

RENGO

**Sustainability
Report**

2021

Supporting Lifestyles and Creating the Future through Packaging

CONTENTS

Sustainability Report 2021

	Page
Philosophy of the Rengo Group	03
Message from Top Management	05
The General Packaging Industry (GPI) Rengo—which offers innovative and diverse solutions that meet the packaging needs of all industries—contributes to society and leads the way into the future.	
Overview of the Rengo Group	
Business Domains	09
Financial and Non-financial Highlights	11
Sustainability of the Rengo Group	
Sustainability Overview	13
Solving Social Issues through Our Value Chain	15
Communication with Stakeholders	17
Feature	
Special Feature 1 Our Environmental Efforts Aimed at the Year 2050	19
Special Feature 2 Rengo + Biodegradable Materials = Plastic Alternative Innovation	21

Sustainability Activity Report

	Page
E nvironment	
Environmental Management	25
Environmental Impact Overview	27
Environmental Activity Goals and Results	28
Global Warming Countermeasures	29
Effective Use of Resources	31
Reducing Waste Volume	33
Chemical Substances Management	34
Water Risk Management	35
Conserving Biodiversity	36
Research, Development, and Supply of Environmentally Friendly Products	37
S ocial	
Social Activity Goals and Results	39
Quality Assurance	40
Supply Chain Management	41
Respect for Human Rights	45
Human Resource Development	46
Protecting Health and Safety	51
Products to Solve Issues Faced by Society	53
Activities Contributing to Society	55
G overnance	
Corporate Governance	57
Compliance	59
Risk Management	60

Independent Practitioner's Assurance	61
---	-----------

Corporate Profile	62
--------------------------	-----------

Editorial Policy

This report covers our environmental, social, and governance (ESG) activities with the aim of clearly communicating to a broad range of stakeholders our stance of contributing to society through our business activities.

The special features introduce our medium- and long-term environmental targets and our biodegradable materials. The environmental reporting section presents quantitative data as much as possible, and has received Independent Practitioner's Assurance. In the social and governance sections, as well, we have striven to disclose appropriate information in a timely fashion.

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 FY2020 (April 1, 2020 to March 31, 2021). Certain aspects of this report also include periods before and after FY2020.

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 ESG activities.



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

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

Financial Information



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



Annual Report (booklet and PDF)
<https://www.rengo.co.jp/english/financial/annualreport.html>

Non-financial Information



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



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

Prepared By / For Inquiries

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

TEL: +81-6-6223-2371 (operator) FAX: +81-6-4706-9909
URL: <https://www.rengo.co.jp/english/>
E-mail: eco@rengo.co.jp



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



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 the 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



No matter how great a product is, its value cannot be put across to people without the packaging wrapping it. That is why its evolution conceals the large possibility of changing today resulting in changing the future. The entire range of assorted packaging solutions offered by “General Packaging Industry (GPI) Rengo” supports logistics and richness in lifestyles, and their innovation contributes toward solving social issues. As a creative “packaging provider” that not only supplies products as a supplier but also designs the future on our own and creates new markets, Rengo provides comprehensive solutions that meet the packaging needs of all industries.

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

Less is more.

“Less energy consumption”

“Less carbon emissions”

“High quality products with more value-added”

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

Top Message

“General Packaging Industry (GPI) Rengo”
 — which offers innovative and diverse solutions that meet
 the packaging needs of all industries — contributes to society
 and leads the way into the future.



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

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

Promoting ESG Management, Led by a New Medium-term Vision

With the aim of becoming the world’s best general packaging manufacturer group as a “packaging provider,” in April 2020, Rengo took the first steps under a new management structure toward achieving the Vision 115 medium-term vision, which concludes in FY2024 when the Group marks the 115th anniversary of its founding.

Under Vision 115, in accordance with the principles of the United Nations Global Compact, which we participate in and support, our entire company is working together to implement environmental, social,

and governance (ESG) management based on the conviction that contributing to the achievement of sustainable development goals (SDGs) improves the sustainability of the company itself.

Even in the face of the ongoing global COVID-19 pandemic, “General Packaging Industry (GPI) Rengo,” which offers innovative and diverse solutions that meet the packaging needs of all industries, is constantly aware of its role in society, contributes to society as a whole, and leads the way into the future through its packaging solution proposals.

Vision 115

Companywide Activities—Fostering a Corporate Culture that Takes ESG and SDGs into Consideration

Environment

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

Social

- As a business corporation, first 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.
- Refine the circular recycling system formed by a good balance of recovered paper, paperboard, and corrugated packaging.
- Provide products that contribute toward improving the work efficiency at distribution and retail industries.
- Promote “white logistics” emphasizing appropriate lead time in collaboration with the supply chain.

Governance

- Establish a corporate governance system that responds to the corporate group’s expansion with consideration for our stakeholders, namely employees, shareholders, and society.
- Improve sustainability as a company by emphasizing ESG and promoting SDG initiatives.
- Build safe and secure working environments where people can work with vigor by establishing mechanisms embracing “lifetime careers” and introducing automated facilities.
- Aim to be a corporate entity where diverse human resources (in terms of gender, age, nationality) can fully apply their individual capabilities.

Taking on the Challenges of Creating a Carbon-free Society

The Rengo Group 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 has dedicated its efforts to addressing the problem of climate change. As the government raises greenhouse gas emissions reduction target, responding to climate change becomes more urgent. In order to further accelerate our own environmental efforts, in April 2021, we revised the Rengo Group Environmental Charter. In conjunction with this, we have also formulated

the Rengo Group Environment Action 2050 and Eco Challenge 2030, new medium- and long-term environmental targets for the years 2050 and 2030, respectively.

Led by these new policies, we are striving to increase the number of biomass boilers and move away from using coal fuels in order to realize a carbon-free society. We seek to reduce total Group-wide CO2 emissions in FY2030 by 46% in comparison to FY2013, and to achieve carbon neutrality -- achieving essentially zero greenhouse gas emissions -- by the year 2050.

Accurately Assessing Modern Needs and Demonstrating True Value as a Packaging Provider

Rengo is also developing products and technologies that will lead to reductions in plastic waste, which has become a global issue. In November 2020, we launched “REBIOS®,” a new series of packaging materials made from cellophane produced at Takefu Plant and paper. By using cellophane and paper derived from plant, REBIOS® achieves high biomass content and high biodegradability and is expected to be used in a wide range of areas in the future. Cellophane and “Viscopearl®” cellulose beads are cellulose-related Rengo products that have acquired certification under the OK biodegradable MARINE international standard, verifying biodegradability in seawater, which has fewer microorganisms than in soil. We are currently using our cellophane manufacturing technology to conduct development of cellulose

nanofiber and micro cellulose bead products, functional materials made from 100% natural wood pulp. We introduced a test plant for cellulose nanofiber, and expect an annual micro cellulose bead production capacity of 120 tons.

In addition to development of these products, in June 2020 we joined with 11 cross-industry partners that make up the plastic supply chain to establish R Plus Japan Ltd. (Minato-ku, Tokyo), a joint venture that will engage in the used plastic recycling business, and R Plus Japan commenced operations.

We will continue our efforts to contribute to the development of a sustainable society by further reducing the environmental impacts of Group business activities and supplying environmentally-conscious products.

Creating Workplaces Where Diverse Human Resources Can Thrive

Rengo respects the value of each of its employees, who are the source of creativity that generates the innovation driving the development of a sustainable society. Rengo has taken active measures to create work environments where diverse human resources can achieve their full potential without regard for gender, age, disability, nationality, or other such attributes.

Believing that the empowerment of female employees is essential for achieving further enhancement of corporate value, in April 2014 we established the Section for the Promotion of Women Employees and have focused on recruiting women and expanding their areas of responsibility ever since. These efforts have been recognized, and in May 2016, Rengo received “Eruboshi” certification (Level 2) from the Minister of Health, Labor and Welfare, and in FY2020, we received the higher Level 3 certification. Furthermore, we formulated the Action Plan for

Empowering Female Workers in March 2021 with the aim of reinforcing these efforts even further during the period from April 2021 to March 2026.

From April 2019, we made 65 years the mandatory retirement age, with the slogan of “lifetime careers,” and in order to promote even greater employment of seniors, in April 2020 we introduced a voluntary system for reemployment that allows retired employees to continue working until age 70. Furthermore, we have implemented automation and labor-saving in manufacturing worksites as we strive to create safe work environments with less physically-demanding work, where employees can work with peace of mind.

Going forward, we will continue our efforts to accelerate work style reforms and to boost the enthusiasm and skills of all employees.

Promoting Digital Transformation (DX)

The Rengo Group uses state-of-the-art digital technologies to increase work efficiency, create new added value, and respond to work style reforms in manufacturing, logistics, sales, and management. The DX Promotion Investigation Committee, established in April 2020 with the president as its chairman, develops business processes through digitalization while working to enhance information security measures and develop DX human resources.

Rengo is using cutting edge information and communications technologies including 5G so that it can conduct efficient and effective business during the new normal of the COVID-19 era and is building Cyber-Physical Systems (CPS) that achieve harmony between massive amounts of data and the people that handle them.

Making it Our Mission to Solve Social Issues through Packaging

With “Less is more.” as our key business concept, the Rengo Group, which offers innovative and diverse solutions that meet the packaging needs of all industries, is generating more value using fewer resources and continuously creating innovative packaging that is both people-friendly and environmentally-friendly.

However, the expectations and demands of society are getting complex and diverse, and our social responsibility grows with every year. We strive

to be a corporate group that can live up to the trust of various stakeholders, such as shareholders, suppliers, employees, and communities. We are further promoting activities to enforce compliance and enhance corporate value, led by our implementation of ESG management.

We will overcome all the difficulties we may face and continue to take on new challenges through our tireless commitment to continual changes in thinking and innovation as we strive to realize a better and sustainable society that the SDGs aim for.

The Rengo Group’s DX Strategy—Fusing the Cyber and Physical Worlds

The rise in “stay-at-home demand” by the COVID-19 pandemic has driven further e-commerce growth, but we cannot live using Internet cyberspace services alone. We must create Cyber-Physical Systems that link the cyber and physical worlds. Packaging is essential for protection and delivery of products ordered by e-commerce. Combined with digital technologies, it plays an important role as part of the social infrastructure that enriches peoples’ lives. The Rengo Group is promoting DX in all of its operation processes, such as manufacturing, logistics, and sales, with the following key concepts. We are combining digital technologies (Cyber) with the people who handle them (Physical) to create new customer value, increase innovative operation efficiency, and reform work styles.

Create new customer value

- Improve quality and services by IoT utilizing sensors, and AI technologies
- Optimize supply chains by visualization of procurement and manufacturing processes, and realize low-carbon societies
- Engage in proposal-based sales activities by leveraging virtual technologies

Create new business models

- Expand and enrich the digitally printed packaging
- Engage in external sales of digital tools developed in-house
- Develop and sell automatic order reception and placement systems by linking data with customers

Improve internal operation efficiency

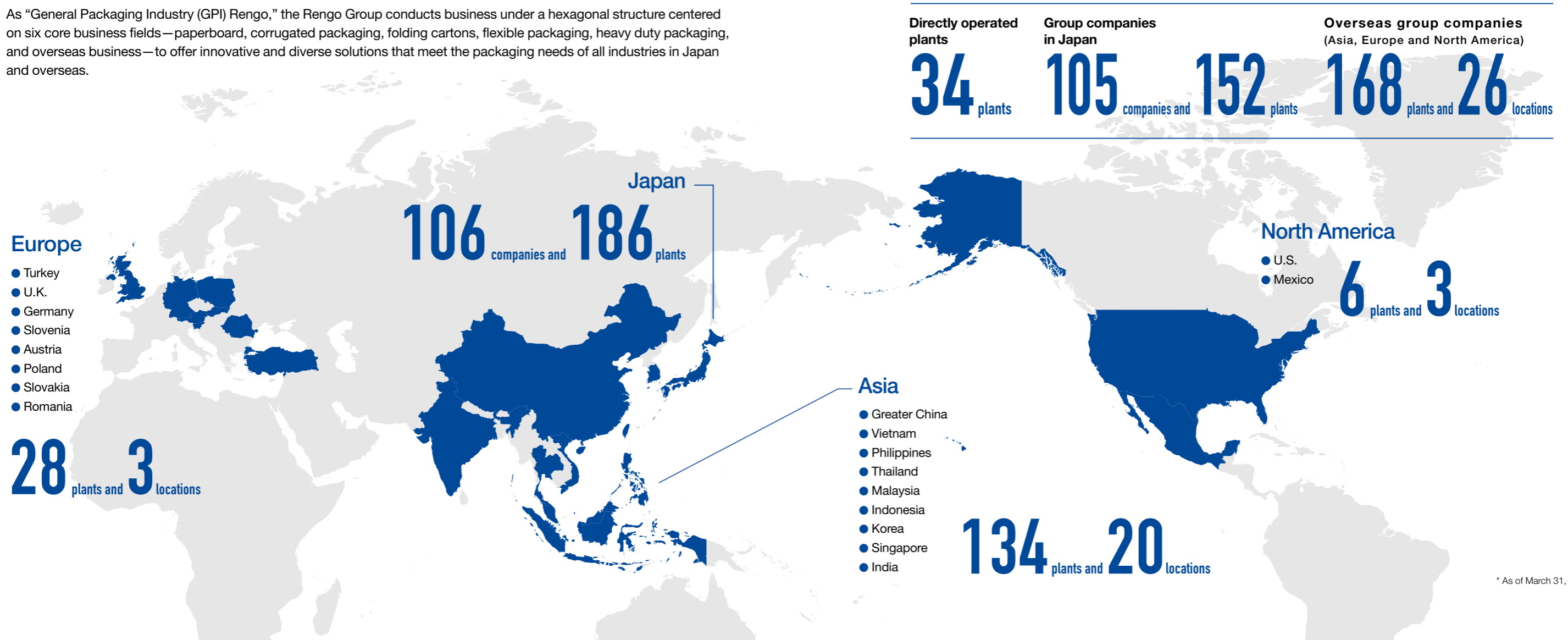
- Eliminate paper use and promote remote work as part of work style reforms
- Use digital technologies in recruitment and internal training
- Improve the development system by training own IT engineers

Reform existing processes







- Improve logistics efficiency by introducing AI into vehicle dispatching systems
- Shorten proposal preparation times and improve data storage security by using digital data in graphical and technical designs
- Develop new sales techniques and sales channels for the mobile network era

Business Domains

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



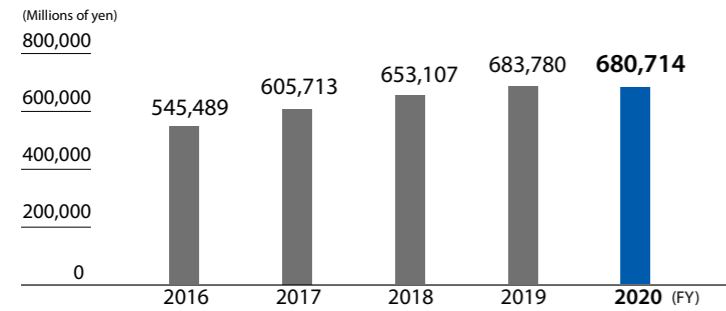
Six Core Business Fields + Creativity and Research & Development Capabilities

<p>Paperboard</p> <p>We are particular about packaging, starting from the paperboard that forms its foundation.</p>  <p>Main products</p> <ul style="list-style-type: none"> • Containerboard • Boxboard • Tube board • Chipboard 	<p>Corrugated Packaging</p> <p>As a pioneer, we are a leader in unwavering quality and ongoing evolution.</p>  <p>Main products</p> <ul style="list-style-type: none"> • Corrugated boards • Corrugated boxes 	<p>Folding Cartons</p> <p>We bolster sales promotions with more attractive and appealing packages.</p>  <p>Main products</p> <ul style="list-style-type: none"> • General-purpose folding cartons • Gift packaging • Multi-packs 	<p>Flexible Packaging</p> <p>Our film packaging and labels attractively wrap and gently protect objects.</p>  <p>Main products</p> <ul style="list-style-type: none"> • Film packaging • Labels • Cellophane 	<p>Heavy Duty Packaging</p> <p>We offer reliable quality and a lineup that supports a wide array of industries.</p>  <p>Main products</p> <ul style="list-style-type: none"> • Flexible container bags • Heavy duty polyethylene bags • Kraft paper bags 	<p>Overseas Operations</p> <p>We deliver the leading edge of packaging quality developed over the years to customers around the world.</p> 	<p>Creativity and Research & Development</p> <p>Rengo is accurately aware of the ever-changing needs in the current diversification of markets and customer preferences. We focus on each individual product, so that its true value can be expressed through packaging, and connect buyers and sellers. To achieve this, we constantly devote effort to design and marketing, packaging technology, packaging systems, and research & development.</p>  <p>Design and Marketing</p>  <p>Packaging Technology</p>  <p>Packaging Systems</p>  <p>Research & Development</p>
--	--	---	--	--	---	---

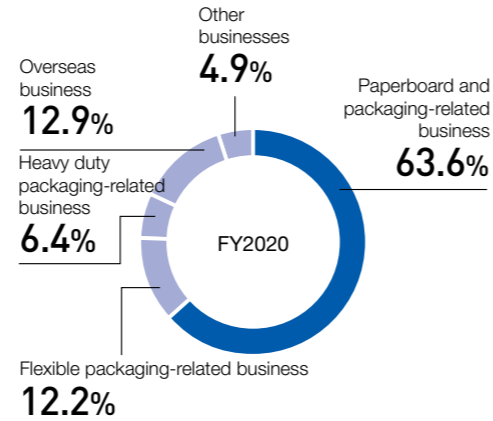
Financial and Non-financial Highlights

Financial (consolidated)

