

# Sustainability Report 2020

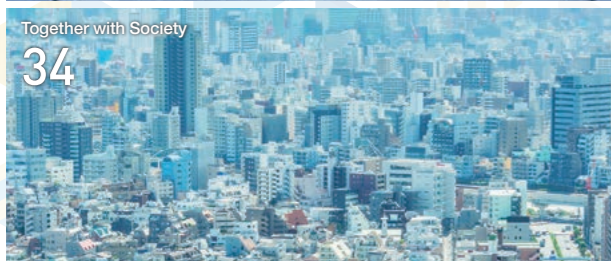
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**Supporting Lifestyles and Creating  
the Future through Packaging**



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## Editorial Policy

Since FY2001, Rengo Co., Ltd. has published an Environmental and Social Report that reports on the company's activities, focusing on the approach, initiatives, and achievements by Rengo with respect to global environmental protection, as well as social aspects. As interest in Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) management rises, we have renamed this report the "Sustainability Report" in order to more clearly convey our approach of providing continuous value through our business activities.

In this report, Representative Director, Chairman & CEO Kiyoshi Otsubo and Representative Director, President & COO Yosuke Kawamoto share our future stance in the Message from Top Management.

The feature introduces biodegradable materials, which can help solve the global issue of ocean plastics. Independent practitioner's assurance was engaged to ensure the credibility of quantitative data presented in the environmental report section.

We hope that this report provides you with a better understanding of our current situation, the issues we face, and our future direction.



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

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## 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 FY2019 (April 1, 2019 to March 31, 2020). Certain aspects of this report also include periods before and after FY2019.

## Period of Issue

Previous: October 2019  
Next: September 2021 (planned)  
Current: October 2020

## Referenced Guidelines

- "Environmental Reporting Guidelines 2018," Japan Ministry of the Environment
- ISO 26000
- "Sustainability Reporting Standards 2016/2018," GRI

## Scope of Independent Practitioner's Assurance

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

### Scope of assurance

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

### Target of assurance

- FY2019 fossil energy input and CO<sub>2</sub> emissions originating from fossil energy use (excluding portion for sold electric power)
- Scope 1, 2 and Scope 3 (category 3) greenhouse gas emissions

### Calculation guideline

- Advanced technologies promotion Subsidy Scheme with Emission reduction Targets (ASSET) Monitoring Report Guidelines (Version 9.0)
- Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ver. 2.3)
- Unit heat values and emissions coefficients for fossil energy input and CO<sub>2</sub> emissions originating from fossil energy use are taken from KEIDANREN (Japan Business Federation)'s Commitment to a Low Carbon Society. From FY2011 onwards, the unit heat values and emissions coefficients (generation-end) from FY2010 are used as fixed unit heat values and emissions coefficients.
- Scope 1 and Scope 2 greenhouse gas emissions volumes are calculated using unit heat values and emissions coefficients from the greenhouse gas emissions accounting, reporting, publishing system. The electricity coefficients publicly released by power companies are used.

Prepared By /  
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## 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.

### Statement

### "General Packaging Industry (GPI) Rengo"

Supporting Lifestyles and Creating the Future through Packaging

### Packaging Provider



The key concept for the Rengo Group's packaging manufacturing and for its environmental management

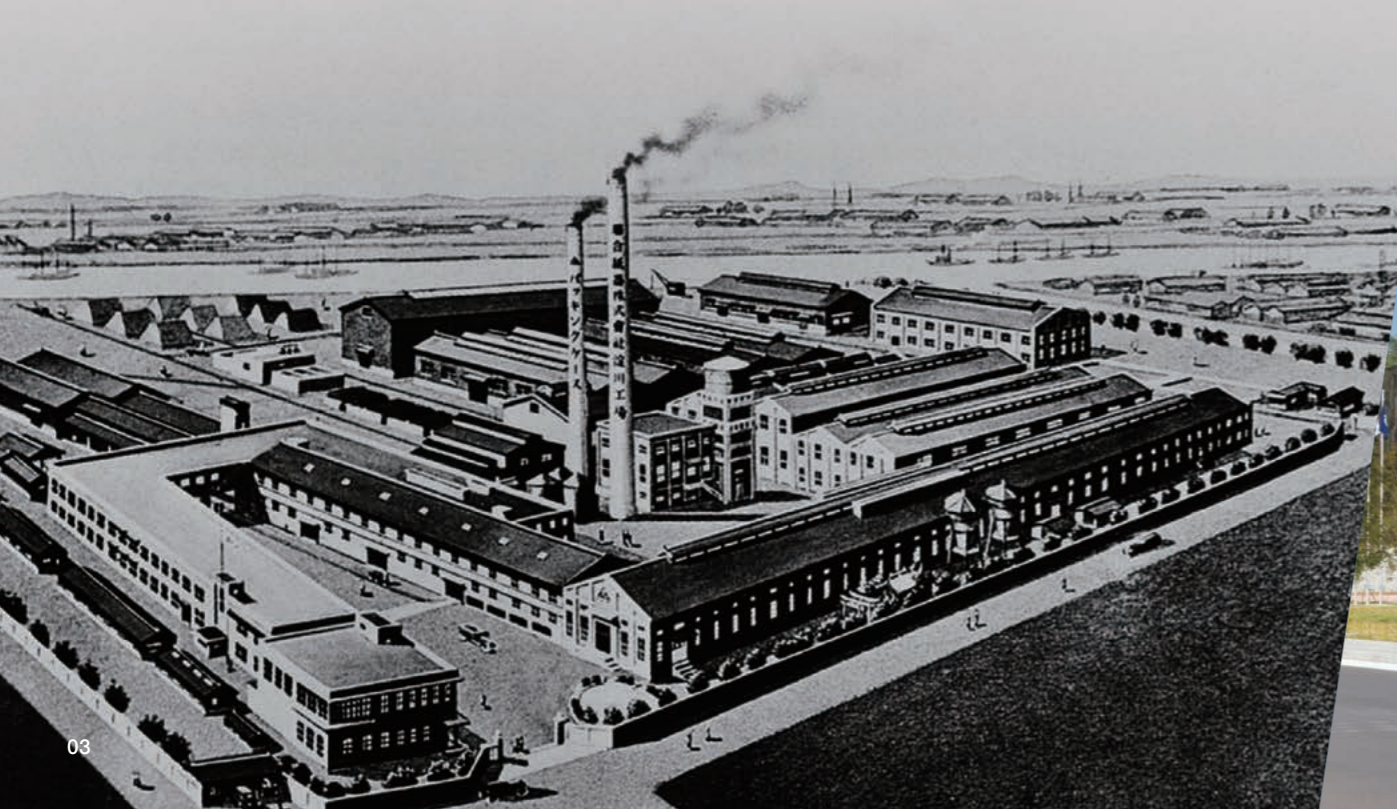
## Less is more.

"Less energy consumption"

"Less carbon emissions"

"High quality products with more value-added"

This is the ideal that the Rengo Group seeks through all of our business activities in fulfilling our social responsibility as a company toward contributing to the development of a better and sustainable society through the production of high-quality and high value-added packaging while effectively using resources and reducing impact on the global environment.

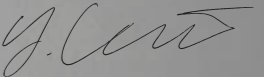


## Message from Top Management

As the world's number one General Packaging Industry, we will carry out our mission of supporting peoples' lives and the flow of goods, continuing to contribute to the development of a sustainable society.



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



Yosuke Kawamoto  
Representative Director,  
President & COO  
Rengo Co., Ltd.

### Overcoming the Challenges of the Current Severe Business Environment

Society is in the midst of an era of dramatic change. The global threat of COVID-19 has transformed societies and dealt a severe blow to economic activity. In order for society to continue to function and grow, the contributions of companies will be of greater significance than ever. Companies must demonstrate the reasons for their existence, or they will fall by the wayside.

In April 2020, amid this harsh business environment, Kiyoshi Otsubo was appointed Representative Director, Chairman & CEO and Yosuke Kawamoto was appointed Representative Director, President & COO. Led by this new management, we have taken the first step towards further success and development. We feel the weight of history, and we believe that it is our mission for the future to expand and enhance the tangible and intangible assets created by those who have gone before us, passing them on to later generations in order to provide society with even greater value.

We set "Less is more." as the key concept for environmental management and packaging manufacturing to express the aims of developing packaging that generates more value using fewer resources, taking measures to create environments where each employee can fully demonstrate their capabilities, and have achieved solid outcomes in this regard.

"Less is more." symbolizes the Rengo's environmental, social, and governance (ESG) initiatives, and we are confident that it will lead to achieving the Sustainable Development Goals (SDGs), which are unified international objectives. The backbone of these efforts is our participation in the United Nations Global Compact. Rengo fully supports this international initiative and feels deep respect for its spirit. We will address the issues faced by humanity in all of our business activities to contribute to the development of a sustainable society.

### GPI Rengo Enriches Peoples' Lifestyles

GPI Rengo combines our wide-ranging product lineup, a highly refined service network, a wealth of packaging technologies built up over the years, and creativity based on rigorous marketing to propose optimal packaging to customers. We create diverse packaging solutions using an integrated production system—from paperboard to corrugated packaging—together with the tremendous synergistic effects in the consumer packaging field, which includes folding cartons and flexible packaging, our heavy duty packaging, which supports a broad range of industries, and our expanding overseas business. Corrugated board, with its outstanding recyclability, is made primarily from recovered paper, making it

environmentally friendly packaging that is recyclable. Rengo's history began with corrugated board, and our business activities are founded on being friendly to both people and the environment.

The unprecedented COVID-19 situation this year has caused many people to stay in their homes. Online shopping has become more widespread, and the packaging that is used to contain products and deliver the value they offer to consumers has come to play an even greater role. This has further reinforced our conviction that our mission is to support the flow of goods in every industry and to enrich people's lives through "General Packaging Industry (GPI) Rengo" solutions.

### The Formulation of Vision 115

We met the targets of Vision 110, which marked the milestone of our 110th anniversary. However, the main theme of that plan, taking on the challenge of becoming the world's number one General Packaging Industry, is a goal that we will work towards forever. In order to ensure that the scale and profitability of all of our core businesses benefit those of our hexagonal business structure, and with the goal of the sustainable development of GPI Rengo, we have formulated Vision 115, a medium-term vision starting from FY2020 and ending on March 31, 2025, to

reinforce governance and increase profits.

The business environments and social values that surround companies, such as environmental problems, workstyle reforms, and population aging and shrinkage, are constantly changing. This is why Vision 115 seeks to foster a corporate culture with a greater focus on ESG and SDGs, to more clearly express Rengo's drive to contribute to the realization of a sustainable society, and, through Rengo's business activities, to continue to work to become a corporate group that lives up to the trust invested in it by all of its stakeholders.

### Helping Resolve Environmental Issues

Rengo recognizes the reduction of the environmental impact arising from its business activities as one of the company's top-priority management issues which needs to be worked on and in 1999, formulated the Rengo Environmental Charter. 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 for the next 100 years of the Rengo Group. Targets for the period until FY2020 were defined in "Eco Challenge 020," and we are currently engaged in discussions aimed at the formulation of "Eco Challenge 2030," with targets for the period

leading up to FY2030.

We have positioned climate change countermeasures as a pressing issue. One of the targets of the Rengo Group Environmental Charter is to halve our CO<sub>2</sub> emissions by 2050 compared to FY1990. Japan declared in the Paris Agreement that it will reduce CO<sub>2</sub> emissions by 26% (compared to FY2013) by FY2030, and we have incorporated this into our own medium-term targets. To achieve these objectives, in addition to further improving our resource and energy conservation measures, we also plan to raise the amount of renewable energy use to 25% of all energy use by FY2030. We are increasing the use of advanced renewable energy such as using solar power for all electrical power needs at the Fukushima-Yabuki Plant during the daytime and installing at the Yashio Mill a woodchip biomass power plant that effectively utilizes construction waste materials generated in the region. We also plan to install a biomass power plant at the Tonegawa Division.

The issue of ocean plastics, which raises concerns regarding pollution of the oceans and impacts on ecosystems, is also an urgent, global-scale problem. We already manufacture and sell cellulose-derived products such as cellophane, whose raw material is wood pulp. These products are biodegradable, giving rise to expectations that they can be used as alternatives to plastics. We are carrying out development aimed at establishing business production of cellulose nanofiber and cellulose microbeads, functional materials made from 100% natural wood pulp, by applying cellophane manufacturing technologies. In January 2019, Rengo participated in the Clean Ocean Material Alliance (CLOMA), established by the Ministry of Economy, Trade and Industry, as a secretary company. We will enhance our collaborations with numerous stakeholders and conduct research and development on and encourage the widespread adoption of biodegradable materials that revert to nature including oceans and soil. Furthermore, through a corporate collaboration that spans industry lines, we are financially contributing to a used plastic recycling project. We will continue to contribute to solving the global plastic problem through advances in the development of technologies for efficient material reutilization with minimal environmental impact.

## Continuing to Contribute to Social Issues Solutions

Companies are responsible for enhancing their legal and regulatory compliance, continually returning value to society, and contributing to social issues solutions. We consider it our mission to solve logistics and distribution-related issues.

To address the issues of shortages of truck drivers and workstyle reforms at logistics workplaces, in January 2019, we introduced a new operation system that utilizes AI technology in the Yashio Logistics Center, improving logistics center operation efficiency and shortening truck driver duty times. In September 2019, we declared our support for the White Logistics Movement promoted by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, and created a Voluntary Action Proclamation.

Furthermore, we are contributing to distribution reforms with products that improve work efficiency at distribution sites for both in-store sales and online commerce. These products include Rengo Smart Display Packaging (RSDP), which can be opened and unpacked with a single action for immediate display of products, and the Gemini Packaging System, which can automatically assemble corrugated boxes of different sizes based on the size of the contents.

We cannot resolve social issues on our own. We will collaborate closely with suppliers and customers, implementing measures that take into consideration entire value chains.

## Personnel Development Is the Wellspring of Innovation

Corporate innovation is essential as the driving force behind the realization of a sustainable society. It is people that are the source of this creativity, and for this reason, it is important to create environments where the value of each employee is respected and diverse talents can

maximize their unique potential.

Since 2014, Rengo has implemented work style reforms with a focus on the work-life balance with the aim of improving total factor productivity (TFP). We are aware that measures to address the declining birth rate and providing support for the development of future generations are important issues for business enterprises, and accordingly, we provide support for childcare both systematically and economically by encouraging male employees to take childcare leave, reducing overtime work, paying substantial monetary bonuses when employees have children, and other measures. Furthermore, we formulated the Rengo Good Health Declaration, with the slogan of “lifetime careers,” and made 65 years the mandatory retirement age so that all employees can continue working with enthusiasm and determination while maintaining good health and high motivation. We are implementing automation and labor-saving in manufacturing sites, promoting the creation of safe work environments with less physically-demanding work, where personnel can work with peace of mind. We are confident that these measures will create environments where diverse talents can maximize their unique potential.

## Creating a Sustainable Society

For companies to grow together with society, it is important that they take a close and honest look at the reasons for their existence and what value they can return to society.

The Rengo Group seeks to be the world’s best general packaging manufacturer group and will continue to develop new markets and design the future as a “packaging provider” that creates new packaging value and brings unrivaled passion to its work.

Confronted with the COVID-19 pandemic, the greatest crisis Japan has faced in the post-war period, we have established the Rengo Group Novel Coronavirus Emergency Management Headquarters to fulfill our responsibility as a supporting industry member to supply products used to deliver living essentials to consumers while ensuring the safety and health of workers. The Rengo Group will continue to do its utmost to prevent the spread of COVID-19 and satisfy its corporate social responsibility through its business activities.

