Specifications

- CTP Printing Plate: Eliminates film output and reduces intermediate materials.
- Vegetable Oil Ink: Ink used substitutes a vegetable oil base for part of the mineral-based solution.
- Perfect Binding: Used an environmentally friendly hot melt binding that does not hinder the recycling process.

This document does not contain any paper or cardboard that would hinder the recycling process.

This literature [brochure] is printed in accordance with the Purchasing Guidelines for Printing Services.

We obtained the Kurumin mark, a symbol of a company supporting childcare, from the Ministry of Health, Labour and Welfare in Japan.

Ink used is from properly controlled sources.

Ink used uses a vegetable-based solution as its main ingredient.

Paper used is from properly controlled sources.
TOMOWEL is the core of Kyodo Printing.

TOMOWEL, our New Corporate Brand, was created to commemorate our 120th anniversary.

TOMOWEL contains the meaning, “building a better relationship together” . It is a combination of the Japanese word “tomo” (which may mean together, friendship, intelligence or wisdom depending on the kanji used) and “wel”, the archaic English spelling of “well” (meant to imply goodness, satisfaction and closeness). This word contains our image of an abundant world filled with greatness and strength of humanity, such as coexistence, friendship, knowledge and judgement. The design concept for the brand logo is humanity, future, strength of purpose, quality and precision. This image has been condensed into our corporate message, “Future creation for all” . Though pronounced differently, the “tomo” of TOMOWEL is spelt with the same kanji as the “kyo” in Kyodo Printing. This word expresses the core of our identity, the value of our existence as a company and our ideal attitude—it is the future we wish to create. “Through an excellent relationship with everyone around us, we will build the future” . This is the spirit of TOMOWEL.
Restructuring organization and business to take on industry issues

Akabane: How was Kyodo Printing able to see and handle trends in overall business in 2017 and industry issues?

Fujimori: The March 2018 period, sales were ¥95.076 billion (0.6% increase of the previous period) and operating profit was ¥2,644 billion (35.4% decrease over the previous period). There was a massive decrease in profit compared to the previous period, which had been our largest profit since 2000. Part of usage continues to decrease due to the massive impact of digitalization and the declining birthrate, and not just this year. With these massive industry issues firmly in mind, our group proceeded with restructuring our organization and business. For example, in the field of general commercial printing, we focused attention on offering total solutions that resolved customer issues. We offered services such as customer analysis with visible sales promotion and results, sales promotion solutions utilizing digital signage and digital branding business, and we are shaking off the industry style of simply fulfilling orders.

Creating a fortified ASEAN production base to provide a workplace worth working in over many years

Akabane: I know you have a plant in Vietnam. While safety and quality standards are commonplace in Japan, these standards can be difficult to achieve outside the country. What issues do you face when expanding your business into ASEAN territories?

Fujimori: In order to expand the orders we receive in ASEAN markets, in addition to Kyodo Printing (Vietnam) Co., Ltd. in 2017 we acquired subsidiary PT Aritsu Graphic Prima in Indonesia, strengthening both production facilities and personnel. As the population of ASEAN countries continues to rise and their economies grow, so too does their purchasing power. Particularly, increased awareness of beauty and health has made toiletries a growth market, leading to an increase in demand for laminate tubes used in cosmetics. Our group’s plants work toward the high level of quality Japanese products are praised for globally, building the same quality control system as we employ domestically. Because of this, an extremely high standard of regulations and quality awareness is required of local employees, the establishment of which is accompanied by difficult work. We send technical experts from Japan to convey everything from skills to the spirit of Japanese manufacturing. We also began a technical internship training program to train our technicians from a long-term perspective. The biggest issue is job hopping. Have employees who have acquired skills quit in a few years is a massive hurdle. So, we are engaged in increasing employee satisfaction, through improvement to work environment and food service, social gatherings and trips, all to offer an environment that is worth working in for the long-term.

Akabane: Low retention rate is an issue for many companies that have moved into Asia. Throughout Vietnam and all of Asia, familial bonds are strong, so deepening communication by inviting families to the plant or holding emergency disaster drills will lead to a sense of belonging within the company and satisfaction.

Collaboration with various partners in Regional Revitalization to create the future of a region

Akabane: By the way, last year I visited Mt. Daisen in Tottori, which has been open nearly 1300 years, and I was completely taken by its charm. It was a refreshing surprise to see that your head office in Tokyo is acting as a leader in The Western Tottori Branding Project, one of the regional creation projects.

Fujimori: There is demand for promotion in regions across the country, and we have accumulated results by constructing a unique network for each regional matter to offer issue-solving methods. Specifically, we act as a coordinator, deeply immersing ourselves in the site to create a project team that connects related companies and organizations. The point of this is to become a team that multiplies each group’s know-how. If we can pull out excellent performance by tackling the project as a team competition, incredible branding results can be achieved.

Akabane: I think your company would work well as the third-party go-between, especially because your know-how in promotions, media, tourism, distribution and a wide variety of fields. This, too, is an incredible strength.

Fujimori: Regional creation is promoted by the government and it shows the high level of need for local government regional branding development, etc. We have a wide network throughout the country that is head office in Tokyo, a hub of both people and information. Kyodo Printing contributes to solving regional issues by utilizing our unique technologies, products and services.

Akabane: These are activities that create a future for the region. These are the kind of undertakings of 100-year company. I hope you will continue creating a variety of dreams for regions across Japan.

Fujimori: Recently I have felt that throughout the course of our company history, we have only been able to accumulate so many years due to our closeness to our customers. And this will not change moving forwards. At the same time, in order for the company to grow continuously with society, we cannot overdo it. To do so would run contrary to the 17 goals advocated by SDGs. SDGs are universal tasks agreed upon by every country and region. Tackling these through utilization of our own technology, products and services is a business opportunity that I believe will lead to our business to both survive and thrive in the future.

Our group’s corporate philosophy is “using our core printing business, we will contribute to society in the spheres of the lifestyle, culture and information industries”, and for the 120 years to come, we will continue to expand our business areas and fight for an abundant future be reformed in a way that accurately reflects social change. So, together with our employees, we considered what role our company should play in society and created TOMOWEL. TOMOWEL contains our desire to build a future together with everyone from our business partners and families to regions and society. The development process involved developing communication tools, followed by the creation of images and printed materials to proliferate the brand, then implementing seminars and other programs. In 2018 began full-scale application, such as deployment in promotional materials and mass advertisement. However, true permeation into the company begins from here. I believe that action based on a complete understanding of the four fields, vision and other aspects of the TOMOWEL WAY enables one to do incredible work. I expect that expansion of business areas will be accelerated by the new brand.

Akabane: Also, the printing industry which has long inhabited this area is now entering the age of digitalization and the high-tech, greatly expanding the breadth of know-how accumulated. I imagine it is wonderful to see a company that has already lasted over a century seek out a new dream in TOMOWEL and move toward the goal of lasting over a millennium. From the viewpoint of CSR, isn’t this what a company should be?
The Kyodo Printing Group continues to build an Asian network, establishing Kyodo Printing (Shanghai) Co. Ltd. in Shanghai as a Chinese sales base in 2012, expanding into Vietnam in 2015 and making PT Arisu Graphic Prima our Indonesian subsidiary in 2017. We are planning to establish new factories to expand our production capacity while fortifying our procurement and sales structures.

ASEAN Population and Economic Scale

The Kyodo Printing Group has been expanding into China and ASEAN countries since 2012, proceeding with the establishment of production and sales systems. We are establishing Japanese standards of quality and technology in these regions, contributing to the abundance and health of the people and communities there.

Both the population and economy of ASEAN countries is growing spectacularly, with the purchasing power of the expanding middle and upper-class gaining attention as consumer markets. Vietnam, in particular, continues to see an over 6% increase in its yearly GDP. Due to a raising awareness of beauty and health, the toiletries and cosmetics markets for products such as oral care, UV care and skin brightening are expanding. In 2015, our Vietnam plant began operation as a production base for laminate tubes in ASEAN countries, for which we hold at least a 30% share in the Japanese market. This state-of-the-art plant manufactures products with high added value, such as our proprietarily developed oval shaped laminate tube and our highly functional and precise full-printed laminate tubes which use the industry’s first Flexographic printing.

Contributing to Employment and Expanding Technical Training to Establish High Level Skill

We have overcome cultural differences, putting great effort into achieving and maintaining the same standardized hygienic environment and skill level standards at our Vietnam plant, the employees of which are 95% local. Approach to quality, and language, of course, were different, but in order to clear the standards set, we needed to come together under the Kyodo Printing manufacturing process. This was a time-consuming process.

For our local employee training, we bring in technological leaders from Japan, to convey not only skill but also the mental attitude of Japanese manufacturing. To build up technicians from a long-term perspective, we also implemented a technical internship training program that sends employees to Japan for around three years.

Another issue was the low level of worker retention. In many ASEAN countries, workers change jobs relatively often in the search for improved conditions or new skills. So, we are aggressively pursuing ways to increase worker satisfaction, such as improvements to the workplace and cafeteria, or holding social gatherings and trips. As production increases, employment at the Vietnam plant will also be expanded. Major issues for expanding business in the region involve instilling both motivation and company loyalty in our local employees while also providing a solid base of technical skill.

Contributing to Both Business and Technology to Solve Regional Societal Issues

Our customers are both overseas and Japan-affiliated manufacturers who are looking for the world’s highest standards of quality. This is why we must offer a stable supply of safe, secure, high-quality products produced in a highly hygienic environment at our factories. We decided to build our highest level production base in Vietnam, well-known throughout Southeast Asia for an incredible workforce with national character and work ethic.

We constructed a control system of the same quality as our Japanese companies for our Vietnam plant. We acquired ISO9001 certification as well as ISO15378, a standard for primary packaging materials for medicinal products, and offer medicinal use tubes.

