

FP Corporation



Report



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FP Corporation



▼ FP Corporation celebrated its 60th anniversary in 2022.

Since our foundation in 1962 in Fukuyama-shi, Hiroshima, we have continued to manufacture and sell food trays and containers for 60 years. At present, we not only have production plants, logistics centers, and sales offices across Japan but have also established facilities for recycling post-consumer products. In 2022, we invested in Lee Soon Seng Plastic Industries Sdn. Bhd. (LSSPI) in Malaysia as our first foray overseas.

Our philosophy has remained unchanged for 60 years. With our management philosophy of a hands-on approach and customer-first concept, we are focusing our efforts on creating comfortable dietary lives for people. At FPCO, we will continue to create environmentally friendly food containers that are useful, convenient, and essential for people and which add to the joy of having meals.

FPCO Fukuyama Headquarters

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FP Corporation Report 2023

Published: June 2023

Editorial Guidelines

Care was taken to clearly note the achievements resulting from each activity and FP Corporation's future directions so everyone can understand the essence of our group.

The Environmental Report Guidelines from the Ministry of the Environment (FY2018 edition), the International Integrated Reporting Framework (IIRC Framework), and the Guidance for Collaborative Value Creation 2.0 were used as references in preparing this report.

Time period covered: April 1, 2022 – March 31, 2023

Range of coverage: FP Corporation and the FP Corporation Group

Motto



1. Responsibility
2. Confidence
3. Harmony
4. Patience
5. Health

Among the above principles, “Patience” was used by Yasuhiro Komatsu, our founder, as his management creed. He believed that it is important to discipline yourself and be patient all the more when things are going well. This word represents the management philosophy of the founder, who developed the company by overcoming many challenges.

Mission

In accordance with the hands-on approach and customer-first concept, we will reliably deliver the most environmentally friendly products of the highest quality, at the most competitive prices, whenever they are needed.

Vision

As a manufacturer of food trays and containers

Building sustainable society

We will build a sustainable society by further developing the FPCO Method Recycling.

Creating safe, secure, rich dietary lives

We will realize rich dietary lives by developing products that provide new value.

Establishing the infrastructure to reliably deliver products when needed

We will realize the stable supply of products with efficient production and logistics plans based on the nationwide network of our production and logistics facilities and SCM system.

As a member of society

Strengthen the management base

We improve satisfaction of all stakeholders including employees, so that they will see FPCO as a good company.

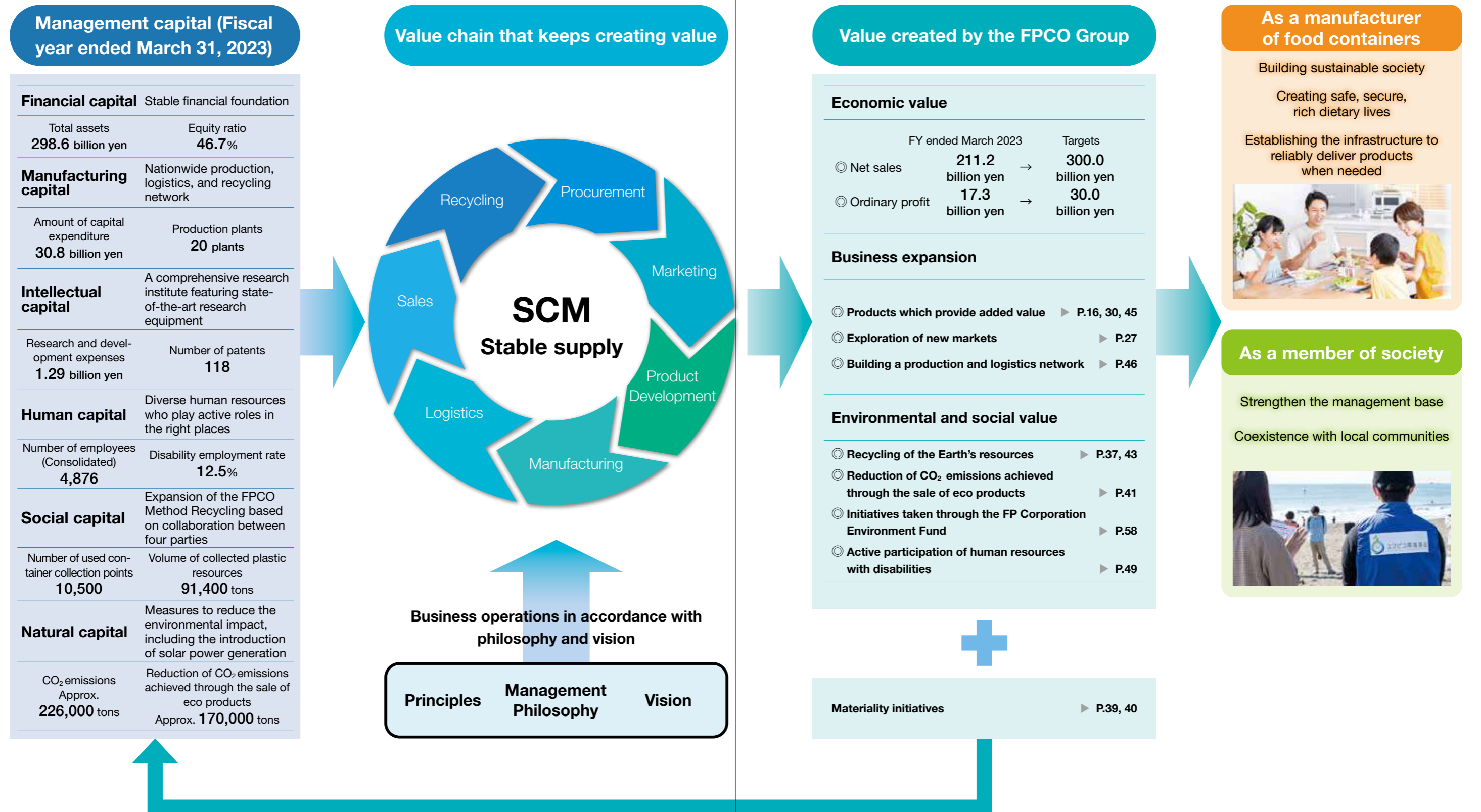
Coexistence with local communities

We will engage in various activities in local communities, thus helping build a society that is fulfilling to live in.

Value Creation

Engaged in manufacturing, sales, and recycling of food containers, the FPCO Group continues to make various value creation efforts through the value chain to which the series of its businesses are connected.

We work to ensure that our initiatives evolve, with the goal of playing a prominent role in the creation of a sustainable society and a rich food culture.





Morimasa Sato
Chairman, Representative
Director and Group
Representative

We will adhere to a hands-on approach and customer-first concept and fulfill our mission to reliably deliver the most environmentally friendly products of the highest quality, at the most competitive prices, whenever they are needed.

● On our 60th anniversary

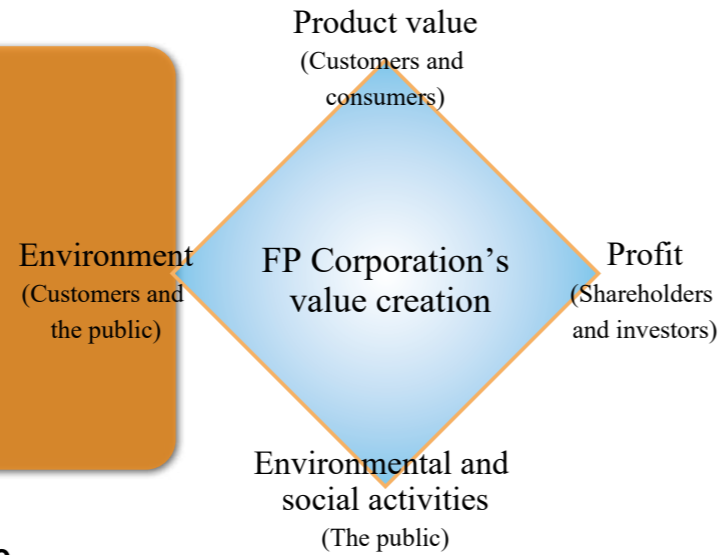
FP Corporation celebrated its 60th anniversary in July 2022. It is thanks to all of our stakeholders, including customers, that we have been able to survive and continue to develop for as long as 60 years. We are extremely grateful to them. We will position the 60th anniversary as a pass point and continue to move forward, aiming to celebrate our 70th, 80th, and 100th anniversary.

At FP Corporation, we have been valuing the hands-on approach and customer-first concept as elements of our management philosophy. As a food trays and containers manufacturer, our greatest mission is to provide products (food trays and containers) that help our customers' products sell well. To fulfill this mission, we must pursue answers to the questions, "What are needed?" and "Why are they needed?". Needs exist on sales floors. We visit the sales floors of supermarkets, convenience stores, delicatessen shops, and others, again and again, and talk directly with the people working there to find out what they require of food containers. Then we develop and manufacture products that fulfill those needs. We stand on sales floors to identify issues and look for clues to addressing them from the perspective of our customers. This is how we have solved customer issues. I think it is the accumulation of these efforts that have enabled us to continue growing for 60 years.

Moreover, what is most important for a manufacturer is to ensure a stable supply. Recently, we have completed the launch of Kansai Hub Center, where we have started product supply without trouble. Behind these things that we do as a matter of course are the great efforts made by a large number of our employees. We must keep this point in mind.



FP Corporation, which manufactures and sells food containers, creates value over a wide area and is linked with diverse stakeholders.



● Creation and provision of product value

We create product value that is demanded: This is what we always try to do at FP Corporation, which manufactures and sells food containers. Containers have functions, such as insulating heat for maintaining freshness and reducing the possibility of leaks. They also create effects, such as increasing the attractiveness of the food and communicating the reasonableness of its price. There are many functions and effects of containers we have developed to date that have become standards. One example is a container with a two-layer structure featuring an inner tray. Noodles or ingredients are placed on the inner tray and enjoyed with the soup or the rice at the base after being microwaved. While containers with this structure are familiar these days, it is one example of our value creation, through which we fulfilled a desire to sell things in a certain way.



As above, our product development is based on information and experience gained on food sales floors. We can say that what is happening on sales floors reflect prevailing social trends. Prevailing trends, such as the development of the home meal replacement industry, rising environmental awareness, and the increasing number of single-person households, are reflected in needs in dietary lives, and food containers are required to fulfill the needs. At FP Corporation, we have built and continually improve an organization that detects those needs on sales floors ahead of others and takes actions, rapidly following a process from product development to commercialization. In 2014, we established FPCO Comprehensive Research Institute, which is fully equipped with state-of-the-art research equipment and develops next-generation products.

I believe that our products will be chosen by customers if they imagine that using our containers will make their own products sell well. It is also important to add value to products by anticipating needs based on social trends. I therefore believe that the mission of FP Corporation is to create products with functions and effects that will be recognized by society.



A container with a securely closed lid, which reduces stress in backyard operations at supermarkets and which can be opened and closed easily even by elderly persons.



Eco Tray is made from recycled material derived from post-consumer containers. We offer a wide range of designs to suit various settings.



During the COVID-19 pandemic, we quickly developed these containers with the Stack & Connect design, which is convenient for delivery. The containers will not collapse in the bag even during transportation.

● Environmental initiatives including recycling

We started recycling used food trays in 1990 with cooperation from some local supermarket stores in our home town, Fukuyama. In the more than 30 years since then, this initiative has become so widespread that collection boxes have been set up at 10,500 supermarket stores across Japan. In 2011, we also began recycling used PET bottles into transparent containers. As a result, we manufacture food trays and transparent containers from approximately 80,000 to 90,000 tons of used containers and PET bottles every year. In the fiscal year ended March 31, 2023, this initiative led to reducing CO₂ emissions by around 170,000 tons compared to the case of manufacturing products from virgin materials.



To further expand “Tray-to-Tray” and “Bottle-to-Transparent Container” recycling of used food trays and PET bottles, we take initiatives such as giving classes by visiting elementary schools and carrying out PR activities in supermarket stores, thereby encouraging consumers and supermarkets to cooperate with us further. At the same time, the Eco Mark symbol and printing of the words “Recycled from PET bottles” on Eco Products also let consumers know that used containers are recycled into new ones.



In November 2022, we announced the launch of collaborative activities with Chugoku CGC Co., Ltd. to reduce CO₂ emissions through recycling and declared that we would strengthen our cooperative relationship with supermarkets affiliated with the company. We aim to collect more used food containers and PET bottles and reduce CO₂ emissions further by capitalizing greatly on the Store-to-Store™ collaborative activities starting and ending at each store. In this initiative, food trays and PET bottles used and sold at a store are collected by the store as resources, recycled into trays and food containers, and used again at the store whenever possible. At present, the ratio of collected used products* and PET bottles to our product sales volume is 44% in terms of weight. We aim to increase the ratio to 50% or above. I believe that we can be proud of this figure, even by the global standard.

To reduce our own CO₂ emissions, we began operating solar power generation facilities in 2022 in Kanto Yachiyo area and Chubu area. We also plan to begin operating such facilities in March 2024 at Kansai Plant and Kansai Hub Center, which were completed in 2022. This will enable us to produce recycled materials for Eco Trays by using renewable energy. This is expected to increase the CO₂ emissions reduction effect of Eco Trays compared to trays made from crude oil, from the present 30% to 37%.

* We also collect products from other manufacturers.



We now see collection boxes at almost all supermarkets across the country. The practice has therefore been established as a part of the Japanese culture.



With President Ikeda of Chugoku CGC Co., Ltd. (left) and President Munekane of FRESTA Co., Ltd. during the press presentation of the joint declaration



In Kanto Yachiyo area, where there is a cluster of six plants, three logistics facilities, and one recycling-related facility, we began operating solar power generation facilities in March 2022. We also began operating such facilities in the Chubu area in October 2022.

● Environmental and social activities

We launched the FP Corp. Environment Fund in 2020, thus beginning to extend financing to organizations acting to address environmental problems from multiple angles. At present, we have subsidized a total of 33 organizations. For example, regarding the problem of marine plastic pollution, we sought to collaborate with people from local communities to do something other than the collection and recycling of used food containers, which led us to launch the fund.

In addition, FP Corporation drives activities on floor hockey, a universal sport. Floor hockey can be enjoyed by anyone, including those with and without disabilities, transcending differences in age, gender, and other attributes. We began the activities in 2010. At present, 13 universal teams, at nine locations in Japan, each team consisting of both employees with disabilities and those without disabilities, participate in activities as teammates. We also sponsor competitions and many employees support the events as operating staff.

* All-Japan National Floor Hockey Tournament and Universal Floor Hockey West Japan Regional Tournament

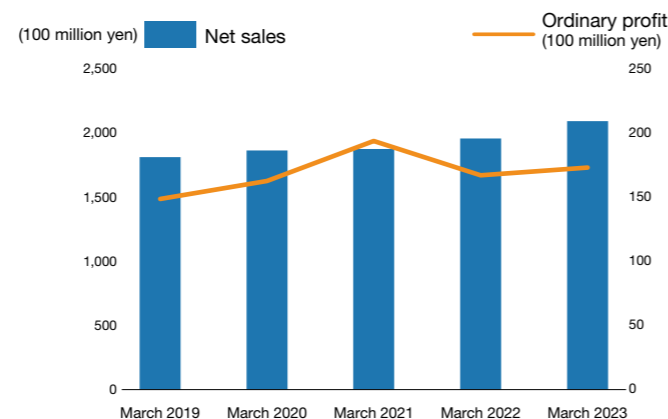


I believe that investments for retaining human resources, including the return of profit to employees, are essential for the company to survive.

● The source of growth and development of the company is continuous earnings.

Recent years have seen rapid changes in society. Regarding the soaring material prices and electric rate hike, we have revised prices by gaining the understanding of customers. I believe that attracting and retaining excellent human resources is essential for the company to survive in the coming era of labor shortages. At the FPCO Group, we decided to raise the wage level for employees working in production and logistical operations by 10.7% on average in April 2023. From a long-term perspective, it is essential to continue generating profits and invest in human resources, including rewards for employees, to secure and retain talent.

With regard to our response to market changes, we are focusing our efforts on developing products in response to the growing demand for frozen food, which has resulted from the recent expansion of the frozen food market. We have already begun manufacturing and selling products that can be sealed on top (containers to be sealed on top instead of using lids). Frozen food is attracting attention as a measure to address the food loss problem as well, and its market is expected to develop further in the future. It is important to respond flexibly to anything at any time. I believe that the company will continue to grow and develop as long as we retain this flexibility.



● A good company

At FP Corporation, work under the motto of “a good company,” having started by thinking what a good company is. We are working to make it a good company, such as a company where all employees find it comfortable to work together, one which gives job satisfaction, and one which is stable and promising. The definition of “a good company” varies widely. It differs according to what each employee values most. I myself have not defined “a good company.” Still, I would like to move the company in a positive direction gradually by listening to each employee's voice. In five to ten years, there will be a big difference between companies that make these efforts and those which don't. We will invest in improving the work environment, so that all of us can say “This point became better” and “This was improved” when we look back later.



Members of the 60th anniversary project, who gave a boost to the company with various events

The questionnaire that employees submit every year includes a question item, “What you want to tell Group Representative Sato.” I read all of the opinions that are submitted. We have established systems based on employee opinions. They include hourly paid leave and shorter working hours for childcare. In this way, we will continue to make efforts as a company to enrich the lives of all employees by achieving environmental improvements one by one.

● Theme for 2023: Establishment

In 2022, under the theme of “breakthrough,” we undertook a number of major projects, including the completion of large-scale facilities in Kansai area, investment in a container manufacturer in Malaysia, the development, manufacturing, and sales of containers targeting the frozen food market, and the merger of Group companies. We also created our mascot character for the first time to commemorate our 60th anniversary. This year, we will get these initiatives on track.

This year's theme of FP Corporation is “establishment.” We should never be complacent because we have accomplished major projects. It is more difficult to continue making steady efforts to get the initiatives on track successfully and keep producing results. This idea is also associated with “Patience” among our Principles. We seek to expand our businesses consistently and steadily from an overall perspective and continue providing great value for society.





Prevailing trend

- High-economic growth period
- Expansion of supermarkets that resulted from mass production
- Shift of sales method from face-to-face sales to one in which customers pick up the items they desire from among ones on display
- Development of convenience stores
- Development of the chain restaurant industry, including fast food chains and family restaurants
- Emergence of waste disposal and treatment problems across the country
- Development of home meal replacement industry including packed lunches and prepared food
- Economic bubble/ Age of plenty
- Beginning of the internet era
- Gourmet boom
- Beginning of global action on climate change
- Beginning of the spread of social media
- Increase in momentum for the 3R's and the recycling-based society
- Promoting diversity
- Labor shortage problem
- Food loss and waste problem
- COVID-19 pandemic
- Momentum towards an inclusive society
- Increase in takeout and delivery

1960 1970 1980 1990 2000 2010 2020

1962

FP Corporation's founder Yasuhiro Komatsu established Fukuyama Pearl Paper Manufacturing Corporation. In anticipation of mass production and mass consumption during the period of high economic growth, the company began **manufacturing trays** that would be convenient in food sales.



Company building around the time of its founding

1976

The first "Pearl Fair exhibition" was held, featuring the company's products. The **customer-first concept**, under which we communicate closely with customers, has been inherited by the current "FPCO Fair".



The current fair held at Tokyo Big Sight

1989

The company was listed on Hiroshima Stock Exchange. We took this as an opportunity to change the corporate name to "FP Corporation", laying the foundation for development from a local company in Fukuyama-shi, Hiroshima to an enterprise **operating business nationwide**.



2000

We started **B-to-B e-commerce** using the internet and CD-ROM. Later, this sales approach underwent a number of improvements and evolutions. At present, we also apply it in conjunction with social media.



2012

We began manufacturing and selling Eco OPET containers, the world's first PET containers featuring superior transparency, heat resistance, cold resistance, and oil resistance, among other features. In this period, we also developed and began manufacturing multiple other **original materials**.



2022

We acquired a 40% stake in Lee Soon Seng Plastic Industries Sdn. Bhd., a plastic food container manufacturer in Malaysia, taking the first step in our operation in Asia.



1972

A distribution center was established in Fukuyama. Seven years later, or in 1979, FP Logistics Corporation was established, marking the start of **full-scale independent logistics operations**. We later established logistics facilities across Japan, expanding efficient logistics operations.



Current logistics center (Fukuyama)

1986

Begun **employing human resources with disabilities** in the manufacturing of foamed trays. Employment of these human resources has since been expanding rapidly. At present, approximately 370 people with disabilities work for the Group, with the disability employment rate exceeding 12%.



A photo taken when Ducks Co. was established

1990

We started the **FPCO Method Recycling** based on collaboration between four parties: consumers, supermarkets, wholesalers, and FP Corporation. In the following year, Eco Tray, a recycled product, became the industry's first product to receive Eco Mark certification.



