

Packaging to Support Lifestyles and Create the Future

RENGO Integrated Report 2022

For Year Ended March 31, 2022

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Philosophy of the Rengo Group

Corporate Philosophy

Ever since founder Teijiro Inoue manufactured Japan's first corrugated board in 1909, the Rengo Group has been serving society, continually adapting to the times to deliver the very best packaging solutions to customers and enhance the value of its products.

We plan to continue comprehensive development of optimal packaging solutions for distribution in all industries, and as a "General Packaging Industry" that creates new value in packaging through a tireless commitment to continual changes in thinking and technological innovation, we adhere to the following guiding principles.

- 1 Realize prosperity and ambitions for the future through dynamic business activities by earning the trust and satisfaction of customers.
- 2 Act always with integrity, maintaining high ethical standards and ensuring strict legal compliance.
- 3 Engage in communication with a broad section of society through proactive and accurate information disclosure.
- 4 Respect the value of individual employees and strive to create safe and congenial work environments providing comfort and fulfillment.
- 5 Take the initiative on environmental conservation efforts.
- 6 Contribute to society as a good corporate citizen.
- 7 Globalize by ensuring compliance with laws in each country or region and by contributing to economic and social development in those areas through business activities reflecting the different cultures and practices.

Statement

“General Packaging Industry (GPI) Rengo” Packaging Provider



Packaging to Support Lifestyles and Create the Future

No matter how great a product is, its value cannot reach people without the packaging it is packed or wrapped in. Because of this, the evolution of packaging has the potential to dramatically change the future.

The entire range of assorted packaging solutions offered by “General Packaging Industry (GPI) Rengo” supports logistics and richness in lifestyles, and their innovation contributes toward solving social issues. As a creative “packaging provider” that not only supplies products as a supplier but also designs the future on our own and creates new markets, Rengo provides comprehensive solutions that meet the packaging needs of all industries.

The Key Concept for the Rengo Group's Packaging Manufacturing and Environmental Management,

“Less is more.”

“Less energy consumption”
“Less carbon emissions”
“High quality products with more value-added”

“Less is more.” is the key concept for the Rengo Group's packaging manufacturing, and is also a key concept for environmental management. This is the ideal that the Rengo Group seeks through all of our business activities in fulfilling our social responsibility as a company toward contributing to the development of a better and sustainable society through the manufacturing of high quality and high value-added packaging while effectively using resources and reducing impact on the global environment.

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WE SUPPORT



United Nations Global Compact

Since 2009, Rengo has participated in the United Nations Global Compact.

The Rengo Group has its origin in corrugated board, which is an environmentally friendly packaging material. With "Less is more." as our key concept, we have contributed to society by creating packaging that is friendly to people and the environment. "General Packaging Industry (GPI) Rengo"—which offers innovative and diverse solutions that meet the packaging needs of all industries—fully supports the Ten Principles advocated by the Global Compact and will continue to fulfill our responsibilities as a corporate citizen while respecting its spirit.

Kiyoshi Otsubo,
Representative Director, Chairman & CEO, Rengo Co., Ltd.

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Editorial Policy

Rengo issued the Integrated Report 2022 with the aim of explaining the details of the Rengo Group's business activities to stakeholders by integrating financial information and our environmental, social, and governance (ESG) activities. We hope that readers will deepen their understanding of the Group's initiatives toward the realization of a sustainable society by viewing the information available on our website and other materials as well as by reading this report.











Notations such as "3/2022" or "3/22" used in this report denotes the fiscal year (FY) or business year ending March 31 of each year, unless otherwise noted. Percentages may not add up to 100% due to rounding.

Scope of the Report

Organizational Scope	The report covers Rengo Co., Ltd. and its subsidiaries. Information from certain affiliated companies is also included. The environmental data excludes sub-subsidiaries.
Target Period	In principle, the report covers FY3/2022 (April 1, 2021 to March 31, 2022). Certain aspects of this report also include periods before and after FY3/2022.

Evaluations of Sustainability

Rengo is enhancing its ESG activities across its entire value chain. In FY3/2022, as well, we were given high evaluations for our ESG efforts, with various external evaluation organizations giving us high ESG-related scores and selecting us for inclusion in related indices.









Evaluation/Certification	Evaluation/Certification Scope	Evaluation/Certification Status
CDP Climate Change		Received the B score 
S&P Dow Jones Indices LLC S&P/JPX Carbon Efficient Index	Initiatives for environmental management	Selected for index inclusion 
Corporate Knights Inc. / As You Sow Carbon Clean 200		Ranked 95th (out of 200)
The Financial Times Ltd. / Nikkei Inc. / Statista Inc. Asia-Pacific Climate Leaders		Selected for Top 200
FTSE Russell FTSE Blossom Japan Sector Relative Index		Selected for index inclusion 
Sompo Asset Management Co., Ltd. Sompo Sustainability Index	Overall ESG-related initiatives	Selected for index inclusion 
Ministry of the Environment ESG Finance Awards Japan		Selected as an Environmentally Sustainable Company 
MSCI Inc. MSCI Japan ESG Select Leaders Index		Selected for index inclusion 
MSCI Inc. MSCI Japan Empowering Women Index (WIN)	Initiatives related to the empowerment of women	Selected for index inclusion 
Ministry of Health, Labour and Welfare Eruboshi certification		Received the Level 3 Eruboshi certification 
Ministry of Health, Labour and Welfare Kurumin certification / Platinum Kurumin certification	Initiatives related to support for childcare	Received the Kurumin certification and Platinum Kurumin certification 
Ministry of Economy, Trade and Industry / Nippon Kenko Kaigi Certified Health & Productivity Management Outstanding Organizations Recognition Program	Initiatives related to health & productivity management	Recognized as the 2022 Certified Health & Productivity Management Outstanding Organization under the large enterprise category 

* FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) certifies that Rengo meets the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index after assessment by a third party. The FTSE Blossom Japan Sector Relative Index is widely used to construct and evaluate sustainable investment funds and other financial instruments.

* The selection of Rengo for inclusion in an MSCI index and the use of MSCI logos, trademarks, or index names do not constitute an offer of investment in Rengo, a guarantee, or sales promotion by MSCI or its affiliates. The MSCI indices are the exclusive property of MSCI. The names and logos of MSCI and the MSCI indices are the trademarks of MSCI or its affiliates.

Rengo's Information Disclosure Media

Rengo provides appropriate and timely financial and nonfinancial information meeting the needs of stakeholders through our website and publication.

Website			
<p>Home Page https://www.rengo.co.jp/english/index.html</p>  	<p>Investor Relations https://www.rengo.co.jp/english/financial/index.html</p>  	<p>Sustainability https://www.rengo.co.jp/english/sustainability/index.html</p>  	<p>Corporate Governance https://www.rengo.co.jp/english/sustainability/governance/index.html</p>  

Financial and non-financial publication			
<p>Integrated Report (main volume) https://www.rengo.co.jp/english/financial/annualreport.html</p>  	<p>Financial Data (separate volume) https://www.rengo.co.jp/english/financial/annualreport.html</p>  	<p>Sustainability Report https://www.rengo.co.jp/english/sustainability/info/report/index.html</p>  	<p>Sustainability Report https://www.rengo.co.jp/english/sustainability/info/report/index.html</p>  

Message from the Chairman



We strive to clearly identify various issues that change with the times so we can help create a sustainable society.

Kiyoshi Otsubo
Representative Director, Chairman & CEO

Pursuing Rengo Group Growth Under Our Hexagonal Business Structure

As “General Packaging Industry (GPI) Rengo,” which offers innovative and diverse solutions that meet the packaging needs of all industries, we conduct our business through a

hexagonal structure centered on six core business fields—paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas operations.

When I was appointed as the representative director & president in 2000, Rengo was focused almost exclusively on providing corrugated packaging. I felt we needed to develop more comprehensive capabilities to enable us to

cater to a wider range of packaging needs and that inspired me to build this hexagonal business structure. We started innovating our packaging by moving from corrugated packaging to upstream paperboard, printed folding cartons to put inside corrugated packaging, and also individual flexible packaging ranges. We have extended our mainstay light- and medium-weight packaging business to offer heavy duty packaging that can hold heavier items. We have worked hard to create six core competencies, including our increasingly important overseas strategy. In addition, we have proactively expanded a multiple-branched business by pursuing growth of the parent company by capitalizing on each core competency, while also building a solid Group management approach.

This approach was inspired by what I learned from Yoshio Masuda, the founder of Settsu Paperboard Mfg. Co., Ltd. (currently Rengo), when I was seconded to the company from Sumitomo Corporation shortly after I started working. Based on my experience, I came to regard the principles of “boots on the ground” and “show the flag” as the essence of corporate management. When I took over the reins as the head of Rengo, I decided to put the principles into practice and formulate my basic management philosophy to be “showing the flag in six core areas of competence.” I believe in this so strongly that, personally, I would like to make GPI Rengo the official company name.

Becoming an Environment-Conscious, Cutting-Edge Company by Exploiting Our Strengths in Highly-Recyclable Corrugated Packaging

After assuming the position of president, I not only launched the GPI Rengo concept, but also continued to repeat the phrase “Less is more.” as the company slogan. “Less” incorporates less energy consumption and less carbon emissions. Rengo has been advocating the concept “Less is more.” as part of our environmental initiatives for a decade now, which today leads us in our quest for carbon neutrality. Meanwhile, the word “more” illustrates our corporate goal of creating high quality products that offer even more added value.

A large proportion of the packaging that we produce can be recycled. In Japan, in particular, the recycling rate for corrugated packaging has reached 96%. We believe that this degree of recyclability will be extremely important for future ESG management and is a key strength of the Rengo Group. Going forward, we will strive to expand GPI Rengo business operations while transitioning from the determined pursuit of corporate social responsibility (CSR) to the advancement of creating shared value (CSV). The entire Group will also work to further promote ESG management and achieve the Sustainable Development Goals (SDGs).

Improving the Status of the Entire Corrugated Packaging Industry as Part of the Rengo Group’s Mission

At Rengo, we believe that the five fundamental elements of management are morality, ethics, philosophy, sentiment, and sympathy. These five values are vital for achieving sustainable growth over the medium to long term. The basic aim of economic activity is to invest land, labor, and capital in order to create goods and services. Thus, we can secure profits from added value obtained through the creation process of goods and services.

However, simply earning profits is not enough. Companies must also return benefits to society. Added value needs to be appropriately allocated to capital sources and also need to be accurately distributed to labor. Unfortunately, it is actually hard to say that appropriate labor share is achieved right now in Japan, and companies are being asked to develop virtuous cycles that encourage business growth and appropriate labor share.

In addition to the pursuit of tandem economic and social value through corporate management, I am also focused on improving the status of the corrugated packaging industry as a whole. I have served as the chairman of the Japan Corrugated Case Association for 15 years since 2007 because I believe we cannot achieve sustainable growth by simply focusing on the prosperity of our own company and I am determined to ensure the whole industry can prosper. The industry’s standing has gradually improved as a result of this quest, but it is still not good enough. I believe it is important for the industry to unite in its efforts to further raise its position going forward.

Accelerating the Development of Packaging That Helps Reduce Environmental Impact

Periods in history can be categorized by material used for ware, such as stone, clay, and iron, and I think we could call the current times the “paper age.” Corrugated board is the most widely used material in the paper-age. Plastic is another widely used packaging material. However, traditional plastic is not biodegradable, so, in recent years, reducing the environmental impact and increasing the recycling of plastic have become major issues. We simply have to reduce the number of plastic packaging used and develop biodegradable materials. With that quest in mind, one of our future missions is either to create packaging with a wood-derived material grown by photosynthesis or equivalents, or to create compostable packaging that turns into soil when buried in soil or turns into monomers and dissolves in water.

As part of our drive to develop materials, we have been working for some time on cellophane made from dissolving pulp, which is also promising. We intend to further accelerate our research and development going forward so that we can develop different ways of using the cellophane and also develop compounds that can be used as materials for dissolvable plastic packaging.

Advancing Our Medium-Term Vision in the Face of Soaring Raw Material and Fuel Prices

In terms of our immediate business environment, dealing with the surge in raw material and fuel prices is becoming a major issue, especially in light of COVID-19 and geopolitical risks. Energy prices have risen particularly sharply, but the price of corn and tapioca, which are used as raw materials for corrugated adhesive, is also on an upward trend, so we are currently reviewing our procurement methods.

Despite the tough backdrop, our aim is to steadily advance our Vision 115 medium-term vision, which concludes in FY3/2025, and to achieve our targets. We are placing particular emphasis on developing Group strategy and overseas strategy based on a hexagonal business structure. There is a limit to how far we can expand business only with the parent company, but I believe there is still plenty of room to grow the Rengo Group by leveraging our six core competencies and extending each of their branches.

Aiming for ¥1 Trillion Net Sales from Ever-Expanding Overseas Operations

With regard to current overseas operations, our business in Hawaii, for example, is growing rapidly. I faced harsh criticism when we first started that business, with some wondering if I was just doing it for fun or questioning the point of building a corrugated plant in Hawaii. Today, that business has become one of our top earners, generating an annual profit of over ¥200 million. While I am not able to visit Hawaii right now due to COVID-19, local employees are working hard to nurture a truly great company.

Meanwhile, in Europe, Tri-Wall and its subsidiary TRICOR Packaging & Logistics are both expanding favorably. Tri-Wall is the Rengo Group’s pillar company in the overseas heavy duty packaging business and is promoting global expansion primarily in Asia and Europe. Germany-based TRICOR is using its competence in advanced technological development to promote automation and, thanks to its competitive patents, is establishing a strong position in the European heavy duty packaging market.

With the aim of strengthening our overseas expansion, we will continue to proactively pursue M&A opportunities and nurture human resources capable of driving our global business activities.

Promoting ESG Management Through Rengo’s Own “GDP”

I have already mentioned the vital importance of ESG management. The path we must follow in this area is represented by what we call “GDP.” “G” stands for green packaging, which means working hard to develop biodegradable materials with the aim of achieving carbon neutrality. In that context, we will strive to achieve green packaging material and green ink used in printing. As a result, if other companies are only achieving a figure of 50 per square meter of corrugated board for their carbon footprint, which indicates the amount of greenhouse gas emitted during a product lifecycle, we will aim to achieve a figure of 20, which is less than half, using materials that we have developed.

The “D” in GDP stands for digital transformation (DX). This does not mean judging everything in digital terms. Indeed, it is important to achieve a balance between analog and digital when making the transition to digital systems. Digital judgments are based on 0 and 1, but analog judgments use all the numerals from 0 to 9. You are bound to keep coming up with the wrong numbers if you only make digital judgments using 0 and 1. So, when it comes to DX, I am always telling people in the company that we need to ensure a balance between analog and digital, and we should establish a cyber-physical system (CPS) that seeks to harmonize the interaction between digital technology (cyber) and the people who use it (physical).

Finally, the “P” in GDP stands for people. It is needless to say that it is important to strengthen our human resources base in order to achieve future sustainable growth. We will focus on developing human resources, including diversity and inclusion elements, while also aiming to improve productivity by pursuing work style reforms that emphasize the need for a human touch. We intend to build a structure that does not look to simply improve production efficiency, but to the total factor productivity including all individual factors such as technological advances and optimization of production.



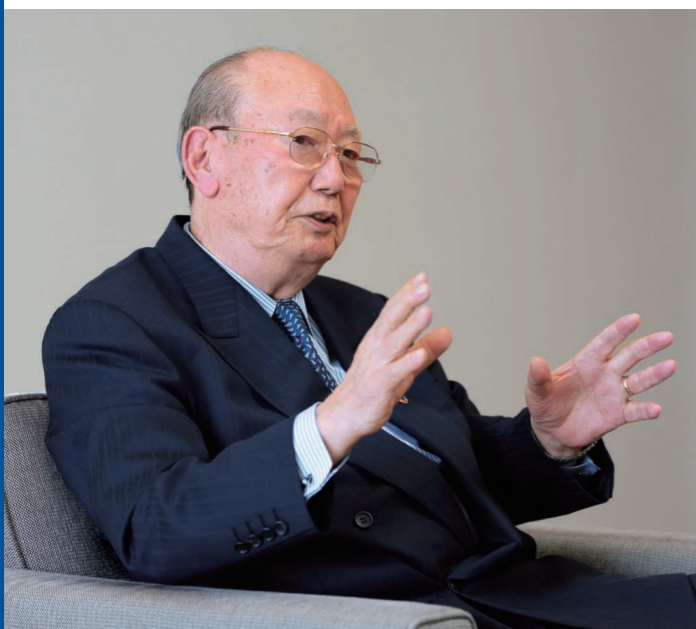
Continuing to Focus on Contributing to Society and Supporting Culture

As we pursue sustainability going forward, focusing on both economic value and social value in tandem will become increasingly important. At the same time, I think we should turn our attention to the importance of supporting cultural activities. When I look around Japan today, I sometimes wonder if we make enough effort to contribute to society and support culture.

Rengo has been actively interacting with local communities and focusing on philanthropy for many years. In terms of corporate support of the arts and culture, we continue to pursue various initiatives, including supporting the Orchestra Ensemble Kanazawa, which is active in Ishikawa Prefecture, and supporting academic research by providing corrugated packaging for supplies to be used on Antarctic research expeditions.

In the future, companies will no longer be able to say they have fulfilled their social mission by simply generating profits. While it is important to help develop our civilization when pursuing economic value, companies that do not value culture will be unlikely to enjoy a strong sustainable future. The Rengo Group aims to develop as a corporate group that can create both economic value and social value to secure sound growth in the longer term. I think that this, along with our deep social ties, will help us achieve our Vision 115 goals.

We very much appreciate your continued support for our endeavors.



History of the Rengo Group

In addition to the integrated production structure from paperboard to corrugated packaging, Rengo has business domains—that include consumer packaging such as printed folding cartons and flexible packaging, heavy duty packaging that supports a wider range of industries, and overseas operations—creating a variety of packaging

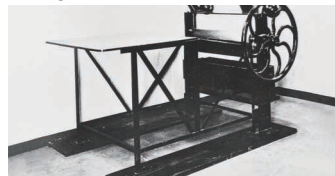
solutions while demonstrating great synergy effects.

The Rengo Group started the corrugated board business in Japan, to become GPI Rengo, which consists of six core businesses. The development of the Group along with world events is as follows.

Development at Rengo

1909 – 1920s

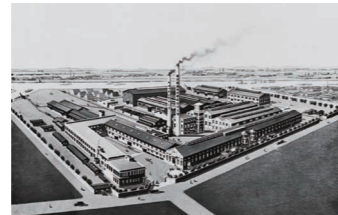
- Teijiro Inoue made up his mind to become an independent self-employed businessman (and later made April 12, the day of his decision, the company's Foundation Day)
- Established Sanseisha in Shinagawa, Tokyo, setting up Japan's first corrugated board business



The first corrugated board manufacturing machine (replica)

1930s

- Completed construction of the Yodogawa Plant, which employed an integrated production system, from containerboard to corrugated board



Yodogawa Plant

- Met a wider range of demand that included home appliances, canned foods, bottled beer, ceramics, and clothing

1950s

- Corrugated boxes were increasingly used for mandarin oranges, apples, and frozen fish



Corrugated packaging for fruits and vegetables

- Developed new models of corrugators and printing machines
- Modernized production equipment to meet growing demand

1970s

- Rengo Shiki K.K. renamed to Rengo Co., Ltd.



Company name change

- Developed CORFLEX five-color pre-printed corrugated box

1990s

- Ventured into overseas business with Malaysia as a start
- Acquired Fukui Chemical Industry, an affiliated company
- Incorporated Howa Sangyo into the Rengo Group to enter the flexible packaging business
- Acquired Settsu to reinforce the integrated production structure of paperboard and corrugated packaging



Signing ceremony with Settsu

2010s

- New paperboard mill, a joint venture in Vietnam, began full-scale operation
- Completed construction of the Fukushima-Yabuki Plant which uses solar power generation to supply all the plant's daytime electricity needs
- Completed construction of the Shin-Sendai Plant in about a year after its predecessor, the Sendai Plant, suffered extensive damage from the Great East Japan Earthquake



"Isshin no To (Tower of Unity)," Shin-Sendai Plant

- Made Tri-Wall Holdings Limited a Group company
- Made Toppan Containers Co., Ltd. a Group company (current RG Containers Co., Ltd.)

World Development

World War I
Great Kanto Earthquake

Showa Financial Crisis
World War II

Pacific War

San Francisco Peace Treaty
"We are no longer in the postwar period."

Tokyo Olympic Games
Japan attained world's second largest GNP

Japan World Exposition
Oil Crisis

Prolonged economic boom

End of "bubble economy"
Great Hanshin-Awaji Earthquake

Terrorist attacks on the United States
Global financial crisis

Great East Japan Earthquake
Abenomics

Spread of COVID-19
Tokyo 2020 Olympic Games

- Coined the Japanese term for single faced corrugated board, "danboru"

- Renamed to Sanseisha



Sanseisha

- Produced corrugated boxes
- Five companies merged to form Rengo Shiki K.K., capitalized at ¥2 million
- The head office, Tokyo Plant and other facilities were destroyed by fire after the earthquake, and the head office was relocated to Osaka

1940s

- Resumed production to meet consumer needs and developed new demand for corrugated boxes for frozen whale meat and canned foods



Transportation of canned foods using corrugated packaging

- Obtained a listing at stock exchange and increased capital to ¥10 million

1960s

- Built the Tonegawa Mill, as well as new corrugated plants



Tonegawa Mill

- The founder Teijiro Inoue passed away (November 10, 1963)
- Implemented technology from the United States, diversifying the functions of corrugated boxes

1980s

- Expanded business to cover nonwoven products and other peripheral areas
- Opened new office in Singapore for overseas expansion



Singapore

2000s

- Made Marusan Paper Mfg. Co., Ltd. a Group company
- Merged the Kawasaki Plant with the Katsushika Plant to become folding carton production site on East Japan
- Installed a solar power generation system at the Kyoto Plant
- The Shin-Kyoto Division commenced integrated production of corrugated board/boxes and folding cartons after merger of the Kyoto Plant and Katsura Plant



Solar power generation (at the Shin-Kyoto Division)

- Rengo's 100th anniversary (April 12, 2009)
- Made Nihon Matai Co., Ltd. a Group company, and entered into the heavy duty packaging business

2020s

- Made Taiko Paper Mfg., Ltd. a Group company, and entered into the kraft pulp and kraft paper business
- Opened the Yodogawa Logistics Center as a logistics center for containerboard

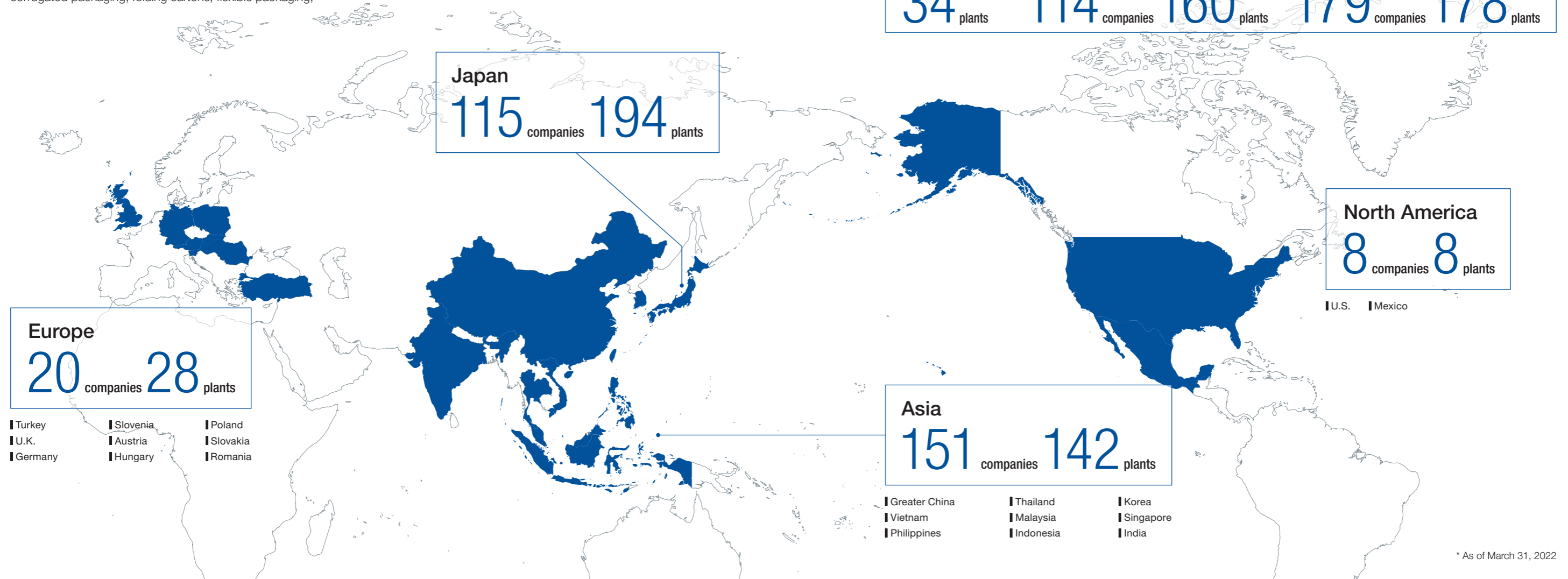


Yodogawa Logistics Center

Business Domains

As "General Packaging Industry (GPI) Rengo," the Rengo Group conducts business under a hexagonal structure centered on six core business fields—paperboard, corrugated packaging, folding cartons, flexible packaging,

heavy duty packaging, and overseas operations—to offer innovative and diverse solutions that meet the packaging needs of all industries in Japan and overseas.



Six Core Business Fields + Creativity and Research & Development Capabilities

Paperboard	Corrugated Packaging	Folding Cartons	Flexible Packaging	Heavy Duty Packaging	Overseas Operations	Creativity and Research & Development
<p>We are particular about packaging, starting from the paperboard that forms its foundation.</p>	<p>As a pioneer, we are a leader in unwavering quality and ongoing evolution.</p>	<p>We bolster sales promotions with more attractive and appealing packages.</p>	<p>Our film packaging and labels attractively wrap and gently protect objects.</p>	<p>We offer reliable quality and a lineup that supports a wide array of industries.</p>	<p>We deliver the leading edge of packaging quality developed over the years to customers around the world.</p>	<p>The Rengo Group responds to customers' diversifying packaging needs with optimal solutions, leading the industry in the fields of design and marketing, packaging technology, packaging systems, and research & development.</p>
<p>Main products</p> <ul style="list-style-type: none"> Containerboard Boxboard Tube board Chipboard Kraft paper Kraft pulp 	<p>Main products</p> <ul style="list-style-type: none"> Corrugated board Corrugated boxes 	<p>Main products</p> <ul style="list-style-type: none"> Individual packaging Decorative printing corrugated packaging Paperboard multi-packs 	<p>Main products</p> <ul style="list-style-type: none"> Film packaging Labels Cellophane 	<p>Main products</p> <ul style="list-style-type: none"> Flexible container bags Heavy duty polyethylene bags Kraft paper bags 		

Strengths of the Rengo Group

The Rengo Group, as “General Packaging Industry (GPI) Rengo”—which offers innovative and diverse solutions that meet the packaging needs of all industries—contributively increases the value of customers’ products through packaging and continues to grow together with our customers by utilizing the strengths developed over the years.

Increase in the Value of Customers’ Products Sustainable Growth of the Rengo Group

“Less is more.”

Packaging manufacturing that is one step ahead of the

times, is friendly to people and the environment, and has inspirational value.

Paperboard

Domestic market share of paperboard production

No. **2**^{*1}

Corrugated Packaging

Domestic market share of corrugated production

No. **1**^{*2}

Folding Cartons

Domestic market share of multi-pack sales

No. **1**^{*3}

Flexible Packaging

Domestic market share of PP film input to the downstream process

No. **1**^{*4}

Heavy Duty Packaging

Domestic market share of flexible container bags and heavy duty polyethylene bags sales

No. **1**^{*5}

Overseas Operations

179 companies
178 plants
(As of March 31, 2022)

Source:

*1 Japan Paper Association

*2 Yano Research Institute Ltd.

*3 According to research by Rengo

*4 Japan Comprehensive Economic Research Centre

*5 Fuji Chimera Research Institute, Inc.

“General Packaging Industry (GPI) Rengo,” which fulfills

the multiple needs of packaging

Rengo Group’s Strength 1

Comprehensive Capabilities by Six Core Business Fields

The Rengo Group is promoting a hexagonal business structure that consists of six core business fields—paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas operations—in order to meet a wide range of packaging needs with comprehensive capabilities. As a creative “packaging provider” that creates new markets, we coordinate all core businesses to enhance our comprehensive capabilities.



Rengo Group’s Strength 2

Total Solution

Starting with planning new products for customers, we make complete proposal from flexible packaging of film packaging that directly wraps products to folding cartons, corrugated boxes, pallets, and packaging systems, in consideration of the sales promotion effect and total cost of the product. We comprehensively propose all aspects of packaging while considering the optimal balance of quality, cost, and the environment.

Comprehensive proposals to meet all kinds of packaging needs



Rengo Group’s Strength 3

Ability to Solve Social Issues

The Rengo Group works unflaggingly to realize a sustainable society through supplying products such as corrugated packaging with excellent recyclability. Creating packaging that is one step ahead of the times and is friendly to people and the environment has led to the creation of new added value.



Creation of Products That Solve Environmental and Social Issues
▶ pp. 51-52



Special Feature 2
Products That Solve Issues Faced by Society
▶ pp. 57-58

Rengo Group’s strength 4

Group Network

We have 34 plants that we operate directly all over Japan from Hokkaido to Kyushu. These plants in each region provide community-based services as the core of the Group network. In addition, we have 179 companies and 178 plants overseas, including Asia, Europe, and North America, and respond precisely to customer needs in each field (As of March 31, 2022).



Message from the President

We are making steady progress toward achieving our major goal of becoming the world's best "packaging provider."



Yosuke Kawamoto
Representative Director,
President & COO

Demand for Packaging Holds Firm Even in the Face of Soaring Raw Material and Fuel Prices

As "General Packaging Industry (GPI) Rengo," our Group offers innovative and diverse solutions that meet the packaging needs of all industries. We have an integrated production structure for paperboard to corrugated packaging that covers both consumer packaging, such as printed folding cartons and flexible packaging, and heavy duty packaging for a wider range of industries. Furthermore, not only have we developed a nationwide network in Japan,

but we have also expanded our global network covering Europe, Asia, and other countries. We provide seamless support to all our customers around the world and respond precisely to their packaging needs.

The sharp rise in raw material and fuel prices caused mainly by a supply chain disruption in the wake of the COVID-19 pandemic did adversely impact our business results in FY3/2022. Rising energy prices in the manufacturing process, in particular, have become a negative factor. As a result, we started revising prices in November 2021, first for containerboard, and then for corrugated packaging and other paperboard. Our business results for FY2021 ended March 31, 2022 did not sufficiently reflect the outcome following the price revisions.

That resulted in a 1.4% decrease in net profit compared to the previous year.

However, if we look at product shipments by application, volumes held firm as we maintained stable shipments for packaging used for foods and demand for electrical appliances and machinery picked up. Furthermore, net sales increased by 9.7% thanks to growth in heavy duty packaging for automobile parts and other products as well as strong performances from our overseas operations, starting with the Tri-Wall Group, which we acquired in 2016 and which boasts the world's leading share in the heavy duty corrugated packaging market.



Turning Risks into Business Opportunities

Looking at the business opportunities and risks that we have faced in recent years, while the surge in raw material and fuel prices has affected our business results, I believe it is important that we do not simply regard them as risk factors, but rather as an opportunity to pursue forward-looking management that will increase profitability. The same thing can be said about our response to environmental issues and the COVID-19 pandemic. It is not a good idea to view the issue of decarbonization simply in terms of costs. Rather, we should see this as an opportunity to differentiate ourselves in terms of business development by swiftly developing products that address the need for decarbonization. Providing new value that satisfies the needs of the times will, I believe, enhance the Rengo Group's reputation and generate wider selling opportunities.

The Rengo Group is particularly focusing on developing and supplying environment-conscious products. For instance, we are seeking to reduce our environmental impact by manufacturing and selling transparent cellophane film made from wood pulp. In 2021, the cellophane manufactured and sold by Rengo acquired the "OK biodegradable MARINE" certification. This is an international certification that verifies marine biodegradability, which has fewer microorganisms than in soil, and we expect the cellophane can help solve the serious issue of plastic waste.

To help tackle the COVID-19 pandemic, we started selling corrugated packaging with anti-virus properties in March 2022. When we commercialized this product, which is coated with a special liquid to weaken viral activity, we obtained certification from the Society of International Sustaining Growth for Antimicrobial Articles (SIAA) to enhance its evidence-based credibility.

Tackling Business Challenges with Pride as "Renjin"

Our positive approach to decarbonization, COVID-19, and other issues symbolizes one of the Rengo Group's strengths, namely our ability to pursue unwavering management strategies in any market environment armed with a pool of technologies and products that can address a wide range of customer demands. In addition, Group employees share common values to be of use to society and engage with business. Every member of the Group can broaden his or her horizons by getting involved in businesses that address various social issues. We are also developing an organizational structure that increases job satisfaction by encouraging employees to apply the knowledge and expertise they have gained to different fields in order to find new business opportunities.

