



Kyodo Printing Group  
Corporate Report  
2024

Considerations Concerning the Report

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# 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

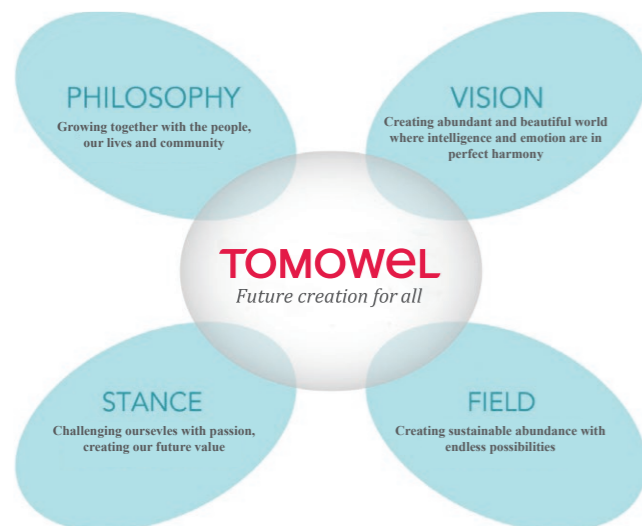
*Future creation for all*

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 expresses the value of our existence in society and our ideal attitude. It is the essence of the future we wish to create.

Our intentions for TOMOWEL are to create and expand good relationships with all stakeholders, 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.

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### 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 Payment Service are combined into those of Kyodo Printing.

Note: Personnel data is for Kyodo Printing only.

### Period of Reporting

April 2023 - March 2024 (including some information outside the period covered above)

### Publication Date

February 2025 (once a year)

(Previous issue: December 2023; next issue: scheduled for November 2025)

### 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 IFRS Foundation.

Furthermore, the Global Sustainability Standards Board (GSSB) GRI Standards are adopted as a reference when disclosing 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

**Supplying valuable information where it is needed.  
The Kyodo Printing Group will continue on its unwavering mission and taking on challenges for the impending future.**

藤森 康彰

Representative Director and President

## ■ The New Era that has Already Arrived

While the spread of COVID-19 infections have died down and the economy of Japan is gradually clawing back the energy had in the past, there has also been the impact of factors like the soaring costs of raw materials, shortages of semiconductors and IC chips, and a spike in energy costs. And with the growing severity of natural disasters year after year, climate change has become a threat to all of society—efforts toward achieving carbon neutrality are also becoming an essential aspect underpinning corporate activities. A closer look at the domestic situation reveals that the drop in the birth rate has led to an aging population with fewer children, which has resulted in shrinking markets and labor shortages due to the declining population. Such changes in the social environment are happening at a staggering pace, and are by no means temporary in nature. With a new era and environmental conditions upon us, the Group recognizes that now is the time to respond to these changes and reevaluate how we should conduct business.

Both sales and profits increased in the Group's FY2023 consolidated results over the previous year, resulting in a rise in both income and profit. The main drivers behind this included increases in orders for train tickets and transportation system IC cards in the Information Security Division, and increases in orders for paper containers and flexible packaging in the Living & Industrial Materials Division. Efforts to pass on the higher prices of raw materials and energy to customers were also a factor that contributed to ensuring profits. Demand for publications printing in the Information Communication Division, in contrast, dropped more than anticipated as the size of the market declined at a quicker pace owing to changes in consumer preferences and the faster rate of digitization in line with advances in technology. Profitability is declining given the difficulty in reducing fixed costs, I consider reviewing our business structure an issue that we need to address as soon as possible.

## ■ Our Evolving Business Portfolio

Our original business of publications printing currently accounts for less than 20% of our sales. Meanwhile, our Group's business portfolio has already gone through major changes, including a growth in sales and a steady improvement in profitability for the Information Security Division and Living & Industrial Materials Division. Sales of our three business segments are currently around the same figure, but given their difference in earning potential, we will continue striving to reach the ideal level of profitability—looking ahead, I hope to achieve 50% of sales together from the Information Communication Division and Information Security Division, and 50% from the Living & Industrial Materials Division.

The latter handles flexible packaging materials like laminated tubes and films, as well as paper boxes, with some products enjoying a high market share. While the domestic market remains robust at the moment, there is a limit to the level of potential growth possible within the market in Japan given that the population will continue to decline over the medium to long term. With this in mind, we are expanding business with a view toward the ASEAN region that includes Indonesia and Vietnam where population growth is anticipated. Digitalization is unlikely to lead to a shrinkage in the market for living and industrial materials, so we need to focus on expanding and strengthening the business by coming up with completely new high-value-added products. We will be taking an aggressive approach to investing in research and development for quickly developing innovative products with new value, by leveraging as much as possible the core packaging technologies that our Group has developed over the past five decades.

In terms of the Information Communication Division, I think we will need to restructure the publications printing business to suit the scale of the market, while also working on developing the business in anticipation of growth in the digital age. The Information Security Division is currently also performing well in the three key areas of data printing, train tickets and transportation system IC cards—all of these are areas affected by the declining population and shift to digitalization. While not undergoing the same rapid pace as the publications printing business, the market is slated to decline in scale over the medium to long term, so we are seeking to develop future growth businesses in the digital solutions field by leveraging the characteristics of both the Information Communication Division and Information Security Division.

The “printing” process that everyone pictures is merely the final stage of the printing business—our job is covering the processing of huge volumes of data in various formats before this final stage. This sector first emerged more than four decades ago and includes image processing technology of data used for printing and information processing technology such as cards. We have built up experience with handling various types of data, technology for adding value to information, and know-how for preventing information leaks. This type of knowledge is a tremendous asset that drives the creation of value, and it will be so crucial to pass on this technology and experience and steer it for creating new value. We are working on building up the digital solutions field based on this information processing technology. We have also launched the “Learning Creation Project” with a focus on the education field. The population of children has fallen to nearly a quarter from its postwar peak due to the declining birthrate, but rather than shrinking, the size of the education-related market has remained almost at the same level as before. This essentially means that the cost per child to enroll in cram school and take lessons is increasing. This also comes on the back of greater diversification in



education and a wider spread at its core. We have already launched “YorisoWei” that gives people greater access to a variety of educational content. Demand for such diverse types of “learning” is also growing to include the working population, with examples like employees leaving their companies to learn new skills and change jobs, or those on child-care leave acquiring skills and advancing their careers when they return to work becoming commonplace in light of the increased mobility of human resources. Our Group has developed services supporting the career life of the contemporary working population, with examples like the “TriAnchor®” educational program for people taking maternity leave, and the “Waccas” teacher casting platform. Yet these are just the first steps that make up the “Learning Creation Project.” We will continue developing new markets by coming up with proposals that deliver valuable information where it is required. I believe that this is the very mission of the Kyodo Printing Group, and indeed our way of life.

## ■ Progress of the Medium-term Management Plan (FY2021-FY2024)

The medium-term management plan that we embarked on from FY2021 when COVID-19 first emerged encompassed five key themes: “Strengthening the business foundation of existing businesses,” “Explore new business areas,” “Environmental strategy,” “Human resource strategy,” and “Strengthening business management functions.” The addition of “Advancing sustainability management” in FY2023 served as measures to achieve our goal of a dividend payout ratio of 30% or more, ROE of 5% and operating profit of 3.8 billion yen. With FY2024 the final year of the medium-term management plan, we determined it appropriate to revise the initial target for operating profit downward to 3.1 billion yen in May 2024, by taking into account a decline in revenue from publications printing that was more than anticipated, and delays in passing on some cost increases due to soaring prices of raw materials and energy. Yet we are making strides with efforts related to each measure, and I feel that

we have positioned ourselves well for taking a major step forward toward the next medium-term management plan.

For the BPO business model, we used to provide simple outsourcing services where we leveraged our forte in handling data to handle operations that companies performed, but now we are able to supply one-of-a-kind services where we add value to customer data so that it can be utilized even more effectively. Just like with the “Learning Creation Project,” transformation of the organizational culture is also progressing steadily, like the growing trend, particularly among the younger generation, of taking on the challenge of proposal-based business models by coming up with their own content from an upstream position. Under research and development, we are focusing our efforts on the development of packages like laminated tubes that provide better eco-friendly performance to suit global trends toward a circular economy, and we have also successfully developed new materials with new functions that had not been available around the world until now. The main challenge we are facing right now is how to release these products to the world at the best possible time. Internally, the DX Promotion Office that we established in April 2023 is leading the reform of internal processes from three approaches—sales, production and administration. The sales division is seeking to reform customer contact points, the production division to create smart factories, and the administrative division to improve operating efficiency through the use of AI and other technologies. I think that the key factor of all of these approaches is just how we are able to deliver value to society and bring about enriching change to the lives of people as a way of making them happy.

The goal we are aiming to achieve through these efforts is a reform of our portfolio. With the average life span of a company generally viewed as 30 years, I am certain that now is the right time for our Group—which has been operating for 127 years—to implement significant changes to its position within society.

## ■ Formulating the Next Medium-term Management Plan

The working population is dropping sharply, with statistics suggesting that the population will decline by 10 million by the year 2040, and by 10 million or more in 2050—in a society like this, the productivity of each individual needs to be raised. The data center that covers the BPO business has already developed the forte of a versatile group as an outsourcer, but is trying to create new businesses for resolving the social issue of labor shortages. As a printing company receiving and handing information from customers, we have already built up experience as an excellent outsourcer, and we have already fostered human resources capable of

developing and delivering services that can help resolve the problems that customers are facing. We will leverage these human resources to the utmost, invest in creating new services and markets needed by society, and link them to growth. Luckily our customers are all superb companies from across a wide range of industries, and I think that if we are able to come up with quality products and services, the numbers will pick up naturally.

We are currently having controversial discussions including on the executive side, but the thing that I value the most is providing everyone with a clear destination to head to. I think that a crucial point is retaining the positive corporate culture of our Group while reforming it into an aggressive company—this reform of our corporate culture will be the background underpinning the next medium-term management plan.

## ■ Maximizing the Capabilities of Human Resources

In FY2023, the Sustainability Promotion Committee that I chair drafted and reviewed our 2030 KPI goals for materiality, which were discussed and resolved by the Board of Directors. We will continue monitoring KPIs and managing progress. We have made significant progress with our activities related to human capital and the environment, and have achieved progress with human capital disclosure and disclosure based on the TCFD. We have been promoting women’s participation and advancement in the workplace from as early as 2005, but we are still lagging behind when it comes to the number of women appointed to management roles, so we are in the process of promoting women at all levels and nurturing candidates for management roles. Women are currently appointed to the level of president of affiliated companies and senior manager class of our divisions, and a female executive officer was appointed in April this year. The most recent topic we focused on was human rights, and we are discussing in more detail by exploring the very essence of what human rights are.

Human resource strategy is a key aspect for reforming our business portfolio, so we regard it as the most important factor to address. We are constantly looking into how to give our employees more time for learning and advancing their

careers. There used to be limited environments where job rotation was possible, and while this allowed for fostering of expert staff, it led to the issue of dependence. When this happens, another major challenge that arises when selecting candidates for future generations of the management team is that many of staff have limited skills in specific business areas or job categories. I think that having employees experience job transfers at multiple divisions and increasing their skills will serve to boost their own skills, and the management team will also be able to select staff with diverse skills.

The source of value of a company is said to be its staff, and I am confident that our Group’s assets are our people rather than our facilities or assets. When I look back over the five decades I have been at this company, I have no doubt that we overcame numerous challenges by leveraging the qualities of our staff. People can be hired with money, but qualities are not available to be bought. I am confident that the some 4,000 superb employees at our Group will continue to work with our management team to overcome difficult challenges.

Stakeholders may harbor doubts about the future direction of the printing industry. Yet our Group is a company with great potential. We have a solid business foundation comprised of excellent customers, and the staff working here are trusted by those customers. I am convinced that we can build on the strengths of our Group by drawing on the capabilities of our human resources, and working on the reforms we are currently undertaking. I hope you will hold high expectations for the future of the Kyodo Printing Group.



# Value Creation at Kyodo Printing

## 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 FY2020

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

### 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



### 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.)

### 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.)



## Technological Evolution

IoT, Big Data, AI

## 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

## Major management capital

### Financial Capital

#### ■ Stable financial foundation

Net assets **63.1** billion yen  
Equity capital ratio **47.9%**

### Intellectual Capital

#### ■ Technology that creates new value

R&D investment **1.06** billion yen  
Ratio of R&D expenses to net sales **1.1%**

### Manufacturing Capital

#### ■ Production bases in Japan and overseas

Manufacturing bases **15** locations  
(12 in Japan, 3 overseas)  
Capital Investment **3.35** billion yen

### Human Capital

#### ■ Diverse human resources that create competitive advantages

Number of Employees (Consolidated) **3,227**  
Female Managers Ratio **9.0%**  
(non-consolidated)

### Social and Relational Capital

#### ■ Wide-ranging partners

Customer bases approx. **2,400**  
companies (non-consolidated)  
Partner companies approx. **1,900**  
companies (non-consolidated)

### Natural Capital

#### ■ Utilizing Sustainable Resources

Energy input **83,787** MWh  
Resource input **168,200**t

## Business and strategy

### Value Creation Areas

Diverse Lifestyles

Smart Society

Recycling-oriented Society

### Growth drivers

Technical development capabilities

Value-creating human resources

Partnerships

### Medium-term Management Plan (FY2021 - FY2024)

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

Improving profit  
in existing businesses

Cultivation of new businesses

### Five priority items

Strengthening the business  
foundation of existing businesses

Exploring new business areas

Human Resource Strategy

Environmental Strategy

Strengthening business  
management functions

### Corporate Governance

## Creation of value

### Corporate value

Financial FY2024 targets → P12

- ROE: **5%**
- Operating profit: **3.1** billion yen\*1
- Dividend payout ratio: **30%** or higher

Non-financial FY2030 targets → P28

- Human Capital
  - Ratio of female managers: by fiscal year 2025 **10%** or higher (non-consolidated)
  - Digital human resources\*2 Ratio: Human resources able to leverage digital technologies **15%** or higher; Human resources able to create digital technologies **15%** or higher
- Natural Capital
  - GHG emissions reduction rate (based on FY2022) **42%** or higher
  - Ratio of procurement of paper from confirmed legal wood raw material **100%** (non-consolidated)

### Social value

→ P27

**Living**

A life of  
prosperity and  
happiness

**Society**

A safe and  
convenient  
society for  
everyone

**Earth**

A sustainable  
future

### External environment megatrends

● Transformation and  
diversification of values

● Demographic changes  
● Worsening of environmental problems

● Advancing urbanization  
● Evolution of technology

\*1 Target values were revised on May 15, 2024 based on the progress of measures and changes to the business environment.

\*2 "Human resources able to leverage digital technologies" are human resources who lead transformation in business models and business processes. "Human resources able to create digital technologies" are citizen developers, department analysts, system developers, data scientists, etc.

Kyodo Printing Group Corporate Report 2024

# Medium-term Management Plan

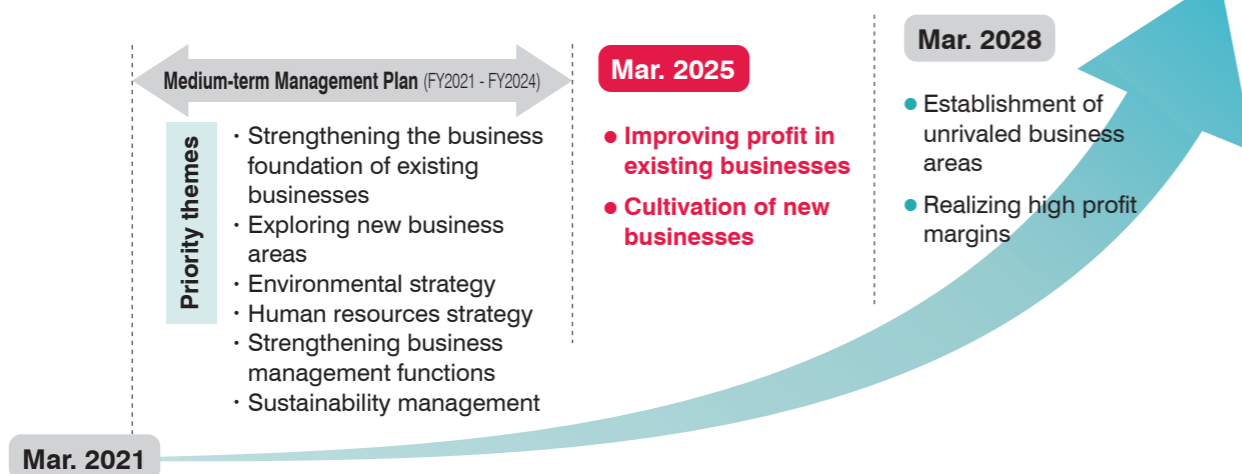
## Medium-term Management Policy

### 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 achieve 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)

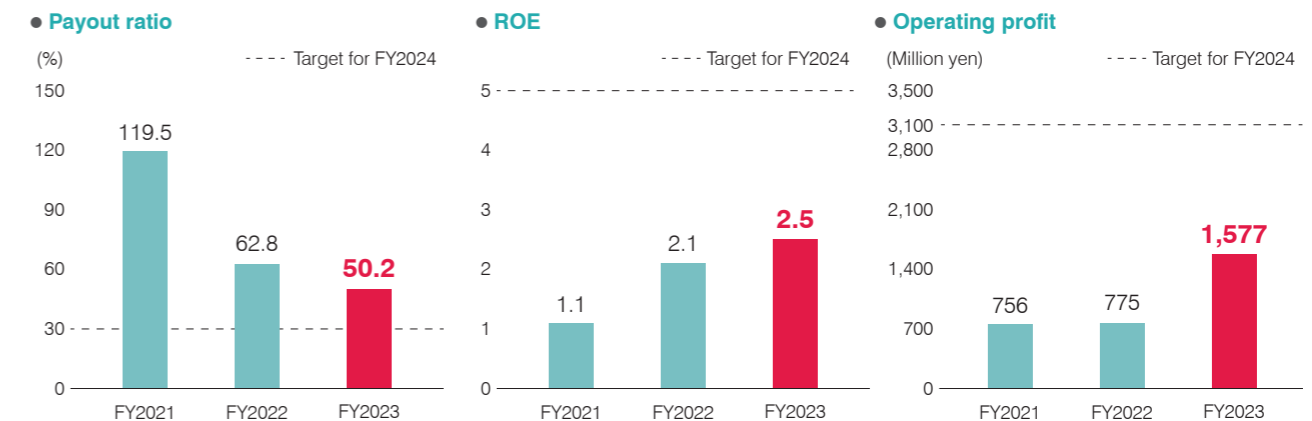
Consolidated operating profit	3.1 billion yen*
ROE	5.0%
Dividend payout ratio	30% or higher

\* Targets changed in May 2024

#### Partial Change to Medium-term Management Targets (effective May 15, 2024)

The current medium-term management plan performed poorly for the first two years due to the ongoing effects of the COVID-19 pandemic. While there are some businesses like transportation systems that saw an increase in demand as society reemerged in the wake of COVID-19, the market environment for other businesses like publications printing declined rapidly due to the impact of increased digitalization during this period. There have also been increases in raw material and energy costs that had not been anticipated at the time, resulting in a delayed response in some areas. Factoring in such circumstances, we determined it to be appropriate to change the initial target for our operating profit to 3.1 billion yen from 3.8 billion yen. We will continue working toward the target ROE and dividend payout ratio.

#### Changes in Management Indicators



#### Major Initiatives in FY2023

Priority themes	Major initiatives (FY2023)
1 Strengthening the business foundation of existing businesses	<ul style="list-style-type: none"> <li>Establishment of DX Promotion Office for operational enhancement</li> </ul>
2 Exploring new business areas	<ul style="list-style-type: none"> <li>Strengthen initiatives in areas of focus (provision of DX services to enhance scoring efficiency of written tests, launch of website offering learning content for corporations and local governments)</li> <li>Development of new types of sanitary materials that work on contact</li> <li>Steady expansion of launched products using high-performance pellets for heat-storing textile (developed in FY2022)</li> </ul>
3 Environmental strategy	<ul style="list-style-type: none"> <li>Express support for TCFD recommendations and disclose information based on TCFD recommendations</li> <li>Submission of commitment letter for obtaining SBT certification in line with Carbon Neutral Declaration</li> <li>Participation in the "Circular Partners" partnership between industry, government and academia</li> <li>Release of eco-friendly products (paper desktop calendars, cards made with recycled materials)</li> <li>Release of products that contribute to reduced food loss (functional film that inhibits oxidation-induced deterioration of food)</li> </ul>
4 Human resources strategy	<ul style="list-style-type: none"> <li>Discovery and greater nurturing of value-creating human resources by continuing in-house business contests and stimulating job transfers</li> <li>System revisions that contribute to motivating personnel to take on challenges (promotion test systems, role grade systems, qualification acquisition systems)</li> </ul>
5 Strengthening business management functions	<ul style="list-style-type: none"> <li>Setting of targets for improving ROIC, and starting to reduce inventory and shorten debt collection periods</li> </ul>
★ Sustainability management	<ul style="list-style-type: none"> <li>Establishment of Sustainability Promotion Office responsible for comprehensively planning and promoting policy from a sustainability perspective</li> <li>Formulation of the "Kyodo Printing Group Human Rights Policy" and strengthening of efforts for respecting human rights</li> <li>Formulation of the "Kyodo Printing Group Basic Procurement Policy" for promoting sustainable procurement</li> <li>Restructured enterprise risk management (ERM) framework. Identification of major risks and starting work on countermeasures</li> <li>Setting themes of priority initiatives for materialities and KPIs</li> </ul>

#### Initiatives for FY2024

- For structural reforms, we will rebuild production systems, including restructuring manufacturing sites for businesses where market conditions have deteriorated more than anticipated, and also increase investment in human capital, including securing the required human resources for R&D and DX promotion that serve as the source of growth.
- When considering medium- to long-term strategies for the next fiscal year, we will formulate a strategy to achieve ROE of 8% or more and continuously increase profitability. We will also revise philosophy system and materiality.
- For sustainability management, we will revise our environmental strategy, conduct human rights due diligence and strengthen supply chain management as part of initiatives in areas of focus.

# Message from Chief Financial Officer



**Hidenori Watanabe**

Director and Vice President,  
Executive Officer  
Group Corporate Headquarters and  
Officer in Charge of Management  
Supervisory Headquarters

Sharing our vision and the growth path that we envision with our stakeholders, and working to develop growth strategies.

## Current Challenges



We recognize that the very low 0.4x P/B ratio of our Group presents a major challenge. The fact that our market capitalization is significantly lower than our total assets can be attributed to return on capital, which is low compared to the average figures of companies listed on the Prime market. We estimate that the cost of shareholders' equity at our Group to be between 4% and 6%, and we are working on various measures to achieve the target of the current medium-term management plan of 5% ROE as the minimum return to be generated.

Progress of the medium-term management plan included changing the target for consolidated operating profit in May 2024 due to the rapid changes occurring in the market environment, and higher costs of raw materials and energy than when the plan was formulated. In contrast, to further focus on capital efficiency and provide strategic shareholder returns, we will keep to our initial targets of 5% ROE and a 30% dividend payout ratio, with the aim of achieving them in the final year of the plan.

## Management with an Awareness of Cost of Capital

We are currently working on formulating a new medium- to long-term management plan that will begin from the next fiscal year with the view to achieving sustainable growth and enhancing our corporate value over the medium to long term. Given the current circumstances, the key challenge underpinning our efforts will be strengthening profitability. Making flexible investments for restructuring existing businesses and cultivating and expanding growth areas, and reforming our business portfolio will serve to boost sales and improve profit margins to increase profitability. Investment in growth, from the perspective of capital efficiency, comes mainly from equity capital like gains from the sale of cross-shareholdings and operating cash flow, to generate returns in growth areas such that ROIC (return on equity) exceeds WACC (weighted average cost of capital). We will work on continuously

improving profitability by setting the ROE indicator to 8% in the next medium-term management plan.



