



2018

Environmental and Social Report

 **RENGO** co.,LTD.

Head Office
Nakanoshima Central Tower, 2-2-7 Nakanoshima, Kita-ku, Osaka, JAPAN 530-0005
Tel: +81-6-6223-2371 Fax: +81-6-4706-9909

Tokyo Head Office
Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo, JAPAN 108-0075
Tel: +81-3-6716-7300 Fax: +81-3-6716-7330

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

September 2018

Corporate Profile (as of March 31, 2018)

Company name	Rengo Co., Ltd.
Representative	Kiyoshi Otsubo, Chairman, President & CEO
Founded	April 12, 1909
Incorporated	May 2, 1920
Capital stock	31.066 billion yen
Location	Head Office Nakanoshima Central Tower, 2-2-7 Nakanoshima, Kita-ku, Osaka, Japan 530-0005 TEL. +81-6-6223-2371 FAX. +81-6-4706-9909
	Tokyo Head Office Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo, Japan 108-0075 TEL. +81-3-6716-7300 FAX. +81-3-6716-7330
Net sales	605.712 billion yen (consolidated) 303.406 billion yen (non-consolidated)
Number of employees	16,532 (consolidated) 3,730 (non-consolidated)
Group companies (consolidated)	41 in Japan, 98 overseas

Main Business

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

Operations Network

Domestic Network (as of March 31, 2018)

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

Rengo Group Companies in Japan

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

Rengo Group Companies Overseas

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

For details, please see:

https://www.rengo.co.jp/english/about_us/network/index.html

Editorial Policy

This is a report on activities undertaken in fiscal 2017 focusing on the approach, initiatives, and achievements by Rengo Co., Ltd. with respect to global environmental protection, and also includes social aspects.

The feature articles introduce Rengo's work style reform being undertaken with partner companies. In addition, an employees' round-table was held to talk about GPI Rengo's comprehensive capabilities supporting the growing market for online commerce.

Independent practitioner's assurance was engaged to ensure the credibility of quantitative data presented in the environmental report.

Scope of Report

Organizational Scope

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

Target Period

In principle, the report covers fiscal 2017 (April 1, 2017 to March 31, 2018). Certain aspects of this report also include periods before and after fiscal 2017.

Major Changes During Target Period

March 2018: Closing of Yodogawa Mill

Period of Issue

Previous: September 2017

Current: September 2018

Next: September 2019 (planned)

Referenced Guidelines

"Environmental Reporting Guidelines 2012," Japan Ministry of the Environment

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

For information stated in this report, independent practitioner's assurance has been engaged with regard to the validity of calculation methods and accuracy of calculated results. Such information will display the symbol of assurance as a sign that the information has been assured.

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

Target of assurance: Fossil energy input and CO₂ emissions originating from fossil energy use

Calculation guideline: Advanced technologies promotion Subsidy Scheme with Emission reduction Targets (ASSET) Monitoring Report Guidelines (Version 7.0)

Prepared By / For Inquiries

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

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

FAX. +81-6-4706-9909

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

E-mail eco@rengo.co.jp

Rengo's Information Disclosure Media

Rengo provides appropriate and timely financial and non-financial information meeting the needs of stakeholders through our website, booklets, and PDF files.

The Environmental and Social Report provides all stakeholders with detailed information regarding Rengo's CSR activities.

The Annual Report provides information focusing on Rengo's financial situation to shareholders and investors.



Rengo's Website

Various types of information related to corporate activities are appropriately disclosed.
<https://www.rengo.co.jp/english/>



Website (CSR)

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



Environmental and Social Report (booklet and PDF)

Environmental and Social Report Data Booklet (PDF) (in Japanese)
<https://www.rengo.co.jp/english/environment/index.html>



Website (Investors Relations)

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



Annual Report (booklet and PDF)

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

CONTENTS

Message from Top Management	03
Contributing to the Development of Society's Sustainability through Rengo as a General Packaging Industry	

Corporate Philosophy & Main Businesses	05
--	----

Features

Feature 1	Achieving Rengo's Work Style Reform Together with Partner Companies	07
-----------	---	----

Feature 2 Employees' Round-Table	GPI Rengo's Comprehensive Capabilities Supporting Online Commerce	09
-------------------------------------	---	----

Sustainable Development Goals	11
-------------------------------------	----

Achievements and Targets of Activities	12
--	----

Material Balance in Production Activities	13
---	----

For the Global Environment

Environmental Management	15
--------------------------------	----

Global Warming Countermeasures	17
--------------------------------------	----

Effective Use of Resources	19
----------------------------------	----

Reducing Waste	21
----------------------	----

Management of Chemical Substances	22
---	----

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

Conserving Biodiversity	24
-------------------------------	----

Together with Society

Relationship with Customers	25
-----------------------------------	----

Products to Solve Various Issues Faced by Society	26
---	----

Relationship with Suppliers	29
-----------------------------------	----

Creating Ideal Workplaces	31
---------------------------------	----

Health and Safety	35
-------------------------	----

Activities Contributing to Society	37
--	----

Management

Corporate Governance	39
----------------------------	----

Compliance	41
------------------	----

List of Fiscal 2017 External Evaluation / Independent Practitioner's Assurance	42
--	----



Contributing to the Development of Society's Sustainability through Rengo as a General Packaging Industry



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

Striving to be a Company That Sustainably Develops along with Society

The implementation of the Sustainable Development Goals (SDGs) at the United Nations in September 2015 has led to increasing interest in sustainability. There is renewed recognition about the significance of the roles which companies must fulfill toward achieving these goals. Innovation by companies is the key to solving the wide range of issues faced by the global economy, environment, and society.

"Less is more." is the key concept for the Rengo Group's packaging manufacturing, and is also a key concept for environmental management.

1. "Less energy consumption"
2. "Less carbon emissions"
3. "High quality products with more value-added"

Vision110

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

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

This leads to the effective use of resources—our natural capital—and reduced impact on the global environment while contributing to the development of a better and sustainable society. We are fulfilling of our social responsibility as a company through the production of high-quality and high added-value packaging and this is the ideal that the Rengo Group seeks through all of our business activities. One of the backbones supporting this is our participation in the United Nations Global Compact. Rengo has been fully supporting this global initiative and respecting its spirit. We will also earnestly face the issues newly identified by the SDGs to contribute toward the development of society's sustainability.

The Rengo Group will be commemorating the 110th anniversary of our founding in 2019. We have formulated Vision110 so that we can continue to be a company that creates new value in packaging and takes on challenges. In it, we stated our major aspiration of taking on the challenge to become "the world's number one General Packaging Industry," and we hope to steadily achieve this target using the initiatives of SDGs as a core.

Toward a Carbon-Free Society

With the Paris Agreement entering into force in November 2016, governments and companies have been accelerating their initiatives toward realizing a carbon-free society. The SDGs have also raised climate action and clean energy as global issues. Since before, Rengo has recognized climate change as a pressing issue, and in the Rengo Group Environmental Charter—our long-term vision working toward 2050—set a target to halve our CO₂ emissions by 2050 when compared to fiscal 1990 levels.

To achieve this, our utilization of renewable energy generated by initiatives expanding the use of advanced renewable energy, has now reached 15% of overall consumption. Those initiatives include our Fukushima-Yabuki Plant which uses solar power generation for all its electrical needs during the day, and our Yashio Mill which has installed a wood chip biomass power plant to effectively utilize waste materials generated as a by-product of construction in the neighborhood. Japan has declared in the Paris Agreement to reduce CO₂ emissions by 26% (compared to fiscal 2013) by fiscal 2030. Rengo takes this target as our own target and works on reducing CO₂ emissions by the same amount. As part of our efforts, we plan to increase our utilization rate of renewable energy to 25% by fiscal 2030.

Work Style Reform and Response to Falling Birthrates

No matter how great a product is, its value cannot be put across to people without the packaging. Demands on packaging are constantly changing with the times, and there is no end to its innovation. The source of this innovation comes from each and every employee, and it is essential to create environments where diverse individuals can work with energy and maximize their unique potential.

In 2014, Rengo embarked early on work style reform aimed at work-life balance so as to improve total factor productivity (TFP). In 2017, we announced our Work Style Reform Declaration which focuses on promoting the taking of childcare leave by male employees. To further accelerate work style reform, we formulated our Work Style Reform Action Plan in March 2018.

Furthermore, in view of the rapidly falling birthrate and aging population, we recognize that responding to falling birthrates and nurturing the next generation are issues for companies. In 2006, we increased the congratulatory bonus given for the birth of an employee's third or subsequent child to one million yen. Since the program was revised, 320 employees have received this bonus as of March 31, 2018.

As more men participate in child-rearing, diverse individuals, including women, will be able to equally develop their careers, thereby increasing their motivation and leading to the company's vitality and growth. It is important to have productivity improvement with passion, and that is the true core of TFP improvement. Rengo will continue to set examples through our actions so that we lead by example as the industry's leading company.

Solving Social Issues through Business Activities

On one hand, the falling birthrate and aging population places a severe impact on the labor market. In particular, at the frontlines of transportation, including distribution and deliveries for retail stores and online commerce, how to efficiently carry out work with less people while maximizing effect is a pressing issue.

Rengo Smart Display Packaging (RSDP)—which represents the *Retail Mate* series that contributes to work efficiency in distribution sites—makes opening, unpacking, and displaying easy. It addresses labor shortage in distribution sites and achieves low-cost operations. In the field of online commerce,

the use of our *Gemini Packaging System*—which automatically assembles and packs boxes based on the product's height—enables improved efficiency in transportation as well as automation of packaging work itself. In such ways, we do not stop at looking at packaging simply as packaging materials. It also plays a significant role in solving social issues.

With the long working hours of truck drivers becoming a social issue, from the perspective of our customers who ship goods, we are also working on reducing the long working hours of truck drivers through improving logistics. Facing this issue together with freight operators, who cannot solve this issue on their own, we work on improving work efficiency across the entire supply chain. In November 2017, Rengo's Kanazu Mill was recognized by the local Labour Bureau for its initiative to improve the long working hours of truck drivers.

Leaping into the Next 100 Years as the World's Number One General Packaging Industry Rengo

Next year, Japan will commemorate the 110th year since corrugated packaging was first introduced in the country. During this period, society has moved from analog to digital, progressing toward a smart society through the evolution of IoT, AI, and robot technologies. The spread of e-commerce, where purchases can be made easily with a single click, also increases the importance of packaging—including corrugated packaging—as items which link computer networks to people.

Taking on the challenge to become the world's number one General Packaging Industry, there is no final form for this goal. I believe that our final form is none other than the creation of high added value packaging with the highest levels of passion in the world under a stance of high ethics and fairness, and an attitude of continuously taking on new challenges. As the Rengo Group moves into the next 100 years, we will continue to listen sincerely to the voices of our stakeholders. At the same time, we will address social issues in all our business activities and support logistics and lifestyles through packaging while never ceasing in our efforts toward the realization of an even better and sustainable society.

As a General Packaging Industry

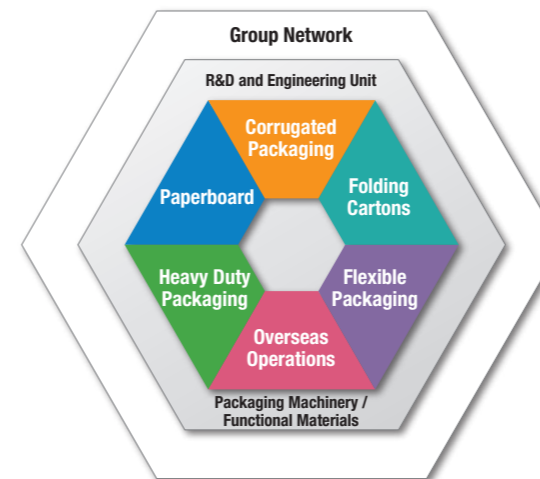
Corporate Philosophy

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

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

1. Realize prosperity and ambitions for the future 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

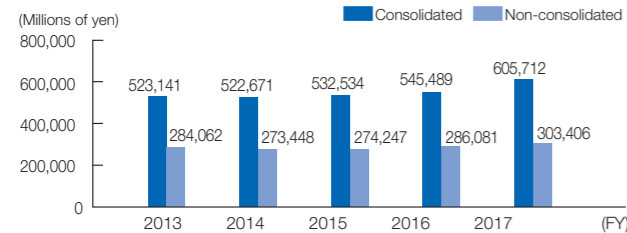


Today, the Rengo Group is conducting diverse business in six core fields: paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas business.

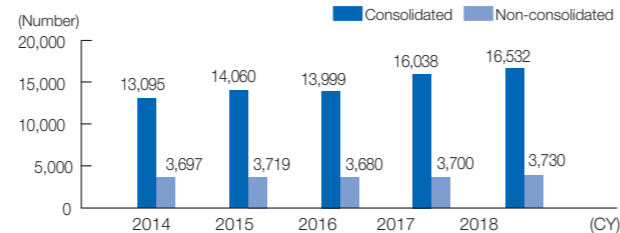
We seek to be the best packaging partner through continuous innovation keeping in mind environmental friendliness and customer satisfaction. As General Packaging Industry (GPI) Rengo, our Group is a comprehensive packaging provider that actively makes proposals fulfilling all of the packaging needs of various industries, providing meaningful packaging with true value sought after by society that is friendly to people and the environment.

Review of Business

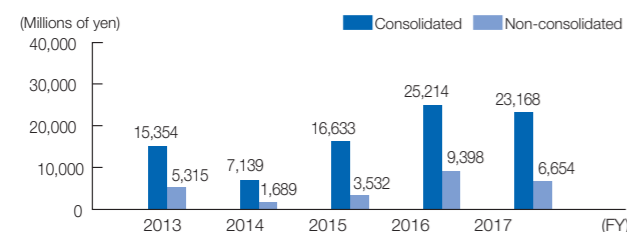
Net sales



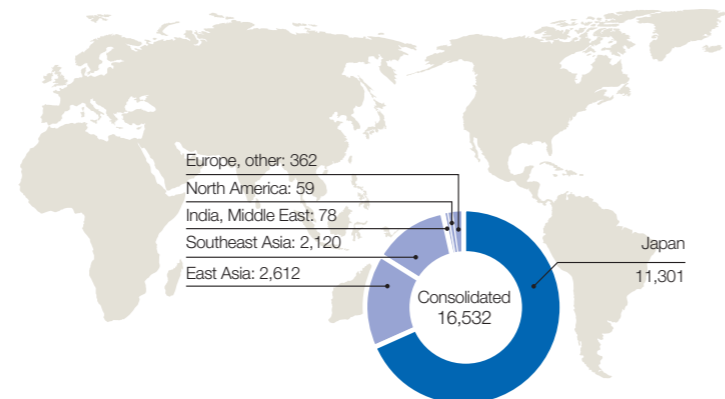
Number of employees (as of March 31 of each CY)



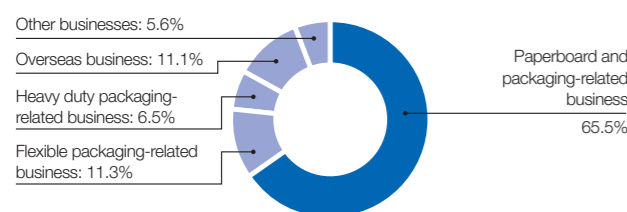
Ordinary income



Number of employees by region (as of March 31, 2018)



Sales ratio (FY2017, consolidated)

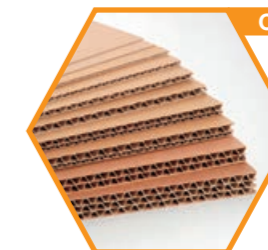


Six Core Business Fields



Paperboard

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



Corrugated Packaging

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



Folding Cartons

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



Flexible Packaging

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



Heavy Duty Packaging

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



Overseas Business

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



Feature 1

Achieving Rengo's Work Style Reform Together with Partner Companies

Japan is facing a falling birthrate and aging population. The reduction of the working population puts logistics sites on the verge of crisis. As a shipper of goods, Rengo collaborates closely with logistics operators, our partner companies, while working to solve this issue.