We sometimes refer to our employees within the Group as Rengo members, or "Renjin" (*Ren*, part of the company name, followed by *Jin* which means people in Japanese). Few other companies attach the character for "people" to their company name, but we believe it gives our Group employees a strong sense of purpose of contributing to society and enables them to engage in their daily work activities as if they are supported by a strong family bond. You could say that our greatest strength as an organization is our ability to move forward as proud "Renjin" especially in tough times.

We have decided to conduct training sessions that revisit the significance of "Renjin" over a three-year period from FY3/2023 because we do not want to run the risk of losing sight of our good company spirit as our business expands and becomes increasingly busy. Another reason we have decided to conduct this training is because employee interactions are likely to become poorer due to COVID-19.

A Successful M&A Strategy Based on a Core Philosophy of Open-Mindedness

Rengo Group's M&A strategy is one of the driving forces of our growth and we intend to continue making active efforts by building on past achievements. In March 2022, Takigawa Corporation, a flexible packaging manufacturer with integrated production encompassing film making, printing, laminating, and bag making, became a Rengo subsidiary in what could be considered as one of our recent major deals.

The purpose of our M&A strategy is not just to expand our business. We think it is important to work with other partners to share our value to contribute to society and develop our companies together. We also think it is important to accept the companies that come under the Group umbrella with open-mindedness rather than impose our values on them. I believe these commitments have enabled us to achieve numerous successful results through our M&A strategy.

Looking now at our overseas operations, in 2019, we welcomed Germany-based TRICOR Packaging & Logistics, which specializes in heavy duty packaging and Gutmann Anlagentechnik into the Group. Right now, we are learning about each other's ideas and aiming to develop our businesses together for the future. These companies boast many talented and highly proactive employees, so we are consciously pursuing a management style that upholds and encourages the growth of these human resources based on our confident Rengo-style post-merger integration (PMI) approach. Regarding our specific M&A strategy in

Germany, we have formed a group centered around Rengo Europe, which includes Tri-Wall, TRICOR, and THIMM Packaging Systems and is starting to resemble an overseas version of our hexagonal business structure.

As for myself, I was involved in a joint venture in Thailand in early 1990 and have since observed the venture's development over a period of more than 30 years. We started out with one plant, which has now grown into a business with 33 plants in Southeast Asia. Throughout that period, we respected the people of Thailand and entrusted the majority of capital to the local partner.

Overseas net sales currently account for only roughly 17% of the Group's consolidated net sales. Assuming that the packaging market correlates with the size of a country's population, there is a limit to the amount of growth that can be achieved in Japan alone and it is vital that we develop our presence in overseas markets. Going forward, it is important to develop businesses with a focus on co-creation in Japan, while also broadening our overseas business channels.

Multiple Benefits Already Achieved by Promoting DX

Regarding our Vision 115 medium-term vision, which concludes in FY3/2025, we are making great progress on nurturing a corporate culture that focuses on ESG factors and the SDGs. The most important thing is to fulfill our mission as "General Packaging Industry (GPI) Rengo" to support the flow of goods and people's lifestyles and give shape to our philosophy of continuing to help realize a sustainable society.

Thinking back when we formulated Vision 115, we were flattered that employees from each department held repeated discussions and drew up the vision together. That encouraged us all to join forces across the Group in the drive to achieve our goals, and I am confident that we will do just that.

One of the commitments that we made in Vision 115 is to promote DX, which utilizes the latest information and communication technologies to drive our goal of becoming the world's best "packaging provider." In April 2020, we set up the DX Promotion Investigation Committee with myself as chairman, and established a structure for promoting DX across the whole company. We were also the only company among our pulp and paper industry peers to acquire certification under the DX Certification Program established by Japan's Ministry of Economy, Trade and Industry in 2020.

DX successes to date include the introduction of AI at our distribution centers, the operation of automated warehouses, and the securing of greater efficiencies for on-site operations using unmanned forklifts and the "catmotion" on-site truck management system. Going forward, we would like to create a system that, for example, makes ordering products even easier by promoting DX that covers contact points with customers. This would further strengthen our connections with customers and help create new business models.

Strengthening Decarbonization Efforts from a Long-Term Perspective

We expect the corrugated packaging business to enjoy stable growth over the medium to long term. We are looking to build on this solid business foundation and focusing on developing new business domains such as DEGI-PAKE digital packaging that uses digital pre-printing. We are channeling efforts into developing proposals to the market using innovative corrugated boxes such as our Rengo Smart Display Packaging (RSDP), which reduces in-store unpacking and displaying workloads.

Another priority measure for the Rengo Group that befits the "Less is more." key phrase is our efforts to address top priority environmental issues. In order to help realize a sustainable society, we are striving to achieve net-zero greenhouse gas emissions by 2050 as part of the Rengo Group Environment Action 2050. As part of our medium-term environmental target Eco Challenge 2030, we are striving to achieve the specific targets we established to help solve environmental and social issues, such as reducing greenhouse gas emissions and creating a recycling-oriented society.

One of our declared targets is to reduce CO₂ emissions by 46% by FY3/2031 compared to FY3/2014 levels. Within the Group, the boilers in our Paperboard Business Unit consume a large amount of energy and emit a large amount of CO₂, so we have been swiftly promoting energy transition and are already witnessing some investment benefits. Going forward, we intend to accelerate our efforts as we seek to achieve our targets. We also have to take on the challenge of achieving carbon neutrality by 2050. While we need to work on carbon capture, utilization and storage (CCUS) of CO₂, no one company can do this alone, so we are looking to cooperate with external research and other organizations in this area. We are creating a roadmap for tackling these long-term management issues in order to ensure steady progress.

Meanwhile, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. We have been promoting the disclosure of information on our climate change response, but we intend to expand it going forward in accordance with TCFD recommendations.

Working on Various ESG Issues with a Sense of Urgency

Naturally, I believe it is important to consistently implement balanced initiatives regarding social and corporate governance in ESG. Our Corporate Philosophy clearly states that "the Rengo Group has been serving society, continually adapting to the times to deliver the very best packaging solutions to customers and enhance the value of their products." It is our firm adherence to this philosophy that has helped promote our ESG management.

Strengthening our human resources base is a particularly important issue for accelerating our overseas business expansion. Not only is it important to strengthen these human resource development initiatives, but it is also essential to pursue a style of management that is conscious of the need for diversity and inclusion. As many talented individuals in Japan and overseas have joined the Group through M&A, it is natural that some of those human resources should eventually become involved in the management of the company. We are seeking to create an organization that can respond appropriately to this development.

Regarding our efforts to strengthen corporate governance, we respond swiftly to any issues within the Group based on the Corporate Governance Code. We have invited knowledgeable outside directors to join the company and we utilize the specialist knowledge of these external experts to create an even better corporate group. We also encourage participants in the Business Strategy Meeting attended by company executives and Group Companies' Management Meeting attended by the heads of Group companies to take the lead in implementing initiatives to help solve social issues.

The Rengo Group is making steady progress towards its ambitious goal to become the world's best "packaging provider." To that aim, we will strive to firmly meet the expectations of our stakeholders by seeking to improve economic value based on our growth strategy and improve social value by responding proactively to environmental issues and pursuing other measures. I sincerely hope we can count on your continued support.



Value Creation Process

As a "packaging provider," the Rengo Group aims to design the future and develop new markets while working diligently to achieve the Vision 115 medium-term vision, which concludes in FY3/2025 on the 115th anniversary of Rengo's founding. We plan to achieve this through bolstering sales capabilities and conducting active capital investments and M&A toward ensuring the desirable scale and profitability for each core business within our hexagonal business structure.

With "Less is more," which means generating more value using less resources, as our key concept for environmental management, we will go forward to become the world's best general packaging manufacturer group and fulfill our responsibility as a supporting industry member to assist with the delivery of living essentials to consumers and continue to work tirelessly to realize a sustainable society.

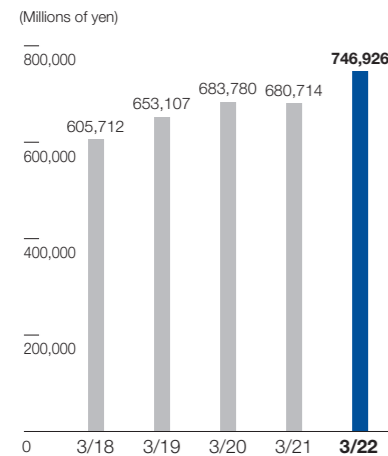
The World's Best General Packaging Manufacturer Group



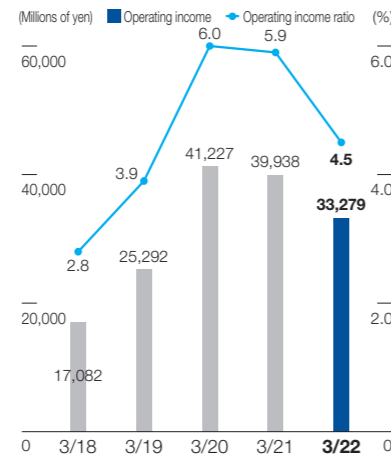
Financial and Non-Financial Highlights

Consolidated Financial Highlights

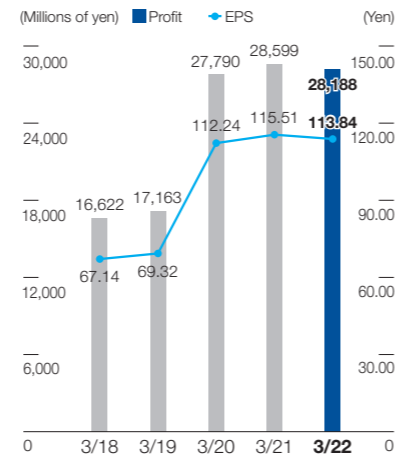
Net sales



Operating income and its ratio to net sales

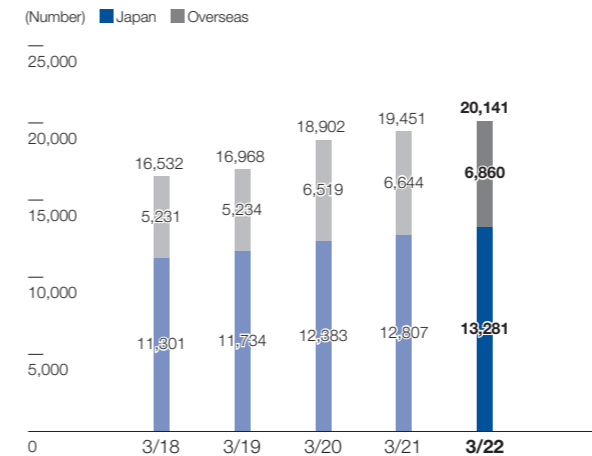


Profit attributable to owners of parent and EPS

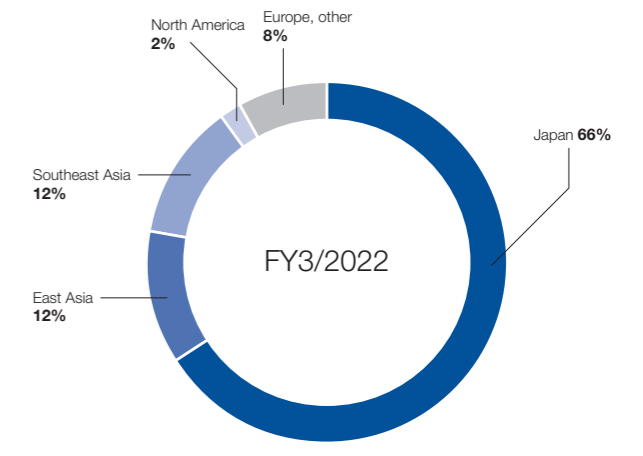


Non-Financial Highlights

Number of employees* (consolidated)



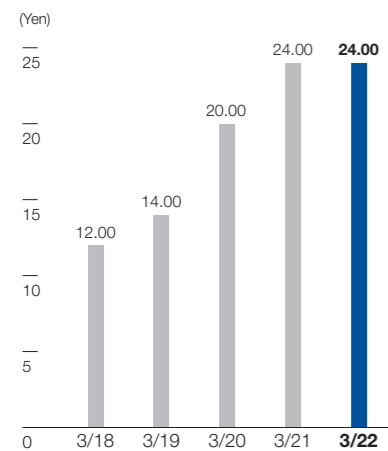
Percentage of employees by region* (consolidated)



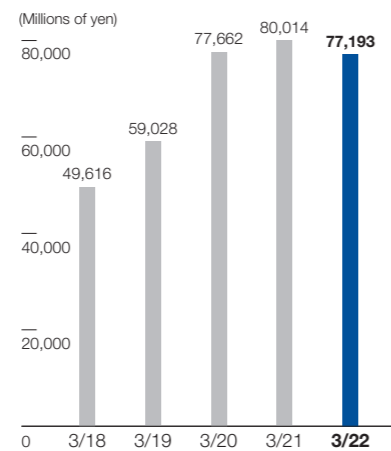
* Number of persons in employment as of the end of each fiscal year

* Composition as of the end of the current fiscal year

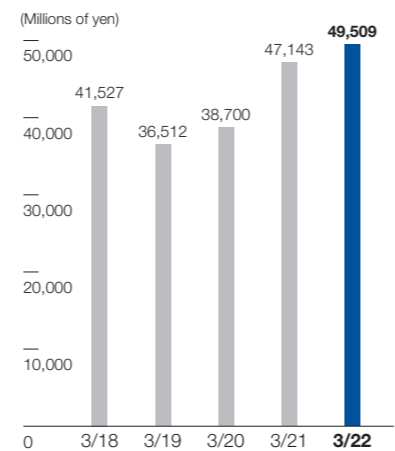
Cash dividends applicable to the year



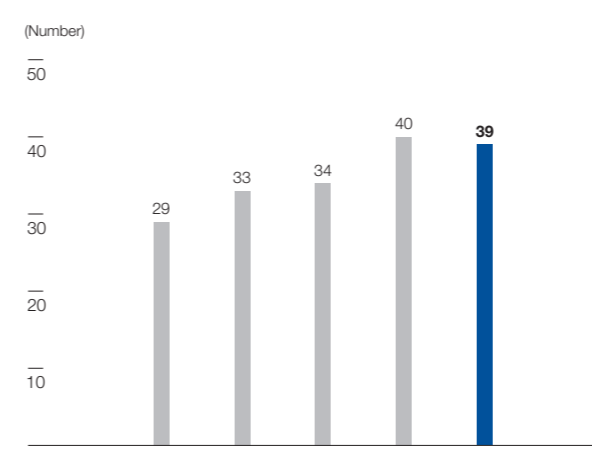
EBITDA



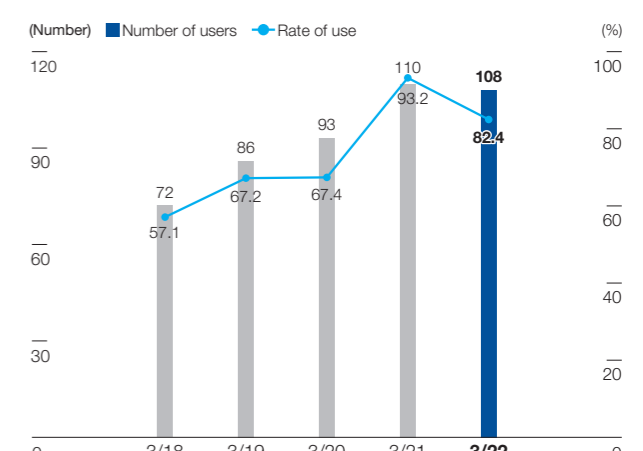
Capital expenditures



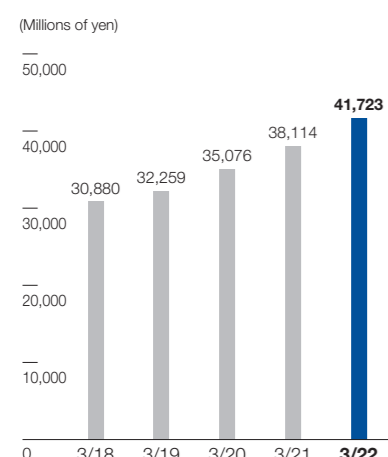
Number of female employees in managerial positions (non-consolidated)



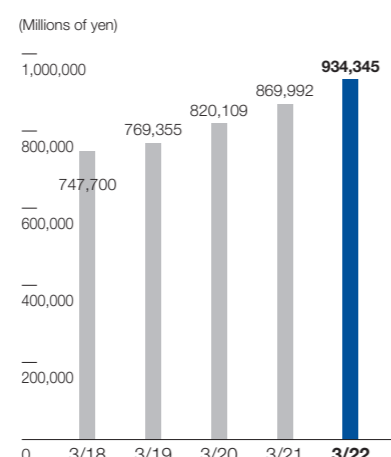
Number and rate of male employees using the childcare leave program (non-consolidated)



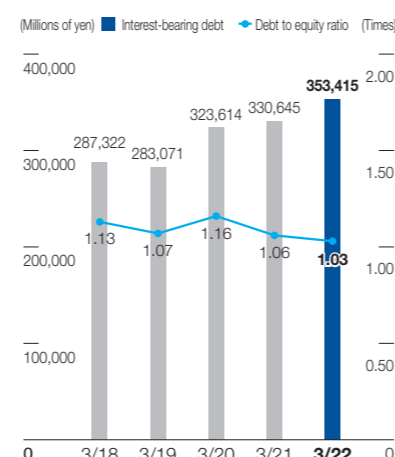
Depreciation and amortization



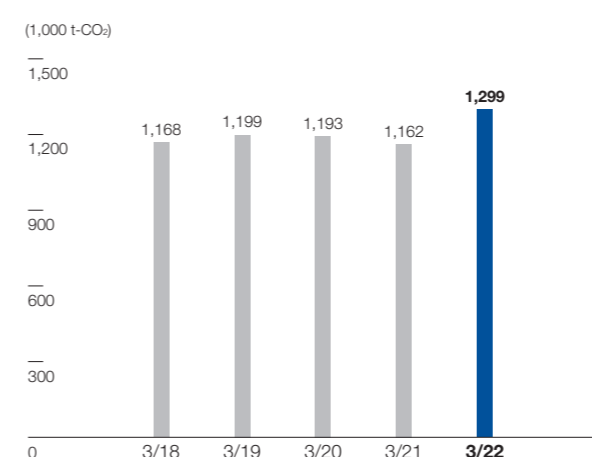
Total assets



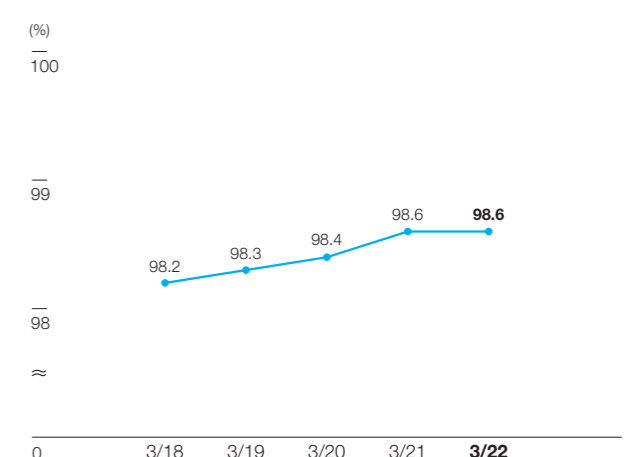
Interest-bearing debt and debt to equity ratio



CO₂ emissions from manufacturing sites*¹ (consolidated*²)



Recovered paper utilization rate in paperboard manufacturing*¹ (consolidated*²)



*¹ Derived from fossil energy (including purchased electricity)

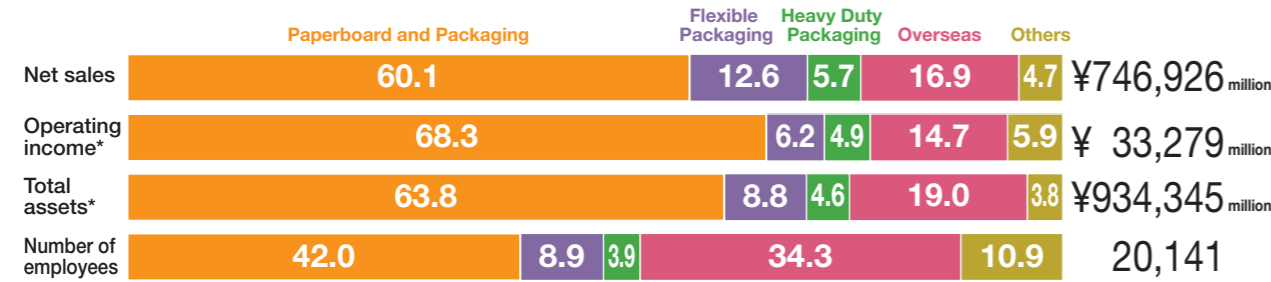
*² Consolidated companies in Japan subject to the Act on the Rational Use of Energy

*¹ Rate of recovered paper in the raw materials used in all paperboard products

*² Paperboard manufacturing sites in consolidated companies in Japan

At a Glance FY2021 ended March 31, 2022

Composition by business segment (%)



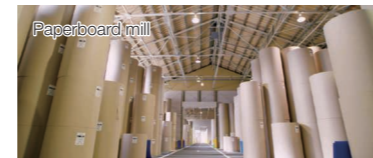
* Compositions of operating income and total assets are calculated based on simply aggregated figures. The total is after the elimination of intersegment transactions (¥112 million in operating income and -¥118,963 million in total assets).

Paperboard and Packaging-Related Business

Net sales
¥448,838 million

Main products

- Paperboard
 - Containerboard
 - Tube board
 - Kraft paper
- Boxboard
- Chipboard
- Pulp



Operating income
¥ 22,657 million

- Corrugated packaging
 - Corrugated board
 - Corrugated boxes
- Folding cartons
 - Individual packaging
 - Paperboard multi-packs
- Decorative printing corrugated packaging



Flexible Packaging-Related Business

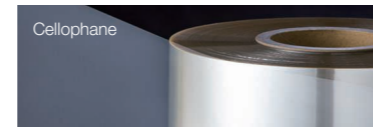
Net sales
¥ 93,979 million

Main products

- Film
 - OPP film
 - CPP film
- Film packaging
 - Flat bags
 - Gusset bags
 - Pillow bags
 - Standing pouches
- Cellophane



Operating income
¥ 2,064 million



Heavy Duty Packaging-Related Business

Net sales
¥ 42,380 million

Main products

- Heavy duty packaging
 - Flexible container bags
 - Kraft paper bags
 - Heavy duty polyethylene bags
- Resin-based products
 - Laminated products
 - Industrial resins
- Cross lamination
- Netting materials



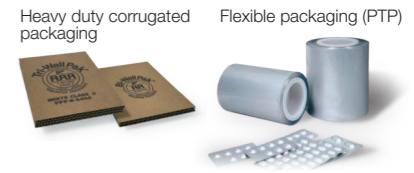
Operating income
¥ 1,621 million

Overseas Business

Net sales
¥126,518 million

Main businesses and Group companies

- Paperboard Vina Kraft Paper Co., Ltd.
- Corrugated board/boxes Dalian Rengo Packaging Co., Ltd.
- Flexible packaging Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd.
- Heavy duty packaging Tri-Wall Limited
- Nonwoven products Wuxi Rengo Packaging Co., Ltd.



Operating income
¥ 4,880 million

Other Businesses

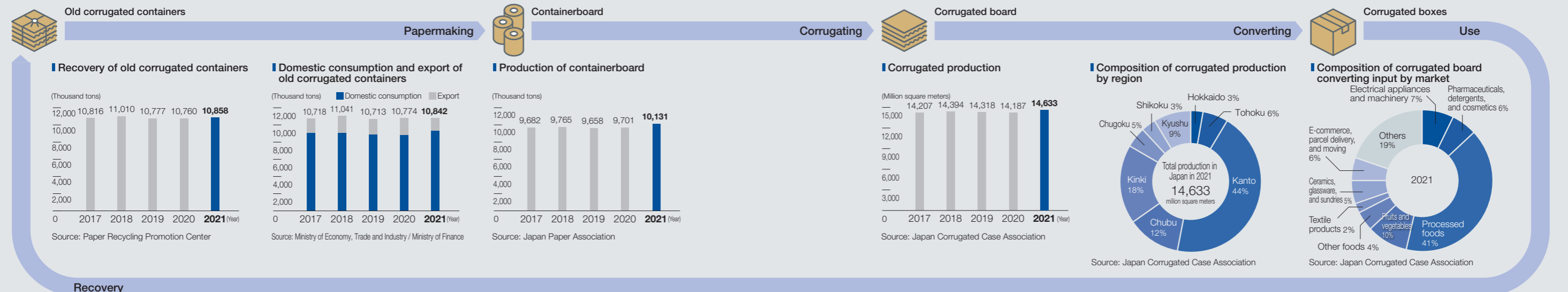
Net sales
¥ 35,210 million

Main businesses and Group companies

- Nonwoven products Rengo Nonwoven Products Co., Ltd.
- Packaging machine Yamada Kikai Kogyo Co., Ltd.
- Transportation business Rengo Logistics Co., Ltd. Sanyo Jidosha Unso Co., Ltd.



Market data (domestic)



Paperboard and Packaging-Related Business

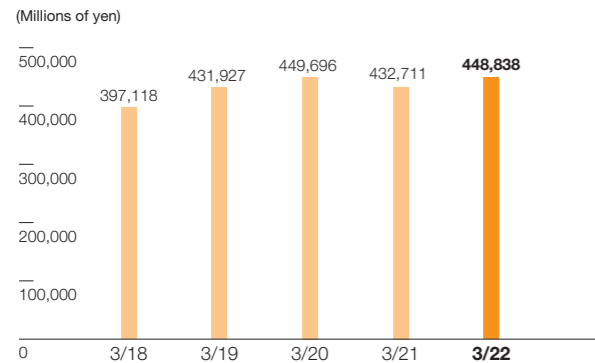
Manufacturing and sales of paperboard are carried out mainly by Rengo Co., Ltd. and Marusan Paper Mfg. Co., Ltd. Each company sells products through its own sales channels including Rengo Paper Business Co., Ltd. and supplies the principal raw materials for corrugated packaging to Rengo Group companies via Rengo Co., Ltd. and Rengo Paper Business Co., Ltd.

Manufacturing and sales of corrugated board and

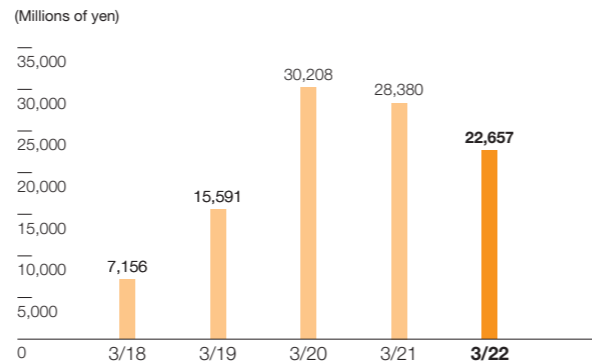
boxes are conducted independently by Rengo Co., Ltd., Yamato Shiki Co., Ltd., Settsu Carton Co., Ltd., and other Group companies. Particularly, Rengo Co., Ltd. and Rengo Riverwood Packaging, Ltd. manufacture and sell multi-packs used for six packs of canned beer and other products.

Manufacturing and sales of kraft pulp are carried out by Taiko Paper Mfg., Ltd.

Net Sales (after intersegment eliminations)



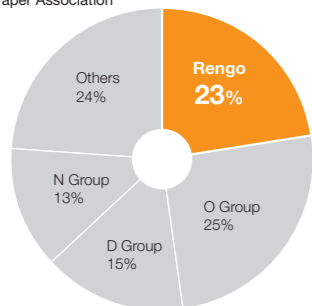
Operating Income (after intersegment eliminations)



Business Environment

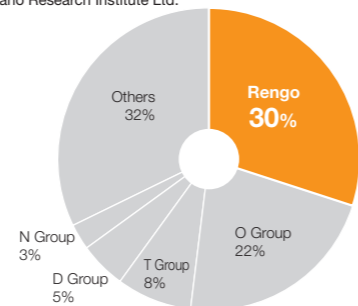
Major Manufacturing Groups' Shares of the Containerboard Market in Japan (2021)

Source: Japan Paper Association



Major Manufacturing Groups' Shares of the Corrugated Market in Japan (FY3/2021)

Source: Yano Research Institute Ltd.



Actions and Measures

In the paperboard business, the Yodogawa Mill was shut down in March 2018, and the Group's production structure was reorganized by consolidating containerboard production to five sites. Rengo is making efforts to maintain a supply structure tailored to demand and continue measures to raise productivity, reduce costs, and develop new products.

In the corrugated packaging business, we are reinforcing marketing capabilities and building an optimal production structure throughout the Group. Proactive measures are also being taken to conduct proposal-based marketing tailored to customer needs, and efforts are being

made to increase competitiveness. We are enhancing the Rengo Smart Display Packaging (RSDP) product line, which contributes to higher operational efficiency at retail sites. We also introduced Japan's first digital pre-printing machine and are promoting sales of DEGI-PAKE, an unprecedented corrugated box printed using high-definition variable digital printing which will open up new territory in the world of corrugated packaging as a sales promotion tool.

In the folding carton business, we supply optimal packaging that provides the essential functions and are consolidating accumulated knowledge and technology in the pursuit of packaging manufacturing for a new era.

Summary of Financial Results for FY2021 Ended March 31, 2022

Paperboard Industry

Supported by a recovery trend in the economy, the production volume was up from the previous year.

Corrugated Packaging Industry

Products for processed foods and electrical appliances and machinery steadily grew. In addition, as demands kept increasing in a wide range of fields including e-commerce and parcel delivery, the production volume was up from the previous year.

Folding Carton Industry

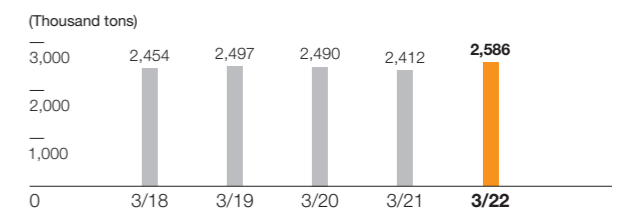
Products for personal processed foods and pharmaceuticals grew. However, with the decreased demands of products for commercial foods and office-related products and the shift to other materials, the production volume was down from the previous year.

Rengo Group's Status

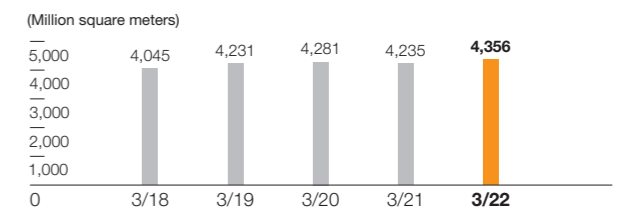
With regard to the Rengo Group, while net sales increased thanks to the increased sales volume, operating income decreased due to the increases in raw material and fuel prices and fixed costs. As a result, segment sales were ¥448,838 million, up 3.7% year-on-year, and operating income was ¥22,657 million, down 20.2%.

The paperboard production volume was 2,586 thousand tons, up 7.2% year-on-year, thanks to an upward trend in the economy. With regard to corrugated packaging, in addition to steady demand of products for foods, e-commerce, and parcel delivery, demand of products for industrial products and electrical appliances and machinery steadily grew. Accordingly, the production volume was 4,356 million square meters in corrugated board, up 2.9% year-on-year, and 3,591 million square meters in corrugated boxes, up 2.9% year-on-year.

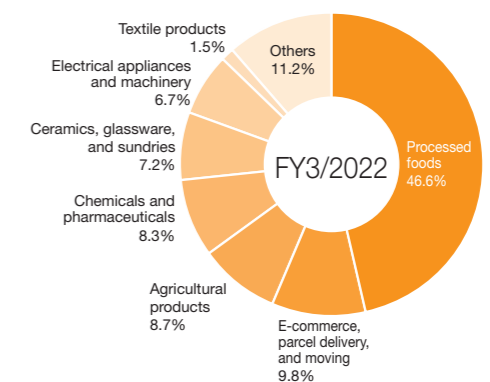
Paperboard Production (in Japan, consolidated basis)



Corrugated Board Production (in Japan, consolidated basis)



Composition of Corrugated Box Sales by Market (in Japan, consolidated basis)



Growth Strategy / Focused Fields

We have expanded a lineup of products such as the RSDP/NSD series and DEGI-PAKE, which respond to changes in the distribution structure with high added value. In the wake of the expansion of the e-commerce market, we have also begun accepting comprehensive orders through comprehensive proposals on packaging and a packaging system.

We have also further strengthened an integrated value chain from paperboard to corrugated packaging and folding carton, and promoted capital investment leading to deepened work style reforms through labor-saving and DX.



Topics

Initiatives for Price Revision

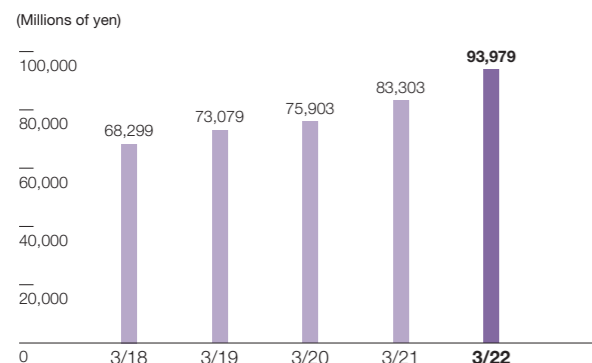
We have made efforts for maintaining prices with thorough cost reduction in response to worldwide surges in raw material and fuel prices as well as significant increases in miscellaneous material and logistics costs. However, as it became difficult to respond to them only with our efforts, we proceeded with the price revision for paperboard including containerboard, and corrugated packaging for consignments shipped from February 2022.