## Enhancement of Profitability

To strengthen profitability, we are shifting our business portfolio toward more profitable businesses, with the view of expanding the scale of our businesses by about 1.5-fold of the current size in a decade.

The Information Systems business, particularly our original core publications printing business, has been struggling with poor profitability given that the market has declined to nearly half that at its peak. In contrast, I think that high profit margins can be anticipated in the information processing and management field given the backdrop of market needs. We will retain the scale of our businesses and boost profitability by replacing our business model through the development and provision of high-quality services in response to changes in the market—supporting work styles and increases in productivity in response to the declining population, learning in response to diversifying values, healthcare, provision

of customer experience value, and provision of new content.

In the Living & Industrial Materials business, we will be focusing on the development of high-value-added products such as eco-friendly packaging materials and high-performance packaging materials catering to market needs, securing a competitive edge and profitability, and expanding business overseas, including the ASEAN region that has a high potential for economic growth going forward. We will also be expanding the scale of our business in a decade to the same level as the Information Systems business by entering into the “new materials field” as a new business domain, by leveraging the technologies of our Group.

Other details such as specific targets and measures will be clarified further in the next medium-term management plan (from FY2025) that we are currently working on.

## Strengthening of Financial Strategy and Capital Policy

We are working on reducing our cross-shareholdings in order to improve our capital efficiency and PBR, with the view to reducing them to less than 15% of consolidated net assets over the period of the next medium-term management plan that is being prepared now. The proceeds obtained from these sales, together with operating cash flow, will be allocated mainly to investments in growth areas to boost profitability as well as to shareholder returns.

Investments in growth areas are planned to total 70 billion yen over a decade. We will be focusing on the development of technology and services, and expanding our business domain to

replace our portfolio, as well as increasing our earning power by investing in human capital that is the source of value creation, and in M&A and other investments that will accelerate growth as required.

In contrast, investments for boosting profitability do not always become evident as immediate returns. During this period, we will continue providing a certain level of shareholder returns, and in addition to the current 30% dividend payout ratio, we will set a new DOE (dividend on equity) target and revise our dividend policy with the view to paying out a dividend of around 3% DOE.

## Enhancement of IR Activities

When it comes to communication with institutional investors and individual investors, we are working on enhancing opportunities with a particular focus on where we can engage in direct dialogue, but we are often told that we have many businesses that are performing poorly. We maintained efforts to break free from this, but we regret the fact that we did not communicate these efforts to our stakeholders sufficiently. We recognize that increasing both the quality and quantity of communication with shareholders and investors is important, as well as disclosing sufficient information required for making investment decisions in a proactive

manner. I also hope focus on establishing a system that provides feedback from market evaluations acquired through dialogue with investors to the management team.

In response to changes in the business environment that affects our Group, we are devising management strategies for achieving sustainable growth and boosting corporate value over the medium- to long-term perspective. I would be overjoyed if all stakeholders support us after making a decision on our future prospects based on the Kyodo Printing Group's growth vision and the actions that we are taking.

# Message from Chief Business Officer

## Teruomi Ohashi

Director and Vice President,  
Executive Chief Business Officer



The Kyodo Printing Group, will promote the development of new businesses by breaking down the barriers of the organization and ensuring that business divisions share a common understanding of issues.

## The Role of Business Supervision

I have been in charge of our three main business segments as business manager since FY2024, and am responsible for executing business strategies in a group-wide, optimal manner. Our Group has always exhibited a strong sense of vertical integration between segments, and many of the top managers of each segment are those who have built up experience at their own divisions their whole career, so they did not have the culture of exchanging opinions with those in other divisions. I have a background in planning, sales, accounting, and corporate planning that is unusual at our company, and I have a frank relationship with the top managers of each segment. My primary mission is to manage and run each business segment in an integrated manner, and reform our business portfolio to make a positive leap forward for the Kyodo Printing Group. I have already shared our understanding of the issues we are facing with each

executive officer, and we are discussing the best way we can incorporate these into the specific strategies for the upcoming medium-term management plan. Some of the major topics include "Structural reform of the Information Communication Division centered on publications printing," "Medium- to long-term development of the Information Security Division" and "Growth strategy for the Living & Industrial Materials Division," and we are seeking to picture expansion and ideal state of each business based on these topics. Regardless, the next medium-term management plan that we are currently working on will no doubt unleash a new start for our Group. I will be putting in every effort as the business supervisor to ensure that our three business divisions share a common understanding of the issues we are facing and develop new businesses.

## Nurturing Human Resources for Organizational Culture Reform

Our Group has a long history with this year marking our 127th anniversary, and the organization here retains a traditional,

old-fashioned structure. When I was appointed to the head of the Business Media Division five years ago there were around 700

juniors here, and personnel decisions were made solely by the upper management of the division. This symbolizes the general state of our Group, where there was hardly any delegation of power. While it is rare to have companies where the upper management is responsible for staffing at the site level, upper management does find it difficult to properly understand the state of employees at those sites, particularly the younger generation. In essence, management of personnel was not conducted in a way that could maximize the capabilities of our human resources, like selecting young people putting in their best efforts at sites. Given that there is a focus on the importance of human capital, we have gradually rolled out reforms at sites based on the belief that the weakness was with the system. Management positions have been instructed to picture their own successors, and provide nurturing for them. Going forward, I hope to roll out these changes to each business segment.

To maximize the capabilities of our human resources, the best method that suits each person is required. I think that employees can be sorted into two types of people: those working based on their own abilities, and those working based on their own experience. The type of people working based on their abilities acquire diverse skills and grow better with job transfers and reskilling. In contrast, those working based on their experience gradually build up their experience in sequence. Young employees these days are also asking to be transferred after three or four years, as they

want to try working in a different field. I think providing career plans that cater to the individual traits of each person can greatly boost the capabilities of human resources.

Meanwhile, we will also start reforming our corporate culture. In the past, there was a lack of opportunities for facilitating direct communication between the management team and employees working at sites for aligning the company's overall direction and the personal mission of each employee. The traditional pyramid-style of communication makes it difficult to accurately convey intentions, making the process slower as communications traverse through the hierarchical structure. The entire organization also follows an "awaiting instructions" type approach, resulting in poor individual decision-making capabilities. This results in a lack of motivation for employees, and more importantly, does not allow them to exert their capabilities to the fullest. To this end, we will increase opportunities for engaging in direct communication as a way of unifying management and employees at sites. Instead of waiting for the opinions of superiors, we are encouraging an awareness amongst employees to think for themselves and take responsibility for their own work while checking the direction of the Company, and are also creating an environment where young people are able to clearly voice their opinions to provide a foundation for creating new business. We have many skilled employees throughout our Group, and I think growth is possible if we are able to maximize their capabilities.

## Reforming Profitability

The structure of the printing business for paper media is one that is unable to generate profits without growth in volume. As the scale of the market declined, it became increasingly difficult to secure profits, and we were unable to move ahead with shifting our profit structure to align with the scale of the market, and thus could not stop profitability from becoming worse. This is particularly true of the Information Communication Division. Going forward, we will be allocating personnel and budget to the Living & Industrial Materials Division for which the market is slated to grow, in order to boost our "earning power."

We will be developing technologies like our flagship products—laminated tubes and packaging—for resolving social issues such as the circular economy and food loss, and accelerate the expansion of business in Southeast Asia to build up our trading area. Moreover, to break away from commodities, we have invested our management resources toward the development of new materials like high-performance pellets for heat-storing textile woven with infrared absorbing materials, and sanitary materials. We will be marketing new materials that exhibit new functions unique to our Group, with the view to securing high profits.

Over the medium- to long-term span, we are looking to develop businesses that provide not only manufacturing, but also solutions and know-how. Naturally, these strategies cannot be achieved overnight and will require repeated trial and error—to achieve this, we need to learn from the challenges we take and the failures we make, and foster employees who will grow significantly. In the declining printing industry, my mission is to pave the way toward new fields by leveraging the capabilities of our employees. Promoting DX will

also be essential for achieving this. DX does not simply mean replacing paper with digital media. We are working on DX like this, which will significantly change the process from information input to output—in turn this will satisfy our customers and significantly change our profits.

I want to demonstrate to our stakeholders how our Group is changing and growing for the better by taking full advantage the resulting stability. If you bear witness to how much we are able to change and then recognize that change, I ask that you consider investing in our Group. This is my fundamental mission.



## Information Communication Business



Shifting from a “Quantity business”  
where information is shaped and  
sold, to a “Value business”

### Junichi Iwata

Managing Executive Officer  
Senior Manager, Information  
Communication Headquarters

### Business Overview and Strengths

This business comprises the Publications Printing & Information Media Division that covers printing of mainly magazines, comic books, study reference books, textbooks, and other publications, and the Promotion Media Division that covers commercial printing of mainly corporate sales promotion support and IR support materials. We are expanding our business domain, including content creation and the sales business centered on comics, learning, and the HR field. We have been working on reforms in recent years for establishing ourselves as an entity that improves external and internal engagement, following the increase in the number of communication opportunities between companies and various stakeholders.

The source of our competitive edge is our information processing technologies and solution development capabilities that we have cultivated over many years of our original paper media printing business, as well as our creative system that is capable of responding in flexible manner to a variety of projects. In the comic book field in particular, we run an integrated production system featuring our accumulated knowledge developed over the years, which is capable of handling all types of outputs, both digital and analog. We currently have dedicated personnel in peripheral fields such as event planning and management utilizing character rights and merchandise production, and are expanding operations into the IP business.

### Products and Services Contributing to Resolving Social Issues

The drop in the working population, diversification of work styles and changes in values related to work are having a significant impact on human capital policies like securing diverse human resources and strengthening and utilizing human resources for growth—many companies are actually addressing the promotion of diversity and inclusion and enhancing employee engagement as issues that need to be addressed. To address such requirements, our support for promoting women’s participation and advancement in the workplace to diversify human resources includes the development of “TriAnchor®,” which assists women who have gone through key life events such as maternity or child-care leave to build up their career plans, and many companies have made use of this product. Moreover, we are developing and providing other content to raise employee engagement and support the activities of value-creating human resources—this

includes training to improve the understanding of surrounding stakeholders to increase the rate of male employees taking maternity leave and harassment education. Furthermore, to meet the need for securing human resources in the wake of the drop in the working population, we assist companies with strengthening their ability to recruit human resources by providing content that communicates their corporate message in an easy-to-understand manner that boosts empathy.

In contrast, in response to the growing demand for more efficient business operations and outsourcing, we will be supplying solutions for work styles like “LOGISMA™” that simplifies inventory management and arranges shipping of sales promotion materials, and “DigitalGondola™” that streamlines business efficiency and the effectiveness of sales promotion at store, as part of efforts to contribute to decent work.



### FY2023 Business Overview

In FY2023, production of digital media for sales promotions, the IR field beginning with integrated reports, and production of catalogs for achieving business efficiency increased in sales.

To boost our unique content business that does not rely on contracts from publishers, we have built up our human resources for editorial and creative tasks, significantly increased the number of original comic books published as e-books, and created hit content—all this has steadily produced results that are expected to boost profitability.

Yet both sales and profits failed to reach the results of the previous year due to the market for the publishing business declining more than expected, as well as a drop in the Commercial Printing Business in the fields of in-store sales promotions due to fewer

campaigns and growth in e-commerce, as well as soaring raw material and energy prices.



Integrated report creation support service

### Initiatives in FY2024

In FY2024, we will continue expanding our services by enhancing content to meet the corporate needs in the fields of IR and HR. In the field of e-books, particularly for original content in the comics domain, we will increase the number of titles three-fold over the previous year and enhance profitability by analyzing sales data and reader demographics to come up with hit content. In the area of in-store sales promotions, we will be increasing orders in

the field of in-store sales promotion through seminars held by our company. In the field of logistics, we will be implementing initiatives such as set and assemble operations based on our forte of pharmaceutical handling permits and approvals, as well as full-scale contracting of recycling logistics operations like refurbishing (recycled products from manufacturers).

### Business-related Opportunities and Risks

We are building up a position as a company expressing “corporate concepts” through commissioned production, in response to the need for corporate information disclosure in the IR area. We are of the view that demand for information disclosure will continue growing into the future, so we will be moving ahead with the expanding orders and cultivating it as a pillar of our business by reinforcing our production capacity to cater to the key aspect of high-quality content and increased demand.

In contrast, there is a pressure on profitability due to the

significant decline in the market for paper media, particularly with our core publications, as well as the rising costs of energy and raw materials due to changes in global circumstances. In addition to picking up the pace of transferring cost increases to prices, we have started reviewing our production processes and are working to reform into a more formidable structure better suited to the shrinking market, while building on our ability to respond to the shift to digital media.

### Growth Strategies Currently being Implemented

We are strengthening our growth potential by cultivating high-value-added businesses, drawing on the source of our manufacturing capabilities with a focus on printing that we have developed over the years. We will be allocating our own internal resources to fields that we have positioned as growth areas—IR and content. In particular, we will increase the mobility of human

resources by enhancing our reskilling system so that we are able to assign the required personnel in successive order. Meanwhile, we are also in the process of drawing on “knowledge and experience” from outside the company, acquiring mid-career hires and coordinating efforts with partner companies, to incorporate knowledge for boosting competitiveness and improving profitability.

### Message to Our Stakeholders

Our Group’s original business of paper printing is facing challenging market circumstances, but the importance of information and the need to diversify content will continue growing. Drawing on our intangible assets like the technology and problem-solving skills we have developed as the source of our competitiveness, we will be promoting initiatives in the fields of IR and HR

and the content business, and become a partner contributing to improving corporate engagement—this will facilitate the shift from a “Quantity business” that shapes and sells to a “Value business,” as we reform into a sustainable business backed with profitability and growth potential.

## Information Security Business



Reforming our business portfolio to shift from media manufacturing to services, and reskilling/shifting skills of human resources

### Naotaka Yamada

Managing Executive Officer  
Senior Manager, Information Security  
Headquarters

### Business Overview and Strengths

My business covers our core operations of data printing, BPO, IC cards, and securities (lottery tickets and train tickets). In addition to providing a one-stop service for editing personal information using an exclusive program, printing and processing forms, enclosing and sealing envelopes, and sending them from within a high-security plant, we also focus on BPO that includes taking on office tasks such as reception and screening, system development, and call center operations. More recently, we have expanded our business domain to include BPR for helping to improve streamline operations and reduce labor.

Our key forte is "high-security systems." We operate our own plant capable of safely handling sensitive information such as My

Number and health-related data, and we have acquired various certifications such as Information Security Management System (ISMS)/ISO27001 certification for information security, Business Continuity Management System (BCMS)/ISO22301 for facilitating a quick return to business in the wake of unforeseen circumstances, and quality management based on ISO9001. Our core strength is transportation system IC cards and train tickets, with which we enjoy a major market share. These are underpinned by our facilities capable of processing huge volumes of data, extensive track record of handling sensitive information, and advanced technical development capabilities.

### Products and Services Contributing to Resolving Social Issues

We are facilitating the roll-out of smart public services that can be used by anyone, safely and conveniently anywhere and anytime based on our information security technology, and we also

provide digital solutions capable of enhancing the job satisfaction and productivity of service providers.

#### 1 Healthcare Solutions

To "Achieve health and a happy society beyond that," we provide various administrative, aggregation and analysis services utilizing health checkup data for companies, health insurance unions and health checkup organizations, as part of our efforts to increase our healthy life expectancy—all this helps to increase personal health that also leads to a boost in corporate value.



#### 2 Empowerment of Foreign Residents with Payment Solutions

Foreign residents in Japan, who account for less than 3% of the population, can find it challenging to open bank accounts and face restrictions on using credit cards for online shopping in Japan—to address this, we are providing "MobalPay," a prepaid card that can be used for online payments and in-store purchases, thus facilitating the financial empowerment of foreign residents that are expected to grow in population into the future.



#### 3 Inheritance Support Services

While the number of inheritance cases is on the rise due to the increasingly aging population, the number of contact points at financial institutions is declining as a means of streamlining their operations. We provide "inheritance support services" to cater to issues such as the effort required by elderly people to visit offices located far away, and limitations to the services available by those contact points. Making such procedures and services smoother by leveraging digital technology helps to improve services for users and streamline the operations of financial institutions.



### FY2023 Business Overview

While we made efforts to capture business in our focus areas of the financial and medical sectors, our BPO fell short of our targets. In contrast, the data printing business remained strong on the back of existing projects such as municipality-related cases. Securities and cards increased significantly over the previous year

due to strong sales of transportation system-related cards and train tickets, following the increase in passenger demand after travel restrictions were lifted.

As a result, sales and income for the overall segment increased.

### Initiatives in FY2024

We will continue receiving orders for data printing for existing projects, and will seek to pass on prices in an appropriate manner. For BPO, we are anticipating an increase in orders mainly for financial DX support services and health management services, with a focus on clients who seeking to enter the market with proposals and implementation of trials. The production system will

continue being enhanced for the transportation system-related business in anticipation of growth in transportation system IC cards and train tickets due to increased passenger movements underpinned by inbound travel. The settlement solutions business will focus on enhancing marketing measures and expanding available services for securing large-lot orders.

### Business-related Opportunities and Risks

The number of companies focusing on work style reform and DX is on the rise, and they are restructuring their own resources at a faster pace. In the field of BPO, demand for outsourcing is increasing not only for stand-alone services, but also for core operations like strategic planning and consulting services in line with revisions to the fundamental business structure. Demand is also increasing for BPO services that utilize digital technology with the aim of making drastic improvements to business processes.

In contrast, there are risks that demand for paper, including

data printing and securities, is declining due to the shift to a data-driven society, and that the volume of orders is also trending downwards due to increasing price competition in the wake of more companies entering the market from other industries. We think it will be necessary to develop services that harness our strengths, like a robust data security environment, data editing technology, and image analysis technology, to maintain a competitive edge and profitability.

### Growth Strategies Currently being Implemented

The first step will involve shifting our business structure from products to services at a pace that is faster than the decline in existing areas, and harness our remaining capacity to generate new businesses. We will achieve a system capable of responding to current orders with 80% of the current workforce, and will achieve growth by leveraging the 20% of the available human resources in a flexible manner to create new topics. More specifically, we are

seeking to expand our top line by creating and cultivating ten new business topics with sales in the 1 billion-yen scale.

To achieve this, we will need to invest actively in nurturing human resources, and at the same time foster an organizational culture that is open to taking on challenges. Promoting reskilling and shifting of skills will enhance our development system and back-office system to deliver services with unique characteristics.

### Message to Our Stakeholders

Our highest priority is placed on the trust we have from our customers and society, and we provide information security services for resolving various social issues underpinned by our powerful security system and technical capabilities. We will continue mov-

ing ahead with strategic investments based on an awareness of data governance for achieving sustainable growth in a rapidly changing market environment. We ask all our stakeholders for your continued support.

# Living & Industrial Materials Business



Seeking to create new value to meet customer needs, with our core that focuses on developing better products

**Tadashi Tomioka**

Managing Executive Officer  
Senior Manager, Living & Industrial  
Materials Headquarters

**Business Overview and Strengths**

The Living & Industrial Materials H.Q. consists of the Packaging Division focused on paper vessels, flexible packaging materials and industrial materials, and the L&I Division that handles tubes and blow bottles, etc.

The Packaging Division enjoys a high market share of lids for cup noodles, exterior films for instant noodles, and wrap cartons. In the flexible packaging business, the use of easy peel-off technology as a core component of materials for lids has expanded beyond the instant noodle industry, with growing use in confectionery, dairy products, and other industries. For the paper container business, we have developed cartons for ready-made meal cartons as an alternative to plastic containers. We are also focusing on the contract business where we take on and set up our

customers' products, and the liquid packaging business where we coordinate efforts with manufacturers of packaging machines.

The L&I Division boasts the top share of the laminated tube business in Japan, and also has a presence in the fields of toothpaste, UV care and cosmetics. Our production technology and decorative appeal are regarded highly throughout the food industry, including promoting the development of materials that can be used for hot-packing. More recently, we have been working on proposals for replacing glass and other rigid containers with tubes and blow-molded bottles, and we are expanding our business to become a comprehensive container manufacturer underpinned by tubes at its core.

**Products and Services Contributing to Resolving Social Issues**

We released the eco-friendly "TOMOWEL NEXT PACKAGING" brand aimed at achieving a sustainable society, are proposing environmentally friendly specifications matched to customers' specific processes, from product design to manufacturing, logistics, sales, ease of use, and disposal. For the production of bottles and tubes, we are promoting the use of PIR materials with other commercial materials, and the use of biomass materials, recycled materials and forest certified paper. We have acquired mass balance certification to utilize these materials, which ensures traceability of biomass and other materials.

We are also reducing resin by using thinner material for tubes and making caps smaller, reducing left over food that helps to decrease food loss, and

implementing proposal activities for extending the shelf life of products.



Film packaging material



Paper laminated tube

**FY2023 Business Overview**

In the Packaging Division, sales of wrap cartons for commercial and privately branded products, as well as lid materials for instant noodles and liquid packages such as "T Pouch" were up over the previous year. The results for "Moist Catch" and other packaging materials for pharmaceuticals were also positive. In the L&I Division, laminated tubes for toothpaste and blown tubes remained positive, despite lower demand for laminated tubes for cosmetics and mediocre performance of some blow-molded bottle products. As a result of these efforts, sales and income for the overall segment increased.



T-Pouch Shot



MoistCatch

**Initiatives in FY2024**

In order to develop sustainable partnerships with our customers, we are always continuing negotiations on ensuring appropriate business practices, such as passing on rising costs for labor, raw materials and energy, addressing the 2024 Problem in the logistics industry, and recovering design and platemaking costs.

We also embarked on activities for promoting information sharing and generating a new sense of awareness and behavioral changes to reform our business portfolio. We coordinated efforts with the Technical Supervisory Division to handle short-term projects and promote medium- to long-term topics.

**Business-related Opportunities and Risks**

The intensity of global environmental trends related to containers and packaging is increasing, and legislation is being worked on in Japan to achieve a society based on a circular economy. We are viewing this movement as an opportunity, and are exploring the potential for entry into new markets with environmentally considerate products and high-performance packaging materials that contribute to prevention of food loss. In addition to promoting initiatives aimed at achieving a circular economy including the preparation of product LCA data and the reform of manufacturing technologies, we are focusing on the development and provision of products that contribute to reduced use of plastics. These include filmless paper

packaging materials and paper laminated tubes.

In contrast, risks include the rising cost of main raw materials, energy costs, logistics costs, labor costs, and more. If these cannot be covered by reductions in other costs or cannot be properly passed on to selling prices, there is the risk that sales and profit could decrease. Laminated tubes in particular are a business with a high logistics cost ratio, as their transport is said to be akin to transporting air, so I believe that while we tackle further improvement of transport efficiency, reduction of inventory, and control of storage costs, we must also take up the development of new products that enhance transport efficiency.

**Growth Strategies Currently being Implemented**

We are seeking to create new value to meet customer needs, with our core that focuses on developing better products such as the development of new products and technologies to resolve problems faced by customers and continuous efforts to reduce costs.

In the Packaging Division, we are promoting total solution sales of packaging with the aim of boosting profits. For paper containers, while we are weeding out unprofitable products, we will also construct a production system to suit further increase in orders for wrap cartons, which will lead to securing appropriate profits and orders in new areas of business. For industrial materials, we will be examining new markets closely, including the food industry, and picking up the pace of development of new technologies and receiving new orders.

In the L&I Division, we will be engaging in all-out management

of sales, manufacturing and technology to establish business as a comprehensive container manufacturer. We are actively expanding orders for laminated tubes for cosmetics, food products and pharmaceuticals, underscored by the technological expertise we have cultivated. We will focus on increasing market share among existing customers for blown tubes by showcasing the environmental measures we have in place for resin recycling. In the field of blow-molded bottles, we are aiming to expand orders by launching new types of bottles that can be used as a substitute for glass bottles with added functionality, and we also hope to achieve orders by developing synergies in bottle technology. In construction materials, we are working on growing the segment as a whole by securing volume orders from existing customers and accelerating orders for new products.