Vehicles with Joloda loading systems installed with rails on the cargo bed were introduced to reduce loading and unloading times. By putting rolled paperboard on the rails and sliding them, work time on each truck was reduced by approximately 30 minutes.

Furthermore, loading and unloading used to be conducted at six external warehouses dispersed over an area of 5 km radius around the mill, and it took time to travel between several warehouses. In 2015, Yashio Logistics Center was opened, consolidating the warehouses into one location and shortening travel time and distances.

On the other hand, there were cases where trips to and from our Kanazu Mill (Fukui Prefecture)—which distributes containerboard to the Chubu, Kansai, and Chugoku regions—were long drives, including some which took two days traveling more than 400 km one way. By opening one transit location in the Chubu region and three in the Kansai region, the distances of trips were kept within those that can be made in a day. Compared to before these transit locations were opened, the long working hours of drivers have been significantly reduced, such as a reduction of more than 70% in trips taking more than 200 km one way.

volume, destinations, and departure times. This significantly improves the efficiency of inventory management. In addition, the introduction of vehicles enabling efficient work is also helpful in reducing the risk of work accidents. Furthermore, together with reducing vehicle travel distances and times, reducing wasteful engine idling during waiting can reduce CO₂ emissions and help support countermeasures against global warming.

For Kanazu Mill, consigning transportation from transit locations to final destinations to regional logistics operators allowed distribution times to be designated in detail. This leads to improvements in the distribution efficiency of products and higher customer satisfaction. Such initiatives have been highly praised, and serve as a best-practice company for improving the long working hours of drivers in Fukui Prefecture to those companies struggling with this issue. We see this as recognition of Rengo's stance in pushing initiatives that not only improve Rengo's production systems and working environments of employees, but also solve issues in collaboration with our supply chain.

Balancing improvements to the working environment and economic efficiency together with the supply chain also contributes to the achievement of the Sustainable Development Goals (SDGs) identified by the United Nations. Rengo will continue to push forward with work style reform, and use this as an approach to promote initiatives which can contribute toward the building of a sustainable society.

► Society at the End of Work Style Reform

Working on work style reform with partner companies brings about many ripple effects. Utilization of a system which reduces waiting time also makes it possible to understand things such as transport

► Issues Faced by Plant/Mill Logistics

Companies may create great products, but their values cannot be applied if they are not delivered to the hands of customers. The logistics industry provides this link, but it faces difficulties in securing manpower due to factors such as the impact of a falling birthrate and aging population. Long working hours have become a major issue, and are likely caused by (1) waiting time* of drivers at plants/mills and warehouses before taking over the goods; (2) time taken when loading and unloading goods; and (3) longer driving times before arriving at their destinations.

These issues cannot be solved just by logistics operators themselves. As a shipper of goods, Rengo works on initiatives to solve these issues together with partner companies working in logistics.

* Waiting time: Time spent during working hours waiting instead of going about designated work.

► Work Style Reform in Logistics Undertaken at Workplaces

Rengo's Yashio Mill (Saitama Prefecture) boasts of having the number one paperboard production volume in Japan. It is a key production site responsible for supplying the Tokyo metropolitan area—Japan's region of highest consumption—with more than 300 large trucks and trailers passing through the mill each day just for shipments.

In the past, drivers did not feel comfortable leaving their vehicles as they were uncertain about when their turns would come. Drivers would wait in the vehicles, forming long queues as they waited for their turns. In 2011, a system to send notifications to mobile phones about information such as sequence and waiting spots was introduced. This significantly reduced waiting times, allowing drivers to rest, nap, and take meals comfortably.

VOICE Moving Forward Together with Rengo to Solve Issues

We have been building partnerships with Rengo for more than 50 years since Yashio Mill was opened in 1964. Logistics for this mill is undertaken by only three companies: Rengo Logistics Co., Ltd.; Yashio Transportation Co., Ltd.; and Horikiri Transportation Co., Ltd. This can be handled because of the trust built over many years and close collaboration.

We meet with Rengo at a pace of once each week, where we share and discuss issues such as long working hours. From these discussions, we had the idea to introduce large trailers to cover the volume of two trucks with one driver, and the shift toward driving during the early morning or at night when roads are less crowded. In addition, when opening the Yashio Logistics Center, our opinions were sought since the design stage, and we worked together to look into making work efficient and reducing the working hours of drivers.

We feel that Rengo takes our feedback seriously. Moving forward, we hope to continue sharing awareness about our goals, and work together to solve issues.



Masaki Yanagida Managing Director, Horikiri Transportation Co., Ltd. (left)
Isamu Ochiai General Manager, Yashio Sales Office, Rengo Logistics Co., Ltd. (middle)
Masanobu Tanaka Director, Yashio Transportation Co., Ltd. (right)





Employees' Round-Table

GPI Rengo's Comprehensive Capabilities Supporting Online Commerce

The shape of retail continues to change with the expansion of online commerce over the Internet. Corrugated packaging has now become something essential to people's lives. As the leading company in the corrugated packaging industry, Rengo supports customers from packaging to sales promotion. In April 2018, we gathered employees playing key roles in their respective departments to discuss the strengths of Rengo in supporting the online commerce market which continues to grow.

▶ Corrugated Packaging Abundantly Imbued with Invisible Ingenuities

Munemura: I propose the introduction of packaging machinery meeting our customers' needs. Ever since the labor shortage at online commerce companies and rise in delivery charges have become prominent, there have been increasingly more inquiries about the *Gemini Packaging System* (hereafter *Gemini*)—which detects a product's height and automatically packages it with the optimal size—developed by Rengo.

Fujino: My work is to provide proposals, centered on packaging, to various companies related to online commerce. There is also a cross-departmental team handling e-commerce issues. This team provides support for all matters related to online commerce to companies, from well-known leading online commerce companies to general manufacturers.

Takahira: I am involved in packaging design for corrugated packaging. In the design process, we pay attention to the workflow at retail stores when opening for unpacking. In addition, given the currently growing online commerce, we also look at additional processing to make packaging easy for consumers to open and easy to fold when recycling.

Takimoto: Rengo's Design and Marketing Center (DMC) is a sales support department creating added value through not just design but also other means such as product design and proposals on revamps. In the past, while there were few customers who were particular about the designs of online commerce boxes, we have continued to propose along the line that online commerce is a form of retail where retailers cannot wait on customers, and the design of boxes becomes the image of the company. Now, it seems that even if we do not make such proposals, our customers are increasingly coming to us saying, "We want this design."

Koike: I also think online commerce boxes are the companies' greatest salespeople. You can understand a company's stance just by the meticulous attention given to design and shape mentioned by Takahira. Furthermore, in online commerce, there are times when the purchaser is different from the receiver or user, such as when purchases are given as presents. It is important to accurately assess our customers' needs, such as designs which people are happy to receive, and incorporate them.

Round-Table Participants



Akio Munemura
Packaging Machinery Department

Ai Koike
Design and Marketing Center

Ken Fujino
Marketing and Business Development Department I

Kaori Takimoto
Design and Marketing Center

Hitoshi Takahira
Packaging Technical Department

▶ Taking on the Challenge of Balancing Optimizing Online Commerce Logistics and Reducing Environmental Impact

Takimoto: There are issues that become prominent because the online commerce market is growing, such as the labor shortage in delivery systems mentioned by Munemura. I think we can help in solving this issue through packaging.

Fujino: The *Gemini* mentioned just now, *I-Pack*, and *e-Cube* can reduce unused space within boxes by automatically adjusting corrugated boxes to its optimal height according to its contents. Introducing them can reduce the size of corrugated packaging itself, and as a result lead to reduction in cushioning material and improvement to the efficiency of truck transportation.

Munemura: These series are not just helpful in the environmental aspects, but also in solving the issue of labor shortages. Usually, a significant amount of labor is necessary in packaging for online commerce. By introducing the *Gemini*, we have heard feedback such as "the *Gemini* could cover the work of 10 persons" and "it is no longer necessary to worry if we can gather enough people for work."

Takahira: Transportation efficiency was mentioned, and a feature of *Gemini* is that further efficiency can be achieved by combining with *Delta Flute*. *Delta Flute* is an original Rengo standard for 2 mm corrugated board. It can be said to be an environmentally-friendly product, able to reduce the amount of corrugating medium by 8% and more as its thickness is reduced compared to the 3 mm B-flute. When delivering corrugated packaging or when customers ship out products, the synergy between *Delta Flute* and *Gemini* allows more corrugated packaging to be loaded each time. This reduces the number of trucks used for transportation, and also leads to logistics efficiency and further reduction in CO₂ emissions.

Koike: Related to the environment, we also have initiatives in printing. For example, oil-based inks using organic solvents were the mainstream in the past, but now, water-based inks, which use water and alcohol as their main ingredients, are being used instead. In addition, we also provide environmentally-friendly proposals which reduce the number of times printing machines are operated and the amount of ink used by using designs that fold the printed side of single-side printing to make it appear as if it was printed double-sided.

▶ Supporting Customers with GPI Rengo's Comprehensive Capabilities

Takimoto: In addition to online commerce, I think corrugated packaging is an infrastructure essential to the lives of people. I take pride that we can clearly differentiate ourselves from other packaging manufacturers by adding design as an added value to corrugated packaging and bringing it to the forefront. In addition, I think Rengo's strong weapon is our ability to work together with our customers—from the planning stage to marketing and design—to develop new products and manufacture based on an integrated concept.

Munemura: When looking from the perspective of improving work and transportation efficiency, packaging machinery such as *Gemini* stand out. However, there are times when, after listening properly to the needs of our customers, things can be resolved by other methods without having to implement large-sized machinery. Rengo's strength is our comprehensive capabilities which allows us to provide at one place solutions most appropriate for the scale and needs of our customers.

Fujino: From designs and adding structural functions for corrugated packaging taking into consideration the people handling them, to designing machinery to carry out packaging and flexible packaging such as films, we hope to consolidate GPI Rengo's capabilities, and continue to support our customers while listening to their voices.

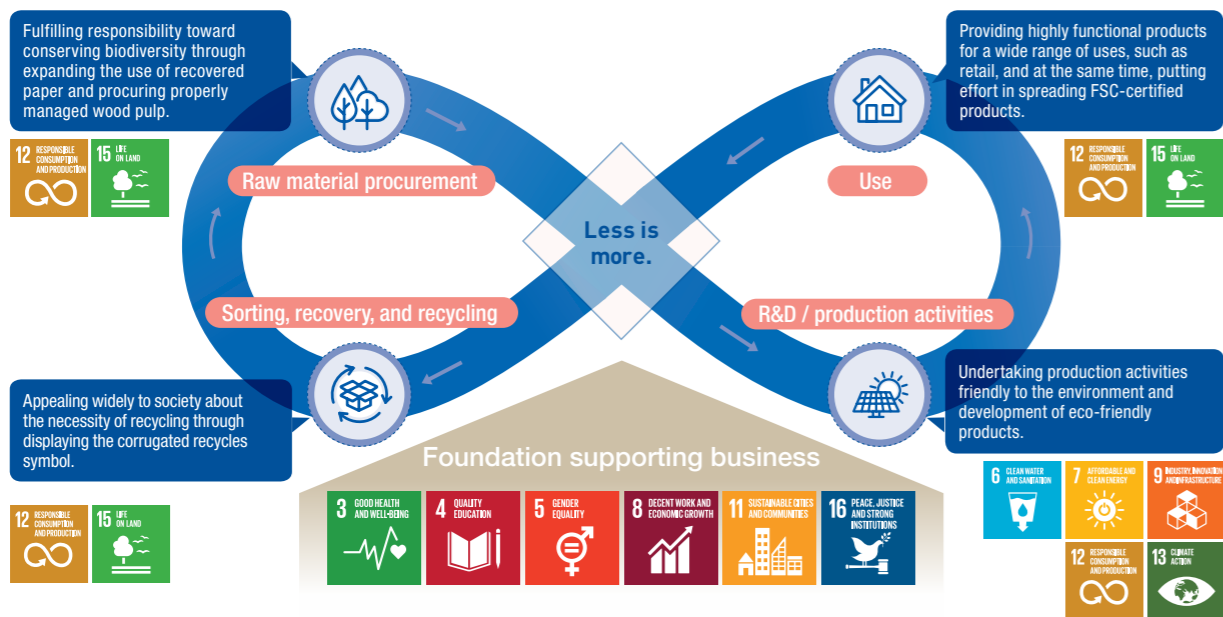
Sustainable Development Goals

In September 2015, all members (193 countries) of the United Nations adopted 17 goals and 169 targets as priority issues to be worked on globally by 2030 so as to realize a sustainable society for everyone in the world. These are the Sustainable Development Goals (SDGs). Companies are looked upon to take the lead in developing and providing measures and technologies to solve these issues, and contribute to the promotion of sustainable development.



TOPIC 1 Relation between Rengo's Initiatives and SDGs

The implementation of the SDGs by the United Nations was an opportunity to reaffirm Rengo's business direction undertaken thus far, and at the same time, to think about issues to be undertaken and the course to be taken moving ahead. The figure below maps Rengo's business activities to strongly-related SDGs referencing the SDG Compass. Rengo will extract critical issues (materiality) for further initiatives to be undertaken moving ahead, and take on the challenge of incorporating value creation from the perspective of SDGs when strengthening existing businesses and creating new products and businesses.

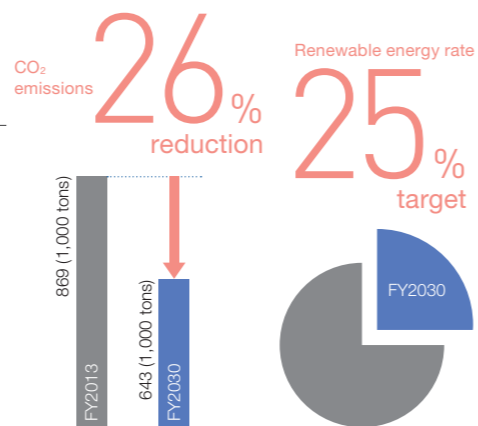


TOPIC 2 Formulating Targets for Fiscal 2030

- Reduce CO₂ emissions by 26% when compared to fiscal 2013 levels*
- Renewable energy rate of 25%

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

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



Achievements and Targets of Activities

Achievements for Fiscal 2017 and Short- and Long-Term Targets

To sustainably improve our corporate value, Rengo makes clear issues such as environmental and social problems. Regarding environmental problems, we set targets for the respective issues and actively work on them, including formulating new targets to reduce CO₂ emissions by fiscal 2030.