In the ASEAN countries, there are no suppliers that apply highly pristine manufacturing technology and hygiene standards to their cosmetics. Our mission is to supply tubes with high added value to customers for small lots and varied types of products, so the plant pursues an incredibly high level of technology.

We want to supply high-quality containers that are uncommon in ASEAN countries to contribute to security and abundance in daily life. The Vietnam plant is perfectly suited to these aims.

Offering safe and secure quality products in a highly hygienic environment for the society and health of the ASEAN region

Features of Kyodo Printing Laminate Tube Technology

- Full-printed laminated tube
  - Incredible design that enables printing on the seams of the tube
- Oval laminated tube
  - Features a wide face with a proprietarily-designed shape
- Flexographic printed tube
  - We introduced flexographic printing ahead of the rest of the industry.
  - This improves freedom of design by enabling high-quality reproduction of gradation, pictures, etc.

The Kyodo Printing Group Asian Network

<table>
<thead>
<tr>
<th>Country</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
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</tr>
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<td>China</td>
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<tr>
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<td>Kyodo Printing (Vietnam) Co. Ltd. (Dong Nai Province)</td>
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Sharing Japanese technical strength with Asia, and bringing the vitality of the ASEAN region to Japan—a partnership with our customers.

We are preparing a manufacturing system to achieve our quality goals by more thoroughly understanding the local needs and environment. Closeness and cooperation with our customers is the essence of Kyodo Printing Group, and we bring this with us wherever we travel.

Creating a Value Chain through Steadfast Partnership with our Customers

Products created at the Vietnam plant are mostly purchased by Vietnamese, Thai and Taiwanese manufacturers originally from Japan. When a new product order is received, we develop it jointly with the customer to develop a product that meets the required quality and specifications, maintaining our production system.

To further improve quality, we have launched a joint quality project between our customers, Vietnam and Japan. This link to our customers is also indispensable in business aspects such as sales and procurement, so we are working to connect sales strategy, procurement and other division across each country, from Japan and Vietnam to Indonesia and Thailand. This is the same method we use domestically to show that Kyodo Printing works with our customers. This has increased the points of contact with customers in Japan and in other countries, deepening the relationship of mutual trust.

We aim for material procurement within the ASEAN region, so we continue to look into ways to switch from raw fabrics imported from Japan.

While we must implement strict quality control for imports from overseas companies, local procurement enables effective distribution and contributes to the region socially. Depending on material cost, we are also looking into joint procurement of the same materials with Kyodo Printing.

Our goal is to form a rock-solid connection with our customers and expand our presence into the pharmaceutical market moving forward.

Respecting the Environment and Creating a Workplace that is Loved by the Region

Vietnam has a large workforce, and Bình Hoà in the Đồng Nai Province, where our factory is located, is an area full of young people in their 20s and 30s. While additional staff can be obtained as needed per the scale of production, we must implement technical training and compliance education that is respectful of local culture and custom.

Time is required to acquire skill for tube manufacture, so repeated education and training is essential. Though most of the staff follows instructions to the letter, it was difficult to establish issue reporting and other protocol, and Japanese style labor management education was also required. We spared no pains in every aspect, from environmental conservation to safety, hygiene and cleaning.

To nurture employees with knowledge and experience in printing technology, we bring technical leaders from Japan to provide practical skills training. On the environmental front, curtailing loss by reducing waste volume, waste separation, air conditioning temperature management and other efforts are progressing daily to reduce environmental impact. In terms of the work environment, we are working to improve employee satisfaction from multiple angles, providing an environment where employees can always work comfortably through maintenance of safety infrastructure and immediate response to equipment failure, as well as establishing benefits (employee travel) and enhancing pay.

“Contributing to a Culture of Everyday Abundance for the People of the ASEAN Region” through Partnership in Manufacturing Excellence

At Kao Vietnam Co., Ltd., we continue to engage in activities that further our mission of “contributing to a culture of abundance for the people” through consumer-driven manufacturing excellence. We develop products that inspire healthy living and bring people joy in order to solve societal issues such as health and hygiene. Within the company, we are fortifying environmental, labor, safety, hygiene and disaster prevention efforts, aiming for an environment that is comfortable to work in for our employees and takes sustainable manufacturing into consideration.

Since entering Vietnam, we have been working with UNICEF to contribute to the society of the region, engaging in hygiene improvement, providing hygienic products and implementing hygiene management promotion activities for the poor in the province of An Giang. We visit orphanages and care centers for the disabled as volunteers and donate our products. Employees are also engaged in hygiene education support at elementary schools in the Hanoi and Ho Chi Minh areas.

We have worked with Kyodo Printing (Vietnam) Co., Ltd. as our partner since its establishment. Moving forward we expect that we will be able to deliver new items needed for daily life to the market with improved utility value.

Utility value is functional convenience and materials that reduce environmental impact for newly proposed products that contribute to environmental recycling. I expect Kyodo Printing (Vietnam) Co., Ltd. to initiate the development and proposal of such technology.
**The Better Company Project**

**We Love TOMOWEL**

In 2017, we reached the final stage of three years of company-wide “The Better Company Project” improvement activities in commemoration of our 120th anniversary. In this project, topics indicated in the CSR awareness survey were selected and shared with all our employees to inspire thoughts on reform measures and work toward creating a workplace with better working conditions. These efforts were undertaken through PD-CA steps by both the entire Kyodo Printing Group as well as each division and group company. Based on company-wide topics, we used our office as a base and focused on the following activities in 2017:

1. Employee-focused work-climate improvement efforts
2. Building safety and stability
3. Promotion of future-oriented management improvement
4. Operation improvement for personnel systems and evaluations
5. Company-wide eradication of harassment

A total of 39 teams joined in on division and group company activities, setting tasks according to workplace characteristics and working towards improvement.

**Starting the We Love TOMOWEL Award**

We established the We Love TOMOWEL Award within the Better Company Project as a way to honor teams and workplaces that have actively strived in improvement activities.

At the awards ceremony held in July 2017, we commended FY2016 efforts, the second year of the activities. Out of 41 participating teams, we awarded 13 for their efforts.

**Conveying Words of Gratitude to Revitalize the Workplace**

**Team Kondo, Koishikawa Area, Information Communication Production Division**

Aiming to eliminate insufficient communication in the workplace and improve everyone’s motivation, the team set about increasing awareness by creating opportunities to communicate daily gratitude, making the workplace easier to work in.

One of the initiatives is the Thank You Project, which employs thank you cards. This plan was constructed and implemented based on workplace concerns, such as the fact that unpleasant information sticks in a way that good news does not, as well as requests for a tool to convey gratitude. Participants write the recipient’s name and a message of thanks on a card and put it in the special box. These cards are then posted on a special bulletin board within the department for one month before being given to the recipient. We believe that conveying words of gratitude will increase motivation.

**Department-Wide Participation in a Variety of Environmental Activities**

**Team Asakawa, Kyodo Sogyo Co., Ltd.**

This group participated in the Ministry of the Environment’s national COOL CHOICE campaign. The team spearheaded various efforts such as posting informational posters, reduction of electricity consumption and hanging insulating curtains. They engaged in a variety of activities aimed at improving environmental awareness and social contribution, such as collecting caps from plastic bottles to fund vaccinations and providing relief for those orphaned by natural disasters through the Eco Cap Promotion Committee.

**Visualizing a Paperless Workplace to Improve Coworker Environmental Awareness**

**Team Hori, Total Solution Office**

This team worked toward expanded adoption of paperless alternatives to improve office efficiency. This involved a promotion of a variety of IT activities, such as use of electronic blackboards in conference rooms and use of Mobile TV Conferencing utilizing LIVE ON provided by the IT division. Additionally, materials were prepared to be more quickly educatic on environmental burden, such as replacing information on paper with the number of trees cut down, which was distributed via a monthly e-mail magazine.

**Introducing the 2017 Better Company Project Teams**

We established the We Love TOMOWEL Award within the Better Company Project as a way to honor teams and workplaces that have actively strived in improvement activities. At the awards ceremony held in July 2017, we commended FY2016 efforts, the second year of the activities. Out of 41 participating teams, we awarded 13 teams and 3 workplaces that exhibited remarkable rates of improvement. The winning teams presented their improvement activities at the awards ceremony, with representatives of these teams exchanging remarks with President Fujimori.

**Studying on-site work methods to further improve efficiency**

**Team Norita, Business Media Division**

Activities to improve office efficiency were implemented for three years. To ascertain current conditions, an intranet survey was issued. This survey looked into issues such as work volume one is responsible for as well as implementation of end-of-day plates and ways to improve work efficiency. Responses revealed that the end-of-day plates were used by many younger employees, and those that used the plates were conscious of leaving at an earlier time and planned ways to do so.

Implementation of the end-of-day plates was the result of opinions collected by the Personnel Division which resulted in companywide policy expected to achieve results. Moving forward, more thorough adoption is sought, which contributes to improvement of work efficiency and reduction of overtime hours within divisions.
Management Vision and Medium-Term Management Plan

The Group has developed a new management vision starting in FY2018 that shows the corporate image the Group aspires to in 10 years. The Group aims to achieve it by implementing the medium-term management plan.

Management Plan

In order to realize our new group management philosophy, “using our core printing business, we will contribute to society in the spheres of the lifestyle, culture and information industries”, we started our new group management vision in 2018. In ten years’ time, “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”. To realize this management vision, we have formulated a medium-term management plan (three years from FY2018 to FY2020). Based on our medium-term management plan of “continued growth by taking on the challenge of cultivating and expanding our strengths and reforming our business foundation”, we will steadily implement measures in each division to ensure sustainable growth.

Management Vision and Medium-Term Management Plan

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.

