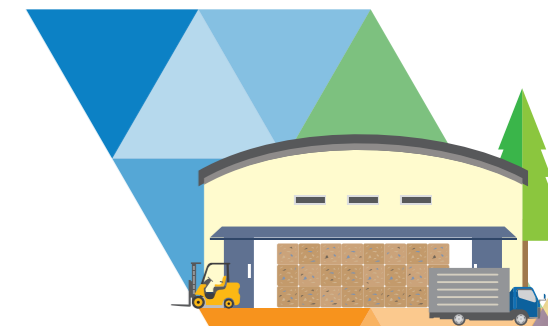
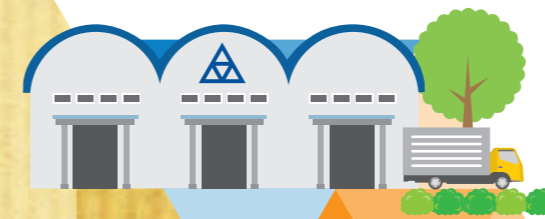


Environmental and
Social Report

2019

Thinking of Resources
through Recycling



 **RENGO** co.,LTD.

Head Office Nakanoshima Central Tower, 2-2-7 Nakanoshima,
Kita-ku, Osaka, Japan 530-0005
TEL. +81-6-6223-2371 FAX. +81-6-4706-9909

Tokyo Head Office Shinagawa Season Terrace, 1-2-70 Konan,
Minato-ku, Tokyo, Japan 108-0075
TEL. +81-3-6716-7300 FAX. +81-3-6716-7330

<https://www.rengo.co.jp/english/>

October 2019

GPI
The General Packaging Industry
RENGO

Corporate Profile (as of March 31, 2019)

| | |
|--------------------------------|--|
| Company name | Rengo Co., Ltd. |
| Representative | Kiyoshi Otsubo, Chairman, President & CEO |
| Founded | April 12, 1909 |
| Incorporated | May 2, 1920 |
| Capital stock | 31.066 billion yen |
| Location | Head Office Nakanoshima Central Tower, 2-2-7 Nakanoshima, Kita-ku, Osaka, Japan 530-0005 TEL. +81-6-6223-2371 FAX. +81-6-4706-9909 Tokyo Head Office Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo, Japan 108-0075 TEL. +81-3-6716-7300 FAX. +81-3-6716-7330 |
| Net sales | 653.107 billion yen (consolidated) 323.989 billion yen (non-consolidated) |
| Number of employees | 16,968 (consolidated) 3,817 (non-consolidated) |
| Group companies (consolidated) | 42 in Japan, 104 overseas |

Main Business

1. Manufacturing and sales of corrugated board, corrugated boxes, folding cartons and other paper products
2. Manufacturing and sales of paperboard (containerboard, boxboard, tube board, etc.)
3. Manufacturing and sales of flexible packaging and cellophane
4. Manufacturing and sales of heavy duty packaging (heavy duty polyethylene bags, kraft paper bags, flexible container bags, etc.) and highly functional resin products
5. Sales of packaging-related machinery
6. Manufacturing and sales of a variety of functional materials (porous beads made from cellulose, high-performance zeolite pulp, natural antibacterial agent made from wasabi and mustard, etc.)
7. Manufacturing and sales of nonwovens, paper converting machinery and transportation business, etc.

Operations Network

Domestic Network (as of March 31, 2019)

In addition to Rengo's Head Office, Tokyo Head Office, laboratories, and Packaging Technical Departments, Rengo has a domestic network (4 paper mills, 25 corrugated plants, 1 sub-plant, 3 folding carton plants, and 1 cellophane plant) spanning the whole of Japan.

Rengo Group Companies in Japan

An extensive network of locally-oriented group enterprises in Japan, each having its own technology and expertise, supports the comprehensive capabilities of the Rengo Group.

Rengo Group Companies Overseas

The Rengo Group is also expanding a network for packaging solutions outside Japan.

Editorial Policy

This is a report on activities undertaken in fiscal 2018 focusing on the approach, initiatives, and achievements by Rengo Co., Ltd. with respect to global environmental protection, and also includes social aspects. The feature articles present the 110-year history of Rengo's lifestyle support provided through corrugated packaging and make reference to the challenges we will face when creating new value in the future. They also introduce the comprehensive capabilities that enable us to provide the high added value products and services unique to Rengo. Independent practitioner's assurance was engaged to ensure the credibility of quantitative data presented in the environmental report.

Scope of Report

Organizational Scope

The report covers Rengo Co., Ltd. Information from certain affiliated companies is also included.

Target Period

In principle, the report covers fiscal 2018 (April 1, 2018 to March 31, 2019). Certain aspects of this report also include periods before and after fiscal 2018.

Period of Issue

Previous: September 2018
Current: October 2019
Next: September 2020 (planned)

Referenced Guidelines

"Environmental Reporting Guidelines 2018," Japan Ministry of the Environment

Scope of Independent Practitioner's Assurance (symbol of assurance:)

For information stated in this report, independent practitioner's assurance has been engaged. Such information will display the symbol of assurance as a sign that the information has been assured.

Scope of assurance: Production departments of Rengo Co., Ltd. (including certain affiliated companies located within premises of business units within the scope)

Target of assurance: - Fiscal 2018 fossil energy input and CO₂ emissions originating from fossil energy use (excluding portion for sold electric power)
- Scopes 1, 2 and Scope 3 (category 3) greenhouse gas emissions

Calculation guideline: Advanced technologies promotion Subsidy Scheme with Emission reduction Targets (ASSET) Monitoring Report Guidelines (Version 8.0)

Prepared By / For Inquiries

Environmental Affairs and Safety & Hygienic Department, Rengo Co., Ltd.

TEL +81-6-6223-2371 (operator)

FAX +81-6-4706-9909

URL <https://www.rengo.co.jp/english/>

E-mail eco@rengo.co.jp

Rengo's Information Disclosure Media

- Rengo provides appropriate and timely financial and non-financial information meeting the needs of stakeholders through our website, booklets, and PDF files.
- The Environmental and Social Report provides all stakeholders with detailed information regarding Rengo's CSR activities.
- The Annual Report provides information focusing on Rengo's financial situation to shareholders and investors.



Rengo's Website

Various types of information related to corporate activities are appropriately disclosed.

<https://www.rengo.co.jp/english/>



Website (CSR)

<https://www.rengo.co.jp/english/environment/index.html>



Environmental and Social Report (booklet and PDF)
Environmental and Social Report Data Booklet (PDF) (in Japanese)

<https://www.rengo.co.jp/english/environment/report.html>



Website (Investors Relations)

<https://www.rengo.co.jp/english/financial/index.html>



Annual Report (booklet and PDF)

<https://www.rengo.co.jp/english/financial/annualreport.html>

CONTENTS

Message from Top Management 03

As the world's number one General Packaging Industry, we will design the future and continue our ceaseless efforts to develop a sustainable society.

Corporate Philosophy & Main Businesses 05

Features

Feature 1 Aiming to Become a Packaging Provider that Supports Lifestyles and Grows with the Times 07

Feature 2 Rengo's Comprehensive Capabilities Continue to Support the Company 09

Rengo and SDGs 11

Achievements and Targets of Activities 12

Material Balance in Production Activities 13

For the Global Environment

Environmental Management 15

Global Warming Countermeasures 17

Effective Use of Resources 19

Reducing Waste 21

Management of Chemical Substances 22

Research, Development, and Supply of Environmentally-Friendly Products 23

Conserving Biodiversity 24

Together with Society

Relationship with Customers 25

Products to Solve Various Issues Faced by Society 26

Relationship with Suppliers 29

Creating Ideal Workplaces 31

Health and Safety 35

Activities Contributing to Society 37

Management

Corporate Governance 39

Compliance 41

Evaluation by Society (Fiscal 2018)/ Independent Practitioner's Assurance 42





Kiyoshi Otsubo
Chairman, President & CEO
Rengo Co., Ltd.

As the world's number one General Packaging Industry, we will design the future and continue our ceaseless efforts to develop a sustainable society.

Diligently Addressing Social Issues in All Business Activities

In April 2019, the Rengo Group marked 110 years since its foundation. Ever since founder Teijiro Inoue manufactured Japan's first corrugated board in 1909, the Rengo Group has been developing and supplying packaging solutions tailored to the times. We are achieving the targets of Vision110, now in its final year as we celebrate the 110th anniversary of the Group's foundation, but this does not mean the end of the challenge to become "the world's number one General Packaging Industry."

We set "Less is more." as the key concept for the Rengo Group's packaging manufacturing and environmental management with the aims of developing packaging that generates greater value with less resources, taking measures to create environments where each employee can fully demonstrate their capabilities, and have achieved solid outcomes in this regard. "Less is more." symbolizes the Rengo Group's environmental, social, and governance (ESG) initiatives, and we are confident that it will be effective in achieving the Sustainable Development Goals (SDGs), which are unified international

Vision110

Taking on the Challenge to Become the World's No. 1 General Packaging Industry

- Establish domestic and overseas systems that can provide advanced packaging solutions and supply chains responding to all packaging needs and integrate processes from procurement of packaging material, to distribution and packing.
- Aim to excel in quality improvement and cost reduction through innovation in manufacturing technologies, and build a system where people can focus on manufacturing safely at plants with good working environments.
- Thoroughly investigate ways to utilize information communication technologies (such as IoT and M2M) to make efficient manufacturing processes, logistics, and the supply chain, and at the same time anticipate the needs of customers arising from IoT to create next-generation added value.
- Aim to be a corporation where diverse individuals could maximize their unique potential.

objectives. One of the backbones supporting this is our participation in the United Nations Global Compact. Rengo fully supports this international initiative and has respected its spirit, and we will diligently address the issues newly identified by the SDGs in all of our business activities to contribute to the development of a sustainable society.

Contributing to the Development of a Sustainable Society

Toward a Carbon-Free Society

Cognizant of climate change as a pressing issue, Rengo set a target of halving our CO₂ emissions by 2050 compared to fiscal 1990 in the Rengo Group Environmental Charter, our long-term vision looking ahead to 2050. Japan declared in the Paris Agreement that it will reduce CO₂ emissions by 26% (compared to fiscal 2013) by fiscal 2030, and we have incorporated this into our own medium-term targets.

To achieve these objectives, we are actively increasing the use of advanced renewable energy such as using solar power for all electrical power needs at the Fukushima-Yabuki Plant during the daytime and installing at the Yashio Mill a woodchip biomass power plant that effectively utilizes construction waste materials generated in the region. We also plan to install a biomass power plant at the Tonegawa Division and further accelerate these initiatives to raise our renewable energy utilization rate to 25% by fiscal 2030.

Solutions to Labor Shortages and Other Social Issues

Labor shortages are becoming an increasingly serious social issue, and we are developing new demand with products that contribute to a higher work efficiency at distribution sites for both in-store sales and online commerce. These products include Rengo Smart Display Packaging (RSDP), which can be opened and unpacked with a single action for immediate display of products, and the Gemini Packaging System, which can automatically assemble and pack corrugated boxes based on the size of the contents.

In addition, Rengo is a creative packaging provider that creates new demand by anticipating market needs such as the introduction

of wide-format high-speed digital pre-printing web press and development of PALMIRA, a packaging system that can adjust the width, length and height of packages. We provide comprehensive solutions that address both physical and non-physical needs, contributing to solutions to social issues in the future as well.

Helping Solve the Problem of Ocean Plastic Waste

The issue of ocean plastic waste, which raises concerns regarding pollution of the oceans and impacts on ecosystems, is an urgent, global-scale problem. This issue is also closely related to the SDGs, and initiatives by national governments and businesses are accelerating. Rengo has long been involved in the manufacturing and sales of cellulose related products such as cellophane and cellulose beads made from viscose that uses wood pulp as a raw material. These products are made from 100% wood material-derived cellulose and are biodegradable, giving rise to expectations that they can be used as alternatives to plastics.

To address the issue of ocean plastic waste, Rengo is a managing member of the Clean Ocean Material Alliance established by the Ministry of Economy, Trade and Industry. Going forward, we will continue our efforts to contribute to solving the ocean plastic waste problem by conducting research and development on and encouraging the widespread adoption of biodegradable materials that revert to nature including oceans and soil.

Creating an Environment that Fosters Lifetime Careers

Sources of creativity that generate innovations are a source of strength for each employee. In 2014, Rengo became among the first to embark on work style reforms with a focus on the work-life balance with the aim of improving total factor productivity (TFP). We are aware that measures to address the declining birth rate and providing support for the development of future generations are important issues for business enterprises, and accordingly, we provide support for childcare both systematically and economically by encouraging male employees to take childcare leave, reducing overtime work, paying substantial monetary bonuses when employees have children, and other measures. As a result of these efforts, in 2018 we received Platinum Kurumin certification from the Minister of Health, Labour and Welfare as a company that supports employees with children by taking measures on a higher level.

In April 2019, we made 65 years the mandatory retirement age so that all employees can continue working with enthusiasm and determination while maintaining good health and high motivation. We adopted "lifetime careers" as our slogan and will maintain salaries, bonuses, and other employee benefits even after the age of 60 years so that employees can continue to receive pay raise according to their abilities, and we are proud of this challenging initiative that does not set an age limit system for managerial personnel. Premised on this, we adopted the "Rengo Good Health Declaration" and are making companywide efforts to promote good health. In addition, safe and secure workplaces with minimal physical burdens facilitate work not only by older workers, but also female employees and individuals with disabilities, and this is a foundation of our health and productivity management.

Productivity is a reflection of each employee's state of mind. We believe that working actively and leading a vigorous lifestyle throughout one's life leads to the development and growth of the company.

To be a Company That Grows with Society Over Time

Being the world's number one General Packaging Industry does not simply mean being the largest in terms of size. It means being the best corporate group within the packaging industry from the perspective of our customers.

To achieve this, we need to anticipate changes and pursue a form as a packaging provider that designs the future and develops new markets. It is essential that we enhance our comprehensive capabilities through various collaboration in Japan and overseas, with group companies and with society with regard to physical aspects including manufacturing and non-physical aspects such as creativity. By doing this, we will be able to design the future.

Through creation of new packaging value, and becoming the world's leading corporate group in our field, with the most passion, we will continue our ceaseless efforts to support logistics and prosperous lifestyles and create an ever-better and sustainable society.

As a General Packaging Industry

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 their 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 by earning the trust and satisfaction of customers through dynamic business activities.
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 that provide 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.

Packaging Provider



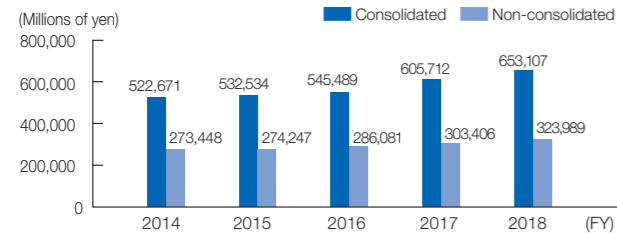
Today, the Rengo Group is conducting diverse business in six core fields: paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas business.

The entire range of assorted packaging solutions offered by "General Packaging Industry (GPI)" Rengo supports richness in logistics and lifestyles, and their innovation contributes toward solving social issues.

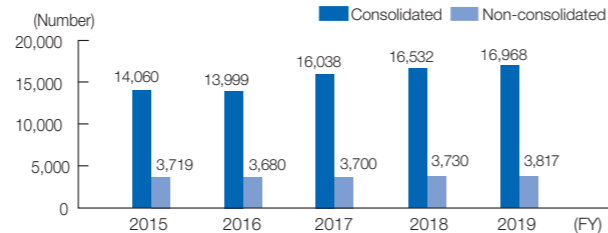
Rengo is not simply a supplier that provides products. As a creative packaging provider that designs the future and creates new markets, we provide comprehensive solutions that meet all of the packaging needs of companies in all industries.

Review of Business

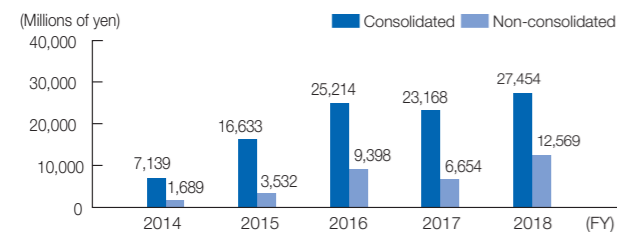
Net sales



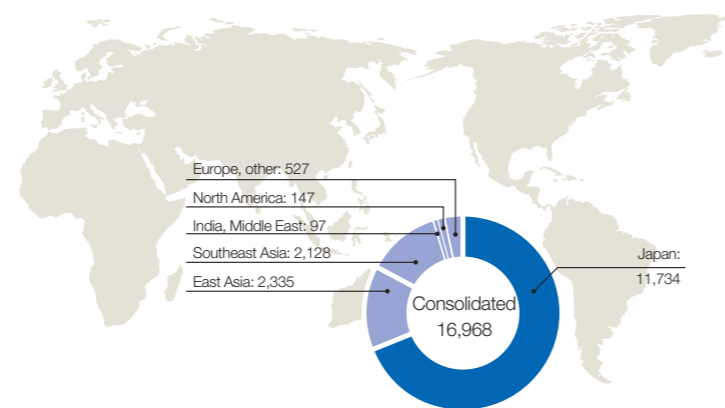
Number of employees (as of March 31 of each FY)



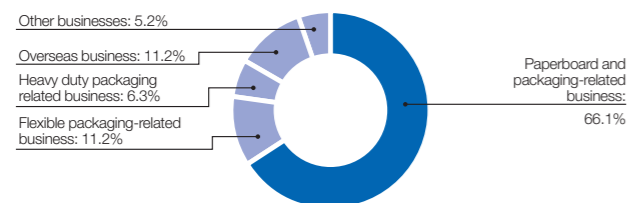
Ordinary income



Number of employees by region (as of March 31, 2019)



Sales ratio (FY2018, consolidated)

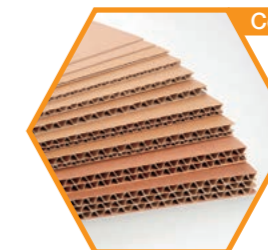


Six Core Business Fields



Paperboard

The Rengo Group manufactures various types of paperboard—such as containerboard, boxboard and tube board—using recovered paper as the main fiber. We work on reducing the impact on the environment by optimizing production, and also the development of resource-efficient products such as Less Caliper & Carbon (LCC) containerboard.



