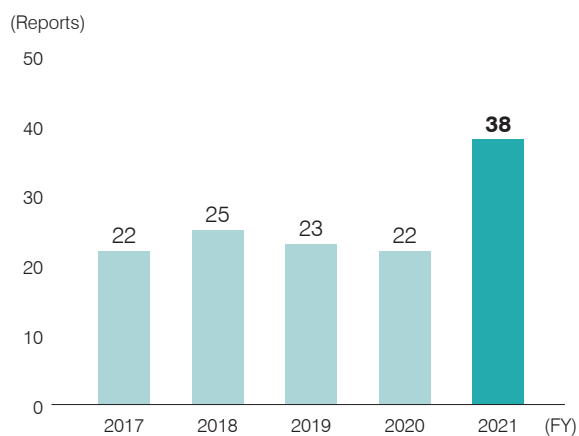
### Female Employee Ratio



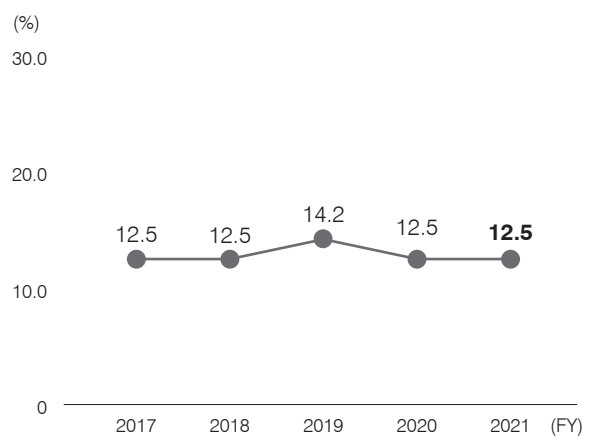
### Female Management Staff Ratio



### Number of whistleblowing reports



### Ratio of Female Directors



## Key Consolidated Management Indicators (11 years)

	FY2011	FY2012	FY2013	FY2014
Sales (Million yen)	97,040	94,220	94,479	92,483
Ordinary profit (Million yen)	2,534	2,443	2,832	2,517
Current net profit for shareholders of parent Company (Million yen)	1,320	1,437	1,592	1,415
Comprehensive profit (Million yen)	1,427	2,737	2,331	6,469
Net assets (Million yen)	48,324	49,840	51,074	57,012
Total assets (Million yen)	95,146	96,738	96,004	104,110
Net asset worth per share* (Yen)	536.38	567.72	581.73	649.36
Current net profit per share* (Yen)	14.66	16.09	18.14	16.13
Diluted net profit per share* (Yen)	-	-	-	15.51
Equity capital ratio (%)	50.8	51.5	53.2	54.8
Return on Equity (%)	2.8	2.9	3.2	2.6
Price-earnings ratio (multiples)	15.6	17.5	16.1	22.9
Cash flow from operating activities (Million yen)	7,132	6,197	8,065	6,655
Cash flow from investing activities (Million yen)	(4,168)	(3,216)	(3,736)	(4,460)
Cash flow from financing activities (Million yen)	(3,350)	(1,770)	(4,145)	(248)
Cash and cash equivalents at end of period (Million yen)	11,851	13,077	13,271	15,368
No. of Employees	2,708	2,664	2,636	2,661

\* On October 1, 2017, 10 shares of common stock were consolidated into 1 share.

FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
95,097	94,553	95,076	97,782	100,858	91,031	88,416
3,482	4,096	2,644	1,748	2,163	1,345	1,298
2,212	2,589	2,037	1,105	1,509	825	683
1,960	5,582	1,832	170	(2,415)	5,136	168
58,269	63,180	64,217	63,384	59,764	62,944	61,277
105,315	114,581	120,544	125,390	124,634	129,077	129,121
663.66	719.10	7,307.43	7,267.15	6,949.53	7,586.38	7,696.80
25.20	29.50	232.10	126.01	175.22	97.00	83.70
22.29	26.10	205.33	111.47	-	-	-
55.3	55.1	53.2	50.5	47.9	48.7	47.4
3.8	4.3	3.2	1.7	2.5	1.3	1.1
13.4	12.3	14.1	19.5	15.5	30.8	33.0
6,698	6,875	4,039	2,476	10,346	5,639	5,421
(5,027)	(4,813)	(5,835)	(10,023)	(9,008)	(7,402)	(6,632)
(2,793)	1,148	(1,076)	3,411	1,197	1,529	(2,618)
14,234	17,414	14,606	10,432	13,070	12,760	8,890
2,733	2,787	2,953	3,054	3,230	3,229	3,217

