

Integrated Report 2023

For Year Ended March 31, 2023

Packaging to Support Lifestyles and Create the Future

RENGO Integrated Report 2023

For Year Ended March 31, 2023

RENGO

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GPI
The General Packaging Industry
 **RENGO**

Philosophy of the Rengo Group

Corporate Philosophy

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

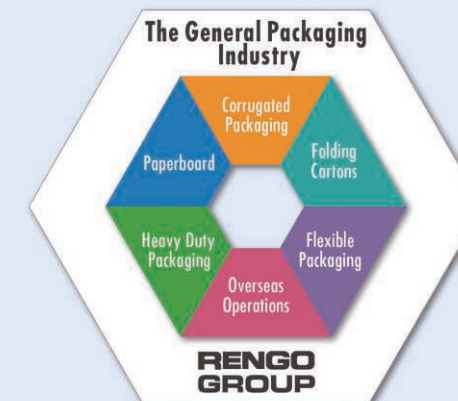
We plan to continue comprehensive development of optimal packaging solutions for logistics in all industries, and as a "General Packaging Industry" that creates new value in packaging through a tireless commitment to continual changes in thinking and technological innovation, we adhere to the following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

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

The General Packaging Industry

Statement **"General Packaging Industry (GPI) Rengo"**

Packaging Provider



Packaging to Support Lifestyles and Create the Future

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

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

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

"Less is more."

"Less energy consumption"

"Less carbon emissions"

"High quality products with more value-added"

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

"Less is more."

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WE SUPPORT



United Nations Global Compact

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

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

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

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Introduction

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Editorial Policy

Rengo issued the Integrated Report 2023 with the aim of explaining the details of the Rengo Group's business activities to stakeholders by integrating financial information and our environmental, social, and governance (ESG) activities. We hope that readers will deepen their understanding of the Group's initiatives toward the realization of a sustainable society by viewing the information available on our website and other materials as well as by reading this report.

Notations such as "3/2023" or "3/23" used in this report denotes the fiscal year (FY) or business year ending March 31 of each year, unless otherwise noted. Percentages may not add up to 100% due to rounding.

Disclaimer

This report contains forward-looking statements about the Rengo Group's plans, strategies, and determinations. These forward-looking statements are based on management's assumptions and beliefs in light of information available at the time of publication of this report, and there is no guarantee that these forward-looking statements will actually occur in the future.

Evaluations of Sustainability

Rengo has received high evaluations for its ESG efforts from various external evaluation organizations.

Evaluation/certification	Evaluation scope	Evaluation/certification status
CDP Climate Change	Initiatives for environmental management	Received the B score
S&P Dow Jones Indices LLC S&P/JPX Carbon Efficient Index		Selected for index inclusion
Corporate Knights Inc. / As You Sow Carbon Clean 200		Ranked 127th (out of 200)
FTSE Russell FTSE Blossom Japan Sector Relative Index	Overall ESG-related initiatives	Selected for index inclusion
Sompo Asset Management Co., Ltd. Sompo Sustainability Index		Selected for index inclusion
Ministry of the Environment ESG Finance Awards Japan		Selected as an Environmentally Sustainable Company
MSCI Inc. MSCI Japan Empowering Women Index (WIN)		Selected for index inclusion
Ministry of Health, Labour and Welfare Eruboshi certification	Initiatives related to the empowerment of women	Received the Level 3 Eruboshi certification
Ministry of Health, Labour and Welfare Kurumin certification / Platinum Kurumin certification	Initiatives related to support for childcare	Received the Kurumin certification and Platinum Kurumin certification

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

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

Period of Issue

October 2023

Referenced Guidelines

- "International Integrated Reporting Framework," International Integrated Reporting Council
- "Guidance for Collaborative Value Creation," Ministry of Economy, Trade and Industry
- "Environmental Reporting Guidelines 2018," Ministry of the Environment
- TCFD Recommendations
- ISO 26000

Scope of the Report

Organizational scope	This report covers Rengo Co., Ltd. and its subsidiaries. Information from certain affiliated companies is also included. The environmental data excludes sub-subsidiaries.
Target period	In principle, this report covers FY3/2023 (April 1, 2022 to March 31, 2023). Certain aspects of this report also include periods before and after FY3/2023.

Rengo's Information Disclosure Media

Rengo provides appropriate and timely financial and non-financial information meeting the needs of stakeholders through our website, this report, and other publications.

Website

Top Page

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



Investor Relations

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



Sustainability

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



Corporate Governance

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



Integrated Report (PDF version)

Integrated Report (main volume)



Financial Data (separate volume)



Japanese
<https://www.rengo.co.jp/financial/ir.html>



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



Message from the Chairman



“We will forge ahead by managing the Rengo Group to achieve sustainable growth and contribute to the overall development of all industries.”

Kiyoshi Otsubo

Representative Director, Chairman & CEO

Accommodating Changes in the Times with Even Greater Agility and Flexibility

As “General Packaging Industry (GPI) Rengo,” the Rengo Group works to solve socially relevant issues and pursues to enhance corporate value through a hexagonal business structure centered on six core business fields—paperboard,

corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas operations—offering innovative and diverse solutions that meet the packaging needs of all industries.

Looking back at our operations in FY3/2023, the COVID-19 pandemic continued to gradually subside, but with geopolitical risk as represented by the Ukraine situation, and financial insecurity associated with monetary tightening globally, it was a year in which heightened

uncertainty came to the fore. In this age of volatility, uncertainty, complexity, and ambiguity (VUCA), we need to flexibly respond to situations with a sense of urgency while keeping a closer eye on what is happening globally.

For the Group, our operations faced a headwind in a number of respects, such as the sharp increases in raw material and fuel prices and further depreciation of the yen, but we revised product prices, including for containerboard and corrugated packaging, continued working to reduce costs, and even made further progress in ESG management more generally such as responding to environmental issues.

Profit in FY3/2023 declined on the impact of sharp increases in raw material and fuel prices, but product price revisions and our efforts to reduce costs through fuel conversion, which we have focused on for some time, are paying dividends, and we expect to generate record-high profit in FY3/2024. In our Vision 115 medium-term vision, we are targeting consolidated net sales of ¥1 trillion in FY3/2025, the vision's final year, and determined to achieve it at all costs.

For our growth going forward, in domestic business, we will further develop existing fields as a matter of course, and, while it will require a considerable amount of capital investment, we intend to expand our business into new domains as well by further promoting research and development in the biotechnology field. This will involve making full use of the pulp manufacturing facilities possessed by the Group. Moreover, the importance of overseas business development also stands to increase. In recent years, we have worked to expand in Europe and the United States pivoting on the heavy duty packaging business, but we believe that India, which looks set to become the world's most populous nation and where marked growth is expected, holds great potential.

is more.”—generating more value with less resources—a key concept for packaging manufacturing and environmental management, and have focused on management to fulfil our corporate social responsibilities.

When thinking broadly about society today, contributing to the achievement of the Sustainable Development Goals (SDGs) is indispensable. The 17 goals and 169 targets of the SDGs can be categorized into the five Ps: People, Planet, Prosperity, Peace, and Partnership. The essence of the SDGs is recognizing the various issues that exist in the environment and society, implementing initiatives in cooperation with customers, suppliers, local communities, and other stakeholders beyond the bounds of one's own company, and thereby contributing to the creation of a sustainable society throughout the entire value chain. This accords with our Kintoma philosophy, which translates as “businesspeople, having money and a strong will, must engage in the management of their business with sincerity while placing an emphasis on personnel, time, and equipment.”

This is one reason why we must engage in the management with a view beyond the current times, with a medium- to long-term perspective. We must not only present an outlook but have the managerial ability to steadfastly put it into practice. A company whose executives change every few years as in a relay race, I think, will have a hard time growing in the times to come. People are of various opinions when it comes to how many years is appropriate for an executive's term of office, but I think what is needed now is “marathon runner management,” putting forth a medium- to long-term vision and to take responsibility in working to realize it, rather than a relay runner.

Addressing Socially relevant issues as a Packaging Provider

Working to Achieve the SDGs Centering on the “Five Ps”

In the course of its operations over the past 110 plus years, the Rengo Group has steadily developed its business through the continual pursuit of both economic and social value, as symbolized by the “Kintoma” philosophy of our founder. Over the past 30 years, we have led the way in initiatives that meet the needs of the times. We made “Less

The future vision I have for the Rengo Group is as follows: As a “packaging provider,” seeking to be the world's best general packaging manufacturer group. In the information and communications technology industry, Google, Apple, Facebook, and Amazon, or GAFA, dominate the market. In the global packaging industry, we believe the future will be led by DIRS, the four prominent companies of DS Smith of the United Kingdom, International Paper of the United States, Rengo of Japan, and Smurfit Kappa of Ireland.

This DIRS concept envisioned here is not only for the benefit of Rengo. I believe companies that handle packaging have significant responsibility and a large role to play in working to solve socially relevant issues through their business activities.

In particular, in Japan, the “2024 problem” in the logistics and transportation industry is an urgent issue that we must work to resolve. The Act on the Arrangement of Related Acts to Promote Work Style Reform will put a cap on overtime hours for automobile drivers, which, if the current working arrangements remain in place, will make it difficult for Japan to maintain its logistics structure and could also sever supply chains. The Group has an operating company that handles logistics, and it began addressing this “2024 problem” from an early date, investing in human resources for transportation and related jobs.

There is a limit, however, to how much can be solved by a single company, and it will be necessary to realize “white logistics,” a sustainable logistics for entire supply chains. Moreover, the packaging industry and the logistics industry, not just in Japan but worldwide, need to join forces and focus on the issue of maintaining the soundness of international logistics.

Continuously Leading the Industry in Reducing Environmental Impact

Rengo is working to reduce its environmental impact toward decarbonization by converting to fuels with low CO₂ emissions and making greater use of sustainable energy sources like solar power and biomass, and, by converting to LNG by 2027, we aim to eliminate the use of coal at domestic manufacturing sites.

We are also promoting the development of packaging that contributes to solving the problem of ocean plastic waste, a global issue, as well as materials that are biodegradable and compostable.

We therefore began participating in the activities of the Blue Ocean Initiative (BOI), an action platform to preserve both ocean health and prosperity which began in April of this year. BOI will have a booth in the Blue Ocean pavilion at Expo 2025 Osaka, Kansai, Japan and is planning an activities program in which industry, government, and academia come together to discuss ocean conservation and the use of marine resources and translate those discussions into concrete actions. By taking part in BOI activities, we will work for co-creation with even greater numbers of partners and step up our initiatives for ocean conservation and measures against climate change.

Working for Co-Prosperity with Stakeholders Based on a New Form of Capitalism

Speaking from a broader perspective, corporate executives need to be more aware of the fact that we no longer live in an age in which it is reasonable for only one's own company to make a profit. The basic principle of economics is that you invest land, labor, and capital to generate goods and added value. How capital and labor are distributed is therefore important of course, but so is the fair distribution of profit, which includes contribution to the government through taxation. Looking back over these past 30 years, however, one is forced to conclude that American-style capitalism, which over-prioritizes the interests of shareholders, has dominated Japanese markets.

Companies need to be viewed as a public entity in society, as belonging to all the stakeholders who include

not only investors and shareholders but customers, employees, suppliers, and the whole related to its business in local communities or the entire planet. This new era will be rooted in a new form of capitalism that is neither American-style shareholder capitalism nor Chinese-style state capitalism. Under this new capitalism, companies will need to raise productivity and appropriately distribute profits earned as a result to their respective stakeholders. Moreover, it will also be essential to invest a portion of this profit for growth in the next era. This by extension will lead to sustainable growth over the medium- to long-term and bring about profits for investors and shareholders as a result.

Essentially, raising productivity does not refer only to efforts to merely increase production volume. It points not only to quantitative inputs like capital but to all the factors that affect productivity including those like technological innovation that cannot be measured. This is otherwise known as total factor productivity (TFP) and raising it will be key.

Raising productivity ultimately comes down to a “state of mind,” a commitment to progress from yesterday to today, from today to tomorrow. In striving for unceasing progress, many difficulties will inevitably be encountered, but without the “state of mind” to consider what you can do and then do it, you will not be able to overcome them, and, moreover, it will not be possible to create innovation.

Aiming to Achieve a Virtuous Cycle of Growth and Distribution with the Human-Capital Approach as a Pillar of Corporate Management

The Rengo Group is collectively making efforts to achieve our Vision 115 medium-term vision, which concludes in FY3/2025, the 115th anniversary of Rengo's founding.

We intend to fulfill our corporate social responsibilities through our business activities by putting even more emphasis on ESG management, which includes reducing our environmental impact, promoting diversity and inclusion (D&I), and ensuring appropriate transactions and legal compliance, while also actively engaging in digital transformation (DX).

With regard to DX, however, while the issue is an important one, a simple dependence on digital that misunderstands what is essential is actually a risky



proposition. It is out of this concern that the Group intends to build a cyber-physical system (CPS) that seeks to harmonize the interaction between digital technology and the people who use it.

One of the things I always keep in mind and encourage employees to do is to have respect for people and respect for the workplace. I go around the office every morning and also try to make time to visit our plants and mills in each region, where I focus on listening to what individual employees working on the front lines have to say. Regardless of the era, we should follow the principle of “boots on the ground.” This is my unwavering conviction.

With the human-capital (human-centered) approach as a pillar of our corporate management, we will continue to make efforts through the united cooperation of labor and management to achieve a “virtuous cycle of growth and distribution” over the medium- to long-term through which the added value generated by increasing TFP is appropriately distributed to employees, thereby leading to the next stage of growth.

The Rengo Group will be constantly aware of the role we must fulfill in society and will continue our ceaseless efforts for the realization of a better and sustainable society. We very much appreciate your continued support for our endeavors.



Path of Value Creation

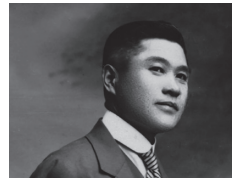
In addition to an integrated production structure consists of papermaking and corrugated manufacturing, Rengo is developing businesses—that include consumer packaging such as folding cartons and flexible packaging as well as heavy duty packaging that supports a wider range of industries. These businesses are demonstrating great

synergy effects and creating a variety of packaging solutions, spreading both in Japan and overseas. The Rengo Group started the corrugated board business in Japan, to become “General Packaging Industry (GPI) Rengo,” which consists of six core businesses. The development of the Group is as follows.

Net sales (non-consolidated in and before 1977)
(billions of yen)
1,000
800
600
400
200
0

1909

Established Sanseisha in Shinagawa, Tokyo, setting up Japan's first corrugated board business



The founder Teijiro Inoue

1920

Five companies including Sanseisha merged to form Rengo Shiki K.K.



Sanseisha

1936

Completed construction of the Yodogawa Plant, which employed an integrated production structure, from containerboard to corrugated packaging



Yodogawa Plant

1949

Obtained a listing at stock exchange (capital of 10 million yen)

1972

Rengo Shiki K.K. renamed to Rengo Co., Ltd. to be a general packaging manufacturer



Company name change

1984

Sales & Marketing Department for folding cartons established

1990

Invested in a joint venture company of Rengo and SCG Paper Public Company Limited (Thailand)

Rolled out to Asian countries

1998

Incorporated Howa Sangyo Co., Ltd. into the Rengo Group

1999

Acquired Settsu Corporation



Signing ceremony with Settsu

2009

Incorporated Nihon Matai Co., Ltd. into the Rengo Group

2016

Incorporated Tri-Wall Limited into the Rengo Group

2022

Net sales
846.1
billion yen

World Development

World War I
Great Kanto Earthquake

Showa Financial Crisis
World War II

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

Tokyo Olympic Games
Japan attained world's second largest GNP

Japan World Exposition
Oil Crisis

Prolonged economic boom

End of “bubble economy”
Great Hanshin-Awaji Earthquake

Global financial crisis

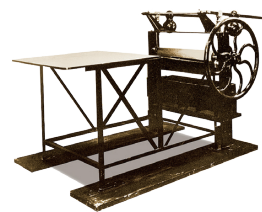
Great East Japan Earthquake
Spread of COVID-19

Tokyo 2020 Olympic Games

Core Businesses



Corrugated Packaging



The corrugated board manufacturing machine Teijiro Inoue used

In 1909, founder Teijiro Inoue established Sanseisha, the predecessor of Rengo, and it became the first company in Japan to commercialize corrugated packaging. It all started when Inoue named it *danboru* or corrugated packaging. In the 114 years since then, corrugated packaging has increasingly been used as a form of environmentally friendly packaging due to its high recycling rate.

Today, corrugated packaging not only has a role as a packaging material to transport and protect products, but has also become in demand for its ability to promote sales by conveying attractive information of products in stores and online. We have proposed various forms of corrugated packaging such as DEGI-PAKE and Rengo Smart Display Packaging (RSDP) to solve social issues.



Paperboard



Unmanned clamp-type forklifts carrying containerboard rolls at the Yodogawa Logistics Center

We established the Yodogawa Plant in 1936 and the Tonegawa Mill in 1961. Then we acquired Fukui Chemical Industry Co., Ltd. in 1991 and Settsu Corporation in 1999, thus establishing the current structure of four directly operated plants in Japan. Other Group companies in Japan include Marusan Paper Mfg. Co., Ltd., Taiko Paper Mfg., Ltd., and Osaka Paper Co., Ltd., and we are Japan's top-class manufacturer of paperboard as packaging paper.

We produce a wide range of products from containerboard, such as linerboard and corrugating medium, to boxboard, tube board, chipboard, and processed paper. We have established a stable supply structure through integrated production of packaging and are also working to reduce CO₂ emissions. We are also developing overseas operations in mainland China, Vietnam, and the Philippines.



Folding Cartons



Fruit and vegetable gift box with digital printing

In 1973, the Katsushika Plant was converted into a specialized plant for decorative printing boxes, and with the completion of the new Kyoto Plant in 1975, the former Kyoto Plant, which was a corrugated plant, became the Katsura Plant, a specialized plant for folding cartons (in 2008, the Katsura Plant was integrated with the Kyoto Plant and reorganized as the Shin-Kyoto Division). Through these and other changes, we reinforced our folding carton supply structure. Currently, we have built an integrated structure covering manufacturing to processing of paperboard for folding cartons and have manufacturing and sales bases nationwide for folding cartons including decorative printing corrugated packaging and multi-packs such as familiar canned beer six-packs sold by Rengo Riverwood Packaging, Ltd., which was established in 1995 as a joint venture with Graphic Packaging International, LLC of the United States.

We are also expanding our sales promotion (SP) business, which started with paper storefront displays.



Flexible Packaging



Howa Sangyo's sandwich packaging

REBIOS®

We incorporated Howa Sangyo Co., Ltd. into the Rengo Group to start the flexible packaging business in 1998. This led to a diverse lineup of flexible packaging that gently protects products while expressing their attractive qualities in their packaging; for example, film packaging that protects products such as foods and daily necessities as well as labels that beautifully decorate beverage bottles.

In 2015, we incorporated Sun-Tox Co., Ltd., a plastic film manufacturer, into the Rengo Group and established an integrated production structure starting from raw materials in the flexible packaging sector, as in paperboard, corrugated packaging, and folding carton businesses.

Meanwhile, we have launched REBIOS®, a packaging series based on plant-derived, biodegradable cellophane and paper, and are continuing our proposal activities for an alternative container to plastic that reduces the use of limited petroleum-derived resources.



Heavy Duty Packaging



Nihon Matai's flexible container bag and Tri-Wall's Uni-Pak

Nihon Matai Co., Ltd., a core company in the heavy duty packaging business, joined the Rengo Group in 2009.

Products include flexible container bags with high functionality, high quality, and cleanliness, heavy duty polyethylene bags, which are essential for chemicals, horticulture, and rice milling, and kraft paper bags that meet the diverse needs of industries ranging from agriculture to food products and industrial raw materials. In particular, we have achieved the No. 1 share in the industry for flexible container bags and heavy duty polyethylene bags.

We have also rolled out heavy duty corrugated packaging in Asia, Europe, the United States, and Mexico through Tri-Wall Limited which joined the Group in 2016.



Overseas Operations



TRICOR Packaging Systems GmbH (Germany)

The Rengo Group is expanding its network of packaging solutions overseas. Our overseas expansion began in earnest in the late 1980s. At that time, we were developing our businesses in the five primary target countries of Thailand, Singapore, Malaysia, Indonesia, and China, where Japanese companies were actively expanding their operations, with the fundamental policy of promoting partnerships with large international companies in Southeast Asia.

Currently, the Group has expanded into Europe and North America, and has 198 plants and 27 sites (as of March 31, 2023). We are leveraging the top-level packaging technology we have developed over the years to meet the packaging needs of our customers with a global structure, while contributing to economic developments and the realization of prosperous lifestyles in various regions through packaging.

Business Domains

As “General Packaging Industry (GPI) Rengo,” the Rengo Group conducts business under a hexagonal business structure centered on six core business fields—paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas operations—to offer innovative and diverse solutions that meet the packaging needs of all industries in Japan and overseas.

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

Directly operated plants

34 plants

Group companies in Japan

115 companies

Overseas Group companies

163 plants

191 companies

198 plants

Japan

116 companies 197 plants

Europe

28 companies 39 plants

- Hungary
- Austria
- Germany
- Slovakia
- Italy
- U.K.
- Slovenia
- Turkey
- Romania
- Poland
- Czech Republic

North America

10 companies 9 plants

- U.S.
- Mexico

Asia

153 companies 150 plants

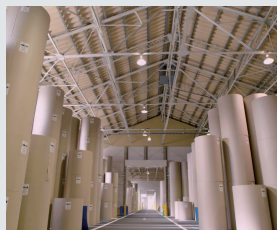
- Malaysia
- Singapore
- Vietnam
- Indonesia
- Thailand
- Greater China
- Philippines
- Korea
- India

* As of March 31, 2023

Six Core Business Fields + Creativity and Research & Development Capabilities

Paperboard

We are particular about packaging, starting from the paperboard that forms its foundation.



Main products

- ▶ Containerboard
- ▶ Kraft paper
- ▶ Boxboard
- ▶ Kraft pulp
- ▶ Tube board
- ▶ Chipboard

Corrugated Packaging

As a pioneer, we are a leader in unwavering quality and ongoing evolution.



Main products

- ▶ Corrugated board
- ▶ Corrugated boxes

Folding Cartons

We bolster sales promotions with more attractive and appealing packaging.



Main products

- ▶ Folding cartons
- ▶ Decorative printing corrugated packaging
- ▶ Multi-packs

Flexible Packaging

Our film packaging and labels attractively wrap and gently protect objects.



Main products

- ▶ Film packaging
- ▶ Labels
- ▶ Cellophane

Heavy Duty Packaging

We offer reliable quality and a lineup that supports a wide array of industries.



Main products

- ▶ Flexible container bags
- ▶ Heavy duty polyethylene bags
- ▶ Kraft paper bags

Overseas Operations

We deliver the leading edge of packaging quality developed over the years to customers around the world.



Creativity and Research & Development Capabilities

The Rengo Group responds to customers' diversifying packaging needs with optimal solutions, leading the industry in the fields of design and marketing, packaging technology, packaging systems, and research & development.



Design and Marketing



Packaging Technology



Packaging Systems



Research & Development

Strengths of the Rengo Group

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

The General Packaging Industry

“Less is more.”

Packaging manufacturing that is one step ahead of the times, is friendly to people and the environment, and has inspirational value.

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



Source: *1 Japan Paper Association; *2 According to research by Rengo; *3 Japan Comprehensive Economic Research Centre; *4 Fuji Chimera Research Institute, Inc.

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

Rengo Group’s Strength 1

Comprehensive Capabilities by Six Core Business Fields

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



Rengo Group’s Strength 2

Total Solution

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



the multiple needs of packaging

Rengo Group’s Strength 3

Ability to Solve Socially Relevant Issues

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



Rengo Group’s Strength 4

Group Network

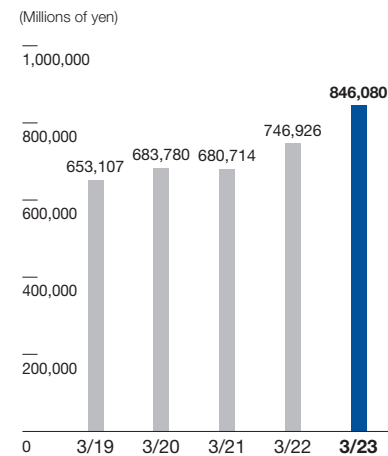
We have 34 plants that we operate directly all over Japan from Hokkaido to Kyushu. These plants in each region provide community-based services as the core of the Group network. In addition, we have 191 companies and 198 plants overseas, including Asia, Europe, and North America, and respond precisely to customer needs in each field (as of March 31, 2023).



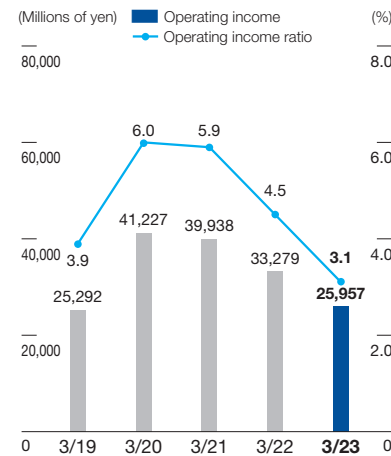
Financial and Non-Financial Highlights

Consolidated Financial Highlights

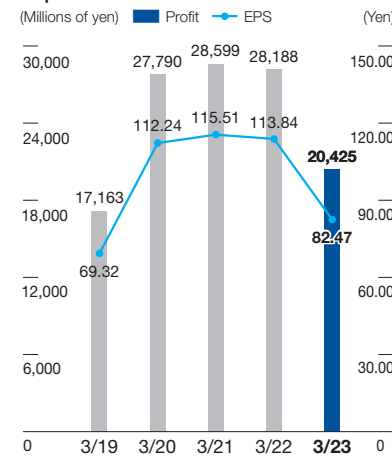
▶ Net sales



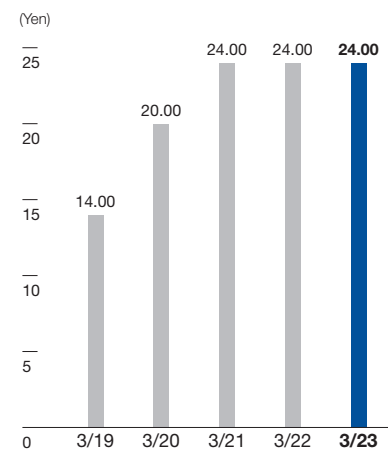
▶ Operating income and its ratio to net sales



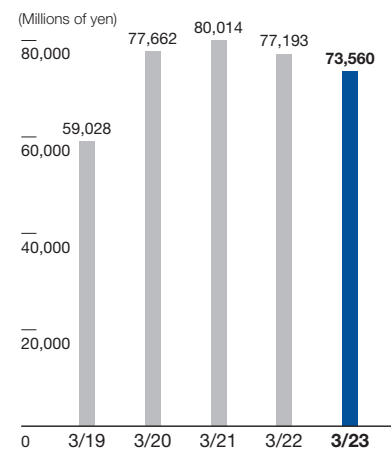
▶ Profit attributable to owners of parent and EPS



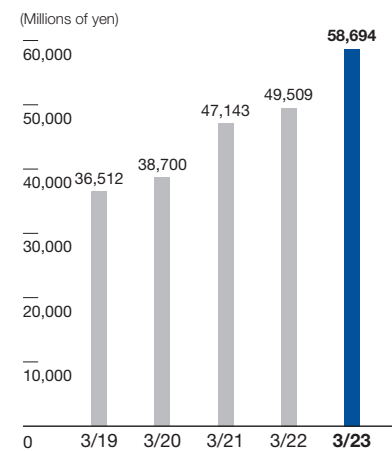
▶ Cash dividends applicable to the year



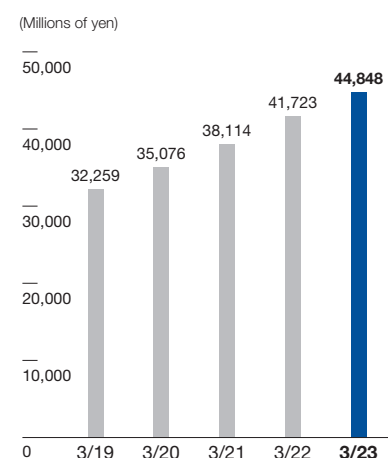
▶ EBITDA



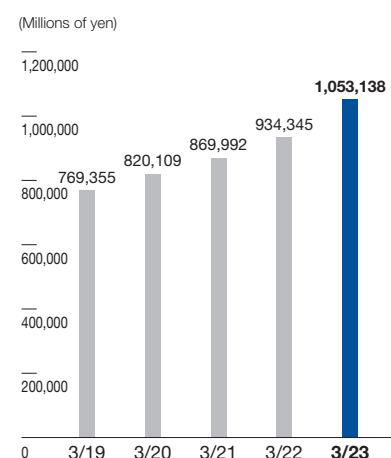
▶ Capital expenditures



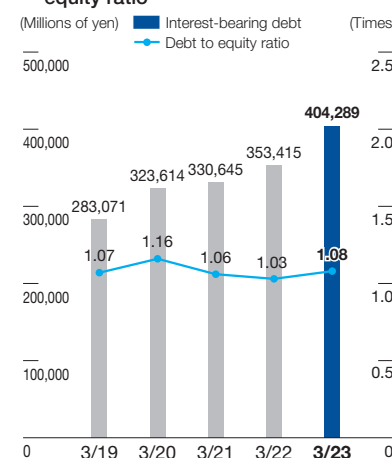
▶ Depreciation and amortization



▶ Total assets

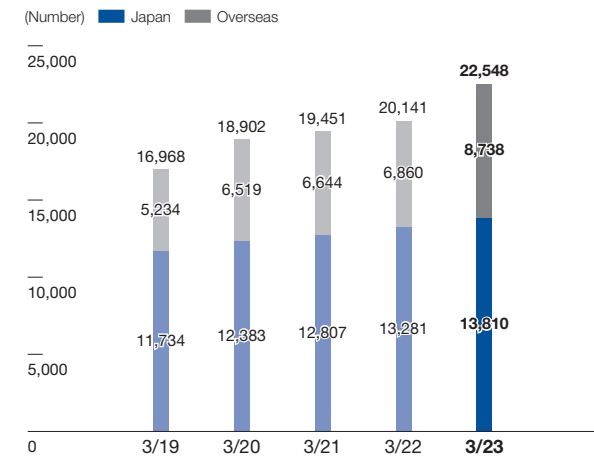


▶ Interest-bearing debt and debt to equity ratio



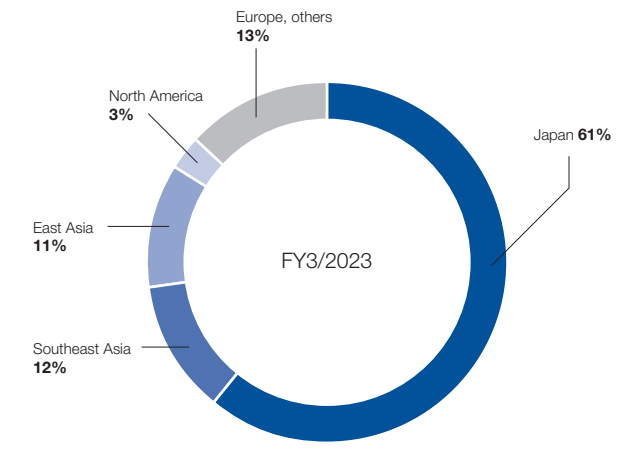
Non-Financial Highlights

▶ Number of employees* (consolidated)