Corrugated Packaging

From general-purpose corrugated packaging to corrugated packaging with various functions, the Rengo Group offers a wide range of products for various uses. We are also actively promoting the development and spread of products with even lower environmental impact such as C-flute and Delta Flute.



Folding Cartons

The Rengo Group develops and offers a wide array of folding cartons which present products in attractive ways and heightens their appeal. We are also working on developing resource-efficient and other environmentally friendly products, providing total support from planning and graphic designing to manufacturing.



Flexible Packaging

The Rengo Group offers a lineup of flexible packaging which covers products attractively and protects them gently, including film packaging, molded packaging, and cellophane which uses wood pulp as raw material. We are also working on developing environmentally friendly products, such as by making films even thinner, water-based flexo printing labels.



Heavy Duty Packaging

The Rengo Group offers heavy duty packaging supporting logistics, such as heavy duty polyethylene bags, flexible container bags, and kraft paper bags. We are also focusing efforts on the development of environmentally friendly products.



Overseas Operations

The Rengo Group is also expanding our packaging solutions network overseas. With our expanding production network within and outside Japan, we meet the needs of our customers in the respective regions and provide comprehensive services related to packaging.

Feature 1

Aiming to Become a Packaging Provider that Supports Lifestyles and Grows with the Times

On April 12, 2019, Rengo celebrated the 110th anniversary of its founding. It is also the 110th anniversary of the first time that corrugated board was manufactured in Japan. As a packaging provider that creates new value in packaging, GPI Rengo will strive to support logistics and lifestyles and realize an even better and sustainable society.



1909—

Beginning of Rengo and Corrugated Board in Japan



1960—

Establishment of the General Packaging Manufacturer Rengo



2000—

Packaging Solutions Company



2010—

GPI Rengo Moves into the Next 100 years



Teijiro Inoue, the founder of Rengo, decided to start a business in *namako gami* (corrugated paper), which was used as a buffer to wrap glassware and other products in those days. He invented a machine for corrugating paper, and after much trial and error, he finally produced what he termed “*danboru* (corrugated board).” He thus succeeded in creating the first corrugated board in Japan.

The corrugated packaging business grew as industrialization progressed in Japan. In the course of recovery efforts from the Great Kanto Earthquake that occurred in 1923, the shift from wooden boxes to paper boxes as packing cases got underway.

In order to meet strong demand, the company, in 1936, completed construction of the Yodogawa Plant (Osaka Prefecture), which was an ideal, modern plant capable of producing all products from containerboard to corrugated board in an integrated manner.

The corrugated packaging industry developed rapidly after WWII ended. Demand for corrugated boxes grew dramatically for the packaging of fruit and vegetables. In order to meet brisk demand, Rengo pursued labor-saving and the automation of plants/mills with the aim of further modernization of facilities.

In the 1960s, just as Japan was undergoing a period of rapid economic growth, plastic products came into use for the packaging of individual items, changing the way that products were displayed. Under these circumstances, Rengo worked to create strong and attractive boxes.

Meanwhile, Rengo also worked to increase productivity by establishing a cooperative labor-management structure. In 1968, the company formulated a management vision called the “5-5 Plan,” which was designed to achieve a goal of increasing sales and salaries by 50%. In 1970, Rengo adopted a new management policy of transforming itself to a general packaging manufacturer. The company further promoted technological innovation, and developed technology for continuous high-speed operation of corrugators, or equipment for producing corrugated board. In addition, Rengo developed products with added value, such as decorative printing, freshness retaining, and water-resistant material, ushering in a new age for packaging.

In the 1980s, the focus of consumers’ lives shifted from increased comfort to luxury, prompting manufacturers to produce luxurious packaging materials. In response to such trends, Rengo developed a production system of more decorative corrugated boxes.

In the 2000s, growing interest in global environmental protection resulted in calls for packaging that would have a reduced impact on the environment by conserving resources and energy. In the meantime, as people’s lifestyles became increasingly diversified and sophisticated, demand arose for packaging with new functions.

In 1999, Rengo formulated the Rengo Group Environmental Charter, and established a system for company-wide initiatives to address environmental issues by going beyond just manufacturing. With a motto of “Friendly to people and the environment,” Rengo has worked on manufacturing efficient packaging that does not waste resources from the perspective of both production and product, with an eye on the entire supply chain. Rengo has met the needs of society by providing a wide range of packaging solutions, exploiting synergy generated through such environmental initiatives and packaging technologies acquired over many years in the business.

Rengo has also worked proactively to create ideal workplaces, and implemented advanced measures, such as significantly increasing the congratulatory bonus given to employees on the birth of their third or subsequent child to one million yen and converting temporary employees to permanent employees, to address the labor force issues faced by the modern society.

In 2011, Rengo announced the new corporate statement of “General Packaging Industry (GPI) Rengo” with a view for the next 100 years. Rengo further evolved its key phrase “Less Weight, Less Carbon” to make “Less is more.” the central theme of our business activities, making clear our stance to work on innovative packaging in order to generate more value using less resources.

In 2019, Rengo introduced a 65-year mandatory retirement age so that employees, the source of creativity to produce innovative packaging, can demonstrate their individual capabilities to the maximum degree and to enable lifetime careers.

The society will progress toward a smart society through the evolution of IoT, AI, and robotic technology. This change will further increase the importance of packaging, including corrugated packaging. GPI Rengo will promote innovation and automation of manufacturing technologies to create workplaces where female and elderly employees can also work actively. In addition, GPI Rengo, as a packaging provider, will anticipate the needs of customers to create new ideas while also successively producing and improving technologies, and continuing to make rapid progress while taking on challenges in both Japan and throughout the world.



Corrugated board manufacturing machine used by Teijiro Inoue



Yodogawa Plant



Corrugated boxes printed with various designs



National Safety QC Competition in 1970



Biomass incineration power plant at Yashio Mill



Boiler fuel LNG at Tonegawa Division



Each employee is a source of creativity



Rengo's products fulfill all packaging requirements

Rengo's Business Milestones

1909

- Established Sansseisha, setting up the corrugated board business

1920

- Established Rengo Shiki K.K.

1936

- Completed construction of the Yodogawa Plant

1968

- Formulated the 5-5 Plan, setting out a management vision that respects the individual

1972

- Changed name from Rengo Shiki K.K. to Rengo Co., Ltd.

1998

- Made Howa Sangyo Co., Ltd. a subsidiary to enter the flexible packaging business

1999

- Formulated the Rengo Environmental Charter

2001

- Published the Environmental Report

2006

- Revision of congratulatory bonus for childbirth

2009

- Converted approx. 1,000 temporary employees to permanent employees

- Made Nihon Matai Co., Ltd. a subsidiary and entered the heavy duty packaging field

2010

- Established Eco Challenge 020

2014

- Established the Section for the Promotion of Women Employees

2017

- Formulated the Work Style Reform Declaration

2019

- Introduced mandatory retirement age of 65 years



Rengo's Comprehensive Capabilities Continue to Support the Company

Feature 2

Rengo is supported by the efforts of employees on the frontline. By synergizing its unique technologies and ideas cultivated over 110 years, Rengo will generate a variety of packaging innovations that are one step ahead in the aim of becoming the world's number one General Packaging Industry Rengo.

Comprehensive Capabilities Supporting Rengo's Business

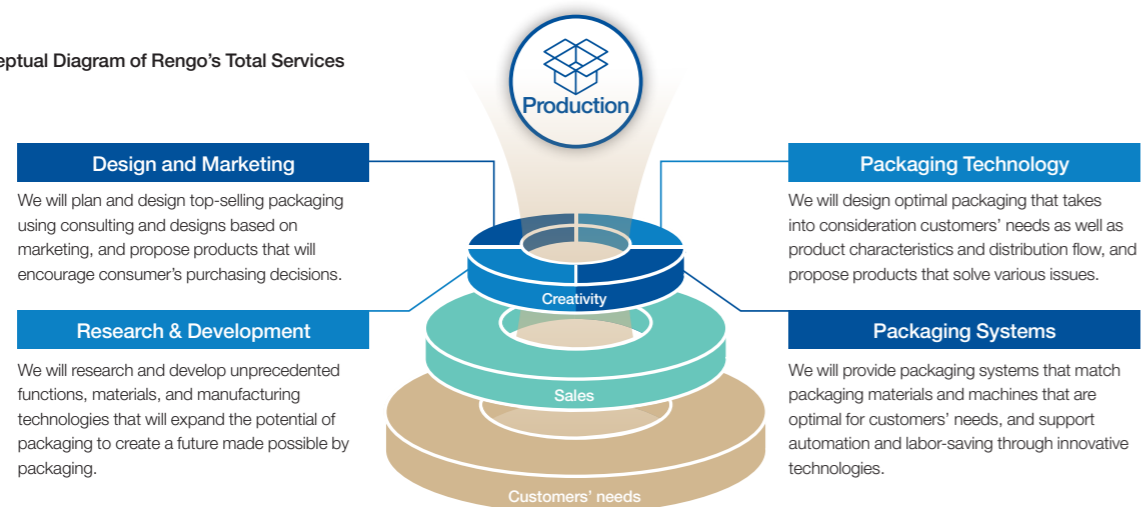
The roles of packaging are not currently limited to the transportation and protection of products. In this context, companies must accurately capture the diversified market and needs of consumers, identify observable needs as well as latent needs, and create added value. Rengo incorporates ever-changing market trends to create solutions made possible with packaging.

In order to create value-added products that connect customers with consumers, four creative sections of "Design and Marketing," "Packaging Technology," "Packaging Systems," and "Research & Development" collaborate with each other. With the

sales section engaging in liaison, these sections will provide total services to meet all kinds of needs. Packaging designs created through collaboration are given form at our 34 production sites located in Japan. Our production sites manufacture packaging and work on operational improvement on a daily basis to further improve product quality, increase productivity and reduce our environmental impact.

By bringing together and synergizing technologies and expertise of each section, Rengo provides its unique added value to customers.

Conceptual Diagram of Rengo's Total Services



Design and Marketing Synergized with Packaging Technologies

Creating Products by Integrating the Ideas of Professionals and Consumers

"Korokoro" stocker was created based on the request from Sapporo Breweries Ltd. to develop packaging that is not eye-catching but fits in with lifestyle for rolling out products on e-commerce websites.

This product is structured so that the outer box serves as a beer can stocker, with beer cans taken out from the bottom and replenished from the top, making sure the beer can that is sent to the very front of the bottom is a chilled one. This product has received favorable feedback as packaging with a playful spirit. It has also been highly acclaimed by several awards in Japan and abroad.

In developing this product, our focus was on ensuring that the product "fits in with lifestyle" in the aspect of both design and real



Sapporo Breweries Ltd. White Belg "korokoro" stocker

Creativity Synergized with Production

Building on Improvement Cases to Enhance On-site Strength

At production sites where packaging design ideas are put into tangible forms, we focus on operational improvement activities at plants routinely to enhance the level of manufacturing. In order to encourage awareness on improvement among employees on a daily basis, it is very important to create an atmosphere that encourages employees to convey their realizations and feelings regarding daily operations. By creating such an environment, employees have become able to generate ideas that are broken down into behavioral elements, such as "What can we do?" and "What do we want to do?" As a result, employees can now make proposals that will lead to improvements to design and form suitable for manufacturing processes. Proposals that are not workable are provided with reasons for unfeasibility to make sure that motivation for making proposals is not impaired and workplace opinions are continuously conveyed.

By building on such activities on a daily basis, improvement awareness has taken root among employees, leading to overall growth in production site capabilities.

Domestic plants proactively share expertise and data on necessary improvement cases are deployed across the Group.



"Korokoro" stocker project members

lives of consumers from the perspective of design and marketing. Project members extracted issues, and worked out this design idea that can solve problems such as beer cans stocked deep in the back of the refrigerator being difficult to take out and refrigerators easily getting cluttered with beer cans and other foodstuffs.

As this design idea was an unprecedented, original idea from the perspective of packaging technology, we had to coordinate with manufacturing sectors to give form to the design idea. Naturally, we had to make sure that the product had adequate strength, the product's functionality that beer cans are stocked from the top and sent rolling down to the bottom properly works, and that the product's design idea would be feasible for manufacturing.

The comprehensive capabilities of Rengo in producing creative products through collaboration between specialists in designing and manufacturing made it possible to give form to such a unique idea. This product became a representative example of our comprehensive capabilities.

Receiving Various Awards

- 2017 • Packaging Idea Award, Good Packaging category in the Japan Packaging Contest 2017
- 2018 • Packaging Idea Award, Good Packaging category in the Japan Packaging Contest 2018
- WorldStar Award in the 2018 WorldStar Contest
- 2019 • Bronze Award in the Alcohol Beverage category in the Japan Packaging Contest 2019

CROSS INNOVATION

Building on such initiatives allows Rengo to swiftly deliver high value-added products with ensured quality to customers across Japan.

GPI Rengo will continue to evolve in coordination with our employees responsible for various roles in each field, ranging from the development of materials and planning of products to manufacturing at production sites.



Relation between Rengo's Initiatives and SDGs

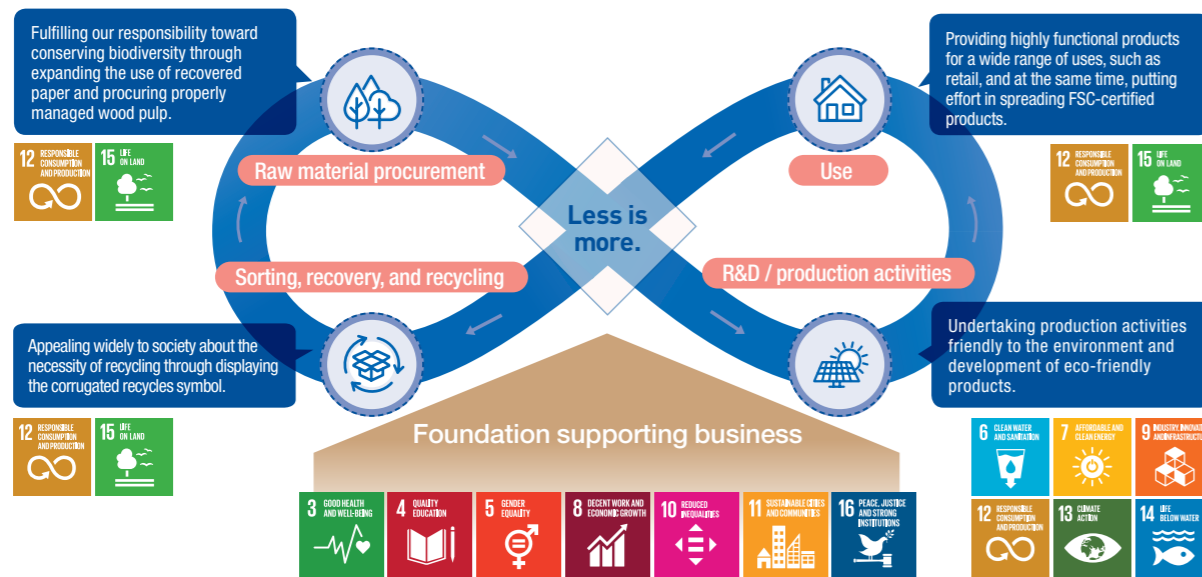
At a United Nations Summit held in September 2015, countries from around the world adopted 17 goals and 169 targets as priority issues to be worked on globally by 2030. These are the Sustainable Development Goals (SDGs). To achieve the SDGs, companies too are looked upon to take the lead in developing and providing measures and technologies to solve these issues and contribute to the promotion of sustainable development.

For Rengo, adoption of the SDGs was a significant opportunity to examine the issues that we need to address and the course that we need to take. Going forward, we will take on the challenges of incorporating value creation from the perspective of the SDGs when strengthening existing businesses and creating new products and businesses.



Identifying Critical Issues

To identify critical issues (materiality) regarding which we need to intensify our actions in the future, we made reference to the SDG Compass (a guide for business action), and mapped SDGs that are strongly related to Rengo's business activities. At present, we are working to carry out the Eco Challenge 020, which sets fiscal 2020 as the target year, and we are formulating new environmental targets to support the Eco Challenge 020. We will further organize the relationships between social issues and our business through repeated dialogue and deliberation with the aim of contributing to the creation of a sustainable society through our business activities.



Achievements for Fiscal 2018 and Short- and Long-Term Targets

To sustainably improve our corporate value, Rengo makes clear issues such as environmental and social problems.

Regarding environmental problems, we set targets for the respective issues and actively work on them, including formulating new targets to reduce CO₂ emissions by fiscal 2030.

| Themes and related SDGs | Item | FY2018 | | | | Target | |
|---|--|--------------------|-----------------|------------|---------------|--------------------|---|
| | | Target | Actual | Evaluation | Relevant page | FY2019 | FY2020 |
| Global warming countermeasures 7 12 13 | CO ₂ emissions* ¹ by production departments (compared to FY1990) | 28% reduction | 23.2% reduction | × | p. 17 | 23% reduction | 32% reduction |
| | Per-unit CO ₂ emissions* ² by logistics departments (compared to FY2007) | 12% reduction | 13.4% reduction | ○ | p. 18 | 13% reduction | Promote reduction |
| Effective use of resources 12 15 | Recovered paper utilization ratio | 97% or more | 98.3% | ○ | p. 19 | 97% or more | 97% or more |
| Reducing waste 12 15 | Final disposal* ³ | 4,000 tons or less | 3,349t | ○ | p. 21 | 4,000 tons or less | 4,000 tons or less |
| | Material recycling rate | 98% or more | 98.3% | ○ | p. 21 | 98% or more | 98% or more |
| Promote management of chemical substances 12 13 | Emissions and transfers of PRTR chemical substances (compared to FY2002) | 13% reduction | 14.7% reduction | ○ | p. 22 | 13% reduction | Management of chemical substances |
| | VOC emissions (compared to FY2000) | 45% reduction | 58.5% reduction | ○ | p. 22 | 45% reduction | |
| Research, development, and supply of environmentally friendly products 9 12 13 15 | Average basis weight of corrugated board (compared to FY2004) | 10.5% reduction | 11.1% reduction | ○ | p. 23 | 11% reduction | Promote lightweight packaging Maintain collection rate |

Eco Challenge 020 for the Global Environment

*1 CO₂ emissions: Applies to CO₂ emissions derived from fossil energy. Coefficients used are taken from Keidanren's Commitment to a Low Carbon Society. For FY2011 and later, to remove the effects of the earthquake disaster on electricity, fixed coefficients (generation-end) from FY2010 are used.
 *2 Per-unit CO₂ emissions: This is the value of CO₂ emissions divided by sales.
 *3 Final disposal: This is the amount of outsourced waste disposal with the amount recycled removed.

