

2010 CSR Report
Environmental and
Social Action Report



FP CORPORATION



Introduction

FP Corporation Memoirs

Forward-looking decisions
have led to our dramatic
progress today

Yasuhiro Komatsu
Chairman of the Board and CEO

小松安弘

Yasuhiro Komatsu looks back over nearly 50 years of FP Corporation history and recalls some defining episodes. From his founding of the company in 1962 at the age of 24, through the years of rapid economic growth, the subsequent collapse of the bubble economy, and the shift to environmentally focused management, Komatsu has always maintained his philosophy of “patience.” His resolve to decisively act with an eye to the future even during hard times has constantly helped the company achieve dramatic progress.

From 300 to 12,500

We held our first Pearl Fair exhibition to showcase our products in 1976. Our sales were on the rise at the time due to increasing demand for ready-made take-out meals, but we decided to hold this exhibition to ensure our growth did not stop there.

I believe this may very well have been the first ever food tray exhibition organized by a single company. We simply tidied our factory up and used that space to display our products for the exhibition.

However, we were anxious because we didn't know how many people would show up, so we tied the exhibition in with a sea bream netting event in the neighboring town of Tomonoura that always brings in a lot of tourists. This method of fishing has existed in the town for 370 years, and ever year, tourists board boats to see fishermen net fish. The idea was to bus tourists from there to the Pearl Fair after they had attended the event.

However, only 300 people ended up coming to the exhibition.



While some people came from as far away as Kyoto and other places in the Kansai region, we felt that 300 visitors was on the low side. Yet, this event would serve as the springboard for future exhibitions.

We held our first Pearl Fair in Tokyo in 1985, and since 1997 we have been holding our exhibition – now called the FPCO Fair – at Tokyo Big Sight. Nearly 12,500 people visited the FPCO Fair over the three days it was held in March 2010.

While only 300 people visited our first exhibition, we felt it was an indispensable opportunity to unveil products and show people what it is that we make. At today's FPCO Fair exhibitions, we also try to assist visitors from the supermarket industry by offering them advice on supermarket displays and exchanging information.

Doing it all ourselves

In 1979, we decided to establish our own distribution system to reinforce our product delivery infrastructure. Prior to that, we had been using a major transport company to deliver products. Many, however, were not very keen on this decision, as they believed it was too risky.

The reason for this decision was that we anticipated an explosion in the volume of deliveries. At the time, we had gradually started to sell colored trays in addition to our strong-selling white trays. We thought that if our delivery volume grew, it would be cheaper to make our own deliveries. Our forecasts were not proven wrong.

Our trading volume increased to the extent that we had to constantly send out trucks loaded just with FP Corporation products to supermarkets and wholesalers – something we

would soon be unable to cope with without our own distribution network.

However, it wasn't until we started our recycling program in 1990 that we began to see the real benefits of having our own distribution network. We realized we could use our trucks – empty after dropping products off – to collect used trays and bring them back to our warehouse. It was obvious that we could not have done it without our own distribution network, as the transportation of large bags of used trays collected from supermarkets is an inefficient business for ordinary delivery companies.

We now collect trays and other containers from about 7,700 stores nationwide. The more we collect, the more effective our distribution network appears to the rest of the world.



Turning a negative into a positive

As sales exploded for the colored trays we launched in the 1980s, and they became increasingly prominent in our society, these trays also began to attract attention for the waste they produced. Given that a national movement against garbage was taking place at this time, many people condemned the use of food trays. We resolved to recycle these trays and launched our recycling program in 1990.



The tone of criticism against food trays at the time was fierce. Even though we were able to supply them cheaply to customers, the image of used trays being tossed away without thought must have given the public a very negative impression.

The evolution of our products



Food trays are hygienic and convenient for carrying foodstuffs. They can also keep products fresh and handle foods with high water content. Food distribution companies would have been unable to sell large quantities of products without trays.

In spite of these factors, the problem of disposing garbage became a social issue. We felt that fighting this argument against the need for food trays would have run contrary to the tide of societal opinion, and that is why we launched a recycling program to turn our used products into new products instead of wasteful garbage.

Even though we make useful products, they are seen in a negative light if they are thrown away after use. But if we can recycle used trays, there are positive benefits for society, the environment, our customers and also FP Corporation.

Of course, it was not easy to get our recycling program off the ground, but thanks to the assistance of many individuals and organizations, we have managed to increase the volume of products we collect for recycling.

I feel it will still take a little longer for the recycling program to yield major dividends. As has always been the case, it will take some time for past decisions to lead to dramatic progress. We look forward to the day when we can actually see this progress; in the meantime, we intend to keep turning negatives into positives.



▶ Covered hot pot containers managed to preserve the flavor and freshness of a variety of seasonal ingredients such as meat, seafood, and vegetables and were designed to make it difficult for liquids to leak



▶ Transparent containers commonly used for salads and cut fruit that enhance the appeal and freshness of food products



2000 -
Present

➔

To new and better food containers that support a wide range of uses

▶ Lunch box containers, now a staple of Japanese food culture, used partitions to allow for consumer-friendly and aesthetically pleasing meal layouts



▲ Containers with screw-type lids that prevents liquids from spilling out even when turned sideways; can also be reused at home for preserving food



Lidded containers, which allowed food to be arranged and displayed much more effectively than with a sheet of plastic wrap




CSR Topics from Fiscal 2009

May 2009

Started operations at our West Kanto Picking Center



→ P.32

August 2009

Procured a site for a new recycling plant in Gifu Prefecture



→ P.37

October 2009

Received the Jury's Special Prize at ITpro EXPO 2009

Disabled employees at FPCO Ai Pack Co. appeared in a fashion show



→ P.37



→ P.48

November 2009

Introduced electric vehicles



→ P.34

March 2010

Set up an environmental booth at the FPCO Fair at Tokyo Big Sight which was held for the first time in six years



→ P.37

CONTENTS

Introduction: FP Corporation Memoirs ···	1
CSR Topics from Fiscal 2009 ·······	5
Contents/Editorial Guidelines ·······	6

Company Outline (pp. 7-14)

Company Profile ·········	8
Company Organization and Group Companies ·········	9
Products ·········	10
Conversation: “The Future of Food Distribution and Environmental Conservation” ·······	11

Management Efforts (pp. 15-24)

Corporate Governance ·········	16
Compliance ·········	17
Risk Management ·········	18
Creation of an Eco Value Chain ·······	19

Environmental Efforts (pp. 25-46)

Environmental Guidelines/ Environmental Management System ·····	26
Product Development Efforts ·······	27
Factory Efforts ·········	29
Distribution Efforts ·········	31
Office Workplace Efforts ·········	33
Sales Efforts ·········	35
“FPCO Method” Recycling (Tray to Tray) ·········	38
Factory Tours ·········	44
Data: Environmental Efforts ·········	45

Social Efforts (pp. 47-55)

Relations with Shareholders ·········	49
Relations with Consumers ·········	50
Relations with Customers ·········	51
Hiring of Disabled Persons ·········	53
Relations with Employees ·········	55
FP Corporation’s History ·········	56

Editorial Guidelines

This 2010 CSR Report is a summary of FP Corporation’s environmental and social activities from April 2009 to March 2010. It has been edited according to the following guidelines.

- We have taken care to clearly note the achievements resulting from each activity and FP Corporation’s future directions in order for everyone to understand the essence of our corporation.
- We have endeavored to give a voice to people from inside the organization by printing comments from employees and other concerned parties.
- The “Environmental Report Guidelines” from the Ministry of the Environment (FY2007 edition) was used as a reference in preparing this report.
- Time period covered : April 1, 2009 to March 31, 2010
- Range of coverage : FP Corporation and the FP Corporation Group



Company Outline

How do we contribute to society through the manufacturing and marketing of disposable food containers? Please allow us to explain.

"To be a company that links people with people, people with nature, and companies with society."



To FP Corporation, the manufacturing of food containers is our way of expressing our desire to serve our customers to their hearts' content.

The creation of a rich culinary culture is key to bringing pleasant communication and a sense of ease to the dinner table. FP Corporation's trays, transparent containers and other disposable food containers have contributed to the creation of such a culinary culture by delivering fresh food to the dinner table in a hygienic and efficient way. Another aspect of our contribution is the recycling of used containers to minimize their environmental impact.

When visitors come to our company, we welcome them with a smile and the generosity of a good host. This stems from our pride in creating such a culinary culture and our sense of commitment to carrying out our societal responsibility.