### Vision 115

#### Companywide Initiative: Developing a Corporate Culture that Takes ESG and SDGs into Consideration

- |                    |  |
|--------------------|--|
| <b>Environment</b> | <ul style="list-style-type: none"> <li>● Pursue further reduction of environmental impact by expanding the use of renewable energy.</li> <li>● Promote the development and provision of packaging and biodegradable materials that contribute toward solving the problem of ocean plastic waste.</li> </ul>  |
| <b>Social</b>      | <ul style="list-style-type: none"> <li>● As a business corporation, first realize the creation of employment and maximization of profits through economic activities in accordance with the spirit of legal conformance, and contribute back to society.</li> <li>● Refine the circular recycling system formed by a good balance of recovered paper, paperboard, and corrugated packaging.</li> <li>● Provide products that contribute toward improving the work efficiency at distribution and retail industries.</li> <li>● Promote “white logistics” emphasizing appropriate lead time in collaboration with the supply chain.</li> </ul>  |
| <b>Governance</b>  | <ul style="list-style-type: none"> <li>● Establish a corporate governance system that responds to the corporate group’s expansion with consideration for our stakeholders, namely employees, shareholders, and society.</li> <li>● Improve sustainability as a company by emphasizing ESG and promoting SDG initiatives.</li> <li>● Build safe and secure working environments where people can work with vigor by establishing mechanisms embracing “lifetime careers” and introducing automated facilities.</li> <li>● Aim to be a corporate entity where diverse human resources (in terms of gender, age, nationality) can fully apply their individual capabilities.</li> </ul> |

# “General Packaging Industry (GPI) Rengo”

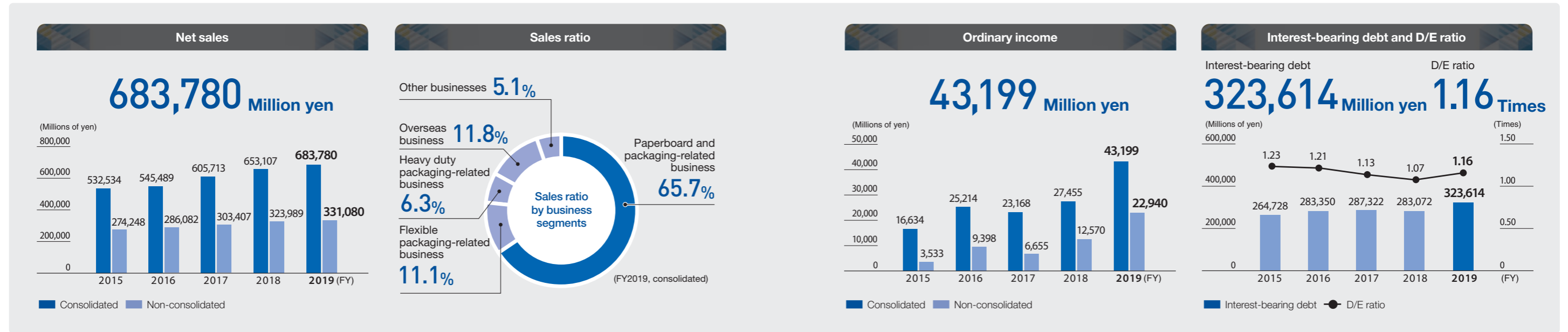
Today, the Rengo Group is conducting diverse business in six core fields: paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas business. The entire range of assorted packaging solutions offered by “General Packaging Industry (GPI) Rengo” Rengo supports richness in logistics and lifestyles, and their innovation contributes toward solving social issues.

As a creative “packaging provider” that not only supplies products as a supplier but also designs the future on our own and creates new markets, Rengo provides comprehensive solutions to fulfill all the packaging requirements of a wide array of industries.

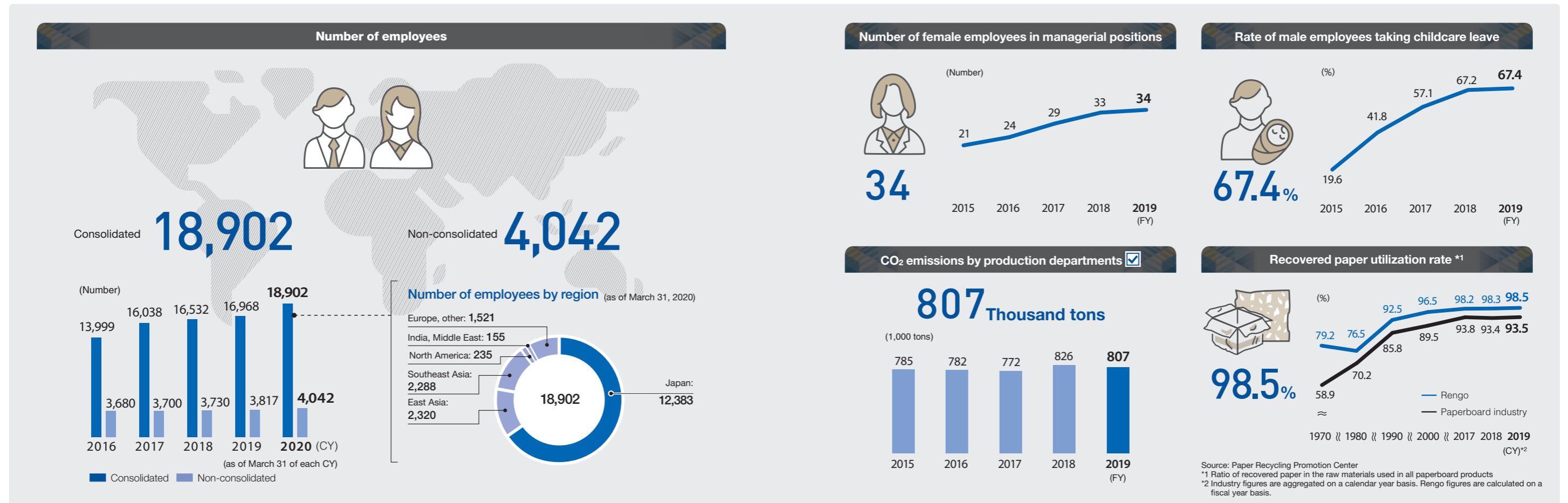


# Financial and Non-financial Highlights

## Financial

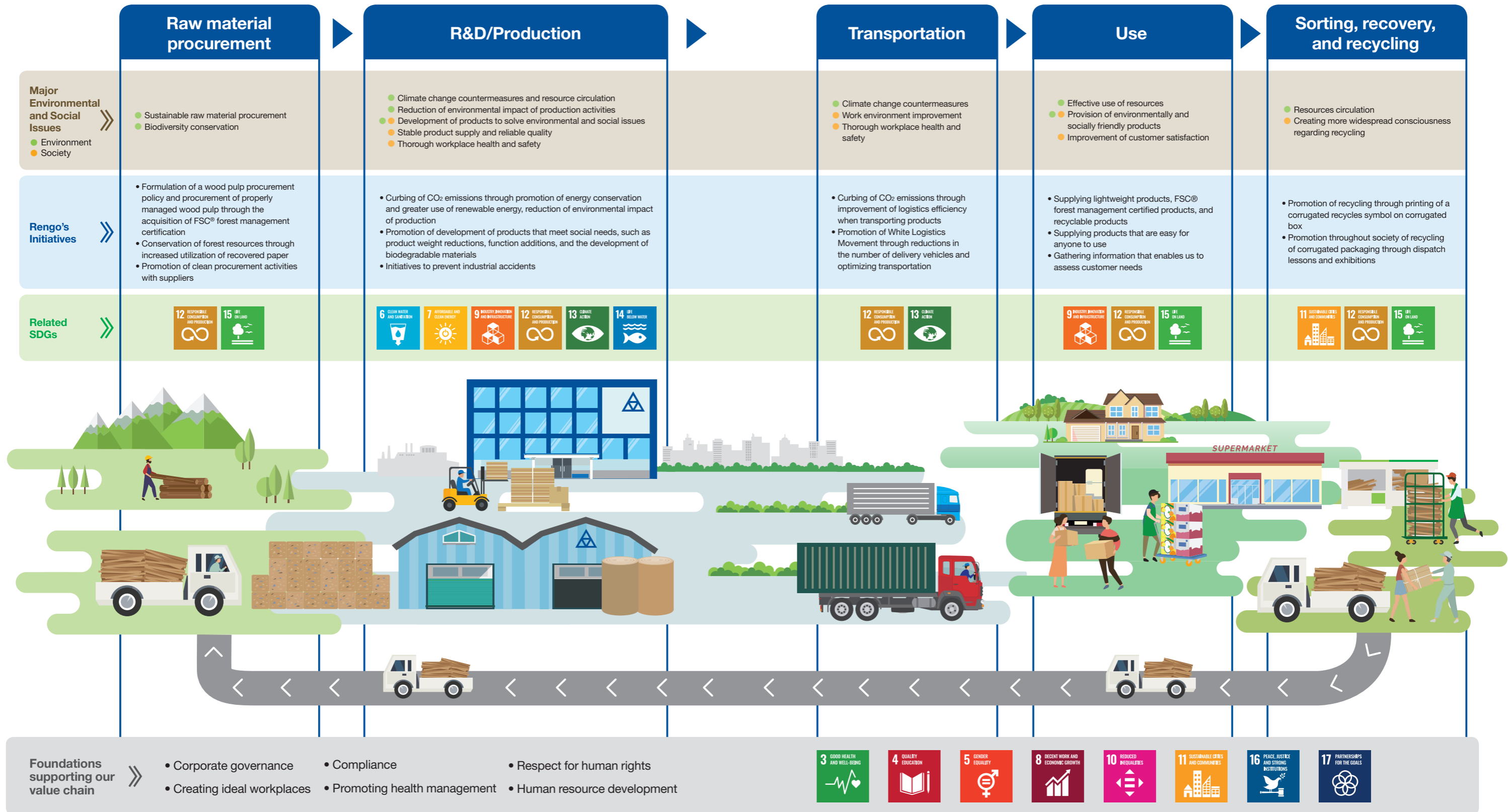


## Non-financial



# Rengo's Value Chain and SDGs

We recognize various environmental and social issues, and we contribute to the creation of sustainable societies throughout our value chain through collaborations with our customers, suppliers, local communities, and other stakeholders to implement activities.

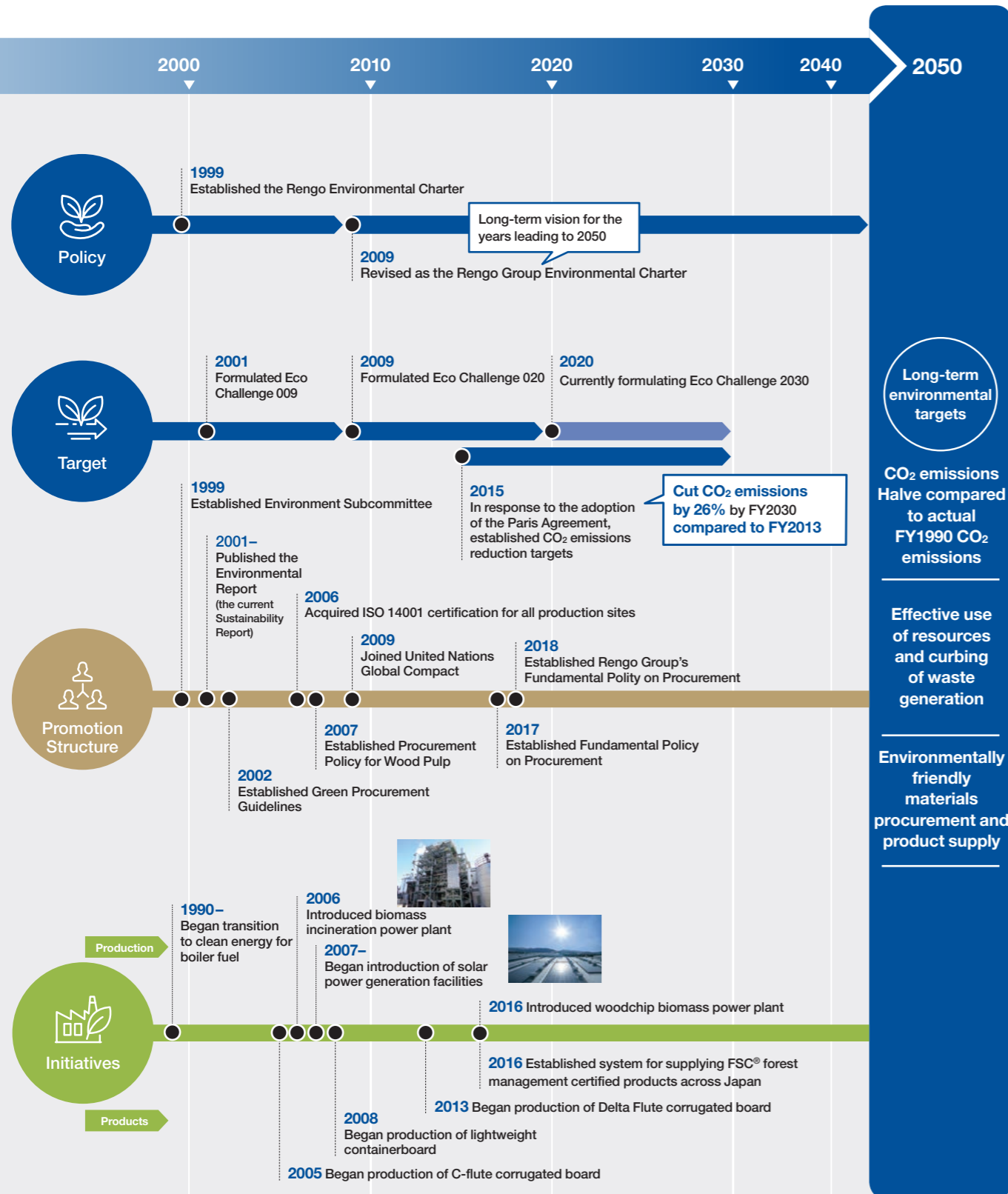




# Realizing Our Long-term Environmental Vision

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, and in this regard established the Rengo Group Environmental Charter for the years leading up to 2050.

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



# Achievements for FY2019 and Targets

To sustainably improve our corporate value, Rengo makes clear issues such as environmental and social problems. Regarding environmental problems, this year is the last fiscal year of Eco Challenge 020, for which the target year is FY2020. We have set targets for the respective issues and are actively working on them, including formulating new targets for FY2030.

Themes and related SDGs	Item	FY2019				FY2020
		Target	Actual	Evaluation	Relevant page	Target*1
7 12 13 Global warming countermeasures	CO <sub>2</sub> emissions*2 by production departments (compared to FY1990)	23% reduction	24.9% reduction <input checked="" type="checkbox"/>	○	p. 25	24% reduction
	Per-unit CO <sub>2</sub> emissions*3 by logistics departments (compared to FY2007)	13% reduction	17.3% reduction	○	p. 26	14% reduction
12 15 Effective use of resources	Recovered paper utilization rate	97% or more	98.5%	○	p. 27	97% or more
12 15 Reducing waste	Final disposal*4	4,000 tons or less	3,035t	○	p. 29	4,000 tons or less
	Material recycling rate	98% or more	98.3%	○	p. 29	98% or more
12 13 Management of chemical substances	Emissions and transfers of PRTR chemical substances (compared to FY2002)	13% reduction	18.3% reduction	○	p. 30	14% reduction
	VOC emissions (compared to FY2000)	45% reduction	60.0% reduction	○	p. 30	45% reduction
9 12 13 15 Research, development, and supply of environmentally-friendly products	Average basis weight of corrugated board (compared to FY2004)	11% reduction	11.7% reduction	○	p. 31	11.5% reduction

\*1 Target: In implementing our FY2020 initiatives, we have replaced the targets we initially defined with concrete numerical targets.  
 \*2 CO<sub>2</sub> emissions: Applies to CO<sub>2</sub> 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.  
 \*3 Per-unit CO<sub>2</sub> emissions: This is the value of CO<sub>2</sub> emissions divided by sales.  
 \*4 Final disposal: This is the amount of outsourced waste disposal with the amount recycled removed.

Themes and related SDGs	FY2019				FY2020
	Target	Actual	Evaluation	Relevant page	Target
9 12 Quality control	Prevention of human errors	Implement CS patrols (once per year)	○	p. 37	Continue with initiatives
5 8 Empowerment of female employees	Achieve an employment rate of 30% and higher for female employees in career-path positions	33.3%	○	p. 42	Continue with initiatives (plan period: until FY2020)
	Double the number of female employees in managerial positions (from 19 in FY2014 to 40 or more in FY2020)	34	—	p. 42	
	Achieve twice or more female full-time employees working in sales sections and in manufacturing sections (FY2014: 8 in sales sections and 7 in manufacturing sections)	19 in sales sections 29 in manufacturing sections	—	p. 42	
8 Encourage taking of paid annual leave	Achieve a rate of 13% or higher for male employees taking childcare leave	67.4%	○	p. 42	Maintain an average of at least 10 days
	At least 10 days on average	12.6 days	○	p. 43	

# Helping Reduce Plastic Waste through the Use of Biodegradable Materials

Ocean plastic waste is a global issue that causes severe marine pollution and threatens ecosystems. In order to protect the beauty and bounty of our oceans, GPI Rengo is leveraging the technologies it has developed over its long history to research and develop biodegradable materials.



Although the plastic we use in our daily lives is useful, improper disposal has resulted in an estimated eight million tons of plastic waste being released into the world's oceans each year. Plastic floats in the ocean, without decomposing. At this rate, by 2050 the total weight of ocean plastic waste is expected to exceed the total weight of the fish that live in the seas. The issue is a pressing one.

Preventing marine pollution is one of the SDGs defined in 2015. Leaders at the G7 summit in 2018 adopted the Ocean Plastics Charter, which promotes measures by countries to combat ocean pollution. In 2019, Japan formulated the Resource Circulation Strategy for Plastics. This strategy advances measures aimed at solving the problems of plastics from both a resource and an environmental perspective. There are high expectations for biodegradable materials as a type of material that can help solve the problem of ocean plastics.

### Biodegradable Materials

Biodegradable materials are materials that are ultimately broken down into water and carbon dioxide by microorganisms in the soil or water. Because these materials are returned to nature, they contribute to lowering the impact of plastic waste on the environment.