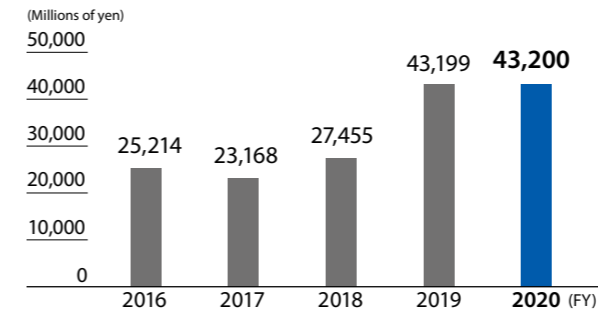
Net sales
680,714 Million yen



Sales ratio by business segments

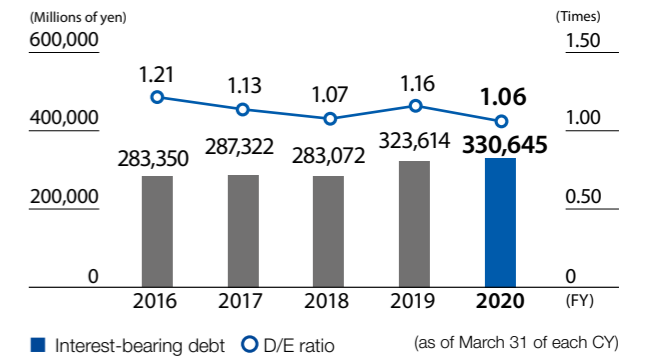


Ordinary income
43,200 Million yen



Interest-bearing debt
330,645 Million yen

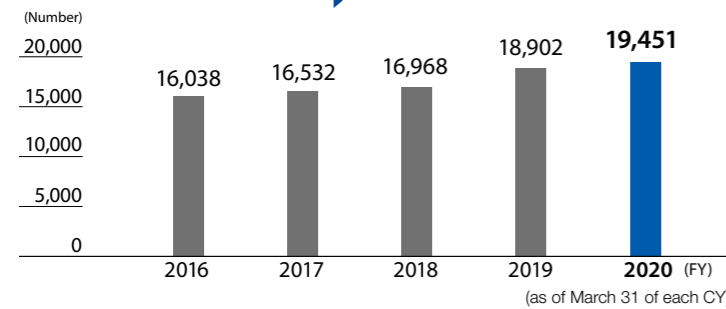
D/E ratio
1.06 Times



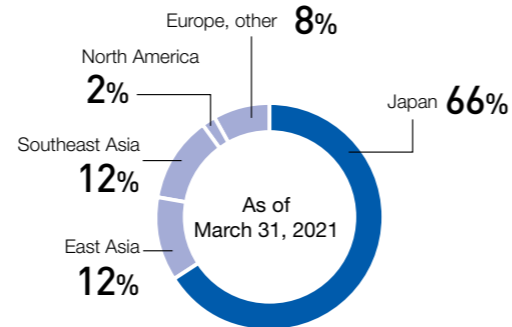
Non-financial

Number of employees* (consolidated)

19,451

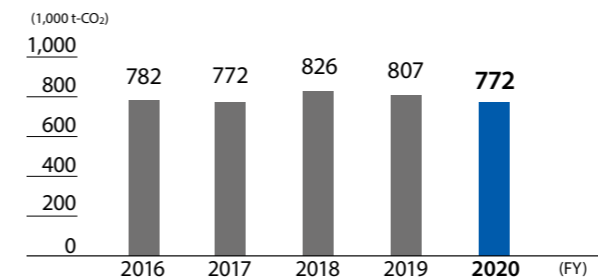


Percentage of employees by region (consolidated)



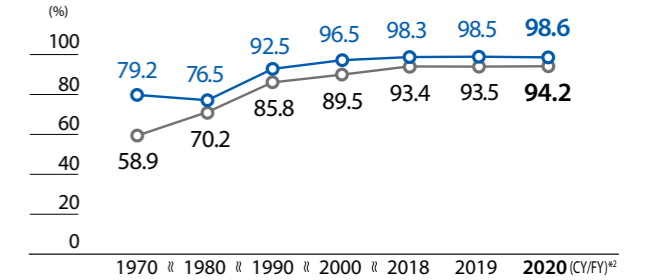
CO₂ emissions by production departments* (non-consolidated)

772 Thousand t-CO₂



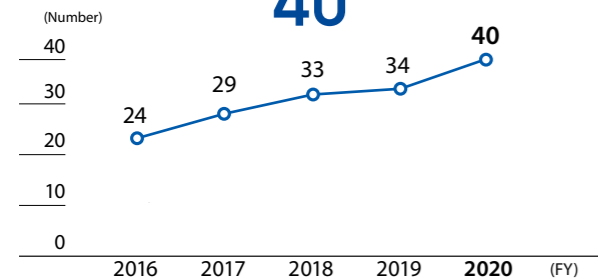
Recovered paper utilization rate*¹ (non-consolidated)

98.6%



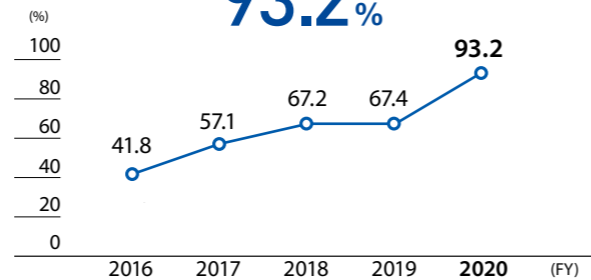
Number of female employees in managerial positions (non-consolidated)

40



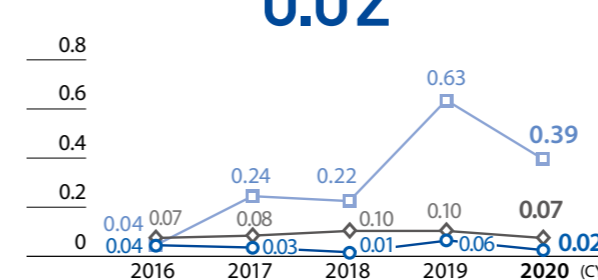
Rate of male employees taking childcare leave (non-consolidated)

93.2%



Occupational accident severity rate* (non-consolidated)

0.02



Cumulative number of dispatched lessons conducted (non-consolidated)

133 Lessons



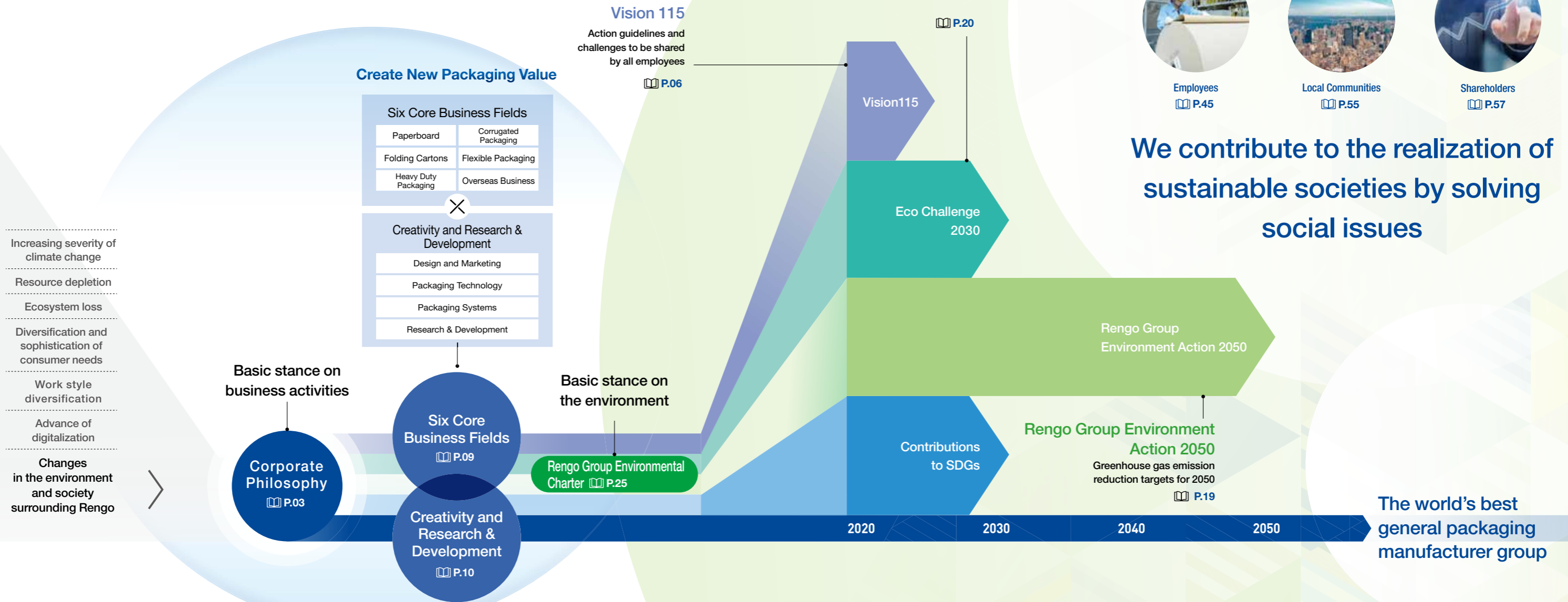
Sustainability Overview

The environment and society surrounding us is undergoing profound changes, such as the increasing severity of climate change and the diversification of work styles. We carry our business activities led by Vision 115 in order to meet the demands of society, such as solving social issues through the SDGs. We create new packaging value through our varied packaging solutions, created by our six core business fields, creativity and research & development capabilities, as we contribute to the realization of a sustainable society.

Rengo's stakeholders



We contribute to the realization of sustainable societies by solving social issues



How Rengo's Efforts Relate to the SDGs

The sustainable development goals (SDGs) are international goals adopted in 2015 with the agreement of 193 UN member countries. Through its business activities, Rengo sincerely takes on the issues faced by society, supports logistics and peoples' lives through packaging, and works unflinchingly to realize a sustainable society. In order to achieve the goals of the global SDGs, we actively incorporate SDG perspectives when expanding existing businesses or creating new businesses.

SUSTAINABLE DEVELOPMENT GOALS

E P.25

Related SDGs

S P.39

Related SDGs

G P.57

Related SDGs

Solving Social Issues through Our Value Chain

We assess the impact of the entire value chain involved in our business activities on the environment and society, and we identify the social issues that we must tackle. By collaborating with diverse stakeholders, instead of attempting to handle everything on our own, we work to solve the social issues involved in our value chain, achieve SDGs, and contribute to the realization of sustainable societies.



Value chain		Raw material procurement	R&D/Production	Transportation	Sale and use	Sorting, recovery, recycling, and disposal
Social issues		<ul style="list-style-type: none"> Climate change countermeasures Promoting resource circulation Conserving biodiversity 	<ul style="list-style-type: none"> Climate change countermeasures Promoting resource circulation Conserving biodiversity Addressing social needs Ensuring quality Protecting employees' health and safety 	<ul style="list-style-type: none"> Climate change countermeasures Addressing logistics issues 	<ul style="list-style-type: none"> Climate change countermeasures Addressing social needs Improving customer satisfaction 	<ul style="list-style-type: none"> Climate change countermeasures Promoting resource circulation
SDGs contributions		7, 12, 13, 15, 16, 17	3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17	7, 8, 12, 13, 16, 17	7, 8, 9, 12, 13, 15, 16, 17	7, 12, 13, 15, 16, 17
E	Global warming countermeasures		<ul style="list-style-type: none"> Reducing CO₂ emissions from production activities 	<ul style="list-style-type: none"> Reducing CO₂ emissions from product transport 		
	Effectively using resources	<ul style="list-style-type: none"> Effectively using recovered paper 	<ul style="list-style-type: none"> Effectively using recovered paper 			<ul style="list-style-type: none"> Promoting the recycling of recovered paper
	Reducing waste volume		<ul style="list-style-type: none"> Reducing and appropriately managing waste produced by production processes Reducing and appropriately managing chemical substances Effectively using water resources and assessing water risk 			
	Managing chemical substances					
	Managing water risk		<ul style="list-style-type: none"> Achieving harmony with the natural environment by leveraging biotopes 			
Conserving biodiversity						
Research & Development, and supply of environmentally friendly products			<ul style="list-style-type: none"> Research & development of environmentally friendly products 		<ul style="list-style-type: none"> Supplying environmentally friendly products 	
S	Quality assurance		<ul style="list-style-type: none"> Quality control through a quality management system 		<ul style="list-style-type: none"> Quality control through a quality management system 	
	Supply chain management	<ul style="list-style-type: none"> Responsibly procuring wood resources 		<ul style="list-style-type: none"> White logistics measures 	<ul style="list-style-type: none"> Supplying Forest Stewardship Council (FSC) certified products 	
	Respecting human rights		<ul style="list-style-type: none"> Creating environments of respecting human rights Human resource development, diversity promotion and protection Eliminating accidents through health and safety activities 			
	Human resource development					
	Protecting health and safety					
Products that solve issues faced by society			<ul style="list-style-type: none"> Research & development of products that address social issues 		<ul style="list-style-type: none"> Supplying products that address social issues 	
Activities that contribute to society	<ul style="list-style-type: none"> Development of the next generation personnel Public relations and awareness activities 			<ul style="list-style-type: none"> Disaster recovery support Harmony with local communities Cultural promotion Science and technology support 		
G	Corporate governance/compliance/risk management	<ul style="list-style-type: none"> Reinforcing corporate governance system Promoting compliance 		<ul style="list-style-type: none"> Improving risk management structure 		

Communication with Stakeholders

Active communication with stakeholders is indispensable if we wish to grow together with society. We aim to build relationships of solid trust and manage our company in a way that meets the expectations of society by recognizing each other's value, sharing information, and solving problems.

Dialogues with Stakeholders









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

	Main dialogue methods	Dialogue frequency
Customers	● Sales activities, CS activities	Year-round
	● Tours, exhibitions	As appropriate
	● Information communications (website)/report publication (Sustainability Report)	Year-round/Once per year
Shareholders	● General meeting of shareholders/financial results briefing	Once per year/Twice per year
	● Separate briefings	As appropriate
	● Information disclosure (website)/report publication (securities reports, annual reports)	Year-round/Once per year
Suppliers	● Supplier CSR questionnaires	Once per year
	● Roundtables	As appropriate
	● Report publication (Sustainability Report)	Once per year
Local Communities	● Activities that contribute to society	As appropriate
	● Exchanging opinions and coordinating with NGOs, NPOs, municipal governments, and neighboring companies	As appropriate
	● Information disclosure (website)/report publication (Sustainability Report)	Year-round/Once per year
Employees	● Labor-management council	As appropriate
	● Group newsletter publication/report publication (Sustainability Report)	Four times per year/Once per year
	● Whistleblower system	As appropriate

Evaluations by Stakeholders

Evaluations by External Evaluation Organizations




Rengo is enhancing its ESG activities across its entire value chain. In FY2020, as well, we were highly evaluated for our ESG efforts, with various external evaluation organizations giving us high ESG-related scores and selecting us for inclusion in related indices.

Evaluation/certification	Evaluation/certification scope	Evaluation/certification status
CDP Climate Change	Climate change-related initiatives	B score 
S&P Dow Jones Indices S&P/JPX Carbon Efficient Index	Environmental and carbon emissions-related initiatives	Selected for index inclusion 
MSCI MSCI Japan ESG Select Leaders Index		Selected for index inclusion 
Sompo Japan Nipponkoa Asset Management Co., Ltd. SOMPO Sustainability Index	Overall ESG-related initiatives	Selected for index inclusion 
Forbes World's Best Employers 2020		301 (out of 750) 
Ministry of Health, Labour and Welfare Eruboshi Certification - Platinum Eruboshi Certification	Initiatives related to the empowerment of women	Eruboshi Certification (Level 3) 
Ministry of Health, Labour and Welfare Kurumin Certification - Platinum Kurumin Certification	Initiatives related to providing support for childcare	Maintained Platinum Kurumin Certification 
Ministry of Economy, Trade and Industry/Nippon Kenko Kaigi Certified Health & Productivity Management Outstanding Organizations Recognition Program	Health & productivity management-related initiatives	Recognized as the 2021 Health and Productivity Management Outstanding Organization under the Large Enterprise Category 

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

Japanese and International Evaluations of Products and Technology Development

We actively collaborate with partners to develop products and technologies that can use packaging to solve the issues faced by society, which are constantly changing in line with the times. In FY2020, we received numerous awards, both in Japan and overseas, for our packaging, as well as winning the prestigious Okawa Award.

Product name	Partner company	Name of contest/competition
Hakutsuru Ukiyo-E Label box series	Hakutsuru Sake Brewing Co., Ltd.	WorldStar Competition 2021*1  Japan Packaging Contest 2020*2 
Seasoning for steam pressure cooking	Ajinomoto Co., Inc.	
JA Zen-noh Yamanashi farmers market shipping box	Yamanashi Headquarters of the National Federation of Agricultural Cooperative Associations	
Starbucks® Coffee Traveler	Starbucks Coffee Japan, Ltd.	2021 Japan Package Design Award*3 
Box for "Xylicrystal": Easy to display-for sales promotion and transportation	Kasugai Seika Co., Ltd.	
Kagami-biraki kit	Sapporo Breweries Ltd.	
Two ways easy-to-open corrugated boxes for Blendy® Bottled Coffee	Ajinomoto AGF, Inc.	
Cardboard container for One Miura daikon	Miura City Agricultural Cooperatives	
KUNKUN KUNSEI	Edoya Co., Ltd.	
Hime Katsuo Series	Tosashimizu Local Foods Company	
YEBISU Beer Gift Box (Goldfish/YEBISU Beer & YEBISU the Hop 2018 Assortment Set)	Sapporo Breweries Ltd.	
Fried Potato—Tomato & Basil	Miyata Co., Ltd.	
Fresh Cream Cake, Fresh Cream Waffles, and Milk Donuts Made with Choice Milk	Marunaka Confectionary Co., Ltd.	
Warabi Mochi Gifts	Imuraya Co., Ltd.	

*1 A global packaging contest held by the World Packaging Organisation 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.

*2 A contest held by the Japan Packaging Institute with the aim of promoting the development and adoption of outstanding packages and packaging technologies that meet the demands of the times and society.

*3 Competition held once every two years in which professionals in the field of packaging design come together and compete in the areas of product design and creativity.

The 44th Kinoshita Prize

Labor-savings for package opening and display

At the 44th Kinoshita Prize, held by the Japan Packaging Institute to recognize exceptional business performance in packaging-related industries, Rengo won the Packaging Technology Prize for the development of Rengo Smart Display Packaging (RSDP).

RSDP enables everyone to open and display products identically and contributes to greater operational efficiency in retail sites. We will continue to support the development of sustainable societies and enrich peoples' lives through our packaging manufacturing.



2020 Okawa Award

Contributing to the development of paperboard papermaking technologies in Japan

Managing Executive Officer and Member of the Senior Executives Meeting* Hiroshi Ebihara won the 2020 Okawa Award presented by the Japan Technical Association of the Pulp and Paper Industry. The Okawa Award is named for Heizaburo Okawa, a leading pioneer in mechanical technology, and is presented to engineers that have contributed to the development of mechanical technology in the pulp and paper field over many years.