Themes and related SDGs	Item	FY2017				Target	
		Target	Actual	Evaluation	Relevant page	FY2018	FY2020
7 12 13	Global warming countermeasures	29% reduction	Assured 28.2% reduction	×	p. 17	28% reduction	32% reduction
	Per-unit CO ₂ emissions* ² by logistics departments (compared to FY2007)	11% reduction	9.0% reduction	×	p. 18	12% reduction	Promote reduction
12 15	Effective use of resources						
	Recovered paper utilization ratio	97% or more	98.2%	○	p. 19	97% or more	97% or more
12 15	Reducing waste						
	Material recycling rate	98% or more	98.0%	○	p. 21	98% or more	98% or more
	Final disposal* ³	4,000 tons or less	3,826t	○	p. 21	4,000 tons or less	4,000 tons or less
12 13	Management of chemical substances						
	Emissions and transfers of PRTR chemical substances (compared to FY2002)	12% reduction	15.1% reduction	○	p. 22	13% reduction	Promote management of chemical substances
	VOC emissions (compared to FY2000)	45% reduction	53.1% reduction	○	p. 22	45% reduction	
9 12 13 15	Research, development, and supply of environmentally-friendly products						
	Average basis weight of corrugated board (compared to FY2004)	10% reduction	10.0% reduction	○	p. 23	10.5% reduction	Promote lightweight packaging Maintain collection rate

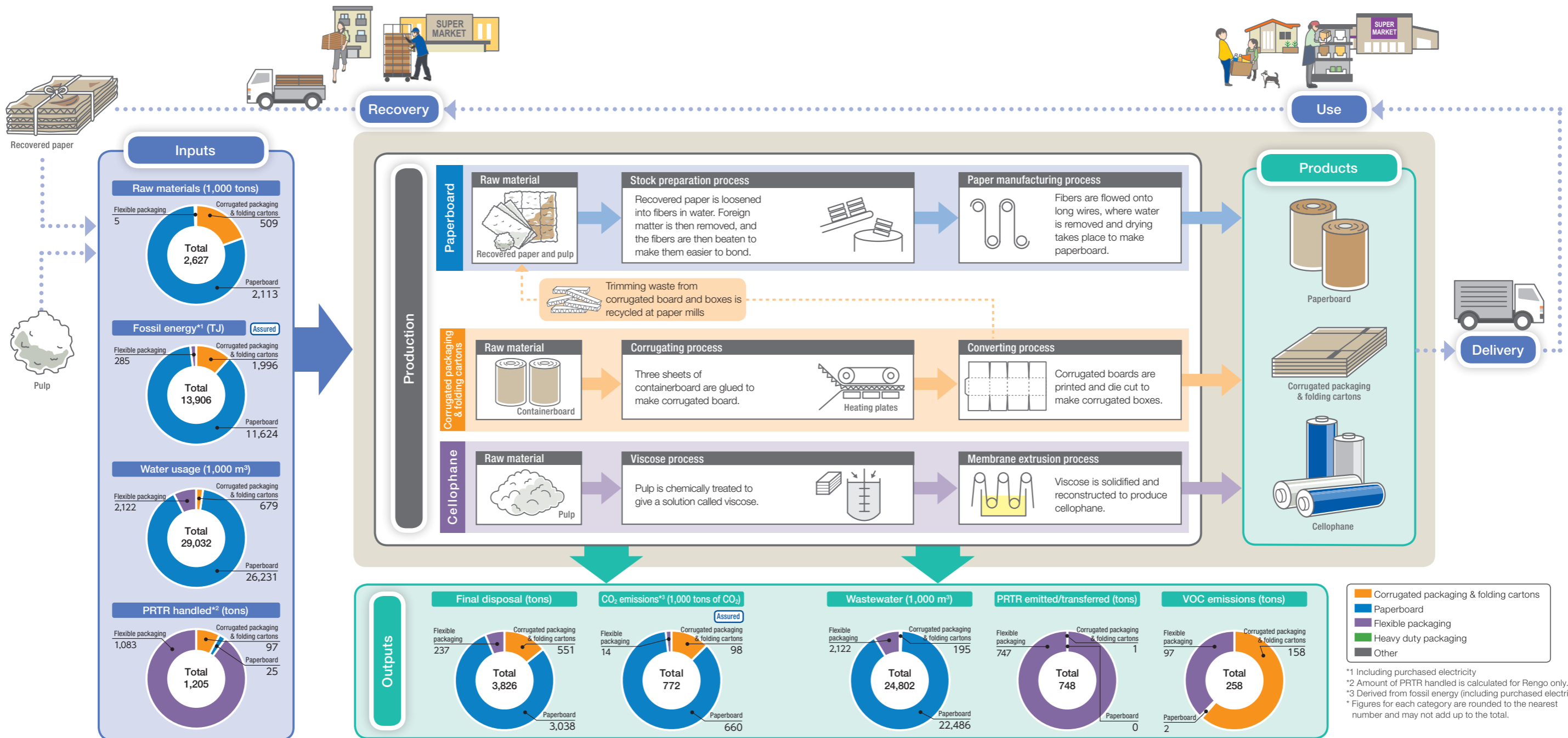
*1 CO₂ emissions: Applies to CO₂ emissions derived from fossil energy. Coefficients used are taken from Keidanren's Commitment to a Low Carbon Society. For FY2011 and later, to remove the effects of the earthquake disaster on electricity, fixed coefficients (generation-end) from FY2010 are used.
 *2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

Eco Challenge 020 for the Global Environment

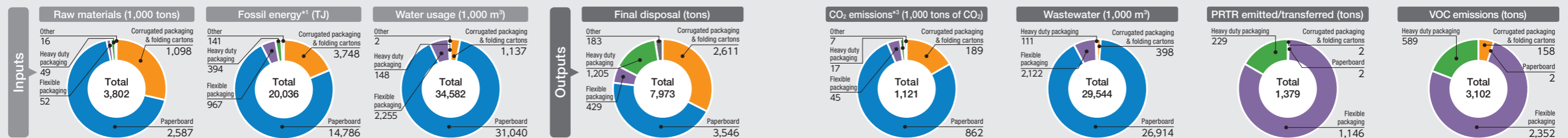
Together with Society

Themes and related SDGs	FY2017				Target
	Target	Actual	Evaluation	Relevant page	FY2018
9 12	Quality control				
	Prevention of human errors	Conducted tests to check level of understanding (once per month)	○	p. 25	Continue with initiatives
5 8	Empowerment of female workers				
	Achieve an employment rate of 30% and higher for women in career-path positions	30.8%	○		
	Double the number of women in managerial positions (from 19 in FY2014 to 40 or more in FY2020)	29	—		
	Achieve twice or more women (full-time employees) working in sales sections and in manufacturing sections (FY2014: 8 in sales sections and 7 in manufacturing sections)	14 in sales sections 22 in manufacturing sections	—		p. 32
	Achieve a rate of 13% or higher for male employees taking childcare leave	57.1%	○		
8	Encourage taking of paid annual leave				
	At least 10 days on average	11.4 days	○	p. 33	Maintain an average of at least 10 days

Resource Inputs and Outputs of Business Activities (Fiscal 2017 Results)



Consolidated*4



*4 Scope of consolidation includes Rengo Co., Ltd. and 29 consolidated subsidiaries in Japan with production facilities.



Environmental Management

Consideration for the Earth and local environment is a major prerequisite for carrying out business activities.

For the Global Environment Rengo has in place a management system to promptly respond to issues which need to be improved.

Relation to SDGs



Rengo Group Environmental Charter

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

Rengo Group Environmental Charter

Fundamental Philosophy

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

Fundamental Policy

1. Observance of Environment Related Laws

Rengo group endeavors to observe all laws, regulations and protocols relating to the environment, and actively carries out environmental conservation activities to further reduce environmental impacts.

2. Promotion of Global Warming Countermeasures

Rengo group actively promotes Green New Deal through energy conservation and utilization of new energies, targeting to halve the CO₂ emissions by 2050 compared to 1990 levels.

3. Promoting Effective Use of Resources

Rengo group endeavors to advance its technology for using waste paper, promote recycling and effective use of waste paper resources in order to contribute to a creation of recycling oriented society.

4. Curbing Waste Generation and Promoting Effective Use of Waste

Rengo group endeavors to curb waste generation and reduce volume of final disposed waste through reuse and recycle.

5. Research, Development and Supply of Environmentally Low-Impact Packaging

As a packaging solutions company, Rengo group endeavors to research and develop environmentally low-impact packaging and supply environmentally friendly packaging.

6. Promotion of Environmentally Friendly Materials Procurement and Production Activities

Rengo group endeavors to procure environmentally friendly materials while actively reducing environmental impact of production activities.

7. Promotion of Environmentally Friendly Activities at Overseas Operations

Rengo group endeavors to observe the environmental regulations of each country in which its overseas operations conduct activities and take proper measures to conserve the environment in the region.

8. Promotion through Public Relations, Awareness Activities and Social Relations

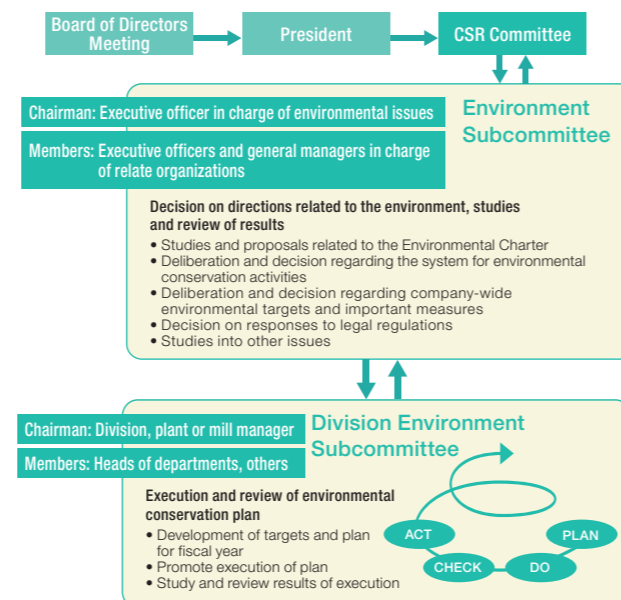
Rengo group promotes raising environmental awareness through public relations and awareness activities, actively participating in and supporting regional and community environmental conservation activities.

Established on April 12, 2009

Structure for Promotion of Environmental Management

For the promotion of environmental management, Rengo has established the Environment Subcommittee overseeing the entire company, and division environment subcommittees at divisions, plants, and mills, so as to put in place a structure that always executes plans with a view of the current situation. The Environment Subcommittee's purpose is to strengthen environmental management throughout the entire company. It is chaired by the executive officer in charge of environmental issues, and its members are executive officers and managers in charge of production and related departments. Meetings are held twice each year, during which the current state of achievement for environmental targets and state of legal compliance are checked, and discussions and decisions are made on items such as company-wide directions, targets, and plans related to the environment. These are then reported to the CSR Committee. Decisions made by the Environment Subcommittee are then further deliberated in detail at the division environment subcommittees to develop environmental conservation activities rooted in their respective local communities.

[Structure for promotion of environmental management]



Environmental Management System

To effectively promote environmental management, Rengo has introduced ISO 14001, the international standard for environmental management systems, since 2001. All production sites have achieved certification in 2006. In addition, internal audits and external inspections by certification agencies are regularly carried out to verify that environmental management systems are appropriately operated at our divisions, plants and mills. In fiscal 2017, certification to shift to the ISO 14001:2015 revision was undertaken.

Eco-Loop Environmental Information Management System

The environmental information management system Eco-Loop has been operated company-wide by Rengo since 2010 to efficiently understand and share information about the environmental data at our divisions, plants, and mills. Eco-Loop centrally manages environmental data, such as energy usage, CO₂ emissions, and waste generation arising from business activities. We hope to improve employees' individual awareness about the environment through visualization of environmental information.

Conduct of Environmental Education

Rengo continuously carries out environmental education and awareness-raising activities, such as seminars and Group newsletters, so that all employees can take a closer interest in environmental problems in all aspects at work and at home. In fiscal 2017, environmental education was conducted for new employees, and a course to develop ISO 14001 internal auditors targeting all employees was also conducted. In addition, stratified training also incorporates environmental education.



Environmental education for new employees

[Education conducted by Rengo (FY2017)]

Course	Participants
Environmental education for new employees	60
Internal auditor development course	30

State of Compliance with Environmental Regulations, etc.

State of Compliance with Environmental Regulations

Rengo manages the discharge of substances with environmental impact into the atmosphere and water by setting our own management values which are more stringent compared to legal regulations. In our self-check for environment-related laws conducted twice each year, we expose hidden environmental risks, and work to prevent legal non-compliance from occurring. For fiscal 2017, there were no administrative dispositions nor any other legal non-compliances.

Complaints Related to the Environment

Rengo received eight complaints in fiscal 2017 related to issues such as noise and vibrations. We identified the causes of these complaints, and took steps such as equipment-related measures and reviews of operations. We work to obtain the understanding of the claimants by explaining the causes and method of response to them. Moving forward, we will work to prevent issues so that there are no complaints, and at the same time keep in close communication with residents in our neighborhoods.

[Number of complaints related to the environment (FY2017)] (Cases)

Atmosphere	Water quality	Waste	Noise/vibrations	Odor	Others	Total
2	0	0	5	1	0	8

Countermeasures against Environmental Accidents

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



Global Warming Countermeasures

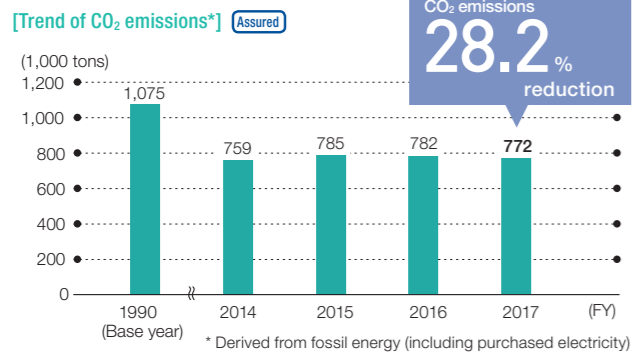
Reducing the emission of CO₂—a greenhouse gas—is a critical issue for suppressing global warming. Therefore, in addition to production departments, logistics departments and non-production departments are also working on energy-saving activities.

Relation to SDGs

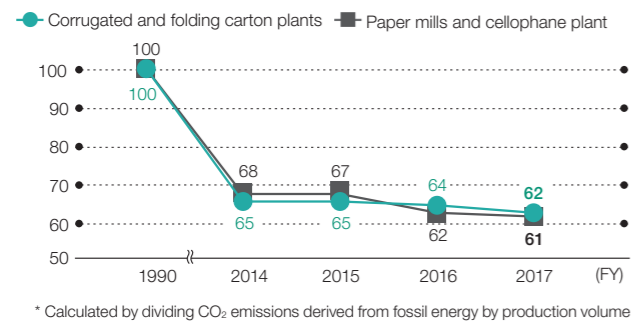


Reduction of CO₂ Emissions

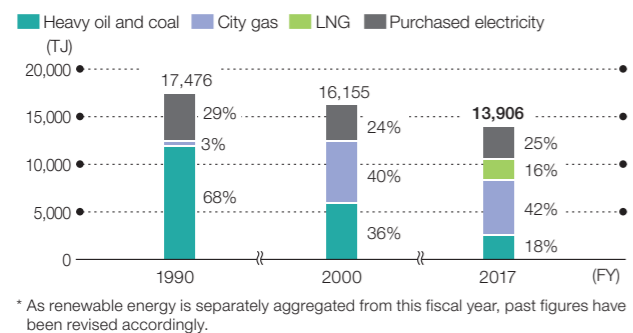
In fiscal 2017's Eco Challenge 020, we set a target to reduce CO₂ emissions derived from fossil energy during production by 29% compared to fiscal 1990. Despite improving energy efficiency and using more biomass fuel, and initiatives such as reviewing our production system, we could not reach the target. An increase in the volume of production instead resulted in emissions for fiscal 2017 reaching 772 thousand tons, equal to a 28.2% reduction compared to fiscal 1990. Nevertheless, improvements have been made in CO₂ emissions on a per-unit basis, showing the effects of capital investment and company-wide efforts for improvements in productivity.