## Environmental Data

Item			FY2018	FY2019	FY2020	FY2021
Climate Change	Total Greenhouse Gas Emissions	Total (t-CO <sub>2</sub> )	45,913	42,782	41,350	41,298
		Scope 1 emissions (t-CO <sub>2</sub> )	7,237	7,475	6,853	7,029
		Scope 2 emissions (t-CO <sub>2</sub> )	38,676	35,307	34,497	34,269
		Per-unit greenhouse gas emissions (t-CO <sub>2</sub> /million) [sales]	0.47	0.44	0.45	0.47
		Total Energy Consumption (GJ)	929,936	908,255	893,322	894,827
		Ratio of renewable energy within total energy consumption (%)	0.3	0.3	0.3	0.6
Water Resources		Water resource input (1,000 m³)	175	204	244	203
		Per-unit water input (m²/million) [sales]	1.79	2.01	2.67	2.29
		Wastewater volume (1,000 m³)	166	191	238	199
Resource Recycling		Non-recyclable Resources Input (t)	120,727	122,484	117,914	120,009
		Recyclable Resources Input (t)	84,032	83,976	74,499	68,054
		Recycle Use Material Input (t)	469	404	297	369
		Recycled ratio* (recycle use material input / resources input) (%)	0.23	0.20	0.15	0.20
		Total Waste (t)	30,111	27,979	25,948	26,366
		Final Waste Disposal (t)	98	96	65	8
		Recycling rate (%)	99.7	99.7	99.7	99.9
Chemical Substances (PRTR)		Chemical substances handled (t)	238	234	215	198
		Chemical substances discharged (t)	58	36	29	25
		Chemical substances transfered (t)	180	178	175	173
Pollution Prevention		NOx Emissions (kg)	1,922	1,726	1,495	1,560
		VDC emissions (1,000 kg)	67	48	36	38
		BOD emissions (kg)	63	102	103	66

## Human Resources Data

(Kyodo Printing non-consolidated, excluding figures indicated as consolidated)

Item			FY2018	FY2019	FY2020	FY2021
Employee Composition (consolidated)	No. of Group employees		3,054	3,230	3,229	3,217
Employee Composition	No. of Employees	Total	1,905	1,997	1,821	1,807
		Male	1,562	1,581	1,402	1,378
		Female	343	416	419	429
	Average Age	Total (age)	42.4	42.8	43	43.6
		Male (age)	43.9	43.9	44.3	44.9
		Female (age)	35.8	38.1	39	39.5
	No. of Managers	Total	376	363	347	362
		Male	357	344	328	337
		Female	19	19	19	25
	Ratio of female managers (%)		5.1	5.2	5.5	6.9
	No. of female leader class employees		39	38	46	45
	No. of employees with disabilities		42	38	43	47
	Ratio of employees with disabilities (%)		2.19	1.9	2.1	2.51
Employment Status	Average years of service	Total (years)	17.4	16.8	16.6	16.9
		Male (years)	18.6	18.2	18	18.3
		Female (years)	11.8	11.7	11.8	12.3
	No. of new graduate recruits	Total	69	68	34	30
		Male	52	45	21	16
		Female	17	23	13	14
	Turnover rate (%)		3.7	3.3	3.5	3.3
	No. of reemployed (before retirement)		1	3	0	3
	No. of retirees		24	20	25	28
Work-Life Balance	Average monthly overtime per employee (hours)		34.2	32.5	26	23.5
	Annual paid leave, average days used (days)		9.4	10.5	11	12.9
	Annual paid leave, average taken (%)		50.1	56.7	60.8	67.9
	No. of employees who used childcare leaves	Total	53	52	52	52
		Male	1	1	4	4
		Female	52	51	48	48
	No. of cases of nursing care use	Total (cases)	3	3	1	0
		Male (cases)	3	3	0	0
		Female (cases)	0	0	1	0
	Reduced working hours (childcare)	Total	61	72	91	78
		Male	0	0	2	2
		Female	61	72	89	76
	Reduced working hours (nursing care)	Total	0	1	3	1
		Male	0	1	3	1
		Female	0	0	0	0
Education/Training	Annual education and training expenses per person (yen)		19,731	14,819	12,645	11,297
Occupational Health and Safety (consolidated)	Frequency of industrial accidents * Group figures		0.42	0.63	1.25	0.42