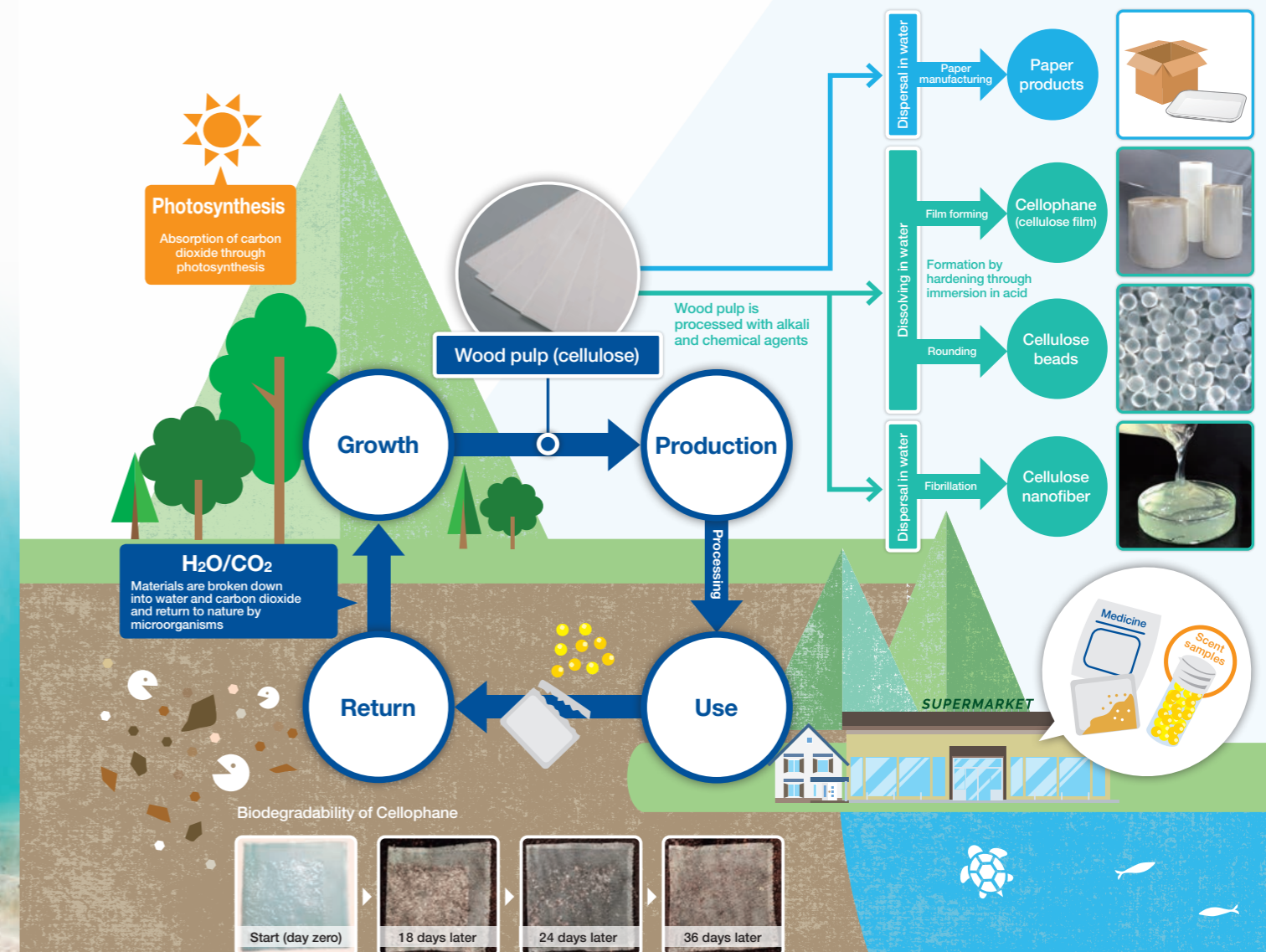
### Rengo's Comprehensive Capabilities Help Solve Social Issues

Rengo has a long history of developing biodegradable materials. It began manufacturing cellophane, which is made from wood pulp (cellulose) in 1934, and it has been developing cellulose-related products from before the world's attention was drawn to ocean plastics. Cellulose products are one of the few industrial products that biodegrade in the ocean. By refining and applying their manufacturing and processing technologies, Rengo is developing new biodegradable materials as only it can.

In 2018, GPI Rengo launched a project team

whose focus was the development of plastic alternatives. We are combining the Rengo Group's technologies and expertise to develop packages and materials that leverage the full potential of biodegradable materials.

We will continue to develop packages made from cellophane or paper, which can be used as a substitute for plastic materials, and biodegradable materials that use wood pulp as a raw material, such as cellulose beads and cellulose nanofiber. Through this, we will contribute to the solving of social issues related to plastic waste.





### Biodegradable Materials that Leverage Rengo's Expertise

Cellophane and Viscopearl cellulose beads, which are made from wood pulp, are some of Rengo's flagship biodegradable materials. Even in sea water, where biodegradation is more difficult than in soil, they biodegrade by roughly 80% in 28 days.

Our cellophane has received Biomass Mark 95 certification by the Japan Organics Recycling Association, indicating a biomass content of 95% or more and under 100%. It is highly biodegradable, so it has drawn a great deal of attention as a sustainable material. We are aiming to further develop our packaging by processing cellophane to give it heat-sealing, moisture-proof, and gas barrier functions, as well as combining biodegradable materials and biomass materials.

Viscopearl beads are porous spherical beads with a high level of both water and oil affinity. They are resistant to chemicals and heat, so they are suited for a variety of uses, including as cosmetic ingredients, polishing agents, and filling material. We have used our unique technologies to reduce bead sizes. Viscopearl is currently available in diameters ranging from 0.3 mm to 4 mm, and we are working to expand their range of uses as an alternative to plastic particles by further reducing their diameter to just 0.005 mm.

### Tackling Social Issues with Partners

In order to use cellulose products in a wide range of fields and tackle the problem of ocean plastics, it is essential to coordinate with partners to promote the development and widespread use of these products.

Rengo has participated as a secretarial member of the Japan Clean Ocean Material Alliance (CLOMA) since it was founded by the Ministry of Economy, Trade and Industry in 2019. Through our technical exchange with diverse companies, we are accelerating our innovation and focusing on the development of the materials and products sought by society. Furthermore, in 2019, our biodegradable materials were introduced in numerous exhibitions, such as the G20 environment ministerial meeting's Innovation Exhibition and the N-Plus Micro Plastics Pollution Control EXPO. These exhibitions provided opportunities for new ideas

### New Products Made from Cellophane

We have developed a biodegradable shopping bag made from cellophane and containerboard to replace conventional paper shopping bags laminated with plastic film. This new biodegradable shopping bag is shiny and well-suited for printing, with exceptional designability.



#### Cellophane



#### Main uses

- Packaging film base material (medical products, food products)
- Adhesive tape base material
- Industrial process paper

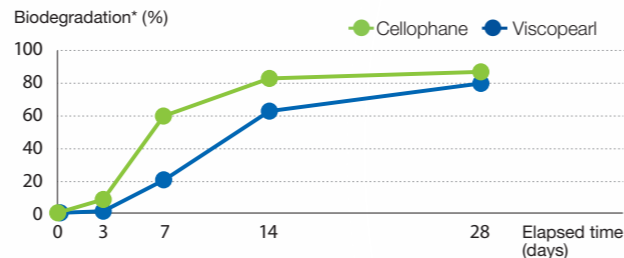
#### Viscopearl



#### Main uses

- Plastic weight reducer and improving agent
- Carrier for agricultural chemicals, aromatic agents, deodorants, etc.
- Scrubbing agent in facial cleansers, body washes, toothpaste, etc.
- Raw material in cosmetics such as foundation, sunscreen, lipstick, etc.

### Biodegradation of cellophane and Viscopearl in sea water



Testing performed in compliance with ASTM D6691 (by an outside testing organization)

\*Biodegradation: Indicator of biodegradability within the environment

through the exchange of information with visitors.

Rengo will continue to enhance its partnerships, striving to research and develop new biodegradable materials and make their usage more widespread, contributing to the solving of the problem of ocean plastics.

### External Coordination

January 2019	Participation as a secretarial member of CLOMA
April 2019	Joined the Plastics Smart forum
July 2019	Selection as a subsidized project of the FY2019 Demonstration Project for Plastics Resource Circulation System for Decarbonized Society



Rengo's ESG

## For the Global Environment

### Background

The Paris Agreement, which seeks to limit the rise in the average global temperature to below 2°C above pre-industrial revolution levels and to pursue efforts to limit it to 1.5°C, has gone into effect, and company efforts to reduce the greenhouse gas emissions produced by their business activities are accelerating.

The Earth's population is rising and both resource and energy consumption are increasing. This has produced the need to create recycling-oriented societies through value chains, to effectively utilize limited resources, and to promote the use of renewable energy.

It is also vital that we reduce our environmental impact, strive to conserve ecosystems, and protect the lives of local residents through forest conservation.

### Corresponding SDGs



### "Eco Challenge 020"

#### FY2019 results

Global warming countermeasures  
CO<sub>2</sub> emissions   
(compared to FY1990)

24.9% Reduction

Effective use of resources  
Recovered paper utilization rate

98.5%

Reducing waste  
Material recycling rate

98.3%

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Rengo's ESG  
For the Global Environment

# Environmental Management

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

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

## Rengo Group Environmental Charter

Rengo positions the reduction of environmental impact arising from business activities as one of the company's top-priority management issues which needs to be worked on. In 1999, the Rengo Environmental Charter was established 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 p. 16) was developed as a concrete initiative.

### Rengo Group Environmental Charter

#### Fundamental Philosophy

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

#### Fundamental Policy

##### 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 CO<sub>2</sub> 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 Activities

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

Established on April 12, 2009

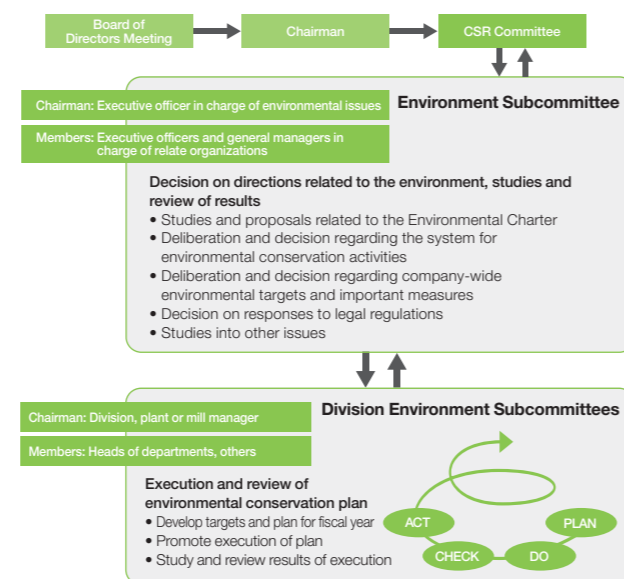
## Structure for Promotion of Environmental Management

For the promotion of environmental management, Rengo has established the Environment Subcommittee overseeing the entire company, and division environment subcommittees at divisions, plants, and mills, so as to put in place a structure that always executes plans with a view of the current situation.

The Environment Subcommittee's purpose is to strengthen environmental management throughout the entire company. It is chaired by the executive officer in charge of environmental issues, and its members are executive officers and general managers in charge of production departments and related organizations. Meetings are held twice each year, during which the current state of achievement for environmental targets and state of legal compliance are checked, and discussions and decisions are made on items such as company-wide directions, targets, and plans related to the environment. These are then reported to the CSR Committee. Decisions made by the Environment Subcommittee are then further deliberated in detail at

the division environment subcommittees to develop environmental conservation activities rooted in their respective local communities.

### [Structure for promotion of environmental management]



## Environmental Management System

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

## Conduct of Environmental Education

Rengo continuously carries out environmental education and awareness-raising activities, such as seminars and Group newsletters, so that all employees can take a closer interest in environmental problems in all aspects at work and at home. In FY2019, 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 (FY2019)]

Course	(Number)	
	Participants	
Environmental education for new employees	46	
ISO 14001 Internal auditor development course	36	

## State of Compliance with Environmental Regulations, etc.

### State of Compliance with Environmental Regulations

Rengo complies with environmental laws and regulations such as those aimed at preventing air and water pollution. To minimize environmental risks, we conduct environmental law and regulation self-checks twice each year. Through these self-checks, we work to prevent hidden environmental risks and identifying abnormalities at the earliest possible time. As a result of these risk management activities, for FY2019, as well, there were no legal non-compliances.

### Countermeasures against Environmental Accidents

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

### Complaints Related to the Environment

Rengo received 13 complaints in FY2019 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 we do not cause noise, vibration, or other disturbances, and at the same time will keep in close communication with community residents.

### [Number of complaints related to the environment (FY2019)]

(Cases)						
Atmos-phere	Water quality	Waste	Noise/vibrations	Odor	Others	Total
0	0	0	6	1	6	13



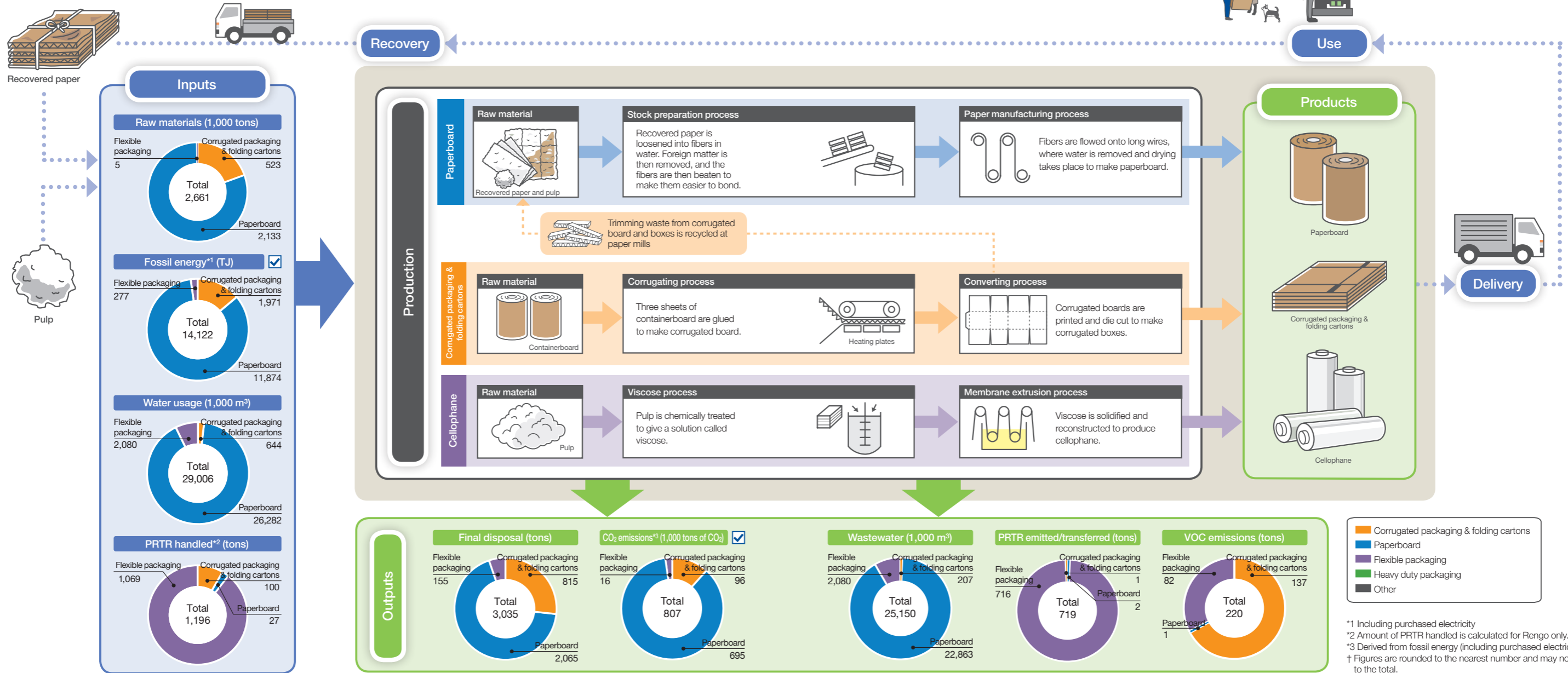
Rengo's ESG  
For the Global Environment

# Material Balance

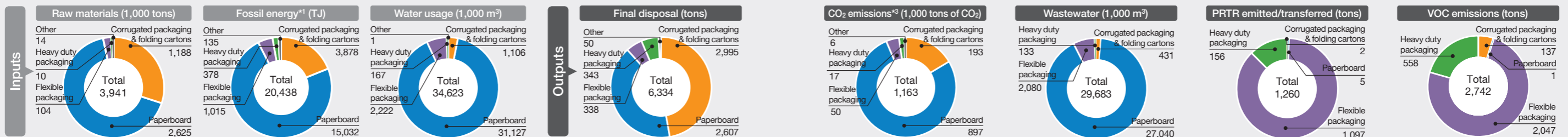
The Rengo Group is working to use limited resources effectively and to reduce environmental impact through its business activities.