Trend of per-unit CO₂ emission* index



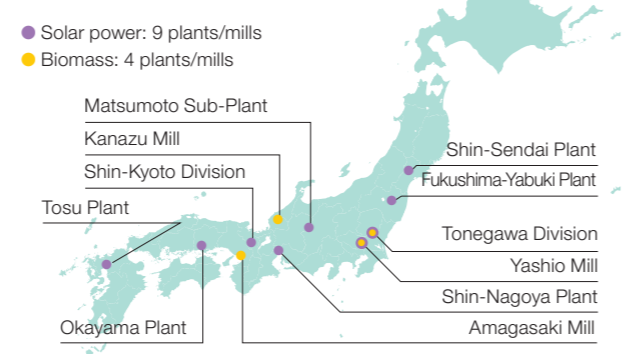
Trend of fossil energy input by fuel type



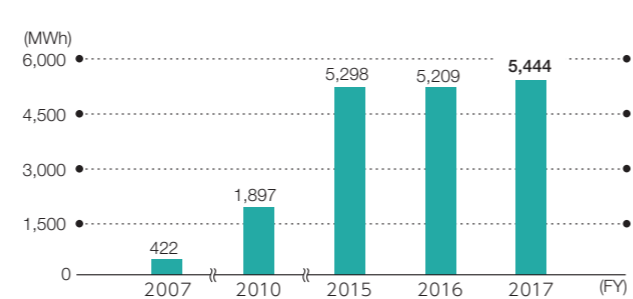
Promoting the Use of Renewable Energy

From the perspective of energy diversification, effective resource usage, and global warming prevention, Rengo proactively adopts equipment such as solar power generation and biomass boilers to expand the use of renewable energy. As of March 31, 2018, solar power generation facilities have been installed in nine plants and mills providing 5,444 MWh of electricity annually, which is 13 times that of when such systems were first introduced in fiscal 2007. In addition, renewable energy from biomass fuels made up 15% of energy inputs in fiscal 2017, with materials such as wood chips made from waste materials generated by construction and paper sludge (a by-product of the papermaking process) generated by mills.

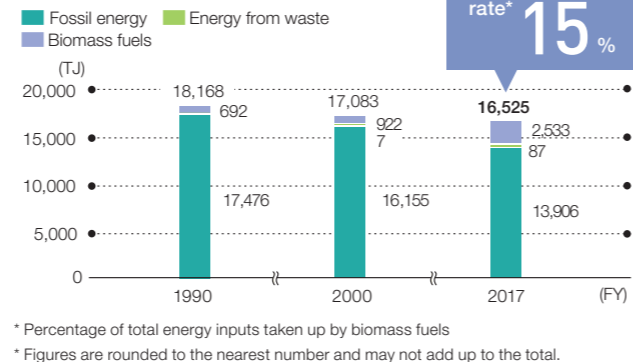
Locations using renewable energy



Trend of solar power generation (total electric power generated)



Trend of total energy inputs

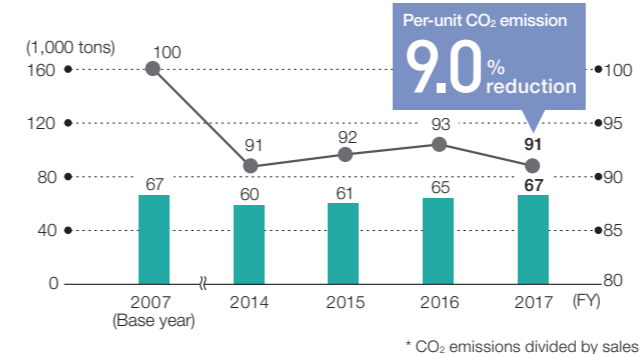


Initiatives at Logistics Departments

Rengo's logistics departments are working on saving energy and reducing CO₂ emissions during the transportation of products. An 11% reduction in per-unit CO₂ emissions compared to fiscal 2007 levels was set as the target in Rengo's Eco Challenge 020. However, due to an increase in transport volume, per-unit CO₂ emissions in fiscal 2017 was reduced by 9.0% when compared to fiscal 2007, falling short of the target.

In future, Rengo will look into ways to optimize transportation, including revising delivery routes, to further improve transport efficiency and work toward achieving the target.

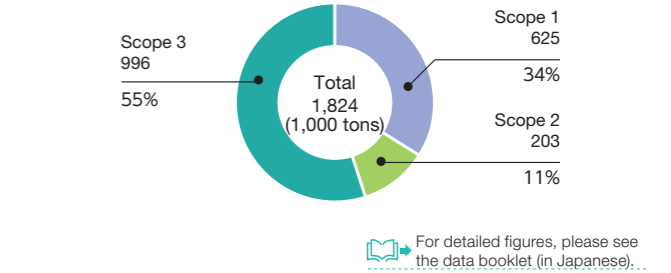
Trend of logistics departments' per-unit CO₂ emission index*



Calculation of Scope 3

To work toward the reduction of greenhouse gas emissions across the entire supply chain, Rengo calculates not only direct emissions from use of fuels (Scope 1) and indirect emissions from consumption of purchased electricity and heat (Scope 2), but also indirect emissions from business activities up and down the supply chain (Scope 3). Emissions in fiscal 2016 amounted to 1,824 thousand tons, of which 55% came under Scope 3. Rengo will continue to understand and manage greenhouse gas emissions across the entire supply chain, and work on initiatives toward reducing emissions.

Greenhouse gas emissions across entire supply chain (fiscal 2016)



VOICE Recognition of a Person of Merit for Promoting Energy Conservation in the Workplace

I am in charge of areas such as equipment maintenance and upgrade, and proposing and implementing plans to improve productivity. I go about each day working on delivering even greater effects by always keeping in mind the implementation of energy-saving even for upgrades to small devices, and spreading the use of installed machinery to other facilities.

Takefu Plant works toward reducing per-unit energy consumption by 1% compared to the previous fiscal year. To achieve this, it is essential to introduce equipment with high energy-saving effects using various ingenuities. For example, in the past, we had been using steam as a heat source to vaporize LNG for boiler fuel. We have since introduced an equipment which can vaporize using groundwater used in the production process, thereby reducing the amount of steam used. Furthermore, the groundwater cooled by vaporizing LNG is reused in the production process, reducing electricity used in the existing equipment for generating cooling water.

Through the accumulation of such efforts, we were able to reduce energy consumption in the five years from fiscal 2011 to fiscal 2015 by approximately 420 kiloliters (crude oil equivalent). I think this led to us being recognized by Hokuriku Branch of The Energy Conservation Center, Japan (ECCJ) for promoting energy conservation in the workplace. Moving forward, I hope to focus on educating and guiding my juniors so that we can have even more employees able to carry out energy-saving activities.



Seiji Sasaki
Manager, Facilities Department, Takefu Plant



Effective Use of Resources

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

Relation to SDGs

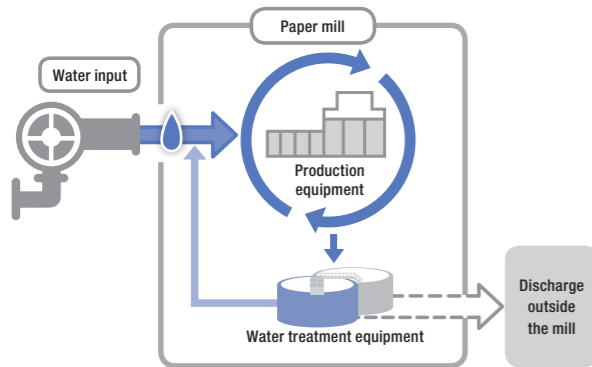


Effective Use of Water Resources

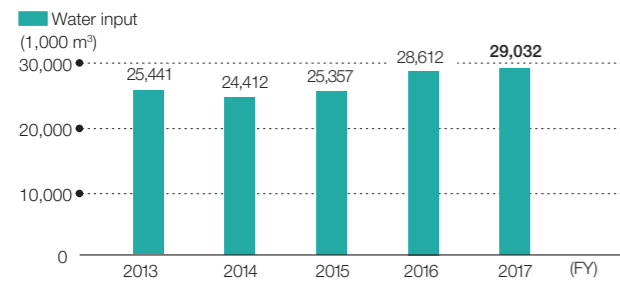
Rengo uses a lot of water resources in our production processes, and approximately 90% of that water is used at our paper mills. Water usage in fiscal 2017 was 29,032 thousand m³, an increase over the previous year. This was largely due to the increase in production volume, as well as the use of industrial water to improve the quality of discharged water.

In order to use limited water resources with care, water is used for 10 or more cycles at our paper mills. Furthermore, a portion of circulation water discharged from processes is treated using water treatment equipment and further reused. Rengo will continue to undertake the effective use of water resources.

[Internal circulation flowchart]



[Trend of water input]



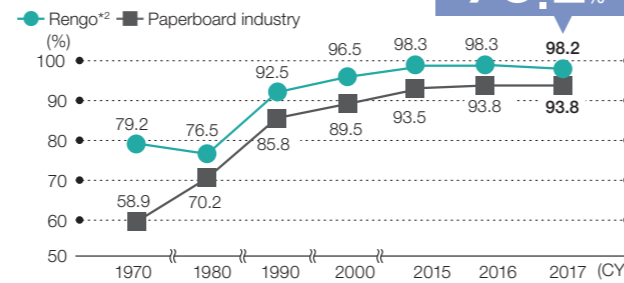
Reused water treatment equipment

Maintaining and Increasing the Recovered Paper Utilization Ratio

In fiscal 2017's Eco Challenge 020, the recovered paper utilization ratio target for paperboard was set as 97% or more. As a result of continuing with the initiative to expand utilization of unused resources such as confidential paper waste—which has not been used before—while maintaining product quality, Rengo achieved the target with a recovered paper utilization ratio of 98.2% in fiscal 2017.

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

[Recovered paper utilization ratio for paperboard (%)*]



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

Expanding Utilization of Recovered Paper

Rengo has introduced dedicated equipment for processing confidential paper waste at our Yashio Mill, Tonegawa Division, and Amagasaki Mill. Confidential documents generated by offices are usually incinerated to prevent information leaks. With the introduction of such equipment, we are now able to utilize confidential paper waste as resources. The equipment, housed within a fully-secured facility, accepts boxes containing confidential documents and processes these boxes without opening them. (Please see page 25 for details about information security.)



Dedicated equipment for processing confidential paper waste (sample boxes shown in the photo)

Quality Improvement of Recovered Paper

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

[Common examples of prohibitive items]

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

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

For details, please see:

Paper Recycling Promotion Center (in Japanese)
<http://www.prpc.or.jp/>

Sniffer Dog Silk Playing an Active Role at Yashio Mill

Since June 2014, Rengo's Yashio Mill has introduced the use of a sniffer dog named Silk to enhance our efforts for preventing contamination by recovered paper with odors. Ever since odor-detection by Silk was introduced, the number of cases of contamination by recovered paper with odors has significantly dropped, resulting in a steady reduction in the number of product problems and losses.



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



Let's Connect the Recycling Circle!

Do You Know the Corrugated Recycles Symbol?

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

For details, please see:

Corrugated Packaging Recycling Council (in Japanese)
<http://www.danrikyo.jp/>



Points to Note When Recycling Corrugated Packaging

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

When disposing of corrugated boxes

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



Reducing Waste

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

Relation to SDGs



For the Global Environment

Relation to SDGs

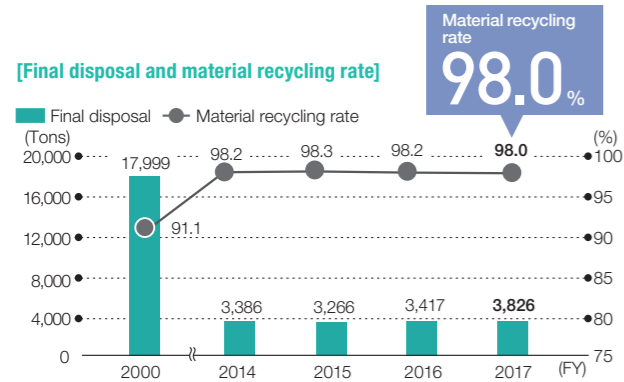


Management of Chemical Substances

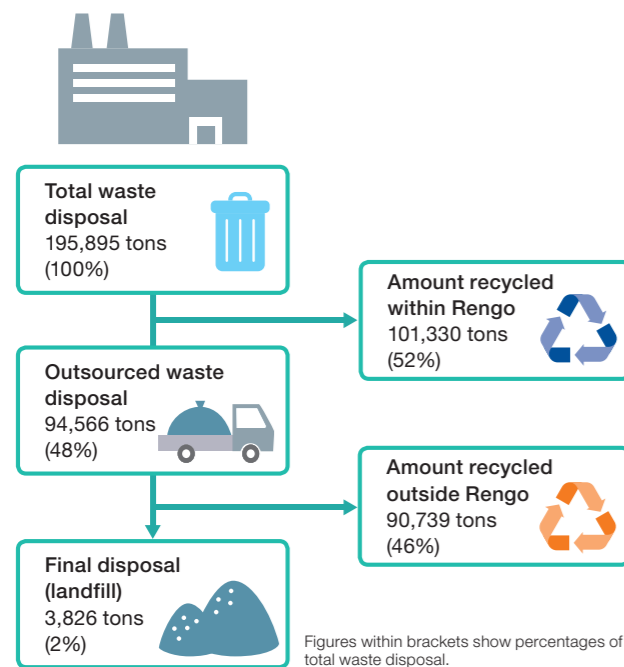
Besides thoroughly managing the discharge of pollutants which impact the living environment of the region and adhering to laws and regulations, Rengo prevents environmental pollution by setting our own, even stricter standards.

Reducing Waste

The waste reduction targets for fiscal 2017 under Eco Challenge O20 were set at keeping final disposal to less than 4,000 tons and achieving a material recycling rate of at least 98%. In the day-to-day outsourcing of waste disposal at our divisions, plants and mills, wherever possible, we select contractors that are capable of recycling the waste to increase recycling rate. As a result of efforts, we achieved our targets, with final disposal of 3,826 tons and a material recycling rate of 98.0%. We will continue our efforts to curtail the volume of waste generated and increase material recycling rates.



[State of waste disposal]

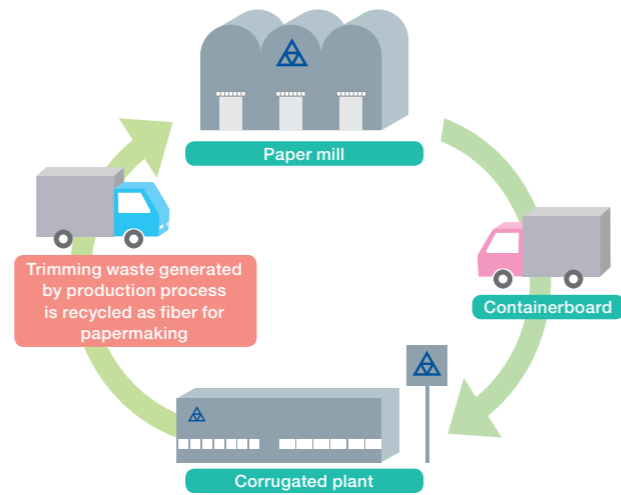


* Figures for each category are rounded to the nearest number and may not add up to the total.