Since joining the company in 1977, he has contributed substantially to the development and improvement of Japan's paperboard manufacturing technology. He currently works as the officer responsible for the R&D and Engineering Unit including the Paperboard Production Group, and he is broadly involved in the company's management.

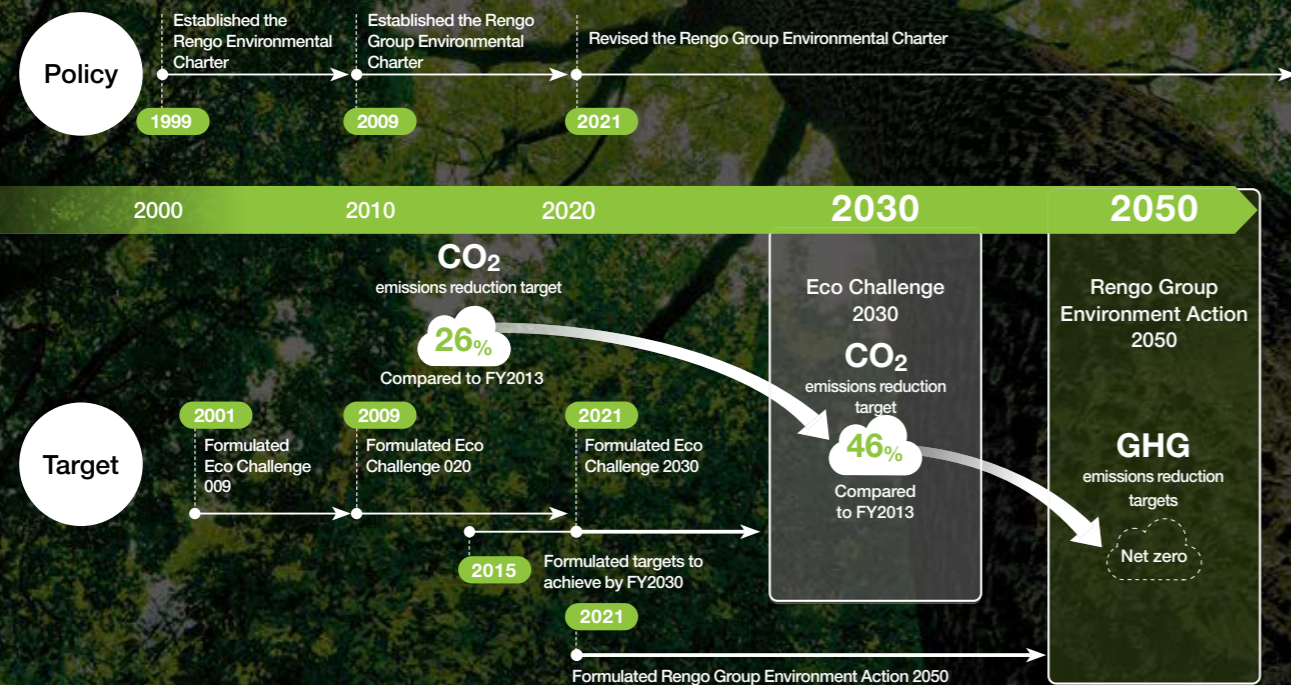


* His position at the time of receiving the award

Special Feature 1

Our Environmental Efforts Aimed at the Year 2050

Corporate activities aimed at addressing diverse environmental problems are becoming increasingly important. This is why, in April 2021, we revised our Rengo Group Environmental Charter and formulated the Rengo Group Environment Action 2050 and Eco Challenge 2030, new medium- and long-term environmental targets for the years 2050 and 2030, respectively. Our entire group is working as one to achieve these targets and contribute to the realization of a sustainable society.



Rengo Group Environmental Charter

The Environmental Charter is the Rengo Group's philosophy and policy on environmental management, with the aim of sustainable development. In 1999, we established the Rengo Environmental Charter, and then in 2009, when we welcomed the 100th anniversary of our founding, the charter became the Rengo Group Environmental Charter. This revision made consideration for the environment an absolute prerequisite, and stipulated a seven-point fundamental policy for our corporate activities. We declared that we would implement this fundamental policy and thereby contribute to the realization of a sustainable society.

Details regarding the Rengo Group Environmental Charter → p. 25

Rengo Group Environment Action 2050

Rengo formulated the Rengo Group Environment Action 2050, its long-term targets for 2050 aimed at realizing a sustainable society.

We are steadily achieving our “eco challenges”—our medium-term targets—and making progress towards achieving our targets for the year 2050.

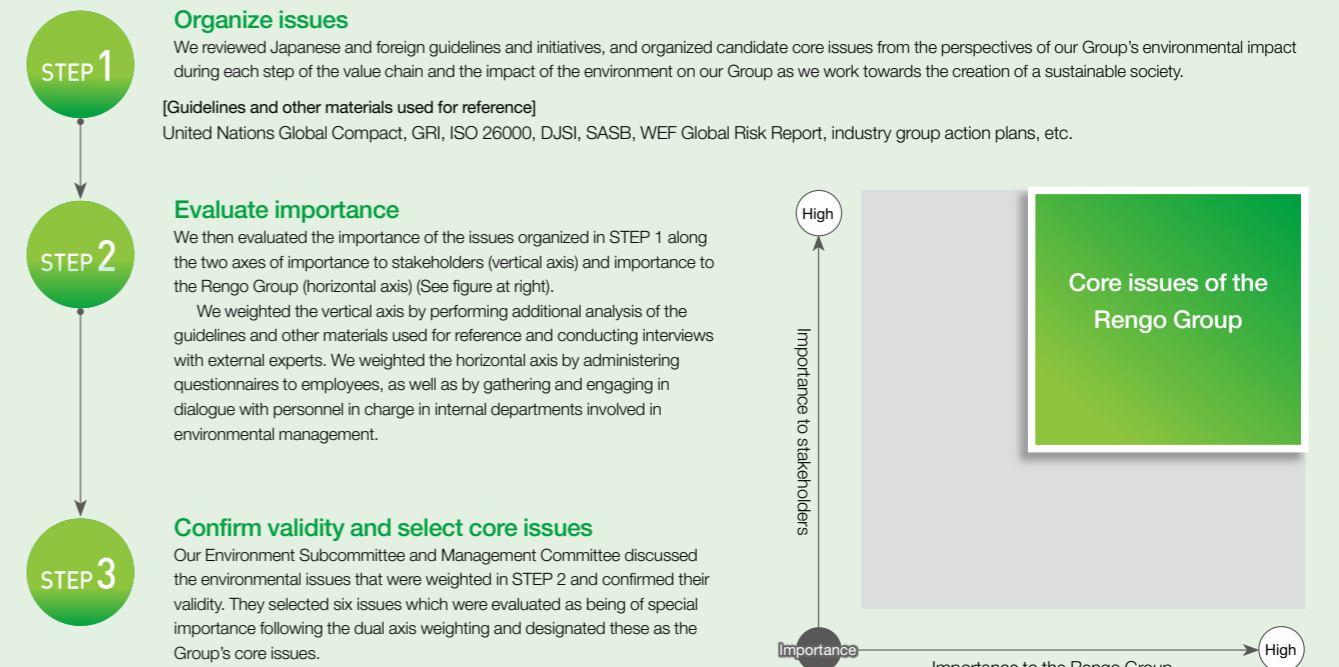
Rengo Group Environment Action 2050

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

Formulation of Eco Challenge 2030

“Eco challenges” are targets that embody our Environmental Charter. The newly formulated Eco Challenge 2030, with a target year of FY2030, defined six core issues and nine targets for the entire Group. With regard to one of these core issues, realizing a carbon-free society, we have raised our CO₂ emissions reduction target to 46% of FY2013 levels. We will work steadily to achieve all of our Eco Challenge 2030 targets.

Process of defining core issues (materialities)



Eco Challenge 2030

Core issue	Item	Indicator	FY2021 target	FY2030 target	Scope
Creation of a carbon-free society	Greenhouse gas emissions reductions	CO ₂ emissions derived from fossil energy (compared to FY2013)	1% reduction	46% reduction	Group companies in Japan within the scope of the Act on the Rational Use of Energy
Improvement of energy efficiency	Efficient energy usage	Energy intensity (5 year average)	Reduce by 1%/year	Reduce by 1%/year	
Creation of a recycling-oriented society	Effective use of resources	Recovered paper utilization rate for paperboard	98% or more	98% or more	Paperboard manufacturing sites in consolidated companies in Japan
	Reducing waste volume	Effective utilization ratio for waste	Increase effective utilization ratio for waste	99% or greater	Manufacturing sites in consolidated companies in Japan
Creation of products that solve environmental and social issues	Development and popularization of products made with biodegradable cellulose	Viscopear® (cellulose bead) production volume	40 t/year or more	200 t/year or more	Rengo Co., Ltd.
		Usage of REBIOS® (high biomass, biodegradable packaging material) (by FY2022)	5 projects by end of FY2022	5 projects	Group consolidated companies in Japan
	Development and popularization of sustainable packaging through collaboration with suppliers	Formulate GPI Rengo sustainable packaging certification standards (by FY2022)	Formulate certification standards	—	
	Package weight reduction	Average basis weight of corrugated board (grammage per square meter)	Reduce by 0.5%/year	Reduce by 0.5%/year	Corrugated board manufacturing sites in consolidated companies in Japan
Water risk management	Water risk evaluation and risk reduction	Perform water risk studies and evaluations at manufacturing sites (by FY2022)	Conduct studies	—	Manufacturing sites in consolidated companies in Japan and overseas
Value chain management (downstream)	Improvement of logistics efficiency when transporting products	Per-unit CO ₂ emissions produced when transporting corrugated board (compared to FY2013)	1% reduction	13% reduction	Rengo Co., Ltd.

Special Feature 2

Rengo + Biodegradable Materials = Plastic Alternative Innovation

GPI Rengo, which leads the way into the future through packaging, is leveraging the cellulose product manufacturing technologies it has developed over its long history to research and develop biodegradable materials, helping solve the resources and environmental problems of plastics. Let's look at some of the technologies we are using to promote plastics alternative innovation by developing biodegradable materials and to contribute to the realization of sustainable societies.



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

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

plastic resources, and in the same year leaders at the G7 summit adopted the Ocean Plastics Charter, which promotes measures by countries to combat ocean pollution. In 2019, Japan formulated the Resource Circulation Strategy for Plastics. This strategy, based on the "3R + Renewable" principle, comprehensively promotes the recycling of plastic resources.

To create sustainable societies, it is urgent that we create a plastics resource recycling system and implement measures for preventing the pollution of the oceans with marine plastic.

3R + Renewable This key phrase for resource recycling-oriented societies combines the 3 Rs of Reducing, Reusing, and Recycling with a fourth R, Renewable, representing switching to renewable resources.

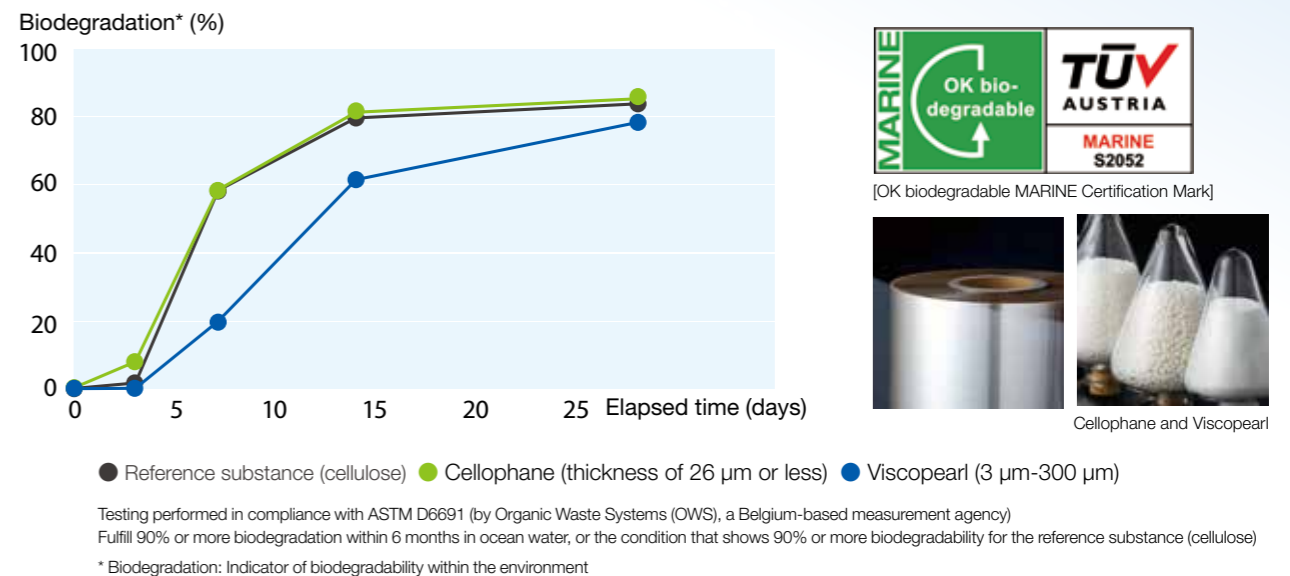
The Biodegradable Materials Created by Rengo's Innovation

Rengo began manufacturing cellophane, which is made from wood pulp (cellulose), in 1934. We have developed cellulose products such as Viscopearl® cellulose beads and RCNF® cellulose nanofiber utilizing over 80 years of cellophane manufacturing technology. Since we launched a project team whose focus was the development of plastic alternatives in 2018, we have accelerated our development of packages and materials that leverage the full potential of biodegradable materials. In 2020, we developed and launched REBIOS®, a new series of high biomass, biodegradable packaging made with cellophane and paper.

Furthermore, in 2021, our cellophane and Viscopearl received "OK biodegradable MARINE" certification. "OK biodegradable MARINE" certification is an international certification of biodegradability in ocean water, which has lower microbial content than in soil. It recognizes that even if these products are discharged into the ocean unintentionally, they will biodegrade, so they are safe for marine environments (marine organisms).

We will continue to contribute to solving the problem of ocean plastics by developing cellulose products that biodegrade in nature (in the soil and in the ocean).

Biodegradation of cellophane and Viscopearl in ocean water



Plastic

Alternatives



[Conceptual image of REBIOS use]

REBIOS is a package that leverages the full potential of cellophane and paper, which are made from biomass and are biodegradable, and combines them with biodegradable materials to offer heat sealing, moisture blocking, and oxygen barrier functions. This new packaging series, launched in November 2020, has high biomass content and high biodegradability, the transparency and printing ease of cellophane, and the feeling of paper. It is expected to be used for a wide range of packaging applications, including foods, daily products, clothing, and sanitary materials. It will serve as a substitute for packaging made with conventional petroleum-derived plastic, and will contribute to major reductions in the amount of plastic used in packaging.



REBIOS logo

Viscopearl beads are spherical cellulose beads made from wood pulp, with diameters from several μm to 4 mm. Like cellophane, they are biodegradable in soil and ocean water. They are heat and chemical resistant so they are already used in varied applications, such as a carrier for functional chemicals, an additive for resin and rubber, a polisher, and a cosmetics ingredient. In the future, they are also expected to be used in industrial applications, agriculture, and fishing. Hopes are especially high for them as an alternative to microplastic beads, which run the risk of being directly spilled into rivers or oceans. Because of this potential, in 2022 we plan to begin operation of a new manufacturing plant in order to mass produce Viscopearl beads for use in a wide range of applications.



Fragrance sample made using Viscopearl

A Biodegradable Plastic Alternative

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



Plastic alternative
REBIOS



Plastic alternative
Viscopearl



RCNF pilot plant

Products

to reduce

plastic production

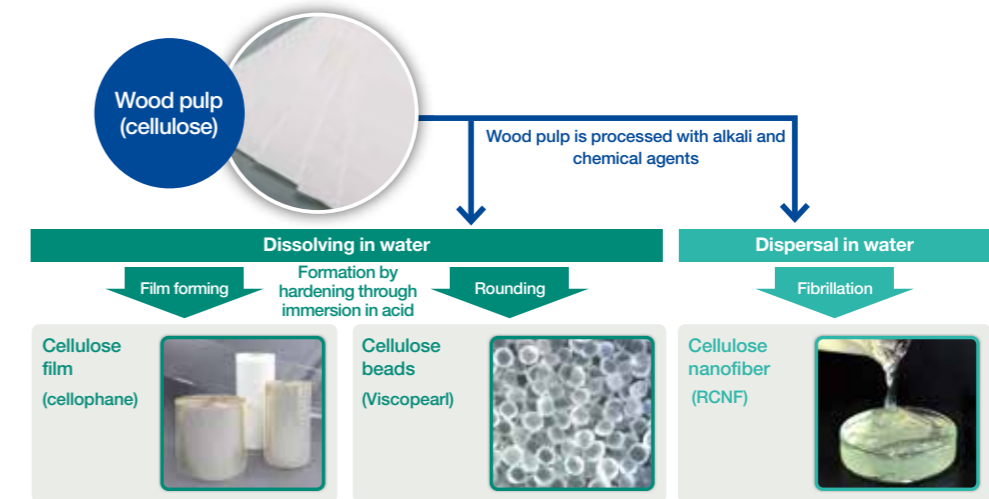


Plastic alternative/
reducer
RCNF

RCNF is a cellulose nanofiber developed by Rengo. This fibrous material is made by reducing the size of intermediates produced during the process of manufacturing cellophane from wood pulp. Generally speaking, cellulose nanofiber is said to weigh 1/5 as much as steel yet be five times as strong. It has drawn a tremendous amount of attention from the manufacturing world as a next-generation material. RCNF is notable for its ability to create dense networks with small fiber diameters, and for its high thermal stability. It can be combined into a compound with resin material to strengthen the resin and reduce the amount of resin that is used. If RCNF compound resin were substituted for automobile component materials, it would have the potential to improve fuel mileage by reducing weight.

In June 2021, we set up test plants in both Takefu plant and Kanazu mill, aiming for the early release of RCNF as a material that helps reduce the amount of plastic.

[Manufacturing of cellulose-related products]



Taking on the Challenges of Creating Sustainable Societies Together with Our Partners

Preventing plastic from being discharged into the natural environment has become a pressing responsibility of companies. As one solution for achieving this, we are accelerating our research & development efforts aimed at the societal deployment of biodegradable materials made from wood pulp (cellulose). We will take on the vital mission, shared by all of humanity, of ameliorating and solving the problem of marine plastics by working with other companies, across industry lines, governments, and research institutions in order to foster innovation and help create sustainable societies.