Sorting of used trays that have been collected (a photo taken at the time)

2005

Listed on the First Section of the Tokyo and Osaka Stock Exchanges. Shifted to the **Prime Market** of the Tokyo Stock Exchange in 2022.



2014

FPCO Comprehensive Research Institute and Human Resources Development and Training Center were built next to Fukuyama Headquarters. We thus enhanced facilities as our **manufacturing base**.



2023

We constructed our new large-scale facilities in Ono City, Hyogo, our first in the Kansai area. The facilities began operating in February as a complex consisting of a production plant and a logistics hub center serving the **large trade area in the Kansai area**.





General Purpose: Available in different sizes, colors and patterns for various applications



Sushi: Delivering deliciousness to consumers without losing freshness



Meat: Hygienic and emphasizing the taste and color of meat



Transparent Clear Containers: Freshness and deliciousness is visible through transparent containers



Hinged lid containers: With additional functions for improving hygiene and convenience



Others: Paper containers, egg cartons, film products and more



Fresh Fish: Boosting the attractive qualities of fresh seafood



Bento Box: Available in different sizes, colors and patterns for various applications



Deli: User-friendly with microwavable and other features



Events: Ideal for joyful events where people gather



Delivery: Containers that are appropriate for the delivery of diverse types of food



Major features of FP Corporation's products

Environmental Considerations

- Products with reduced use of plastics
To reduce the use of raw materials in manufacturing products, we take initiatives such as reducing thickness and weight in addition to reviewing the manufacturing process. The photo shows a product whose weight we have reduced by 67% without changing its appearance.
- Recycled products
Eco Tray, Eco APET, and Eco OPET are recycled from used trays, containers, and PET bottles. These products reduce CO₂ emissions by 30% compared to a case where no recycled material is used throughout the life-cycle, from manufacturing to disposal.

Conventional product Lightweight product



Multi FP, a microwavable material with excellent heat insulation

This container has the heat resistance necessary for microwave heating (110°C). It also boasts excellent heat insulation and retention. Even when the food inside is hot, there is no need to worry about burning your hands when holding the container.



Eco OPET featuring high oil resistance and cold resistance

This material is used for the lids of microwavable containers. The lids make the formation of holes unlikely, even when they are microwaved with sauce adhered to them. The material is also used for containers for frozen food vending machines. The containers are break-proof and can withstand the impact of being dropped, even in a frozen state.



Product developed in consideration of work efficiency and cost of food sales

These containers were developed to address labor shortages and reduce cost. For example, the Tsuma Zero container, in which sashimi is placed without tsuma (shredded radish as garnish), is designed to save time when packing tsuma as well as the overall cost for the garnish. The appearance is not affected by the absence of tsuma.



Containers with high transportation efficiency that fit the size of a plastic crate

Transportation costs have been rising with the spread of process centers. In response, we are developing low lids and changing the container size to improve the efficiency of loading in the plastic crate.



2022

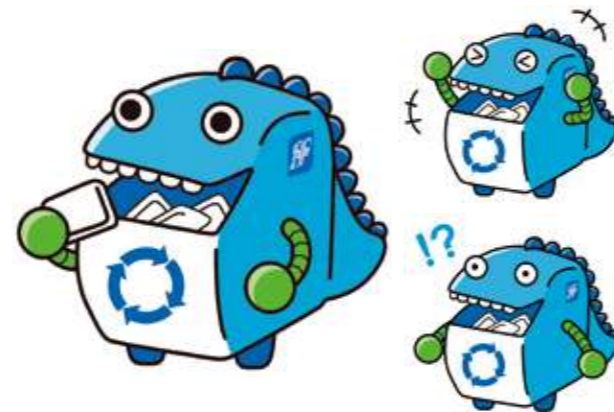
Jun. Operations begun under a new management structure

At the 60th Shareholder Meeting and the meeting of the Board of Directors that followed it, it was decided that Morimasa Sato (former President and Representative Director) would become the Chairman, while Representative Director and Group Representative and Kazuyuki Yasuda (former Executive Vice President and Director) would be appointed as the President and Representative Director.



Jun. Birth of our first mascot character

Pico-saurus is our mascot character, created to commemorate FP Corporation's 60th anniversary. We solicited suggested characters from the Group companies' employees and their families. This character was selected from among 983 applications in total through two rounds of screenings. As you can see, this character was designed in the motif of a tray collection box, which is typically set up at supermarkets. The mascot character plays an active role at various settings for further development of our recycling operations.



Jul. Wholesale function strengthened by merging Group companies

On July 1, 2022, FP Trading Co., Ltd. and FPCO Miyako Himo Co., Ltd. were merged with each other, with FP Trading Co., Ltd. being the surviving company. We will increase sales of goods meeting customer needs by adding the goods merchandising and procurement capabilities of FP Trading to FPCO Miyako Himo's sales network.



Members of the new FP Trading, which ran a booth at FPCO Fair

Aug. Acquisition of a Malaysian company

On August 31, 2022, we acquired a 40% stake in Lee Soon Seng Plastic Industries Sdn. Bhd. (LSSPI), a plastic food container manufacturer in Malaysia, and made it an equity method affiliate. Regarding our advances overseas, we were looking for good opportunities, and this project became the first step in our overseas expansion at FP Corporation. LSSPI is the industry leader in Malaysia. Moving forward, we would like to develop it into a leading company in Southeast Asia with the advanced technological capabilities and expertise we have at FP Corporation.



Nov. Announcement of joint recycling activities with the Chugoku CGC Group, etc.

On November 29, 2022, the Chugoku CGC Group (with 249 stores of 15 companies as members), which operates supermarkets in the five prefectures of Chugoku region, and environmental organizations vowed to work together in driving the FPCO Method Recycling. We will further promote the Tray-to-Tray and Bottle-to-Transparent Container recycling of used containers and PET bottles, aiming to reduce CO₂ emissions by 1,000 tons.



2023

Mar. Establishment of new large-scale facilities in Kansai

On March 13, 2023, we held the completion ceremony of Kansai Plant and Kansai Hub Center, which were constructed in Ono-shi, Hyogo. These new facilities have a large site area of 48,000m² and are located on a small hill commanding a view of Ono-shi. With the establishment of these major facilities in Kansai area, we have completed a logistic network covering around 85% of Japan's total population within a 100 km radius of each of our distribution centers across the country.



Apr. 2022 to Mar. 2023

We introduce the latest information about what we are developing and what we have achieved at FP Corporation through our efforts.

Sales

“Store-to-Store”

In Store-to-Store recycling, food trays and PET bottles used and sold at a store are collected by the store, recycled into trays and food containers, and used again at the store as much as possible. The activities start and end at each one of the stores visited by consumers daily.



We gained support for this concept from the Chugoku CGC Group, and jointly announced the activities to promote the recycling.

Raising environmental awareness in society through collaborations with customers

Related pages: P.10 / P.18

Production

Research underway towards the complete recycling of polystyrene

We are conducting joint research with another company, aiming to realize chemical recycling within a few years. This recycling method will make it possible to recycle colored and patterned trays, currently recycled into other goods for a technological reason, into trays again. We plan to realize it in 2025 and begin plant operations in the following year.



This will enable trays manufactured by FP Corporation to be recycled again and again without limitation and will also lead to a reduction in CO₂ emissions.

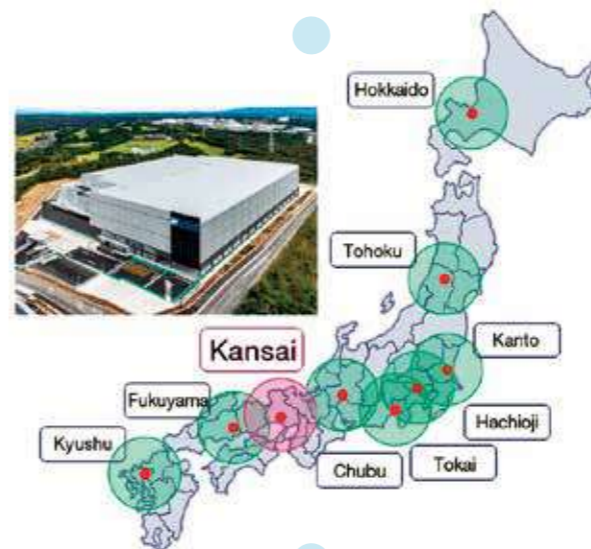
Reducing CO₂ emissions further by increasing recyclable products

Related page: P.26

Logistics

Population coverage ratio: 85%

We began operating large-scale facilities (a complex consisting of a production plant and a distribution center), which serve the large trade area in Kansai, in early 2023, thus completing a logistic network covering around 85% of Japan's total population within a 100 km radius of each of FP Corporation's distribution centers across the country.



By further ensuring a stable supply of products and goods, we will continue to fulfill our commitment to reliably deliver products and goods whenever they are needed.

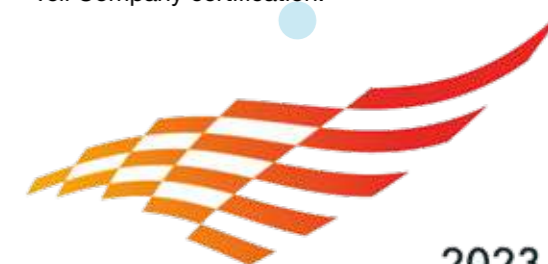
Stable supply of new products for fulfilling social responsibility

Related page: P.18 / P.46

Human Resources Development

Certification under the Health and Productivity Management Organization Recognition Program

We are moving forward with activities under the Workplace Health Project and pursuing a range of initiatives aimed at improving the mental and physical health of employees. In recognition of these activities, FP Corporation has received a number of certifications, including one under the Health and Productivity Management Organization Recognition Program as well as the Sports Yell Company certification.



2023
健康経営優良法人
Health and productivity

We aim to protect the health of employees as the company's assets and continue developing together with them.

Improving employee well-being by investing in human resources

Related page: P.48 / P.60

I will introduce here the value chain of FP Corporation, which reliably supplies products with high added value, and the supply chain management system for managing all of the processes involved.



Kazuyuki Yasuda
President, Representative Director

In 2003, I was appointed as the manager of the planning office for establishing the supply chain management (SCM) system. Since then, I have been responsible for the SCM System Department, which plays the central role in manufacturing at FP Corporation. The SCM system draws up the most efficient production and logistics plans and gives each department instructions for implementing the plans, serving literally as the brain and heart of FP Corporation. This fiscal year, large facilities in Kansai were added to the SCM system and have been operating steadily, and further improvements in efficiency are expected. We are also committed to developing human resources as company assets. We position this and organizational development as an integral pair of initiatives working together, aiming to achieve the further development of FP Corporation.

New facilities in Kansai that create the future of FP Corporation

Establishing new facilities in Kansai was essential to FP Corporation's efforts to achieve further growth. While the stable supply of products and goods is one of the missions set by FP Corporation, Fukuyama Hub Center has been the base for delivery to the large trade area of Kansai. This meant long travel distances, and reducing those distances was a challenge. After the new facilities began operating in January 2023, travel distances and travel time of vehicles for delivery to the Kansai area were reduced to less than half. Thus the new facilities have proved highly effective. This also ensures stable supply and reduces delivery-related risks at times of natural disasters and other emergencies. Further, shorter travel distances and time for delivery significantly reduces hours spent at work by drivers, making a major contribution to addressing the 2024 problems*.



Various benefits created by the new facilities in Kansai will give a great deal of flexibility for the formulation of production and logistics plans by the SCM system. As the SCM system, the cornerstone of manufacturing and product distribution, further evolves and enhances operational efficiency, FP Corporation can aim for even greater growth.

* 2024 problems: Various problems that will occur after January 2024, when overtime for truck drivers will be limited to 960 hours a year

Well-balanced development with human resources development

I believe that attracting and developing human resources are not only important to solve the labor shortage of the drivers highlighted in 2024 problems, but are also indispensable for FP Corporation's sustainable growth. As the person responsible for building and reinforcing the organizational structure, I play a role in introducing robots and streamlining overall operations in the fields of production and logistics to make up for the labor shortage. I also work on developing human resources as the company's assets.

To attract human resources, we have already made improvements, such as raising the wage level and increasing the annual number of holidays for people engaged in manufacturing and logistics operations. We have also prepared a new project for human resources development, planning to start it in the summer of 2023. What forms its core is the promotion of job rotation (interdepartmental transfers). While it is important to become a specialist by concentrating on a single job, a broad perspective, which makes it possible to see operations from a higher viewpoint as a generalist while having the knowledge and experience as a specialist, also facilitates personal development. I myself have acquired job skills at several departments in the past. I feel that this experience has enabled me to achieve personal development. This project is aimed at implementing effective job rotation so that our people steadily acquire leadership skills as generalists.

I would like to navigate the development of the company skillfully by ensuring well-balanced development; that is, development in both tangible aspects, including the new facilities in Kansai, and intangible aspects such as human resources development.



FP Corporation's supply chain management system

At FP Corporation, we pursue a range of value creation initiatives through manufacturing, sales, and recycling of food containers. This process is implemented through a value chain that consists of seven divisions: procurement, marketing, product development, manufacturing, logistics, sales, and recycling. Serving as the control tower for implementing this value chain more reliably and efficiently is the SCM system.

The system plays a role in drawing up plans and issuing instructions, including how many of which products to manufacture when and at which plant, and to which distribution center to transport them, based on sales plans and inventory quantity, and in examining and analyzing the results and plans to improve the accuracy of plans.

We have also introduced artificial intelligence (AI) to improve the accuracy of plans. For example, AI is highly useful in forecasting at which time of the year demand for our products will peak. We also use both AI forecasts and the experience-based knowledge of staff. This encompasses our sales staff, who continue to observe sales floors, product development staff, who design products, and manufacturing plant staff, who make various adjustments to meet deadlines. As a consequence, the supply chain works optimally with humans and computers complementing each other.

We maintain stable product supply by having our value chain operate reliably, so as to fulfill our commitment with our customers to reliably deliver the most environmentally friendly products of the highest quality, at the most competitive prices, whenever they are needed.

<Roles played by the SCM system>

Data input ---> Formulation of production plan

- Formulating a production plan based mainly on information from the sales division
- Sales forecasts for the overall year
- Factors related to material procurement
- Factors related to production
- Factors related to logistics and delivery



Instructions related to manufacturing

- Transportation of inventory between warehouses
- Moving metal molds between plants for manufacturing products
- Scheduling how much to manufacture when and at which plant, etc.



Analysis of results --> Feedback

- Whether production was on schedule
- Identifying points needing improvement or streamlining

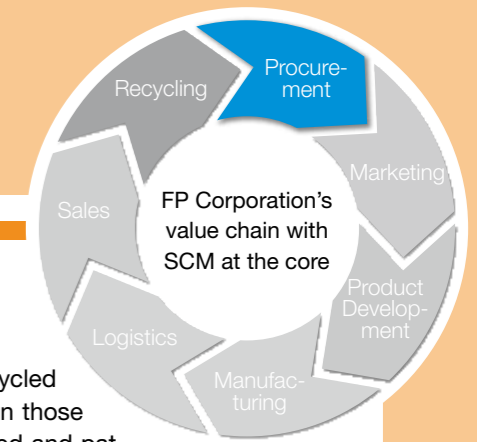


FP Corporation's value chain (value creation)

The starting point of FP Corporation's value chain is customers' food sales floors. Our sales staff, who sell products and goods, discover customer needs on sales floors. These needs are combined with social trends studied and analyzed by the marketing division, and the product development division then translates an idea and the needs into a product design drawing. Then, in accordance with the design drawing, the procurement division sources the materials needed to manufacture the product. The manufacturing division manufactures the product in the plant while making adjustments with the product development division. The finished products are moved to logistics centers, from where they are delivered to customers. Further, post-consumer products that have been sold and used are collected at supermarkets and other places with the cooperation of consumers and are transported, recycled, and sold as products again by FP Corporation. The product lifecycle comprises procurement, marketing, product development, manufacturing, logistics, sales, and recycling. The closed loop recycling is completed when the used products are procured again as raw materials.

FP Corporation's value chain creates a wide range of benefits, including stable product supply together with the functions and the effects of products as value related to dietary life. It also reduces CO₂ emissions with Store-to-Store (FPCO Method Recycling) as a social value from an environmental aspect. Please see the following pages for details.

Procurement



Whether we procure materials internally or from a supplier, we make sure to collect information, conduct research, give consideration, and perform validation, thus constantly pursuing the optimal solution on how much of what to procure when and in what form to manufacture products.



The materials that FP Corporation uses to manufacture containers can be broadly divided into two categories, virgin materials and recycled materials. We procure both types of materials under strict standards.

Direct procurement from recycling plants

We procure materials in a series of flows, including pipeline transportation of pellets manufactured at a recycling plant to a production plant on the same site.



Recycled materials
57%

Ratio of materials procured for FP Corporation products

Virgin materials
43%



Procuring materials safely in socially conforming manners

We procure materials by following our CSR Procurement Policy, which clearly states procurement operations compliant with laws and regulations.

Sharing information with suppliers and strengthening relationship with them

We are taking comprehensive measures to visualize supplier information, including information about their production equipment and responsible divisions.

We also continue studying the use of non-fossil materials such as paper, pulp, and biomass materials, as well as the use of new materials, among other topics.



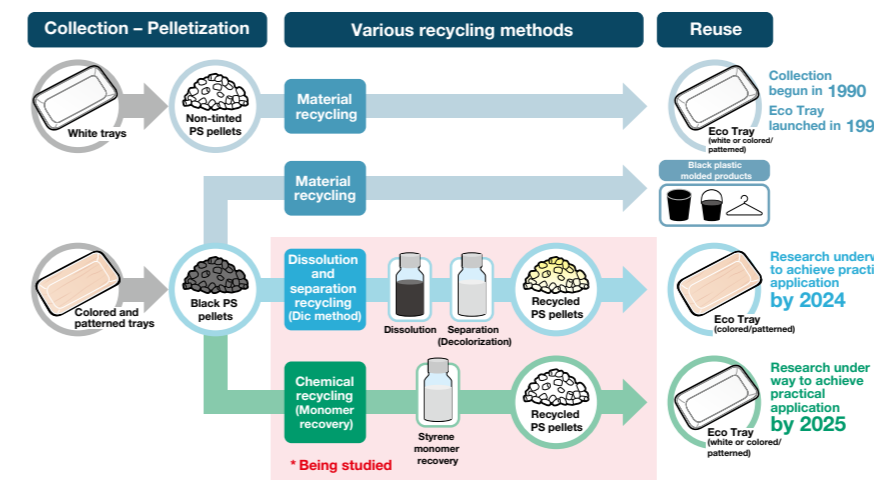
Applying new technologies to expand the range of recycled materials we procure

Recycling technologies of FP Corporation are advancing daily. More advanced technologies increase recyclable products and enable to increase the production of materials that can be procured.

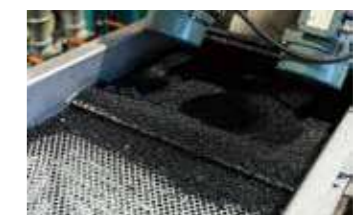


Procurement of recycled materials

FP Corporation started to collect used containers in 1990 and began to sell recycled products as the Eco Tray in 1992. We brought back all collected foamed trays in those days as we do today, but only white trays can be recycled into Eco Tray. Colored and patterned trays are recycled into materials for other plastic products, such as toys. At present, however, we are studying a technology for recycling colored and patterned trays back into trays, jointly with another company. We plan to achieve practical application of this technology in a few years. Colored and patterned trays constitute around 40% of all foamed trays, and the procurement division is strongly promoting the development of this technology.



Pellets (material) recycled from used white trays



Pellets (material) recycled from used colored and patterned trays

Procurement of virgin materials

In the procurement of virgin materials, we share information with suppliers thoroughly to implement the business continuity plan (BCP) for responding to natural disasters and other risks. In addition, in recent years we have established a supply structure involving overseas suppliers as well. We also work under our CSR Procurement Policy to ensure that materials are procured in socially conforming manners and that suppliers are selected in a fair and transparent fashion and to clarify whether each supplier complies with laws and regulations, among other points.