Reusing Old Corrugated Containers Within Rengo

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

[Rengo's recycling system]



Promotion of Waste Management

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

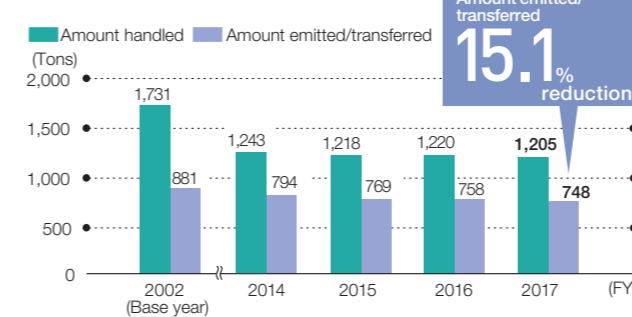


On-scene checks of waste disposal operator

Appropriate Management of Chemical Substances

Emissions/transfers of relevant substances based on the Pollutant Release and Transfer Register (PRTR) system measured 748 tons in fiscal 2017. This is a 15.1% reduction compared to fiscal 2002, and achieves our target of a 12% reduction compared to fiscal 2002. By taking measures such as replacing the chemicals we use, we will continue to strive to reduce the amount of PRTR chemical substances handled, emitted and transferred.

[PRTR chemical substances]

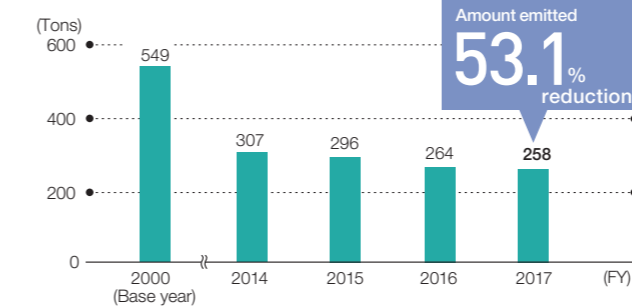


Reduction of Volatile Organic Compounds (VOC)

VOCs emitted into the atmosphere are a cause of photochemical oxidants and suspended particulate matter. Since ink and processing agents containing VOCs are used in the printing/processing of paperboard and film, VOCs are emitted into the atmosphere once they are dry. With the cooperation of our suppliers on the initiatives for low-VOC and non-VOC inks, emissions* in fiscal 2017 measured 258 tons. This is a 53.1% reduction compared to fiscal 2000, and achieves our target (45% reduction compared to fiscal 2000).

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

[VOC emissions]



Proper Management of Fluorocarbons

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

Management of PCB Waste

All equipment containing high concentrations of PCB are removed, and stored and managed strictly. Such equipment is disposed through the Japan Environmental Storage & Safety Corporation (JESCO), which was established in accordance with Japan's laws. Rengo will continue to carry out proper management and disposal in accordance with laws and regulations. In addition, for equipment which may contain low concentrations of PCB, we conduct studies to understand the situation, and for those that clearly contain PCB, we ensure they can be clearly identified, properly manage them, and dispose of them when appropriate.

Reducing Atmospheric Pollutants

The main atmospheric pollutants emitted by our facilities are nitrogen oxides (NOx), sulfur oxides (SOx), dust, and soot contained in the exhaust gases of boilers and incinerators. These are regulated by emission standards established by laws and regulations. Rengo removes these atmospheric pollutants until they meet regulation standards through management of combustion temperature, and the installation of flue gas desulfurization systems and dust collectors.

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

Management of Water Pollutants

The volume of waste water discharged was 24.8 million m³ in fiscal 2017. Waste water is sanitized—using methods such as pressure flotation treatment, activated sludge, separation by sedimentation, and activated charcoal absorption—to maintain water quality at values below regulation standards before being discharged into rivers and sewers. To ensure compliance with regulation standards, parameters under regulation—such as COD, BOD, and SS—are measured on a regular basis.

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



Research, Development, and Supply of Environmentally-Friendly Products

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

For the Global Environment

Relation to SDGs



Conserving Biodiversity

Relation to SDGs



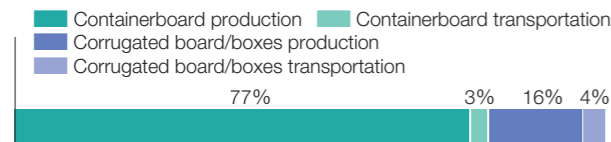
On Earth, many different living things co-exist while maintaining balance with the natural environment. Rengo collaborates with people from the regions where Rengo's production sites are located to carefully protect and nurture ecosystems in the region.

Lightweight Packaging

In Eco Challenge 020, we set a target for reducing the average basis weight of corrugated board by 10% compared to fiscal 2004. The result for fiscal 2017 was a reduction of 10.0%, achieving the target.

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

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



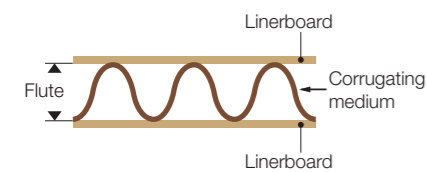
* Values calculated using calculation method established by Rengo

Initiatives in Containerboard

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

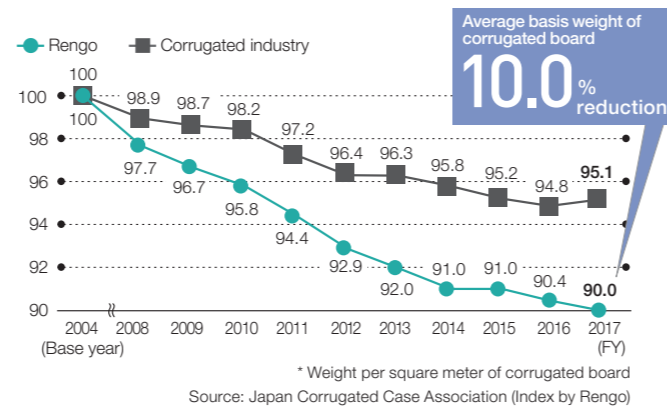
Since 2002, Rengo has embarked on making containerboard lightweight, and has developed lightweight containerboard and our Less Caliper & Carbon (LCC) containerboard which is light and strong. LCC120 and LCCX90 have the same strength as conventional corrugating medium with basis weights of 160 g/m² and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

[Structure of corrugated board]



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

[Indicator for average basis weight* of corrugated board]

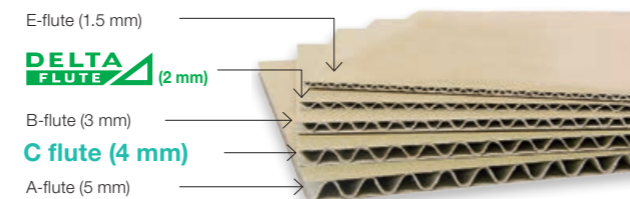


Initiatives so far			
2002	Embarked on development of lightweight containerboard	2009	Development of LCC containerboard
2005	Introduction of C-flute	2013	Introduction of Delta Flute
2008	Full-scale rollout of lightweight containerboard		

Initiatives in Corrugated Packaging

While there are many types of corrugating board according to thickness, Rengo works on spreading thinner corrugating board. Delta Flute is an original Rengo specification for corrugated board with a thickness of 2 mm. As it can be used for both outer and inner boxes, it can help make corrugated boxes lightweight with better functionality. In addition, the C-flute has a thickness of 4 mm and the same strength as the A-flute, which has a thickness of 5 mm, yet it is smaller in volume by approximately 20%. It is being widely used as a replacement for A-flute.

[Features of Delta Flute and C-flute]



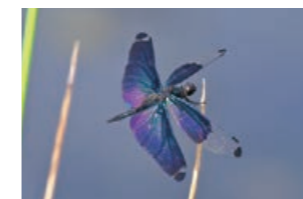
Features of Delta Flute	Features of C-flute
<ul style="list-style-type: none"> Approximately 8% reduction in use of corrugating medium compared to B-flute Approximately 25% reduction in thickness compared to B-flute Approximately 35% improvement in crush strength compared to E-flute 	<ul style="list-style-type: none"> Approximately 20% reduction in thickness compared to A-flute Maintains same strength as A-flute

Promoting Biodiversity Conservation Activities

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



[Things living in the biotopes]



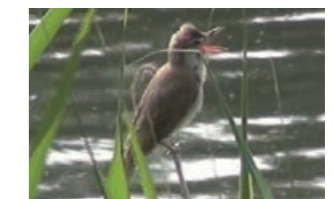
Butterfly dragonfly (*Rhyothemis fuliginosa*)



Scarlet skimmer (*Crocothemis servilia mariannae*)



Scarce tortoiseshell (*Nymphalis xanthomelas*)



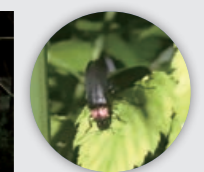
Great reed warbler (*Acrocephalus arundinaceus*)

TOPICS

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

Rengo's Fukushima-Yabuki Plant is not just a plant which brings together all the knowledge of our environmental technologies developed so far, such as solar power generation supplying the plant's electrical power needs during the day. It is also a plant which takes into consideration the region's ecosystem and is friendly to people and the environment. Since 2011, the plant has been working on an initiative together with members of Yabuki Yu-Yu Life Club—a volunteer group in Yabuki-machi—to establish fireflies at the plant's biotope. In 2012, studies were conducted on the firefly population in the surrounding regions, and the studies confirmed that many fireflies can be found living within Yabuki-machi. Subsequently, adult fireflies were captured and artificially made to lay eggs. The larvae were then released into waterways. As a result of these activities, fireflies were first confirmed to be found flying within the biotope in 2015. This initiative to establish fireflies was continued, and fireflies were again confirmed to be living within the biotope in fiscal 2017.

Fiscal year	Details of activities
FY2010	Construction of biotope
FY2011	Formation of Yabuki Yu-Yu Life Club
FY2012	Study on firefly population
FY2013	Commencement of firefly breeding
FY2014	Catching adult fireflies, obtaining eggs, and establishment in the environment
FY2015	Continuation of activities to establish fireflies First confirmation of fireflies flying within the biotope
FY2016	Continuation of activities to establish fireflies; confirmation of fireflies' flying
FY2017	Continuation of activities to establish fireflies; confirmation of fireflies' flying



Confirming flying of fireflies



Together with Society

Relationship with Customers

Relation to SDGs



In order for our customers to use our products safely, we work on stabilizing quality, and at the same time are thorough in carrying out the management of information security.

Products to Solve Various Issues Faced by Society

Relation to SDGs



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

Basic Stance

Rengo works fully as a company under our policy for customer satisfaction activities to provide products of value to society and improve the level of customer satisfaction.

Policy for Fiscal 2017's Customer Satisfaction Activities

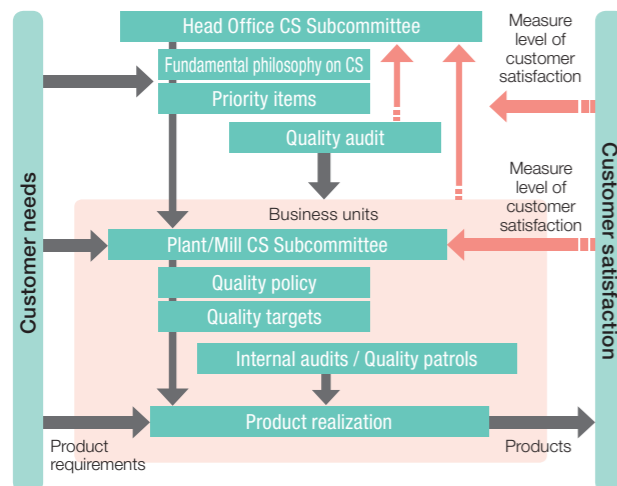
Build trust with customers by each individual bettering him or herself!

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

Priority item: 1. Create environments which do not produce defects
2. Implement common practice as a matter of course

Promotion of Quality Assurance

Rengo has established the Head Office CS Subcommittee and the Plant/Mill CS Subcommittee to monitor and manage activities company-wide. These committees oversee the entire company to ensure that products delivered to customers are safe and secure. The Head Office CS Subcommittee meets twice a year to deliberate and determine important matters, such as the identification of significant risks concerning quality as well as the company-wide action policy and measures for reducing those risks. The Plant/Mill CS Subcommittee meets once a month to formulate more specific initiatives for putting that action policy into practice at each mill and plant.



Initiatives to Prevent Reoccurrences

Rengo takes the prevention of human error as a major issue for us to deliver products which customers can use safely. Tests to check the level of understanding regarding quality rules were started in fiscal 2015 for all staff in relevant departments, and continued to be conducted once each month in fiscal 2017. For instance, sales staff are made to thoroughly understand internal processing and quality rules to strengthen their ability to swiftly and precisely deal with changes in internal processing. In addition, defects and preventive measures are disseminated monthly to share information and bring attention to all divisions, plants and mills. Furthermore, since fiscal 2017, on-site training for prevention of reoccurrences and reoccurrence prevention training based on past problems targeting logistics staff with little actual experience are conducting efforts to improve the competency of employees.

Attainment of ISO 9001 Certification

Rengo aims to further improve the level of customer satisfaction through attaining ISO 9001 certification—the international standard for quality management—and continuous improvement to quality management.

[List of plants with ISO 9001 certification (as of March 31, 2018)]

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

Management of Information Security

In fiscal 2015, Rengo's Yashio Mill and Amagasaki Mill—which handle confidential paper waste—attained ISO 27001 certification, the international standard for the management of information security. Our Toneyama Division also attained this certification in March 2017. In recent years, the reliability of information management and the strengthening of appropriate management have become major issues for management. Rengo uses confidential documents as recovered paper for raw materials, and we take appropriate management measures to carry out operations in accordance with the PDCA cycle even as we pay careful attention against leakage and loss of information assets handled by us.

Rengo Smart Display Packaging (RSDP)

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

Compared to general-purpose corrugated packaging,

RSDP saves labor as it can significantly reduce the time needed for opening and displaying products, and since it also makes decorative printing easier, it improves product display functionality and is effective for sales promotion. In addition, depending on the product, the reduction of board area together with the use of shrink film can eliminate the need for shipping boxes, which makes it possible to significantly reduce the amount of packaging material.



Easy Unpacking Which Reduces Work Time



VOICE

Received Beverage Packaging Award in the Good Packaging Category of the Japan Packaging Contest

With the change in the volume of milk cartons, there was a proposal to change from using plastic containers to corrugated packaging for transporting milk cartons. This was an unprecedented challenge for us. We started by feeling our way around, such as selecting materials and working on methods for testing durability. To achieve strength while improving unpacking and display performance at retail stores, we went through repeated trial and error before arriving at commercialization.

This packaging has a structure which allows four faces—top, front, and two sides—to be opened with a single action, making it easy to take out the products within. We still cannot forget how touched we were when an employee at a retail store who carries out display of products told us, "It is easy to open, and products can be taken out easily. It is also easy to clean up." In addition, as it is more compact compared to plastic containers, there is also the effect of improving loading efficiency during transportation.

Moving forward, we will continue to stay in touch closely with the issues faced by our customers, and generate new value using the benefits of corrugated packaging even in fields with no previous demand.