External Coordination

January 2019	Participation as a secretarial member of Japan Clean Ocean Material Alliance (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
July 2020	Selection as a subsidized project of the FY2020 Demonstration Project for Plastics Resource Circulation System for Decarbonized Society

Related SDGs



E Environmental Management

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

Rengo Group Environmental Charter

Fundamental Philosophy

Rengo Group contributes to the realization of a sustainable society through further reduction of environmental impacts in business activities, and supply of environmentally friendly products.

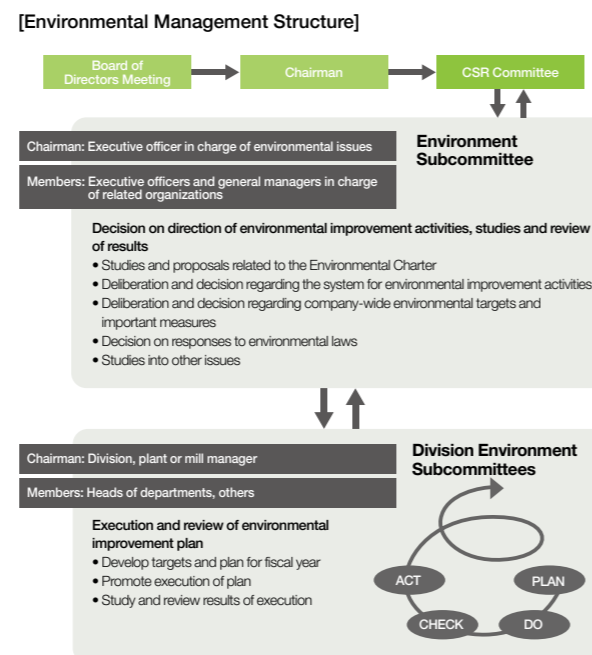
Fundamental Policy

- 1. Observation of Environmental Related Laws and Establishment of Own Standard**
Rengo Group observes all laws, regulations and protocols relating to the environment, and establishes our own management standard to further reduce environmental impacts.
- 2. Promotion of Global Warming Countermeasures**
Rengo Group actively engages in energy saving and conversion to renewable energy, and reduces greenhouse gases emissions.
- 3. Promoting Effective Use of Resources**
Rengo Group actively uses environmentally friendly materials such as recycled materials, as well as minimizes use of resources.
- 4. Reduction and Promoting Effective Use of Waste**
Rengo Group curbs waste generation and reduces volume of final disposed waste through reuse and recycle.
- 5. Supply of Environmentally Friendly Products**
Rengo Group conducts research and development based on social challenges, and supplies more environmentally friendly products.
- 6. Reduction of Environmental Impacts in Supply Chain**
Rengo Group reduces environmental impacts throughout the supply chain by procuring environmentally friendly materials and optimizing manufacturing and logistics.
- 7. Establishment of Collaborative Relationships with Stakeholders**
Rengo Group communicates with various stakeholders by raising environmental awareness, and at the same time, through proactive information disclosure related to the environment and activities in harmony with nature and communities.

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

Environmental Management Structure

For the promotion of environmental management, Rengo has established the Environment Subcommittee overseeing the entire company, and division environment subcommittees at divisions, plants, and mills. The Environment Subcommittee's purpose is to strengthen environmental management throughout the entire company. It is chaired by the executive officer in charge of 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 improvement activities rooted in their respective local communities. To effectively promote environmental management, Rengo has introduced ISO 14001, the international standard for environmental management systems, since 2001. All divisions, plants, and mills have obtained certification as of 2006.



Conducting Environmental Studies

We have established environment management systems at our divisions, plants and mills based on ISO 14001. In addition, internal audits by internal auditors and external inspections by external certification agencies are regularly carried out to verify that environmental management systems are appropriately operated. The internal audits check the status of environmental improvement activities, compliance with environmental laws, and appropriate response to state of emergency declarations with the aim of making continual improvements to management systems. In FY2020, as well, the external inspections found no deficiencies.

Handling of Environment Laws and Environmental Accidents

State of Compliance with Environmental Regulations, etc.
Rengo complies with environmental laws and regulations such as those aimed at preventing air and water pollution. To minimize environmental risks, we conduct environmental law and regulation self-checks twice each year. Through these self-checks, we work to prevent legal non-compliance from occurring by exposing hidden environmental risks and identifying abnormalities at the earliest possible time. As a result of these risk management activities, for FY2020, as well, there were no environmental legal compliance violations.

Countermeasures against Environmental Accidents
Besides preventing risk by putting in place various measures such as daily inspections, we also conduct emergency response training simulating the occurrence of environmental accidents—such as oil 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
In FY2020, there were a total of 11 complaints regarding issues such as noise and vibration. We identified the causes of these complaints, and took steps such as equipment-related measures and reviews of operations. We strive to 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 (FY2020)]

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

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 FY2020, environmental education was conducted for new employees, and a course to develop ISO 14001 internal auditors targeting employees was also conducted. Environmental education was also integrated into rank-specific training, such as the training provided to newly appointed plant and mill managers, and we are raising the skill levels that are needed for different positions.



Environmental education for new employees

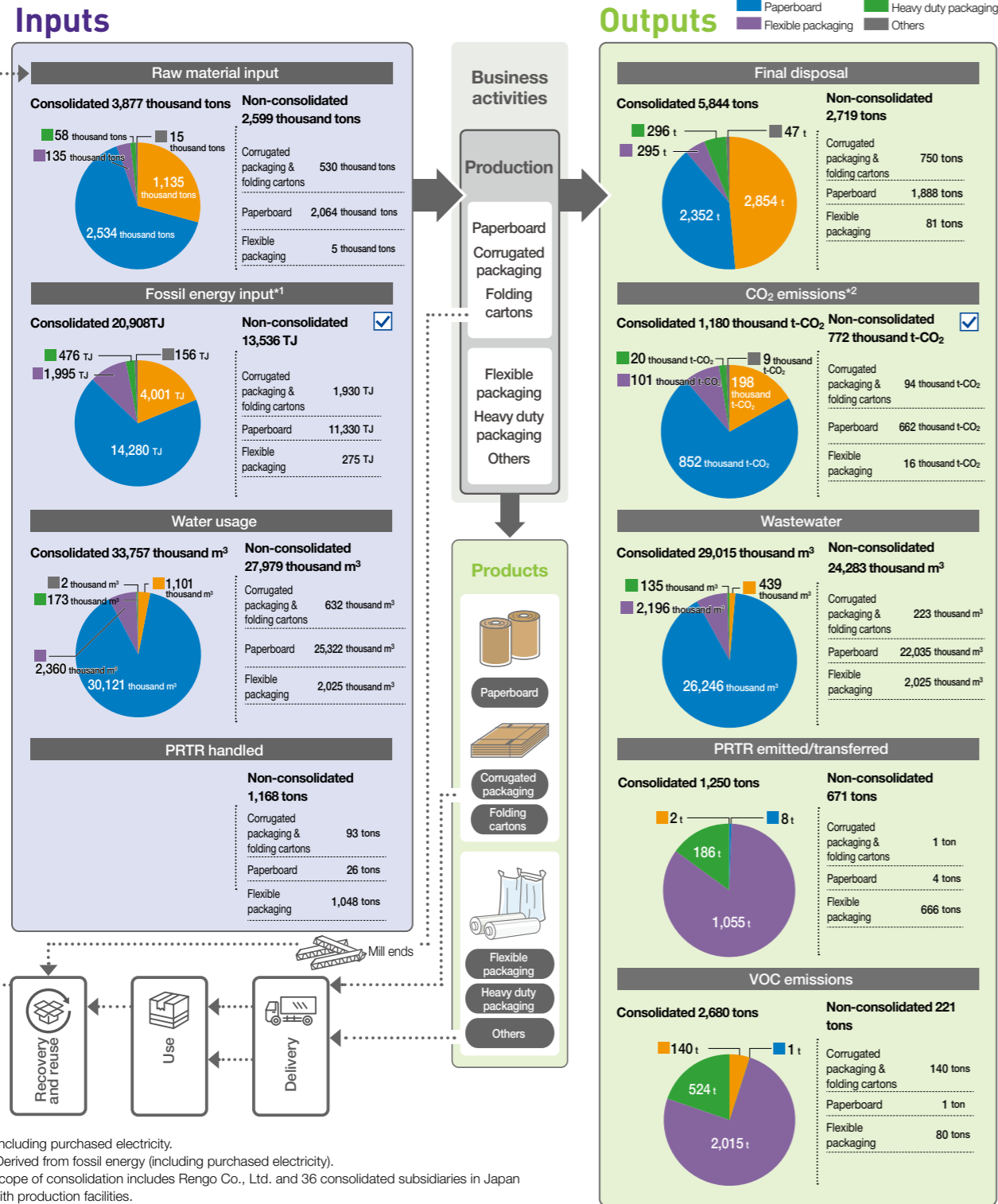
[Education Conducted by Rengo (FY2020)]

Course	Participants (Number)
Environmental education for new employees	55
ISO 14001 Internal auditor development course	19
Training for newly appointed plant and mill managers	6

E Environmental Impact Overview

Basic Stance In our production activities, we strive to assess the amount of resources and energy we use (input) and the total emissions of environmentally hazardous substances resulting from our activities (output). Based on this information, we evaluate the environmental impact of our business activities and clarify the issues involved. This enables us to implement appropriate measures for reducing environmental impact.

Production Activity Material Balance (FY2020 results)



*1 Including purchased electricity.
 *2 Derived from fossil energy (including purchased electricity).
 † Scope of consolidation includes Rengo Co., Ltd. and 36 consolidated subsidiaries in Japan with production facilities.
 ‡ Figures are rounded to the nearest number and may not add up to the total.

E Environmental Activity Goals and Results

Basic Stance To sustainably improve our corporate value, Rengo clarifies environmental issues, defines concrete targets for addressing those issues, and carries out environmental improvement activities. We regularly assess and evaluate our progress towards achieving targets and reflect our findings in our measures, making ongoing improvements.

FY2020 Targets and Results

Below are the results for FY2020, the final year of Eco Challenge 020.

Themes and related SDGs	Item	FY2020			
		Target ^{*1}	Actual	Evaluation	Relevant page
Global warming countermeasures 7 12 13 17	CO ₂ emissions ^{*2} by production departments (compared to FY1990)	24% reduction	28.2% reduction	○	p. 29
	Per-unit CO ₂ emissions ^{*3} by logistics departments (compared to FY2007)	14% reduction	15.9% reduction	○	
Effective use of resources 12 15	Recovered paper utilization rate	97% or more	98.6%	○	p. 31
Reducing waste 11 12	Final disposal ^{*4}	4,000 tons or less	2,719 tons	○	p. 33
	Material recycling rate	98% or more	98.6%	○	
Managing chemical substances 11 12	Emissions and transfers of PRTR chemical substances (compared to FY2002)	14% reduction	23.8% reduction	○	p. 34
	VOC emissions (compared to FY2000)	45% reduction	59.8% reduction	○	
Research & development, and supply of environmentally friendly products 9 12 13 15	Average basis weight of corrugated board (compared to FY2004)	11.5% reduction	12.0% reduction	○	p. 37

*1 Target: In implementing our FY2020 initiatives, we have replaced the targets we initially defined with concrete numerical targets.
 *2 CO₂ emissions: Applies to CO₂ emissions derived from fossil energy. Coefficients used are taken from KEIDANREN's Commitment to a Low Carbon Society. For FY2011 and later, to remove the effects of the earthquake disaster on electricity, fixed coefficients (generation-end) from FY2010 are used.
 *3 Per-unit CO₂ emissions: This is the value of CO₂ emissions divided by sales.
 *4 Final disposal: This is the amount of outsourced waste disposal with the amount recycled removed.

Summary of Eco Challenge 020

In FY2020, the final year of Eco Challenge 020, we achieved all of our targets. In our efforts to reduce the average basis weight of corrugated board, we made especially steady progress in achieving targets and reducing weight. Another of our core measures were our CO₂ emissions reductions, and although we failed to reach our target of reducing emissions by 32% compared to FY1990, we have set new targets in Eco Challenge 2030, and will accelerate our efforts to achieve them. We will continue to work to create sustainable societies based on Eco Challenge 2030.

Details regarding Eco Challenge 2030 → p. 20

Related SDGs



E Sustainability Activity Report—Environment

Basic Stance As the problem of global warming grows more severe, year by year, reducing emissions of greenhouse gasses such as CO₂ has become a pressing issue. We consider global warming countermeasures to be our most important environmental management issue. We not only actively work to reduce the CO₂ emissions produced by our business activities, but also strive to reduce CO₂ emissions throughout our supply chain.

Reduction of CO₂ Emissions

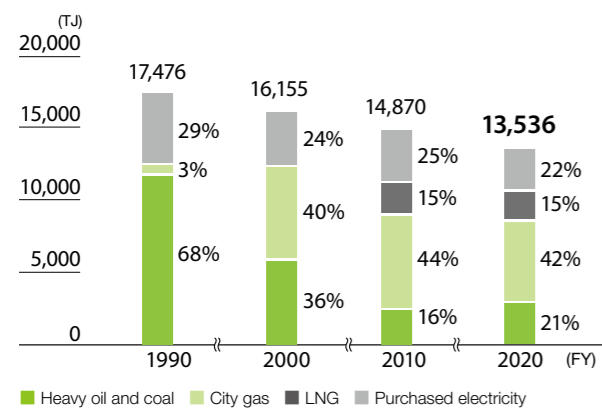
The majority of the greenhouse gasses emitted as a result of our business activities are produced by our manufacturing activities. Our production departments, such as our divisions, plants, and mills are working to cut CO₂ emissions by reducing their energy consumption and increasing their use of renewable energy. Furthermore, from the position of a shipper, our logistics department is striving to reduce the amount of CO₂ emissions involved in product transport.

Initiatives in Production Departments

In FY2020's Eco Challenge 020, we set a target of reducing CO₂ emissions from our production departments by 24% compared to FY1990. As a result of our energy-saving measures, we cut CO₂ emissions to 772 thousand t-CO₂, a reduction of 28.2% compared to FY1990, thus achieved our target.

We will continue to work to cut our CO₂ emissions and achieve our FY2030 target.

[Trend of Fossil Energy Input by Fuel Type]

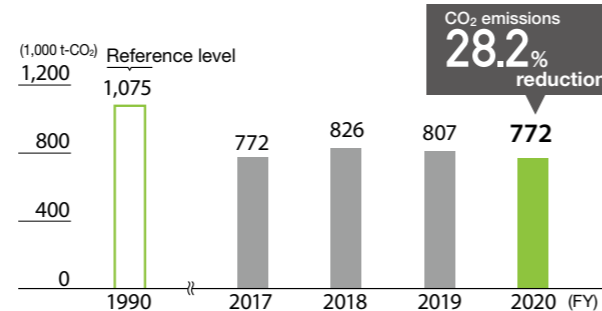


† Figures are rounded to the nearest number and may not add up to the total.

Initiatives in Logistics Departments

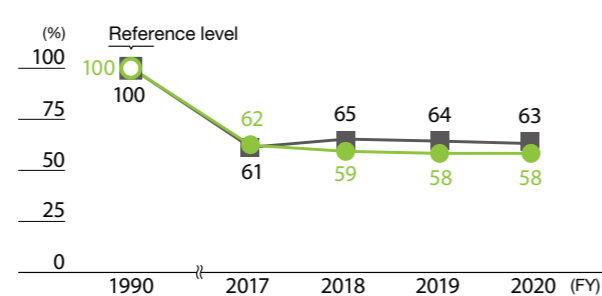
As a result of working towards the target set in Rengo's FY2020 Eco Challenge 020 of cutting per-unit CO₂ emissions from logistics departments by 14% compared to FY2007, emissions were reduced by 15.9% compared to FY2007, thus achieving the target. In terms of product transportation, Rengo will continue 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 CO₂ Emissions* in Production Departments]



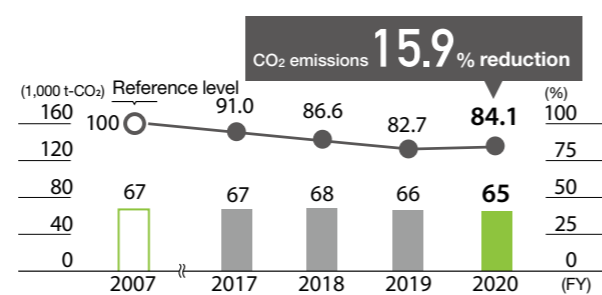
* Derived from fossil energy (including purchased electricity)

[Trend of Production Departments' per-unit CO₂ Emissions Index*]



* Calculated by dividing CO₂ emissions derived from fossil energy by production volume

[Trend of Logistics Departments' per-unit CO₂ Emission Index*]



* CO₂ emissions divided by sales

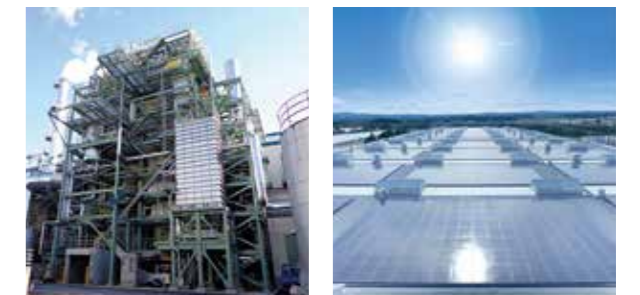
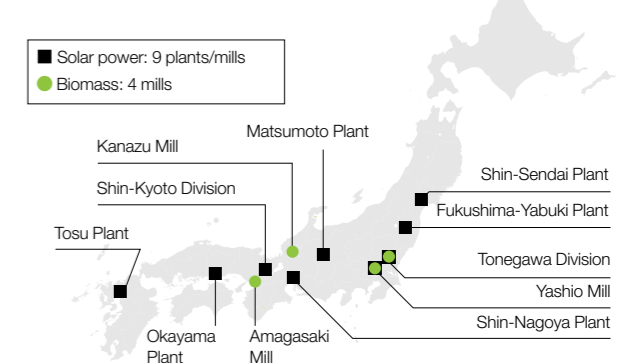
Promoting the Use of Renewable Energy

In addition to Rengo's global warming countermeasures, from the perspectives of energy diversification and effective resource usage, we proactively adopt equipment such as solar power generation equipment and biomass boilers to expand the use of renewable energy.

We take regional and plant characteristics into consideration when installing solar power generation equipment. In FY2020, we generated 5,229 MWh of power at nine plants.