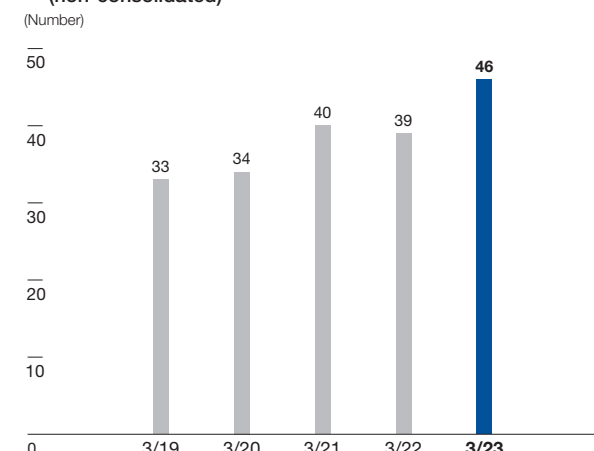
* Number of persons in employment as of the end of each fiscal year

▶ Percentage of employees by region* (consolidated)

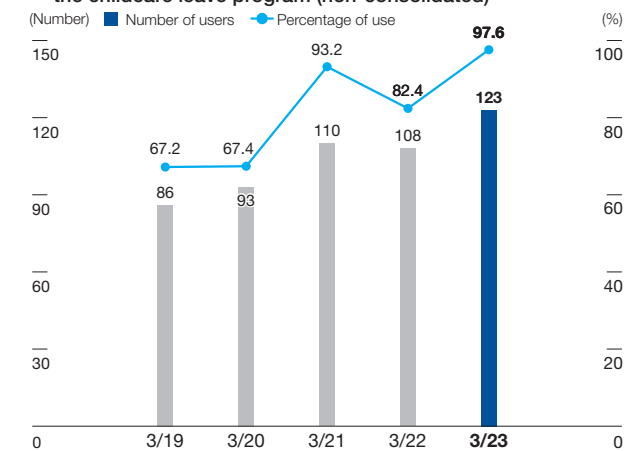


* Composition as of the end of the current fiscal year

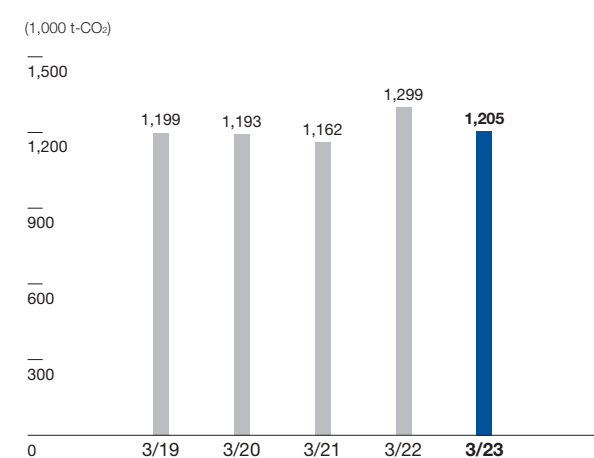
▶ Number of female employees in managerial positions (non-consolidated)



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



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

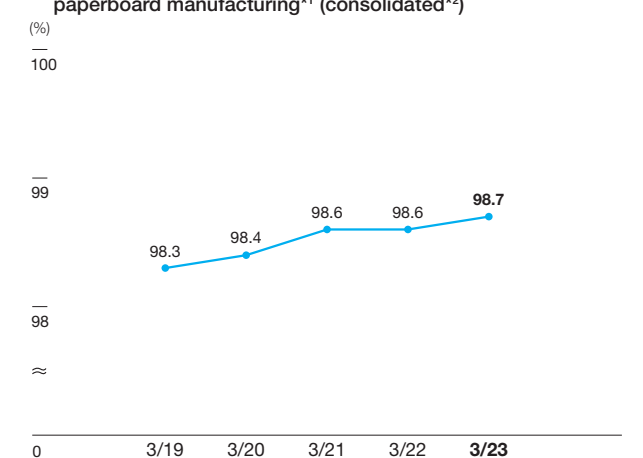


*¹ Derived from fossil energy (including purchased electricity)

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

*³ No adjustments were made to past results despite an increase in the number of the Consolidated Companies

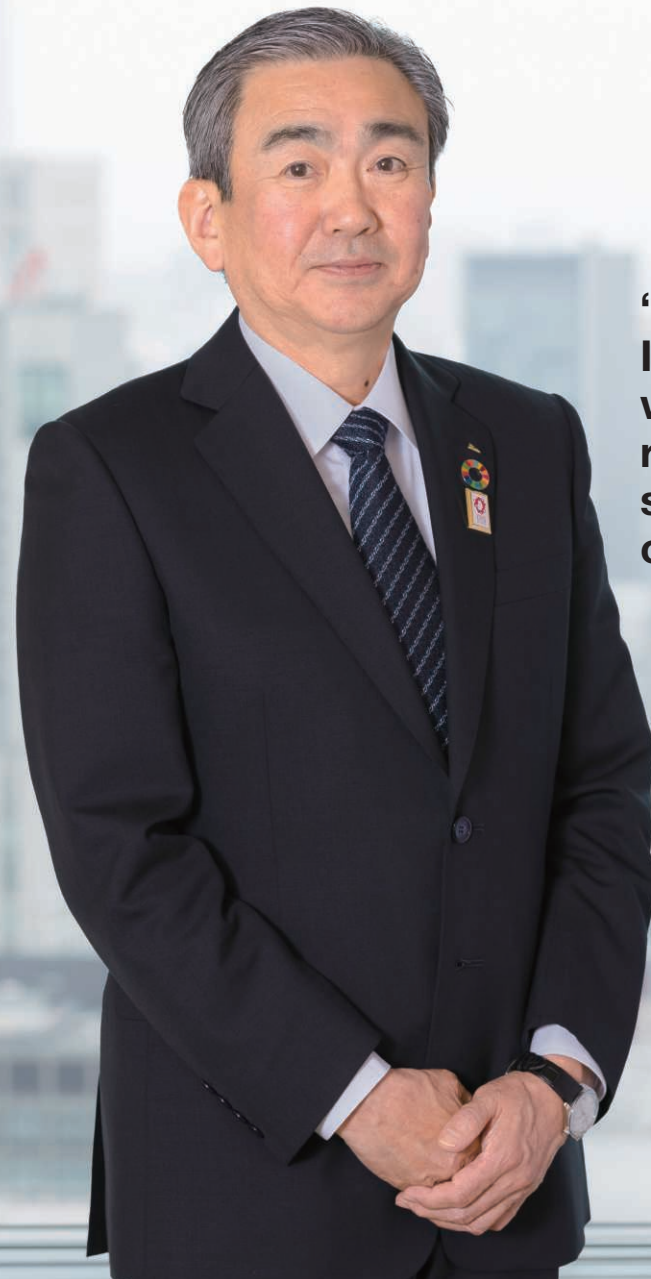
▶ Percentage of recovered paper utilized in paperboard manufacturing*¹ (consolidated*²)



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

*² Paperboard manufacturing sites in consolidated companies in Japan

Message from the President



“As ‘General Packaging Industry (GPI) Rengo,’ we will contribute to the realization of a sustainable society through a variety of packaging solutions.”

Yosuke Kawamoto
Representative Director,
President & COO

Implementing Initiatives in FY3/2023 Toward a Sustainable Pricing System

As “General Packaging Industry (GPI) Rengo,” the Rengo Group offers innovative and diverse solutions that meet the packaging needs of all industries. We bring world-class passion to the creation of new value of packaging and are continuing our ceaseless efforts to support logistics and lifestyles for the development of a better and sustainable society. In FY3/2023, we continued to work diligently to expand business and increase earning capacity with strengthened marketing capabilities as well as proactive capital investment and M&A.

Looking back on FY3/2023, there was a sign of recovery in the economy centering on private consumption and capital investment that was the result of social and economic activities normalizing and various government policies having an effect as life with COVID-19 reached a new stage. At the same time, demand for the Rengo Group’s products differed depending on the business field. In the paperboard industry, production volume fell short of the previous year, while in corrugated packaging, production volume was level with the previous year, though there was solid demand for foods, e-commerce, and parcel delivery. In the heavy duty packaging industry as well, production volume was lower than the previous year on the impact of the global economic slowdown. Folding cartons, however, saw production volume outstrip the previous year

as processed foods for individuals performed well. Production volume was also higher year on year for flexible packaging, supported by firm demand centering on food-related products.

In addition, in FY3/2023, sharp increases in raw material and fuel prices and the continued depreciation of the yen were factors that had a major impact on results. The Group has worked since the year before last to revise product prices for containerboard and other paperboard, corrugated packaging, cellophane, polypropylene film, and flexible packaging, but the situation made it extremely difficult for us to bear further cost increases through our own efforts alone, so we continued to implement initiatives aimed at a sustainable pricing system. Our results for FY3/2023 did not fully reflect the price revisions, but starting in FY3/2024 we expect results to improve under the new pricing system.

Pressing Ahead to Strengthen Our Business Through Groupwide Efforts

In FY3/2023, the Rengo Group worked collectively to strengthen its business with a view to further growth as GPI Rengo. In Japan, we invested in an industrial machinery manufacturer FCL Co., Ltd. (Nagakute-shi, Aichi Prefecture) in June 2022 to enhance our facility development capabilities supporting production technologies. In September, we made Marufuku Co., Ltd. (Hakusan-shi, Ishikawa Prefecture) a subsidiary, thereby expanding our folding carton and flexible packaging businesses. Moreover, in October, we commenced construction of the Ehime Toon Plant (Toon-shi, Ehime Prefecture), which will be the relocation site of the Matsuyama Plant (Matsuyama-shi, Ehime Prefecture). We are aiming to start operation of the plant in January 2024. Also, in February 2023, we made Nitto Danboru Co., Ltd. (Okegawa-shi, Saitama Prefecture) a subsidiary, and reinforced our corrugated packaging business.

Along with reinforcements to our business foundation through these proactive capital investment and M&A, the Group also bolstered a series of strengths in software including packaging design. We have Design and Marketing Centers at six locations around Japan, including Head Offices, through which we make packaging design proposals in close coordination with the product development workplaces of our customers. We also have designers at the Sales Promotions & Displays Sales & Marketing Group who harness their creativity to help customers improve the brand images of their products. Moreover, our Packaging Technical Departments design packaging with consideration given to product characteristics and distribution flows, and our nationwide, 24-location network provides and maintains packaging machinery and systems to support automation and labor-saving on packaging lines. Our entire Group works with customers to address the issues they face with both tangible and intangible aspects. We consider making

proposals from various angles to be the basis for creating good relationships with customers and increasing profit opportunities for the Group.

Going forward, we will further polish our ability to make comprehensive proposals, and while we actively engage in digital transformation (DX), we will meet the diversifying packaging needs of customers with optimal solutions.



Accelerating the Expansion of Overseas Operations Centering on the Heavy Duty Packaging Business

Overseas, we established Rengo Europe GmbH in Germany in May 2022 as a base to further focus on the Group’s business development in Europe, and in June, through Rengo Europe and TRICOR Packaging & Logistics AG, which is also in Germany, we made THIMM Packaging Systems GmbH & Co. KG, a German-based manufacturer of heavy duty packaging materials, a subsidiary and changed its name to TRICOR Packaging Systems GmbH. In August, Tri-Wall Limited of Hong Kong made a U.K. corrugated packaging manufacturer a subsidiary, and in September acquired the business of a U.S. manufacturer of heavy duty packaging materials. In this way we further expanded our heavy duty packaging business, which continues to globalize.

Our overseas business currently centers on heavy duty packaging, but going forward we intend to further develop our other product areas as well. A part of this initiative is making the group consists of six companies including Takigawa Corporation Japan a subsidiary in 2022, a flexible packaging manufacturer with a global customer base primarily located in the United States and Europe that carries out integrated production from film making to printing, laminating, and bag making. In addition, Howa Sangyo Co., Ltd. also has networks in Asia and North America, so we will work to further expand overseas operations by enhancing coordination globally on a collective Group basis.

Raising Management Quality While Emphasizing Dialogue with Workplace Employees

In FY3/2024, domestic demand is expected to improve as social and economic activities normalize coupled with the effect of government policies, which is viewed positively. At the same time, against the backdrop of the Russia-Ukraine situation and other developments, geopolitical risk remains a cause for concern. I have heard that in Europe investment activity in the public and private sectors is ramping up with a view to Ukraine's reconstruction. Actually, in Poland and elsewhere, there are reports of new plants being established. We at the Rengo Group also need to gather information on global affairs at an early stage and work to respond quickly.

In China, it will take some time for the economy to recover, so for the immediate future we will work to utilize management resources effectively through a process of "selection and concentration" while carefully assessing risks and opportunities in the business environment. In addition, accommodating diverse packaging needs on a global basis in regions like Southeast Asia and India, which is becoming an enormous market, will be essential for the Group's growth.

At the same time, in Japan, we are seeking to obtain an understanding from our customers regarding the price revisions made in FY3/2023 and, within the Group, we are explaining the significance of establishing a sustainable pricing system and ensuring profitability. We also believe that leveraging the Group's network will allow us to meet high level needs of customers and lead to higher profitability. I have explained these beliefs to employees at our workplaces, along with the importance of conducting sales activities under the new pricing system. I think that by

creating multiple opportunities to directly hear from sales and manufacturing personnel, we were able to come to a deeper level of shared understanding. In addition, I have been conveying the fact that in our business small and steady efforts over time are what come to differentiate our business and give us a competitive advantage, so day-to-day insights and ideas should not be undervalued.

Every time I visit a workplace, I notice how doing the little things the right way is deeply connected to operational quality. For example, plants and mills that strictly enforce the 6S activities (Sort, Set in order, Shine, Standardize, Sustain, and Sophisticated manners) maintain product quality, make considerations for employee safety, and also share in common the fact that they perform very well. Creating value is premised on an organization having a shared awareness of operational basics, and this remains the case even when the scope of business expands on a global basis. When I visited TRICOR Packaging & Logistics in Germany and toured the workplace with the time that I had, I strove to talk directly to the employees working there, which seems to have been worthwhile because they now recognize me and take the initiative in speaking with me.

I was limited in my opportunities to visit workplaces over these past three years because of the COVID-19 pandemic, but this has led me to reaffirm the importance of dialogue with individual employees, and going forward I plan to continue speaking directly with employees at workplaces both inside and outside of Japan.

Accelerating CO₂ Emission Reductions to Achieve Eco Challenge 2030

Rengo is implementing ESG management focused on the Sustainable Development Goals (SDGs), a set of goals shared internationally, and also working to raise corporate value over the medium- to long-term based on the "Rengo SDGs." In the Rengo SDGs, "S" is sustainability, "D" is digital, and "G" is global, and we believe that the pursuit of added value on the basis of these three themes will help to solve the socially relevant issues brought into focus by the original SDGs and also serve to expand new profit opportunities.

Implementing environmental management, which includes carbon neutrality, is a corporate management issue that should be given highest priority. "Less is more." is a key concept of the Rengo Group. We are therefore focused on "Less energy consumption," "Less carbon emissions," and "High quality with more value-added." Through these initiatives, we will lead the industry in reducing CO₂ emissions and accelerate the development of new materials that will also help our customers to decarbonize, and we believe this, in turn, will raise our

corporate value over the medium- to long-term.

As a part of our environmental initiatives for ESG management, in April 2021 we formulated the Rengo Group Environment Action 2050, a long-term goal under which we are striving to achieve net-zero greenhouse gas emissions by 2050. In addition, as a part of Eco Challenge 2030, an initiative started in FY3/2022, we have set a goal for FY3/2031 of reducing CO₂ emissions by 46% compared to FY3/2014 and have also set specific targets to reduce environmental impact, such as reducing greenhouse gas emissions and creating a recycling-oriented society.

Our initiatives in FY3/2023 included renovation of the biomass incineration plant at our Amagasaki Mill (Amagasaki-shi, Hyogo Prefecture) in August and reducing our use of city gas. In October, a biomass boiler we installed for power generation at the Tonegawa Division (Bando-shi, Ibaraki Prefecture), our second such boiler after the Yashio Mill (Yashio-shi, Saitama Prefecture) commenced operations. We plan to continue with these initiatives going forward.

Anticipating the Needs of the Times to Develop New People- and Environment-Friendly Materials

Among our various initiatives in environmental management, we also endeavor to generate innovation that leads to the creation of new added value. In FY3/2023, to address the problem of ocean plastic waste, we established a plant for Viscopore[®], spherical cellulose micro beads that are made from wood pulp and are biodegradable, on the premises of the Kanazu Mill (Awara-shi, Fukui Prefecture).

We are also accelerating initiatives focused on the future. One is the commercial deployment of sustainable aviation fuel (SAF), which is drawing focus as an alternative to fossil-derived fuels. We are proceeding with development because anhydrous ethanol can be produced from the wood chips used to make pulp. Commercialization will require some time, but we have every intention of introducing this fuel to the world as the Group upholding "Less is more."

To further promote environmental management into the future, we established the Chemical Products and Cellulose Products Development Group at our Head Office in April 2023. The Group has been involved in the development of cellulose products with biodegradability for many years, since even before the problem of ocean plastic waste began garnering significant attention. Drawing on strengths gained from this experience, we are creating a diverse array of new products that meet a broad range of customer needs. They include cellulose nanofiber, a next-generation material made using a unique method derived from the

cellophane manufacturing process. We continue working to expand our lineup of products and materials that anticipate the needs of the times.

Strengthening the Human Resources Base with Emphasis on the State of Mind of Workers

To promote the "Rengo SDGs" going forward and raise corporate value over the medium- to long-term, we believe that further strengthening our human resources base will be crucial.

We have a custom of referring to our employees as Rengo members, or "Renjin" (*Ren*, part of the company name, followed by *jin* which means people in Japanese). This reflects our desire to give Group employees a strong sense of purpose in contributing to society and have them engage in their daily work activities as if supported by a strong family bond. With this as our intention we respect the value of each and every employee, the source of creativity and innovation, and are working to promote packaging innovation by creating an environment that allows our diverse human resources to fully demonstrate their unique potential.

Strengthening the human resources base needs to take place from multiple perspectives. This includes human resource development, promotion of diversity and inclusion (D&I), work style reform, and creation of congenial workplaces. In particular, though, we need to raise the percentage of women in managerial positions as quickly as possible. In addition, it is also necessary from the standpoint of diversity to establish such a process by which people who have been producing successful results at Group companies overseas are promoted to Rengo's senior executives. We will address these issues as well from a medium- to long-term perspective.

As I mentioned previously, the management team will continue to visit business sites in each region and talk with employees at our workplaces because we value the state of mind of the people who work there. Since April 2022 we have conducted developmental training on a companywide basis under the slogan "Cultivate the Mind," providing the opportunity for the Renjin who will lead the future to further develop their careers. Chairman Otsubo and I take part in the training to the extent possible and make a point of talking directly with employees.

The Rengo Group will continue striving to be the world's best general packaging manufacturer group as a creative "packaging provider" that designs the future itself and develops new markets. In doing so we will continue earnestly addressing core issues in each area of the ESG and devote ourselves to sustainably increasing the value of the Group as a whole. I sincerely hope we can count on your continued support.



Value Creation Process

As a “packaging provider,” who designs the future and develops new markets, the Rengo Group aims to ensure the desirable scale and profitability for each core business within our hexagonal business structure. We plan to achieve this by bolstering sales capabilities and conducting active capital investments and M&A. Since FY3/2021, we have been working diligently to achieve the Vision 115 medium-term vision, which concludes in FY3/2025, the 115th anniversary of Rengo’s founding.


In addition to fulfilling the responsibility to supply our products as an industry member supporting logistics and lifestyles, we will go forward to become the world’s best general packaging manufacturer group and continue our ceaseless efforts to realize a sustainable society, with “Less is more.” which means generating more value with less resources, as our key concept for environmental management.

The World’s Best General Packaging Manufacturer Group


INPUT FY2022 ended March 31, 2023

 **Financial capital**
Total assets
¥1,053,138 million

 **Manufacturing capital**
Number of sites
Directly operated plants
34 plants
Group companies in Japan
115 companies **163** plants
Overseas Group companies
191 companies **198** plants
Capital expenditures
¥58,694 million

 **Intellectual capital**
Research and development expenses
¥2,066 million

 **Human capital**
Number of employees on a consolidated basis
22,548

 **Social and relationship capital**
Relationship of trust with stakeholders
Recycling of recovered paper

 **Natural capital**
Energy usage
28,587 TJ

BUSINESS MODEL

Designing the future and
developing new markets

Packaging Provider




The Vision 115 medium-term vision p. 41

Eco Challenge 2030 pp. 43-44

Rengo Group Environment Action 2050 pp. 43-44

CORPORATE GOVERNANCE

OUTPUT FY2022 ended March 31, 2023

 Paperboard production
2,523 thousand tons


 Corrugated production
4,575 million square meters


 Corrugated board and boxes sales
4,837 million square meters

 Assorted packaging solutions

 Net sales
¥846,080 million

 Operating income
¥25,957 million

 Debt to equity ratio
1.08 times

 Renewable energy use rate
18 %

 Recovered paper utilization rate
98.7 %

OUTCOME FY2022 ended March 31, 2023

“Less is more.”

Generating more value
with less resources

Fulfilling the responsibility as
a supporting industry member
to supply our products

Materiality (Core Issues) Initiatives

Regarding the core issues engaged in by the Rengo Group, we have specified as materiality those issues that correspond highly with socially relevant issues included in national and international guidelines and initiatives as well as that are of particularly strong importance to both stakeholders and the Group.

We aim to ensure the desirable scale and profitability for each core business within our hexagonal business structure and will work to realize a virtuous cycle of growth and distribution while focusing on the human-capital (human-centered) approach as a pillar of our corporate management.

Rengo Group core issues: Achieving Vision 115 / Seeking to be the world's best general

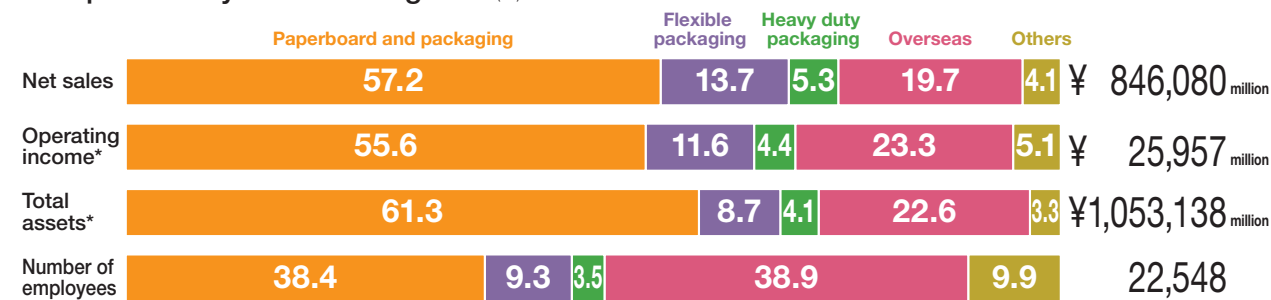
packaging manufacturer group as a “packaging provider”

Core issues	Risks and opportunities	Specific initiatives/measures	Goals	Detailed pages
Value provision as “General Packaging Industry (GPI) Rengo”				
Ensuring the desirable scale and profitability for each core business within our hexagonal business structure	● Meet all the packaging needs of various industries	● Create added value by raising total factor productivity (TFP)	● Realize a virtuous cycle of growth and distribution	pp. 5-8
Promoting ESG management				
ENVIRONMENT & ECOLOGY Response to environmental problems based on the key concept of “Less is more.”				
Creation of products that solve environmental problems	● Higher market valuation and creation of profit opportunities by providing environmentally friendly products	<ul style="list-style-type: none"> ● Create added value through low CFP containerboard and packaging ● Expand the development and provision of packaging and biodegradable materials that contribute to solving the problem of ocean plastic waste ● Develop and promote sustainable packaging ● Reduce packaging weight 	<ul style="list-style-type: none"> ● Achieve a Viscoppear® (cellulose bead) production volume of 200 tons/year or more ● Reduce the average grammage of corrugated board (basis weight per square meter) by 0.5%/year 	pp. 57-58
Creation of a carbon-free society	<ul style="list-style-type: none"> ● Increased expenses from a delayed response to decarbonization ● Increased expenses from new laws and regulations and a carbon tax 	<ul style="list-style-type: none"> ● Reduce greenhouse gas emissions ● Promote fuel conversion ● Promote the deployment of renewable energy and increase its use 	<ul style="list-style-type: none"> ● Reduce CO₂ emissions derived from fossil energy by 46% by FY3/2031 (compared to FY3/2014) Long-term goal: Take on the challenge of achieving net zero greenhouse gas emissions by 2050 	pp. 49-50
Improvement of energy efficiency	● Unstable energy procurement	● Use energy efficiently	● Reduce energy intensity (5-year average) by 1%/year	p. 51
Creation of a recycling-oriented society	<ul style="list-style-type: none"> ● Creation of profit opportunities by promoting a recycling-oriented society ● Increased environmental pollution and expenses from waste treatment due to inappropriate treatment 	<ul style="list-style-type: none"> ● Use resources effectively (expand use of recovered paper, increase product quality) ● Reduce and properly manage waste 	<ul style="list-style-type: none"> ● Achieve recovered paper utilization rate for paperboard of 98% or higher ● Achieve effective utilization rate of waste of 99% or higher 	pp. 52-54
Water risk management	● Impact on production activities from flood damage, water quality regulations, etc.	<ul style="list-style-type: none"> ● Use water efficiently and assess and reduce water risk at manufacturing sites ● Strengthen measures against water damage and flooding 		p. 55
Value chain management (downstream)	● Increased expenses due to an increase in CO ₂ emissions from transportation of products	● Improve logistics efficiency in transportation of products	<ul style="list-style-type: none"> ● Reduce per-unit CO₂ emissions from the transportation of corrugated board/boxes by 13% (compared to FY3/2014) ● Promote decarbonization on the entire value chain and calculate Scope 3 emissions for the Rengo Group as a whole 	p. 59
SOCIAL Response to social issues through business activities				
Creation of products that solve social issues	● Customers acquired and profit opportunities created by providing products that meet customer needs	<ul style="list-style-type: none"> ● Eliminate labor shortages in the manufacturing, distribution, and e-commerce industries and provide packaging that contributes to work style reforms ● Provide new value-added packaging that contributes to promoting customer sales 	● Develop and promote products that contribute to labor saving and have an added function to promote sales in manufacturing and retail, and develop and promote packaging systems for e-commerce	pp. 29-30
Supply chain management	<ul style="list-style-type: none"> ● Suspended operations at suppliers ● Materialized human rights issues ● Customer retention by promoting sustainable procurement 	<ul style="list-style-type: none"> ● Ensure fair transaction terms in accordance with the Declaration of Partnership Building ● Responsibly procure materials in accordance with the Rengo Group's Fundamental Policy on Procurement ● Promote “white logistics” emphasizing appropriate lead time in collaboration with the supply chain 		pp. 64-66
Securing and development of human resources (investment in people, personnel development) Promotion of diversity and inclusion (D&I) Creation of safe, and congenial workplaces	<ul style="list-style-type: none"> ● Response to lower birthrates, an aging population, and a decline in the productive-age population ● Creation of diversity ● Prevention of industrial accidents 	<ul style="list-style-type: none"> ● Conduct proactive recruitment and planned education and training ● Make appropriate distribution to employees (fair allocation of results) ● Maintain mechanisms by which diverse human resources can maximize their unique potential and play an active role ● Comply with the Rengo Group Human Rights Policy ● Promote health and productivity management based on the idea of lifetime careers 	<ul style="list-style-type: none"> ● Achieve the goals stated in the Action Plan for Empowering Female Workers (Period of plan: 5 years starting from April 1, 2021) ● Achieve an employment rate of 30% or more for female employees in carrier-path positions ● Achieve an employment rate of 20% or more for female employees assigned to office & production staff positions ● Achieve 1.5 times or more of the number of female employees in managerial positions (from 40 in FY3/2021 to 60 or more) ● Achieve a rate of 80% or more of male employees taking childcare leave ● Eliminate accidents (zero accidents) 	pp. 67-76
GOVERNANCE Corporate governance for value co-creation with multiple stakeholders				
Corporate Governance Compliance Risk management	● Increased credibility and trust from society by enhancing governance and management structures	<ul style="list-style-type: none"> ● Establish a corporate governance structure for appropriate collaboration with multiple stakeholders (employees, customers, shareholders, suppliers, society) and strengthen a structure for promoting the SDGs ● Build a risk management structure and strengthen a structure for promoting compliance 		pp. 87-92
Enhancement of the management foundation for sustainable growth				
Promotion of digital transformation (DX)	<ul style="list-style-type: none"> ● New value created through utilization of digital technologies ● Increased information security risk 	<ul style="list-style-type: none"> ● Build cyber-physical system (CPS) with a good balance between human and digital <ul style="list-style-type: none"> ● Create new business models, create new customer value, reform existing processes, and improve internal operation efficiency ● Strengthen information risk management <ul style="list-style-type: none"> ● Create resilient security systems ● Raise security-related awareness 		p. 42

At a Glance

FY2022 ended March 31, 2023

Composition by business segment (%)



* Percentage of the total of the operating income and the total assets (excluding intersegment transactions eliminations) accounted for by figures in each segment.

Paperboard and Packaging-Related Business

Net sales
¥483,851 million

Operating income
¥ 14,314 million

Main products

Paperboard	<ul style="list-style-type: none"> Containerboard Tube board Kraft paper 	<ul style="list-style-type: none"> Boxboard Chipboard Kraft pulp
Corrugated packaging	<ul style="list-style-type: none"> Corrugated board Folding cartons Multi-packs 	<ul style="list-style-type: none"> Corrugated boxes Decorative printing corrugated packaging



Flexible Packaging-Related Business

Net sales
¥115,512 million

Operating income
¥ 2,987 million

Main products

Film	<ul style="list-style-type: none"> OPP film CPP film
Film packaging	<ul style="list-style-type: none"> Flat bags Gusset bags Pillow bags Standing pouches
Cellophane	



Heavy Duty Packaging-Related Business

Net sales
¥ 45,059 million

Operating income
¥ 1,124 million

Main products

Heavy duty packaging	<ul style="list-style-type: none"> Flexible container bags Kraft paper bags 	<ul style="list-style-type: none"> Heavy duty polyethylene bags
Resin-based products	<ul style="list-style-type: none"> Laminated products Industrial resins 	<ul style="list-style-type: none"> Cross lamination Netting materials



Overseas Business

Net sales
¥166,312 million

Operating income
¥ 6,009 million

Main businesses and Group companies

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



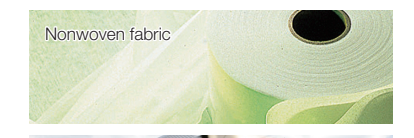
Other Businesses

Net sales
¥ 35,345 million

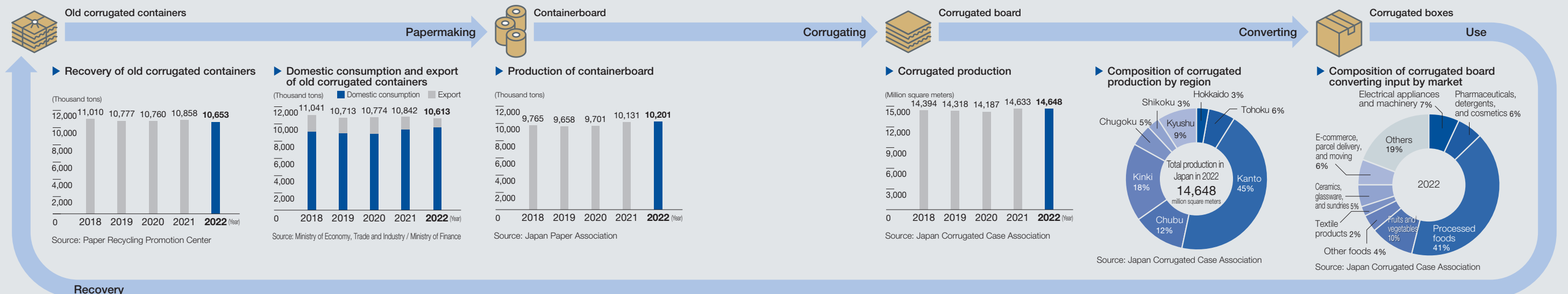
Operating income
¥ 1,330 million

Main businesses and Group companies

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



Market data (domestic)



Paperboard and Packaging-Related Business

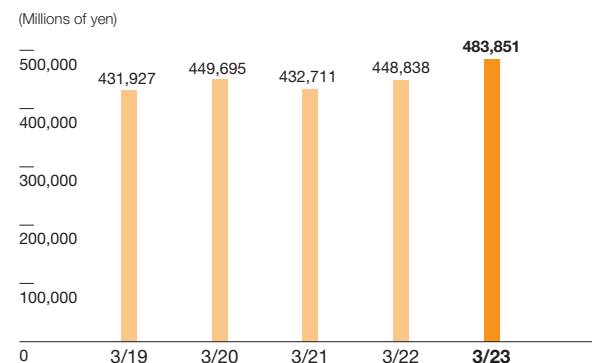
Manufacturing and sales of paperboard are carried out mainly by Rengo and Marusan Paper Mfg. Co., Ltd. Each company sells products through its own sales channels including Rengo Paper Business Co., Ltd. and supplies the principal raw materials for corrugated packaging to Rengo Group companies via Rengo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

Manufacturing and sales of corrugated board and

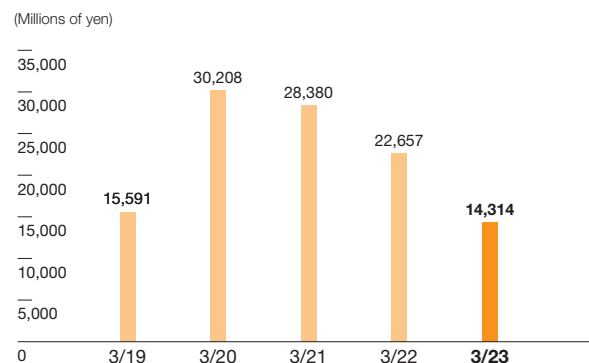
boxes are conducted independently by Rengo, Yamato Shiki Co., Ltd., Settsu Carton Co., Ltd., and other Group companies. Particularly, Rengo and Rengo Riverwood Packaging, Ltd. manufacture and sell multi-packs used for six packs of canned beer and other products.