**Message to Our Stakeholders**

The mission of this Headquarters is to develop technologies that are our strengths and provide value-added packaging and containers that can contribute even more to society. While we are improving the profitability of our core domestic business, we will

also be moving into high-growth and high-profit areas by drawing on technology. For our overseas businesses, we will also leverage our bases in Vietnam and Indonesia to promote the diversification of our business in the ASEAN market.

# R&D Strategy

## Basic Philosophy

As society undergoes 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.

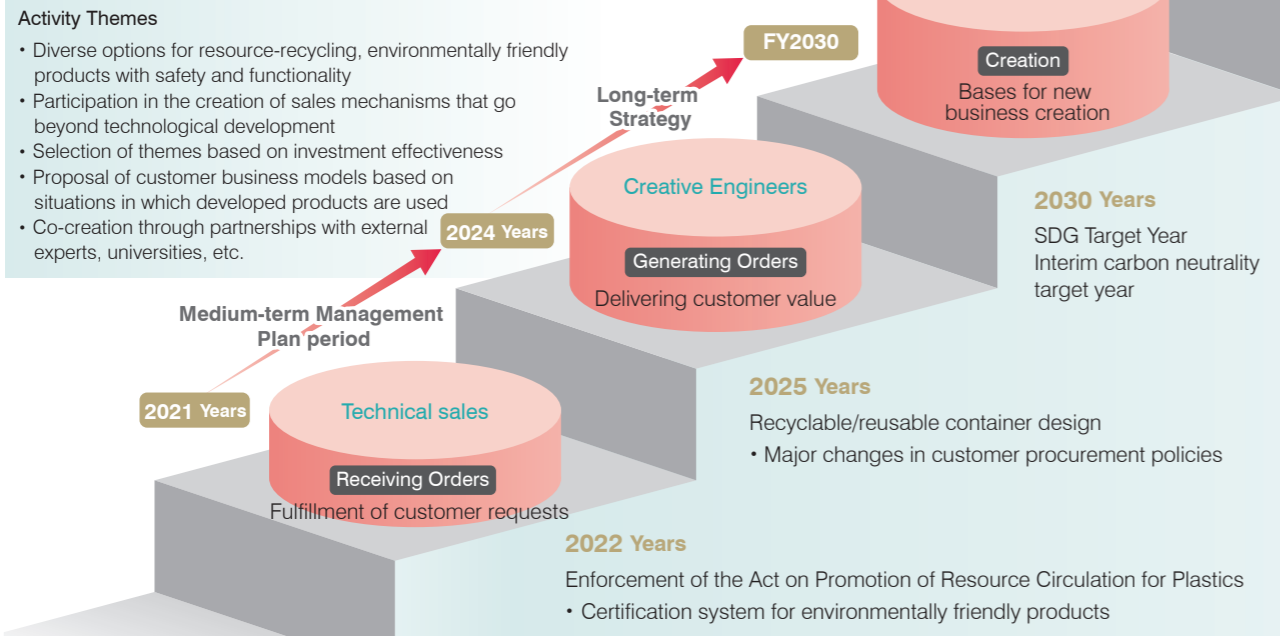
We promote the development of future-oriented solutions based on core technologies that we have cultivated through our continuous response to the demands of society in the fields of information communication, information security, and packaging.

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 areas 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	
Promotion of the new materials business in strategic areas of diversification	Generation of new sales in new business areas	

### Strategic Roadmap



### 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, while 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 the promotion of research on data utilization, operation of data platforms, and data analysis and marketing. The DX Promotion Office was established in FY2023 to further explore business areas.

# Intellectual Property Strategy

## Basic Philosophy

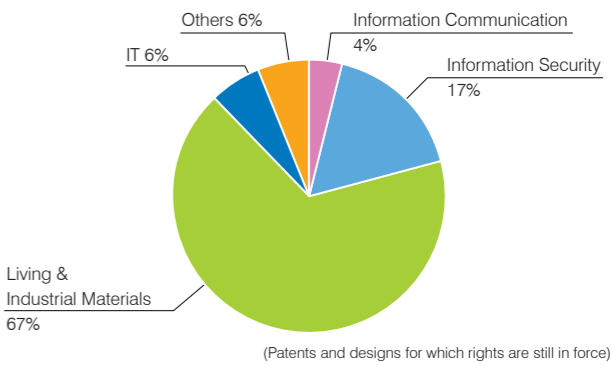
Our Group regards intellectual property as an important management resource that serves as a source of competitive advantage. We are working to maximize sustained growth and corporate value not only by obtaining rights to intellectual property created through research and development but also by strengthening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

formation of core technologies and market competitiveness while expanding business areas 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 in line with our business growth strategy, through means including strengthening our response to the IT field in line with the expansion of our information-related solutions business. In reporting to the management team, 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.

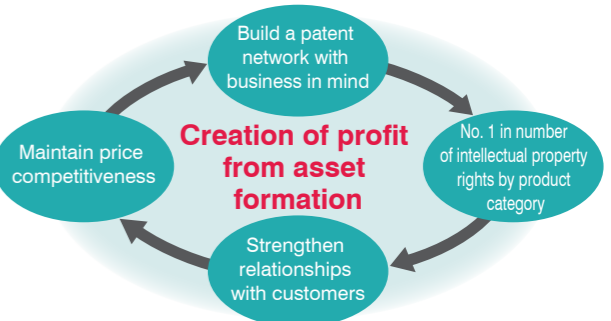
### Intellectual Property Portfolio (Summary)



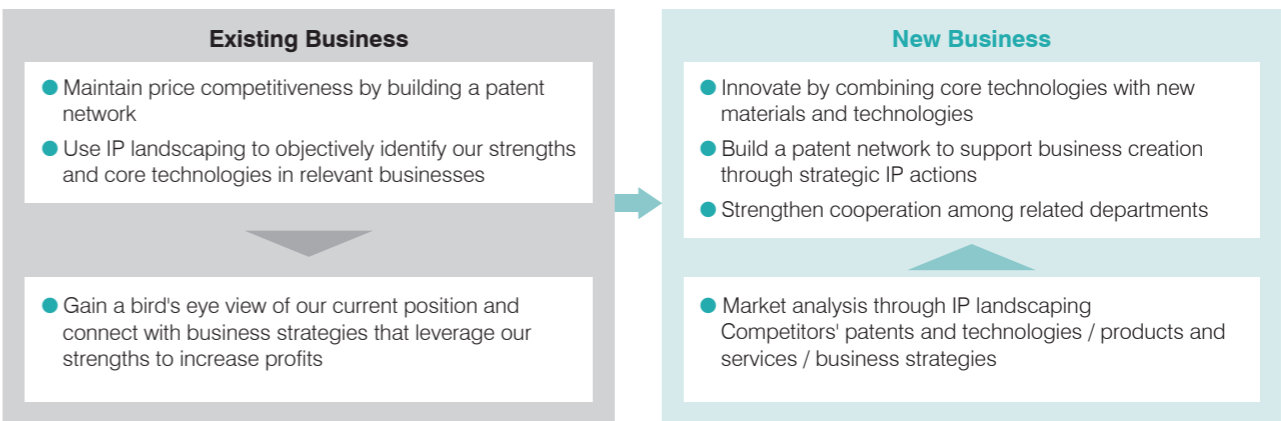
## Strategic Intellectual Property Activities for Value Creation

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 the Company and the competition, and applying the information obtained from that analysis to business strategy.

# DX Strategy

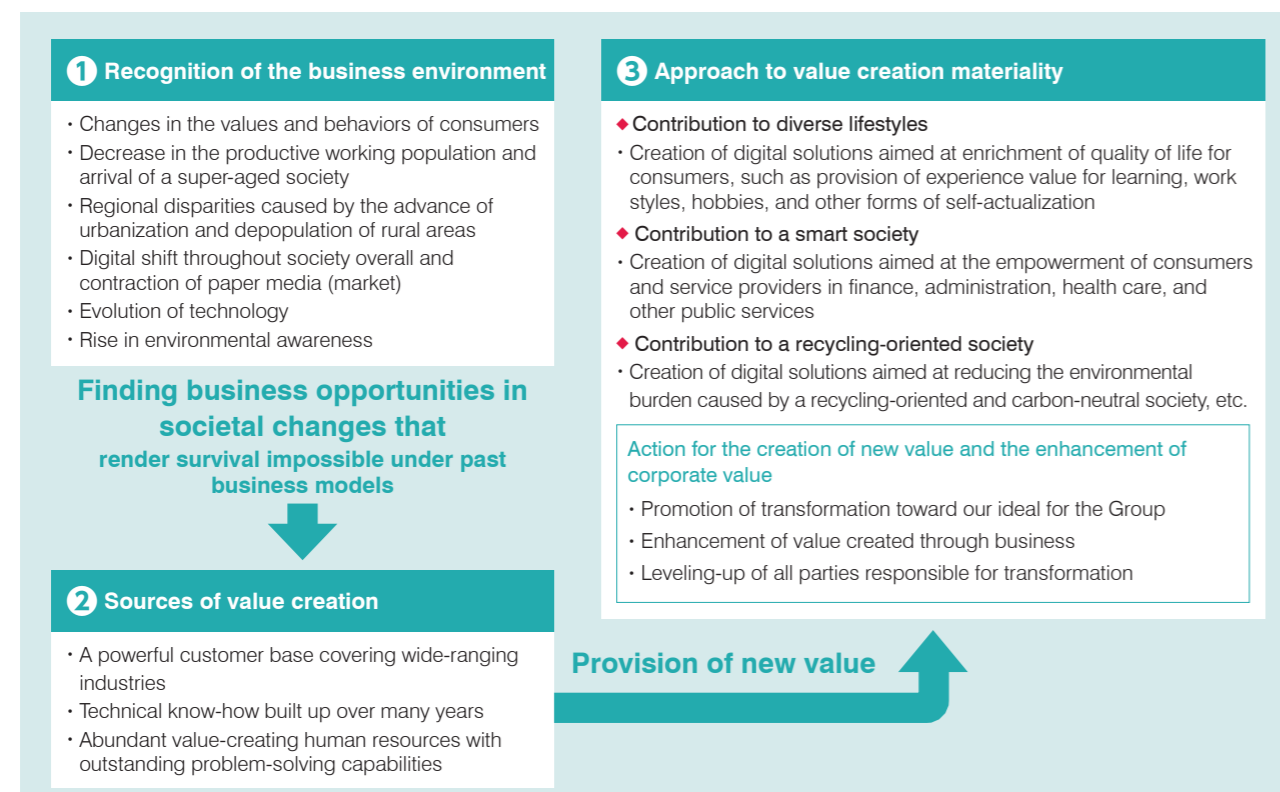
## Basic Philosophy

We believe that the advancing digitalization of society, changes in the consumer values, acceleration of birthrate decline and population aging, rise in environmental awareness, and other changes in our Group's business environment are not transient, and will continue to progress irreversibly and at an accelerating pace.

Our Group is advancing DX promotion activities aimed at adapting flexibly to changes in the social environment through the

use of evolving technologies and at undergoing self-transformation into a competitive organization.

We have set "Create a prosperous society and new value through the power of digital technology" as our Company-wide vision for DX. Taking social change as an opportunity for growth, through DX we will offer new value and tackle future-driven transformation through digital technologies.



## Create a prosperous society and new value through the power of digital technology

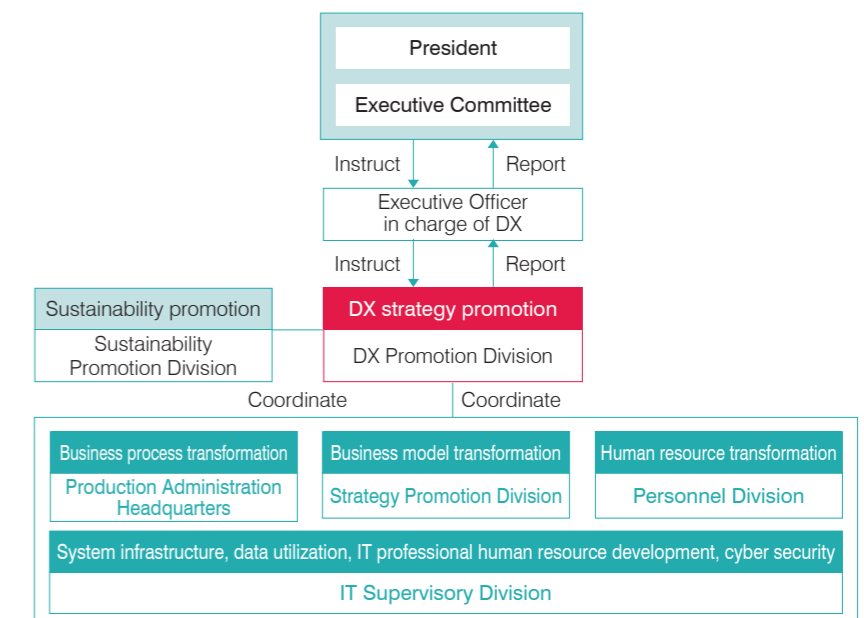
Self-transformation into a competitive organization



## Implementation Framework

We will build a company-wide implementation framework headed by the President and, centered on the new DX Promotion Office, will draft strategies and measures aligned with management policy. At the same time, we will review strategy as appropriate based on provision of information to the management team and on management review.

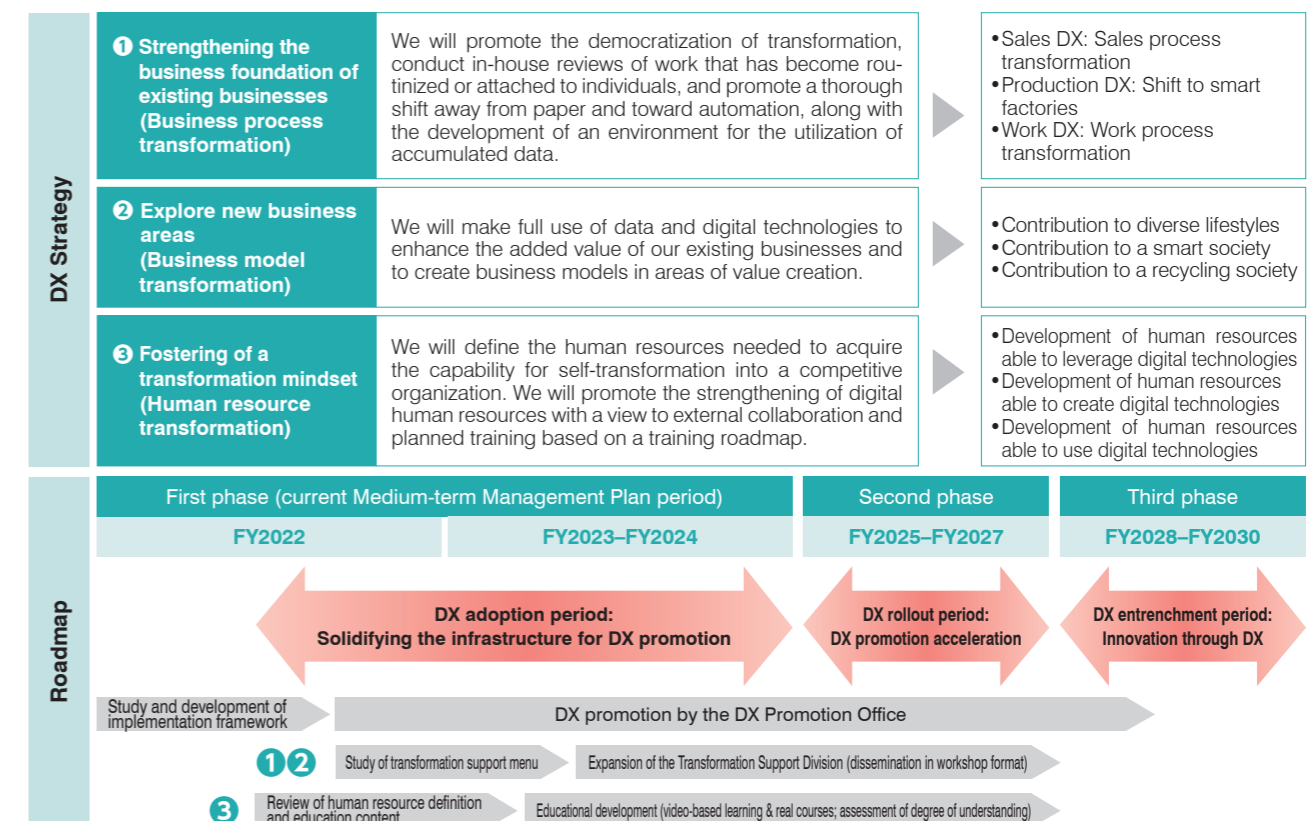
Looking at individual themes, the DX Promotion Office and relevant organizations addressing materiality solutions aimed at advancing sustainability management will collaborate on transformation activities, the progress of which will be regularly announced to stakeholders through websites and other means.



## Strategy

In line with our Medium-term Management Policy, we are undertaking the promotion of DX on the basis of three strategies: "Business process transformation" aimed at strengthening our business foundation, "Business model transformation" in new

business areas, and "Human resources transformation" that will form the basis for DX promotion. We will monitor the progress of activities and will regularly report on progress to the management team to enhance effectiveness.



# Sustainability

## Basic Philosophy

Regarding social, environmental, and other sustainability issues, our Group recognizes these as important management issues connected to revenue opportunities and growth potential, and are promoting sustainability management that aims for the realization of a sustainable society and the Group's sustainable growth and enhancement of medium- to long-term corporate value.

While undertaking new value creation through the solving of

social issues, in our initiatives directed at the human capital that is the source of value creation, we are taking action based on a foundation of securing diversity and developing working environments. We are also steadily executing ESG initiatives aimed at environmental and human rights issues, and are extending these throughout the supply chain.

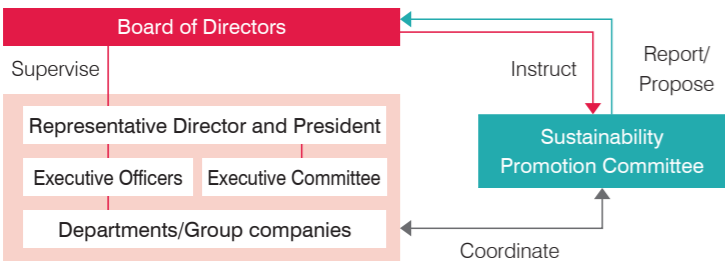
## Sustainability Governance

We have established the Sustainability Promotion Committee, a committee which, under the instruction of the Board of Directors, deliberates on necessary matters and reports on the content of deliberations to the Board of Directors and makes recommendations. Twice a year, the Board of Directors deliberates and oversees sustainability issues, including climate change and human capital initiatives, and receives reports from the Sustainability Promotion Committee on the content of policies, targets, and plans and on the progress of measures, makes decisions, and conducts management reviews. In addition, we are strengthening the awareness of Executive Officers at the forefront of sustainability management initiatives and increasing their driving force by

incorporating Executive Officers' motivation and actions with respect to sustainability management promotion into individual evaluations for Executive Officer remuneration.

The Sustainability Promotion Committee consists of Managing Executive Officers and higher-level management with the President serving as Chair, and invites outside experts as necessary. This Committee evaluates externally imposed effects on management and deliberates on important policies and materialities (priority issues) related to the sustainability of the Group overall and the planning of comprehensive measures. Through regular reporting and recommendations to the Board of Directors, its sustainability initiatives are reflected throughout the Group.

### ● Sustainability Framework



Board of Directors
Constituent personnel: Directors
Frequency of convening: Two or more times a year
Main roles:
<ul style="list-style-type: none"><li>● Promotion of sustainability management aimed at sustainable growth and enhancement of corporate value</li><li>● Deliberation on and making decisions based on the content of reports and recommendations from the Sustainability Promotion Committee, and instruction and supervision on business execution</li></ul>

Sustainability Promotion Committee
Constituent personnel: Managing Executive Officers and higher-level management with the Representative Director and President serving as Chair (with outside experts invited as necessary)
Frequency of convening: Convened irregularly two or more times a year (FY2023: 8 times)
Main roles:
<ul style="list-style-type: none"><li>● Preparation of sustainability-related policies and plans, including climate change action, and deliberation on materialities</li><li>● Deliberation on the Company's long-term value creation story and materialities</li></ul>

### ● Key discussions in the sustainability areas at Board of Directors meetings

<ul style="list-style-type: none"><li>● Themes of priority initiatives for materialities and KPIs</li><li>● Major risks of the Kyodo Printing Group</li></ul>	<ul style="list-style-type: none"><li>● Respect for human rights and strengthening of governance systems for supply chain management</li><li>● TCFD endorsement and monitoring</li></ul>
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## Indicators and Targets

Aiming for sustainable growth and the enhancement of our medium- to long-term corporate value, and taking into consideration the impacts we have on social issues, we have identified as materialities those issues that have a major impact on our ability to create value over the medium to long term.

In the identification of materialities, we first evaluated the importance of issues on the basis of future megatrends, the SDGs as opportunities for business growth, the external environment including ESG issues that have significant impacts on our business, the Company's competitive advantages, market analyses, and

our management policies, among other factors. Following deliberations by the management team in Executive Committee and Board of Directors meetings and verification of appropriateness from the objective perspective of outside experts, the identification of materialities was resolved by the Board of Directors.

In fiscal 2023, the Board of Directors resolved themes of priority initiatives for materialities and KPIs. The Board of Directors will monitor and evaluate the status of these initiatives on a regular basis to strengthen future initiatives.

### ● Value Creation Areas

Diverse Lifestyles Creating a life of prosperity and happiness through information communication		
Themes of priority initiatives	Targets to achieve by FY2030	FY2023 results
Provision of an environment in which all can engage in rewarding work	Provision of smart work support solutions (at least 300 companies by FY2030)	Developed related services, performed test marketing, and established a sales structure
Provision of opportunities for all to continue lifelong learning in preferred form	Provision of solutions for lifelong learning (at least 250 companies by FY2030)	Acquired know-how and performed market research through external alliances
Creation of experience values tailored to diverse lifestyles	Content items for experience value creation solutions (at least 400 items by FY2030)	Established a planning system to expand the Company's content business

Smart Society Creating a safe and convenient society for everyone through information security		
Themes of priority initiatives	Targets to achieve by FY2030	FY2023 results
Provision of environment enabling easy handling of procedures and payments anytime, anywhere	A lineup of next-generation financial solution services (at least 5 items by FY2030)	Two next-generation financial solution services
Provision of environment enabling easy handling of administrative procedures anytime, anywhere	Adoption of solutions for smart municipalities by local government bodies (at least 20 local government bodies by FY2030)	Three organizations
Contribution to a society in which all people can live in good health	A lineup of health care solution services (at least 10 items by FY2030)	Three health care solution services

Recycling-oriented Society Creating a sustainable future through innovative packaging and services		
Themes of priority initiatives	Targets to achieve by FY2030	FY2023 results
Provision of environmentally friendly products	Sales ratio of environmentally friendly packaging materials and containers (100% by FY2030)	38.7%
Contribution to resource recycling systems	Construction of plastic resource recycling system (establishment of PIR* and start of full-scale use of recycled materials by FY2030)	Participated in a used plastics recycling project
Contribution to reduction of food loss	Sales ratio of food loss solution packaging for food packaging materials and containers (20% or higher by FY2030)	9.9%

\* Post-industrial recycling (PIR): Recycling and reuse of wastes generated in product manufacturing processes before being sent to the market

● Management Foundation Area

Coexistence with the global environment		
Themes of priority initiatives	2030 Key Target Achievement Indicators	FY2023 results
Mitigation of and adaptation to climate change	GHG emissions reduction rate (42% or higher by FY2030 from the FY2022 level)	14.7%
Conservation of biodiversity	FSC certified paper procurement ratio <Weight basis> (30% or higher by FY2030)	22.1%
	Ratio of procurement of paper from confirmed legal wood raw material <purchase amount basis> (100% by FY2030)	76.2%

Activity by value-creating human resources		
Themes of priority initiatives	2030 Key Target Achievement Indicators	FY2023 results
Utilization of diverse values	Female Managers Ratio (10% or higher by FY2025)	9.0%
Securing and strengthening of value-creating human resources	Digital HR ratio "Human resources able to leverage digital technologies" (15% or higher by FY2030); "Human resources able to create digital technologies"* (by 15% or higher by FY2030)	Roll out the educational content, formulated of skill map, and promoted the creation of a system to grasp achievement status
Creation of an environment enabling maximum demonstration of capabilities	Achieve a usage rate of childcare leave by male workers (80% or higher by FY2030)	94.6%
	Annual average rate of paid leave used (70% or higher by FY2030)	68.5%

Responsible corporate behavior		
Themes of priority initiatives	2030 Key Target Achievement Indicators	FY2023 results
Corporate ethics and fair operating practices	Compliance education attendance rate (100% every year)	100%
Respect for human rights	Human rights education attendance rate (100% every year)	100%
	Promotion of human rights due diligence Establishment of a due diligence system by fiscal 2024 and continued implementation of human rights due diligence from that point forth	• Decision to establish a new human rights promotion system • Development of "Sustainability Procurement Standards" in line with the Human Rights Initiative
Information security and privacy	Information security education attendance rate (100% every year)	100%
	Implementation of cyber security training (1 time/year)	Implemented 1 time
Integrated risk management	Supplier coverage rate in sustainable procurement assessment (90% or higher by FY2030) <transaction amount basis>	54.3%
	Enhancement of risk management activities (Enhancement of effectiveness of the Group's major risk response and expansion of risk management areas/Enhancement of risk sensitivity in all employees by FY2030)	• Restructured enterprise risk management (ERM) framework • Based on discussions by the management team and other factors, nine major risks were selected and countermeasures were formulated and disclosed

The scope of management foundation areas is Kyodo Printing and consolidated subsidiary companies in Japan. However, overseas consolidated subsidiary companies also apply for information concerning "GHG emissions reduction rate," "Promotion of human rights due diligence," "Supplier coverage rate in sustainable procurement assessment," and "Enhancement of risk management activities." Information concerning "FSC certified paper procurement ratio," "Procurement rate for paper made from verified legal wood," and "Female managers ratio" is for Kyodo Printing Co., Ltd. alone (non-consolidated).