Medium-Term Management Plan

(Current policy with a view to 10 years later)

Management Philosophy

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

Target Management Values

<table>
<thead>
<tr>
<th>Results for FY2017</th>
<th>Target for FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>¥95 billion</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>¥1.7 billion</td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>¥2.6 billion</td>
</tr>
<tr>
<td>ROE</td>
<td>3.2%</td>
</tr>
<tr>
<td>EBITDA*</td>
<td>¥6.5 billion</td>
</tr>
</tbody>
</table>

* EBITDA = Earnings before interest, taxes, depreciation and amortization (operating profit + Interest and dividend income + depreciation + amortization of goodwill)

Business Strategies

Initiatives to increase net sales

- Information-related Business
  - Increase total orders in the fields of publication and promotion by moving ahead with solution proposals for sales promotion support and business support.
  - Promote proposal activities for BPO that will realize the optimization and greater efficiency of business, taking advantage of the high security environment of Kawajima Solution Center.

- Living & Industrial Materials-related Business
  - Expand the flexible packaging business by focusing on liquid packaging.
  - Expand the tubes business by developing the Southeast Asian market.
  - Expand the pharmaceutical and industrial materials business by expanding the functions and application of highly functional films and developing new markets.

Structural reform initiatives to improve efficiency

- Build flexible sales and manufacturing systems in line with changes in the printing market size.
- Improve efficiency and productivity by utilizing new technologies such as AI and IoT.

Initiatives to improve employee satisfaction

- Implement work style reforms and enhance the human resources cultivation plan.

Initiatives to enhance corporate value

- Make active and efficient investments with the aim of improving ROE and EBITDA.
- Consider share buyback in accordance with the circumstances, in addition to aiming for a dividend payout ratio of 30% or more.
Overview of the Kyodo Printing Group

The Kyodo Printing Group provides products and services with a high level of added value to customers in a wide range of industries, increasing the profitability of the entire group. At the same time, we actively take on our social responsibility to follow regulations and corporate ethics and coexist harmoniously with society at large and the environment, and strive to be a corporate group that is highly regarded and trusted by all of our stakeholders.

- Trade name: Kyodo Printing Co., Ltd.
- Head Office: 4-14-12 Koshikawacho, Bunkyo-ku, Tokyo, 112-8501
- Founded: June, 1897
- Incorporated: December, 1925
- President: Yoshiaki Fujimori
- Capital: 4.51 billion yen
- Employees: 2,953 in group, 1,887 in Kyodo Printing Co., Ltd. (excluding temporary employees) *As of March 31, 2018
- Japanese Branches: 4 (Tokyo, Nagoya, Osaka, Kyoto)
- Group Companies: 15 subsidiaries and 2 affiliated companies
- Plants: 13 domestic, 2 overseas
  *Including subsidiaries
  Tokyo (Head Office: Koshikawacho), Hokkaido (Tomakomai), Ibaraki (Sakai, Moriya, Isohara), Saitama (Keshiigaya, Tsurugashima, Kawajima), Kanagawa (Osawara, Sagamihara), Wakayama (Aritagawa), Kyoto (Kumiyama), Vietnam (Dong Nai Province), Indonesia (Surabaya)

Company Profile

Financial Highlights

<table>
<thead>
<tr>
<th>Group</th>
<th>Previous Year (March 31 period)</th>
<th>Latest Year (March 31 period)</th>
<th>Y/O/Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>94,553</td>
<td>95,076</td>
<td>0.6%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>3,347</td>
<td>2,644</td>
<td>△31.5%</td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>4,096</td>
<td>2,837</td>
<td>△37.3%</td>
</tr>
<tr>
<td>Current Net Profit for Shareholders of Parent Company</td>
<td>2,589</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales Breakdown

- Periodicals, books, general commercial printing, e-books, etc.
- High-class Art Reproductions
- Information Communication Division

Business Fields

Information Communication Division

We provide a variety of printing-media-related services, including editing, planning, content production, and multi-device development.

Sales Breakdown

- Consolidated Sales
  39,596 billion yen (4.2% decrease YOY)

Consolidated Operating Loss

199 million yen (38 million yen operation loss the previous year)

Products and Services

- Periodicals, books, general commercial printing, e-books, etc.
- High-class Art Reproductions

General Commercial Printing

We have established a system that integrates every activity, from marketing research via collaboration with the Project Development Division, planning and creative, to Production Division manufacture and delivery via the Distribution Division. In particular, we back up customer sales promotion activities through product development and PR such as campaigns, exhibitions and other events, as well as our IT-related solutions business.

High-class Art Reproductions

In our pursuit of the ultimate in printing technology, we created Saibiban®, which achieves the highest level of modern printmaking. This technology combines the beauty of handmade art with the latest in image processing. Our reproductions have received high evaluations from very critical art professionals. We offer products for general consumers as well as products and services for art museums and other professional organizations.

Starting Distribution of the GetWel Video

In November 2017, we developed the GetWel video, made from the concept “media that supports creative people”. We used our wide-ranging network and specialized knowhow to create unique works and images for original media that was released on a once-per-week basis. We introduced a wide range of topics—people, goods, technology, communication, etc.—all of which offered hints to paths for future creation and explored the innovation and possibility within video content.

Nihonga painter Kozo Sato. A variety of artists and professionals have appeared in our interview section such as cartoonists, photographers, magazine editors-in-chief, and more.
Kyodo Printing Group’s Corporate Social Responsibility Report 2018

**Information Security Division**

We seek to improve the value of communication in general. With our evolving skills and expertise, we intend to realize customers’ imaginations.

**Business Forms, Data Printing and Certificates**

The quality and functions required for counterfeit-proof printing of business forms and certificates are becoming more and more advanced, and the printing of data that handle personal information and BPO operations call for increasingly strict security management.

To respond to these needs, Kyodo Printing has built a high-level quality assurance system, as well as a robust information security system in accordance with ISO9001, the Privacy Mark, and ISO27001 (ISMS: Information Security Management System). Through these frameworks, we carry out solutions activities to provide total support for our customers in solving their issues.

**Smart Cards and RFID Tags**

Smart cards play an important role in society as tools that meet a wide range of security needs such as authentication of identity and protection of information. At Kyodo Printing, we develop smart cards based on detailed and precise printing, processing and authentication technology cultivated over many years. We offer total support, from systems planning and manufacture to issuance, application and post processing to handle customer requests and expanding business opportunities.

**TOPICS**

**Setting up an Environment that Conforms to Security Standards and Starting a New BPO Service**

In March 2018, we set up a dedicated area that conforms to PCI DSS credit card industry security standards at Kawajima Solution Center (Hikishima, Saitama), our dedicated data processing facility.

Merchants with credit card accounts are obligated by law that went into effect in June 2018 to put countermeasures in place to protect against unauthorized use including processing for card numbers, expiration dates and other card information. Using our new area, we started a BPO service to handle processing of entered information in mail and post orders that supports non-retention of personal information by merchants.

**Sales Breakdown**

**Consolidated Sales**

¥30.078 billion yen
(0.5% decrease YOY)

**Consolidated Operating Profit**

¥624 million yen
(67.7% decrease YOY)

**Products and Services**

Business forms, data printing, BPO operations, bankbooks, certificates, various cards, etc.

**TOPICS**

**The HANDY CUBE®, a Recommended Disaster Prevention Product**

In October 2017, our flexible, intermediate capacity HANDY CUBE® container was recognized as a Recommended Disaster Prevention Product by the Disaster Prevention Safety Association. Film construction makes the HANDY CUBE® lightweight, while a design where the dual top and bottom handles are integrated with the main body makes this container easy to carry. Contents can be easily added or removed with the attached spigot, and its cubic shape keeps contents stable for efficient storage and transport. The container is reusable and boasts excellent disposability, so we are working to expand its sales as a container for transporting water for drinking and domestic use during everyday and emergency situations.

**TOPICS**

**Living & Industrial Materials Division**

We accurately respond to diversified consumer and industry needs, and deliver products that provide safety and an eco-friendly choice.

**Lifestyle Materials (Packaging)**

Packaging protects products while also serving as their face, playing a vital role in sales promotion. We provide a comprehensive support system that encompasses everything from naming and design as well as development and selection of materials to designs of packaging lines, filling and logistics. This is complemented by support for automated packaging lines focused on box making and sealing. Prioritized for safety based on product liability law, packaging and services we offer are environmentally friendly for resource conservation and weight reduction.

**TOPICS**

**Tubes**

We provide collapsible tubes made with our special technology suitable for a variety of applications, such as cosmetics, pharmaceuticals, toothpaste and food products. An aluminum layer can be added to our laminate tubes to provide an excellent barrier against light, oxygen and steam to protect packaged contents. Through our integrated production system, we develop and design highly functional and vividly colored tubes through proprietarily developed LTP printing and industry-leading flexographic printing technology as well as tamper-evident caps.

**TOPICS**

**Pharmaceuticals and Industrial Materials**

We are involved in development of products with new functions, offering proprietarily-developed, high-functioning materials such as high-functioning film that removes the moisture and corrosive gas so problematic in pharmaceutical and electronics manufacturing fields as well as humidity indicators indispensable in semiconductor manufacture.

We also offer decorative sheets that beautifully recreate wood grains and other natural textures for interior decoration and furniture.

**Setting up an Environment that Conforms to Security Standards and Starting a New BPO Service**

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**Sales Breakdown**

**Consolidated Sales**

23.316 billion yen
(10.8% decrease YOY)

**Consolidated Operating Loss**

798 million yen
(26.7% increase YOY)

**Products and Services**

Paper containers, flexible packaging, tubes, construction materials, medical and industrial materials, etc.
Our Group Management Philosophy is the starting point of all of Kyodo Printing Group’s corporate activities, and the objective of all our business activities. The philosophy further serves as a concrete indication of all that we must endeavor to become. Our Printing Group Business Behavior Charter establishes the values that every member of the group should share in order to realize our TOMOWEL WAY (right) and our management philosophy. Through these, we aim for sustainable development of both society and business.