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

▶ Net Sales (after intersegment eliminations)



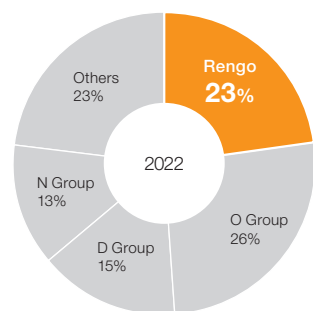
▶ Operating Income (after intersegment eliminations)



Business Environment

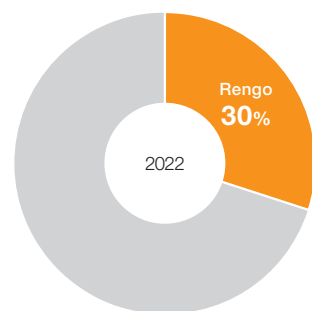
▶ Major Manufacturing Groups' Shares of the Containerboard Market in Japan

Source: Japan Paper Association



▶ Rengo Groups' Share of the Corrugated Packaging Market in Japan

Source: According to our research



▶ Actions and Measures

The Rengo Group is promoting a hexagonal business structure that consists of six core business fields—paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas operations. In this segment, which plays a central role in the Group's business structure, our greatest strength is our robust integrated production structure from paperboard to corrugated packaging, and by adding folding cartons to the above, we provide diverse packaging solutions.

In the paperboard business, we are making efforts to maintain a supply structure tailored to demand and continue measures to raise productivity, reduce costs, and

develop new products.

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

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

Summary of Financial Results for FY2022 Ended March 31, 2023

▶ Paperboard Industry

Although the production volume remained firm in the first half of the period, a slowdown in domestic demand due to soaring prices, coupled with sluggish exports, caused the volume to fall below the previous year's level.

▶ Corrugated Packaging Industry

Demand remained strong in the foods as well as e-commerce and parcel delivery sectors, but demand for electrical appliances and machinery declined, leaving the production volume at the same level as the previous year.

▶ Folding Carton Industry

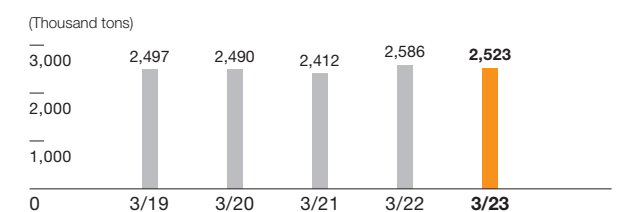
The production volume was higher than the previous year due to steady sales of processed foods for individual customers.

▶ Rengo Group's Status

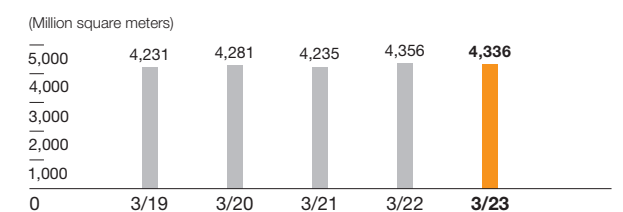
Net sales increased due to product price revisions, but operating income decreased due to the impact of increases in energy and recovered paper prices. As a result, segment net sales were ¥483,851 million, up 7.8% year-on-year, and operating income was ¥14,314 million, down 36.8%.

The production volume of paperboard was 2,523 thousand tons, down 2.4% year-on-year, due to the impact of slowdown in domestic demand and sluggish exports. The production volume of corrugated packaging, which was supported by steady demand for foods as well as e-commerce, and parcel delivery, was 4,336 million square meters in corrugated packaging, down 0.5% year-on-year, and 3,607 million square meters in corrugated boxes, up 0.4% year-on-year.

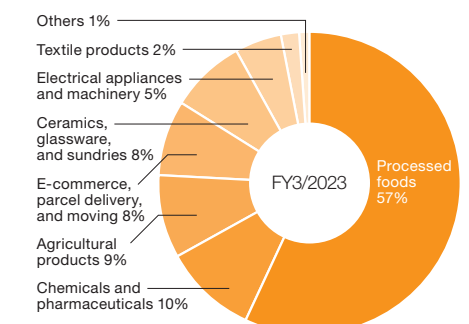
▶ Paperboard Production (in Japan, consolidated basis)



▶ Corrugated Board Production (in Japan, consolidated basis)



▶ Composition of Corrugated Box Sales by Market (Rengo, non-consolidated basis)



TOPICS

Operation of Biomass Incineration Plant at the Amagasaki Mill and Biomass Boiler for Power Generation at the Tonegawa Division

With "Less is more." as the key concept, Rengo is actively working to reduce its impact on the global environment by creating packaging that generates more value with less resources, while taking into consideration resource and energy conservation.

In August 2022, the construction of biomass incineration plant was completed at the Amagasaki Mill. This is expected to reduce annual CO₂ emissions by approximately 3,000 tons. In October, a new biomass boiler for power generation started operation at the Tonegawa Division. This is the second biomass boiler following the same type of boiler at the Yashio Mill, and is expected to reduce CO₂ emissions by approximately 90,000 tons per year. We will continue our environmentally friendly production activities under the themes of zero emissions and less CO₂ emissions.



Biomass incineration plant (within premises of the Amagasaki Mill)



Biomass boiler (within premises of the Tonegawa Division)

Biomass incineration plant

Location	Amagasaki-shi, Hyogo Prefecture (within premises of the Amagasaki Mill)
Incinerated materials	Paper sludge, pulper sludge, etc.
Evaporation volume	9.9 tons/hour

Biomass boiler

Location	Bando-shi, Ibaraki Prefecture (within premises of the Tonegawa Division)
Fuel	Woodchips, RPF, scrap tires
Amount of steam	117 tons/hour

Rengo's Packaging—Mindful of People and the Environment and Helpful in Solving Socially Relevant Issues

Society is facing a variety of challenges, such as a declining labor force due to a falling birthrate and aging population, as well as climate change. The Rengo Group is committed to solving these socially relevant issues through packaging,

while continuing to pursue new added value as a creative “packaging provider” that designs the future and develops new markets.

Rengo Group Products and Technologies That Create Added Value in Response to Socially Relevant Issues



► Unique design for increased efficiency at distribution sites

Socially relevant issues such as labor shortages have created a situation where labor-saving and improved work efficiency have become important issues at distribution sites. Under these circumstances, Rengo has focused on developing packaging that reduces the amount of work involved in opening and displaying products in stores.

We developed Rengo Smart Display Packaging (RSDP), which is innovative corrugated boxes that not only transports products but also displays and sells them by reducing the work required to open and display them and promoting sales. It contributes to measures to address labor shortages and achieve low-cost operations in stores.



RSDP that can be opened instantly and displayed as is

► One-stop solution for e-commerce logistics issues through comprehensive proposals including packaging systems

With the expansion of the e-commerce market, the logistics industry is facing many challenges, such as labor shortages and excessive workloads. As the volume of cargo increases and the products to be packaged in corrugated boxes become more diverse, we offer packaging that is easy for anyone to work with, that is, easy to assemble, easy to store, and easy to put products in. We have also designed packaging that is easy for consumers to open, not bulky, and easy to recycle.

We support problem-solving by proposing not only corrugated packaging that meets various needs, but also packaging systems that are adjustable in size and can be automated.



Support system for e-commerce packaging
<https://www.rengo.co.jp/english/products/mailorder.html>



Product Introduction

Bring innovation to the distribution sites with attractive displays and packaging automation

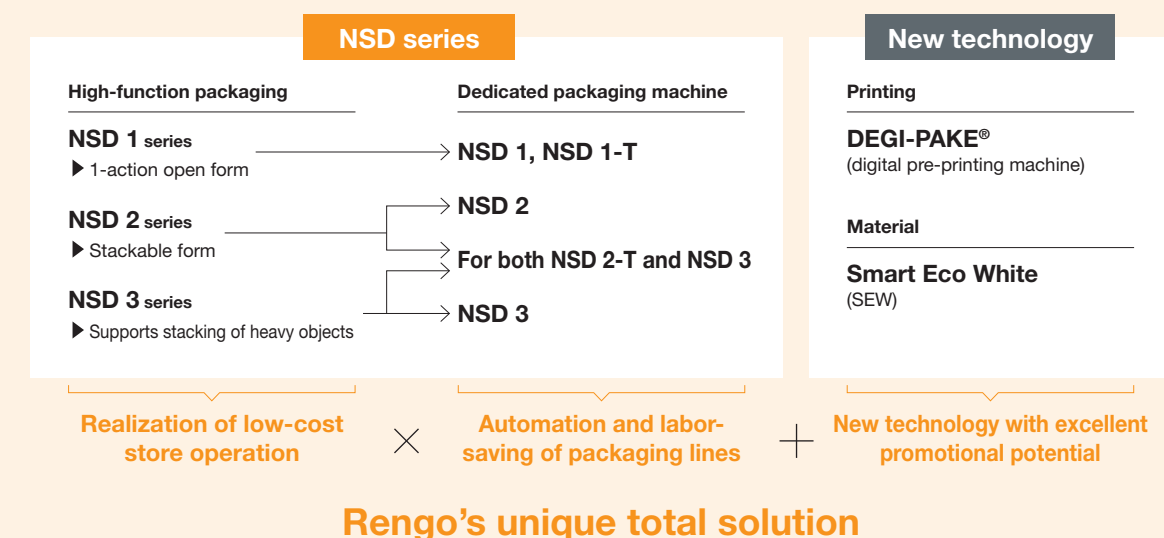
NSD Series

As the value of sales at physical stores is being challenged by changing lifestyles, Rengo is pursuing the creation of packaging that maximizes the attractiveness of our products.

The New Smart Display Packaging (NSD) series is an in-store marketing tool aimed to become the next generation of RSDP. It is a tool that accurately conveys the promotional points of products and is

suitable for creating orderly and beautiful retail spaces, creating an attractive encounter between consumers and products.

With our unique technological and proposal strengths, we are expanding the scope of value-added services provided by our total solution to all of the distribution sites.



New technology to enhance both decorativeness and environmental value

Rengo is focusing on developing new technologies that will not only enhance the value of packaging as a promotional tool but also help reduce environmental impact.

Smart Eco White (SEW)

Environmentally friendly white linerboard made of 100% recovered paper



SMART ECO WHITE

Features

- 1 Strength equivalent to K-linerboard*
- 2 Environmentally friendly material with no bleaching or coloring
- 3 Good appearance in stores

* Containerboard made from kraft pulp and used for the front and back of corrugated board

DEGI-PAKE®

New value-added packaging that utilizes digital printing and contributes to sales promotion



Effective for promotion and branding

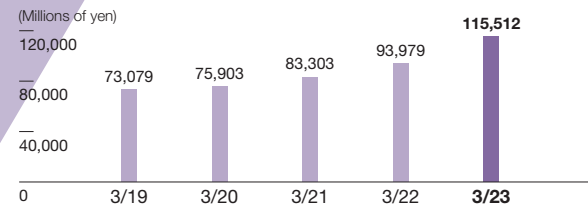
Features

- 1 Printing reproducibility with overwhelmingly high decorativeness
- 2 Direct printing (including small-lot printing) that allows for timely printing of required quantities
- 3 Variable digital printing that can freely change design

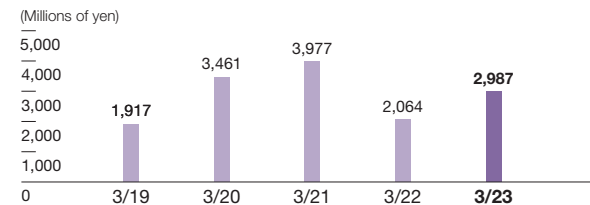
Flexible Packaging-Related Business

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

Net Sales (after intersegment eliminations)



Operating Income (after intersegment eliminations)

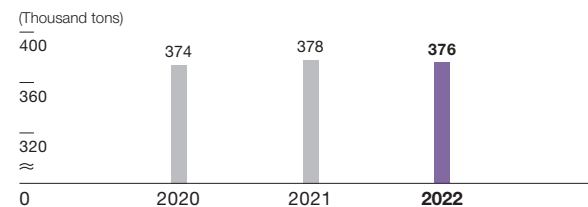


Business Environment

Demand Trends

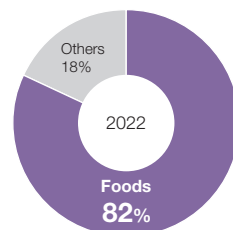
Domestic Shipment Volume of PP Film (OPP^{*1}, CPP^{*2})

Source: Japan Polypropylene Film Industry Association



Composition of PP Film Domestic Shipment by Use (2022)

Source: Japan Polypropylene Film Industry Association



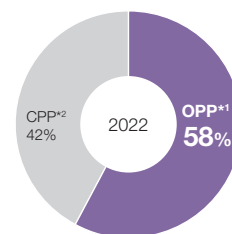
Actions and Measures

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

With Sun-Tox Co., Ltd. becoming a subsidiary in October 2020, an integrated production structure was established from film to packaging. In March 2022,

Composition of PP Film Domestic Shipment by Type (2022)

Source: Japan Polypropylene Film Industry Association



Words and Terms

*1 OPP (oriented polypropylene) film

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

*2 CPP (cast polypropylene) film

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

Takigawa Corporation Japan and five other companies became subsidiaries. The Rengo Group is thus greatly expanding its manufacturing and sales sites and product lineup, and reinforcing competitiveness and the earnings base of the Group's flexible packaging business.

Summary of Financial Results for FY2022 Ended March 31, 2023

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

With regard to the Rengo Group, net sales and

operating income increased due to product price revisions and an increase in the number of consolidated subsidiaries.

As a result, segment net sales were ¥115,512 million, up 22.9% year-on-year, and operating income was ¥2,987 million, up 44.7%.

Flexible Packaging-Related Business Special Feature

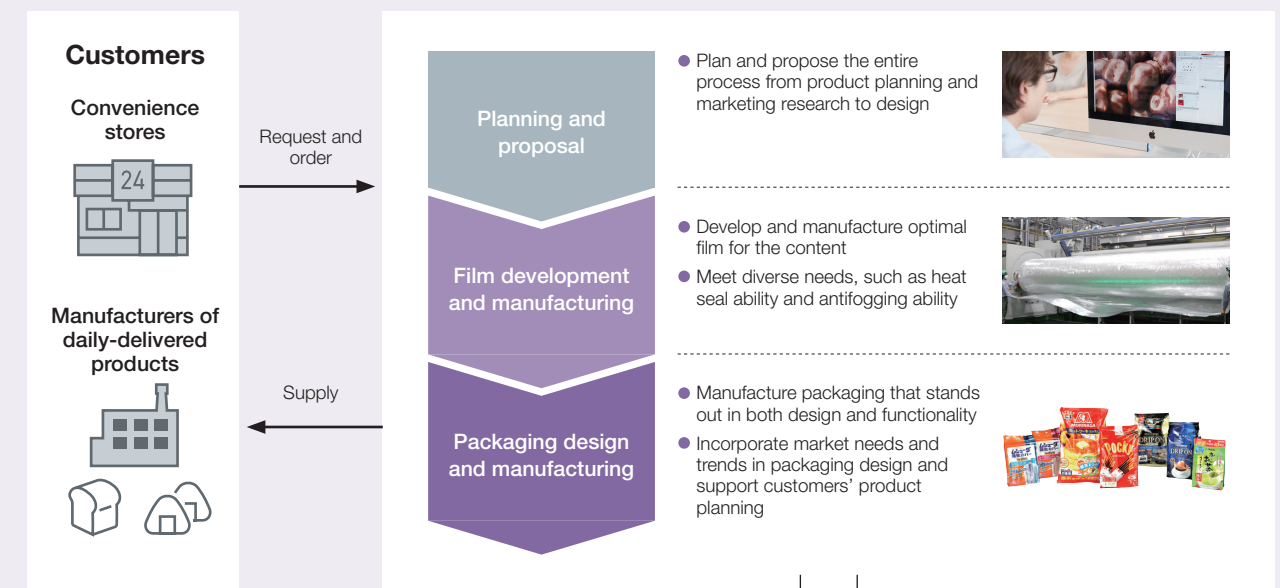
Rengo's Flexible Packaging Gently Wraps Delicate Products

In the domain of flexible packaging that wraps and protects foods, liquid, and other delicate products, the Rengo Group has established an integrated production structure that covers from the development of films used as the material to packaging supply. The Groups meets sophisticated customer needs with its unparalleled production capacity

and thorough quality control.

In addition to stably and speedily providing optimal packaging suitable for the content, the entire Group is working as one to develop and promote environmentally friendly packaging.

The Rengo Group's Integrated Production Structure Covering from Film to Packaging



Cooperate within the Group for timely provision of value to markets where the product life cycle is short

Group Company Introduction

Howa Sangyo Co., Ltd.

Company at the core of the Rengo Group's flexible packaging business

Howa Sangyo Co., Ltd. undertakes the Rengo Group's Flexible Packaging-Related Business, with a broad product lineup ranging from convenience store and supermarket food packaging close to consumers to packaging for medical use. In addition to refining the marketing function that supports customers' product planning, the company has been pursuing new added value of film packaging by creating an environment to supply products with high biomass content by means of

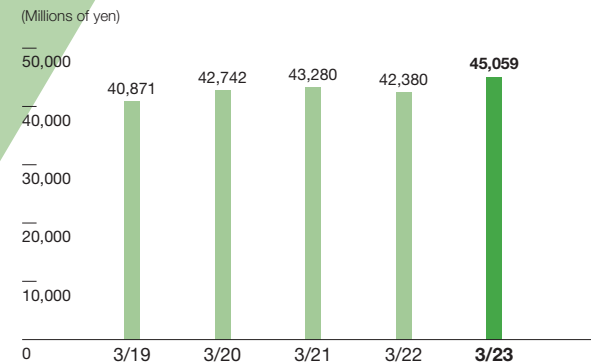
the ISCC PLUS certification, an international certification for sustainable products, obtained in September 2022.



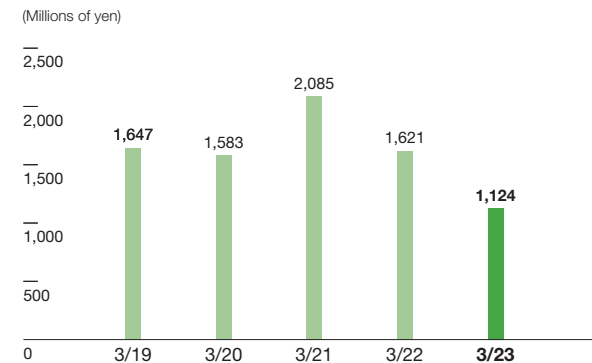
Heavy Duty Packaging-Related Business

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

► Net Sales (after intersegment eliminations)



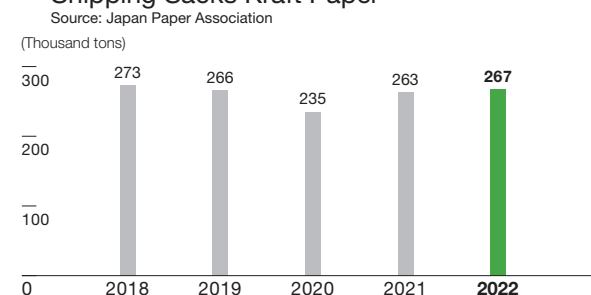
► Operating Income (after intersegment eliminations)



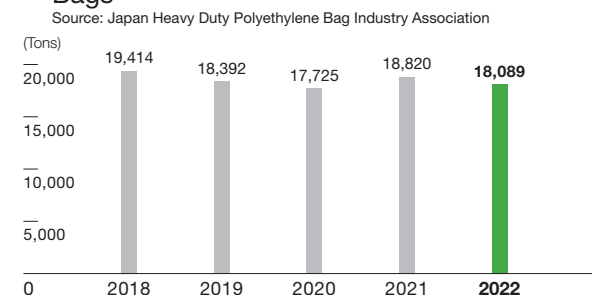
Business Environment

Demand Trends

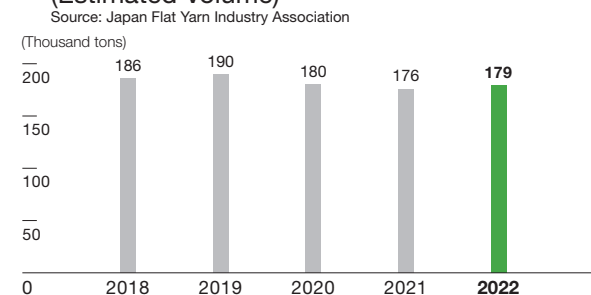
► Domestic Shipment Volume of Unglazed Shipping Sacks Kraft Paper



► Shipment Volume of Heavy Duty Polyethylene Bags



► Domestic Demand for Flat Yarn Products (Estimated Volume)



► Actions and Measures

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

Summary of Financial Results for FY2022 Ended March 31, 2023

In the heavy duty packaging industry, the production volume decreased from the previous year, due to the slowdown in the global economy that resulted in the decline in demands for petrochemical-related products.

With regard to the Rengo Group, while net sales increased

due to product price revisions, operating income decreased due to the impact of increases in raw material prices.

As a result, segment net sales were ¥45,059 million, up 6.3% year-on-year, and operating income was ¥1,124 million, down 30.7%.

Growth Strategy / Focused Fields

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

With regard to functional films and resin-based products, Nihon Matai has added functions to existing products by using coating technology, developing coating substitution film, vehicle windshield protection film, and other products. The company thus aims for a full-fledged product rollout in the decorative field.

In addition, the introduction of compound machines is

planned to add a new function for kneading technology. Functional products with reflex, conductive, and other functions are being developed in the heavy duty packaging field as well.

With regard to laminated products, the company is developing and rolling out mono-material and recycle-oriented light packaging and paper products, in addition to taking advantage of biodegradable plastic and biomass-derived plastic.

TOPICS

Initiatives by Nihon Matai Co., Ltd.

► Enhancement of Research and Development Structure

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



Nihon Matai Co., Ltd.

► Examples of Developed Products



Radiation Shielding Sheet

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



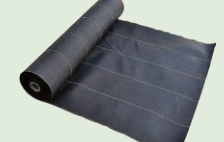
Low Absorption Barrier Sealant

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



Top and Bottom Tape for Paper Carriers

Top and bottom tape for carrying passive components, such as laminated ceramic capacitors, resistors, and inductors



Environmentally Friendly Weed Prevention Sheet

Environmentally friendly PP weed prevention cloth sheet contains plant-derived (sugar cane) raw materials

► Strengthening of Environmental Management Structure

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

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

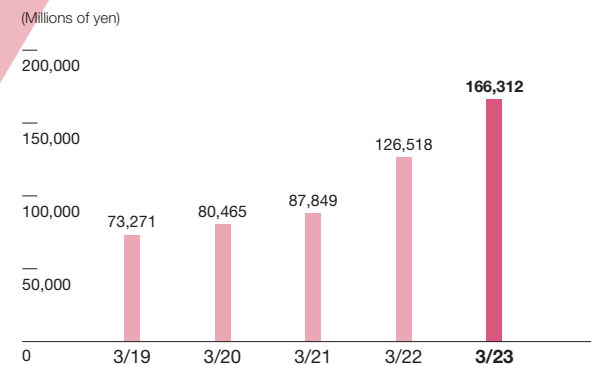
For laminated products (paper containers), Nihon Matai has also received Chain of Custody (CoC) certifications under the Forest Stewardship Council (FSC)® and Programme for the Endorsement of Forest Certification (PEFC) programs, both of which are international certification programs related to proper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

Overseas Business

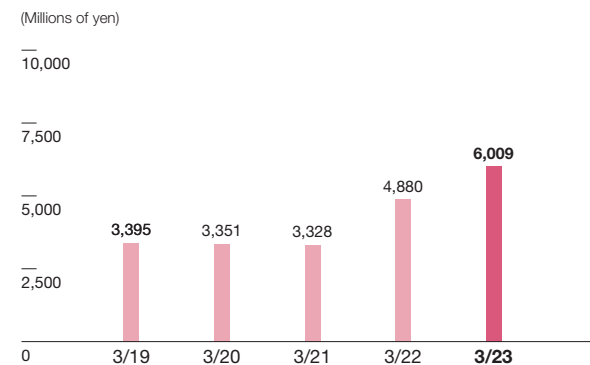
Manufacturing and sales of overseas products are carried out mainly by the following companies: paperboard by Vina Kraft Paper Co., Ltd.; corrugated board and boxes by Dalian Rengo Packaging Co., Ltd.; flexible packaging by

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

► Net Sales (after intersegment eliminations)



► Operating Income (after intersegment eliminations)



Overseas Strategies of the Group

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

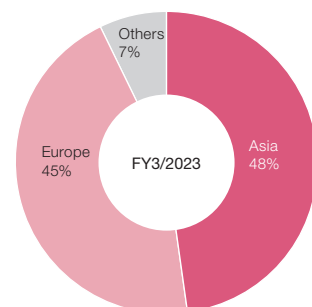
development in China and Southeast Asia and developing business through the Tri-Wall Group in regions where the Rengo Group has not entered until recently including Europe and North America.

Summary of Financial Results for FY2022 Ended March 31, 2023

In the Overseas Business for FY2022 ended March 31, 2023, net sales and operating income increased due to an increase in the number of consolidated subsidiaries and price revisions in Europe.

As a result, segment net sales were ¥166,312 million, up 31.5% year-on-year, and operating income was ¥6,009 million, up 23.1%.

► Composition of Net Sales by Region



Future Development

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

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

Growth Strategy / Focused Fields

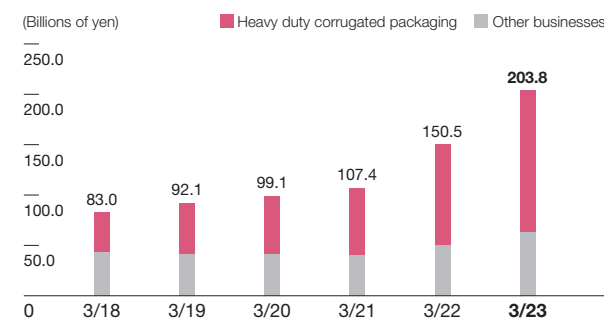
► Expansion of the Heavy Duty Packaging Business

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

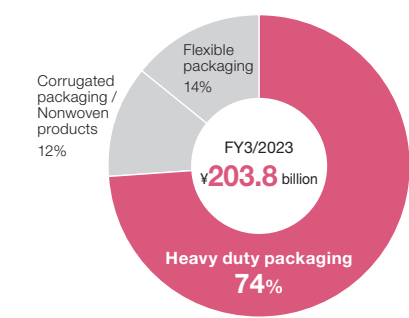
field is the core of the Group's overseas growth.

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

► Trend of Net Sales (simple aggregation base)



► Composition of Net Sales by Product (single aggregation base)



TOPICS

Establishment of a New Company in Germany and Acquisition of a Heavy Duty Packaging Materials Manufacturer

In May 2022, the Rengo Group established Rengo Europe GmbH in Germany as a base to further focus on business development in Europe. In June, we made THIMM Packaging Systems GmbH & Co. KG, a heavy duty packaging materials manufacturer, a subsidiary

(new company name: TRICOR Packaging Systems GmbH) through Rengo Europe and TRICOR Packaging & Logistics AG. We will continue to work on the further expansion of the globalizing heavy duty packaging materials business.



TRICOR Packaging Systems' Nordhausen Headquarters and Plant



Corporate Profile

Headquarters location	Hüedenweg 52, 99734 Nordhausen, Germany
Representatives	Thomas Aust, Carsten Niedenfür, Jürgen Düvel
Capital	€25 thousand
Number of employees	1,043
Main business	Manufacturing and sales of heavy duty packaging materials (corrugated packaging, wood packaging and pallets, pulp and plastic packaging materials, etc.)

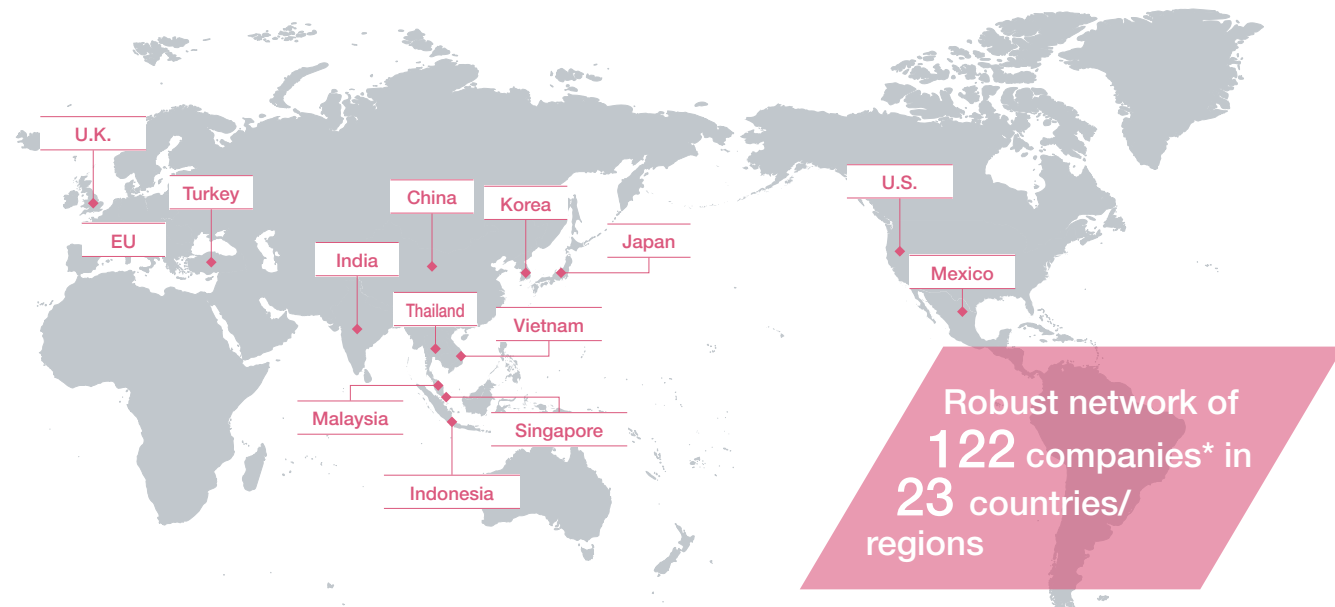


Growth Strategy of the Tri-Wall Group

As the domestic market matures, expanding the scope of business in the overseas market is key to the Rengo Group's medium- to long-term growth strategy. The Group has been working to enhance overseas competitiveness, centered around the heavy duty packaging business of

Tri-Wall Limited, which holds trademark rights of globally recognized heavy duty corrugated packaging brands including Tri-Wall Pak® and Bi-Wall Pak®, and TRICOR Packaging & Logistics AG, which has been growing steadily in the European market, mainly in Germany.