## Resource Inputs and Outputs of Business Activities (FY2019 Results)



### Consolidated\*4



\*4 Scope of consolidation includes Rengo Co., Ltd. and 32 consolidated subsidiaries in Japan with production facilities.



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# Global Warming Countermeasures

Reducing the emission of CO<sub>2</sub>—a greenhouse gas—is a critical issue for suppressing global warming. In addition to production departments, logistics departments and non-production departments are also working on energy-saving activities.

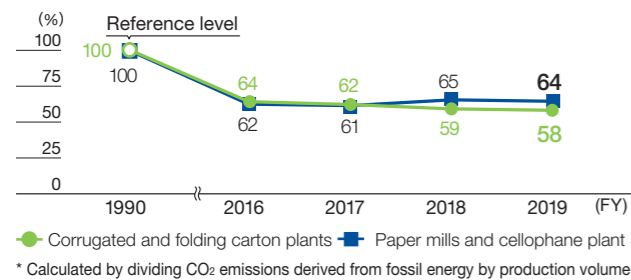


## Reduction of CO<sub>2</sub> Emissions

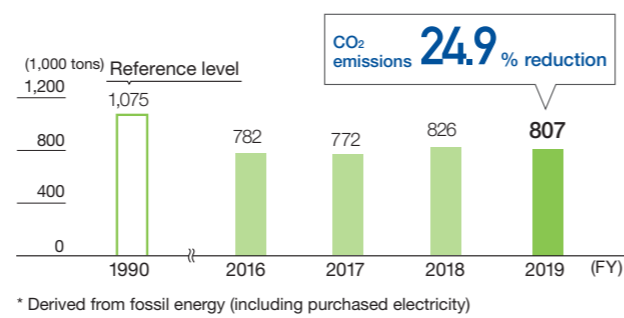
In FY2019's Eco Challenge 020, we set a target of reducing CO<sub>2</sub> emissions derived from fossil energy during production by 23% compared to FY1990. As a result of productivity improvements and initiatives aimed at increasing energy usage efficiency, we cut FY2019 CO<sub>2</sub> emissions to 807 thousand tons, a reduction of 24.9% compared to FY1990, thus achieving our target.

Moving forward, to achieve the targets set in the Rengo Group Environmental Charter, we are promoting energy saving and increasing use of renewable energy, and making continuous improvements from a long-term perspective.

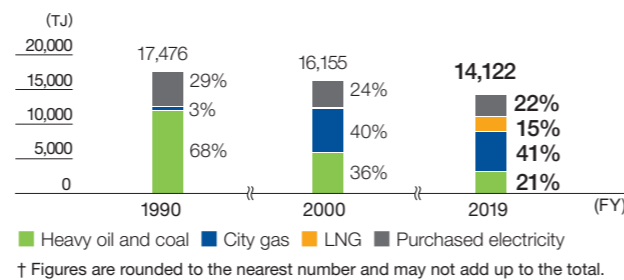
[Trend of per-unit CO<sub>2</sub> emission\* index]



[Trend of CO<sub>2</sub> Emissions\* in Production Departments]



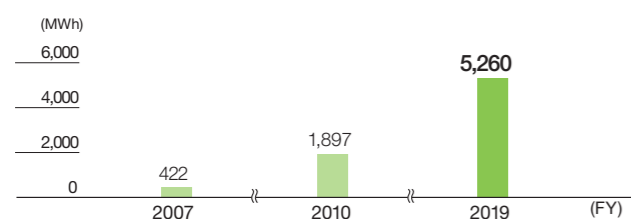
[Trend of fossil energy input by fuel type]



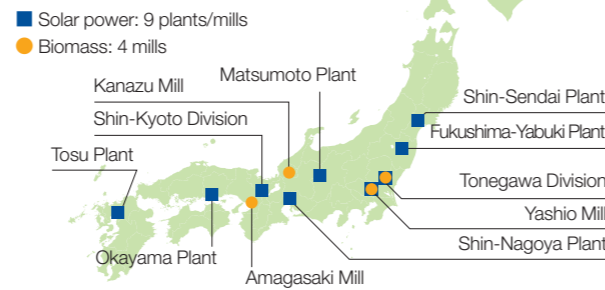
## Promoting the Use of Renewable Energy

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. Solar power generation facilities have been installed in nine plants/mills and providing 5,260 MWh of electricity in FY2019, which is 12 times that of when such systems were first introduced in FY2007. In addition, renewable energy from biomass fuels made up 14% of energy inputs in FY2019, with materials such as wood chips made from construction waste materials and paper sludge (a by-product of the papermaking process) generated by mills.

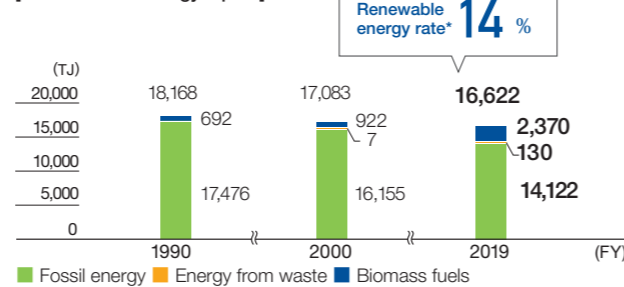
[Trend of solar power generation (total electric power generated)]



[Locations using renewable energy]



[Trend of total energy inputs]

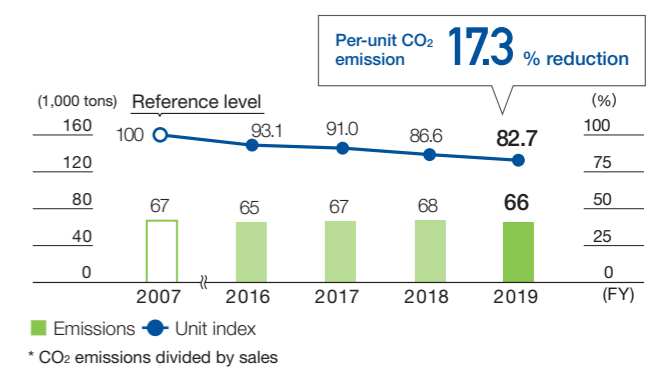


## Initiatives at Logistics Departments

As a result of working towards the target set in Rengo's FY2019 Eco Challenge 020 of cutting per-unit CO<sub>2</sub> emissions from product transportation by 13% compared to FY2007, emissions were down by 17.3% compared to FY2007, thus achieving our target.

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

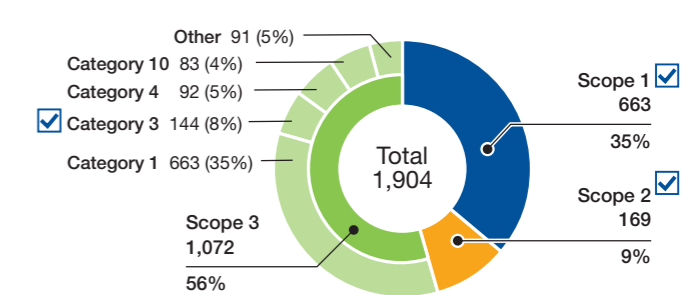
[Trend of logistics departments' per-unit CO<sub>2</sub> emission index\*]



## Calculation of Scope 3

To work toward the reduction of greenhouse gas emissions across the entire supply chain, Rengo calculates Scope 1, 2, and 3 emissions. In FY2019, total emissions were 1,904 thousand tons. Of this amount, 44% was direct emissions from the internal use of fuels (Scope 1) and indirect emissions from the use of purchase electricity and heat (Scope 2), and 56% was from indirect emissions from the upstream to downstream segments of the supply chain in conjunction with business activities (Scope 3).

[Greenhouse gas emissions across entire supply chain (FY2019)] (1,000 tons)



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

## TOPICS

### CO<sub>2</sub> emissions reduction measures for the early realization of a carbon-free society

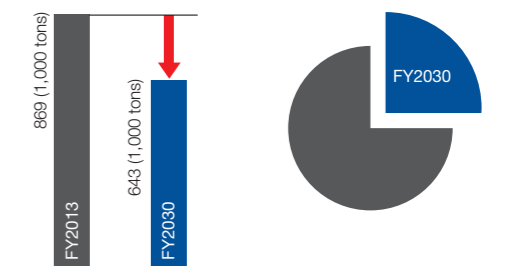
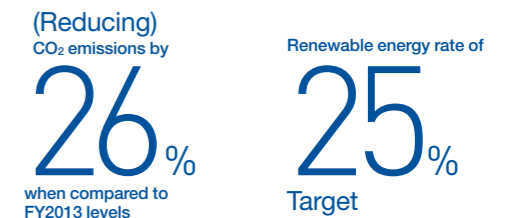
#### Formulated medium-term targets to achieve by FY2030

The Rengo Group Environmental Charter aims to halve our CO<sub>2</sub> emissions by 2050 compared to FY1990. We have also set the medium-term target of reducing CO<sub>2</sub> emissions by 26%\* compared to FY2013 by FY2030, and to achieve this we are raising our renewable energy rate to 25%.

\*FY2030 target uses the electricity coefficients for the respective fiscal year.

#### Participation in "Challenge Zero," aimed at achieving a carbon-free society

We are a member of Challenge Zero (Innovation Challenges towards a Decarbonized Society), a project promoted by Keidanren. We are reducing CO<sub>2</sub> emissions by developing new materials and engaging in other packaging innovation in order to create a carbon-free society.





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# 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



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

## Sniffer Dogs Playing an Active Role at Paper Mills

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



## Analysis of Water Risks at Production Sites

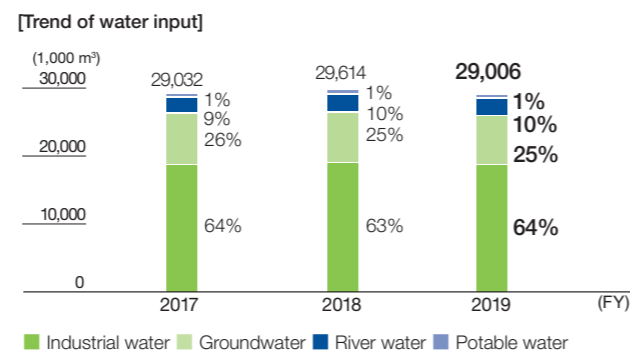
As water shortages become more severe around the world, Rengo used Aqueduct, a water risk assessment tool released by the World Resources Institute (WRI) to conduct a survey of water risks so that we can determine performance and take appropriate measures. An analysis of paper mills, which account for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

## Effective Use of Water Resources

Rengo uses potable water, industrial water, groundwater, water taken from nearby rivers, and water from other sources in its business.

In FY2019, total water inputs were 29,006 thousand m<sup>3</sup>.

In order to use limited water resources with care, water is used for at least 10 cycles at paper mills. Circulation water discharged from processes is treated using water treatment facilities for further reuse, and we take other measures to reuse water.

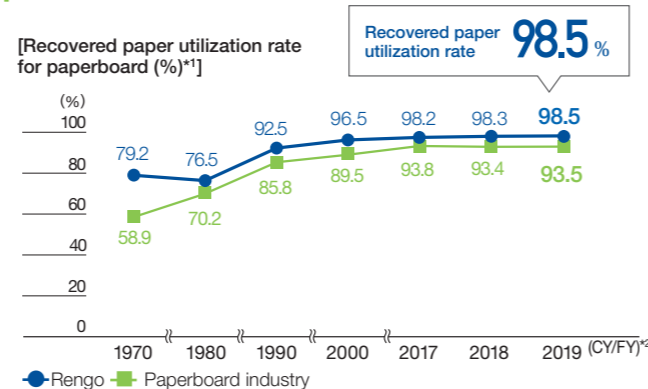


† Figures are rounded to the nearest number and may not add up to the total.

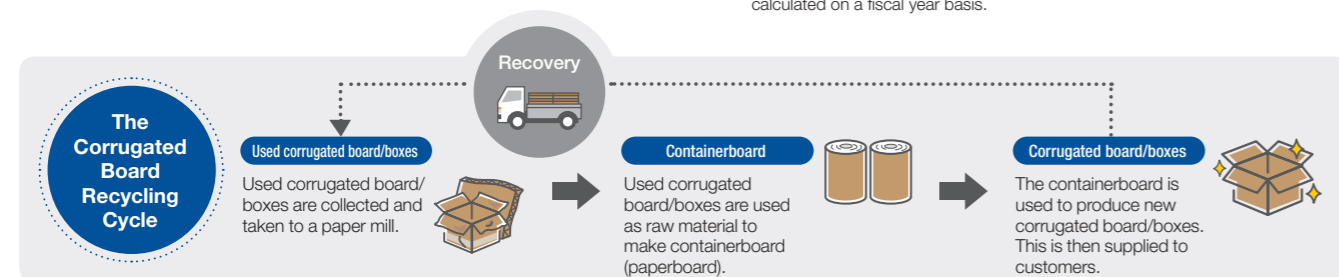
## Maintaining and Increasing the Recovered Paper Utilization Rate

In FY2019's Eco Challenge 020, the recovered paper utilization rate target for paperboard was set at 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 rate of 98.5% in FY2019.

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



Source: Paper Recycling Promotion Center  
\*1 Rate of recovered paper in the raw materials used in all paperboard products  
\*2 Industry figures are aggregated on a calendar year basis. Rengo figures are calculated on a fiscal year basis.



## Increasing Utilization of Confidential Paper Waste

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

In addition, certification under ISO 27001, the international standard for information security management, has been acquired for management of confidential documents. The Yashio Mill and Amagasaki Mill acquired certification in FY2015, and the Tonegawa Division in FY2016. As even greater emphasis is placed on reinforcing the reliability of information management and proper management, since we use confidential documents as recovered paper, raw materials for paperboard, we conduct appropriate management while exercising extreme care regarding the leak, divulgence, and loss of the information that we handle and conduct operations in accordance with the PDCA cycle.

## Prohibitive Items

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

## [Common examples of prohibitive items]

Paper products which cannot be used as raw materials for making paper	
Perfumed paper and paper with odors	Paper wrapping, paper boxes, corrugated boxes, and other paper packaging for products such as detergents, soaps, and incense
Textile printing paper	Dye-sublimation paper; iron-on transfer paper
Thermal foaming coated paper	Non-flat copy paper (such as for Braille)
Wax coated corrugated box	Wax coated corrugated boxes containing imported fresh fruits, processed seafood, etc.
Paper with food leftovers	Packaging with food leftovers such as pizza or cake
Soiled paper	Paper stained with oil, used tissue paper and paper towels, paper used to clean up after pets, etc.

## Items other than paper

Nonwoven products (sanitary masks, moist towelettes), disposable diapers, 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/>

## 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





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# Reducing Waste



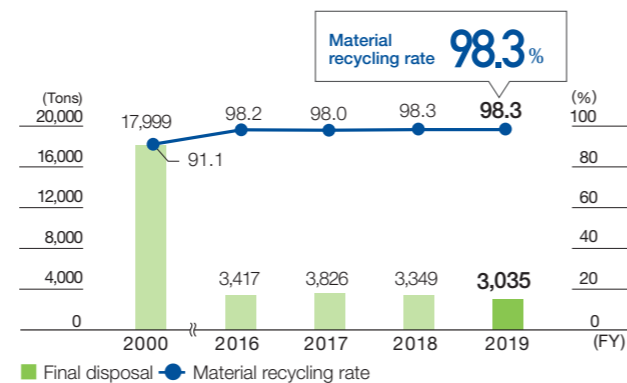
Rengo puts effort in reducing and properly treating waste generated by our divisions, plants and mills to work toward realizing a recycling-based society.

## Reducing Waste

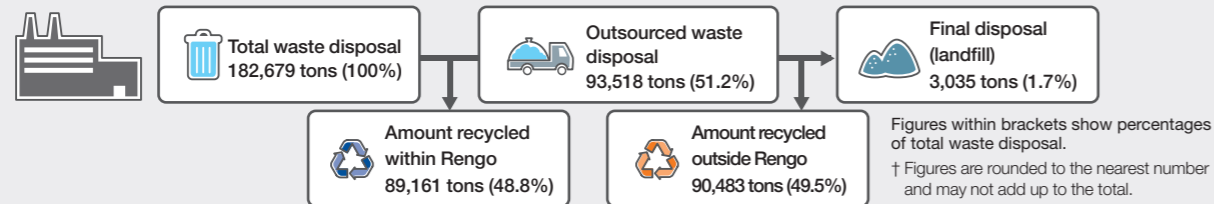
The waste reduction targets for FY2019 under Eco Challenge 020 were set at keeping final disposal to less than 4,000 tons and achieving a material recycling rate of at least 98%. In the day-to-day outsourcing of waste disposal at our divisions, plants and mills, wherever possible, we select contractors that are capable of recycling the waste to increase the recycling rate. As a result of efforts, we achieved our targets, with final disposal of 3,035 tons and a material recycling rate of 98.3%.