Print the Group Business Behavior Charter

Kyodo Printing and all group companies base all their actions on the following guidelines in order to “contribute to society in the spheres of the lifestyle, culture and information industries by using our core printing business”.

A trusted company
- We strive to build relationships of trust and recognize the importance of advancing hand-in-hand with our stakeholders, which include customers, shareholders, business partners, employees and the local community.

A company that values ethics
- All employees, from management to the entry-level workers, heed the rules and regulations of society and recognize the importance of corporate ethics.

A company that cares about safety, and implements thorough quality assurance and information management
- We identify the needs of society, and develop and provide high-quality products and services in a way people can trust for safety.

A fair and transparent company
- We act fairly, have a clear understanding of the concept of free competition, and contribute to the sound advance ment and development of the market.

A company that values people
- We strictly manage the handling of all information generated for and provided by customers and business partners.

A fair and transparent company
- We act fairly, have a clear understanding of the concept of free competition, and contribute to the sound advance ment and development of the market.

A company that respects people
- We act as a company that values people, respect the diversity of our staff, each individual employee’s character and personality, and ensure a safe and comfortable working environment.

A company that values social law and order
- We have zero tolerance to antisocial forces and organizations that pose a threat to the order and security of civil society, and refuse to accommodate or associate with such individuals or groups.

A company that respects all cultures and customs of the world
- Along with the globalization of our business activities, we are working to comply with the laws and regulations of the countries and regions where operations are based and respect human rights and other international norms of behavior. We also value and respect the local cultures and customs of such countries in our business.

The responsibility of top management
- Our top management develops effective internal systems for the entire Kyodo Printing group, including all relative companies, and supervises the cohesiveness and enforcement of each statement of this charter. They also ask for the clients’ and business partners’ understanding and cooperation on it.

If the Charter has been violated, top management will take responsibility to resolve any issues that arise from it, and do their best to prevent any similar problems from occurring in the future. Top management also promptly makes appropriate measures to correct any violations, and imposes strict disciplinary action against those responsible, including themselves.

Implementation Framework

Under the Officer of CSR, the CSR Implementation Council chaired by the Senior Manager of CSR Headquarters is the central body that promotes group CSR activities in cooperation with individual committees.

The Corporate Communication Division of the CSR Headquarters acts as the executive office of the CSR Implementation Council. This committee, selected from the management, development and business divisions, prepares an annual activity plan, inspects activities and performs monitoring.

Stakeholder Communication

In order to be a company that is trusted by society, it is important to be aware of society’s needs and expectations of the Kyodo Printing Group and conduct business activities that meet those needs and expectations. We endeavor to reflect this in our corporate activities through communication with all our stakeholders.

Kyodo Printing Group Stakeholder Communication

- Online information service on websites, email and social media
- Correspondence with customers and business partners
- Customer satisfaction surveys

Employees
- CSR awareness surveys
- Information disclosure via company newsletter and intranet
- Internal reporting and consultation
- Interviews

Customers
- Partnership activities
- Media relations
- National and international activities

Shareholders
- General meeting
- Newsletter

Investor relations
- Information disclosure via investor relations website
- Company Representative

Investor relations activities
- Activities for institutional investors
- Contact information

Investment bankers
- Activities for institutional investors
- Contact information

Value Chain

Fair Operating Practices Compliance

The environment

- Community
- Stakeholders
- Fair operating practices

Customer Issues

- Customers
- Relationship with partners
- Customer satisfaction surveys

Corporate Social Responsibility

- Compliance
- Corporate Social Responsibility
- Compliance
- Community
- Environment

KYODO PRINTING GROUP CSR

Working with Our Customers

- Customers
- Relationship with partners
- Customer satisfaction surveys

Working with Our Employees

- Employees
- CSR awareness surveys
- Information disclosure via company newsletter and intranet
- Internal reporting and consultation
- Interviews

Working with Our Trading Partners

- Trading partners
- CSR awareness surveys
- Information disclosure via company newsletter and intranet
- Internal reporting and consultation
- Interviews

Individual Committees

- Corporate Social Responsibility
- Compliance
- Corporate Social Responsibility
- Compliance
- Community
- Environment

Partners

- Partners
- CSR awareness surveys
- Information disclosure via company newsletter and intranet
- Internal reporting and consultation
- Interviews

Community and Society

- Community
- Relationship with partners
- Customer satisfaction surveys

Business Partners

- Business partners
- CSR awareness surveys
- Information disclosure via company newsletter and intranet
- Internal reporting and consultation
- Interviews

Value Chain

- Value chain
- CSR awareness surveys
- Information disclosure via company newsletter and intranet
- Internal reporting and consultation
- Interviews

Feedback to general management on the employee CSR awareness survey

Kyodo Printing Group’s Corporate Social Responsibility Report 2018
SDGs (Sustainable Development Goals) are 17 goals structured from 169 targets jointly developed by governments, UN agencies, researchers, NGOs and politicians. The KEIDANREN (Japan Business Federation) revised the corporate code of conduct in November of 2017 to make it clear that corporations are to play a leading role in the fulfillment of SDGs. Under our management philosophy, "using our core printing business, we will contribute to society in the spheres of the lifestyle, culture and information industries", our group will also contribute to the achievement of international goals through pharmaceutical packaging materials and other business that contribute to a healthy lifestyle, management in consideration of the global environment, regional creation projects through IT and other initiatives.

**Case 1: Regional Creation and Revitalization Support**

Creating a positive feedback loop that supports small business and local economy by attracting customers to the region to increase spending

In recent years, we have been working on branding specialty products and sightseeing spots for regional customers to attract outside customers and spending, creating a positive feedback loop for regional businesses and economies. By strengthening cooperation with a diverse range of companies to promote the support of local business, we are further enhancing support for everything from product launch to marketing innovation and management system creation.

This has led to the creation of a base as stipulated in goal “8. Promote sustainable tourism that creates jobs and promotes local culture and products” as well as contributing to “17. Partnerships for the goals”.

The appeal of a strength that is barely noticed by the locals

Sendai is a popular city for tourist spots and food culture, boasting one of the best economies in Tohoku, but still seems to lack a specific brand. Issues such as inbound support and a reduced population due to a declining birthrate are all the more reason why attracting both domestic and overseas tourists as well as developing sales channels are major concerns.

We really agreed with the Kyodo Group’s concepts of “fighting as a team” and “team development of a common regional brand”. We expect marketing and tourism specialists outside the area to find a strength barely noticeable to the locals and develop it into new branding and products the whole team is fond of. At the kickoff meeting, we learned quite a bit from other cases of product development for snacks and condiments made from Hiroshima’s famous lemons.

Meaningful themes have been selected for seminars and workshops in the future, and I am really looking forward to them. Furthermore, teaching the participating companies how presentations, sales meetings and other events lead to sales has a lot of appeal.

We look forward to joining forces and promoting our regional brand creation project by unifying the ideas of all the participating corporations.

**Case 2: Pharmaceutical and Industrial Materials Such as High Performance Films**

Resolving social issues through world-leading packaging technology

Pharmaceutical and industrial materials such as MOIST CATCH®, a film which absorbs moisture and outgas, and OxyCatch®, which eliminates oxygen to prevent oxidation, enhance the stability of medicine and make it easier to take while also reducing environmental burden by extending a medicine’s shelf-life.

The development and provision of high-performance products for pharmaceuticals, daily goods and industrial materials contributes to goal “3. Good health and well-being”. Furthermore, environmental consideration for the product lifecycle and construction of a supply chain that reduces environmental burden and other social costs contributes to goals 12 and 17.
## CSR Activity Targets and Results

### Evaluation Criteria

- **A**: Target achieved
- **B**: Target partially achieved
- **C**: Target not achieved
- **-**: Not applicable

<table>
<thead>
<tr>
<th>Target/Location</th>
<th>FY2017 Target</th>
<th>FY2017 Target Results and Progress</th>
<th>Internal Evaluation</th>
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<tbody>
<tr>
<td><strong>Compliance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair Operating Practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance in the value chain</td>
<td>Implemented education and system design</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Promote awareness and reporting service</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Strength compliance education</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Promote voluntary conservation activities</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Ethical trade</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Working with Our Customers</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Consumer issues</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Working with Our Employees</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Human rights and labour practices</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Working with Our Traders</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Promote social responsibility in the value chain</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Working with Society</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Community Involvement and Development</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Working Together with the Planet</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>The environment</td>
<td>Implemented executive compliance education (20 times total)</td>
<td>A</td>
<td></td>
</tr>
</tbody>
</table>