\* Definition of digital human resources in the Group

- Human resources able to leverage digital technologies: human resources who lead transformation in business models and business processes
- Human resources able to create digital technologies: citizen developers, department analysts (each division), system developers, data scientists (IT divisions), etc.

# Environmental Strategy

## External Conditions

Economic activities have supported livelihoods and provided prosperous living for people. 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 development derives from our benefiting from natural resources and the bounty of ecosystems. To continue prosperous living, we must carry out transformation into a society in which people and the planet live 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



Response to Climate Change

Against a backdrop of lifestyle changes and expanded consumption associated with economic development, global warming caused by emission of greenhouse gases (GHG) is exerting profound impacts on the global environment. Frameworks for climate change countermeasures have been formed within the international community, and companies face demands to work toward constraining atmospheric temperature rise to 1.5°C. Investors and other stakeholders have also come to hold expectations for companies' initiatives, including Task Force on Climate-related Financial Disclosure (TCFD) and other disclosure of climate-related information affecting finances, and the provision of products that reduce CO<sub>2</sub> in society against a backdrop of ethical consumption.

Taking the response to climate change as an important management issue that we must address, our Group has declared our aim to be carbon neutral by 2050. To make this a reality, we are advancing our analyses of climate change-related risks and opportunities for profit along with environmental strategies based on these. We will build a robust business structure enabling us to respond to climate change risks including risks of disaster induced by climate change, raw material procurement risks, the introduction of carbon pricing, and legal and regulatory compliance. We will strive to reduce CO<sub>2</sub> emissions throughout the product life cycle, from raw materials to product disposal, while advancing development that contributes to CO<sub>2</sub> reduction through products and services and connecting this to growth opportunities.

Declaration of Carbon Neutrality in 2050

The Kyodo Printing Group declares that we will reduce our greenhouse gas (GHG) emissions to effectively zero by 2050 in our aim to achieve a decarbonized society.  
To achieve carbon neutrality, we will aim for effectively zero emissions from activities at our sites and will strive to reduce burdens in the supply chain.

Specific Initiatives

- **Reduction of environmental burdens at our sites (Scope 1+2)**  
We will reduce GHG emissions at our sites to effectively zero by 2050.
- **Reduction of environmental burdens in the supply chain (Scope 3)**  
We will collaborate with stakeholders to reduce GHG emissions in processes spanning materials procurement to disposal.
- **Reduction of environmental burdens through the development of environmentally friendly products and services**  
Through the development and provision of products and services that reduce environmental burdens, we will contribute to the reduction of GHG emissions from society overall.

Endorsement of the TCFD Recommendations

Viewing climate change and other environmental issues as important management issues and aiming to achieve a decarbonized society, we announced our Declaration of Carbon Neutrality in 2050. In May 2023, we expressed our endorsement of the TCFD recommendations and joined the TCFD Consortium. By identifying climate change-related risks and opportunities, evaluating business and financial impacts through scenario analysis, and enacting countermeasures, we will work toward the achievement of a sustainable society and the growth of the Company.



Governance

On topics related to climate change, the Board of Directors deliberates and supervises the progress of measures and the content of initiative policies, targets, and plans examined and deliberated by the Sustainability Promotion Committee.

The Sustainability Promotion Committee consists of Managing Executive Officers and higher-level management with the Representative Director and President serving as Chair. It examines specific targets, policies, and measures concerning sustainability-related issues. Through regular reports and recommendations

to the Board of Directors, the Committee incorporates the opinions and instructions of the Board of Directors into initiatives.

In collaboration with specialized committees including the Executive Committee, the Environmental Committee, and the Global Warming Action Department, the Sustainability Promotion Committee oversees information communication to divisions and Group companies and its dissemination throughout the Company, and otherwise advances initiatives throughout the Group.

Strategy

We conducted a climate change scenario analysis based on TCFD recommendations, targeting business divisions under two scenarios (1.5°C/2°C and 4°C).

After identifying a wide range of envisioned potential risks and

opportunities, we discussed and reviewed the financial impact assessment and timing of impacts centered on the management team and each segment, to identify events with a high likelihood of affecting businesses and to formulate countermeasures.

Examination process	Step 1 Identification of important risks and opportunities	Step 2 Selection of scenarios	Step 3 Business impact evaluation	Step 4 Examination and formulation of countermeasures
	Scenario	Envisioned event		Main reference scenarios
	1.5°C/2°C Scenario	<ul style="list-style-type: none"><li>• The introduction of carbon pricing advances worldwide, including in Japan, and carbon taxes rise globally</li><li>• Demand for low-carbon and decarbonized products and services expands under changes in consumer preferences</li><li>• Stakeholder demands for decarbonization increase and companies that fail to adapt are eliminated.</li><li>• Operating and manufacturing costs increase under the acceleration of decarbonization throughout the supply chain</li></ul>		IEA World Energy Outlook 2021 (SDS, NZE2050) IEA World Energy Outlook 2018 (SDS) IPCC (SSP1-1.9, SSP1-2.6)
	4°C Scenario	<ul style="list-style-type: none"><li>• The introduction of carbon pricing fails to advance worldwide, including in Japan</li><li>• Sanitation needs and other new consumer needs associated with atmospheric temperature rise are born</li><li>• Natural disasters intensify and risks of shutdown due to damage to production sites increase</li></ul>		IEA World Energy Outlook 2021 (STEPS) IEA World Energy Outlook 2018 (NPS) IPCC (SSP5-8.5)

Through scenario analysis, we confirmed that under the 1.5°C/2°C scenario, major impacts on operating costs occur due to the introduction of carbon taxes and on raw material costs due to fluctuations in energy prices. In conjunction with this, we will work toward the reduction of greenhouse gas (GHG) emissions and enhancement of the efficiency of our business activities. We also confirmed that changes can be connected to business growth by capturing new customer demand that will contribute to the reduction of environmental burdens, including expanding sales of environmentally friendly products and services.

Under the 4°C scenario, physical risks associated with the intensification of natural disasters become an impediment to business continuity. However, analysis confirmed that risks to individual production sites are relatively modest. We will continue to

refine our risk analyses and carry out advance measures against disasters in order to minimize impacts.

From FY2024 onward, we will enhance the precision of scenario analyses by conducting them on a regular and continuous basis and will construct a resilient management structure able to withstand any scenario in an uncertain future while flexibly accommodating envisioned risks. With regard to opportunities, while placing emphasis on climate change conditions, market trends, and dialogue with customers, we will flexibly examine and develop strategies that we can connect to sustainable enhancement of our corporate value.

● Risks and Opportunities

	Type	Driver	Overview	Time frame	Impact under 1.5°C scenario	Impact under 4°C scenario	Countermeasures
Physical risks	Acute risks	Intensification of cyclones, floods, and other abnormal weather	Increase in risks affecting the operation of production sites due to flooding and inundation	Medium-to long-term	Low	Medium	<ul style="list-style-type: none"> <li>Promotion of risk management through the enhancement of BCP and implementation of disaster countermeasures at key sites</li> <li>Construction of a cooperative production structure through strengthening of relationships with suppliers</li> </ul>
	Chronic risks	Changes in rainfall patterns, extreme variability in weather patterns	Increases in costs of disaster countermeasures due to changes in precipitation and weather patterns	Medium-to long-term	Low	Low	<ul style="list-style-type: none"> <li>Stabilization of manufacturing through inventory management, distributed procurement, and examination and preparation of alternatives</li> </ul>
Transitional risks	Policies, laws and regulations Legal and regulatory	Progress in the pricing of GHG emissions (carbon pricing)	Increases in costs due to the introduction of carbon taxes and emissions trading schemes	Short term	High	Low	<ul style="list-style-type: none"> <li>Avoidance of carbon taxes and reduction of energy costs through the reduction of GHGs and adoption of energy-saving equipment</li> <li>Examination of implementation of transport streamlining in collaboration with logistics subsidiary companies and suppliers</li> <li>Examination of adoption of ICP and investigation of credit trends</li> </ul>
		Strengthening of GHG emissions reporting obligations	Increase in capital investment through strengthening of energy-saving policies	Short term	Medium	Medium	<ul style="list-style-type: none"> <li>Early planning of investments in energy-saving-related equipment (shift to LED in drying devices and lighting, upgrading of air conditioning, etc.)</li> </ul>
		Mandating/regulation of existing products/services	Increase in costs due to switch to low-environmental-burden plastics	Short term	Medium	Medium	<ul style="list-style-type: none"> <li>Promotion of wastefulness-free design including plastic usage reduction, recycling, and waste reduction</li> <li>Investigation and examination of alternative materials that can reduce costs; Development of low-cost new materials in cooperation with suppliers</li> </ul>
	Technology	Replacement of existing products/services with low-carbon options	Loss of market and decrease in revenue due to delayed approach to shift to low carbon	Short term	Low	-	<ul style="list-style-type: none"> <li>Acceleration of replacement of existing products through the development of low-carbon products</li> <li>Through dialogue with customers, etc., promotion of efficient development through selection of product groups and timing that require a shift to low carbon</li> </ul>
	Market	Soaring costs of raw materials	Acceleration of decarbonization throughout the supply chain	Short term	High	Low	<ul style="list-style-type: none"> <li>Reduction of energy costs through the installation of new and additional solar power generation facilities</li> <li>Appropriate passing on of manufacturing costs to prices through strengthening of collaboration in the supply chain</li> </ul>
		Changes in customer behavior	Decrease in existing paper media associated with CO <sub>2</sub> emissions	Short term	Medium	Medium	<ul style="list-style-type: none"> <li>Expansion of digital media in line with changes in customer behavior and promotion of support for customers' DX shifts</li> <li>Shift away from the business of manufacturing printed materials and toward services with BPO and content themselves as the provided value</li> </ul>
	Reputation	Increase in anxiety or negative feedback on the part of stakeholders	Fall in stock price, difficulty in securing financing, exclusion from targets of investment	Medium-to long-term	Medium	-	<ul style="list-style-type: none"> <li>Strengthening of communication on climate change with stakeholders and promotion of timely and appropriate information disclosure</li> <li>Examination of SBT<sup>*1</sup> certification</li> </ul>
Opportunities	Resource efficiency	Use of efficient production and distribution processes	Reduction of energy usage and of manufacturing costs	Short term	High	Low	<ul style="list-style-type: none"> <li>Adoption of printing machinery capable of lower-carbon manufacturing and other low-carbon production equipment, and promotion of production process efficiency</li> <li>Enhancement of utilization rate and construction of an efficient production structure through review of production lines and adoption of automated facilities</li> </ul>
	Products and services	Development and expansion of low-emission products and services	Securing of market competitive advantage through compliance with environmental requirements and calculation of CO <sub>2</sub> emissions in the product life cycle	Short term	Medium	-	<ul style="list-style-type: none"> <li>Promotion of visualization of product LCA<sup>*2</sup> and development and utilization of low-carbon products</li> <li>Promotion of initiatives using an enhanced primary data ratio in calculating the carbon footprint of publications and commercially printed materials</li> </ul>
		Expansion of sustainability-oriented purchasing behavior by consumers		Short term	High	Low	<ul style="list-style-type: none"> <li>Promotion of information collection concerning reduced-environmental-burden raw materials and the development of environmentally friendly products</li> </ul>
		Changes in consumer preferences	Expansion of digital media demand	Short term	Medium	Medium	<ul style="list-style-type: none"> <li>Growth of the streaming business overall through expansion of in-house content, and examination of commercialization of IP</li> </ul>
	Market	Access to new markets	Changes in consumer needs due to atmospheric temperature rise	Short term	Medium	Medium	<ul style="list-style-type: none"> <li>Development of films and bottles with functions including oxygen adsorption and forms that aid in preserving foodstuff freshness</li> <li>Research and development of sanitary materials meeting needs including contagion prevention</li> </ul>
			Promotion of low-carbon business model development	Short term	Medium	Medium	<ul style="list-style-type: none"> <li>Examination of service development and commercialization adapted to low-carbon lifestyles</li> </ul>

\*1 SBT: Medium- to long-term corporate GHG emission reduction targets that conform to levels required by the Paris Agreement  
 \*2 LCA: A method of environmental impact evaluation that spans the entire life cycle from resource extraction to disposal and recycling

Time frame	Short term: From 2023 to around 2030/Medium to long term: From 2030 to around 2050
Degree of impact	Risks: Standards = Operating income impact of over 500 million yen (high)/over 200 million yen (medium)/200 million yen or lower (low) Opportunities: Standards = Sales impact of over 1 billion yen (high)/over 300 million yen (medium)/less than 300 million yen (low)

Risk Management

In addressing climate change risks, the Sustainability Promotion Office of the Management Supervisory Headquarters, which serves as the Secretariat of the Sustainability Promotion Committee, takes the lead in evaluating climate change-related risks confirmed by departments, from the perspectives of degree of impact and probability of occurrence. The results of the evaluation are verified by the Sustainability Promotion Council and

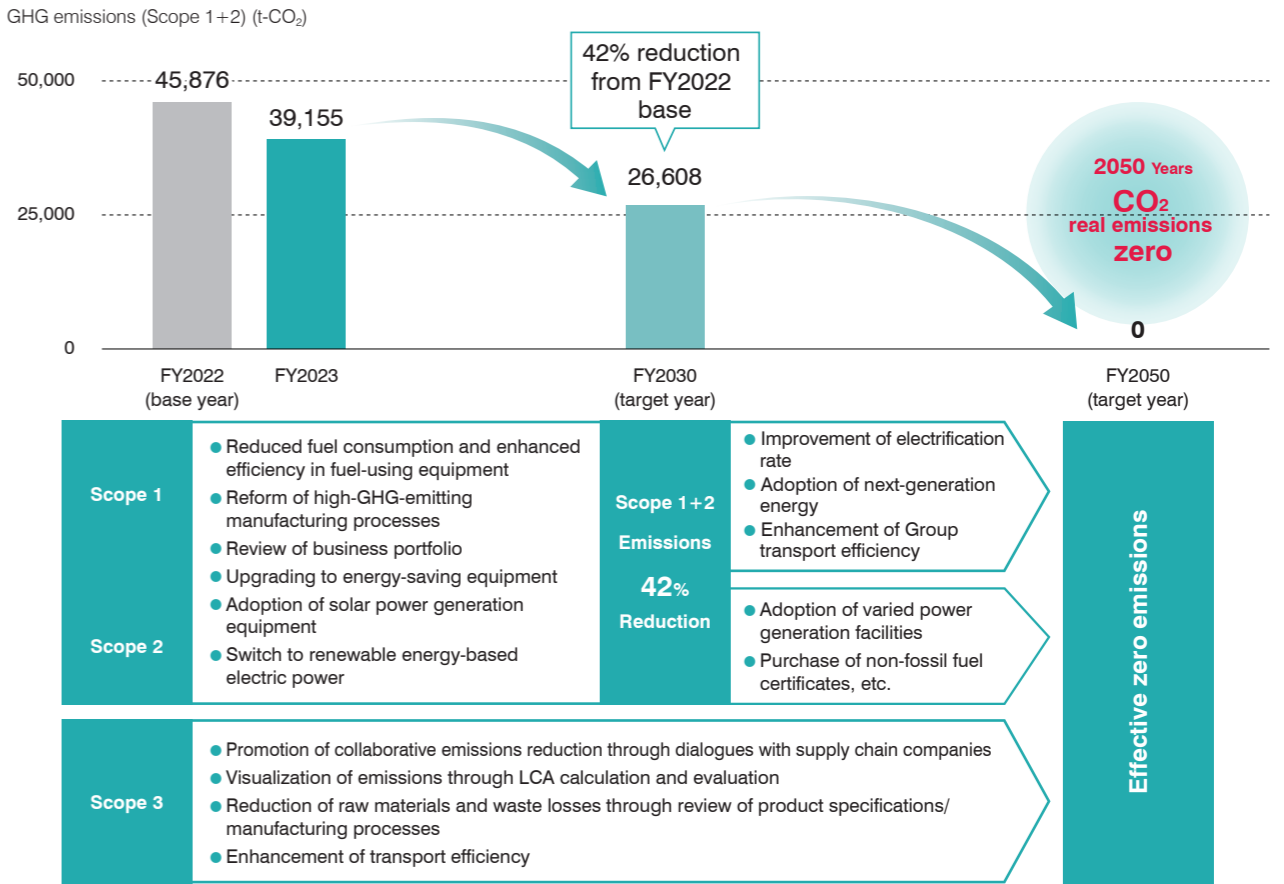
reported to the Board of Directors meeting for a management review and other appropriate management and supervision. The “risks of transitioning to a decarbonized society due to climate change” have also been incorporated into our company-wide risk management process as a major risk, and we are working to build a resilient management system that can flexibly respond to multiple scenarios.

Indicators and Targets

To achieve carbon neutrality in 2050, we have set a target of reducing GHG emissions (Scope 1+2) associated with our business activities in 2030 by 42% from the FY2022 level. In addition to working toward thorough energy-saving and enhanced efficiency in facilities, we will reduce our in-house emissions through the use

of renewable energy, including the adoption and expansion of solar power generation equipment.  
 For Scope 3 emissions, we considered setting targets in accordance with SBT as we have for Scope 1+2 emissions, and submitted a commitment letter to obtain certification in June 2023.

● Indicators and targets

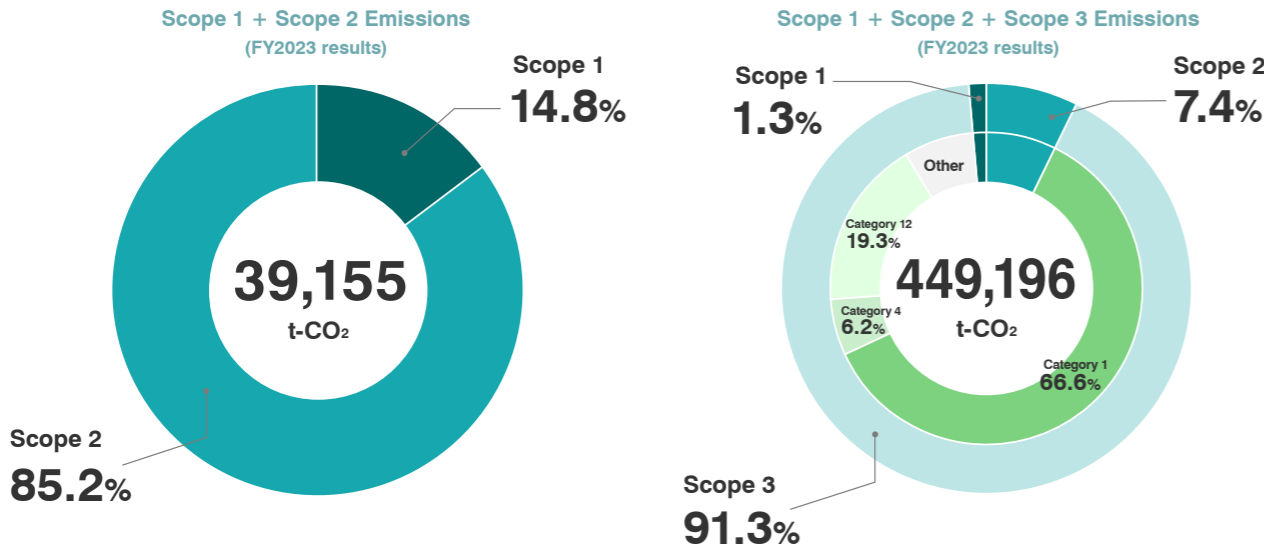


Results

Scope1+2 for FY2023 was 14.7% lower than the FY2022 base year. The reason for this included the increase in solar power generation (Wakayama Plant), effective use of waste heat from the drying devices of offset rotary printing machinery, and a review of excessive operation of air conditioning equipment. Scope3 decreased by 7.8% from the FY2022 base year by improving the efficiency of transportation and delivery, and promoting the

conversion of waste into valuable resources through comprehensive sorting activities.  
 Looking ahead, we will focus on further reducing GHG emissions by revising manufacturing lines, improving utilization rates by introducing automated equipment, and building an efficient production system, as well as creating value by developing and expanding low-carbon products and services.

● GHG emissions portfolio



● GHG emissions results (overall Group, including overseas)

GHG Emissions Category	FY2022 (Base Year)	FY2023 (Results)	Reduction Ratio
Scope 1+2+3	490,539t-CO <sub>2</sub>	449,196t-CO <sub>2</sub>	8.4%
Scope 1+2	45,876t-CO <sub>2</sub>	39,155t-CO <sub>2</sub>	14.7%
Scope 3	444,663t-CO <sub>2</sub>	410,041t-CO <sub>2</sub>	7.8%
Scope 3 Category 1 (Purchased goods and services)	291,213t-CO <sub>2</sub>	273,123t-CO <sub>2</sub>	6.2%
Scope 3 Category 4 (Upstream transportation and distribution)	27,870t-CO <sub>2</sub>	25,568t-CO <sub>2</sub>	8.3%
Scope 3 Category 9 (Downstream transportation and distribution)	12,286t-CO <sub>2</sub>	9,234t-CO <sub>2</sub>	24.8%
Scope 3 Category 12 (End-of-life treatment of sold products)	86,408t-CO <sub>2</sub>	79,249t-CO <sub>2</sub>	8.3%
Scope 3 Other	26,886t-CO <sub>2</sub>	22,867t-CO <sub>2</sub>	14.9%

● Renewable energy initiatives

Location	Date Installed	Generating Capacity (kW)	Annual CO <sub>2</sub> Emissions Reduction (t-CO <sub>2</sub> /year)
Goka Plant	January 2015	917	411
	January 2017	247	135
Sagamihara Plant	January 2021	252	106
Moriya Plant	August 2022	410	225
Wakayama Plant	March 2023	478	240

Recycling-oriented Society

Basic Philosophy

The shift to a circular economy 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 re-covering products and recycling them to create new products.