Together with Society

| Themes and related SDGs | Target | FY2018 | | | Target |
|---|---|--|------------|---------------|---|
| | | Actual | Evaluation | Relevant page | FY2019 |
| Quality control 9 12 | Prevention of human errors | Conducted tests to check level of understanding (once per month) | ○ | p. 25 | Continue with initiatives |
| Empowerment of female workers 5 8 | Achieve an employment rate of 30% and higher for women in career-path positions | 32.3% | ○ | | Continue with initiatives (plan period: until FY2020) |
| | Double the number of women in managerial positions (from 19 in FY2014 to 40 or more in FY2020) | 33 | — | p. 32 | |
| | Achieve twice or more women (full-time employees) working in sales sections and in manufacturing sections (FY2014: 8 in sales sections and 7 in manufacturing sections) | 19 in sales sections 26 in manufacturing sections | — | | |
| Encourage taking of paid annual leave 8 | Achieve a rate of 13% or higher for male employees taking childcare leave | 67.2% | ○ | | Maintain an average of at least 10 days |
| | At least 10 days on average | 11.6 days | ○ | p. 33 | |

TOPICS Formulating Targets for Fiscal 2030

Reduce CO₂ emissions by 26% when compared to fiscal 2013 levels*

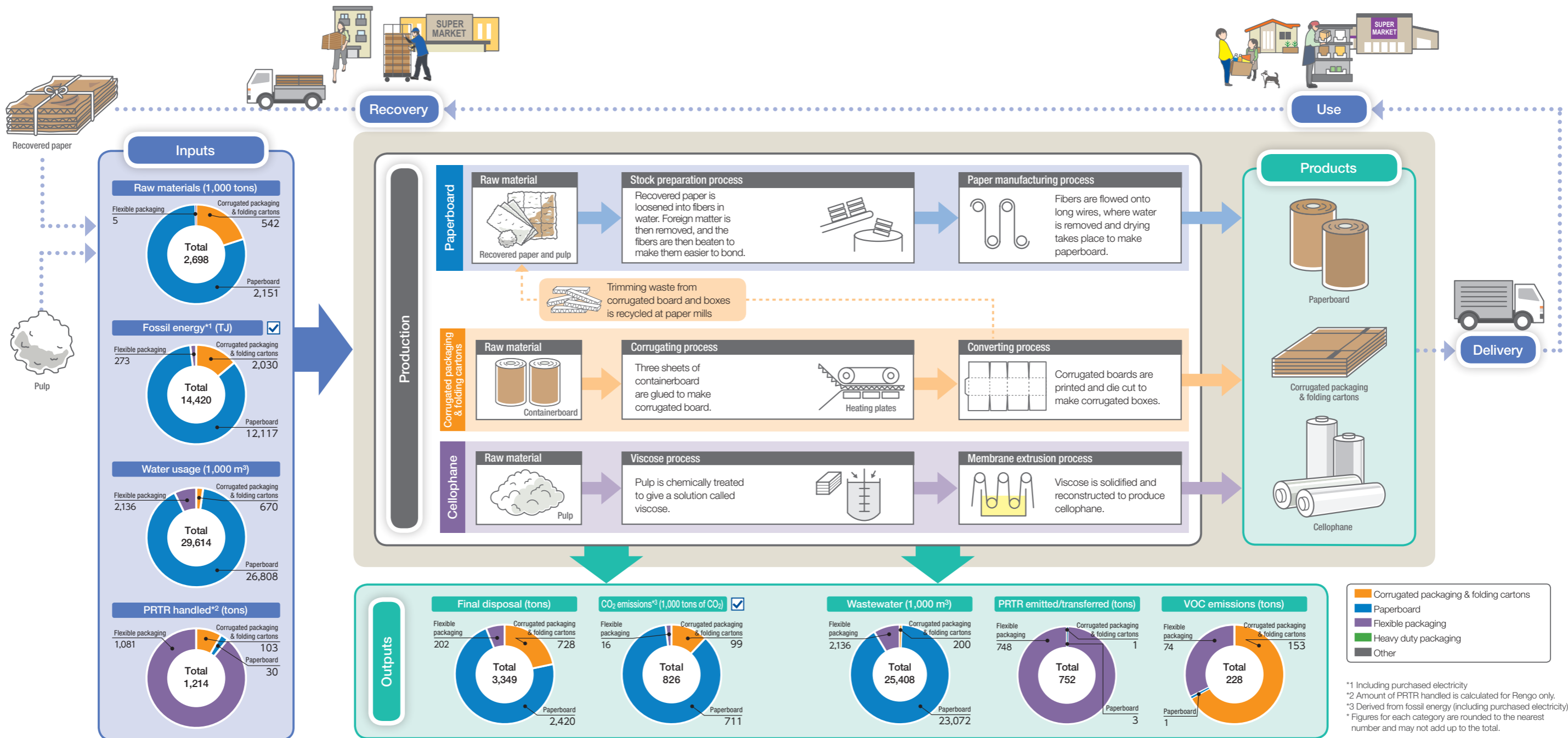
Renewable energy rate of 25%

Relation to SDGs: **7** Affordable and Clean Energy, **12** Responsible Consumption and Production, **13** Climate Action

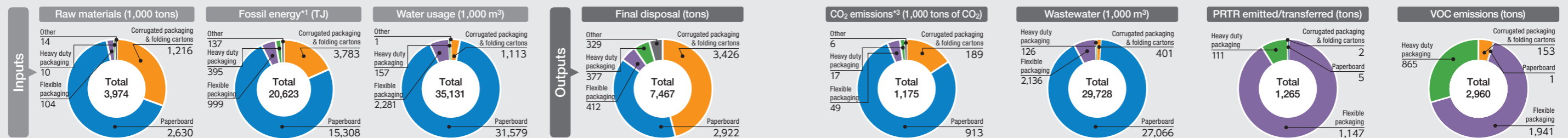
Rengo states our long-term vision working toward 2050 in our Rengo Group Environmental Charter, and works toward realizing this vision by undertaking substantial reductions through our Eco Challenge 020 which sets fiscal 2020 as the fiscal year of achievement. With the implementation of the Paris Agreement, we have set our target for CO₂ reduction by fiscal 2030 as 26% following the CO₂ reduction target declared by Japan. As a specific initiative to achieve this, we have set a target of increasing renewable energy against total energy input to 25% by fiscal 2030. Rengo will continue to achieve further CO₂ reductions through means such as energy-saving activities and introduction of energy-saving equipment.

* New target uses the electricity coefficients for the respective fiscal year.

Resource Inputs and Outputs of Business Activities (Fiscal 2018 Results)



Consolidated*4



*4 Scope of consolidation includes Rengo Co., Ltd. and 31 consolidated subsidiaries in Japan with production facilities.



Environmental Management

Consideration for the Earth and local environment is a major prerequisite for carrying out business activities. Rengo has in place a management system to promptly respond to issues which need to be improved.



Rengo Group Environmental Charter

Rengo positions the reduction of environmental impact arising from business activities as one of the company's top-priority management issues which need to be worked on. In 1999, the Rengo Environmental Charter was formulated as Rengo's management policy regarding the environment. When Rengo welcomed the 100th anniversary of our founding in 2009, the charter was revised into the Rengo Group Environmental Charter to serve as the environmental long-term vision to bring the Rengo Group into the next 100 years. In addition, the Eco Challenge 020 (see page 12) was developed as a concrete initiative.

Rengo Group Environmental Charter

Fundamental Philosophy

The Rengo Group considers the carrying out of business with consideration to conserving the global environment as indispensable to the group's sustainable development, and thus endeavors to continually undertake environmental conservation activities.

Fundamental Policy

- Observance of Environment Related Laws**
Rengo Group endeavors to observe all laws, regulations and protocols relating to the environment, and actively carries out environmental conservation activities to further reduce environmental impacts.
- Promotion of Global Warming Countermeasures**
Rengo Group actively promotes Green New Deal through energy conservation and utilization of new energies, targeting to halve the CO₂ emissions by 2050 compared to 1990 levels.
- Promoting Effective Use of Resources**
Rengo Group endeavors to advance its technology for using waste paper, promote recycling and effective use of waste paper resources in order to contribute to a creation of recycling oriented society.
- Curbing Waste Generation and Promoting Effective Use of Waste**
Rengo Group endeavors to curb waste generation and reduce volume of final disposed waste through reuse and recycle.
- Research, Development and Supply of Environmentally Low-Impact Packaging**
As a packaging solutions company, Rengo Group endeavors to research and develop environmentally low-impact packaging and supply environmentally friendly packaging.
- Promotion of Environmentally Friendly Materials Procurement and Production Activities**
Rengo Group endeavors to procure environmentally friendly materials while actively reducing environmental impact of production activities.
- Promotion of Environmentally Friendly Activities at Overseas Operations**
Rengo Group endeavors to observe the environmental regulations of each country in which its overseas operations conduct activities and take proper measures to conserve the environment in the region.
- Promotion through Public Relations, Awareness Activities and Social Activities**
Rengo Group promotes raising environmental awareness through public relations and awareness activities, actively participating in and supporting regional and community environmental conservation activities.

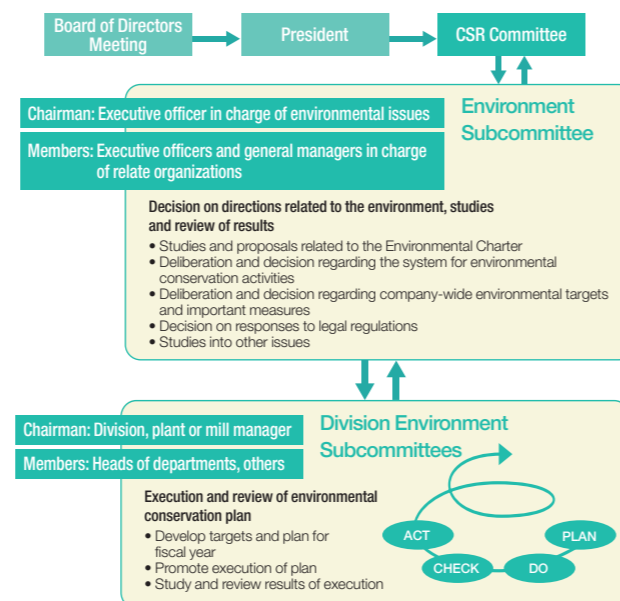
Established on April 12, 2009

Structure for Promotion of Environmental Management

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, so as to put in place a structure that always executes plans with a view of the current situation.

The Environment Subcommittee's purpose is to strengthen environmental management throughout the entire company. It is chaired by the executive officer in charge of environmental issues, and its members are executive officers and general managers in charge of production departments and related organizations. Meetings are held twice each year, during which the current state of achievement for environmental targets and state of legal compliance are checked, and discussions and decisions are made on items such as company-wide 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 conservation activities rooted in their respective local communities.

[Structure for promotion of environmental management]



Environmental Management System

To effectively promote environmental management, Rengo has introduced ISO 14001, the international standard for environmental management systems, since 2001. All production sites have obtained certification in 2006. In addition, internal audits and external inspections by certification agencies are regularly carried out to verify that environmental management systems are appropriately operated at our divisions, plants and mills.

Conduct of Environmental Education

Rengo continuously carries out 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 fiscal 2018, environmental education was conducted for new employees, and a course to develop ISO 14001 internal auditors targeting all employees was also conducted. In addition, stratified training also incorporates environmental education.



Environmental education for new employees

[Education conducted by Rengo (FY2018)]

| Course | Participants (Number) |
|---|-----------------------|
| Environmental education for new employees | 60 |
| Internal auditor development course | 25 |

State of Compliance with Environmental Regulations, etc.

State of Compliance with Environmental Regulations

Rengo manages the discharge of substances with environmental impact into the atmosphere and water by setting our own management values which are more stringent compared to legal regulations. In our self-check for environment-related laws conducted twice each year, we expose hidden environmental risks, and work to prevent legal non-compliance from occurring. For fiscal 2018, there were no administrative dispositions nor any other legal non-compliances.

Complaints Related to the Environment

Rengo received 11 complaints in fiscal 2018 related to issues such as noise and vibrations. We identified the causes of these complaints, and took steps such as equipment-related measures and reviews of operations. We work to obtain the understanding of the claimants by explaining the causes and method of response to them. Moving forward, we will work to prevent issues so that there are no complaints, and at the same time keep in close communication with residents in our neighborhoods.

[Number of complaints related to the environment (FY2018)]

| Atmosphere | Water quality | Waste | Noise/vibrations | Odor | Others | Total |
|------------|---------------|-------|------------------|------|--------|-------|
| 0 | 0 | 0 | 5 | 0 | 6 | 11 |

Countermeasures against Environmental Accidents

Besides preventing risk by putting in place various measures such as daily inspections, training simulating the occurrence of environmental accidents—such as oil or chemical leaks—is also conducted at least once a year at Rengo's divisions, plants and mills so that appropriate response can be taken should these occur. After the conduct of training, procedures and other aspects are evaluated for problems, and revised if any problems are found.





For the Global Environment

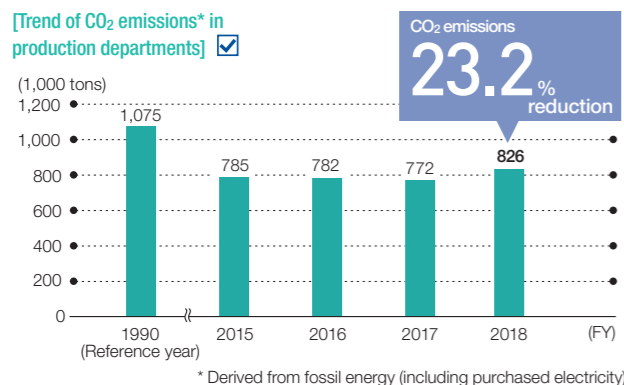
Global Warming Countermeasures

Reducing the emission of CO₂—a greenhouse gas—is a critical issue for suppressing global warming. In addition to production departments, logistics departments and non-production departments are also working on energy-saving activities.

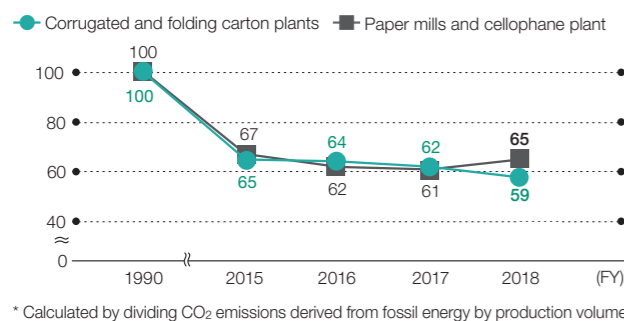
Reduction of CO₂ Emissions

In fiscal 2018, we set a target of reducing CO₂ emissions derived from fossil energy during production by 28% compared to fiscal 1990. Despite improvements in energy efficiency, increased use of biomass fuel, reviews of production systems, and other initiatives, we were unable to reach this target. As a result of switching to internal production of products, changing production items, and other factors, CO₂ emissions were 826 thousand tons, a reduction of 23.2% compared to fiscal 1990. To achieve the targets set in the Rengo Group Environmental Charter, we are raising productivity, increasing energy efficiency, and making continuous improvements from a long-term perspective.

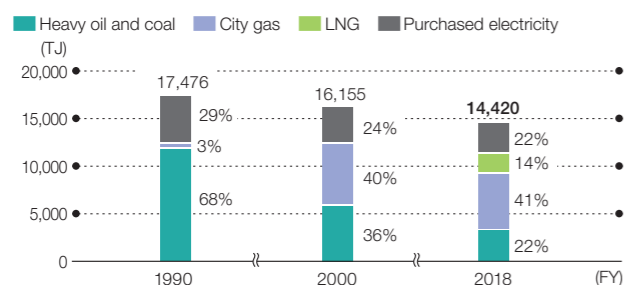
[Trend of CO₂ emissions* in production departments]



[Trend of per-unit CO₂ emission* index]



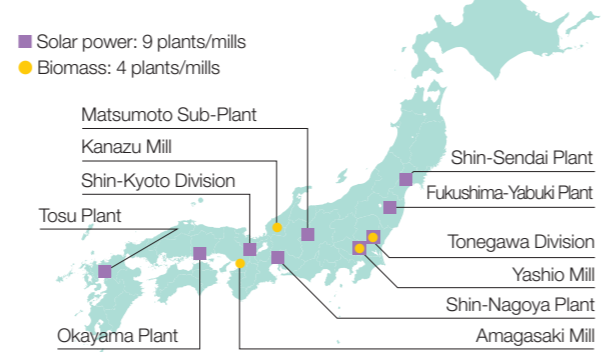
[Trend of fossil energy input by fuel type]



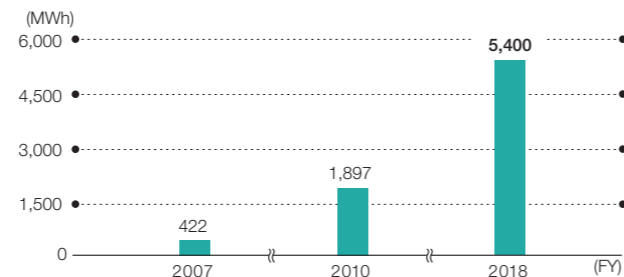
Promoting the Use of Renewable Energy

From the perspective of energy diversification, effective resource usage, and global warming prevention, Rengo proactively adopts equipment such as solar power generation and biomass boilers to expand the use of renewable energy. As of March 31, 2019, solar power generation facilities have been installed in nine plants and mills providing 5,400 MWh of electricity annually, which is 13 times that of when such systems were first introduced in fiscal 2007. In addition, renewable energy from biomass fuels made up 14% of energy inputs in fiscal 2018, with materials such as wood chips made from construction waste materials and paper sludge (a by-product of the papermaking process) generated by mills.