In order to surely carry out a plan to reduce greenhouse gas emissions, we will continue to provide products at appropriate prices, responding to changes in the trend of the times.

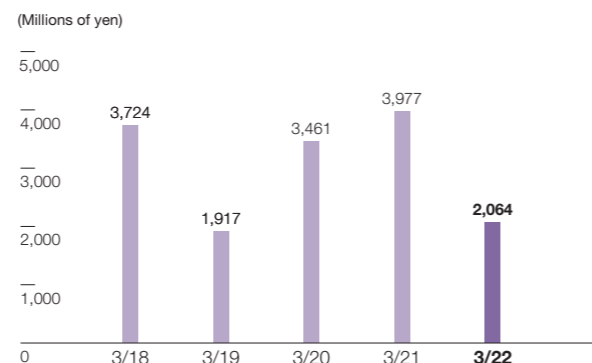
Flexible Packaging-Related Business

Manufacturing and sales of flexible packaging are carried out mainly by Howa Sangyo Co., Ltd. Rengo Co., Ltd. is involved in sales only. Manufacturing and sales of cellophane are carried out by Rengo Co., Ltd.

Net Sales (after intersegment eliminations)



Operating Income (after intersegment eliminations)

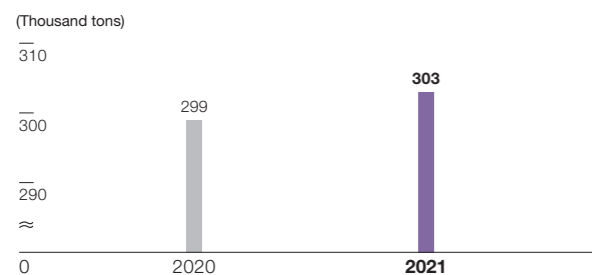


Business Environment

Demand Trends

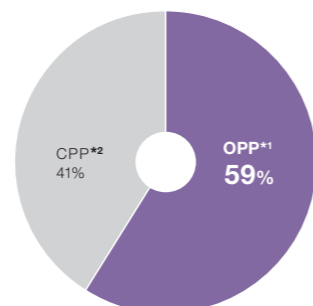
Shipment Volume of PP (Polypropylene) Film and Sheets

Source: Japan Packaging Institute



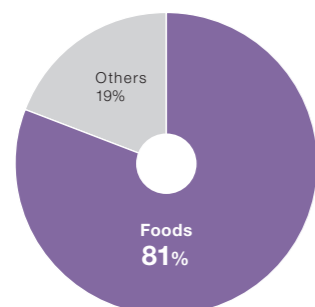
Composition of PP Film Domestic Shipment by Type (2021)

Source: Japan Polypropylene Film Industry Association



Composition of PP Film Domestic Shipment by Use (2021)

Source: Japan Polypropylene Film Industry Association



Actions and Measures

Howa Sangyo Co., Ltd. plays a central role in providing high-function products manufactured with cutting-edge facilities, to meet the needs of customers.

With Sun-Tox Co., Ltd. which became a subsidiary in October 2020, an integrated production structure was

Words and Terms

*1 OPP (oriented polypropylene) film

The OPP film is drawn vertically and horizontally in the manufacturing process. With lower specific gravity and excellent tensile strength, stiffness, and damp-proof property, the film is used in various fields, including packaging for foods.

*2 CPP (cast polypropylene) film

The CPP film is manufactured with quickly cooling melted high-temperature resin. The film is widely used for various purposes, including packaging for foods, clothes, and textiles as polypropylene has excellent resistance to chemicals and heat.

established from film to packaging. In March 2022, Takigawa Corporation Japan and five other companies became subsidiaries, which is reinforcing competitiveness and the earnings base of the Group's flexible packaging business.

Summary of Financial Results for FY2021 Ended March 31, 2022

In the flexible packaging industry, despite the shift to plastic-free, production was supported by firm demand for products used with foods, and production volume was up from the previous year.

With regard to the Rengo Group, while net sales increased due to an increase in the number of consolidated

subsidiaries, operating income decreased due to the increases in raw material prices.

As a result, segment sales were ¥93,979 million, up 12.8% year-on-year, and operating income was ¥2,064 million, down 48.1%.

Growth Strategy / Focused Fields

Label

We are deploying roll labels and roll-on shrink labels for beverages and conducting research and development on variable printing, environmentally friendly labels, and other diverse needs.

Cellophane

In order to respond to the global issue of ocean plastic waste, we are working to expand our product line which effectively use the cellophane that we produce and increase sales.

▶ For more details, see p. 55.



Film

Sun-Tox Co., Ltd. is developing oriented polypropylene film products and cast polyolefin film products for use as packaging for foods such as rice balls and sandwiches sold in convenience stores, pastries, fruits, and vegetables. In response to environmental issues (the shift to plastic-free), the company is working to make films thinner and develop biomass film products made from biomass materials to reduce the amount of fossil-fuel derived plastics, and collaborating closely with customers to continuously introduce new items to markets.

Howa Sangyo Co., Ltd., which engages in printing and processing of film materials, takes advantage of its massive production capacity and thorough quality control, and has pursued ease of opening through development of original packaging over the years. In recent years, the company has also put emphasis on developing packing materials with lower environmental impact.

The Rengo Group will work together to provide human- and eco-friendly products consistently from film to packaging.



Topics

Development of Biomass PP Films with Acquisition of ISCC

In October 2021, Sun-Tox Co., Ltd. acquired International Sustainability & Carbon Certification (ISCC) for all its plants. This certification ensures the traceability of mass balance in the supply chain, enabling the issuance of a Sustainability Declaration.

About ISCC Certification and the Mass Balance Approach

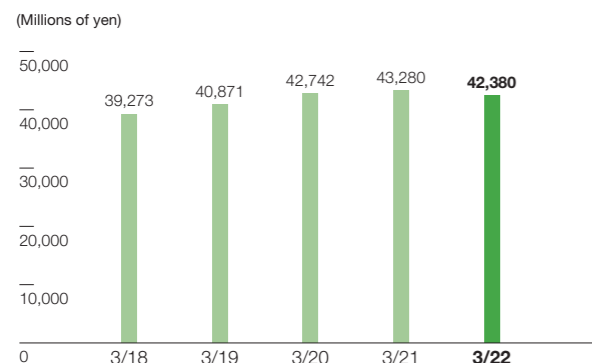
ISCC is an international certification which conforms to EU guideline for renewable energy.

The mass balance approach is a method of allocating biomass derivation, according to the amount of biomass-derived input, to a portion of products where biomass-derived raw materials and petroleum-derived raw materials are mixed together in the process of processing raw materials into products (in this case, the production of film). Biomass is a renewable resource that is derived from plants and animals and can be used sustainably.

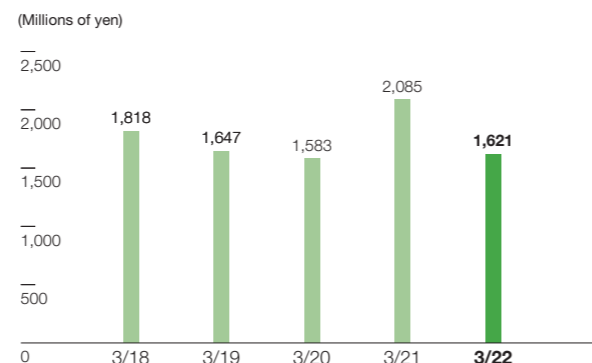
Heavy Duty Packaging-Related Business

Manufacturing and sales of heavy duty packaging are carried out mainly by Nihon Matai Co., Ltd.

Net Sales (after intersegment eliminations)



Operating Income (after intersegment eliminations)

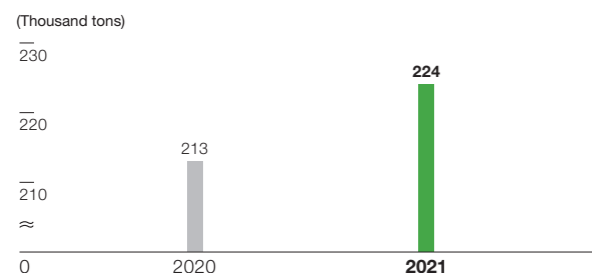


Business Environment

Demand Trends

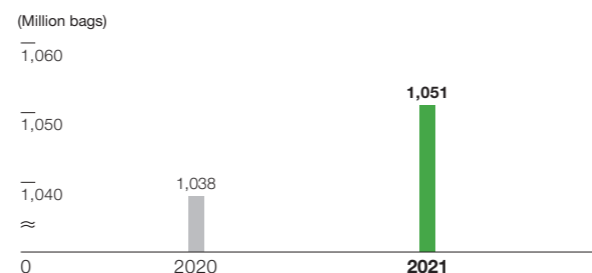
Shipment Volume of LDPE Laminated Flexible Products

Source: Japan Packaging Institute



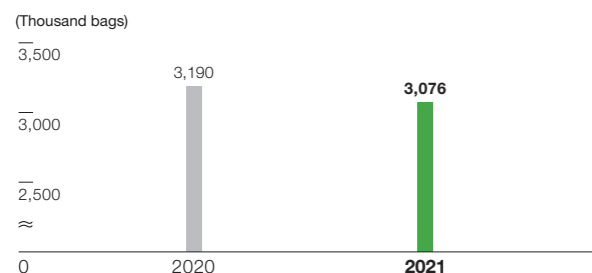
Shipment Volume of Heavy Duty Kraft Paper Bags

Source: Japan Kraft Paper Sacks Association



Shipment Volume of Flexible Container Bags

Source: Japan Packaging Institute



Actions and Measures

Nihon Matai Co., Ltd. played a central role in seeking synergistic effects within the Group while making technological innovations in response to changes in society so that we can continue providing heavy duty packaging that enhance the value of customer products.

Summary of Financial Results for FY2021 Ended March 31, 2022

In the heavy duty packaging industry, although food-related products were sluggish, the production volume was higher than one in the previous year thanks to the recovery of demands for petrochemical-related products.

In the Rengo Group, net sales and operating income

decreased mainly due to a fall in demand related to commercial foods as well as a rise in raw material prices.

As a result, segment sales were ¥42,380 million, down 2.1% year-on-year, and operating income was ¥1,621 million, down 22.3%.

Growth Strategy / Focused Fields

Nihon Matai Co., Ltd. develops functional films, resin-based products, non-solvent laminated products, and heavy duty packaging.

With regard to non-solvent laminated products and heavy duty packaging, the company is reinforcing development of light packaging materials and heavy duty bags made of biodegradable plastic and biomass plastic to address environmental issues, as well as environmentally-friendly weed prevention sheets for landscaping and other measures.

In addition, for functional films and resin-based products, Nihon Matai launched sheet product development for anti-virus films and decorative molded products, expanded its higher value-added product line, and enhanced development of other functional products. The company holds the largest share of the domestic market for electronic component transportation packaging materials and is developing new products and improving quality in the pursuit of further growth.

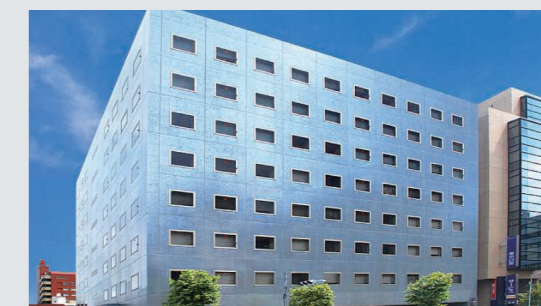
Topics

Initiatives by Nihon Matai Co., Ltd.

Enhancement of Research and Development Structure

The research and development department of Nihon Matai Co., Ltd. has been conducting development activities to create new functions, combining materials' functions with core technologies and knowledge the company has cultivated over the years. In order to respond to any customers' needs by using its core technologies, which are thermoplastic resin extraction, laminate coating, and printing, the company has established a structure that enables quick and low-cost development, with the development center equipped with various kinds of prototyping machines and evaluation equipment. Nihon Matai has been carrying out highly original manufacturing by quickly

grasping new technologies and cutting-edge needs and staying one step ahead of other manufactures.



Nihon Matai Co., Ltd.

Examples of Developed Products



Radiation Shielding Sheet

Developed by repeating demonstration tests in collaboration between Nihon Matai's R&D center and our Central Laboratory



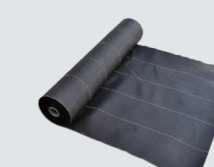
Low Absorption Barrier Sealant

Excellent water vapor barrier property, chemical resistance, aroma retention property, and low absorbability property, unlike general-purpose PE sealant films



Anti-Virus Film

The anti-virus film based on elastomer materials capable of curbing growth of virus and bacteria attached to the surface



Environmentally-Friendly Weed Prevention Sheet

PP weed prevention cloth sheet contains plant-derived (sugar cane) raw materials in consideration of environmental impact

Strengthening of Environmental Management Structure

Nihon Matai Co., Ltd. has pushed ahead with the strengthening of the structure based on its Environment Policy, aiming at "harmony between corporate activities and the global environment." The company has striven to enhance internal audit and environmental education in accordance with ISO 14001 (JIS Q 14001), the international standard for environmental management systems. Presently, six business establishments (Headquarters, Osaka Branch, Saitama Plant, Shiga

Plant, Hyogo Plant, and Okayama Plant) have all received ISO 14001 certification.

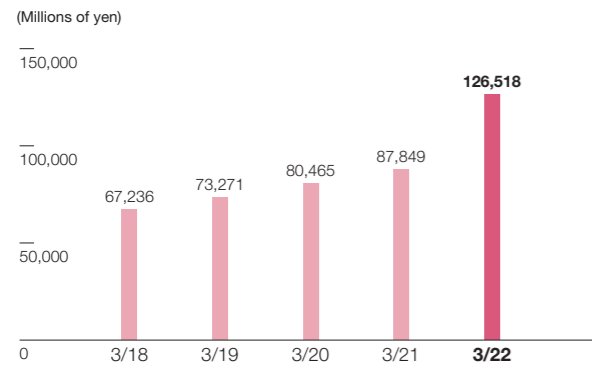
For laminated products (paper containers), Nihon Matai has also received Chain of Custody (CoC) certifications under the Forest Stewardship Council (FSC)[®] and Programme for the Endorsement of Forest Certification (PEFC) programs, both of which are international certification programs related to proper forest management.

Overseas Business

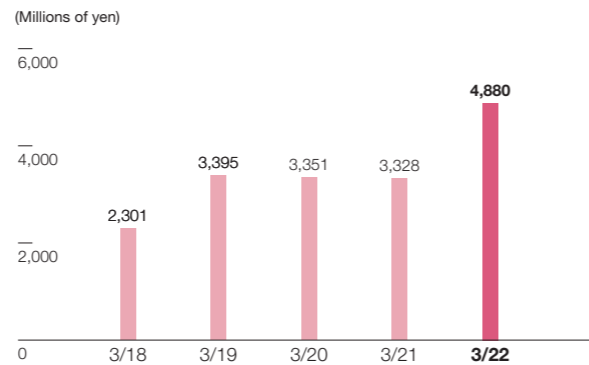
Manufacturing and sales of overseas products are carried out mainly by the following companies: paperboard by Vina Kraft Paper Co., Ltd.; corrugated board and boxes by Dalian Rengo Packaging Co., Ltd.; flexible packaging by

Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd.; heavy duty packaging by Tri-Wall Limited; and nonwoven products by Wuxi Rengo Packaging Co., Ltd.

Net Sales (after intersegment eliminations)



Operating Income (after intersegment eliminations)



Overseas Strategies of the Group

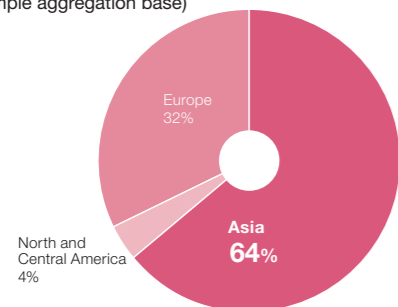
In overseas business, which is in the process of expansion as a future growth driver, we are actively taking actions to effectively use management resources through a process of selection and concentration. We are reinforcing business

development in China and Southeast Asia and developing business through the Tri-Wall Group in regions where the Rengo Group has not entered until recently including Europe and North America.

Summary of Financial Results for FY2021 Ended March 31, 2022

Overseas business reported higher net sales and operating income as a result of recovery of demand, which had fallen due to the spread of the COVID-19 pandemic. As a result, segment sales were ¥126,518 million, up 44.0% year-on-year, and operating income was ¥4,880 million, up 46.6%.

Composition of Net Sales by Region (FY3/2022) (simple aggregation base)



* Including equity method affiliates (As of March 31, 2022)

Future Development

We will actively consider new overseas business development as a driving force for further growth in the future. In the existing overseas business, we will expand transactions with and promote localization of Japanese companies and multinational companies by effectively

utilizing the networks we have cultivated in Japan and overseas, and will review the allocation of management resources to improve profitability. At the same time, we will focus on human resource development to correspond to the global field.

Growth Strategy / Focused Fields

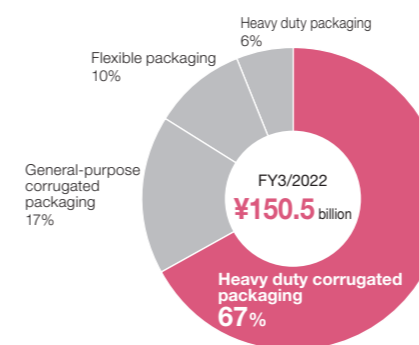
Expansion of the Heavy Duty Corrugated Packaging Business

Within the Rengo Group, the heavy duty corrugated packaging business is conducted globally by Tri-Wall Limited, which became a Rengo subsidiary in October 2016, and TRICOR Packaging & Logistics AG and Gutmann Anlagentechnik GmbH, both of which became Tri-Wall subsidiaries in August 2019. M&A in this business

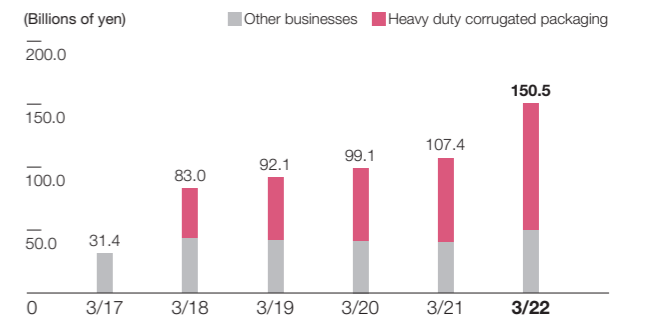
field is the core of the Group's overseas growth.

Heavy duty corrugated packaging offers ease of handling not available with conventional wooden boxes and has low environmental impact. It is used for a wide range of products including office equipment and automobile parts.

Overseas Business Net Sales (simple aggregation base)



Trend of Net Sales (simple aggregation base)



Topics

Tri-Wall and TRICOR Group

Building a network of **103** companies in **23** countries/regions

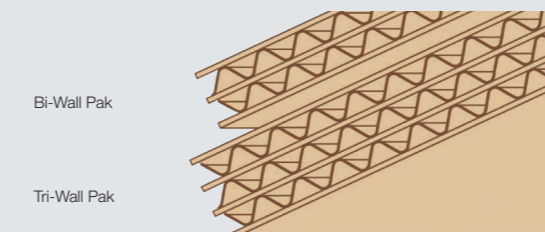
(As of March 2022 for consolidated companies including two domestic subsidiaries)



Main Products

Tri-Wall Pak/Bi-Wall Pak

Tri-Wall Pak (AAA) is the only triple wall corrugated packaging with a globally recognized brand name for use as transportation packing materials. It features lightweight, easy assembly, no fumigation, higher recyclability and so on compared to wooden boxes. We have established a supply structure in countries around the world to respond globally, including 2-layer Bi-Wall Pak (AA).



UN-Box

UN-Box is a corrugated container that has been pre-certified and labeled with a United Nations (UN) number, which is quality assurance from the UN that is required for the transportation of dangerous goods. It can be used without the need for a time-consuming inspection certification.



Uni-Pak

A container that combines Tri-Wall Pak and high density polyethylene pallet for excellent strength and durability. It can be knocked down and transported compactly making it an ideal returnable container.

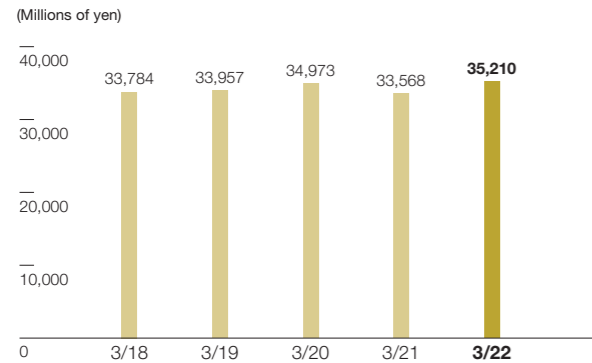


Other Businesses

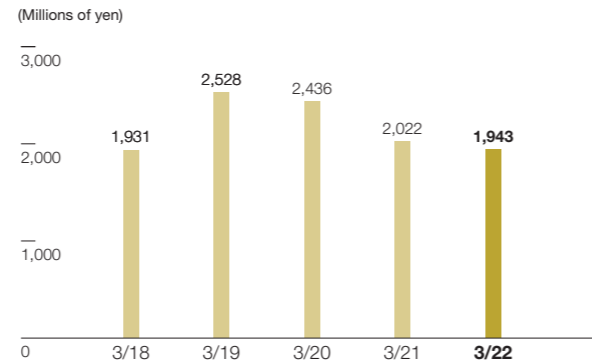
Manufacturing and sales of other products are carried out by the following companies: nonwoven products by Rengo Nonwoven Products Co., Ltd.; and packaging machines mainly by Yamada Kikai Kogyo Co., Ltd. Rengo Co., Ltd. is

involved only in sales of packaging machines. The transportation, insurance agency, leasing, and real estate businesses are carried out mainly by Rengo Logistics Co., Ltd. and Sanyo Jidosha Unso Co., Ltd.

Net Sales (after intersegment eliminations)



Operating Income (after intersegment eliminations)



Summary of Financial Results for FY2021 Ended March 31, 2022

In other businesses, while net sales increased thanks to the recovery of freight volume and demand for packaging machines and other products, operating income decreased mainly due to the increases in raw material prices.

As a result, segment sales were ¥35,210 million, up 4.9% year-on-year, and operating income was ¥1,943 million, down 3.9%.

Growth Strategy / Focused Fields

Strengthening of Logistics Structure

Rengo Logistics Co., Ltd., which is responsible for the Rengo Group's transportation business, is working to expand the transportation and handling of general cargo such as processed foods, beverages, building materials, and sundries, centering on corrugated packaging. The company is also working to reduce its environmental impact by introducing hybrid vehicles, maintaining low-speed when driving, and adopting battery forklifts that do not emit exhaust gas for transportation and cargo handling work in warehouses. All offices have obtained Green Management Certification from the Foundation for Promoting Personal Mobility and Ecological Transportation.

In recent years, in order to improve logistics efficiency, we have been expanding the logistics structure by aggregating and optimizing the warehouses that were previously scattered. At Yashio Logistics Center of Rengo Logistics, and Rengo's Yodogawa Logistics Center, we have introduced technology that greatly automates warehouse operations such as product storage and picking, including implementing a warehouse management system and truck guidance system, utilizing RFID and adopting unmanned operating clamp-type forklifts.

Packaging Systems for E-Commerce

We are focusing on further expanding our packaging machine lineup for e-commerce, which is increasing in demand partly due to COVID-19.

▶ For more details, see p. 58.

NSD Series

We are enhancing the Rengo Smart Display Packaging (RSDP) series such as by launching a New Smart Display Packaging (NSD) series aiming to rationalize manufacture sites, improve the efficiency of unpacking at retail outlets, and promote sales by displaying it on boxes.



Packaging systems machine and RSDP packaging form

Topics

Rengo Logistics Co., Ltd. Receives a “One-Star” for the Workplace Certification System for Ideal Workplaces

In April 2021, Rengo Logistics Co., Ltd. received a “one-star” certification under the certification system for favorable workplace environment for drivers (workplace certification system for ideal workplaces) at the head office and 35 divisions.

About the “Workplace Certification System for Ideal Workplaces”

The workplace certification system for ideal workplaces was established with the aim of solving issues in the automobile transportation businesses such as driver-shortages by promoting employment of drivers through cooperation between the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Health, Labor and Welfare. They do so by “visualizing” the efforts of each business site to achieve an ideal workplace and by renewing the job seeker's image of the automobile transportation business.



Developments at Group Companies

Rengo Makes Taiko Paper Mfg., Ltd. into a Subsidiary

Rengo made Taiko Paper Mfg., Ltd. into a subsidiary in August 2021. We will expand into manufacturing and sales of kraft pulp and kraft paper which are in the upstream of the Rengo Group's paperboard and heavy duty packaging businesses. We will see further deepening and rapid progress of the Group's business fields.



Corporate Profile

Head office	10 Kamiyokowari, Fuji-shi, Shizuoka Prefecture
Representative	Chairman & Representative Director Koichi Hirano, President & Representative Director Yoshihisa Shiokawa
Capital	¥450 million
Number of employees	191

Rengo Makes Takigawa Corporation Japan into a Subsidiary

Rengo made six Group companies, including Takigawa Corporation Japan, into subsidiaries in March 2022. We will greatly expand its manufacturing and sales sites and product lineup for the flexible packaging business to respond even broader to packaging needs in Japan and overseas.



Corporate Profile

Head office	4-12-1 Narashino, Funabashi-shi, Chiba Prefecture
Representative	President & Representative Director Masashi Nakashima
Capital	¥90 million
Net sales	¥12,800 million (FY2020 ended March 31, 2021)
Number of employees	316

Other Major Developments

Japan

April 2021	Rengo Toppan Containers Co., Ltd. made into a wholly-owned subsidiary and the company name changed to RG Containers Co., Ltd.
February 2022	Hiropax Co., Ltd. made into a subsidiary
March	Otsu Seikan Co., Ltd. made into a subsidiary
March	Nagai Tekko Co., Ltd. made into a subsidiary

Overseas

August 2021	Thai Containers Group Co., Ltd. acquires 75% of the shares in Indonesian corrugated packaging manufacturers PT Intan Ustrix, PT Bahana Buana Box, and PT Rapipack Asritama respectively through its subsidiary
September	Vina Kraft Paper Co., Ltd. decides to build a new containerboard production site in Vietnam

Development of a Corporate Culture That Takes ESG and SDGs into Consideration

Companywide Activities

With the aim of becoming the world's best general packaging manufacturer group as a "packaging provider," Rengo implements environmental, social, and governance (ESG) management to contribute to the achievement of the Sustainable Development Goals (SDGs) in accordance with the principles of the United Nations Global Compact, which we participate in and support to improve the sustainability of the company itself.

In April 2020, taking our first steps under a new management structure, we created the Vision 115

medium-term vision, which concludes in FY3/2025 when the company marks the 115th anniversary of its founding, and our entire Group is currently working together to achieve it.

Even in the face of the ongoing global COVID-19 pandemic, "General Packaging Industry (GPI) Rengo," which offers diverse solutions that meet the packaging needs of all industries, is constantly aware of its role in society and will lead the way into the future by contributing to society as a whole through packaging.

ENVIRONMENT

- Pursue further reduction of environmental impact by expanding the use of renewable energy.
- Promote the development and provision of packaging and biodegradable materials that contribute toward solving the problem of ocean plastic waste.



SOCIAL

- As a business corporation, first create employment opportunities and maximize profits through economic activities in accordance with the spirit of legal and regulatory compliance, and contribute back to society.
- Refine the circular recycling system formed by a good balance of recovered paper, paperboard, and corrugated packaging.
- Provide products that contribute toward improving the work efficiency at distribution and retail industries.
- Promote "white logistics" emphasizing appropriate lead time in collaboration with the supply chain.



GOVERNANCE

- Establish a corporate governance structure that responds to the corporate group's expansion with consideration for our stakeholders, namely employees, shareholders, and society.
- Improve sustainability as a company by emphasizing ESG and promoting SDG initiatives.
- Build safe and secure working environments where people can work with vigor by establishing mechanisms embracing "lifetime careers" and introducing labor-saving facilities.
- Aim to be a corporate entity where diverse human resources (in terms of gender, age, nationality) can maximize their unique potential.



Digital Transformation (DX) Strategy

The Rengo Group uses state-of-the-art digital technologies to increase work efficiency, create new added value, and respond to work style reforms in manufacturing, logistics, sales, and management. The DX Promotion Investigation

Committee, established in April 2020 with the president as its chairman, develops business processes through digitalization while working to enhance information security measures and develop DX human resources.

I Certified as DX-Certified Operator

Rengo was certified as a DX-certified operator based on the DX Certification Program established by the Ministry of Economy, Trade and Industry.

Our Vision 115 includes promoting DX using the state-of-the-art digital technologies, and we are currently working to create new business models and create new customer value.

Having acquired this certification, we will accelerate DX initiatives and contribute to the development of a better and sustainable society through the manufacturing of high quality and high value-added packaging.



The Rengo Group's DX Strategy—Bridging the Cyber and Physical Worlds

The increase in demand from people spending more time at home due to COVID-19 has driven further e-commerce growth, but we cannot live using internet cyberspace services alone. We must create Cyber-Physical Systems that link the cyber and physical worlds. Packaging is essential for protection and delivery of products ordered by e-commerce. Combined with digital technologies, it plays an

important role as part of the social infrastructure that enriches peoples' lifestyles. The Rengo Group is promoting DX in all of its operation processes, such as manufacturing, logistics, and sales, with the following key concepts. We are bridging digital technologies (Cyber) and the people who handle them (Physical) to create new customer value, increase innovative operation efficiency, and reform work styles.

Policy	Initiatives
Create new business models	<ul style="list-style-type: none"> ● Expand and enrich digitally printed packaging ● Engage in external sales of digital tools developed in-house ● Develop and sell automatic order reception and placement systems by linking data with customers
Create new customer value	<ul style="list-style-type: none"> ● Improve quality and services with IoT that utilizes sensors and AI technologies ● Optimize supply chains by visualization of procurement and manufacturing processes, and realize a low-carbon society ● Engage in proposal-based sales activities by leveraging virtual technologies
Reform existing processes	<ul style="list-style-type: none"> ● Improve logistics efficiency by introducing AI into vehicle dispatching systems ● Shorten proposal preparation times by using digital data in package designing and planning, and improve data storage security ● Develop new sales techniques and sales channels for the mobile network era
Improve internal operation efficiency	<ul style="list-style-type: none"> ● Eliminate paper use and promote remote work as part of work style reforms ● Use digital technologies in recruitment and internal training ● Improve the development structure by training our own IT engineers

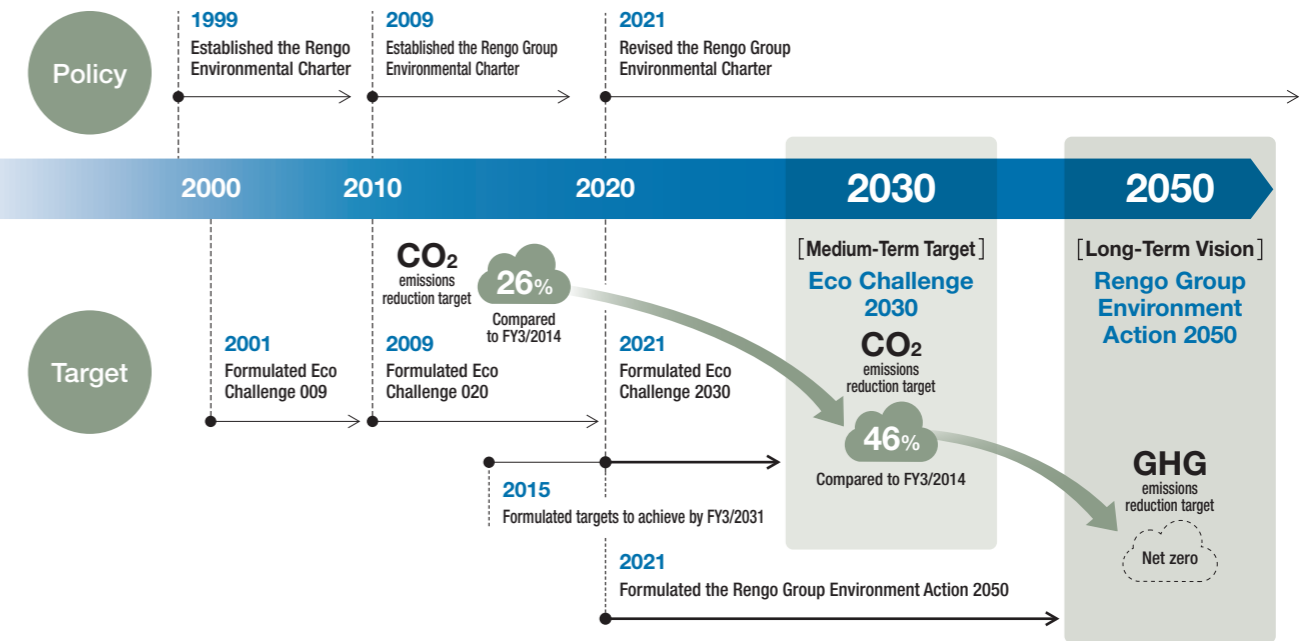


Our Environmental Efforts Aimed at the Year 2050

Corporate activities aimed at addressing diverse environmental problems are becoming increasingly important. This is why, in April 2021, we revised our Rengo Group Environmental Charter and formulated the Rengo Group Environment Action 2050 and Eco Challenge 2030, which are new medium and long term environmental targets for 2050 and FY3/2031, respectively.