Network of Heavy Duty Packaging Business in Overseas Markets



	Asia	Europe	North America
Number of Group companies*	89	26	7
Major M&As	October 2016 Rengo made Tri-Wall (Hong Kong, China) a subsidiary August 2019 Tri-Wall made TRICOR Packaging & Logistics and Gutmann Anlagentechnik GmbH, German heavy duty packaging manufactures, subsidiaries June 2022 Rengo made THIMM Packaging Systems GmbH & Co. KG, a German heavy duty packaging materials manufacturer, a subsidiary (new company name: TRICOR Packaging Systems GmbH) through Rengo Europe GmbH and TRICOR Packaging & Logistics		

* Total of consolidated and non-consolidated subsidiaries and equity method affiliates as of March 31, 2023

Product Introduction

High quality triple wall corrugated packaging recognized in standards of countries around the world
Two-layer corrugated packaging that supports heavy duty packaging across the world

Tri-Wall Pak
Bi-Wall Pak



Tri-Wall Pak® and Bi-Wall Pak® have many features, including robustness, light weight, and recyclability. They are widely used across the world for the

transportation of machinery, automobile and aircraft components, and other goods.

Features

1 Strength and waterproof property

Available for 50–2,000 kg heavy duty and export packaging

3 Reduced capacity

Reduced by roughly 10–18% compared to wooden boxes

2 Lightweight

Weigh one-third to one-fourth of wooden boxes

4 Ease of assembly

Assembly type packaging, which makes it safe and easy to handle

► Other Topics (FY3/2023)

- August 2022 Tri-Wall acquired shares of a U.K. corrugated packaging manufacturer
- August Tri-Wall established a new company in the United States and acquired business assets of a heavy duty packaging materials manufacturer
- December TRICOR Packaging & Logistics decided to install a mega solar power generation system at its headquarters' plant

Group Company Introduction

Tri-Wall Limited

Company developing the heavy duty corrugated packaging business around the world



Tri-Wall Limited plays a central role in the Rengo Group's overseas heavy duty packaging business. The company has been expanding the scope of its business mainly in Asia and Europe. Tri-Wall's global network, ability to propose solutions, expertise for

successful M&As, and business model that takes regional characteristics into account serve as the company's core competence, enhancing competitive advantage in the market and enabling sustainable growth.

Tri-Wall's Strengths

► Global Network

Through the global network of directly owned and partner-operated plants, Tri-Wall flexibly and promptly supplies packaging in accordance with customers' value chains.

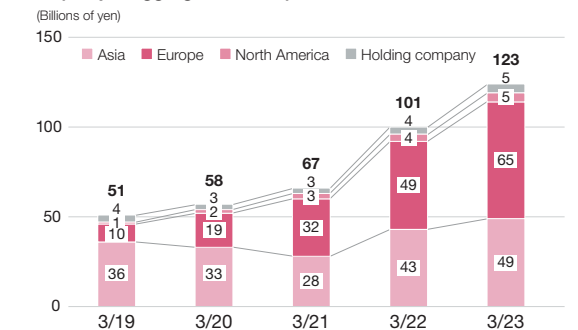
► Growth Led by Regional Portfolio

Tri-Wall, its path to growth has been stable with the base in Asia, is accelerating the expansion to Europe in recent years and is consolidating its position in North America toward further advancement in the future. Steady growth in each region increases business resilience of the Group as a whole.

► Expertise for Successful M&As

Tri-Wall enhances the ability to grow through a unique post-merger integration (PMI) approach, where it pursues mutual business expansion, human resource development, and creation of added value.

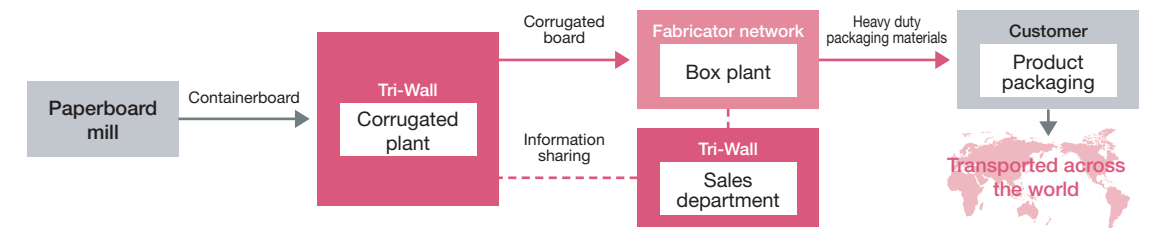
Net Sales of the Tri-Wall Group by Region
(Simple aggregation base)



*The sum of the regions may not equal the total due to rounding.

► International Follow-Up System

Tri-Wall Group has established the International Follow-Up System by its packaging engineers to address the needs of customers for assessment confirming freight handling from shipping to arrival and conditions both during transportation as well as upon arrival and unpacking at the destination.



TRICOR Packaging & Logistics' New Plant Construction

Tri-Wall and its subsidiary TRICOR Packaging & Logistics have decided to build a new plant in northwest Germany (Nordrhein-Westfalen). They aim to expand their production capacity by promoting automation based on advanced technological development capabilities.

Planned
construction site
for the new plant



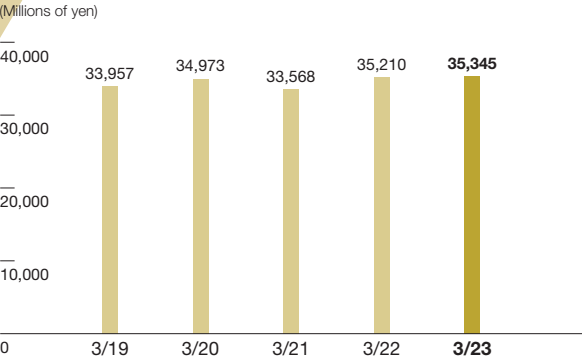
Scheduled to be completed in July 2025

Other Businesses

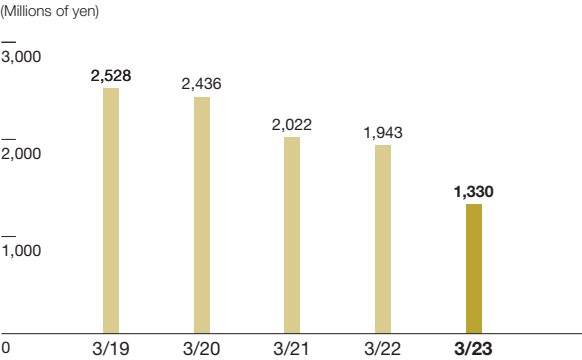
Manufacturing and sales of other products are carried out by the following companies: nonwoven products by Rengo Nonwoven Products Co., Ltd.; and packaging machines mainly by Yamada Kikai Kogyo Co., Ltd. Rengo is involved

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

Net Sales (after intersegment eliminations)



Operating Income (after intersegment eliminations)



Summary of Financial Results for FY2022 Ended March 31, 2023

In other businesses for FY2022 ended March 31, 2023, while net sales remained at the same level as the previous fiscal year, operating income decreased due to the increases in raw material and fuel prices.

As a result, segment net sales were ¥35,345 million, up 0.4% year-on-year, and operating income was ¥1,330 million, down 31.5%.

Growth Strategy / Focused Fields

Strengthening of Logistics Structure

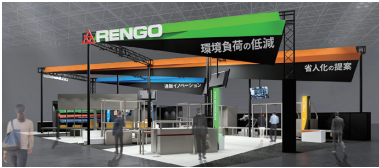
Rengo Logistics Co., Ltd., which is responsible for the Rengo Group's transportation business, is working to expand the transportation and handling of general cargo such as processed foods, beverages, building materials, and sundries, centering on corrugated packaging. The company is also working to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

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

Packaging Systems for E-Commerce

In the e-commerce market, there is increasing demand for line operation without depending on manpower. Rengo has therefore come up with and started the development of a fully automated line, where robots are used to pick up merchandise, insert cushioning materials, seal cases, and automatically attach shipping labels. At Logis-Tech Tokyo 2022 held in September 2022, we partnered with Mujin, Inc. (Koto-ku, Tokyo) and showcased an automated line where the entire process is coordinated so that a robot palletizer can load cage trolleys at the end.

As the e-commerce business is in operation day and night, lines cannot be halted. We have therefore started the development of a system where AI identifies abnormalities based on the data accumulated by monitoring the operational status of the facilities. To help reduce the risk of shipment suspension, we strive to develop and promote our unique "non-halting facilities."



Exhibited fully automated packaging line for e-commerce at Logis-Tech Tokyo 2022

Topics in FY3/2023

Strengthening GPI Rengo Group's Business Foundation Commencement of Ehime Toon Plant Construction and Full-Scale Operation of New Plant for Viscop Pearl® Production

Construction of Ehime Toon Plant to Relocate Matsuyama Plant (Scheduled commencement of operation: January 2024)

In October 2022, Rengo began construction of its Ehime Toon Plant. Rengo's Matsuyama Plant has operated as a corrugated board and boxes manufacturing base in Shikoku since 1960. However, a portion of its land was to be taken away for public interest of the Matsuyama Outer Ring Road Airport Line improvement project. As a result, we decided to construct a new plant and relocate it to an industrial park in Toon City.

The new plant will be equipped with solar power generation, LNG satellite, and other facilities to reduce CO₂ emissions, as stated in the Rengo Group's environmental targets Eco Challenge 2030. We also aim to improve productivity through the use of digital technology. In addition, we will further strengthen the Group's collaboration and supply structure throughout Shikoku.



Conceptual image of completed Ehime Toon Plant

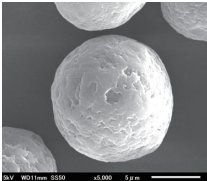
Ehime Toon Plant

Location	Takubo Industrial Park, 610-5 Aza Maekawa, Takubo, Toon-shi, Ehime Prefecture (Approximately 17 km southeast of the Matsuyama Plant)
Site area	Approximately 65,000 m ²
Building area	Approximately 28,200 m ²
Total floor area	Approximately 32,400 m ²
Main business	Manufacturing and sales of corrugated board and boxes

Commencement of Full-Scale Operation of New Plant Toward Increased Production of Viscop Pearl®

In July 2022, Rengo established a new plant within the premises of its Kanazu Mill to increase Viscop Pearl production, and the plant commenced full-scale operation. Viscop Pearl, a micro-sized spherical cellulose bead made from wood pulp, is a material that is biodegradable in ocean water and soil. It has received "OK biodegradable MARINE" certification, an international certification for marine biodegradability.

It is expected to contribute to addressing the problem of ocean plastic waste as an alternative to microplastic beads used in a wide range of fields, such as additives for resins and inks as well as abrasives.



Small particle Viscop Pearl



New cellulose microbeads plant

Plant and Product

Location	Awara-shi, Fukui Prefecture (within premises of the Kanazu Mill)
Product size	Small particle Viscop Pearl 3 to 30 μm-φ
Production capability	120 tons/year

Developments at Group Companies

Rengo Made Marufuku Co., Ltd. into a Subsidiary

Rengo made Marufuku Co., Ltd. a subsidiary in September 2022. By deepening its collaboration with Marufuku, which has strengths in its ability to plan and propose complete packaging solutions from outer boxes (decorative printing folding cartons) to individual packaging, the Rengo Group will further expand its folding carton and flexible packaging businesses in each region.



Head Office Plant of Marufuku

Corporate Profile

Head Office location	1137 Urushijima-machi, Hakusan-shi, Ishikawa Prefecture
Representative	Representative Director & President Teruo Fukushima
Capital	¥42 million

Number of employees	107
Main business	Manufacturing and sales of various folding cartons for packaging and plastic trays as well as flexible packaging products using water-based flexo printing

Other Major Developments

June 2022	Rengo invested in FCL Co., Ltd.	February 2023	Rengo made Nitto Danboru Co., Ltd. into a subsidiary
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Development of a Corporate Culture That Takes ESG and SDGs into Consideration

Companywide Activities under Vision 115

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

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

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

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



ENVIRONMENT

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



SOCIAL

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



GOVERNANCE

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

Digital Transformation (DX) Strategy

The Rengo Group uses state-of-the-art digital technologies to increase work efficiency, create new added value, and respond to work style reforms in manufacturing, logistics, sales, and management. The DX Promotion Investigation Committee, established in April 2020 and chaired by the

president & COO, develops business processes through digitalization while working to enhance information security measures and develop DX human resources.

▶ Certified as DX-Certified Operator

In May 2022, Rengo was certified as a DX-certified operator based on the DX Certification Program established by the Ministry of Economy, Trade and Industry.

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

Having acquired this certification, we will accelerate DX initiatives and contribute to the development of a better and

sustainable society through the manufacturing of high quality and high value-added packaging.



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

Using digital technologies enriches our lives in all aspects. Meanwhile, that is made possible by the wisdom of people, who are physical beings. The Rengo Group is promoting DX in all of its operation processes, such as manufacturing, logistics, and sales, under measures with the following key concepts. With the aim

of establishing a cyber-physical system, where digital technologies (Cyber) and the people who handle them (Physical) are in harmony with each other, we create new customer value, increase innovative operation efficiency, and reform work styles.

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



Our Environmental Efforts Aimed at the Year 2050

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

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

Eco Challenge 2030

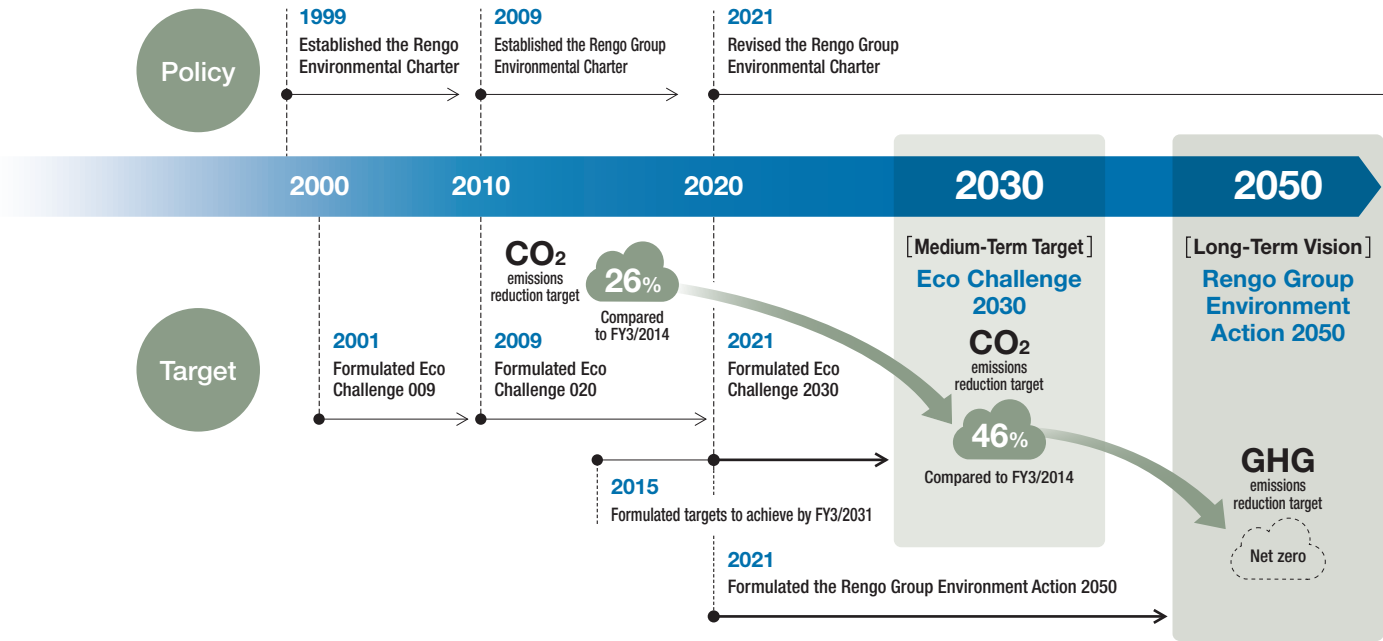
The Rengo Group has formulated the Eco Challenge targets for realizing the Rengo Group Environmental Charter. Eco Challenge 2030, which has a target year of FY3/2031, defines six core issues for the entire Group and sets forth specific targets for each of these issues.

In FY3/2023, Rengo has achieved four* out of 10 indicators. In addition, we have set new targets for FY3/2024, based on the past and expected results of our initiatives. As for the adoption of REBIOS® (by FY3/2023), Rengo achieved the initial adoption target of newly developed products in FY3/2023, and therefore it is not included in the indicators for FY3/2024. We could not achieve the target of formulation of GPI Rengo sustainable packaging certification standards (by FY3/2023). However, we are working on initiatives with a new indicator, identification and selection of sustainable packaging, in FY3/2024. We achieved the target for implementation of water risk assessments (by FY3/2023). The next step for us in FY3/2024 is consideration of water risk policies.



* "Effective utilization rate of waste" is excluded from the counts.

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



Eco Challenge 2030

Related SDGs	Core issue	Item	Indicator	FY3/2023			FY3/2024 target	FY3/2031 target	Scope	Related page
				Target	Result	Evaluation				
7 12 13 17	Creation of a carbon-free society	Greenhouse gas emissions reductions	CO ₂ emissions derived from fossil energy (compared to FY3/2014)	2% reduction	9.1% reduction	○	10% reduction	46% reduction	Consolidated companies in Japan subject to the Act on the Rational Use of Energy	p. 49
7 12 13 17	Improvement of energy efficiency	Efficient energy usage	Energy intensity (5-year average)	1% reduction per year	0.6% reduction per year	×	1% reduction per year	1% reduction per year		p. 51
12 15	Creation of a recycling-oriented society	Effective use of resources	Percentage of recovered paper utilized for paperboard	98% or more	98.7%	○	98% or more	98% or more	Paperboard manufacturing sites of consolidated companies in Japan	p. 52
11 12		Reduction of waste volume	Effective utilization rate of waste	Increase in effective utilization rate	98.4%	—	98% or more	99% or more	Manufacturing sites of consolidated companies in Japan	p. 54
9 12 14 15 17	Creation of products that solve environmental and social issues	Development and promotion of products made with biodegradable cellulose	Viscopearl® (cellulose bead) production volume	65 t/year or more	47 t/year	×	65 t/year or more	200 t/year or more	Rengo Co., Ltd.	p. 58
			Adoption of REBIOS® (high biomass, biodegradable packaging material) (by FY3/2023)	5 projects	5 projects	○			Consolidated companies in Japan	p. 58
12		Development and promotion of sustainable packaging through collaboration with suppliers	Formulation of GPI Rengo sustainable packaging certification standards (by FY3/2023)	Formulation of certification standards	Not achieved	×			Consolidated companies in Japan	p. 57
			NEW Identification and selection of sustainable packaging (by FY3/2024)				Identification and selection of sustainable packaging	—	Rengo Co., Ltd.	
9 12 13 15		Packaging weight reduction	Average grammage of corrugated board (basis weight per square meter)	0.5% reduction per year	0.23% reduction per year	×	0.5% reduction per year	0.5% reduction per year	Corrugated board manufacturing sites of consolidated companies in Japan	p. 57
6 11 12 14	Water risk management	Water risk evaluation and risk reduction	Implementation of water risk assessments and evaluations at manufacturing sites (by FY3/2023)	Implementation of assessments	Implemented	○			Manufacturing sites of consolidated companies in Japan and overseas	p. 55
			NEW Consideration of water risk policies (by FY3/2024)				Determination of water risk management policies at each site	—	Manufacturing sites of consolidated companies in Japan and overseas	
7 8 12 15 17	Value chain management (downstream)	Logistics efficiency improvement in transportation of products	Per-unit CO ₂ emissions from the transportation of corrugated board/boxes (compared to FY3/2014)	3.8% reduction	3.1% reduction	×	4% reduction	13% reduction	Rengo Co., Ltd.	p. 59

Environmental Management

Related
SDGs



Basic
Stance

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

Rengo Group Environmental Charter

Fundamental Philosophy

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

Fundamental Policy

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

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

2. Promotion of Global Warming Countermeasures

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

3. Promotion of Effective Use of Resources

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

4. Reduction and Promotion of Effective Use of Waste

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

5. Supply of Environmentally Friendly Products

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

6. Reduction of Environmental Impact in Supply Chain

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

7. Establishment of Collaborative Relationships with Stakeholders

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

Established on April 12, 2009
Revised on April 12, 2021

Environmental Management Structure

For the promotion of environmental management, Rengo has established the Environment Subcommittee overseeing the entire company, and Division Environment Subcommittees at divisions, plants, and mills. The Environment Subcommittee's purpose is to strengthen environmental management throughout the entire company. It is chaired by the senior managing executive officer in charge of the Environmental Management Department, and its members are officers and general managers in charge of production departments and related organizations.

At meetings, the current state of achievement for environmental targets and state of legal compliance are checked for the entire Group, and discussions and decisions are made on items such as groupwide directions, targets, and plans related to the environment. These are then reported to the CSR Committee. Decisions made by the Environment Subcommittee are then further deliberated in detail at the Division Environment Subcommittees to develop environmental improvement activities rooted in their respective local communities. To effectively promote environmental management, Rengo has introduced ISO 14001, the international standard for environmental management systems, since 2001. All divisions, plants, and mills have obtained certification as of 2006.

Environmental Management Structure



Conducting Environmental Audits

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

check the status of environmental improvement activities, compliance with environmental laws, and appropriate response to state of emergency declarations with the aim of making continual improvements to management systems. In FY3/2023, as well, the external inspections found no deficiencies.

Handling of Environmental Laws and Regulations and Environmental Accidents

State of Compliance with Environmental Laws and Regulations

Rengo complies with environmental laws and regulations such as those aimed at preventing air and water pollution. To minimize environmental risks, we conduct environmental law and regulation self-checks twice each year. Through these self-checks, we work to prevent legal non-compliance from occurring by exposing hidden environmental risks and identifying anomalies at the earliest possible time. As a result of these risk management activities, for FY3/2023, as well, there were no environmental legal compliance violations.

Countermeasures Against Environmental Accidents

Besides preventing risk by putting in place various measures such as daily inspections, we also conduct emergency response training simulating the occurrence of environmental accidents—such as oil, chemical, or wastewater leaks that may affect the environment of surrounding areas—at least once a year at Rengo's divisions, plants, and mills.

In October 2022, we formulated reporting standards and established communication routes in the event of environmental accidents to share information within the Rengo Group promptly. At the same time, we are striving to prevent similar incidents from occurring by disseminating case studies across the Group.

Complaints Related to the Environment

In FY3/2023, Rengo received a total of 12 complaints regarding problems such as noise and vibration. We identified the causes of these complaints, and took steps such as equipment-related measures and reviews of operations. We strive to gain an understanding of the complainants by explaining the causes and response to them.

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

Number of Complaints Related to the Environment in FY3/2023 (non-consolidated)

(Number of complaints)

Atmosphere	Water quality	Waste	Noise/vibrations	Odor	Others	Total
0	0	0	4	3	5	12

Providing Environmental Education

Rengo continuously provides environmental education and awareness-raising activities, such as seminars and Group newsletters, so that all employees can take a closer interest in environmental problems in all aspects at work and at home. In FY3/2023, environmental education was provided for new employees, as well as a course to develop ISO

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

Education Provided by Rengo in FY3/2023 (non-consolidated)

(Number)

Course	Participants
Environmental education for new employees	61
A course to develop ISO 14001 internal auditors	31
Training for newly appointed general managers of the plants	6



Environmental education session for new employees

Climate Change Countermeasures

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Rengo Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021, with the aim of evaluating impact related to risks and opportunities arising from climate change as well as formulating and implementing countermeasures. In FY3/2023, we made disclosure of information in accordance with the recommendations of the TCFD, which was followed by scenario analysis on the Paperboard and Packaging-Related Business, which is our core business, and disclosure of information, including the detailed results of the analysis, online*, etc.

* URL of the detailed information: <https://www.rengo.co.jp/english/sustainability/environment/climate/index.html>

Corporate Governance

Rengo has established a CSR Committee chaired by the chairman & CEO with the aims of improving management quality and reducing and avoiding future risks. Under this CSR Committee, an Environment Subcommittee chaired by the senior managing executive officer in charge of the Environmental Management Promotion Department has been established. The Environment Subcommittee meets four times a year, and the results are reported to the CSR Committee. The matters reported to the CSR Committee are also reported to the Board of Directors as necessary, depending on the importance and urgency of each case, so that monitoring and guidance on environmental management function effectively.

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

Decarbonization Working Group

The Decarbonization Working Group consists of members gathered from among various departments, including the members of the Environment Subcommittee, and works on reducing greenhouse gas emissions by collecting information and deliberating on action plans and the progress of individual departments of the company.

Group Environmental Activities Council

The Group Environmental Activities Council manages the progress of activities for the Groupwide reduction of greenhouse gas emissions.

The Decarbonization Working Group and the Group Environmental Activities Council, which are subordinate organizations of the Environment Subcommittee, collect information on reduction of greenhouse gas emissions and manage action plans and the progress of each department of the Company and the Group as a whole.

Governance structure for measures against climate change and risk management



Risk Management

Framework to Identify Risks and Opportunities and to Respond to Them Through the Management System

Rengo identifies risks and opportunities related to business plans for promoting environmental management through deliberation by the Environment Subcommittee, in consideration of such factors as important environmental aspects as well as environmental laws and regulations.

The Environment Subcommittee and the CSR Committee identify risks and opportunities and evaluate their likelihood of occurrence and impact. At the same time, they prioritize initiatives bearing in mind the time frame of immediate and medium- to long-term actions, and consider business plans in line with the risks and opportunities. In addition, they direct formulation of internal regulations and creation of manuals, and monitor the circumstances of the entire Group.

The Board of Directors, based on the recognition of the risks and opportunities identified, supervises the execution of the business plans for environmental management. The Board also deliberates and determines improvement measures and other matters as necessary,

taking into account the circumstances of the entire Group.

The Environmental Management Promotion Department coordinates and provides guidance on general operation, including support for development of human resources at workplaces, and monitoring activities, in order to establish a more specific strategic scheme for actions in line with the recognition of these risks and opportunities, and operate the scheme in each department of Rengo and the entire Rengo Group. The Group strives to improve its resilience to climate change by identifying opportunities for improvement in the performance of all of such initiatives and implementing measures to improve the future performance, as well as by continuing the cycles of monitoring the effects of the measures. The top-level executives are involved in the entire process of the management system and take command in continuous improvement of the environmental performance ensuring their own effectiveness as a part of the management system of the Group as a whole.

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

Identification of Risks and Opportunities Based on Scenario Analysis

In FY3/2023, Rengo conducted scenario analysis for the Paperboard and Packaging-Related Business, our core business, based on the projections on the external environment in 2030. As for scenarios, we used the 1.5°C scenario in which a transition to low-carbon economy is made in accordance with the Paris Agreement and the 4°C scenario in which no measures are implemented against climate change beyond current assumptions.

Repeated discussions were made in cross-departmental workshops and other meetings, risks and opportunities related to climate change were narrowed down, and deliberations were made to identify expected financial impact and countermeasures. As a result, we have come to the realization that, while it has been confirmed that there is a possibility of an impact on both risks and opportunities in the 4°C scenario as well, in the 1.5°C scenario where the transition to low-carbon society progresses, an impact from transition risks and opportunities is likely to be bigger. The Rengo Group is promoting its environmental management in consideration of risks and opportunities of each scenario.

Recognition of and Countermeasures Against Risks and Opportunities

Based on its scenario analysis, as factors that pose concern over impact on the business continuity or profits in FY3/2031, Rengo has recognized transition risks that include changes in policies, laws, and regulations such as introduction of carbon tax and increases in electricity retail and other prices, as well as physical risks that may affect facilities due to the increased severity and frequency of disasters.

As countermeasures against these risks, for transition risks, the Rengo Group has been working to control the risk of raw material and fuel price fluctuations by equalizing plant operations and procurement, while making it its basic policy to make capital investment for energy conversion and realize appropriate product prices which minimize financial impact; and for physical risks, we have formulated and ensured the effectiveness of the BCP, implemented flood damage countermeasures at production sites (levee raising and installing water stops, emergency power supply, etc.), and strengthened supply chain management to enable diversification of procurement sources in case of emergency.

In addition, while avoiding these risks, we strive to strategically promote packaging design that contributes to logistics efficiency, green logistics, and low carbon emissions based on life cycle assessment (LCA), and to acquire new opportunities by expanding and deepening the disclosure of information related to the series of initiatives.

The details of our recognition of and countermeasures against these risks and opportunities are disclosed online (* the above-mentioned URL) and, etc.

Metrics and Targets

The Rengo Group formulated the Rengo Group Environment Action 2050 as long-term targets to be achieved by 2050, and is aiming to achieve net zero greenhouse gas emissions. In April 2021, we established a target for the reduction of CO₂ emissions of the domestic Group companies as part of Eco Challenge 2030, which presents medium-term targets to be achieved by FY3/2031. Since January 2023, we have also been working on setting targets to acquire Science Based Targets (SBT) certification. By so doing, we will expand the scope of targets to include all Scope 1, Scope 2, and Scope 3 for domestic and overseas Group companies. With the aim of achieving these targets, the Decarbonization Working Group has formulated a roadmap for reducing greenhouse gas emissions and is managing the progress of the promotion of energy conservation as well as conversion into

renewable energy. As such, we are pushing forward with the reduction of greenhouse gas emissions.

Long-term vision

We are taking on the challenge of achieving net zero greenhouse gas emissions by 2050. *1

Medium-term targets

46% reduction in CO₂ emissions derived from fossil energy by FY3/2031 (compared to FY3/2014) *2

*1 Target: Greenhouse gas emissions from production sites in Group consolidated companies

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

Creation of a Carbon-Free Society

Related SDGs



Basic Stance

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

Reducing Greenhouse Gas Emissions

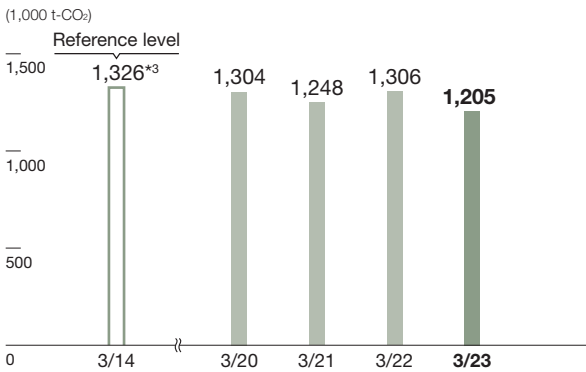
CO₂ emissions derived from fossil energy makes up a majority of the greenhouse gases emitted by the Rengo Group's production activities.