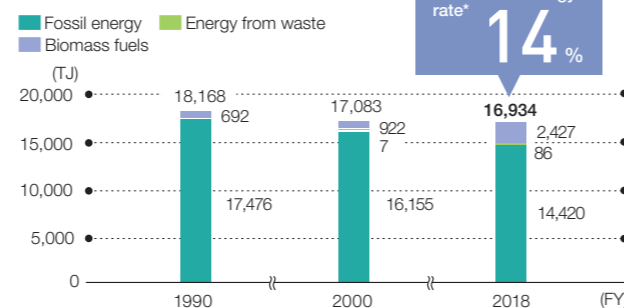
[Locations using renewable energy]



[Trend of solar power generation (total electric power generated)]



[Trend of total energy inputs]

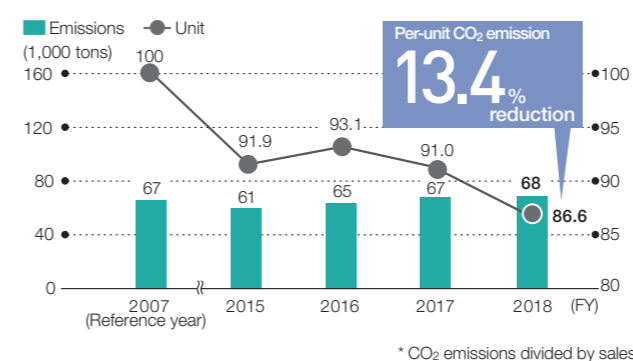


Initiatives at Logistics Departments

Rengo's logistics departments are working on saving energy and reducing CO₂ emissions during the transportation of products. As a result of working towards the target set in Rengo's Eco Challenge 020 of cutting per-unit CO₂ emissions by 12% compared to fiscal 2007, emissions were down by 13.4% in fiscal 2018 compared to the reference year. Thus, the target was achieved.

Going forward, Rengo will continue to examine ways to optimize transportation including revising delivery routes, reducing the number of delivery vehicles by increasing loading efficiency, and implementing modal shifts to further improve transport efficiency.

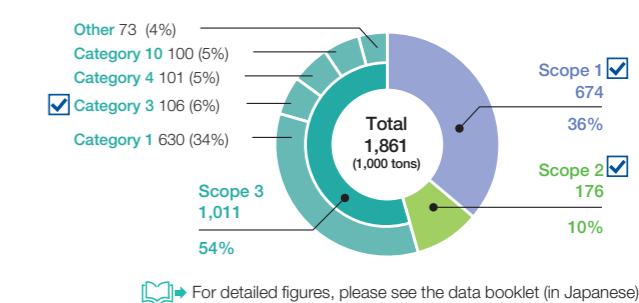
[Trend of logistics departments' per-unit CO₂ emission index*]



Calculation of Scope 3

To work toward the reduction of greenhouse gas emissions across the entire supply chain, Rengo calculates Scope 1, 2, and 3 emissions. In fiscal 2018, total emissions were 1,861 thousand tons. Of this amount, 46% was direct emissions from the internal use of fuels (Scope 1) and indirect emissions from the use of purchase electricity and heat (Scope 2), and 54% was from indirect emissions from the upstream to downstream segments of the supply chain in conjunction with business activities (Scope 3). We will continue to determine and manage greenhouse gas emissions throughout the supply chain and use analysis results to undertake CO₂ reduction measures.

[Greenhouse gas emissions across entire supply chain (fiscal 2018)] (1,000 tons)



TOPICS

Rengo Wins 2017 EcoShip Modal Shift Prize for Business Excellence of the MLIT Maritime Bureau Director's Awards

By switching 90% of transport routes from the Rengo Tonegawa Folding Carton Plant to Kyushu to highly-efficient and environmentally friendly marine transportation, we reduced CO₂ emissions by approximately 60%. This initiative was recognized, and Rengo, Rengo Riverwood Packaging Ltd., and Rengo-Logistics Inc. as well as Kankokisen Co., Ltd. won the 2017 EcoShip Modal Shift Prize for Business Excellence of the MLIT Maritime Bureau Director's Awards. We will continue our efforts to reduce CO₂ emissions by actively implementing modal shifts* from overland transport-centered logistics systems to marine transportation.

Modal shift for products transported to Kyushu



CO₂ emissions were cut by approximately **60%** compared to the previous route as a result of the change in transportation route.

* A modal shift refers to a change in cargo transportation previously performed using trucks and other motor vehicles to railway or ships, which have low environment impact



For the Global Environment

Effective Use of Resources

Rengo works to expand the utilization of recovered paper to take good care of limited resources. In addition, as a duty of the papermaking industry which uses a lot of water, we put effort in the effective use of water resources .

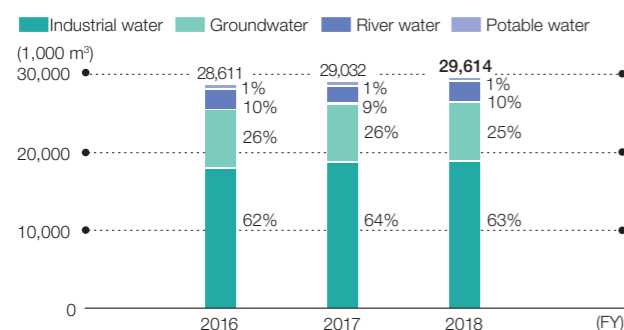
Analysis of Water Risks at Production Sites

As water shortages become more severe around the world, Rengo used Aqueduct, a water risk assessment tool released by the World Resources Institute (WRI) to conduct a survey of water risks so that we can determine performance and take appropriate measures. An analysis of paper mills, which account for approximately 90% of Rengo's water usage, revealed that there are no mills at "extremely high" risk, but in the future, we will take measures in each division, plant and mill according to the specific water risks and production volumes, implement comprehensive water resource management, and work to curtail risks.

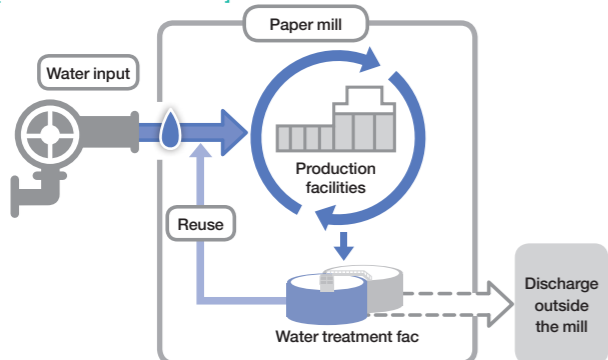
Effective Use of Water Resources

Rengo uses potable water, industrial water, groundwater, water taken from nearby rivers, and water from other sources in its business. In fiscal 2018, total water inputs were 29,614 thousand cubic meters. In order to use limited water resources with care, water is used for at least 10 cycles at paper mills. Circulation water discharged from processes is treated using water treatment facilities for further reuse, and we undertake the effective use of water resources.

[Trend of water input]



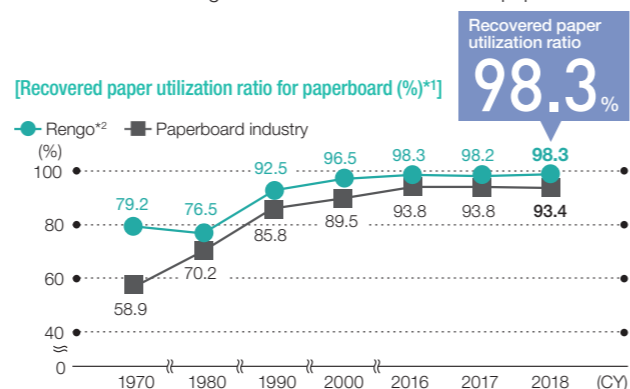
[Internal circulation flowchart]



Maintaining and Increasing the Recovered Paper Utilization Ratio

In fiscal 2018's Eco Challenge 020, the recovered paper utilization ratio target for paperboard was set as 97% or more. As a result of continuing with the initiative to expand utilization of unused resources such as confidential paper waste—which has not been used before—while maintaining product quality, Rengo achieved the target with a recovered paper utilization ratio of 98.3% in fiscal 2018.

We will continue to promote the development of relevant technologies at our laboratories and paper mills in order to conserve forest resources through the effective use of recovered paper.



Source: Paper Recycling Promotion Center
 *1 Ratio of recovered paper in the raw materials used in all paperboard products
 *2 Rengo aggregates data on a fiscal year basis

Increasing Utilization of Confidential Paper Waste

Rengo has introduced dedicated equipment for processing confidential paper waste at our Yashio Mill, Amagasaki Mill, and Tonegawa Division. Confidential documents generated by offices are usually incinerated to prevent information leaks. With the introduction of such equipment, we are now able to utilize confidential paper waste as resources. The equipment, housed within a fully-secured facility, accepts boxes containing confidential documents and processes these boxes without opening them.

In addition, certification under ISO 27001, the international standard for information security management, has been acquired for management of confidential documents. The Yashio Mill and Amagasaki Mill acquired certification in fiscal 2015, and the Tonegawa Division in fiscal 2016. As even greater emphasis is placed on reinforcing the reliability of information management and proper management, since we use confidential documents as recovered paper, raw materials for paperboard, we conduct appropriate management while exercising extreme care regarding the leak, divulgence, and loss of the information that we handle and conduct operations in accordance with the PDCA cycle.

Prohibitive Items

Foreign matters which cannot be used as raw materials for making paper or items which may cause problems if mixed into products are known as prohibitive items. There is a need to remove such items before recovery. Examples of such items are delivery invoices and thermal paper. In addition, recovered paper with odors such as those of soap or incense will leave such smells on paperboard after recycling. Foreign matters which could not be identified and removed during the recycling process will significantly reduce the quality of paperboard. Rengo therefore widely calls for the promotion of appropriate recycling which does not mix in prohibitive items.

[Common examples of prohibitive items]

| Paper products which cannot be used as raw materials for making paper | |
|--|--|
| Perfumed paper and paper with odors | Paper wrapping, paper boxes, corrugated boxes, and other paper packaging for products such as detergents, soaps, and incense |
| Textile printing paper and thermal foaming coated paper | Dye-sublimation paper; iron-on transfer paper; non-flat copy paper (such as for Braille) |
| Wax dipped corrugated box | Corrugated boxes containing imported fresh fruits, processed seafood, etc. |
| Soiled paper | Paper with food leftovers; paper stained with oil |
| Items other than paper | |
| Stones, glass, metals, soil, sand, pieces of wood, cloth, plastics, etc. | |

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

For details, please see:
 Paper Recycling Promotion Center (in Japanese)
<http://www.prpc.or.jp/>

Sniffer Dog Playing an Active Role at Paper Mills

Since 2014, Rengo's Yashio Mill has introduced the use of a sniffer dog named Silk in an initiative to prevent contamination by recovered paper with odors. Ever since odor-detection by Silk was introduced, the number of cases of contamination by recovered paper with odors has significantly dropped, accompanying a steady reduction in product issues and loss. At present, the initiative has been further strengthened to a two dog team with the addition of Chako. Furthermore, a sniffer dog named Rai is in active service at Tonegawa Division.



Sniffer dog Silk
 Silk uses its front paws to indicate recovered paper with odors.



Let's Connect the Recycling Circle!

Do You Know the Corrugated Recycles Symbol?

The corrugated recycles symbol is used to indicate corrugated packaging that can be recycled. Currently, the rate of display for recycles symbols in Japan has reached more than 90%.



For details, please see:
 Corrugated Packaging Recycling Council (in Japanese)
<http://www.danrikyo.jp/>

Points to Note When Recycling Corrugated Packaging

Foreign matters, such as staples (metallic wires) and delivery invoices, hinder recycling. To produce high-quality containerboard from recovered old corrugated containers, we request everyone's assistance to also help with removing foreign matters.

When disposing of corrugated boxes

- Please remove staples
- Please remove labels
- Please do not recycle boxes with films pasted on them
- Please do not recycle paper soiled with food, etc.



Reducing Waste

Relation to SDGs



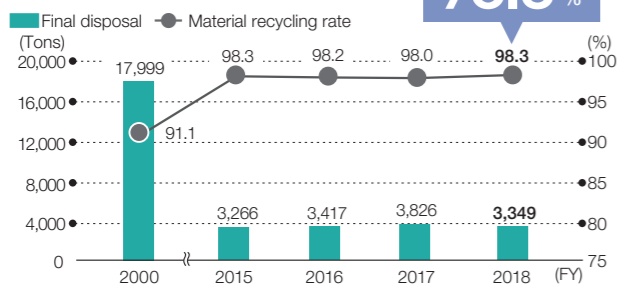
Rengo puts effort in reducing and properly treating waste generated by our divisions, plants and mills to work toward realizing a recycling-based society.

Reducing Waste

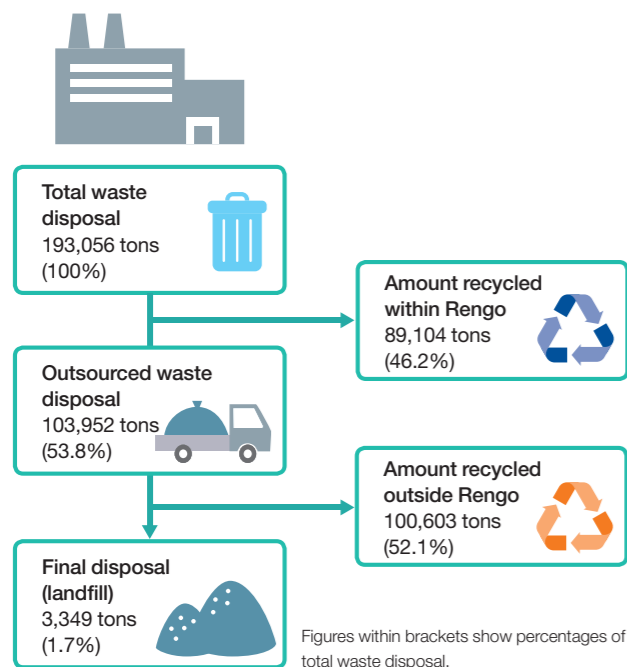
The waste reduction targets for fiscal 2018 under Eco Challenge O20 were set at keeping final disposal to less than 4,000 tons and achieving a material recycling rate of at least 98%. In the day-to-day outsourcing of waste disposal at our divisions, plants and mills, wherever possible, we select contractors that are capable of recycling the waste to increase the recycling rate. As a result of efforts, we achieved our targets, with final disposal of 3,349 tons and a material recycling rate of 98.3%.

We will continue our efforts to curtail the volume of waste generated and increase material recycling rates.

[Final disposal and material recycling rate]



[State of waste disposal]

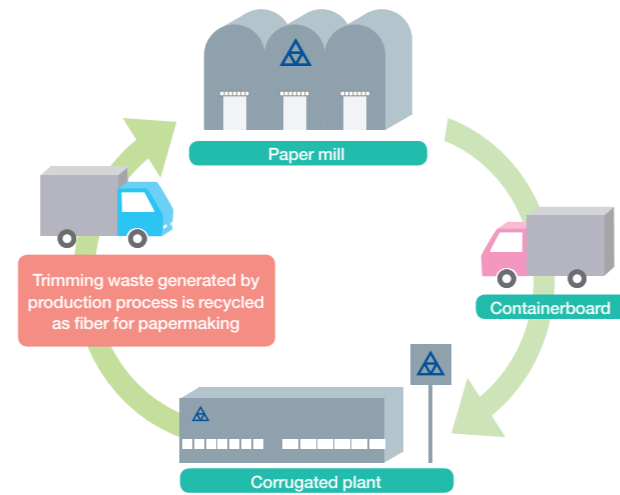


* Figures for each category are rounded to the nearest number and may not add up to the total.

Reusing Old Corrugated Containers Within Rengo

Rengo recycles and reuses resources within the company. Trimming waste of corrugated board, generated during the production process of our corrugated plants, is transported back to paper mills using the return trips of trucks transporting containerboard from our paper mills, where they are reused 100% as fiber for containerboard.

[Rengo's recycling system]



Recycled as raw materials for paperboard

Promotion of Waste Management

Japan's Waste Management and Public Cleansing Act requires waste generators to take further action for thorough waste management. To ensure compliance related to industrial waste and optimize management operations, Rengo implements waste management systems capable of handling electronics manifests at our divisions, plants and mills, and works on thorough industrial waste management. In addition, to check on the proper disposal of industrial waste, divisions, plants and mills visit contractors at least once a year—in principle—to conduct on-scene checks using checklists.

Management of Chemical Substances

Relation to SDGs

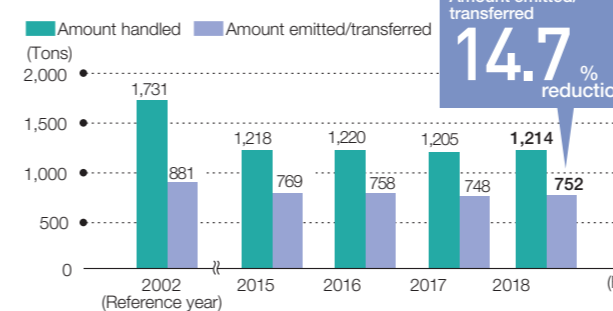


Besides thoroughly managing the discharge of pollutants which impact the living environment of the region and adhering to laws and regulations, Rengo prevents environmental pollution by setting our own, even stricter standards.