Our entire Group is working as one to achieve these targets and contribute to creation of a sustainable society.

Timeline of the Rengo Group's Environmental Policies and Eco Challenge Environmental Targets



Results of Eco Challenge 2030

The Rengo Group has formulated the Eco Challenge targets for realizing the Rengo Group Environmental Charter. Eco Challenge 2030, which has a target year of FY3/2031, defines six core issues for the entire Group and sets forth specific targets for each of these issues.



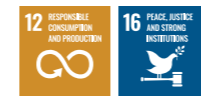
Eco Challenge 2030

Related SDGs	Core issue	Item	Indicator	FY3/2022			FY3/2031 target	Scope	Related page(s)	
				Target	Result	Evaluation				
7 12 13 17	Creation of a carbon-free society	Greenhouse gas emissions reductions	CO ₂ emissions derived from fossil energy (compared to FY3/2014)	1% reduction	1.5% reduction	○	2% reduction	Consolidated companies in Japan subject of the Act on the Rational Use of Energy	p. 43	
7 12 13 17		Efficient energy usage	Energy intensity (5 year average)	1% reduction per year	1.1% reduction	○	1% reduction per year		1% reduction per year	p. 45
12 15	Creation of a recycling-oriented society	Effective use of resources	Recovered paper utilization rate for paperboard	98% or more	98.6%	○	98% or more	Paperboard manufacturing sites of consolidated companies in Japan	p. 46	
11 12		Reduction of waste volume	Effective utilization rate of waste	Increase in effective utilization rate	98.2%	—	Increase in effective utilization rate	99% or more	Manufacturing sites of consolidated companies in Japan	p. 48
9 12 14 15 17	Creation of products that solve environmental and social issues	Development and promotion of products made with biodegradable cellulose	Viscopear® (cellulose bead) production volume	40 t/year or more	52.8 t	○	65 t/year or more	Rengo Co., Ltd.	p. 52	
			Adoption of REBIOS® (high biomass, biodegradable packaging material) (by FY3/2023)	5 projects	2 projects	—	5 projects	—	—	p. 52
12		Development and promotion of sustainable packaging through collaboration with suppliers	Formulation of GPI Rengo sustainable packaging certification standards (by FY3/2023)	Formulation of certification standards	Formulation of certification standards in progress	—	Formulation of certification standards	—	Consolidated companies in Japan	p. 51
9 12 13 15		Packaging weight reduction	Average basis weight of corrugated board (grammage per square meter)	0.5% reduction per year	0.1% reduction	×	0.5% reduction per year	0.5% reduction per year	Corrugated board manufacturing sites of consolidated companies in Japan	p. 51
6 11 12 14	Water risk management	Water risk evaluation and risk reduction	Implementation of water risk assessments and evaluations at manufacturing sites (by FY3/2023)	Implementation of assessments	Implementation of assessments at all manufacturing sites of consolidated companies in Japan and overseas	—	Implementation of assessments	—	Manufacturing sites of consolidated companies in Japan and overseas	p. 49
7 8 12 15 17	Value chain management (downstream)	Logistics efficiency improvement in transportation of products	Per-unit CO ₂ emissions from the transportation of corrugated board/boxes (compared to FY3/2014)	1% reduction	2.8% reduction	○	3.8% reduction	13% reduction	Rengo Co., Ltd.	p. 53

ENVIRONMENT

Environmental Management

Related SDGs



Basic Stance

Rengo has positioned addressing environmental problems as a core management issue and promotes Group-wide environmental management. The environment surrounding the company undergoes tremendous changes, so in April 2021 we revised the Rengo Group Environmental Charter to clarify our environmental management stance. Led by this Environmental Charter, we are contributing to the creation of a sustainable society through our integrated business management and environmental improvement activities.

Rengo Group Environmental Charter

Fundamental Philosophy

The Rengo Group contributes to a sustainable society through further reducing of the environmental impacts of its business, and by supplying environmentally friendly products.

Fundamental Policy

1. Observation of Environmental Related Laws and Establishment of Own Standard

The Rengo Group observes all laws, regulations and protocols relating to the environment, and establishes our own management standard to further reduce our environmental impact.

2. Promotion of Global Warming Countermeasures

The Rengo Group actively engages in energy saving and conversion to renewable energy, and reduces greenhouse gases emissions.

3. Promotion of Effective Use of Resources

The Rengo Group actively uses environmentally friendly materials such as recycled materials, as well as minimizes use of resources.

4. Reduction and Promotion of Effective Use of Waste

The Rengo Group curbs waste generation and reduces the volume of final disposed waste through reuse and recycle.

5. Supply of Environmentally Friendly Products

The Rengo Group conducts research and development based on social challenges, and supplies more environmentally friendly products.

6. Reduction of Environmental Impact in Supply Chain

The Rengo Group reduces its environmental impact throughout the supply chain by procuring environmentally friendly materials and optimizing manufacturing and logistics.

7. Establishment of Collaborative Relationships with Stakeholders

The Rengo Group communicates with various stakeholders by raising environmental awareness, and at the same time, through proactive information disclosure related to the environment and activities in harmony with nature and communities.

Established on April 12, 2009

Revised on April 12, 2021

Environmental Management Structure

For the promotion of environmental management, Rengo has established the Environment Subcommittee overseeing the entire company, and Division Environment Subcommittees at divisions, plants, and mills. The Environment Subcommittee's purpose is to strengthen environmental management throughout the entire company. It is chaired by the executive officer in charge of promoting environmental management, and its members are executive officers and general managers in charge of production departments and related organizations. At meetings, the current state of achievement for environmental targets and state of legal compliance are checked for the entire Group, and discussions and decisions are made on items such as companywide directions, targets, and plans related to the environment. These are then reported to the CSR Committee. Decisions made by the Environment Subcommittee are then further deliberated in detail at the Division Environment Subcommittees to develop environmental improvement activities rooted in their respective local communities. To effectively promote environmental management, Rengo has introduced ISO 14001, the international standard for environmental management systems, since 2001. All divisions, plants, and mills have obtained certification as of 2006.

Environmental Management Structure



Conducting Environmental Audits

The Rengo Group utilizes environmental management systems at divisions, plants, and mills based on ISO 14001. In addition, internal audits by internal auditors and external inspections by external certification agencies are regularly carried out to verify that environmental management systems are appropriately operated. The internal audits

check the status of environmental improvement activities, compliance with environmental laws, and appropriate response to state of emergency declarations with the aim of making continual improvements to management systems. In FY3/2022, as well, the external inspections found no deficiencies.

Handling of Environmental Laws and Regulations and Environmental Accidents

State of Compliance with Environmental Laws and Regulations

Rengo complies with environmental laws and regulations such as those aimed at preventing air and water pollution. To minimize environmental risks, we conduct environmental law and regulation self-checks twice each year. Through these self-checks, we work to prevent legal non-compliance from occurring by exposing hidden environmental risks and identifying anomalies at the earliest possible time. As a result of these risk management activities, for FY3/2022, as well, there were no environmental legal compliance violations.

Complaints Related to the Environment

In FY3/2022, Rengo received a total of eight complaints regarding issues such as noise and vibration. We identified the causes of these complaints, and took steps such as equipment-related measures and reviews of operations. We strive to understand the complaints by explaining the causes and response to them.

Going forward, we will work to prevent noise, vibration, and other disturbances so that they do not cause issues and keep in close communication with community residents.

Number of Complaints Related to the Environment in FY3/2022 (non-consolidated)

(Number of complaints)

Atmosphere	Water quality	Waste	Noise / vibrations	Odor	Others	Total
0	0	0	3	1	4	8

Countermeasures against Environmental Accidents

Besides preventing risk by putting in place various measures such as daily inspections, we also conduct emergency response training simulating the occurrence of environmental accidents—such as oil or chemical leaks—at least once a year at Rengo's divisions, plants and mills. After the training, we evaluate procedures and other aspects of training for problems and use our findings to make improvements.

Providing Environmental Education

Rengo continuously provides environmental education and awareness-raising activities, such as seminars and Group newsletters, so that all employees can take a closer interest in environmental problems in all aspects at work and at home. In FY3/2022, environmental education was provided for new employees, as well as a course to develop ISO



Environmental education for new employees

14001 internal auditors targeting employees. Environmental education was also integrated into rank-specific education, such as the training provided to newly appointed General Managers of the plants and we are raising the skill levels that are needed for different positions.

Education Provided by Rengo in FY3/2022 (non-consolidated)

(Number)

Course	Participants
Environmental education for new employees	55
ISO 14001 internal auditor development course	18
Training for newly appointed General Managers of the plants	6

ENVIRONMENT

Climate Change Countermeasures **TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Rengo Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. Rengo considers climate change countermeasures as important management issues. We will promote reductions in greenhouse gas emissions and provide information based on the TCFD recommendations to help create a decarbonized society.

Corporate Governance and Risk Management

Rengo has established a CSR Committee chaired by the Chairman & CEO with the aims of improving management quality and reducing and avoiding future risks.

Under this CSR Committee, an Environment Subcommittee chaired by the senior managing executive officer in charge of environmental management promotion has been established to promote environmental management. The Environmental Management Promotion Department serves as the secretariat for the Subcommittee. In Environment Subcommittee meetings, the current state of achievement for environmental targets and state of legal compliance are checked Group-wide, and discussions and decisions are made on items such as company-wide directions, targets, and plans related to the environment, including climate change countermeasures. The results are reported to the CSR Committee.

The Board of Directors receives general reports about governance and risk management from the CSR Committee. It also receives explanations on the progress of efforts from the chairman of the Environment Subcommittee and executive officers in charge of individual departments and deliberates and makes decisions on improvement initiatives and other matters as necessary.



The following have been established as subordinate organizations of the Environment Subcommittee.

- Decarbonization Working Group**
The Decarbonization Working Group works on reducing greenhouse gas emissions by collecting information and deliberating on action plans and the progress of individual departments of the company.
- Group Environmental Activities Council**
The Group Environmental Activities Council manages the progress of activities for the Group-wide reduction of greenhouse gas emissions.

Metrics and Targets

The Rengo Group has a medium-term target for FY2030 toward the realization of carbon neutrality in 2050. We engage in the reduction of greenhouse gas emissions by energy saving and conversion to renewable energy.

Long-term vision	We are taking on the challenge of achieving net zero greenhouse gas emissions by 2050. *1
Medium-term targets	46% reduction in CO ₂ emissions derived from fossil energy by FY2030 (compared to FY2013) *2

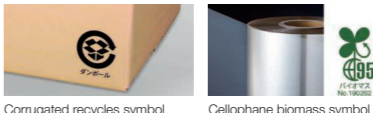
*1 Target: greenhouse gas emissions from manufacturing sites in Group consolidated companies

*2 Target: CO₂ emissions derived from fossil energy from Group consolidated companies in Japan subject to the Act on the Rational Use of Energy

Strategy – Risks, Opportunities, and Countermeasures Related to Climate Change




In FY2021, we identified risks and opportunities related to climate change and organized expected impacts and countermeasures for the principal businesses of the Rengo Group. Going forward, we will aim for disclosure that satisfies all the TCFD recommendations. In FY2022, we will analyze and evaluate the resilience of strategies taking into consideration different climate-related scenarios.

Major risks and the Rengo Group's initiatives

Transition risks	Policy and legal regulations	Markets	Reputation
Principal aspects	<ul style="list-style-type: none"> Tightening of regulations related to greenhouse gas emissions 	<ul style="list-style-type: none"> Changes in consumer behavior Acceleration of efforts for reduction of greenhouse gas emissions by customers 	<ul style="list-style-type: none"> Increase in concerns of stakeholders about climate change countermeasures
Expected impact	<ul style="list-style-type: none"> Increase in prices of fossil energy due to a rise in carbon tax Tightening of CFC regulations 	<ul style="list-style-type: none"> Shortage of recovered paper due to an increase in demand for recycled materials Intensification of customer requirements for reduction of greenhouse gas emissions Increase in prices of non-fossil energy due to increase in demand and difficulty in procurement Increase in prices of raw materials due to suppliers passing on costs of climate change countermeasures 	<ul style="list-style-type: none"> Changes in financing conditions by changing evaluation of efforts related to climate change
Efforts by the Rengo Group	<ul style="list-style-type: none"> Promotion of energy saving Introduction of renewable energy and fuel conversion of manufacturing sites and transport vehicles CFC-free air conditioner coolant 	<ul style="list-style-type: none"> Conversion of unused paper waste into raw material for papermaking Development and marketing of sustainable packaging and materials with less greenhouse gas emissions  <ul style="list-style-type: none"> Reinforcement of supply chain management through diversification and selection of suppliers 	<ul style="list-style-type: none"> Dispatching information on steady efforts and results related to climate change Active disclosure of environmental information including indicators related to climate change indicators

Physical risks	Acute	Chronic
Principal aspects	<ul style="list-style-type: none"> Intensified abnormal weather 	<ul style="list-style-type: none"> Rise of average temperature, change in precipitation and meteorological patterns
Expected impact	<ul style="list-style-type: none"> Damage to production sites Suspended operations due to supply chain disruption 	<ul style="list-style-type: none"> Deterioration in production efficiency due to worsened working environment Increase in the prices of forest resources and plant-derived materials and difficulty in procurement Decrease in procurable water due to drought Increased risk of inundation at production sites due to sea level rise
Efforts by the Rengo Group	<ul style="list-style-type: none"> Identification of disaster risks at production sites and its reflection in capital investment plans Installation of flood control equipment at production sites, separation of rainwater and drainage channels Securing of BCP effectiveness for all sites by strengthening supply chain management and collaborating within the Rengo Group Insurance coverage against damage caused by climate change 	<ul style="list-style-type: none"> Installation of heat control equipment Reinforcement of supply chain management through diversification and selection of suppliers Reduction in water consumption by improving efficiency in manufacturing processes Reinforcement of inundation countermeasures and site location selection in consideration of hazard maps, etc.

Principal opportunities and efforts by the Rengo Group

Opportunities	Resource efficiency	Energy sources	Products and services
Expected impact	<ul style="list-style-type: none"> Increased efficiency in distribution processes 	<ul style="list-style-type: none"> Transition to non-fossil energy 	<ul style="list-style-type: none"> Expansion of demand for low-carbon products and services Expansion of demand for products that can contribute to appropriate forest management
Efforts by the Rengo Group	<ul style="list-style-type: none"> Reduction in per-unit greenhouse gas emissions through transportation and other logistics efficiency improvement. Provision of packaging and packaging systems that optimize logistics efficiency 	<ul style="list-style-type: none"> Effective utilization of waste byproducts from the paperboard manufacturing process as energy Active introduction of renewable energy 	<ul style="list-style-type: none"> Provision and development of packaging and materials with less greenhouse gas emissions Provision and development of biodegradable and compostable packaging and materials  <ul style="list-style-type: none"> Provision of FSC certified products and products with high recovered paper utilization rates

ENVIRONMENT

Creation of a Carbon-Free Society

Related SDGs



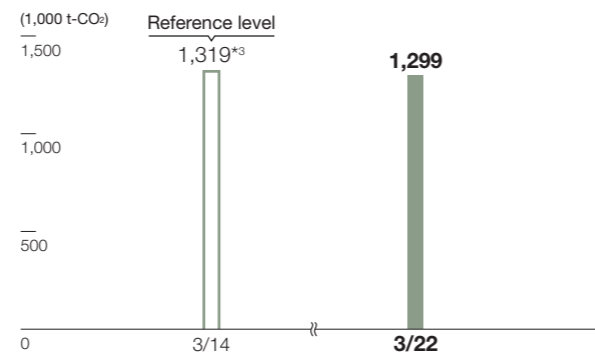
Basic Stance
The problem of climate change is an urgent issue that needs to be tackled on a global scale. The Rengo Group considers the creation of a carbon-free society to be the most important issue of its environmental management. We are actively working to reduce the greenhouse gas emissions produced by our business activities and cut these emissions throughout our supply chain.

Reducing Greenhouse Gas Emissions

Fossil energy-derived CO₂ from production makes up a majority of the greenhouse gases emitted by the Rengo Group's business. Under Eco Challenge 2030, as our target for greenhouse gas emissions reductions, we are striving to reduce fossil energy-derived CO₂ by 46% at production sites by FY3/2031 compared to FY3/2014. In order to achieve this target, we will implement energy-saving measures, converting coal and fuel oil boilers to other fuels, installing biomass boilers, and developing solar power generation and other renewable energies.

In FY3/2022, we worked to increase energy efficiency through energy savings (see p. 45), CO₂ emissions derived from fossil energy decreased by 1.5% compared to FY3/2014. In order to ensure we achieve the target for FY3/2031, we will carry out practices and improvements based on an action plan and continue implementing initiatives to reduce CO₂ emissions.

CO₂ Emissions from Manufacturing Sites*¹ (consolidated*²)



*¹ Derived from fossil energy (including purchased electricity)
*² Group companies in Japan subject to the Act on the Rational Use of Energy
*³ Total of target companies as of FY3/2022

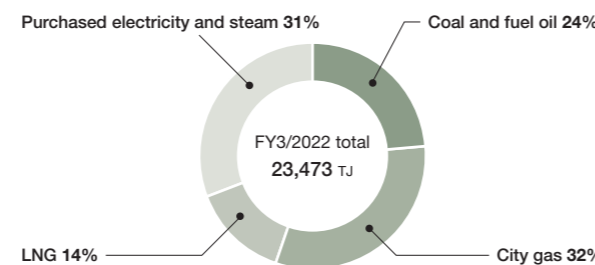
Promoting of Fuel Conversion

As an initiative to reduce CO₂ emissions, the Rengo Group is converting the fuels used in boilers to cleaner fuels with low CO₂ emissions.

We began converting from fuel oil to city gas in the 1980s and since 2005 we have utilized liquefied natural gas (LNG) in regions without city gas infrastructure as well, making steady efforts over time to convert to gas. As a result, we were able to lower the rate of coal and fuel oil energy in the Group's fossil energy in FY3/2022 to approximately 24%.

Going forward, we will continue to actively convert from fuel oil and coal to gas and also work to expand use of sustainable energy sources like solar and biomass.

Fossil Energy Input by Fuel Type at Manufacturing Sites (consolidated*)



* Manufacturing sites of consolidated companies in Japan

Increasing Renewable Energy Use

The Rengo Group is working to expand its use of renewable energy to address the problem of climate change and from the standpoints of energy source diversification and effective use of resources. The ratio of renewable energy use to total energy input in FY3/2022 was 17%.

Solar power generation equipment is being implemented with consideration given to characteristics of the location and plants where the installation takes place. We have implemented solar power at 16 sites in the Group as a whole. In FY3/2022, it generated 6,595 thousand kWh (24 TJ) of electricity for the year, 2,698 thousand kWh (10 TJ) of which was consumed onsite.

In addition, we make effective use of waste products, such as wood chips made from construction waste materials and black liquor and paper sludge given off at mills, to fuel our biomass boilers. Our mills have installed 6 boilers able to use biomass, and in FY3/2022, we used 4,764 TJ of biomass energy for the year. In FY3/2023, we expect that a new biomass boiler installation to convert approximately 1,928 TJ a year to biomass energy at Rengo's Tonegawa Division enables us to reduce CO₂ emissions by 90 thousand t-CO₂ annually.

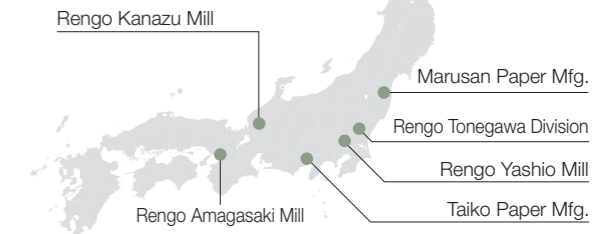


Solar power generation equipment at Rengo's Fukushima-Yabuki Plant



Woodchip biomass power plant at Rengo's Yashio Mill

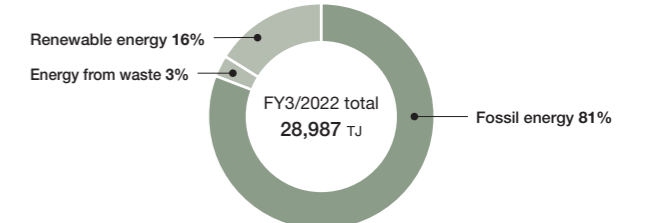
Locations in the Group with Biomass Boilers (6 sites)



Locations in the Group with Solar Power Generation Equipment (16 sites)

Rengo	<ul style="list-style-type: none"> Shin-Sendai Plant Tonegawa Division Shin-Nagoya Plant Okayama Plant Fukushima-Yabuki Plant Yoshio Mill Shin-Kyoto Division Tosu Plant
Yamato Shiki	<ul style="list-style-type: none"> Setouchi Plant
Settsu Carton	<ul style="list-style-type: none"> Shin-Tokyo Plant Itami Plant Utsunomiya Plant
Kinyosha Printing	<ul style="list-style-type: none"> Head office Gotemba Factory
	<ul style="list-style-type: none"> Marusan Paper Mfg.

Total Energy Input and Energy Ratios in Manufacturing Sites by Type (consolidated*)



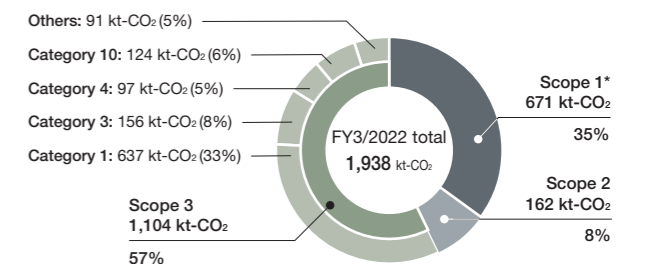
* Manufacturing sites of consolidated companies in Japan

Initiatives to Calculate Greenhouse Gas Emissions of Entire Supply Chain

Rengo calculates Scope 1, 2, and 3* emissions in order to reduce greenhouse gas emissions across our entire supply chain. Total emissions in FY3/2022 were 1,938 thousand t-CO₂. Scope 1 and 2 accounted for 43% of this total, and Scope 3 accounted for 57%. We are currently working to calculate Scope 3 emissions for the entire Rengo Group and are considering initiatives to reduce them.

* Scope 1: Direct emissions of greenhouse gases by business operators (fuel combustion and industrial processes)
Scope 2: Indirect emissions of greenhouse gases from the use of electricity, heat, and steam supplied by other companies
Scope 3: Indirect emissions of greenhouse gases other than Scope 1 and 2 (emissions by other companies related to the business operator's own activities)

Greenhouse Gas Emissions of Entire Supply Chain (non-consolidated)



* CO₂ derived from fossil energy

ENVIRONMENT

Improvement of Energy Efficiency

Related SDGs



Basic Stance

The Rengo Group uses a large amount of energy in production. Improving energy efficiency not only helps in securing a stable supply of energy but also facilitates measures to address the problem of climate change. Accordingly, we are thoroughly implementing measures to use energy more efficiently.

Efficient Energy Usage

The Rengo Group uses various forms of energy, including fossil energy, energy from waste, and renewable energy. Under Eco Challenge 2030, we are working to use energy more efficiently, having set a target to reduce the five-year average energy intensity at our manufacturing sites by 1% per year. We achieved the target with energy intensity for FY3/2022 amounting to 98.7% year-on-year, and the average over five years amounting to 98.9%.

Year-on-Year Comparison of Energy Intensity at Manufacturing Sites*1 (consolidated*2)

	3/18	3/19	3/20	3/21	3/22	5-year average
Year-on-year comparison	—	98.0%	100.2%	98.8%	98.7%	98.9%

*1 Total energy usage including fossil energy, energy from waste, and renewable energy divided by production volume

*2 Group companies in Japan subject to the Act on the Rational Use of Energy (excluding certain companies)

Topics

Initiatives at the Yashio Mill

Since 2011, Rengo's Yashio Mill—Japan's largest paperboard mill—has created a structure for selecting energy-saving initiatives, implementing them, and evaluating the outcomes, by setting up small-group activity team within the mill to work technically on pursuing energy-saving measures. The entire mill is actively involved, with all employees invited to suggest



Small-group activity

new initiatives. Energy efficiency has been improved by approximately 35% since 1990 through measures such as installing highly efficient equipment for manufacturing processes and reducing use of steam energy during the energy-intensive drying process.

In addition to its energy-saving initiatives, the Yashio Mill is also actively engaged in reducing CO₂ emissions by other means such as converting to alternative fuels and using renewable energy. In FY3/2022, the mill received renewed recognition as a Top Level Facility within the Excellent Large Scale Business Facilities category under the Saitama Prefecture cap and trade type emissions trading system.



Receiving the certificate of recognition as a Top Level Facility

Creation of a Recycling-Oriented Society

Related SDGs



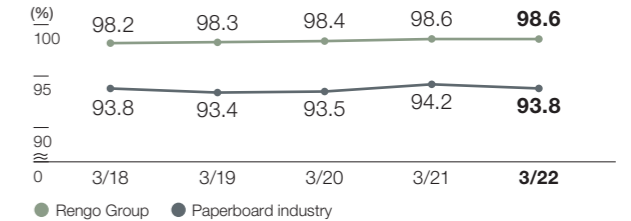
Basic Stance

The Rengo Group is helping to create a recycling-oriented society by striving to recycle resources and reduce its resource consumption. Furthermore, we collaborate with other companies and industrial organizations to develop new recycling technologies, and conduct recycling awareness-raising activities at various educational institutions.

Effective Use of Recovered Paper

In our laboratories and mills, we are developing modern technologies that enable us to raise our recovered paper blend ratio while maintaining product quality. We are also making advances in the effective use of recovered paper, such as employing previously unused recovered paper resources as raw materials for papermaking. Under Eco Challenge 2030, we are working toward a recovered paper utilization rate target for paperboard of 98% or more, and in FY3/2022, we achieved a rate of 98.6%.

Recovered Paper Utilization Rate in Paperboard Manufacturing*1 (consolidated*2)



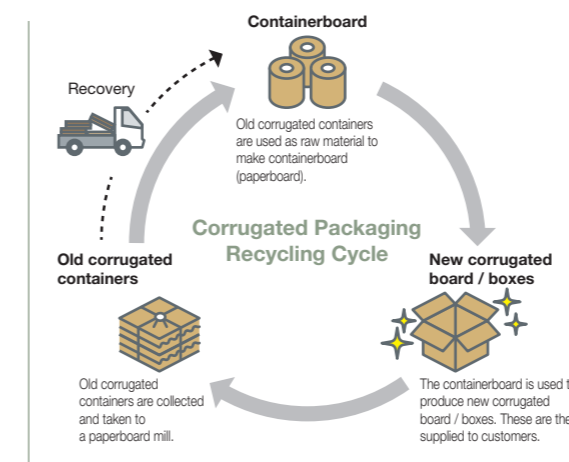
Source: Paper Recycling Promotion Center

*1 Rate of recovered paper in the raw materials used in all paperboard products

*2 Paperboard manufacturing sites in consolidated companies in Japan

Note: Industry figures are on a calendar year basis (FY3/2022 corresponds to the year from January to December 2021).

Corrugated Packaging Recycling Cycle



The Corrugated Recycle symbol is used to indicate corrugated packaging that can be recycled. Currently, more than 90% of corrugated packaging in Japan displays the recycle symbol.



Increasing Utilization of Recovered Paper (Utilization of Confidential Paper Waste)

Rengo has implemented processing equipment designated for confidential paper waste at its Yashio Mill, Amagasaki Mill, and Tonegawa Division. The equipment is used to reuse confidential documents that were previously incinerated for information leakage concerns as raw material for papermaking. Certification under ISO 27001, the international standard for information security management, was acquired for the management of confidential documents by the Yashio Mill and Amagasaki Mill in FY3/2016 and the Tonegawa Division in FY3/2017. A fully secured dedicated facility complies with policies for accepting the raw materials and processing the boxes containing confidential documents without opening them.



Confidential paper waste recycled as raw material for papermaking

ENVIRONMENT

Improving the Quality of Recovered Paper

Thermal foaming coated paper, sublimation transfer paper, or paper with odors, such as detergents, soaps, or incense, may cause problems if mixed into products, and must be removed before paper is recovered. As such materials (known as prohibitive items) will significantly reduce the quality of paperboard, Rengo widely promotes proper recycling that does not mix in prohibitive items through its website and dispatch lessons (see p. 74).

For details, please see: Paper Recycling Promotion Center (Japanese)



Common Examples of Prohibitive Items

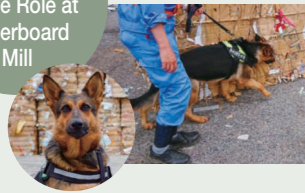
Paper products that cannot be used as raw materials for papermaking	
Perfumed paper and paper with odors	Paper wrapping, paper boxes, corrugated boxes, and other paper packaging for products such as detergents, soaps, and incense
Sublimation transfer paper	Dye-sublimation paper, iron-on transfer paper
Thermal foaming coated paper	Non-flat copy paper (such as for Braille)
Wax coated corrugated box	Wax coated corrugated boxes containing imported fruits and vegetables, processed seafood, etc.
Paper with food leftovers	Packaging with food leftovers such as pizza or cake
Soiled paper	Paper stained with oil, used tissue paper and paper towels, paper stained with pet excrement, etc.

Items other than paper

Nonwoven products (sanitary masks, moist towelettes), disposable diapers, etc.

Source: Excerpt from the Paper Recycling Promotion Center's Recovered Paper Quality Standards

Sniffer Dogs Playing an Active Role at Paperboard Mill



Since 2014, Rengo's Yashio Mill has used sniffer dogs to prevent contamination by recovered paper with odors. Since the sniffer dogs were introduced, the number of cases of contamination has significantly dropped, resulting in a steady reduction in product issues and loss. Sniffer dogs are currently in active service at the Yashio Mill and Tonegawa Division.

Sniffer dog Chako Chako uses its front paws to show when recovered paper has an odor.

Topics

Initiatives to Recycle Used Plastic

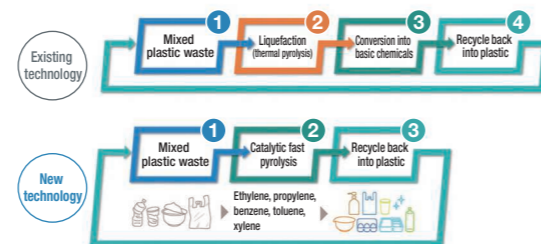
In June 2020, upon the invitation of Suntory MONOZUKURI Expert Ltd., Rengo joined with 11 cross-industry partners making up the plastic value chain to establish R Plus Japan Ltd., a joint venture that engages in the business of recycling used plastics, and began its operations.

In Japan, with the exception of PET bottles, much of the plastic waste undergoes thermal recovery (incineration). The new company aims to use the technology of Anellotech, Inc., a U.S. biochemical venture company, to perform chemical recycling, using chemical reactions to directly convert plastic into raw materials, especially to establish new and efficient recycling technology with a low environmental impact that enables plastic processing without the need for liquefaction.



To help solve the issue of plastic, which is a common issue around the world, we are strengthening our cooperation with all companies in the supply chain for manufacturing plastic products with the goal of commercial deployment in 2027.

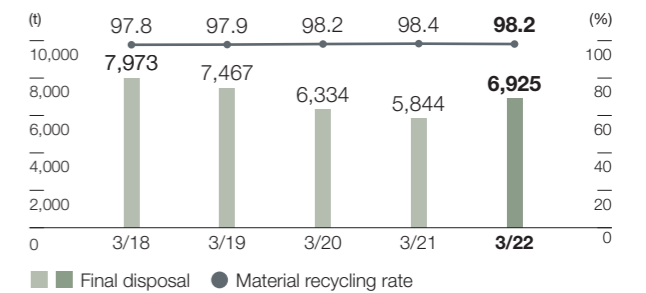
New Technology



Reducing Waste Volume

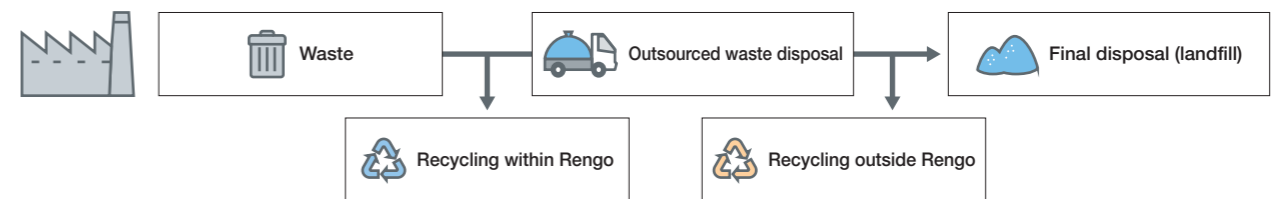
In order to realize a recycling-oriented society, the Rengo Group is actively using environmentally friendly materials such as recycled materials, recycling byproducts from our divisions, plants, and mills, and minimizing the waste we generate. Under Eco Challenge 2030, we have been endeavoring to increase our effective utilization rate of waste. In the outsourcing of waste disposal at our divisions, plants, and mills, wherever possible, we select contractors that are capable of recycling the waste to increase the material recycling rate. As a result of these efforts, final disposal for FY3/2022 amounted to 6,925 tons and the material recycling rate was 98.2%. Moving forward, we will continue to curb waste generation by promoting recycling.