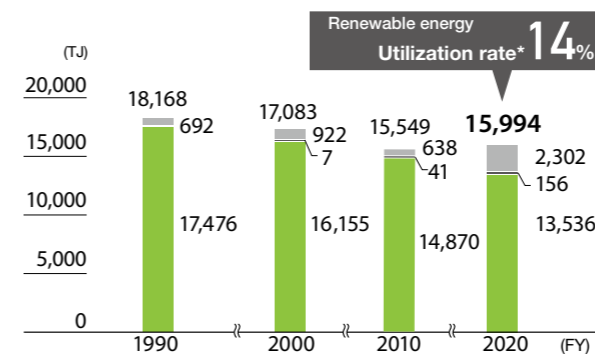
In addition, at our mills, we effectively utilize biomass fuels such as wood chips made from construction waste materials and paper sludge generated during mill production processes as biomass boiler fuel, thereby reducing our fossil fuel consumption. As a result of these efforts, in FY2020, our renewable energy utilization rate reached 14%. We will continue these initiatives and further raise our renewable energy utilization rate.

[Locations using Renewable Energy]



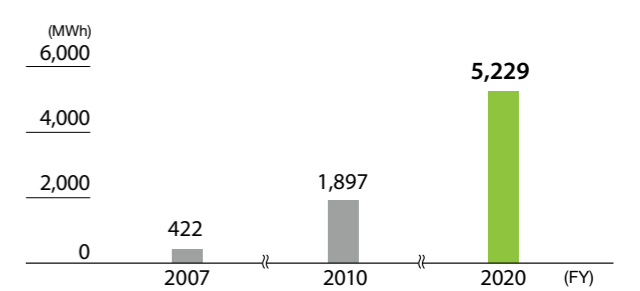
Woodchip biomass power plant in Yashio Mill | Solar power generation equipment in Fukushima-Yabuki Plant

[Trend of Total Energy Inputs]



* Percentage of total energy inputs taken up by biomass fuels
† Figures are rounded to the nearest number and may not add up to the total.

[Trend of Total Solar Power Generation]



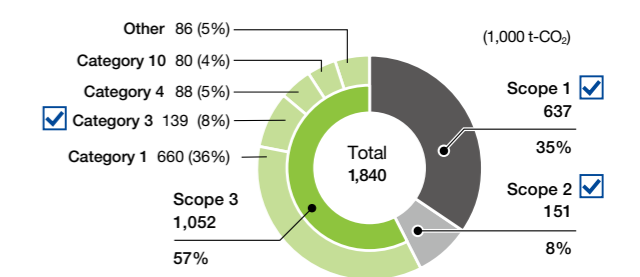
Initiatives to Calculate Greenhouse Gas Emissions across Entire Supply Chain

To work toward the reduction of greenhouse gas emissions across our entire supply chain, Rengo calculates Scope 1, 2, and 3* emissions. Total emissions for FY2020 were 1.84 million t-CO₂. Of those, Scopes 1 and 2 accounted for 43% and Scope 3 accounted for 57%.

We will enhance calculation of Scope 1, 2, and 3 emissions for the entire Group.

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

[Greenhouse Gas Emissions across Entire Supply Chain (FY2020)]



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

Related SDGs

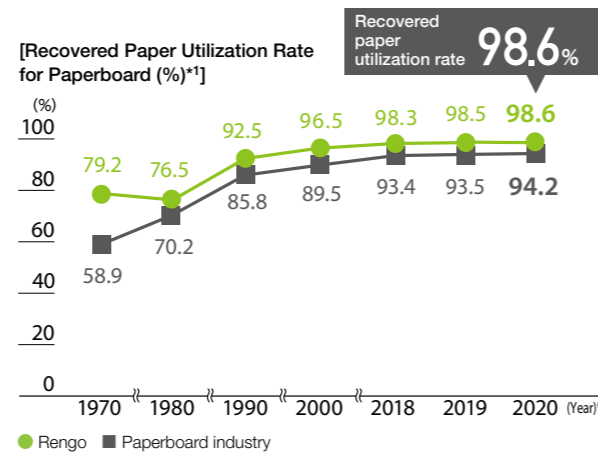


E Effective Use of Resources

Basic Stance In order to sustainably use limited resources, we strive to minimize resource consumption and to reuse the resources we do use by recycling them. Furthermore, we collaborate with other companies and industrial organizations to develop new recycling technologies, and we conduct recycling awareness-raising activities at various educational institutions.

Effectively Using Recovered Paper

In FY2020's Eco Challenge 020, we set a recovered paper utilization rate target for paperboard of 97% or more, and succeeded in achieving the rate of 98.6%. In our research labs and paper mills, we develop new technologies that enable us to raise our recovered paper blend ratio while maintaining product quality. We also make advances in the effective use of recovered paper, such as using the previously untapped resource of confidential paper waste.



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.



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

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

Improving the Quality of Recovered Paper

Foreign substances which cannot be used as raw materials for making paper and materials which may cause problems if mixed into products are known as prohibitive items. These items must be removed before paper is recovered. Prohibitive items include thermal foaming coated paper, sublimation transfer paper, and odorous paper. Recovered paper with odors such as those of soap or incense, in particular, will leave such smells on paperboard after recycling. Prohibitive items which could not be identified and removed during the recycling process will significantly reduce the quality of paperboard. Through its website and dispatch lessons, Rengo therefore widely calls for the promotion of appropriate recycling which does not mix in prohibitive items.



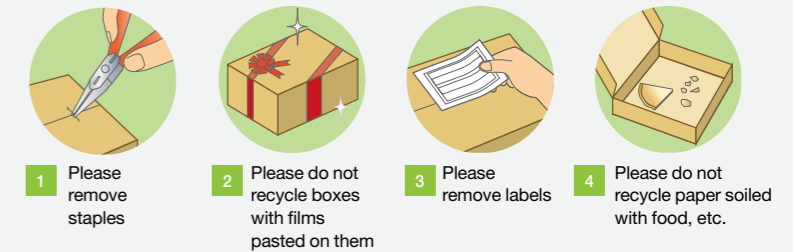
[Common Examples of Prohibitive Items]

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
Sublimation transfer paper	Dye-sublimation paper, iron-on transfer paper
Thermal foaming coated paper	Non-flat copy paper (such as for Braille)
Wax coated corrugated box	Wax coated corrugated boxes containing imported 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.	

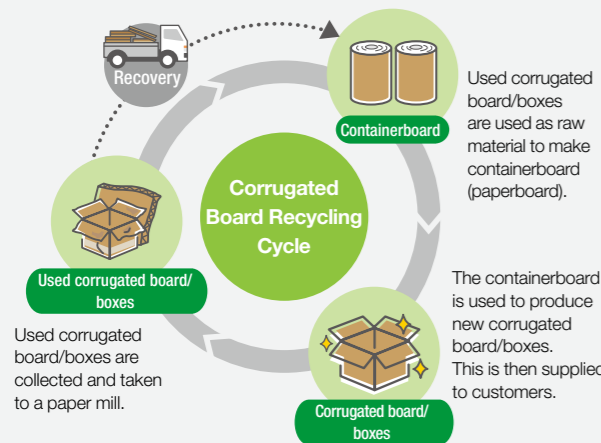
Source: Excerpt from Paper Recycling Promotion Center's Recovered Paper Quality Standards

When Disposing of Corrugated Boxes

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



Let's Connect the Recycling Circle!



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

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

Rengo has introduced dedicated equipment for processing confidential paper waste at Yashio Mill, Amagasaki Mill, and Tonegawa Division. This equipment is used to reuse confidential documents, which previously were incinerated due to information leakage concerns, as recovered paper. Certification under ISO 27001, the international standard for information security management, was acquired for the management of confidential documents by Yashio Mill and Amagasaki Mill in FY2015 and Tonegawa Division in FY2016. A

fully-secured dedicated facility complies with policies for accepting the raw materials and processing the boxes containing confidential documents without opening them.



Recycling recovered paper as raw materials

Topics Initiatives in Recycling of Used Plastic

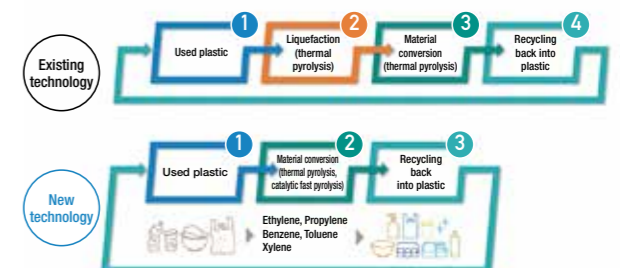
In June 2020, upon the invitation of Suntory MONOZUKURI Expert Ltd., we joined with 11 cross-industry partners that make up the plastic value chain to establish R Plus Japan Ltd. (Minato-ku, Tokyo), a joint venture that will engage in the used plastic recycling business, and R Plus Japan commenced operations.

In Japan, with the exception of PET bottles, much of the plastic waste undergoes thermal recovery (incineration). The new company aims to use the technology of Anellotech, a U.S. biochemical venture company, to perform chemical recycling, using chemical reactions to directly convert plastic into raw materials, especially to establish new and efficient recycling technology with a low environmental impact that enables plastic processing without the need for liquefaction, which is used in conventional plastic recycling. In order to contribute to solving the issue of plastic, which is a common issue around the world, we are strengthening

our cooperation with all companies in the supply chain for manufacturing plastic products with the goal of commercial deployment in 2027.



[New Technology]



Related SDGs

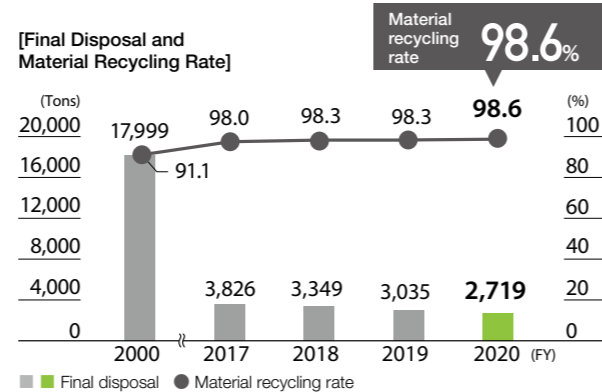
E Reducing Waste Volume



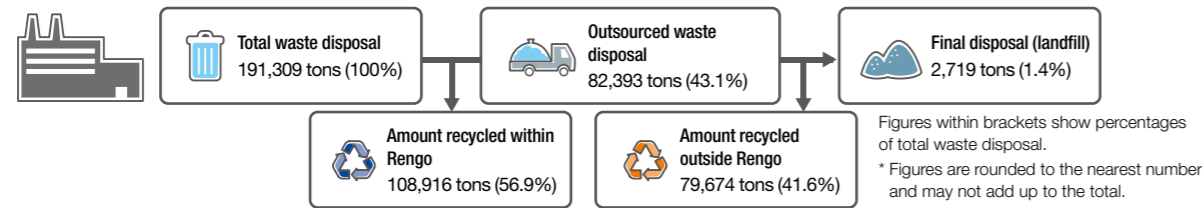
Basic Stance In order to realize a recycling-oriented society, Rengo is actively using environmentally friendly materials such as recycled materials, reusing and recycling byproducts from its divisions, plants, and mills, and minimizing the waste it produces.

Reducing Waste

The waste reduction targets for FY2020 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 2,719 tons and a material recycling rate of 98.6%. We will continue to curb waste production by promoting the recycling of waste.



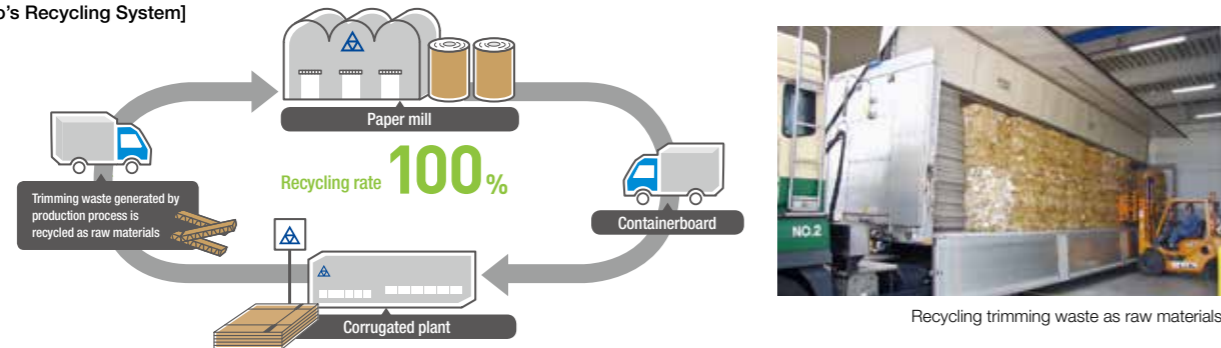
[State of Waste Disposal]



Reusing Old Corrugated Containers Within Rengo

Rengo recycles and reuses old corrugated containers within the Group. Trimming waste of corrugated board/boxes, generated during the production process of our corrugated plants, is transported back to paper mills where they are 100% recycled, using the return trips of trucks transporting containerboard from our paper mills.

[Rengo's Recycling System]



Appropriate Management of Waste

Rengo separates and minimizes the volume of waste produced by its business activities wherever possible. We regularly check the storage conditions of waste stored within the company to ensure that there are no problems, and as a rule, we visit disposal contractors at least once a year to perform on-site confirmation. To prevent inappropriate disposal of industrial waste and improve the efficiency of management operations, we have introduced waste management systems capable of handling electronics manifests at our divisions, plants and mills, and confirm that the waste disposal we have externally contracted is conducted appropriately.

E Chemical Substances Management

Related SDGs

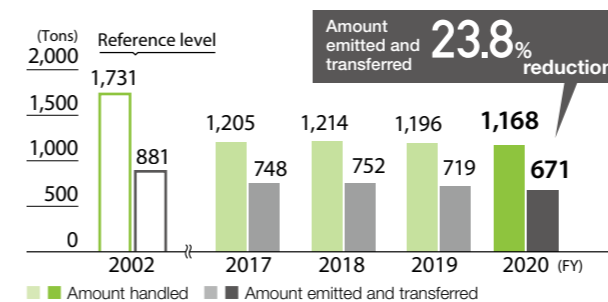


Basic Stance Rengo strives to prevent its business activities from causing pollution by appropriately managing chemical substances and reducing the amount of waste it disposes. Besides adhering to laws and regulations concerning the disposal of hazardous substances that can harm people's health and have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

Emissions and Transfers of PRTR Chemical Substances

Emissions and transfers of relevant substances within the scope of the PRTR Act (the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof), measured 671 tons in FY2020, due in part to the installation of exhaust gas cleaning equipment in Takefu Plant, which reduced the amount of emissions into the atmosphere. This is a 23.8% reduction compared to FY2002, and achieves our Eco Challenge 020 target.

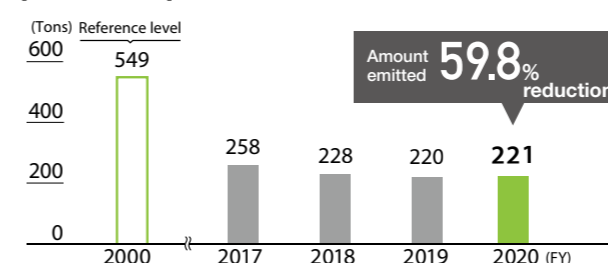
[Trend of PRTR Chemical Substances Amount Emitted and Transferred]



Reduction of VOCs

Since ink and processing agents containing volatile organic substances (VOCs) are used in the printing/processing of paperboard and film, VOCs are emitted into the atmosphere once they are dry. To reduce VOC emissions, we cooperated with our suppliers to switch to low-VOC solvent and VOC-free inks. Thanks to these efforts, emissions in FY2020 measured 221 tons. This is a 59.8% reduction compared to FY2000, and achieves our Eco Challenge 020 target.

[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).

PCB Countermeasures

We finished disposing of our highly concentrated PCB in FY2020. However, there is the possibility that we have not identified all ballasts, so we are continuing to perform investigative studies. In addition, for equipment which, due to its date of manufacture, etc., may contain low concentrations of PCB, we analyze the equipment before disposal and dispose of it properly based on whether it contains PCB.

Asbestos Countermeasures

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

Atmospheric and Water Pollution Prevention Initiatives

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

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

Soil Pollution Prevention Initiatives

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

Related SDGs

E Water Risk Management



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

Analysis of Water Risks

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

During primary evaluation implemented in 2021, in order to identify regional water issues in regions in which sites are located, evaluation was performed using Aqueduct*1, a catchment basin-specific water risk assessment tool released by the World Resources Institute (WRI) and the Water Risk Filter by the World Wide Fund for Nature (WWF)*2. Evaluation was performed at 145 sites within and outside Japan.

Going forward, as a secondary evaluation, we will evaluate not only from the perspective of regional water risks in the river catchments in which individual sites are located, but also from the perspective of the impact on our business, such as volume of water intake and wastewater.

*1 Aqueduct: Water risk evaluation tool developed and released by the World Resources Institute (WRI).
*2 Water Risk Filter: Water risk evaluation tool developed and released by the World Wide Fund for Nature (WWF)

[WRI Aqueduct Water Risk Evaluation Results]

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

[WWF Water Risk Filter Risk Evaluation Results]

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

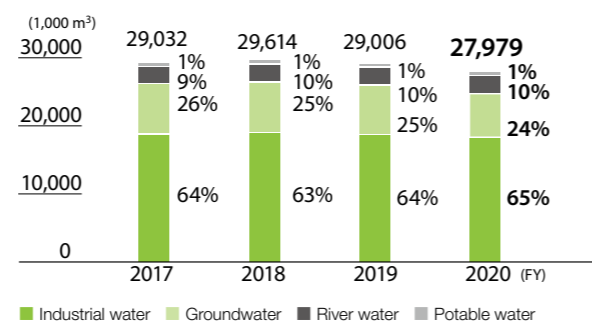
*Hawaii site N/A for evaluation

Efficient Use of Water Resources

Rengo uses potable water, industrial water, groundwater, water taken from nearby rivers, and water from other sources in its manufacturing activities. In FY2020, we used 27,979 thousand m³ of water.

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

[Trend of Water Usage]



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

Related SDGs

E Conserving Biodiversity



Basic Stance On Earth, many different living things co-exist while maintaining balance with the natural environment. In conducting business, which uses wood material of the forestry resource, Rengo strives to protect biodiversity while sustainably using wood material. We actively communicate with the communities as we strive to achieve harmony with local natural environments.

Leveraging Biotores

All divisions, plants and mills in Japan conduct business activities within their links to their local communities and environments. This is especially so for 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 work with their local communities to protect and nurture regional ecosystems by creating biotores within the sites.