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

[Final disposal and material recycling rate]



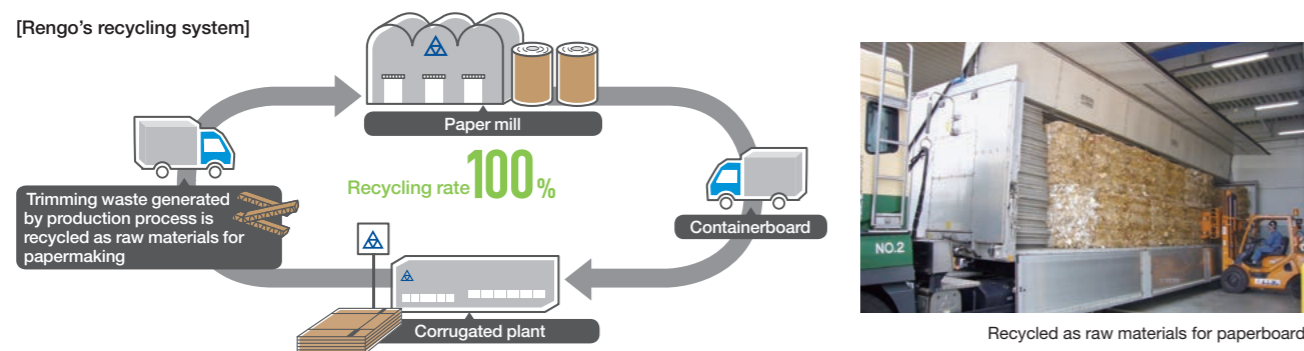
[State of waste disposal]



## Reusing Old Corrugated Containers Within Rengo

Rengo recycles and reuses resources within the Group. Trimming waste of corrugated board/boxes, 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 raw materials 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.



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# Management of Chemical Substances



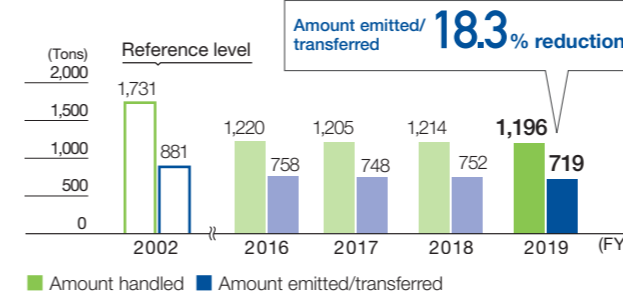
Besides thoroughly managing the discharge of pollutants which impact the living environment of the region and adhering to laws and regulations, Rengo prevents environmental pollution by setting our own, even stricter standards.

## Appropriate Management of Chemical Substances

Emissions/transfers of relevant substances within the scope of the PRTR, based on the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, measured 719 tons in FY2019. This is an 18.3% reduction compared to FY2002, and achieves our Eco Challenge 020 target of a 13% reduction compared to FY2002.

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.

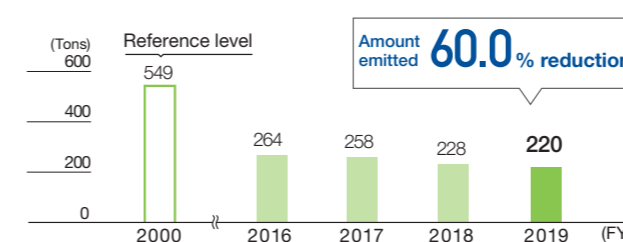
[PRTR chemical substances]



## 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 FY2019 measured 220 tons. This is a 60.0% reduction compared to FY2000, and achieves our Eco Challenge 020 target (45% reduction compared to FY2000).

[VOC emissions\*]



\* 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).

## 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 refrigerant recovery during disposal of products using fluorocarbons, and thoroughly checking for leaks using both simplified and regular inspections.

## Management of PCB Waste

Among equipment that contains high concentrations of PCB, disposal of transformers and capacitors has been completed. We are re-sorting and disposing of ballasts and other contaminants. 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 of the situation, and for those that clearly contain PCB, we ensure they can be clearly identified and properly managed, and dispose of them when appropriate.

## Reducing Atmospheric Pollutants

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

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

## Management of Water Pollutants

The volume of waste water discharged was 25.15 million m<sup>3</sup> in FY2019. Waste water is sanitized—using methods such as pressure flotation treatment, activated sludge, and sedimentation—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).





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

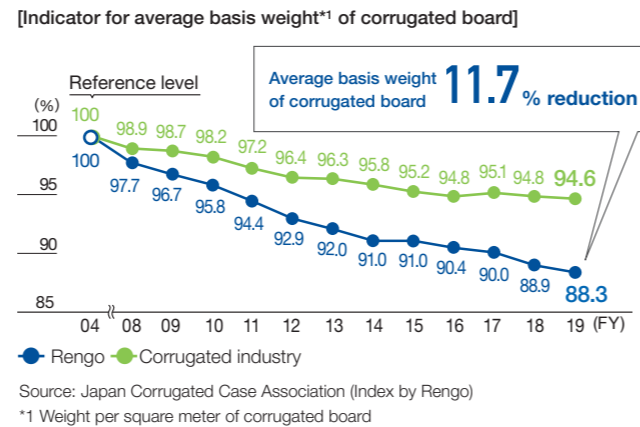
Based on packaging technologies accumulated over many years, Rengo aims to develop products that have a low environmental impact and is undertaking technological development with particular focus on “reduce.”



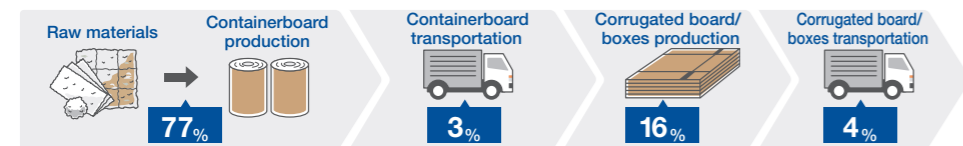
## Lightweight Packaging (Reduce)

In FY2019's Eco Challenge 020, we set a target for reducing the average basis weight of corrugated board by 11% compared to FY2004. Through our efforts, we achieved the target with a reduction of 11.7%.

For CO<sub>2</sub> 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, corrugated board thinner and, during the design stage, corrugated boxes smaller not only saves resources, but also significantly contributes to the reduction of CO<sub>2</sub> emissions in the life cycle.



[Composition of CO<sub>2</sub> emissions in life cycle of corrugated boxes\*2]



\*2 Values calculated using calculation method established by Rengo

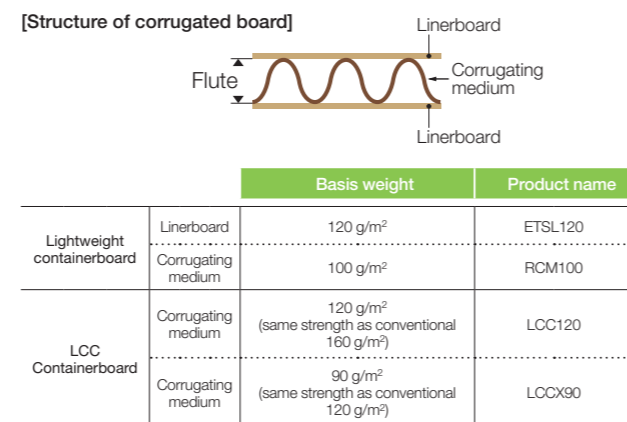
Initiatives so far

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

### Initiatives in Containerboard

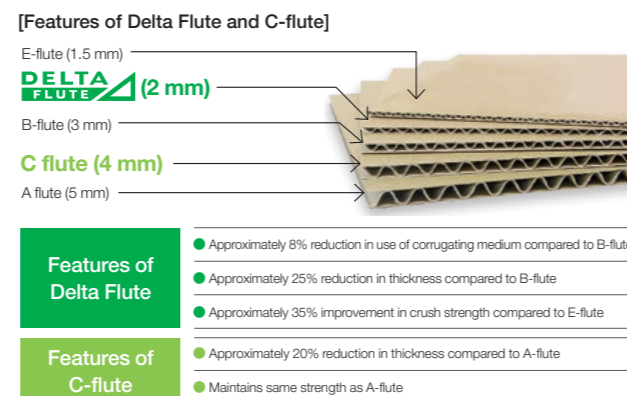
Corrugated board is usually made from three pieces of containerboard—the upper linerboard, the bottom linerboard, and the corrugating medium. Rengo works on making containerboard lightweight, focusing on how to make it lightweight and thinner while maintaining its functions.

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 LCC90 have the same strength as conventional corrugating medium with basis weights of 160 g/m<sup>2</sup> and 120 g/m<sup>2</sup> respectively, yet have 25% less weight.



### Initiatives in Corrugated Packaging

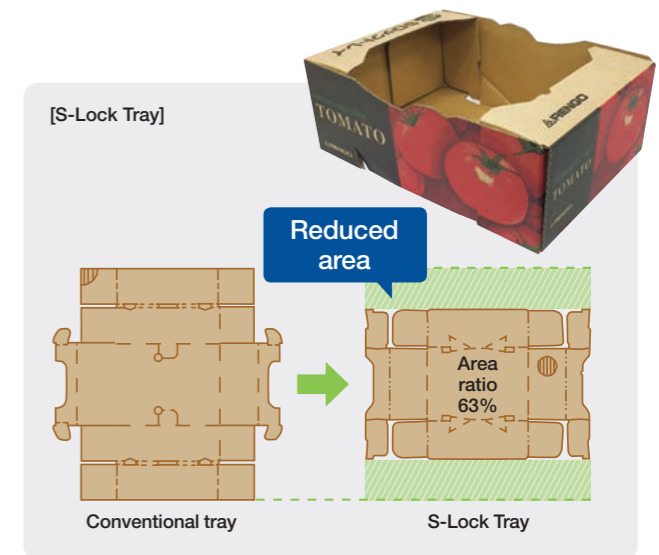
Rengo is promoting the adoption of thinner corrugated board in order to reduce the weight of packaging. Delta Flute, a completely new and original specification for corrugated board developed by Rengo, is just 2 mm thick. Delta Flute can be used for both outer and inner boxes, making possible lighter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



### Packaging Design Initiatives

Corrugated boxes may all look the same at first glance, but we make each and every one of them to order, with different sizes, designs, and strengths to match the products that will be placed in them. We strive to make packaging more compact and lightweight, taking product characteristics and pallet loading efficiency into consideration.

Furthermore, we apply various perspectives to packaging design to solve diverse issues such as issues related to how easy packaging is to assemble, open, dispose of, and recycle. We work to reduce the amount of material used in packaging while maintaining necessary strength and functionality in our quest to develop optimal, streamlined packaging.



### Universal Design Initiatives

We have a long history of developing environmentally-friendly products, but in addition to these environmental considerations, we are also applying our ingenuity to make our products easier to use, such as by adopting universal design.

In recent years, lifestyles have changed in various ways, not only because of differences in genders, ages, and body types, but also because of increases in the number of senior citizens, persons with disabilities, and foreign workers. We believe that universal design will come to play a greater role than ever. By trying to make products that as many people as possible find easy to use, we are contributing to the creation of a society that greater welcomes diversity.

**Rengo's Universal Design Concept**

Environmentally friendly

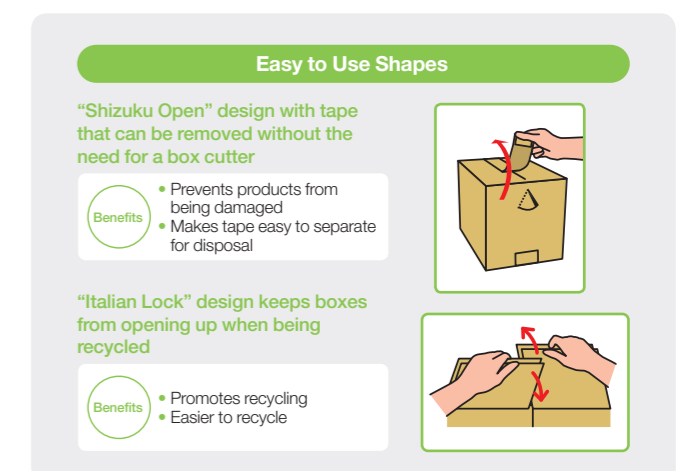
Both lightweight and easy to recycle

Human friendly

Intuitive and easy for everyone to use

Markings	Shapes
<ul style="list-style-type: none"> <li>Markings are highly legible</li> <li>It is easy to see how packaging should be handled</li> </ul>	<ul style="list-style-type: none"> <li>Easy to assemble</li> <li>Easy to hold</li> <li>Easy to open</li> <li>Easy to unpack</li> <li>Easy to break down</li> <li>Easy to recycle</li> </ul>

[Examples of Universal Design Implementation]





Rengo's ESG  
For the Global Environment

# Conserving Biodiversity



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.

## Basic Policy on the Conservation and Sustainable Use of Biodiversity

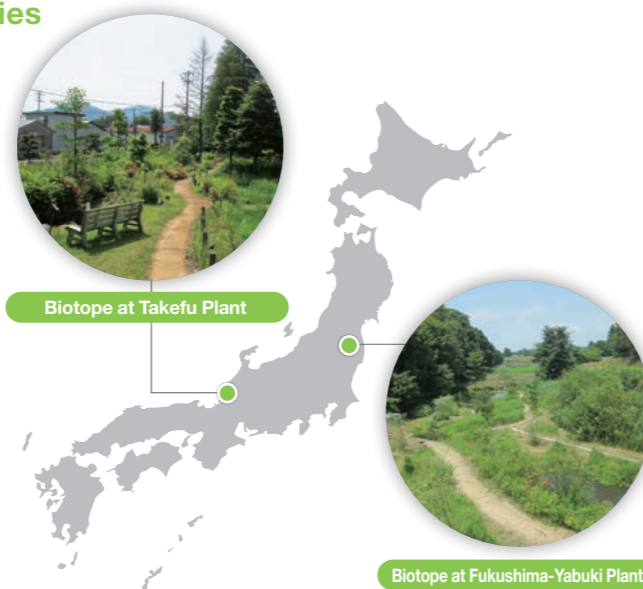
In conducting our business, which uses the forestry resource of wood material, we strive achieve harmony between the sustainable use of biological resources and our business activities.

In our raw material procurement, we are working to conserve biodiversity and engage in sustainable use by effectively using recovered paper and procuring pulp made from wood whose sustainability has been confirmed. Furthermore, we are contributing to biodiversity conservation by developing new uses for recovered paper, promoting the use of forest management certified products, and developing products that are less resource intensive.

We are tackling global environmental issues such as climate change and resource circulation through our entire supply chain, striving to reduce its impact on biodiversity, and actively collaborating with stakeholders such as local communities and governments.

## Promoting Biodiversity Conservation Activities

All divisions, plants and mills in Japan conduct business activities within their links to their local communities and environments. This is especially so for our Fukushima-Yabuki Plant and Takefu Plant, which are surrounded by natural environments rich in spring water, primary forests, and locally-found flora and fauna. These plants construct biotopes within their premises, and promote activities to conserve biodiversity. In addition to use as places for the environmental education of employees, regular monitoring of the animals and plants is carried out to study the trend of ecosystems in the biotopes and the surrounding environment. 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.



### TOPICS

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

Rengo's Fukushima-Yabuki Plant is not just a plant which brings together all the knowledge of our environmental technologies developed so far, such as solar power generation supplying the plant's electrical power needs during the day. It is also a plant which takes into consideration the region's ecosystem and is friendly to people and the environment. Since 2012, the plant has been working on an initiative together with members of Yabuki Yu-Yu Life Club—a volunteer group in Yabuki-machi—to establish fireflies at the plant's biotope. Studies were conducted on the firefly population in the surrounding regions, and the studies confirmed that many fireflies can be found living within Yabuki-machi. Subsequently, adult fireflies were captured and artificially made to lay eggs. The larvae were then released into waterways. As a result of these activities, fireflies were first confirmed to be found flying within the biotope in 2015. This initiative to establish fireflies was continued, and fireflies were again confirmed to be living within the biotope in FY2019.

Fiscal year	Details of activities
2010	Construction of biotope
2012	Formation of Yabuki Yu-Yu Life Club Study on firefly population
2013	Commencement of firefly breeding
2014	Catching adult fireflies, obtaining eggs, and establishment in the environment
2015	Continuation of activities to establish fireflies First confirmation of fireflies flying within the biotope
2016–2019	Continuation of activities to establish fireflies; confirmation of fireflies' flying



Confirming flying of fireflies



Rengo's ESG

# Together with Society

## Background

Society's values are growing more diverse, and the value that must be supplied to customers is becoming more varied and complex. To contribute to solving social issues, we are being called on to implement initiatives throughout our supply chain.

Japan's workforce is shrinking due to lower birthrates and an aging population. For us to remain a company that society relies on, it is vital that we leverage diverse human resources and maximize their unique potential. It is important that we promote the creation of workplaces where people can work with peace of mind throughout their entire careers.