Appropriate Management of Chemical Substances

Emissions/transfers of relevant substances based on the Pollutant Release and Transfer Register (PRTR) system measured 752 tons in fiscal 2018. This is a 14.7% reduction compared to fiscal 2002, and achieves our target of a 13% reduction compared to fiscal 2002. By taking measures such as replacing the chemicals we use, we will continue to strive to reduce the amount of PRTR chemical substances handled, emitted and transferred.

[PRTR chemical substances]

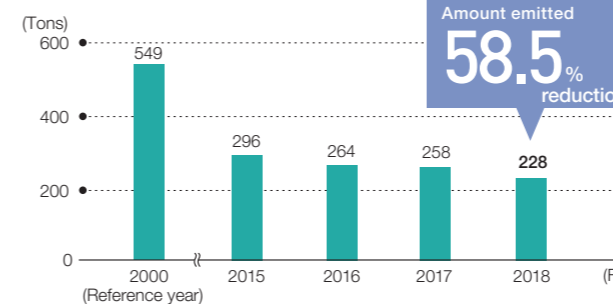


Reduction of Volatile Organic Compounds (VOC)

VOCs emitted into the atmosphere are a cause of photochemical oxidants and suspended particulate matter. Since ink and processing agents containing VOCs are used in the printing/processing of paperboard and film, VOCs are emitted into the atmosphere once they are dry. With the cooperation of our suppliers on the initiatives for low-VOC and non-VOC inks, emissions* in fiscal 2018 measured 228 tons. This is a 58.5% reduction compared to fiscal 2000, and achieves our target (45% reduction compared to fiscal 2000). We will continue to implement reduction measures in the future.

* Scope is set as the top five substances discharged by members of Japan Paper Association (toluene, methyl ethyl ketone (MEK), ethyl acetate, isopropyl alcohol, and methanol).

[VOC emissions]



Proper Management of Fluorocarbons

To protect ozone layer and prevent global warming, Rengo adheres to Japan's Act on Rational Use and Proper Management of Fluorocarbons and take appropriate actions to handle fluorocarbons. Rengo seeks to prevent the release of fluorocarbons into the atmosphere through recovery during disposal of products using fluorocarbons, and thoroughly checking for leaks using both simplified and regular inspections.

Management of PCB Waste

Among equipment that contains high concentrations of PCB, disposal of transformers and capacitors has been completed. We are re-sorting and disposing of ballasts and other contaminants as necessary. Rengo will continue to carry out proper management and disposal in accordance with laws and regulations.

In addition, for equipment which may contain low concentrations of PCB, we conduct studies to understand the situation, and for those that clearly contain PCB, we ensure they can be clearly identified, properly manage them, and dispose of them when appropriate.

Reducing Atmospheric Pollutants

The main atmospheric pollutants emitted by our facilities are nitrogen oxides (NOx), sulfur oxides (SOx), dust, and soot contained in the exhaust gases of boilers and incinerators. These are regulated by emission standards established by laws and regulations. Rengo removes these atmospheric pollutants to levels that are below the regulatory standard limits through proper management of combustion temperature and flue gas desulfurization systems.

For detailed figures, please see the data booklet (in Japanese).

Management of Water Pollutants

The volume of waste water discharged was 25.408 million m³ in fiscal 2018. Waste water is sanitized—using methods such as pressure flotation treatment, activated sludge, sedimentation, and activated charcoal absorption—to maintain water quality at values below regulation standards before being discharged into rivers and sewers. To ensure compliance with regulation standards, parameters under regulation—such as COD, BOD, and SS—are measured on a regular basis.

For detailed figures, please see the data booklet (in Japanese).

Research, Development, and Supply of Environmentally-Friendly Products



Based on packaging technologies accumulated over many years, Rengo contributes to the shaping of a sustainable society through research and development of all kinds of packaging with enhanced environmental friendliness.

Relation to SDGs

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

Conserving Biodiversity

Relation to SDGs



On Earth, many different living things co-exist while maintaining balance with the natural environment. Rengo collaborates with people from the regions where Rengo's production sites are located to carefully protect and nurture ecosystems in the region.

Lightweight Packaging

In Eco Challenge 020, we set a target for reducing the average basis weight of corrugated board by 10.5% compared to fiscal 2004. The result for fiscal 2018 was a reduction of 11.1%, achieving the target.

For CO₂ emissions throughout the life cycle of corrugated boxes, 77% comes from the production of containerboard—its main raw material—and 16% from the production of corrugated board and boxes. Therefore, making containerboard lightweight and corrugated board thinner not only saves resources, but also significantly contributes to the reduction of CO₂ emissions in the life cycle.

[Composition of CO₂ emissions in life cycle of corrugated boxes*]



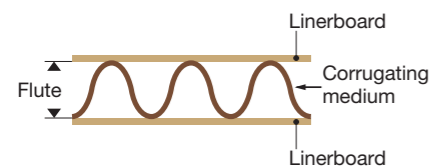
* Values calculated using calculation method established by Rengo

Initiatives in Containerboard

Corrugated board is usually made from three pieces of containerboard—the upper linerboard, the bottom linerboard, and the corrugating medium. Rengo works on making containerboard lightweight, focusing on how to make it lightweight and thinner while maintaining its functions.

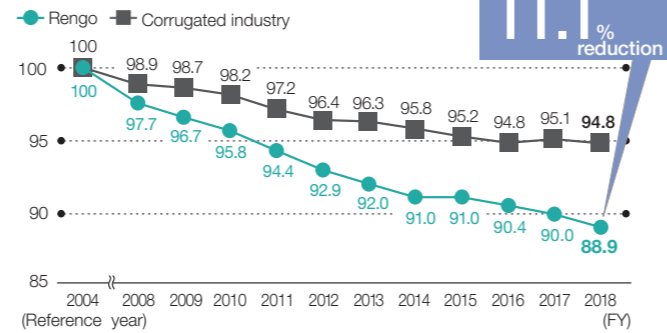
Since 2002, Rengo has embarked on making containerboard lightweight, and has developed lightweight containerboard and our Less Caliper & Carbon (LCC) containerboard which is light and strong. LCC120 and LCCX90 have the same strength as conventional corrugating medium with basis weights of 160 g/m² and 120 g/m² respectively, yet have 25% less weight.

[Structure of corrugated board]



| | | Basis weight | Product name |
|----------------------------|--------------------|--|--------------|
| Lightweight containerboard | Linerboard | 120 g/m ² | ETSL120 |
| | Corrugating medium | 100 g/m ² | RCM100 |
| LCC Containerboard | Corrugating medium | 120 g/m ² (same strength as conventional 160 g/m ²) | LCC120 |
| | Corrugating medium | 90 g/m ² (same strength as conventional 120 g/m ²) | LCCX90 |

[Indicator for average basis weight* of corrugated board]



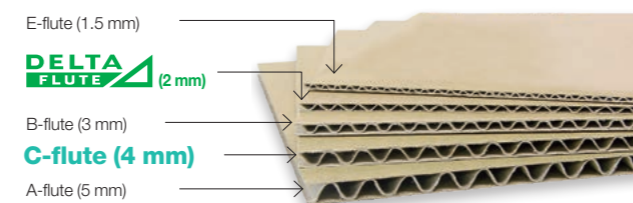
* Weight per square meter of corrugated board
Source: Japan Corrugated Case Association (Index by Rengo)

| Initiatives so far | | | |
|--------------------|---|------|-----------------------------------|
| 2002 | Embarked on development of lightweight containerboard | 2009 | Development of LCC containerboard |
| 2005 | Introduction of C-flute | 2013 | Introduction of Delta Flute |
| 2008 | Full-scale rollout of lightweight containerboard | | |

Initiatives in Corrugated Packaging

Rengo is promoting the adoption of thinner corrugated board in order to reduce the weight of packaging. Delta Flute, a completely new and original specification for corrugated board developed by Rengo, is just 2 mm thick. Delta Flute can be used for both outer and inner boxes, making possible lighter corrugated boxes with even better functionality. In addition, the C-flute has a thickness of 4 mm and the same strength as the A-flute, which has a thickness of 5 mm, yet it is smaller in volume by approximately 20%. It is being widely used as a replacement for A-flute.

[Features of Delta Flute and C-flute]



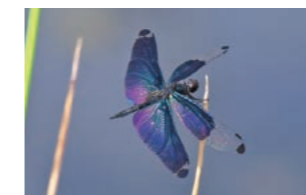
- Features of Delta Flute**
 - Approximately 8% reduction in use of corrugating medium compared to B-flute
 - Approximately 25% reduction in thickness compared to B-flute
 - Approximately 35% improvement in crush strength compared to E-flute
- Features of C-flute**
 - Approximately 20% reduction in thickness compared to A-flute
 - Maintains same strength as A-flute

Promoting Biodiversity Conservation Activities

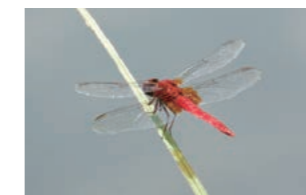
All divisions, plants and mills in Japan conduct business activities within their links to their local communities and environments. This is especially so for our Fukushima-Yabuki Plant and Takefu Plant, which are surrounded by natural environments rich in spring water, primary forests, and locally-found flora and fauna. These plants construct biotopes within their premises, and promote activities to conserve biodiversity. In addition to use as places for the environmental education of employees, regular monitoring of the animals and plants is carried out to study the trend of ecosystems in the biotopes and the surrounding environment. Through communication with people from local communities, and as an initiative to protect the rich natural environment, Rengo undertakes together with the local community the "Fly Fireflies Project" to establish fireflies, said to be "barometers" of the natural environment.



[Things living in the biotopes]



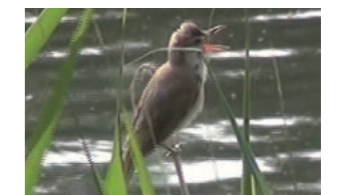
Butterfly dragonfly (*Rhyothemis fuliginosa*)



Scarlet skimmer (*Crocothemis servilia mariannae*)



Scarce tortoiseshell (*Nymphalis xanthomelas*)



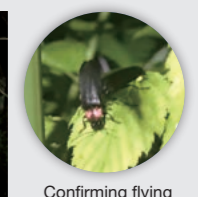
Great reed warbler (*Acrocephalus arundinaceus*)

TOPICS

Fly Fireflies Project—a Collaboration with the People of Yabuki-machi

Rengo's Fukushima-Yabuki Plant is not just a plant which brings together all the knowledge of our environmental technologies developed so far, such as solar power generation supplying the plant's electrical power needs during the day. It is also a plant which takes into consideration the region's ecosystem and is friendly to people and the environment. Since 2012, the plant has been working on an initiative together with members of Yabuki Yu-Yu Life Club—a volunteer group in Yabuki-machi—to establish fireflies at the plant's biotope. Studies were conducted on the firefly population in the surrounding regions, and the studies confirmed that many fireflies can be found living within Yabuki-machi. Subsequently, adult fireflies were captured and artificially made to lay eggs. The larvae were then released into waterways. As a result of these activities, fireflies were first confirmed to be found flying within the biotope in 2015. This initiative to establish fireflies was continued, and fireflies were again confirmed to be living within the biotope in fiscal 2018.

| Fiscal year | Details of activities |
|---------------|--|
| FY2010 | Construction of biotope |
| FY2012 | Formation of Yabuki Yu-Yu Life Club Study on firefly population |
| FY2013 | Commencement of firefly breeding |
| FY2014 | Catching adult fireflies, obtaining eggs, and establishment in the environment |
| FY2015 | Continuation of activities to establish fireflies First confirmation of fireflies flying within the biotope |
| FY2016–FY2018 | Continuation of activities to establish fireflies; confirmation of fireflies' flying |



Confirming flying of fireflies



Together with Society

We take measures to stabilize quality so that customers can use our products with reassurance.

Basic Stance

Rengo makes concerted efforts under our policy for customer satisfaction activities to provide products of value to society and improve the level of customer satisfaction.

Policy for Fiscal 2018's Customer Satisfaction Activities

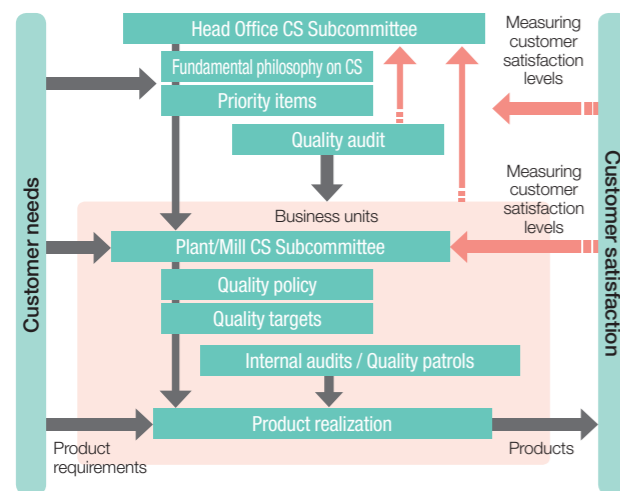
Raising Customer Confidence and Trust as Each Individual Progresses in Self Development

Fundamental philosophy: Improve customer satisfaction to the maximum limit amidst economic activities in pursuit of profits

Priority item: Create environments which do not produce defects

Promotion of Quality Assurance

Rengo established the Head Office CS Subcommittee to provide companywide oversight so that we can provide products that meet customer needs. The subcommittee monitors and manages activities companywide. The Head Office CS Subcommittee meets twice each year to identify risks that could have a material impact on quality and to deliberate on and determine key matters such as companywide action policies and measures. In addition, Plant/Mill CS subcommittees have been established to formulate specific measures for putting into practice the action policies established by the Head Office CS Subcommittee and perform monthly valuations of those measures.



Attainment of ISO 9001 Certification

Rengo has acquired certification under ISO 9001, an international standard for quality management, and strives to continuously improve its quality management. In conjunction with revision of the standard, all certified plants and mills completed the transition to the new standard in fiscal 2015.

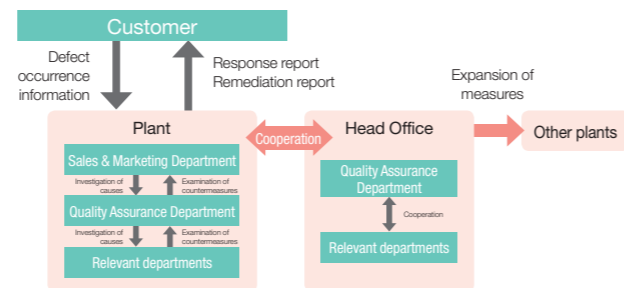
[List of mills and plants with ISO 9001 certification (as of March 31, 2019)]

| Plant | Certification body | Plant | Certification body |
|-------------|--|--|------------------------------------|
| Sanda | Japan Quality Assurance Organization (JQA) | Katsushika | JIC Quality Assurance Ltd. (JICQA) |
| Shiga | | Toyohashi | |
| Okayama | | Shin-Kyoto Division (corrugated plant) | |
| Takefu | | Oyama | |
| Shin-Nagoya | Japanese Standards Association (JSA) | | QAIC Japan Co., Ltd. |

Responses When Product Defects Occur

In cases where defects in shipped products are discovered, the responsible sales personnel act as the contact point and take responsive measures in collaboration with the Quality Assurance Department and other relevant departments based on information received from customers. In addition, in the case of matters that entail significant risks, measures are expanded to all plants and mills in collaboration with relevant head office departments to mitigate those risks.

[Defect Response Process]



Initiatives to Prevent Reoccurrences

Rengo sees the prevention of human error as a significant issue for preventing the occurrence of product defects. In fiscal 2018, the company addressed the occurrence of defects by implementing measures that focus on handling errors and co-mingling of products of different types, which pose a high risk of occurrence. All handling errors that occurred in the first half of the fiscal year were analyzed, information on the causes was provided to personnel, and comprehensive countermeasures were implemented. With regard to the co-mingling of products of different types, the details of incidents occurring in the past 10 years were analyzed, information on key points that require particular attention was provided, and measures were taken to mitigate the risk of reoccurrence.



Rengo works to develop products which solve various issues faced by society centered on packaging.

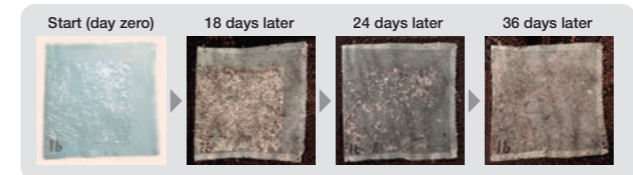
Cellulose Related Products that Biodegrade in the Natural Environment

Pollution caused by plastic waste in the oceans has become a global problem, and the shift away from plastics and towards alternative materials is accelerating.

Rengo's cellulose related products made from wood pulp (films, beads, and other products) are biodegradable, breaking down into water and carbon dioxide through the action of microorganisms in the natural environment including soil and sea water.

Cellulose related products are used for packaging such as bags for foods and medicines, insect-resistant packaging for clothing, scent samples, and various other applications, and it is expected that cellulose related products will be used in various other types of packaging as an alternative to plastic in the future.

[Biodegradability of Cellophane]



[Cellulose Related Products]



Characteristics of Cellophane

Cellophane is a transparent film made from wood pulp. It can easily be torn and has low susceptibility to static electricity, making it ideal for packaging pharmaceuticals and other products.