Company Profile

Corporate Name: FP Corporation

Established: July 1962

Representative Officer:
Yasuhiro Komatsu, Chairman of the Board & CEO
Morimasa Sato, President & COO

Capital: 13.15 billion yen

Number of Employees: 667 (FP Corporation Group: 3,019)

Business Outline:

Manufacturing and marketing of disposable food containers made of polystyrene and other compound resins; marketing of said packaging materials

Headquarters:

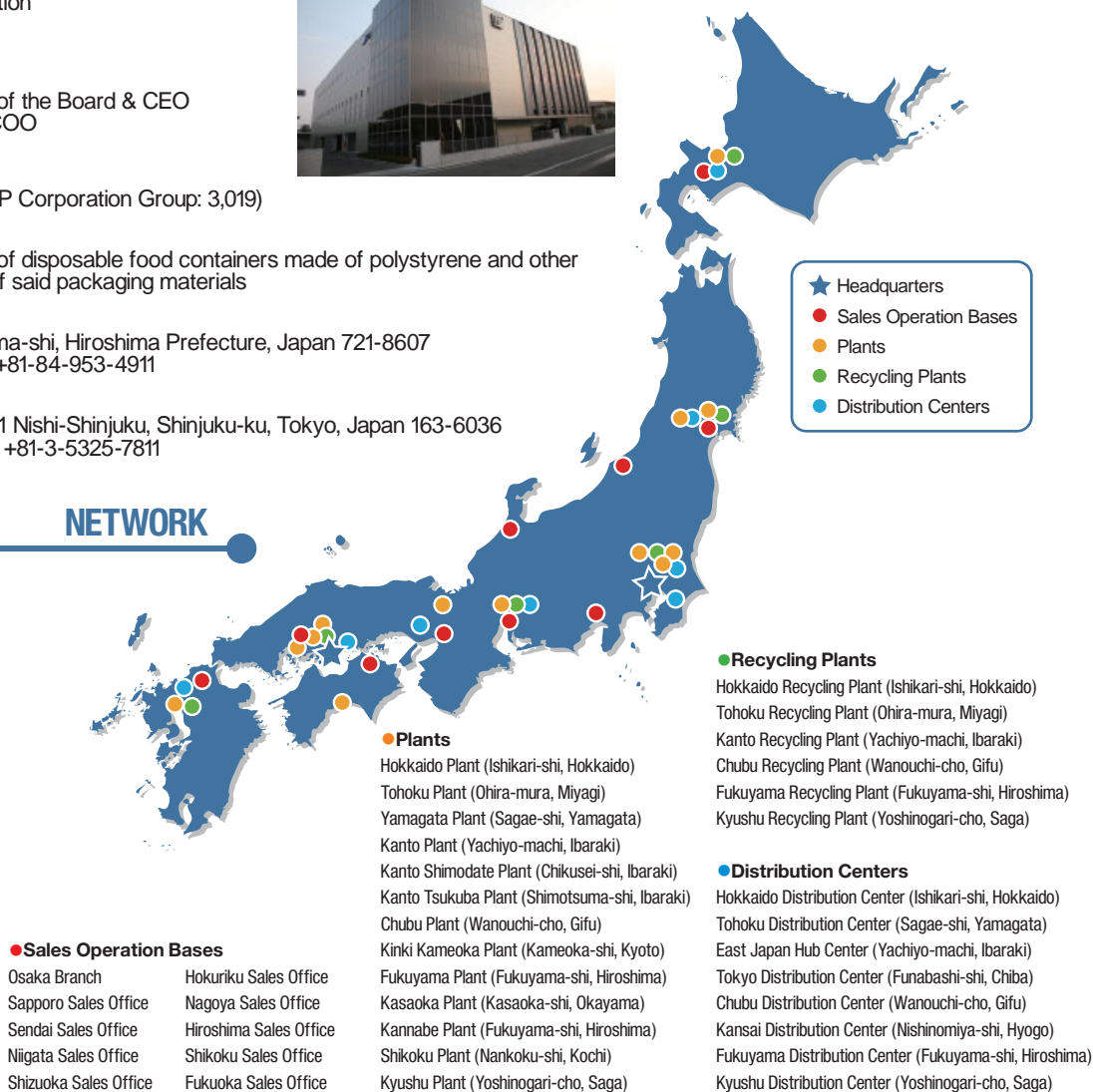
1-12-15 Akebono-cho, Fukuyama-shi, Hiroshima Prefecture, Japan 721-8607
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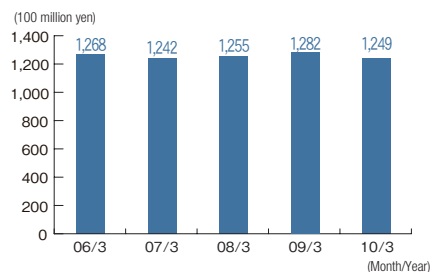


NETWORK

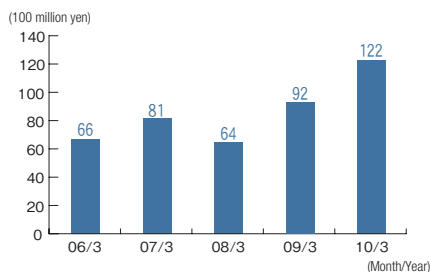


Main Management Indices

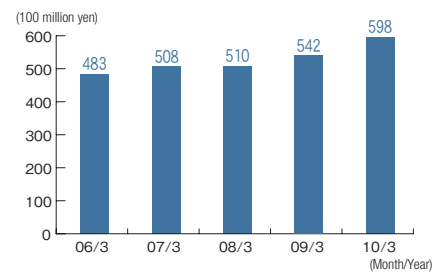
Sales (consolidated)



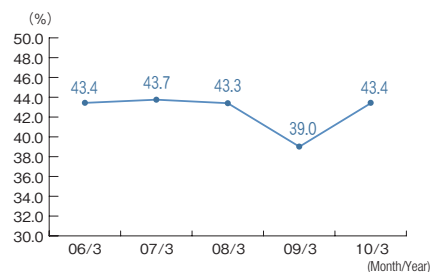
Current profits (consolidated)



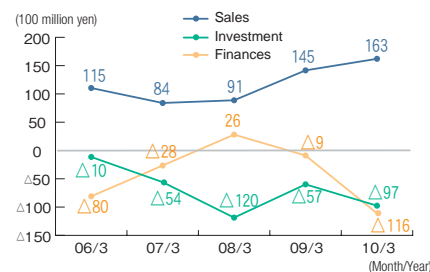
Net assets (consolidated)



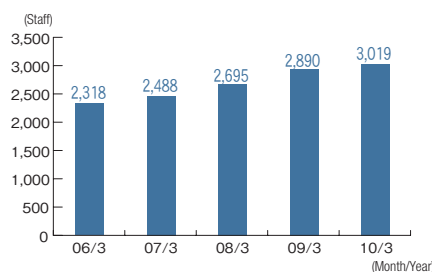
Equity ratio (consolidated)



Cash flow (consolidated)