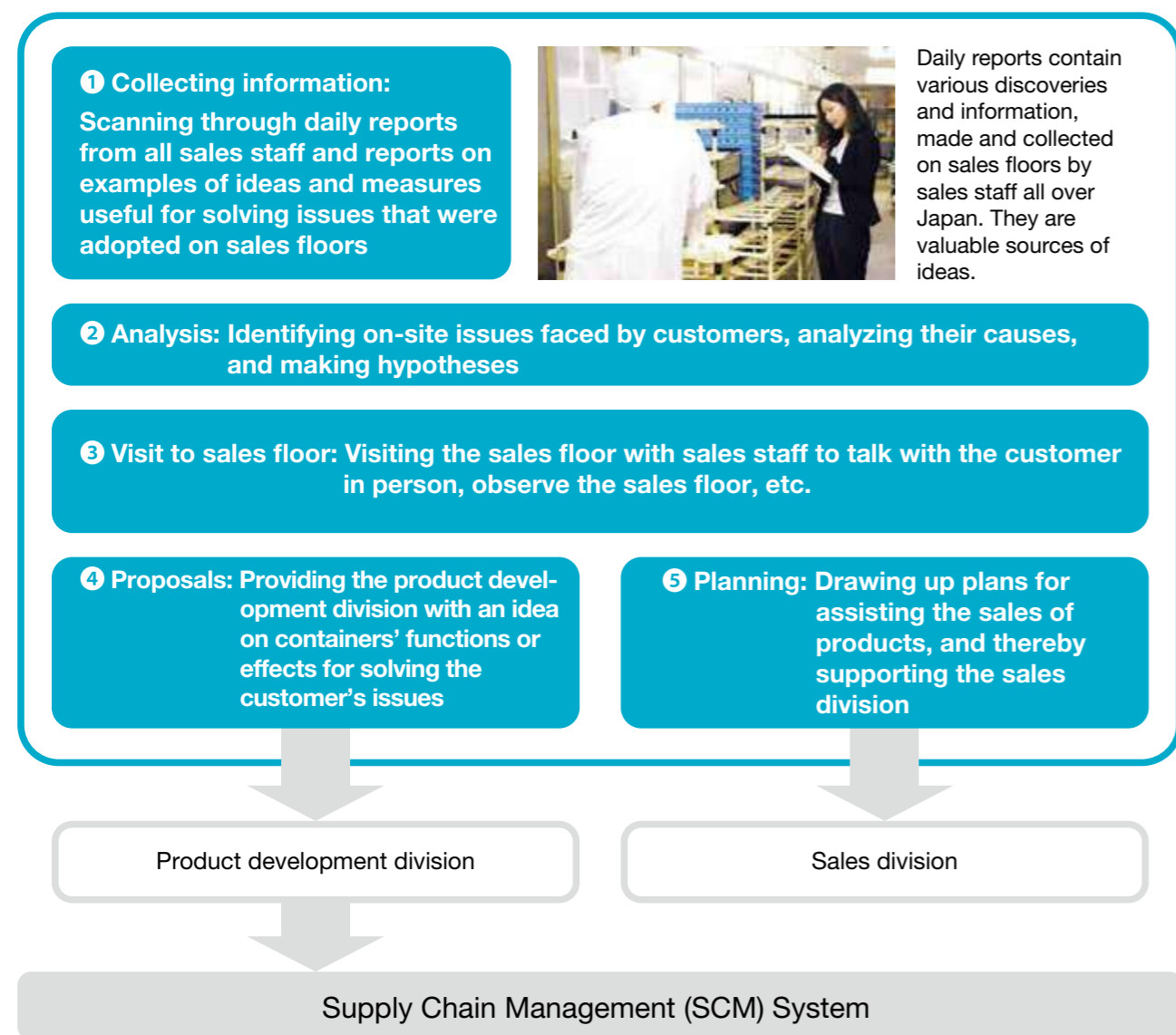
- 1. Quality Standard**
In providing high-quality products and services in a manner that is valuable, safe and secure for customers, our procurement activities will place the highest priority on quality and safety in keeping with the FPCO Group's Quality Policy while also placing an emphasis on cost.
- 2. Fair Trade**
We will give comprehensive consideration to economic rationality, appropriate quality, strict adherence to delivery deadlines, compliance with social norms, care for social issues, environmental concerns and so on, and select suppliers in a fair and transparent fashion. Without a valid reason, we will not show favor to or unjustly disadvantage specific business partners.
- 3. Compliance with Laws and Regulations**
In the course of our procurement activities, we will respect laws and social norms and not violate them under any circumstances. We will not maintain ties of any kind with antisocial forces and will repudiate any and all unreasonable demands.
- 4. Consideration of Social Issues**
We will respect basic human rights, consider occupational health and safety, and endeavor to do business with and procure products and services from suppliers that do not engage in human rights violations such as unfair discrimination, forced labor or child labor.
- 5. Environmental Considerations**
Based on the Group's Environmental Policy, we will promote initiatives to reduce our environmental impact, and endeavor to do business with and procure products and services from suppliers that contribute to controlling or alleviating environmental issues such as climate change and biodiversity.
- 6. Cooperating with Suppliers**
In order to give consideration to social issues and the environment throughout the supply chain in the course of procurement, we will forge long-term relationships of trust with suppliers and work towards coexistence and co-prosperity. We will work with suppliers to thoroughly implement proper risk management and prevention and pursue initiatives to avoid impacting society and company management.

Marketing

The FPCO Fair, which we hold annually, is an event for presenting all of the various solutions that we offer to customers. By suggesting uses of containers and designs of sales floors, we provide the knowledge to help solve customers' problems.



The most important duty for the marketing division is to convert information into value. The keys to fulfilling this duty include the quality and quantity of information, perspectives and insights for finding various forms of value in the information, and constant visits to sales floors.



Daily reports contain various discoveries and information, made and collected on sales floors by sales staff all over Japan. They are valuable sources of ideas.



● Various proposals based on the market environment and trends

Recent issues are: (1) changes in the market caused by the COVID-19 pandemic and soaring material prices; (2) expansion of the frozen food market reflecting technological progress; (3) growing environmental awareness, and (4) shift to the use of process centers (external processing plants) as a countermeasure against the shortage of on-site workers. Containers and clues to the creation of sales floors, which will be solutions to each issue, are provided to customers via our sales staff.



The four issues were also featured in the FPCO Fair held in 2023, where solutions from various angles were presented.

● Various programs implemented under the initiative of the marketing division

The marketing division, which is in charge of supporting the sales division, fulfills various roles. Preparation of proposals and printed matter that our sales staff use for customers is also a job for the marketing division. An even more active support program is workshops held for customers and sales staff. At the workshops, the utilization of containers to increase sales of products, creative measures for improving the efficiency of backyard operations and various other ideas are organized and presented, based on information that has been collected and analyzed. We hold these workshops frequently.



The marketing division also plays the leading role in preparing for the FPCO Fair, an annual event that we hold at Tokyo Big Sight (International Exhibition Center) This is a major event hosted by FP Corporation, where we present timely topics in the food sales industry and provide customers with a range of solutions every year. While the main exhibition content is products displayed on supermarket sales floors reproduced at the venue, we also use the FPCO Fair as an opportunity to let visitors know all we can provide to customers at the FPCO Group, including our own logistics system, a wholesale function of a Group company, and our sustainability initiatives. At the FPCO Fair, we also present Team X, our collaborative projects with other companies that are produced by the marketing division. We introduce achievements made through synergies created by combining FP Corporation's containers with food from vendors and others.

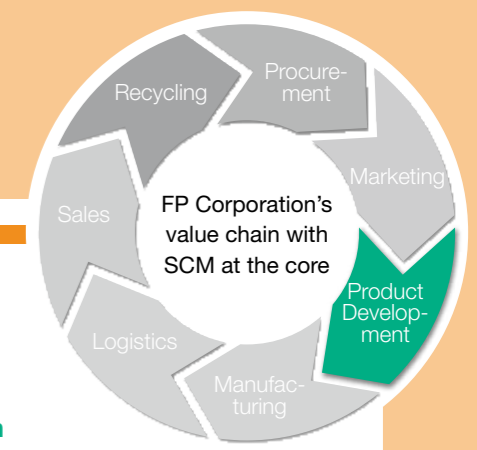


Product Development

The FPCO Comprehensive Research Institute, which is located in front of the Fukuyama Headquarters, was established in 2014 as the core facility for product development. The Institute develops around 1,500 different new product items each year in a streamlined work process.



In product research and development, information is exchanged with other divisions more frequently than at any other process in the value chain. The FPCO Comprehensive Research Institute plays a wide array of roles as the facility in charge of the process of creating product value.



Functions and effects of products developed by FP Corporation

● Microwavable

We have developed multiple types of containers that have the heat resistance necessary for microwave heating and that also boast excellent heat insulation and retention.

● Freezer-safe containers

Use of an original material featuring high cold resistance and strength permits microwave heating of frozen food, with a heat resistance temperature of 130°C .



● Stack & Connect design containers

In pursuit of convenience and efficiency in container transportation for food delivery, we have devised a creative measure to firmly connect multiple containers with each other so that they will not collapse easily.



● Oil resistant

We manufacture transparent containers that excel in oil resistance. It does not become brittle and is not damaged when it comes into contact with MCT oils. Warm prepared food can be microwaved in this container.

● Environmental considerations

Eco-friendly products, such as Eco Tray recycled from used containers and transparent containers recycled from PET bottles, are FP Corporation's original products.

Testing and verification for manufacturing safe, secure food containers

In product research and development, we pursue various research and development initiatives in addition to turning ideas into products. They include research efforts to increase materials' resistance properties, such as cold resistance, heat resistance, and oil resistance, efforts to develop thinner materials with the same strength, and research for increasing the transparency of containers. We also test the quality and safety of pellets manufactured by recycling used products and materials delivered by external suppliers. Developing new materials is another task of the research and development division.

● Products with reduced weight

We reduced the use of plastics by replacing non-foamed materials with low-foamed materials, thus succeeding in developing products with reduced weight.

● High efficiency for operation

The container achieves sufficient airtightness to prevent water from spilling even when tilted, and it has a structure that makes a clicking sound when closed and is easy to open but not susceptible to coming off.

● Containers for various food menus

Rice and soupy side dishes can be served separately without sacrificing the taste and texture of each ingredient.

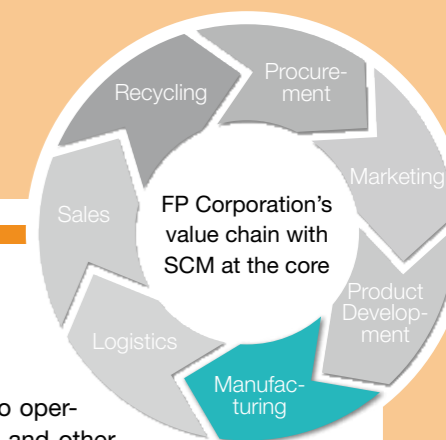


● Safety

We process the edge of the container lid with extremely small waves, so that fingers will not be cut when the lid is opened or closed. This is an example of safety measures that we have devised for containers.



Manufacturing



The first large-scale facility in the Kansai region is one of the largest production plants of FP Corporation. With this facility, FP Corporation's nationwide manufacturing network was completed.

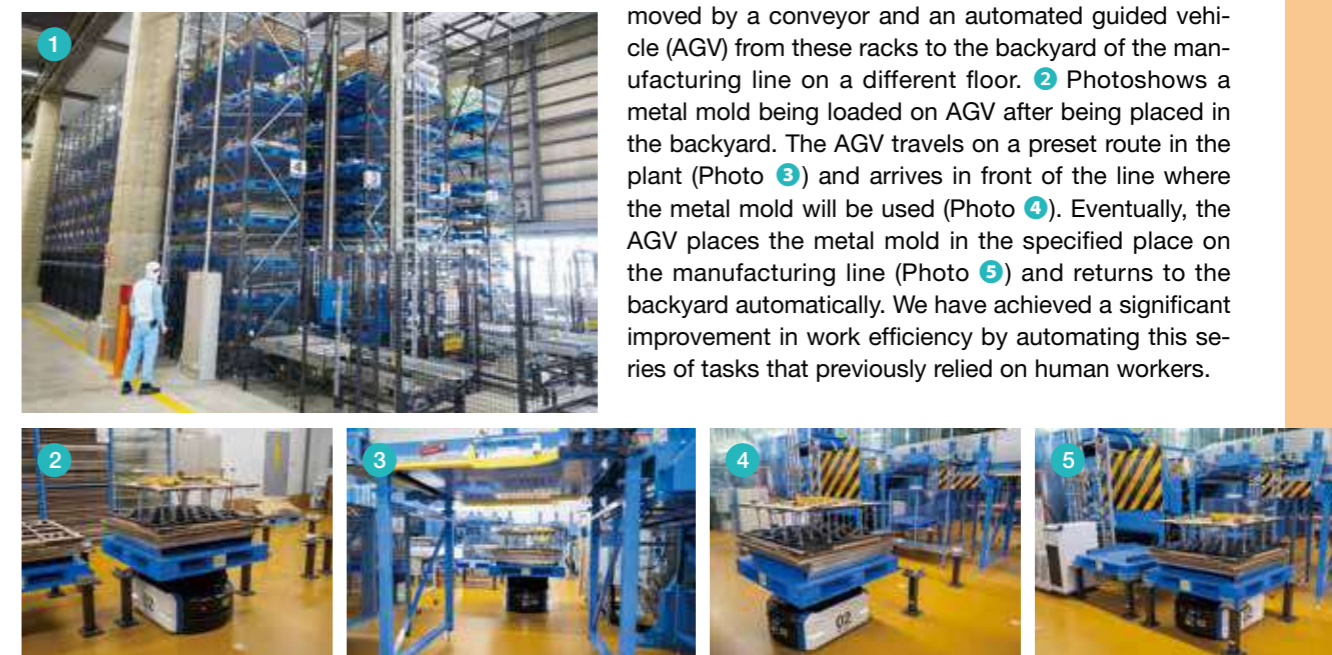


The manufacturing division, which exchanges information about product manufacturing closely with the SCM system, positions the streamlining of production as its primary goal. It emphasizes robotization and labor-saving as measures to achieve the goal and introduces new initiatives almost every year. Coordination with other divisions is also an important factor for streamlining.

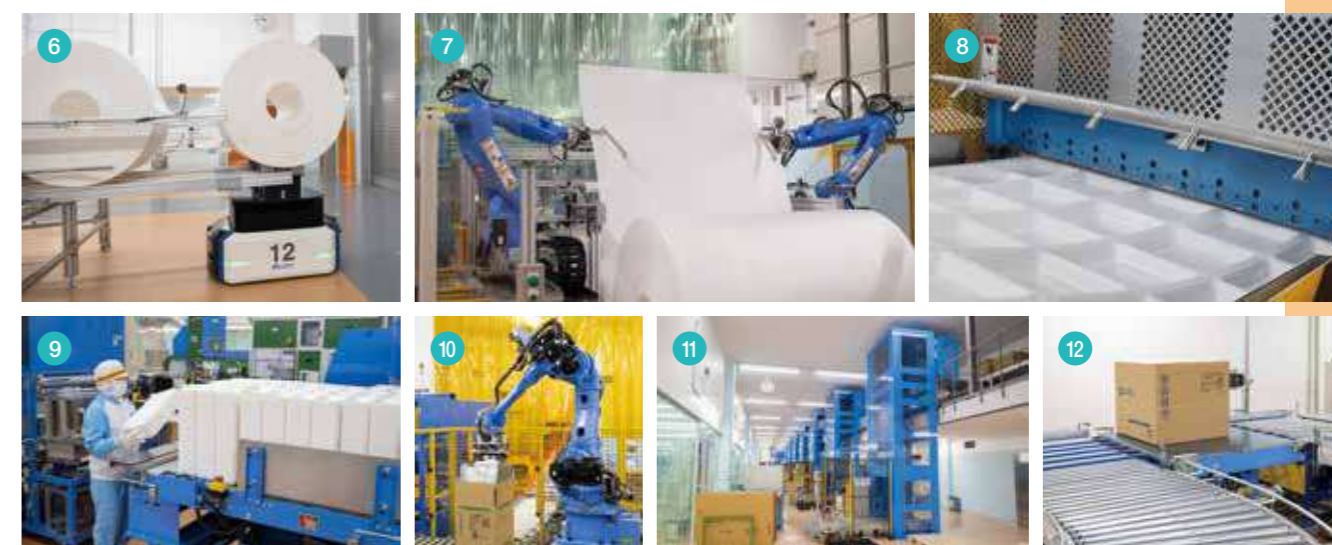
Ongoing automation at our production plants

At Chubu Plant 1, which was rebuilt in 2022, and Kansai Plant, which came into operation in 2023, we have introduced systems for further saving labor with robots and other equipment, in addition to the existing automation of work. Photo 1 shows huge racks housing metal molds used to mold products and films for colored and patterned trays (to be adhered on white surfaces).

With button operation, metal molds and films are moved by a conveyor and an automated guided vehicle (AGV) from these racks to the backyard of the manufacturing line on a different floor. Photo 2 shows a metal mold being loaded on AGV after being placed in the backyard of the plant (Photo 3) and arrives in front of the line where the metal mold will be used (Photo 4). Eventually, the AGV places the metal mold in the specified place on the manufacturing line (Photo 5) and returns to the backyard automatically. We have achieved a significant improvement in work efficiency by automating this series of tasks that previously relied on human workers.



Another robot newly introduced to the manufacturing process is the device that unrolls and advances sheets to the manufacturing machine. Photo 6 shows an AGV setting a roll of sheet material at the starting point of the production line. After being set, the sheet used to be advanced to the line manually by a human worker, until the arm robot in Photo 7 was introduced. The processes to follow (Photo 8) are molding and die cutting as before. Machines are used to save labor in all of the processes after inspection (Photo 9), namely packaging and boxing (Photo 10), taping, transportation to another floor (Photo 11), and measurement (Photo 12).



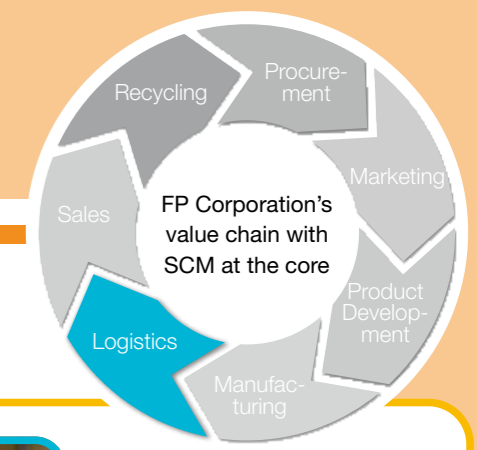
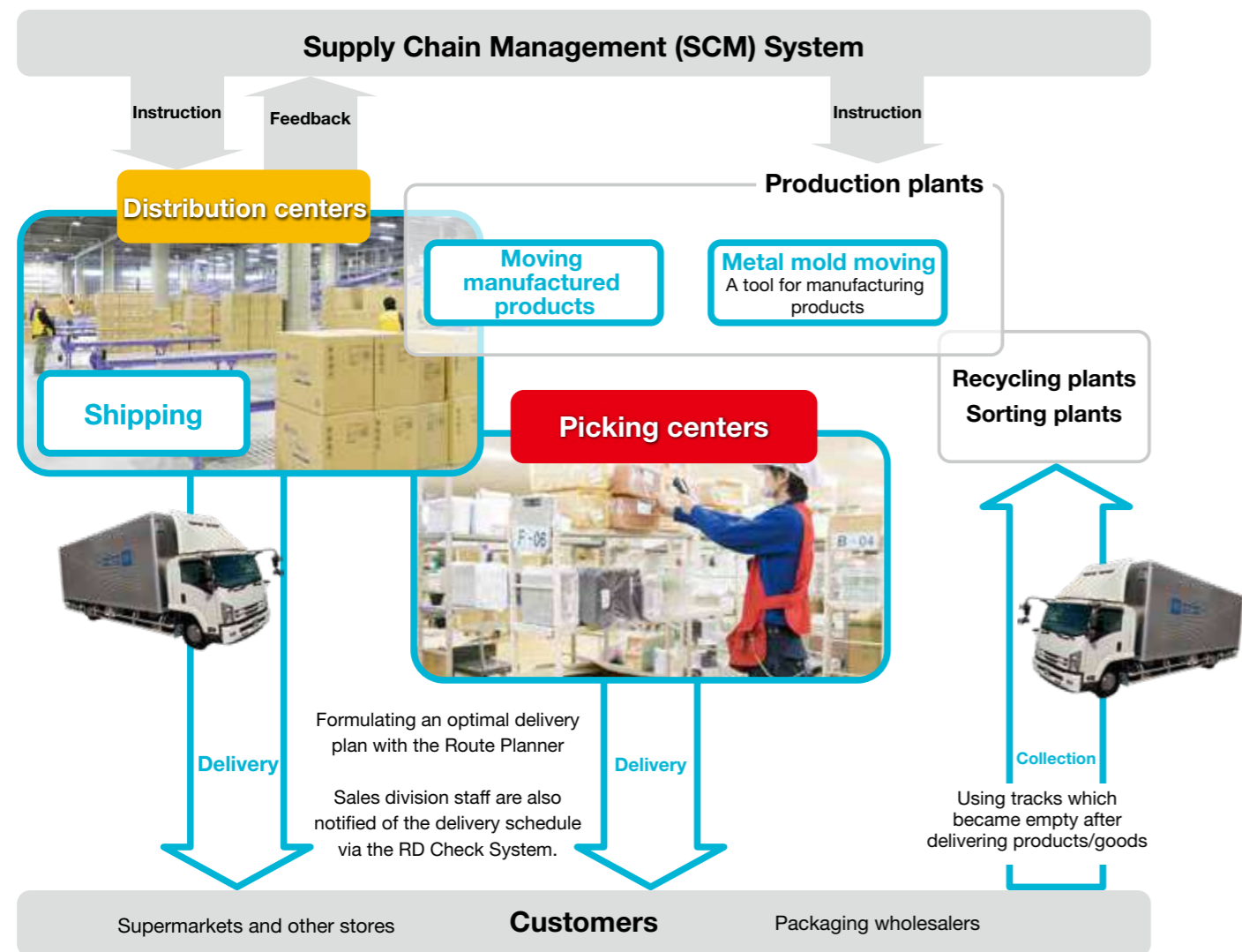
Supply Chain Management (SCM) System



Logistics

The key to stable supply, which is FP Corporation's promise to customers, are accurate inventory control and reliable, prompt delivery. Operating both warehousing and transportation ourselves, FP Corporation has continued to keep this promise with confidence.