### CSR Activity Targets and Results

<table>
<thead>
<tr>
<th>Element</th>
<th>CSR Theme</th>
<th>FY2018 Activities</th>
<th>Corporate ethics and compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>Fair Operating Practices</td>
<td>Promote awareness and use of the reporting service (internal and external)</td>
<td>Established unified rules and procedures across the group for receiving and exchanging gifts</td>
</tr>
<tr>
<td>Compliance</td>
<td>Fair Operating Practices</td>
<td>Promote awareness and use of the reporting service (internal and external)</td>
<td>Activity implemented internal awareness activities for the reporting service (company newsletter, corporate ethics month posters, etc.)</td>
</tr>
<tr>
<td>Compliance</td>
<td>Fair Operating Practices</td>
<td>Strengthen compliance education</td>
<td>Revised educational content for improvement of corporate ethics and management-level education</td>
</tr>
<tr>
<td>Working with Our Customers</td>
<td>Consumer issues</td>
<td>Information security</td>
<td>Prepare and strengthen information security measures</td>
</tr>
<tr>
<td>Working with Our Employees</td>
<td>Human rights and labour practices</td>
<td>Product safety and quality</td>
<td>Strengthen product safety and quality management systems</td>
</tr>
<tr>
<td>Working with Our Employees</td>
<td>Human rights and labour practices</td>
<td>Work life balance</td>
<td>Promote changes in awareness to correct the issue of long working hours</td>
</tr>
<tr>
<td>Working with Our Employees</td>
<td>Human rights and labour practices</td>
<td>Work life balance</td>
<td>Promote voluntary conservation activities</td>
</tr>
<tr>
<td>Working with Our Traders</td>
<td>Promoting social responsibility in the value chain</td>
<td>CSR procurement</td>
<td>Promote CSR across the group supply chain</td>
</tr>
<tr>
<td>Working with Our Traders</td>
<td>Promoting social responsibility in the value chain</td>
<td>Green procurement</td>
<td>Promoted green procurement guidelines and submittal of the accompanying management certification (Target: 60 companies/year)</td>
</tr>
<tr>
<td>Working with Our Traders</td>
<td>Promoting social responsibility in the value chain</td>
<td>Supply chain</td>
<td>Promoted manufacturing of plants of major materials suppliers and checked supply systems/BCP policy (at least 6 times in a year)</td>
</tr>
<tr>
<td>Working with Society</td>
<td>Regional communication</td>
<td>Regional communication</td>
<td>Re-established trading partners based on assessments aimed at optimizing the supply chain</td>
</tr>
<tr>
<td>Working with Society</td>
<td>Community Involvement and Development</td>
<td>Company contribution activities</td>
<td>Promote corporate social responsibility efforts</td>
</tr>
<tr>
<td>Working with Society</td>
<td>Community Involvement and Development</td>
<td>Company contribution activities</td>
<td>Held the Umamono Market Company Marketplace</td>
</tr>
<tr>
<td>Working Together with the Planet</td>
<td>Global warming</td>
<td>Reduce greenhouse gas emission</td>
<td>Reduced C02 emissions to 45,000, less through improvements in work efficiency and conversion to energy-saving equipment</td>
</tr>
<tr>
<td>Working Together with the Planet</td>
<td>The environment</td>
<td>Reduce greenhouse gas emission</td>
<td>Facilities were systematically inspected to reduce greenhouse gas emissions</td>
</tr>
<tr>
<td>Working Together with the Planet</td>
<td>Responsible consumption and production</td>
<td>Promote company-wide green purchasing</td>
<td>Performed maintenance of supplementary measure does not apply to: the new collective agreement (new green products) (to improve company-wide green purchasing amount (5% increase over the previous year)</td>
</tr>
</tbody>
</table>

The CSR implementation Council sets activity themes then proposes achievable plans for them based on the 6 core elements of CSR. Performance of these activities is managed throughout the year while CSR is promoted throughout the group through PDCA.
Corporate Governance

Based on our Group Management Philosophy, our management vision is "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 Governance

Our Board of Directors consists of eight directors including two external directors. The board generally meets once a month to deliberate important issues and monitor the execution of operations. We also hold special meetings when necessary.

We introduced an executive officer system as a business execution framework to maintain and improve monitoring of the board of directors as well as clarify the responsibilities and jurisdiction of corporate conduct. In principle, a management and executive meeting comprising mainly of managing executive officers is held once per week to quickly handle business execution issues.

Various actions in addition to those required by law are taken upon careful consideration of changes in the business environment, law and regulation revision and other actions. Internal Control, Corporate Ethics, Environmental, Quality Assurance, Product Safety, Information Security and other committees have been established and are currently active.

Auditing Framework

Our four auditors, including two external auditors, support management and assessment by auditing our operations and the work of our directors according to our Auditing Policy and Auditing Plan, holding an auditors’ meeting every month, attending Board of Directors meetings and viewing important documentation. Our internal audits are conducted from our Internal Audit Division, a separate division that is physically separated from our operating organizations. Each division is audited, including our group companies, to inspect and evaluate the appropriateness of our operations and our compliance with laws, internal regulation compliance and propriety of business.

Our board of auditors, Internal Audit Division and accounting auditors regularly exchange information and opinions, and work together to ensure the soundness and transparency of our business.

Independent Director Liaison Committee

Our two external directors and two external auditors have been declared to the Tokyo Stock Exchange as independent directors. These independent directors form an Independent Director Liaison Committee to share business information and strengthen cooperation between the independent directors. Our Board of Directors also receives various forms of information from our Independent Director Liaison Committee under this framework.

Election of Directors

Director candidates are considered comprehensively for their role in corporate governance, from health, work history and personality to ability and aptitude.

Director and Auditor Training

Training for new officers is implemented using external organizations. In order to develop the ability to display the leadership needed to promote business strategy in our directors, we actively look for management training at external organizations and strive to offer opportunities to attend these.

Director Remuneration

Director remuneration is structured based on basic compensation (based on role and responsibility) and bonuses (based on short-term performance and other results), and is ultimately decided by the Board of Directors within the director remuneration limit set at the Shareholders General Meeting. The representative director and the Board of Directors have established the Independent Director Liaison Committee, a system for recommending remuneration when required.

The new Productivity-Based Share Remuneration Program was introduced in FY2018, clarifying the connection with remuneration for directors and the value of our stock.

Evaluation of Board of Director Effectiveness

Each fiscal year, the Board of Directors is evaluated for its effectiveness. In this process, external advice is sought, a survey for directors and auditors is implemented and results are totaled and analyzed. Discussions are held at the board of directors’ meeting based on these, through which self-evaluation is performed. In FY2017, the effectiveness of the Board of Directors was confirmed. They were evaluated to have made appropriate and prompt decisions based on active discussion to play an effective role in improvement of corporate value over the mid-long term.
Compliance forms the foundation of all that we do. We aim to be a fair and transparent company, striving for a high ethical standard in all our business activities, with every employee and director obeying the law.

Corporate Ethics and Compliance

Compliance Framework

All directors and employees of the Kyodo Printing Group declare that they will carry out their work according to our Business Behavior Charter and Ethics Charter with the following principles in mind: Proper understanding of the importance of corporate ethics; observance of laws, regulations, internal rules and social standards; and self-discipline on the part of each director and employee.

Ethics Chart of the Kyodo Printing Group

All directors and employees of the Kyodo Printing Group hereby declare that they will carry out their work according to our Business Behavior Charter with the following principles in mind: Proper understanding of the importance of corporate ethics, observance of laws, regulations, internal rules and social standards, and Self-discipline on the part of each director and employee.

1. Behavior and Responsibilities of Employees
1) Employees shall respect the basic human rights of others.
2) Employees shall respect laws, regulations and social norms as a member of society and a member of the Kyodo Printing Group, and shall carry out their duties with proper judgment and self-control.
3) Employees shall not use company assets for purposes other than their work, nor abuse their position or status within the Kyodo Printing Group.
4) Employees shall accurately report and record all forms of social business practices such as abuse of a dominant bargaining position.
5) Employees shall actually report and record all forms of social business practices such as abuse of a dominant bargaining position.
6) Employees shall avoid work that may cause a healthy workplace and social bereavement of any kind, and shall be treated.
7) Employees shall respect international laws and the spirit of such laws, and shall respect other cultures and customs.

2. Fair Business Practices
1) Companies in the Kyodo Printing Group shall carry out fair and transparent business practices based on an awareness that fair and free business competition is a fundamental principle of marketing.
2) Companies in the Kyodo Printing Group shall take into account social integrity when carrying out their business activities, and shall not engage in activities that disrupt social order.
3) Companies in the Kyodo Printing Group shall take into account various conditions, including business conditions, principles, and shall not engage in unfair trading practices such as abuse of a dominant bargaining position.
4) Companies in the Kyodo Printing Group shall maintain a sound and transparent relationship with other companies, such as exporters and public officials.
5) Companies in the Kyodo Printing Group shall ensure the maintenance of a sound social order that is consistent with the maintenance of a sound business order.

3. Corporate Social Responsibility

In addition to their economic and legal responsibilities, companies in the Kyodo Printing Group shall work to foster a corporate culture that acknowledges corporate citizenship and the promotion of social justice.

4. Protection and Management of Information

1) Companies in the Kyodo Printing Group shall not accept gifts or favors outside of standard business practices.
2) Companies in the Kyodo Printing Group shall ensure the maintenance of a sound social order that is consistent with the maintenance of a sound business order.
3) Companies in the Kyodo Printing Group shall ensure the maintenance of a sound social order that is consistent with the maintenance of a sound business order.
4) Companies in the Kyodo Printing Group shall ensure the maintenance of a sound social order that is consistent with the maintenance of a sound business order.

Compliance Implementation Framework

Compliance Education

We are utilizing e-learning to conduct classes divided by employee level for general education and to raise compliance awareness of directors and employees throughout the group. These efforts to raise group-wide awareness also include distributing our Corporate Ethics Handbook, which compiles important key points and self-checklists that must be observed during daily work as well as sending out group newsletters.

In FY2017 compliance education was carried out for executives.

Compliance Reporting System

We established our Ethics Advisory Room, complete with internal and external consultation services, for early detection and correction of unfair practices as reported by employees and directors while still allowing them to maintain anonymity.

We also established internal reporting regulations to prevent whistleblowers from being punished. Based on the Whistleblower Protection Act, this enables people working for companies our group does business with to report on the company.

We focused on dissemination of the internal reporting system in 2017, and this resulted in an increase from 8 reports the previous year to 22. From this we can conclude people are aware of the reporting system and the opening of the consultation service.

Number of times group-wide compliance training for executives were held

20 times
Working with Our Customers

Consumer Issues

Safety and quality are paramount in the provision of printed items that enrich people’s lives and culture. We have a strict information management framework in place to improve our technology and quality and bring our customers products and services with a high degree of added value.