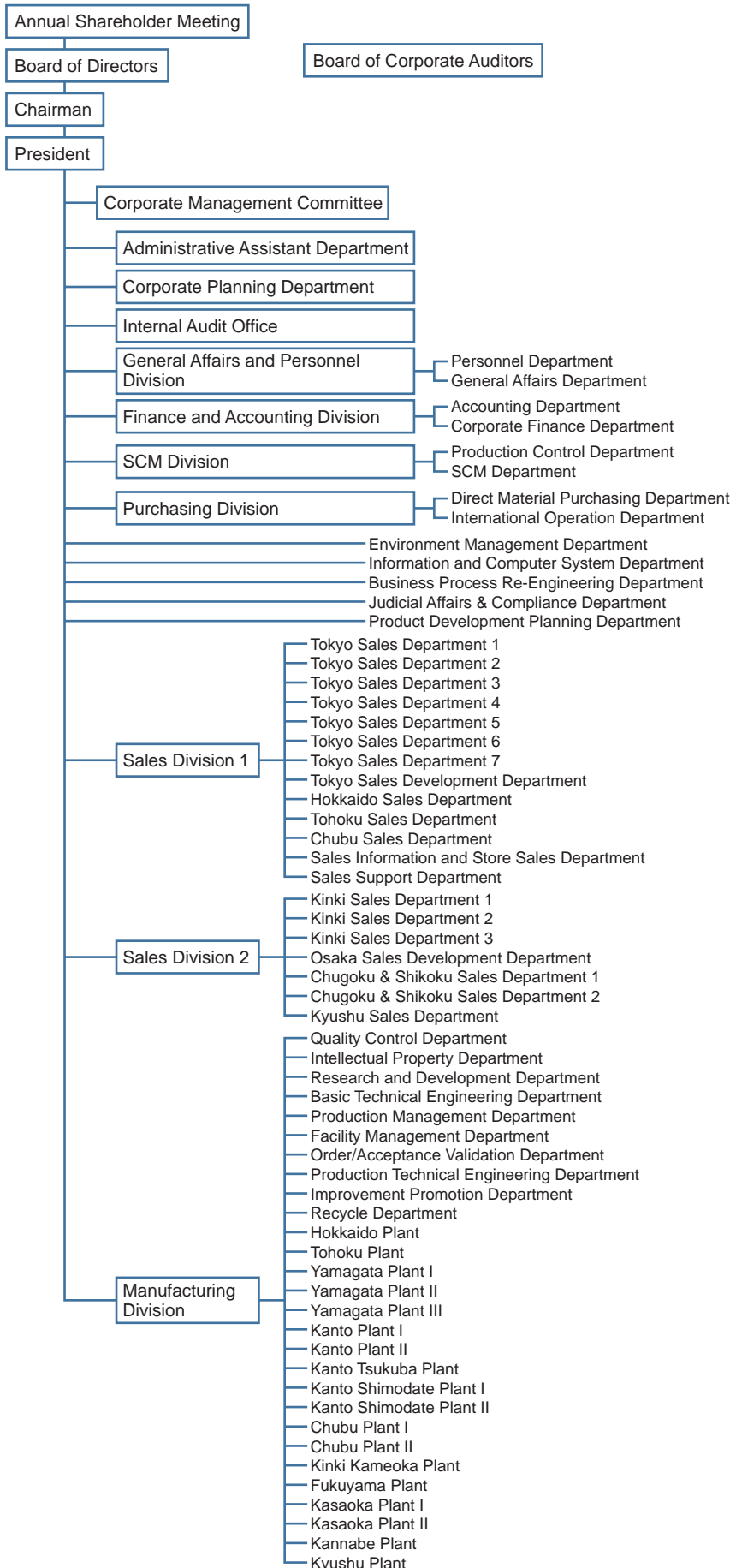


Number of employees (consolidated)



Company Organization and Group Companies

* As of April 1, 2010



Group Companies Supporting FP Corporation

- Manufacturing
 - FPCO Hokkaido Co.
 - FPCO Sendai Co.
 - FPCO Yamagata, Ltd.
 - FPCO Shimodate, Ltd.
 - FPCO Ibaraki Co.
 - FPCO Chubu Co.
 - FPCO Minoshima Co.
 - FPCO Fukuyama Co.
 - FPCO Kasaoka Co.
 - FPCO Kannabe, Ltd.
 - FPCO Saga Co.
 - FPCO Engineering, Ltd.
 - Daks Co.
 - Daks Shikoku Co.
 - Daks Saga Co.
 - FPCO Ai Pack Co.
 - Ibaraki Pigeon Recycle Co.
 - Nodaya, Ltd.
 - Teika-Precision Co.
 - FPCO Nippon Pearl Co.
- Distribution
 - FPCO Distribution Co.
 - Excel Distribution, Ltd.
 - FPCO Picking, Ltd.
 - FPCO Chubu Distribution, Ltd.
 - FPCO Kanto Picking, Ltd.
 - FPCO Kyushu Distribution, Ltd.
 - I Logic Co.
- Trading
 - FP Trading Co., Ltd.
- Sales
 - FP CHUPA Co., Ltd.
- Retail
 - FPCO Modern Pack Co., Ltd.
- Others
 - Cook Labo Co., Ltd.

Product range: FP Corporation products that support Japanese culinary culture

FP Corporation products cater to wide range of culinary needs of our customers, including containers for pre-cooked foods, small portion items, and soup and other liquids, as well as lunch boxes.



Meat

FP Corporation meat trays are one of our standard products. They have become an indispensable tool in floor sales in supermarkets and other retail outlets.



Fresh fish

Our trays are widely used for packaging fresh fish. Transparent trays are used for fillets and other value-added fish products to appeal to consumers' eyes without sacrificing the products' freshness.



Pre-cooked foods

Our lidded pre-cooked food containers are widely used due to their ease of use and convenience. Demand for containers for small portion meals has increased in recent years, and by meeting this demand we are able to meet a societal need as well by helping to reduce leftovers.



Lunch boxes

These partitioned containers are designed so that a range of ingredients can easily be arranged into well-laid out meal. Both light and strong, they help enhance the aesthetic appeal of the food they contain.



Vegetable and other fresh produce

These containers maintain the moisture content of freshly picked vegetables and other produce. They are made of entirely transparent materials that enable customers to see the freshness for themselves.



Sushi

These containers are standard FP Corporation products used for selling sushi, from individual- to family-sized portions. They are designed to preserve the shape of the sushi and ensure that the contents do not easily topple when the container is tilted.



Party food

These containers were developed to hold an assortment of foods for parties and other special occasions. They come in a range of sizes and shapes to suit a variety of purposes.



Confectionery

These containers are used for Japanese confectionery such as sweet dango dumplings, steamed manju buns, and sweet azuki bean jelly, and for dried fruit and other snacks. By shaping the container based on the product's form, these containers help preserve the shape of these products.



Microwavable containers

FP Corporation has a large range of microwavable containers, similar to those used in convenience stores around Japan.



Soups

Demand from retailers led to the development of these containers designed to prevent leakage with features such as screw-top lids.

Conversation: “The Future of Food Distribution and Environmental Conservation”

We welcomed Akiko Saito, president of Miyagi Co-op, to FP Corporation to discuss the cooperative's efforts to improve the safety of foodstuffs and increase the nation's self-sufficiency rate, and its work on other issues such as direct farm shipments and environmental conservation. The cooperative also works to deepen bonds between its members. Morimasa Sato, President and COO of FP Corporation, spoke with Saito about the future direction of food distribution.



Akiko Saito
Miyagi Co-op President

Morimasa Sato
FP Corporation President & COO

Essential recycling activities for food containers

Saito: I was shown around your recycling plant the other day. I saw the recycling process in the plant, and how the trays you collected for recycling were sorted, washed, ground and melted. I learned a lot from the experience. Thank you very much.

Sato: It was our pleasure. Thank you very much for coming to see us.

Saito: While observing the process, I noticed how clean the washed trays generally were, even though some were a bit, how should I put this, inappropriate for recycling. It really gave me the sense that consumers are highly aware of this process.



Sato: The reason a container recycling process like this can exist in Japan in the first place is thanks to the cooperation of the consumers. Container recycling of course requires the assistance of many people, but how would you rate the cooperation of Miyagi Co-op customers?

Saito: We put a lot of energy into educating people about recovering resources, and everyone now washes and dries containers before recycling them. I think people are conscious of this. Some people questioned whether using water to wash them would add to the environmental impact, but we won consumers over by explaining that they could simply re-use the same water they use for washing their other dishes.

Sato: Two years ago, I took part in a local panel discussion, where I was told that the municipal government had conducted a tray-washing experiment in each of its wards. The experiment showed there was no difference in the amount of water used to wash the trays. Could you tell me about your methods of gaining the understanding of consumers to increase the collection rate?

Saito: The key to increasing the collection rate is to inform consumers how their cooperation is linked to results. They will not continue to do this if they are not aware of these results. Our method is to reduce, reuse and recycle containers.

Disabled people involved in aspects of food distribution

Saito: One other thing I noticed were the many disabled people who were working at the recycling plant.



Sato: These are known as the three Rs. As far as reducing is concerned, we are constantly working to reduce the weight and the size of our containers without sacrificing their convenience and aesthetic value. We've reduced the weight of multi-purpose trays – one of our key products – by about 30 percent since 1990. We've achieved a 15 percent or so reduction in the weight and a 20 percent or so reduction in the size of all containers over the last six years. These cuts have enabled us to reduce the material volume and the number of delivery trucks. As for reusing, Miyagi Co-op has been a solid partner in helping us collect used containers; and as for recycling, we have been producing trays made from used containers called Eco Trays for about 20 years. We are also planning to begin full-scale recycling of transparent containers.

Sato: We started employing disabled workers at a molding plant about 20 years ago. The disabled employees you saw were involved in the process of sorting transparent container. Transparent containers are made from various materials and they cannot be recycled if they are not sorted by materials. We have the technology to separate these materials, but the containers need to be manually lined up in a neat row for this technology to work.

Saito: Yes, I remember that impressive machine that was sorting the containers by six different materials. I was told that it's important to line up the containers properly so that the machine can operate satisfactorily.

Sato: We'll always need people. Disabled employees display tremendous concentration when dealing with this kind of work, as well as a strong sense of responsibility. It just makes sense to be open to hiring disabled people for jobs in our recycling plants.

Japanese culinary culture and consumer behavior regarding food containers

Sato: Changing the subject, although we pride ourselves at FP Corporation on the utility of our food containers, what other types of containers would you find useful?