The greatest advantage of our own logistics operations is that we can draw up optimal delivery plans promptly by receiving instructions directly from the SCM system. In addition, many of our distribution centers and picking centers are located on the premises as our production plants, which enables us to move products by conveyors or the similar equipment. Further, we feed back the results of operations to the SCM system and coordinate with other divisions, thus improving operational efficiency further.



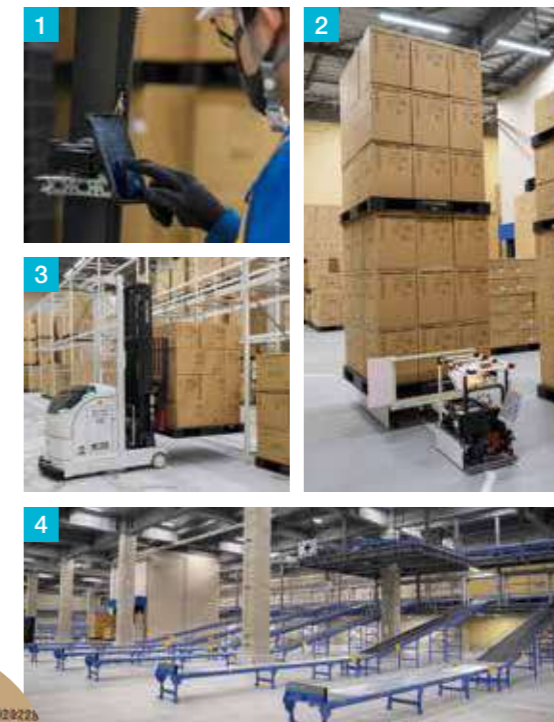
Distribution centers and picking centers located all over Japan

■ Distribution Centers

- Hokkaido Distribution Center (Ishikari-shi, Hokkaido)
- Tohoku Distribution Center (Sagae-shi, Yamagata)
- Kanto Hub Center (Yachiyo-machi, Ibaraki)
- Hachioji Distribution Center (Hachioji-shi, Tokyo)
- Tokai Distribution Center (Nagaizumi-cho, Shizuoka)
- Chubu Hub Center (Wanouchi-cho, Gifu)
- Kansai Hub Center (Ono-shi, Hyogo)
- Fukuyama Hub Center (Fukuyama-shi, Hiroshima)
- Kyushu Distribution Center (Yoshinogari-cho, Saga)



These arm robots load on pallets cases to be moved from the production plant to the distribution center, on a product-by-product basis. We have also achieved labor saving in the process of "Moving manufactured products" in the figure on the left-hand page.



- 1 To facilitate communications within a distribution center, in the fiscal year ended March 31, 2023, we introduced Buddycom, which connects multiple staff members simultaneously on an open line. Buddycom enables instructions to be given and received in a timely way.
- 2 AGVs, which follow lines drawn in advance, are essential for transportation within a large warehouse. They have been upgraded to be able to convey large numbers of cases.
- 3 We have to date introduced a total of six AGFs in Japan. The 24-hour operation of the AGFs reduces per-worker labor.
- 4 In the Sorter System, cases are conveyed in accordance with the schedule for the trucks' arrival at the truck berths. It reduces the time spent waiting for loading, thus shortening the time drivers spend at work.

During transportation from the production plant to the distribution center and to the picking center, products are managed in a unified manner with a four-digit code printed on each case. This system has achieved almost zero mix-up mistakes.

■ Picking Centers

- Hokkaido Picking Center (Ishikari-shi, Hokkaido)
- Tohoku Picking Center (Ohira-mura, Miyagi)
- Kanto Picking Center (Yachiyo-machi, Ibaraki)
- Ibaraki Picking Center (Yachiyo-machi, Ibaraki)
- Hachioji Picking Center (Hachioji-shi, Tokyo)
- Niigata Picking Center (Nagaoka-shi, Niigata)
- Chubu Picking Center (Wanouchi-cho, Gifu)
- Kansai Picking Center (Kobe-shi, Hyogo)
- Fukuyama Picking Center (Fukuyama-shi, Hiroshima)
- Kyushu Picking Center (Yoshinogari-cho, Saga)

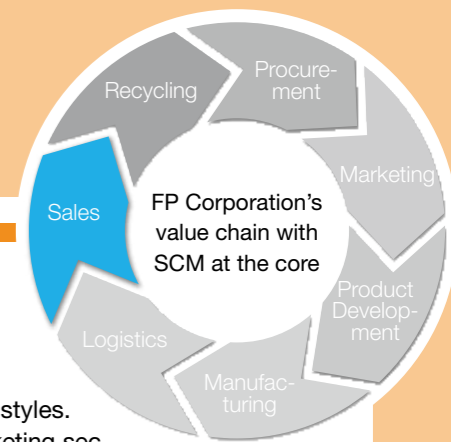
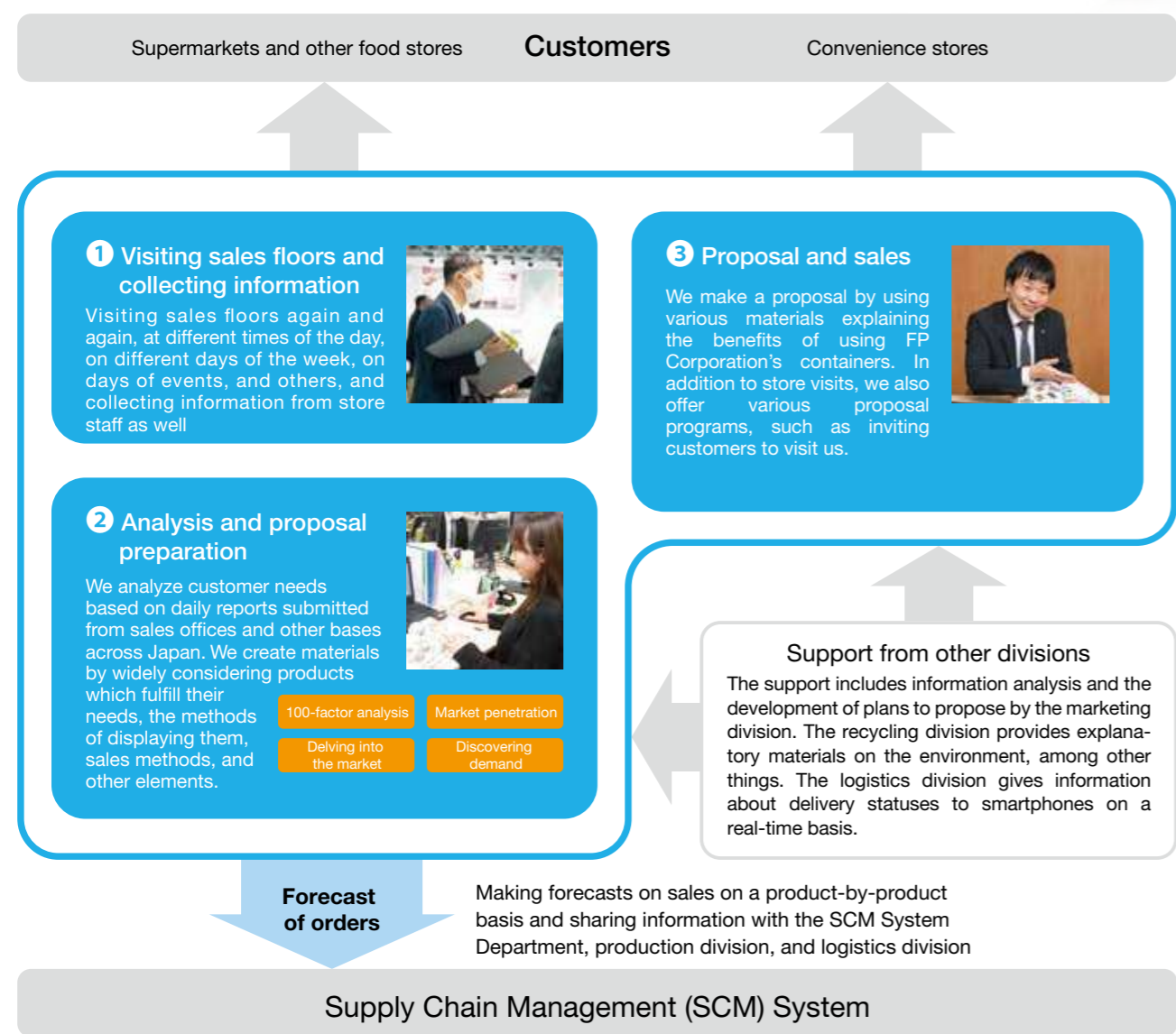
We have introduced a "voice picking" system in the sorting process to deliver to our customers a combination of our own products and consumables (disposable chopsticks, sanitary gloves, paper towels, etc.) that we purchase from other companies. The picking staff use wireless headsets to receive instructions on what to gather via their ears and to confirm the instructions orally by using the microphone. This means that they can always use both hands to do their work. This has improved picking staff's concentration, with the frequency of errors reduced to just 0.3 out of one million.



Sales

At FP Corporation, we start our proposal activities by carefully collecting information about things that have sprung to the minds of our customers working on on site and any improvements they feel are necessary, piece by piece. Our sales staff are at the forefront of these activities.

Our sales staff visit food sales floors several times a day. They collect information by communicating directly with customers.



FP Corporation's variety of proposal styles

The sales staff of FP Corporation make proposals to customers in a variety of styles. Among them, the unique method is the FPCO Fair, which is explained in the Marketing section of this report. While it is common for a company to hold its own trade fair today, FP Corporation held the first FPCO Fair in 1976, or as long as 20 years before Tokyo Big Sight was opened. Currently, approximately 15,000 people have visited FPCO Fair over the three days. Our sales staff respond to visitors meticulously. They make specific proposals by showing exhibits displayed by reproducing supermarket sales floors.



And we also hold mini trade fairs at eight locations in Japan by inviting customers in each area to our sales office. These small trade fairs allow us to respond flexibly to rapidly evolving food sales market. They also enable us to communicate to customers what we really want them to know now. In the fiscal year ended March 31, 2023, we held fairs intensively in the autumn and gave presentations about the use of FP Corporation's products in the frozen food market as a hot topic.



While the best way of making proposals is to show our actual products as we do in a trade show, we also provide information and sell products via a website and smartphone apps for customers with time and location constraints. In addition to quickly delivering new information at PACK MARKET, an e-commerce site, we update information and make proposals daily on Instagram and LINE.

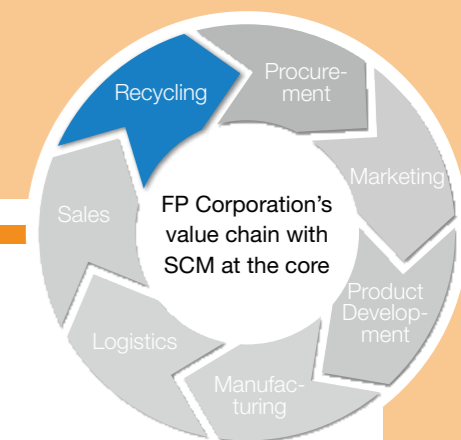


Recycling

At FP Corporation, we collect used food trays, transparent containers, and PET bottles at approximately 10,000 supermarkets and other locations all over the country. The subsequent recycling process is also operated efficiently in various parts of Japan.

Used food trays, transparent containers, and PET bottles produce new value by being recycled, instead of being disposed of. Used products are recycled into the raw materials of new products (which we call above-ground resources at FP Corporation), leading to the creation of various types of value, including reduced CO₂ emissions.

Used trays, transparent containers, and PET bottles which have been brought into a sorting plant are recycled into raw materials at a recycling plant. After that, these raw materials are used to produce eco-friendly products at a production plant on the same premises, which are shipped from our own logistics center.



- 1 Hokkaido Volume Reduction Center (Ishikari-shi, Hokkaido)
- 2 Yamagata Sorting Plant (Sagae-shi, Yamagata)
- 3 Kanto Recycling Plant
- 4 Kanto PET Recycling Plant
- 5 Ibaraki Sorting Plant
- 6 Tokai Sorting Plant (Nagaizumi-cho, Shizuoka)
- 7 Matsumoto Sorting Plant (Matsumoto-shi, Nagano)
- 8 Chubu Recycling Plant
- 9 Chubu PET Recycling Plant
- 10 Gifu Sorting Plant
- 11 Kanazawa Sorting Plant (Kanazawa-shi, Ishikawa)
- 12 Nishinomiya Sorting Plant (Nishinomiya-shi, Hyogo)
- 13 Fukuyama Recycling Plant
- 14 Fukuyama Sorting Plant
- 15 Nishinohon PET-Bottle Recycle Co., Ltd. (Kitakyushu-shi, Fukuoka)
- 16 Nishinohon PET-Bottle Recycle Co., Ltd. (Kitakyushu-shi, Fukuoka)

<Legend>

- Sorting and Volume Reduction Plants
- Recycling Plants
- PET Recycling Plants
- Recycling of PET bottles only



Foamed trays



Used foamed trays are sorted into white and colored/patterned.



Transparent containers



Used transparent containers are sorted by material.



PET bottles

Used PET bottles have their labels removed and are sorted by material before being sent to the manufacturing process.



Sorted foamed trays are cleaned, shredded, melted, and made into pellets (raw materials) before being sent to the manufacturing process.



Sorted PET bottles and transparent containers are not only cleaned but also have the volatile compounds removed and are made into food grade pellets (raw materials) before being sent to the manufacturing plant.

Eco Tray

Foamed polystyrene food trays. These products feature superior moisture retention, excellent heat insulation, and versatility. They are used widely for fresh meat, fish, and similar foods.

Eco APET

These products feature oil resistance and transparency. They are used mainly as salad containers and cold noodle containers.

Eco OPET

These products are oil-resistant and transparent. They also have 80°C heat resistance and cold resistance. They are widely used as the lids of microwaveable containers.

Materiality

This section describes material issues (materiality) defined by the FPCO Group. To operate business based on our management philosophy and achieve our vision, we have defined the issues from the viewpoints of risks and opportunities that are important for the sustainability of our business.



Process of identifying material issues

(1) Identification of Issues

We identify the issues that need to be addressed to enhance the corporate value of the FPCO Group, referencing the SDGs, GRI Standards, evaluation items from ESG rating organizations, and more.

(2) Sorting of Issues

The Environmental Strategy and TCFD Promotion & Management Committee identifies priority issues to be addressed based on two axes: importance to the Group and importance to stakeholders, based on the Group's management philosophy and opinions from all perspectives.

(3) Approval

The identified material issues are decided on following approval by the Board of Directors.



At the FPCO Group, we have classified our material issues as follows, and initiatives are taken individually to achieve each vision.

Vision	Material Issues (Materiality) faced by the FPCO Group	Initiatives	Related SDGs
Building sustainable society	<ul style="list-style-type: none"> Reduce CO₂ emissions 	<ul style="list-style-type: none"> Introduction of Solar Power Generating Facilities Expanding eco-friendly products using recycled raw materials 	
	<ul style="list-style-type: none"> Solving the issue of plastic waste 	<ul style="list-style-type: none"> Collecting used products through recycling boxes Activities through the FP Corp. Environment Fund 	
Creating safe, secure, rich dietary lives	<ul style="list-style-type: none"> Product development to provide new value 	<ul style="list-style-type: none"> Value creation proposals Research and development of new materials Reducing plastic usage in products Reducing food loss 	
Establishing the infrastructure to reliably deliver products when needed	<ul style="list-style-type: none"> Stable supply of products 	<ul style="list-style-type: none"> Supply chain management (SCM) Building a nationwide production and logistics network Disaster preparedness (installation of emergency power generating equipment, fuel stockpiles and breakwater infrastructure) 	
Strengthen the management base	<ul style="list-style-type: none"> Improvement of employee engagement Promoting inclusion Corporate Governance 	<ul style="list-style-type: none"> Promoting decent work (fulfilling work that is safe and healthy) Diversity-oriented management including the employment of people with disabilities Human resource management (enhancement of personnel systems and various training programs) Promotion of DX in general business activities 	
Coexistence with local communities	<ul style="list-style-type: none"> Community Engagement 	<ul style="list-style-type: none"> Conducting recycling plant tours and on-site classes Environmental activities conducted together with local communities through the FP Corp. Environment Fund Donating containers for children's cafeterias 	



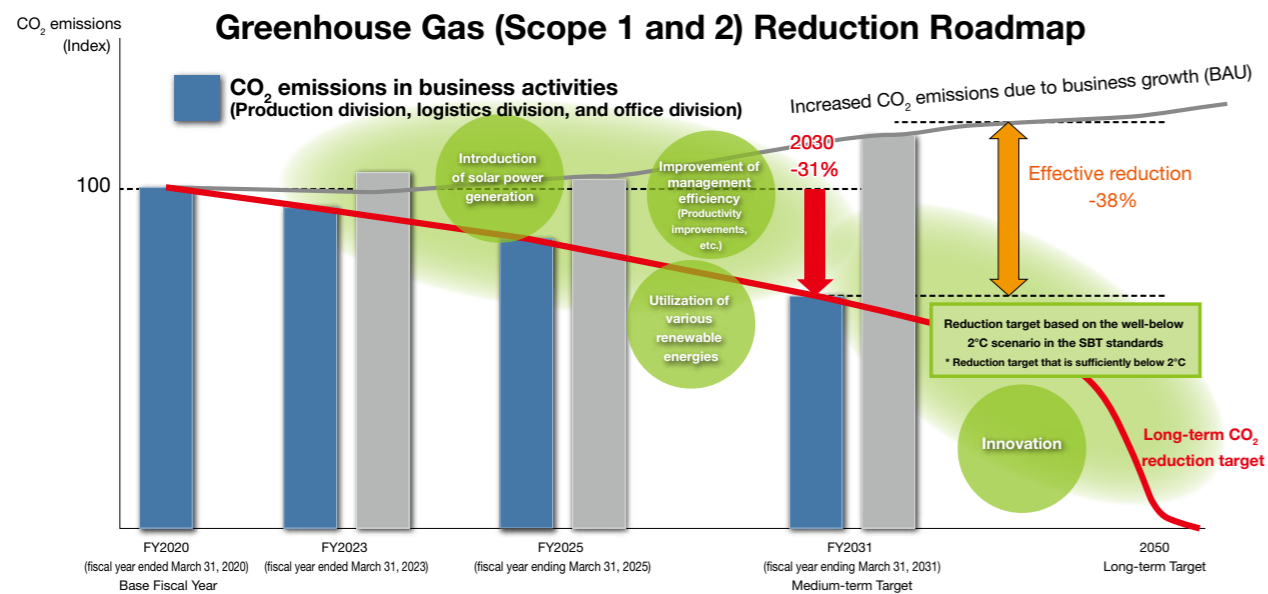
Initiatives to Reduce CO₂ Emissions

● Formulation of the FPCO Group Medium and Long-term Environmental Targets and actions taken to achieve them

In the face of climate change caused by global warming, which is a global issue, we have set medium- and long-term targets for realizing a decarbonized society, as the responsibilities and roles that we should fulfill at the FPCO Group. As target values, we aim to reduce annual CO₂ emissions (Scope 1 and 2) by 31% by the fiscal year ending March 31, 2031 compared with the FY2020 result and achieve zero effective CO₂ emissions (Scope 1 and 2) by FY2051.

FPCO Group Medium and Long-term Environmental Targets

- I. By the fiscal year ending March 31, 2031, we will reduce annual CO₂ emissions from all business activities (Scope 1 + 2) by 31% compared to the fiscal year ended March 31, 2020.
- II. We will increase the reduction of CO₂ emissions from the use of Eco Products (Eco Trays, Eco APET, and Eco OPET) to 272,000 tons by the fiscal year ending March 31, 2031. (Up 170% compared to FY2021)
- III. We aim to achieve net zero CO₂ (Scope 1 + 2) emissions from all business activities by FY2051.