Final Disposal and Material Recycling Rate (consolidated*)



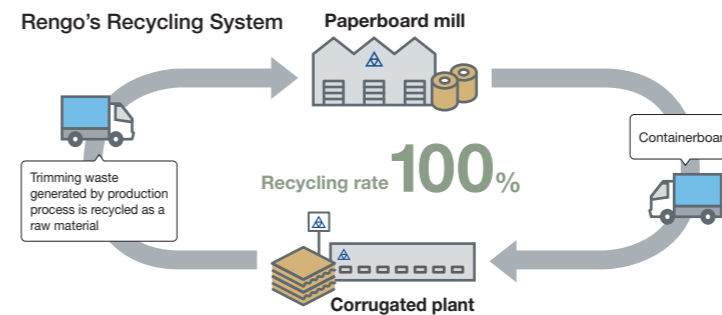
* Manufacturing sites of consolidated companies in Japan

Waste Disposal Process



Recycling Old Corrugated Containers Within Rengo

Rengo recycles old, corrugated containers within the Group. Trimming waste of corrugated board/boxes, generated during the production process of our corrugated plants, is transported back to paperboard mills where it is 100% recycled as a raw material for papermaking, using the return trips of trucks transporting containerboard from our paperboard mills.



Trimming waste to be recycled as a raw material for papermaking

Proper Management of Waste

Rengo separates and minimizes the volume of waste generated by its business activities wherever possible. We regularly check the storage conditions of waste stored within the company to ensure that there are no problems, and as a rule, we visit disposal contractors at least once a year to perform on-site confirmation. To prevent improper disposal of

industrial waste and improve the efficiency of management, we have introduced waste management systems capable of handling electronic manifests at our divisions, plants, and mills, and confirm that the waste disposal we have externally contracted is conducted properly.

ENVIRONMENT

Water Risk Management

Related SDGs



Basic Stance

Droughts, flooding, and other effects of climate change are growing more severe, both in Japan and around the world. Rengo considers the efficient use of water resources and the assessment and management of water risks to be a vital issue. Water damage, water quality regulations, and other water-related risks have a major impact on the activities of production sites, so we appropriately assess and manage water risks on an individual site basis.

Analysis of Water Risks

In order to make our business activities as sustainable as possible going forward, the Rengo Group is engaging in evaluation to identify water risk factors such as water supply per production site and flood frequency, and to establish appropriate measures.

During the primary evaluation implemented in 2021, in order to identify regional water issues in regions in which sites are located, evaluation was performed using Aqueduct^{*1}, a catchment basin-specific water risk assessment tool released by the World Resources Institute (WRI) and the Water Risk Filter by the World Wide Fund for

Nature (WWF)^{*2}. Evaluation was performed at 145 sites within and outside Japan.

In FY3/2023, we will conduct a secondary evaluation to assess risk in detail for each catchment basin. At sites in Japan, we are identifying flood zones using hazard map and landform classification maps for flood control, and at sites overseas, we are specifying risks and risk levels through investigations that include interviews.

*1 Water risk evaluation tool developed by WRI

*2 Water risk evaluation tool developed by WWF

WRI Aqueduct Water Risk Evaluation Results

Water stress level	Number of production sites	Percentage (%)
Low	26	18
Low-medium	113	78
Medium-high	1	1
High	4	3
Very high	1	1
Total	145	100

WWF Water Risk Filter Risk Evaluation Results^{*3}

Water stress level	Number of production sites	Percentage (%)
Very low	0	0
Low	122	85
Medium	17	12
High	5	3
Very high	0	0
Total	144	100

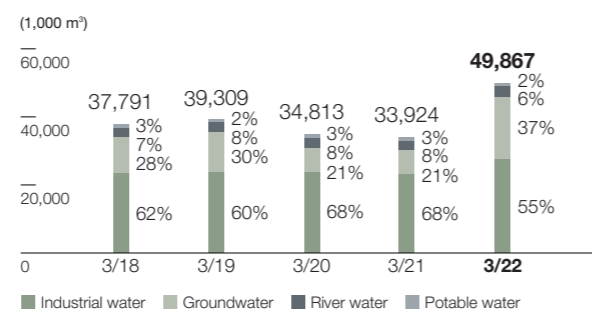
*3 Hawaii site N/A for evaluation

Efficient Use of Water Resources

The Rengo Group uses potable water, industrial water, groundwater, water taken from nearby rivers, and water from other sources in its production activities. Volume of water intake of FY3/2022 was 49,867 thousand m³.

In order to use limited water resources with care, it is essential that we use water resources effectively at mills, which use particularly large amounts of water. We take measures to reduce the amount of water intake by treating waste water from production processes at water treatment facilities for further reuse. Furthermore, we reduce overall water usage levels to effectively utilize water resources.

Total Water Intake and Water Resource Ratios by Type (consolidated)



Chemical Substance Management

Related SDGs



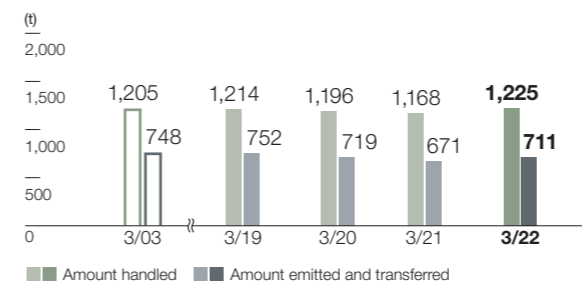
Basic Stance

Rengo strives to prevent its business activities from causing pollution by appropriately managing chemical substances and reducing the amount of waste it disposes. Besides adhering to laws and regulations concerning the disposal of hazardous substances that can harm people's health and have negative effects on ecosystems and other aspects of the environment, we also engage in thorough management by setting our own, even stricter standards.

Reducing Emissions and Transfers of PRTR Chemical Substances

Rengo's emissions and transfers of relevant substances subject to the PRTR Act (the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement) measured 711 tons in FY3/2022. The amount increased from the previous year due to increased production volume and other factors, but we are working on our initiatives to reduce emissions, which include plans to augment exhaust gas cleaning equipment at the Takefu Plant.

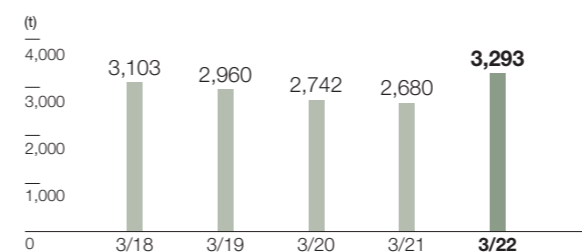
PRTR Chemical Substances Amount Emitted and Transferred (non-consolidated)



Reducing VOC Emissions

The Rengo Group uses ink and processing agents containing volatile organic substances (VOCs) in the printing/processing of paperboard and film, and VOCs are emitted into the atmosphere once they are dry. To reduce VOC emissions, we cooperated with our suppliers to switch to low-VOC solvent and VOC-free inks. Thanks to these efforts, emissions in FY3/2022 measured 3,293 tons.

VOC Emissions^{*1} (consolidated^{*2})



*1 Refers to the top five substances discharged by members of Japan Paper Association (toluene, methyl ethyl ketone, ethyl acetate, isopropyl alcohol, and methanol).

*2 Manufacturing sites of consolidated companies in Japan

PCB Countermeasures

The Rengo Group completed disposal of highly concentrated PCB in FY3/2021. However, there is the possibility that we have not identified all ballasts, so we are continuing to perform investigative studies. In addition, for equipment which, partly due to its date of manufacture, may contain low concentrations of PCB, we analyze the equipment before disposal and dispose of it properly based on whether it contains PCB.

Asbestos Countermeasures

Asbestos has been used extensively in insulation, building materials, and other applications. Rengo has completed our study of asbestos usage conditions, and we have removed or sealed in all asbestos with potential for aerial dispersal. For asbestos without the potential for dispersal, such as the asbestos used in finishing compounds or slate roofs, we assess usage conditions so that the asbestos can be dealt with appropriately during dismantling work.

Atmospheric and Water Pollution Prevention Initiatives

The Rengo Group reduces the levels of atmospheric pollutants such as NOx, SOx, and dust to below regulatory standard limits through proper management of the combustion temperatures used in boilers and the exhaust gas treatment facilities used in incinerators. Waste water is sanitized—using methods such as pressure flotation treatment, microbial degradation, and sedimentation—to maintain water quality at values below regulation standards before being discharged into rivers and sewers. We have defined strict voluntary standards and perform regular measurements to ensure thorough pollution management.

Soil Pollution Prevention Initiatives

At divisions, plants, and mills with designated hazardous substance storage facilities or designated hazardous substance usage facilities, Rengo regularly inspects and maintains the facilities and the floor surfaces around it to prevent soil pollution such as from spillage.

ENVIRONMENT

Creation of Products That Solve Environmental and Social Issues

Related SDGs



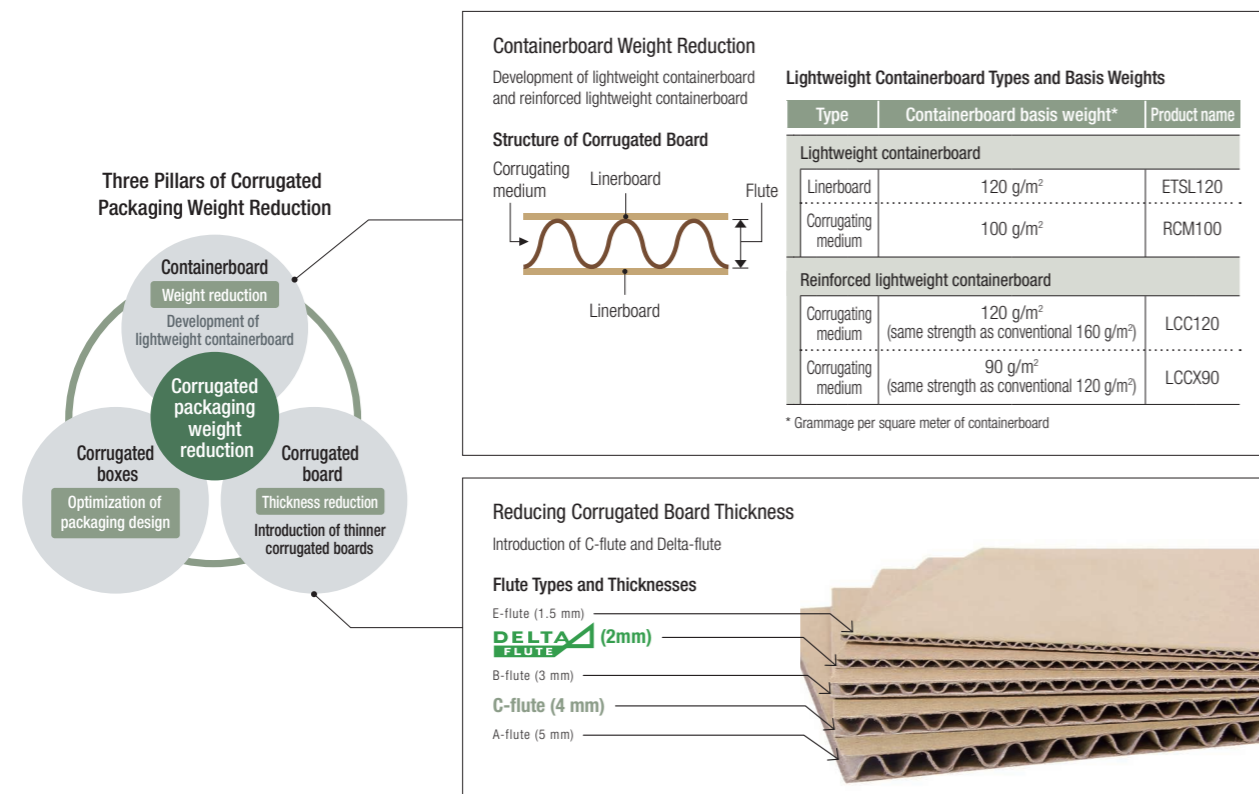
Basic Stance

Based on the wealth of packaging technologies Rengo has built up over the years, we research, develop, and supply environmentally friendly products, and, through this, we help reduce the environmental impact of our entire supply chain. We are particularly dedicated to developing and spreading the use of lightweight packaging and products made with biodegradable cellulose.

Reducing the Weight of Corrugated Packaging

The Rengo Group is reducing the weight of its core product, corrugated packaging. We are making corrugated board and boxes more lightweight while maintaining its strength and other performance factors by combining three methods: (1) reducing the weight of containerboard, (2) making corrugated board thinner, and (3) optimizing packaging design of corrugated boxes. Under Eco Challenge 2030, we are working toward a target of reducing the average basis weight of corrugated board

(grammage per square meter) by 0.5% per year. This figure in FY3/2022 decreased by 0.1% compared to FY3/2021. Making corrugated board and boxes more lightweight not only reduces the amount of raw material used, but also helps improve transportation efficiency, lowering the environmental impact of entire supply chains. We will continue working to reduce the weight of our corrugated packaging.



Developing and Promoting Sustainable Packaging

The Rengo Group is involved in developing and promoting sustainable packaging* through collaboration with suppliers. Under Eco Challenge 2030, we are working to formulate sustainable packaging certification standards by FY3/2023 in order to convey to internal and external

stakeholders the exceptional environmental performance of our products in a way that is easier to understand.

* Environmentally friendly products of the Rengo Group

Developing and Promoting Products Made with Biodegradable Cellulose

The Company began manufacturing cellophane, which is made from wood pulp (cellulose), in 1934. Utilizing over 80 years of cellophane manufacturing technology, we have developed Viscoppearl® cellulose beads, RCNF® cellulose nanofiber, and also REBIOS®, a new series of high biomass, biodegradable packaging material made with cellophane and paper.

Our cellophane and Viscoppearl are characterized by

being biodegradable in seawater, which has less microorganisms than soil*. Under Eco Challenge 2030, we have a goal of developing and popularizing products made with biodegradable cellulose and by promoting plastic alternative innovation, we are working to solve a variety of environmental problems, including the issue of ocean plastics.

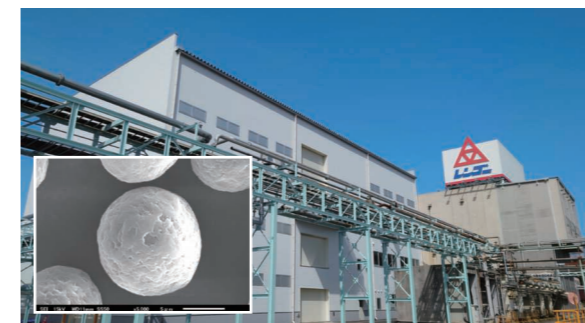
*Received "OK biodegradable MARINE" certification for marine biodegradability

Initiatives to Expand Production Volume of Viscoppearl® (Spherical Cellulose Bead)

Ocean pollution caused by microplastics, which are plastics 5 mm or smaller in size, has become a worldwide problem in recent years.

Viscoppearl is a spherical cellulose bead that is 3 μm to 4 mm in diameter made from wood pulp. Because the product is biodegradable in soil and seawater, it is expected to serve as an alternative to microplastic beads. Under Eco Challenge 2030, we have set a target for production volume of 40 tons per year or more, and we achieved the target in FY3/2022, producing 52.8 tons.

In July 2022, we built a plant for micro-sized Viscoppearl beads on the site of Rengo's Kanazu Mill, establishing a mass production structure for them. Currently, the beads are mainly used as an ingredient in cosmetics, but application development is underway for their use in other products like paints, inks, and resin and rubber modifiers, so we plan to increase production volume with a target of 200 tons or more by FY3/2031, which would be four times the level of FY3/2022.



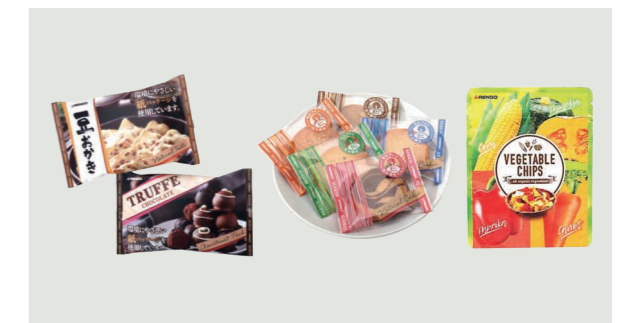
Micro-sized Viscoppearl and the new plant

Initiatives to Promote REBIOS (High Biomass, Biodegradable Packaging Material)

REBIOS packaging material leverages the full potential of cellophane and paper, combining these and other plant-derived biodegradable materials to offer functions such as heat seal ability, moisture proof property, and oxygen barrier. With both high biomass content and biodegradability,



REBIOS has joined our lineup as a new packaging material series with the transparency and printing ease of cellophane and the feeling of paper. It can be used in a wide range of applications, including foods, daily necessities, clothes, and sanitary materials, and we are working to promote it as an alternative to conventional packaging materials that use petroleum-derived plastic. Under Eco Challenge 2030, we are targeting adoption of REBIOS in five projects by FY3/2023, and in FY3/2022 it was adopted by two projects. Going forward, we will continue helping to reduce the amount of petroleum-based plastic used in packaging.



REBIOS, a high biomass, biodegradable packaging material

ENVIRONMENT

Value Chain Management (Downstream)

Related SDGs



Basic Stance Rengo aims to contribute to the realization of a sustainable society by providing products and services that offer added value. We are striving to minimize the environmental impact associated with our logistics in particular.

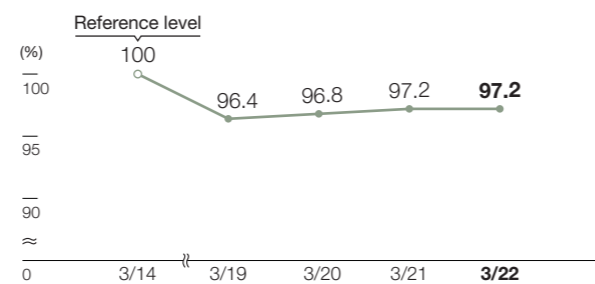
Rengo's Value Chain

Our value chain is subject to a range of issues associated with the transportation of corrugated board and boxes, our mainstay product, given that we have numerous plants and it is sent out to diverse destinations. Nonetheless, we believe that the potential value of transportation to these destinations is great. We are therefore aiming not only to meet delivery deadlines, but also to reduce the environmental impact of transportation, by identifying specific issues and working to implement improvements.

Reducing CO₂ Emissions from Corrugated Board and Box Transportation

Under Eco Challenge 2030, we are working toward a 13% reduction of per-unit CO₂ emissions from corrugated board/box transportation by FY3/2031. In FY3/2022, per-unit CO₂ emissions decreased by 2.8% compared with FY3/2014. We will continue seeking to further reduce our environmental impact by making use of large trucks to increase load capacity and reduce transportation frequency, and by optimizing the locations of distribution sites and warehouses to cut transportation distances.

Per-Unit CO₂ Emissions* Index for Corrugated Board/Box Transportation (non-consolidated)



* CO₂ emissions divided by net sales

Topics

Initiatives to Improve Logistics Efficiency at the Rengo Group

Containerboard as a raw material is transported day-to-day from mills to corrugated plants. In various cases of transportation, we face transportation problems such as loss of time and increased labor hours of truck drivers. Rengo's mill and corrugated plants of Yamato Shiki, a Rengo Group company, are taking the initiative to reduce the waiting time of trucks and CO₂ emissions from the perspective of White Logistics.

In this initiative, with logistics efficiency as a primary consideration, the mills and plants reduce waiting time by adjusting ordering and delivery times on the one hand, and reduce loading and unloading times on the other hand. In particular, at the corrugated plants, by both adopting a queuing system for unloading and visualizing the delivery time, we

were able to significantly reduce the waiting time of trucks. In addition, CO₂ emissions from transportation were reduced by approximately 9 tons* compared to before the initiative (*reduction in delivery trucks from our paper mills).

As a group that builds an integrated business from paperboard to corrugated packaging, we will continue to horizontally expand this unique initiative to each group company.



Visualizing delivery time allocation

Conservation of Biodiversity

Related SDGs



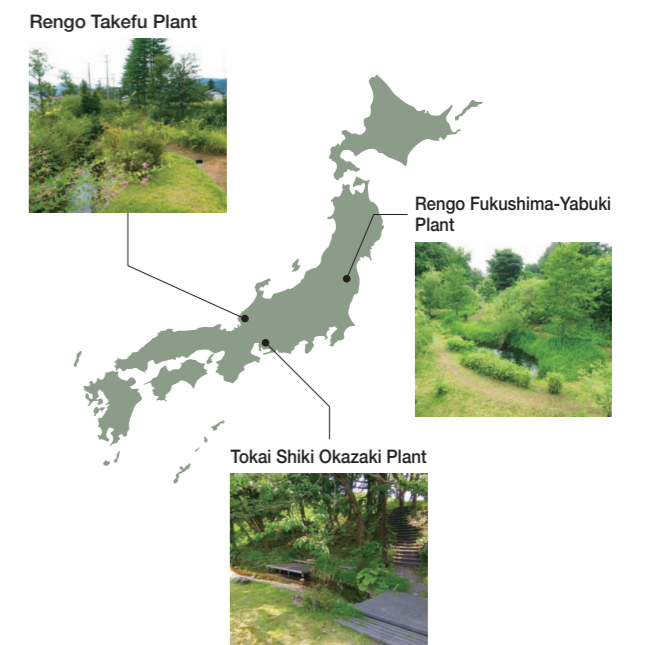
Basic Stance On Earth, many different living things coexist while maintaining balance with the natural environment. In conducting business, which uses wood materials utilized from forest, Rengo strives to protect biodiversity while sustainably using the materials. We also actively communicate with communities as we strive to achieve harmony with local natural environments.

Initiatives to Conserve Ecosystems in Biotopes

The Rengo Group's divisions, plants, and mills conduct business activities within their links to their local communities and environments. This is especially so for our Fukushima-Yabuki Plant and Takefu Plant, and the Okazaki Plant of Rengo Group company Tokai Shiki Co., Ltd., all of which are richly surrounded by natural environments with spring water, primary forests, and locally found flora and fauna. These plants work with their local communities to conserve and nurture local ecosystems by creating biotopes within the sites.

Regular monitoring of the animals and plants is carried out in the company's biotopes to study the trends of ecosystems in the surrounding environment. In FY3/2022, these studies found a total of 88 species of insects, fish, amphibians, reptiles, birds, and mammals in the Fukushima-Yabuki Plant and a total of 219 species (including plants) in the Takefu Plant.

Locations of the Rengo Group's Biotopes



Ecological monitoring (autumn study performed using the sweep method)

Topics

Heike-Botaru Fireflies in Our Biotope

Heike-botaru (*Luciola lateralis*) larvae have been observed in the biotope at Rengo's Takefu Plant in Fukui Prefecture since 2019, and every year since 2020, adult fireflies have also been seen flying around. From the time the biotope was first created, genji-botaru (*Luciola cruciata*) fireflies were released into the environment there, but heike-botaru were not released, and are believed to have established themselves naturally. With the freshwater snails that are their main source of food

living in the biotope's water channels and ponds, it is an ideal habitat for fireflies. We will continue contributing to the protection of diverse natural environments within local communities going forward.



A heike-botaru firefly in the biotope

Special
Feature 1Development of Biodegradable
Materials

GPI Rengo, which leads the future of packaging, is leveraging the cellulose product manufacturing technologies it has developed over its long history to research and develop biodegradable materials. Let's look at some of the technologies we are using to promote innovation by developing biodegradable materials and to aim for the realization of a sustainable society, as well as our initiatives to recycle used plastic.

Related
SDGs

Environment Surrounding Rengo

Although the plastic we use in our daily lives is useful, improper disposal and unintentional spillage have resulted in an estimated eight million tons of plastic waste being released into the world's oceans each year. Plastic does not degrade, so it floats in the ocean and accumulates almost permanently. This causes various problems, such as harming the marine environment, including its ecosystems. In recent years, there has been a great deal of concern regarding the impact of microplastics on ecosystems, and the issue of ocean plastics has become global.

Preventing ocean pollution is one of the SDGs defined in 2015. In 2018, the EU announced the EU plastics strategy, a measure related to the recycling of plastic

resources, and in the same year, leaders at the G7 summit adopted the Ocean Plastics Charter, which promotes measures by countries to combat ocean pollution. In 2019, Japan formulated the Resource Circulation Strategy for Plastics. This strategy, based on the "3R + Renewable" principle, comprehensively promotes the recycling of plastic resources. In 2021, the Act on Promotion of Resource Circulation for Plastics was passed by the Japan's National Diet and has been in force since April 2022.

To create a sustainable society, it is urgent that we create a plastics resource recycling structure and implement measures for preventing ocean pollution with plastic waste.

3R+Renewable

This key word for a resource recycling-oriented society in addition to the 3Rs of Reducing, Reusing, and Recycling, is Renewable, representing switching to renewable resources.

Biodegradable Materials Developed by Rengo

Attention is being turned to biodegradable materials as substitutes for plastics. The REBIOS, Viscop pearl, and RCNF developed by Rengo will lead the way to the creation of a sustainable society by serving as plastic alternatives.

REBIOS

REBIOS is a packaging material based on cellophane and paper, which are made from plants and are biodegradable, to offer functions such as heat seal ability, moisture proof property, and oxygen barrier property. This new packaging material series, launched in November 2020, has high biomass content and high biodegradability, the transparency and printing ease of cellophane, and the feeling of paper. It is expected to be used for a wide range of packaging applications,

including foods, daily necessities, clothes, and sanitary materials. It is being offered as a substitute for packaging materials made with petroleum-derived plastic.



REBIOS logo



Conceptual image of REBIOS use

Viscop pearl

Viscop pearl is a spherical cellulose bead made from wood pulp, with diameters from several micrometers to 4 mm. Like cellophane, the beads are biodegradable in soil and seawater. They are heat and chemical resistant so they are already used in varied applications, such as a carrier for functional chemicals, an additive for resin and rubber, a polisher, and a cosmetics ingredient. In the future, they are also expected to be used in agriculture and fishing. Hopes are

especially high for them as an alternative to microplastic beads, which run the risk of being directly spilled into rivers or oceans. Because of their potential, in 2022 we began operation of a new plant in order to mass produce Viscop pearl beads.



Fragrance sample made using Viscop pearl

RCNF

RCNF is a cellulose nanofiber developed by Rengo. This fibrous material is made by reducing the diameter of intermediates produced during the process of manufacturing cellophane from wood pulp. Generally speaking, cellulose nanofiber is said to weigh one-fifth as much as steel yet be five times as strong. It has drawn a tremendous amount of attention from the industrial world as a next-generation material. RCNF is notable for its ability to create dense networks with small fiber diameters, and for its high thermal stability. It can be combined into a compound with resin material to strengthen the resin

and reduce the amount of resin that is used. If RCNF compound resin were substituted for automobile component materials, it would have the potential to improve fuel mileage by reducing weight. In June 2021, we set up pilot plants at the Takefu Plant and Kanazu Mill, aiming for the early release of RCNF as a material that helps reduce the amount of plastic.



RCNF pilot plant

Special
Feature 2Products That Solve Issues
Faced by Society

As a “packaging provider,” Rengo aims to design the future and develop new markets. Packaging is further expanding the opportunities in distribution market by refining its functionality. While response to labor shortages and safety have become social problems with the COVID-19 pandemic, our products are contributing to solve these problems.

Related
SDGs

RSDP That Helps Improve the Operation Efficiency of Distribution Sites

As the workforce shrinks due to lower birthrates and an aging population, the question of how to efficiently perform work with fewer people is becoming a major issue for distribution sites. Rengo has developed Rengo Smart Display Packaging (RSDP) to solve such issues. RSDP is an innovative packaging that not only transports products but also adds features related to opening, displaying, and selling.

Compared to conventional corrugated boxes, RSDP reduces the amount of time taken for opening, unpacking, and displaying products, as well as enhancing display

effectiveness through its design, which helps promote product sales. It significantly reduces the workloads involved in picking, opening, unpacking, and displaying products—processes that are necessary in logistics centers, store back areas, and retail floors—and greatly increases product sales promotion effectiveness, improving the operation efficiency at distribution sites. Under the circumstances of the COVID-19 pandemic, in addition to solving labor shortages, it also helps improve hygiene because it does not come into contact with human hands during unpacking.

Easy-to-open RSDP



Intuitive Even for People Performing Unpacking for the First Time

Eye-catching indications on the box clearly show where to open from and how to open. This intuitive design eliminates the need for explanations.

- Features**
- The opening and perforation markings are emphasized, making it easy to see how to open the box.
 - It is easy to envision what the opened corrugated box will look like.
 - The design effectively improve display and helps promote sales.



DEGI-PAKE® Corrugated Packaging That Communicates Information

Consumer needs and tastes are diversifying. Retail sites, which face increasingly severe labor shortages, need ways of effectively promoting sales in stores and through e-commerce. In August 2019, Rengo introduced a digital pre-printing machine with a paper width of 2,200 mm, the first one with such paper width in Japan. We named this packaging printed by the digital printers “DEGI-PAKE.” DEGI-PAKE is notable for its high level of printing reproducibility. It uses inkjets to directly print design data on rolls of containerboard, so it is capable of variable digital printing. It increases the value of customers’ products and can be used with sales and other promotions as well as e-commerce packaging using unique codes. It is broadening the horizons of corrugated packaging.

Three Key Points of DEGI-PAKE

Beautiful

High printing reproducibility for highly detailed and expressive representations, fine print, and so on

Timely

Printable on paper rolls without printing plates

Variable

Variable digital printing that can change some or all of the design



Digital pre-printing machine



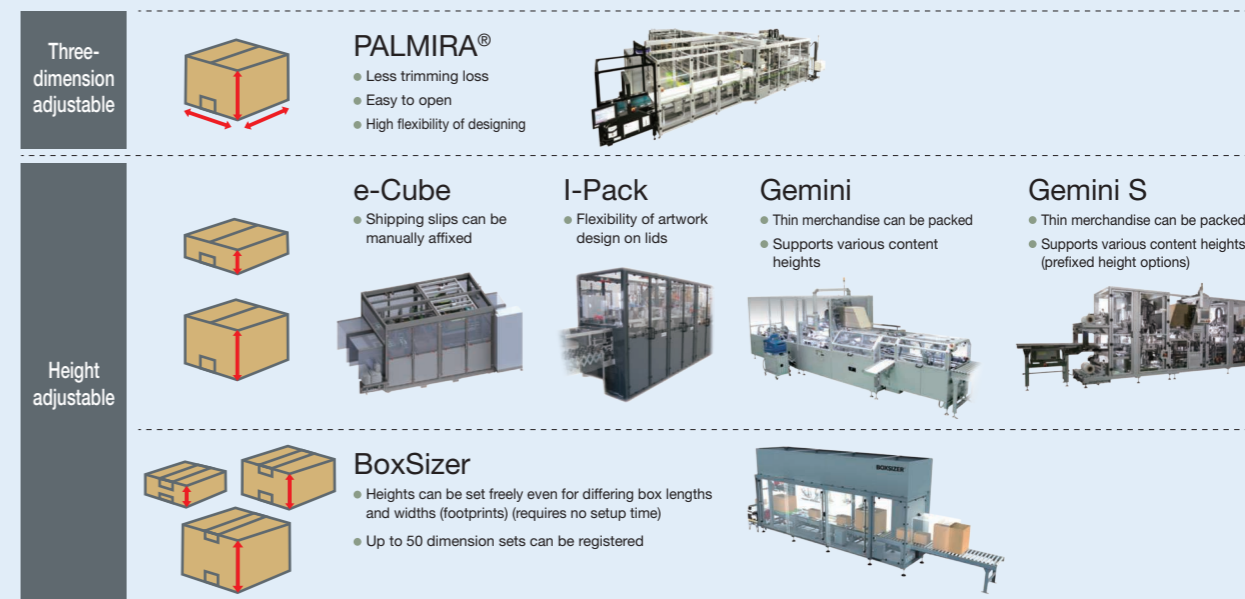
DEGI-PAKE by digital printing

Innovative Automated Packaging Systems for E-Commerce

The e-commerce market is rapidly growing and faces issues such as labor shortages and rising logistics expenses. Rengo supplies automated packaging systems for e-commerce to address these issues. Gemini, Gemini S, I-Pack, e-Cube, and BoxSizer adjust the height of packaging according to the size of their contents, and PALMIRA, which is a three-dimension adjustable auto

packaging system that adjusts length, width, and height of packaging according to the merchandise they pack, was added to our lineup. These systems create optimized, waste-free packaging. In addition to improving work efficiency by automating packaging, they also help solve the issues faced by the e-commerce market by optimizing packaging sizes, thereby boosting transportation efficiency.