Saito: Whenever I enter one of our stores, I notice the increasing number of smaller containers created by the declining birthrate and increasing trend of eating alone. From the point of view of our company, we want people to value culinary culture, and therefore one of things we would like to do is encourage people to remove food from containers and serve them on one of the many beautiful pieces of Japanese dishware that enhance the aesthetic value of the food.

Sato: There is certainly a large variety of Japanese dishware that allows food to be arranged in different ways to stimulate the palate. FP Corporation creates food containers in accordance with the needs of our customers, and one could argue that our containers are, in fact, the end result of the changes in Japanese culinary culture. Japan is unique in this respect. Moreover, these containers do not just display foods attractively; they also serve a practical function by keeping food fresh. For example, people put beef in paulownia wood boxes to keep it fresh. We take this culture forward while seeking new ways to minimize the amount of waste.

Saito: I think consumer attitudes are becoming more straightforward, whether it applies to home deliveries or



supermarkets. Consumers are also very cost conscious. They may very well feel that items in attractive containers are expensive. So how do containers compare with plastic bags and other simple types of food packaging?

Sato: In many cases, people view plastic bags as being cheaper than trays, but in fact there is little difference. When considering the total cost, for example, such as the work put into packaging the product at the store, I believe trays are far more economical.

Saito: Consumers are also concerned about another form of cost. The introduction of garbage collection fees is being considered by local governments, and this potential burden on consumers is moving some people to take products out of their containers at the store after purchase. They don't want to take the containers home. Packaging that keeps food fresh and keeps it in shape is necessary for home deliveries, but people don't make purchases based on the shape of packaging.

Sato: I've seen stores that don't use trays where food is simply





Akiko Saito Miyagi Co-op President

1970: Joined the former **Miyagi Prefectural Welfare Cooperative**.
 1973: Appointed as director of the former **Miyagi Prefectural Welfare Cooperative**.
 1982: Miyagi Co-op formed through a merger with other cooperatives. Appointed as director.
 1994: Appointed as managing director of the **Federation of Miyagi Prefectural Consumer Cooperatives**.
 2003: Appointed as vice president of Miyagi Co-op.
 June 2009: Appointed as president of both Miyagi Co-op and **Federation of Miyagi Prefectural Consumer Cooperatives**.

Saito also serves as vice chairperson of the Miyagi Prefecture branch of the Japan Committee for UNICEF, vice president of the Miyagi Environmental Life Outreach Network (MELON), and vice president of a nonprofit nursing care service network in Miyagi Prefecture.

put in plastic bags, and have even spent a few days helping out at a supermarket. One thing I noticed is that customers tend to pick up meat and other perishables by hand to check the product's quality. This means that the quality of the food put on display deteriorates considerably.

Saito: That could well be true.

Moving toward a sustainable society

Saito: Miyagi Co-op's motto is to "create a more humane lifestyle and realize a peaceful, sustainable society." There are two key phrases to bear in mind – "Environmental conservation and harmony with nature," and "health, safety and peace of mind at a cheaper price." Because society will not develop without environmental efforts, I feel we have a societal obligation to realize a sustainable society.

Saito: We also have to reach the government's ambitious target of cutting CO₂ emissions by 25 percent.

Saito: Miyagi Co-op received ISO14001 accreditation in 1998, and since then we have constantly considered ways to help reduce global warming. We recently submitted a voluntary action plan in accordance with the law, and are working to improve energy conservation and tackle other environmental issues. An example of this is how we have actively urged our 600,000 members to conserve energy at home. While this is only a small step, we feel it's important for everyone to make an effort. On a business level, we are working on energy conversion schemes. European cooperatives are already using renewable energy.

Saito: The FP Corporation products used by Miyagi Co-op reduce CO₂ emissions at the production stage by conserving

natural resources, and further reduce CO₂ emissions in their afterlife by being collected and recycled.

Saito: When I visited the plant, I heard that about 30 percent of products are collected.

Saito: Our foam tray collection rate is 30 percent, and this contributes to cutting CO₂ emissions. Last year, we also started full-scale collection of transparent containers. Since PET products constitute about 50 percent of all transparent containers, we plan to establish a new PET recycling plant this fall and actively begin recycling such containers. We will certainly need the assistance of all cooperative members to further increase the collection rate of trays and transparent containers.

Saito: It's not just the cooperation of FP Corporation that we seek. We need the whole of society to make an effort. This would include an industry-wide push and a legal framework covering local governments and other bodies.

Saito: I agree. We will continue to make efforts toward achieving this ambitious emissions target.





Management Efforts

Here, we will explain the internal framework that enables us to maintain the trust of our stakeholders.

FP Corporation's management efforts have three core pillars: corporate governance, compliance, and risk management. Corporate governance refers to the monitoring of a company's organization; compliance is the adherence to laws and regulations and the fulfillment of societal responsibilities; and risk management is dealing with the various potential risks involved with running a business.

The combined effort of both administrative and non-administrative employees forms the foundation of FP Corporation's managerial strength.

The offices in our Tokyo Headquarters building in the central Shinjuku district are, like our Fukuyama Headquarters building, almost completely surrounded by glass to strike home the idea that our company is highly transparent and honorable in our business ethics.

Corporate Governance

What Corporate Governance Means to FP Corporation

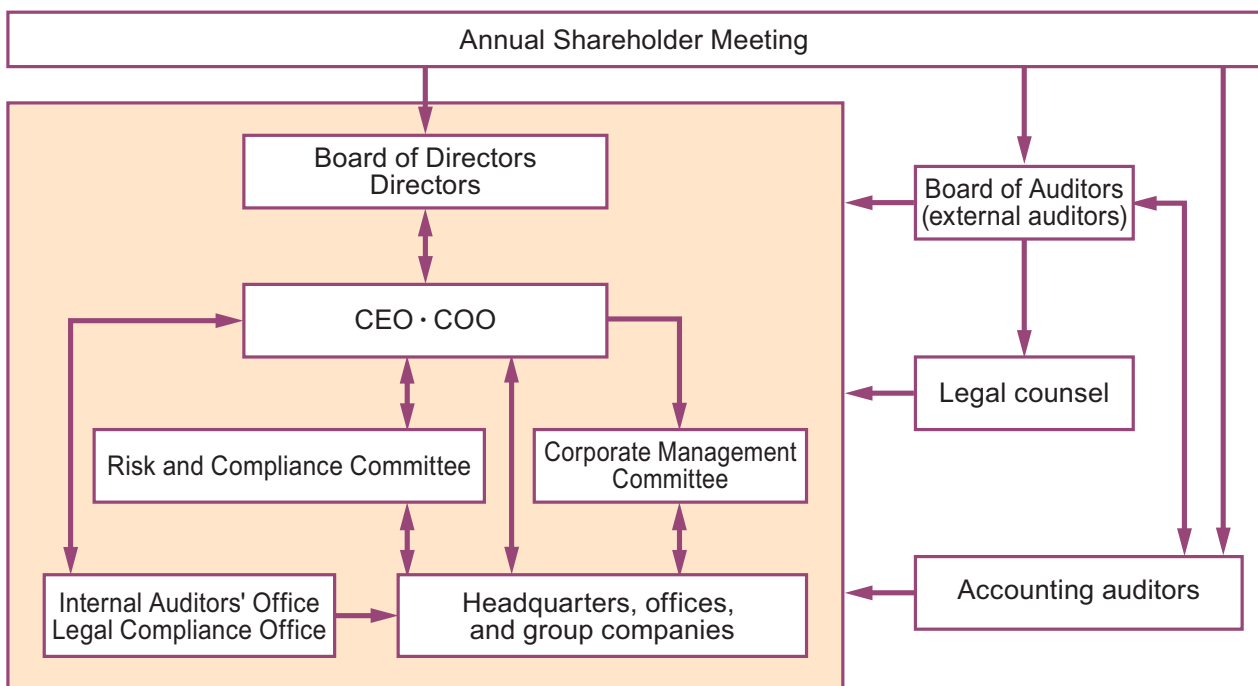
Corporate governance is a framework used to monitor whether or not an organization's management properly considers the needs of all interested parties, including stockholders and society. Based on this definition, FP Corporation's basic approach to corporate governance is to expedite strategic management decisions, increase management efficiency, and ensure transparency. We work proactively to disclose information related to our business activities in order to earn the trust of all of our stakeholders, including clients, creditors, customers, consumers, investors, and stockholders, and to maintain our status as a good corporate citizen.

Board of Directors and Board of Auditors

FP Corporation has a Board of Directors and Board of Auditors, established in accordance with existing laws. The Board of Directors holds regular monthly meetings, in addition to non-scheduled meetings arranged by necessity, to be able to make decisions faster to ensure that management is conducted with the proper degree of transparency. They also hold management conferences, for example, to provide a framework from which management issues can be sufficiently discussed from a variety of perspectives.