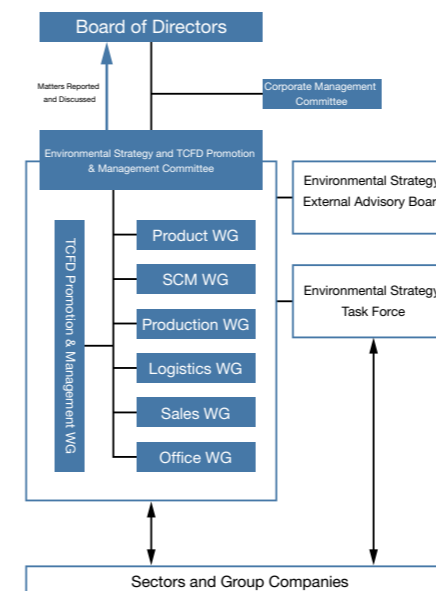
* Scope 1 emissions are direct greenhouse gas emissions by the business operator itself. Scope 2 emissions are indirect emissions from the use of electricity, heat, and steam, which are supplied from other companies.

We install and operate solar power generation equipment, one by one, at three manufacturing and logistics facilities in Kanto, Chubu, and Kansai. The equipment in Kanto and Chubu has already begun operating. It is expected that when the equipment in Kansai comes into operation, the CO₂ reduction effect of Eco Tray will increase from 30% to 37%.



Information Disclosures Based on the TCFD Recommendations

FP Corporation expresses its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Moving forward, based on our understanding that growing demand for reducing CO₂ emissions throughout the entire supply chain will be an important business challenge, and with the framework of the TCFD recommendations, we will make Group-wide efforts to (1) assume risk scenarios related to climate change and operate a resilient governance system, under which nothing is affected even in the face of major environmental changes, and (2) identify customer needs promptly and use them as opportunities for the sustainable development of our business. For details, please refer to our website (<https://www.fpcoco.jp/esg/environmenteffort/tcfd.html>).



● Governance

The FPCO Group assesses and manages climate-related risks and opportunities and has built a structure for Board of Directors oversight with regard to climate-related policies, strategies and initiatives (FP Corporation Eco Action 2.0).

- 1) The Environmental Strategy and TCFD Promotion & Management Committee, which spans every sector of the organization, discusses Groupwide environmental strategies and TCFD promotion, and drafts related policies and strategies. In the operation of the Environmental Strategy and TCFD Promotion & Management Committee, the Sustainability Promotion Department, a dedicated environmental organization under the jurisdiction of the President, acts as the administrative office.
- 2) Under the Groupwide environmental strategy, working groups (WGs) in each of the product, SCM system, production, logistics, sales and office divisions set their own targets and implement efforts aimed at solving social issues such as climate-related challenges.
- 3) Once a quarter, each WG reports on the progress of their efforts to the Environmental Strategy and TCFD Promotion & Management Committee.
- 4) Environmental Strategy and TCFD Promotion & Management Committee reports on the progress of policies, strategies and initiatives to the Board of Directors each year.
- 5) The Board of Directors conducts monitoring in light of various perspectives and knowledge in response to reports from the Environmental Strategy and TCFD Promotion & Management Committee.

● Strategy

The FPCO Group has identified climate change risks and opportunities and conducted climate scenario analyses based on a 2030 target for a 2°C scenario (1.5°C scenario) where action to counter climate change is promoted, and a 4°C scenario in which no action is taken, and estimated the financial impact of the identified risks and opportunities. As a result of the analyses, we confirmed that the effects can be curbed by expanding the procurement of recycled raw materials, expanding the sale of eco-friendly products, utilizing renewable energies, establishing new recycling methods, and so on. For the risks, opportunities, and results of the scenario analyses, please refer to our website (<https://www.fpcoco.jp/esg/environmenteffort/tcfd.html>).

● Risk Management

To manage company-wide risks including climate-related risks, we hold (monthly) meetings of the Corporate Management Committee and (weekly) information exchange sessions, in which directors, operating officers, and representatives of Group companies participate. We have thus established a system for preventing generation of risks and managing risks. Regarding climate-related measures, working groups (WGs) set up under the product, SCM system, production, logistics, sales, and office divisions, respectively, have independently set various targets and take steps to reduce CO₂ emissions. The Environmental Strategy and TCFD Promotion & Management Committee receives reports on the progress and results of these initiatives and makes evaluations.

● Metrics and Targets

We will drive various initiatives under the FPCO Group Medium and Long-term Environmental Targets that we have set (page 41).



FPCO Method Recycling

At FP Corporation, we collect used food trays at supermarket stores, transport them to recycling plants, and recycle them into new products. We started these recycling operations voluntarily in 1990. This closed loop of recycling is based on collaboration between four parties, that is, consumers, who wash used food containers and bring them to supermarket stores, supermarkets and other retailers, who cooperate in our collection of used containers at stores, packaging material wholesalers, and FP Corporation.

It is due to the growing environmental awareness in society overall that this FPCO Method Recycling got on track and has been growing steadily. The number of supermarkets which have set up boxes for collecting used food containers has increased, and this has in turn led to an increase in the number of containers we collect. In addition, we began recycling transparent containers in 2008 and recycling used PET bottles into transparent containers in 2011. We have thus expanded the closed loop of recycling in terms of both quantity and quality. We plan to take a number of measures to continue evolving and deepening the FPCO Method Recycling further.



● Various initiatives to expand the closed loop of recycling

We take the following initiatives, among others, to collect more used products and further develop the FPCO Method Recycling.

① Collaboration with supermarkets

We engage in PR activities for publicizing the collection of used containers through collaboration with supermarkets, which come in contact with the largest number of consumers. We have them cooperate to Store-to-Store recycling starting and ending at each store, in which food trays and PET bottles used and sold at a store are collected by the store as resources, recycled into food trays and containers, and used again at the store as much as possible. We also carry out PR activities by setting up a booth in a corner of each store, among other activities.



② Classes we give by visiting educational institutions

Staff from the Sustainability Promotion Department visit schools and give classes on recycling and the environment, mainly for elementary school children. We were proactive in giving classes by visiting schools especially in the period when we could not invite children to our recycling plants due to the COVID-19 pandemic. Some school students that we visited gave used containers directly to us, saying, "Please recycle them." We thus interact with students as we engage in PR activities. (Activities in the fiscal year ended March 31, 2023: Classes given to 5,546 students at 92 schools)



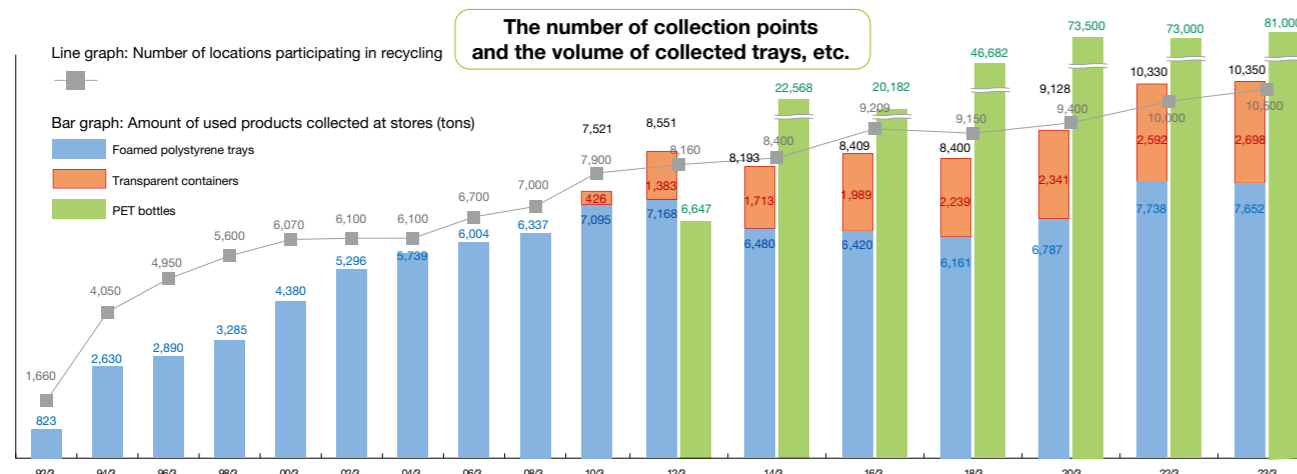
③ Production and nationwide distribution of educational manga

We created Shokuhin Tray-no Himitsu (secrets of food trays), an educational manga as Vol. 182 of Gakken Manga-de Yoku Wakaru Series (a series of easy-to-understand educational manga books published by Gakken). The book was published in May 2022. We have donated this book to approximately 25,000 elementary schools and public libraries all over Japan, as well as our business partners, among others, thus telling children our environmental initiatives and thoughts at FP Corporation.



● Achievements of the FPCO Method Recycling

Achievements of recycling of used containers are clearly indicated in the form of CO₂ reduction. Using post-consumer containers as above-ground resources, instead of using petroleum (underground resources) for producing virgin materials, is highly effective for reducing CO₂. In addition to the following achievements, the FPCO Method Recycling has also produced social effects, including a decrease in waste disposal cost.



CO₂ reduction in FY2023: Approx. 170,000 tons

Fiscal year ended March 31, 2023 (FY2023)	Foamed trays		Transparent containers		PET bottles	
	Amount collected	Number of containers	Amount collected	Number of containers	Amount collected	Number of bottles
Cumulative (1990 to March 2023)	7,652 t	1,913.00 million	2,698 t	269.80 million	81,000 t	3,240.00 million
	174,819 t	43,704.75 million	26,616 t	2,661.60 million	539,789 t	20,957.32 million

* Calculated on the assumption that a foamed tray weighs 4 g, a transparent container 10 g, and a PET bottle 25 g (after the revision in FY2017 from 30g).

Product Development to Provide New Value

We develop diverse containers which cater to needs related to food containers, including demand in the food market in recent years, trends in sales techniques, and increasingly important environmental considerations. In doing so, we provide value to customers and society through our containers.

● Products which cater to demand in the frozen food market

The frozen food market has been growing with the progress in technologies for freezing food that has been made in recent years. The number and variety of frozen food products offered by supermarkets and other retailers have been increasing. We continue to develop products with cold and heat resistance that are appropriate for these food products (which permit frozen food to be microwaved in them).



A container made from a new material named i-talc, which can be used in a wide temperature range and which also do not crush or break easily while featuring the reduced use of plastic materials



A product using a three-side sealed bag for food to boil and ready-to-eat food. It can be used for vacuum packaging.

● Product developed in the further pursuit of environmental friendliness

The container on the left in the photo is a lightweight product using a foamed material. The one on the right is a conventional product made from a non-foamed material. While they look exactly alike, the left one features more than a 60% reduction in the use of plastics. A new molding technology enables non-foamed materials to be replaced with foamed ones without changing the containers' strength, which has resulted in products with lighter weight.



● Product developed in the pursuit of convenience in operations

This product was developed in the pursuit of ease of closing and opening the lid. While the lid of a common packed lunch or sushi container is taped to the body at several points, this container saves the trouble of applying and removing tape because the lid is locked firmly. The lid is locked not only at the triangle part on the corner but also in a wide area around the corner that has bumps and dips. As a result, a snapping sound lets users know that the lid has closed properly.



● Increasing options for consumers with paper products

At FP Corporation, we also manufacture paper products to meet the demand of customers and consumers who desire paper trays. They are water-resistant, oil-resistant trays made from FSC*-certified paper, with consideration also given to their strength and safety aspects, such as the Safety Edge applied for plastic products, so that they can be used for various types of food.



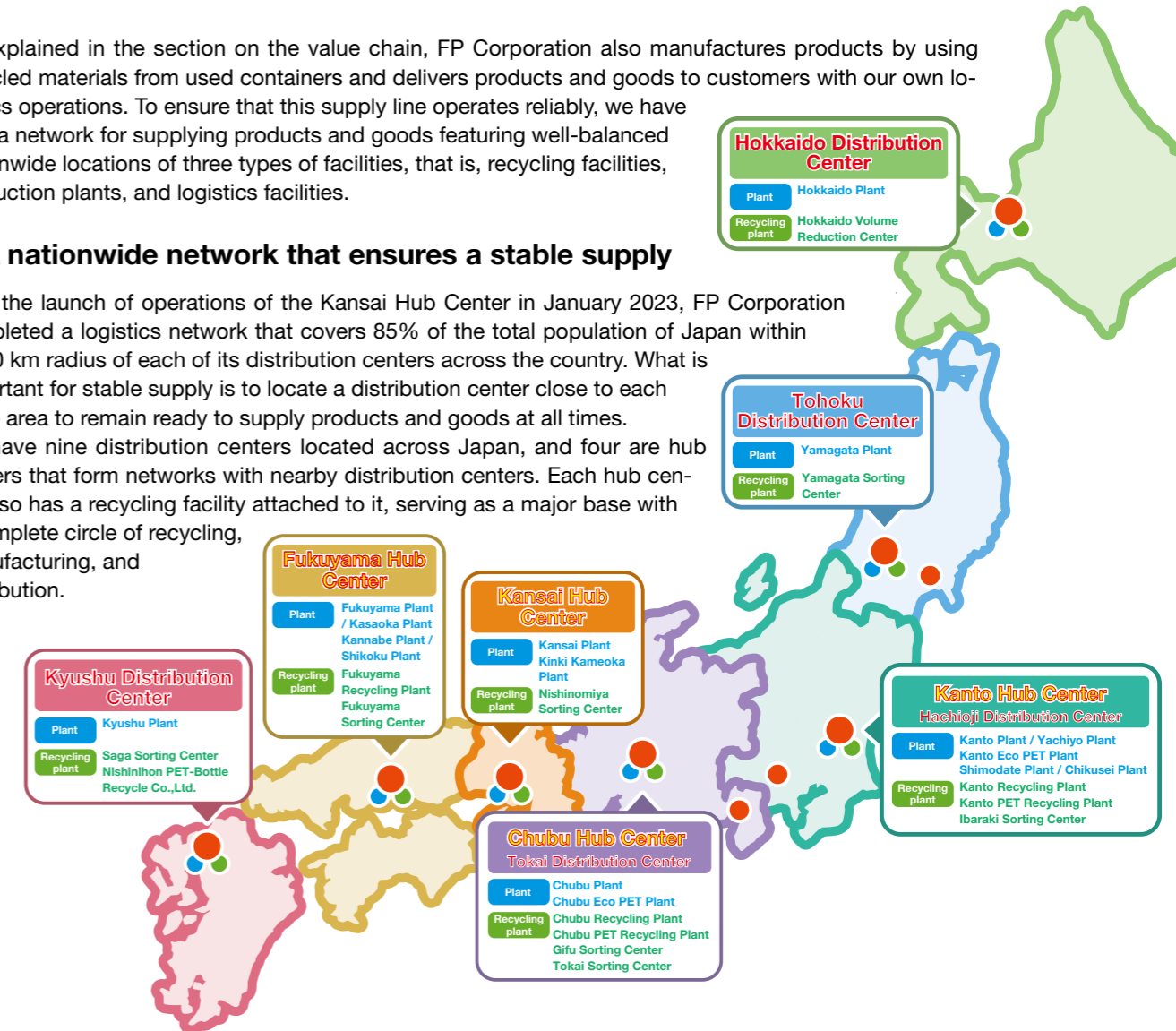
* FSC is an international program for certifying products manufactured under forest management that is sustainable for the environment and society.

Stable Supply of Products

As explained in the section on the value chain, FP Corporation also manufactures products by using recycled materials from used containers and delivers products and goods to customers with our own logistics operations. To ensure that this supply line operates reliably, we have built a network for supplying products and goods featuring well-balanced nationwide locations of three types of facilities, that is, recycling facilities, production plants, and logistics facilities.

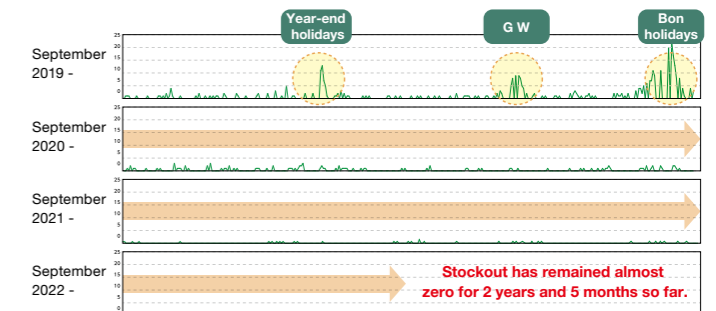
● A nationwide network that ensures a stable supply

With the launch of operations of the Kansai Hub Center in January 2023, FP Corporation completed a logistics network that covers 85% of the total population of Japan within a 100 km radius of each of its distribution centers across the country. What is important for stable supply is to locate a distribution center close to each trade area to remain ready to supply products and goods at all times. We have nine distribution centers located across Japan, and four are hub centers that form networks with nearby distribution centers. Each hub center also has a recycling facility attached to it, serving as a major base with a complete circle of recycling, manufacturing, and distribution.



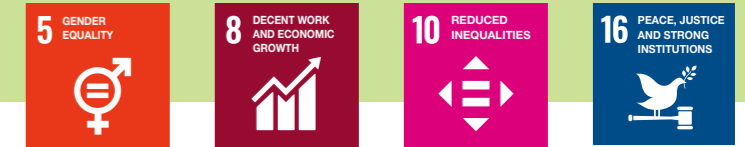
● Improving the precision of supply plan with the SCM system

AI and experience from production and logistics operations keep complementing each other, improving the precision of our SCM system's product production forecasts and realizing close to zero stockout. We have continued to achieve almost zero stockout even since 2020, when demand for food containers grew significantly due to increased opportunities to eat at home and receive food deliveries amid the COVID-19 pandemic.



● Power supply in emergencies

We have installed emergency power generators, which supply power for 72 hours in the event of an emergency such as a power outage caused by a natural disaster, at our key logistics facilities (22 locations) all over Japan. We have also built backup power supply systems at our key locations including the headquarters, thus performing risk management for the uninterrupted distribution of products and goods.



Improvement of Employee Engagement

● FP Corporation's view of respect for human rights

The FPCO Group supports international norms including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. In accordance with the following policy, we will achieve a safe and pleasant workplace environment where human rights and individuals are respected.

FPCO Group Human Rights Policy

1. Under the basic principle according to which everyone should respect the personality and human rights of one another and have the right to impartial treatment and equal opportunities without discrimination on the basis of age, nationality, race, faith, religion, gender, sexual orientation, gender identity, disabilities, social status, internal position or other aspects, we respect human rights and personality in all our business activities in accordance with the FP Corporation Group's Action Charter and the FP Corporation Normative Rules for Compliance, behave as a good corporate citizen with high moral values and social conscience, maintain sound and normal relationships with all stakeholders and continuously increase our corporate value as a corporate group that earns trust from society.
2. We prohibit harassment and don't tolerate verbal or behavioral harassment. We establish a system for the prevention of harassment and take appropriate action against harassment that occurs, in order to deter harassment and thereby ensure efficient business operations and a stress-free working environment.
3. We comply with laws, ordinances and other labor standards and prohibit child labor and forced labor in any location where business activities are conducted.
4. We will create a workplace environment that enables employees to work safely and energetically with peace of mind while maintaining good physical and mental health. At the same time, we will encourage them to balance work with their personal lives.
5. We observe labor laws and ordinances and pay employees the minimum wage or higher.
6. We regard workers' collective rights, collective bargaining rights and other rights as elements of basic human rights that we should respect as a company, and we don't interfere with workers' exercise of their rights.
7. We will comply with the laws and regulations in each country or region where we engage in business activities. If laws or regulations of the country or region should conflict with international human rights standards, we will pursue ways of respecting the international standards within the scope of the laws and ordinances of the country or region.

● Initiatives based on the Human Rights Policy

The Board of Directors of FP Corporation oversees the status of compliance and implementation of the FPCO Group Human Rights Policy and adopts a number of initiatives including the following,

Prohibit child labor and forced labor...We will comply with the laws and ordinances of each country or region in our recruitment activities. When employing a worker, we will make sure to verify their age to prevent child labor. In addition, to prevent forced labor, we will not withhold employees' passports or other important legal documents or restrict their freedom of movement.

Equal pay for equal work...At the FPCO Group, we ensure wages are paid at or above the statutory minimum rates and apply a unified compensation structure for employees with the same qualifications in the same job level.