Lineup of Automated Packaging Systems for E-Commerce



Providing Safety and Peace of Mind Through Anti-Virus and Anti-Bacterial Products

I VIRUS REN GUARD

VIRUS REN GUARD is a corrugated box made from linerboard coated with anti-virus copper compounds. The product has acquired anti-virus processing certification issued by the Society of International Sustaining Growth for Antimicrobial Articles (SIAA) and received permission to use the SIAA mark. It is confirmed that viruses on the surface are reduced by at least 99% in 24 hours. The linerboard coated with an anti-virus agent also has good printability, and the printed area has also been verified to have the same anti-virus effect. It can be used in a wide range of applications besides corrugated boxes for e-commerce, moving, medical facilities, and hygiene products, which are touched directly by many people.

I Cellgaia

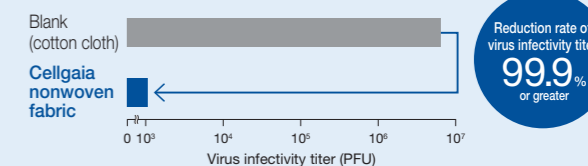
Cellgaia, developed by Rengo, is a highly functional fiber made by combining wood pulp fiber and zeolite. Metal ions such as copper, silver, and zinc support the zeolite to provide it with anti-virus and anti-bacterial* functions. Cellgaia can be easily applied to materials such as paper and nonwovens, so it can be used in kitchen towels, masks, and protective sealing tape used as COVID-19 countermeasures.

* Anti-virus and anti-bacterial performance are evaluated by an external testing laboratory.



Cellgaia masks

Anti-Virus Testing Results



Testing laboratory: Nissenken Quality Evaluation Center

* Testing method: ISO 18184 (Virus A / Enveloped)

* The test results for nonwoven fabric contain a 10% blend of copper Cellgaia.

* This product is not intended for use as a pharmaceutical product or for medical use by medical institutions and other facilities.



VIRUS REN GUARD



Quality Assurance

Related SDGs



Basic Stance

Based on the idea that 6S activities (Sort, Set in order, Shine, Standardize, Sustain, and Sophisticated manners) are the foundation of all, the entire company works together as one for quality improvement to provide products that meet the needs of our customers and are safe to use.

CS Action Policies for FY3/2022

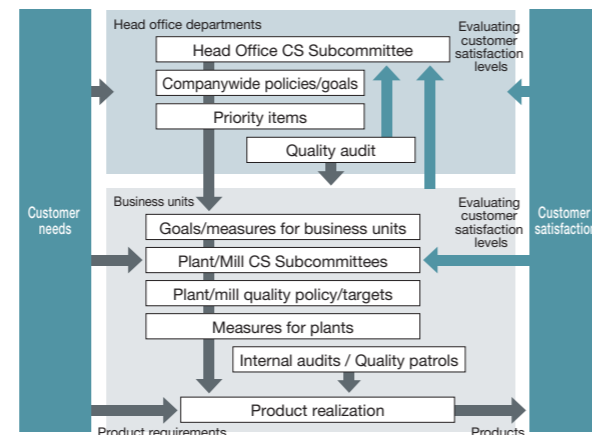
Make Zero Defect (ZD) activities fruitful

Fundamental philosophy	Improve customer satisfaction to the maximum limit amidst economic activities in pursuit of profits
Priority item	Establishing the awareness that zero defects are the norm and identifying issues at workplaces to respond immediately and improve quality

Quality Assurance Structure

Based on our CS action policies, we operate our own unique quality management system to ensure the quality of our products. We established the Head Office CS Subcommittee to provide companywide oversight so that we can promote quality assurance activities. The subcommittee meets twice per year. In addition to monitoring the status of activities throughout the company, it also identifies risks that would have a material impact on quality and deliberates on and determines matters such as companywide action policies and priority items. Business units decide on measures based on the action policies established by the Head Office CS Subcommittee. Plants and mills consider the measures, formulate more specific measures, and set the goals for plants and mills. In addition, the Plant/Mill CS Subcommittees meet once a month to check the status of quality activities, evaluate defect countermeasures, and improve quality.

Quality Assurance Structure



List of plants with ISO 9001:2015 certification (As of March 31, 2022)
Shiga Plant, Takefu Plant, Shin-Nagoya Plant, Toyohashi Plant, Katsushika Plant, Oyama Plant

Quality Control Activities

Conducting Quality Patrols

Once every year, every business unit performs Quality Patrol assessing the sales & marketing departments and the manufacturing departments of plants/mills within the business unit. This approach, receiving suggestions from other plants and Head Office Quality Assurance Department, further reinforces our improvement activities. Continuing from last year, in FY3/2022, some of our implementation methods were changed in response to the COVID-19 pandemic, but we focused on checking the work status of rule-based operations, inspection of work environment, and description of ledger sheets and other forms.



Quality Patrol

Efforts to Prevent Occurrence of Defects

In FY3/2022, we began to regard product contamination as a critical defect and engaged in discussions on incidents that occurred in plants at companywide quality meetings and thoroughly notified them to prevent reoccurrences. For typical defects that occurred in the previous year, information on the incidents that occurred in the past is shared companywide to call attention to prevent reoccurrences. In addition, for handling errors, information on the incidents that occurred in the previous month is shared companywide and are utilized for education of the Sales & Marketing Department.

We prevent the shipping of defective products by systematically updating or remodeling the equipment and upgrading the inspection equipment as needed to stabilize quality. We also have established a traceability system so that we can promptly respond when customers report quality defects and bring peace of mind to the consumers.

Strengthening the Quality of Procurement Sources and Subcontractors

We strive to provide a stable supply of procured products (mainly flexible packaging) under a strict quality control structure. We worked closely with major procurement sources to share information and prevent defects.

Supply Chain Management

Related SDGs



Basic Stance

In order to procure materials in a manner that conserves resources, protects the environment, and is in harmony with society, Rengo is increasing its cooperation with suppliers in everything from raw material procurement to production, logistics, and sales, and strives to build strong, trusting relationships.

Sustainable Raw Material Procurement

Rengo Group's Fundamental Policy on Procurement

For the Rengo Group to reduce its impact on the global environment while sustainably and stably providing high quality and high value-added products to earn the satisfaction of our customers, it is essential to improve the quality of procurement of materials in a manner that is environmentally and socially friendly.

To build healthy trading relationships with suppliers, we formulated Rengo's fundamental policy for procurement in April 2017, followed by establishing the new Rengo Group's Fundamental Policy on Procurement in April 2018 which comprehensively encompasses all the Group's companies.

Rengo Group's Fundamental Policy on Procurement

The following fundamental policy governs our responsible procurement of materials, in accordance with our Corporate Philosophy:

1. We will comply with laws, regulations, and social norms.
2. We will have consideration for conservation of resources, environmental protection, and social harmony beyond economic rationales.
3. We will select suppliers in a fair and impartial manner, irrespective of country and trading history with Rengo.
4. We will ensure proper management, protection, and no divulgence of information assets (confidential corporate data, personal information, intellectual property, etc.) acquired in the course of operations, and ensure that information is not used for purposes other than for which it was obtained.
5. We will build trust with suppliers and strive for mutual development.

Established on April 1, 2018

Requests to Our Suppliers

To supply safe and secure products to our customers, and to carry out business activities trusted by society, Rengo has formulated our Requests to Our Suppliers, which stipulates nine items with which we request our suppliers' compliance. We have posted the details of these items on

our website in an effort to obtain the understanding of our suppliers.

Requests to Our Suppliers / Supply Chain Management:



Supplier CSR Questionnaires

Based on the Rengo Group's Fundamental Policy on Procurement, we collaborate with suppliers to engage in procurement activities that are friendly to the global environment and local communities. In FY3/2020, we began conducting supplier CSR questionnaires to gain an understanding of the CSR initiatives of our suppliers and clarify related issues. In FY3/2022, we expanded this initiative from 22 companies in the previous year, distributing questionnaires to 37 major suppliers from whom we purchase materials, and we received responses from 40 companies, including supplier subsidiaries (100% response rate). If there are items with low evaluation scores, we take actions such as requesting improvement efforts and checking the implementation status.

By working together with respondents to tackle the issues identified through the questionnaire, we seek to build solid trust and stronger long-term cooperative relationships with suppliers.

Overview of FY3/2022 CSR Questionnaire Results

In our CSR questionnaire, we use the CSR Procurement Self-Assessment Question Table created by Global Compact Network Japan in 2017. The average percentage scores of the 40 responding companies were high in the areas of "environment" and "information security" but low in the areas of "human rights" and "supply chains."



SOCIAL

Procuring Wood Materials

Procurement Policy for Wood Pulp

Some of the Rengo Group's major products use wood pulp. Our Procurement Policy for Wood Pulp states that when procuring pulp, we must not only consider the global

environment and biodiversity, but we must also procure pulp from suppliers that do not use illegally logged wood (chips) to ensure effective use of sustainable wood resources.

Procurement Policy for Wood Pulp

The Rengo Group procures pulp sourced from wood that has been produced from sustainable forests based on the awareness that the wood in paper is a renewable natural resource, and for the sake of helping protect the global environment and global biodiversity.

Procurement Policy

- We will procure pulp sourced from wood that has been produced in properly managed forests that comply with local laws and regulations.
- We will prioritize the procurement of pulp sourced from waste timber, thinned wood, low-quality wood, and such, to ensure effective use of resources.
- We will not procure pulp sourced from illegal logging, wood from conservation-worthy forests, and wood obtained in circumstances that have infringed on human rights or traditional rights.
- We will procure from suppliers that comply with laws, regulations, and social norms, which show due consideration for human rights, the environment, and society.
- We will prioritize procurement of pulp sourced from wood produced in properly managed forests that have received third-party forest certification. In particular, we will only procure pulp for paperboard that has received third-party forest certification.
- When procuring pulp that has not received third-party forest certification for other uses, in the case of suppliers in Japan, we

will procure from suppliers that participate in the voluntary initiatives of the Japan Paper Association against illegal logging and have *goho* (legal) wood certification, or from suppliers that regularly release written pledges that they do not handle illegally felled timber, as well as traceability reports that indicate where the timber was felled, the species of tree, quantities, and so on. Similarly, in the case of overseas suppliers, we will procure from suppliers that regularly release written pledges that they do not handle illegally felled timber, as well as traceability reports that indicate where the timber was felled, the species of tree, and quantities.

Initiatives Against Illegal Logging

- We will keep the relevant documents for a minimum of five years and make them available at the request of auditors or other such persons.
- We will undertake an annual audit by the Japan Paper Association's Illegal Logging Monitoring Project.
- We will regularly provide summaries of the above on our website and other media.

Illegal Logging Countermeasures

Roughly 80% of the wood pulp Rengo uses is procured domestically, while roughly 20% is imported. In 2020, the pulp used in the manufacture of cellulose-related products at the Takefu Plant received Forest Stewardship Council (FSC) certification. With this, now all of the wood pulp we procure, including the pulp used in the manufacture of paperboard, receives forest management certification from third party certification bodies.

As part of our illegal logging countermeasures, in order to confirm that raw materials are procured in accordance with our procurement policy, we undertake annual audits by the Japan Paper Association's Illegal Logging Monitoring Project. Pulp procured in FY3/2021 was audited by the Monitoring Project in October 2021. This audit confirmed that all of the pulp was manufactured from wood material that was obtained legally.

The pulp procured in FY3/2022, as well, will be audited by the Monitoring Project by the end of FY3/2023.

Pulp Procurement Sources and Management Conditions (FY3/2022)

Country of origin	Composition (%)	FSC certification	Individually managed*
Japan	86.5	○	○
Brazil	7.3	○	-
South Africa	3.8	○	-
Chile	2.4	○	-

* We obtain *goho* (legal) wood certification based on the voluntary initiatives of the Japan Paper Association against illegal logging.

Supplying FSC®-Certified Products

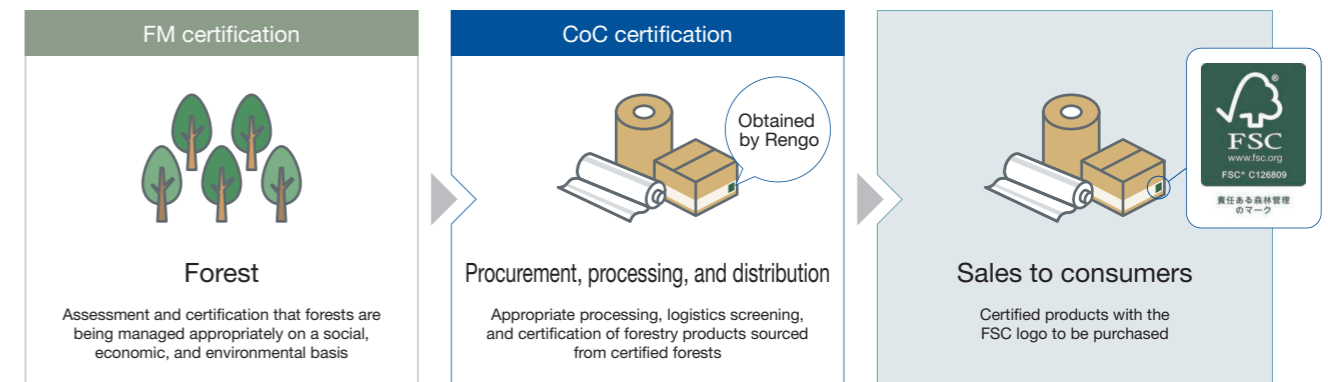
We use FSC certification to confirm that our wood pulp is procured appropriately and that we purchase appropriately managed wood material. We also promote the more widespread use of FSC-certified products.

FSC certification includes FM certification and CoC certification. It is an international system for authenticating and certifying both appropriately managed forests and the appropriate processing and distribution of lumber harvested from these forests. In the case of corrugated packaging, FSC certification must be obtained, not only by the corrugated plant that processes the corrugated packaging, but also by the paperboard mill that produces containerboard, the raw material of corrugated packaging. As an integrated manufacturer of both paperboard and corrugated packaging, we obtained FSC certification (CoC

certification) in 2016 for all of our containerboard and corrugated packaging other than cellulose-related products, and we established a nationwide supply structure for certified products. Apart from corrugated packaging, we have also obtained FSC certification for our clay coated board and chipboard which are used in packaging for food items and daily necessities.

In September 2020, we also acquired FSC certification (CoC certification) for cellulose-related products at the Takefu Plant. With this, all of the products we supply that are made using wood pulp are FSC-certified products. We will continue to contribute to responsible forest management through our raw material procurement, product manufacturing, and supply activities.

Structure of the FSC Certification System



Clean Wood Act Initiatives

Japan's Act on Promoting the Distribution and Use of Legally Harvested Wood and Wood Products (the Clean Wood Act) went into force in May 2017, and the Rengo Group became a registered wood-related business operator in March 2018. To minimize the risk of purchasing wood or wood products which have been illegally harvested, we created and use a legal certification due

diligence system manual. The Rengo Group will continue to implement measures in accordance with the Clean Wood Act. This manual is available on our website (Japanese).

The legal certification due diligence system manual (Japanese)



Conflict Mineral Response

The Rengo Group implements measures as not to provide benefits to organizations such as anti-social armed groups that infringe on human rights. In April 2017 we established the Conflict Minerals Policy and also confirm with our suppliers that measures and audits related to conflict minerals are being taken.

Conflict Minerals Policy

Certain minerals mined from the Democratic Republic of the Congo and its adjoining countries pose major problems internationally in that they are a source of funds for armed groups and exacerbate conflict, human-rights abuses, and environmental degradation. The Rengo Group implements measures for not sourcing or using raw materials containing conflict minerals, namely tantalum, tin, tungsten, and gold, that have been extracted or brokered by armed groups.

SOCIAL

Respect for Human Rights

Related SDGs



Basic Stance

One of the elements of our Corporate Philosophy is to "respect the value of individual employees and strive to create safe and congenial work environments providing comfort and fulfillment." Based on this action guideline, we have formulated Rengo Group Human Rights Policy and work to create environments of respect for human rights.

Human Rights Policy

Rengo Group Human Rights Policy

The Rengo Group has regard for the value of each individual who works for the Group as a part of our Corporate Philosophy. The Rengo Group establishes this Rengo Group Human Rights Policy to codify respect for human rights as our corporate social responsibility and undertake initiatives relating to human rights.

- 1. Compliance with international norms, laws, and regulations**
The Rengo Group will support and comply with international norms relating to human rights. In addition, the Rengo Group will comply with applicable laws and regulations in all countries and regions where it conducts business. In the event of a discrepancy between national or regional laws and regulations and international norms, we will pursue means of complying with international norms.
- 2. Responsibility to respect human rights in business activities**
(1) The Rengo Group will respect human rights in its business activities and respond promptly and appropriately when issues relating to violations of human rights occur.
(2) We will respect the human rights and dignity of each individual, eliminate all forms of discrimination and harassment on the basis of gender, age, disability, nationality, race, religion, belief, gender orientation, gender identity, social standing, and so on, and will create work environments where employees are treated fairly.
(3) We will prohibit human trafficking, forced labor, child labor, other improper labor practices, and all forms of discrimination and protect the human rights of workers including the freedom of association and collective bargaining, ensuring the payment of minimum wages, and appropriately managing working hours.
(4) We will create work environments where each individual can work in good physical and mental health, safely, energetically, and enthusiastically. We will encourage work styles that lead to a good work-life balance.
- 3. Implementation of human rights due diligence**
The Rengo Group will continuously implement human rights due diligence to prevent violations of human rights.

- 4. Corrective and remedial measures**
The Rengo Group will take corrective and remedial measures in order to respond appropriately in cases where we receive information concerning incidents or problems relating to human rights violations arising from our business activities.
- 5. Education and training**
The Rengo Group will conduct appropriate employee education and training for the purposes of firmly establishing this policy in all business activities and ensuring practice based on a proper understanding of this policy so that risks relating to human rights can be prevented.
- 6. Dialogue and collaboration with stakeholders**
The Rengo Group will engage in dialogue and collaboration with relevant stakeholders in an effort to enhance and improve initiatives for respecting human rights.
- 7. Information disclosure**
The Rengo Group will disclose information relating to its initiatives for respecting human rights in accordance with this policy through websites and reports.
- 8. Scope of application**
This policy applies to all Rengo Group directors, officers, and employees. In addition, all concerned parties and partners involved in Rengo Group business activities are expected to support this policy and are urged to fulfill their social responsibilities including respect for human rights in collaboration with the Rengo Group.

Established on November 2, 2021

Initiatives for Human Rights Due Diligence

The human rights due diligence set forth in the Human Rights Policy is implemented as a series of cycles as follows.

- We will identify visible and potential human rights risks and understand the current situation.
- We will take appropriate measures to prevent and mitigate risks. Specifically, we will provide human rights-related education and training on the theme of harassment and diversity for employees, and develop and improve facilities, regulations, and labor practices, etc.
- We will strengthen our initiatives by conducting monitoring (follow-up surveys) to verify our initiatives.
- We will disclose information to stakeholders through our websites and other means.

- We will establish a system to receive and respond to complaints, consultations, and whistleblowing regarding human rights-related issues from employees and related stakeholders.
- We will build a management structure by the Ethics Subcommittee, evaluate these initiatives, strive to improve them, and ensure greater effectiveness.

Human Rights Due Diligence Process



Creating Environments of Respect for Human Rights

Recognizing the differing values with respect for individuality is the foundation of our business. To protect basic human rights, Rengo states clearly in our rules of employment that we do not practice discrimination based on nationality, religious belief, gender, social standing, or any other

reasons. In addition, Rengo works on preventing infringements on human rights by having in place programs within and outside the company for whistleblower system and various kinds of consultation hotlines.

Conducting Education and Training

To foster a more accurate understanding and deeper awareness of human rights, in April of each year, external instructors give human rights lectures as a part of our internal training programs. For FY3/2022, lectures were conducted along four themes: 1) the relationship between society and human rights; 2) human rights issues and stereotype prejudices; 3) understanding the various human rights issues related to corporate activities; and 4) respect for human rights required of companies. We continuously strive to create ideal workplaces where each and every employee respects the rights of each other.

In addition, as an initiative to prevent harassment, we provide training for management employees and share information in Group newsletters distributed to all employees.

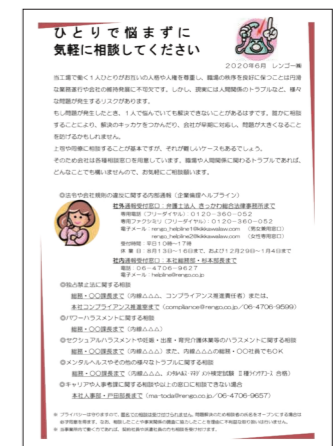


Human rights lectures

Establishing Consultation Hotlines

Many different kinds of issues can occur at the workplace. Rengo has put in place and made employees thoroughly aware of separate consultation hotlines depending on the type of issue—such as harassment, mental health care, and performance assessment—so that in the event that a problem occurs, employees have someone to consult with to deal with the issue and the company can respond to the issue promptly.

Not only can Group company members make use of external hotlines, but privacy is strictly protected and issues are handled appropriately so that whistleblowers are not treated unfairly.



Consultation hotline awareness poster

Building Healthy Relations Between Labor and Management

Once each month at our divisions, plants, and mills, executive branches of labor union and those in managerial positions hold labor-management councils. Labor-management councils between the labor union headquarters and our head office are also held four times each year. The councils are opportunities to share information on a variety of topics relating to division, plant, and mill operations, develop a common understanding of issues, and engage in frank exchanges of opinions. Across the entire company, council meetings are held more than 400 times each year, and steady, ongoing efforts such as these help to deepen mutual understanding and build positive relations between labor and management.



Labor-management council

SOCIAL

Creation of Environments Where Diverse Human Resources Can Demonstrate Their Unique Potential

Related SDGs



Basic Stance Rengo views employees as the most valuable assets of a company. To create environments where each and every person is treated well and can work with motivation, Rengo is improving and expanding its personnel system and training programs as well as implementing initiatives to promote employees' health.

Human Resource Development to Improve Competency

We conduct fulfilling education and training according to the careers of our employees to actively support their growth. By conducting systematic education and training, Rengo seeks to develop employees with high levels of knowledge, competency, and a sense of responsibility and spirit who possess flexibility and creativity to properly adapt

to the changing times. In addition to on-the-job training, in which employees learn through their day-to-day work at their respective workplaces, we are also working to improve the abilities and motivation of employees through education and training that provide employees with the knowledge and skills needed for their own rank and job type.

Rank-Specific Career Education

We have particularly extensive training structures for employees who have been with the company for up to three years. Departments coordinate with each other to provide employees with knowledge, skills, and positive attitudes, and on-the-job training is used in plant and mill workplaces, based on the principle of the hands-on approach. Employees review their own work styles, and regular follow-up training is used to support the future growth of young employees, who will play an important role in the future. For mid-career employees, we provide more highly specialized training, and for management employees we provide opportunities to improve the knowledge and skills that are essential for management.

In addition, we have created a system that supports the development of employees' capabilities through employee self-fulfillment, and we provide support for self-fulfillment as a means of achieving growth.



New employee training session

Implementation of Small-Group Improvement Activities

We have employees participate in small-group improvement activities with the aim of further increasing employee growth, invigorating workplaces, and creating the world's best workplaces. In FY3/2022, we had themes related to initiatives for improving total factor productivity (TFP) such as safety, quality, the environment, productivity improvement, cost reduction, 6S, and customer satisfaction. In total, nearly 7,300 employees in 794 teams from within the Rengo Group took part in the activities. Besides leading to resolution of companywide issues, workplace improvements are also ways of further reinforcing the on-site strength of the Rengo Group.



Small-group improvement activities companywide presentation meeting

Education System Diagram

Target	New employees		Mid-career employees			Employees in supervisory positions		Employees in managerial positions		
	1st year	2nd year	3rd-4th year	5th-7th year	8th-9th year	Assistant Manager	Deputy Manager / Assistant Manager	Manager	Deputy General Manager	General Manager
Rank-specific education	Career-path positions A	Introductory education for regular recruitment employees	1st year follow-up training	2nd year follow-up training	3rd year follow-up training					
		Training for new employees								
	Career-path positions B	Group training for regular recruitment plant/mill employees							Training for newly appointed management employees	Training for newly appointed General Manager of the plant
Employees working as office & production staff	Training for new employees									
Education by business unit	Packaging Business Unit (sales & marketing)	Training provided for new sales & marketing personnel				Tutor training				
	Packaging Business Unit (manufacturing)	Operator education (introductory)				Operator education (intermediate)				
	Packaging Business Unit (manufacturing)	Networking events for female employees working as manufacturing staff				Rengo Technical Academy			Training for newly appointed Assistant Managers	
	Packaging Business Unit (manufacturing)					Steam system seminar				
Paperboard Business Unit					RYCC seminar					
Paperboard Business Unit					Introduction to compliance			Training for newly appointed Assistant Managers		
Paperboard Business Unit					Introduction to credit management					
Departments of Human Resource / Legal Affairs / Environmental Management Promotion / Safety & Hygienic / Information Systems									Training for female employees in non-managerial positions	Training for female employees in managerial positions
									Seminar for promotion of fair subcontracting transactions	
									Compliance training	
									Environmental skill improvement program	
									Training program for internal environmental auditors	
Open courses									Training program for Certification Test for Mental Health Management	
									Training for management of subordinates	
Selective education									Training for small-group/improvement activities	
									Dispatching to business school	
									Global Talent Development Program	
									Dispatching to domestic language school	

SOCIAL

Developing Global Talents

Amidst further globalization, Rengo has embarked on a Global Talent Development Program to develop human resources for the future. This training program takes place over a period of one and a half years, with training in Japan followed by language and practical training overseas. Since 2010, a total of 44 employees have been selected and assigned to this program.

In addition, Rengo also has other initiatives to promote the development of human resources who are able to adapt to globalization, such as awarding monetary incentives of ¥100,000 to ¥300,000 to those who achieve a certain level of language proficiency (English/Chinese).

Creating an Appropriate Evaluation System

Rengo provides clear evaluation criteria to employees to have a fair and transparent system for performance assessment. Superiors conduct interviews with their subordinates to provide them feedback regarding the evaluation results. These feedback interviews help to increase subordinates' acceptance of the results and advance their understanding of the ideal employee profile for their superiors and the company. At the same time, superiors are able to assist subordinates in the direction of goal setting and competency development.

Also, employee satisfaction and needs are confirmed at yearly self-assessment and career interviews.

Empowering Female Employees

Rengo has established the Section for the Promotion of Women Employees in April 2014 (reorganized into the D&I Promotion Office in April 2022) and has set about developing an environment where diverse human resources are able to maximize their unique potential. In March 2016, we formulated the Action Plan for Empowering Female Workers and disclosed information on the empowerment of women. Rengo was recognized for its initiatives and received Eruboshi certification (level 2) from the Minister of Health, Labour and Welfare in May 2016 for complying with standards as a general business enterprise in accordance with the Act on Promotion of Women's Participation and

Advancement in the Workplace. We have dedicated ourselves to hiring, actively promoting, and expanding the areas of responsibility of women. As a result of these efforts, in November 2020, our certification level was raised one level (to level 3).

We achieved all of the targets in our action plan for the FY3/2017 to FY3/2021 period. In our five-year action plan starting from FY3/2022, we aim to further accelerate our efforts, raising the ratio of female employees throughout the company and further improving their motivation and competency.

Promoting Diversity and Inclusion

Rengo promotes diversity and inclusion with the aim of being a corporation where diverse human resources can respect and accept each other, and everyone can maximize their unique potential regardless of their gender, age, disability, or nationality.

Encouraging Employment of Older Workers

To further encourage employment of older workers, Rengo increased the retirement age from 60 to 65 years in April 2019. In addition, based on the national government's Measure to Secure Working Opportunity for employees up to the age of 70," in April 2020, Rengo's previous re-employment program for employment up to 65 years was changed to allow workers to continue working up to a maximum age of 70 years if they wish to do so.

We are raising productivity and creating ideal workplaces so that all employees can work with enthusiasm and determination and uphold "lifetime careers" while maintaining good health and high motivation.

Encouraging Employment of Persons with Disabilities

Employing persons with disabilities is important to create work environments where everyone can work comfortably. Rengo is actively working to employ more persons with disabilities and increase their responsibilities. As of June 2021, the employment rate of persons with disabilities was 2.3%, satisfying the statutory requirement.

Furthermore, Rengo has conducted universal manner certification training to increase employees who are able to act with a sense of ownership and proper understanding. This training covers basic knowledge of appropriate ways to support and communicate with persons with disabilities. This includes the definitions of disabilities and ways of speaking to persons with disabilities. Using case studies, they also learn about specific mentalities and actions necessary for putting the training into practice. We will continue to create and improve workplace environments where people with disabilities can thrive.



Goals Stated in the Action Plan

Period of plan: Five years starting from April 1, 2021

1. Achieve an employment rate of 30% or more for female employees in career-path positions
2. Achieve an employment rate of 20% or more for female employees assigned to office & production staff positions
3. Achieve 1.5 times or more of the number of female employees in managerial positions (from 40 in FY3/2021 to 60 or more)
4. Achieve a rate of 80% or more of male employees taking childcare leave

		FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Number of employees	Number of females	346	370	454	480	513
	Percentage of females	9.3	9.7	11.2	11.6	12.3
Average age	Males	40.3	40.2	40.6	40.9	41.4
	Females	36.6	36.3	37.6	37.7	37.6
Average employment tenure (years)	Males	15.4	15.2	15.4	15.8	16.3
	Females	11.7	11.5	11.2	11.5	11.5
Number of new employees (career-path positions)	Number of females	17	21	20	20	28
	Percentage of females	28.8	23.6	28.6	26.0	31.1
Number of new employees (office & production staff)	Number of females	18	18	15	19	26
	Percentage of females	14.5	9.7	8.0	14.8	21.3
Number of employees in managerial positions	Number of females	29	33	34	40	39
	Percentage of females	4.2	4.8	4.7	5.3	5.1
Mid-career employment rate (%)		55.1	55.6	71.3	38.0	50.5
Employment rate of persons with disabilities (%)		2.2	2.4	2.2	2.3	2.3

SOCIAL

Developing Work Environments That Support a Good Work-Life Balance

Rengo creates working environments that promote work-life balance, such as with programs to support balancing work with childcare and family care so that every employee can feel fulfilled and satisfied and adopt working styles suited to their stage of the life. In November 2018, Rengo received Kurumin certification from the Osaka Labour Bureau of the Ministry of Health, Labour and Welfare that meets certain standards as a general business enterprise under the Act on Advancement of Measures to Support Raising Next-Generation Children for the fourth time and received Platinum Kurumin certification, a special certification, as an outstanding childcare supporting company that implements high-level measures.

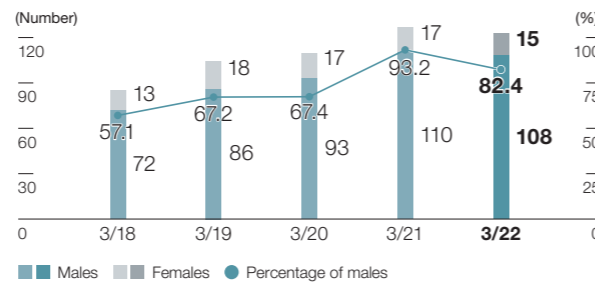
In order to make it easy for both men and women to take childcare leave and to establish environments where they can readily return to the workplaces, we have raised awareness of the plan by explaining its programs and preparing pamphlets and Group newsletters that describe personal experiences. We have placed particular emphasis on encouraging male employees to take childcare leave,

and the percentage of eligible employees taking leave is rising year by year.

To address the declining birth rate and support the development of future generations, Rengo gives congratulatory bonuses of ¥1,000,000 on the birth of an employee's third or subsequent child. Since this program was introduced in April 2006, a total of 433 employees have received the payments (as of March 31, 2022). Rengo is providing not only institutional leave, but also economic support.



Number and Rate of Employees Using the Childcare Leave Program



Systems to Support Work-Life Balance

System	Details
Childcare leave	Possible to take it until children are one year and two months old. The leave period can be extended until children are two years old if they cannot be placed in nursery care. The first seven days of the leave period are paid.
Reduced working hours for childcare	Working hours per day can be shortened to six or seven hours until children have completed their third year of elementary school. This can be combined with the flextime system.
Child nursing leave	Possible to take it until children have completed their third year of elementary school. Up to five days per year can be taken for single children. Up to 10 days can be taken for two or more children.
Family care break	Possible to take it up to three times per person requiring nursing care. Up to two total years per person requiring nursing care can be taken, with each leave period lasting up to one continuous year.
Reduced working hours for family care	Working hours per day can be shortened to six or seven hours. This can be combined with the flextime system. * Possible to use for up to three years. If this system is used in conjunction with other work hour measures related to family care, the combined total period of the systems is limited to three years.
Family care leave	Up to five days per year can be taken per person requiring nursing care. Up to 10 days can be taken for two or more people requiring nursing care.
Other working hour measures related to childcare and family care	Flextime system and staggered work start times.
Childcare and family care service usage supplementation	Usage fees are partly subsidized by outsourced benefit service.
Congratulatory bonus for childbirth	¥20,000 for first child, ¥50,000 for second child, ¥1,000,000 for third and subsequent children.

Utilizing Remote Work

In April 2019, Rengo introduced a work-from-home system, both to improve work-life balance and to raise productivity. Under the system, employees can work from home one day per week, during normal working hours. This system does not apply to plants and business units involved in on-site production or sales activities. From April 2020, due

to the state of emergency issued as a result of the COVID-19 pandemic, we established a supplementary system adopted temporarily for the purposes of protecting the health of employees and preventing the spread of infection. This work-from-home system is primarily being used for head office departments.