The Board of Auditors consists of four full-time auditors, including two external auditors who have been appointed to improve the overall fairness of the auditing process. The auditors attend important company meetings, such as Board of Directors meetings, as they go about monitoring company management. They also meet regularly with accounting auditors to obtain information related to important auditing matters, and conduct regular meetings with the internal auditing division to maintain a close working relationship with the department towards a more efficient auditing process.

Schematic Diagram of Corporate Governance



Compliance

Increasing Awareness of Compliance Issues

To establish a corporate code of ethics and promote compliance with the law, our Legal Compliance Office, headed by the company president, works to cultivate a healthy and sound corporate culture through the adoption of various standards such as the FP Corporation Action Charter, FP Corporation Normative Rules for Compliance, and Compass for Action. We also endeavor to thoroughly educate employees to observe company regulations, including applicable business laws and corporate ethics.

Compass for Action

- Will the action you are about to take violate the law?
- Will the action you are about to take infringe upon company policy?
- Will the action you are about to take run contrary to accepted social norms?
- Will the action you are about to take threaten your own well-being?
- Will the action you are about to take cause harm to the FP Corporation brand?

FP Corporation Group



In order to raise each employee's personal awareness of compliance issues and ensure that workers strive to meet their responsibilities in both word and deed, FP Corporation has established a Compass for Action. This set of behavioral guidelines has been widely publicized throughout the company.



Training for new employees. In addition to office training, they visit other facilities to study aspects of the business such as production, distribution, sales, and recycling.

FP Corporation Action Charter

The officers and employees of FP Corporation shall comply with all laws, agreements, and company regulations as dictated by the company's management principles, and with high moral standards and a sense of decency, will strive to:

1. Provide useful products, information, and services to society and strive to satisfy and gain the trust of consumers and customers.
2. Contribute to the development of culinary culture by developing and providing products that show consideration for safety, consumer confidence, and the environment.
3. Obtain the cooperation of consumers and customers to actively implement FP Corporation-style recycling methods, carry out extended producer responsibilities, and protect the global environment.
4. Compete fairly, transparently, and freely in all our business activities.
5. Communicate in multiple ways with our shareholders and product users and actively promote fair disclosure of company information.
6. Respect the human rights and individuality of our employees and provide a safe workplace environment that facilitates their work.
7. Maintain sound and normal relations with the national government, local governments, and suppliers, and not tolerate, nor give in to, the inappropriate or illegal demands of anti-social forces or organizations that trouble or threaten civil society.
8. Actively contribute to society as a good corporate citizen.
9. Observe the laws of each country where FP Corporation business is conducted, and respect its culture and customs.
10. Evaluate all management efforts for effectiveness and increase corporate value through streamlining and greater efficiency.
11. The officers shall understand the spirit of this charter and their own roles, lead by example, and keep employees, group companies, and suppliers informed while actively setting up and reassessing systems within the company.
12. If any situation arises that is contrary to the spirit of this charter, the company shall assume responsibility, and officers and employees shall work together to solve problems, determine their causes, and prevent them from reoccurring. Moreover, once the rights and responsibilities of the culpable parties have been clarified, they shall be stringently punished.



The Fukuyama Plant, Fukuyama Recycling Plant, Fukuyama Distribution Center, and Fukuyama Picking Center in Minooki-cho, Fukuyama, occupy a piece of seafront land with a total area of about 180,000m². Two-meter walls have been constructed on three sides to protect the facilities from large waves and tidal waves.

Risk Management

Improving Risk Management Capabilities

A Risk and Compliance Committee is in place to respond to all potential risks confronting each individual division or the group as a whole in areas such as compliance, natural disaster protection, safety, and hygiene. In the unlikely event that an unforeseen incident occurs, the Risk and Compliance Committee chairperson will establish an Emergency Headquarters. This office will then be charged with swiftly remedying the situation, before reviewing and implementing countermeasures to prevent any further reoccurrence.

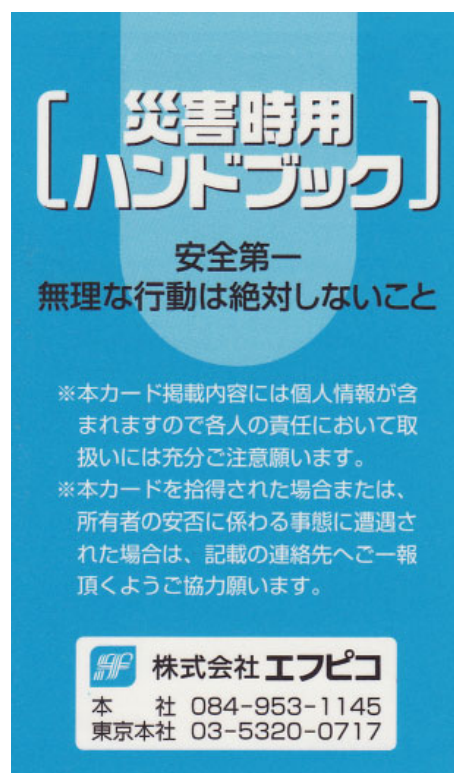
Major Risk Management Efforts

1. Implementation of an Emergency Contact System

- Introduction of an emergency warning system
- Distribution of disaster handbooks

2. Response to the H1N1 influenza outbreak

- Creation and distribution of a H1N1 influenza manual
- Timely and appropriate actions taken on a company-wide basis



All employees carry this disaster handbook, which details swift and appropriate responses to disasters.

Creation of an Eco Value Chain

Company-wide efforts to reduce our environmental burden

To reduce one's environmental burden on a company-wide basis, it is important to promote environmentally friendly measures while increasing the transparency and efficiency of one's business through integrated interdepartmental coordination. By working together with each other to achieve a common objective, each department can accomplish what they would not be able to do alone.

Our objective is to reduce our environmental burden by sowing the seeds of creativity and possibility that a single department would not be able to achieve alone, and in the process forming a powerful tool known as a value chain.

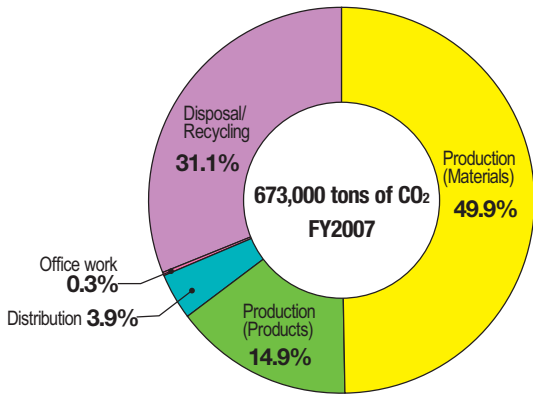
FP Corporation aims to create a company-wide Eco Value Chain to help achieve the ambitious target of a 25 percent reduction in CO₂ emissions.

Some of the results of our CO₂ emission reduction and other measures reported in the Environmental Efforts section of this report (pp. 25-46) were only achieved thanks to interdepartmental cooperation and sharing of information.

Employees from several relevant departments join managers at a regular management meeting aimed at creating an Eco Value Chain. Videoconferencing allowed employees at both the Fukuyama and Tokyo headquarters to exchange opinions.



**FP Corporation Group's CO₂ emissions in FY2007*²
(including upstream and downstream emissions*¹)**



The FP Corporation Group emitted a total 673,000 tons of CO₂ in FY2007. This figure includes upstream emissions from the production of materials used in making food containers and downstream CO₂ emissions from the disposal of used products. The pie chart on the left is split into CO₂ emissions stemming from five general activities: production (materials), production (products), office work, distribution, and disposal/recycling. It is necessary for departments across the FP Corporation Group to cooperate with one another to tackle these emissions, regardless of their spheres of responsibility.

*1 Upstream emissions come from the procurement of raw materials for making products.

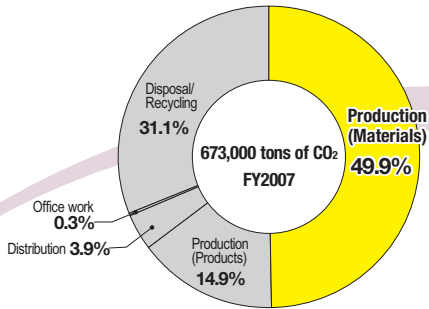
Downstream emissions come from the disposal and recycling of products.

*2 Data for FY2008 and beyond is still being evaluated under new criteria.

Eco Value Chain



Creation of an Eco Value Chain Company-wide efforts to reduce our environmental burden



Measures for reducing our environmental burden in the material production process are handled by the Research and Development Department, which purchases primarily raw ingredients for its operations. The department also conducts product life cycle evaluations, which have in the past helped us reduce CO₂ emissions in unexpected places.