Characteristics of SAFLON

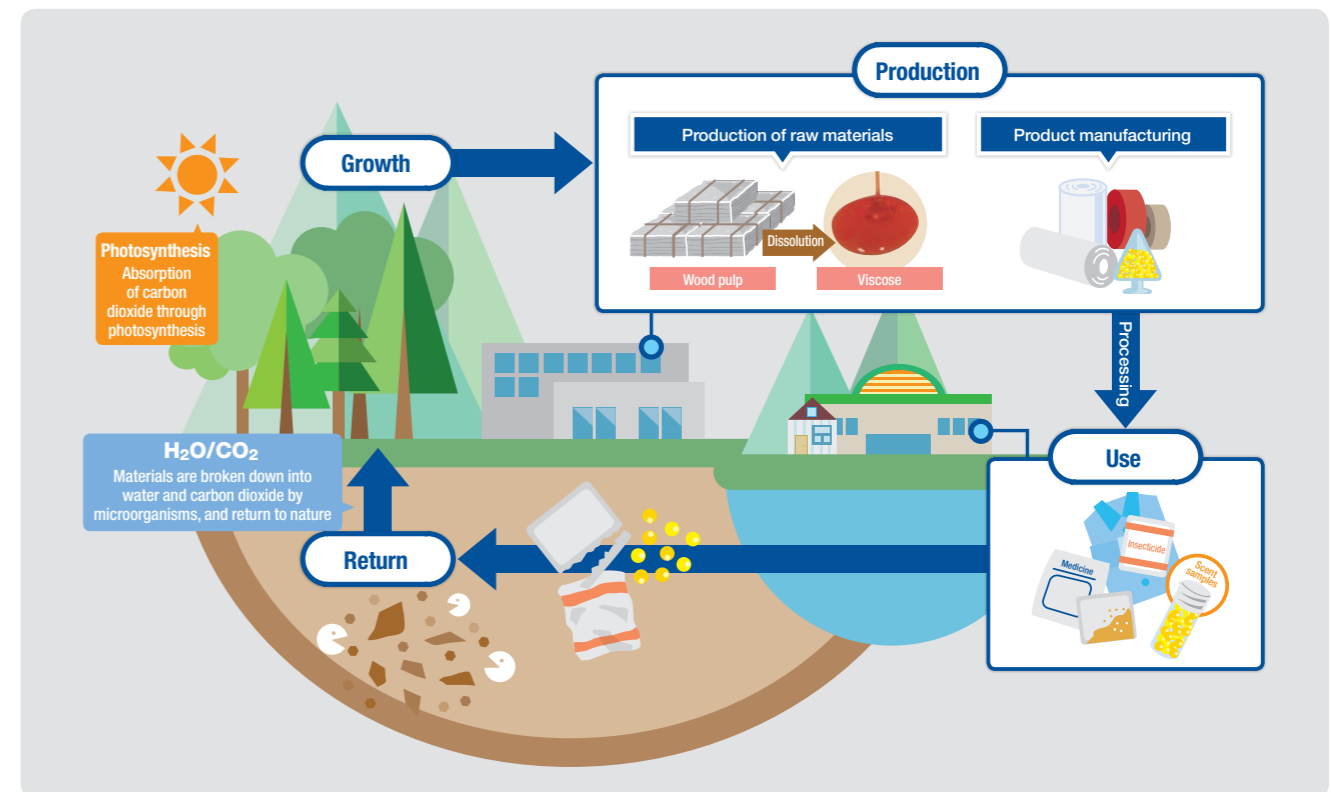
SAFLON is a processed paper or non-woven fabric coated with the raw material of cellophane. The air permeability can be adjusted, and therefore, it is used for packaging insecticides, fragrances, and other products.



Characteristics of Viscop pearl

Viscop pearl are porous, spherical cellulose beads made from wood pulp. The 0.3 mm to 0.4 mm diameter beads are used for fragrance samples and other applications. An even smaller product (0.005 mm in diameter) is currently under development.

[Cycle of Cellulose Related Products]





RSDP Solves Problems in Distribution and Retail Stores

Currently, with a shrinking workforce due to lower birthrates and an aging population, how to efficiently sell products with fewer people is becoming a major issue for retail stores. Rengo has developed Rengo Smart Display Packaging (RSDP) to solve such problems. RSDP is an innovative packaging. Besides transporting and protecting products, it adds features of display and selling, such as improving unpacking and display work, and enhancing sales promotion capabilities.

Compared to conventional corrugated packaging, RSDP is labor-saving as it can significantly reduce the time needed for opening and displaying products, and since it also makes decorative printing easier, it improves product display functionality and is effective for sales promotion. In addition, depending on the product, significant reduction in the amount of packaging materials used is possible.

Easy Unpacking Which Reduces Work Time

STEP 1 Pull the tab on the top side of the box.

STEP 2 Open both sides.

STEP 3 Tear along the perforated line to remove the top and sides from the bottom.

STEP 4 Done!

Design that enhances appeal

Neat openings

Reduces time till display to approx. one-fifth

Gemini Packaging System Raises Efficiency in Online Commerce

Rengo's Gemini Packaging System is an automated packaging machinery newly developed in response to the rapid expansion of online commerce in recent years. Using only two types of corrugated board and shrink-wrapping film, the system measures the dimensions of the contents and automatically produces a box of the optimal height. This not only reduces the amount of material

used compared to conventional boxes but also significantly improves the efficiency of the packaging process relying on human labor. In addition, cushioning material is not needed, and consequently, there is no unnecessary space within the box. This improves the efficiency of transportation and significantly contributes to the reduction of environmental burden.

[Gemini Packaging System]

STEP 1 The merchandise is placed on a corrugated sheet.

STEP 2 Shrink film holds the merchandise in position. Scoring is entered after the height of the merchandise is measured.

STEP 3 The package is folded along the scoring.

STEP 4 A second corrugated sheet is fastened to the package.

Finished

Able to package products of various heights from 25 to 75 mm

- Reduces amount of materials used
- Improves logistics efficiency (reduces CO₂)

Requires only two types of corrugated sheet

Products of various dimensions can be handled with two types of corrugated sheets, leading to consolidation of materials.

Easy to open and can also be resealed

Perforated edge allowing the box to be opened from either side

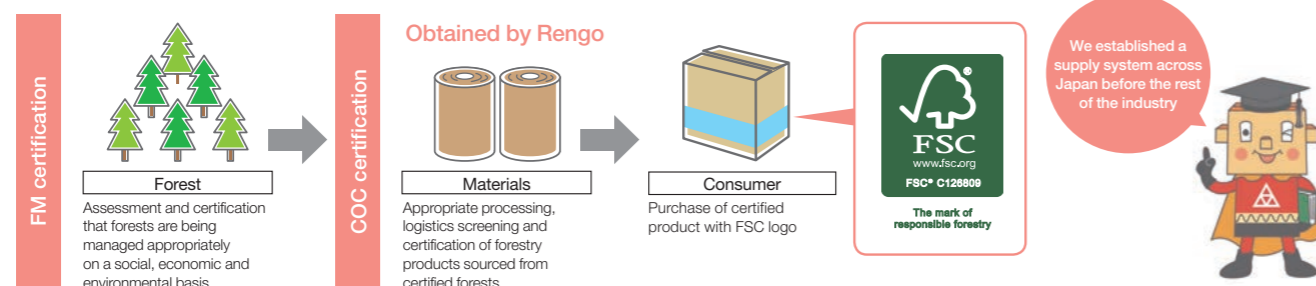
Comes with resealing function; the portions within dotted lines can interlock.

FSC® Certified Products Contribute to Sustainable Raw Material Procurement

All of Rengo's paperboard mills, corrugated plants and folding carton plants obtained Forest Stewardship Council® (FSC) certification in 2016, and we established a nationwide supply system for certified products. FSC certification 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

produces corrugated boxes, but also by the paperboard mill that produces containerboard. As an integrated manufacturer of both containerboard and corrugated board and boxes, Rengo is able to apply FSC certification to almost all corrugated packaging that uses containerboard produced at its mills. Apart from corrugated packaging, we have also obtained FSC certification for our clay coated board, chipboard, folding cartons, and multi-packs which are used in packaging for food items and daily necessities.

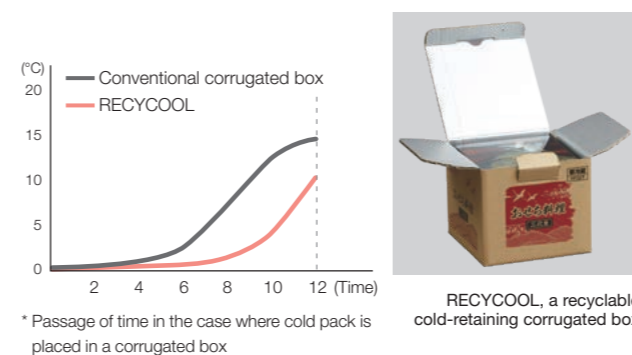
[Structure of the FSC certification system]



RECYCOOL Controls Food Spoilage with Cold Retention Effects

This recyclable cold-retaining corrugated box uses a special cold retention coating on the inside of the box. The air layers in the corrugated portion of the box and the coating surface reduce thermal conduction from outside the box, limiting the temperature increase of the contents. Reducing the temperature increase curtails deterioration of fresh produce, seafood, heat-sensitive chocolate, and other food products, which is expected to reduce food losses.

[Temperature Change with Cold Insulator (external temperature: 23°C)]



Wasaveil Uses Natural Antimicrobial Activity to Maintain Freshness

Allyl mustard oil, which is contained in wasabi and mustards, is a natural hot ingredient that has high antimicrobial and anti-mold effects. It is vaporized into a gaseous form to fill the space, suppressing the growth of microorganisms. Simply by using Wasaveil made with allyl mustard oil to cover food products, maintenance of food freshness and shelf life are improved, and consequently, Wasaveil is used with a wide variety of products including boxed meals, sushi, and bread.





Relationship with Suppliers

Together with Society

To practice environmentally and socially clean procurement, Rengo cooperates with suppliers on a continuing basis and strives to build strong, trusting relationships.

Formulation of Fundamental Policy on Procurement

For the Rengo Group to reduce impact on the global environment while sustainably and stably providing high-quality products with high added-value to earn the satisfaction of our customers, it is essential to improve the quality of purchasing and procurement for materials such as raw materials. To build healthy trading relationships with suppliers, we first formulated Rengo's fundamental policy for procurement in April 2017, followed by formulating the Rengo Group's Fundamental Policy on Procurement in April 2018 which comprehensively encompasses all our affiliates.

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, 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, and asks that our suppliers comply with these requests. Rengo's Requests to Our Suppliers comprises nine items, and we have disclosed the details of these items on our website in an effort to obtain the understanding of our suppliers.

For details, please see:
Requests to Our Suppliers
<https://www.rengo.co.jp/english/environment/suppliers.html>

Formulation of Conflict Minerals Policy

The Rengo Group promotes initiatives which take care not to provide benefits to organizations such as anti-social armed groups which infringe on human rights.

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. Rengo promotes initiatives for not sourcing or using raw materials containing conflict minerals, namely tantalum, tin, tungsten, or gold, that has been extracted or brokered by armed groups.

Procurement of Properly Managed Wood Pulp

Rengo's Procurement Policy for Wood Pulp states that when procuring pulp, in addition to giving consideration to the global environment and biodiversity, pulp must be procured from suppliers that do not use illegally-logged wood from the viewpoint of the effective use of sustainable wood resources. By an audit of the Japan Paper Association's Illegal Logging Monitoring Project, we confirmed that all pulp procured by our company in fiscal 2017 was procured in accordance with our procurement policy. Pulp procured in fiscal 2018 was audited by the Monitoring Project in September 2019.

Procurement Policy for Wood Pulp

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

1. We will procure pulp sourced from wood that has been produced in properly managed forests that comply with local laws and regulations.
2. We will prioritize the procurement of pulp sourced from waste timber, thinned wood, low-quality wood, and suchlike, with a view to the effective use of resources.
3. 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.
4. We will procure from suppliers that comply with laws, regulations and social norms, which show due consideration for human rights, the environment, and society.
5. 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.
6. 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

1. 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.
2. We will undertake an annual audit by the Japan Paper Association's Illegal Logging Monitoring Project.
3. We will regularly provide summaries of the above on our website and other media.

[Countries and proportion of pulp procurement (FY2018)]

| Country of origin | Proportion (%) | Certified pulp*1 | Individually-managed pulp*2 |
|-------------------|----------------|------------------|-----------------------------|
| | | FSC® | |
| Japan | 65.5 | √ | √ |
| Russia | 10.0 | √ | — |
| United States | 7.5 | √ | — |
| Brazil | 6.6 | √ | — |
| South Africa | 5.5 | √ | — |
| Chile | 3.4 | √ | — |
| Canada | 1.2 | √ | — |
| Sweden | 0.3 | √ | — |

*1 Pulp managed in accordance with stated regulation

*2 For pulp from Japan, we obtain *goho* (legal) wood certification based on the voluntary initiatives of the Japan Paper Association against illegal logging.

Clean Wood Act Initiatives

Japan's Act on Promoting the Distribution and Use of Legally Harvested Wood (Clean Wood Act) went into force in May 2017, and the Rengo Group became a registered wood-related business operator in March 2018. In accordance with the Clean Wood Act, we will continue to promote initiatives that do not use wood or wood products which have been illegally harvested.

Communication with Our Suppliers

The stable procurement of recovered paper—the main raw material for paperboard—is essential for the sustainable growth of the Rengo Group. At each of our paperboard mills, we regularly gather major suppliers of recovered paper to provide them with reports on matters such as Rengo's management policies and the production status of our paperboard mills. We also prepare reports on trends, such as the overall trend of demand in the industry, which are distributed to participants for information sharing. Moreover, in addition to exchanging opinions about maintaining and improving the quality of recovered paper with all participants, we also share Rengo's initiatives about ways to store recovered paper bales and improve safety during transportation. Rengo works to improve the quality and stable procurement of recovered paper through communication with our recovered paper suppliers.



Exchanging opinions with suppliers

VOICE

Becoming Partners Who are More than Just Suppliers and Buyers

We develop and manufacture the steam energy related equipment that is essential for manufacturing industries. Around 2006, Rengo inquired about saving energy in the manufacture of containerboard, and together, we spent about 18 months developing a steam circulation system.

The system collects and reuses steam. Previously, the only thing that could be done with steam after use was to release it into the atmosphere as water vapor. By reusing steam, the system can reduce plant/mill energy consumption by nearly 20%.

It was a very challenging proposal and from development to introduction, we underwent a process of repeated trial and error and met several times each week to exchange ideas. By using our shared desire to create a quality system as well as TLV's know-how and Rengo's on-site capabilities, we were able to successfully complete the system.

If the two companies had simply created a supplier and buyer relationship, we don't think that we would have been able to develop the system. We hope that Rengo and TLV can remain partners with a trusting relationship that supports the growth of both.



Mr. Yuichi Fujikawa (right)
Manager, Sales Engineering Division
TLV Co., Ltd.

Mr. Yasuhira Hida (left)
Production Engineering Group, Production
Engineering Department, Production Division
TLV Co., Ltd.

Creating Ideal Workplaces

Together with Society

People are the greatest assets to a company. To create environments where each and every person is treated well and can work with motivation, Rengo puts in place and enhances human resource and training programs as well as initiatives for health and human rights.

Promoting the Creation of Environments Respecting Human Rights

Recognizing the differing values of individuals and respecting individuality is the basis of corporate activities. 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 whistle-blowing systems and various kinds of consultation.

Conduct of Human Rights Education

In April of each year, outside instructors give lectures on human rights as a part of our internal training programs. For fiscal 2018, lectures were conducted along four themes: 1) relation between work and human rights; 2) respecting diversity and basic understanding of human rights issues; 3) understanding the various human rights issues related to corporate activities; and 4) the issue of harassment. We continuously promote the creation of a workplace where each and every employee respects the rights of each other and finds it comfortable to work.



Lecture on human rights

Diversity Initiatives

Encouraging Employment of Older Workers

Following the introduction of a re-employment program by Rengo in 2001, a number of revisions were made in response to subsequent statutory amendments. The program was changed in April 2013 so that, in principle, all employees who want to continue working can do so until age 65 (the reemployment rate in fiscal 2018 was 75.4%). As the birthrate continues to decline and the population ages, Rengo increased retirement age from 60 years to 65 years in April 2019 to diversify human resources and further encourage the employment of older workers.

We will continue to raise productivity and create workplaces that facilitate work so that all employees can work with enthusiasm and determination and uphold "lifetime careers" until age 65 while maintaining good health and high motivation.

Encouraging Employment of Persons with Disabilities

Employing persons with disabilities is an important measure for creating work environments where everyone can work comfortably. Rengo is working to expand the areas of opportunity available for such persons and conducted universal manner certification training to increase employees who are able to act with a sense of ownership and proper understanding. As of June 2018, the employment rate of persons with disabilities was 2.4%, satisfying the statutory requirement. Going forward, Rengo will continue its efforts to create workplace environments where persons with disabilities can work actively for many years.

[Employment rate of persons with disabilities] (%)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------|------|------|------|------|------|
| Employment rate | 2.3 | 2.2 | 2.2 | 2.1 | 2.4 |

TOPICS

Preparation for the Introduction of Mandatory Retirement at Age 65

In October 2018, Rengo conducted labor-management joint training on the "pursuit of lifetime careers" for 80 employees aged 57 to 59 years who will be the first cohort with a mandatory retirement age of 65 years. In preparation for the introduction of the new system, the training provided an opportunity to raise employee awareness regarding continuing to work with enthusiasm while maintaining high motivation and for both the company and the labor union to convey their expectations. The participants engaged in small group activities, conducted a program to relearn radio-guided calisthenics from the fundamentals, and attended a lecture on lifestyle improvement with a focus on eating habits.

The participants had favorable impressions of the training indicating that it was a good opportunity to review their own work styles and lifestyle habits and expressing their commitment to showing their positive attitude and enthusiasm for work to remain trusted veteran employees. The program was effective in raising awareness concerning lifetime careers.



A radio-guided calisthenics course

Empowerment of female workers

In April 2014, Rengo established the new Section for the Promotion of Women Employees and set about creating a corporate climate and developing an environment where diverse personnel 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 the status of implementation of measures 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 Motion of Women's Participation and Advancement in the Workplace.



We remain committed to encouraging the appointment of women and expanding their areas of responsibility. In addition to raising the ratio of female employees throughout the company, we are striving to further improve their motivation and skills through training and individual support according to their career and stage of life. Furthermore, in order to create workplaces where people can thrive irrespective of gender, we have also worked to foster and entrench a culture where male employees can access childcare leave.