Promoting Good Health

In conjunction with setting age 65 as the mandatory retirement age, effective from April 2019, Rengo formulated the Rengo Good Health Declaration in January 2019 to maintain and improve the health of employees and their families. We are promoting day-to-day healthy living and creating safe, secure workplaces so that all employees can enjoy healthy and active work and private lives throughout their entire lives. We have set up a Good Health Committee and Plant/Mill Good Health Committees and are expanding the priority measures of the declaration companywide. The Good Health Committee is composed of the company, labor union and health insurance association. The Plant/Mill Good

Health Committees consist of general managers of general affairs departments of the divisions, plants, and mills and two Good Health Leaders (one each from the company and the labor union).

In 2022, we were recognized for the third consecutive year as a Certified Health & Productivity Management Outstanding Organization (large enterprise category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



Rengo Good Health Declaration

Priority Measures

Actions to promote good health

- Promote smoking cessation
- Curtail lifestyle-related diseases and prevent serious conditions
- Hold seminars to encourage good health practices

Actions to Support Mental Health

- Conduct stress checks and use the results of analysis
- Conduct mental health education
- Establish internal consultation hotlines

Actions to create ideal workplaces for all employees

- Reduce overtime work
- Encourage employees to take paid annual leave
- Increase the safety and labor-saving of machinery, and develop and improve work environments

Actions to Promote Good Health

Since FY3/2020, Radio Taiso (radio-guided calisthenics) facilitated by specialized instructors and good health promotion lectures have been conducted companywide. Leaders of good health have actively led efforts to provide instruction and explanations to ensure that Radio Taiso are

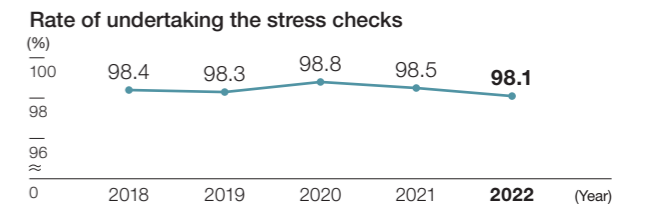
performed properly, promote smoking cessation, and call out to others and gather opinions to foster communication. In addition to improving the health consciousness of individuals, these activities lead to better workplace safety and productivity.

Actions to Support Mental Health

Rengo supports the mental health of its employees through conducting internal training and setting up internal and external consultation hotlines. Since 2010, we have recommended that employees take Mental Health Management Exam Class II (Line Care Course), and 246 employees have passed so far (as of June 2022). In 2012, we documented our initiatives in the form of Plan for the Promotion of Good Mental Health, which was rolled out companywide. In 2014, we formulated rules on gradual return to work so that those taking a break from work due to mental health issues can smoothly return to the workplaces.

With the aim of better utilizing the analysis on the results of the stress checks that have been conducted every year since 2016, in 2019 we revised how they are implemented, including the

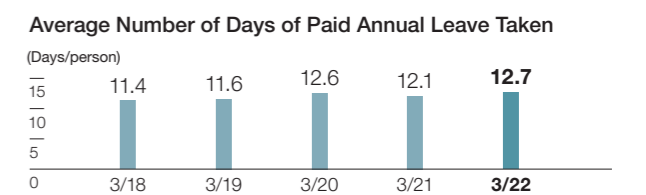
questions and methods of aggregation and analysis. We conduct training for general managers of general affairs departments of the divisions, plants, and mills, in which we share analysis results, and we are carrying out activities aimed at making organizational improvements (98.1% of employees undertook the stress checks in 2021).



Reducing Overtime Work and Encouraging Employees to Take Paid Annual Leave

As the work style reform movement to address long working hours is taken up by the national government, since 2015, Rengo has been implementing an initiative to reduce total hours actually worked by improving total factor productivity (TFP). Having analyzed the many different factors that make up productivity, we are working to raise productivity while also being conscious of technological innovations, but also of people's work styles and state of mind. At Rengo, labor and management are united in reducing overtime hours worked and encouraging employees to take paid annual leave. As a result of raising awareness and

making improvements to the workplace environment, the average number of days of leave taken in FY3/2022 was 12.7 days, steadily achieving our target of at least 10 days on average.



SOCIAL

Protection of Health and Safety

Related SDGs



Basic Stance

To create workplaces where all employees can work healthily and safely, labor and management work as one at Rengo under our Health and Safety Policy. This is especially so for severe accidents such as deaths, which are irreversible events for the persons involved, his or her family, and the company. Based on the conviction that severe accidents must never be allowed to occur, we have therefore defined focus areas.

We also provide health and safety education as well as mutual reminders for all our employees, including those from partner companies, to make them recognize the importance of adhering to rules to work toward continually creating working environments which are safe and easy to work in, thereby helping prevent industrial accidents.

Health and Safety Policy for FY3/2022

1. Basic Policy for Health and Safety

Based on the philosophy that ensuring the health and safety of workers is the basis of a company's operation, Rengo nurtures a corporate culture putting health and safety as the topmost priority through cooperation between labor and management. At the same time, we remove potential hazards and risk factors from the workplace, and eliminate industrial accidents to create healthy and safe workplaces.

2. Goal

Eliminate accidents

3. Safety Spirit

Overconfidence is the enemy

4. Slogan

Strong warnings are considerate of others; work together to create safe workplaces

5. Focus Areas

We will continuously pick out sources of serious risk*1 by operating industrial health and safety management systems. We will completely eliminate severe accidents*2 by preventing accidents such as by eliminating risks and taking mitigation measures.

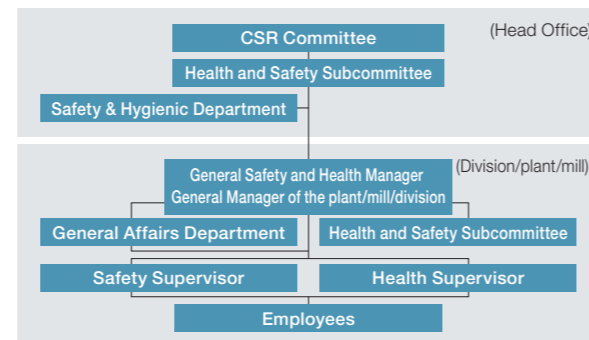
*1 Work or locations that are linked to serious accidents

*2 Accidents with severity that prevents or severely limits the victim from carrying out his or her main duties, such as death, paralysis, blindness in both eyes, and loss of limbs.

Health and Safety Promotion Structure

Rengo has established a Health and Safety Subcommittee within the head office that oversees the entire company, under which are the health and safety subcommittees of divisions, plants, and mills, with the goal of comprehensively promoting the management of health and safety. The Health and Safety Subcommittee at the head office meets twice a year to formulate companywide health and safety policies and measures for health and safety. The health and safety subcommittees at each division, plant, and mill plan specific health and safety activities in accordance with companywide policies and measures, and promote them by informing employees.

Health and Safety Promotion Structure



Industrial Accident Occurrence Conditions

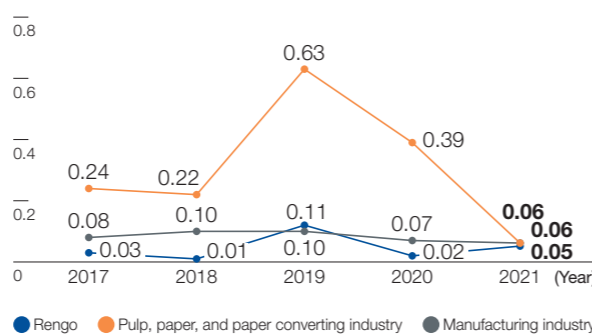
Rengo has established and is working on our Health and Safety Activities Plan with the goal of eliminating accidents at divisions, plants, and mills. However, there were 11 accidents resulting in lost working days in 2021, an increase of five from the number in the previous year, and the frequency rate worsened to 0.97. Although the severity rate remained lower than the average in the pulp, paper, and paper converting industry and manufacturing industry, it has worsened, reaching 0.05. By promoting health and safety activities in cooperation with labor and management, we will continue our efforts to eliminate and mitigate risks and improve safety awareness, aiming to achieve zero accidents.

Frequency Rate* (CY)

	2017	2018	2019	2020	2021
Frequency Rate	0.63	0.44	1.16	0.53	0.97

* Frequency rate represents the frequency of industrial accidents, calculated by the number of casualties (fatal accidents and accidents where one or more working days are lost) due to industrial accident for every million hours of cumulated work.

Severity Rate* (CY)



Source: Survey on Industrial Accidents, Ministry of Health, Labour and Welfare

* Severity rate represents the severity of an accident, calculated by the number of working days lost for every thousand hours of cumulated work.

Fire Drill

Fire drills are held at divisions, plants, and mills at least once a year. We conduct fire extinguishing, reporting, and evacuation training as if a fire or earthquake has actually occurred so that employees can respond safely to emergencies. In addition, we attempt to familiarize employees with the use of fire extinguishers by having them actually use them.



Fire drill

Health and Safety Patrols

Safety personnel at divisions, plants, mills, and Rengo Group companies serve as patrol team members and conduct annual patrols of all divisions, plants, and mills. They perform confirmation from an objective perspective to identify latent risks and contribute to workplace improvements. We reported results and exchanged opinions through video conference and the use of web cameras to avoid the Three Cs (closed spaces, crowded places, and close-contact settings). Suggestions and initiatives for improvements are shared companywide in order to raise health and safety levels.



Health and safety patrol

Heat Stroke Countermeasures

Rengo uses wearable IoT as a measure against heat stroke. We have selected an easy-to-use wristwatch type and are working to remotely manage the health of our employees. Heat stroke is prevented by measuring the wearer's heart rate and skin temperature and sending alerts to the administrator when the value exceeds a certain threshold. It can also detect falls, which is used for safety when working alone.



Wearing a wearable device



Hironobu Takeuchi
Assistant Manager,
Logistics Section,
Logistics Department,
Kanazu Mill
Rengo Co., Ltd.

Received a 2021 Special Award for Outstanding Foremen in Occupational Safety by Japan's Minister of Health, Labour and Welfare

I have received a 2021 Special Award for Outstanding Foremen in Occupational Safety by Japan's Minister of Health, Labour and Welfare. At my workplace, I am engaged in the transportation of pulper residue and other items, the collection and transportation of waste generated in the workplace inside the mill, and the management of green spaces inside and outside the mill. Since I handle large vehicles for loading and unloading products such as wheel loaders and dump trucks, I work not only by predicting danger but also by paying close attention to prevent injuries and accidents.

In addition, the Kanazu Mill manufactures containerboard containing tea leaves, and is also in charge of the process of crushing and slurring tea leaves (dispersing solids in water) for use as raw materials.

In order to carry out a wide range of operations safely, it is important to provide appropriate instructions and transmit information with proper understanding of the situation of the mill. I constantly check the workplaces and strive for improvement and guidance so that we can work safely.

I will continue to take the initiative and to strive to pass on a safety culture so that I can serve as a model for the younger generation and create a safer working environment.



Safety education

SOCIAL

Communication with Stakeholders

Active communication with stakeholders is indispensable to growing together with society. Rengo aims to build relationships of solid trust and manage the company in a way that meets the expectations of society by recognizing each other's value, sharing information, and solving issues.

Dialogue with Stakeholders

Rengo promotes dialogues with stakeholders through a variety of communication opportunities. Using the dialogues, we understand stakeholder expectations and requests, which come from stakeholders' diverse perspectives, and leverage them in our activities as we strive to increase our corporate value.

	Main dialogue method	Dialogue frequency
Customers	● Sales activities, CS activities	Year-round
	● Tours, exhibitions	As appropriate
	● Information communications (website) / Report publication (Integrated Report, Sustainability Report), etc.	Year-round / Once per year
Shareholders	● General Meeting of Shareholders / Earnings presentations	Once per year / Twice per year
	● Separate briefings	As appropriate
	● Information disclosure (website) / Report publication (Annual Securities Report, Integrated Report, etc.)	Year-round / Once per year
Suppliers	● Supplier CSR questionnaires	Once per year
	● Round-table discussions	As appropriate
	● Report publication (Integrated Report, Sustainability Report), etc.	Once per year
Local and communities	● Activities that contribute to society	As appropriate
	● Exchange of opinions and coordination with NGOs, NPOs, municipal governments, and neighboring companies	As appropriate
	● Recruitment	As appropriate
Employees	● Information disclosure (website) / Report publication (Integrated Report, Sustainability Report), etc.	Year-round / Once per year
	● Labor-management councils	As appropriate
	● Human resource development	Year-round
	● Group newsletter publication / Report publication (Integrated Report, Sustainability Report), etc.	Four times per year / Once per year
	● Whistleblower system	As appropriate

Evaluations of Products and Technology Development

Rengo actively collaborates with partners to develop products and technologies that can use packaging to solve the issues faced by society, which are constantly changing in line with the times.

Product name	Partners (Customers)	Name of contest/competition
Hakutsuru Ukiyo-E Label Box Series	Hakutsuru Sake Brewing Co., Ltd.	WorldStar Competition 2021 ¹⁾ Marketing Special Award (Silver)
Pure Select [®] Mayonnaise Keep-Fresh Bottle 200 g	Ajinomoto Co., Inc. Shiroma Science Co., Ltd. Fuji Seal, Inc.	WorldStar Competition 2022 ¹⁾
Nishimura's Bolo Packaging: Fun Coloring Party Hat for Children's Day Cushioning Material Integrated Top and Bottom Identical Tray for Smart Cube Outer Carton for "SUGOI MIKAN," "SUGOI KAKI," and "SUGOI IMO"	Nishimura Eisei Boro Co., Ltd. Daikin Industries, Ltd. Tokyo Seika Co., Ltd. Wismettac Foods, Inc.	Japan Packaging Contest 2021 ²⁾
100% Paper-Made Phalaenopsis Vase, Including Flower Pot	Matsuura Orchid Nagoya Mould Co., Ltd.	
New Single Action Open Box; Great Openability Even for Thin Coated Board Inner Carton	Asahi Group Foods, Ltd.	
Paper Made Bottle Neck POP with Trial Set	Sunstar Inc.	
House Foods "Gentle Late Night Curry" Corrugated Box	House Foods Group Inc.	
"KUBARA Shoyu Vegetable Kit" Two-Splitable Shelf Ready Packaging with Corrugated Board Connection	Kubara Honke Shokuhin Co., Ltd.	
Canon Mini Photo Printer Display Stand	Canon Marketing Japan Inc.	JPM (Japan Promotional Marketing Institute) POP Creative Award ³⁾
MINTIA Halloween limited-Edition Witch's Apple Display Rack	Asahi Group Foods, Ltd.	JPM POP CREATIVE AWARDS
BOSS CAFE BASE One Panel Display	Suntory Foods Limited	Officially licensed by shop Enhancing Retail Environment & Experiences
AROMA RESORT BODY GEL—Clear Lemon & Mint Display	Kracie Home Products, Ltd.	
Dear Beauté Scent Samples (Scandinavia and Aurora)	Kracie Home Products, Ltd.	
Corrugated Shipping Box for "Yuramikan" Produce	JA Shizuokashi (Shizuoka City)	Pentawards 2021 ⁴⁾
November 11 Pocky & Pretz Day DEGI-PAKE for Transportation and Sales Promotion	Ezaki Glico Co., Ltd.	The 61st Japan Packaging Competition (2022JPC) ⁵⁾
Let's Make a Mask! Nishimura's Mamemaki Bolo	Nishimura Eisei Boro Co., Ltd.	
Super Irresistible Banzai Sansho Set	Iwatsuka Confectionery Co., Ltd.	

¹⁾ A global packaging contest held by the World Packaging Organisation with the aim of raising awareness of and fostering more widespread use of packaging technology of excellent quality by competing in the areas of ease of use, design, and environmental friendliness
²⁾ A contest held by the Japan Packaging Institute with the aim of promoting the development and adoption of outstanding packaging and packaging technologies that meet the demands of the times and society
³⁾ The largest POP tool contest in the promotion industry in Japan held with the aim of improving the expressiveness of promotional tools and increasing social recognition of the promotion industry
⁴⁾ The world's most prestigious competition specializing in packaging design
⁵⁾ A competition judging a broad range of functions including reliability, safety, consideration for the environment, and conventional functionality such as ease of use from a comprehensive and multifaceted perspective to recognize outstanding packaging

Contribution to Society

Basic Stance

Rengo strives to contribute to the sustainable development of society by actively engaging with local communities as a good corporate citizen, through our business, and through our activities aimed at addressing social issues. We engage in various initiatives that leverage business as only we can and implement measures to solve community issues. In this section, let's look at leading initiatives such as developing future generations, providing support for disaster countermeasures and reconstruction, promoting culture, and providing science and technology support.

Developing Future Generations

Conducting Dispatched Lessons

Every year since FY3/2011, Rengo has provided dispatched lessons for the children who will lead the future to teach the origin of the name "corrugated board," the secret of its strength, its high recycling rate, and the importance of separation to keep the recycling rate high in a fun and easy way to understand. We have conducted a total of 141 lessons over the past 12 years, teaching roughly 6,200 children. Since FY3/2013, we have given dispatched lessons on manufacturing as part of Echizen City's Ambitious Children's Educational Program to teach about the features of cellophane and the joys of manufacturing. From FY3/2021, as a measure against COVID-19, we have been holding classes online as well.



Dispatched lesson

Providing Support for Disaster Countermeasures and Reconstruction

Supporting Local Government Disaster Countermeasures

Rengo provides a number of corrugated products that can be used during earthquakes, typhoons, and other natural disasters, such as mats, space dividers, and beds, as well as corrugated boxes used in transporting relief supplies. Corrugated beds in particular have been known as being useful for alleviating lower-back pain and preventing deep-vein thrombosis for people living at evacuation sites for prolonged periods of time. At divisions, plants, and mills nationwide, we have concluded agreements with local municipalities and prefectural governments to provide relief supplies at times of disaster, thereby supporting disaster prevention measures in the event of an emergency. The whole of the Rengo Group has entered into disaster prevention agreements with more than 300 municipalities located throughout Japan. In addition, we provided 210 units of Rakuppa Display to the COVID-19 large-scale medical care center in Osaka established by Osaka Prefecture as a stand for providing foods to users.



Comprehensive disaster prevention training session

Cultural Promotion

Support for the Orchestra Ensemble Kanazawa

Orchestra Ensemble Kanazawa was established in November 1988 as the first permanent professional chamber orchestra in Japan under the leadership of the late music director Hiroyuki Iwaki with the support of Ishikawa Prefecture and Kanazawa City. Rengo has provided continuous support by sponsoring concerts and lending a renowned Stradivarius violin "Lang" (manufactured in 1714).



Orchestra Ensemble Kanazawa

Providing Science and Technology Support

Supporting the Japanese Antarctic Research Expedition

Rengo supplied the first Japanese Antarctic Research Expedition in 1956 with corrugated boxes, and has continued to support the expedition's survey and research. In August 2021, we supplied corrugated boxes to the 63rd Japanese Antarctic Research Expedition. Rengo's corrugated boxes are used as packaging materials for transporting important materials and daily necessities essential in the Antarctic, and to protect rare items collected.



Corrugated boxes supplied to the Japanese Antarctic Research Expedition (Photo source: National Institute of Polar Research)



Members of the Board, Audit & Supervisory Board Members, and Executive Officers

(As of June 29, 2022) * Number of shares owned as of March 31, 2022

Members of the Board



Kiyoshi Otsubo

Representative Director,
Chairman & CEO

April 1962 Joined Sumitomo Corporation
June 1992 Member of the Board of Sumitomo Corporation
June 1996 Managing Director of Sumitomo Corporation
April 2000 Executive Vice President of Sumitomo Corporation
June 2000 Representative Director, President & CEO of Rengo Co., Ltd.
April 2014 Representative Director, Chairman, President & CEO
April 2020 Representative Director, Chairman & CEO (to present)

Number of shares owned: 164,000
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10



Yosuke Kawamoto

Representative Director,
President & COO

April 1978 Joined Rengo Co., Ltd.
April 2007 Executive Officer
June 2011 Member of the Board, Executive Officer
April 2014 Member of the Board, Managing Executive Officer
April 2019 Member of the Board, Senior Managing Executive Officer
April 2020 Representative Director, President & COO (to present)

Number of shares owned: 92,600
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10



Kaoru Tamaoka

Outside Director

June 1989 Worked in literary circles as a writer (to present) winning the Kobe Literary Prize (award-winning work: Yume-kui-sakana no blue-goodbye)
April 2008 Professor of Osaka University of Arts (to present)
November 2009 Oda Sakunosuke Prize (award-winning work: Oie-san)
October 2012 Member of the Hyogo Prefectural Board of Education
April 2014 Visiting professor of Kansai University (to present)
April 2018 Director of the Administrative Agency for Osaka City Museums (to present)
June 2021 Outside Director of Rengo Co., Ltd. (to present)

Number of shares owned: 0
Meeting attendance in FY3/2022
Board of Directors meetings: 9/9*

* Since Kaoru Tamaoka assumed office, the Board of Directors has met nine times.



Moriaki Maeda

Representative Director,
Executive Vice President

April 1973 Joined Rengo Co., Ltd.
June 2003 Member of the Board
April 2007 Member of the Board, Managing Executive Officer
April 2011 Member of the Board, Senior Managing Executive Officer
April 2013 Representative Director, Executive Vice President (to present)

Number of shares owned: 96,100
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10



Yasuhiro Baba

Member of the Board,
Executive Vice President

April 1974 Joined Fukui Chemical Industry Co., Ltd. (currently Rengo Co., Ltd.)
April 2007 Executive Officer
June 2009 Member of the Board, Executive Officer
April 2012 Member of the Board, Managing Executive Officer
April 2014 Member of the Board, Senior Managing Executive Officer
April 2021 Member of the Board, Executive Vice President (to present)

Number of shares owned: 81,500
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10

Audit & Supervisory Board Members



Kiwamu Hashimoto

Full-time Audit & Supervisory
Board Member

April 1974 Joined Rengo Co., Ltd.
June 2004 Director
April 2007 Member of the Board, Executive Officer
April 2009 Member of the Board, Managing Executive Officer
April 2013 Member of the Board, Senior Managing Executive Officer
April 2015 Director
June 2015 Full-time Audit & Supervisory Board Member (to present)

Number of shares owned: 68,300
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10
Audit & Supervisory Board meetings: 10/10



Tsutomu Shoju

Full-time Audit & Supervisory
Board Member

April 1985 Joined Rengo Co., Ltd.
April 2010 General Manager of Information Systems Department
April 2015 Corporate Officer
April 2016 General Manager of Information Systems Group
April 2020 Assistant to the Senior Managing Executive Officer responsible for General Affairs Department
June 2020 Full-time Audit & Supervisory Board Member (to present)

Number of shares owned: 14,000
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10
Audit & Supervisory Board meetings: 10/10



Ichiro Hasegawa

Member of the Board,
Executive Vice President

April 1976 Joined Sumitomo Corporation
March 2002 Adviser to Rengo Co., Ltd.
June 2002 Member of the Board
June 2003 Member of the Board, Managing Director
April 2007 Member of the Board, Senior Managing Executive Officer
April 2013 Representative Director, Executive Vice President
April 2021 Member of the Board, Executive Vice President (to present)

Number of shares owned: 619,800
Meeting attendance in FY3/2022
Board of Directors meetings: 9/10



Sadatoshi Inoue

Member of the Board,
Executive Vice President

April 1985 Joined Rengo Co., Ltd.
April 2007 Executive Officer
June 2012 Member of the Board, Executive Officer
April 2014 Member of the Board, Managing Executive Officer
April 2019 Member of the Board, Senior Managing Executive Officer
June 2021 Senior Managing Executive Officer, Member of the Senior Executives Meeting
April 2022 Executive Vice President
June 2022 Member of the Board, Executive Vice President (to present)

Number of shares owned: 81,200
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10



Junzo Ishii

Outside Audit & Supervisory
Board Member

April 1986 Professor, Faculty of Commerce, Doshisha University
April 1989 Professor, School of Business Administration, Kobe University
April 1999 Professor, Graduate School of Business Administration, Kobe University
April 2008 President of University of Marketing and Distribution Sciences
June 2015 Audit & Supervisory Board Member of Rengo Co., Ltd. (to present)

Number of shares owned: 15,500
Meeting attendance in FY3/2022
Board of Directors meetings: 9/10
Audit & Supervisory Board meetings: 9/10



Hitoshi Tsunekage

Outside Audit & Supervisory
Board Member

April 1977 Joined The Sumitomo Trust and Banking Co., Ltd.
June 2004 Executive Officer of The Sumitomo Trust and Banking Co., Ltd.
June 2005 Director & Managing Executive Officer of The Sumitomo Trust and Banking Co., Ltd.
January 2008 President & CEO of The Sumitomo Trust and Banking Co., Ltd.
April 2011 Chairman of the Board, President of The Sumitomo Trust and Banking Co., Ltd. Representative Director & Chairman of Sumitomo Mitsui Trust Holdings, Inc.
April 2012 Representative Director & President of Sumitomo Mitsui Trust Bank, Limited
April 2017 Director of Sumitomo Mitsui Trust Bank, Limited
June 2017 Director & Chairman of Sumitomo Mitsui Trust Bank, Limited
June 2020 Audit & Supervisory Board Member of Rengo Co., Ltd. (to present)
April 2021 Senior Corporate Advisor of Sumitomo Mitsui Trust Bank, Limited (to present)

Number of shares owned: 0
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10
Audit & Supervisory Board meetings: 10/10



Yoshio Sato

Outside Director

April 1973 Joined Sumitomo Life Insurance Company
July 2000 Director of Sumitomo Life Insurance Company
April 2002 Managing Director of Sumitomo Life Insurance Company
July 2007 President & CEO of Sumitomo Life Insurance Company
July 2011 President & Representative Director, CEO of Sumitomo Life Insurance Company
April 2014 Chairman of the Board of Sumitomo Life Insurance Company
July 2015 Chairman of the Board, Representative Executive Officer of Sumitomo Life Insurance Company
June 2018 Outside Director of Rengo Co., Ltd. (to present)
April 2021 Director of Sumitomo Life Insurance Company
July 2021 Senior Corporate Advisor to Sumitomo Life Insurance Company (to present)

Number of shares owned: 0
Meeting attendance in FY3/2022
Board of Directors meetings: 10/10



Masayuki Oku

Outside Director

April 1968 Joined Sumitomo Bank, Limited
June 1994 Director of Sumitomo Bank, Limited
November 1998 Managing Director of Sumitomo Bank, Limited
January 2001 Representative Director & Senior Managing Director of Sumitomo Bank, Limited
April 2001 Representative Director & Senior Managing Director of Sumitomo Mitsui Banking Corporation
December 2002 Representative Director & Senior Managing Director of Sumitomo Mitsui Financial Group, Inc.
June 2003 Representative Director & Deputy President of Sumitomo Mitsui Banking Corporation
June 2005 Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. Representative Director & President of Sumitomo Mitsui Banking Corporation
April 2011 Chairman of the Board of Sumitomo Mitsui Financial Group, Inc.
April 2017 Director of Sumitomo Mitsui Financial Group, Inc.
June 2017 Honorary Advisor to Sumitomo Mitsui Financial Group, Inc. (to present)
June 2019 Outside Director of Rengo Co., Ltd. (to present)

Number of shares owned: 0
Meeting attendance in FY3/2022
Board of Directors meetings: 8/10



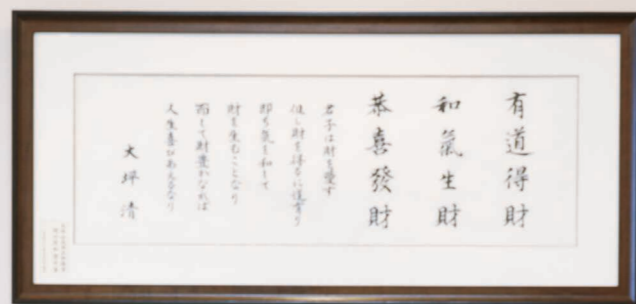
Tadazumi Fujino

Outside Audit & Supervisory
Board Member

March 1981 Registered as a certified public accountant in Japan (to present)
May 1981 Registered as a certified public tax accountant in Japan (to present)
Opened Tadazumi Fujino Certified Public Accountant Office (to present)
Opened Tadazumi Fujino Certified Public Tax Accountant Office (to present)
April 2008 Osaka District Court Civil Conciliation Commissioner
April 2010 Director of Osaka City University
June 2010 Member of the Independent Committee on Takeover Defense Measures of Rengo Co., Ltd.
April 2013 Director of Osaka Prefecture University
June 2022 Audit & Supervisory Board Member of Rengo Co., Ltd. (to present)

Number of shares owned: 7,000
Meeting attendance in FY3/2022
Board of Directors meetings: —
Audit & Supervisory Board meetings: —

Round-Table Discussion Between Outside Directors



Masayuki Oku

Outside Director

Yoshio Sato

Outside Director

Kaoru Tamaoka

Outside Director

We will support the Rengo Group as it builds on the corporate value pursued thus far to transition onto the world stage.

Rengo works continuously to strengthen its corporate governance structure as it strives for sustainable growth. We asked Rengo's three outside directors to share their honest opinions about the company's current corporate governance structure and how it operates. We also asked them what issues should be addressed to ensure sustainable growth going forward.

Accelerating Initiatives That Will Shift Corporate Governance to the Next Level of Effectiveness

Sato: During meetings of Rengo's Board of Directors, Chairman Otsubo and President Kawamoto provide the leadership necessary to ensure that matters in reports and resolutions are discussed efficiently and vigorously. The chairman and president also provide thorough explanations in response to the outside directors' questions, which I value greatly.

When we discuss wide-reaching proposals relating to the management of the business, the company provides us with opportunities to debate specific topics outside of Board meetings. These proactive efforts have convinced me that the company is highly motivated to further improve the effectiveness of its corporate governance. I intend to continue actively making recommendations as an outside director on the core issues of addressing environmental problems, creating new businesses, and promoting DX.

Oku: In order to strengthen corporate governance, the key focus should be on basic action in compliance with Corporate Governance Code, but it's important to supplement this with

initiatives specific to the individual company that go further to bring about real improvements in governance. With this in mind, when I evaluated the effectiveness of Rengo's corporate governance on becoming an outside director, I gave my honest opinions regarding a broad range of matters, including the number of Board members, the ratio of inside and outside directors, and diversity-related issues. In the three years since then, it seems that rapid progress has been made on the matters I raised. I also get the impression that the company is determined to improve the effectiveness of governance organizationally over the medium to long term by doing more than simply addressing issues pointed out by the outside directors.

Sato: Certainly, considering recent executive appointments, I also sense the company's desire to improve the effectiveness of governance continuously over the medium to long term, as you suggest.

Oku: Even during my own time as an outside director, it's been obvious that the company intends to steer its governance in a better direction by responding conscientiously to external opinions. For the Rengo Group to continue evolving, it needs to transition to a management structure that aims higher, and it's already making steady progress in this regard.

Tamaoka: It's now been about a year since I was appointed as an outside director at last year's General Meeting of Shareholders. At first, I thought I'd been called upon simply because of the need to have a woman from outside the company on the Board to ensure diversity. However, while serving as a director, I've realized that I wasn't appointed merely to respond to the guidelines, but because the company fully recognized the need to work on the effectiveness of its governance over the medium to long term. I'm therefore keenly aware that I must fulfill my duties for the sake of the female directors who are likely to be appointed from within the company in the future.

Sato: I became a director around four years ago, and at that time, the effectiveness of the company's governance was already progressing. What's more, during the past four years, the company has continued to respond to an entire range of issues with a sense of urgency.

Oku: Thanks to the dedicated efforts of people inside the company, we outside directors have been able to dedicate ourselves to debating the matters reported at Board meetings, among other topics. The opinions we express can sometimes be uncompromising, but I commend the company as an organization for responding earnestly to this feedback from outside the company.

Appreciating Ample Documents and Thorough Explanations That Facilitate Proactive Recommendations at Board of Directors Meetings

Tamaoka: As a new outside director, I was particularly grateful that the documents regarding proposals at Board meetings were easy to understand, and anything I was

unsure about was explained thoroughly. I was also grateful that, despite it being a difficult time due to the COVID-19 pandemic, I was allowed to tour the company's plants, which enabled me to understand the company's business properly by seeing one of its manufacturing workplaces with my own eyes. It's difficult to make decisions regarding the management of the company based only on the written information and verbal descriptions provided to us, however thorough the explanations may be. That's why I think it's crucial to actually visit workplaces and understand the reality of operations on the ground.

Oku: I agree that it's good for outside directors to have various opportunities to understand the business.

Nonetheless, it's not really difficult for outside directors to be as familiar with all the company's workplaces as the people inside the company are. Still, the key imperative for outside directors is to express opinions that differ from those of people inside the company, offering new perspectives on things that are taken for granted within the company. Given that we have been entrusted an obligation from the company's shareholders, we must always bear this in mind.

Sato: I agree with Ms. Tamaoka's comment that the explanations provided to outside directors are thorough. Several days before we attend a Board meeting, the relevant documents are sent to us, and additional explanations are provided as necessary. I'd expect nothing less of Rengo, which always does things sincerely.

Oku: I'd like to add that, in response to my own request, Chairman Otsubo and President Kawamoto now spend the first 15 minutes or so of each Board meeting reporting on management issues they're dealing with at the time. This relates not only to business results, but to a wide range of themes including action on environmental problems. It's meaningful for the outside directors to be informed about what the management team's thinking, or what it's working on, before the issues in question are presented as formal proposals.