Product Safety and Quality

Quality Assurance Framework

Based on the Kyodo Printing Quality Policy, we established the Quality Assurance Committee chaired by an executive officer to promote quality assurance activities and continuously improve quality from a point of view that puts the customer first. The committee works towards continuous improvement through PDCA and conducts revisions according to yearly management reviews.

Quality Assurance Assessment System

Period inspections and assessment are conducted at production sites for the Quality Assurance Committee at each division. We have established an effective system for revising management guidelines and creating specialized committees for both our products and services.

Quality Assurance Assessment System

Period inspections and assessment are conducted at production sites for the Quality Assurance Committee at each division. We have established an effective system for revising management guidelines and creating specialized committees for both our products and services.

Protecting consumer’s health and safety

Newly developed product safety assessment evaluation rate 100%

The group endeavors to create products that can be used with peace of mind throughout their life cycle. To promote product liability (PL) and safety (PS) measures, we established a Product Safety Committee chaired by an executive officer to conduct product safety evaluations in every stage, from new product development to promotion of promotional materials for the product. Subcommittees and advisory committees further promote specialized safety assessment and operation. These activities are carried out across the entire group and reviewed annually in management reviews.

In FY2017, we conducted PL education for 18 divisions and 7 subsidiaries for a total of 3,495 people. We also provide annual education for PL promotion officers in each division.

Product Safety Promotion System

Our strategy is to promote product safety assessment and education, with an emphasis on the effectiveness of our systems, both internally and externally, to ensure quality and safety.

Information Security and Customer Information Asset Protection

We take thorough measures to safely and accurately manage personal and confidential information entrusted to us by our customers, as well as to prevent illegal access, loss, falsification or leakage.

Information Security Framework

We established the Basic Information Security Policy as well as the Information Security Committee chaired by an executive officer to protect information assets as is appropriate in the age of advanced ICT and ensures a high level of information security. The committee maintains and annually revises regulations, assessment and education efforts, as well as facilities via management review.

Information Security Audit

Period inspections and assessment are conducted at production sites for the Quality Assurance Committee at each division. We have established an effective system for revising management guidelines and creating specialized committees for both our products and services.

Framework for Information Security and Personal Information Protection

We provide education to all employees in our group, including all levels from management to temporary staff and permanent partner companies, to ensure the protection of valuable information assets such as personal information. Further specialized education is also conducted according to corporate level and responsibilities.

Afterward, degree of employee comprehension is confirmed via e-learning and testing.

Establishing TOMOWEL-CSIRT

The importance of protecting personal information and other information security has increased in recent years, while risk of a corporation experiencing an advanced cyber attack or similar danger has skyrocketed. We established CSIRT within our organization in 2017 to handle incidents particular to information processing equipment without being restricted by conventional framework that responds to the growing need for specialized systems and cross-sectional informational connectivity.

Under the Crisis Management Committee, TOMOWEEL-CSIRT gathers members from each division to handle incidents related to information processing equipment such as computers and networks. This emergency instruction and technical countermeasures, raising and broadening our employees’ awareness when there is no threat and other advance preparation connected to the existing information security framework, all to prevent emergencies before they develop.
Working with Our Employees

We believe that a company grows when its employees grow, so we work to make sure that our employee’s rights are respected and strive to create an environment that brings out their unique characteristics and skills.

Respecting Human Rights

The Ethics Charter of the Kyodo Printing Group stipulates respect for the basic human rights of all people. We have created measures with the aim of respecting the diversity, personalities and individual characteristics of our stakeholders, as well as creating a corporate organization where our employees can make the most of their skills.

Our Personnel Division, labor union and head office clinic all offer consultation regarding harassment and other violations of these rights.

Promoting Diversity

Respecting diversity is a part of being a company that values people. We promote the advancement of female employees, helping them demonstrate their full potential and providing a framework to help achieve a proper balance between work and parenthood.

In childcare and nursing care, as well, we have created a workplace environment that allows employees to demonstrate their abilities to the fullest, creating a plan of action that stipulates executive staff (section manager and up) be at least 5% female.

For our elderly, we introduced the Elder System to allow all applicants to be re-hired until the age of 65. The system features level advancement and raises based on results, so we expect skills equal to those before retirement age will be demonstrated.

In our measures to employ people with disabilities, we are currently conducting workplace training to create new employment opportunities.

Labour relations

We guarantee freedom of association for our workers in accordance with international norms. According to a contract concluded with the Kyodo Printing Workers Union, we guarantee the right of workers to organize, bargain and act collectively. Based on the spirit of labor law and regulation, we confirm that both companies and unions shall mutually work toward both company prosperity and stability in employee working conditions.

TOPICS

Thinking about how to improve the employment environment for people with disabilities

We brought in outside presenters to conduct training on hiring people with disabilities. The 26 participants all worked at locations with people with disabilities. They learned about law and other important points about working with people with disabilities, including lectures and case studies.

Labour Practices

We endeavor to create an environment that is easy to work in and allows our employees to demonstrate their abilities to fullest. This includes maintenance of work-life balance, education and training, personnel systems and safety concerns.

Promotion of Work Style Reform

Continuous growth of the group is vital in ensuring our employees and their families live a full life. We maintain a base that maximizes employee productivity and motivation through management that prioritizes our people, such as diversity promotion, working hours reduction and introduction of flexible work arrangements.

We newly established the Work Style Reform Promotion Section in FY2018. This office is dedicated to handling policy and promotion of work style reform. We will continue to work toward the creation of an environment worth working at that inspires a happy, lively workforce.

Promoting Diverse Work Styles

We are taking measures to improve our working style to create a more flexible work system. These expanded work options include shorter working times to allow for raising children or providing nursing care and new methods such as morning and afternoon flexible schedules, working from home (teleworking). We supplement these options with a time management seminar to show employees effective time management.

Childcare and Nursing Support

We are working on support measures to help achieve an active balance between work and life necessities such as childcare and nursing.

We have a parental leave support system in place to support parents from before the birth of their child until their return to work, as well as a seminar on career support for a parent’s return to work, in which the boss of the employee returning from leave also attends. For nursing support, we hold nursing care seminars and other events to help employees prepare for the environmental adjustment. We also have a rehire system in place for employees who quit due to childcare, nursing or the transfer of their spouse.

Human Resource and Career Development

The Kyodo Printing employee is someone who takes initiative to increase the value of their responsibility and work. For these employees, we created the concept of an organization that balances security and tension through impartial evaluation, and based on this concept, we are building educational systems aimed at continual growth of our people and our enterprises.

In FY2018, we have been planning a new education system. Corporate training is separated by position, offering opportunities to train mentally and learn both general technique and conceptual skills. Specialty training for a diverse range of occupations as required by the changing market environment is planned for implementation in every department as needed.

Important Aspects of the New Education System

We have a parental leave support system in place to support parents from before the birth of their child until their return to work, as well as a seminar on career support for a parent’s return to work, in which the boss of the employee returning from leave also attends. For nursing support, we hold nursing care seminars and other events to help employees prepare for the environmental adjustment. We also have a rehire system in place for employees who quit due to childcare, nursing or the transfer of their spouse.

Personnel System

Our personnel system is founded in the concept of creating human resource education and structure that promotes the realization of our management vision as we attain company-wide goals through healthy corporate management.

Completely unbiased evaluation is required to ensure that our employees continue to work in a highly-motivated, ethical fashion. We work to promote and expand understanding of the systems in place for equitable personnel evaluations and treatment. Evaluation training is conducted for our directors to foster the knowledge and skills necessary for understanding and evaluation of the personnel system. This enables them to conduct fair and proper evaluations and convey these results appropriately, leading to ability development and human resource education. We also make sure to listen to our employees concerning evaluation and feedback issues to secure an even more appropriate personnel system.

Employee Databank

<table>
<thead>
<tr>
<th>Position</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>1,904</td>
<td>1,941</td>
<td>1,897</td>
</tr>
<tr>
<td>Female Employees (%)</td>
<td>464</td>
<td>475</td>
<td>481</td>
</tr>
<tr>
<td>Female Directors</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Male Managers (%)</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>% People with Disabilities</td>
<td>1.9%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>% Returns after Retirement</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>% Paid Leave Utilization</td>
<td>44.3%</td>
<td>46.3%</td>
<td>48.7%</td>
</tr>
<tr>
<td>Childcare Leave Takers</td>
<td>48</td>
<td>42</td>
<td>52</td>
</tr>
<tr>
<td>New Childcare Leave Takers</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Reduced Working Hour Employees</td>
<td>46</td>
<td>61</td>
<td>67</td>
</tr>
</tbody>
</table>

1. Calculated from applicants for re-hire.
2. Excluding those on leave

=[Image 152x465 to 287x563]

=[Image 396x83 to 526x163]
Working with Our Employees

Human Rights and Labour Practices

Health and Safety Framework

Rate of severe work accidents 0.01

Our Health and Safety Committee works to ensure a safe and pleasant work environment where employees can utilize the full extent of their abilities. This committee, based on our Group Health and Safety Policy, is made up of an equal number of members from labor and management. Utilizing risk assessment, they work to maintain and improve our health and safety management system through risk prevention as well as health and safety patrols.

Employee Health Management

We conduct regularly scheduled physicals as well as checkups especially for those involved in work with visual display terminals in order to ensure the health of our employees. Organic solvent health checks are required of workers who handle those materials in addition to proper management of exhaust equipment and work environment measurements.

*Work consisting of the use of equipment such as displays, keyboards, etc.

Mental Health System

We have introduced mental health consultations by occupational physician and certified psychiatrists as well as our Employee Assistance Program (EAP) run by an external specialist agency. We conduct stress checks while also striving for prevention and early detection through Line Care Training for our managers. We are also preparing a Return from Leave Program to support employees returning from a leave-of-absence.

Measures to Reduce Long Working Hours

We constructed a system that enables work times to be checked on our intranet to reduce the severity of working hours. Management is alerted when an employee works more than a set number of hours to prevent overworking due to its effect on both productivity and health. Workers who continue to work 80 hours of overtime a month are required to speak to our occupational physician in order to ensure their health needs are being cared for.