Goals Stated in the Action Plan

(Period of plan: Five years starting from April 2016)

1. Achieve an employment rate of at least 30% for women in career-path positions
2. Double the number of women in managerial positions (from 19 in fiscal 2014 to 40 or more)
3. Achieve twice or more women (full-time employees) working in sales sections and in manufacturing sections
4. Achieve a rate of at least 13% for male employees taking childcare leave

[Status of Empowerment of Female Employees]

(Number of Persons)

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|--|--------|--------|--------|--------|--------|
| Number of employees | 3,719 | 3,680 | 3,700 | 3,730 | 3,817 |
| Number of women | 294 | 302 | 324 | 346 | 370 |
| Percentage female | 7.9% | 8.2% | 8.8% | 9.3% | 9.7% |
| Average number of years of employment | 14.1 | 14.4 | 14.9 | 15.0 | 14.8 |
| Male | 14.3 | 14.6 | 15.2 | 15.4 | 15.2 |
| Female | 11.2 | 11.6 | 11.6 | 11.7 | 11.5 |
| Employment numbers (career-path positions) | 58 | 50 | 44 | 52 | 65 |
| Number of women | 8 | 15 | 14 | 16 | 21 |
| Percentage female | 13.8% | 30.0% | 31.8% | 30.8% | 32.3% |
| Managerial positions | 620 | 641 | 657 | 684 | 686 |
| Number of women | 17 | 21 | 24 | 29 | 33 |
| Percentage female | 2.7% | 3.3% | 3.7% | 4.2% | 4.8% |

Developing Work Environments that Support a Good Work-Life Balance

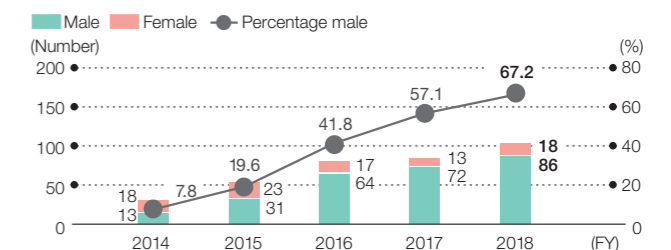


Rengo puts in place a working environment which promotes measures for work-life balance, such as programs to support balancing work with child and family care so that every employee can feel adequate and satisfied and adopt working styles suiting the life stages they are in.

Now in its fourth year, our action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children aims to make it easy for both men and women to take childcare leave and to establish environments where they can readily return to work. We have raised awareness of the plan by explaining its programs and preparing pamphlets that describe personal experiences with particular emphasis on encouraging men to take childcare leave. In fiscal 2018, the rate of eligible employees taking leave was 67.2%. In addition, 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 support company that implements high-level measures.

To address the declining birth rate and support the development of future generations, Rengo gives congratulatory bonuses of one million yen on the birth of an employee's third or subsequent child. Since this program was introduced in April 2006, a total of 346 employees have received the payments (as of March 2019). Rengo is providing not only systematic support, but also economic support.

[Number of users of the childcare leave program]



[Usage rate]

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|--------|--------|--------|--------|--------|--------|
| Male | 7.8 | 19.6 | 41.8 | 57.1 | 67.2 |
| Female | 100.0 | 100.0 | 94.4 | 100.0 | 100.0 |



Initiatives for Improvement of Total Factor Productivity (TFP)

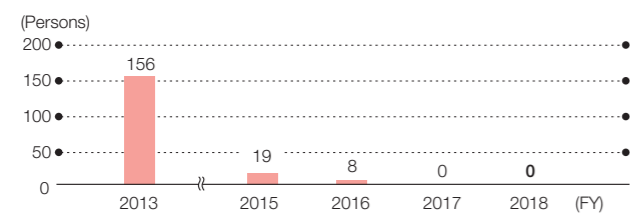
As the “work style reform” movement to address long working hours is taken up by the national government, Rengo is achieving steady results through its initiative launched in 2014 to reduce total hours actually worked by improving Total Factor Productivity (TFP). Having analyzed the many different factors that make up productivity, we are working to raise productivity while also being conscious of technological innovations and 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 promoting activities to raise awareness and making improvements to the workplace environment, the average length of leave taken in fiscal 2018 was 11.6 days, achieving our target of at least 10 days on average for the fourth consecutive year.

In addition, we formulated the Work Style Reform Action Plan in fiscal 2018 to further accelerate reforms at Rengo. Moving forward, we will continue our initiatives for improving TFP while further working toward creating ideal workplaces.

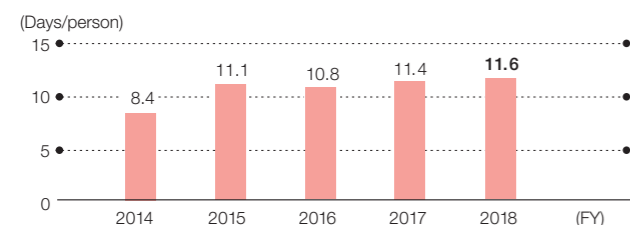
Work Style Reform Action Plan (fiscal 2018)

- 1. Address long working hours**
Zero employees with a monthly average of 60 hours or more of statutory overtime work
- 2. Encourage taking of paid annual leave**
Maintain average paid leave of at least 10 days per person
- 3. Promote flexible working styles**
Achieve a rate of 50% or higher for male employees taking childcare leave

[Number of employees whose monthly average statutory overtime work exceeded 60 hours]



[Average number of days of paid annual leave taken]



Health Management Initiatives

Rengo has previously undertaken various initiatives relating to employee health, but in light of the adoption of a 65-year-old mandatory retirement age effective as of April 2019, we organized the measures and plans implemented by the company, labor union, and health insurance association and formulated the Rengo Good Health Declaration in January 2019 to maintain and improve the health of employees and their families.

We have set short-term targets for the priority policies of the declaration including promoting smoking cessation, conducting radio-guided calisthenics and holding lectures to promote good health, reinforcing mental health education, and developing and improving workplace environments. Rengo is undertaking companywide measures to support good physical and mental health and create safe and secure workplaces.

Rengo is contributing to the creation of a society that promotes lifetime careers by promoting good health so that employees can engage in active work and lifestyles throughout their lives. Through our dynamic business activities, we are also contributing to the development of a sustainable society.

Rengo Good Health Declaration

We declare that we will undertake the creation of safe and secure work environments where employees can maintain good health every day, everyone can demonstrate their full capabilities, and energetic work is possible to support healthy, enriching, and active lifestyles with an awareness of lifetime careers.

Priority Measures

- Measures to promote good health**
 - Promote smoking cessation
 - Implement measures to curtail lifestyle-related diseases and prevent serious conditions
 - Hold seminars to encourage good health practices
- Measures supporting mental health**
 - Conduct stress checks and use the results of analysis
 - Conduct mental health education
 - Establish internal consultation hotlines
- Measures for the creation of workplaces that facilitate work by all persons**
 - Reduce overtime work
 - Encourage employees to take paid annual leave
 - Increase the safety of machinery, save labor, develop and improve work environments

Human Resource Development to Improve Competency

Our employees are human assets as Rengo views employees as the assets of a company. We conduct fulfilling education and training according to the careers of our employees so as to actively support their growth. By prioritizing the growth of our employees and conducting systematic education and training, Rengo seeks to develop employees with high levels of knowledge, competency, a sense of responsibility and spirit who possess flexibility and creativity to accurately adapt to changes in the time.

Implementation of Small-Group Improvement Activities

With the aim of supporting further growth by employees, invigorating workplaces, and creating the world’s best workplaces, employees participate in small-group improvement activities to foster friendly competition.

In fiscal 2018, in addition to safety, quality, the environment, improving productivity, cost reduction, 6S, and customer satisfaction, we also had themes related to initiatives for improving TFP, such as reducing overtime work, promoting the taking of paid annual leave, and the empowerment of women in the workplace. In total, more than 4,000 employees in 348 teams from within Rengo and Rengo group companies took part in the activities. These activities provided opportunities for employees to deepen their understanding of operations at their respective workplaces and contribute to enhancement of the on-site capabilities of the Rengo Group.



The winning team: Presentation of small-group improvement activities at the Shimizu Plant.

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. Each year, about three employees are selected and assigned to this program. From the first class in 2010 to the current tenth class, a total of 39 employees have been selected for 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 between ¥100,000 to ¥300,000 to those who achieve a certain level of proficiency in English or Chinese on their own initiative.

Building Healthy Relations Between Labor and Management

Once each month at our divisions, plants and mills, executive branches of labor unions 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, these councils are held at least 400 times each year, and the accumulation of such efforts help to deepen mutual understanding and build good relations between labor and management.



Labor-management council

Fair Evaluation

Rengo showed 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. Such feedback interviews help to increase subordinates’ acceptance of evaluation results, and advance their understanding of the kind of employee sought by the company and superiors. At the same time, superiors are able to assist subordinates in the direction of the goal-setting and competency development.

Establish Internal Consultation Hotlines

Many different kinds of issues can occur at the workplace. Rengo has put in place and made known avenues for consultation depending on the type of issue—such as sexual harassment or power harassment—so that in the event a problem should occur, employees do not have to worry alone and have someone to consult with to solve the issue. The company can also deal with issues early to prevent them from aggravating into something larger.



Poster to raise awareness about avenues for consultation

Health and Safety



Based on the principle that ensuring the health and safety of all employees is the basis for the sustainable development of our business, Rengo undertakes various companywide health and safety measures and strives to create workplaces where employees can work with peace of mind.

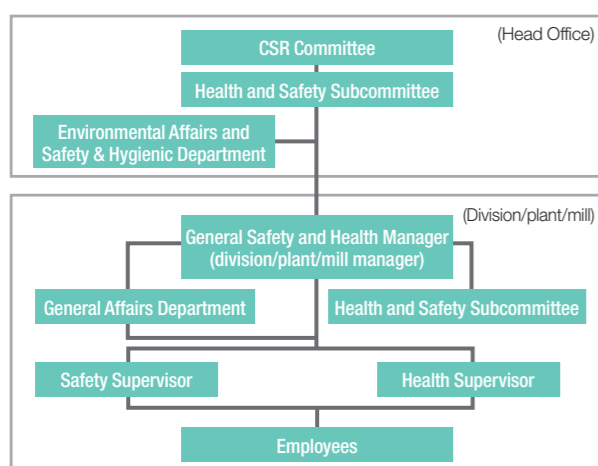
Creating Healthy and Safe Workplaces

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 person involved, the person's family, and the company. Based on the thinking that severe accidents must never be allowed to occur, we have therefore set the elimination of severe accidents as a priority action item. As one of its initiatives, we operate a health and safety management system which we have built on our own to continuously improve the level of our health and safety. We also carry out 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 creating working environments which are safe and easy to work in. Moving forward, Rengo will continue to focus our efforts for preventing the occurrence of severe accidents.

Health and Safety Promotion Framework

To comprehensively promote the management of health and safety, Rengo has established a Health and Safety Subcommittee overseeing the entire company, under which are the health and safety subcommittees of divisions, plants, and mills. The Head Office's Health and Safety Subcommittee meets twice each year to formulate the company-wide health and safety policies and initiatives. The respective health and safety subcommittees at each division, plant, and mill then plan specific health and safety activities following the company-wide policies and initiatives, inform employees about them, and work on promoting them.

[Health and safety organization]



Health and Safety Policy for Fiscal 2018

- 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**
Operate industrial health and safety management systems and share information on major risks that can lead to severe accidents in order to completely eliminate severe accidents* while systematically removing and mitigating risks.

* Severe accidents are accidents with severity that prevents or severely limits the victim from carrying out the original work intended, such as death, paralysis, blindness in both eyes, and loss of limbs.

Status of Industrial Accident Occurrence and Measures for their Elimination

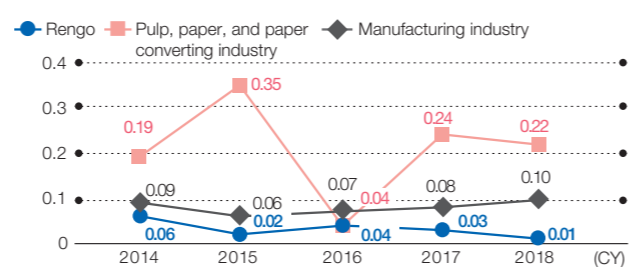
As a result of production activities that prioritize safety at divisions, plants, and mills, accidents that result in lost working days are declining, and severity rates are lower than the average in the pulp, paper, and paper converting industry and manufacturing industry. However, neither of these results is satisfactory, and labor and management will continue cooperating on various health and safety measures such as training on anticipating risks and safety patrols to completely eliminate industrial accidents.

[Number of accidents with lost working days] (Accidents)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------|------|------|------|------|
| Number of accidents with lost working days | 9 | 5 | 9 | 7 | 5 |

Accidents with lost working days refer to accidents where one or more working days are lost after the day of accident due to injuries sustained through the accident.

[Trend of severity rate]



Severity rate is an index representing how serious an accident is, calculated by the number of working days lost for every 1,000 hours of cumulated work. Source: Survey on Industrial Accidents, Ministry of Health, Labour and Welfare

Initiatives to Prevent Industrial Accidents

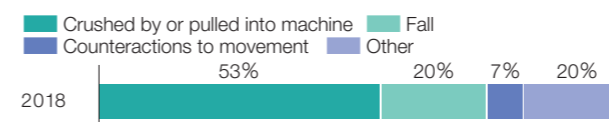
Hands-on Training Using Accident Simulators

Accidents with the highest rate of occurrence at Rengo involve workers being crushed by or pulled into machines. In addition, a major cause of these accidents was due to the lack of experience in younger workers. By using machines to experience being crushed and pulled, we heighten their sensitivity to danger, and develop them into people who can act in a safe manner. Some comments from employees who participated in this form of education through experience include "I could picture my hand being pulled into a roller" and "I now feel afraid whenever I am near a roller in operation." Rengo will continue to carry out education to heighten each and every employee's sensitivity to danger so as to contribute toward eliminating accidents.



Education through experience

[Breakdown of accidents by type]



VOICE

Passing on accepted core values to future generations

In recognition of 17 consecutive years without an industrial accident at the workplace that I am in charge of, I received the fiscal 2018 Minister of Health, Labour and Welfare Special Award for outstanding foremen in occupational safety.

The thing that I am most aware of for maintaining our accident-free record is safety confirmation using the point and call procedure. Calling out in a loud voice to confirm work is commonplace, but I believe that the repetition of this practice led to zero accidents for many years. When teaching entry-level and young employees how to do the work, I make a particular effort to teach them dangerous points and explain why they are dangerous.

People retain memories longer if they experience something first-hand. For this reason, we built a machine that can simulate dangerous conditions and conducted safety training for all employees involved in work in the mill based on the belief that it would raise safety awareness. The participants learned through experience, and the program has had a significant impact.

In the future, I will continue to lead by example by proactively addressing safety and working to continuously maintain the safety and security of myself, my colleagues, and all persons who enter the mill including suppliers while handing down techniques that conserve as models for younger generations.



Training using the machine created by the department



Kazushi Hasegawa
Assistant Manager,
Facilities Department
Amagasaki Mill

Conduct of Health and Safety Patrols

Safety personnel serve as patrol team members and conduct health and safety patrols at divisions, plants, mills, and Group companies. Patrols are conducted at all divisions, plants, and mills once each year to perform checks from an objective perspective and identify latent risks to improve workplaces. In addition, members of the patrol teams implement initiatives from other plants at their own workplaces, resulting in mutual improvements in health and safety levels.



Health and safety patrol

Maintaining and Improving Mental and Physical Health

Rengo puts effort into prevention and early detection of illness in our employees. We conduct regular health checks as well as health consultation sessions with industrial physicians. To promote self-care as well as care by superiors relating to mental health, we conduct internal training and, since February 2016, have been implementing stress checks. We recommend employees to undergo Type II Mental Health Management Certification (targeting those in managerial positions), and 238 employees have obtained the certification so far. In December 2014, we formulated rules on working during rehabilitation so that those taking a break from work due to mental health issues can smoothly return to the workplace.

Activities Contributing to Society



To contribute to local communities as a corporate citizen, Rengo's divisions, plants and mills throughout Japan carry out various activities, such as support for developing future generations and contribution to the supply of electric power and countermeasures against disasters.

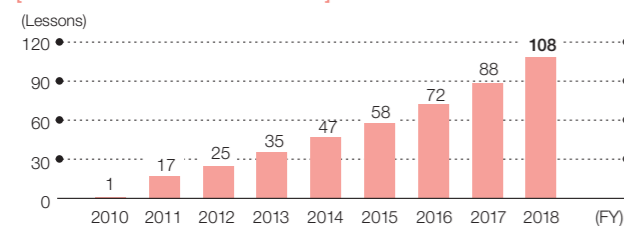
Dispatch Lessons

Rengo dispatches employees as lecturers to give classes on the importance of the environment to children who form the next generation. In fiscal 2010, we started giving a lesson to communicate interesting points about corrugated packaging, such as the origin of its name, the secret to its strength, the high rate of recycling and the importance of segregation and collection that supports this high rate in an easy-to-understand manner. We have also conducted a lesson on the marvels of cellophane since fiscal 2012 to let children understand the characteristics of cellophane. These two lessons were conducted 20 times in fiscal 2018 and were attended by more than 600 children.



During a dispatch lesson

[Trend of cumulative lessons conducted]



Accepting Plant/Mill Tours

To let people learn about the importance of a recycling-based society through corrugated packaging and further understand Rengo's business activities, we accept plant/mill tours for a wide range of ages, from elementary school children to working adults. As well as receiving visits from regional elementary and junior high schools, we are also actively involved in accepting tours from regional governing bodies, NGOs and outside companies. In fiscal 2018, we had more than 1,000 visitors to our plants/mills throughout Japan.

Supporting the Japanese Antarctic Research Expedition

Since receiving the request from Japan's National Institute of Polar Research to supply the first Japanese Antarctic Research Expedition in 1956 with corrugated boxes, Rengo has continued to support the expedition's survey and research. Rengo's corrugated boxes are used as packaging materials for transporting important materials and daily necessities essential to activities in the Antarctic, and to protect rare items collected.



Rengo supplied corrugated boxes to Japanese Antarctic Research Expedition

Exhibiting at EcoPro 2018

In December 2018, Rengo exhibited at EcoPro 2018, held at Tokyo Big Sight. This is the 12th time that Rengo has exhibited as EcoPro. The theme of this year's exhibit was "corrugated packaging museum." The Rengo booth featured easy-to-understand displays about corrugated packaging recycling systems and the outstanding characteristics of corrugated packaging, FSC-certified products, RSDP, and biodegradable materials as well as Rengo's products and environmental initiatives. More than 10,000 visitors from children to adults visited us during the event. Visitors commented that the displays provided an opportunity to learn more about the corrugated packaging used on a daily basis and that they learned just how exceptional corrugated packaging is. Through this event, Rengo was able to convey the importance of used corrugated packaging as a resource and the possibilities and new values of corrugated packaging.