Regular monitoring of the animals and plants is carried out to study the trends of ecosystems in the biotores and the surrounding environment. These studies have found a total of 135 species of plants, insects, fish, amphibians, reptiles, birds, and mammals around Fukushima-Yabuki Plant and a total of 258 species around Takefu Plant.

[Biotope Locations]



Study in progress (autumn study performed using the sweep method)

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

Rengo's Fukushima-Yabuki Plant not only 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, but also 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. In FY2020, due to the COVID-19 pandemic, activities in the Fly Fireflies Project were carried out by a smaller number of participants. Fireflies were first observed flying in the biotope in 2015, and this initiative to establish fireflies has been continued since then, with fireflies again being confirmed to be living within the biotope.

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
2016-2020	Continuation of activities to establish fireflies; confirmation of fireflies' flying



Confirming flying of fireflies

Related SDGs



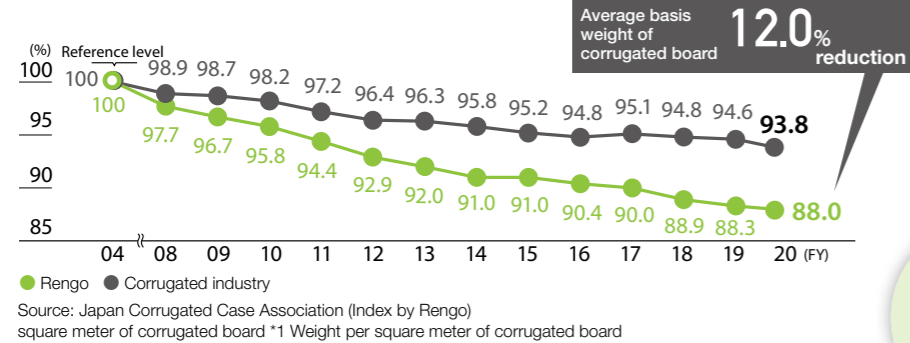
E Research, Development, and Supply of Environmentally Friendly Products

Basic Stance Based on the wealth of packaging technologies we have built up over the years, we research, develop, and supply environmentally friendly products such as products that require less resources or energy to manufacture. Through this, we help reduce the environmental impact of our entire supply chain. We are particularly dedicated to developing and spreading the use of lightweight packaging.

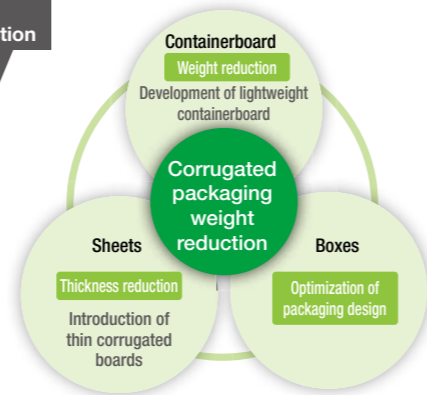
Reducing the Weight of Corrugated Packaging

Rengo is reducing the weight of its core product, corrugated packaging. We are making corrugated board more lightweight while maintaining its functionality by combining three methods: (1) reducing the weight of containerboard, (2) making corrugated board thinner, and (3) optimizing corrugated packaging design. In FY2020's Eco Challenge 020, we set a target for reducing the average basis weight of corrugated board by 11.5% compared to FY2004. Through our efforts, we achieved the target with a reduction of 12.0%. Making corrugated board more lightweight not only reduces the amount of raw material used, but also helps improve transportation efficiency, lowering the environmental impact of entire supply chains.

[Indicator for Average Basis Weight*1 of Corrugated Board]



[Three Pillars of Corrugated Packaging Weight Reduction]

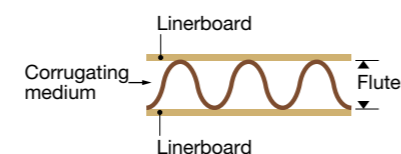


Initiatives so far	2002	2005	2008	2009	2013
● Containerboard weight reduction	Developed ETSL120 lightweight containerboard	Developed LCC120 enhanced, lightweight containerboard	Developed RCM100 lightweight containerboard	Developed LCC120 enhanced, lightweight containerboard	Developed LCCX90 enhanced, lightweight containerboard
● Sheet thickness reduction		Introduction of C-flute			Introduction of Delta Flute

Reducing the weight of containerboard

Corrugated board is normally made up of three layers: an outer linerboard, an inner linerboard, and a corrugating medium. Reducing the weight of the containerboard used as a raw material in corrugated board significantly contributes to corrugated packaging weight reductions. Since 2002, Rengo has been developing lightweight containerboard, ETSL120 and RCM100. In 2009, we developed our own new, lightweight, enhanced containerboard called "Less Caliper & Carbon Containerboard (LCC Containerboard)." The two types of LCC containerboard, LCC120 and LCCX90, have the same strength as conventional corrugating medium with basis weights of 160 g/m² and 120 g/m² respectively, yet weigh 25% less. They make it possible to significantly reduce the weight of corrugated packaging.

[Structure of Corrugated Board]



[Lightweight Containerboard Types and Basis Weights]

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

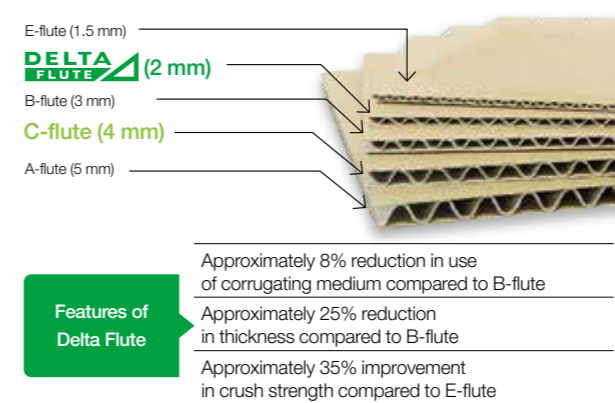
* Weight per square meter of containerboard

Making corrugated board thinner

The majority of corrugated board used in Japan is A-flute and B-flute corrugated board. In order to make corrugated board more lightweight, Rengo is introducing thinner corrugated board. In 2005, we installed production facilities in all plants and enhanced our production system to promote the greater use of 4 mm thick C-flute to replace A-flute. C-flute is roughly 1 mm thinner than A-flute, but despite being approx. 20% thinner, it is just as strong, so it is widely used as an alternative to A-flute.

Delta Flute, an original specification developed in 2013, is just 2 mm thick. It lies between the thicknesses of B-flute and E-flute and can be used for both outer and inner packaging, making it possible to reduce corrugated packaging weight while providing it with greater functionality. We use our strengths as a paperboard and corrugated packaging manufacturer to combine C-flute and Delta Flute with enhanced, lightweight containerboard to further reduce corrugated packaging weight.

[Types of Flutes]



[Types of Corrugated board and Their Uses]

Type	Thickness (mm)	Outer packaging	Inner packaging	Individual packaging
A-flute	5	●		
C-flute	4	●		
B-flute	3	●	●	
Delta Flute	2		●	●
E-flute	1.5		●	●
F-flute	0.6			●
G-flute	0.5			●

Features of C-flute

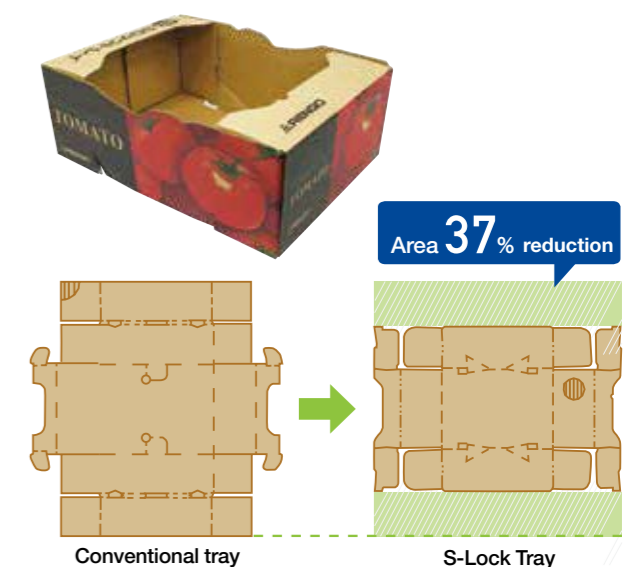
- Approximately 20% reduction in thickness compared to A-flute
- Maintains same strength as A-flute

Optimizing corrugated packaging design

Rengo makes each and every corrugated box to order, with different sizes, designs, and strengths to match the products that will be placed in them. When containerboard is made more lightweight or sheets are made thinner, this can negatively impact the functions of the corrugated boxes, such as their compression strength or cushioning ability. To address this issue, we always try to optimize packaging and design, maintaining necessary strength and functionality while reducing corrugated packaging weight. Furthermore, in our packaging design, we lower resource consumption by reducing the amount of corrugated board area that we use. We strive to reduce resource usage in our corrugated packaging by taking product shapes and characteristics and pallet loading efficiency into consideration when designing them.

Our goal is easy to use, environmentally friendly packaging design that not only offers the protective performance necessary to deliver products to consumers damage-free, but also diverse other needs, such as environmental performance in the form of weight reduction, reduced resource usage, and ease of disposal and recycling, and safety and operability when opening or shelving product packages.

[Example of Design that Reduces the Area of Material Used (S-Lock Tray)]





S Social Activity Goals and Results

Basic Stance Corporate creativity and innovation are essential for the realization of a sustainable society. The source of this creativity and innovation is people, and for this reason, we consider one of our critical responsibilities to be creating environments where the value of each employee is respected and diverse human resources can maximize their unique potential. To achieve this, we are using various indices to flexibly and accurately address issues such as work style reforms and the problems of aging societies with low birth rates.

FY2020 Targets and Results

In FY2020, due in part to our response to the COVID-19 pandemic, we have had to make changes to our quality control plans. However, by utilizing online measures, we have achieved our targets. Our efforts to empower female workers and promote the use of annual leave have progressed according to plans and we have met our targets in these areas.

Themes and related SDGs	Target	Actual	Evaluation	Relevant page
Quality control 9 12	Prevention of human errors	Conducting Quality Patrols (all plants and mills)	○	p. 40
Empowerment of female employees 5 8	Achieve an employment rate of 30% and higher for female employees in career-path positions	30.2%	○	p. 48
	Double the number of female employees in managerial positions (from 19 in FY2014 to 40 or more in FY2020)	40	○	
	Achieve twice or more female employees (full-time employees) working in sales sections and in manufacturing sections (FY2014: 8 in sales sections and 7 in manufacturing sections)	22 in sales sections 31 in manufacturing sections	○	p. 49
Achieve a rate of 13% or higher for male employees taking childcare leave	93.2%	○		
Encourage taking of paid annual leave 8	At least 10 days on average	12.1 days	○	p. 50

Targets for FY2021 and Beyond

We have formulated new targets for FY2021 and beyond. We will work to solve social problems by engaging in initiatives even more actively.

Themes and related SDGs	Target	Plan period
Quality control	Prevent shipping of defective products	—
Empowerment of female employees	Achieve an employment rate of 30% and higher for female employees in career-path positions	By FY2025
	Achieve an employment rate of at least 20% for female employees working as office & production staff	
	Achieve 1.5 times or more for the number of female employees in managerial positions (from 40 in FY2020 to 60 or more)	
Achieve a rate of at least 80% of male employees taking childcare leave		
Encourage taking of paid annual leave	At least 10 days on average	FY2021

S Quality Assurance

Basic Stance To build customer trust and improve customer satisfaction, Rengo strives to provide safe, reliable products of value. We recognize that 6S activities (Sort, Set in order, Shine, Standardize, Sustain & discipline, and Safe behavior/good manners) are the foundation of our product manufacturing, and the entire company works together as one, led by our customer satisfaction (CS) activity policy.

Policy for FY2020'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 Performing work correctly and checking thoroughly

Quality Assurance Structure

Based on our CS activity policy, we have acquired ISO 9001 certification and operate our own unique quality management system to ensure the quality of our products. We established the Head Office CS Subcommittee to provide companywide oversight so that we can promote quality assurance activities. The subcommittee meets twice per year. In addition to monitoring and managing the status of activities throughout the company, it also identifies risks that would have a material impact on quality and deliberates on and determines key matters such as companywide action policies and measures. In addition, Plant/Mill CS subcommittees meet once a month to formulate specific measures for putting into practice the action policies established by the Head Office CS Subcommittee and perform evaluations of those measures.

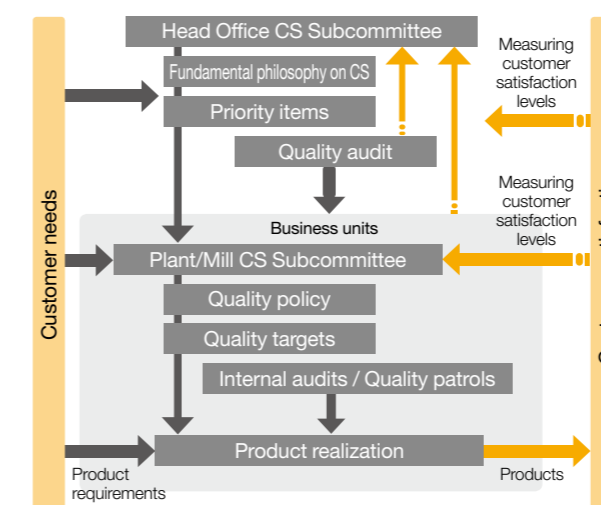
Conducting Quality Patrols

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 confirmation from third party perspectives, further reinforces our improvement activities. In FY2020, in response to the COVID-19 pandemic, some of our plans were changed, but based on rule-based operations and patrols of activities for preventing whole-lot defects and product contamination and patrols of defect reoccurrence prevention measures, we have implemented our PDCA cycle, improving our activities.



Quality patrol

[Quality Assurance Structure]



- List of plants with ISO 9001:2015 certification (As of March 31, 2021)**
- Sanda Plant, Shiga Plant, Takefu Plant, Shin-Nagoya Plant, Katsushika Plant, Toyohashi Plant, Shin-Kyoto Division (corrugated plant), Oyama Plant

Quality Control Education

Meetings of the heads of Quality Assurance Departments across the nation are held twice a year to provide opportunities for the Quality Assurance Department heads to improve their knowledge and share information. At these meetings, in addition to sharing their ideas on measures for preventing the shipping of defective products and preventing defects from occurring in the first place, they also cover specific topics such as recent critical management failures. They engage in company-spanning discussions of prevention measures and measures that have proven effective in actual use, thereby contributing to actual quality assurance activities carried out in plants and mills.

In preparation for our FY2021 launch of Zero Defect (ZD) activities aimed at completely eliminating the shipping of defective products, we designated the second half of FY2020 as a preparation period and notified model plants and related sections in the Head Office of the objectives of these activities.

Related SDGs



S Supply Chain Management

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

Sustainable Raw Material Procurement

Rengo Group's Fundamental Policy on Procurement

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

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

Rengo Group's Fundamental Policy on Procurement

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

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

Established on April 1, 2018

Requests to Our Suppliers

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

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

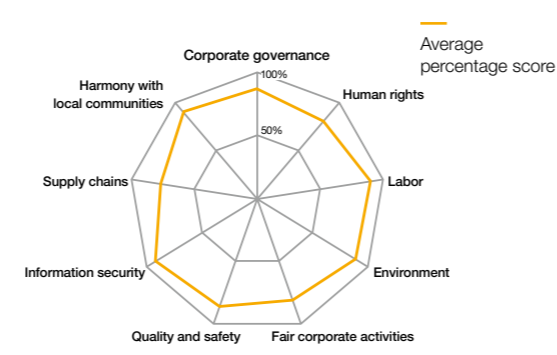
Supplier CSR Questionnaires

Based on 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 FY2019, we began conducting supplier CSR questionnaires to gain an understanding of the CSR initiatives of our suppliers and clarify related issues. In FY2020, we expanded this initiative, distributing questionnaires to 22 major suppliers from whom we purchase materials, and we received responses from 25 companies, including supplier subsidiaries (100% response rate).

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

>> Overview of FY2020 CSR Questionnaire Results

In our CSR questionnaire, we use the CSR Procurement Self-Assessment Question Table created by Global Compact Network Japan in 2017. The average percentage scores of the 25 responding companies were high in the areas of "environment" and "information security" but low in the areas of "human rights" and "supply chain."



Procuring Wood Materials

Procurement Policy for 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 (chips) from the viewpoint of the effective use of sustainable wood resources.

Procurement Policy for Wood Pulp

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

Procurement Policy

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

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

Initiatives Against Illegal Logging

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

Illegal Logging Countermeasures

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

As part of our illegal logging countermeasures, in order to confirm that raw materials are procured in accordance with our procurement policy, we undertake annual audits by the Japan Paper Association's Illegal Logging Monitoring Project. Pulp procured in FY2019 was audited by the Monitoring Project in September 2020. This audit confirmed that all of the pulp was manufactured from wood material that was obtained legally. The pulp procured in FY2020, as well, was audited by the Monitoring Project in October 2021.

[Pulp Procurement Sources and Management Conditions (FY2020)]

Country of origin	Proportion (%)	FSC certification	Individually managed*
Japan	81.0	○	○
Brazil	8.7	○	—
South Africa	6.2	○	—
Chile	3.5	○	—
Sweden	0.6	○	—

* 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.

S Supply Chain Management

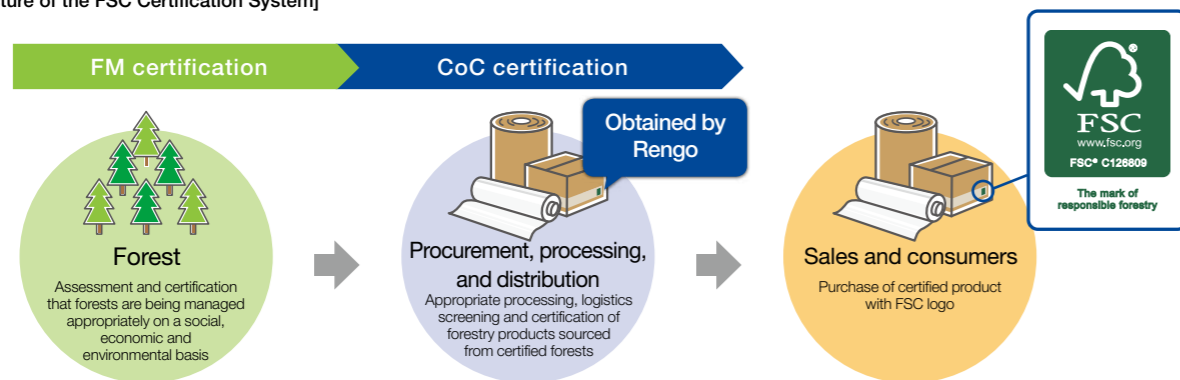
Supplying FSC® Certified Products

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

FSC certification includes FM certification and CoC certification. It is an international system for authenticating and certifying both appropriately managed forests and the appropriate processing and distribution of lumber harvested from these forests. In the case of corrugated packaging, FSC certification must be obtained, not only by the corrugated plant that processes the corrugated packaging, but also by the paperboard mill that produces the raw material. As an integrated manufacturer of both paperboard and corrugated board and boxes, we obtained FSC certification (CoC certification) in 2016 for all of our containerboard and corrugated packaging other than cellulose-related products, and we established a nationwide supply system for certified products. Apart from corrugated packaging, we have also obtained FSC certification for our clay coated board and chipboard which are used in packaging for food items and daily necessities.