Kimihiko Tada

Manager, Sales & Marketing Department I, Sales & Marketing Group, East Japan II (left)

Akira Hashimoto

Assistant Manager, Packaging Technical Department, Business Development Group (right)



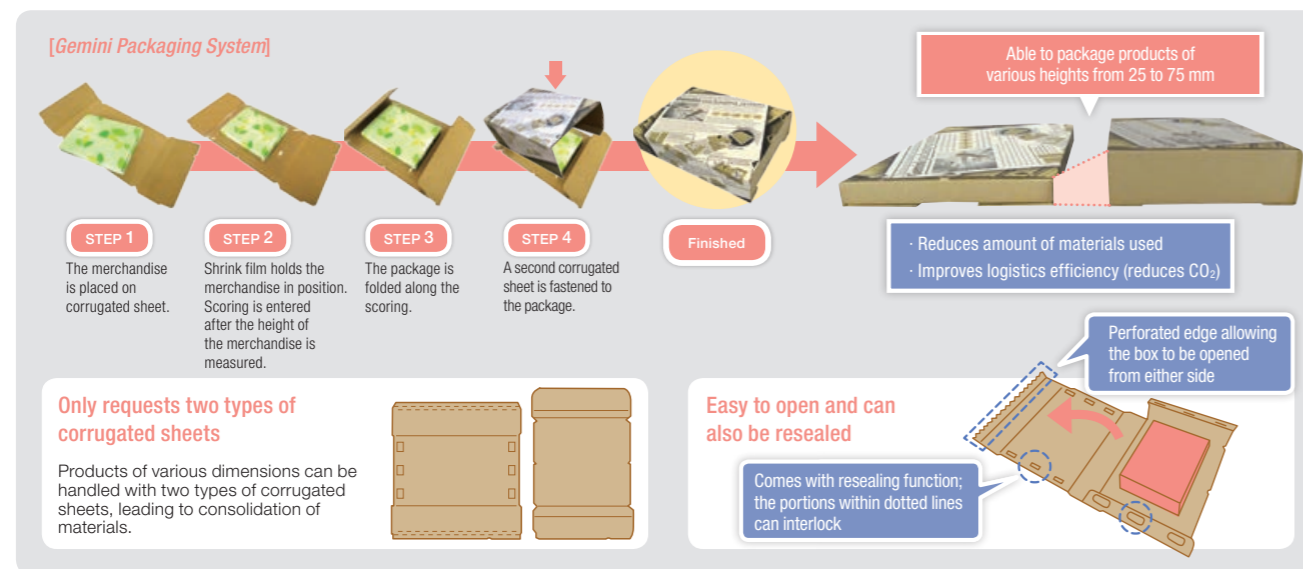
Meiji Oishi Gyunyu 900 ml Jointly developed with Meiji Co., Ltd. and Nihon Tetra Pak K.K.



Gemini Packaging System

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

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

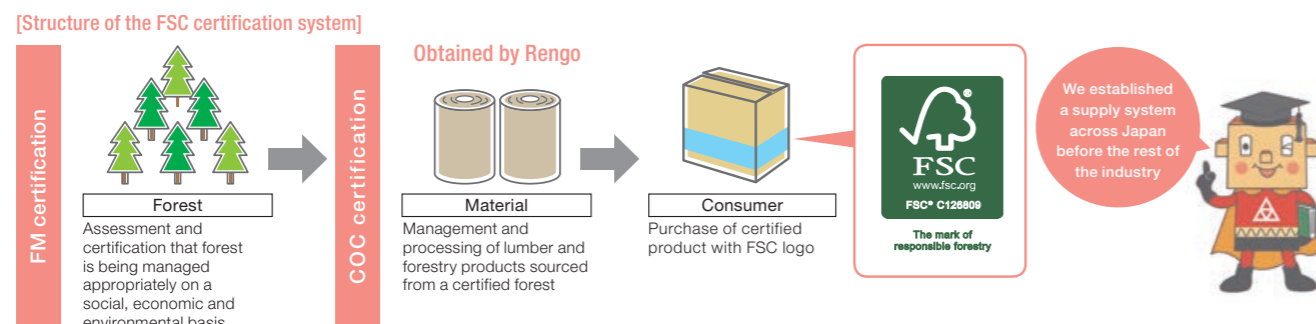


Acquisition of FSC® Certification

All of Rengo's paperboard mills, corrugated plants and folding carton plants obtained Forest Stewardship Council® (FSC) certification in 2016, and we established a nationwide supply system for certified products ahead of the competition. FSC certification is an international system for authenticating and certifying both appropriately managed forests and the appropriate processing and distribution of lumber harvested from these forests.

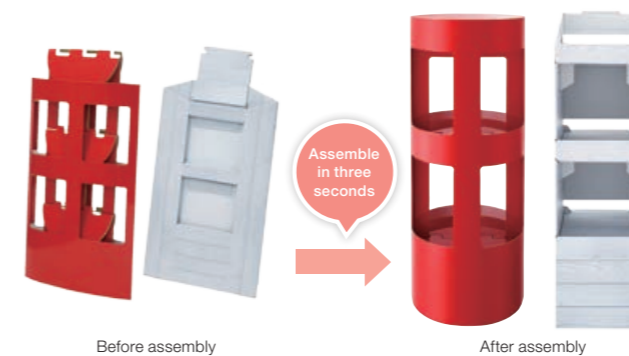
In the case of corrugated packaging, FSC certification must

be obtained, not only by the corrugated plant that produces corrugated boxes, but also by the paperboard mill that produces the raw material. As an integrated manufacturer of both paperboard and corrugated board and boxes, Rengo is able to apply FSC certification to almost all corrugated packaging that uses containerboard produced at its mills. Apart from corrugated packaging, we have also obtained FSC certification for our clay coated board, chipboard, and multi-packs which are used in packaging for food items and daily necessities.



Easy-to-Assemble Sales Space Rakuppa Display

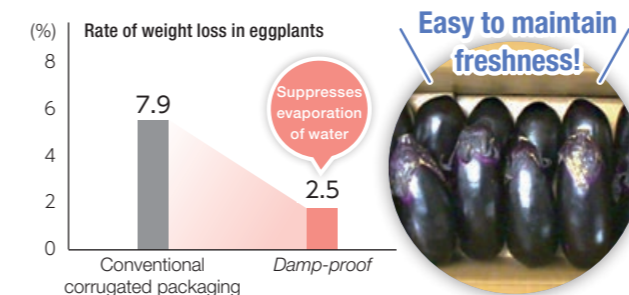
Rengo's *Rakuppa Display* is a completely new type of sales promotion display combining outstanding display functions with sufficient strength. It can be assembled and folded in one easy action, is easy to carry around, and does not take up storage space. The *Rakuppa Display* is broadly applicable in all kinds of occasions and can display various products, with a wide range of applications in addition to retail, including event sites, exhibitions, and more.



* Received 20th Japan Food Journal Award for Excellent Food Machinery, Materials or Ingredients

Damp-proof Which Maintains Freshness of Food and Reduces Food Loss

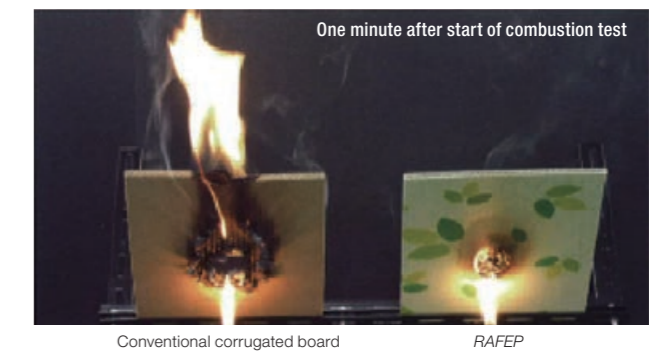
Damp-proof is a moisture-proof corrugated board using a specially-coated linerboard which can be recycled. It controls moisture passing in and out of the corrugated box, and can suppress the evaporation of water from fruits and vegetables. It lengthens the time that fruits and vegetables can be kept fresh, mitigating deterioration in appearance, wilting, and softening, and thus also contributes toward reducing food loss.



* Stored for three days at 20°C and 70% relative humidity

Hard to Burn Even Though It Is Corrugated Board—RAFEP

Corrugated board is also used as partitions and floor coverings for public places such as exhibition venues and disaster evacuation shelters. However, if there is no fire-retardant processing, there is a risk of secondary disaster should fire break out. Rengo has therefore developed fire-retardant corrugated board *RAFEP* which meets the certification standard for fire-retardant products. In addition to partitions, *RAFEP* can be used in a wide range of applications requiring fire-retardant properties, such as storage boxes for documents.



Separable Film Which Does Not Stick to Food

This is an original film developed by Rengo for use as film packaging for very sticky foods such as flour paste. The inner surface of the film is coated with a safe food additive so that it does not stick easily to foods. It can be expected to improve work efficiency when opening or taking out foods, and to reduce food loss.





Relationship with Suppliers

Together with Society

To promote sustainable material procurement activities, Rengo continuously cooperates with suppliers and works to build strong, trusting relationships.

Relation to SDGs



Formulation of Fundamental Policy on Procurement

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

Rengo Group's Fundamental Policy on Procurement

The following fundamental policy governs our responsible procurement of materials, in accordance with our corporate philosophy:

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

Established on April 1, 2018

Requests to Our Suppliers

To supply safe and secure products to our customers, and to carry out business activities trusted by society, Rengo has formulated our Requests to Our Suppliers, and asks that our suppliers comply with these requests. Rengo's Requests to Our Suppliers comprises nine items, and we have disclosed the details of these items on our website in an effort to obtain the understanding of our suppliers.

For details, please see:

Requests to Our Suppliers
<https://www.rengo.co.jp/english/environment/suppliers.html>

Formulation of Conflict Minerals Policy

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

Conflict Minerals Policy

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

Procuring of Properly Managed Wood Pulp

Rengo's Procurement Policy for Wood Pulp states that when procuring pulp, in addition to giving consideration to the global environment and biodiversity, pulp must be procured from suppliers that do not use illegally-logged wood from the viewpoint of the effective use of sustainable wood resources. By an audit of the Japan Paper Association's Illegal Logging Monitoring Project, we confirmed that all pulp procured by our company in fiscal 2016 was procured in accordance with our procurement policy. Pulp procured in fiscal 2017 was audited by the Monitoring Project in August 2018.

Procurement Policy for Wood Pulp

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

Procurement Policy

1. We will procure pulp sourced from wood that has been produced in properly managed forests that comply with local laws and regulations.
2. We will prioritize the procurement of pulp sourced from waste timber, thinned wood, low-quality wood, and suchlike, with a view to the effective use of resources.
3. We will not procure pulp sourced from illegal logging, wood from conservation-worthy forests, and wood obtained in circumstances that have infringed on human rights or traditional rights.
4. We will procure from suppliers that comply with laws, regulations and social norms, which show due consideration for human rights, the environment, and society.
5. We will prioritize procurement of pulp sourced from wood produced in properly managed forests that have received third-party forest certification. In particular, we will only procure pulp for paperboard that has received third-party forest certification.
6. When procuring pulp that has not received third-party forest certification for other uses, in the case of suppliers in Japan, we will procure from suppliers that participate in the voluntary initiatives of the Japan Paper Association against illegal logging and have *goho* (legal) wood certification, or from suppliers that regularly release written pledges that they do not handle illegally felled timber, as well as traceability reports that indicate where the timber was felled, the species of tree, quantities, and so on. Similarly, in the case of overseas suppliers, we will procure from suppliers that regularly release written pledges that they do not handle illegally felled timber, as well as traceability reports that indicate where the timber was felled, the species of tree and quantities.

Initiatives Against Illegal Logging

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

[Countries and proportion of pulp procurement (FY2017)]

Country of origin	Proportion (%)	Certified pulp*1	Individually-managed pulp*2
		FSC®	
Japan	85.7	√	√
South Africa	6.5	√	—
Brazil	5.2	√	—
Chile	2.2	√	—
Sweden	0.4	√	—

*1 Pulp managed in accordance with stated regulation

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

Clean Wood Act Initiatives

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

Communication with Our Suppliers

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



Exchanging opinions with suppliers

VOICE

Toward a Relationship of Aiming Higher and Growing Together

We were involved in the introduction of the wood chip biomass power plant at Yashio Mill (Saitama Prefecture). The power plant is a facility which takes into consideration global warming, using wood chips as its main fuel and able to reduce annual CO₂ emissions by approximately 65,000 tons.

When installing a new power plant at the space left after the existing power plant was removed, operations at the mill must not be stopped, and consideration must be given to avoid disrupting movement flow. We were able to complete delivery without issues due to the cooperation from Rengo, such as shifting the positions of existing equipment when works were taking place. We think this is due to the trusting relationship we have built through more than 30 years of dealings with each other. We felt we have grown too by working together with Rengo, which always aims for high targets at work.

Recently, there are strong demands on companies for environmental measures. We hope to work toward reducing impact on the global environment, such as by offering our expertise in combustion technology—our strong point—to Rengo, to work toward the achievement of a sustainable society, which is also our goal.



Mr. Shohei Ohara

Assistant Manager, Section 1, Plant Sales
Department 1, Energy Plant Division,
Takuma Co., Ltd. (left)

Mr. Yuji Hirokawa

Assistant Manager, Section 2, Energy Engineering
Department 1, Project Center, Takuma Co., Ltd.
(right)



Together with Society

Creating Ideal Workplaces

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

Relation to SDGs



Promoting the Creation of Environments Respecting Human Rights

Recognizing the differing values of individuals and respecting individuality is the basis of corporate activities. To protect basic human rights, Rengo states clearly in our rules of employment that we do not practice discrimination based on nationality, religious belief, gender, social standing or any other reasons. In addition, Rengo works on preventing infringements on human rights by having in place programs within and outside the company for whistle-blowing systems and various kinds of consultation.

Conduct of Human Rights Education

Each year in April, as part of activities to raise awareness within the company, external lecturers are invited to conduct human rights lectures targeting all levels of employees, from those in entry level positions to those in managerial positions. For 2017, lectures were conducted along four themes: 1) relation between work and human rights; 2) respecting diversity and basic understanding of human rights issues; 3) understanding the various human rights issues related to corporate activities; and 4) the issue of harassment. We continuously promote the creation of a workplace where each and every employee respects the rights of each other, and finds it comfortable to work.



Lecture on human rights

Diversity Initiatives

Encouraging Employment of Older Workers

Rengo introduced a re-employment program in 2001, and following a number of revisions in response to subsequent statutory amendments, the program was changed in April 2013 so that, in principle, all employees who want to continue working can do so until age 65. As the decrease in the birthrate and aging of the population accelerate, we will continue to expand and improve—including studying into a retirement age of 65—the re-employment program based on the concept of “lifelong activity” so that employees can continue to work with the same sense of playing an important role in the company as before reaching retirement age.

[Number of re-employed employees and re-employment rate] (Number)

	FY2013	FY2014	FY2015	FY2016	FY2017
Retirees	46	49	75	42	62
Re-employed	32	35	62	33	52
Re-employment rate	69.6%	71.4%	82.7%	78.6%	83.9%

Encouraging Employment of Persons with Disabilities

Employing persons with disabilities is an important measure for creating work environments where everyone can work comfortably. Rengo is working to raise understanding of persons with disabilities and expand their work responsibilities. As of June 2017, the employment rate of persons with disabilities was 2.1%, higher than the statutory rate. We are committed to continuing our efforts in creating workplace environments where disabled employees can work actively over long periods.

[Employment rate of persons with disabilities] (%)

	2013	2014	2015	2016	2017
Employment rate	2.2	2.3	2.2	2.2	2.1

VOICE

Toward the Realization of an Ideal Working Environment Where Assertion and Cooperation are Possible

Since joining the company, I have been in charge of areas such as the development and operation of information systems, and worked to optimize internal company workflows. There are now more than 10 employees working under me. I think an ideal workplace is one where assertion and cooperation is possible, where I am able to voice my own opinions, recognize each other's achievements, and sense and support each other through difficult moments. Therefore, I was very happy when I received Active Award at the Osaka Sakuyahime Award, which supports women in executive and managerial positions fulfilling central roles in corporate activities.

Receiving this award also gave the chance to meet up regularly with the other recipients to exchange information and learn together. All of them are surprisingly capable, and gives me a feeling they are able to get things they want done quickly. I hope to learn the way they think and do things, and apply this within the company.