## Corresponding SDGs



## FY2019 Results

Empowerment of female employees  
Employment rate for female employees in career-path positions **33.3%**

Empowerment of female employees  
Usage rate for male employees taking childcare leave program **67.4%**

Improvement of Total Factor Productivity  
Number of days of paid annual leave taken **12.6 days**

## Contents

- 35 Products to Solve Issues Faced by Society
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- 41 Creating Ideal Workplaces
- 46 Health and Safety
- 48 Activities Contributing to Society



# Products to Solve Various Issues Faced by Society

Rengo's ESG  
Together with Society

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



## RSDP Solves Problems in Distribution and Retail Stores

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

Compared to conventional corrugated packaging, RSDP 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, significant reduction in the amount of packaging materials used is possible by reducing the packaging size and using shrink-wrapping film to eliminate the need for outer boxes.

**Easy Unpacking Which Reduces Work Time**

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

**STEP 2** Open both sides.

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

**STEP 4** Done!

Design that enhances appeal

Neat openings

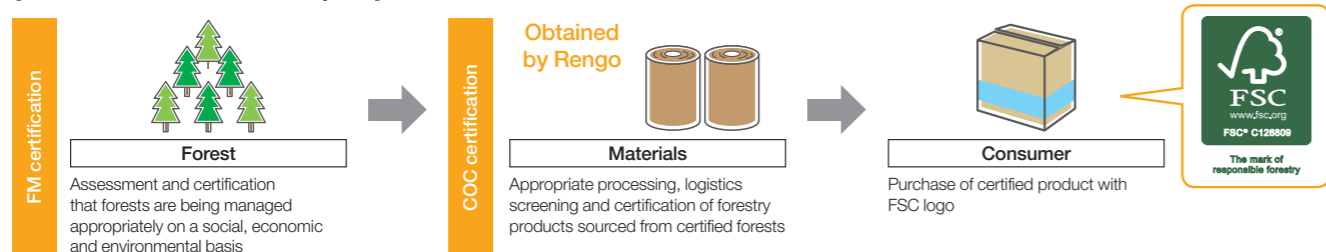
Reduces time until display to approx. 1/5

## FSC® Certified Products Contribute to Sustainable Raw Material Procurement

All of Rengo's paperboard mills, corrugated plants and folding carton plants obtained Forest Stewardship Council® (FSC) certification in 2016, and we established a nationwide supply system for certified products. FSC certification is an international system for authenticating and certifying both appropriately managed forests and the appropriate processing and distribution of lumber harvested from these forests. In the case of corrugated packaging, FSC certification must be obtained, not only by the corrugated plant that produces corrugated

boxes, but also by the paperboard mill that produces 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, folding cartons, and multi-packs which are used in packaging for food items and daily necessities.

[Structure of the FSC certification system]



## Gemini Packaging System Raises Efficiency in Online Commerce

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

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

**[Gemini Packaging System]**

**STEP 1** The merchandise is placed on a corrugated sheet.

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

**STEP 3** The package is folded along the scoring.

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

**Finished**

Able to package products of various heights from 20 to 130 mm

- Reduces amount of materials used
- Improves logistics efficiency (reduces CO<sub>2</sub>)

Requires only two types of corrugated sheet

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

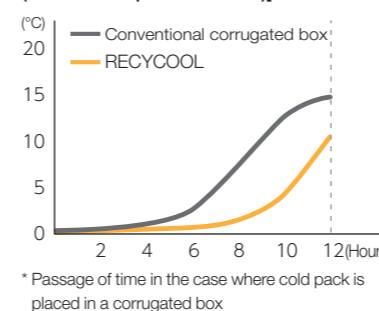
Easy to open and can also be resealed

- Perforated edge allowing the box to be opened from either side
- Comes with resealing function; the portions within dotted lines can interlock

## RECYCOOL Controls Food Spoilage with Cold Retention Effects

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

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



RECYCOOL, a recyclable cold-retaining corrugated box

## Wasaveil Uses Natural Antimicrobial Activity to Maintain Freshness

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





Rengo's ESG  
Together with Society

# Relationship with Customers

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

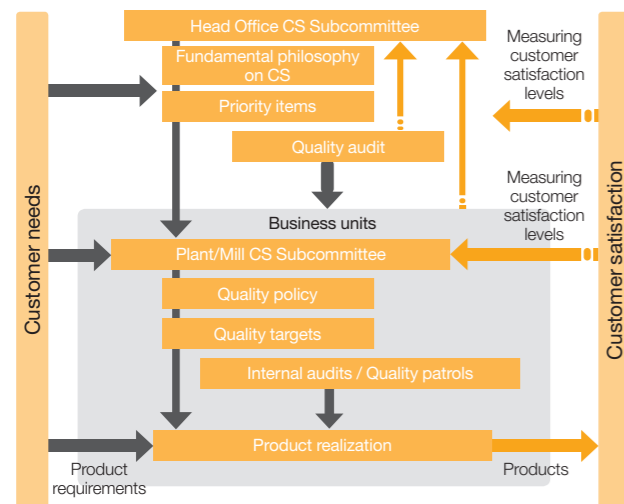


## Basic Stance

Rengo makes concerted efforts under our policy for customer satisfaction activities to provide products of value to society and improve the level of customer satisfaction, based on our recognition that 6S activities (Sort, Set in order, Shine, Standardize, Sustain, and Safe behavior/good manners) are the foundation of all our efforts.

## Quality Assurance Structure

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



### List of plants with ISO 9001:2015 certification (As of March 31, 2020)

Sanda Plant, Shiga Plant, Okayama Plant, Takefu Plant, Shin-Nagoya Plant, Katsushika Plant, Toyohashi Plant, Shin-Kyoto Division (corrugated plant), Oyama Plant

### Policy for FY2019's Customer Satisfaction Activities

**Improving Customer Satisfaction through Proper Operation and Thorough Checking**

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

**Priority item** Starting off on the right foot is essential. Confirm handling and inspection procedures without exception.

## Eliminating Defects

### Conduct of Quality Patrols

Once every year, for every business unit, each plant and Head Office Quality Assurance Department perform quality patrols of the sales & marketing departments and the manufacturing departments of other plants. This approach, spanning business units and using third party perspectives, further reinforces our improvement activities. In FY2019, we performed careful checking of the implementation of rule-based work, the establishment of activities aimed at eliminating all defects and co-mingling of products of different types, and the status of defect reoccurrence prevention activities. We are applying the PDCA cycle to make improvements based on the results of these patrols.



Quality patrol

### Responses When Product Defects Occur

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

### Prevention Initiatives

We consider the prevention of human error to be a subject of great importance in product defect prevention. In FY2019, we applied the findings of plants engaged in exceptional handling error prevention activities to other plants, updated our product co-mingling prevention awareness raising posters, and made sure that employees were thoroughly aware of these prevention initiatives.



Rengo's ESG  
Together with Society

# Supply Chain Management

Rengo is increasing its cooperation with suppliers in everything from raw material procurement to production, logistics, and sales, and strives to build strong, trusting relationships.



## Rengo Group's 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 establishing the Rengo Group's Fundamental Policy on Procurement in April 2018 which comprehensively encompasses all our affiliates.

### Rengo Group's Fundamental Policy on Procurement

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

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

Established on April 1, 2018

## Requests to Our Suppliers

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

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

## Formulation of Conflict Minerals Policy

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. The Rengo Group 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.

## TOPICS

### Supplier CSR Questionnaire

Based on our Rengo Group's Fundamental Policy on Procurement, we collaborate with suppliers to engage in procurement activities that are friendly to the global environment and local communities.

In 2019, we conducted a supplier CSR questionnaire to gain an understanding of the CSR initiatives of our suppliers and clarify related issues. Questionnaires were distributed to 19 major suppliers from whom we purchase materials, and we received responses from 22 companies, including supplier subsidiaries. By working together with respondents to tackle the issues identified through the questionnaire, we seek to build solid trust and stronger long-term cooperative relationships with suppliers.

### 9 survey items

- (1) CSR-related corporate governance
- (2) Human rights
- (3) Labor
- (4) Environment
- (5) Fair corporate activities
- (6) Quality and safety
- (7) Information security
- (8) Supply chains
- (9) Harmony with local communities

Questionnaire response rate  
**100%**

## Procurement of Properly Managed Wood Pulp

Rengo's Procurement Policy for Wood Pulp states that when procuring pulp, in addition to giving consideration to the global environment and biodiversity, pulp must be procured from suppliers that do not use illegally-logged wood from the viewpoint of the effective use of sustainable wood resources. By an audit of the Japan Paper Association's Illegal Logging Monitoring Project, we confirmed that all pulp procured by our company in FY2018 was procured in accordance with our procurement policy. Pulp procured in FY2019 was audited by the Monitoring Project in September 2020.

[Countries and proportion of pulp procurement (FY2019)]

Country of origin	Proportion (%)	Certified pulp*1	Individually-managed pulp*2
		FSC®	
Japan	81.3	√	√
Brazil	8.5	√	—
South Africa	6.0	√	—
Chile	3.8	√	—
Sweden	0.6	√	—

\*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.  
† Figures are rounded to the nearest number and may not add up to the total.

### 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

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

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

#### Initiatives Against Illegal Logging

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

## 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. To minimize the risk of purchasing wood or wood products which have been illegally harvested, we have created and use a legal certification due diligence system manual. The Rengo Group will continue to promote initiatives in accordance with the Clean Wood Act.

## 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. Both we and our suppliers identify safety and quality-related problems when receiving recovered paper, and work to create better transaction environments. Our executive officers in charge of production present reports such as overviews of cellulose beads manufactured by our Takefu Plant as a plastic alternative or reports on the status of CO<sub>2</sub> emissions reductions through the

use of biomass power generation, fostering a deeper understanding of our Group's SDG approach.



Exchanging opinions with suppliers

## Logistics Initiatives

Logistics are an essential function in the process of creating goods and supplying them to customers. Business relies on logistics, whether it be the distribution of materials used in production or the distribution of goods to sell. To address the modern social issues of shortages of truck drivers and workstyle reforms, in January 2019 we introduced a new operation system that utilizes AI technology in the Yashio Logistics Center, improving operation efficiency and shortening truck driver commitment times. Furthermore, in September 2019 we declared our support for the White Logistics Movement promoted by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, and issued a Voluntary Action Proclamation

of our dedication to creating sustainable logistics environments. To develop an even more efficient logistics approach, we are implementing initiatives in conjunction with suppliers, customers, and logistics companies.



The Yashio Logistics Center, which has introduced AI technologies

## TOPICS

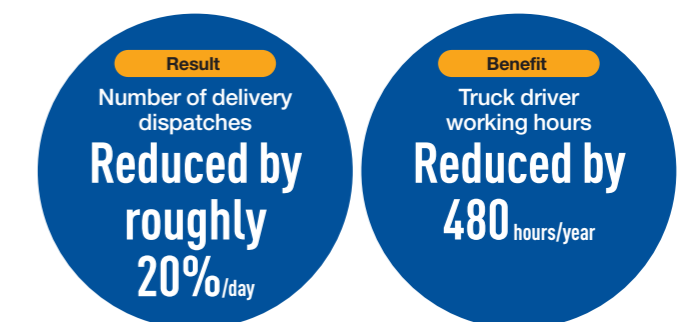
### Collaborative Experiment with Customers Aimed at the Realization of White Logistics

Rengo, in conjunction with Mizkan Holdings, Co., Ltd., has conducted a verification experiment aimed at improving the logistics efficiency of corrugated boxes in order to solve various logistics-related issues through information sharing.

In this verification experiment, Mizkan disclosed and supplied production plans and inventory information, and we used this information to create corrugated box production plans and delivery & transport schedules. The experiment demonstrated that this approach could reduce the number of daily delivery dispatches by roughly 20%. This could reduce the number of truck driver working hours by 480 hours per year.

We will broaden the range of initiatives we conduct with partners, identifying common issues and contributing to the realization of a sustainable logistics environment.

Results of our corrugated box logistics efficiency improvement experiment





Rengo's ESG  
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.



## Promoting the Creation of Environments Respecting Human Rights

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

### Conduct of Human Rights Education

In April of each year, outside instructors give lectures on human rights as a part of our internal training programs. For FY2019, lectures were conducted along four themes: 1) relation between work and human rights; 2) human rights issues and stereotype prejudices; 3) understanding the various human rights issues related to corporate activities; and 4) respect for human rights required of companies.

We continuously 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

To further encourage employment of older workers, Rengo increased retirement age from 60 to 65 years in April 2019. In addition, based on the national government's initiative, "Guarantee of Employment Opportunities to Age 70," from April 2020, Rengo's previous re-employment program for employment up to 65 years will allow workers to continue working up to a maximum age of 70 years if they wish to do so.

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

### Encouraging Employment of Persons with Disabilities

Employing persons with disabilities is an important measure for creating work environments where everyone can work comfortably. Rengo is actively working to expand the areas of responsibility of such persons. As of June 2019, the employment rate of persons with disabilities was 2.2%, satisfying the statutory requirement.

Rengo will continue its efforts to create workplace environments where persons with disabilities can work actively for many years.

[Employment rate of persons with disabilities] (%)

	2015	2016	2017	2018	2019
Employment rate	2.2	2.2	2.1	2.4	2.2

## TOPICS

### Universal Manner Certification Training

Since FY2018, Rengo has conducted universal manner certification training to increase employees who are able to act with a sense of ownership and proper understanding. In FY2019, about 60 regularly recruited new employees of Head Office and Head Office general managers received training on basic knowledge of appropriate support for and ways of communicating with senior citizens and persons with disabilities. This included "defining disability" and "ways of speaking to senior citizens and persons with disabilities." Using case studies, they also learned about specific mental and physical aspects necessary for putting the training into practice. Rengo will continue conducting this training to increase respect for diversity and make society even better.



Universal manner certification training

### Empowerment of female employees

Since establishing the Section for the Promotion of Women Employees in April 2014, Rengo has set about creating a corporate climate and developing an environment where diverse personnel are able to maximize their unique potential. In March 2016, we formulated the Action Plan for Empowering Female Workers and disclosed information on the empowerment of women. Rengo was recognized for the status of implementation of measures and received Eruboshi certification (level 2) from the Minister of Health, Labour and Welfare in May 2016 for complying with standards as a general business enterprise in accordance with the Act on Motion of Women's Participation and Advancement in the Workplace.

In FY2019, we have remained committed to encouraging the

employment of women and expanding their areas of responsibility. In addition to raising the ratio of female employees throughout the company, we are striving to further improve their motivation and competency through training aimed at women and all those in managerial positions regardless of gender. 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)

- Achieve an employment rate of at least 30% for female employees in career-path positions
- Double the number of female employees in managerial positions (from 19 in FY2014 to 40 or more)
- Achieve twice or more female employees (full-time employees) working in sales sections and in manufacturing sections
- Achieve a rate of at least 13% for male employees taking childcare leave

[Status of Empowerment of Female Employees]

		FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees		3,680	3,700	3,730	3,817	4,042
	Number of females	302	324	346	370	454
	Percentage female	8.2%	8.8%	9.3%	9.7%	11.2%
Average number of years of employment		14.4	14.9	15.0	14.8	14.9
	Male	14.6	15.2	15.4	15.2	15.4
	Female	11.6	11.6	11.7	11.5	11.2
Employment numbers (career-path positions)		50	44	52	65	48
	Number of females	15	14	16	21	16
	Percentage female	30.0%	31.8%	30.8%	32.3%	33.3%
Managerial positions		641	657	684	686	716
	Number of females	21	24	29	33	34
	Percentage female	3.3%	3.7%	4.2%	4.8%	4.7%

## Developing Work Environments that Support a Good Work-Life Balance

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

Our action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children aims to make it easy for both men and women to take childcare leave and to establish environments where they can readily return to work. We have raised awareness of the plan by explaining its programs and preparing pamphlets that describe personal experiences. We have placed particular emphasis on encouraging male employees to take childcare leave, and in FY2019, the rate of eligible employees taking leave was 67.4%.

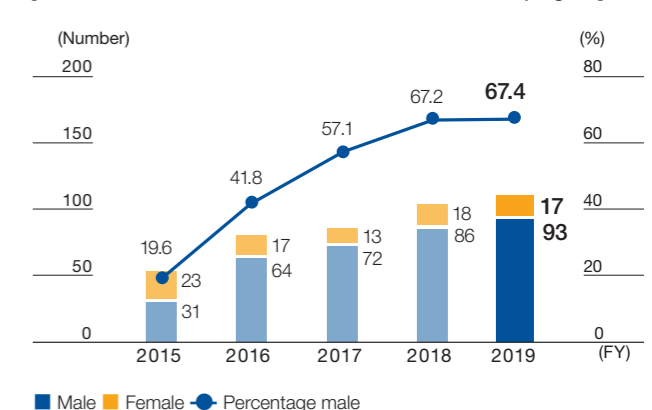
In 2018, Rengo received Kurumin certification from the Osaka Labour Bureau of the Ministry of Health, Labour and Welfare that meets certain standards as a general business enterprise under the Act on Advancement of Measures to Support Raising Next-Generation Children for the fourth time and received Platinum Kurumin certification, a special certification, as an outstanding childcare support company that implements high-level measures.