Under Eco Challenge 2030, as our target for greenhouse gas emissions reductions, we are striving to reduce CO₂ emissions derived from fossil energy by 46% at production sites by FY3/2031 compared to FY3/2014. Also, in January 2023, the Group has submitted a commitment letter to the Science Based Targets initiative (SBTi), which is an entity that certifies Science Based Targets (SBT)*. In order to achieve these targets, we will implement energy-saving measures, converting coal and fuel oil boilers to other fuels, installing biomass boilers, and developing solar power generation and other renewable energies.

In FY3/2023, we worked to increase energy efficiency through energy savings (see p. 51), CO₂ emissions derived from fossil energy decreased by 9.1% compared to FY3/2014. In order to ensure we achieve the target for FY3/2031, we will carry out practices and improvements based on an action plan and continue implementing initiatives to reduce CO₂ emissions.

* Targets for reducing greenhouse gas emissions scientifically aligned with the targets set forth in the Paris Agreement

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

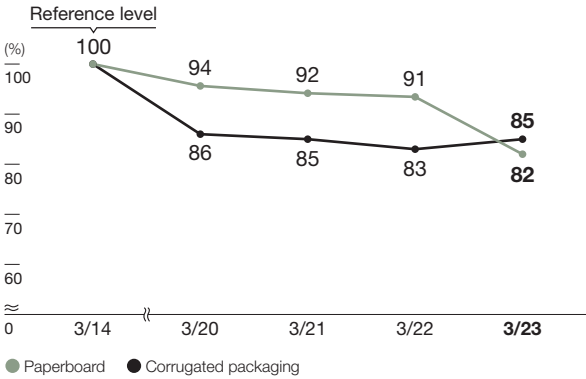


*1 Derived from fossil energy (including purchased electricity)
*2 Consolidated companies in Japan subject to the Act on the Rational Use of Energy
*3 Total of target companies as of FY3/2023

Per-Unit CO₂ Emissions from the Manufacturing of Paperboard and Corrugated Packaging

As a result of Rengo's initiatives to reduce greenhouse gas emissions undertaken since FY3/2014, the per-unit CO₂ emissions of the entire company in FY3/2023 decreased by 18% as compared with FY3/2014 in the manufacturing of paperboard, and by 15% in the manufacturing of corrugated packaging. Going forward, we intend to establish a structure to disclose our per-unit CO₂ emissions by product in response to requests from customers, and work with them to promote initiatives to reduce greenhouse gas emissions.

Per-Unit Index of CO₂ Emissions from the Manufacturing of Paperboard and Corrugated Packaging (non-consolidated)



*Index calculated by dividing CO₂ emissions derived from fossil energy by product volume

Increasing Renewable Energy Use

The Rengo Group is working to expand its use of renewable energy to address the problem of climate change and from the standpoints of energy source diversification and effective use of resources. The ratio of renewable energy use to total energy input in FY3/2023 was 18%.

Solar power generation equipment is being implemented with consideration given to characteristics of the location and plants where the installation takes place. We have implemented solar power at 20 sites in the Group as a whole. In FY3/2023, it generated 7,571,000 kWh (27 TJ) of electricity for the year, 2,958,000 kWh (11 TJ) of which was consumed on-site.

In addition, we make effective use of waste products, such as wood chips made from construction waste materials and black liquor and paper sludge given off at mills, to fuel our biomass facilities. Our mills have installed six facilities able to use biomass, and in FY3/2023, we used 5,070 TJ of biomass energy for the year. In October 2022, a new biomass boiler started operation at Rengo's Tonegawa Division and converted approximately 1,928 TJ in a half year to biomass energy, reducing CO₂ emissions by 34,000 t -CO₂.

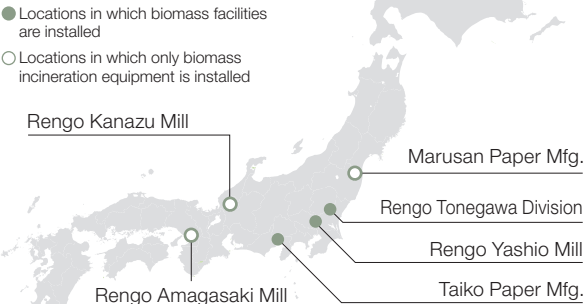


Solar power generation equipment at Rengo's Fukushima-Yabuki Plant



Biomass boiler at Rengo's Tonegawa Division

Locations in the Group with Biomass Facilities* (6 sites)

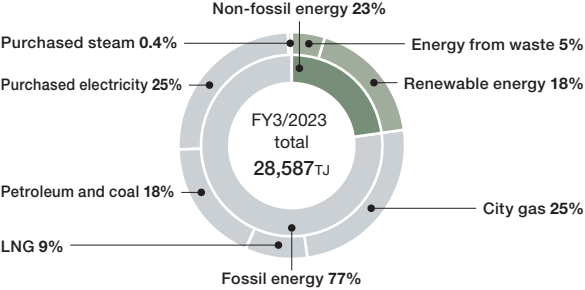


* Biomass boiler and biomass incineration equipment

Locations in the Group with Solar Power Generation Equipment (20 sites)

Rengo	• Shin-Sendai Plant • Tonegawa Division • Matsumoto Plant • Shin-Kyoto Division • Tosu Plant	• Fukushima-Yabuki Plant • Yashio Mill • Shin-Nagoya Plant • Okayama Plant
Yamato Shiki	• Setouchi Plant	
Settsu Carton	• Shin-Tokyo Plant • Komaki Plant	• Utsunomiya Plant • Itami Plant
Kinyosha Printing	• Head Office	• Gotemba Factory
Asahi Shiko	• Head Office Plant	
Takigawa Corporation Japan	• Head Office Plant	
Yamada Kikai Kogyo	• Head Office Plant	
Marusan Paper Mfg.	• Head Office Plant	

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



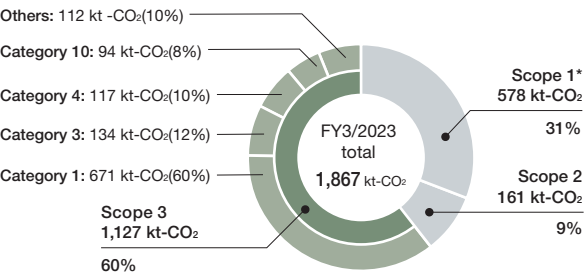
* Manufacturing sites of consolidated companies in Japan

Initiatives to Calculate Greenhouse Gas Emissions of Entire Supply Chain

Rengo calculates Scope 1, 2, and 3* emissions in order to reduce greenhouse gas emissions across our entire supply chain. Total emissions in FY3/2023 were 1,867,000 t-CO₂. Scope 1 and 2 accounted for 40% of this total, and Scope 3 accounted for 60%. We are currently working to calculate Scope 3 emissions for the entire Rengo Group and are considering initiatives to reduce them.

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

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



* CO₂ emissions derived from fossil energy

Improvement of Energy Efficiency

Related
SDGs



Basic
Stance

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

► Efficient Energy Usage

The Rengo Group uses various forms of energy, including fossil energy, energy from waste, and renewable energy. Under Eco Challenge 2030, we are working to use energy more efficiently, having set a target to reduce the five-year

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

	3/19	3/20	3/21	3/22	3/23	5-year average
Eco Challenge results*3	97.8	100.2	98.8	98.7	99.8	99.4

*1 Total energy usage including fossil energy, energy from waste, and renewable energy divided by production volume
*2 Consolidated companies in Japan subject to the Act on the Rational Use of Energy (excluding certain companies)
*3 Aggregated based on figures for the paperboard business, the corrugated packaging business, and the flexible packaging business (of which, figures of Rengo's Taketu Plant)

average energy intensity at our manufacturing sites by 1% per year. However, we could not achieve the target, with energy intensity for FY3/2023 amounting to 99.8% year-on-year, and the five-year average amounting to 99.4%.

Reference: Year-on-Year Comparison of Energy Intensity by Business (consolidated*4) (%)

	3/19	3/20	3/21	3/22	3/23	5-year average
Paperboard	100.4	100.4	96.2	98.4	100.1	98.8
Corrugated packaging	94.1	100.6	98.2	98.9	100.1	99.4
Flexible packaging, heavy duty packaging, and other businesses	99.2	98.5	101.1	97.8	99.6	99.2

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

TOPICS

Initiatives at the Yashio Mill

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



Small-group activity

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

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



Receiving the certificate of recognition as a Top Level Facility

Creation of a Recycling-Oriented Society

Related
SDGs



Basic
Stance

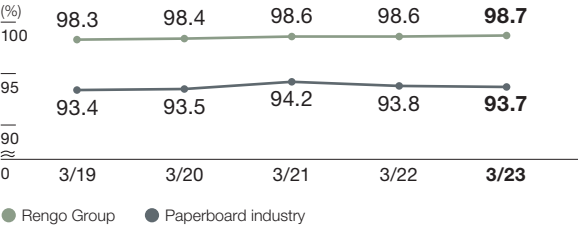
The Rengo Group is helping to create a recycling-oriented society by striving to recycle resources and reduce its resource consumption. Furthermore, we collaborate with other companies and industrial organizations to develop new recycling technologies, and conduct recycling awareness-raising activities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

► Effective Use of Recovered Paper

In our laboratories and mills, we are developing modern technologies that enable us to raise our recovered paper blend ratio while maintaining product quality. We are also making advances in the effective use of recovered paper, such as employing previously unused recovered paper resources as raw materials for papermaking.

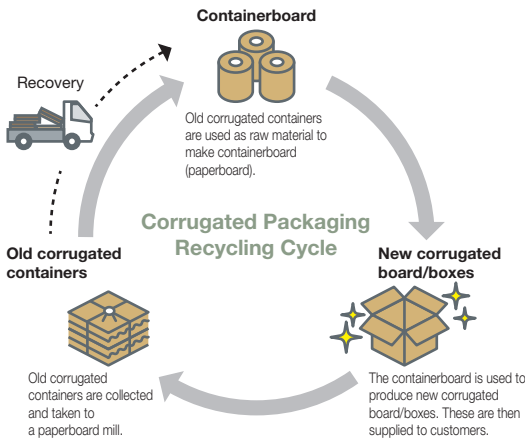
Under Eco Challenge 2030, we are working toward a recovered paper utilization ratio target for paperboard of 98% or more, and in FY3/2023, we achieved a rate of 98.7%.

Percentage of Recovered Paper Utilized in Paperboard Manufacturing*1 (consolidated*2) (%)

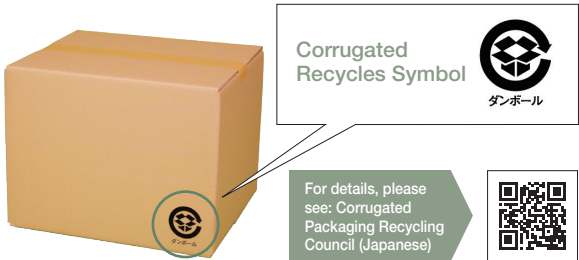


Source: Paper Recycling Promotion Center
*1 Percentage of recovered paper in the raw materials used in all paperboard
*2 Paperboard manufacturing sites of consolidated companies in Japan
Note: Industry figures are on a calendar year basis (FY3/2023 corresponds to the year from January to December 2022).

Corrugated Packaging Recycling Cycle



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



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

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



Confidential paper waste recycled as raw material for papermaking

Improving the Quality of Recovered Paper

Thermal foaming coated paper, sublimation transfer paper, or waste paper with odors, such as detergents, soaps, or incense, may cause problems if mixed into products, and must be removed before paper is recovered. As such materials (known as prohibitive items) will significantly reduce the quality of paperboard, Rengo widely promotes proper recycling that does not mix in prohibitive items through its website and dispatch lessons (see p. 78).

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



Common Examples of Prohibitive Items

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

Items other than paper

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

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

Sniffer Dogs
Playing an
Active Role at
Paperboard Mill



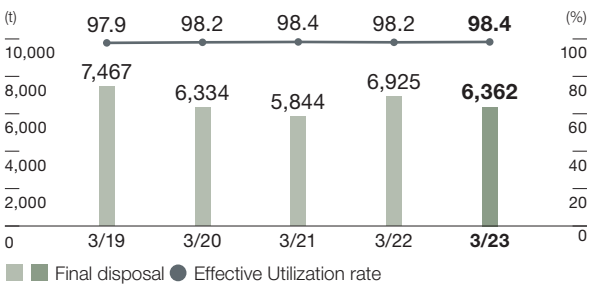
Since 2014, Rengo's Yashio Mill has used sniffer dogs to prevent contamination by recovered paper with odors. Since the sniffer dogs were introduced, the number of cases of contamination has significantly dropped, resulting in a steady reduction in product issues and loss. Sniffer dogs are currently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

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

Reducing Waste Volume

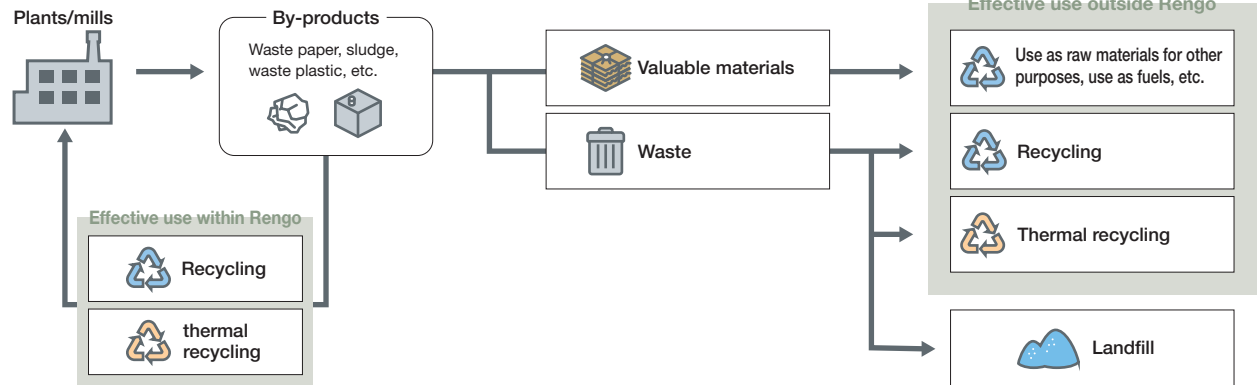
In order to realize a recycling-oriented society, the Rengo Group is actively using environmentally friendly materials such as recycled materials, recycling byproducts from our divisions, plants, and mills, and minimizing the waste we generate. Under Eco Challenge 2030, we have been endeavoring to increase our effective utilization rate of waste. In the outsourcing of waste disposal at our divisions, plants, and mills, wherever possible, we select contractors that are capable of recycling the waste to increase the effective utilization rate. As a result of these efforts, final disposal for FY3/2023 amounted to 6,362 tons and the effective utilization rate was 98.4%. We will continue to minimize the waste generation and raise the effective utilization rate of waste.

Final Disposal and Effective Utilization Rate (consolidated*)



* Manufacturing sites of consolidated companies in Japan

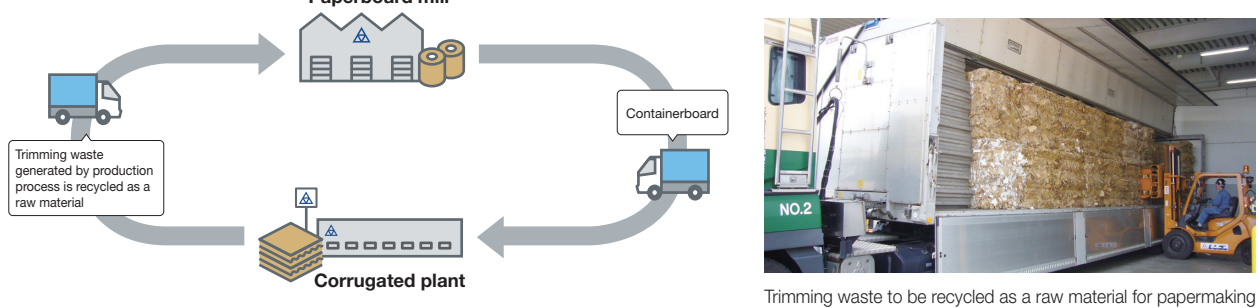
Waste Disposal Process



Recycling Old Corrugated Containers Within Rengo

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

Rengo's Recycling System



Trimming waste to be recycled as a raw material for papermaking

Proper Management of Waste

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

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

TOPICS

Initiatives to Recycle Used Plastic

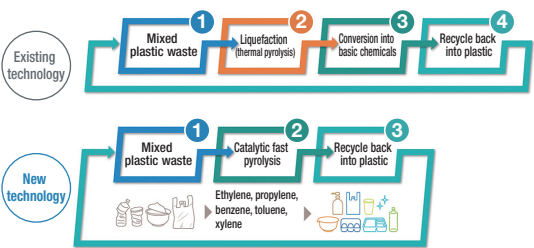
In June 2020, upon the invitation of Suntory MONOZUKURI Expert Ltd. (currently Suntory Holdings Limited), Rengo joined with 11 cross-industry partners making up the plastic value chain to establish R Plus Japan Ltd., a joint venture that engages in the business of recycling used plastics, and began its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

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



To help solve the issue of plastic, which is a common issue around the world, we are strengthening our cooperation with all companies in the supply chain for manufacturing plastic products with the goal of commercial deployment in 2030.

New Technology



Water Risk Management

Related
SDGs



Basic
Stance

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

► Analysis of Water Risks

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

During the primary evaluation implemented in 2021, in order to identify regional water issues in regions in which sites are located, evaluation was performed using Aqueduct, a catchment basin-specific water risk assessment tool released by WRI*1 and the Water Risk Filter by WWF*2. Evaluation was performed at 145 sites

within and outside Japan.

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

*1 Water risk evaluation tool developed by the World Resources Institute

*2 Water risk evaluation tool developed by the World Wide Fund for Nature

WRI Aqueduct Water Risk Evaluation Results

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

WWF Water Risk Filter Risk Evaluation Results*

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

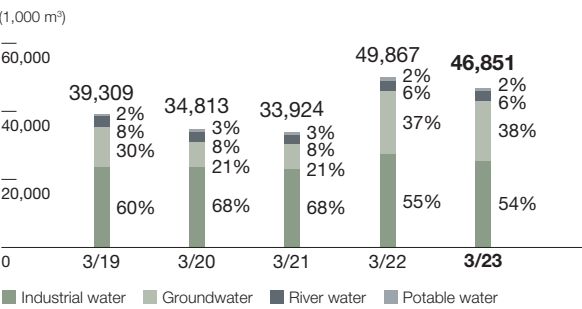
* The Hawaii site is not included for evaluation

► Efficient Use of Water Resources

The Rengo Group uses potable water, industrial water, groundwater, water taken from nearby rivers in its production activities. Volume of water intake of FY3/2023 was 46,864,000 m³.

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

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



* Manufacturing sites of consolidated companies in Japan and overseas

Chemical Substance Management

Related
SDGs



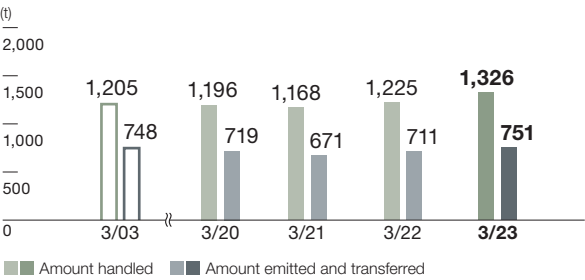
Basic
Stance

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

► Reducing Emissions and Transfers of PRTR Chemical Substances

Rengo's emissions and transfers of relevant substances subject to the PRTR Act (the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement) measured 751 tons in FY3/2023. The amount increased from the previous year due mainly to increased production volume, but we are working on our initiatives to reduce emissions, which include augmenting cleaning equipment for gases emitted during the manufacturing process at the Takefu Plant.

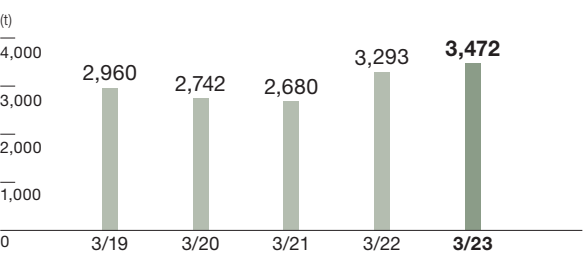
PRTR Chemical Substances Amount Emitted and Transferred (non-consolidated)



► Reducing VOC Emissions

The Rengo Group uses ink and processing agents containing volatile organic substances (VOCs) in the printing/processing of paperboard and film, and VOCs are emitted into the atmosphere once they dry. To reduce VOC emissions, we cooperated with our suppliers to switch to low-VOC solvent and VOC-free inks. Thanks to these efforts, emissions in FY3/2023 measured 3,472 tons.

VOC Emissions*1 (consolidated*2)



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

*2 Manufacturing sites of consolidated companies in Japan

► PCB Countermeasures

The Rengo Group completed disposal of highly concentrated PCB in FY3/2021. However, there is the possibility that we have not identified all ballasts, so we are continuing to perform investigative studies. In 2022, we found a piece of equipment containing highly concentrated PCB and disposed of it properly. In addition, for equipment which, partly due to its date of manufacture, may contain low concentrations of PCB, we analyze the equipment before disposal and dispose of it properly based on whether it contains PCB.

► Asbestos Countermeasures

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

► Atmospheric and Water Pollution Prevention Initiatives

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

► Soil Pollution Prevention Initiatives

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

Creation of Products That Solve Environmental and Social Issues

Related SDGs



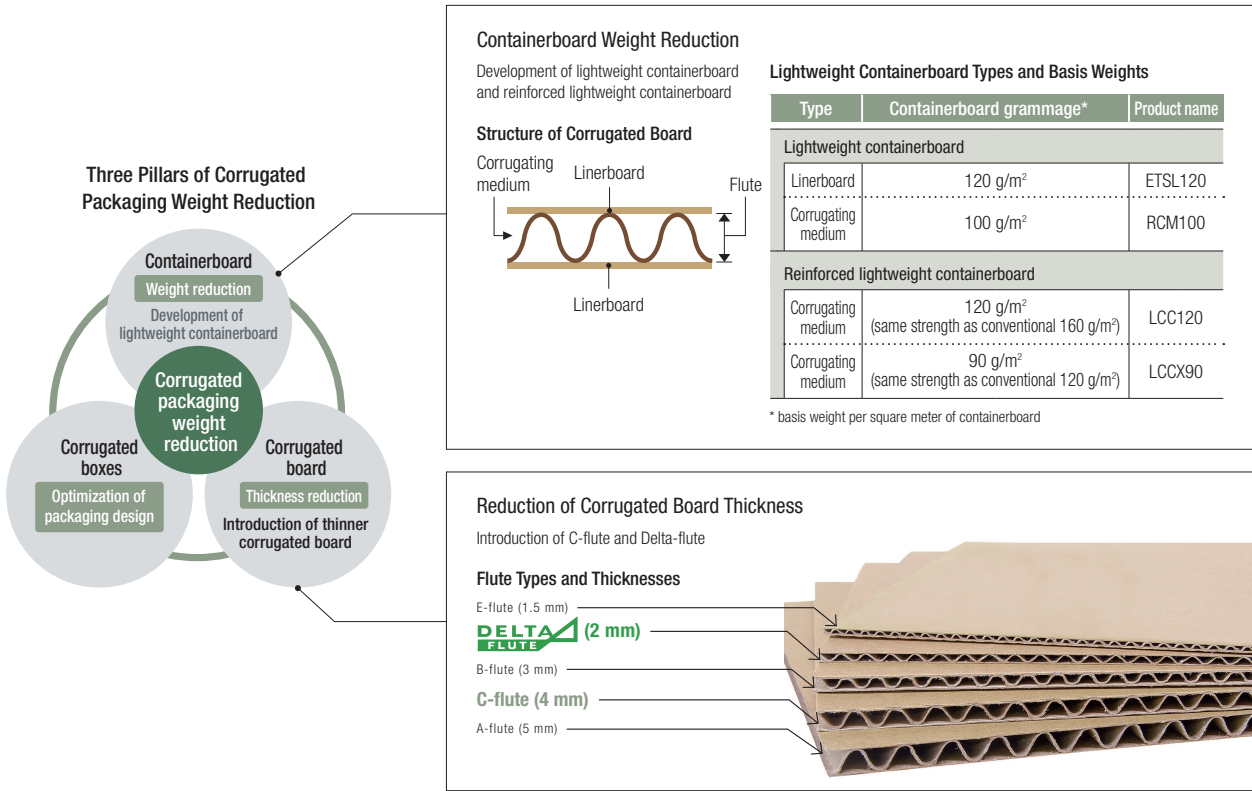
Basic Stance

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

▶ Reducing the Weight of Corrugated Packaging

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

weight per square meter) by 0.5% per year. This figure in FY3/2023 decreased by 0.23% compared to FY3/2022. Making corrugated board and boxes more lightweight not only reduces the amount of raw material used, but also helps improve transportation efficiency, lowering the environmental impact of entire supply chains. We will continue working to reduce the weight of our corrugated packaging.



▶ Developing and Promoting Sustainable Packaging

The Rengo Group is involved in developing and promoting sustainable packaging* through collaboration with suppliers. Under Eco Challenge 2030, we sought to formulate sustainable packaging certification standards in order to convey to internal and external stakeholders the exceptional environmental performance of our products in a way that is easier to understand. However, we aimed to first dig deeper

into the environmental aspects of existing products and changed our target to the identification and selection of sustainable packaging. We will continue implementing initiatives to convey the environmental value of our products and disseminate them in society. * Environmentally friendly products of the Rengo Group

▶ Developing and Promoting Products Made with Biodegradable Cellulose

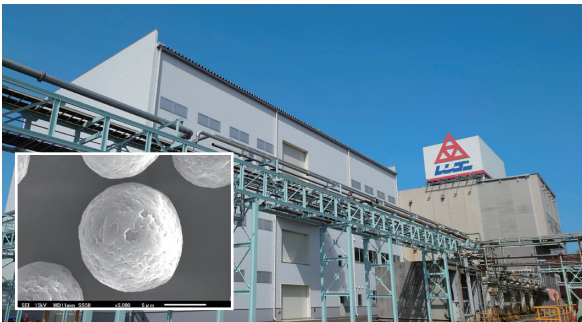
Rengo began manufacturing cellophane, which is made from wood pulp (cellulose), in 1934. Utilizing over 80 years of cellophane manufacturing technology, we have developed Viscoppearl® cellulose beads, RCNF® cellulose nanofiber, and also REBIOS®, a new series of high biomass, biodegradable packaging material made with cellophane and paper. Our cellophane and Viscoppearl are characterized by being biodegradable in seawater, which has less

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

* Received "OK biodegradable MARiNE" certification for marine biodegradability

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

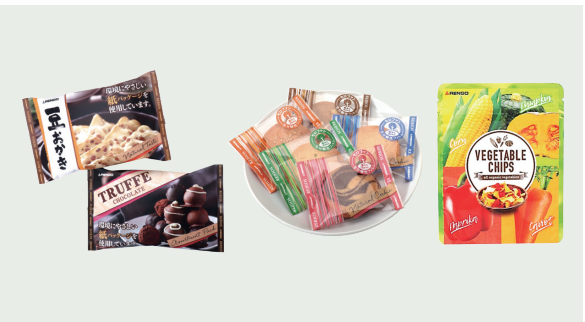
Ocean pollution caused by microplastics, which are plastics 5 mm or smaller in size, has become a worldwide problem in recent years. Viscoppearl is a spherical cellulose bead that is 3 μm to 4 mm in diameter made from wood pulp. Because the product is biodegradable in soil and seawater, it is expected to serve as an alternative to microplastic beads. Accordingly, in July 2022, we built a plant for micro-sized Viscoppearl beads on the site of Rengo's Kanazu Mill, establishing a mass production structure for them. Under Eco Challenge 2030, we have set a target for production volume of 65 tons per year or more, but we could not achieve the target in FY3/2023, producing 47 tons. Currently, the beads are mainly used as an ingredient in cosmetics, but application development is underway for their use in other products like paints, inks, and resin and rubber modifiers, so we plan to increase production volume with a target of 200 tons or more by FY3/2031.



Micro-sized Viscoppearl and the new plant in the Kanazu Mill

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

REBIOS packaging material leverages the full potential of cellophane and paper, combining these and other plant-derived biodegradable materials to offer functions such as heat seal ability, moisture proof property, and oxygen barrier. With both high biomass content and biodegradability, REBIOS has joined our lineup as a new packaging material series with the transparency and printing ease of cellophane and the feeling of paper. It can be used in a wide range of applications, including foods, daily necessities, clothes, and sanitary materials, and we are working to promote it as an alternative to conventional packaging materials that use petroleum-derived plastic. Under Eco Challenge 2030, we had set a target of adoption of REBIOS in five projects by FY3/2023, but it was achieved in FY3/2023 and is therefore not included in our targets in and after FY3/2024. We will continue helping to reduce the amount of petroleum-based plastic used in packaging.



REBIOS, a high biomass, biodegradable packaging material

Value Chain Management (Downstream)

Related
SDGs



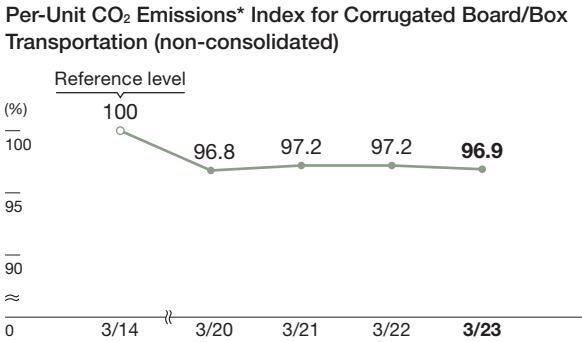
Basic Stance Rengo aims to contribute to the realization of a sustainable society by providing products and services that offer added value. We are striving to minimize the environmental impact associated with our logistics in particular.

► Rengo’s Value Chain

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

► Reducing CO₂ Emissions during Corrugated Board and Box Transportation

Under Eco Challenge 2030, we are working toward a 13% reduction of per-unit CO₂ emissions from corrugated board/box transportation by FY3/2031. In FY3/2023, per-unit CO₂ emissions decreased by 3.1% compared with FY3/2014. We will continue seeking to further reduce our environmental impact by making use of large trucks to increase load capacity and reduce transportation frequency, and by optimizing the locations of distribution sites and warehouses to cut transportation distances.



* CO₂ emissions divided by net sales

► Initiatives to Improve Logistics Efficiency

With the aim of reducing CO₂ emissions generated in conjunction with transportation, Rengo Logistics Co., Ltd., a company engaged in the transportation business in the Rengo Group, has been selecting fuel-efficient vehicles at the time of vehicle replacement and introducing fuel-efficient tires (eco tires). In addition, Rengo Logistics instructs drivers on how to drive in a fuel-efficient way using quantitative evaluation of truck operation data.

Group companies will make united efforts to steadily reduce CO₂ emissions during transportation by rolling out individual initiatives on a Groupwide basis.



Trucks of Rengo Logistics Co., Ltd.

Conservation of Biodiversity

Related
SDGs



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

► Initiatives to Conserve Ecosystems in Biotopes

The Rengo Group’s divisions, plants, and mills conduct business activities within their links to their local communities and environments. Biotopes are created within the sites of our Fukushima-Yabuki Plant and Takefu Plant, and the Okazaki Plant of Rengo Group company Tokai Shiki Co., Ltd., all of which are richly surrounded by natural environments with spring water, primary forests, and locally found flora and fauna.

In the biotopes, local ecosystems are conserved and nurtured in collaboration with local communities. We carry out regular monitoring of the animals and plants in the biotopes to study the trends of ecosystems in the surrounding environment.

Moreover, in recognition of such initiatives as well as the effort to conserve the wooded area that has been there since before the construction of the plant as *Hyakunen no Mori* (The Hundred Year Grove), the Fukushima-Yabuki Plant was awarded the Japan Greenery Research and Development Center Chairperson’s Award under the FY2022 Factory Greening Award Program (commonly known as National Award for Greenery Factory).