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

[Structure of the FSC Certification System]



Clean Wood Act Initiatives

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

Conflict Mineral Response

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

Conflict Minerals Policy

Certain minerals mined from the Democratic Republic of the Congo and its adjoining countries pose major problems internationally in that they are a source of funds for armed groups and exacerbate conflict, human-rights abuses, and environmental degradation. The Rengo Group 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.

White Logistics Measures

To deal with the increasingly severe truck driver shortage, we must work to create sustainable logistics environments. This is why 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. We recognize securing the sustainable, stable logistics required for business activities as one of our management issues, and with the cooperation of suppliers, customers, and logistics companies, we are promoting the relaxation of designated delivery times, the aggregation of deliveries, and improvements to the efficiency of unloading work with the aim of reducing the excess workloads placed on drivers.

In January 2019, in Yashio Logistics Center, we introduced a new AI-based product shipping operation plan and developed and deployed a new truck guidance system that utilizes AI technology. This system is expected to improve the operation efficiency of the logistics center and to shorten truck driver commitment times. We also plan to introduce this system in new Yodogawa Logistics Center established in September 2021.

Yodogawa Logistics Center, Responsible for Warehouse Aggregation and Optimization

Rengo owns a portion of the logistics warehouse constructed in conjunction with Sumitomo Corporation at Yodogawa Logistics Center, located on the site of former Yodogawa Plant. We use this as a containerboard warehouse, with a capacity of 20,000 tons of paperboard products. The center aggregates and optimizes the warehouses that were previously scattered throughout the Kansai region. It aims to improve logistics efficiency and logistics workplace operations. In addition to our AI technologies and truck guidance system, with their proven track record, we have also installed a warehouse management system that uses RFID-equipped containerboard labels and automatic lifts to further improve logistics efficiency and contribute to work style reforms for logistics workplace personnel and truck drivers.



Yodogawa Logistics Center



Delivery truck



Mizkan Tochigi Plant

Collaborative Experiment with Customers Aimed at the Realization of White Logistics

In 2019, Rengo, in conjunction with Mizkan Holdings, Co., Ltd., started conducting 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 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, with logistics efficiency as our number one priority. The experiment demonstrated that this approach could reduce the number of delivery dispatches by roughly 20% (approximately 1.2 delivery dispatches per day). This could reduce the number of truck driver working hours by 480 hours per year and the amount of CO₂ emissions from transport by 6.07 tons of CO₂ per year.

Topics Plastic Pallet Recycling

Rengo works with major pallet manufacturer Sanko Co., Ltd. to recycle plastic pallets. Pallets are used in product transportation, logistics, and storage to make it easier to handle products in plants, trucks, and warehouses. However, one of the problems with plastic pallets is that when they are damaged they become industrial waste. In the past, they were disposed of as waste, but since October 2020, Sanko has recovered pallets from corrugated plant and folding carton plant, as valuable resources, recycling and reusing them.



Pallets being recovered

Related SDGs

S Respect for Human Rights



Basic Stance One of the elements of Rengo's Corporate Philosophy is to "respect the value of individual employees and strive to create safe and congenial work environments providing comfort and fulfillment." Led by this philosophy, we work to create environments of respect for human rights.

Creating Environments of Respect for 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

To foster a more accurate understanding and deeper awareness of human rights, in April of each year, external instructors give lectures on human rights as a part of our internal training programs. For FY2020, lectures were conducted along four themes: 1) the relationship between society and human rights; 2) human rights issues and stereotype prejudices; 3) understanding the various human rights issues related to corporate activities; and 4) respect for human rights required of companies. We continuously 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

Establish Internal Consultation Hotlines

Many different kinds of issues can occur at the workplace. Rengo has put in place and made employees thoroughly aware of separate avenues for consultation depending on the type of issue—such as sexual harassment or power harassment—so that in the event that a problem occurs, employees have someone to consult with to deal with the issue and the company can deal with the issue promptly. Not only can group company members make use of external helplines, but the privacy of whistleblowers is strictly protected and issues are handled appropriately so that whistleblowers are not treated unfairly.



Consultation hotline awareness-raising poster

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, council meetings are held more than 400 times each year, and steady, ongoing efforts such as these help to deepen mutual understanding and build positive relations between labor and management.



Labor-management council

S Human Resource Development

Related SDGs



Basic Stance A company's greatest assets are its people. To create environments where each and every person is treated well and can work with motivation, Rengo is improving and expanding its human resource and training programs as well as implementing initiatives for promoting employees' health.

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.

Supporting Employee Self-fulfillment

In addition to on-the-job training, in which employees learn through their day-to-day work at their respective worksites, we are also working to improve the abilities and motivation of employees through education and training that provides employees with the knowledge and skills they need based on their own rank and job type.

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



New employee training session

Rank-specific Career Education

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

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 FY2020, in addition to safety, quality, the environment, improving productivity, cost reduction, 6S, and customer satisfaction, we also had themes related to initiatives for improving total factor productivity (TFP), such as reducing overtime work and promoting the taking of paid annual leave. In total, nearly 7,100 employees in 747 teams from within the Rengo Group took part in the activities. Besides leading to resolution of companywide issues, workplace improvements are also ways of further reinforcing the on-site strength of the Rengo Group.



Small-group improvement activities companywide presentation meeting

S Human Resource Development

Related SDGs



Developing Global Talents

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

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



Overseas business training (second person from the left is a Rengo employee)

Creating an Appropriate Evaluation System

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.

Empowerment of Female Employees

Since establishing the Section for the Promotion of Women Employees in April 2014, Rengo has set about developing an environment where diverse personnel are able to maximize their unique potential. In March 2016, we formulated the Action Plan for Empowering Female Workers and disclosed information on the empowerment of women. Rengo was recognized for the status of implementation of measures and received Eruboshi certification (level 2) from the Minister of Health, Labour and Welfare in May 2016 for complying with standards as a general business enterprise in accordance with the Act on Motion of Women's Participation and Advancement in the Workplace. We have dedicated ourselves to hiring, actively promoting, and expanding the areas of responsibility of women. As a result of these efforts, in November 2020, our certification level was raised one level (to level 3).

We achieved all of the targets in our action plan for the FY2016 to FY2020 period. In our five year action plan starting from FY2021, we aim to further accelerate our efforts, raising the ratio of female employees throughout the company and further improving their motivation and competency.



Goals Stated in the Action Plan

Period of plan: Five years starting from April 2021

1. Achieve an employment rate of 30% and higher for female employees in career-path positions
2. Achieve an employment rate of at least 20% for female employees working as office & production staff
3. Achieve 1.5 times or more for the number of female employees in managerial positions (from 40 in FY2020 to 60 or more)
4. Achieve a rate of at least 80% of male employees taking childcare leave

Creating Workplaces Where Diverse Human Resources Can Work Actively

Rengo promotes personnel diversity with the aim of being a corporation where diverse individuals can maximize their unique potential regardless of their gender, age, physical ability, or nationality. We are also dedicated to creating environments which respect the value of each and every employee, who are our sources of creativity and innovation, and where they can maximize their potential.

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 2020, the employment rate of persons with disabilities was 2.3%, satisfying the statutory requirement.

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

		FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees		3,700	3,730	3,817	4,042	4,132
	Number of females	324	346	370	454	480
	Percentage female	8.8	9.3	9.7	11.2	11.6
Average age		39.8	40.0	39.8	40.3	40.5
	Males (age)	40.1	40.3	40.2	40.6	40.9
	Females (age)	36.6	36.6	36.3	37.6	37.7
Average number of years of employment		14.9	15.0	14.8	14.9	15.3
	Male	15.2	15.4	15.2	15.4	15.8
	Female	11.6	11.7	11.5	11.2	11.5
Employment numbers (career-path positions)		44	52	65	48	63
	Number of females	14	16	21	16	19
	Percentage female	31.8	30.8	32.3	33.3	30.2
Managerial positions		657	684	686	716	754
	Number of females	24	29	33	34	40
	Percentage female	3.7	4.2	4.8	4.7	5.3
Mid-career hiring ratio (%)		42.7	55.1	55.6	71.3	38.0
Employment rate of persons with disabilities (%)		2.2	2.2	2.4	2.2	2.3

S Human Resource Development

Related SDGs



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

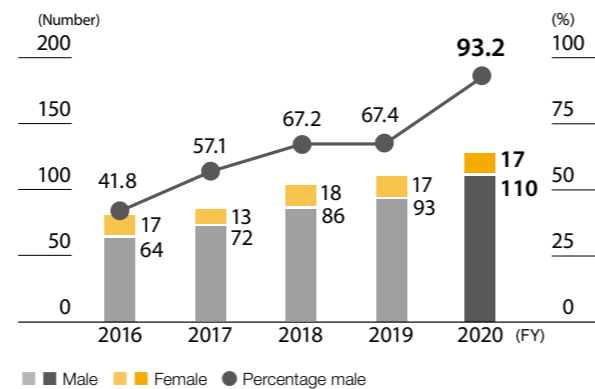
In order to make it easy for both men and women to take childcare leave and to establish environments where they can readily return to work, we have raised awareness of the plan by explaining its programs and preparing pamphlets and group reports that describe personal experiences. We have placed particular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

To address the declining birth rate and support the development of future generations, Rengo gives

congratulatory bonuses of 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 402 employees have received the payments (as of March 31, 2021). Rengo is providing not only systematic support, but also economic support.



[Numbers of Users and Rate of Use of the Childcare Leave Program]



[Systems for Supporting Work-life Balance]

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

Utilizing Remote Work

In April 2019, Rengo introduced a work-from-home system, both to improve work-life balance and to raise productivity. Under the system, employees can work from home one day per week, during normal working hours. This system does not apply to production worksites or to plants or departments involved in sales. From April 2020, due to the state of emergency issued as a result of the COVID-19 pandemic, we established a separate, limited-time system for the purposes of protecting the health of employees and preventing the spread of infection. This work-from-home system is primarily being used for head office departments.

Promotion of Health Management

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

In 2021, we were recognized for the second consecutive year as a 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

Measures to Promote Good Health

Since FY2019, radio-guided calisthenics by specialized instructors and good health promotion lectures have been conducted as companywide activities. Good health leaders have actively led efforts to provide instruction and explanations to ensure that radio-guided calisthenics are performed properly, implement smoking countermeasures, and call out to others and gather opinions to foster communication. In addition to improving the health consciousness of individuals, these activities promoted better workplace safety measures and productivity.

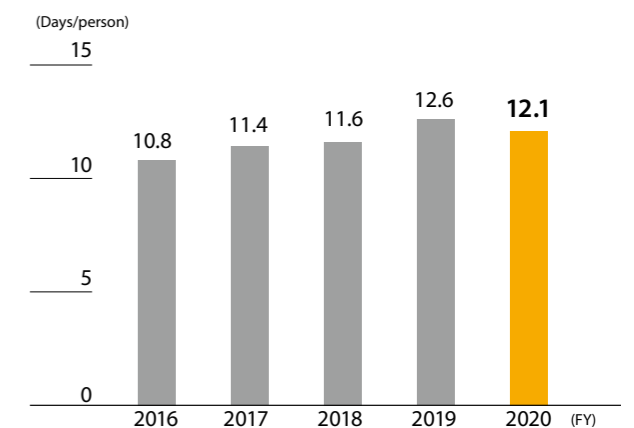
Measures Supporting Mental Health

Rengo promotes mental health measures through conducting internal training, setting up internal and external consultation hotline. Since 2010, we have recommended that employees undergo Type II Mental Health Management Certification (targeting those in managerial positions), and 255 employees have obtained the certification so far (as of June 2021). In 2012, we documented our initiatives in the form of the Good Mental Health Plan, which was rolled out companywide. In 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. With the aim of making even more effective use of analysis of the results of the stress checks that have been conducted every year since 2016, in FY2019 we revised the details of their implementation, including the questions and methods of collection and analysis. We conduct training for general affairs managers of the divisions, plants and mills, in which we share analysis results, and we are carrying out activities aimed at making organizational improvements.

Reducing Overtime Work and Encouraging Employees to Take Paid Annual Leave

As the work style reform movement to address long working hours is taken up by the national government, since 2015, Rengo has been implementing an initiative to reduce total hours actually worked by improving Total Factor Productivity (TFP). Having analyzed the many different factors that make up productivity, we are working to raise productivity while also being conscious of technological innovations 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 FY2020 was 12.1 days, steadily achieving our target of at least 10 days on average.

[Average Number of Days of Paid Annual Leave Taken]



Related SDGs



S Protecting Health and Safety

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

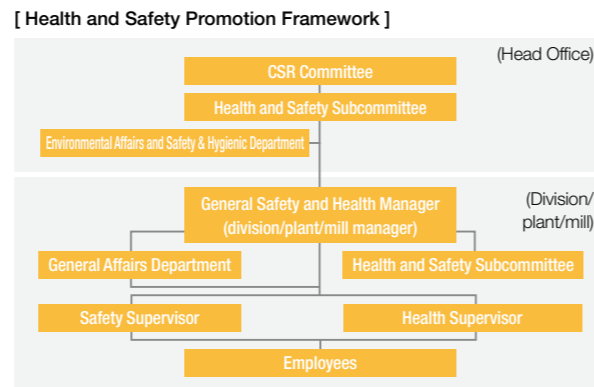
Health and Safety Policy for FY2020

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

*1 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.
*2 Sources of serious risks: Work or locations that are linked to serious accidents

Health and Safety Promotion Framework

To prevent occupational accidents and health issues involving employees, Rengo has established a Health and Safety Subcommittee within the head office that oversees the entire company, under which are the health and safety subcommittees of divisions, plants, and mills, with the goal of promoting the management of health and safety. The health and safety subcommittees at each division, plant, and mill then decide on specific activity policies and activity plans in accordance with company-wide policies and initiatives, conduct annual health and safety patrols and audits of each division, plant, and mill, and raise the level of health and safety.



Industrial Accident Occurrence Conditions

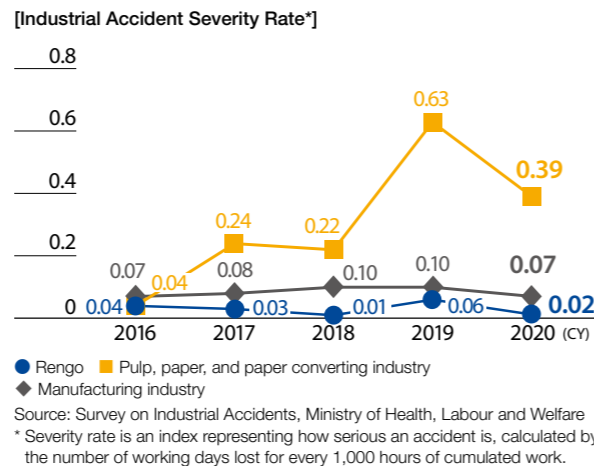
We have established and are working on our Health and Safety Activities Plan with the goal of eliminating accidents in our divisions, plants, and mills. There were six accidents resulting in lost working days in 2020, a decrease of seven from the number in 2019. The severity rate of industrial accidents has been improved, reaching 0.02, lower than the average in the pulp, paper, and paper converting industry and manufacturing industry. To continue our efforts to achieve zero accidents and to remove and mitigate risks and

[Number of Accidents with Lost Working Days*] (Accidents)

	2016	2017	2018	2019	2020
Number of accidents with lost working days	8	7	5	13	6

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

improve safety awareness, labor and management are cooperating in promoting health and safety activities.



Health and Safety Patrols

Safety personnel in divisions, plants, mills, and Group companies serve as patrol team members and conduct annual patrols of all divisions, plants, and mills. They perform confirmation from a neutral perspective to identify latent risks and contribute to workplace improvements. In FY2020, to prevent the spread of COVID-19, these patrols were divided up and carried out separately and patrol team members were limited to those working in nearby plants and mills. Additional measures for combating the spread of COVID-19 included reporting and exchanging opinions regarding these patrols through telephone and video conferencing using web cameras. Improvements and initiatives are implemented spanning in other plants and mills in order to raise health and safety levels.



Health and safety patrol

Heat Stroke Countermeasures

Wearing masks in order to combat the spread of COVID-19 can increase the risk of heat stroke in worksites. To address this issue, in addition to systematically deploying equipment for dealing with this heat, Rengo also introduced articles used to prevent heat stroke, such as air-conditioned clothing, after confirming their safety and effectiveness. Furthermore, we have also intensified our heat stroke countermeasures through the thorough application of measures that can be implemented by workers themselves, such as wearing "cool touch" masks, hydrating, supplementing their salt levels, and checking their own physical condition.

We built our heat stroke countermeasures into our COVID-19 infection countermeasure rules, permitting workers to remove their masks to work provided that they were two or more meters away from other personnel. This made it possible to perform work without resulting in any lost working days due to heat stroke.



Work being performed by a worker wearing air-conditioned clothing

VOICE

Health and Safety Education Activities by RST Trainers



Minoru Aoyagi
Assistant Manager,
Converting Section,
Paperboard Mill,
Tonegawa Division

The converting department of paperboard mill in Tonegawa Division manufactures functional paper such as "GASTORD" and "Damp-proof" paper, laminated paperboard made of two or three sheets, polyethylene (PE) coated paper, and the like. A notable feature of this paperboard mill is that its production facilities differ from those of other paperboard mills, corrugated plants, and folding carton plants. It has considered the equipment safety measures used by other plants and mills and adopted them whenever possible to produce a safer workplace. In addition, RST Trainers* make use of health and safety education meetings and examine accidents at other plants and mills to work towards preventing similar accidents from happening in the future. In particular, they provide instruction and advice to new employees to improve their risk prediction abilities, thereby increasing the safety awareness of plants and mills as a whole and promoting safer work implementation.