To address the declining birth rate and support the development

of future generations, Rengo gives congratulatory bonuses of one million yen on the birth of an employee's third or subsequent child. Since this program was introduced in April 2006, a total of 384 employees have received the payments (as of March 31, 2020). Rengo is providing not only systematic support, but also economic support.



[Numbers of users and rate of use of the childcare leave program]



## Initiatives for Improvement of Total Factor Productivity (TFP)

As the “work style reform” movement to address long working hours is taken up by the national government, Rengo is achieving steady results through its initiative launched in 2014 to reduce total hours actually worked by improving Total Factor Productivity (TFP). Having analyzed the many different factors that make up productivity, we are working to raise productivity while also being conscious of technological innovations and people’s work styles and state of mind. At Rengo, labor and management are united in reducing overtime hours worked and encouraging employees to take paid annual leave. As a result of

promoting activities to raise awareness and making improvements to the workplace environment, the average number of days of leave taken in FY2019 was 12.6 days, achieving our target of at least 10 days on average for the fifth consecutive year.

In addition, we formulated the Work Style Reform Action Plan in FY2018 to further accelerate reforms at Rengo. Moving forward, we will continue our initiatives for improving TFP while further working toward creating ideal workplaces.

**Work Style Reform Action Plan (FY2019)**

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



## Building Healthy Relations Between Labor and Management

Once each month at our divisions, plants and mills, executive branches of labor unions and those in managerial positions hold labor-management councils. Labor-management councils between the labor union headquarters and our head office are also held four times each year. The councils are opportunities to share information on a variety of topics relating to division, plant, and mill operations, develop a common understanding of issues, and engage in frank exchanges of opinions. Across the entire company, these councils are held more than 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. Also, employee satisfaction and needs are confirmed at yearly self-assessment and career interviews.

## Establish Internal Consultation Hotlines

Many different kinds of issues can occur at the workplace. Rengo has put in place and made known avenues for consultation depending on the type of issue—such as sexual harassment or power harassment—so that in the event 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

## 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.

### Support for Employees’ Self-fulfillment

We conduct fulfilling education and training according to the careers of our employees so as to actively support their self-fulfillment. We have particularly extensive training systems for employees up to three years after joining the company. As well as education and training to acquire knowledge, skills, and positive attitudes, undertaken in coordination with each of the departments, they have on-the-job training in plant and mill workplaces, based on the principle of the hands-on approach, while receiving regular follow-ups. In this way, we support the growth of young employees who will play an important role in the future. For mid-career employees, we provide more highly specialized training, and set up opportunities for growth.



Education and training session

### Implementation of Small-Group Improvement Activities

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

In FY2019, 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 and promoting the taking of paid annual leave. In total, nearly 7,000 employees in 729 teams from within Rengo and Rengo group companies took part in the activities. Besides leading to resolution of companywide issues, workplace improvements are also ways of further reinforcing the on-site strength of the Rengo Group.



Small-group improvement activities companywide presentation meeting

### Developing Global Talents

Amidst further globalization, Rengo has embarked on a Global Talent Development Program to develop human resources for the future. This training program takes place over a period of one and a half years, with training in Japan followed by language and practical training overseas. From the first class in 2010 to the current 11th class, a total of 44 employees have been selected and assigned to this program.

In addition, Rengo also has other initiatives to promote the development of human resources who are able to adapt to globalization, such as awarding monetary incentives of ¥100,000 to ¥300,000 to those who achieve a certain level of proficiency in English or Chinese on their own initiative.



At overseas business training (5th person from the right is a Rengo employee)

## Promotion of Health Management

Toward adoption of the mandatory retirement at age 65, effective from April 2019, Rengo formulated the Rengo Good Health Declaration in January 2019 to maintain and improve the health of employees and their families. We have set up a Good Health Committee and Plant/Mill Good Health Committees and are expanding the priority measures of the Declaration companywide. The Good Health Committee is composed of the company, labor union and health insurance association. The Plant/Mill Good Health Committees consist of the general affairs managers of the divisions, plants and mills and two good health leaders (one each from the company and the labor union.)

Radio-guided calisthenics by specialized instructors and good health promotion lectures were conducted as companywide activities in FY2019. In addition to improving the health consciousness of individuals, these activities promoted better workplace safety measures and productivity and fostered communication. In FY2020, Rengo is continuing to work toward supporting good mental and physical health and creating safe and secure workplaces.

Also, in March 2020, Rengo was recognized as a 2020 Health & Productivity Management Outstanding Organization (Large

Enterprise Category) under the Certified Health and Productivity Management Outstanding Organizations Recognition Program sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

**Rengo Good Health Declaration**  
Priority Measures

**Measures to promote good health**

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

**Measures supporting mental health**

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

**Measures for the creation of workplaces that facilitate work by all persons**

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

## TOPICS

### Good Health Promotion Lectures

To promote the good health of employees and their families, for two years from FY2019, Rengo is holding Health Promotion Lectures at its divisions, plants, and mills by external lecturers under the themes of Nutrition, Exercise, Relaxation, and Smoking Cessation. In the first fiscal year, a total of 37 lectures were held, attended by approximately 1,500 people.

In addition to learning about ways of achieving overall physical wellbeing, attending the lectures while confirming the results of their own medical checkups has provided more people with opportunities to realistically improve their lifestyle habits and decide to give up smoking.

Rengo is also proceeding with initiatives for widening the ring of good health, such as improving menus in canteens established in the company's divisions, plants, and mills.



Good health promotion lecture

## Mental Health Initiatives

Rengo promotes mental health measures through conducting internal training, setting up internal and external consultation hotlines, and other initiatives to encourage self-care as well as care by superiors. Since 2010, we have recommended that employees undergo Type II Mental Health Management Certification (targeting those in managerial positions), and 258 employees have obtained the certification so far. In 2012, Rengo documented its initiatives to date as its Good Mental Health Plan, and rolled out the plan companywide. Also, 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. In addition, to support employees' mental health, which is

one of our stated health management priority measures, in FY2019 we commenced mental health and prevention of harassment training, targeted at managers with subordinates. This training has been conducted 11 times and 430 people have participated. Stress checks have also been conducted every year since February 2016. With the aim of making even more effective use of analysis of the results of the checks, in FY2019 we revised the details of their implementation, including the questions and methods of collection and analysis.

In FY2020, we will continue working to prevent mental health problems and improve workplace environments which may contribute to stress.



Rengo's ESG  
For the Global Environment

# Health and Safety



Rengo undertakes various companywide health and safety measures and strives to create workplaces where employees can work with peace of mind.

## Creating Healthy and Safe Workplaces

To create workplaces where all employees can work healthily and safely, labor and management work as one at Rengo under our Health and Safety Policy. This is especially so for severe accidents\* such as deaths, which are irreversible events for the person involved, 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 a priority action item. As one of its initiatives, we operate a health and safety management system which we have built on our own to continuously improve the level of our health and safety. We also carry out health and safety education as well as mutual reminders for all our employees, including those from partner companies, to make them recognize the importance of adhering to rules to work toward creating working environments which are safe and easy to work in. Moving forward, Rengo will continue to focus our efforts for preventing the occurrence of severe accidents.

### Health and Safety Policy for FY2019

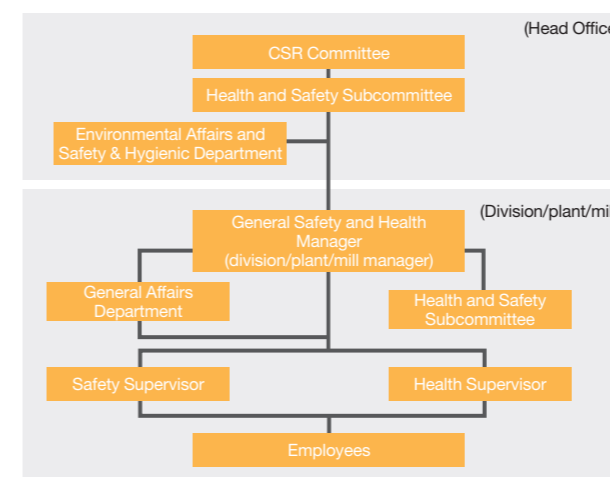
- 1. Basic Policy for Health and Safety**  
Based on the philosophy that ensuring the health and safety of workers is the basis of a company's operation, Rengo nurtures a corporate culture putting health and safety as the topmost priority through cooperation between labor and management. At the same time, we remove potential hazards and risk factors from the workplace, and eliminate industrial accidents to create healthy and safe workplaces.
- 2. Goal** Eliminate accidents
- 3. Safety spirit** Overconfidence is the enemy
- 4. Slogan**  
Strong warnings are considerate of others; work together to create safe workplaces
- 5. Focus areas**  
Operate industrial health and safety management systems and share information on major risks that can lead to severe accidents in order to completely eliminate severe accidents while systematically removing and mitigating risks.

\* Severe accidents are accidents with severity that prevents or severely limits the victim from carrying out 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 divisions, plants, and mills. The head office's Health and Safety Subcommittee meets twice each year to formulate the company-wide health and safety policies and initiatives. The respective health and safety subcommittees at each division, plant, and mill then plan specific health and safety activities following the company-wide policies and initiatives, inform employees about them, and work on promoting them.

### [Health and safety organization]

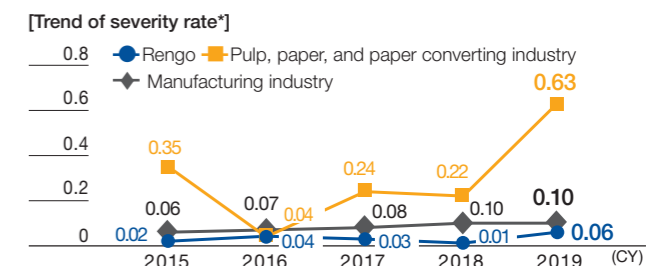


## Status of Industrial Accident Occurrence and Measures for their Elimination

We have established and are working on our Health and Safety Activities Plan with the goal of eliminating accidents in our divisions, plants, and mills. However, there were 13 accidents resulting in lost working days in 2019, an increase of eight from the number in 2018. Although the severity rate of accidents has worsened to 0.06, rates are lower than the average in the pulp, paper, and paper converting industry and manufacturing industry. To continue our efforts to remove and mitigate risks and improve safety awareness, labor and management are cooperating in promoting health and safety activities.

Number of accidents with lost working days*	[Number of accidents with lost working days*] (Accidents)				
	2015	2016	2017	2018	2019
	5	8	7	5	13

\* 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.



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



## Initiatives to Prevent Industrial Accidents

### Accident Simulation Hands-on Training Using VR Risk Simulators

In September 2019, we introduced virtual reality (VR) risk simulators and conducted training using simulated experience of four accidents—being crushed or pulled into a machine, falling, and electric shock. VR is technology that provides simulated reproduction of the experience of the five senses, including seeing and hearing, enabling accidents to be experienced safely and effectively. It is used as education for heightening sensitivity to risk, with some employees having the feeling that they are unable to move their foot or pull back their hand as it is so highly realistic.

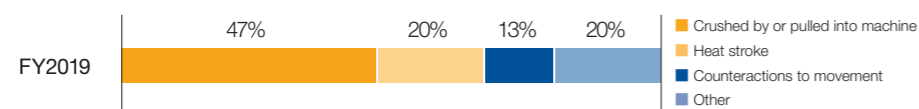


VR risk simulation

### Hands-on Training Using Accident Simulators

Accidents with the highest rate of occurrence at Rengo involve workers being crushed by or pulled into machines. In addition, a major cause of these accidents was due to the lack of experience in younger workers. Using simulators to experience being pulled into machines makes them aware of the horror of being pulled in by a rotor and helps to avoid unsafe actions.

[Breakdown of accidents by type]



Education through experience

### Conduct of Health and Safety Patrols

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



Health and safety patrol

## VOICE > Improving Safety Awareness through Mandatory Reporting of Near Miss Incidents



Rio Kumagai  
Production Department  
Asahikawa Plant

There have been no accidents at the Asahikawa Plant for 25 years. Motivated by the increase in new employees and the increasing age of long-time employees associated with the system of retirement at age 65 years, we have again enhanced our initiatives for improving workplace safety.

To increase the number of near miss incident reports that provide a basis for discovery of risk locations, we made it mandatory for everyone to report one near miss incident per month (not limited to actual experiences, but including hypothetical ones). Using those near miss incidents, we implemented training to anticipate risks. Items that could lead to serious accidents were also identified and incorporated into a list of sources of serious risks, and efforts were made to change work methods and improve equipment. As the risk anticipation training increased, each person's safety awareness and ability to discover risks increased, and I think there were also improvements from the viewpoint of occurrence of near miss incidents.

We have not concluded our efforts to improve safety. We want to thoroughly eliminate any declining of safety awareness due to becoming used to risks and ego, and continue to have no accidents at the plant.



Rio Kumagai at work



Rengo's ESG  
Together with Society

## Activities Contributing to Society

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

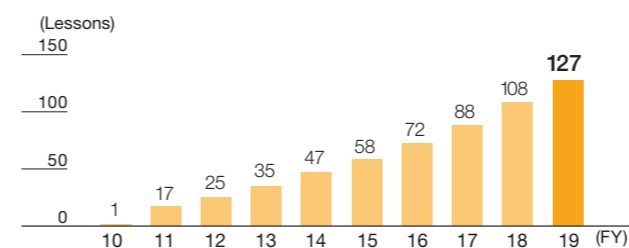
Relation to SDGs



### Dispatch Lessons

Rengo dispatches employees as lecturers to give classes on the importance of the environment to children who form the next generation. In FY2010, we started giving a lesson to communicate interesting points about corrugated packaging, such as the origin of its name, the secret to its strength, the high rate of recycling and the importance of segregation and collection that supports this high rate in an easy-to-understand manner. We have also conducted a lesson on the marvels of cellophane since FY2012 to let children understand the characteristics of cellophane. These two lessons were conducted 19 times in FY2019 and were attended by more than 700 children.

[Trend of cumulative lessons conducted]



During a dispatch lesson

### Accepting Plant/Mill Tours

To let people learn about the importance of a recycling-based society through corrugated packaging and further understand Rengo's business activities, we accept plant/mill tours for a wide range of ages, from elementary school children to working adults. As well as receiving visits from regional elementary and junior high schools, we are also actively involved in accepting tours from regional governing bodies, NGOs and outside companies. In FY2019, we had more than thousand visitors to our plants/mills throughout Japan.



During a plant tour



## TOPICS

### Zero Carbon Challenge Cup Awards for Initiatives Toward Building a Carbon-free Society

The Zero Carbon Challenge Cup is a program that provides awards for activities engaged in on a daily basis by a variety of organizations including schools, companies, municipalities, and NPOs across Japan, aimed at building a carbon-free society for the next generation. It has become an opportunity for sharing know-how and information from outstanding activities nationwide and creating cooperation and motivation for more activities. Rengo endorses these aims and, as a supporting company, has established the Rengo Prize for Creating the Best Carbon-free Future beginning with the current Challenge Cup.

At the Zero Carbon Challenge Cup 2020, as a result of judging of the 28 finalist organizations' presentations, the Rengo Prize was awarded to Omuta Municipal Meiji Elementary School's "We love Omuta! What we can do now for Omuta's future!"

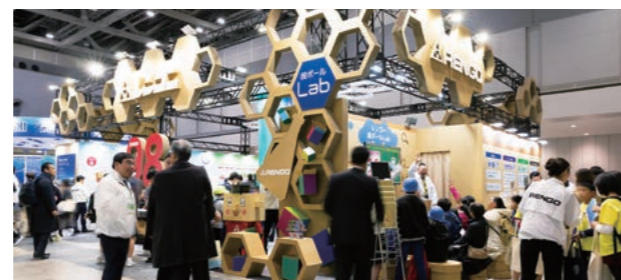


Award ceremony

### Exhibiting at EcoPro 2019

In December 2019, Rengo exhibited at EcoPro 2019, held at Tokyo Big Sight. This is the 13th time that Rengo has exhibited at EcoPro. The theme of this year's exhibit was "corrugated packaging lab." The Rengo booth, which used plenty of corrugated board, featured easy-to-understand displays about the high recycling rate and many surprising and little-known outstanding characteristics of corrugated packaging, as well as Rengo's advanced products such as its biodegradable materials and online commerce solutions that tackle social issues. In addition to the exchanging of opinions with people who came to EcoPro, we explained how Rengo's initiatives through its business

activities are contributing to achievement of the Sustainable Development Goals (SDGs).



During EcoPro 2019

### Support for Local Government Disaster Countermeasures

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

the unlikely event of an emergency. The whole of the Rengo Group has entered into disaster prevention agreements with more than 300 municipalities located throughout Japan.