Provision of harassment prevention training...Harassment prevention training is provided to employees in managerial positions and rank-and-file employees, respectively. The training includes lectures given based on actual examples and judicial precedents as well as viewing of a DVD video. Training provided to managers in particular includes instruction on the handling of reports of bullying and harassment received by the FPCO Group Workplace Consultation Desk, and training designed to strongly raise awareness of harassment prevention. The training has been received by a total of 1,900 employees, or 1,101 employees in managerial positions and 799 rank-and-file employees. (As of March 2023)

● Building Workplace Environments Where Employees Can Work Energetically

At the FPCO Group, we believe that developing an environment in which each and every Group employee fulfills their role by fully harnessing the individual skills and qualities and can work with satisfaction, fulfillment, and vigor is one of the management challenges linked with improved corporate value. In tangible aspects, we will build workplaces which ensure health and safety. In intangible aspects, we will design systems for pleasant working conditions and implement other initiatives in our efforts to improve the workplace environment.

Major initiatives

Systems and measures	Details
Staggered work hours	As an initiative optimizing work hours, we have introduced staggered work hours with eight different options to permit each employee to work in a way that is appropriate for the characteristics of their job.
Leave of five consecutive days (Smile Leave)	This program was introduced to enable employees to effectively use their work hours and be physically and mentally refreshed, among other purposes.
Annual paid leave in hourly increments	We have introduced this program to enable employees to take leave flexibly in various circumstances, such as hospital visits, participation in children's school events, and the provision of nursing care to family members.
Shorter working hours for childcare	We have enhanced this program so that employees are allowed to continue working shorter hours until the end of their children's third year of elementary school at the longest.
No-overtime days	We have introduced no-overtime days (two days a week, in principle) to enable employees to work efficiently while balancing work and their personal lives.
Teleworking	We have introduced teleworking to maintain and improve productivity by leveraging teleworking combined optimally with working in offices.

We have created a handbook entitled Shigo-to-to Ikuji-no Ryoritsu-no Tame-ni (what to do to balance work and childcare) to encourage employees who are both in their most productive years and at an age when they are likely to be raising children together with employees around them to create a workplace environment that facilitates childcare. We encourage the creation of a workplace environment that is conducive to work even after events such as marriage and childbirth. The percentage of childcare leave taken by female employees has remained 100%.



In addition, we strongly encourage male employees to take childcare leave. (The photo at right shows a male employee on childcare leave.)

● Initiatives taken outside business hours

When employees take part in recovery activities in connection with natural disasters and other events, or engage in activities supported by the FP Corp. Environment Fund, they can make use of a volunteer leave system. In addition, employees are involved in the running of Floor Hockey tournaments organized by FP Corporation as volunteer staff. We also support recreation activities in which employees engage for fun, such as baseball, yachting, tennis, and floor hockey, by funding the costs of such activities. We also subsidize events such as welcome parties.



Promoting Inclusion

● Active participation of human resources with disabilities

Our initiative to employ human resources with disabilities has 37 years of history, and the initiative continues to develop at present. As of March 2023, employees with disabilities work at 20 facilities across Japan, including those of our business partners. They are playing active roles in the FPCO Group's core mission-critical operations.

In 1986

We established Ducks Co. and started to employ human resources with disabilities for the manufacturing of foamed trays by using our connection with Ahiru-no Kai, a group of parents of children with intellectual disabilities.



FPCO Ai Pack Co.

FPCO Ai Pack Co. was the first corporation to be certified as an office providing type A support under the Act on the Comprehensive Support for the Daily and Social Life of Persons with Disabilities.

In 2006

Began Japan's first profit-making business offering Type A Support for Continuous Employment with the manufacturing of traditional Japanese style container, "Oribako" series. (Next year, this initiative developed into FPCO Ai Pack Co.)



FPCO Ducks Co.

FPCO Ducks Co. was recognized by the Minister of Health, Labour and Welfare as a special subsidiary company of FP Corporation. Its business operated nationwide.

In 2017

The four special subsidiary companies were reorganized into a nationwide special subsidiary, FPCO Ducks Co.



As of March 2023

Number of employees with disabilities	365 people
Details	34 people (including 14 with severe disabilities) 321 people (including 244 with severe disabilities ^(*)) 10 people
Adjusted number of employees with disabilities ^(**)	620.5 people
Disability employment rate	12.5%

(*) Including disabilities classified as severe under employment rules
(**) Each person with a severe disability is counted as 2 and each part-time worker with disabilities as 0.5, based on "Employment measures of Persons with Disabilities".

In 1995

Manufacturing of transparent containers was started at a plant in Kochi prefecture. The same operation was later started at a plant in Saga prefecture.



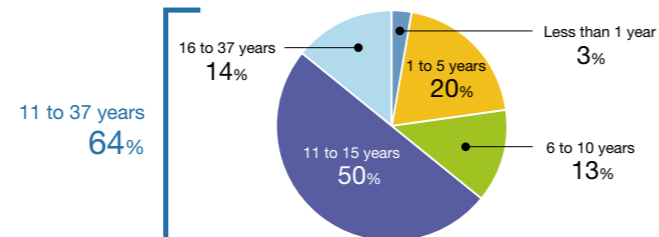
In 2008

Operations were expanded to sorting of trays collected in the recycling operations. The sorting of transparent containers was added to the operations subsequently.



In 2019

Progress was also made in transition to general employment at FPCO Group companies



Breakdown by duration of service (As of March 2023)

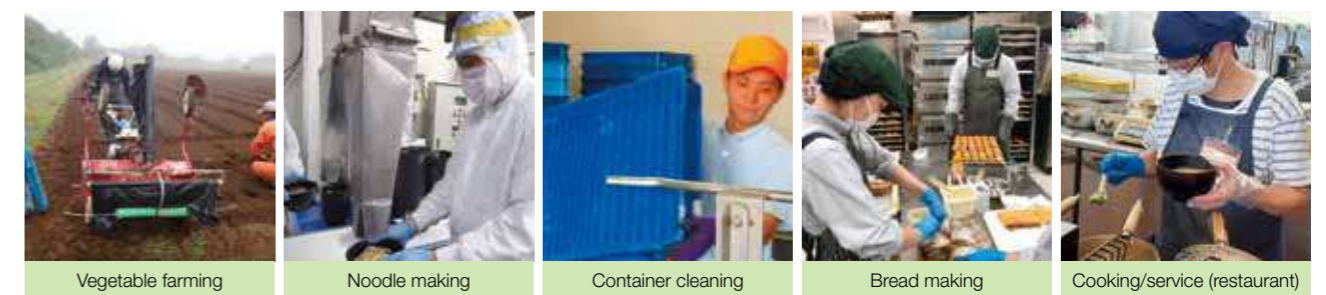
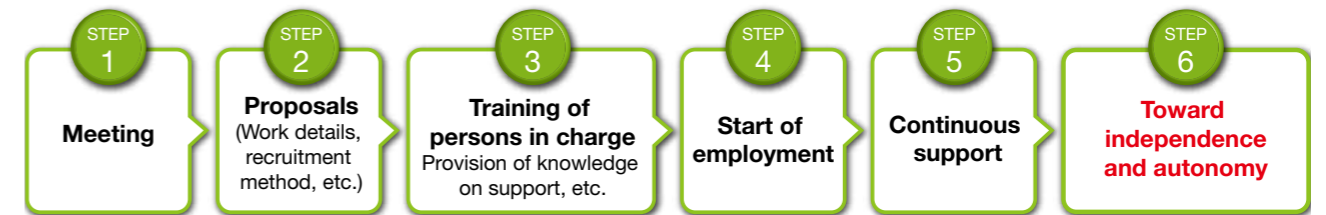


In June 2022, FPCO Ducks Co. was granted the MONISU certification by the Minister of Health, Labour and Welfare in recognition of its excellent implementation of initiatives, including those related to the promotion of employment and to the employment stability of people with disabilities. The plant in Kochi became the first among facilities in Kochi to receive this certification.



● Support for the employment of human resources with disabilities

At FP Corporation, we engage in activities to support our business partners in their employment of people with disabilities, by capitalizing on our knowledge on the employment of such human resources that we have cultivated so far. This initiative has created employment for 760 people with disabilities at 52 facilities as of January 2023. They engage in a wide range of jobs, including farming, food manufacturing, and recycling. They constitute a valuable workforce in each workplace.



● Driving inclusion through floor hockey

FP Corporation has been engaging in floor hockey activities since 2010. As of November 2022, 540 employees of the FP Corporation Group, including around 181 with disabilities and 359 without, take part in the activities in nine separate areas across the country. We also serve as the main sponsor of the All-Japan National Floor Hockey Tournament and Universal Floor Hockey West Japan Regional Tournament, in which many employees support the operations as volunteers.

Through floor hockey, we will continue to expand the circle of inclusion that involves both people with disabilities and those without.



A Happy Relationship between FPCO and Floor Hockey

Ms. Akemi Masuda, who has been serving as the president of Japan Floor Hockey Federation since February 2021, and Morimasa Sato, the representative of the FPCO Group, spoke about floor hockey, which built ties between the two persons, and an inclusive society.

Morimasa Sato

Chairman and Representative
Director of FP Corporation and
Group Representative

Akemi Masuda

President of the Japan Floor
Hockey Federation
Sports journalist

Sato When you accepted the position of the president, I thought “Such a wonderful person has taken over this important position.” Unfortunately, floor hockey is still a minor sport. I therefore thought that, to achieve further development from the achievements of Ms. Hosokawa, the former president, the top position should be taken over by a person who is influential and has an understanding of sports for athletes with disabilities.

Masuda Initially, I wondered whether to accept this grave responsibility or not. While I was learning about floor hockey, I looked back at the past and noticed that I was involved in many activities that are consistent with what we now call the spirit of inclusion. For me, the most attractive point of floor hockey is that it is a universal sport that people with disabilities and those without can play together. This made me feel that the role is rewarding.

Sato I agree with you. There is no other sport like this. I came to know floor hockey thanks to Ms. Hosokawa, the first president. In those days, the FPCO Group was beginning to employ many human resources with disabilities. I wanted employees to deepen their communications as peers working in the same corporate group and thought that floor hockey, a universal sport, would be helpful. This is how we began.

■ Profile of Ms. Akemi Masuda

Ms. Masuda was born in Chiba. While she was a student of Narita High School, she set new Japan records at a series of long-distance races. She participated in the 1984 Summer Olympics in Los Angeles. She set 12 new national records for Japan and two new world records before retiring in 1992. Currently, she serves as a commentator in marathon broadcasts and writes as a sports journalist. She also serves as a Councilor to the Japan Association of Athletics Federations and a Councilor to the Japanese Para-Sports Association.

“I intend to continue my efforts to promote for this sport more vigorously going forward.”

Masuda I see. I watched an actual game for the first time in the West Japan Regional Tournament ^(*), which was held in Fukuyama recently. I was impressed because it is a universal sport that can be played by anyone, regardless of age, gender, disabilities, or other attributes. It is really equal, isn't it? Moreover, the games are fun to watch.

Sato Yes, they are. Because it is a wonderful sport, we want to popularize it by stepping up our PR activities.

Masuda Yes, I will keep working hard to have the sport appeal to the public. I also intend to seek cooperation from my colleagues in the sports world. I recently exchanged information with Ms. Yuko Arimori, the president of the Special Olympics ^(**) Nippon Foundation. I also think it good to take a grassroots method, in which we approach comprehensive regional sports clubs ^(***) in each region while also reaching out to high profile people in the sports world. I would also like to make effective use of the media. I recently wrote an article on floor hockey for a trade publication.



Sato You have already begun to engage in activities energetically.

Masuda I also hope that more companies will support us. At present, we're very reliant on FP Corporation's support. I think that if we let the public know the excellence of this sport, more companies will say “Please let us join the circle of inclusion.”

“We would like to keep moving forward with the very energetic Ms. Masuda.”



^{*1} FPCO Cup 11th Universal Floor Hockey West Japan Tournament It was held on Saturday, September 17, 2022 at FPCO Arena Fukuyama, which is also known as the Fukuyama City Gymnasium. It was held after an interval of three years.

^{**2} The Special Olympics is an international sports organization aimed at helping people with intellectual and developmental disabilities to be self-reliant and participate in society. It provides them with daily sports programs and holds competitions as opportunities to present achievements.

^{**3} Regional sports activities that are promoted by the Japan Sports Agency. The feature of these sports clubs is that people of multiple generations can participate in multiple events at various levels with different approaches. They are operated voluntarily and independently by local residents.

“I am impressed with and grateful for FPCO’s inclusion activities.”

Masuda Before the West Japan Regional Tournament that was held in Fukuyama, I was invited to tour a recycling plant and manufacturing plant of FP Corporation, where employees with disabilities work. I was impressed at the speed and accuracy of their work.

Sato Most people are surprised when they see them work for the first time. However, it is quite a normal thing for us. The human resources with disabilities are working because they are capable and are paid for their work. We employ them as valuable assets for our businesses.

Masuda Employees with disabilities, who play active roles in their workplaces, enjoy playing floor hockey with other employees as recreational activities. I can see what you refer to as normal things.

Sato All of the floor hockey players wear helmets, so you can’t tell which of them have disabilities, how old they are, or what their gender is. All of them play the sport in the same normal way as a matter of course. The scene looks very symbolic, and I like it.

Masuda Both the West Japan Regional Tournament and the national competition (*4) held in Tokyo were filled with the excitement of many athletes. Watching the games, I found that the sense of unity of FPCO team athletes, which they share as people working for the same corporate group, was also evident in their play, which was marvelous. In addition, employee volunteers, who set up the venue and ran the competition, seemed to be enjoying their work.

Sato Young employees play the leading role in the activities. We also leave it up to them to decide what to do and how. Employee volunteers interact quite naturally with employees with disabilities. This is a result and an outcome of many years of activities. Also, this is another thing that we have realized through the floor hockey. I think it is the power of sports.

Masuda When I was an athlete, I taught jogging to people with intellectual disabilities. The relationships I built through this experience led me to be involved in Yumeden, a running event that was held in Nerima Ward and Hachijojima Island. While ekiden is a race, Yumeden is an event for mutually communicating the dream (yume) of achieving one’s goal. In the event, people with intellectual disabilities, wheelchair users,

*4 17th National Floor Hockey Competition This competition was also held after an interval of three years. It was held in Katsushika Ward, Tokyo on Saturday, October 15, 2022.



Talk: A Happy Relationship between FPCO and Floor Hockey

elderly people, and other participants walk or run at their own pace. It was long before the word “inclusion” began to be used, but the activities very much materialized the spirit of inclusion. All participants ran together experiencing the same wind, which was really refreshing. I think that this is one of my goals. I also feel that it was such a thought of mine that allowed me to have ties with various people and led me to the position of the president of Japan Floor Hockey Federation.

Sato It is a wonderful story. For the venue of the West Japan Regional Tournament, we got the naming rights and named it FPCO Arena Fukuyama. Securing venues for activities is also an important point. You cannot hold an inclusive event without a venue. It is also important to build an environment for the activities. We can probably say that Yumeden made the dreams of many people come true because there were people who created that environment. Is this activity still continuing now?

Masuda It is still going on now. Four of the participants with disabilities later completed the full distance in under five hours at the Honolulu Marathon. It is amazing, isn’t it?

Sato That is amazing! Employees with disabilities working for FPCO have various talents. This year’s calendar of the FPCO Group features works of art created by employees with disabilities.

Masuda The presence or absence of disabilities has nothing to do with improving capabilities or making dreams come true. I would like to do a lot more to help build an environment where anyone can enjoy their lives equally.

Sato I agree with you. I am very much counting on your continued support.

“Let’s cooperate in building an environment where everyone can run together without any barriers!”



Corporate Governance

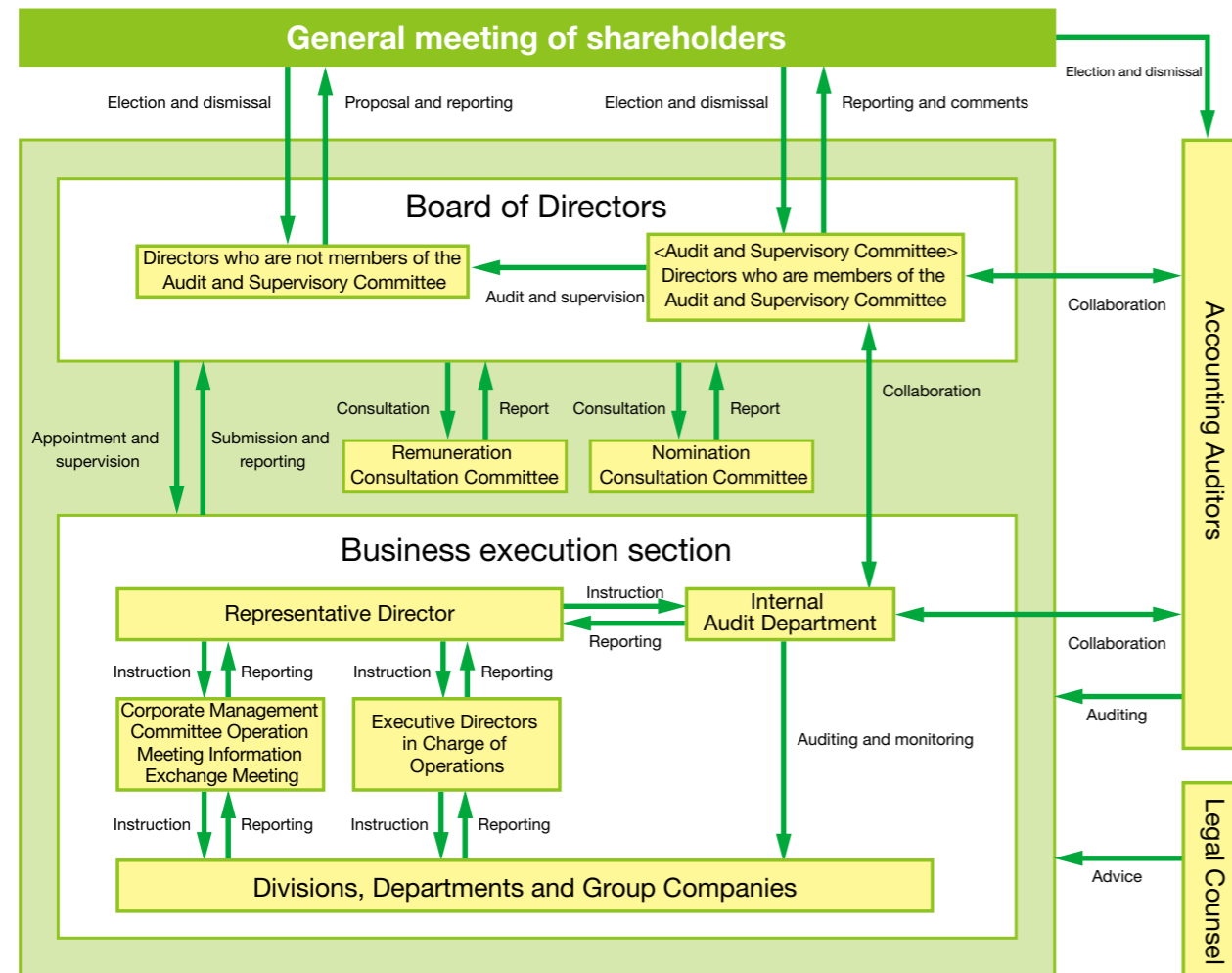
FP Corporation's basic stance on corporate governance is to ensure the transparency and fairness of decision-making, to make effective use of the management resources it possesses, such as personnel, goods, money and information. We also aim for continuous growth and a long-term increase in corporate value through swift and bold decision-making. To achieve these aims, we have put forward the five basic policies on the right side.

- (1) Ensure shareholders' rights and equality among them
- (2) Work together appropriately with stakeholders other than shareholders
- (3) Properly disclose information to ensure transparency
- (4) Fulfill the roles of the Board of Directors and other organs
- (5) Hold dialogue with shareholders

● Governance Structure

With the aim of achieving continuous growth and increasing corporate value over the medium- to long-terms, and in striving to enhance corporate governance by improving the speed of management decision-making and strengthening functions to audit and oversee directors in their business execution, we have opted to become a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee, which is made up of independent outside directors only, fulfills the role of supervising management and works to ensure the highly transparent management of FP Corporation.

Schematic Diagram of FP Corporation's Corporate Governance System, including an Outline of the Internal Control System



● Compliance

To establish corporate ethics and promote legal compliance, we have established a Judicial Affairs & Compliance Department that reports directly to the president. We have established and are implementing the FPCO Group Action Charter, FPCO Normative Rules for Compliance, and the Compass for Action; and are working to foster a sound and healthy corporate culture and to ensure compliance with internal regulations through rigorous guidance and instruction. The Judicial Affairs & Compliance Department conducts compliance-related education and training on an inter-divisional, Group-wide scale, and seeks to instill the FPCO Normative Rules for Compliance in Group employees to ensure that they act with compliance as their top priority.

To ensure thorough compliance within the Group, the Internal Audit Department (which is independent from the Group's operating divisions and reports directly to the president) conducts an internal audit once every two years. In this way, the Group has constructed an organizational structure that monitors the state of risk management and compliance in the operating divisions, and makes requests for improvement as needed. At meetings of the Board of Directors, the number of whistleblowing reports is presented along with the content of the reports, and the effectiveness of the FPCO Group Action Charter and FPCO Normative Rules for Compliance is examined every six months.