As a provider of paper media and other means of information communication, and as a supplier of flexible packaging, tubes, bottles, and other plastic packaging materials, we must actively strive for global environmental conservation and for secure and prosperous lives for people. With our accumulated core

technologies and our planning and development capabilities as a source of competitive advantage, we will invest in the development of environmental products that create new value and will strategize our business as a growth opportunity. In addition to product development, we will make efforts aimed at achieving a circular economy, including active involvement in the social implementation of recycling schemes, from collection to recycling, together with our customers and local governments.

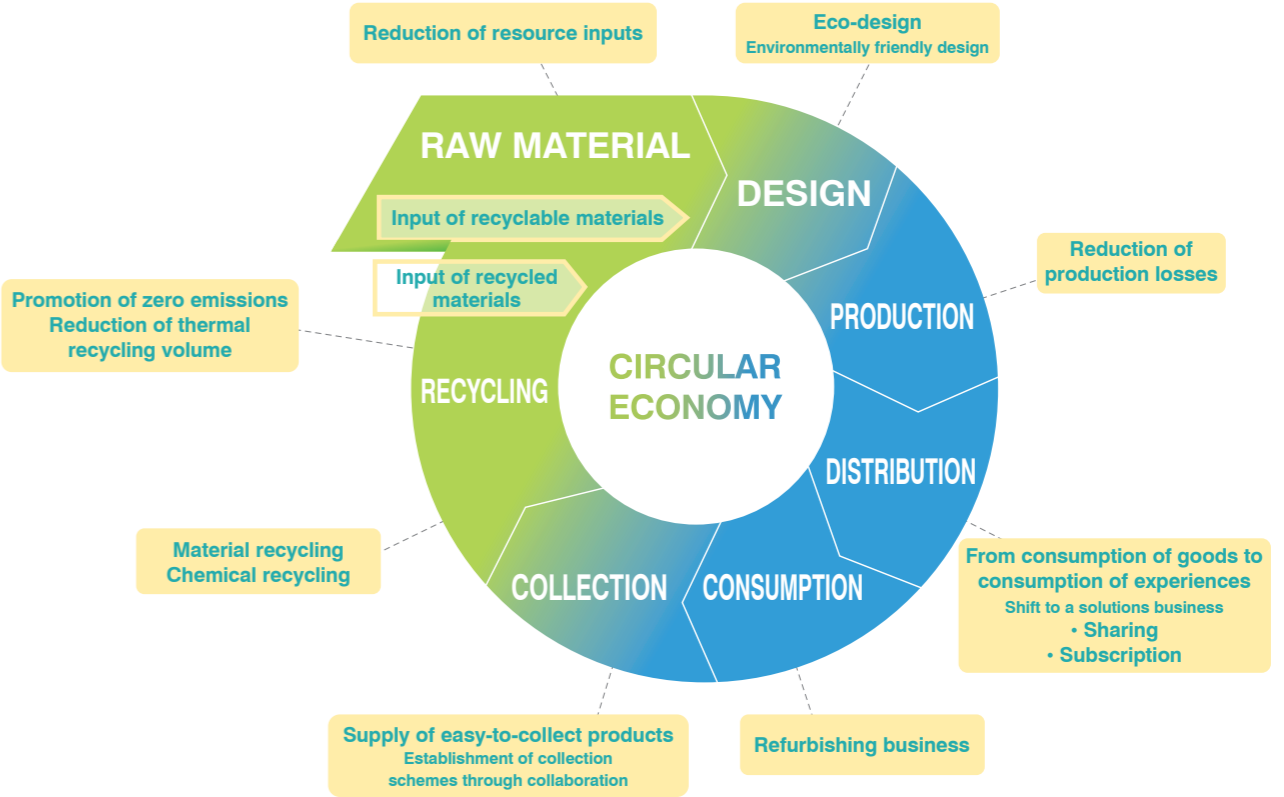
Implementation Framework

Based on the Guidelines to Promote Proper Treatment and Recycling of Waste and led by our Waste Management and Recycling Promotion Department, an expert subcommittee of our Environmental Committee, we engage in in-house resource recycling (zero emissions) activities.

In the area of contribution to a recycling-oriented society through environmental products and services, we launched the Eco-TOMOWEL project, led by the Living & Industrial Materials Division and the Research and Development Division. We are

advancing strategic product development through the triumvirate of development, manufacturing, and sales. In addition to recycling-oriented products, we will also address development of universal products that can be readily used by all, and will broadly address environmental issues including contribution to the issue of food loss through high-barrier products and active barrier products, action against climate change through the reduction of CO<sub>2</sub> emissions, and reduction of VOCs.

● Initiatives in the recycling cycle



# 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 who can respond to change and realize business strategies. We must also create an environment in which these human resources 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.

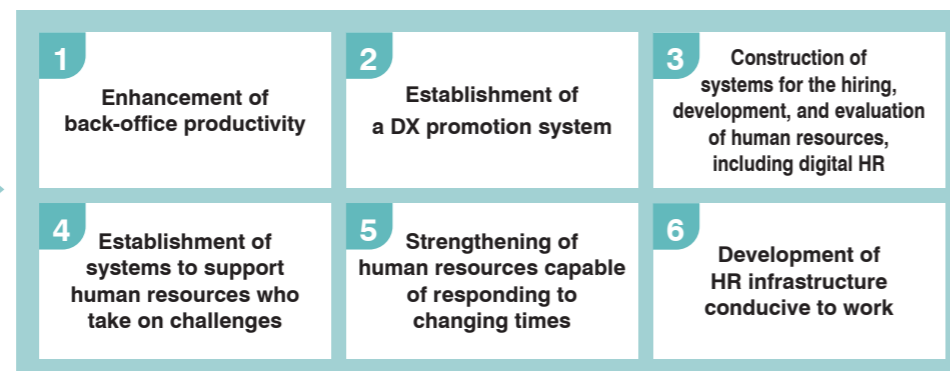
### ● Our ideal for the Group

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

### ● Priority Themes



### Six Key Measures



## Utilization of 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

#### Establishment of our original "Life Support leave program"

In January 2023, we established our original "Life Support leave program" that employees can use to take leave or shorten working hours when undergoing infertility treatment or dealing with child truancy. The program is intended to promote seamless support for child development from pre-pregnancy to adulthood, and to create an environment in which value-creating human resources holding diverse values can continue playing active roles in the Company.

The introduction of the program will contribute to the enhancement of employee engagement and of corporate value by adapting to the diversification of employee needs not fully covered by conventional childcare and nursing care-related support programs, and by providing an environment in which employees can fully demonstrate their capabilities.

# Responsible Corporate Behavior

## Compliance

### Basic Philosophy

We believe that compliance means sincerely practicing responsible corporate behavior based on a sound and elevated sense of ethics, as well as complying with laws, regulations, and internal rules. A lack of responsible corporate behavior can be an important management issue because of the serious business risk it poses. In order to put principles into practice, we have established the Group Business Behavior Charter, which sets forth

### 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. In addition to proposing and promoting policies and measures,

### Whistleblowing System

We have established an Ethics Consultation Office consisting 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

### Compliance Education

To raise compliance awareness among Directors and employees throughout the Group, we utilize e-learning on legal compliance education, and employee level-specific compliance education. These efforts to raise group-wide awareness also include distributing to all Group employees our Corporate Ethics

### 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. We also endeavor to maintain appropriateness with government bodies in Japan and overseas by ensuring sound and

### Compliance with Antimonopoly Act

Our Company was issued a cease-and-desist order and a surcharge payment order under Japan's Antimonopoly Act with regard to matters including our bidding for data printing work from the Japan Pension Service in October 2019. We take this matter seriously and are making efforts to prevent recurrence. 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. We have also 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 regularly report to Directors on the status of measures to prevent recurrence, and also confirmed effective functioning in FY2023. We will continue to steadily implement these measures and will make efforts to prevent recurrence and regain trust.

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.

the committee appoints compliance leaders at all divisions and group companies of Kyodo Printing in order to promote awareness of corporate ethics. The activities of the committee are reviewed annually through management reviews.

reports concerning Directors. The Whistleblower Regulations protect whistleblowers by stipulating the prohibition of searches for or disadvantageous treatment of whistleblowers. There were 31 reported incidents in FY2023, and appropriate action was taken.

Handbook, which compiles important key points that must be observed during daily work, and publishing educational articles in the Group newsletter. In FY2023, we conducted group-wide training for compliance leaders and held "compliance meetings."

transparent relationships with public officials. In addition, we implemented measures such as formulating a hospitality and gift-giving/receiving policy, and operating a management system to record hospitality and gifts.

#### ● Overview of Main Recurrence Prevention Measures

Countermeasures	Implementation
Stricter control system	● Establishment of Regulations for Prevention of Cartels and Bid Rigging
	● Mandatory maintaining of records of contact with competitors
	● Monitoring through e-mail monitoring system
	● Establishment of a whistleblower contact point (Auditor's Route) independent of management
Understanding of relevant laws and regulations	● Revamping of the Antimonopoly Law Compliance Manual ● Seminars conducted by outside experts and the Legal Division
Prevention of holding same position for extensive period	● Regular job rotation
Improvement of corporate culture	● Promotion of internal communication through interviews with supervisors and subordinates ● Implementation of compliance awareness surveys for the early assessment of issues

## 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, and ensuring data privacy of customers such as the increase in personal information have become issues for society as a whole.

### Implementation Framework

We have set up an Information Security Committee chaired by the responsible Executive Officer to take measures that protect information assets based on the "Information Security Basic Policy." 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

### Incident Response

We have established the TOMOWEL-CSIRT specialized organization to provide agile response direction and technical measures in the event of an emergency. During normal times, this body

### Personal Information Protection (Privacy Mark)

In utilizing personal data to provide products and services, due consideration for consumer privacy is the foundation of business continuity. Acting under our Personal Information Protection Policy as a business operator awarded the Privacy Mark, the Company has created and operates a Personal Information Protection

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, and are working on reducing corporate risk in response to trust from society.

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.

engages in countermeasure training and educational activities to combat targeted e-mail attacks in cooperation with our information security system and thereby prevent emergencies.

Management System conforming to the Personal Information Protection Management System requirements of JIS Q 15001. We are working on raising awareness throughout the Group though means including regular education for all employees.

## Supply Chain Management

### Basic Philosophy

The Group's products and services are made possible with excellent technology, human resources, and equipment provided by its suppliers. Suppliers are indispensable to improving our ability to create value, so our basic stance is to have fair and free

### Fair Trade

The co-creation relationship we have with our suppliers is based on "fair trade," and the Basic Procurement Policy that we revised in 2023 prohibits unfair trade. To promote fair trade, our Group provides education on the Subcontract Act to managers, supervisors and employees involved in placing orders, and we

### Responsible Procurement

To promote procurement based on social demands, we have released our "CSR Procurement Standards" and share values with suppliers when procuring goods and services, and have also established our "Green Procurement Guideline" and require environmental considerations. We are also planning to revise our procurement standards in fiscal 2024 in accordance with the current

business relationships. Furthermore, we aim to realize a sustainable society and mutually develop the entire supply chain by responding appropriately to social issues with shared values and co-creating new value.

have established a whistleblower channel for suppliers and work to resolve problems and provide training regarding legal or regulatory violations by the Group or deviations from our procurement policy.

social situation, and have begun to strengthen our sustainable procurement system, including the establishment of a promotion system. Compliance with our standards are determined by conducting an annual survey of domestic and overseas major suppliers' initiatives, with additional surveys and corrective measures implemented as necessary.

Risk Management

Basic Philosophy

We recognize that it is the Group’s social responsibility to provide a stable supply of products and services and to ensure the continuity of business amid the growing and diversifying risks surrounding the company. In order to fulfill this responsibility, it is important to identify risks properly and reduce them as much

as possible, and to minimize any losses if they should occur. We conduct proactive and dynamic risk management by establishing 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.

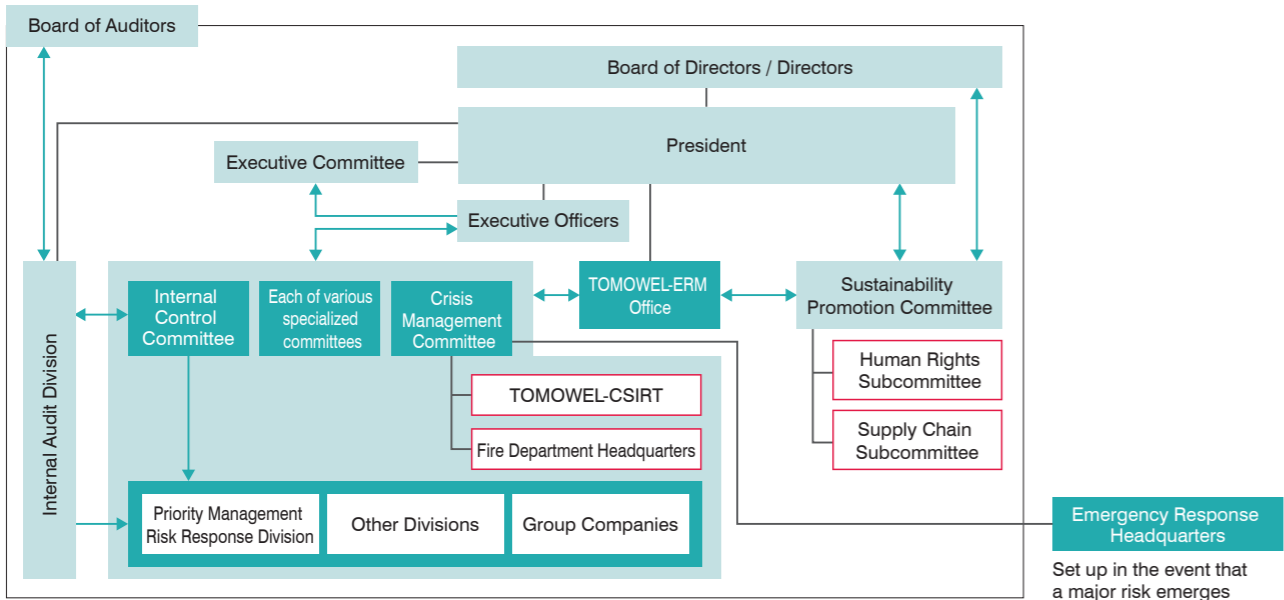
Implementation Framework

From the stance of strengthening “integrated risk management,” a priority initiative of “Responsible Corporate Behavior” materiality, we restructured our company-wide promotion system in FY2023 to shift from a bottom-up to a top-down approach. The system has been changed from the existing day-to-day risk management system run by each division, to one where the newly established “TOMOWEL-ERM Office” mainly leads risk management under the supervision of directors, in cooperation with each of various specialized committees chaired by the executive

officer in charge.

In the event of an unforeseen situation, the Crisis Management Committee takes the lead in information management and sharing, and responds by working 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.

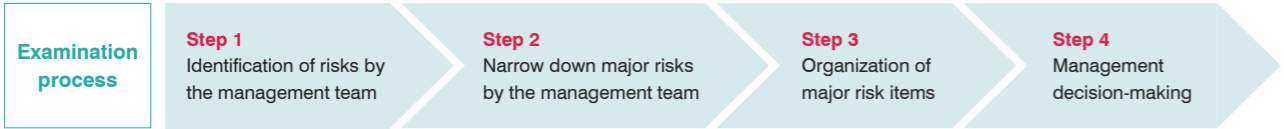
Risk Management System



Risk Assessment

The management team takes the initiative in identifying risks based on the degree of impact on achieving our Group’s management targets and financial position as well as the current status of our Group’s response, and narrows them down to items of high importance that are defined as “major risks.” This system ensures that identified risks are monitored and assessed in close coordination with the relevant divisions, with the state of

response regularly reported to the Board of Directors meeting through the TOMOWEL-ERM Office for management review. Of these major risks, those that are determined to require greater attention in the immediate future, and that need to be addressed and improved even higher, including over the medium- and long-term, are designated as priority management risks and managed by the division in charge.



Major Business Risks

\* Priority management risks

Risk Items	Perceived Risks and Impact	Main Countermeasures
Human resources foundation*	<b>Risk of difficulty securing workforce due to declining birthrate and changes in the employment environment, etc., and inability to retain and nurture diverse human resources that could negatively impact corporate growth</b> <ul style="list-style-type: none"><li>Lackluster corporate growth due to lack of required human resources</li><li>Drop in competitiveness due to internal human resources being unable to exert their capabilities</li><li>Drop in motivation and moral hazards due to staff shortages</li></ul>	<b>Develop system and environment for nurturing human resources capable of value-creation</b> <ul style="list-style-type: none"><li>Secure diverse human resources efficiently by expanding and utilizing multiple recruitment channels</li><li>Improve and revise personnel structure and business processes</li><li>Strengthen human resource capabilities for creating new businesses, career development</li><li>Implement and monitor effectiveness of personnel measures, implement fine tuning</li></ul>
Climate change*	<b>Transitional risk to a decarbonized society due to climate change</b> <ul style="list-style-type: none"><li>Increases in costs due to the introduction of carbon taxes and emissions trading schemes</li><li>Acceleration of decarbonization throughout the supply chain</li><li>Fall in stock price, difficulty in securing financing, exclusion from targets of investment</li></ul>	<b>Build a resilient management system that can flexibly respond to multiple scenarios</b> <ul style="list-style-type: none"><li>Reduce GHG emissions and energy costs by revising efficient production and distribution processes</li><li>Develop and expand high-demand, eco-friendly products and services through dialogue with customers</li><li>Strengthen adaptability to ESG issues throughout the supply chain</li></ul>
Disasters and pandemics*	<b>Risk of greater damage than anticipated to employees, facilities or equipment due to the occurrence of major natural disasters or epidemic of infectious diseases</b> <ul style="list-style-type: none"><li>Interruptions to the supply of products due to stagnation of business activities</li><li>Impact of significant costs for restoration</li><li>Loss of trust from society and customers, halt of transactions</li></ul>	<b>Avoid dangers in advance and strengthen ability to respond to emergencies</b> <ul style="list-style-type: none"><li>Implement measures to protect against disasters (earthquake resistance, flooding countermeasures, stockpile management, redundancy, etc.) at each site</li><li>Construct a cooperative production structure by strengthening relationships with suppliers</li><li>Develop plans for business continuity and quick restoration, promote various drills, etc.</li><li>Establish diverse work styles for utilizing remote work, etc., revise work flow</li></ul>
Legal and regulatory compliance*	<b>Risk of legal violations, etc. due to lessening of compliance awareness or loosening of governance structure</b> <ul style="list-style-type: none"><li>Extreme financial penalties due to administrative punishment, etc.</li><li>Interference to securing human resources due to drop in corporate image</li><li>Loss of trust from society and customers, halt of transactions</li></ul>	<b>Enterprise risk management (ERM) of compliance risk and establishment as part of corporate culture</b> <ul style="list-style-type: none"><li>Continually provide education on compliance with relevant laws and regulations</li><li>Appoint compliance promotion supervisors and leaders for each division and company</li><li>Regularly monitor and assess the effectiveness of measures to prevent violations of antitrust laws from recurring</li><li>Conduct regular compliance awareness surveys, and establish and respond to key issues</li><li>Operate whistleblower contact point in an appropriate manner</li></ul>
Business environment	<b>Risk of decrease in business scale due to inability to respond to environmental changes (digitalization, declining birthrate, technological innovation, changes in consumer behavior, etc.)</b> <ul style="list-style-type: none"><li>Reduction in business areas due to decline in existing markets</li><li>Drop in competitive edge in terms of quality, technology, price, etc.</li><li>Drop in market prices</li></ul>	<b>Structural reform for increasing profitability of existing businesses and explore new business areas</b> <ul style="list-style-type: none"><li>Shift to business focusing on content and solutions (information-related business)</li><li>Strengthen development of eco-friendly products and high- functionality packaging materials (living and industrial materials business)</li><li>Proactively invest in new business areas and growth fields</li><li>Streamline systems under low-profit businesses, reorganize manufacturing sites, rationalize with reduction in fixed cost reductions, etc.</li></ul>
Information security	<b>Risk of loss, falsification or leakage of information due to intentional acts or negligence, including cyber attacks</b> <ul style="list-style-type: none"><li>Business outages and supply chain disruptions caused by cyber attacks, etc.</li><li>Compensation for damage caused by information leakage, etc. (increase in costs)</li><li>Loss of trust from society and customers, halt of transactions</li></ul>	<b>Increase in management level and response capability for information security</b> <ul style="list-style-type: none"><li>Increase the response system with “TOMOWEL-CSIRT” specialist committee and incident response organization</li><li>Maintain and implement various external certifications (Privacy Mark, ISO27001)</li><li>Implement technical preventive measures to protect against external cyber attacks, etc. (operate monitoring systems, layered defense with integrated threat management equipment and EDRs)</li><li>Create and simulate incident response flows</li><li>Conduct information security education and targeted e-mail attack training, etc. regularly</li></ul>
Raw materials procurement	<b>Risk of delays with procurement due to price increased caused by greater procurement competition, etc. or supply chain stagnation or disruptions caused by social problems</b> <ul style="list-style-type: none"><li>Pressure on profits due to inadequate price pass-on and cost reductions</li><li>Loss of market share and drop in trust from customers, halt of transactions</li></ul>	<b>Strengthen supply chain management and ensure more stable product supply</b> <ul style="list-style-type: none"><li>Revise the Group’s procurement standards (establish a BCP system and improve response to ESG issues such as human rights and environmental issues)</li><li>Secure reliable purchasing routes based on decentralized purchasing, consider substitutes</li><li>Procure overseas materials that have price advantages</li></ul>
Human rights	<b>Risk of discrimination, excessive and unfair labor, harassment, gender, child labor, and other issues in the Company and supply chain</b> <ul style="list-style-type: none"><li>Increased health hazards and job turnover due to worsening of working conditions</li><li>Loss of trust from customers due to identification of human rights violations, halt of transactions</li></ul>	<b>Creation of human rights management system</b> <ul style="list-style-type: none"><li>Strengthen efforts for respecting human rights based on the “Kyodo Printing Group Human Rights Policy”</li><li>Promote human rights due diligence (such as impact assessments, training, internal environment development, supply chain management, monitoring, external disclosure)</li><li>Establish complaints handling mechanisms (establish consultation service, etc.)</li></ul>
Product quality	<b>Risk of defects in products and services due to design or manufacturing process flaws, etc.</b> <ul style="list-style-type: none"><li>Compensation for damages for health impacts and other personal suffering</li><li>Loss of trust from society and customers, halt of transactions</li></ul>	<b>Establish product safety promotion framework and thorough quality control</b> <ul style="list-style-type: none"><li>Promote company-wide measures related to “product liability and product safety (PL)” (design and reviews related to product safety, on-site PL diagnosis, quality document management, etc.)</li><li>Conduct quality audits, manage chemical substances contained in products in line with chemSHERPA</li><li>Maintain and operate ISO and other external certifications</li></ul>

# Corporate Governance

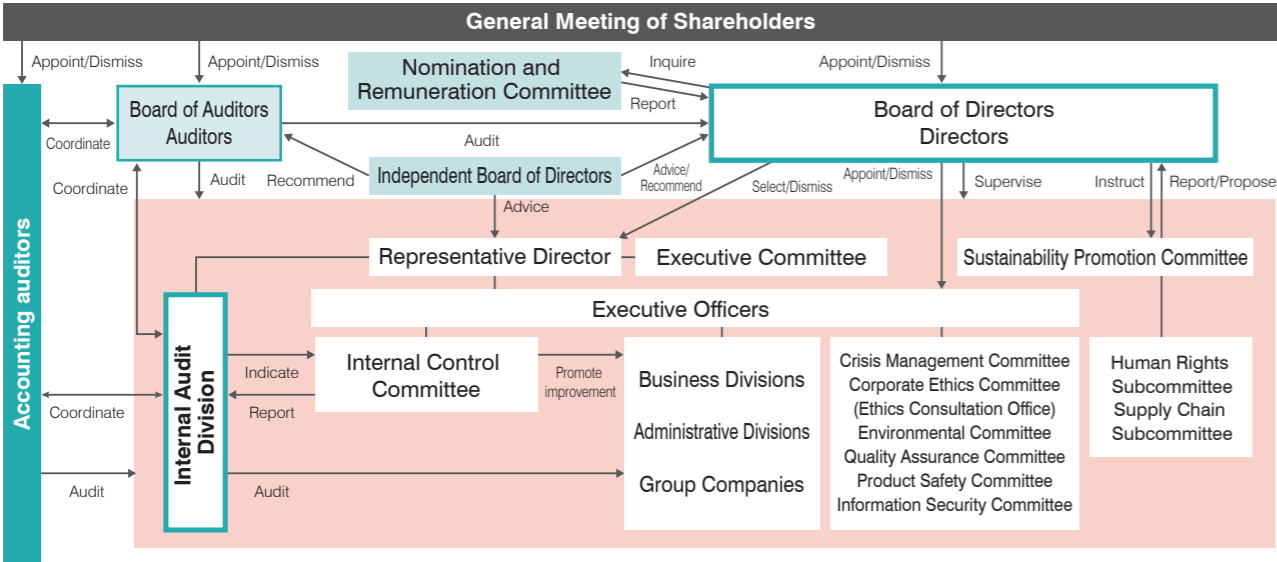
## Basic Philosophy

Acting under our Group Management Philosophy, we have directed our basic management policy toward becoming a corporate Group that continues to create new value by giving customers' aspirations form through honest communication and technical

capabilities that lead the market. Toward 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.