Kumiko Fujiwara
General Manager,
Information Systems Department I,
Information Systems Group

Empowerment of Female Workers

In April 2014, Rengo established the new Section for the Promotion of Women Employees, and set about creating a corporate climate and developing an environment where diverse personnel could maximize their unique potential. In March 2016, we formulated the Action Plan for Empowering Female Workers based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



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

Goals Stated in the Action Plan

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

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

[Employment numbers (career-path positions) and managerial positions] (Number)

	FY2013	FY2014	FY2015	FY2016	FY2017
Employed	59	58	50	44	52
Number of women	10	8	15	14	16
Percentage female	16.9%	13.8%	30.0%	31.8%	30.8%
Managerial positions	586	620	641	657	684
Number of women	16	17	21	24	29
Percentage female	2.7%	2.7%	3.3%	3.7%	4.2%

TOPICS

Lecture on Balancing Work and the Raising of Children Conducted for Rengo Employees

In February 2018, a lecture based on the theme of balancing work and the raising of children was held which could be attended by all employees regardless of gender or position. After an explanation on Rengo's programs supporting the raising of children and initiatives promoting the taking of childcare leave by male employees, a female deputy manager with four children gave a talk about points on balancing work and the raising of children while weaving in episodes from her own career and experiences.

At the subsequent discussion, participants shared with each other their experiences and knowledge, such as how to deal with children suddenly falling sick, and tips on sharing the burden of housework and child-rearing at home. There were also simple questions, such as what men who take childcare leave can do to make their wives and family happy. It was an opportunity to deepen understanding about how to balance work and child-rearing.

Rengo will continue to provide opportunities where people are free to discuss without being constrained by gender, age, position, or workplace, and create workplaces where each and every employee can work actively.



During the lecture

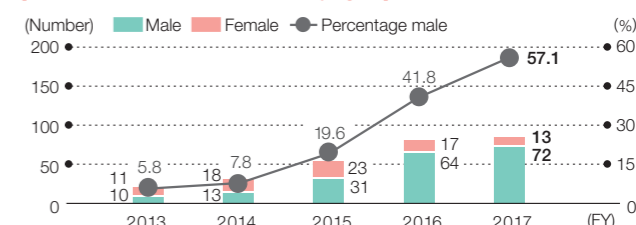
Putting in Place a Working Environment Giving Due Consideration to Work-Life Balance



Rengo puts in place a working environment which promotes measures for work-life balance, such as programs to support balancing work with child and family care so that every employee can feel adequate and satisfied and adopt working styles suiting the life stages they are in. Our action plan based on the Act for Measures to Support the Development of the Next-Generation Children, which aims to make it easy for both men and women to take childcare leave and put in place an environment where they can readily return to work, has entered its fourth year. Of note is that as a result of our efforts to promote the taking of childcare leave by male employees, the number and percentage who took childcare leave have significantly improved.

In addition to raising awareness among employees by making pamphlets which explain the program and state people's experiences, Rengo gives out congratulatory bonuses of one million yen on the birth of an employee's third or subsequent child as part of Rengo's efforts to nurture the next generation in response to the falling birthrate. In the 11 years since the program was introduced in 2006, more than 300 employees have received the bonus as of September 2017 (320 as of March 2018), supporting the rearing of children both systematically and financially.

[Number of users of the childcare leave program]



[Usage rate]

	FY2013	FY2014	FY2015	FY2016	FY2017
Male	5.8	7.8	19.6	41.8	57.1
Female	78.6	100.0	100.0	94.4	100.0

Initiatives for Improvement of Total Factor Productivity (TFP)

As the “work style reform” movement to address long working hours is taken up by the national government, Rengo is achieving steady results through its initiative launched in April 2015 to reduce total hours actually worked by improving Total Factor Productivity (TFP). Having analyzed the many different factors that make up productivity, we are working to raise productivity while also being conscious of technological innovations and people’s work styles and state of mind. At Rengo, labor and management are united in reducing overtime hours worked and encouraging employees to take paid annual leave.

As a result of promoting activities to raise awareness and making improvements to the workplace environment, the average length of leave taken in fiscal 2017 was 11.4 days, achieving our target of at least 10 days on average for the third consecutive year.

In addition to these initiatives, we have also formulated our Work Style Reform Action Plan to further accelerate work style reform at Rengo. Moving forward, we will continue our initiatives for improving TFP while further working toward creating ideal workplaces.

Rengo Co., Ltd. Work Style Reform Action Plan

1. Address long working hours

Zero employees in fiscal 2018 with an average of 60 hours or more of work in excess of statutory working hours

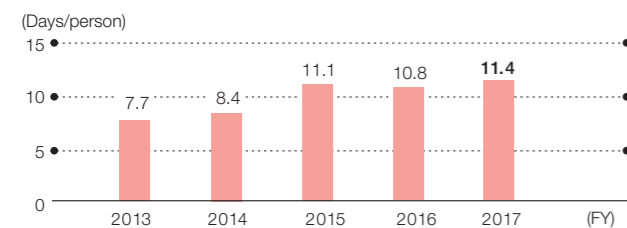
2. Encourage taking of paid annual leave

Maintain average length of leave per person in fiscal 2018 at 10 days or more

3. Promote flexible working styles

Achieve 50% or higher in rate of childcare leave taken by male employees in fiscal 2018

[Average length of annual leave taken]



Human Resource Development to Improve Competency

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

Conduct of Small-Group Improvement Activities

Rengo conducts small-group improvement activities aimed at promoting the raising of mutual awareness and friendly competition so as to further develop our employees and invigorate workplaces, as well as aim to be the world’s best workplaces.

In fiscal 2017, in addition to safety, quality, the environment, improving productivity, cost reduction, 6S, and customer satisfaction, we also had themes related to initiatives for improving TFP, such as reducing overtime work, promoting the taking of paid annual leave, and the empowerment of women in the workplace. In total more than 4,200 employees in 373 teams from within Rengo and Rengo group companies took part in the activities. Besides deepening their understanding of operations at their respective workplaces, it was also an opportunity where employees could experience for themselves the on-site strength of the Rengo Group.

[Winning team of small-group improvement activities for fiscal 2017]



Yashio Mill



Fukushima-Yabuki Plant

Developing Global Talents

Amidst further globalization, Rengo has embarked on a Global Talent Development Program to develop human resource for the future. This training program takes place over a period of one and a half years, with training in Japan followed by language and practical training overseas. Each year, two to five employees are selected for this program. From the first class in 2010 to the current ninth class, a total of 36 employees have been selected for this program. In addition, Rengo also has other initiatives to promote the development of human resources able to adapt to globalization, such as awarding monetary incentives of between ¥100,000 to ¥300,000 to those who achieve a certain level of proficiency in English or Chinese on their own initiative.



During overseas training (third person from right is an employee from Rengo)

Building Healthy Relations Between Labor and Management

Once each month at our divisions, plants and mills, executive branches of labor unions and those in managerial positions hold labor-management councils. Labor-management councils between the labor union headquarters and our head office are also held four times each year. At these councils, information and issues on various themes related to the operation of the divisions, plants and mills—including the sharing of company and division policies, orders and production volume as well as forecasts of performance, progress of TFP improvement initiatives, improvements to working environments, and welfare—are shared between labor and management. They are important opportunities for the frank exchange of opinions. Across the entire company, these councils are held at least 400 times each year, and the accumulation of such efforts help to deepen mutual understanding and build good relations between labor and management.



Labor-management council

Fair Evaluation

Rengo showed clear evaluation criteria to employees to have a fair and transparent system for performance assessment. Superiors conduct interviews with their subordinates to provide them feedback regarding the evaluation results.

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

Putting in Place Avenues for Consultation

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



Poster to raise awareness about avenues for consultation

Preparing for Large-Scale Disasters

With the impetus provided by the Great East Japan Earthquake, Rengo has been storing items such as food at our head offices and all plants and mills since June 2011 in anticipation of people who may have difficulty returning home due to major disasters.

In addition, satellite phones were installed in all divisions, plants and mills in March 2012 as a mean of communication should infrastructure be disrupted. Rengo also put in place a system in April 2012 to confirm the safety of employees and others. When a large-scale earthquake occurs, emails are automatically sent to confirm the safety of employees and others in the region so that we can confirm safety and understand the state of damage. Since then, test emails have been sent every half-yearly to ensure effective operation is maintained. In fiscal 2017, test emails to confirm employee safety were sent out to all employees in October 2017 and March 2018.



Health and Safety

Rengo fully engages in various activities for health and safety to create workplaces where people can work with peace of mind.

Together with Society

Relation to SDGs

3 GOOD HEALTH AND WELL-BEING



Labor and Management Working as One to Create Healthy and Safe Workplaces

To create workplaces where all employees can work healthily and safely, labor and management works as one at Rengo under our Health and Safety Policy. This is especially so for severe accidents such as deaths, which are irreversible events for the person involved, his or her family, and the company. Based on the thinking that severe accidents must never be allowed to occur, we have therefore set the elimination of severe accidents as an area of focus. As one of its initiatives, we operate a health and safety management system which we have built on our own to continuously improve the level of our health and safety. We also carry out health and safety education as well as mutual reminders for all our employees, including those from partner companies, to make them recognize the importance of adhering to rules to work toward working environments which are safe and easy to work in. Moving forward, Rengo will continue to focus our efforts in preventing the occurrence of severe accidents.

Health and Safety Policy for Fiscal 2017

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 Observe rules through safety awareness and mutual reminders, and create safe workplaces together!

5. Focus areas

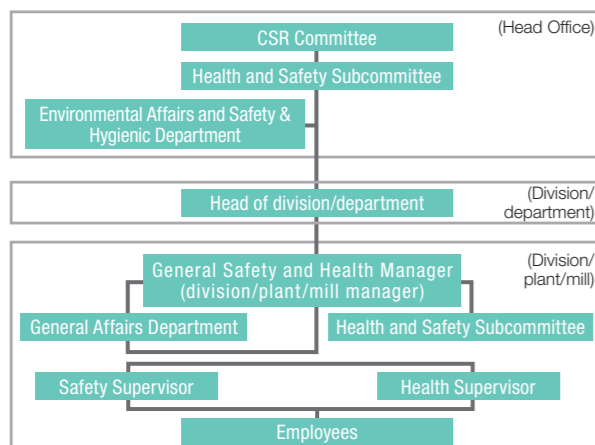
Operate the management system to remove and reduce risks leading to severe accidents to work toward eliminating severe accidents.*

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

Health and Safety Promotion Framework

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

[Health and safety organization]



Situation of Industrial Accident Occurrence

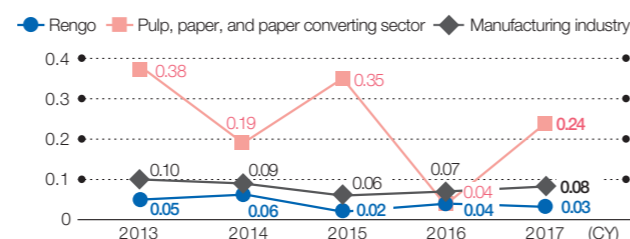
As a result of production activities placing safety as the topmost priority at divisions, plants and mills, there is a reducing trend in the number of accidents with lost working days. The severity rate is also less when compared to the averages in the pulp, paper, and paper converting sector and manufacturing in general, but it is still far from a state where we can be satisfied. Therefore, Rengo will continue to use cooperation between labor and management to work on various health and safety activities—such as training to anticipate risks and safety patrols—to eliminate industrial accidents.

[Number of accidents with lost working days]

	2013	2014	2015	2016	2017
Accidents with lost working days	11	11	5	9	6

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

[Trend of severity rate]



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

Initiatives to Prevent Industrial Accidents

Education Through Experience Using Machines for Experiencing Being Crushed and Pulled

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



Education through experience

[Percentage of accidents involving being crushed or pulled into machines] (%)

	2013	2014	2015	2016	2017
Occurrence rate	39	38	50	41	33



Health and safety education for younger employees



Akihiro Kondo
Production Department
Folding Carton Plant,
Tonegawa Division

VOICE

Continuing with Zero Accident through Health and Safety Education that Thinks of Others

I think we were able to continue with zero accident for many years because we emphasize putting the heart into *hou-ren-sou* (which is short for *houkoku* report, *renraku* contact, and *soudan* discuss; when the kanji for *sou* is written with the kanji for heart, it becomes the kanji for "think"). This means thinking of the other person in all things we do.

When we continue to have zero accident, we start to take safety for granted, and that is very frightening. Once an accident occurs, and an injury is sustained or a life is lost, we cannot go back in time. Repeatedly saying the same things to younger workers, and showing them photographs of actual accidents while being strict in instructing them stems from the desire of not wanting anyone to have to go through painful moments. I hope to continue supporting the safety supervisor, and aim for zero accident to continue as the RST trainer involved in health and safety education at the workplace.

Conduct of Health and Safety Patrols

Health and safety patrols are conducted by teams made up of those in charge of safety at our divisions, plants, mills and Group companies. Each region group will conduct a patrol for each plant once a year. These checks from an objective perspective lead to the discovery of latent risks and their subsequent improvements. In addition, members of these patrol teams are able to laterally deploy initiatives from other plants at their own workplaces, thereby mutually improving the level of health and safety.



Health and safety patrol

Maintaining and Improving Mental and Physical Health

Rengo puts effort on preventing and discovering early illness in our employees. We conduct regular health checks as well as health consultation sessions with industrial physicians. To promote healthcare by the individuals and their superiors, we conduct internal training on mental health, and have implemented a system for stress check since February 2016. We recommend employees to undergo Type II Mental Health Management Certification (targeting those in managerial positions), and 229 employees have obtained the certification so far. In December 2014, we formulated rules on working during rehabilitation so that those taking a break from work due to mental health issues can smoothly return to the workplace.



Activities Contributing to Society

Together with Society

To contribute to the society as a corporate citizen, Rengo's divisions, plants and mills all over Japan carry out various activities, such as support for developing the next generation, and contribution to the supply of electric power and countermeasures against disasters.

Relation to SDGs



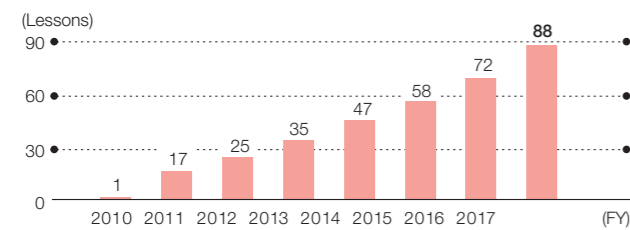
Dispatch Lessons

Rengo dispatches employees as lecturers to give classes on the importance of the environment to children who form the next generation. In fiscal 2010, we started giving a lesson to communicate interesting points about corrugated packaging—such as the origin of its name, the secret to its strength, the high rate of recycling and the segregation and collection that supports this high rate—in an easy-to-understand manner. We have also added a new lesson on the marvels of cellophane since fiscal 2012 to let children understand the characteristics of cellophane. These two lessons were conducted 16 times in fiscal 2017 and were attended by more than 600 children.



During a dispatch lesson

[Trend of cumulative lessons conducted]



Accepting Plant/Mill Tours

To let people learn about the importance of a recycling-based society through corrugated packaging and further understand Rengo's business activities, we accept plant/mills tours for a wide range of ages, from elementary school children to working adults. Besides many visits by elementary and junior high schools from the local communities, we also actively accept tours for local administrative bodies, non-government organizations, and companies. In fiscal 2017, we had more than 1,000 visitors to our plants/mills all over Japan.