Efforts in Health Management

As health management is a vital management issue, we released the Group Health Management Declaration and established the Health Management Promotions Team with the president as its head. We will use these activities as an opportunity to better focus on ensuring improving the health of our employees and their families to create an environment that is even easier to work in.

The Kyodo Printing Group Health Management Declaration

We at Kyodo Printing used the celebration of 120 years since our founding as an opportunity to craft TOMOWEL, our corporate brand which contains our ideal of forming good relationships with all around us to build the future. Since our establishment in 1897, we have pressed forward in the belief that excellent products are the trade of happy and healthy engineers, focusing on welfare and benefits to ensure employee health.

We will emphasize health improvement to a greater and greater degree to ensure the future workplace where employees continue to work, leading long, happy lives. Through promotion of health management, we will grow with our employees, their families and our business partners, using our business to contribute to society and build the truly abundant world imagined in our TOMOWEL philosophy.

Green Procurement

The Green Procurement Guidelines were defined to promote green procurement related to reduction of global environmental burden and advancement of product safety related to chemical substances.

We seek the understanding and cooperation of each of our suppliers in enacting environmental policy to reduce environmental burden across the supply chain.

CSR Procurement

We have established and released the CSR Procurement Policy of the Kyodo Printing Group, which define the basic policies that we should follow when procuring items, and CSR Procurement Standard of the Kyodo Printing Group, which indicates the basic items that we expect our suppliers to comply with.

Headed by the CSR Procurement Investigation Committee, CSR procurement is promoted across our entire supply chain to ensure a shared direction and sense of value in every facet, from those in charge of placing orders for each supplier.

CSR Procurement Standard

http://www.kyodoprinting.co.jp/social-environment/customer/

Supplier Audits

CSR activity status is audited for our main suppliers. Audit results are accompanied by prompt feedback to foster collaboration with our company in understanding and improving the progress of these efforts. When these standards are not met, we provide on-site direction and other forms of assistance.

These audits were extended to suppliers of overseas group companies in FY2017.

Percentage of suppliers that received an A or B in their CSR Procurement Audit 97%

Supplier Communication

We hold a New Year’s Party to express our gratitude to high-performing and important suppliers, and strengthen our partnership with them. Quality and production items are quantitatively assessed for each division. Suppliers with particularly high levels of contribution are awarded the Cooperative Supplier Excellence award.

Fair Trade

We work to establish a fair relationship with suppliers and eliminate any unfair practice through abuse of position as the ordering party.

Compliance with the Subcontract Act

We have established compliance regulations for the Subcontract Act as a basis for transactions with our suppliers. Using our Regulations on Compliance with the Subcontract Act as a guide, we conducted education for managers and supervisors as well as the purchasing, sales and technical development departments, sending employees newly in charge of placing orders and related positions to training held by the Japan Fair Trade Commission and the Ministry of Economy, Trade and Industry to raise awareness.

The Supplier Helpline

We have set up the Ethics Advisory Room (help line) reporting service to make sure transactions with suppliers are transparent and fair. This service can be used to inform us in the event that there is a legal violation or deviation from CSR procurement policy so that we may try and solve the problem.

No claims were made in FY2017.

Ethics Advisory Room (help line)

http://www.kyodoprinting.co.jp/social-environment/customer/helplines.html

Working with Our Employees

Working with Our Trading Partners

Promoting social responsibility in the value chain

Supply Chain Management

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Green Procurement Guidelines

http://www.kyodoprinting.co.jp/social-environment/customer/
Supporting Next-Generation Education

Work Experience for Junior High Students

Local junior high students are invited to try work at the Koishikawa Plant at our head office. This enables them to gain real life experience in the photographing, design and other printing processes vital to book pressing. We provide a location to foster a hard-working attitude and occupational outlook through real-world experience.

Collaboration with Japan Printing Academy

Japan Printing Academy (JPA) is an industry-founded printing school. We collaborate in raising the young people responsible for the next generation of the printing industry by supplying lecturers for the JPA’s specialized curriculum and tours of our Harimazaka Studio while raising the standard of the industry as a whole.

TOPICS

Contributing to Regional Educational Development for Over 30 Years

Students in Bunkyo-ku, Tokyo, study the printing the region is known for in their third year of elementary school. Our industry-leading Koishikawa Plant at head office is located in this same district, so we have promoted this education by holding tours for over three decades. This program utilizes the characteristics of the printing industry, introducing elementary printing information such as the processes that lead to the creation of a book, color reproduction and other mechanisms in an easy-to-digest manner. Touring the printing presses gives students an understanding of how these processes are closely tied to their lives and its importance to society.

Communication with Regional Society

Regional Sports Development Activities

We participate in regional sports development of Bunkyo-ku, Tokyo, the location of our head office, through a variety of activities. These include supporting the Fumi-no-Miyako 12 Hour Relay / 3 Hour Warinpaku Bunkyo-ku Sumo Competition as well as setting up a drink station in front of our head office for the Rekisen Marathon.

Regional Disaster Prevention Support

We have entered into various agreements with local municipalities and are part of the force involved in improving the disaster emergency support systems employed during such events. The Koishikawa Plant provides a forklift used to remove obstacles during disasters in Bunkyo City, Tokyo, and the Goka Plant in the town of Goka, Ibaraki Prefecture, is a registered temporary evacuation site. The Kawajima Solution Center further contributes to regional disaster prevention as a designated water supply site for firefighters in Kawagoe, Saitama Prefecture.

Regional Cleanup Activities

We conduct volunteer regional cleanup activities for various areas in order to contribute to the local community by beautifying nearby areas.

Social Contribution Activities

Social Welfare Activities

As a member of the printing industry we are deeply connected to the book-making process. We try to spread the joy of printed matter to a wide variety of people, so we continue to support the Japan Braille Library. Through the One Book Present Movement, we support braille book production because we strongly believe in creating an enriched environment where visually impaired people can freely enjoy reading.

Reconstruction Support Activities

We continue to hold the Umaimono Market Company Marketplace to support Great East Japan Earthquake reconstruction efforts, which we have been involved in since the year of the quake. Here, local producers conduct direct sales of Fukushima and Miyagi prefecture specialty products. The cafeteria at our head office offers a menu using ingredients from the Aizu region on Aizu Day, which we celebrate on the 12th of every month.

Arts and Culture

We are involved in fine art printmaking, supporting cultural preservation activities through our business. One of such activities was funding support for duplicates of Japanese art in the Art of Asia collection of the Museum of Fine Arts, Boston. We are listed as “Great Benefactors” in their annual report thanks to our many years of support.
Working Together with the Planet

The environment

We promote environmental management aimed at environmental preservation and realization of a sustainable society through the printing so deeply connected to daily life.

Environmental Management

We operate an environmental management system developed across the group based on ISO14001:2015. Main group companies and all our bases are integrated and certified for promotion of group-wide environmental efforts.

● Environmental Management System (EMS) Promotion Framework

Based on Group Environmental Policies, the Group Environmental Committee chaired by an executive officer was set up as the core body governing environmental management. This organization formulates company-wide action plans such as group environmental policy and environmental vision measures. Specialized environmental themes are promoted through advisory committees. Continuous improvement is pursued via monitoring and revised annually in management reviews.

Independent environmental committees are set up at each office and group company to further enact practical environmental action.

Kyodo Printing Group Environmental Policies
http://www.kyodoprinting.co.jp/social-environment/earth/

Auditing Framework

Total number of internal auditors 501

Internal environmental auditors conduct audits for each office as well as audits for the secretarial offices responsible for coordinating and directing activities in each office. We also undergo third party renewal audits to maintain our ISO14001 certification status. Corrective actions are carried out promptly for any issue indicated in an audit.

Education Framework

We conduct environmental education for directors and employees group-wide. Specific training is conducted for every internal environmental auditor to ensure their assessment ability.

Environmental Risk

Risk evaluation and periodic inspection are employed for risk discovery and other environmental risk management promotion in order to comply with environmental laws and regulations as well as to prevent contamination risk. We are also involved in environmental accident management, emergency response training and other measures.

Environmental Compliance

In the 2017 environmental front, there was one assessment where BOD1 and SS2 levels exceeded government standards for process waste liquid. There were further four complaints, three for noise and one for office environmental complaint.

After confirmation, we promptly rectified all indicated items and complaints.
*A1 Amount of oxygen required for bacteria to decompose organic matter in water
*B2 Substances of 2mm or less in diameter suspended in water

Environmental Vision 2020

Medium-term environmental targets are set every 5 years to expand activities that reduce environmental burden in accordance with our environmental management system. We are working to achieve the 8 items and 14 targets set for Environmental Vision 2020.

<table>
<thead>
<tr>
<th>Objective (Overview)</th>
<th>Target (until FY 2020)</th>
<th>FY 2017 Results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curb global warming</td>
<td>Improve CO2 emissions basic unit 10% over FY 2014</td>
<td>14% improvement over FY 2014</td>
<td>✔ ✔</td>
</tr>
<tr>
<td>Reduce power</td>
<td>1% improvement per unit of electricity per year</td>
<td>Same as the previous year, no improvement</td>
<td>★</td>
</tr>
<tr>
<td>consumption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promote recycling</td>
<td>10% improvement of raw material input per unit over FY 2005</td>
<td>5% worse than 2005</td>
<td>★</td>
</tr>
</tbody>
</table>
Climate Change Mitigation and Adaptation

The Global Warming Action Department leads initiatives for the Paris Agreement (COP21) and other international efforts to prevent global warming based on Energy Conservation Guidelines. While thoroughly handling energy management and facility review for each office, efforts are taken to reduce greenhouse gas (GHG) emissions and energy consumption through introduction of mega-solar power plants and other alternative energy sources to realize a low-carbon society.