Sato: Yes, as outside directors, we certainly appreciate receiving information in advance. It gives us time to think about an issue before it becomes a formal proposal, and receiving information about future possibilities has the additional benefit of aligning the outside directors more closely with the other Board members and increasing trust.

Oku: While part of the outside directors' role is to hold management in check, it's also important for us to drive growth strategies forward by approving proposals submitted by the executives meetings at Board meetings, whenever we judge such proposals to be reasonable. For that reason too, it's an advantage to receive information well ahead of time.

Sato: Another significant role of the outside directors is to follow up thoroughly on matters for which resolutions have been passed. Rather than considering a matter closed once the Board has passed a resolution, we make a point of monitoring subsequent progress.

Tamaoka: Unlike the two of you, I have no experience of corporate management, but precisely for that reason, I try to ask frank questions about things that don't make sense from my own personal point of view. I think my presence on the Board adds value if I can ask people inside the company to answer my questions in order to gain a proper understanding. I see myself as participating in Board meetings as if I were a representative of general shareholders.

Focusing on Management from a Medium to Long Term Perspective to Expand Overseas Operations and Create New Businesses

Oku: Considering the prospects for the Rengo Group, in terms of its business environment, it's exposed to fierce competition, while also facing the negative impact of escalating raw material and fuel prices. However, pursuit of a hexagonal business structure has given the Group exceptional competitive advantages, and I believe it will continue to grow steadily. In terms of achieving further growth, I commend the company's decision to deal with a challenging domestic market by extricating itself from low-price competition and steering a new course toward more profitable fields of business. At the same time, however, it needs to redouble its efforts to pursue growth in overseas markets, which offer great potential. The key consideration from now on will be how to allocate management resources such as employees, assets, and funding to the overseas operations.

Sato: I entirely agree. The company is now firmly established within the Japanese packaging market under the GPI Rengo concept, and it's fully capable of demonstrating the same potential overseas, thereby leading the industry and growing further still. Even just in terms of Rengo's action on environmental problems, the company was an early pioneer of the cellophane business, and its successful continuation of this business until now has made its cellophane into a current focus of attention as an alternative to plastic film. Forward-thinking initiatives that build on the Group's comprehensive capabilities can be expected to offer enormous value on the world stage going forward. What's more, I believe that GPI Rengo is capable of overcoming the adverse conditions it faces in the form of fierce competition and escalating raw material and fuel prices.

Tamaoka: Chairman Otsubo frequently talks about



“business management with sympathy,” which can be seen as a typically Japanese approach to management. However, having participated in debates about business management at Board meetings over the past year, I've begun to wonder whether this approach is indeed specific to Japan. For instance, recent years have witnessed a continuous stream of companies wanting to join the Rengo Group, which is amazing, and suggests that the typically Japanese form of sympathy underlying business management has now also become an advantage in the strategic context. These days, everybody's talking about the SDGs, but Rengo has been committed to similar values since long ago. I'm convinced, therefore, that Rengo's approach will be a natural fit as it expands overseas.

Oku: We outside directors must continue to make forthright recommendations based on an understanding of Rengo's universal values to ensure sustainable growth over the medium to long term. Of course, it's also important to pursue short-term economic value, but we should avoid management that focuses exclusively on immediate results. As outside directors, we must be willing to support businesses that offer social value even though they are currently unprofitable.

Sato: In these changing times, I sense that investors too increasingly understand the importance of sustainable growth focused on the medium to long term. This understanding among investors is in line with the universal values that Rengo's been refining over the years.

Tamaoka: Although short-term equity investment remains the norm, I sense increasing evidence of values that inspire investors to help improve society by investing in a certain company. I therefore see a need to inform a wider range of



investors about initiatives demonstrating the Rengo Group's dedication to engaging with environmental problems in particular.

Oku: From that point of view, the slogan “Less is more.” devised by Chairman Otsubo is easy to understand and serves its purpose well.

Tamaoka: It's just unfortunately unfamiliar to consumers in general. Perhaps greater emphasis should be placed on branding strategy.

Expecting Rengo to Become a Leading Player That Represents Japan on the World Stage

Sato: Rengo is currently working to achieve the goals of its Vision 115 medium-term vision, which concludes in FY3/2025, when the Group marks the 115th anniversary of its founding. However, we've already started discussing how the Group will achieve sustainable growth beyond that. I think that this discussion should emphasize not only financial information, but also non-financial information. Investors are likely to place increasing emphasis not only on information regarding Rengo's action on environmental problems, but also on information about customer and employee satisfaction. We outside directors should be actively involved, particularly in discussing how to improve such non-financial value.

Tamaoka: Even before environmental problems became a key management issue, the Rengo Group was cultivating early versions of functional materials such as cellophane. In the years ahead, I think the Group's long-standing focus on such materials will prove to be an advantage. Given that Rengo is a step or two ahead of the rest of the world, I'd like to see it use this corporate value as a solid foundation for sustainable growth in the years to come. And I'd also like Rengo to communicate its “Less is more.” philosophy globally.

Oku: In pursuing initiatives focused on the years ahead, I believe it's of paramount importance to bolster the company's human resources base. As the Rengo Group embarks onto the world stage, diversity-related initiatives are a particularly important task, and I'd like the Group to take a proactive approach to diversity. This means that sometimes it will be necessary to make bold appointments. Meanwhile, cultivation of senior management personnel will call for the company to focus on the years ahead to draw up a list of prospective candidates. Offering recommendations regarding the company's human resources base could be described as one of the essential duties of outside directors.

Tamaoka: In terms of the way the company should be managed from now on, I myself am not well versed in corporate management, but I believe it's precisely this

unfamiliarity that makes it important for me to dare to confirm what is taken for granted with a different viewpoint. If something makes sense to me once it's been explained, then it should make sense to others outside the company, including investors. I think my role as an outside director is to be a key to open the door to sustainable growth for the Rengo Group in this way.

Oku: In Japan, the domestic market's set to continue contracting as the population declines further. It will therefore be vital to develop overseas markets, but I'd like the Rengo Group to establish a solid management foundation in order to do so. I believe the Group of the future should be a leading player that represents Japan on the world stage.

Sato: Although the domestic market will continue to be important, I agree with you that Rengo needs to accelerate its development of overseas markets and creation of new businesses. In terms of a future vision for the company, I'd like to see Rengo demonstrate the determination to surpass its role as the leader of the packaging industry and strive to be the driving force for Japanese industry as a whole. And it should adopt a similar broad perspective when taking action on environmental problems.



Tamaoka: Come to think of it, when I first heard about Rengo's hexagonal business structure, the inclusion of overseas operations among the six business fields made a strong impression on me. In fact, the hexagonal business structure concept already clearly signaled the prospect of the Rengo Group as a future player on the world stage. We now have a clear vision for the Group of the future as an entity that ensures recycling systems and other means to play a useful role within society, making itself an indispensable part of people's lives. As an outside director, I'm very much looking forward to seeing how Rengo develops as it strives to make this vision a reality.

GOVERNANCE

Corporate Governance

Related SDGs



Basic Stance

To remain deserving of the firm trust and confidence society has placed in it, Rengo's goal is timely and accurate information disclosure combined with sound and highly transparent management with the mission of solving social issues through packaging. In keeping with our fundamental philosophy whose essence is "The truth is in the workplace," Rengo is enhancing corporate governance by strengthening the current system of directors and Audit & Supervisory Board members while delegating authority and accelerating decision-making. In response to the Corporate Governance Code, Rengo has disclosed its approaches to corporate governance in the form of a Corporate Governance Report to the Tokyo Stock Exchange. The most recent report was submitted on June 30, 2022. Considering the purpose of the Corporate Governance Code, we are continuing to work toward sustained growth for our company and improving our corporate value in the medium to long term.

Corporate Governance Structure

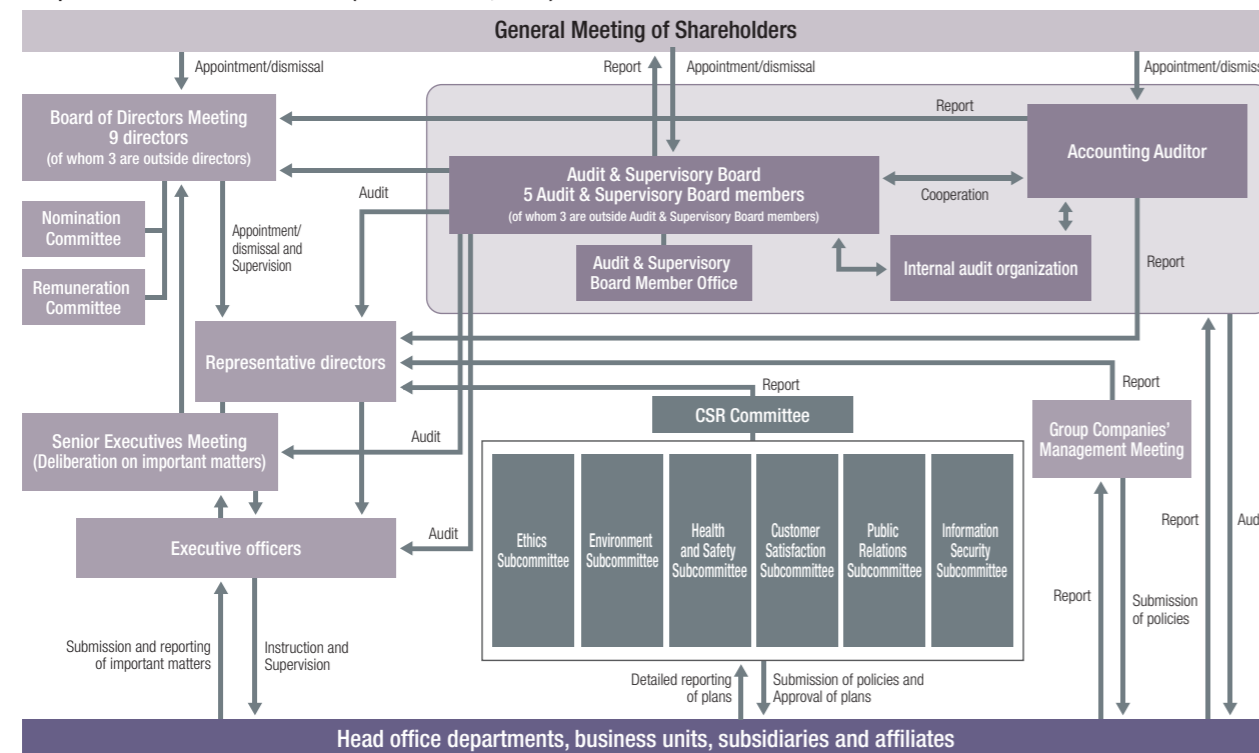
As a company with Audit & Supervisory Board members, Rengo is making efforts to enhance its management transparency and strengthen its supervision of management. Our Audit & Supervisory Board, our internal audit organization, and other related bodies work together to secure audit schedules and audit structures, as well as appropriate auditing by the external Accounting Auditor. Audit & Supervisory Board members monitor the directors' performance of duties and the operations, as well as the business and financial conditions of Rengo and its subsidiaries.

In addition to the Board of Directors Meetings, as a general rule, Senior Executives Meetings, Internal Officers Meetings (attended by full-time officers), Department Liaison Meetings, and other meetings are held at least once per month to make decisions promptly and share important information, thereby performing duties in an efficient manner.

Corporate Governance Structure

Organizational form	Company with Audit & Supervisory Board members
Establishment of Audit & Supervisory Board	Established
Number of directors	9
Number of outside directors	3
Number of outside independent directors	3
Number of Audit & Supervisory Board members	5
Number of outside Audit & Supervisory Board members	3
Number of outside independent auditors	3
Term of office of directors	1 year

Corporate Governance Structure (As of June 29, 2022)



Ensuring the Expertise, Independence, and Diversity of the Board of Directors

As of June 29, 2022, Rengo's Board of Directors consisted of nine directors. In appointing directors, Rengo comprehensively evaluates candidates' experience, knowledge, and expertise and makes holistic decisions. To ensure the effectiveness of supervision and practical discussions among the directors, Rengo appoints directors with an eye towards the overall balance and diversity of the Board of Directors.

Furthermore, Rengo has appointed three outside independent directors, thus allowing for opinions stated from an independent stance during discussions at the Board of Directors meetings. In addition to meeting the criteria for outside directors in accordance with the Companies Act and satisfying the qualifications for independent officers with no potential conflicts of interest with ordinary shareholders stipulated by the Tokyo Stock Exchange, candidates who can contribute to sustainable growth and increasing corporate value over the medium to long term are selected as outside directors.

Rengo has appointed a female outside director as one of its nine directors. With this appointment, outside directors now account for one-third or more of the Board of Directors and the diversity of its members has also been ensured.

Three outside Audit & Supervisory Board members have been appointed, and they will fulfill their roles and duties independently, making full use of their high-level of specialist knowledge and broad experience, as well as offering an appropriate level of input at the Board of Directors Meetings.

Establishing a Nomination Committee and Remuneration Committee

In December 2019, we established a Nomination Committee and a Remuneration Committee as voluntary consultation bodies for the Board of Directors. Each of these committees consists of three or more directors selected through Board of Directors resolution, at least half of whom are outside directors, and the position of committee chief in each committee is held by an outside director. Through these measures, we are promoting appropriate involvement and advice from outside directors, ensuring the independence and objectivity of the Board of Directors' functions and improving its accountability.

Remuneration for Officers

Rengo has adopted a compensation system for directors that is linked to mid- and long-term performance in order to provide healthy incentives for achieving sustainable growth. We also provide stock compensation, appropriately set the ratio of cash compensation to stock compensation, and have a shareholders' association made up of directors so that the company is managed with an eye towards increasing corporate value.

Directors' compensation consists of basic compensation, performance-based compensation (bonuses), and non-monetary compensation (stock compensation). To ensure the independence of outside directors, their compensation consists solely of basic compensation.

Disclosure of compensation	Total amount*
Policy on determining compensation amounts and calculation methods	Established

*Information is disclosed separately for directors with a total compensation amount of ¥100 million or more.

Evaluating the Effectiveness of the Board of Directors

Regarding the effectiveness of the Board of Directors, Rengo works to enhance the functions of the Board by conducting an annual questionnaire survey (self-evaluation) of directors and Audit & Supervisory Board members, including outside officers. The results of its analysis are reported and discussed at a Board of directors Meeting.

Based on the results of the FY3/2022 questionnaire survey, it was confirmed that the overall effectiveness of the Board is being maintained. Directors and Audit & Supervisory Board members have provided constructive input and suggestions regarding improvements to the composition, roles, and operation of the Board, and have shared issues facing the Board.

Rengo will continue to work to enhance the functions of the Board by regularly analyzing and evaluating its effectiveness.

Internal Control

Rengo formulated the basic policy for maintenance of internal controls pursuant to the Companies Act of Japan, and the Board of Directors approved it in May 2006 (this policy was last revised in April 2020).

To meet the internal control system requirements of the Financial Instruments and Exchange Act, the Audit Department, which is independent of routine operations, evaluates internal control maintenance and operation and implements improvements to internal controls. In FY3/2022, Rengo and its 120 consolidated subsidiaries were within the scope of evaluation of companywide internal controls, and, of these, significant business entities (whose combined net sales account for around two-thirds of the Group's consolidated net sales for the previous fiscal year) were subject to evaluation of internal controls of business processes. As a result of these evaluations, management judged that the Rengo Group's internal controls covering financial reporting were effective as of March 31, 2022.

GOVERNANCE

Compliance

Related SDGs



Basic Stance

Rengo states in our Corporate Philosophy that we will "Act always with integrity, maintaining high ethical standards and ensuring strict legal compliance." Compliance does not only entail simply complying with the letter of the law. Rengo also strives to understand the purpose of the laws and regulations beneath the text and to meet the expectations and demands of society in order to practice fair and good-faith management.

Structures for Promoting Compliance

Rengo's Ethics Subcommittee has formulated policies on compliance with laws and regulations, and related duties are performed by the Legal Affairs Department and Compliance Promotion Office. Compliance promotion managers are appointed at all divisions, plants, and mills to coordinate with each other and further enhance compliance activities. Furthermore, Group companies are carrying out similar activities. In June 2014, Rengo and some Group companies received cease-and-desist orders and administrative monetary penalties from the Japan Fair Trade Commission in regard to violations of the Antimonopoly Act. Rengo's appeal was rejected in February 2021, but we have filed litigation rescinding the trial decision, and proceedings are still underway.

Compliance Education

Rengo conducts training and education on a regular basis to raise the compliance awareness of each and every employee. Since FY3/2013, this training has focused primarily on the Antimonopoly Act and has been provided to employees of Group companies as well. Rank-specific education includes education on the basic stance of compliance for new employees when joining the company and lectures on compliance as a whole on occasions such as the promotion of employees to the General Managers of the plants or managerial positions. In addition, regular lectures by legal advisors are conducted at the beginning of meetings attended by officers, general managers, and Group companies' top management.

Training Workshops and Rank-Specific Education Conducted in FY3/2022

	Frequency/timing	Main content	Participants
All employees, including Group company employees	Four times per year or more	· Antimonopoly Act	—*
New employees	Once after joining company	· Basic related laws and regulations · Compliance	55
Employees promoted to General Managers of the plants or managerial positions	Once when being promoted/appointed	· Related laws and regulations · Compliance	6
Officers, general managers, and Group companies' top management	Two times per year	· Antimonopoly Act	133
Meeting participants	As needed	· Content requested by departments/divisions	111

*Postponed in FY3/2022 due to COVID-19

Whistleblower System

In order to prevent violations of laws and regulations, Rengo, separate from the ordinary business reporting route via immediate superiors, has established whistleblower hotlines inside and outside the company (within a law firm) so that employees can report and consult on compliance matters. The whistleblower system can be used by officers, employees, temporary and contract employees working at Rengo, and retirees (within one year after retiring), and the external hotlines can also be used by employees of Group companies. The system can be used anonymously as well. In cases of whistleblowing, we strictly protect the privacy of whistleblowers, and at the same time handle issues appropriately so that whistleblowers are not treated unfairly.

Division Visits

Since FY3/2018, personnel have visited divisions in Japan, verifying the status of compliance with the Antimonopoly Act, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and other laws and regulations, checking for incidents of harassment, gathering information and sharing opinions regarding relations with local communities, and furthering understanding and awareness regarding compliance. In FY3/2022, planned visits could not be carried out due to COVID-19, but we intend to continue conducting visits, including visits to Group companies, in the future.

Protecting Intellectual Property

Rengo recognizes the importance of protecting its own intellectual property and observing the intellectual property rights of other companies, and has therefore established a dedicated department with an attorney for handling these issues. We also conduct investigations with the aim of securing rights for our own intellectual property and preventing infringement of intellectual property rights of others, and strive to utilize and manage intellectual property rights appropriately. We post educational materials regarding intellectual property and investigative materials regarding the technical fields in which we are active on our intranet. We also have established opportunities for educating sales personnel and research and development personnel. In FY3/2022, we received no claims of infringement of rights.

Risk Management

Related SDGs



Basic Stance

Taking to heart our mission as a "packaging provider," the Rengo Group seeks to be the world's best general packaging manufacturer group and to create greater sustainable corporate value. To fulfill our responsibility as a supporting industry member that assists with the delivery of living essentials to consumers, we engage in various preparations and management in non-disaster periods, define basic policies for dealing with disasters, and strive to improve our supply structure.

Risk Management Structure

Rengo has established a CSR Committee chaired by the chairman & CEO with the aims of improving management quality and reducing and avoiding future risks. With regard to the management of compliance, environmental, disaster, quality, information, and other risks, individual departments and the six subcommittees under the CSR Committee for ethics, environment, health and safety, customer satisfaction, public relations, and information security work together to formulate internal regulations, create manuals, and monitor company-wide conditions. In addition, the Board of Directors receives reports on the status of initiatives from the directors who manage or oversee each business unit, group, and department, and from the chairs of each subcommittee. The Board deliberates and makes decisions on improvement initiatives and other matters as necessary.

Natural Disaster Countermeasures

In consideration of the frequent occurrence of natural disasters such as earthquakes and typhoons, Rengo has established a basic policy that outlines the company's response in the event of a disaster. Following the Great East Japan Earthquake, all sites have maintained stocks of emergency supplies since June 2011. In addition, satellite telephones were installed at all sites in March 2012. Since April 2012, we have developed a structure that uses automatically sent emails to confirm the safety of employees and others and assess damage conditions in the event of a large-scale earthquake. Test emails are sent every six months in preparation for disasters.

Basic Disaster Policy

1. Our highest priority is ensuring the safety of employees and their family members.
2. We strive to assess damage conditions of Rengo facilities, restore them as quickly as possible, and continue operations to the greatest degree possible.
3. We fulfill our social responsibilities (such as employment and supply) by maintaining and continuing our corporate activities.

Response to the COVID-19 Pandemic

Confronted with the COVID-19 pandemic, the greatest crisis Japan has faced in the post-war period, Rengo does our utmost to ensure the safety and health of workers and, as a member of society, to prevent the spread of infection. In April 2020, we established the Rengo Group Novel Coronavirus Emergency Management Headquarters, led by the chairman & CEO and headed by the president as the chief, to fulfill our responsibility as a supporting industry member to supply products used to deliver living essentials to consumers. The Headquarters issues infection prevention measure instructions and notices throughout the Group, shares information provided by the government and other related organizations, and delivers and distributes infection prevention supplies.



Partition boards in the meeting room at the head office

Information Management

In recent years, there have been rapid advances in the introduction of remote work and cloud systems, and in the use of AI and the IoT at plants and mills. The amount of digital information used is growing quickly, and information security has become extremely important. To engage in even more thorough risk management and build a more robust security structure, the Rengo Group is continuously reviewing and revising its security policies and operation structures and carrying out awareness-raising activities. We consider information regarding our customers, investors, employees, and all of our other stakeholders to be important assets, and we protect and manage them appropriately. We also provide education to our employees to improve their security awareness, such as by issuing warnings regarding the handling of suspicious emails and the posting of information on our intranet.

Consolidated Eleven-Year Summary

Rengo Co., Ltd. and Consolidated Subsidiaries
(From FY2011 ended March 31, 2012 to FY2021 ended March 31, 2022)

	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021	3/2022
For the fiscal year (millions of yen):											
Net sales	¥ 492,628	¥ 502,625	¥ 523,141	¥ 522,671	¥ 532,534	¥ 545,489	¥ 605,712	¥ 653,107	¥ 683,780	¥ 680,714	¥ 746,926
Gross profits	86,196	88,468	82,606	76,428	87,288	98,586	99,710	111,197	132,461	133,281	135,716
Operating income	25,068	23,890	14,221	5,567	15,727	23,642	17,082	25,292	41,227	39,938	33,279
Profit before income taxes and non-controlling interests	11,272	25,066	9,687	12,081	16,268	24,186	23,366	25,075	41,090	41,204	41,437
Profit attributable to owners of parent	7,148	12,956	3,702	5,718	9,816	13,876	16,622	17,163	27,790	28,599	28,188
Research and development expenses	1,541	1,581	1,421	1,405	1,441	1,448	1,483	1,531	1,593	1,900	2,151
Depreciation and amortization	27,149	27,898	28,581	29,611	29,333	29,524	30,880	32,259	35,076	38,114	41,723
Capital expenditures	47,741	37,014	52,849	39,982	29,656	30,445	41,527	36,512	38,700	47,143	49,509
EBITDA	52,217	51,789	42,802	35,179	46,454	54,372	49,616	59,028	77,662	80,014	77,193
At the fiscal year-end (millions of yen):											
Total assets	¥ 549,057	¥ 572,591	¥ 629,054	¥ 655,674	¥ 644,690	¥ 704,826	¥ 747,700	¥ 769,355	¥ 820,109	¥ 869,992	¥ 934,345
Working capital	(46,134)	(30,389)	(40,772)	(34,146)	(36,801)	(24,288)	(23,760)	(10,142)	(3,041)	14,229	39,411
Interest-bearing debt	229,443	237,745	263,430	276,906	264,728	283,350	287,322	283,071	323,614	330,645	353,415
Net assets	170,931	188,132	201,658	222,390	221,733	241,510	262,580	274,697	288,820	324,463	354,289
Equity capital*1	164,338	180,733	196,359	216,353	215,962	234,241	255,015	263,948	278,254	313,326	341,909
Per share amounts (yen):											
Basic earnings per share	¥ 27.74	¥ 50.99	¥ 14.95	¥ 23.09	¥ 39.64	¥ 56.04	¥ 67.14	¥ 69.32	¥ 112.24	¥ 115.51	¥ 113.84
Diluted earnings per share	—	—	—	—	—	—	—	—	—	—	—
Cash dividends applicable to the year	12.00	12.00	12.00	12.00	12.00	12.00	12.00	14.00	20.00	24.00	24.00
Net assets per share*2	637.85	729.53	792.78	873.60	872.17	946.06	1,029.98	1,066.07	1,123.86	1,265.53	1,380.74
Ratio:											
Return on equity (%)	4.4	7.5	2.0	2.8	4.5	6.2	6.8	6.6	10.3	9.7	8.6
Return on total assets (%)	1.4	2.3	0.6	0.9	1.5	2.1	2.3	2.3	3.5	3.4	3.1
Debt to equity ratio (times)	1.40	1.32	1.34	1.28	1.23	1.21	1.13	1.07	1.16	1.06	1.03
Capital adequacy ratio (%)	29.9	31.6	31.2	33.0	33.5	33.2	34.1	34.3	33.9	36.0	36.6
Other data:											
Number of shares of common stock (thousand)	271,056	271,056	271,056	271,056	271,056	271,056	271,056	271,056	271,056	271,056	271,056
Number of employees	12,961	13,082	13,095	14,060	13,999	16,038	16,532	16,968	18,902	19,451	20,141
Share prices (yen):											
High	¥ 619	¥ 599	¥ 651	¥ 558	¥ 619	¥ 717	¥ 968	¥ 1,078	¥ 1,071	¥ 1,012	¥ 990
Low	458	311	438	443	459	546	603	787	660	776	730

*1 Equity capital = Net assets – Non-controlling interests

*2 The amount of net assets used for calculation of net assets per share is the amount of net assets on the consolidated balance sheets, excluding non-controlling interests.

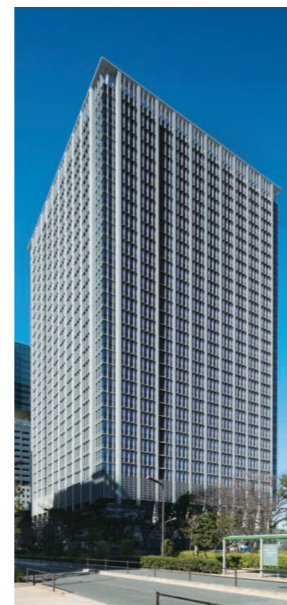
Corporate Information (As of March 31, 2022)

Corporate Profile

Name	Rengo Co., Ltd.
Head office locations	Head Office Nakanoshima Central Tower, 2-2-7 Nakanoshima, Kita-ku, Osaka, Japan 530-0005 Tokyo Head Office Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo, Japan 108-0075
Founded	April 12, 1909
Incorporated	May 2, 1920
Capital stock	¥31.066 billion
Stock listing	Tokyo Stock Exchange (Securities code: 3941)
Number of consolidated companies	168 (parent company and subsidiaries)
Number of companies under the equity method	16
Number of employees	20,141 (consolidated) 4,181 (non-consolidated)



Head Office



Tokyo Head Office

Main Sales Offices and Plants/Mills

■ Rengo Co., Ltd.

Corrugated Plants	Eniwa (Hokkaido) Asahikawa (Hokkaido) Aomori (Aomori Prefecture) Shin-Sendai (Miyagi Prefecture) Fukushima-Yabuki (Fukushima Prefecture) Oyama (Tochigi Prefecture) Maebashi (Gunma Prefecture) Tokyo (Saitama Prefecture) Chiba (Chiba Prefecture) Shonan (Kanagawa Prefecture) Niigata (Niigata Prefecture) Nagano (Nagano Prefecture) Matsumoto (Nagano Prefecture)	Shimizu (Shizuoka Prefecture) Toyohashi (Aichi Prefecture) Shin-Nagoya (Aichi Prefecture) Fukui (Fukui Prefecture) Shiga (Shiga Prefecture) Shin-Kyoto (Kyoto Prefecture) Sanda (Hyogo Prefecture) Wakayama (Wakayama Prefecture) Okayama (Okayama Prefecture) Hiroshima (Hiroshima Prefecture) Hofu (Yamaguchi Prefecture) Matsuyama (Ehime Prefecture) Tosu (Saga Prefecture)
Folding Carton Plants	Katsushika (Tokyo) Tonegawa (Ibaraki Prefecture)	Shin-Kyoto (Kyoto Prefecture)
Paperboard Mills	Tonegawa (Ibaraki Prefecture) Yashio (Saitama Prefecture)	Kanazu (Fukui Prefecture) Amagasaki (Hyogo Prefecture)
Cellophane Plant	Takefu (Fukui Prefecture)	
Laboratory	Central Laboratory (Osaka and Fukui Prefectures)	

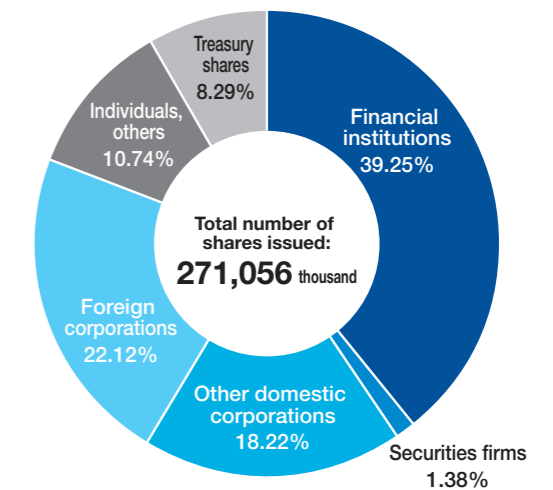
■ Subsidiaries

Yamato Shiki Co., Ltd.	Ibaraki-shi, Osaka Prefecture
Settsu Carton Co., Ltd.	Itami-shi, Hyogo Prefecture
Tokai Shiki Co., Ltd.	Nagoya-shi, Aichi Prefecture
Hinode Shiki Kogyo Co., Ltd.	Hioki-shi, Kagoshima Prefecture
RG Containers Co., Ltd.	Kawaguchi-shi, Saitama Prefecture
Rengo Riverwood Packaging, Ltd.	Minato-ku, Tokyo
Marusan Paper Mfg. Co., Ltd.	Minamisoma-shi, Fukushima Prefecture
Taiko Paper Mfg., Ltd.	Fuji-shi, Shizuoka Prefecture
Rengo Paper Business Co., Ltd.	Amagasaki-shi, Hyogo Prefecture
Howa Sangyo Co., Ltd.	Funabashi-shi, Chiba Prefecture
Sun-Tox Co., Ltd.	Taito-ku, Tokyo
Nihon Matai Co., Ltd.	Taito-ku, Tokyo
Rengo Logistics Co., Ltd.	Osaka-shi, Osaka Prefecture
Sanyo Jidosha Unso Co., Ltd.	Higashiosaka-shi, Osaka Prefecture
Tri-Wall Limited	Hong Kong, China
Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd.	Jiangsu, China

Status of Shares

Number of shares authorized	800,000,000
Total number of shares issued	271,056,029 (including 22,483,244 treasury shares)
Number of shareholders	27,627
Number of shares per trading unit	100

■ Shareholder Distribution



■ Major Shareholders

Shareholder name	Number of shares held (Thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	35,157	14.1
Custody Bank of Japan, Ltd. (trust account)	20,577	8.2
Sumitomo Mitsui Banking Corporation	9,562	3.8
Sumitomo Life Insurance Company	6,808	2.7
The Norinchukin Bank	5,965	2.4
Rengo Employee Shareholding Association	3,971	1.5
Yakult Honsha Co., Ltd.	3,326	1.3
JP MORGAN CHASE BANK 385632	3,324	1.3
Custody Bank of Japan, Ltd. (as trustee for Retirement Benefit Trust Account of Sumitomo Mitsui Trust Bank, Limited)	3,266	1.3
Oji Holdings Corporation	3,066	1.2

	Number of shares held (Thousands)	Percentage (%)
Financial institutions	106,400	39.25
Securities firms	3,727	1.38
Other domestic corporations	49,386	18.22
Foreign corporations	59,953	22.12
Individuals, others	29,105	10.74
Treasury shares	22,483	8.29

(Notes)

1. In addition to the above list, Rengo Co., Ltd. holds 22,483 thousand shares of treasury shares.

2. Percentages are calculated after deducting treasury shares.

IR Calendar

	April	May	June	July	August	September	October	November	December	January	February	March
Financial Results Announcement		● Announcement of annual financial results ● Earnings presentation			● Announcement of 1st quarter results			● Announcement of 2nd quarter results ● Earnings presentation			● Announcement of 3rd quarter results	
Letter to Shareholders			● Submission of Annual Securities Report ● Posting of Annual Letter to Shareholders		● Submission of Quarterly Securities Report		● Publication of Integrated Report	● Submission of Quarterly Securities Report		● Posting of Interim Letter to Shareholders		● Submission of Quarterly Securities Report
General Meeting of Shareholders			● Notice of General Meeting of Shareholders									● Ordinary General Meeting of Shareholders