Supporting Japanese Antarctic Research Expedition

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



Rengo supplied corrugated boxes to Japanese Antarctic Research Expedition

Exhibiting at EcoPro 2017

In December 2017, Rengo exhibited at EcoPro 2017 held at Tokyo Big Sight. This is Rengo's 11th time exhibiting at this event, and this time's theme was "Corrugated jack-in-the-box." An impressive and huge corrugated box was placed at the booth, with easy-to-understand displays about the recycling system for corrugated packaging and its exceptional characteristics as well as Rengo products—such as FSC-certified products and RSDP—and Rengo's environmental initiatives. More than 10,000 visitors, from children to adults, visited us during the event, and we introduced them to the importance of used corrugated packaging as a resource, and the possibilities and new values of corrugated packaging.



During EcoPro 2017

Participating in the Environmental Contribution Project "Osaka Hikarinomori Project"

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



Overview of Osaka Hikarinomori

Support for Local Government Disaster Countermeasures

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



During a comprehensive disaster prevention training session

[List of Rengo plants with disaster prevention agreements (as of March 31, 2018)]

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

* The Rengo Group has signed more than 260 disaster prevention agreements individually with municipalities all over Japan, including 41 municipalities with Rengo Co., Ltd.; 111 municipalities with Settsu Carton Co., Ltd.; 14 municipalities with Yamato Shiki Corp.; and 13 municipalities with Hinode Shiki Industry Inc.

TOPICS

Hosting Dialogue Between Corporations and Consumers

In May 2018, a dialogue between corporations and consumers organized by Keizai Koho Center (Japan Institute for Social and Economic Affairs) was held at Rengo's Shin-Nagoya Plant (Aichi Prefecture). This is an initiative where consumers registered with Keizai Koho Center—under its survey network of individuals—visit companies to tour facilities and exchange opinions for the purpose of understanding the companies' activities.

This time, there were 18 participants, including members from the center's survey network. After seeing the production process for corrugated board and boxes, they experienced assembling corrugated packaging. The participants raised various questions, such as regarding Rengo's environmental initiatives, work style reform, and ingenuities in the manufacturing process. It was an opportunity to deepen their understanding about Rengo's businesses. Moving forward, Rengo hopes to reference the opinions received and incorporate them into our business activities.



Dialogue with consumers

Corporate Governance

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



Basic Stance

As an enterprise with society's firm trust and confidence, our goal is timely and accurate information disclosure combined with sound management that has high transparency. In keeping with our corporate philosophy whose essence is "The truth is in the workplace," Rengo is enhancing corporate governance by strengthening the current system of Directors and Audit & Supervisory Board members while delegating authority and accelerating decision-making. In response to the Corporate Governance Code implemented since June 2015, Rengo has disclosed our approach to the Tokyo Stock Exchange in the form of a Corporate Governance Report in June 2016 for fiscal 2016, and the latest being on June 29, 2018. In endorsing the Corporate Governance Code, we will continue to work toward sustained growth for our company and improving our corporate value in the medium- to long- term.

Corporate Governance Systems

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

[Corporate governance structure]

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

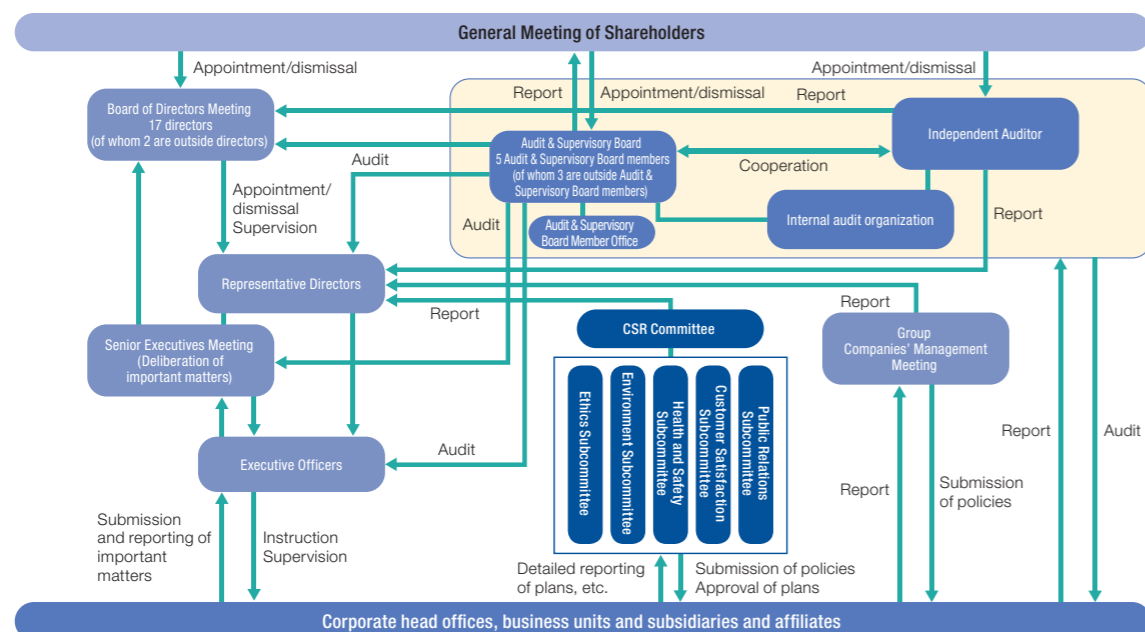
* Information on individual directors' compensation totaling ¥100 million or more is disclosed separately.

Effectiveness and State of the Board of Directors

As of June 28, 2018, Rengo's Board of Directors consisted of 17 directors (the maximum number of directors stipulated in the Articles of Incorporation is 18). Regarding the effectiveness of the Board of Directors, Rengo is working to enhance the functions of the Board through self-evaluation by directors and other means.

In February 2018, the company conducted a questionnaire survey (self-evaluation) of members of the Board of Directors and the Audit & Supervisory Board. The responses were analyzed, and following discussion of these results at a meeting of the Board of Directors, the overall effectiveness of the Board of Directors was confirmed.

[Corporate Governance Structure (As of June 28, 2018)]



Making Use of Independent Outside Directors

Rengo has appointed two independent outside directors, thus allowing for opinions stated from an independent stance during discussions at Board meetings.

In addition to meeting the criteria for qualifying as an outside director in accordance with the Companies Act and satisfying the qualifications for independent directors/auditors as stipulated by the Tokyo Stock Exchange, a requirement of outside directors is that they have no potential conflict of interest with ordinary shareholders. Furthermore, candidate outside directors are selected from those people who can contribute to Rengo's sustainable growth and enhancement of medium- and long-term corporate value.

Internal Control

Rengo formulated the basic policy for design of internal controls pursuant to the Companies Act of Japan and the Board of Directors approved it in May 2006. In April 2008, to respond to the internal control system required by the Financial Instruments and Exchange Act, Rengo established the new Audit Department, which is independent of routine operations. The Internal Control Audit Section of the Audit Department monitors and evaluates statuses of design and operation of company-wide internal controls and internal controls of significant business processes and pursues improvement.

In fiscal 2017, Rengo and its 110 consolidated subsidiaries were within the scope of evaluation of company-wide internal controls and seven significant business entities, including Rengo, were subject to evaluation of internal controls of business processes. As a result of the evaluation, management judged that Rengo's internal controls covering financial reporting were effective as of March 31, 2018.

Initiatives to Invigorate General Shareholders Meeting

In order to provide information on proposed General Shareholders Meeting resolutions to shareholders at the earliest possible time when a General Shareholders Meeting is convened, the company endeavors to send the notice of convocation early. In the case of the 150th Ordinary General Shareholders Meeting held in June 2018, notices were sent out 23 days prior to the meeting. To facilitate the exercise of voting rights, the company introduced electronic voting starting with the Ordinary General Shareholders Meeting held in June 2011 and has since participated in an electronic voting platform.

Formulating Rengo's Fundamental Policy on Information Disclosure

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

Fundamental Policy on Information Disclosure

The following fundamental policy governs our disclosure of information, in accordance with our corporate philosophy:

Criteria for Disclosure of Information

Information concerning the Rengo Group shall be disclosed in a prompt, fair and impartial manner, in accordance with laws and regulations, stock exchange rules, and suchlike. We shall also actively strive to disclose any other information beyond this scope that will help to promote understanding of the Rengo Group.

Methods of Disclosure of Information

We shall disclose information stipulated by laws and regulations, stock exchange rules, and suchlike through the stock exchange Timely Disclosure network (TDnet), as well as through press releases, our website and other means. We shall also strive to disclose other information through suitable methods such as publication on our website.

Quiet Period

To prevent the divulgence of information on financial results and for the sake of fairness, we shall not respond to any inquiries concerning financial results during the quiet period (from the day after the settlement date to the announcement date of results). However, there shall be appropriate disclosure in accordance with stock exchange rules in the event of likely major revisions to forecast results.

Forecasts

Risks and uncertainties are inherent in any future forecasts appearing in disclosed information, given the available information and the range of premises on which they were based at the time of disclosure. Please be aware that actual results may differ considerably from forecasts.

Market Rumors

In principle, we shall not comment on any market rumors or news articles based on conjecture. However, we shall respond in a suitable manner in the event that a lack of action would have grave repercussions for our company.

Established on June 1, 2017

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

Basic Stance

Rengo states in our Corporate Philosophy that we will “Act always with integrity, maintaining high ethical standards and ensuring strict legal compliance.”

Compliance does not stop at simply complying with the letters of the law. Rengo is also working on fulfilling the spirit behind laws and regulations to meet the expectations and demands of society and work toward the application of fair and sincere management.

System for Promoting Compliance

To maintain a system for complying with laws and regulations, the Ethics Subcommittee was formed in 2005, and an independent permanent organization, the Compliance Promotion Office, was established in 2012. A compliance promotion manager responsible for execution of compliance promotion activities is also appointed at each business unit and division of Rengo to promote compliance. Furthermore, compliance promotion offices are also being established in Group companies, and compliance promotion managers are also being appointed.

In June 2014, Rengo and some Group companies received cease-and-desist orders and surcharge payment notices from the Japan Fair Trade Commission. Adjudicative proceedings started in December 2014 and are still on-going.

Whistleblower System (Corporate Ethics Helpline)

In order to prevent violations of laws and regulations, we have helplines for consultation in place inside and outside (law firm) the company, separate from the ordinary business reporting route via immediate superiors, so that our employees can report and consult about compliance matters by telephone, email or other means. The external helpline can also be used by employees of Group companies. In cases of whistleblowing, we strictly protect the privacy of whistleblowers, and at the same time handle issues appropriately so that whistleblowers are not treated unfairly.

[Number of times whistleblowing helplines used]

	FY2013	FY2014	FY2015	FY2016	FY2017
Internal helpline	3	5	3	0	2
External helpline	0	0	1	2	1
Total	3	5	4	2	3

Compliance Education

To raise awareness about compliance in officers and employees, Rengo conducts training and education by position.

Training workshops focusing on the Antimonopoly Act targeting all employees, including those of Group companies, started in fiscal 2012, and have been held regularly each year, including fiscal 2018. In addition, lectures by legal advisors are also given at the start of meetings held twice each year attended by officers and department managers.

For new employees, education including our basic stance on compliance is given during focused training when they first join the company. Lectures on compliance are also given to those being promoted to managerial positions or being appointed as plant managers.

[Training workshops conducted]

	FY2013	FY2014	FY2015	FY2016	FY2017
Times	17	13	10	10	11
Participants (total)	1,072	606	598	614	659

Initiatives to Establish Compliance Awareness

To establish compliance awareness, a page targeting all employees called the Compliance Office dedicated to compliance issues was established on the Rengo Group intranet in 2010. Quizzes, glossary of current buzzwords, explanations in the form of conversations, and other sections are sorted by fields—such as various related laws and regulations, inappropriate conduct at work, and corruption prevention—to provide a system where employees can learn at any time. In addition, since fiscal 2017, visits have been made progressively to divisions in Japan to check on the level of understanding and establishment of compliance initiatives. Five divisions were visited in fiscal 2017, where understanding and establishment of awareness about compliance were worked on while sharing opinions. This initiative will also continue into fiscal 2018, with plans to visit five divisions.



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

List of Fiscal 2017 External Evaluation

	Evaluation	Scope
Business activities	3rd 100 Years of Business Award Organizer: 100-nen Keiei no Kai (Association of 100 Years of Business)	Kansai Bureau of Economy Trade and Industry Director-General Award Rengo Co., Ltd.
Saving of energy	Hokuriku Branch Office Manager Award Organizer: The Energy Conservation Center Hokuriku Branch, Japan	Recognition of a Person of Merit for Promoting Energy Conservation in the Workplace Seiji Sasaki, Takefu Plant
Empowerment of female workers	Osaka Sakuyahime Award Organizer: The Osaka Chamber of Commerce and Industry	Active Award Kumiko Fujiwara, Information Systems Department I
Products	Japan Packaging Contest 2017 Organizer: Japan Packaging Institute	Packaging Idea Award, Good Packaging category White Belg “korokoro” stocker Sapporo Breweries Ltd.
		Beverage Packaging Award, Good Packaging category Meiji Oishii Gyunyu 900 ml Meiji Co., Ltd. and Nihon Tetra Pak k.k.
		Gift Packaging Award, Good Packaging category Happy Merry Christmas Tree Shaped Gift Box Doutor Coffee Co., Ltd.
		POP Packaging Award, Good Packaging category 2-Step Easy Open Box for FamilyMart collection “Natural Water—Tsunan (555 ml)” Clear Water Tsunan Co., Ltd.
		POP Packaging Award, Good Packaging category Coca-Cola 500 PET Quick Open Display Carton Coca-Cola (Japan) Company, Limited
		Transport Packaging Award, Good Packaging category The box which begins the story with consumers: Box to sell a health food by mail order Suntry Wellness Limited, Mitsui & Co. Global Logistics, Ltd., and Johokushikikonpo Co., Ltd.
	2018 WorldStar Contest Organizer: World Packaging Organization	WorldStar Award White Belg “korokoro” stocker Sapporo Breweries Ltd.
		WorldStar Award Package for Ecooute (hot water storage tank) Daikin Industries, Ltd.
	20th Japan Food Journal Award Organizer: The Japan Food Journal	20th Japan Food Journal Award for Excellent Food Machinery, Materials or Ingredients (Materials category) Rakuppa Display
	Pentawards 2017	Bronze Award (Food category) Dried Fish Gift Box Takahashi Suisan Co., Ltd.
Bronze Award (Packaging Concept category) PURINA Mail Order Box Nestle Japan Ltd.		
Nomination (Beverages category) Regular Coffee Assortment Doutor Coffee Co., Ltd.		
31st Advanced Technology Award for Encouraging Creativity Organizer: Fuji Sankei Business i	Special Award Development of Silver Containing Zeolite as Rare Earth Free Phosphor	
41st Kinoshita Prize Organizer: Japan Packaging Institute	Packaging Technology Award Development of mail-order packaging system Gemini and Gemini S	
	Packaging Technology Award Research in preventing deformation of wrap-around corrugated boxes which have absorbed moisture (utilization of CAE) House Foods Group Inc.	
Communication	21st Environmental Communication Awards Organizers: Japan Ministry of the Environment and the Global Environmental Forum	Excellence Award (21st Environmental Communication Awards Committee Chairman Award), Environmental Report category Environmental and Social Report 2017, Rengo Co., Ltd.

Independent Practitioner’s Assurance

Rengo Co., Ltd. has received independent practitioner’s assurance from Deloitte Tohatsu Sustainability Co., Ltd. for environmental performance data (fossil energy inputs and CO₂ emissions originating from fossil energy use) given in the Japanese version of the Environmental and Social Report 2018.

保証 is used as the symbol of assurance in the Japanese version of the Environmental and Social Report 2018, while, Assured is used in the English version of the report.