Safety training

* RST Trainer: A person who has completed a training course for trainers who are responsible for providing health and safety education for foremen and site supervisors based on a directive from "Rodoshō" (Labor Ministry, now the Ministry of Health, Labour and Welfare)

Related SDGs



S Products that Solve Issues Faced by Society

Basic Stance As a packaging provider, Rengo aims to design the future and develop new markets. We will contribute to solutions to social issues in the growing distribution market by further refining the packaging functionality of corrugated packaging.

RSDP Helps Improve the Operation Efficiency of Distribution Sites

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

Compared to conventional corrugated boxes, RSDP reduces the amount of time taken for opening, unpacking, and displaying products, as well as enhancing display effectiveness through its design, which helps promote product sales. It significantly reduces the workloads involved in picking, opening, unpacking, and displaying products, processes which are necessary in logistics centers, store back areas, and retail floors, and greatly increases product sales promotion effectiveness, improving distribution operations efficiency at distribution worksites. At the 44th Kinoshita Prize, held by the Japan Packaging Institute in October 2020, we won the Packaging Technology Prize for the development of RSDP.

[Easy-to-open RSDP]

Top-opening
Open from the top

Side-opening
Open from the sides

Front-opening
Open from the front

Intuitive Even for People Performing Unpacking for the First Time

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

Easy to find the points to open from

Easy to envision how the opened box will look like

Features

- The opening and perforation markings are emphasized, making it easy to see how to open the box
- It's easy to envision what the opened corrugated box will look like
- The sales-promotion designs on the box enhance display effects when displayed in boxes

DEGI-PAKE® Corrugated Packaging that Communicates Information

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

[Three Key Points of DEGI-PAKE]

Beautiful Appearance

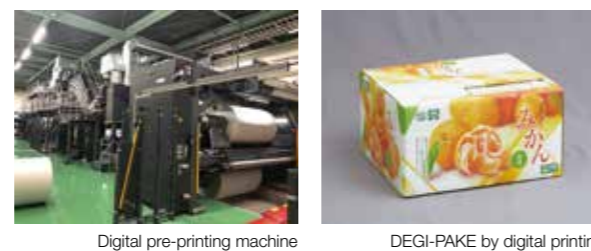
High printing reproducibility for highly detailed and expressive representations, fine print, and so on

Well-Timed

Printable on paper rolls without printing plates

Variable

Some or all of the design is changeable by variable printing



Innovative Automated Packaging Systems for E-commerce

The e-commerce market is rapidly growing and faces problems such as personnel shortages and rising logistics expenses. We supply automated packaging systems for e-commerce to address these issues. Gemini, Gemini S, I-Pack, e-Cube, and BoxSizer adjust the height of packages according to the size of their contents, and PALMIRA is a three-dimension adjustable auto packaging system that adjusts length, width, and height of packages according to the merchandise they pack. These systems create optimized, waste-free packaging. In addition to improving work efficiency by automating packaging, they also help solve the problems faced by the e-commerce market by optimizing package sizes, thereby boosting transport efficiency.

[Lineup of Automated Packaging Systems for E-commerce]

Three-dimension adjustable	 PALMIRA <ul style="list-style-type: none"> • Little material cutting waste • Easy to open • High flexibility of artwork design 			
Height adjustable	 e-Cube <ul style="list-style-type: none"> • Shipping slips can be manually affixed 	 I-Pack <ul style="list-style-type: none"> • Flexibility of artwork design on lids 	 Gemini <ul style="list-style-type: none"> • Thin merchandise can be packed • Supports various content heights (freely set) 	 Gemini S <ul style="list-style-type: none"> • Thin merchandise can be packed • Supports various content heights (prefixed height options)
	 BoxSizer <ul style="list-style-type: none"> • Heights can be set freely even for differing box lengths and widths (footprints) (requires no setup time). • Up to 50 dimension sets can be registered. 			

Providing Safety and Peace of Mind through Antiviral and Antimicrobial Products

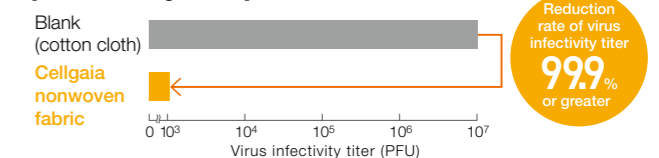
Cellgaia

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

* Antiviral and antimicrobial performance are evaluated by an external testing laboratory.



[Antiviral Testing Results]



[Testing laboratory] Nissenken Quality Evaluation Center
 * Testing method: ISO 18184 (Virus A/Enveloped)
 * Test results for nonwoven fabric containing a 10% blend of copper Cellgaia
 * This product is not intended for use as a pharmaceutical product or for medical use by medical institutions, etc.

Related SDGs



S Activities Contributing to Society

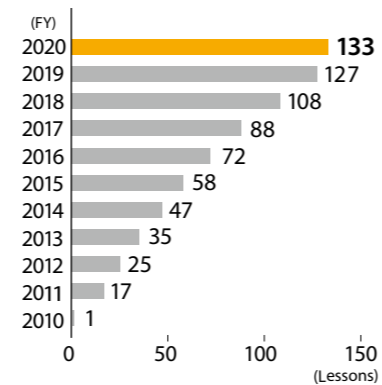
Basic Stance We strive to contribute to the sustainable development of society by actively engaging with local communities as a good corporate citizen, through our business activities, and through our activities aimed at addressing social issues. We engage in initiatives that leverage business as only we can and implement measures to solve social issues, such as supporting the development of future generations, contributing to the environment, providing support for disaster countermeasures and recovery measures, developing in harmony with the community, promoting culture, and providing science and technology support.

Development of Future Generations

Dispatched Lessons

Every year Since FY2010, Rengo has given classes on the interesting points of corrugated packaging in order to convey the importance of the environment to the next generation of children. In these fun and easy to understand classes, we share information such as the origin of the name “corrugated board,” the secret of its strength, its high recycling rate, and the importance of the separation and collection that goes into this recycling. Since FY2012, we have given onsite manufacturing classes as part of Echizen City’s “Ambitious Children’s Educational Program,” with the theme of “the marvels of cellophane” to teach children about the characteristics of cellophane and the joys of manufacturing. We have conducted a total of 133 lessons over the past 11 years, teaching roughly 6,000 children. In FY2020, as a COVID-19 pandemic preventative measure, we held classes online for the first time.

[Trend of Cumulative Lessons Conducted]



Accepting Plant/Mill Tours

To share the importance of a recycling-based society through corrugated packaging and provide a greater understanding of Rengo’s business activities, we offer plant/mill tours not only for local elementary school and junior high school students, but also municipal governments, NGOs, and companies. Each year, our plants and mills are visited by people of varying ages, from elementary school children to adults. In FY2020, over 1,000 visitors toured our plants and mills across Japan.



During a plant tour

Contributing through Environmental Conservation

Public Relations and Awareness-building Activities

In December 2020, Rengo exhibited at EcoPro Online 2020 and CLOMA’s Ocean Plastic Waste Countermeasure Pavilion. EcoPro is normally held annually at Tokyo Big Sight, but was held online for the first time ever this time, simultaneously with other exhibitions. We used videos in our product presentations and seminars, and the exhibitions could be viewed anytime, from anywhere, so our site was accessed by numerous visitors.

We also exhibited at the Eco Life Fair 2020 Online, organized by the Ministry of the Environment. This was our first time participating in an Eco Life Fair. The Eco Life Fair is an exhibition that provides visitors with an opportunity to learn about environmental problems. The Rengo booth featured easy-to-understand displays about the high recycling rate of corrugated board, many surprising and little-known outstanding characteristics of corrugated packaging, and Rengo’s advanced products such as its biodegradable materials. It shared information with visitors with a wide range of ages.



EcoPro Online Rengo top page

Disaster Countermeasures and Reconstruction Assistance

Support for Local Government Disaster Countermeasures

Rengo provides a number of corrugated products that can be used during earthquakes, typhoons and at other times of disaster, such as mats, space dividers, and beds, 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. At divisions and plants nationwide, we have concluded agreements with local municipalities and prefectural governments 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

Harmony with Local Communities

Promoting Community Cleaning Activities

Rengo’s divisions, plants, and mills nationwide perform cleaning activities such as road and park cleaning in their local communities. In addition to regular litter pick-up, they also participate in cleaning events held by local municipalities, actively working to keep their communities clean. We will continue to engage in locally-rooted cleaning activities, never losing our feeling of gratitude as a member of the community.

Supporting Local Festivals and Holding Events

In order to revitalize the regions in which our divisions, plants, and mills are located, Rengo holds events such as flower viewing parties and summer festivals tailored to the local community. We also value communication with members of the local community, as can be seen in our active support for local festivals and events and the participation of our employees in these events.

Promoting Culture, and Providing Science and Technology Support

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. In September 2020, we supplied corrugated boxes to the 62nd Japanese Antarctic Research Expedition. 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



G Corporate Governance

Basic Stance To remain an enterprise deserving of the firm trust and confidence society has placed in it, Rengo's goal is timely and accurate information disclosure combined with sound and highly transparent management with the mission of solving social issues through packaging. In keeping with our 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, Rengo has disclosed its approaches to the Corporate Governance Code to the Tokyo Stock Exchange in the form of a Corporate Governance Report. The most recent report was submitted on June 30, 2021. Considering the purpose of the Corporate Governance Code, we are continuing to work toward sustained growth for our company and improving our corporate value in the medium- to long-term.

Corporate Governance Structure

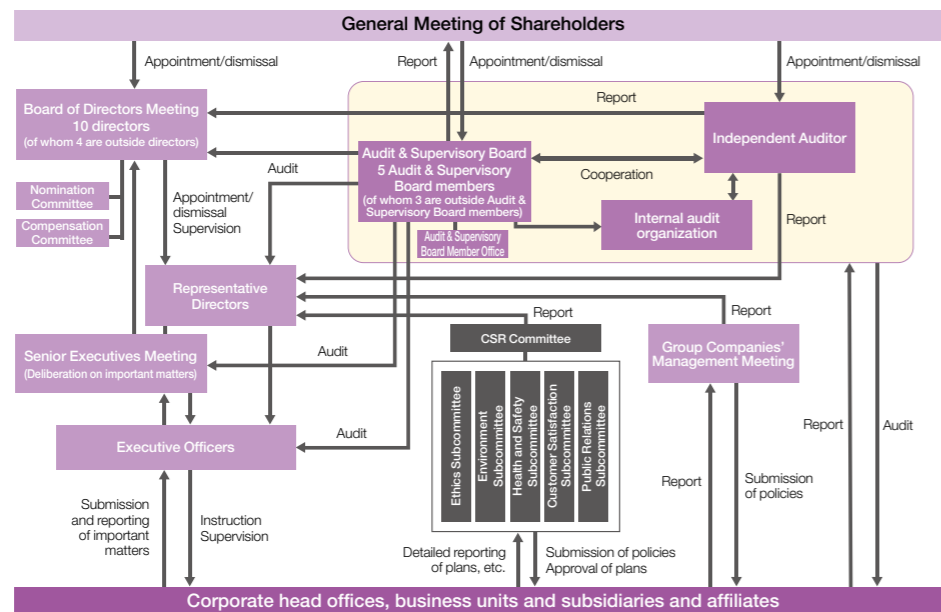
As a company with audit & supervisory board members, Rengo is making efforts to enhance its management transparency and strengthen its supervision of management. Our Audit & Supervisory Board, our Internal Audit Organization, and other related bodies work together to secure audit schedules and audit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

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

[Corporate Governance Structure]

Organizational form	Company with audit & supervisory board members	
Establishment of Audit & Supervisory Board	Established	
Number of directors	10	
	Number of outside directors	4
Number of Audit & Supervisory Board members	5	
	Number of outside Audit & Supervisory Board members	3
Terms of office of director	1 year	
	Number of outside independent directors/ auditors	4
	Number of outside independent directors/ auditors	3

[Corporate Governance Structure (As of June 29, 2021)]



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

As of June 29, 2021, Rengo's Board of Directors consisted of 10 directors. In appointing directors, Rengo comprehensively evaluates candidates' experience, knowledge, and expertise and makes holistic decisions. To ensure the effectiveness of supervision and the practicality of directors' discussions, Rengo appoints directors with an eye towards the overall balance and diversity of the Board of Directors.

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

At the General Meeting of Shareholders held on June 29, 2021, one of the 10 directors, a woman, was appointed as an outside director. With this appointment, women now account for over 1/3 of the outside directors on the Board of Directors, a major step forward in ensuring the diversity of the Board's membership.

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

Evaluation of the Effectiveness of the Board of 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 2021, the company conducted a questionnaire survey (self-evaluation) of members of the Board of Directors and the Audit & Supervisory Board. The results of the analysis of the responses were discussed at a Board of Directors Meeting, and the overall effectiveness of the Board of Directors was confirmed. Directors and Audit & Supervisory Board Members have provided constructive input and suggestions regarding improvements to the composition, roles, and operation of the Board of Directors, and have shared issues facing the Board.

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

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. 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, and the position of committee chief in each committee is held by an outside director. Through these measures, we are promoting appropriate involvement and advice from outside directors, ensuring the independence and objectivity of the Board of Directors' functions, and improving the Board of Directors' accountability.

Compensation for Directors

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

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

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

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

Internal Control

Rengo formulated the basic policy for maintenance of internal controls pursuant to the Companies Act of Japan and the Board of Directors approved it in May 2006 (this policy was last revised in April 2020) to meet the internal control system requirements of the Financial Instruments and Exchange Act. Audit Department, which is independent of routine operations, evaluates internal control maintenance and operation and implements improvements to internal controls.

In FY2020, Rengo and its 118 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 these evaluations, management judged that Rengo's internal controls covering financial reporting were effective as of March 31, 2021.



G Compliance

Basic Stance Rengo states in our Corporate Philosophy that we will “Act always with integrity, maintaining high ethical standards and ensuring strict legal compliance.” Compliance does not only entail simply complying with the letter of the law; 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’s Ethics Subcommittee has formulated policies on compliance with laws and regulations, and related duties are performed by the Legal Affairs Department and Compliance Promotion Office. Compliance promotion managers are appointed at all divisions, plants, and mills to coordinate with each other and further enhance compliance activities. Furthermore, Group companies are carrying out similar activities.

In June 2014, Rengo and some Group companies received cease-and-desist orders and surcharge payment notices from the Japan Fair Trade Commission in regard to violations of the Antimonopoly Act. Rengo’s appeal was rejected in February 2021, but we have filed litigation rescinding the trial decision, and proceedings are still underway.

Compliance Education

Rengo conducts training and education to raise the compliance awareness of each and every employee. From FY2012, this training has focused primarily on the Antimonopoly Act and has been provided to employees of Group companies as well.

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

[Training Workshops and Rank-Specific Training Conducted in FY2020]

	Frequency/timing	Main contents	Participants
All employees, including Group company employees	Four times per year or more	<ul style="list-style-type: none"> Antimonopoly Act Contents requested by individual departments/divisions 	-
New employees	Once after joining company	<ul style="list-style-type: none"> Basic related laws and regulations Antimonopoly Act 	55
Persons promoted to plant managers or managerial positions	Once when being promoted/appointed	<ul style="list-style-type: none"> Related laws and regulations Compliance 	75
Directors, general managers, and Group companies’ top management	Two times per year	<ul style="list-style-type: none"> Antimonopoly Act 	141

* Canceled in FY2020 in response to the COVID-19 pandemic

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.

Division Visits

Since FY2017, personnel have visited business sites in Japan, verifying the status of compliance with the Antimonopoly Act, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and other laws and regulations, checking for incidents of harassment, gathering information and sharing opinions regarding relations with local communities, and furthering understanding and awareness regarding compliance. In FY2020, due to changes forced by the COVID-19 pandemic, only one division was visited, but we plan to continue conducting visits, including visits to Group companies, in the future.

Protecting Intellectual Property

Rengo recognizes the importance of protecting its own intellectual property and observing the intellectual property rights of other companies, and has therefore established a dedicated department for handling these issues. We also conduct investigations with the aim of securing rights for our own intellectual property and preventing violations of the intellectual property rights of other companies, and we strive to utilize and manage intellectual property rights appropriately. We post educational materials regarding intellectual property and investigative materials regarding the technical fields in which we are active on our intranet. We also have established opportunities for educating sales personnel and research and development personnel. In FY2020, we received zero right violations warnings.

G Risk Management



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

Risk Management Structure

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

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

Natural Disaster Countermeasures

In consideration of the frequent occurrence of natural disasters such as earthquakes and typhoons, Rengo has established fundamental policies that outline the company’s response in the event of a disaster. 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. Since April 2012, we have developed a system that uses automatically sent emails to confirm the safety of employees and others and assess damage conditions in the event of a large-scale earthquake. Test emails are sent every six months in preparation for disasters.

Basic Disaster Policy

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

Response to the COVID-19 Pandemic

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



Partitions have been installed in plant and mill canteens

Information Management

In recent years, there have been rapid advances in the introduction of remote work and cloud systems, and in the use of AI and the IoT in plants and mills. The amount of digital information used is growing quickly, and information security has become extremely important.

To engage in even more thorough risk management and build a more robust security system, the Rengo Group is continuously reviewing and revising its security policies and operation structures and carrying out awareness-raising activities. We consider information regarding our customers, investors, employees, and all of our other stakeholders to be important assets, and we protect and manage them appropriately. We also provide training to our employees to improve their security mentality, such as by issuing warnings regarding the handling of suspicious email and the posting of information on our intranet.

Independent Practitioner's Assurance

Rengo Co., Ltd. has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd. for environmental performance data (fossil energy inputs, CO₂ emissions originating from fossil energy use, and Scope 1, 2 and Scope 3 (category 3) greenhouse gas emissions) given in the Japanese version of the Sustainability Report 2021.

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

Target of assurance

- FY2020 fossil energy input and CO₂ emissions originating from fossil energy use (excluding portion for sold electric power)
- FY2020 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 CO₂ 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.

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

August 13, 2021

Mr. Yosuke Kawamoto,
Representative Director, President & COO,
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, 2021 (the "Environmental Performance Data") included in the "Sustainability Report 2021" (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 P61). 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, 2021)

Company name Rengo Co., Ltd.

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

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

Founded April 12, 1909

Incorporated May 2, 1920

Capital stock 31,066 million yen

Net sales 680,714 million yen (consolidated)
321,280 million yen (non-consolidated)

Number of employees 19,451 (consolidated)
4,132 (non-consolidated)

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 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.

 **RENGO** co.,LTD.

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

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

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