## Corporate Governance Structure

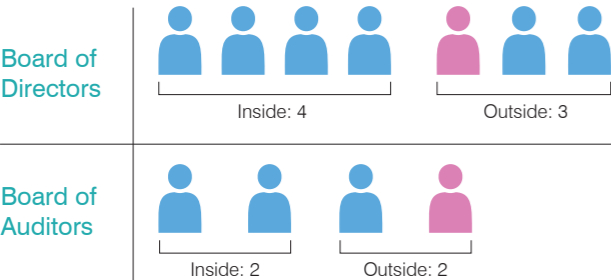
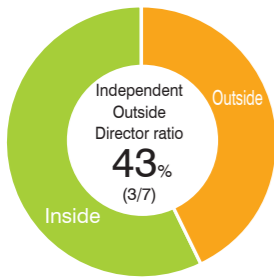
As of June 27, 2024



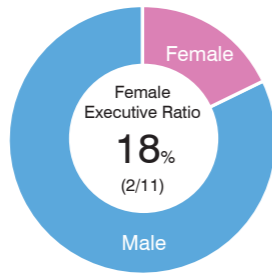
## Governance Highlights

As of June 27, 2024

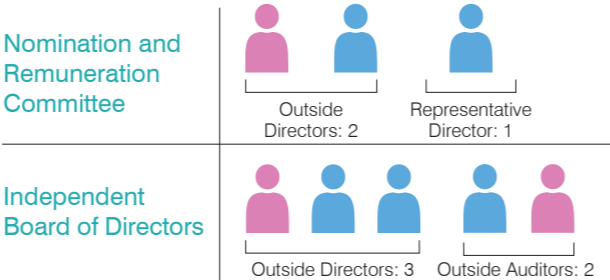
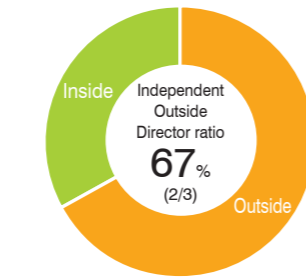
### Composition of the Board of Directors



### Female Executive Ratio



### Composition of the Nomination and Remuneration Committee



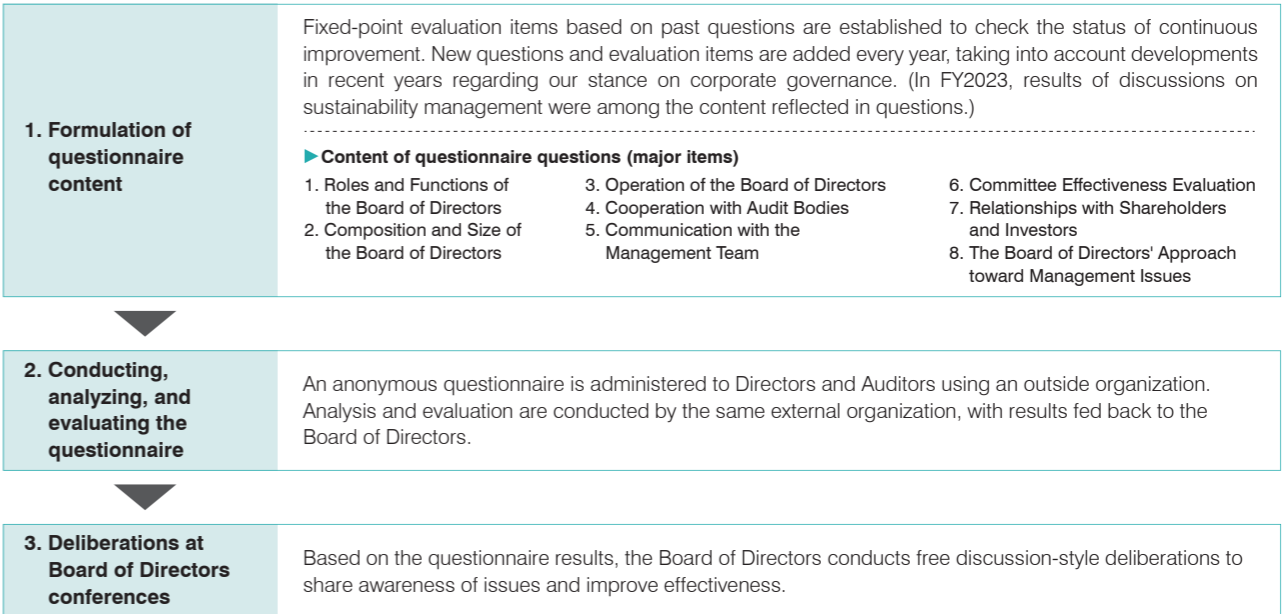
Clarification in the Nomination and Remuneration Committee Regulations that the Chair and a majority of committee members will be Independent Outside Directors

## Board of Directors Effectiveness Evaluation

With the aim of continuously strengthening governance and increasing our value over the medium- to long-term, since FY2016 the Company has conducted annual effectiveness evaluations to ensure the effectiveness of high-level decision-making and

supervision of execution by the Board of Directors. From FY2021, we conduct this evaluation together with evaluation of the effectiveness of the Nomination and Remuneration Committee.

### Effectiveness Evaluation Process



### Summary of Evaluation Results

The Board of Directors has been highly evaluated for its extensive discussions on our business portfolio and other issues aimed at improving corporate value over the medium to long term, particularly with respect to the holding of intensive discussions. It is recognized that discussions on organizational culture, which forms the foundation of the organization, contribute to organizational culture reform efforts.

Furthermore, in order to strengthen the advisory function that Outside Directors provide, the Company has been highly evaluated for creating an environment in which Outside Directors can

play an active role, such as by increasing opportunities for them to participate in internal events and meetings.

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	Key Future Issues
Response to Medium- to Long-term Issues	<ul style="list-style-type: none"><li>We amended the regulations of the Board of Directors with the aim of deepening discussions on important issues such as sustainability. Extraordinary meetings of the Board of Directors, which focus on sustainability-related issues, are held at least twice a year. In addition, opportunities for intensive discussions will be created outside of Board of Directors meetings. Key agenda items: Materiality-related KPIs, corporate culture, etc.</li></ul>	<ul style="list-style-type: none"><li>Develop/Consider ways to engage in dialogue with shareholders and appropriately disclose information</li><li>Deepen discussions on the cost of capital to enhance corporate value</li><li>Initiatives focusing on human capital, which is the source of value creation</li></ul>
Nomination and Remuneration Process Initiatives	<ul style="list-style-type: none"><li>We strengthened the incorporation of evaluation of sustainability management promotion into the remuneration system and expanded the evaluation target to include all Executive Officers</li><li>We have established guidelines for the appointment/dismissal of the President and have established a response process for appointment/dismissal and emergencies</li></ul>	<ul style="list-style-type: none"><li>Enhancement of discussions on nomination and remuneration, including succession planning</li></ul>

## Executive Officer Remuneration System

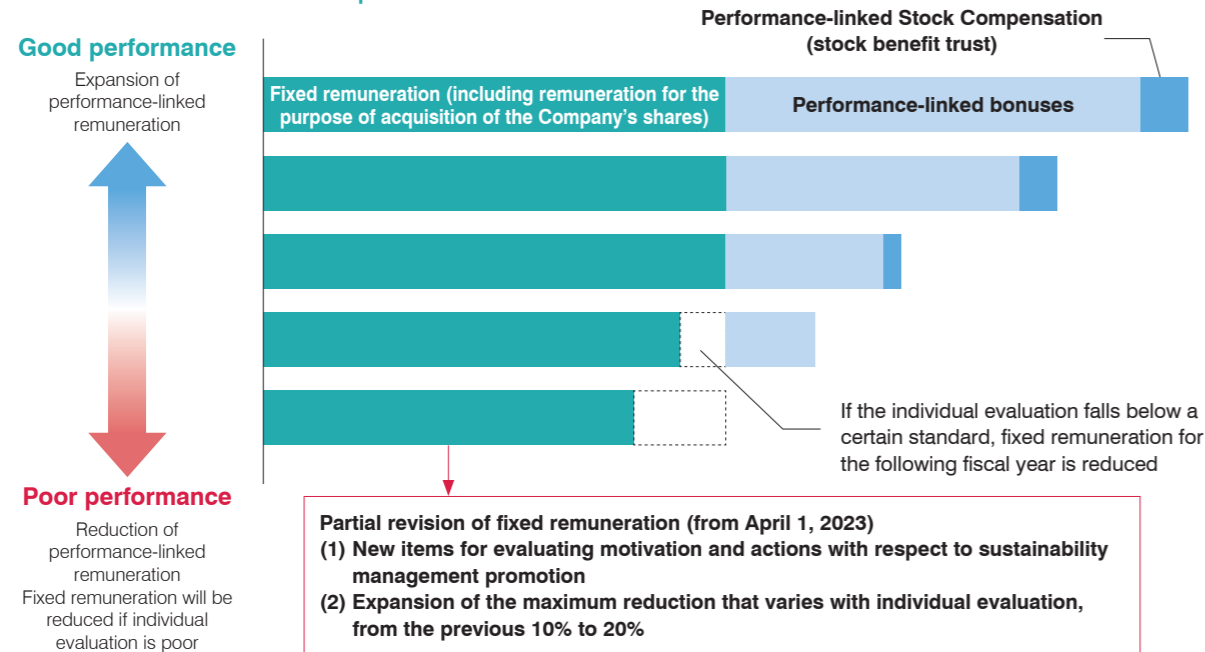
The Group regards the Executive Officer Remuneration System as one of the crucial mechanisms essential for proper corporate governance and the sustained growth of the Group as a whole. We have clearly documented policies concerning the system (the remuneration system, remuneration-specific composition ratios, the remuneration determination process, etc.) in the form of the Executive Officer Remuneration System Regulations.

Excluding Outside Directors, remuneration for Directors consists of fixed remuneration 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 Executive 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.

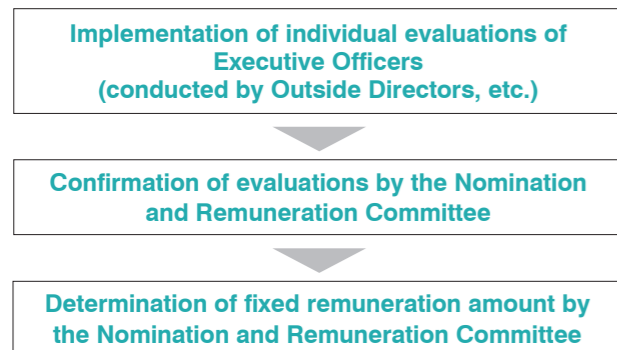
The Nomination and Remuneration Committee conducts ongoing reviews of the Executive Officer Remuneration System to ensure that it functions as a healthy incentive for sustainable growth.

In FY2024, we decided to incorporate items evaluating Executive Officers' motivation and actions with respect to sustainability management promotion into individual evaluations for fixed remuneration for all executive officers to strengthen the awareness of Executive Officers at the forefront of sustainability management initiatives. Fixed remuneration at the Company is a mechanism by which remuneration for the following fiscal year is reduced if the individual evaluation conducted every year falls below a certain standard, for the purpose of ensuring a positive pressure and spurring motivation among Executive Officers. Evaluations are carried out by the Chair of the Nomination and Remuneration Committee (an Outside Director) and other parties. Of the evaluation items, the evaluation weighting for sustainability was set at 10%. The maximum reduction of fixed remuneration was raised from 10% to 20%, enhancing the keenness of the remuneration system.

### ● Overview of Remuneration Composition



### Fixed remuneration



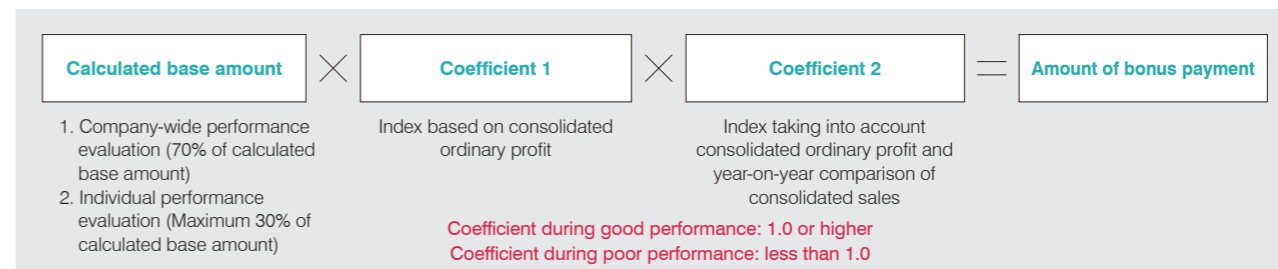
### Key points

- Outside Directors are involved from the individual evaluation stage onward
- All contents of individual evaluations are shared among the Nomination and Remuneration Committee
- Specific remuneration amounts are decided by the Nomination and Remuneration Committee, with an Outside Director as Chair, based on evaluation
- If the individual evaluation falls below a certain standard, remuneration in the following fiscal year is reduced and reasonable measures are implemented, including interviews with the Nomination and Remuneration Committee or resignation

### Performance-linked bonuses

In accordance with the rate of achievement of the consolidated ordinary profit plan, a base amount is calculated based on the amounts on the bonus payment table set for each position by the Nomination and Remuneration Committee (with some variation depending on individual performance evaluation). The amount

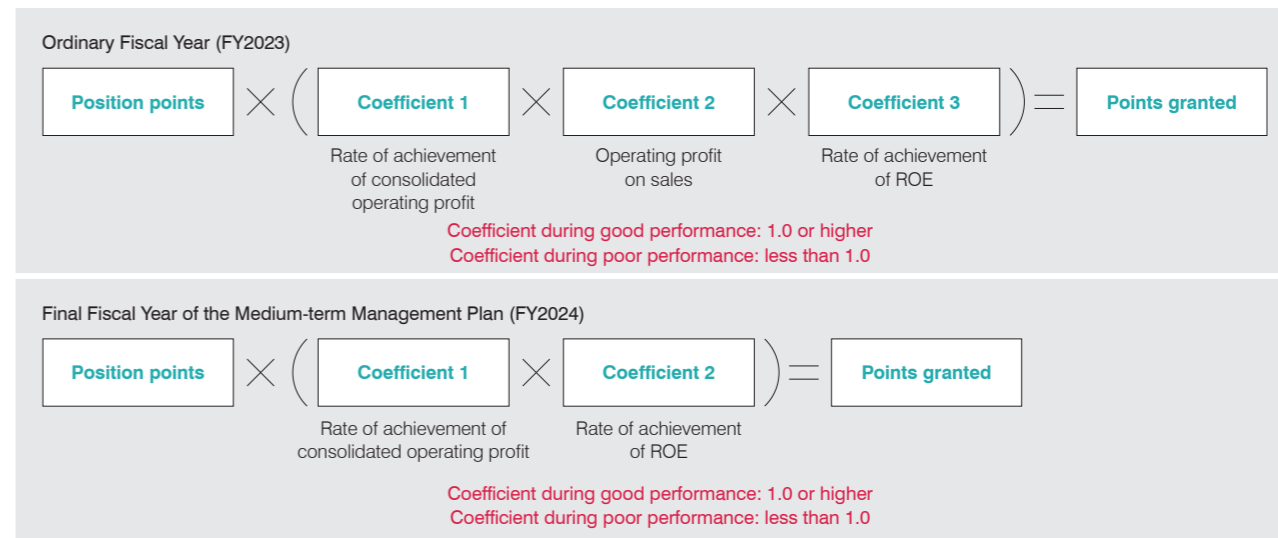
paid is calculated by multiplying the calculated base amount by the absolute amount of consolidated ordinary profit and a coefficient that considers a year-on-year comparison of consolidated sales.



### Performance-linked Stock Compensation (stock benefit trust)

The points set for each position (position points) are multiplied by a coefficient calculated from the absolute value and rate of achievement of the performance evaluation indicator to determine the points to be granted. Points granted to Directors are

converted to one share of common stock of the Company per point when shares of the Company or other benefits are granted at the time of resignation, etc.



## 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.

In the Medium-term Management Plan spanning FY2025 to

FY2027, we have resolved to reduce the amount to less than 15% of the amount of consolidated net assets.

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

(as of June 27, 2024)



1976	Joined Kyodo Printing
1998	General Manager of Legal Division
2004	Director and General Manager of Technical Supervisory Division, Kyodo Printing
2006	Managing Director, Kyodo Printing
2010	Senior Managing Director, Kyodo Printing
2013	Representative Director and President, Kyodo Printing (current position)

Yoshiaki Fujimori

Representative Director and President



1982	Joined The Dai-ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
2009	General Manager of Global Credit Investment Department, of Mizuho Corporate Bank, Ltd.
2011	Director and General Manager of Accounting Division, Kyodo Printing
2012	Director, General Manager of Accounting Division, and General Manager of Legal Division, Kyodo Printing
2016	Director & Managing Executive Officer and General Manager of Management Supervisory Headquarters, Kyodo Printing
2024	Director & Vice President Executive Officer and General Manager of Group Corporate Headquarters, Kyodo Printing (current position)

Responsibilities: Management Supervisory Headquarters

Hidenori Watanabe

Director & Vice President Executive Officer



1985	Joined Kyodo Printing
2006	General Manager of Goka Plant, Printing & Finishing Division, Headquarters Production Division, Kyodo Printing
2016	Executive Officer and General Manager of Production Administration Headquarters, Kyodo Printing
2021	Director & Managing Executive Officer and General Manager of Production Administration Headquarters, Kyodo Printing
2023	Director & Managing Executive Officer, Kyodo Printing (current position)

Responsibilities: Production Administration Headquarters, Technical Supervisory Division and IT Supervisory Division

Takaharu Takahashi

Director and Managing Executive Officer



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

Tsuneo Naito

Directors

Independent Outside



1987	Joined Kyodo Printing
2016	General Manager of General Planning Division, Management Supervisory Headquarters, Kyodo Printing
2018	Executive Officer and Deputy General Manager of Business Media Division, Kyodo Printing Representative Director of TOMOWEL Payment Service, Co., Ltd.
2021	Managing Executive Officer and General Manager of Information Security Headquarters, Kyodo Printing
2023	Director & Managing Executive Officer and General Manager of Information Security Headquarters, Kyodo Printing
2024	Director & Vice President Executive Officer and Business Supervisor, Kyodo Printing (current position)

Responsibilities: Business Supervisor

Teruomi Ohashi

Director & Vice President Executive Officer



2001	Associate Professor, Institute for Economic Research, Osaka City University (currently Osaka Metropolitan University)
2009	Professor, of College of Business, Rikkyo University (current position)
2014	Outside Director, of MOS FOOD SERVICES, Inc.
2015	Outside Director, of the company (current position)
2018	Outside Director, of SG HOLDINGS Co., Ltd. (current position)
2019	Outside Director of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
2023	Outside Director, of FANCL Corporation (current position)
2024	Outside Director, NIPPON CORPORATION (current position)

Mika Takaoka

Directors

Independent Outside

Significant concurrent positions

- Professor, of College of Business, Rikkyo University

- Outside Director, of SG HOLDINGS Co., Ltd.
- Outside Director, of FANCL Corporation
- Outside Director, of NIPPON CORPORATION



1986	Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
1999	Joined Unison Capital, Inc.
2012	Professor, Institute of School of Management, SANNO University (current position)
2013	Joined Asuka Asset Management Ltd. (currently Aizawa Asset Management Co., Ltd.) (current position)
	Director and Founding Partner, of Asuka Corporate Advisory Co., Ltd. (current position)
2016	Outside Director, of Yume no Machi Souzou linkai Co., Ltd. (currently Demae-can Co., Ltd.) (current position)
2019	Outside Director, PHYZ Inc. (currently PHYZ Holdings Inc.)
2021	Outside Director, of the company (current position)
2023	Outside Director, MANI, INC. (current position)

Yosuke Mitsusada

Directors

Independent Outside

Significant concurrent positions

- Professor of school of Management, SANNO University
- Outside Director, MANI, INC.

List of Auditors

(as of June 27, 2024)



1985	Joined Kyodo Printing
2008	General Manager of Business Management, Business Management Headquarters, Kyodo Printing
2016	Executive Officer and General Manager of Personnel Division, Kyodo Printing
2022	Full-time Auditor, Kyodo Printing (current position)

Hideo Akimoto

Full-time Auditor



1981	Joined Kyodo Printing
2015	General Manager of Legal Division
2018	Executive Officer and General Manager of Accounting Division, Kyodo Printing
2020	Executive Officer and General Manager of Internal Audit Division, Kyodo Printing
2024	Full-time Auditor, Kyodo Printing (current position)

Haruyuki Doi

Full-time Auditor



1980	Joined The Dai-ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
2011	Managing Director, Mizuho Corporate Bank, Ltd.
2013	Vice President Japan Branch (now Aflac Life Insurance Japan Ltd.), American Family Life Assurance Company of Columbus (American Family Life Insurance Company)
2016	Representative Director & President, Data Keeping Service Co., Ltd.
2019	Outside Auditor of the company (current position)

Masahiko Furutani

Auditors

Independent Outside



2009	Registered as Attorney
2010	Joined Yamada Law and Patent Office (current position)
2018	Outside Director (Audit and Supervisory Committee Member), Tanseisha Co., Ltd. (current position)
2021	Outside Director (Audit and Supervisory Committee Member), Nomura Micro Science Co., Ltd. (current position)
	Registered as Certified Fraud Examiner
2023	Outside Auditor of the company (current position)

Yumiko Nijima

Auditors

Independent Outside

Significant concurrent positions

- Outside Director (Audit and Supervisory Committee Member), Tanseisha Co., Ltd.
- Outside Director (Audit and Supervisory Committee Member), Nomura Micro Science Co., Ltd.