Cardboard cases used for packing our products

Eco Val

A result of cooperation between the distribution and production management teams, made possible by visualizing the life cycle environmental burden of a product
Improvements in the size and material quality of cardboard cases



Related topic

Product Development Efforts (p. 27)

FP Corporation sells about 5,000 different products, and has almost as many different cardboard cases for packing these products for distribution. The reason for this is that if the cases are not built to accommodate the size and shape of each product, waste is produced in several areas. However, a case that is good for the product is not necessarily good for shipping. If its size creates unnecessary gaps when loaded onto a truck, it creates waste in the transportation process. Making minute adjustments to the dimensions of our cases have enabled us to reduce the amount of paper used as a raw material for cardboard and increase the efficiency of warehouse storage. Even if the resulting change is a difference of only a few centimeters or so, the desire to make such an improvement and the cooperative spirit to back such efforts can lead to dynamic results in the long run.



Research and Development Div.
Kazunori Danjo



FPCO Distribution Co.
Yasuhiro Naito



Quality Control Div.
Koji Sakamoto



Kasaoka Plant 1
Kanshi Asano



Information and Computer System Dept.
 Information Development Section
Tomoko Miya

Danjo: "Life cycle evaluations are also performed for cardboard and other materials used for packing our products, not just the raw materials used in making them. Thanks to a suggestion from Distribution, we reviewed our cardboard boxes and discovered that there was scope for improvement even there."

Naito: "We in Distribution approached Production suggesting that altering the case sizes could help us transport our products more efficiently. We'd calculated that if we managed to reduce the length, width and height of each case by a few centimeters, we'd be able to load an extra row of cases on our trucks. At the time, though, I wasn't sure if this was a realistic goal, since I was sure that efficiently packaging the products would be given priority over efficiently loading them."

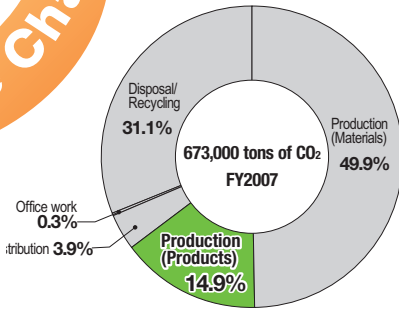
Sakamoto: "After Distribution made their case, I felt it was an experiment worth trying. We managed to reduce the size by about two centimeters, while still ensuring that products wouldn't slip out of place or get crushed while inside the case. We also

reviewed the quality of the case material. Even though the changes were very small, from a company-wide perspective, it was certainly a huge result."

Asano: "Because it's always been Production's job to specify the size of the cases and order them, it had never occurred to us to see it from the perspective of the Distribution staff. When I heard their suggestion for the first time, I thought, 'Of course.'"

Sakamoto: "It's pretty difficult to change case sizes, since we produce so many different products; we haven't managed to review all case sizes yet. In other words, there's still room to make reductions in case sizes, and we need to keep making efforts in this regard."

Miya: "We share the basic data used in life cycle evaluations with the Information and Computer System Division, but it's important to consider ways to make the most of it. One thing I'd like to do in the future is to consider ways to make better use of this data."



As we continue to make efforts to reduce CO₂ emissions at each plant that produces containers, we also reduce our room for improvement. This is another reason why it is important to review product lines on a regular basis.



Newly developed transparent containers with screw-cap lids that have replaced an older type

Production staff, in cooperation with sales staff, have begun to implement efficiency measures in plants

Project to regulate the number of products



Related topic

Factory Efforts (p. 29)

FP Corporation makes containers and trays based on the needs of consumers. When people tell us that a certain type of container would be convenient, we offer this convenience in physical form, whether as a container or a tray. The ever-increasing demands of culinary culture lead to an ever-increasing number of products. A larger number of containers requires a larger number of fixtures and fittings such as metal molds to be used in the production process, as well as a larger variety of cardboard cases and shipping routes in the distribution process. On the other hand, some containers are now produced in smaller volumes due to a fall in demand. FP Corporation regularly reviews its products to maintain a suitable production balance that takes such fluctuations into account, as well as reduce CO₂ emissions stemming from production and distribution.



Kasaoka Plant 2
Hideo Watanabe



Facility Management Div.
Akikazu Tsukamoto



Production Control Dept.
Kanji Nagata



Kyushu Sales Div.
South Kyushu Sales Section
Naohide Ushirodani



Environmental Management Dept.
Tatsuhiro Inoue

Watanabe: “As someone involved in production, I think the fewer product types we have, the better. It makes production more efficient and leads to a reduction in CO₂ emissions. But as long as there’s demand for these products, it won’t be easy to reduce the number of our products.”

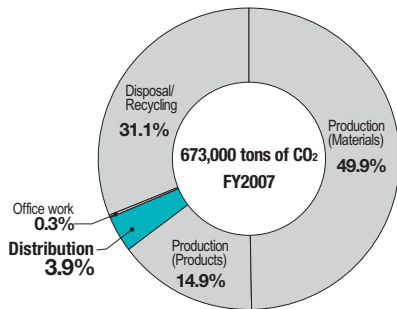
Tsukamoto: “There are considerable limits on what we can physically do to reduce factory CO₂ emissions. We can try to maintain an efficient system for using our resources (e.g. power, heat, electricity, pneumatic energy), and consider ways to reduce waste. In that sense, reducing the number of products would help us out a lot.”

Nagata: “Several departments feel that we should regularly review and reduce, as much as possible, the number of our products. That’s the reason we’ve been carrying on with this project for a while now. Ideally, we should try to keep the number to about 5,000 at all times. Not only does this increase

production efficiency, it also creates some secondary benefits.”

Ushirodani: “It’s easy to say you want to reduce the number of products, but it’s not that simple. Even products that have lost their popularity are needed somewhere by someone. We must carefully re-evaluate our products one by one, first by asking production about their views of the product, and then conveying these opinions to our customers while determining how well the product is selling. Although the goal of this project is to boost production efficiency, we in Sales have a large role to play.”

Inoue: “I think this is a good example of an Eco Value Chain developing from interdepartmental cooperation. Ideally, consolidating the number of products should greatly benefit consumers as well; I’ve heard of actual examples of this. I think it would be good to expand the scope of the Eco Value Chain to all stakeholders, rather than just within the company.”



Most CO₂ emissions that occur in distribution come from the trucks that transport our products. Distribution's main goal is to efficiently ship our products by minimizing the number of trucks used and the distances they travel, a goal that is sometimes achieved through the cooperation of other departments.



Once sorted, transparent containers are pressed into bundles with a newly installed compressor. This allows many containers to be transported at once.

An achievement made possible by the exchange of information between distribution and sales teams

Consolidating tray collection



Related topic

[Distribution Efforts \(p. 31\)](#)

[Sales Efforts \(p. 35\)](#)

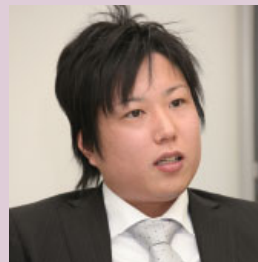
One may think this account relates only to distribution, as it involves consolidating the number of trucks used to collect used trays. In fact, it was sales staff who were responsible for the most important aspects of this project. This is because FP Corporation is not the only party involved in deciding the truck collection schedule; the schedules of wholesalers, supermarkets and other customers eagerly awaiting the pickup also need to be taken into account. Since our sales staff communicate with our clients on a daily basis, they happened to be best suited to negotiating collection times. In the end, we were able to set up a project to increase the efficiency in the allocation of trucks for collecting used trays that managed to keep the schedules of our customers into consideration.



FPCO Distribution Co.
Kazuyuki Kiso



Tokyo Sales Div. 5
Hiroki Ema



FPCO Distribution Co.
Fukuyama Headquarters
Sei Terada



Chugoku-Shikoku Sales Div.
Masahiro Mitani



Environmental Management
Department
Kazunori Matsuo

Kiso: "It was Distribution that first suggested the idea, as we wanted to use collection trucks more efficiently to reduce CO₂ emissions. We presented our ideal routes to Sales, which they used as a starting point for their negotiations with our customers. Our suggestions included reducing collections from six days a week to five and pushing back collection times by a bit, but obviously we needed our customers' cooperation to enable all of this. That's where we asked Sales to come in."