Locations of the Rengo Group’s Biotopes

Rengo Takefu Plant



Rengo Fukushima-Yabuki Plant



Tokai Shiki Okazaki Plant



TOPICS

Co-Hosted an Event with Mushi Tech World* and Fukushima Mushi-no-Kai

In June 2023, an event was held at the biotope of Rengo’s Fukushima-Yabuki Plant for employees of the plant as well as their families, and 24 persons participated in the event.

The event was co-hosted with Mushi Tech World, a science museum in the city of Sukagawa, Fukushima Prefecture, and Fukushima Mushi-no-Kai, a group based in the prefecture and comprised of people who love insects. Through a class on biodiversity and biotopes as well as a field work searching for plants and insects in the biotope, the participants learned about the harmony between the company and the natural environment in the community.

Rengo will continue to engage in the maintenance and management of green environments. We will also actively interact with multi-stakeholders including our employees so they can raise an awareness regarding the preservation of biodiversity.

* Fukushima Forest Scientific Experience Center (Mushi Tech World) of the Fukushima Science Promotion Association



A scene from the day of the event

Initiatives for a Future Free of Ocean Waste

Preserving both Ocean Health and Prosperity

Plastic products become ocean waste when improperly disposed of or unintentionally spilled, and this has become a global problem. Rengo manufactures and sells Viscopearl®, which contributes to solving the problem of ocean plastic waste, making the most of its technologies

that have been cultivated through its long history to develop and manufacture biodegradable materials such as cellulose products. Starting from FY3/2024, we intend to further engage in initiatives that contribute to preservation of the oceans, in support of the Blue Ocean Initiative (BOI).

Activities of the BOI

The BOI is an action platform established in December 2022, with the aim of solving socially relevant issues toward preserving both ocean health and prosperity. Their activities are aimed at protecting the abundance of the oceans and conducted from comprehensive perspectives which include not only addressing ocean pollution and waste problems but also preserving marine resources and ecosystems for food use and coping with climate change. Its action plan, which sets SDG targets by 2030, positions Expo 2025 Osaka, Kansai, Japan, also known as an expo of the oceans because of its location surrounded by the oceans

on all sides, as a milestone. In support of the BOI, Rengo plans to have an exhibit in the Blue Ocean pavilion of the Expo to help solve the ocean waste problem, and will actively participate in action programs for ocean preservation.



**BLUE OCEAN
INITIATIVE**

Global Movements Toward Ocean Preservation

Although the plastic we use in our daily lives is useful, it is said that at least eight million tons of plastic waste is released into the world's oceans each year. There has been a concern regarding the impact of microplastics less than 5 mm in size in particular on ecosystems, and the countermeasure on them has become a global issue. Preventing ocean pollution is one of the SDGs defined in 2015. In 2018, leaders at the G7 summit adopted the Ocean Plastics Charter, which promotes measures by countries to combat ocean pollution. The Resource Circulation Strategy for Plastics was formulated in Japan in 2019, and the Act on Promotion of Resource Circulation for Plastics was enacted in 2022. In addition, in G20 Osaka Summit in 2019, Japan proposed Osaka Blue Ocean Vision

which aims to reduce additional pollution from ocean plastic waste to zero by 2050, which was shared with other countries and regions.



Waste that washed ashore

Rengo's History of Developing Biodegradable Materials

Rengo has long been involved in the manufacturing and sales of biodegradable materials which use wood pulp (cellulose) as raw materials. In 1934, we commenced manufacturing of cellophane used for such purposes as packaging materials. Making use of the manufacturing technology, we commenced production of cellulose bead Viscopearl in 1995, and developed and made announcement on cellulose nanofiber RCNF in 2018. With the aim of promoting business linked to the growing

demand for conversion to non-fossil products, in 2023, Chemical Products and Cellulose Products Development Group was newly established, which promotes development and marketing of the cellulose products we have been manufacturing, as well as waste plastic recycling, across departments. In conjunction with solution of issues such as ocean waste and CO₂ emission reduction, we will promote BOI's corporate actions.

Cellophane

Cellophane is transparent film manufactured using wood pulp as its raw materials. It looks like plastic film, but blends well with water and has properties similar to paper. It is completely biodegraded into water and carbon dioxide by the action of microorganisms if buried in the ground. The cellophane manufactured and sold by Rengo has been proven to be biodegradable in seawater where there are less microorganisms than in the ground. Rengo acquired the "OK biodegradable MARINE" certification, which is an international certification for marine biodegradability. Cellophane is used for various packaging as a packaging material which has properties such as low electrical charge,

heat resistance, tearability, antifogging ability, moisture permeability, peelability, and solvent resistance. We have developed and are selling REBIOS® as our packaging series based on cellophane and paper equipped with characteristics such as heat seal ability, moisture proof property, and oxygen barrier property.



REBIOS logo



Conceptual image of REBIOS use

Viscopearl

Viscopearl is a spherical cellulose bead made from wood pulp, with diameters from 3 μm to 4 mm. The beads are biodegradable in soil and seawater. They are heat and chemical resistant and used in a variety of applications, such as a carrier for functional chemicals, an additive for resin and rubber, an abrasive, and a cosmetics ingredient. In the future, they are also expected to be used in agriculture and fishing. Like cellophane, Rengo acquired the "OK biodegradable MARINE," an international certification

for marine biodegradability, for the product. Hopes are especially high for them as an alternative to microplastic beads, which run the risk of being directly spilled into rivers or oceans. Therefore, in 2022, we began operation of a new plant in order to mass produce Viscopearl beads.



Fragrance sample made using Viscopearl

RCNF

RCNF is a cellulose nanofiber developed and announced in 2018 by Rengo. This fibrous material is made by reducing the diameter of intermediates produced during the process of manufacturing cellophane from wood. Generally speaking, cellulose nanofiber is said to weigh one-fifth as much as steel yet be five times as strong. It has drawn a tremendous amount of attention from the industrial world as a next-generation material. RCNF is notable for its ability to create dense networks with small fiber diameters, and for its high thermal stability. It can be combined into a compound with resin material to strengthen the resin and

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



RCNF pilot plant

Quality Assurance

Related
SDGs



Basic Stance

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

CS Action Policies for FY3/2023

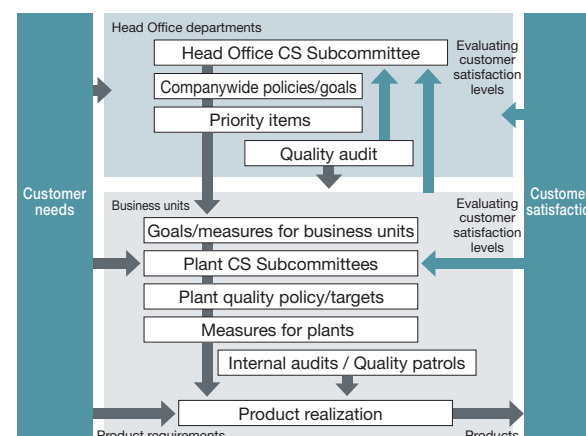
Achieve Zero Defect (ZD) activities successfully through our all-out efforts

Fundamental philosophy	Improve customer satisfaction to the maximum limit amidst economic activities in pursuit of profits
Priority item	Striving to create a culture in which rules are always followed, and achieve zero shipping of defective products caused by rule violations. Striving also to improve the environment by responding to opinions collected at workplaces.

► Quality Assurance Structure

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

Quality Assurance Structure



List of plants with ISO 9001:2015 certification (As of March 31, 2023)
Oyama Plant, Toyohashi Plant, Shin-Nagoya Plant, Shiga Plant, Katsushika Plant, Takefu Plant

► Quality Control Activities

Conducting Quality Patrols

Once every year, every business unit performs Quality Patrol assessing the sales & marketing departments and the manufacturing departments of plants within the business unit. This approach, receiving suggestions from other plants and Head Office Quality Assurance Department, further reinforces our improvement activities. Continuing from the previous year, in FY3/2023, some of our implementation methods were changed in response to the COVID-19 pandemic, but we focused on checking the implementation of rule-based operations, inspection status of work environment and production machinery, and description of ledger sheets and other forms.



Quality patrol

Efforts to Prevent Occurrence of Defects

As a major initiative in FY3/2023, we conducted companywide case studies on the most recent cases of handling errors to recognize points that require attention and to prevent reoccurrences. In addition, typical defects that occurred in the previous year have been shared companywide as cases that must not be forgotten, to call attention. We revised manuals and prepared educational materials as necessary, and conducted training for a wide range of employees, from young to experienced, to improve their competence.

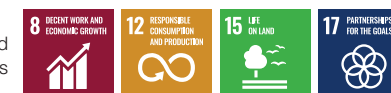
We also strive to prevent defects by systematically updating or remodeling the equipment to stabilize quality and introducing or upgrading the inspection equipment to realize various types of inspection. We have enhanced our traceability system so that we can promptly respond when customers report defects and bring peace of mind to them.

Strengthening the Quality of Procurement Sources and Subcontractors

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

Supply Chain Management

Related
SDGs



Basic Stance

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

► Sustainable Raw Material Procurement

Rengo Group's Fundamental Policy on Procurement

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

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

Rengo Group's Fundamental Policy on Procurement

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

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

Established on April 1, 2018

Requests to Our Suppliers

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

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

Requests to Our
Suppliers / Supply
Chain Management



Supplier CSR Questionnaires

Based on the Rengo Group's Fundamental Policy on Procurement, we collaborate with suppliers to engage in procurement activities that are friendly to the global environment and local communities. Once a year, we conduct supplier CSR questionnaires to gain an understanding of the CSR initiatives of our suppliers and clarify related issues. In FY3/2023, we expanded this initiative from 37 companies in the previous year, distributing questionnaires to 52 major suppliers from whom we purchase materials, and we received responses from 55 companies, including supplier subsidiaries (the cover rate is about 70% of the total purchase price). We have set standard scores, and if there are items with low evaluation scores, we take actions such as requesting improvement efforts and checking the implementation status.

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

Overview of FY3/2023 CSR Questionnaire Results

In our CSR questionnaire, we use the CSR Procurement Self-Assessment Question Table created by Global Compact Network Japan. The average percentage scores of the 55 responding companies were high in the areas of "information security" and "labor" but low in the areas of "human rights" and "supply chains."



► Procuring Wood Raw Materials

■ Procurement Policy for Wood Pulp

Some of the Rengo Group’s major products use wood pulp. Our Procurement Policy for Wood Pulp states that when procuring pulp, we must not only consider the global environment and biodiversity, but we must also procure

pulp from suppliers that do not use illegally logged wood raw materials (chips) to ensure effective use of sustainable wood resources.

Procurement Policy for Wood Pulp

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

Procurement Policy

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 such, to ensure 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.

■ Illegal Logging Countermeasures

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

As part of our illegal logging countermeasures, in order to confirm that raw materials are procured in accordance with our procurement policy, we undertake annual audits by the Japan Paper Association’s Illegal Logging Monitoring Project. The pulp procured in FY3/2022 was audited by the Monitoring Project in October 2022. This audit confirmed that all of the pulp was manufactured from wood raw materials that were obtained legally.

The pulp procured in FY3/2023, as well, will be audited by the Monitoring Project by the end of FY3/2024.

Pulp Procurement Sources and Management Conditions (FY3/2023)

Country of origin	Composition (%)	FSC certification	Individually managed*
Japan	86.5	○	○
Brazil	7.6	○	—
Chile	3.5	○	—
South Africa	2.4	○	—

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

■ Supplying FSC-Certified Products

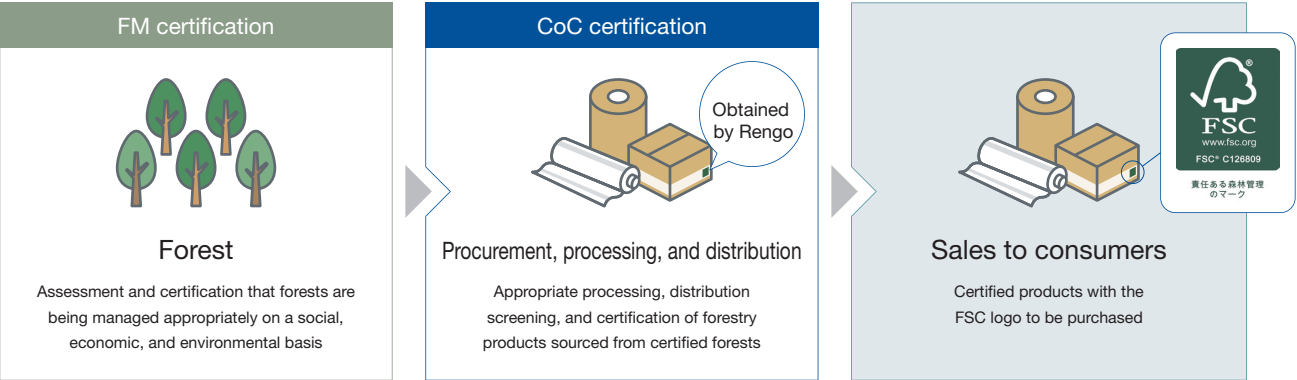
We use FSC certification to confirm that our wood pulp is procured appropriately and that we purchase appropriately managed wood raw materials. We also promote the more widespread use of FSC-certified products.

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

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

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

Structure of the FSC Certification System



■ Clean Wood Act Initiatives

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

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

The legal certification due diligence system manual (Japanese)



► Response to Conflict Minerals

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

Conflict Minerals Policy

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

Creation of Workplaces Where Diverse Human Resources Can Demonstrate Their Unique Potential and Play an Active Role



Basic Stance

The Rengo Group is working to achieve sustainable growth and productivity improvement through investment in and development of human resources, focusing on the human-capital (human-centered) approach as a pillar of its corporate management.

► Policies for Human Resource Development and Internal Environment Development

Rengo Group's Policies for Human Resource Development and Internal Environment Development

The Rengo Group focuses on the human-capital (human-centered) approach as a pillar of its corporate management and believes that the growth of each and every employee is the key to the growth of the company. Based on this idea, we develop our human resources and improve the internal environment as described below.

1. Human Resource Development Policy

We will provide our employees with a variety of opportunities for growth so that we can develop human resources who are independent and self-motivated and who learn, think, and do things to the very end on their own.

We will return to the basic principle that productivity can depend on the human mind and work to develop human resources who will strive to improve total factor productivity (TFP). In addition, we will promote efforts through the united cooperation of labor and management to achieve a "a virtuous cycle of growth and distribution" over the medium to long term through which the

added value generated by improving TFP is appropriately allocated to employees, thereby leading to the next stage of growth.

2. Internal Environment Development Policy

We will actively promote diversity and inclusion (D&I) so that diverse human resources can respect and accept each other and maximize their unique potential to play an active role.

Based on the idea of "lifetime careers," we will create work environments where each individual can work in good physical and mental health, safely, energetically, and enthusiastically. We will encourage work styles that lead to a good work-life balance.

► Human Resource Education Through Which Employees Can Feel Their Growth

With regard to human resource development, we secure and properly allocate outstanding human resources, and are implementing initiatives that enable our employees to feel their own growth by developing and expanding the education programs, such as fostering global talents and

supporting self-development, in addition to systematically implementing job-specific and rank-specific education that meets the needs of each workplace, based on the principle of "boots on the ground" which is our motto.

Rank-Specific Career Education

We have enhanced our education and training according to the careers of our employees to actively support their growth. In addition to on-the-job training, in which employees learn through their day-to-day work at their respective workplaces, we are also working to improve the abilities and motivation of employees through job-specific and rank-specific education.

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

provide opportunities to improve the knowledge and skills that are essential for management.

In addition, we have created a system that supports the development of employees' capabilities through employee self-fulfillment as an opportunity to achieve growth.



New employee training session

Conducting Small-Group Improvement Activities

We have employees participate in small-group improvement activities with the aim of further increasing employee growth, invigorating workplaces, and creating the world's best workplaces. In FY3/2023, we had themes related to initiatives for improving total factor productivity (TFP) such as safety, quality, the environment, productivity improvement, cost reduction, 6S, and customer satisfaction. In total, nearly 6,300 employees in 636 teams from within the Rengo Group took part in the activities. Besides leading to resolution of companywide issues, workplace improvements are also ways of further reinforcing the on-site strength of the Group.



Small-group improvement activities companywide presentation meeting

Conducting "Cultivate the Mind" Productivity Training

We are promoting efforts through the united cooperation of labor and management to increase total factor productivity (TFP) while being conscious of technological innovations and people's work styles and state of mind, by analyzing the many different factors behind productivity. Starting from FY3/2023, we are conducting a companywide training program for human resource development under the slogan "Cultivate the Mind," returning to the basic principle that productivity can depend on the human mind. All employees are required to participate in the program over three fiscal years, and the first round of the program was held eight times for 240 assistant managers at manufacturing departments. We believe that communication, especially in workplaces, is an important source of organizational and on-site strengths, bringing all workers together. We are focusing more than ever on investing in and developing human resources by further strengthening on-site strength and improving productivity.



Productivity training session

Developing Global Talents

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

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

Creating an Appropriate Evaluation System

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

Also, employee satisfaction and needs are confirmed at yearly self-assessment and career interviews, which are also used as an opportunity for employees to express their career plans and assignments they desire.

► Promoting Diversity and Inclusion (D&I)

We promote and reinforce diversity and inclusion (D&I) with the aim of being a corporation where diverse human resources can respect and accept each other, and everyone can maximize their unique potential.

Empowering Female Employees

Rengo established the Section for the Promotion of Women Employees in April 2014 (reorganized into the D&I Promotion Office in April 2022) and has been taking initiatives with reinforcing the system for empowering female workers, creating a corporate culture and developing an environment where diverse human resources are able to demonstrate their abilities even further. In March 2016, we formulated the Action Plan for Empowering Female Workers and disclosed information on the empowerment of women. Rengo was recognized for its initiatives and received Eruboshi certification (level 2) from the Minister of Health, Labour and Welfare in May 2016 for complying with standards as a general business enterprise in accordance with the Act on Promotion of Women's

Participation and Advancement in the Workplace. We have dedicated ourselves to hiring, actively promoting, and expanding the areas of responsibility of women. As a result of these efforts, in November 2020, our certification level was raised one level (to level 3).
We achieved all of the targets in our action plan for the FY3/2017 to FY3/2021 period, and in our five-year action plan starting from FY3/2022, we have set targets with an aim to further accelerate our efforts. We are working to raise the percentage of female employees throughout the company and strengthen and enhance initiatives related to education and career formation for them. We will also actively promote female employees to managerial positions, leading to the appointment of female officers.



Goals Stated in the Action Plan

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

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

Encouraging Employment of Older Workers

To further encourage employment of older workers, Rengo increased the retirement age from 60 to 65 years in April 2019. In addition, based on the national government's Measure to Secure Working Opportunity for employees up to the age of 70, in April 2020, Rengo's previous re-employment program for employment up to 65 years was changed to allow workers to continue working up to a maximum age of 70 years if they wish to do so. In FY3/2023, we also established a system to continue the employment of retirees by mandatory retirement at age 65 who will emerge in FY3/2025.
We are raising productivity and creating congenial workplaces so that all employees can work with enthusiasm and determination and uphold "lifetime careers" while maintaining good health and high motivation.

Encouraging Employment of Persons with Disabilities

Rengo is actively working to employ more persons with disabilities and expand their areas of responsibility, while creating congenial work environments for all employees. As of March 2023, the employment rate of persons with disabilities was 2.4%, satisfying the statutory requirement.
Furthermore, Rengo has conducted universal manner certification training to increase employees who are able to act with a sense of ownership and proper understanding. This training covers basic knowledge of appropriate ways to support and communicate with persons with disabilities. This includes the definitions of disabilities and ways of speaking to persons with disabilities. Using case studies, they also learn about specific mentalities and actions necessary for putting the training into practice. We will continue to create and improve work environments where people with disabilities can thrive long.

		FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023
Number of employees		3,817	4,042	4,132	4,180	4,251
	Number of females	370	454	480	513	556
	Percentage of females	9.7	11.2	11.6	12.3	13.1
Average age		39.8	40.3	40.5	40.9	41.3
	Males	40.2	40.6	40.9	41.4	41.9
	Females	36.3	37.6	37.7	37.6	37.5
Average employment tenure (years)		14.8	14.9	15.3	15.7	16.1
	Males	15.2	15.4	15.8	16.3	16.8
	Females	11.5	11.2	11.5	11.5	11.5
Number of new employees (career-path positions)		89	70	77	90	84
	Number of females	21	20	20	28	26
	Percentage of females	23.6	28.6	26.0	31.1	31.0
Number of new employees (office & production staff)		185	187	128	122	137
	Number of females	18	15	19	26	40
	Percentage of females	9.7	8.0	14.8	21.3	29.2
Number of employees in managerial positions		686	716	754	764	789
	Number of females	33	34	40	39	46
	Percentage of females	4.8	4.7	5.3	5.1	5.8
Mid-career employment rate (%)		55.6	71.3	38.0	50.5	54.8
Employment rate of persons with disabilities (%)		2.4	2.2	2.3	2.3	2.4

► Respect for Human Rights

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

Human Rights Policy

Rengo Group Human Rights Policy

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

1. Compliance with international norms, laws, and regulations

The Rengo Group will support and comply with international norms relating to human rights.
In addition, the Rengo Group will comply with applicable laws and regulations in all countries and regions where it conducts business. In the event of a discrepancy between national or regional laws and regulations and international norms, we will pursue means of complying with international norms.

2. Responsibility to respect human rights in business activities

- (1) The Rengo Group will respect human rights in its business activities and respond promptly and appropriately when issues relating to violations of human rights occur.
- (2) We will respect the human rights and dignity of each individual, eliminate all forms of discrimination and harassment on the basis of gender, age, disability, nationality, race, religion, belief, gender orientation, gender identity, social standing, and so on, and will create work environments where employees are treated fairly.
- (3) We will prohibit human trafficking, forced labor, child labor, other improper labor practices, and all forms of discrimination and protect the human rights of workers including the freedom of association and collective bargaining, ensuring the payment of minimum wages, and appropriately managing working hours.
- (4) We will create work environments where each individual can work in good physical and mental health, safely, energetically, and enthusiastically. We will encourage work styles that lead to a good work-life balance.

3. Implementation of human rights due diligence

The Rengo Group will continuously implement human rights due diligence to prevent violations of human rights.

4. Corrective and remedial measures

The Rengo Group will take corrective and remedial measures in order to respond appropriately in cases where we receive information concerning incidents or problems relating to human rights violations arising from our business activities.

5. Education and training

The Rengo Group will conduct appropriate employee education and training for the purposes of firmly establishing this policy in all business activities and ensuring practice based on a proper understanding of this policy so that risks relating to human rights can be prevented.

6. Dialogue and collaboration with stakeholders

The Rengo Group will engage in dialogue and collaboration with relevant stakeholders in an effort to enhance and improve initiatives for respecting human rights.

7. Information disclosure

The Rengo Group will disclose information relating to its initiatives for respecting human rights in accordance with this policy through websites and reports.

8. Scope of application

This policy applies to all Rengo Group directors, officers, and employees. In addition, all concerned parties and partners involved in Rengo Group business activities are expected to support this policy and are urged to fulfill their social responsibilities including respect for human rights in collaboration with the Rengo Group.

Established on November 2, 2021

Initiatives for Human Rights Due Diligence

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

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

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

Human Rights Due Diligence Process



Creating Environments of Respect for Human Rights

Recognizing the differing values with respect for individuality is the foundation of our business. To protect basic human rights, Rengo states clearly in our rules of employment that we do not practice discrimination based on nationality, religious belief, gender, social standing, or any other reasons. In addition, Rengo works on preventing infringements on human rights by having in place programs within and outside the company for whistleblower system and various kinds of consultation hotlines.

Conducting Education and Training on Human Rights

To foster a more accurate understanding and deeper awareness of human rights, in April of each year, external instructors give human rights lectures as a part of our internal education programs. For FY3/2023, lectures were conducted along four themes: 1) the relationship between society and human rights; 2) human rights issues and stereotype prejudices; 3) understanding the various human rights issues related to corporate activities; and 4) respect for human rights required of companies. We continuously strive to create congenial workplaces where each and every employee respects the rights of each other.

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

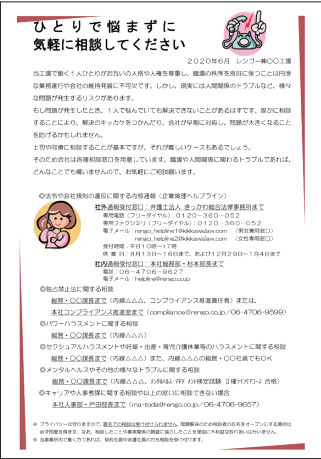


Human rights lecture

Establishing Consultation Hotlines

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

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



Consultation hotline awareness poster

Building Healthy Relations Between Labor and Management

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



Labor-management council

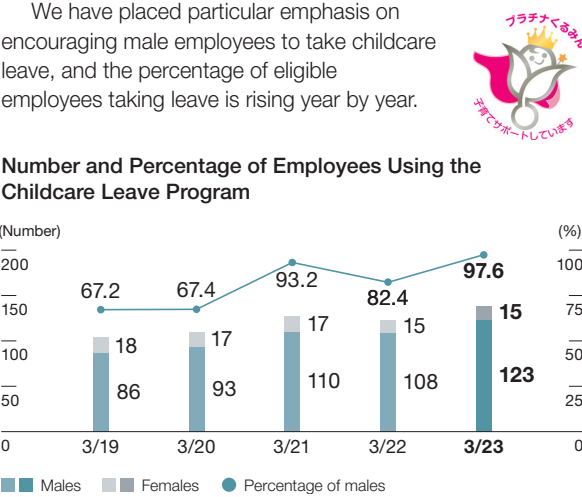
► Creating Congenial Workplaces

Based on the idea of “lifetime careers,” we create work environments where each individual can work in good physical and mental health, safely, energetically, and enthusiastically. We encourage work styles that lead to a good work-life balance.

Developing Work Environments That Support a Good Work-Life Balance

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

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



Systems to Support Balancing work and family

System	Details
Childcare leave at the time of childbirth	Possible to take it within 8 weeks after the childbirth, and for up to 4 weeks.
Childcare leave	Possible to take it until children are 1 year and 2 months old. The leave period can be extended until children are 2 years old if they cannot be placed in nursery care. The first 7 days from the start of the leave period, including the period of childcare leave at the time of childbirth, are paid.
Reduced working hours for childcare	Working hours per day can be shortened to 6 or 7 hours until children have completed their 3rd year of elementary school. This can be combined with the flextime system.
Child nursing leave	Possible to take it until children have completed their 3rd year of elementary school. Up to 5 days per year can be taken for single children. Up to 10 days can be taken for 2 or more children.
Family care break	Possible to take it up to 3 times per person requiring nursing care. Up to 2 total years per person requiring nursing care can be taken, with each leave period lasting up to 1 continuous year.
Reduced working hours for family care	Working hours per day can be shortened to 6 or 7 hours. This can be combined with the flextime system. * Possible to use for up to 3 years. If this system is used in conjunction with other work hour measures related to family care, the combined total period of the systems is limited to three years.
Family care leave	Up to 5 days per year can be taken per person requiring nursing care. Up to 10 days can be taken for two or more people requiring nursing care.
Other working hour measures related to childcare and family care	Flextime system and staggered work start times.
Childcare and family care service usage supplementation	Usage fees are partly subsidized by outsourced benefit service.
Congratulatory bonus for childbirth	¥20,000 for 1st child, ¥50,000 for 2nd child, ¥1,000,000 for 3rd and subsequent children.

Addressing Declining Birth Rate and Supporting the Development of Future Generations

To address the declining birth rate and support the development of future generations, Rengo gives congratulatory bonuses of ¥1,000,000 on the birth of an employee’s third or subsequent child. Since this program was introduced in April 2006, a total of 466 employees have received the payments (as of March 31, 2023). Rengo is providing not only institutional leave, but also economic support.

Promoting Health and Productivity Management

In conjunction with setting mandatory retirement at age 65, effective from April 2019, Rengo formulated the Rengo Good Health Declaration in January 2019 to maintain and improve the health of employees and their families. We are promoting day-to-day healthy living and creating safe, secure workplaces so that all employees can enjoy healthy and active work and private lives throughout their entire lives. We have set up a Good Health Committee and Plant/

Mill Good Health Committees and are expanding the priority measures of the declaration companywide. The Good Health Committee is composed of the company, labor union and health insurance association. The Plant/Mill Good Health Committees consist of general managers of general affairs departments of the divisions, plants, and mills and two Good Health Leaders (one each from the company and the labor union).

Rengo Good Health Declaration

Priority Measures

Actions to promote good health

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

Actions to support mental health

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

Actions to create congenial workplaces for all employees

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

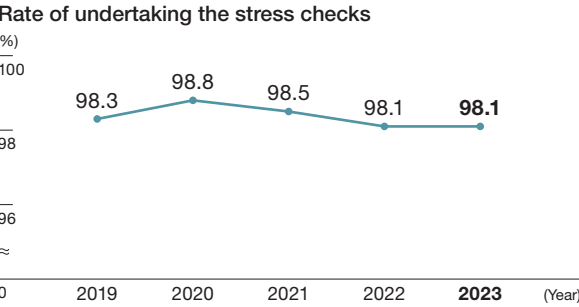
Actions to Promote Good Health

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

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

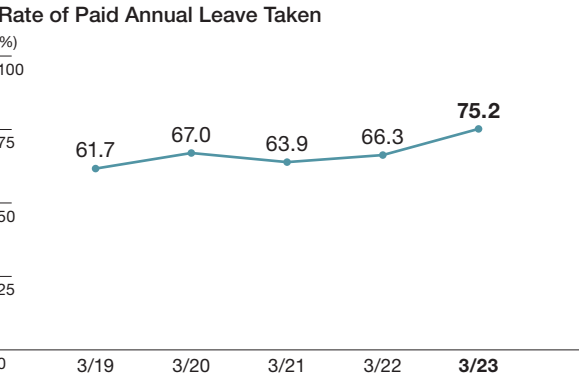
Actions to Support Mental Health

Rengo supports the mental health of its employees through conducting internal training and setting up internal and external consultation hotlines. Since 2010, we have recommended that employees take Mental Health Management Exam Class II (Line Care Course), and 245 employees have passed so far (as of June 2023). In 2012, we documented our initiatives in the form of Plan for the Promotion of Good Mental Health, which was rolled out companywide. In 2014, we established rules on gradual return to work so that those taking a break from work due to mental health issues can smoothly return to the workplaces.



Reducing Overtime Work and Encouraging Employees to Take Paid Annual Leave

As the work style reform movement to address long working hours is taken up by the national government, since 2015, Rengo has been implementing an initiative to reduce total hours actually worked by improving total factor productivity (TFP). Having analyzed the many different factors behind productivity, we are working to raise productivity while also being conscious of technological innovations, but also of people’s work styles and state of mind. At Rengo, labor and management are united in reducing overtime hours worked and encouraging employees to take paid annual leave. As a result of raising awareness and making improvements to the work environments, the rate of leave taken in FY3/2023 surpassed the targeted 60%. We will continue to make steady efforts to achieve the rate of 70%.