Director Skills Matrix

Name		Corporate Management, Business Strategy	Sales, Marketing	Production, Technology , IT	International Business	Legal Affairs, Risk Management, Governance	Monetary Affairs, Accounting, Finance
Directors	Yoshiaki Fujimori	○		○		○	○
	Hidenori Watanabe	○			○	○	○
	Teruomi Ohashi	○	○	○			○
	Takaharu Takahashi	○		○			
	Mika Takaoka	○	○				
	Tsuneo Naito	○	○		○		
Auditors	Yosuke Mitsusada	○			○	○	○
	Hideo Akimoto					○	○
	Haruyuki Doi					○	○
	Masahiko Furutani	○			○	○	○
	Yumiko Nijima					○	○

**Yosuke Mitsusada**  
Outside Directors

**Mika Takaoka**  
Lead Outside Director

**Tsuneo Naito**  
Outside Directors

## Round-table Discussion with Outside Directors

Helping to foment a corporate culture where each person is able to come up with their own ideas and communicate in their own words

### Theme 1 Challenges and Results of Governance at the Kyodo Printing Group

#### Challenges related to governance still remain, but progress has been made with separating board supervision and execution

**Naito:** The Company's Board of Directors meetings serve as a forum where outside directors are able to raise topics in a proactive manner and speak frankly—some improvements have been rolled out as a result of suggestions raised by us in our capacity outside the company. An example that highlights this is the business contest that was launched in 2022—this was an initiative that is now in its third year that we proposed and made a reality, and helped to forge a culture where employees can come up with business ideas on their own. I think the number of young people “thinking by themselves and speaking in their own words” has grown. Being able to engage in more discussions with one another within the company will bring a change in the corporate culture and lead to an increase in engagement between employees and management. I believe that governance at Kyodo Printing will undergo even greater change if we are able to continue such efforts.

**Mitsusada:** Governance encompasses a field that outside directors are unable envision. Only a limited few on the Board of Directors and senior members of the executive team attend the Board of Directors meetings and bear witness to the overall management of the Company. Regardless of how fantastic the discussions are, explaining that content to employees is not always possible. The most significant topic raised at current Board of

Directors meetings is transformation of the business portfolio, and discussing this in detail has raised the board's effectiveness considerably. Yet we are concerned about whether such changes are being down to employees. One of the major challenges involved with bringing about transformation of the portfolio is the distinct barriers that exist between departments. We ensure that those responsible for each department take part in the Board of Directors meetings, and I view having them discuss the matters raised at the meetings with the general managers and section managers in their own words not only help managers to understand what is being discussed, but also facilitates communication with each and every employee.

**Takaoka:** Japanese companies are rolling out reforms of their governance in line with the Corporate Governance Code, but I think that the separation of supervision and execution is the area that is lagging the most. There are a certain number of companies that are focusing on such efforts, but there are still many that have not taken any steps so far, and such separation at the Company has not been achieved in any distinct manner.

From FY2024, we have been working on a system that features two vice presidents supporting the president, with other executive officers also joining the Board of Directors meeting as members—

I think that this approach will gradually lead to a distinct separation between the supervisory and executive sides. In a sense, this means that governance is progressing. Making monthly reporting simpler has also resulted in more time for discussing portfolio management as well as innovation and vision for the future of the Company. I am positive that this is due to the management team starting to turn its attention to management supervisory functions that covers the future of the Company over the medium to long term instead of the results for this month or short-term execution—this is gradually leading to a division of roles. While we are yet to achieve a complete system wherein no directors are in charge of both supervision and execution, I am sure that there are still many Japanese companies that are finding it difficult to achieve complete separation. It is vital to ensure that internal directors of the Company are aware that they are currently engaged in discussions as a supervisor of business, or execution of business for the current quarter—I view this as a step forward we have made over the past year.

**Naito:** Ms. Takaoka, you were actually the one who suggested simplifying the monthly reporting. This resulted in more time available for discussing medium to long-term matters.

**Mitsusada:** The Board of Directors meeting is called a Directors Meeting in English, and literally refers to directors determine direction. Executive officers are corporate officers who are responsible



for managing day-to-day operations, while the role of directors should be thinking about the overall direction of the Company. I feel that the separation of functions is steadily shifting in better direction compared to three years ago.

**Takaoka:** That's true—I think we all agree as outside directors that the decision-making functions and supervisory functions have improved and that a higher level of governance is now in place.

### Theme 2 Progress of Management with an Awareness of Cost of Capital

#### Changing from static ROIC management to dynamic management to achieve a higher level

**Naito:** The Investment Review Committee was established last year with the aim of managing the company with an awareness of the cost of capital, and the challenge now is how to make the most of it.

**Mitsusada:** It will be crucial for the Investment Review Committee to first properly analyze past investment projects. Investments are not always successes, but can also end up with failures—in such cases, Board of Directors meetings need to discuss what went wrong, whether the decision-making timing was right, and whether a final decision will be made to withdraw those investments. There are many companies that are achieving growth by making such discussions the collective wisdom of the organization, and not merely matters identified by the Board of Directors. Naturally, achieving such changes is not possible at just a single meeting, but I think that holding these meetings numerous times will gradually shift awareness to the costs of capital.

**Takaoka:** In light of this, the Company has been focusing on investment efficiency by incorporating the approach of ROIC management since the current mid-term management period, and calculating the ROIC for each business unit. Meanwhile, new businesses need to be launched to address the challenge of

drastically changing the portfolio to achieve future growth potential. I do not think that the milestones for ROIC in such a case have been made clear yet. To rephrase, this also refers to clarifying how to nurture a business. An example that highlights this is planning for a final ROIC of 8%, but being satisfied with a figure as low as 3% for the first four years of a new business. Changing the hurdle rate is also actually related to changing the process for nurturing the business. As Mr. Mitsusada indicated, the criteria for withdrawing have not been clarified, so this is an area to focus on more thoroughly going forward.

We are currently only using the approach of a static ROIC, but if this can be leveraged in a dynamic manner, I think we will approach ROIC management that leads to dynamism.

**Naito:** I completely agree. One example is the response taken to address the issue of the poor profitability with the Information Communication Business. In years past, a decision would have been to put in every effort to further improve efficiency and reduce costs, but these days, discussions revolve around how much and where to invest while keeping an eye on capital costs. I think this is a positive change.

### Theme 3 Lessons from Dialogue with Institutional Investors and Shareholders

#### Challenges should be shared by the entire Company, instead of being understood only by the management team

**Naito:** The other day, I had the chance to receive a report on points raised during dialogue held with institutional investors and shareholders. From this, I felt a similar view to what we discussed earlier, where instead of discussing matters only with us,

challenges should be shared with each department so that they are aware of the need for improvement.

**Mitsusada:** From last year, we have set aside time to bring everyone together and discuss how to change individual topics, with

Outside Directors Round-table Discussion



efforts including establishing a discussion board for covering specific topics—the fact that such an approach has been taken is a positive step indeed.

**Takaoka:** At the start, we asked the Independent Board of Directors to report on what points had been raised by shareholders and investors. After we discussed those points, we asked them to provide feedback to all directors and executive officers at the Board of Directors meeting. The issue was that while directors were well-versed with the points raised by investors about their own divisions, they were not so familiar about divisions other than their own, so we wanted to make sure to share this information with everyone.

**Naito:** A common challenge affecting everything at the Company is that only some members of upper management and certain division managers understood any points raised, but those points are not being channeled down throughout the entire company. I am of the opinion that the best way to approach this is to have the president and other members of the management team to actually visit business units and sites to communicate any pertinent points directly to employees.

**Mitsusada:** Using a Chinese whispers-like approach should definitely be avoided. I think the best approach is to have those who were present at the Board of Directors meeting to convey

exactly what they felt directly to division managers, section managers and general employees. These days, web conferencing tools are available to discuss matters directly with multiple people, and there are many other ways of boosting engagement between employees and the management team.

Last year, there was actually an event planned where we outside directors visited other companies together with young employees. One of those companies has a president who randomly arranges meetings with employees every Monday via a web conferencing system to discuss matters with them directly and hear thoughts—a think a system like this would be great.

**Naito:** There is a culture here at the Company where it is difficult for people to express their opinions to others of different positions.

**Mitsusada:** I definitely feel that is the case. This is why I think it will be effective for management to first approach all employees without thinking about their position within the Company.

**Takaoka:** A good idea would be if we could launch a Board of Directors meeting channel and stream it live throughout the entire Company, although this might be difficult to achieve in terms of confidentiality. There are quite a few companies that provide opportunities for management teams to communicate directly to their employees without being proper Board of Directors meetings, and I think that organizing something along the lines of a “President’s Comment of the Day” would be a good idea. This could be a casual way for the president to share key points underpinning the management strategy and other matters, and encouraging others to “Do our best!” will also lead to feedback from employees.

**Naito:** I agree. I still think upper management needs to make the effort to eliminate the barriers separating them from others. To encourage employees to work harder, it is crucial to make sure they feel that the president is anticipating them to do their best. If the management team and employees are able to share and sympathize with one another’s objectives, challenges and policies, I think the Company will undergo significant growth because its employees are superb.

in management roles has grown drastically over the past decade and reached 9% last year, but we need to continue working on increasing this ratio.

**Naito:** Companies change immensely as the number of women rises. When I was in charge of overseas tobacco operating companies, business performance was clearly better at those with a high ratio of female employees. The organizational structure becomes energized and countless new ideas come to the fore.

**Takaoka:** I personally think things have changed immensely in Japan at the moment. Going forward, Japan will be entering an era of positive interest rates. As the interest rates rise, the yen will start appreciating, which will lower the prices of raw materials and fuel—this will in principle curb cost-push inflation. Yet labor costs will likely continue rising given such labor shortages and more stringent regulations on working styles. Overall, an inflationary trend is slated to continue going forward. In other words, this is a game changer following the spate of deflation that has continued for more than three decades. What type of portfolio will Kyodo Printing go on to forge amidst this game-changing world? The hints for this are ultimately likely to come from perspectives related to sustainability—significant global warming, growing health consciousness of people and advances in medical technologies, and human-oriented work styles. It will be vital to focus on sustainability and develop high value-added products and services that are resilient to inflation, like the type of business portfolio that has earning potential in a game-changing world.

**Mitsusada:** Efforts are currently underway to develop the next medium-term management plan, given that FY2024 signals the end of the current medium-term management plan. The biggest hurdle is drawing a line between projects that are profitable, and those that are not. This involves clarifying areas that are not evident when reading through documentation, and setting standards to achieve appropriate pricing.

People—or human resources—are the most precious asset. With such a large number of talented people, there are plenty of great ideas coming from the young generation, and the key is seriously identifying how to turn them into positive business.

**Takaoka:** I also think that human resources are the most important. Industries that are suffering from even worse labor shortages than the Company include those with essential workers, like the retail, food and beverage, and logistics sectors. The same shortages can be seen at food processing plants that require a amount of human labor. There used to be times in the past when companies did not want to include the workers when acquiring a plant, but these days there are more acquisitions that come with the condition that the employees are included. I think that it is only natural to feel a sense of crisis in that Kyodo Printing will not be able to entice skilled human resources. Efforts need to be made to create and market the appeal of the Company—attractive businesses and high salaries—otherwise it will be difficult for the Company to maintain a competitive edge.

**Mitsusada:** Better utilizing the people we have now will also be crucial. The event where we visited companies with young employees actually came about as we tried to find an opportunity for we outside directors to engage in dialogue with young employees. It would be great to find another opportunity like this.

**Naito:** I am looking forward to being more involved with the employees. As I mentioned at the very start, if each employee is able to think freely and communicate their own thoughts in their own words, the Company will most definitely improve. We also want to

contribute to the development of such a corporate culture. By doing so, I am certain that the sustainability goals set forth under Materiality will also become the strength of the Company.

**Mitsusada:** The reform to the business model that we are working on now is extremely significant, and I think printing will actually shift from the Company’s main business to a side business. To bring about such major reforms, the people in each position need to fully understand and fulfill their individual roles. The reason why it is difficult to break away from this status quo is most likely because middle class people in particular are not engaged in middle-class work. I personally think that the area of the Company that I feel is lacking in strength is its negotiating capabilities. The aspect that I think needs changing the most if the fact that employees are too serious and focus too intently on what the other party is saying. I think another thing the Company could attempt is fostering an organizational structure that allows employees at sites to communicate directly with upper management—an example is creating a division staffed by young people by bringing on board promoting more and more younger generations and women.

**Takaoka:** Japanese companies often take a defensive stance when it comes to boosting their corporate value, but such spectacular methods simply do not exist—instead, efforts need to be made to gradually increase the profit margin of existing businesses. Given that Kyodo Printing is a BtoB and order-based company, it does not have much influence when it comes to marketing channels. The Company tends to follow what its customers suggest as implied by Mr. Mitsusada, and unless that can be changed, it will not be able to break away from the pattern of customers saying “I’m sure you can do it little cheaper” even if it really develops an excellent product, and this will eat into profits. The Company can move away from such processes if it is able to create a truly unique and one-of-a-kind product through innovation, so I think it should invest heavily in research and development. Leveraging such investments will mean the Company can come up with a business model that is distinct and secure a competitive edge, and thereby increase its profit margin with a model that is not forced to adjust prices or haggle. And together with this, a new axis of business that you both outlined needs to be created. Business is essentially a process of metabolism, so it will be vital for the Company to leverage its human resources so that it can keep coming up with new ideas.

Doing so will mean the Company can then showcase its achievements and strengths to its stakeholders, so that they buy shares and increase the Company’s market capitalization. This is the ideal approach to take, but I think there is no option but to work steadily down that path. Kyodo Printing does have great potential, so now is the time to boost its corporate value, deliver on the expectations of its stakeholders, and ensure the happiness of all employees.



to be discussed amongst middle level positions at sites, they will come to a practical figure.

**Takaoka:** In the case of the Company, we ideally want to bring on board more females as executive officers and directors, but there is a lack of suitable people in that talent pool. In essence, this means that there is a very low number of women assigned as general managers, managers and assistant managers, so the current step is building up the number here. The ratio of women



## Consolidated Balance Sheet

(Unit: million yen)

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,557	11,003
Notes receivable - trade	5,568	6,330
Accounts receivable - trade	21,328	22,290
Securities	-	7
Merchandise and finished goods	3,436	3,249
Work in process	2,850	2,816
Raw materials and supplies	1,244	1,560
Other	939	843
Allowance for doubtful accounts	(11)	(27)
Total current assets	45,912	48,074
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	28,940	27,811
Machinery, equipment and vehicles, net	12,769	11,377
Tools, furniture and fixtures, net	1,537	1,597
Land	14,864	14,901
Leased assets, net	1,148	1,040
Construction in progress	450	1,238
Total property, plant and equipment	59,710	57,966
<b>Intangible assets</b>		
Goodwill	380	140
Software	964	1,136
Other	206	246
Total intangible assets	1,550	1,522
<b>Investments and other assets</b>		
Investment securities	12,802	20,549
Retirement benefit assets	2,056	2,324
Deferred tax assets	310	332
Other	1,132	1,050
Allowance for doubtful accounts	(5)	(4)
Total investments and other assets	16,297	24,252
Total fixed assets	77,558	83,741
<b>Total assets</b>	<b>123,471</b>	<b>131,815</b>

(Unit: million yen)

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	17,627	15,345
Short-term borrowings	112	135
Current portion of bonds	3,000	-
Current portion of long-term borrowings	2,405	2,437
Lease obligations	383	372
Income taxes payable	237	283
Provision for bonuses	1,283	953
Provision for bonuses for Executive Officers	44	59
Provision for environmental measures	102	-
Provision for losses on Antimonopoly Act	838	-
Other	7,764	8,917
Total current liabilities	33,800	28,504
<b>Fixed liabilities</b>		
Bonds payable	-	5,000
Long-term borrowings	6,182	6,789
Lease obligations	914	773
Deferred tax liabilities	1,078	3,981
Provision for stock payments for Executive Officers	15	22
Retirement benefit liabilities	6,473	6,554
Asset retirement obligations	8	8
Long-term advances received	17,066	16,833
Other	211	226
Total fixed liabilities	31,951	40,190
<b>Total liabilities</b>	<b>65,751</b>	<b>68,695</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital	4,510	4,510
Capital surplus	1,688	1,687
Retained earnings	47,881	48,592
Treasury shares	(2,160)	(3,289)
Total shareholders' equity	51,919	51,500
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,881	11,381
Foreign currency translation adjustment	196	356
Remeasurements of defined benefits plans	(307)	(156)
Total accumulated other comprehensive income	5,770	11,581
<b>Non-controlling interests</b>	<b>30</b>	<b>38</b>
<b>Total net assets</b>	<b>57,720</b>	<b>63,120</b>
<b>Total liabilities and net assets</b>	<b>123,471</b>	<b>131,815</b>

Consolidated Statements of Income

(Unit: million yen)

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Sales	93,363	96,992
Cost of sales	76,077	77,823
Gross profit	17,286	19,168
Selling, general and administrative expenses		
Shipment expenses	3,234	3,332
Travel Transportation and communication expenses	255	280
Provision of allowance for doubtful accounts	(43)	14
Salaries and allowances	6,520	6,988
Provision for bonuses	530	417
Provision for bonuses for Executive Officers	43	59
Provision for stock grants for Executive Officers	-	9
Retirement benefit expenses	423	517
Welfare benefit expenses	1,536	1,638
Depreciation and amortization	988	979
Other	3,022	3,351
Total selling, general and administrative expenses	16,510	17,591
Operating Profit	775	1,577
Non-operating income		
Interest income	3	2
Dividend income	288	303
Gain on sales of goods	34	35
Rent income on facilities	73	68
Dividend income of insurance	179	155
Foreign exchange gains	4	23
Other	255	207
Total non-operating income	839	796
Non-operating expenses		
Interest expenses	144	145
Rent expenses on facilities	42	34
Share of loss of entities accounted for using equity method	38	-
Bond issuance cost	1	31
Other	98	78
Total non-operating expenses	326	290
Ordinary Profit	1,289	2,083
Extraordinary profit		
Gain on sales of fixed assets	53	12
Gain on sales of investment securities	1,910	384
Gain on revision of retirement benefit plan	376	-
Reversal of provision for environmental measures	-	12
Other	8	-
Total extraordinary income	2,349	409
Extraordinary losses		
Loss on disposal of fixed assets	246	116
Loss on valuation of investment securities	-	100
Impairment loss	326	32
Losses related to the Antimonopoly Act	838	-
Headquarters relocation expenses	204	-
Other	20	10
Total extraordinary losses	1,636	258
Current net profit before income taxes	2,001	2,233
Income taxes - current	470	353
Income taxes - deferred	284	378
Total income taxes	755	731
Current net profit	1,246	1,501
Profit Loss Attributable To Non Controlling Intrerests	(6)	5
Current Net Profit for Shareholders of Parent Company	1,253	1,495

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Current net profit	1,246	1,501
Other comprehensive profit		
Valuation difference on available-for-sale securities	(2,675)	5,520
Foreign currency translation adjustment	196	161
Remeasurements of defined benefits plans	(519)	151
Share of other comprehensive income of entities accounted for using equity method	3	(20)
Total other comprehensive income	(2,994)	5,813
Comprehensive income	(1,748)	7,314
(Breakdown)		
Comprehensive profit attributable to shareholders of parent company	(1,741)	7,307
Comprehensive income attributable to non-controlling interests	(6)	7

Consolidated Statements of Changes in Equity

Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023) (Unit: million yen)

	Shareholders' equity						
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	4,510	1,645	47,454	(1,216)	52,393		
Changes of items during period							
Dividends of surplus			(825)		(825)		
Net income attributable to owner of parent			1,253		1,253		
Purchase of treasury shares				(1,000)	(1,000)		
Disposal of treasury shares				56	56		
Changes in ownership interest of parent due to transactions with non-controlling interests		42			42		
Net changes of items other than shareholder's equity							
Total changes during period	-	42	427	(944)	(473)		
Balance at end of period	4,510	1,688	47,881	(2,160)	51,919		
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefits plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,553	0	211	8,765	118	61,277	
Changes of items during period							
Dividends of surplus						(825)	
Net income attributable to owner of parent						1,253	
Purchase of treasury shares						(1,000)	
Disposal of treasury shares						56	
Changes in ownership interest of parent due to transactions with non-controlling interests						42	
Net changes of items other than shareholder's equity	(2,671)	195	(518)	(2,995)	(88)	(3,083)	
Total changes during period	(2,671)	195	(518)	(2,995)	(88)	(3,557)	
Balance at end of period	5,881	196	(307)	5,770	30	57,720	

Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024) (Unit: million yen)

	Shareholders' equity						
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	4,510	1,688	47,881	(2,160)	51,919		
Changes of items during period							
Dividends of surplus			(790)		(790)		
Net income attributable to owner of parent			1,495		1,495		
Purchase of treasury shares				(1,199)	(1,199)		
Disposal of treasury shares				48	48		
Changes in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)		
Change of scope of equity method			5	22	27		
Net changes of items other than shareholder's equity							
Total changes during period	-	(0)	710	(1,129)	(418)		
Balance at end of period	4,510	1,687	48,592	(3,289)	51,500		
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefits plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,881	196	(307)	5,770	30	57,720	
Changes of items during period							
Dividends of surplus						(790)	
Net income attributable to owner of parent						1,495	
Purchase of treasury shares						(1,199)	
Disposal of treasury shares						48	
Changes in ownership interest of parent due to transactions with non-controlling interests						(0)	
Change of scope of equity method						27	
Net changes of items other than shareholder's equity	5,500	160	150	5,811	7	5,819	
Total changes during period	5,500	160	150	5,811	7	5,400	
Balance at end of period	11,381	356	(156)	11,581	38	63,120	

Consolidated Statement of Cash Flows

(Unit: million yen)

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
<b>Net cash provided by operating activities</b>		
Current net profit before income taxes	2,001	2,233
Depreciation and amortization	5,732	5,615
Amortization of goodwill	409	240
Impairment loss	326	32
Increase (decrease) in defined benefit assets and liabilities	(355)	27
Increase (decrease) in allowance for doubtful accounts	(49)	15
Increase (decrease) in provision for bonuses	120	(330)
Increase (decrease) in provision for directors' bonuses	(9)	15
Increase (decrease) in provision for loss on Antimonopoly Act	436	(838)
Increase (decrease) in provision for fixed asset decommissioning costs	(545)	-
Increase (decrease) in allowance for environmental measures	(297)	(102)
Interest and dividend income received	(291)	(305)
Interest expenses	144	145
Share of loss(profit) of entities accounted for using equity method	38	-
Loss (gain) on valuation of investment securities	-	100
Loss (gain) on sales of investment securities	(1,910)	(384)
Loss (gain) on sales and retirement of non-current assets	192	104
Decrease (increase) in trade receivables	(538)	(1,692)
Decrease (increase) in inventories	(543)	(70)
Increase (decrease) in trade payables	2,009	(2,305)
Increase (decrease) in accrued consumption taxes	1,093	(602)
Decrease (increase) in claims provable in bankruptcy	(0)	(1)
Increase (decrease) in long-term advances received	17,066	(232)
Other	(915)	1,608
Subtotal	24,115	3,271
Interest and dividend income received	291	305
Interest expenses paid	(147)	(150)
Income taxes paid	(846)	(318)
Net cash provided by operating activities	23,413	3,107
<b>Net cash provided by investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(7,053)	(3,361)
Proceeds from sales of property, plant and equipment and intangible assets	55	30
Purchase of investment securities	(20)	(137)
Proceeds from sales of investment securities	2,619	624
Collection of loans receivable	0	-
Other	(23)	(63)
Net cash provided by investing activities	(4,420)	(2,908)
<b>Net cash provided by financing activities</b>		
Net Increase (decrease) in short-term loans payable	(6,727)	14
Proceeds from long-term loans payable	1,161	3,099
Repayments of long-term loans payable	(9,450)	(2,465)
Proceeds from issuance of bonds	-	4,987
Redemption of bonds	-	(3,000)
Cash dividends paid	(825)	(790)
Dividends paid to non-controlling interests	(16)	-
Purchase of treasury shares	(1,000)	(1,199)
Proceeds from disposal of treasury shares	56	48
Other	(556)	(427)
Net cash provided by financing activities	(17,359)	266
<b>Effect of exchange rate change on cash and cash equivalents</b>	(23)	(21)
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>1,609</b>	<b>443</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,890</b>	<b>10,500</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,500</b>	<b>10,944</b>