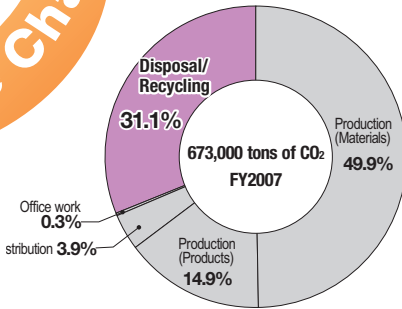
Ema: "We understood Distribution's thinking behind those suggestions, but there was always the possibility that they would cause some inconvenience for our customers. However, we agreed to negotiate with our customers on Distribution's behalf to achieve these two huge goals of cutting CO₂ emissions and increasing distribution efficiency. We ended up bouncing ideas back and forth with our clients several times towards achieving our perfect routes. Our small but continuous

efforts eventually bore fruit, and we were able to significantly increase the efficiency of our collection system and reduce CO₂ emissions. It was a very worthwhile project."

Terada: "As someone who works at a distribution center, I felt we'd achieved something really helpful. By slightly changing collection times at multiple sites, we were able to move our routes to something closer to ideal. I'm grateful to everyone in Sales."

Mitani: "I think there is still room for improvement. Distribution will look at how these new routes work for a while, and if they can figure out any better ideas, we'd like to be of assistance again."

Matsuo: "I'm proud of the high standard of FP Corporation's supply chain management, but it was ordinary communication between people that made the most of this system. The success of this project is very significant."



After material production, the next biggest cause of CO₂ emissions is the downstream disposal of products. The more used trays we can collect, the more CO₂ emission cuts we can make in this area. FP Corporation is just one company. To achieve greater results, society as a whole must participate in the recycling of used products.



Many disabled persons work at our container recycling plants.

A goal we intend to achieve through company-wide education

Further expansion of container recycling activities



Related topic

“FPCO Method” Recycling “Tray to Tray” (p. 38)

Office Workplace Efforts (p. 33)

Hiring of Disabled Persons (p. 53)

We’ve been recycling used products for 20 years, but some employees are unaware of this in detail. Many employees are also unaware of details regarding the link between recycling and our employment of disabled people. To further push our container recycling activities forward and move from “container recycling by FP Corporation” to “container recycling by society as a whole,” we need interdepartmental collaboration and information sharing. To achieve this, we are increasing the amount of training for employees at management level and above, and have put in place a system to ensure information sharing among them. By encouraging more communication within the FP Corporation Group, we will attempt to further expand our container recycling system.



Management Planning Department
Koshi Omiya



Recycling Div. Recycling Control Section
Yoshifumi Hirakawa



FPCO Ai Pack Co.
Shunsuke Hayashibara



Human Resources Division Human Resources Section
Misa Toyohara



Environmental Management Dept.
Ejun Umayahara

Omiya: “There has been a fair amount of media coverage of FP Corporation’s recycling activities, and many people from local authorities across the country have come to visit our recycling plants. But there still isn’t enough general knowledge of our activities, something that is illustrated in the collection rate of used containers. This is why we need to do more to inform the public on the details and results of our container recycling program, and gain the cooperation of society as a whole.”

Hirakawa: “FP Corporation’s recycling plants have greatly evolved over the last several years. We are rapidly making them more efficient through the introduction of new machines and systems. We’ve also increased the number of sorting centers where disabled persons are employed. Even if the collection rate increases, we won’t be caught unprepared.”

Hayashibara: “FP Corporation has made significant progress, especially in employing disabled persons. But many of our employees know little about such progress. Only positive things have come from hiring disabled workers, and I wish more people would take the effort to get to know them better.”

Toyohara: “To make people aware of what’s happening in the company, it’s very important to conduct training sessions in an environment in which people can see one another. I’d also like to encourage all employees to more actively take advantage of the Gaku-Navi in-house e-learning system. Although Gaku-Navi isn’t a very interactive training environment, since all the information’s uploaded online, there is the benefit of being able to save your progress and return at your convenience. It’d be good to think of ways to make our employees use it more often. Otherwise, it would be a bit of a waste, since there’s a lot of information on there that employees should be proud about, such as our recycling activities and employment of disabled persons.”

Umayahara: “We sometimes accompany our sales staff when they visit customers to inform them about FP Corporation’s environmental programs, since helping them achieve a better understanding of our recycling efforts will help improve our collection rates. I hope our department will get to play a bigger role in such meetings.”



Environmental Efforts



Allow us to now illustrate what we, as a corporation that manufactures and markets disposable food containers, have put into practice in order to conserve the world's environment.

Twenty years have passed since we started full-scale collection and recycling of used trays. We are proud that we lead the industry in the recycling of food containers, but we do not believe that our activities to conserve the global environment and create a society in which sustainable development is possible have been enough. Our goal is to use our experiences over the last twenty years as a springboard for pressing forward with new environmental initiatives over the next twenty years.



We recently added an electric car to our fleet of hybrid vehicles, which also serves as publicity for our Eco Trays.

Environmental Guidelines

Basic Principle

Based on the awareness that protecting the global environment is the most important issue of the day, we strive to carry out our business activities with an underlying principle of contributing to the creation of an environmentally sound and sustainable society.

Guidelines

- 1 In the interest of reducing CO₂ emissions and making effective use of natural resources, we aim not only to make every effort to conserve resources in the company's operations, products, and services, but also to actively pursue FP Corporation-style recycling, which involves the recycling of used containers discarded by ordinary households.
- 2 We at FP Corporation shall not only obey all applicable legal requirements related to the environment and other requirements to which it has agreed, but will also set independent standards with respect to evident environmental matters towards preventing pollution.
- 3 We aim to establish environmental objectives and goals that take environmental matters into consideration, propose and carry out management plans for attaining said objectives and goals, as well as implement internal audits and reassessments through the highest level of management towards continual improvement in this area.
- 4 These guidelines shall be used to establish, execute, and maintain an environmental management system.
- 5 These guidelines shall be made available in written form and be thoroughly instilled in all employees and contractors who work on FP Corporation property.
- 6 These guidelines shall also be published in brochures and over the Internet to inform the general public.

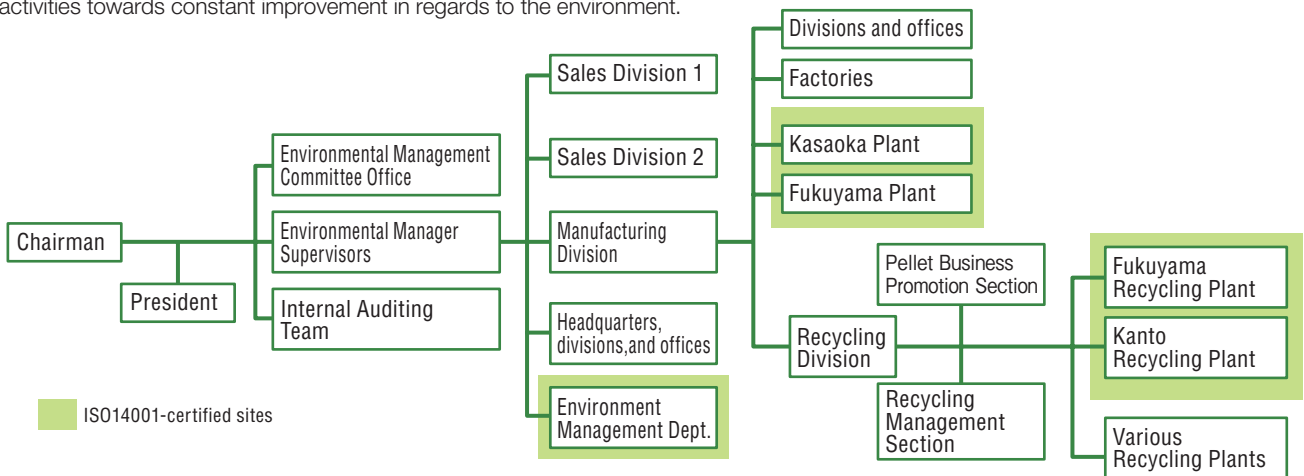
Yasuhiro Komatsu
Representative Director, Chairman & CEO

小松安弘

December 21st, 2009

Environmental Management System

FP Corporation carries out efforts to reduce our environmental burden on a company-wide basis. To ensure that these efforts are carried out effectively, and that they take root within the company's operations so that they may be carried out on a continual basis, we at FP Corporation have implemented an environmental management system that has allowed us to continually perform company-wide activities towards constant improvement in regards to the environment.