In FY2017, facilities were systematically remodeled to reduce GHG emissions 1.3% over the previous year, but energy use increased by a slight 0.8%. Moving forward, targets for plant energy management are being revised to improve effectiveness and achieve greater reductions.

GHG Emissions and Changes in Basic Unit

Preventing Atmospheric Pollution

50% reduction in VOC over FY2010

Appropriate countermeasures like systematic maintenance for equipment such as boilers and incinerators at each plant resulted in a 4.3% reduction in NOx emissions over the previous year in FY2017.

Agressive promotion of conversion to UV inks and alternate cleaning materials resulted in a 2.4% reduction in VOC emissions over the previous year in FY2017.

Preventing Water Pollution

We have dramatically reduced BOD emissions by 53% over the previous year by upgrading our plate making equipment.

Chemical Substance Management

Based on the Proper Chemical Management Guidelines for correct management and reduction of chemical substances, a Chemical Substance Management Department was established for each office with the Green Procurement Department acting as the core promoting organization. Master data was created from 50,000 laws and regulations on chemical substances, centering around those related to printing, while newly purchased materials are entered in a Safety Data Sheet (SDS) to ensure compliance with law and regulation, reduce product use, provide information to customers and support the health and safety of our employees.

We released the Green Procurement Guidelines to ensure proper chemical substance management by all our suppliers.

In FY2017, both PRTR designated chemicals and emissions increased slightly over the previous year due to an increased work volume. Even so, our current 57.8% still puts us ahead of our environmental objective of a 50% reduction over FY2010 of PRTR designated chemicals. Transition to alternative products and revisions to work methods are being pursued to achieve further reductions in the future.

Promote recycling and waste reduction

We steadily promoted waste reduction and increased recycling in 2017, reducing total waste by 4% over the previous year while reaching our medium term recycling target of 99.7%. We continued to achieve 0 emissions* in all 8 of our main offices.

Recycling Rate

*Company-wide standard is total waste within 1% of the final amount of plant-generated waste with 39% or more of waste generated being recyclable.

TOPICS

Seminar on the Container and Packaging Recycling Act of Japan

As a producer of paper and plastic containers, we are specifically obligated to recycle due to provisions of the Container and Packaging Recycling Act (CPRA). We brought in lecturers from the Japan Containers and Packaging Recycling Association to hold seminars on laws and business responsibility in order to deepen our knowledge as a concerned party in terms of the CPRA. Around 117 people participated over the two days of the event.

At the event, explanation was given on the system of the CPRA and recycling consignment fees for specific manufacturers, while discussions were conducted on the current status of recycling efforts.
Protection of the Environment, Biodiversity and Restoration of Natural Habitats

Because printing is so deeply connected to daily life, we place considerable importance on our company’s coexistence with nature. Based on our group’s environmental policies, we strive to build a society of harmonious coexistence through sustainable use of forests and other bioresources that takes international frameworks into account.

Ishizaka-no-Mori Forest Satoyama Conservation Activities

We participated in the NPO Satoyama Environmental Project, Hatoyama activities in Ishizaka-no-Mori Forest (Hatoyama-cho, Saitama-ken), which is nearby our Information Security Division manufacturing base. Modernization has weakened the relationship between people and the forest and damage has become considerable. In an effort to help the region recover and become a place where plants and animals can coexist with people, we aided with weeding as well as cutting down and removing dead trees.

Supporting Akagi Nature Park Environmental Activities

We supported environmental preservation activities at Akagi Nature Park, located at the foot of Mt. Akagi in Gunma Prefecture because we believe that raising children in contact with nature increases their sensativity and leads to a fuller society.

The park also conducts a survey of migrating chestnut tiger butterflies which travel over a distance of several thousand kilometers (markings survey). Our employees and their families have joined in on this survey on a continual basis. In FY2017, we also held a tree-thinning event to create a healthy forest where everyone can learn about biodiversity.

The 10th Kyodo Printing Group Nature Observation Event

Our group has been holding nature observation events in order to use real experience as a way to raise environmental awareness and draw attention to CSR.

In FY2017, we explored themulticolored summer plants, insects and animal habitats of Oiyume-no-Sato moutain wildlife area, which connects Mt. Fuji and the Hakone Mountain Range, with the help of a nature guide. Feeling the countless lives around us, our time was well spent thinking about our connection with nature as we enjoyed pizza baked with area wood at the afterparty.

Ensure Sustainable Consumption and Production Patterns

Based on our Green Products Policy, we established the Green Products Department and are working to create products that are environmentally friendly throughout their lifecycle. Our newly developed Green Products, 100 of which have been produced up to FY2017, are certified to meet our internal standards.

We have developed an ordering system as part of our green purchasing initiatives that enables prioritized purchase of environmentally friendly office supplies and other products.

Reducing Environmental Pollutants

HumiJudge

This user and environmentally friendly humidity indicator is RoHS compliant without using cobalt chloride® allowing you to check if a drying agent is functioning properly in storage environments for electronic components and other humidity-sensitive products.

*EU restrictions on use of specified hazardous substances including electrical and electronic equipment

Saving Resources and Energy

PARTIAL OPEN

This easy-to-open resource-saving lid is great for draining water from things like instant noodles through a combination of proprietary half-cut technology and easy peeling resin.

Utilizing Sustainable Resources

Cartons for Kitchen Wraps with Non-Metal Cutters

This carton has biodegradable plastic cutters made from paper, corn and other plants making separation unnecessary for disposal.

Long-term use

OxyCatch

This film maintains a low-oxygen state inside packaging without using a scavenger. OxyCatch also prevents deterioration of products that can’t handle exposure to oxygen, such as pharmaceuticals and foods, contributing to maintained quality and extended product life.

Reusability

HANDY CUBE

Easy to fold and easy to carry even if something is being stored inside! The cube is optimized to preserve, transport and store emergency drinking water.

Recycling

Environmentally Friendly SP Calendar

This calendar is made with special consideration to its disposal after use with environmentally friendly materials and is also universal design compatible.

Disposability

Banana Open

Shaped so that the container and the lid are crafted from a single film, making it easy to dispose of because the lid section does not detach after being opened. Easily opened but does not crush contents.
An Outside Perspective

Reading the CSR Report 2018, I felt that Kyodo Printing made serious, steady efforts in overall CSR management, which left me with the impression that you are a trustworthy company. Moving forward, I also feel that the following improvements are needed.

Points of Impact

I feel that TOMOWEL, the new corporate brand, will bring a breath of fresh air to the culture of Kyodo Printing. Tomoki, the classical Japanese word for symbiosis, was a word used in the Kojiki and other ancient Japanese texts. Much like that, I get a feeling of facing the future while being rooted in tradition. TOMOWEL is the updated version of this spirit of symbiosis, presented in a more approachable manner. I think it could add further appeal to Kyodo Printing, even from an outside perspective, while also having the potential to be an anchor for your employees' spirit. But this depends on how effectively you employ it.

Reading the feature on Asia, I got a strong impression that the next steps in the development of the foundation could only progress with Asia's cooperation. I have a good feeling about the strong focus on environmental and social issues or employee welfare.

Reading the CSR Report 2018, I felt that Kyodo Printing’s pursuit needs to be even more daring and innovative in order to discover society’s next big needs. While the pursuit needs to be even more daring and innovative, I think that Kyodo Printing’s innovation from the outside in, starting from its societal environmental and social issues or employee welfare.

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I think you need to accelerate your process of innovation from the outside in, starting from its societal impact and importance. I think that Kyodo Printing’s pursuit needs to be even more daring and innovative in order to discover society’s next big needs. While the Better Company Project is wonderful for your employees, I feel you need something more like a “More Creative Company Project” to involve players from outside the company in cooperation with your employees.

Overall, I think you need more integration, such as SDGs based around the axis of our corporate philosophy. Utilizing the perspective of our female employees, we will act to fulfill our target of 5% or more female management among a variety of continuing efforts, such as the start of the TOMOWEL WORK STYLE, which incorporates a variety of personal and work methods from FY2018 to deliver improved corporate value and continuous growth.

Peter David Pedersen
Director of TACL (The Academy for Conscious/ Creative/Collaborative Leadership), Co-founder of NELIS (Next Leaders’ Initiative for Sustainability)

Profile
Born in Denmark in 1967, Peter Pedersen began working in Tokyo in 1993. He co-founded CSR consulting business E-Square Inc. in 2000, of which he was the representative director until 2011. He has advised many Japanese companies on environmental and CSR management, introducing Japan to LOHAS and other new concepts from abroad.

Our Response

First, I would like to say thank you for sharing your incredibly valuable thoughts on Kyodo Printing Group CSR activities.

We are glad to hear your positive response to the CSR-rooted regional efforts underway as a part of our group’s Asian business expansion. We are continuing efforts to bring influence and health to local society and its people.

On the other hand, in terms of integration, we intend to strengthen unification of individual group philosophies, business strategies and social needs such as SDGs based around the axis of our corporate philosophy. Utilizing the perspective of our female employees, we will act to fulfill our target of 5% or more female management among a variety of continuing efforts, such as the start of the TOMOWEL WORK STYLE, which incorporates a variety of personal and work methods from FY2018 to deliver improved corporate value and continuous growth.

Takashi Sugiyama
General Manager Corporate Communication Division, CSR Headquarters

Environmental Data for Main Sites

<table>
<thead>
<tr>
<th>Plant</th>
<th>Main Production: Business forms, certificates, cards</th>
<th>Main Production: Paper materials, flexible packaging, high-performance materials</th>
<th>Main Production: Publications, printing, commercial printing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koishikawa Plant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>Goka Plant</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Tsurugashima Plant</td>
<td></td>
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<td>Main Group Companies</td>
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* Figures until FY2015 include Kyodo Offset