Protection of Health and Safety

Related
SDGs



Basic
Stance

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

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

Health and Safety Policy for FY3/2023

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

Have the awareness to change behavior
Changed behavior increases everyone's awareness
Let's all create a safe workplace

5. Focus Areas

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

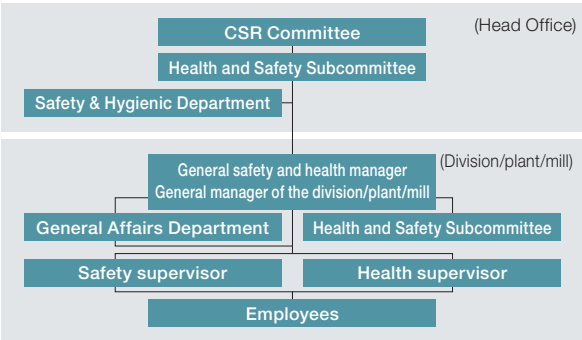
*1 Work or locations that are linked to serious accidents

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

► Health and Safety Promotion Structure

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

Health and Safety Promotion Structure



► Industrial Accident Occurrence Conditions

Rengo has established and is working on our Health and Safety Activities Plan with the goal of eliminating accidents at divisions, plants, and mills. However, in 2022, the lost working days increased by six from the number in the previous year, and in addition, there were two accidents which involved long-term leave. As a result, the frequency rate worsened to 1.50 and the severity rate to 0.09. We will carry out health and safety activities through cooperation between labor and management to eliminate accidents so that we can eliminate and mitigate risks and allow each and every employee to act with a safety-first mindset.

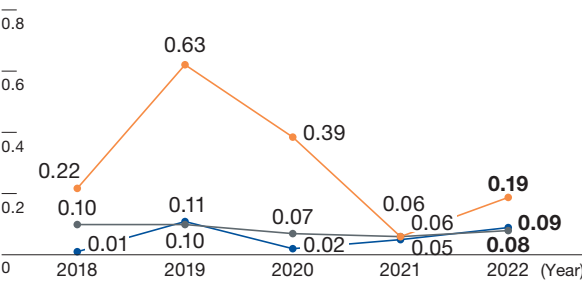
*1 Frequency rate represents the frequency of industrial accidents, calculated by the number of casualties (fatal accidents and accidents where one or more working days are lost) due to industrial accident for every million hours of cumulated work.

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

Frequency Rate* (CY)

	2018	2019	2020	2021	2022
Frequency rate	0.44	1.16	0.53	0.97	1.50

Severity Rate* (CY)



● Rengo ● Pulp, paper, and paper converting industry ● Manufacturing industry

* The number of employees of Rengo (on a non-consolidated basis) accounts for 18.9% of the entire Group.
Source: Survey on Industrial Accidents, Ministry of Health, Labour and Welfare

► Preventing Accidents of Contacting with Vehicles Through AI Cameras

We have introduced an AI camera system as a countermeasure against disasters of contacting with forklifts. Blind spots tend to be created for forklifts when they carry cargoes or run backwards, and contacting with a person can result in death or serious injury. We have installed cameras that use AI to detect only people, and if a person is detected on a camera, the driver will be notified of the fact through an alarm.

The human field of view is about 120 degrees. On the other hand, the AI camera can detect 360 degrees, covering all directions without blind spots.



Preventing contact with vehicles through AI cameras

► Conducting Evacuation Drills at Night

Divisions, plants, and mills conduct firefighting and evacuation drills for all employees, including those of partner companies, at least once a year, assuming a fire or natural disaster. As an initiative to go one step further, in FY3/2023, we also conducted an evacuation drill in the event of a fire or earthquake at night. We checked whether employees can safely respond to emergencies such as power outages and whether the lighting necessary for evacuation is sufficient, and identified issues. We will ensure the safety of employees by taking measures against these issues in a systematic manner.



Evacuation drill at night

► Safety Exchange Meetings with Domestic Group Companies

The Rengo Group works on elimination of accidents, and has been sharing information on the situations of occurrence of accidents. The Safety & Hygienic Department started to organize safety exchange meetings in FY3/2023, visiting Group companies to explain the details of initiatives on health and safety activities and creating opportunities for the exchange of opinions. In FY3/2023, we held safety exchange meetings with five companies, namely,

Settsu Carton Co., Ltd., Tokai Shiki Co., Ltd., Hinode Shiki Kogyo Co., Ltd., RG Containers Co., Ltd., and Rengo Logistics Co., Ltd. In addition, the Packaging Business Unit and the Paperboard Business Unit also held health and safety meetings and conducted health and safety patrols to interact with Group companies. Thus, the entire Group is working to improve the level of health and safety.

VOICE



Tatsuya Fujita
Assistant Manager
Paperboard Section I,
Production Department,
Yashio Mill

Received a 2022 Special Award for Outstanding Foremen in Occupational Safety by Japan's Minister of Health, Labour and Welfare

I have received a 2022 Special Award for Outstanding Foremen in Occupational Safety by Japan's Minister of Health, Labour and Welfare. The Yashio Mill for which I work boasts Japan's largest production volume as a paperboard manufacturing plant, with the annual production capacity of at least one million tons. The No. 7 paper machine I am in charge of is a large machine which is capable of producing 1,000 tons of corrugating medium per day. It operates at a high speed of 1,000 m per minute, and it is really dangerous to get caught in. In order to never cause an accident, I strictly adhere to, and make others adhere to, the rules.

In addition, as an RST trainer*, I participate in safety meetings of the entire plant, share cases that require improvements with others in my worksite, and thereby strive to create a safer workplace.

I will continue to actively pass on knowledge and expertise about safe work practices to younger generations, on top of disseminating work standards and conducting compliance education, and thereby strive to improve our on-site strength.

* Persons who have completed a trainer development course provided based on the notification issued by the Ministry of Labour (currently Ministry of Health, Labour and Welfare), who will be in charge of health and safety education for department heads, field supervisors, etc.



Safety education session

Communication with Stakeholders

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

▶ Dialogue with Stakeholders

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

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

▶ Evaluations of Products and Technology Development

Rengo actively collaborates with partners to develop products and technologies that can use packaging to solve socially relevant issues, which are constantly changing along with the times.

Product name	Partners (Customers)	Name of contest/competition
Easy Sealing with Shipping Slip "FukuLock"	Toho Shoji Co., Ltd. DNP Logistics Co., Ltd. Hampstead Co., Ltd. Tokyo Yakult Swallows Baseball Club	Japan Packaging Contest 2022
Grab and Quick Open: V-Link Zipper	—	—
Appropriate Packaging Design for EcoCute Tanks	Daikin Industries, Ltd. Showa Marutsutsu Co., Ltd.	—
Azuki Bar Series (Red Bean, Matcha, Milk)	Imuraya Co., Ltd. Imuraya Malaysia Sdn. Bhd. Imuraya Startup Planning Corporation	—
Soda Flavor Konjac Jelly Carton Box	IA-Foods Co., Ltd.	—
Hammock Style Packing for Bird Perch	Leaf Corporation	—
Swell Prevention with "Stepped Intermittent Double Crease Lines"	Suntory Holdings Limited	—
Resource-Saving "Vic-Tray"	JA Fruits Yamanashi Yamanashi Prefectural Headquarters of the National Federation of Agricultural Cooperative Associations	—
Ajipon Quick Open Shipper	Mizkan Co., Ltd.	—
Reversi Board	Kracie Home Products, Ltd.	WorldStar Competition 2023
Extremely Small Natto Beans for Everyone	Yamadai Foods Processing	2023 Japan Package Design Awards
Yuramikan	JA Shizuokashi	—
HOLIDAY SPECIAL BOX	DESCENTE LTD.	Pentawards 2022
100% Paper-Made Phalaenopsis Vase, Including Flower Pot	Matsuura Orchid Nagoya Mould Co., Ltd.	—
Dear Beauté Moomin Sample Display Packaging	Kracie Home Products, Ltd.	51st JPM POP Creative Awards
ELIXIR Cream Display Stand	Shiseido Japan Co., Ltd.	—
Event Board for Halloween	—	—

Contribution to Society

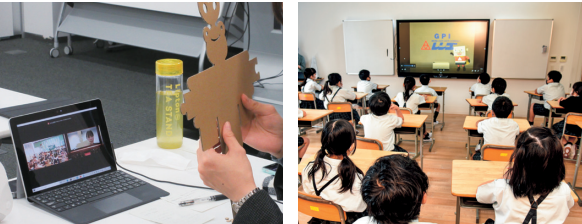
Basic Stance

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

▶ Developing Future Generations

Conducting Dispatch Lessons

Every year since FY3/2011, Rengo has provided dispatch lessons for the children who will lead the future to teach the origin of the name "corrugated board," the secret of its strength, its high recycling rate, and the importance of separation to keep the recycling rate high in a fun and easy way to understand. We have conducted a total of 155 lessons over the past 13 years, teaching roughly 6,700 children. Since FY3/2013, we have given dispatch lessons on manufacturing as part of Echizen City's Ambitious Children's Educational Program to teach about the features of cellophane and the joys of manufacturing. Starting as a measure against COVID-19, we have been holding classes online as well.



Dispatch lesson

▶ Promoting Culture

Supporting the Orchestra Ensemble Kanazawa

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



Orchestra Ensemble Kanazawa

▶ Providing Support for Disaster Countermeasures and Reconstruction

Supporting Local Government Disaster Countermeasures

Rengo provides a number of corrugated products in evacuation sites that can be used during earthquakes, typhoons, and other natural disasters, such as mats, space dividers, and beds, as well as corrugated boxes used in transporting relief supplies. Corrugated beds in particular have been known as being useful for alleviating lower-back pain and preventing deep-vein thrombosis for people living at evacuation sites for prolonged periods of time. At divisions and plants in Japan, we have concluded agreements with local municipalities and prefectural governments to provide relief supplies at times of disaster, thereby aiding in disaster prevention in the event of an emergency. The whole of the Rengo Group has entered into disaster prevention agreements with more than 300 municipalities located throughout Japan.



Comprehensive disaster prevention training session

▶ Providing Science and Technology Support

Supporting the Japanese Antarctic Research Expedition

Rengo supplied the first Japanese Antarctic Research Expedition in 1956 with corrugated boxes, and has continued to support the expedition's survey and research. In July 2022, we supplied corrugated boxes to the 64th Japanese Antarctic Research Expedition. Rengo's corrugated boxes are used as packaging materials for transporting important materials and daily necessities essential in the Antarctic, and to protect rare items collected.



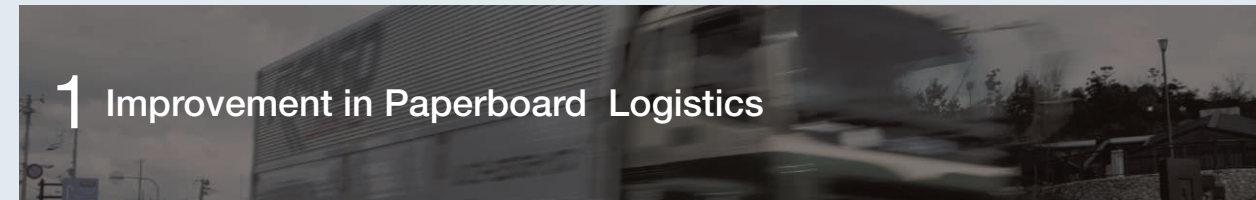
Corrugated boxes supplied to the Japanese Antarctic Research Expedition (Photo source: National Institute of Polar Research)

White Logistics Through Digital Transformation (DX)

Promoting White Logistics Through DX and Site Restructuring

The 2024 logistics problem is right around the corner. It is expected that application of an upper limit on overtime work hours of truck drivers in association with the enactment of the Act on the Arrangement of Related Acts to Promote Work Style Reform will have various and widening effects. It may also have a significant impact on

the manufacturing and transportation of paperboard and corrugated packaging. To solve the issue, Rengo is working on restructuring of logistics sites and DX together with its Group companies and promoting “white logistics” (sustainable logistics) for easy work and high productivity.



1 Improvement in Paperboard Logistics

► Restructuring Logistics Sites to Reduce Transportation Between Warehouses

Corrugated packaging production sites consist of paperboard mills, which make containerboard and corrugated plants, which laminate containerboard and process it into corrugated board and boxes. Containerboard is transported from paperboard mills to corrugated plants.

Rengo has one of the largest integrated paperboard and corrugated packaging production structures in Japan. The average shipment volume of containerboard per day is 7,000 tons, and the gross number of trucks used to transport products between warehouses and for shipping is 900. In order to reduce labor hours related to such paperboard logistics and burden on drivers, we have reorganized logistics sites and consolidated medium- to small-sized containerboard warehouses scattered in various locations into the three large-sized sites (Yashio Logistics Center, Yashio Second Logistics Center, and Yodogawa Logistics Center). Through this restructuring of sites, the

number of truck trips between warehouses and the number of times trucks are loaded have been reduced, which contributed to the reduction of CO₂ emissions. The burden on drivers has also been mitigated by securing them enough time to operate and rest.



Yodogawa Logistics Center

► Streamlining and Saving Labor in Transportation and Ancillary Operations Through DX

The Yodogawa Logistics Center is actively working on DX to save labor in aligning cargoes, guiding trucks, and loading operations.

A system to manage the order of trucks called catmation automates guidance to the loading areas and prepares for shipment in collaboration with a picking app, which is loaded in clamp-type forklifts used for aligning cargoes. Moreover, by introducing unmanned clamp-type forklifts, which are equipped with AI and guided by laser, we achieved labor savings and shortened the time required for work in warehouses through sharing loading and unloading work with manned forklifts. Aligning of cargoes is complete when trucks enter the loading areas, so loading can begin immediately.

This initiative will be expanded to warehouses in sites other than the Yodogawa Logistics Center.



Unmanned clamp-type forklifts

2 Further Reduction of Drivers' Workload Through Consistent Containerboard Management Using RFID

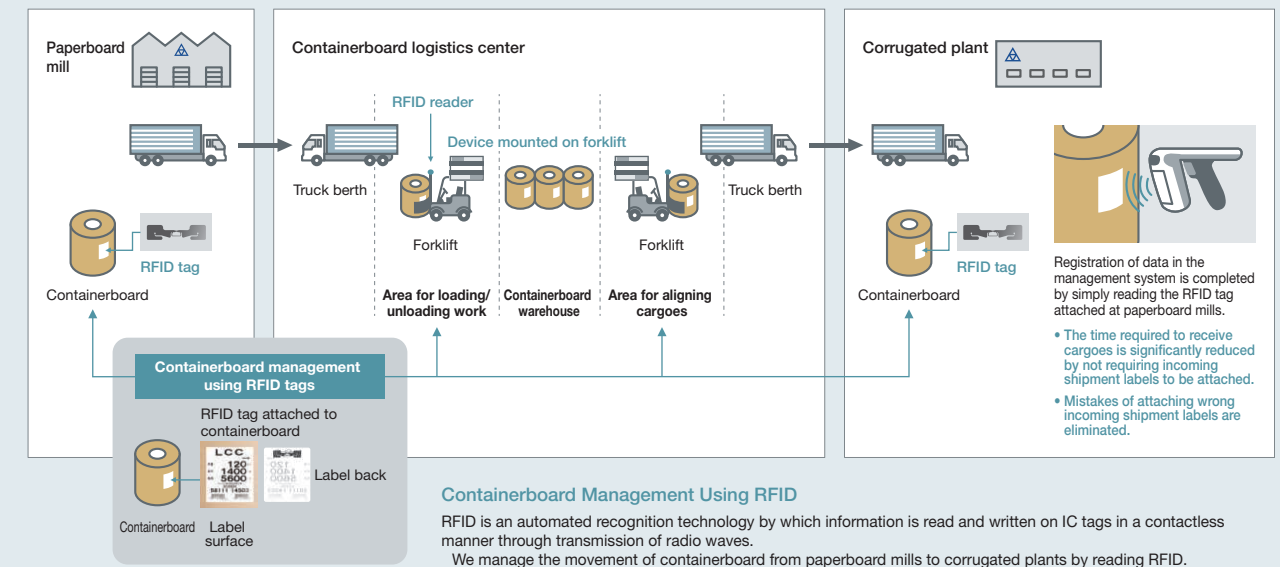
► Improving Drivers' Working Environments

Rengo has also commenced an initiative to use RFID on product labels. Reconciliation of containerboard loading details was previously conducted by drivers reading bar codes. However, since the introduction of RFID, reading and reconciliation work can be performed in parallel with the loading work by using readers mounted on clamp-type forklifts. This reduces the burden on drivers and at the same time contributes to improved safety.

Corrugated plants have also started to use RFID. Checking of the details of incoming shipment is completed by batch reading the containerboard RFID on the loading platform. In addition, the paperboard mill labels can be used as is, without attaching new labels at corrugated plants. This also reduces drivers' burden and further shortens the work hours.

Management of Containerboard from Paperboard Mills to Corrugated Plants Using RFID

RFID makes end-to-end containerboard management possible. It also reduces the time required for drivers to receive cargoes significantly.



► Working Toward Further Expansion of White Logistics

By demonstrating its strengths as an integrated manufacturer of paperboard and corrugated packaging, Rengo has established a containerboard management platform that uses RFID to bridge paperboard mills and corrugated plants ahead of the industry. In addition, we have proposed containerboard management using RFID to the Japan Paper Association and the Japan Corrugated Case Association. Thus, initiatives to achieve the common goal of both industries of promoting

white logistics are under consideration.

Going forward, we will continue to promote white logistics across the paperboard and corrugated packaging industries through initiatives that lead to reduction of the work burdens of drivers such as cargo loading, unloading, and waiting, as well as the time to be spent on such work, and to improvement of the work environments and shortening of time constraints.

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

(As of June 29, 2023) * Number of shares owned as of March 31, 2023

Members of the Board



Kiyoshi Otsubo

Representative Director,
Chairman & CEO

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

Number of shares owned: 168,500
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9



Yosuke Kawamoto

Representative Director,
President & COO

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

Number of shares owned: 104,400
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9



Kaoru Tamaoka

Outside Director

June 1989 Worked in literary circles as a writer (to present) winning the Kobe Literary Prize (award-winning work: *Yume-kui-sakana no blue-goodbye*)
April 2008 Professor of Osaka University of Arts (to present)
November 2009 Oda Sakunosuke Prize (award-winning work: *Oie-san*)
October 2012 Member of the Hyogo Prefectural Board of Education
April 2014 Visiting professor of Kansai University (to present)
April 2018 Director of the Administrative Agency for Osaka City Museums (to present)
June 2021 Outside Director of Rengo Co., Ltd. (to present)
2022 Nitta Jiro Literary Award (April), Funahashi Seiichi Literary Prize (November) (award-winning work: *The sail god—Kuraku Matsuemon, The man on running ships of Kitamae*)

Number of shares owned: 0
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9



Koichi Sumida

Outside Director

April 1983 Joined Japan Broadcasting Corporation
July 1992 Tokyo Broadcasting Center Announcement Room, Japan Broadcasting Corporation
March 2003 Osaka Broadcasting Station Programming Department, Japan Broadcasting Corporation
June 2011 Executive announcer of Japan Broadcasting Corporation
January 2020 Retired from Japan Broadcasting Corporation
April 2020 Professor of Osaka University of Arts (to present)
April 2022 Visiting professor of Kansai University (to present)
June 2023 Outside Director of Rengo Co., Ltd. (to present)

Number of shares owned: 0



Moriaki Maeda

Representative Director,
Executive Vice President

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

Number of shares owned: 100,500
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9



Yasuhiro Baba

Member of the Board,
Executive Vice President

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

Number of shares owned: 85,900
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9



Ichiro Hasegawa

Member of the Board,
Executive Vice President

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

Number of shares owned: 621,300
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9



Sadatoshi Inoue

Member of the Board,
Executive Vice President

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

Number of shares owned: 87,600
Meeting attendance in FY3/2023
Board of Directors Meetings: 8/8*
* Since Sadatoshi Inoue assumed office, the Board of Directors has met eight times.



Yoshio Sato

Outside Director

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

Number of shares owned: 0
Meeting attendance in FY3/2023
Board of Directors Meetings: 8/9



Masayuki Oku

Outside Director

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

Number of shares owned: 0
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9

Audit & Supervisory Board Members



Kiwamu Hashimoto

Full-time Audit & Supervisory
Board Member

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

Number of shares owned: 69,800
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9
Audit & Supervisory Board Meetings: 10/10



Tsutomu Shoju

Full-time Audit & Supervisory
Board Member

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

Number of shares owned: 19,900
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9
Audit & Supervisory Board Meetings: 10/10



Hitoshi Tsunekage

Outside Audit & Supervisory
Board Member

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

Number of shares owned: 0
Meeting attendance in FY3/2023
Board of Directors Meetings: 9/9
Audit & Supervisory Board Meetings: 10/10



Tadazumi Fujino

Outside Audit & Supervisory
Board Member

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

Number of shares owned: 8,000
Meeting attendance in FY3/2023
Board of Directors Meetings: 8/8*
Audit & Supervisory Board Meetings: 8/8*

* Since Tadazumi Fujino assumed office, the Board of Directors and the Audit & Supervisory Board have met eight times, respectively.



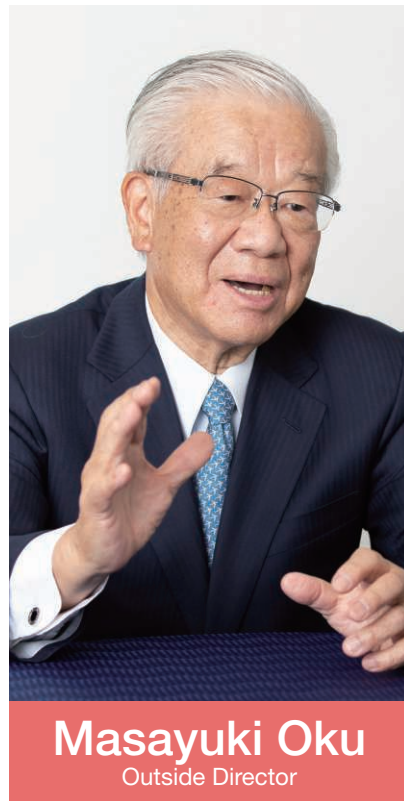
Mitsuhiro Hamamoto

Outside Audit & Supervisory
Board Member

October 2000 Registered as an attorney in Japan (to present)
Joined Tadashi Yamada Law Office
October 2004 Joined Kikkawa Law Offices
February 2019 Established Hamamoto Law Office - Representative Partner (to present)
June 2023 Audit & Supervisory Board Member of Rengo Co., Ltd. (to present)

Number of shares owned: 0

Roundtable Discussion by Outside Directors



Masayuki Oku
Outside Director



Yoshio Sato
Outside Director



Kaoru Tamaoka
Outside Director

The Rengo Group is making steady progress in expanding overseas business as a growth strategy. We also expect new development from the Group as it draws on its strengths in addressing environmental problems.

As in FY2022, we asked Rengo's three outside directors to evaluate the company's management and provide recommendations on the current state of corporate governance and growth going forward. We have listened carefully to their opinions and will draw on them as we address the issues facing management.

With a Tailwind Blowing, Major Progress Made in FY3/2023 by Expanding Business Operations Overseas, the Group's Growth Strategy

Sato: I will begin with an evaluation of the company's management in FY3/2023. Looking at the economy, the COVID-19 pandemic appeared to be on the decline, but raw material and fuel prices increased sharply against the backdrop of geopolitical risk, including the Ukraine situation, and procurement delays also occurred. In addition, Japan continued to be challenged by increased procurement costs for imported products due to the ongoing depreciation of the

yen. Rengo responded with precise initiatives that included revising product prices, and although it was not able to completely eliminate all the negative factors affecting earnings, it was able to secure a profit, which is commendable. I see this as the result of the company having demonstrated its strength as the industry leader and reaped the fruit of the various seeds of business it has sown up to now.

Tamaoka: Rengo seems to be sensitive to economic conditions, so with the compounded challenges of the COVID-19 pandemic, Ukraine situation, and yen depreciation, I was concerned at the start of the fiscal year about how the company's management would fare. But as it dealt with these conditions, I saw firsthand how the company constantly prepares itself for the worst-case scenario and witnessed the greater strength of Rengo. Moreover, I give high marks to Rengo's proactive stance to management, specifically how it is aiming to achieve record-high profit next fiscal year while turning the tables and using these difficult conditions as a springboard.

As Mr. Sato pointed out, the company revised its product prices, and the thorough explanations it gave in order to win the understanding of its customers left me deeply impressed. The company did not simply say that it was raising prices

because the cost of raw materials and fuel had gone up; rather, what made such a favorable impression was how it explained that the prices were appropriate in order for the country as a whole to address global challenges. Requests made with good intentions win sympathy from a broad range of people, and this leads as a result to smoother price revisions.

In its overseas business development, the company's sense of mission, its desire to drive the industry forward, has also left a strong impression on me. For example, in order to meet growing demand in Germany and surrounding areas, the company gave the green light to construction of a new plant for TRICOR Packaging & Logistics in northwestern Germany despite fears the launch of the business could be affected by the Ukraine situation and other developments.

Oku: Rengo endeavors to reduce costs constantly, create products with new added value, and apply process engineering to manufacturing departments, but when cost increases outstrip its own efforts, I believe it has no choice but to ask customers to bear some of the burden.

Taking the lead, Rengo began the process in the middle of FY3/2022. Decisions were made after internal discussions and consensus was formed in a thorough manner among executives and employees, after which the measures were taken with a sense of urgency. It was a very consistent process. As a result, the company's competitors soon followed suit. This was the case when price revisions were made in FY3/2019 as well, but as I watched the process unfold, I was deeply struck by how Rengo had established itself as the industry leader in both name and reality.

Sato: The company's overseas strategy has Tri-Wall doing business primarily in the Chinese market and now, with the coverage of the European market through TRICOR Packaging & Logistics, it has achieved a brilliant development in balance in global markets. Moreover, the company is focused on the area of heavy duty packaging, which is a growing market, so growth can be expected going forward. Focus is also on synergies between overseas subsidiaries. In addition, despite the difficult market environment, good progress is being made on the Rengo Group's medium-term vision, Vision 115. I think the management team would still like to perform even better.

Tamaoka: It is true, the Group is making good progress on its medium-term vision. With regard to its overseas strategy, which is a core issue, further growth can be expected from 2023 onward against the backdrop of a recovery in the Chinese market, where the government has ended its zero-COVID policy. In addition, with Malaysia recovering from flooding that occurred in 2021, activity in Southeast Asia will be brisk going forward. In the European market, where awareness of environmental problems is high, the company's conscientious efforts to reduce greenhouse gas emissions will be differentiating it from its competitors.

Oku: Business results in FY3/2023 benefited from the addition of new domestic and overseas subsidiaries to the scope of consolidation. Net sales increased year on year mainly thanks to positive growth in the overseas business. As price revision negotiations made progress, a decline in profit was unavoidable, but it was kept at a minimum. The devoted efforts of all the company's executives and employees including the management team members, in such a challenging environment, are highly commendable.

In FY3/2024, price revisions will come to be more fully reflected in results, and, overseas, there are high expectations for a recovery in the Chinese economy. The effects of this may benefit incomes as well, as a positive economic cycle is expected to be evoked.

Underlying Strength of the Rengo Group as Seen at Its Workplaces

Sato: Whether in strengthening its business foundation or enhancing overseas development, the fact that the company has earnestly faced each and every issue and steadily worked toward solutions over many years is paying benefits. The company has continued to raise the in-house procurement coverage of containerboard that led to an advantageous position in terms of energy intensity. Plus, it gains a competitive advantage from its integrated handling of everything from paperboard to corrugated packaging and folding cartons. Looking ahead, the company has clearly delineated its stance toward earnest engagement in whatever the issue may be. For example, as one measure to address environmental problems, it has declared that it will free itself of coal by 2027.

I wish to commend this as an outside director the fact that the company has linked environmental targets with business performance. I would want stakeholders to understand that the company's management policy is precisely to further bolster its competitiveness in the market and improve business performance while contributing to the creation of a carbon-free society. This includes expansion to new domains, such as development and promotion of biodegradable products. The Rengo Group is truly a corporate group with a promising future.

Oku: The strength of Rengo is none other than its diverse and dynamic management team led by Chairman Otsubo, who possesses a wealth of experience and deep insight into the industry. More specifically, the strengths of the company can be defined by the foresight and attentiveness of top management, its open, communicative, and enterprising corporate culture, its decision-making speed and rigorous execution, and its diverse human resources and consistent workplace orientation.

Tamaoka: The chairman, president, and other members of the management team provide clear explanations of Rengo's capabilities, its underlying strength, and its true value so that even someone like me who does not have experience in corporate management can easily understand. Along with this, I believe the strengths of the Rengo Group lie in the workplaces where business is carried out. I had not been able to tour the Group's workplaces for a time because of the pandemic, but I hope to visit them soon.

Sato: This is my fifth year as the director of Rengo, and I have had the opportunity to visit not only the paperboard mills and corrugated plants, but also Group companies engaged in the flexible packaging and heavy duty packaging businesses. For example, I visited Howa Sangyo, which has strengths in film packaging for daily-delivered products such as rice balls and sandwiches, as well as Nihon Matai, which boasts one of the largest shares of heavy duty packaging products for industrial use in Japan. I remember being extremely impressed by actually seeing both companies' workplaces. I was surprised by the creativity of the designers at Howa Sangyo, who had studied art at university, as they worked through trial and error to create packaging designs that would showcase the attractiveness of the content to consumers. At Nihon Matai, which has a strong image as a transportation packaging manufacturer, I visited a workplace that develops laminates used for the containers of everyday products such as cup noodles and detergents, and witnessed and heard how the

company's research and development capabilities are fully demonstrated in the field of consumer packaging. At the workplaces, I came away with a deep sense for the underlying strength of the Rengo Group. It is important for outside directors to familiarize themselves with such workplaces where business is carried out, and I hope to continue to confirm it with my own eyes in the future.

Tamaoka: It is just like you have said; visiting a workplace is a series of surprises. One plant I visited made packaging of merchandise for a popular pop music group, which impressed on me how business opportunities are available even in such areas. At all of the companies it was very interesting for me to see that packaging is not simply manufactured as ordered; the companies go to the workplaces of their customers and propose optimal packaging for solving the business issues they face.

Oku: The focus going forward will be on how the company delves down strategically in its six core business fields—paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas operations, which make up its hexagonal business structure. There is great growth potential in flexible packaging and overseas operations in particular. The company should steadily move forward while continuing to develop its human resources, assets, capital, information, business models, and management systems.



Continuing to Monitor Diversity and Other Management Issues

Sato: With regard to corporate governance, as I said last fiscal year as well, there is active discussions on various proposals at Rengo including outside directors, and there are no problems concerning the effectiveness of the Board of Directors. At the Board of Directors Meetings, President Kawamoto briefs us on overall business operations, both progress and issues, allowing us to precisely grasp the position of the Group at the present time, which is beneficial. President Kawamoto also sometimes sends emails to the other officers indicating how management intends to address certain issues, and I receive them positively.

Tamaoka: Whether in discussions at the Board of Directors Meetings or in the information the company provides, I can see evidence of its awareness of itself as industry leader

and of its strong desire to contribute to Japan's industry and economy existing alongside the matter of how to further improve business performance, and I believe that this helps to further strengthen the company's governance. In a recent email from President Kawamoto, he touched on the issue of raising employee wages and wrote that Rengo would take a human-capital approach to managing the company, which is a message I certainly agreed with.

Let me say something more about governance. On the Nomination Committee, when we discuss management candidates, it inevitably centers on men; female employees are still not far enough along in their career development, which is somewhat concerning. Diversity and inclusion though is not merely to make up the numbers. There needs to be real discussions on human resources policy, including on how to raise the awareness of female employees.

Sato: Continuity is important when addressing diversity issues. This applies to empowerment of female employees as well. A talent pool of a certain size needs to be created from top management down through managerial employees and new employees, and a process needs to be created whereby exceptional human resources are seamlessly developed and promoted.

As I said last fiscal year as well, with all the issues facing management, including human resource development, it is important that we continue to monitor matters for which the Board has passed a resolution and not consider them closed. Recommendations on this derived from the questionnaire for us outside directors encouraged in-house initiatives. For example, it was pointed out that it would be easier to gain an overall picture of environmental management, product development, and other such matters if initiatives were viewed in relation to one another and these relationships were explained rather than treating each initiative as an isolated endeavor. As a result, the process from responding to environmental issues to developing products is now explained with a focus on these interrelationships. Through opportunities like these we outside directors are able to gain a deeper understanding of the Rengo Group's growth strategy, which then further raises our expectations for the Group's development going forward.