## Governance Data

Item			FY2018	FY2019	FY2020	FY2021
Corporate Governance	No. of Directors	Total	8	7	8	8
		Male	7	6	7	7
		Female	1	1	1	1
	No. of officers (Auditors, Executive Officers)	Total	18	17	20	19
		Male	18	17	20	19
		Female	0	0	0	0
	Female executive ratio (%)		4.0	4.3	3.7	3.8
Compliance	Number of whistleblowing reports (cases)		25	23	22	38
	Compliance education attendance rate (%)		100	100	100	100



# Corporate/Stock Information (As of March 31, 2022)

## Corporate Profile

Company name	Kyodo Printing Co., Ltd.
Head Office location	4-14-12 Koishikawa, Bunkyo-ku, Tokyo, 112-8501
Founded	June 25, 1897
Established	December 26, 1925
Capital	4.51 billion yen
No. of Employees	Non-consolidated 1,807 Consolidated 3,217
Main manufacturing bases	Comprising 11 locations in Japan, 3 locations overseas
Group Companies	Comprising 17 consolidated subsidiaries and 1 equity-method affiliate

## Stock Information

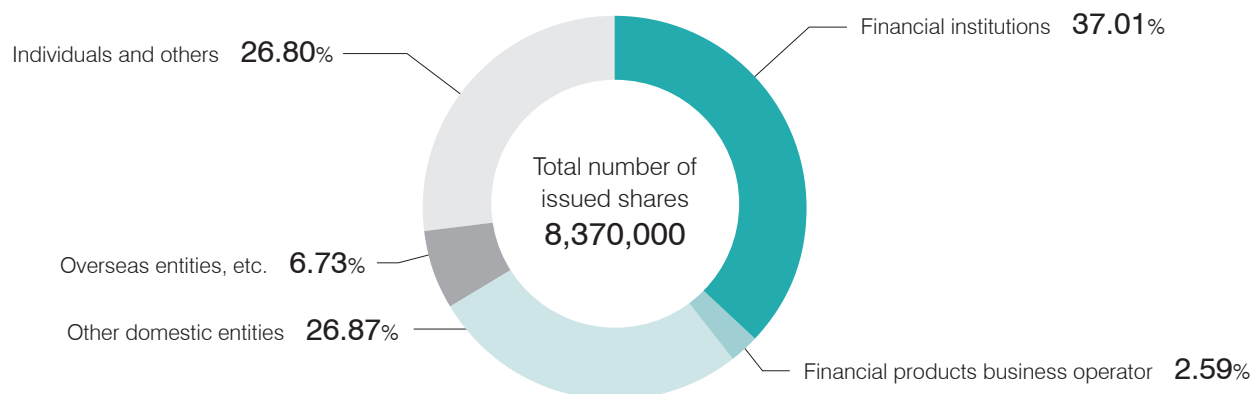
Stock exchange listings	Tokyo Stock Exchange
Securities code	7914
Total number of issuable shares	36.08 million
Total number of issued shares	8.37 million
Number of shareholders	4,112
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Account settlement date	March 31 of each year
Ordinary shareholders general meeting	June
Accounting auditor	Gyosei & Co.

## Major Shareholders

Shareholder name	Number of shares held (thousands)	Ownership ratio
The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account, DIC Corporation account)	854	10.35
The Master Trust Bank of Japan, Ltd. (Trust account)	680	8.24
Tokyo Printing Ink Manufacturing Co., Ltd.	583	7.07
Custody Bank of Japan, Ltd. (Trust account E)	307	3.72
Mizuho Bank, Ltd.	283	3.43
Custody Bank of Japan, Ltd. (Trust account)	248	3.01
Kimihito Mizumoto	236	2.86
Toyo Ink SC Holdings Co., Ltd.	216	2.63
Custody Bank of Japan, Ltd. (Trust account 4)	204	2.47
Asahi Mutual Life Insurance Company	200	2.42

Shareholding ratios are calculated excluding treasury stock (112,973 shares).

## Shareholder Composition by Type of Ownership



("Individuals and others" includes treasury stock.)

## Information Disclosure System



## Corporate Website Information

As a communication tool, we disseminate a variety of information through our corporate website.

### Corporate Information



### Information for shareholders/investors



### Sustainability Information



### Inquiries about this report

Kyodo Printing Co., Ltd.

Corporate Communications Department, Group Corporate Headquarters

4-14-12 Koishikawa, Bunkyo-ku, Tokyo, 112-8501 TEL: +81-3-3817-2525 FAX: +81-3-3816-5003

<https://www.kyodoprinting.co.jp/inquiry/general/input>