● Risk Management

The Board of Directors has established Risk Management Rules, classified risks, and is appropriately managing the risks of the overall Group. Regarding business risks related to production, sales, and logistics, we hold operation meetings in which directors, executive officers and general managers participate. Regarding risk management including the management of Group companies' risks, we hold information exchange meetings in which directors, executive officers and representatives of Group companies participate. We have thus built an organizational structure for working to manage risks. Specific examples of our risk management measures are as follows.

Conducting risk surveys...We regularly conduct risk surveys of each business site including plants and distribution centers with the aim of minimizing damage due to natural disasters and preventing fire and industrial accidents. The surveys involve dedicated outside consultants directly visiting business sites and assessing the level of danger of various accidents in order to identify risks and conduct risks analysis and assessment.

Response to natural disasters...Our risk management measures, which have been developed by assuming natural disasters, include the deployment of emergency equipment, provision of firefighting training, installation of emergency hardline telephones, and installation of emergency power generation equipment which will reliably continue to generate power for 72 hours.

Response to product safety risks...We have continued working to have our facilities certified under FSSC 22000, the international standards for food safety management systems. As of March 31, 2023, a total of 22 facilities, including recycling and logistics facilities, have been certified.

Responding to information and security risks...We implement entrance and exit control at offices. At large complex facilities with numerous incoming and outgoing vehicles, we implement entrance and exit control based on a license plate registration system. To manage data, we take regular backups, use outside data centers as a measure in preparation for emergencies, use duplex lines, employ systems to prevent e-mail messages for outside addresses being sent to the wrong recipients, and make use of dedicated contractors to dispose of PCs.



When all of Hokkaido experienced roughly two days of power outage due to the earthquake that occurred on September 6, 2018, our production plants and logistics facilities in Hokkaido continued to operate normally by using emergency power generation equipment.

● Relationships with Shareholders

To facilitate sustainable growth and enhanced corporate value over the medium to long terms, FP Corporation recognizes the importance of actively engaging its shareholders in constructive dialogue and reflecting the opinions and requests of shareholders in management. Apart from shareholder meetings and biannual briefings on financial results, we conduct individual meetings and facility tours, and seek to build trust with shareholders and form appropriate share prices by describing our medium-to-long-term management strategy and business activities in a more straightforward manner. We also make every effort to disclose corporate information in a timely, appropriate, swift and fair manner, and make securities reports, brief announcements of consolidated financial results, financial briefing materials, press releases and other materials available in the Shareholder and Investor Information section.

Community Engagement

We have identified community engagement as one of our material issues. We address social issues and help achieve the SDGs by pursuing a range of initiatives and participating in various activities including those described below, with the aim of co-existing in harmony with local communities.

● Acquisition of naming rights

We acquired naming rights for the local general-purpose gymnasium of Fukuyama City, where FP Corporation is headquartered. We named it "FPCO Arena Fukuyama." The name is now familiar to local citizens.



● Participation in Events

Each year, we participate in more than 20 events, including local festivals held in areas where our headquarters and business sites are located, as well as environmentally themed exhibitions. Above all, we are proactive in participating in "Rose Festival," which is hosted by Fukuyama City. We are also a sponsor of this event.



● Classes we give by visiting schools

We mainly visit elementary schools and give classes on recycling and the environment. Children sometimes hand us used trays directly. Thus, this initiative allows us to communicate directly and deeply with children.



● Production and distribution of an educational manga

We produced an educational manga, "Shokuhin Tray-no Himitsu (Secrets of food trays)," with the aim of having FP Corporation's initiatives and thoughts about the environment properly understood. We distribute this book to elementary schools, public libraries, and other facilities all over Japan.



● Acceptance of plant tours

We accept tours at the following recycling plants and sorting plants. We have accepted a cumulative total of nearly 500,000 people from neighboring elementary schools, as well as consumer groups, media companies, local governments, and other entities from all over Japan.

Application for Participation in Plant Tour Plant tour schedule: Mondays to Fridays (excluding national holidays) from 9:00 a.m. to 4:30 p.m. (excluding part of the facilities) Applications are also accepted at our website.

<Recycling Plants> Visitors can see sorted containers go through the process to becoming recycled raw materials.

Plant Name	Location	Contact	Maximum Visitors per Group
Kanto Recycling Plant (with Kanto PET Recycling Plant and Ibaraki Sorting Center)	4448 Oaza Hiratsuka, Yachiomachi, Yuki-gun, Ibaraki 300-3561	Kanto Recycling Plant +81-296-48-0400	100 people
Chubu Recycling Plant (with the Chubu PET Recycling Plant and the Gifu Sorting Plant)	511-5 Aza Murahigashi, Nanba, Wanouchi-cho, Anpachi-gun, Gifu 503-0231	Chubu Recycling Plant +81-584-68-2041	60 people
Fukuyama Recycling Plant (with Fukuyama Sorting Plant)	127-2 Minooki-cho, Fukuyama-shi, Hiroshima 721-0956	Fukuyama Recycling Plant +81-84-957-2301	130 people

<Sorting Centers> Visitors can see the process of how containers collected from supermarkets and other retailers are sorted.

Plant Name	Location	Contact	Maximum Visitors per Group
Yamagata Sorting Plant	162 Chuo-kogyo-danchi, Sagae-shi, Yamagata 991-0061	Yamagata Sorting Plant +81-237-85-3645	20 people
Tokai Sorting Plant	307-1 Hattanda, Shimonagakubo, Nagaizumi-cho, Sunto-gun, Shizuoka 411-0934	Tokai Sorting Plant +81-55-980-4571	12 people
Matsumoto Sorting Plant	2267 Shimadachi, Matsumoto-shi, Nagano 390-0852	Sustainability Promotion Department +81-3-5325-7809	15 people
Kanazawa Sorting Plant	204-22 Kita, Fukumasu-machi, Kanazawa-shi, Ishikawa 920-0376	Sustainability Promotion Department +81-3-5325-7809	15 people
Nishinomiya Sorting Plant	1-98-2, Hanshin Ryutsu Center, Yamaguchi-cho, Nishinomiya-shi, Hyogo 651-1431	Nishinomiya Sorting Plant +81-78-907-1288	45 people
Saga Sorting Center	3032-1 Osaki, Kanzaki-machi, Kanzaki-shi, Saga 842-0015	Saga Sorting Plant +81-952-51-1028	20 people

The FP Corp. Environment Fund

We launched the FP Corp. Environment Fund in March 2020 to extend financing to organizations acting to address recent global environmental problems, including the problem of marine plastic pollution and climate change, from multiple angles. By using this fund for extending financing to activities to tackle environmental problems, we would like to advance initiatives to build a sustainable society together with people from local communities.

We have entrusted the selection of organizations to subsidize to Takejiro Sueyoshi, our independent outside director, and Associate Professor Misuzu Asari of the Graduate School of Global Environmental Studies, Kyoto University. Activities of the following organizations have been selected for subsidies in the fiscal year ending March 31, 2024.



Organization Name	Location	Project name/Activity
Environmental Conservation Activities		
Chausu, a specified non-profit corporation	Gunma Prefecture	Activities to preserve and protect the environment of the Watarase River
Miyajima Network, a specified non-profit corporation	Hiroshima Prefecture	Maintaining the marine environment and protecting the ecosystem of Miyajima Island and the surrounding area
Kanagawa Kainan Kyujo-tai, a specified non-profit corporation	Kanagawa Prefecture	"Urgent: Collect plastics before they turn into microplastics," an activity to reduce marine waste
Tosu Shimin Katsudo Network, a specified non-profit corporation	Saga Prefecture	A project to promote forestry education for the next generation and consumers for protecting the rich green environment
Shonan Cleanaid Forum, a specified non-profit corporation	Kanagawa Prefecture	Project to promote beach cleaning activities of picking up, sorting, and studying trash
Arakawa Clean Aid Forum, a specified non-profit corporation	Tokyo	A project to build a co-creation network for eliminating trash toward the Expo 2025 Osaka Kansai
Kahokugata Koshi Kenkyujo, a specified non-profit corporation	Ishikawa Prefecture	Activities to pick up trash, surveys to identify the places where waste is generated, and awareness raising activities, which are aimed at achieving zero waste in Kahokugata
Setonaikai Ujishima Club	Hiroshima Prefecture	Annual activities to clean up Ujishima Island
Joylife Sayama, a specified non-profit corporation	Saitama Prefecture	A nature experience for protecting the natural environment around the Iruma River and communicating the importance of environmental conservation
The Foundation for the Preservation of Green and Water Resources of Higo, a public interest incorporated foundation	Kumamoto Prefecture	Project related to recharging groundwater and awareness-raising activities
Kurihara Tourism Network, a general incorporated association	Miyagi Prefecture	CLEAN WETLANDS Project (cleaning trash off Izunuma and Uchinuma lakes)
Hirakata Seibutsu Shikubu LABO, a non-profit organization	Osaka Prefecture	Practicing agriculture for protecting biodiversity by using abandoned rice paddies
Ethicalproject, a specified non-profit corporation	Saitama Prefecture	A project to promote the recycling of food waste into compost
Environmental Education and Research		
Miyagi Environmental Life Out-reach Network (MELON), a public interest incorporated foundation	Miyagi Prefecture	SDGs education project: Creating new experiences for people to learn about disaster control, climate change, and the environment, and enabling them to learn about those issues, to foster the human resources who will build a sustainable society
Minna-de Bizen, a general incorporated association	Okayama Prefecture	An operation to eliminate trash from Hinase Islands
Komorebi-no Sato, a specified non-profit corporation	Okayama Prefecture	Providing reconstruction assistance to areas in Western Japan that were affected by torrential rains and restoring damaged bamboo forests and village forests owned by elderly persons who were affected by the disaster
Biwako Trust, a specified non-profit corporation	Shiga Prefecture	Promoting microplastics surveys in Lake Biwa and the environmental education of children
Koizumi Universal Beach Unit	Miyagi Prefecture	Koizumi district trash report: Global environmental issues raised by children
Team JIN	Hiroshima Prefecture	A project to provide children with an opportunity to enjoy learning the importance of protecting the marine environment through SDGs activities
KIRIKIRI-KOKU, a specified non-profit corporation	Iwate prefecture	Environmental education for developing human resources who live with the forest of Kirikiri
Activities Related to Solutions to Food-related Issues and Food Assistance		
Food Bank Saga, a specified non-profit corporation	Saga Prefecture	Practical dietary education and agricultural project that connect people via food and agriculture
100seeds theater, a specified non-profit corporation	Shiga Prefecture	Let's build a house as a place for learning about agriculture! (A workshop for constructing a farming shed using bamboo and reeds)

◆ Activities in the fiscal year ended March 31, 2023





Human Resource Management Policy

Human Resource Management Policy

The greatest asset of the FPCO Group, which continues to work and take on challenges to achieve sustainable growth, is its human resources. We will reinforce systems for human resource development to enable each one of our employees to fully demonstrate their talent and other individual qualities, throughout the process from recruitment and training to the utilization of their skills and to retirement. We will thus enable them to lead professional lives where they are fulfilled and satisfied in their jobs and continue to push forward with organizational revitalization to keep improving the value of the corporate group as a whole.

● Evaluation system that values dialogue and extension of retirement age with multiple options with an upper limit of 65 years of age

We have introduced an evaluation system that attaches importance to dialogue between evaluators and the people being evaluated. Employees consider medium- to long-term initiatives and talk with their superiors to create opportunities to set targets, so that superiors support their subordinates in their autonomous personal development and their improvement activities. In addition, in evaluation settings, employees have the results of their initiatives to achieve six-month and full-year targets appeal to their superiors to discuss and agree on the evaluation with superiors. Extension of the retirement age or reemployment is also offered if employees express an interest in the dialogue. Employees are allowed to select the age at which they will retire, between 60 to 65 years of age. In addition, even employees who have chosen to retire before reaching 65 can continue working as re-hired employees (with the annual renewal of their contract) until they reach the age of 65. This applies to all employees who desire to do so. Employees are also re-hired after reaching the age of 65 with an upper limit of 70 (with the annual renewal of their contract) if both the employees and the company desire to continue their relationship.

● Initiatives and training programs for human resources development

	OFF-JT	General education	Self-development
Employees in senior positions	Evaluator training	Harassment Prevention Training	Incentive system for obtaining qualifications, support system for obtaining qualifications, support system for attending outside schools Support system for taking internal correspondence courses Support system for attending outside schools
Managers	Training for newly appointed managers	For managers	
Mid-level employees	Leader training	Overseas training	
Junior employees	Workshop training	Harassment Prevention Training	
	Skills development training		
New employees	New employee training Plant training	For personnel other than managers	Follow-up training



● Promoting Female Empowerment

We are also building an environment that will enable female employees to demonstrate their capabilities. Aiming for a female career track hiring rate of at least 30%, we are working towards the goal of increasing the number of female managers to 50 (including five or more senior managers) by the year 2026.



Details of this section are available here.

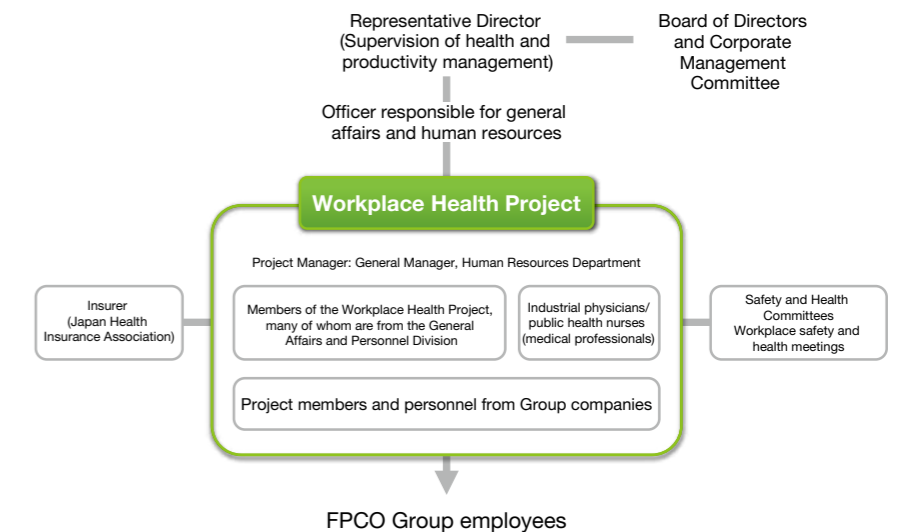
Health and Productivity Management

FPCO Group Health Declaration

Since its founding, the FPCO Group has positioned health as one of its guiding precepts. We promote activities to maintain and advance health and have developed healthy workplaces so that each and every employee can work vigorously with a sense of motivation and fulfillment.

● Management Structure

With representative directors playing a central role, all sectors work together to promote initiatives aimed at improving the work environment for employees and raising awareness of health and safety. The status of these initiatives and health and safety-related activities are reported to management meetings attended by directors, and important matters are discussed and reported on at Board of Directors meetings, enabling the Board of Directors to fulfill its audit functions. We are implementing diverse programs by pushing forward with activities under the Workplace Health Project, which are carried out under the structure described above.



● Implementation of the Workplace Health Project

- ▶ **My Health Declaration Card...** Every year, we have each employee write their health activity targets on this card, thus motivating them to continue activities to maintain and improve their good health.
- ▶ **Physical and mental health diagnosis...** We are encouraging all employees to undergo stress questionnaire, in addition to periodical health examinations each year.
- ▶ **Health seminars...** Every year, we hold a Health Seminar face-to-face and online to maintain and improve the level of employees' mental and physical health.
- ▶ **Support and health guidance from industrial physicians...** We appoint industrial physicians at all business sites, including those with less than 50 employees, and advance safety and health activities by working together with the industrial physicians. We also have public health nurses provide specific health guidance and follow up on the results of periodic medical examinations.
- ▶ **Lifestyle modification initiatives...** While we conduct a lifestyle survey each year to encourage lifestyle modification, we have introduced a smoking cessation week and the Pico-Vege Week (during which employees are encouraged to eat vegetables) and planned motor function tests, walking rally using a smartphone pedometer app and other events. Thus, we are encouraging employee self-care.
- ▶ **Framework for supporting employees' return to work...** We have created a manual on the content and framework for supporting and facilitating employees returning to work. Thus, we are ready to help employees taking long-term leaves of absence and returning to work.
- ▶ **Delivery of health information...** We have created a dedicated site of the Workplace Health Project on our intranet, where we provide information about project programs. In addition, we use various opportunities to proactively provide health information to improve the health literacy of employees. These include the monthly Newsletter from Health Nurses, and an e-mail magazine from the Workplace Health Project.



Details of this section are available here.

Name: FP Corporation

Established: July 1962

Representative: Morimasa Sato, Chairman, Representative Director and Group Representative
Kazuyuki Yasuda, President, Representative Director

Capital: 13.15 billion yen


Number of employees: 979 employees
(FP Corporation Group: 4,876)

Business outline: Manufacturing and marketing of disposable food containers made of polystyrene and other compound resins; marketing of related packaging materials

Fukuyama Headquarters: 1-13-15 Akebono-cho, Fukuyama-shi, Hiroshima-ken, 721-8607 Japan
Tel.: +81-84-953-1145
Fax: +81-84-953-4911

Tokyo Headquarters: Shinjuku Oak Tower 36F, 6-8-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-6036 Japan
Tel.: +81-3-5320-0717
Fax: +81-3-5325-7811



 Our logo features the letters FP, which signify the first letters of the first two words in Fukuyama Pearl Paper Manufacturing Corporation, which was the name of our company when it was established.

The FP Corporation Group's network for manufacturing, distribution, sales and recycling operations

★ Headquarters

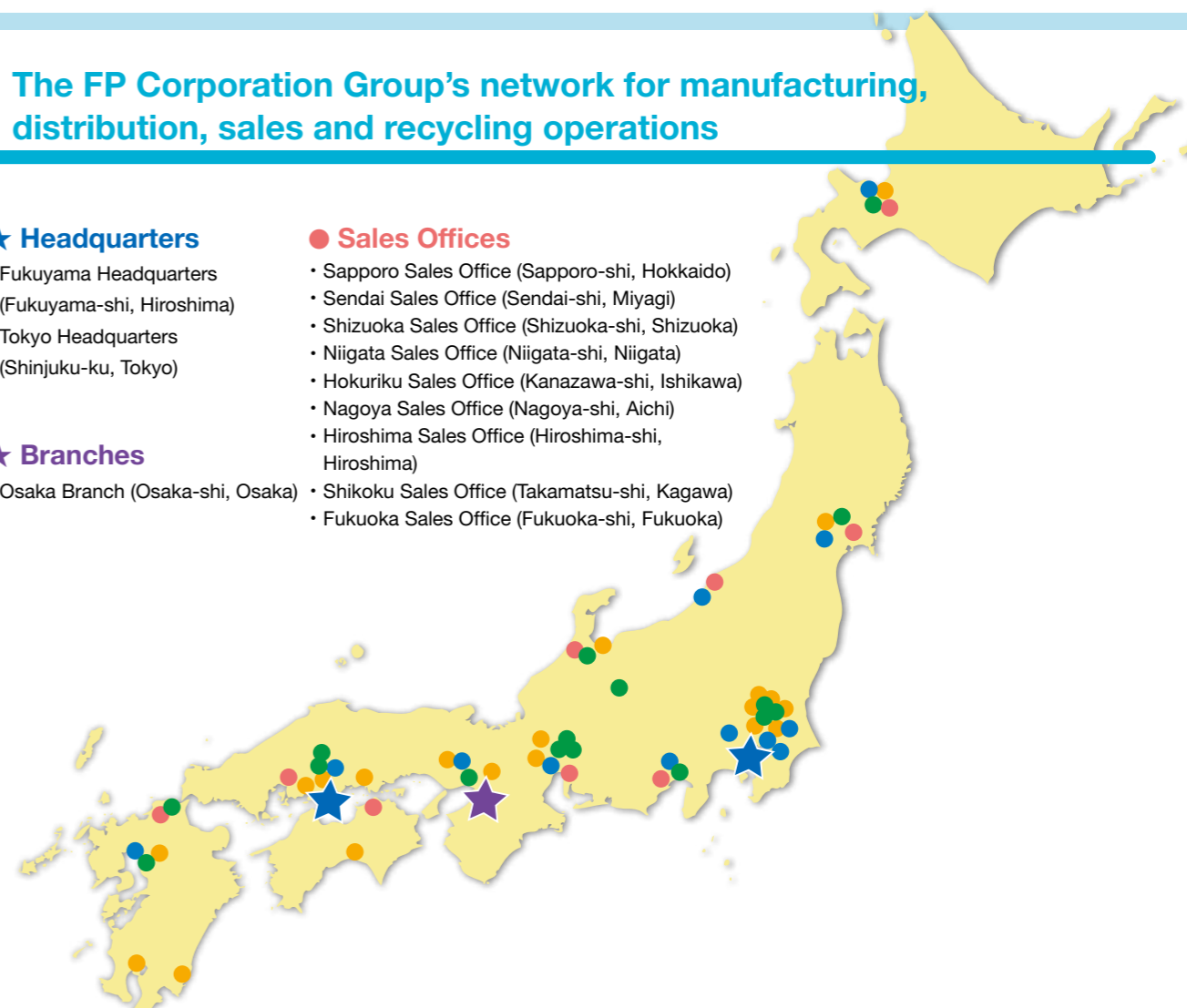
- Fukuyama Headquarters (Fukuyama-shi, Hiroshima)
- Tokyo Headquarters (Shinjuku-ku, Tokyo)