Chairman Otsubo tells us, "We will be fully accountable to you outside directors but in return we want you to draw on your expertise as much as you can and give us opinions that will help further raise the corporate value of the Rengo Group." So he is always putting pressure on us (*laughter*). I want to continue to fully meet expectations.

Oku: There is no debating that diversity is an issue that needs to be tackled head on. Nonetheless, promoting an employee from a regular position to senior executive is not something that happens overnight. Inviting female outside directors from outside the company is one alternative until internal human resources have been adequately developed. In addition, as the ratio of overseas business increases, there will be a need to have the views of foreigners reflected on the Board of Directors. Management decisions will be increasingly based in part on global perspectives, so to prepare for this, it may be a good idea to supplement the diversity of the Board by establishing regular opportunities for dialogue between foreign executives at key overseas subsidiaries and the management team of Rengo, including outside directors. The job of the Nomination Committee is to formulate and monitor a candidate pool, development plans, and promotion plans with a view towards diversity.

Leading the Way in Addressing Environmental Problems While Pursuing Economic Value

Sato: With regard to the Rengo Group's future growth strategy, the management team is in agreement on the need to further accelerate expansion of overseas business. This is an area where expectations are high and with regard to which we outside directors will offer firm guidance. Measures need to be taken for business risks in particular, including latent risks, but as we talked at the start, initiatives are being conducted with worst-case scenarios in consideration, so I think plans will proceed steadily.

Tamaoka: When competing overseas, it is impossible to avoid the cost issue, but Rengo's products have high added value and going forward I think the company should expand its market by promoting products that help reduce environmental impacts. I understand that this is easy to say but much harder to do, but it is my hope that Rengo leverages the Corporate Philosophy it has cultivated for over 100 years and become a widely recognized global brand.

Also, as I said last fiscal year as well, I want Rengo to carry out measures aimed at increasing penetration of its brand. The company should broadly publicize the wonderful initiatives it is carrying out, how it achieves a 98% recycling rate for corrugated packaging and how it plans to achieve net zero greenhouse gas emissions by 2050, for example. I think Rengo should promote itself in a way like this that publicity serves to raise the environmental awareness of consumers.

Oku: It would be somewhat hollow to achieve net zero greenhouse gas emissions by simply using emissions trading or some other mechanism to bring the number down to zero. The pursuit should take place in tandem with the creation of economic value. Linking it to business or promoting it by giving it concrete form in new business would go further, I think in motivating and incentivizing the people involved.

In this sense, establishing biomass power plants and converting from coal to LNG as an energy source goes without saying; more important is creating new business through a green transformation (GX). Many projects are already underway that take on this challenge of creating economic value in tandem with addressing environmental issues. For example, the company is involved in the full-scale deployment of products that use raw materials derived from cellulose as an alternative to plastic. It is also working to develop sustainable aviation fuel (SAF) by



refining plant-derived volatiles in place of fossil fuels.

I anticipate the emergence of many products that will benefit the environment while creating business value.

Sato: It is my understanding that with regard to addressing environmental issues while creating economic value much will rely on new products produced through research and development. In relation to cellulose, in addition to new products using cellophane, development efforts to meet new needs for biodegradable materials are bearing fruit in various fields, such as the spread of microplastic bead alternatives in the cosmetics field. I look forward to seeing how the business develops. Traditionally in industry, environmental measures and business growth have been seen as opposing one another, but Rengo is expected to take the lead in changing this. One might say that Rengo got involved in the environment very early on and now the times are finally catching up to it. The company is certainly in a very advantageous position when it comes to environmental measures and business growth.

I would like to say a word about Chairman Otsubo. He knows the workplace very well. He is extremely busy, but he creates opportunities to visit the company's various workplaces and get the latest information from the people working there. Moreover, he moves very quickly to take action when he thinks an initiative is right. The ability to gather information, make decisions, and act with thorough knowledge of workplaces is a very powerful force. I think this stance taken by executive is an unsung part of Rengo's underlying strength.

Tamaoka: There is an example from during the pandemic of a material developed for another application that happened to have antimicrobial properties and it being rushed into service for infection control. Just from this one example of quickly taking action, it is clear that management is very effective when it utilizes the company's workplaces. The company has many other interesting ideas as well, like water-resistant corrugated packaging that is able to carry water. Since becoming an outside director, I have felt that the Rengo Group is a corporate group with real ambitions for the future. It does not simply make money; it inspires society and solves socially relevant issues, giving people the sense that the future is bright. I truly feel that the Group is an organization with a dream.



Corporate Governance

Basic Stance

To remain deserving of the firm trust and confidence society has placed in it, Rengo's goal is timely and accurate information disclosure combined with sound and highly transparent management with the mission of solving social issues through packaging. In keeping with our fundamental philosophy whose essence is "The truth is in the workplace," we are 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, we have disclosed our approaches to corporate governance in the form of a Corporate Governance Report to the Tokyo Stock Exchange. The most recent report was submitted on June 30, 2023. Considering the purpose of the Corporate Governance Code, we are continuing to work toward sustained growth for our company and improving our corporate value in the medium- to long-term.

► Corporate Governance Structure

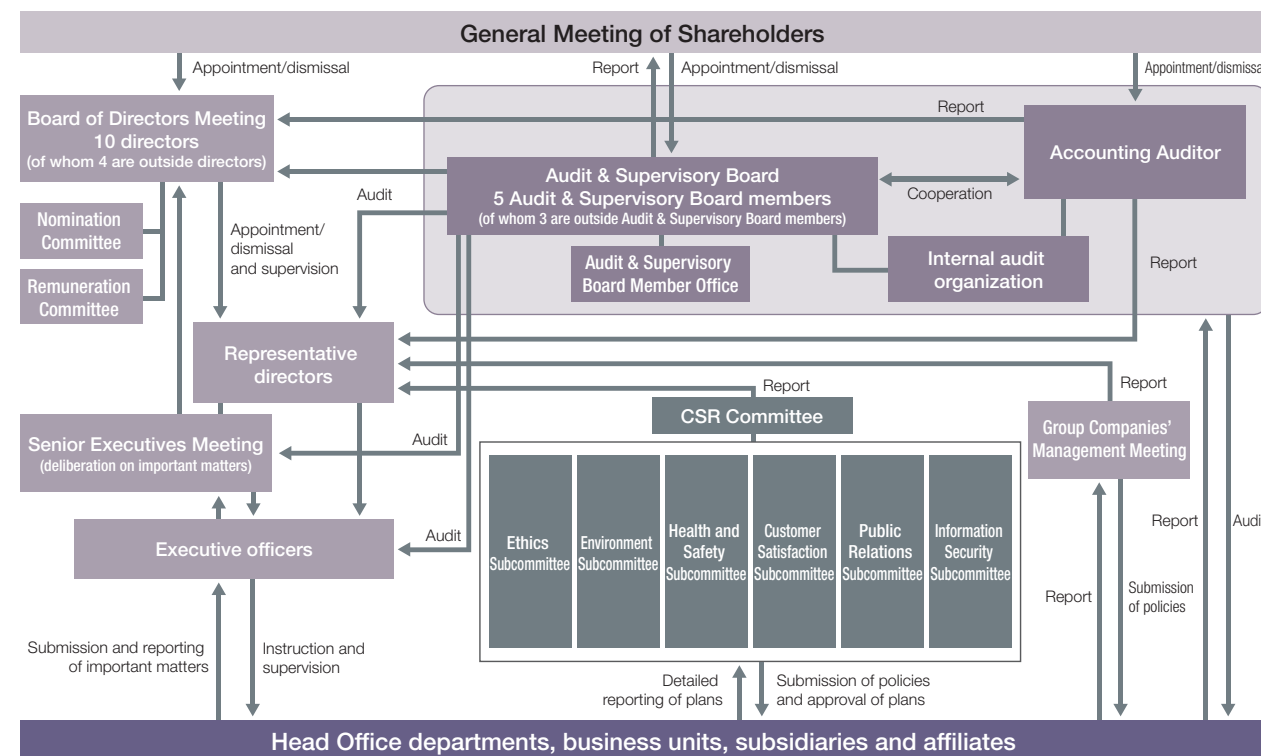
As a company with an Audit & Supervisory Board, Rengo is making efforts to enhance its management transparency and strengthen its supervision of management. Our Audit & Supervisory Board, our internal audit organization, and other related bodies work together to secure audit schedules and audit structures,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

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

Corporate Governance Structure

Organizational form	Company with an Audit & Supervisory Board		
Number of directors	10		
	Number of outside directors	4	
	Number of independent outside directors	4	
Number of Audit & Supervisory Board members	5		
	Number of outside Audit & Supervisory Board members	3	
	Number of independent outside auditors	3	
Term of office of directors	1 year		

Corporate Governance Structure (As of June 29, 2023)



► History of Governance

1. Introduction of an Executive Officer System

Rengo introduced an executive officer system in April 2007 to strengthen the decision-making, supervisory, and business execution functions of the management.

2. Reduction in the Number of Directors

At the Ordinary General Meeting of Shareholders held in June 2007, the Articles of Incorporation was amended to reduce the maximum number of directors from 24 to 18. The number of directors appointed at the meeting decreased to 15. The total number of directors as of the conclusion of the Ordinary General Meeting of Shareholders held in June 2023 is 10.

3. Appointment of Outside Directors

Rengo has conventionally appointed outside directors, and has taken the following actions in response to the establishment of the Corporate Governance Code.

- 1.Appointed two independent outside directors at the Ordinary General Meeting of Shareholders held in June 2017
- 2.Appointed three independent outside directors at the Ordinary General Meeting of Shareholders held in June 2020
- 3.Appointed four independent outside directors at the Ordinary General Meeting of Shareholders held in June 2021*

* A total of 10 directors were appointed at the meeting referred to in above 3. Outside directors have come to account for one-third or more of the Board of Directors, and the diversity of the Board increased with the appointment of one female outside director.

4. Evaluation and Disclosure of the Effectiveness of the Board of Directors

Rengo disclosed an overview of the questionnaire-style evaluation of effectiveness in the Corporate Governance Report filed on June 30, 2017. The evaluation is carried out every year since then.

5. Abolition of Takeover Defense Measures

Due to the expiration of the effective period, takeover defense measures were abolished at the conclusion of the Ordinary General Meeting of Shareholders held in June 2019.

6. Adoption of Independent Consultation Committees

Effective December 17, 2019, we established a Nomination Committee and a Remuneration Committee as voluntary consultation bodies for the Board of Directors. The committees deliberate on matters consulted by the Board.

* The committees are chaired by an outside director.

7. Disclosure of Skills Matrix

Rengo started to disclose skills matrix of director candidates in the notice of the Ordinary General Meeting of Shareholders held in June 2022.

► Overview of Meeting Bodies and Committees

Board of Directors Meeting	To achieve a sustainable growth and improve medium- to long-term corporate value, the Board of Directors strives to ensure the effectiveness of its business execution and supervisory functions from an objective standpoint, taking into account the fiduciary duties and accountability to shareholders and attaching importance to the roles of independent outside directors.
Senior Executives Meeting	Senior Executives Meetings are attended by the chairman & CEO, the president & COO, and executive officers who are at the managing executive officer level or higher and have been appointed as members of the meeting. In principle, meetings are held at least once a month to discuss and resolve matters to be submitted to the Board of Directors, important matters concerning the performance of duties, and important matters to be approved, among other matters.
Nomination Committee	The Nomination Committee meets regularly and deliberates on such matters as the appointment and dismissal of directors, in response to consultation by the Board of Directors. The committee consists of six members: four outside directors, the chairman & CEO, and the president & COO. An outside director chairs the committee.
Remuneration Committee	The Remuneration Committee meets regularly and deliberates on such matters as remuneration for directors and other officers, in response to consultation by the Board of Directors. The committee consists of six members: four outside directors, the chairman & CEO, and the president & COO. An outside director chairs the committee.
Group Companies' Management Meeting	Group Companies' Management Meetings are held regularly, attended by Rengo's officers, including the chairman & CEO and the president & COO, and representatives from Rengo Group companies. The meeting thus ensures that important managerial matters and risk management measures are shared across the Group.

► Appointment Process of Directors and Audit & Supervisory Board Members

In nominating candidates for directors and Audit & Supervisory Board members, Rengo nominates persons who have a wealth of experience, high levels of insight and expertise conducive to effective corporate governance, sustainable growth, and medium- to long-term corporate value improvement. The

Nomination Committee, a consultation body for the Board of Directors, deliberates on the nomination before the Board thoroughly deliberates on the matter and nominates the candidates. Candidates for Audit & Supervisory Board members are nominated with the consent of the Audit & Supervisory Board.

► **Matters Deliberated by the Board of Directors**

Rengo's Board of Directors hold not only regular meetings but extraordinary meetings as necessary. The Board makes decisions on matters stipulated by laws and regulations and important managerial matters, as well as constantly supervises the status of business execution.

In FY3/2023, nine regular Board of Directors Meetings

were held, where the Board deliberated on 50 items to be resolved or approved and 46 items to be reported.

At the Board of Directors Meetings, outside directors and outside Audit & Supervisory Board members have made suggestions to further enhance the Board functions. Steady efforts are underway for the enhancement.

► Skills Matrix

The skills matrix below outlines Rengo’s expectations by field for directors based on their knowledge, experience, and abilities.

Name	Position in the company	Outside	Corporate management	Sales & marketing	Finance & accounting	Governance	Sustainability	Global	Nomination Committee	Remuneration Committee
Kiyoshi Otsubo	Representative Director, Chairman & CEO		●			●		●	○	○
Yosuke Kawamoto	Representative Director, President & COO		●			●		●	○	○
Moriaki Maeda	Representative Director, Executive Vice President					●	●			
Yasuhiro Baba	Member of the Board, Executive Vice President				●	●				
Ichiro Hasegawa	Member of the Board, Executive Vice President			●			●			
Sadatoshi Inoue	Member of the Board, Executive Vice President			●			●			
Yoshio Sato	Director	○	●			●			○	○
Masayuki Oku	Director	○	●			●			○ (Chair)	○ (Chair)
Kaoru Tamaoka	Director	○				●	●		○	○
Koichi Sumida	Director	○				●	●		○	○

* Regarding the knowledge, experience, and abilities expected of each director, we have noted up to three fields of expertise for the chairman & CEO and the president & COO, and up to two for other positions within the company.
The above matrix does not represent all the knowledge, experience, and abilities of each director.

► Evaluating the Effectiveness of the Board of Directors

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

Based on the results of the FY3/2023 questionnaire survey, it was confirmed that the overall effectiveness of the

Board is being maintained. Directors and Audit & Supervisory Board members have provided constructive input and suggestions regarding improvements to the composition, roles, and operation of the Board, and have shared issues facing the Board.

Discussions and efforts are underway to put these input and suggestions into practice.

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

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

As of June 29, 2023, Rengo's Board of Directors consisted of 10 directors. In nominating directors, we comprehensively evaluates candidates’ experience, knowledge, and expertise and makes holistic decisions. To ensure the effectiveness of supervision and practical discussions among the directors, we nominate directors with an eye towards the overall balance and diversity of the Board of Directors.

Furthermore, Rengo has appointed four independent outside directors, thus allowing for opinions stated from an independent stance during discussions at the Board of Directors Meetings. In addition to meeting the criteria for outside directors in accordance with the Companies Act and satisfying the qualifications for independent directors/auditors with no potential conflicts of interest with ordinary shareholders

stipulated by the Tokyo Stock Exchange, candidates who can contribute to sustainable growth and increasing corporate value over the medium- to long-term are selected as outside directors.

One of our 10 directors is a female outside director. With this appointment, outside directors now account for one-third or more of the Board of Directors and the diversity of its membership has also been ensured.

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

► Activities of the Nomination Committee and the Remuneration Committee

Rengo has established a Nomination Committee and a Remuneration Committee as voluntary consultation bodies for the Board of Directors. Each of these committees consists of three or more directors appointed through the Board’s resolution, a majority of whom are outside directors, and the position of chair in each committee is held by an outside director.

To strengthen the independence, objectivity, and accountability of the Board functions with appropriate engagement of and advice from outside directors, the Nomination Committee and the Remuneration Committee meet regularly and deliberate on such matters as the appointment and dismissal of directors and other officers and remuneration of them respectively, in response to consultation by the Board.

► Remuneration for Officers

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

The amount of remuneration for directors is determined within the scope of the total amount of remuneration (including the amount of remuneration based on the stock compensation plan) approved by the General Meeting of Shareholders. In determining the remuneration level, consideration is given to social trends in director remuneration, our business performance, balance with employee salaries, and other matters that should be taken into account. Directors’ remuneration consists of basic remuneration, performance-based remuneration (bonuses), and non-monetary remuneration (stock compensation). To ensure the independence and other points of view, remuneration for outside directors consists solely of basic remuneration.

Basic remuneration is paid monthly as fixed monetary remuneration. The amount is determined in accordance with the rank of executive officers as which the recipients serve concurrently.

Performance-based remuneration is paid in the form of monetary bonuses. The amount is determined in accordance with the rank of executive officers as which the

recipients serve concurrently, with consideration given to business performance for the fiscal year (mainly operating income and ordinary income) and with other factors. If the company decides to pay performance-based remuneration, the payment is made at a certain timing after the end of the relevant fiscal year.

Stock compensation in the form of board benefit trust constitutes non-monetary remuneration. The number of shares granted is equivalent to the number of points given in accordance with the rank of executive officers as which the recipients serve concurrently, and is set within the scope of the upper limit of cash contributed by the company and the maximum number of points given to eligible directors, which have been approved by the General Meeting of Shareholders. Shares are granted to eligible directors at a certain timing after their retirement (after their retirement as executive officers if they continue to serve as executive officers).

The details of remuneration for individual directors are determined by resolution of the Board of Directors, after deliberation by the Remuneration Committee, a consultation body for the Board.

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

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

► Cross-Shareholdings

To build and strengthen stable, long-term relationships with business partners, Rengo may acquire and hold their shares if doing so is considered conducive to the company’s sustainable growth and medium- to long-term corporate value improvement. All cross-shareholdings are reviewed in terms of effectiveness, such as medium- to long-term economic rationality and contribution to the

maintenance and strengthening of comprehensive relationships with business partners. The outcome of the review is reported to the Board of Directors. We consider reducing cross-shareholdings that are found, in the review process, to have lost significance, after examining whether the risks and benefits of holding the shares are worth the cost of shareholder’s equity.

► Succession Planning

Rengo proactively engages in succession planning for the CEO and other officers by appointing and nominating senior executives and directors at the Board of Directors

Meetings. We provide appropriate supervision so that sufficient time and resources are invested systematically in the development of successor candidates.

Compliance

Basic Stance

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

► Structure for Promoting Compliance

Rengo’s Ethics Subcommittee has formulated policies on compliance with laws and regulations, and related duties are performed by the Legal Affairs Department and Compliance Promotion Office. Compliance promotion managers are appointed at all divisions, plants, and mills to coordinate with each other and further enhance compliance activities. Furthermore, Group companies are carrying out similar activities.

In June 2014, Rengo and some Group companies received cease-and-desist orders and administrative monetary penalties from the Japan Fair Trade Commission in regard to violations of the Antimonopoly Act. Our appeal was rejected in February 2021, but we have filed litigation rescinding the trial decision, and proceedings are still underway as of March 31, 2023.

► Compliance Education

Rengo conducts training and education on a regular basis to raise the compliance awareness of each and every employee. Since FY3/2013, this training has focused primarily on the Antimonopoly Act and has been provided to employees of Group companies as well.

Rank-specific education includes education on the basic stance of compliance for new employees when joining the company and lectures on compliance as a whole on occasions such as the promotion of employees to the General Managers of the plants or managerial positions. In addition, regular lectures by legal advisors are conducted at the beginning of meetings attended by officers, general managers, and Group companies’ top management.

Training Workshops and Rank-Specific Education Conducted in FY3/2023

	Frequency/timing	Main content	Participants
All employees, including Group company employees	4 times per year or more	- Antimonopoly Act	—*
New employees	1 time after joining company	- Basic related laws and regulations - Compliance	61
Employees promoted to general managers of the plants or managerial positions	1 time when being promoted/appointed	- Related laws and regulations - Compliance	55
Officers, general managers, and Group companies’ top management	2 times per year	- Antimonopoly Act	139
Meeting participants	As needed	- Content requested by departments/divisions	111

*Postponed in FY3/2022 due to COVID-19

► Whistleblower System

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

► Division Visits

Since FY3/2018, personnel have visited divisions in Japan, verifying the status of compliance with the Antimonopoly Act, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and other laws and regulations, checking for incidents of harassment, gathering information and sharing opinions regarding relations with local communities, and furthering understanding and awareness regarding compliance. In FY3/2023, three such visits were carried out while taking precautions against COVID-19. We intend to continue conducting visits, including visits to Group companies, in the future.

► Protecting Intellectual Property

Rengo recognizes the importance of protecting its own intellectual property and observing the intellectual property rights of other companies, and has therefore established a dedicated department with a patent attorney for handling these issues. We also conduct investigations with the aim of securing rights for our own intellectual property and preventing infringement of intellectual property rights of others, and strive to utilize and manage intellectual property rights appropriately. We post educational materials regarding intellectual property and investigative materials regarding the technical fields in which we are active on our intranet. We also have established opportunities for educating sales personnel and research and development personnel. In FY3/2023, we received no claims of infringement of rights.

Risk Management

Basic Stance

The Rengo Group’s highest priority is to ensure the safety of employees and their family members. Meanwhile, to fulfill our responsibility as a supporting industry member to supply products that assists with the delivery of living essentials to consumers, we set a range of fundamental policies and strive to improve relevant structures to prepare for disasters.

► Risk Management Structure

Rengo has established the CSR Committee chaired by the chairman & CEO with the aims of improving management quality and reducing and avoiding future risks. With regard to the management of compliance, environmental, disaster, quality, information, and other risks, individual departments and the six subcommittees under the CSR Committee for ethics, environment, health and safety, customer satisfaction, public relations, and information security work together to formulate internal regulations, create manuals, and monitor companywide conditions.

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

► Infections Disease Countermeasures

Fundamental Policy

- 1. Place the highest priority on safety**
We will place the highest priority on ensuring the safety of employees and their family members.
- 2. Take measures against infections**
We will systematically take measures against infections, taking into account requests from the government and relevant institutions.
- 3. Maintain and continue corporate activities**
We will fulfill our social responsibilities (such as employment and supply) by maintaining and continuing our corporate activities.

Structure (Infectious Disease Outbreak)

- Taking into account the status of infections, a central emergency management headquarters, led by the Rengo’s CEO, will be established.
- Under the central emergency management headquarters, organizations in charge of relevant matters will be set up to drive a unified approach as the Group.
- The central emergency management headquarters will set guidelines based on the fundamental policy, and organizations in charge will implement specific measures in accordance with the guidelines.

Under the COVID-19 pandemic, the greatest crisis Japan has faced in the post-war period, the Rengo Group established the Rengo Group Novel Coronavirus Emergency Management Headquarters in April 2020 and made the best efforts to prevent the infectious disease from spreading. We also fulfilled our social responsibilities through business activities.

To prepare for an infectious disease outbreak, we will continue to formulate infection prevention plans in accordance with the level of infection spread, prepare, raise awareness, and collect information.

► Natural Disaster Countermeasures

Fundamental Policy

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

Structure (Natural Disaster Occurrence)

- If a large-scale natural disaster occurs, a central emergency management headquarters, led by the Rengo’s CEO, will be established.
- Under the central emergency management headquarters, emergency management headquarters in charge of specific matters (including local emergency management headquarters) will be set up as necessary.
- If a Group company is affected by a natural disaster, Rengo’s department in charge of related businesses will serve as the point of contact for support.
- The central emergency management headquarters will give instructions based on the fundamental policy to emergency management headquarters in charge of specific matters. Emergency management headquarters in charge of specific matters will cooperate with each other to handle the situation.

In consideration of the frequent occurrence of natural disasters such as earthquakes and typhoons, Rengo has established a fundamental policy that outlines the company’s response in the event of a disaster. Following the Great East Japan Earthquake, all sites have maintained stocks of emergency supplies since June 2011. In addition, satellite phones were installed at all sites in March 2012.

Since April 2012, we have developed a structure that uses automatically sent emails to confirm the safety of employees and assess damage in the event of a large-scale earthquake. Test emails are sent every six months in preparation for disasters.

► Information security

As advances are made toward digitalization throughout society, information management is becoming increasingly important. Having formulated information security policies, including the Fundamental Policy on Information Security, Rengo is implementing thorough risk management and building a robust security structure, centered around the Information Security Subcommittee, chaired by the officer in charge of the Information Systems Group.

Consolidated 11-Year Summary

Rengo Co., Ltd. and Consolidated Subsidiaries
(From FY2012 ended March 31, 2013 to FY2022 ended March 31, 2023)

	3/2013	3/2014	3/2015	3/2016		3/2017	3/2018	3/2019	3/2020	3/2021	3/2022	3/2023
For the fiscal year (millions of yen):												
Net sales	¥ 502,625	¥ 523,141	¥ 522,671	¥ 532,534		¥ 545,489	¥ 605,712	¥ 653,107	¥ 683,780	¥ 680,714	¥ 746,926	¥ 846,080
Gross profits	88,468	82,606	76,428	87,288		98,586	99,710	111,197	132,461	133,281	135,716	141,918
Operating income	23,890	14,221	5,567	15,727		23,642	17,082	25,292	41,227	39,938	33,279	25,957
Profit before income taxes and non-controlling interests	25,066	9,687	12,081	16,268		24,186	23,366	25,075	41,090	41,204	41,437	30,857
Profit attributable to owners of parent	12,956	3,702	5,718	9,816		13,876	16,622	17,163	27,790	28,599	28,188	20,425
Research and development expenses	1,581	1,421	1,405	1,441		1,448	1,483	1,531	1,593	1,900	2,151	2,066
Depreciation and amortization	27,898	28,581	29,611	29,333		29,524	30,880	32,259	35,076	38,114	41,723	44,848
Capital expenditures	37,014	52,849	39,982	29,656		30,445	41,527	36,512	38,700	47,143	49,509	58,694
EBITDA	51,789	42,802	35,179	46,454		54,372	49,616	59,028	77,662	80,014	77,193	73,560
At the fiscal year-end (millions of yen):												
Total assets	¥ 572,591	¥ 629,054	¥ 655,674	¥ 644,690		¥ 704,826	¥ 747,700	¥ 769,355	¥ 820,109	¥ 869,992	¥ 934,345	¥ 1,053,138
Working capital	(30,389)	(40,772)	(34,146)	(36,801)		(24,288)	(23,760)	(10,142)	(3,041)	14,229	39,411	45,332
Interest-bearing debt	237,745	263,430	276,906	264,728		283,320	287,322	283,071	323,614	330,645	353,415	404,289
Net assets	188,132	201,658	222,390	221,733		241,510	262,580	274,697	288,820	324,463	354,289	385,732
Equity capital*1	180,733	196,359	216,353	215,962		234,241	255,015	263,948	278,254	313,326	341,909	372,795
Per share amounts (yen):												
Basic earnings per share	¥ 50.99	¥ 14.95	¥ 23.09	¥ 39.64		¥ 56.04	¥ 67.14	¥ 69.32	¥ 112.24	¥ 115.51	¥ 113.84	¥ 82.47
Diluted earnings per share	—	—	—	—		—	—	—	—	—	—	—
Cash dividends applicable to the year	12.00	12.00	12.00	12.00		12.00	12.00	14.00	20.00	24.00	24.00	24.00
Net assets per share*2	729.53	792.78	873.60	872.17		946.06	1,029.98	1,066.07	1,123.86	1,265.53	1,380.74	1,505.09
Ratio:												
Return on equity (%)	7.5	2.0	2.8	4.5		6.2	6.8	6.6	10.3	9.7	8.6	5.7
Return on total assets (%)	2.3	0.6	0.9	1.5		2.1	2.3	2.3	3.5	3.4	3.1	2.1
Debt to equity ratio (times)	1.32	1.34	1.28	1.23		1.21	1.13	1.07	1.16	1.06	1.03	1.08
Capital adequacy ratio (%)	31.6	31.2	33.0	33.5		33.2	34.1	34.3	33.9	36.0	36.6	35.4
Other data:												
Number of shares of common stock (thousand)	271,056	271,056	271,056	271,056		271,056	271,056	271,056	271,056	271,056	271,056	271,056
Number of employees	13,082	13,095	14,060	13,999		16,038	16,532	16,968	18,902	19,451	20,141	22,548
Share prices (yen):												
High	¥ 599	¥ 651	¥ 558	¥ 619		¥ 717	¥ 968	¥ 1,078	¥ 1,071	¥ 1,012	¥ 990	¥ 928
Low	311	438	443	459		546	603	787	660	776	730	688

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

Corporate Information

(As of March 31, 2023)

Corporate Profile

Name	Rengo Co., Ltd.	
Head Office locations	Head Office	Nakanoshima Central Tower, 2-2-7 Nakanoshima, Kita-ku, Osaka, Japan 530-0005
	Tokyo Head Office	Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo, Japan 108-0075
Founded	April 12, 1909	
Incorporated	May 2, 1920	
Capital stock	¥31.066 billion	
Stock listing	Tokyo Stock Exchange (Securities code: 3941)	
Number of consolidated companies	185 (parent company and subsidiaries)	
Number of companies under the equity method	17	
Number of employees	22,548 (consolidated)	



Head Office



Tokyo Head Office

Main Divisions and Plants/Mills

■ Rengo Co., Ltd.

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

■ Subsidiaries

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

Introduction

Value Creation Story

Business Development

Management Foundation

Financial Data / Corporate Information

Status of Shares

Number of shares authorized	800,000,000
Total number of shares issued	271,056,029 (including 22,485,376 treasury shares)
Number of shareholders	26,661
Number of shares per trading unit	100

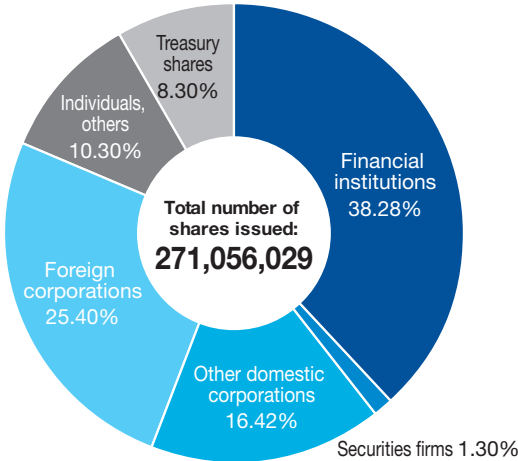
■ Major Shareholders

Shareholder name	Number of shares held (thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	30,625	12.3
Custody Bank of Japan, Ltd. (trust account)	25,076	10.0
Sumitomo Mitsui Banking Corporation	9,562	3.8
Sumitomo Life Insurance Company	6,808	2.7
The Norinchukin Bank	5,965	2.4
Government of Norway	4,923	1.9
Rengo Employee Shareholding Association	4,269	1.7
The Bank of New York Mellon 140044	4,202	1.6
Yakult Honsha Co., Ltd.	3,326	1.3
Custody Bank of Japan, Ltd. (as trustee for Retirement Benefit Trust Account of Sumitomo Mitsui Trust Bank, Limited)	3,266	1.3

(Notes) 1. In addition to the above list, Rengo Co., Ltd. holds 22,485 thousand shares of treasury shares.

2. Percentages are calculated after deducting treasury shares.

■ Shareholder Distribution



	Number of shares held (thousands)	Percentage (%)
Financial institutions	103,768	38.28
Securities firms	3,534	1.30
Other domestic corporations	44,512	16.42
Foreign corporations	68,838	25.40
Individuals, others	27,916	10.30
Treasury shares	22,485	8.30

IR Calendar

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