Environmental Data

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Climate change: greenhouse gases <sup>*1</sup>						
Greenhouse gas emissions (in-house emissions) (domestic Group only)						
Scope 1+2 emissions	t-CO <sub>2</sub>	42,782	41,350	41,298	40,352	33,732
Scope 1 emissions	t-CO <sub>2</sub>	7,475	6,853	7,029	6,390	5,798
Scope 2 emissions	t-CO <sub>2</sub>	35,307	34,497	34,269	33,962	27,934
Greenhouse gas emissions basic unit (domestic Group only) <sup>*2</sup>						
Scope 1+2 emissions basic unit (sales)	t/million yen	0.43	0.46	0.48	0.44	0.36
Greenhouse gas emissions (in-house emissions) (entire Group, including overseas)						
Scope 1+2 emissions	t-CO <sub>2</sub>	-	-	-	45,876	39,155
Scope 1 emissions	t-CO <sub>2</sub>	-	-	-	6,390	5,798
Scope 2 emissions	t-CO <sub>2</sub>	-	-	-	39,486	33,357
Greenhouse gas emissions basic unit (entire Group, including overseas)						
Scope 1+2 emissions basic unit (sales)	t/million yen	-	-	-	0.49	0.40
Greenhouse gas emissions (outside the organization) (Kyodo Printing non-consolidated through FY2021; entire Group, including overseas, from FY2022)						
Scope 3 emissions	t-CO <sub>2</sub>	-	440,331	432,977	444,663	410,041
Category 1. Purchased goods and services	t-CO <sub>2</sub>	-	308,739	274,244	291,213	273,123
Category 2. Capital goods	t-CO <sub>2</sub>	-	6,772	38,253	9,208	6,414
Category 3. Fuel- and energy-related operations not included in Scope 1 or 2	t-CO <sub>2</sub>	-	6,047	6,046	7,056	6,605
Category 4. upstream Transport and delivery,	t-CO <sub>2</sub>	-	31,248	30,291	27,870	25,568
Category 5. Waste generated in operations	t-CO <sub>2</sub>	-	4,426	4,757	5,729	4,794
Category 6. Business travel	t-CO <sub>2</sub>	-	177	188	432	451
Category 7. Employee commuting	t-CO <sub>2</sub>	-	3,329	2,839	4,283	4,401
Category 8. Leased assets, upstream	t-CO <sub>2</sub>	-	115	110	177	203
Category 9. downstream Transport and delivery,	t-CO <sub>2</sub>	-	11,854	10,464	12,286	9,234
Category 10. Processing of sold products	t-CO <sub>2</sub>	-	-	-	-	-
Category 11. Use of sold products	t-CO <sub>2</sub>	-	-	-	-	-
Category 12. End-of-life treatment of sold products	t-CO <sub>2</sub>	-	67,624	65,785	86,408	79,249
Category 13. downstream Leased assets,	t-CO <sub>2</sub>	-	-	-	-	-
Category 14. Franchises	t-CO <sub>2</sub>	-	-	-	-	-
Category 15. Investments	t-CO <sub>2</sub>	-	-	-	-	-
Greenhouse gas emissions reduction (domestic Group only)						
Direct reduction (base year: FY2019 <sup>*</sup> )	t-CO <sub>2</sub>	-	(1,432)	(1,484)	(2,430)	(9,050)
Scope 1	t-CO <sub>2</sub>	-	(622)	(446)	(1,085)	(1,677)
Scope 2	t-CO <sub>2</sub>	-	(810)	(1,038)	(1,345)	(7,373)
Scope 3	t-CO <sub>2</sub>	-	-	-	-	-
Greenhouse gas emissions (by category) (domestic Group only)						
CO <sub>2</sub> emissions	t-CO <sub>2</sub>	42,782	41,350	41,298	40,352	33,732
CH <sub>4</sub> emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
N <sub>2</sub> O emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
HFC emissions	t-CO <sub>2</sub>	52	112	75	25	71
PFC emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
SF <sub>6</sub> emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
NF <sub>3</sub> emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Other	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Ozone-depleting substances (ODS) (domestic Group only)						
ODS emissions	t-CO <sub>2</sub>	17	42	0	7	0
Climate change: Energy (domestic Group only)						
Energy input (in-house)						
In-house total energy input	MWh	93,716	92,155	92,514	88,621	83,787
Electric power input	MWh	78,852	78,509	78,529	75,905	72,262
Renewable electric power (in-house generated amount)	MWh	243	309	474	751	1,558
Non-renewable electric power	MWh	78,609	78,200	78,055	75,154	70,704
Fossil fuel consumption	MWh	14,864	13,646	13,985	12,716	11,525

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
City gas	MWh	12,645	11,818	12,021	10,962	9,895
LPG	MWh	1,758	1,314	1,458	1,271	1,160
Heavy oil	MWh	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Diesel oil	MWh	435	489	471	414	404
Gasoline	MWh	0	0	13	46	42
Other	MWh	26	25	22	23	24
Energy input (outside the organization)						
Total energy input outside the organization	MWh	-	963,525	968,629	973,004	1,051,387
Energy consumption basic unit						
Energy consumption basic unit (sales) <sup>*4</sup>	MWh/million yen	0.93	1.01	1.05	0.95	1.08
Energy consumption reduction						
Reduction (base year: FY2019 <sup>*3</sup> )	MWh	-	(1,561)	(1,202)	(5,095)	(9,929)
Electric power	MWh	-	(343)	(323)	(2,947)	(6,590)
Fossil fuel	MWh	-	(1,218)	(879)	(2,148)	(3,339)
Water resources (domestic Group only)						
Water intake						
Total water intake	1,000 m <sup>3</sup>	203.7	243.5	202.7	194.0	208.8
Tap water	1,000 m <sup>3</sup>	141.1	116.0	97.3	84.9	90.8
Industrial water	1,000 m <sup>3</sup>	59.2	121.1	104.9	107.1	115.3
Groundwater	1,000 m <sup>3</sup>	3.4	6.4	0.5	0.6	0.4
Rainwater	1,000 m <sup>3</sup>	Not applicable	Not applicable	Not applicable	1.4	2.3
Water discharge						
Total water discharge	1,000 m <sup>3</sup>	191	237	199	193	205
Public water area	1,000 m <sup>3</sup>	36	59	50	54	55
Sewerage	1,000 m <sup>3</sup>	155	178	149	139	150
Water consumption						
Water consumption (total water intake - total water discharge)	1,000 m <sup>3</sup>	13	7	4	1	4
Water resource input base unit						
Water resource input base unit (sales)	1,000m <sup>3</sup> /billion yen	2.02	2.68	2.30	2.08	2.15
Water stress						
Water intake from water stress areas	1,000 m <sup>3</sup>	-	-	-	Not applicable	Not applicable
Water discharge to water stress areas	1,000 m <sup>3</sup>	-	-	-	Not applicable	Not applicable
Water consumption in water stress areas	1,000 m <sup>3</sup>	-	-	-	Not applicable	Not applicable
Water circulation						
Water reuse		-	-	-	-	-
Resource recycling (domestic Group only)						
Raw materials						
Resource input	t	251,328	226,672	219,346	212,826	168,200
Recyclable resources input <sup>*5</sup>	t	236,365	210,572	201,817	196,205	152,301
Non-recyclable resources input <sup>*5</sup>	t	14,963	16,100	17,529	16,621	15,899
Recycle use material input	t	8,958	8,284	8,244	7,775	7,352
Recycling ratio (recycled materials/resources input × 100)	%	3.56	3.65	3.76	3.65	4.37
Waste						
Waste emissions	t	27,979	25,948	26,366	26,357	23,650
Recycling	t	27,883	25,883	26,358	26,349	23,644
Amount of final waste disposal	t	96	65	8	8	6
Hazardous waste						
Specially controlled industrial waste	t	265	217	211	192	163

Recycling (by category)

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Material recycling	t	23,418	22,167	22,123	21,746	19,992
Chemical recycling	t	0	0	0	0	0
Thermal recycling	t	3,937	3,291	3,813	4,154	3,087
Recycling rate						
Recycling Rate	%	99.7	99.7	99.9	99.9	99.9
Recycling rate (by thermal recovery)						
Recycling rate (with thermal recovery)	%	14.1	12.7	14.4	15.7	13.1
Recycling rate (without thermal recovery)	%	85.6	87.0	85.5	84.2	86.8
Chemical substances (PRTR) (domestic Group only)						
Chemical substances handled	t	234.0	215.0	198.0	171.2	181.3
(in above) Chemical substances produced	t	0.0	0.0	0.0	0.0	0.0
Chemical substance transfer	t	36.0	29.0	25.0	25.9	37.4
Chemical substances handled (produced+used)	t	26.8	18.0	18.6	17.0	20.9
Pollution prevention (domestic Group only)						
Atmospheric pollutants						
NOx emissions	t	1.7	1.5	1.6	1.5	1.4
SOx emissions	t	0.5	0.5	0.5	0.4	0.4
VOC emissions	t	47.7	36.4	37.8	35.0	40.7
Water pollutants						
BOD emissions	t	0.1	0.1	0.1	0.0	0.1
Environmental compliance (domestic Group only)						
Major environmental legal/regulatory violations	Times	0	0	0	0	0
Supplier environmental assessments (non-consolidated)						
New supplier assessments	%	100	100	100	100	100

\*1 Based on GHG protocols, some gases with extremely low GHG emissions are excluded

\*2 Due to an error in the calculation method of the data, the figures for FY2019 to FY2022 have been revised. The impact of these changes is negligible.

\*3 Based on the base year in Environmental Vision 2025

\*4 The figure for FY2023 has been revised due to an error. The impact of these changes is negligible.

\*5 Figures for FY2019 to FY2023 have been revised due to errors. The impact of these changes is negligible.

Social Data

Human Resources

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees						
Number of employees *1						
Consolidated	people	3,242	3,224	3,232	3,208	3,227
Non-consolidated	people	2,009	1,836	1,822	1,893	1,872
by gender (non-consolidated)						
Male	people	1,593	1,417	1,393	1,416	1,391
Female	people	416	419	429	477	481
Percentage of women	people	20.7	22.8	23.5	25.2	25.7
Average number of temporarily hired persons						
Consolidated	people	587	519	467	432	425
Non-consolidated	people	222	185	170	157	155
Core human resources composition (non-consolidated)						
Number of managerial positions *2						
Male	people	375	362	377	407	422
Male	people	356	343	352	377	384
Female	people	19	19	25	30	38
Percentage of women	%	5.1	5.2	6.6	7.4	9.0

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Hiring (non-consolidated)						
Total number of new hires	people	74	39	39	54	50
Number of new graduate hires	people	68	34	30	36	34
Male	people	45	21	16	20	17
Female	people	23	13	14	16	17
Percentage of women	%	33.8	38.2	46.7	44.4	50.0
Number of mid-career hires	people	6	5	9	18	16
Male	people	5	3	5	12	10
Female	people	1	2	4	6	6
Percentage of women	%	16.7	40.0	44.4	33.3	37.5
Average years of service (non-consolidated)	Years	16.8	16.6	16.9	16.0	16.2
Male	Years	18.2	18.0	18.3	17.9	18.1
Female	Years	11.7	11.8	12.3	10.4	10.8
Retirement (non-consolidated)						
Number of persons retiring	people	68	66	61	80	56
Turnover rate	%	3.3	3.5	3.3	4.1	2.9
Persons with disabilities (non-consolidated)						
Number employed	people	38	43	47	47	50
Employment rate *3	%	1.90	2.10	2.51	2.55	2.69
Wages (non-consolidated)						
Employee average annual bonus	1,000 yen	5,869	5,552	5,563	5,826	6,272
Men, average	1,000 yen	6,251	5,956	5,967	6,279	6,698
Women, average	1,000 yen	4,302	4,111	4,172	4,381	4,894
Training and education (non-consolidated)						
Annual average training expenses per employee	Yen	14,819	12,645	11,297	18,823	27,146
Work-life balance (non-consolidated up to FY2022, consolidated from FY2023)						
Annual average number of days of paid leave used	Days	10.5	11.0	12.9	13.7	12.9
Annual average rate of paid leave used	%	56.7	60.8	67.9	72.6	68.5
Total number of employees using childcare leave *4	people	52	52	52	68	71
Male	people	1	4	4	20	25
Female	people	51	48	48	48	46
Rate of using childcare leave	%	27.4	37.0	39.0	68.6	96.2
Men *5	%	1.9	8.0	5.4	82.9	94.6
Female	%	100.0	100.0	95.0	100.0	100.0
Total number of employees returning to work after childcare leave *6	people	24	25	20	39	39
Male	people	1	2	3	19	24
Female	people	23	23	17	20	15
Persons using childcare short reduced working hours program	people	78	96	101	107	122
Male	people	0	1	2	3	2
Female	people	78	95	99	104	120
Nursing care leave users	people	3	1	0	0	0
Male	people	3	0	0	0	0
Female	people	0	1	0	0	0
Persons using nursing care short-hour reduced working hours program	people	1	3	1	1	1
Male	people	1	3	1	0	1
Female	people	0	0	0	1	0
Life Support leave users *7	people	-	-	-	2	2
Male	people	-	-	-	0	0
Female	people	-	-	-	2	2
Labor safety-related data (non-consolidated)						
Frequency rate for accidents resulting in leave (leave of 4 day or more) *8	%	0.42	0.63	0.63	0.63	0.83
Frequency rate for accidents resulting in leave (leave of 1 day or more) *9	%	0.63	0.83	1.04	0.83	1.25
Average monthly overtime work hours	Hours	32.5	26.0	23.5	22.0	18.2

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Freedom of association and collective bargaining (non-consolidated) <sup>*10</sup>						
Labor union membership rate	%	98.1	97.9	97.7	97.7	94.6
Collective bargaining coverage rate	%	100.0	100.0	100.0	100.0	100.0

\*1. Number of employees and related items are calculated from number of employees including Executive officers

\*2. Calculation parameters

FY2018 to FY2021: Persons seconded from the Company to outside the Company not included; persons seconded from other companies to the Company included  
From FY2022: Persons seconded from the Company to outside the Company included;persons seconded from other companies to the Company excluded  
Elder employees (re-employed after retirement) and contract employees (not including temporary employees) excluded

\*3. From FY2021, combined with special subsidiary companies

\*4. The number of employees taking newborn care leave or childcare leave

\*5. From FY2022, includes persons who take spousal maternity leave, an original leave program of the Company

\*6. The number of employees who returned to work during the period after taking newborn care leave or childcare leave during the period

\*7. A leave and shortened-hours program for employees dealing with infertility treatments or child truancy, introduced as an original initiative of the Company in January 2023

\*8. Frequency rate for accidents resulting in leave = number of deaths and injuries due to industrial accidents (with leave of 4 day or more) ÷ total working hours x 1,000,000

\*9. Frequency rate for accidents resulting in leave = number of deaths and injuries due to industrial accidents (with leave of 1 day or more) ÷ total working hours x 1,000,000

\*10. Numbers provided by the Kyodo Printing Workers Union

Society

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Customer privacy (non-consolidated)						
Number of complaints received regarding personal information	Times	0	0	0	0	0
Number of incidents of customer data leak or loss	Times	0	0	0	0	0
Community (non-consolidated)						
Social contribution activity expenses	million yen	6	6	6	11	7
Suppliers (non-consolidated)						
New supplier assessments	%	100.0	100.0	100.0	100.0	100.0
Assessed transaction amount coverage rate (excluding inter-Group transactions)	%	68.9	68.2	64.3	62.3	54.3
Product safety (non-consolidated)						
Health and safety impact evaluation ratio for new products	%	100.0	100.0	100.0	100.0	100.0
Number of product health and safety violations	Times	0	0	0	0	0
Marketing and labeling (non-consolidated)						
Number of violations concerning product and service information and labeling	Times	0	0	0	0	0
Number of violations concerning marketing and communication	Times	0	0	0	0	0

\* Consolidated figures from FY2023

Governance Data

Corporate Governance

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Executive Officers (Directors + Auditors) (non-consolidated)						
Number of Executive Officers	people	11	11	12	11	11
Male	people	10	10	11	10	9
Female	people	1	1	1	1	2
Percentage of female Executive Officers	%	9.1	9.1	8.3	9.1	18.2
Percentage of Outside Executive Officers	%	36.4	36.4	41.7	45.5	45.5
Number of Outside Executive Officers designated Independent Executive Officers	people	4	4	5	5	5

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Board of Directors (non-consolidated)						
Number of Directors	people	7	7	8	7	7
Male	people	6	6	7	6	6
Female	people	1	1	1	1	1
Percentage of female Directors	%	14.3	14.3	12.5	14.3	14.3
Percentage of Outside Directors	%	28.6	28.6	37.5	42.9	42.9
Number of Outside Directors designated Independent Executive Officers	people	2	2	3	3	3
Number of Board of Directors meetings	times	17	18	19	18	20
Attendance rate at Board of Directors meetings	%	99.2	94.4	99.3	99.2	100.0
Average number of years as Director	Years	7	8	6	6	7
Term of office of Directors	Years	1	1	1	1	1
Board of Auditors (non-consolidated)						
Number of Auditors	people	4	4	4	4	4
Male	people	4	4	4	4	3
Female	people	0	0	0	0	1
Percentage of female Auditors	%	0.0	0.0	0.0	0.0	25.0
Percentage of Outside Auditors	%	50.0	50.0	50.0	50.0	50.0
Number of Outside Auditors designated Independent Executive Officers	people	2	2	2	2	2
Number of Board of Auditors meetings held	times	14	14	15	15	14
Attendance rate at Board of Auditors meetings	%	100.0	98.2	100.0	98.2	100.0
Executive Officer remuneration (non-consolidated) <sup>*1</sup>						
Total Directors' remuneration (excluding Outside Directors)	million yen	210	207	213	178	192
Number	people	6	5	6	5	5
Fixed remuneration	million yen	152	158	160	143	138
Performance-linked bonuses	million yen	53	49	48	35	51
Performance-linked stock remuneration	million yen	4	0	4	0	3
(in above) Non-monetary remuneration	million yen	4	0	4	0	3
Total Outside Directors' remuneration	million yen	15	16	23	25	27
Number	people	2	2	3	3	3
Fixed remuneration	million yen	15	16	23	25	27
Performance-linked bonuses	million yen	-	-	-	-	-
Performance-linked stock remuneration	million yen	-	-	-	-	-
(in above) Non-monetary remuneration	million yen	-	-	-	-	-
Total Auditors' remuneration (excluding Outside Auditors)	million yen	27	28	29	29	31
Number	people	3	2	2	3	2
Fixed remuneration	million yen	27	28	29	29	31
Performance-linked bonuses	million yen	-	-	-	-	-
Performance-linked stock remuneration	million yen	-	-	-	-	-
(in above) Non-monetary remuneration	million yen	-	-	-	-	-
Total Outside Auditors' remuneration	million yen	13	14	14	14	15
Number	people	3	2	2	2	3
Fixed remuneration	million yen	13	14	14	14	15
Performance-linked bonuses	million yen	-	-	-	-	-
Performance-linked stock remuneration	million yen	-	-	-	-	-
(in above) Non-monetary remuneration	million yen	-	-	-	-	-

\*1. As Directors and Auditors who have retired or resigned due to the expiration of their term of office during the fiscal year are also included in tabulation, numbers of Directors and Auditors may not match numbers of Directors and Auditors in the above table.

# Corporate/Stock Information (as of March 31, 2024)

## 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
Number of employees	Non-consolidated 1,872 Consolidated 3,227
Main manufacturing bases	11 locations in Japan, 3 locations overseas
Group Companies	17 consolidated subsidiaries and 1 affiliate

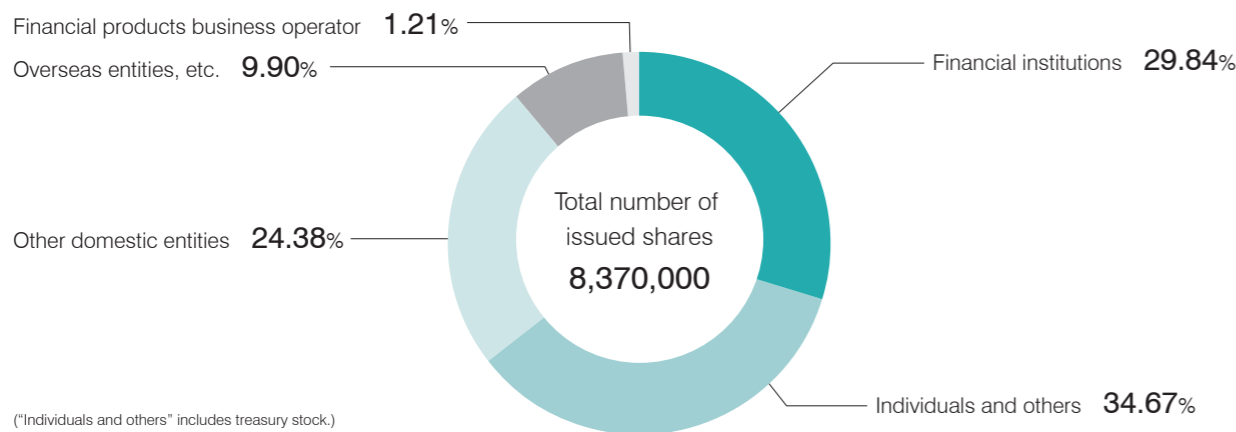
## Stock Information

Stock exchange listings	Tokyo Stock Exchange Prime Market
Securities code	7914
Total number of issuable shares	36.08 million
Total number of issued shares	8.37 million
Number of shareholders	5,020
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

## Major Shareholders

Shareholder name	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account, DIC Corporation account)	683	9.05
The Master Trust Bank of Japan, Ltd. (Trust account)	643	8.52
Tokyo Printing Ink Manufacturing Co., Ltd.	583	7.73
Mizuho Bank, Ltd.	283	3.75
Custody Bank of Japan, Ltd. (Trust account E)	269	3.57
Custody Bank of Japan, Ltd. (Trust account)	221	2.94
artience Co., Ltd.	216	2.87
Asahi Mutual Life Insurance Company	200	2.65
Kyodo Printing Employees Stockholding Association	174	2.31
Kimihito Mizumoto	173	2.30

## Shareholder Composition



## Considerations Concerning the Report

### Climate change considerations

The Kyodo Printing Group is working to reduce CO<sub>2</sub> emissions from its products, primarily through the Technical Supervisory Division, with the aim of reducing greenhouse gas emissions. As a component of this, this report uses digital printing machinery in printing and processing.

\* Comparison with FY2022 specifications

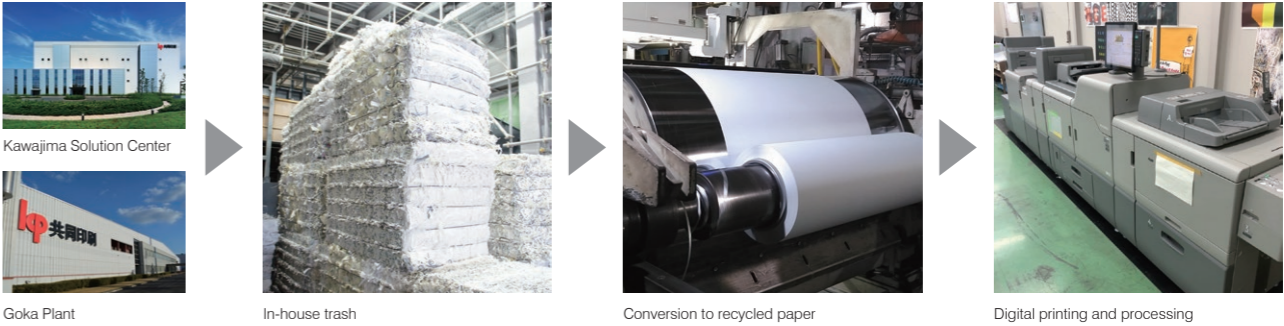
With no need for a printing plate process, this achieves a reduction of about 23%\* in CO<sub>2</sub> emissions compared to conventional offset printing by reducing electricity usage and production losses and by reducing drayage through seamless production from printing to processing.

### Resource recycling considerations

The Group undertakes resource recycling with targets including a 99.9% recycling rate. In the pursuit of even greater potential for resource recycling, this Report uses 100% recycled paper

produced using our in-house trash from production processes at the Goka Plant and the Kawajima Solution Center.

### Producing the Report



## 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

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