During a comprehensive disaster prevention training session

### Contributing to the Expansion of Classical Music

Rengo owns a famous Stradivarius "Lang" violin made in 1714 and has lent it to the Orchestra Ensemble Kanazawa. The Orchestra Ensemble Kanazawa was founded in November 1988 with support from Ishikawa Prefecture and Kanazawa city as Japan's first full-scale professional chamber orchestra. Rengo will continue contributing to the expansion of classical music through its support for this wonderful orchestra.



Orchestra Ensemble Kanazawa

### Supporting the Japanese Antarctic Research Expedition

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



Rengo supplied corrugated boxes to Japanese Antarctic Research Expedition



Rengo's ESG

## Governance

### Background

Fair and honest company operation is essential for the maximization of value for all stakeholders and the sustainable growth of the Rengo Group.

We must carry out our business activities with the spirit of legal and regulatory compliance and engage in sound and highly transparent management in order to create an organization that earns the trust of its stakeholders.

### Corresponding SDGs



### FY2019 Results

Corporate governance structure  
No. of Outside Directors  
(As of June 26, 2020)

3/11

Compliance awareness improvement  
No. of business sites visited by legal affairs personnel

7 business sites

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# Corporate Governance

Rengo's ESG  
Governance

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



## Basic Stance

As an enterprise that has secured society's firm trust and confidence, our goal is timely and accurate information disclosure combined with sound management that has high transparency. In keeping with our corporate philosophy whose essence is "The truth is in the workplace," Rengo is enhancing corporate governance by strengthening the current system of Directors and Audit & Supervisory Board members while delegating authority and accelerating decision-making. In response to the Corporate Governance Code, which came into effect in June 2015, Rengo has disclosed its approaches to the Corporate Governance Code to the Tokyo Stock Exchange in the form of a Corporate Governance Report. The more recent report was submitted on June 29, 2020. Considering the purpose of the Corporate Governance Code, we will continue to work toward sustained growth for our company and improving our corporate value in the medium- to long-term.

## 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]

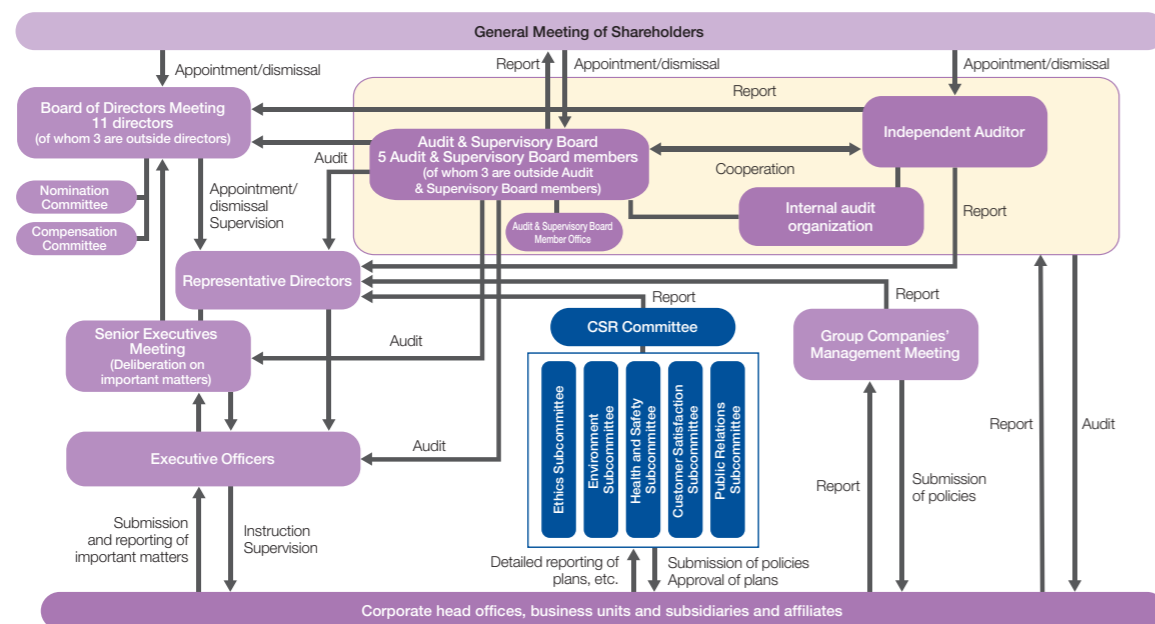
Organizational form	Company with audit & supervisory board members
Establishment of Audit & Supervisory Board	Established
Number of directors (of which, outside directors)	11 (3)
Number of audit & supervisory board members (of which, outside audit & supervisory board members)	5 (3)
Number of independent directors/auditors	6
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 26, 2020, Rengo's Board of Directors consisted of 11 directors. 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 2020, 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 26, 2020)]



## Compensation for Directors

Our directors' compensation is made up of fixed compensation and bonuses. At the 152nd General Shareholders Meeting, held on June 26, 2020, a stock compensation plan for directors was approved, and is being introduced in FY2020. This system will more closely link director compensation with our stock prices so that directors share the profits and risks resulting from stock price changes with shareholders. The objective of this system is to better motivate directors to contribute to medium- and long-term business improvements and corporate value growth.

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

Rengo has appointed three independent outside directors, thus allowing for opinions stated from an independent stance during discussions at Board meetings. In addition to meeting the criteria for outside directors in accordance with the Companies Act and satisfying the qualifications for independent directors stipulated by the Tokyo Stock Exchange, persons with no potential conflicts of interest with ordinary shareholders and who can contribute to sustainable growth and increasing corporate value over the medium to long term are selected as outside directors. In addition, three outside audit and supervisory board members have been appointed. The outside audit and supervisory board members will fulfill their roles and duties independently, making full use of their high-level of specialist knowledge and broad experience, as well as offering an appropriate level of input at Board meetings.

## Internal Control

Rengo formulated the basic policy for maintenance of internal controls pursuant to the Companies Act of Japan and the Board of Directors approved it in May 2006. To meet the internal control system requirements of the Financial Instruments and Exchange Act, the Audit Department, which is independent of routine operations, evaluates internal control maintenance and operation and implements improvements to internal controls. In FY2019, Rengo and its 120 consolidated subsidiaries were within the scope of evaluation of companywide internal controls and eight 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, 2020.

## Creation of a Nomination Committee and Compensation Committee

In December 2019, we created a Nomination Committee and a Compensation Committee as a voluntary consultation body for the Board of Directors with the aim of promoting appropriate involvement and advice from outside directors in the selection and dismissal of directors and decision-making concerning compensation, ensuring the independence and objectivity of the Board of Directors' functions, and improving the Board of Directors' accountability. Each of these committees consists of three or more directors selected through Board of Directors resolution, at least half of whom are independent outside directors.

## Risk Management Structures

Rengo established the CSR Committee chaired by the Chairman & CEO to address risk management. Under the committee are five subcommittees for ethics, environment, health and safety, customer satisfaction, and public relations. The committee and its subcommittees cooperate with relevant business units/groups and departments to carry out companywide monitoring. In addition, the Board of Directors receives reports on the status of these initiatives from the directors who manage or oversee each business unit/group and department, and from the chairs of each committee and subcommittees. The Board deliberates and makes decisions on improvement initiatives and other matters as necessary.

## Major Disaster and Infectious Disease Countermeasures

In consideration of the frequent occurrence of natural disasters such as earthquakes and typhoons, Rengo has established fundamental policies to ensure the safety of employees, restore company facilities to continue business operations, and fulfill our corporate social responsibilities to maintain and continue corporate activities in the event a disaster occurs. Following the Great East Japan Earthquake, all business sites have maintained stocks of emergency supplies since June 2011. In addition, satellite telephones were installed at all business sites in March 2012. In April 2012, we created a system to confirm the safety of employees and others and the status of damage; when a large-scale earthquake occurs, confirmation emails are automatically sent. Since then, test emails have been sent every half-year.

We created the Rengo Group Novel Coronavirus Emergency Management Headquarters, headed by the President & COO under the leadership of the Chairman & CEO, to deal with the COVID-19 pandemic.



Rengo's ESG Governance

# Compliance



To be an enterprise which goes beyond simply complying with laws and regulations to meet 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 only entail simply complying with the letter of the law; Rengo also strives to understand the purpose of laws and regulations in the background to their text and to meet the expectations and demands of society in order to practice fair and good-faith management.

## Systems for Promoting Compliance

Rengo undertakes measures to comply with laws and regulations centered on the Ethics Subcommittee, and created the Compliance Promotion Office as a permanent, independent organization with the aim of further enhancing our compliance promotion systems. Compliance promotion managers responsible for carrying out compliance measures are appointed at all divisions, plants, and mills to further enhance compliance activities. Furthermore, Group companies are carrying out similar activities. In June 2014, Rengo and some Group companies received cease-and-desist orders and surcharge payment notices from the Japan Fair Trade Commission in regard to violations of the Antimonopoly Act. Adjudicative proceedings started in December 2014 and are still on-going at present.

## Whistleblower System

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

	FY2015	FY2016	FY2017	FY2018	FY2019
Internal helpline	3	0	2	1	1
External helpline	1	2	1	0	3
Total	4	2	3	1	4

## Compliance Education

Rengo conducts training and education to raise awareness concerning compliance. Annually training focusing on the Antimonopoly Act for all employees include those of Group companies started in FY2012 and continues to be held in FY2020 as well. In addition, annual lectures by legal advisors are conducted at the opening meeting attended by directors and general managers and the Group companies' meeting attended by their top management. Rank-specific training includes instruction on Rengo's fundamental stance concerning compliance for entry-level employees when they start working for the company. Employees who are promoted to plant manager, or managerial positions, use the occasion to conduct lectures on compliance.

[Training workshops conducted]

	FY2015	FY2016	FY2017	FY2018	FY2019
Times	10	10	11	9	10
Participants (total)	598	614	659	519	495

## Initiatives to Establish Compliance Awareness

To spread awareness of compliance, a page called the Compliance Room was created on the Rengo Group intranet, available for employees to further their compliance knowledge at any time. Since FY2017, legal affairs personnel have visited business sites in Japan, sharing opinions and furthering understanding and awareness regarding compliance. In FY2019, seven business sites were visited, and plans for FY2020 provide for visits to eight business sites, including Group companies.

# Evaluation by Society (FY2019)

## Evaluations Regarding ESG

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



Selected for inclusion in the S&P/JPX Carbon Efficient Index managed by S&P Dow Jones Indices



Recognized as a 2020 Certified Health and Productivity Management Outstanding Organization under the Large Enterprise Category



Eruboshi certification from the Minister of Health, Labour and Welfare under the Act on Promotion of Women's Participation and Advancement in the Workplace (from 2016)



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



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



Platinum Kurumin certification, a special certification, as an outstanding childcare support company under the Act on Advancement of Measures to Support Raising Next-Generation Children



\* The selection of Rengo for inclusion in an MSCI index and the use of MSCI logos, trademarks, or index names do not constitute an offer of investment in Rengo, a guarantee, or sales promotion by MSCI or its affiliates. MSCI holds non-exclusive ownership rights to the MSCI indices. MSCI and MSCI index names and logos are trademarks of MSCI or its affiliates. <https://www.msci.com/esg-integration>

## Evaluations Regarding Products and Technology

### Received four WorldStar Awards in the 2020 WorldStar Contest

The WorldStar Contest is a global packaging contest held by the World Packaging Organisation (WPO) with the aim of raising awareness of and fostering more widespread usage of packaging technology of excellent quality by competing in the areas of ease of use, design, and environmental friendliness.



Nagashima Resort Sugoroku Castella Rusk (Jointly developed with Imuraya Co., Ltd.)

Yebisu Beer Gift Box Goldfish/Yebisu Beer & Yebisu The Hop 2018 Assortment (Jointly developed with Sapporo Breweries Ltd.)

Mitsuya Cider Biomass Label Printed Using Rice Ink (Jointly developed with Asahi Soft Drinks Co., Ltd.)

Improved Packaging for Electric Noise Removal Filter (Jointly developed with Daikin Industries, Ltd.)

### Seven entries received awards in seven categories in the Japan Packaging Contest 2019

The Japan Packaging Contest is the largest content in the packaging field in Japan. Held by the Japan Packaging Institute, it seeks to promote the development of exceptional packaging and packaging technologies.

#### Packaging Idea Award, Packaging Technology Award

"No Slip Off Lock" Box for Online Commerce (Jointly developed with Setagaya Shizenshokuhin Co., Ltd. and Scroll360 Corporation)

#### Gift Packaging Award, Good Packaging category

Yebisu Beer Gift Box Goldfish/Yebisu Beer & Yebisu The Hop 2018 Assortment (Jointly developed with Sapporo Breweries Ltd.)

#### Package Design Award, Packaging Technology Award

Nagashima Resort Sugoroku Castella Rusk (Jointly developed with Imuraya Co., Ltd.)

#### Transport Packaging Award, Good Packaging category

"Quick Disposable" Corrugated Box (Jointly developed with Kirin Beverage Co., Ltd.)

#### Accessible Design Packaging Award, Packaging Technology Award

Fresh-keep POUCH (UD ECOPOUCH) (Jointly developed with J-Oil Mills, Inc. and Dai Nippon Printing Co., Ltd.)

#### Industrial Packaging Award, Good Packaging category

Improved Packaging for Electric Noise Removal Filter (Jointly developed with Daikin Industries, Ltd.)

#### Beverage Packaging Award, Good Packaging category

Mitsuya Cider Biomass Label Printed Using Rice Ink (Jointly developed with Asahi Soft Drinks Co., Ltd.)

# Independent Practitioner's Assurance

Rengo Co., Ltd. has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd. for environmental performance data (fossil energy inputs, CO<sub>2</sub> emissions originating from fossil energy use, and Scope 1, 2 and Scope 3 (category 3) greenhouse gas emissions) given in the Japanese version of the Sustainability Report 2020.

**Deloitte.**  
デロイト トーマツ  
(TRANSLATION)

Independent Practitioner's Assurance Report

August 12, 2020

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

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

We have undertaken a limited assurance engagement of the environmental performance data indicated with  for the year ended March 31, 2020 (the "Environmental Performance Data") included in the "Sustainability Report 2020" (the "Report") of Rengo Co., Ltd. (the "Company").

**The Company's Responsibility**  
The Company is responsible for the preparation of the Environmental Performance Data in accordance with the calculation and reporting standard adopted by the Company (the Report P.2). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

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

**Our Responsibility**  
Our responsibility is to express a limited assurance conclusion on the Environmental Performance Data based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

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

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

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

Member of  
**Deloitte Touche Tohmatsu Limited**

# Corporate Profile

Corporate Profile (as of March 31, 2020)	
Company name	Rengo Co., Ltd.
Representative (as of April 1, 2020)	Kiyoshi Otsubo Representative Director, Chairman & CEO Yosuke Kawamoto Representative Director, President & COO
Founded	April 12, 1909
Incorporated	May 2, 1920
Capital stock	31.066 billion yen
Location	<b>Head Office</b> Nakanoshima Central Tower, 2-2-7 Nakanoshima, Kita-ku, Osaka, Japan 530-0005 TEL. +81-6-6223-2371 FAX. +81-6-4706-9909 <b>Tokyo Head Office</b> 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	683.780 billion yen (consolidated) 331.080 billion yen (non-consolidated)
Number of employees	18,902 (consolidated) 4,042 (non-consolidated)
Group companies (consolidated)	46 in Japan, 114 overseas

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

- ### Operations Network
- **Domestic Network** (as of March 31, 2020)  
In addition to Rengo's Head Office, Tokyo Head Office, laboratories, and Packaging Technical Departments, Rengo has a domestic network (4 paper mills, 26 corrugated plants, 3 folding carton plants, and 1 cellophane plant) spanning the whole of Japan.
  - **Rengo Group Companies Overseas**  
The Rengo Group is also expanding a network for packaging solutions outside 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'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 Sustainability 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.

Financial Information	Nonfinancial Information
<p><b>Website (Investors Relations)</b> <a href="https://www.rengo.co.jp/english/financial/index.html">https://www.rengo.co.jp/english/financial/index.html</a></p> <p><b>Annual Report (booklet and PDF)</b> <a href="https://www.rengo.co.jp/english/financial/annualreport.html">https://www.rengo.co.jp/english/financial/annualreport.html</a></p>	<p><b>Rengo's Website</b> <a href="https://www.rengo.co.jp/english/environment/index.html">https://www.rengo.co.jp/english/environment/index.html</a></p> <p>Various types of information related to corporate activities are appropriately disclosed.</p> <p><b>Website (CSR)</b> <a href="https://www.rengo.co.jp/english/environment/index.html">https://www.rengo.co.jp/english/environment/index.html</a></p> <p><b>Sustainability Report (booklet and PDF)</b> <b>Sustainability Report Data Booklet (PDF) (in Japanese)</b> <a href="https://www.rengo.co.jp/english/environment/index.html">https://www.rengo.co.jp/english/environment/index.html</a></p>