● Sales Offices

- Sapporo Sales Office (Sapporo-shi, Hokkaido)
- Sendai Sales Office (Sendai-shi, Miyagi)
- Shizuoka Sales Office (Shizuoka-shi, Shizuoka)
- Niigata Sales Office (Niigata-shi, Niigata)
- Hokuriku Sales Office (Kanazawa-shi, Ishikawa)
- Nagoya Sales Office (Nagoya-shi, Aichi)
- Hiroshima Sales Office (Hiroshima-shi, Hiroshima)
- Shikoku Sales Office (Takamatsu-shi, Kagawa)
- Fukuoka Sales Office (Fukuoka-shi, Fukuoka)

★ Branches

- Osaka Branch (Osaka-shi, Osaka)



● Production Plants

- Hokkaido Plant (Ishikari-shi, Hokkaido)
- Yamagata Plant (Sagae-shi, Yamagata)
- Kanto Plant (Yachiyo-machi, Ibaraki)
- Kanto Yachiyo Plant (Yachiyo-machi, Ibaraki)
- Kanto Eco PET Plant (Yachiyo-machi, Ibaraki)
- Kanto Shimodate Plant (Chikusei-shi, Ibaraki)
- Chikusei Plant (Chikusei-shi, Ibaraki)
- Kanto Tsukuba Plant (Shimotsuma-shi, Ibaraki)
- Toyama Plant (Imizu-shi, Toyama)
- Chubu Plant (Wanouchi-cho, Gifu)
- Chubu Eco PET Plant (Wanouchi-cho, Gifu)
- Kinki Kameoka Plant (Kameoka-shi, Kyoto)
- Kasaoka Plant (Kasaoka-shi, Okayama)
- Kansai Plant (Ono-shi, Hyogo)
- Fukuyama Plant (Fukuyama-shi, Hiroshima)
- Kannabe Plant (Fukuyama-shi, Hiroshima)
- Shikoku Plant (Nankoku-shi, Kochi)
- Kyushu Plant (Yoshinogari-cho, Saga)
- Nango Plant (Nichinan-shi, Miyazaki)
- Kagoshima Plant (Kagoshima-shi, Kagoshima)

● Recycling plants/Sorting plants and volume reduction centers

- Kanto Recycling Plant (Yachiyo-machi, Ibaraki)
- Kanto PET Recycling Plant (Yachiyo-machi, Ibaraki)
- Chubu Recycling Plant (Wanouchi-cho, Gifu)
- Chubu PET Recycling Plant (Wanouchi-cho, Gifu)
- Fukuyama Recycling Plant (Fukuyama-shi, Hiroshima)
- Hokkaido Volume Reduction Center (Ishikari-shi, Hokkaido)
- Yamagata Sorting Plant (Sagae-shi, Yamagata)
- Ibaraki Sorting Plant (Yachiyo-machi, Ibaraki)
- Tokai Sorting Plant (Nagaizumi-cho, Shizuoka)
- Matsumoto Sorting Plant (Matsumoto-shi, Nagano)
- Kanazawa Sorting Plant (Kanazawa-shi, Ishikawa)
- Gifu Sorting Plant (Wanouchi-cho, Gifu)
- Nishinomiya Sorting Plant (Nishinomiya-shi, Hyogo)
- Fukuyama Sorting Plant (Fukuyama-shi, Hiroshima)
- Saga Sorting Plant (Kanzaki-shi, Saga)
- Nishinohon PET-Bottle Recycle Co., Ltd. (Kitakyushu-shi, Fukuoka)

● Distribution centers/ Small-Lot Distribution centers

- Hokkaido Distribution Center (Ishikari-shi, Hokkaido)
- Tohoku Distribution Center (Sagae-shi, Yamagata)
- Kanto Hub Center (Yachiyo-machi, Ibaraki)
- Hachioji Distribution Center (Hachioji-shi, Tokyo)
- Tokai Distribution Center (Nagaizumi-cho, Shizuoka)
- Chubu Hub Center (Wanouchi-cho, Gifu)
- Kansai Hub Center (Ono-shi, Hyogo)
- Fukuyama Hub Center (Fukuyama-shi, Hiroshima)
- Kyushu Distribution Center (Yoshinogari-cho, Saga)
- Hokkaido Picking Center (Ishikari-shi, Hokkaido)
- Tohoku Picking Center (Ohira-mura, Miyagi)
- Kanto Picking Center (Yachiyo-machi, Ibaraki)
- Ibaraki Picking Center (Yachiyo-machi, Ibaraki)
- Hachioji Picking Center (Hachioji-shi, Tokyo)
- Niigata Picking Center (Nagaoka-shi, Niigata)
- Chubu Picking Center (Wanouchi-cho, Gifu)
- Kansai Picking Center (Kobe-shi, Hyogo)
- Fukuyama Picking Center (Fukuyama-shi, Hiroshima)
- Kyushu Picking Center (Yoshinogari-cho, Saga)

Group Companies

Manufacturing

- FPCO Hokkaido Co.
- FPCO Yamagata, Ltd.
- FPCO Ibaraki Co.
- FPCO Yachiyo Co.
- FPCO Shimodate, Co.
- FPCO Chikusei Co.
- FPCO Toyama Co.
- FPCO Chubu Co.
- FPCO Hyogo Co.
- FPCO Kasaoka Co.
- FPCO Fukuyama Co.
- FPCO Kannabe, Ltd.
- FPCO Kyushu Co.

- FPCO Tosu Co.
- FPCO Ducks Co.
- FPCO Ai Pack Co.
- FPCO ALRight Co. Ltd.
- FPCO Gravure Co., Ltd.
- Nishinohon PET-Bottle Recycle Co., Ltd.

Logistics

- FP Logistics Corporation
- I-Logic Co., Ltd.
- FP East Logistics Corporation
- FP West Logistics Corporation

Trading & Sales

- FP Trading Co., Ltd.
- FP CHUPA Corporation
- FPCO Dia Foods Co., Ltd.
- FPCO International Package Co., Ltd.
- FPCO Ishida Co., Ltd.
- FPCO Ueda Co.

List of Executives

Iwao Fukiyama

Senior Vice President and Director, Deputy Executive General Manager of Manufacturing Division (in charge of East division)

Kimiko Nishimura

Senior Vice President and Director, Supervisor of General Affairs and Personnel Division, Supervisor of Special Subsidiary Pursuing Business Providing Type A Support for Continuous Employment, Supervisor of Sustainability Promotion Dept., and Supervisor of Judicial Affairs & Compliance Dept.

Koji Oka

Senior Vice President and Director, Integrated General Manager of Integrated Special Sales Dept., Supervisor of Product Developing Planning Dept., and Supervisor of Marketing Dept.

Kenji Kobayashi

Senior Vice President and Director, Integrated General Manager of Integrated Western Sales Dept.

Hidetoshi Nagao

Director, Executive General Manager of General Affairs and Personnel Division, and Supervisor of Secretarial Dept.

Hiroshi Ogawa

Senior Vice President and Director, Executive General Manager of Global Trading Division

Nobuyuki Nagai

Executive Vice President and Director, Executive General Manager of Manufacturing Division

Kazuyuki Yasuda

President, Representative Director

Morimasa Sato

Chairman, Representative Director and Group Representative

Masanobu Takahashi

Executive Vice President and Director, Executive General Manager of Sales Division, Integrated General Manager of the Integrated Eastern Sales Dept.

Isao Ikegami

Executive Vice President and Director, Executive General Manager of Finance and Accounting Division, Supervisor of Corporate Planning Office, Supervisor of the Corporate Administrative Department at the Tokyo Headquarters



Toshinori Iwasawa

Independent Outside Director

Masahiro Midorikawa

Independent Outside Director

Morihiko Otaki

Independent Outside Director

Takejiro Sueyoshi

Independent Outside Director

Takayoshi Yamakawa

Independent Outside Director

Shuichi Matsumoto

Independent Outside Director



Satoshi Koizumi

President and Representative Director, FP Logistics Corporation and I-Logic Co., Ltd.



Takeshi Komatsu

Representative Director and Chairman, FP Trading Co., Ltd.



Tsuneyuki Kadota

Representative Director and President, FP Trading Co., Ltd.



Katsumi Ozawa

Representative Director and President, FPCO International Package Co., Ltd.



Mitsushi Hirata

President and Representative Director, FP CHUPA Corporation



Naoya Otani

Representative Director and President, FPCO Dia Foods Co., Ltd.



Naohide Ushirodani

Representative Director and President, FPCO Ueda Co.



Hiromitsu Hamada

Representative Director and President, FPCO Ishida Co., Ltd.



Kozo Hashiguchi

Representative Director and President, FPCO ALRight Co. Ltd.



Yasushi Amano

Representative Director and President, FPCO Gravure Co., Ltd.



Toru Chijiki

Representative Director and President, Nishinoh PET-Bottle Recycle Co., Ltd.



Hisao Katsuda

Representative Director and President, FPCO Ai Pack Co., and Representative Director and Chairman, FPCO Ducks Co.



Hisami Iwai

Representative Director and President, FPCO Ducks Co.



Please check here for details.

SUMMARY OF HUMAN RESOURCES DATA

Statistics on Employees (as of the end of March 2023)	Male	Female	Total
Number of Employees	653	326	979
Number of Foreign Employees	1	3	4
Average Age	44.5	35.2	41.4
Under 30	108	128	236
30 - 39	131	83	214
40 - 49	171	94	265
50 - 59	184	14	198
60 and older	59	7	66
Continuous Years of Employment	15.9	11.3	14.4
Number of employees (Consolidated)	3,650	1,226	4,876

Number of Resignations	Early	Voluntary	Company-mandated	Transfers	Others	Total
FY2023	0	28	0	0	1	29

New Graduate Employee Retention Status	Male	Female	Total
Number of Graduate Employees Hired in April 2020	13	20	33
Number Remaining in April 2023	7	19	26

Percentage of Female Employees in Managerial Positions	Female	Male	Percentage of Female Employees
	46	383	10.7

Employment of Persons with Disabilities	FY2020	FY2021	FY2022	FY2023
Actual Number (persons)	358	362	365	365
Disability Employment Rate (%)	13.3	12.7	12.6	12.5

Work-life Balance	FY2020	FY2021	FY2022	FY2023
Percentage of Paid Leave Taken (%)	53.6	49.3	56.1	57.6
Average Monthly Hours of Overtime Worked Per Person	9.8	8.0	7.8	7.7
Number of Employees Taking Maternity Leave (persons)	25	12	15	14
Number of Employees Taking Childcare Leave (persons)	28	15	15	20
Female	28	14	13	18
Male	0	1	2	2
Percentage of Childcare Leave Taken by Female Employees	100.0	100.0	100.0	100.0
Percentage of Childcare Leave Taken by Male Employees	0.0	5.0	9.1	9.5
Percentage of Employees Returning from Childcare Leave (%)	92.3	96.0	95.2	100.0

FINANCIAL SUMMARY

Term		57th Term	58th Term	59th Term	60th Term	61st Term
Year and Month of Financial Results		March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(Million yen)	181,171	186,349	187,509	195,700	211,285
Ordinary profit	(Million yen)	14,861	16,274	19,381	16,703	17,328
Profit attributable to owners of parent	(Million yen)	9,901	10,777	12,211	11,206	11,529
Comprehensive income	(Million yen)	9,332	10,461	13,021	11,118	11,558
Net assets	(Million yen)	112,198	119,301	124,980	132,455	140,171
Total assets	(Million yen)	249,332	242,497	247,234	262,695	298,623
Net assets per share	(Yen)	1,351.67	1,436.07	1,520.06	1,610.11	1,703.56
Net income per share	(Yen)	119.75	130.36	147.80	136.96	140.87
Diluted net income per share	(Yen)	-	-	-	-	-
Equity ratio	(%)	44.8	49.0	50.3	50.2	46.7
Return on equity	(%)	9.1	9.4	10.0	8.8	8.5
Stock price to earnings ratio	(Times)	27.3	27.5	30.5	21.3	23.3
Cash flows from operating activities	(Million yen)	25,510	27,770	31,814	23,148	20,071
Cash flows from investing activities	(Million yen)	-17,109	-10,989	-19,131	-22,866	-34,306
Cash flows from financing activities	(Million yen)	-4,908	-15,643	-15,086	1,578	16,745
Cash and cash equivalents at end of period	(Million yen)	19,151	20,288	17,884	19,745	22,255

*1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been adopted since the beginning of the 60th term, and the accounting standard, etc. is applied retroactively to major management indicators, etc. for the 59th term.

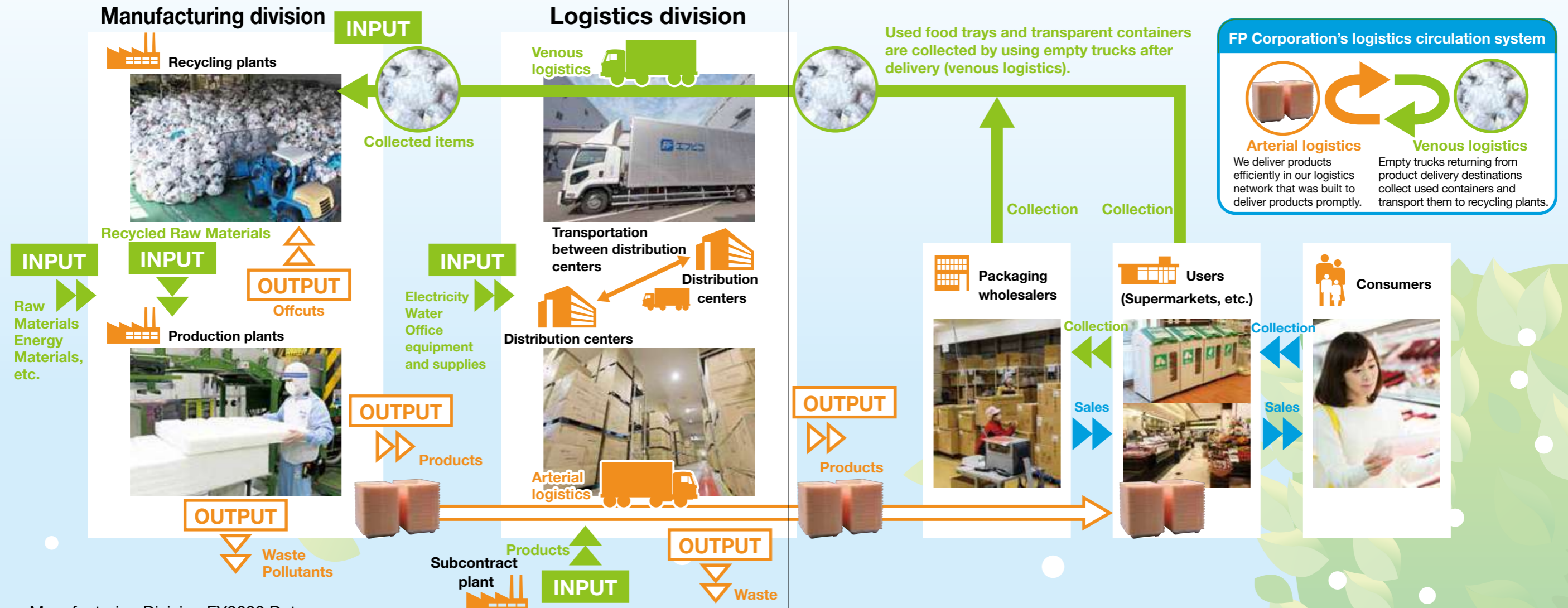
*2. Diluted net income per share is not listed due to the absence of dilutive shares.

*3. On October 1, 2020, the Company implemented a two-for-one common stock split. In connection with the stock split, the company calculated net income per share and net assets per share, assuming the concerned stock split was performed at the beginning of the 57th term.



Please check here for details.

SUMMARY OF ENVIRONMENTAL DATA



Manufacturing Division FY2023 Data

INPUT			
Energy	Electricity	393,254,083	kwh
	Energy from Fossil Fuels	84,557,756	MJ
	Water Resources	Water Supply	567,165 m ³
	Groundwater	172,462	m ³
	Industrial Water	85,706	m ³
Raw Materials (Resins, etc.)		207,576	t
Secondary Materials	Cardboard	39,892	t
	Packaging Plastic	3,554	t
Others	Lubricating Oil	13,243	L
	Thinners	67,879	L
	Paper	2,519,600	sheets
OUTPUT			
Products	Product Manufacturing Weight	209,817	t
	Number of Truck Shipments	166,047	vehicles
Waste		30,263	t
Environmental Pollutants	Soot and Dust	70	Kg
	NOx	8,491	Kg
	SOx	0	Kg
	BOD	3,458	Kg
	COD	4,824	Kg
	SS	2,210	Kg

Logistics Division FY2023 Data

INPUT			
Energy	Electricity	17,772,064	kwh
	Energy from Fossil Fuels	2,621,785	MJ
Water Resources	Water Supply	22,356	m ³
Others	Paper	9,761,857	sheets
OUTPUT			
Waste		475	t

Office division



Office Division FY2023 Data

INPUT			
Energy	Electricity	3,553,666	kwh
Water Resources	Water Supply	5,495	m ³
Others	Paper	11,470,856	sheets
OUTPUT			
Waste		47	t

SOCIAL EVALUATION

External Evaluation

Honor by the Minister of the Environment Award for Global Warming Prevention Activity in FY2015



Wins the gold prize in the first Eco Mark Award



An "A-" score earned from CDP in 2022 Climate Change Disclosure



Diversity & Inclusion Award



ESG Indexes

FP Corporation has been selected as a constituent of the FTSE4Good Index Series, which is announced based on ESG evaluation of approx. 3,000 major companies in the world.



FTSE Blossom Japan Sector Relative Index

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

This index is determined by calculating gender diversity scores based on data about the employment of women disclosed pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace and selecting companies with high scores from each industry. Same as the FTSE Blossom Japan Index, it is one of the ESG indexes used by the Government Pension Investment Fund (GPIF).

Environmental groups in which FP Corporation participates



Certified under the Eco First program

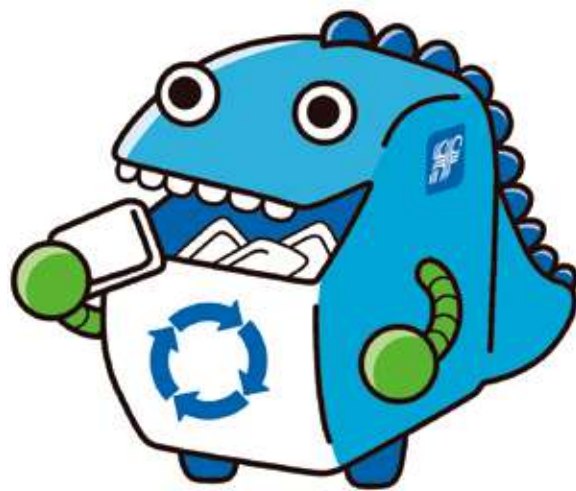


Pico-saurus is a mascot character created to commemorate FP Corporation's 60th anniversary. It was selected from among the characters suggested by employees through a ballot. This character is gaining unexpected popularity within the FPCO Group. To use a contemporary expression, it is "going viral." I think that the main reasons for this are the fine balance of its loveliness and its somewhat innocent look, and more than anything, the fact that Pico-saurus was designed in the motif of a tray collection box. It is so popular that various related goods have been created (or rather I should say that we have created them) as if it were an idol singer. Those goods include a strap, a ballpoint pen, a desktop calendar, LINE stamps, and even a full-body suit shown in the photo. We have also created collection boxes for used trays to be set up at supermarkets. We will wait and see if it is actually used in the future. We have high hopes that the amount of used trays we collect will increase if we use this collection box, because it looks more child-friendly than collection boxes currently used.

Thank you very much for reading FP Corporation Report 2023. We would be grateful if you could complete the attached survey and return it to us for the continued improvement of the report. Thank you in advance for your cooperation.



Eiji Togashi General Manager, Sustainability Promotion Dept.



FPCO Report 2023



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