During EcoPro 2018

Participating in the Environmental Contribution Project "Osaka Hikarinomori Project"

The Osaka Hikarinomori Project is a mega-solar power generation project located at the Hokko Landfill Site in Yume-shima within Osaka's Konohana-ku being implemented in cooperation between the public and private sectors. Land that has already been filled in is being effectively utilized for the construction of mega-solar power generation facilities contributing to the environment. Through this project, Rengo contributes to the conservation of the global environment, and at the same time encourage the generation of renewable energy in urban areas.



Overview of Osaka Hikarinomori

Support for Local Government Disaster Countermeasures

Rengo provides a number of corrugated board products that can be used during earthquakes, typhoons and at other times of disaster, such as beds, mats, space dividers for maintaining privacy, as well as corrugated boxes used in transporting relief supplies. Corrugated board beds in particular have gained attention as being useful for alleviating lower-back pain and preventing deep-vein thrombosis for people living at evacuation sites for prolonged periods of time. In addition, at divisions and plants nationwide, we have concluded agreements with local municipalities and other self-governing bodies to supply relief goods at times of disaster, thereby supporting disaster prevention measures in the unlikely event of an emergency.



During a comprehensive disaster prevention training session

[List of Rengo plants with disaster prevention agreements (as of March 31, 2019)]

| Plant | Municipality | Plant | Municipality |
|------------------|-------------------|------------|----------------|
| Eniwa | Eniwa-shi | Shiga | Ritto-shi |
| | Kitahiroshima-shi | | Kusatsu-shi |
| Asahikawa | Asahikawa-shi | | Otsu-shi |
| | Miyagi | Shin-Kyoto | Nagaokakyo-shi |
| Shin-Sendai | Tagajo-shi | | Oyamazaki-cho |
| | Taiwa-cho | Sanda | Sanda-shi |
| | Watari-cho | | Kinokawa-shi |
| Fukushima Yabuki | Yabuki-machi | | Iwade-shi |
| | Oyama-shi | Wakayama | Tanabe-shi |
| Oyama | Koga-shi | | Wakayama-shi |
| Maebashi | Maebashi-shi | | Kainan-shi |
| | Sakura-shi | | Gobo-shi |
| Chiba | Futtsu-shi | Okayama | Soja-shi |
| | Fujisawa-shi | | Hiroshima-shi |
| Shonan | Samukawa-machi | Hiroshima | Kaita-cho |
| | Shibata-shi | | Fuchu-cho |
| Niigata | Shibata-shi | Hofu | Hofu-shi |
| Nagano | Matsumoto-shi | | Hofu-shi |
| | Kasugai-shi | | Matsuyama-shi |
| Shin-Nagoya | Yokkaichi-shi | Matsuyama | Niihama-shi |
| | Toyohashi-shi | | Toon-shi |
| Toyohashi | Toyohashi-shi | | Toon-shi |
| Fukui | Echizen-shi | Tosu | Tosu-shi |

* The Rengo Group has entered into disaster prevention agreements with municipalities located throughout Japan including 42 municipalities by Rengo Co., Ltd.; 124 municipalities by Settsu Carton Co., Ltd.; 14 municipalities by Yamato Shiki Co., Ltd.; and 13 municipalities by Hinode Shiki Kogyo Co., Ltd.

VOICE

Valuing Classes that Link Knowledge and Action

Sanda City operates a Citizen Future School and holds Citizen Programs in various areas for the purpose of nurturing children who are familiar with science and technology, are eager to participate in global activities, and are willing to tackle new challenges. These programs teach children about everyday things from a scientific perspective.

At a Rengo employee-taught course on interesting points about corrugated packaging held in July 2018, children learned about the history, features, and manufacturing process of corrugated packaging through fun activities such as a quiz and corrugated board strength test where the children stand on corrugated boxes. The children expressed wonder at the fact that corrugated packaging is nearly 100% recyclable and learned that the corrugated packaging frequently used in our day-to-day lives incorporates that efforts and ingenuity of many people. By holding these programs in local communities, they provide meaningful opportunities for residents to experience the satisfaction of fun learning along with the children and to learn.

Sanda City places particular importance on connecting "learning knowledge" with "learning that leads to action." We hope to provide these opportunities in the future as well.



Ms. Mayumi Sato (right)
Ms. Yoshiko Oka (left)
Healthy Development Section,
Children's Future Office
Children and Future Department Division,
Sanda-shi, Hyogo Prefecture

Corporate Governance



Rengo has put in place a corporate governance system and internal controls to accelerate decision-making and strengthen supervision of business execution in order to be an enterprise that earns society's trust and confidence.

Basic Stance

As an enterprise that has secured society's firm trust and confidence, our goal is timely and accurate information disclosure combined with sound management that has high transparency. In keeping with our corporate 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, which came into effect in June 2015, Rengo has disclosed its approaches to the Corporate Governance Code to the Tokyo Stock Exchange in the form of a Corporate Governance Report. The more recent report was submitted on June 21, 2019. Considering the purpose of the Corporate Governance Code, we will continue to work toward sustained growth for our company and improving our corporate value in the medium- to long- term.

Effectiveness and State of the Board of Directors

As of June 20, 2019, Rengo's Board of Directors consisted of 17 directors (the maximum number of directors stipulated in the Articles of Incorporation is 18). Regarding the effectiveness of the Board of Directors, Rengo is working to enhance the functions of the Board through self-evaluation by directors and other means. In February 2019, the company conducted a questionnaire survey (self-evaluation) of members of the Board of Directors and the Audit & Supervisory Board. The responses were analyzed, and following discussion of these results at a meeting of the Board of Directors, the overall effectiveness of the Board of Directors was confirmed.

Corporate Governance Systems

Rengo, a company with audit & supervisory board members, is making efforts to enhance management transparency and strengthen supervision of management. Audit & Supervisory Board members monitor the directors' performance of duties and the operations, as well as the financial conditions of Rengo and its subsidiaries.

[Corporate governance structure]

| | |
|---|--|
| Organizational form | Company with audit & supervisory board members |
| Establishment of Audit & Supervisory Board | Established |
| Number of directors (of which, outside directors) | 17 (2) |
| Number of audit & supervisory board members (of which, outside audit & supervisory board members) | 5 (3) |
| Number of independent directors/auditors | 5 |
| Terms of office of director | 1 year |
| Disclosure of compensation | Total amount* |
| Policy on determining compensation amounts and calculation methods | Established |

* Information on individual directors' compensation totaling ¥100 million or more is disclosed separately.

Compensation for Directors

Rengo disclosed in its business report for the fiscal year ended March 2019 that the amount of director compensation was ¥789 million (of which ¥33 million was for outside directors) and the amount of Audit & Supervisory Board member compensation was ¥110 million (of which ¥41 million was for outside Audit & Supervisory Board members).

For information on policies concerning the determination of amounts for Director compensation, refer to Corporate Governance Status in the securities report.

Making Use of Independent Outside Directors and Outside Audit & Supervisory Board Members

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

In addition, three outside audit and supervisory board members have been appointed. The outside audit and supervisory board members 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 Board meetings.

Internal Control

Rengo formulated the basic policy for design of internal controls pursuant to the Companies Act of Japan and the Board of Directors approved it in May 2006. In April 2008, to respond to the internal control system required by the Financial Instruments and Exchange Act, Rengo established the new Audit Department, which is independent of routine operations. The Internal Control Audit Section of the Audit Department monitors and evaluates statuses of design and operation of companywide internal controls and internal controls of significant business processes and pursues improvement. In fiscal 2018, Rengo and its 115 consolidated subsidiaries were within the scope of evaluation of companywide internal controls and seven significant business entities, including Rengo, were subject to evaluation of internal controls of business processes. As a result of the evaluation, management judged that Rengo's internal controls covering financial reporting were effective as of March 31, 2019.

Initiatives for Constructive Dialogue with Shareholders

Rengo holds semi-annual financial briefings attended by the President & CEO to create opportunities to engage in constructive dialogue with shareholders and investors and to reflect their opinions and requests in management. The proceedings are promptly posted on Rengo's website. From time to time, we also conduct facility tours and small-group meetings.

Formulating Rengo's Fundamental Policy on Information Disclosure

Rengo understands the importance of disclosing information in a timely and appropriate manner to the public and increasing management transparency so that society, customers, shareholders, and investors can accurately understand and assess our company. As such, we formulated our Fundamental Policy on Information Disclosure in June 2017.

For details, please see:
Fundamental Policy on Information Disclosure
<https://www.rengo.co.jp/english/financial/disclosure.html>

Risk Management Structures

Rengo established the CSR Committee chaired by the President & CEO to address risk management. Under the committee are five subcommittees for ethics, environment, health and safety, customer satisfaction, and public relations. The committee and its subcommittees cooperate with relevant business units/groups and departments to carry out companywide monitoring.

In addition, the Board of Directors receives reports on the status of these initiatives from the directors who manage or oversee each business unit/group and department, and from the chairs of each committee and subcommittees. The Board deliberates and makes decisions on improvement initiatives and other matters as necessary.

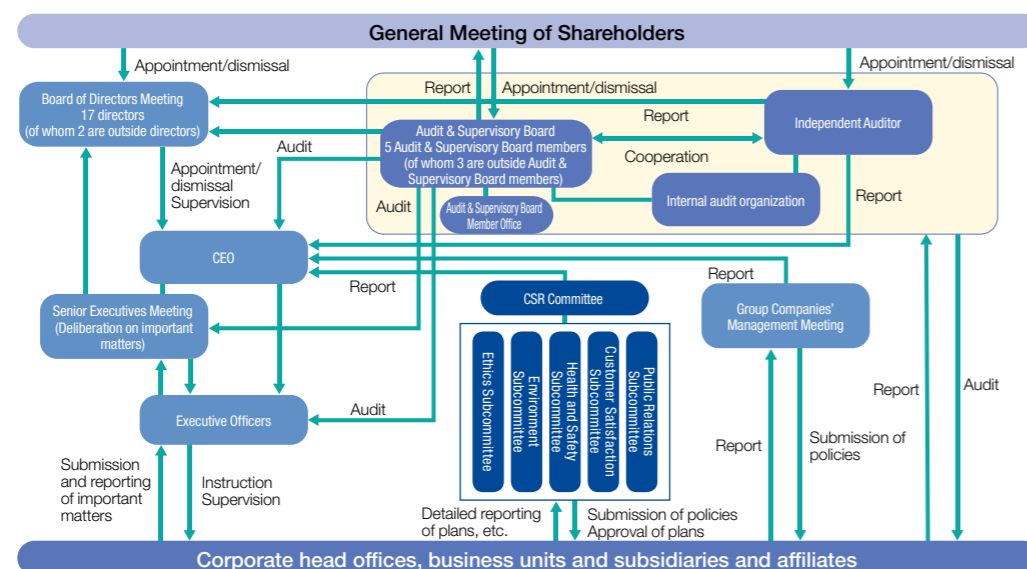
Responding to the Risk of a Major Disaster

In consideration of the frequent occurrence of natural disasters such as earthquakes and typhoons, Rengo has established fundamental policies to ensure the safety of employees, restore company facilities to continue business operations, and fulfill our corporate social responsibilities to maintain and continue corporate activities in the event a disaster occurs.

Following the Great East Japan Earthquake, all business sites have maintained stocks of emergency supplies since June 2011. In addition, satellite telephones were installed at all business sites in March 2012.

In April 2012, we created a system to confirm the safety of employees and others and the status of damage; when a large-scale earthquake occurs, confirmation emails are automatically sent. Since then, test emails have been sent every half-year to ensure effective operation is maintained. In 2018, test emails to confirm employee safety were sent to all employees in March and November.

[Corporate Governance Structure (As of June 20, 2019)]





Compliance



To be an enterprise which fulfills the spirit of the law beyond simply complying with laws and regulations, and meets the expectations and demands of society, the Rengo Group is fully committed toward spreading awareness about compliance and being thorough in its implementation.

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 stop at simply complying with the letter of the law; Rengo also strives to fulfill the spirit of laws and regulations in the background to their text and to meet the expectations and demands of society in order to practice fair and good-faith management.

Systems for Promoting Compliance

Rengo undertakes measures to comply with laws and regulations centered on the Ethics Subcommittee, established in 2005. The Compliance Promotion Office was established in 2012 as a permanent, independent organization. Compliance promotion managers responsible for carrying out compliance measures are appointed at all divisions, plants, and mills to promote compliance. Furthermore, Group companies have established compliance promotion officers and appointed compliance promotion managers. In June 2014, Rengo and some Group companies received cease-and-desist orders and surcharge payment notices from the Japan Fair Trade Commission in regard to violations of the Antimonopoly Act. Adjudicative proceedings started in December 2014 and are still on-going.

Whistleblower System (Corporate Ethics Helpline)

In order to prevent violations of laws and regulations, Rengo, separate from the ordinary business reporting route via immediate superiors, established consultation helplines inside and outside the company (within a law firm) so that employees can report and consult on compliance matters, by telephone, email, in writing, or other means. The external helpline can also be used by employees of Group companies.

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.

[Number of times whistleblowing helplines used]

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|-------------------|--------|--------|--------|--------|--------|
| Internal helpline | 5 | 3 | 0 | 2 | 1 |
| External helpline | 0 | 1 | 2 | 1 | 0 |
| Total | 5 | 4 | 2 | 3 | 1 |

Compliance Education

Rengo conducts training and education to raise awareness concerning compliance.

Annually training focusing on the Antimonopoly Act for all employees include those of Group companies started in fiscal 2012 and was held in fiscal 2019 as well. In addition, annual lectures by legal advisors are conducted at the opening meeting attended by directors and general managers and the Group companies' meeting attended by their top management.

Rank-specific training includes instruction on Rengo's fundamental stance concerning compliance for entry-level employees when they start working for the company. Employees who are promoted to plant manager, or managerial positions, use the occasion to conduct lectures on compliance.

[Training workshops conducted]

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|----------------------|--------|--------|--------|--------|--------|
| Times | 13 | 10 | 10 | 11 | 9 |
| Participants (total) | 606 | 598 | 614 | 659 | 519 |

Initiatives to Establish Compliance Awareness

To spread awareness of compliance, a page called the Compliance Office dedicated to compliance issues was created on the Rengo Group intranet in 2010. Quizzes, a glossary of topical terms, explanations in the form of conversations, and other information are categorized by fields such as relevant laws and regulations, responses to inappropriate conduct at work, and preventing corruption to provide a system where employees can learn at any time.

In addition, legal affairs personnel have been visiting business sites in Japan in stages since fiscal 2017 to check on the level of understanding and degree of establishment of compliance initiatives. Five business sites were visited in fiscal 2017 and four were visited in fiscal 2018, where understanding and establishment of awareness regarding compliance were addressed while sharing opinions. Plans for fiscal 2019 provide for visits to eight business sites.



Email newsletter sent twice a month
Source: Dai-ichi Hoki Co., Ltd.

Evaluation by Society (Fiscal 2018)

Evaluations Regarding ESG

Selected for inclusion in SNAM Sustainability Index managed by Sampo Japan Nipponkoa Asset Management Co., Ltd.



Selected as constituent of MSCI Japan ESG Select Leaders Index offered by MSCI Inc.



Received evaluation (climate change) of B- from CDP, an international NPO



Environmental and Social Report received Excellence Award of the 22nd Environmental Communication Awards Committee Chairman Award in the Environmental Report category



Won 2017 Ecoship Modal Shift Prize for Business Excellence of the MLIT Maritime Bureau Director's Awards

Won the Activity Prize of the Osaka Sakuyahime Award



Received the Environmental and Social Contribution Award at the 7th Asia Direct Marketing Vision 2018.



* 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. MSCI holds non-exclusive ownership rights to the MSCI indices. MSCI and MSCI index names and logos are trademarks of MSCI or its affiliates. <https://www.msci.com/esg-integration>

Evaluations Regarding Products and Technology

Won the 21st Japan Food Journal Award for Excellent Food Machinery, Materials or Ingredients (Materials category) of the 21st Food Journal Awards



Received two WorldStar Awards in the 2019 WorldStar Contest



Won a prize of the Japan Packaging Competition 2018 in the Alcoholic Beverages category



Received Pentawards 2018 Silver Award in food category



Won Gold Prize in the Wide Web category of the 2018 Excellence in Flexography Awards

Received two prizes in the Japan Package Design Awards 2019 for the two items entered

Five Rengo products won category awards in the Japan Packaging Contest 2018

Received the Packaging Technology Award of the 42nd Kinoshita Prize

Won Excellence Prize in Packaging Category of the 2018 German Design Awards



Independent Practitioner's Assurance

Rengo Co., Ltd. has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd. for environmental performance data (fossil energy inputs, CO₂ emissions originating from fossil energy use, and Scope 1, 2 and Scope 3 (category 3) greenhouse gas emissions) given in the Japanese version of the Environmental and Social Report 2019.

Deloitte.

デロイト トーマツ (TRANSLATION)

Independent Practitioner's Assurance Report

August 1, 2019

Mr. Kiyoshi Otsubo, Representative Director, Chairman, President and Chief Executive Officer, Rengo Co., Ltd.

Misshiko Sugiyama, Representative Director, Deloitte Tohmatsu Sustainability Co., Ltd. 3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the quantitative environmental information indicated with [✓] for the year ended March 31, 2019 (the "Quantitative Environmental Information") included in the "Environmental and Social Report 2019" (the "Report") of Rengo Co., Ltd. (the "Company").

The Company's Responsibility
The Company is responsible for the preparation of the Quantitative Environmental Information in accordance with the calculation and reporting standard adopted by the Company (the Report E2). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and material data needed to combine emissions of different gases.

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the Quantitative Environmental Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guidelines for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:
- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Quantitative Environmental Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of Deloitte Touche Tohmatsu Limited