Container and Packaging 3R Promotion Minister of the Environment Awards

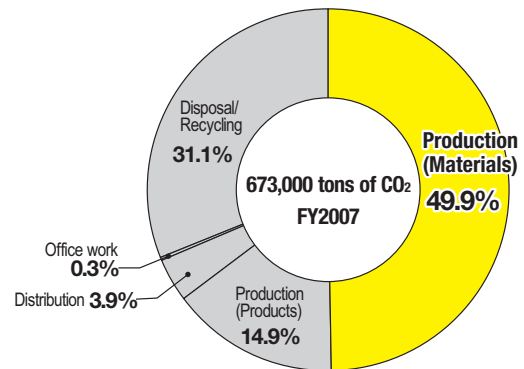
In 2006, the Ministry of the Environment established the "Container and Packaging 3R Promotion Minister of the Environment Awards" to promote the three Rs: reduce, reuse, and recycle. We were bestowed with the first Award for Excellence in the Product Division. We were particularly commended for having gotten consumers involved towards achieving the efficiency and recycling system that have allowed us to create the Eco Tray. We have annually reduced the weight of our products and expanded production of Eco Trays using our Tray to Tray food

container recycling system. This year, we managed to collect and recycle about 30 percent of the trays we produced. We've also started collections of transparent containers, and are continuing activities to promote the three Rs so that we may live up to standards that this award represents.



Product Development Efforts

Departments involved in product development contribute greatly to company efforts to reduce CO₂ emissions. Material production is the cause of about half of the company's CO₂ emissions, including upstream and downstream emissions, due to emissions from the production of materials for food containers. Although upstream emissions are much harder to reduce, FP Corporation is actively working to do so. Broadly speaking, this involves working together with our material suppliers towards reducing our environmental burden, and reducing the weight of products and cutting the total quantity of materials used.



Measures for reducing our environmental burden in the material production process are handled by the Research and Development Department, which purchases primarily raw ingredients for its operations. The department also conducts product life cycle evaluations.

Visualizing life cycle environmental burdens

In calculating our environmental burden, we at FP Corporation need to consider the amount of energy used not only in manufacturing products at our plants, but also that used in producing every item involved in our operations, such as raw materials, sheets, film, cardboard, and plastic bags. To that end, we have asked our suppliers who deliver us these items to help us gather the data necessary for calculating our environmental burden. Some of these suppliers have never been asked such a request before, and we have had to contact them on several occasions to gain their understanding.

The process requires coordinating with a number of different departments to understand their views regarding life cycle assessments and collect and aggregate the necessary data for the calculations. These departments include those in charge of selecting materials, coordinating production plants, production machinery, and recycling operations.

It is important to visualize our environmental burden. With a

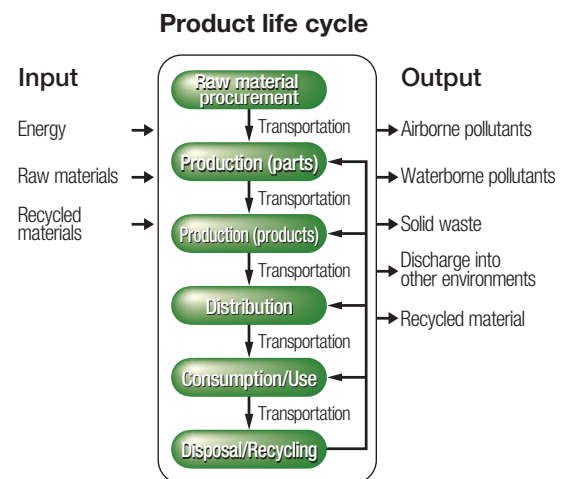


This year, FP Corporation held its first ever briefing for suppliers on its efforts to reduce CO₂ emissions as part of our measures to visualize CO₂ emissions stemming from upstream product manufacturing.

carbon footprint system now taking root across Japan, in the future we plan to systemize and speed up the calculation process for all products. We will also attempt to visualize the environmental burden of developing new products so that we may be able to develop new products with smaller environmental burdens.

Life Cycle Assessment

All stages of a product's life cycle (Raw material procurement → Production → Distribution → Use → Recycling and disposal) produce various burdens on the environment. These include the consumption of resources and energy, and the emission of environmental pollutants and waste. A life cycle assessment is a scientific, quantitative, and objective evaluation of the various environmental burdens produced over a product's life cycle, and the results can help us think of ways to reduce the product's environmental burden. (From the Ministry of the Environment website)





FP Corporation sells about 5,000 different products. If we achieve some form of environmental success with one product, we apply these lessons to our other products as well so that we may be able to constantly improve our environmental burden.

Green procurement

Green procurement is the active procurement of safe and environmentally sound raw materials, parts and products towards the conservation of the global environment. We at FP Corporation have created procurement guidelines to reduce CO₂ emissions from our products, and aim to put green procurement into practice in line with the following approaches.

Visualizing CO₂ emissions from all raw materials used



Selecting raw materials with low CO₂ emissions

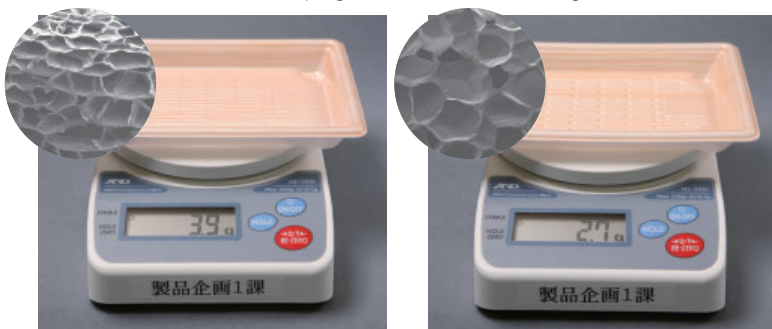


Considering methods of reducing CO₂ emissions in collaboration with raw material suppliers

We plan on including more items in the guidelines in the future, such as giving priority to environmentally friendly material makers when procuring materials and making ISO14001 accreditation a requirement for contractors. Material production, the upstream stage in the product manufacturing process, is one of the biggest causes of CO₂ emissions, making green procurement an important issue to tackle in the future.

Reducing product weight

This year, we have again made products lighter by using thinner materials or those with larger foam diameters. There has been increased demand in recent years for transparent containers and lids made of non-foam solid materials, and therefore we will need to continue to focus on developing methods and technologies that can meet this demand.



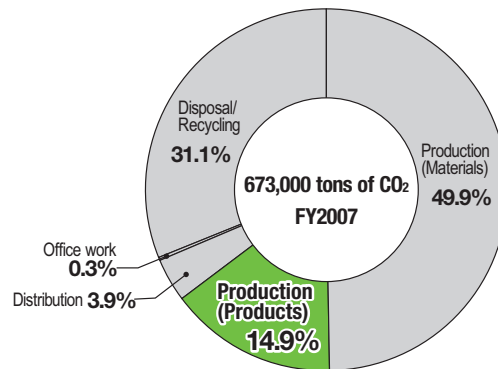
We can reduce the weight of a tray by increasing its foam diameter without needing to alter its shape or volume.



The lids of these containers for rice-bowl dishes are designed with wave-like ridges. The ridges strengthen the lids and allows for the use of a lighter material.

Factory Efforts

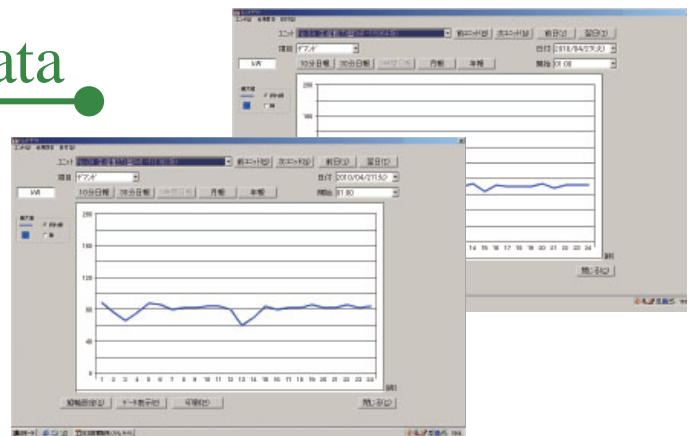
Production accounts for about 15 percent of FC Corporation's CO₂ emissions. Much of this stems from the electricity used for factory utilities such as power, heat, electricity, water and pneumatic energy. Following efforts over the years to improve efficiency and conserve energy, our factories have reached a level at which it is difficult to reduce electricity use further. However, the evolution of various technologies has made it possible to make further energy saving measures that have so far been unattainable. It is also important for our employees themselves to continually work towards eliminating waste, as mistakes lead to losses, which in turn lead to unnecessary energy consumption. There is always room for improvement for both human and mechanical components of our factories.



It is difficult to reduce CO₂ emissions once the consumption of resources such as electricity has been cut to the minimum level essential for operation. However, this does not mean that our efforts to do should end here.

Visualization of factory data

We continue to visualize our resource consumption towards eliminating waste in our production plants. The graphs to the right show the power usage at different locations at hourly intervals, but the figures can also be checked at 10-minute, 30-minute and monthly intervals. By visualizing, for example, how the power usage changes depending on the time of day or season, the graphs allow us to analyze the causes of variations in power usage and draw up effective plans for reducing such usage.

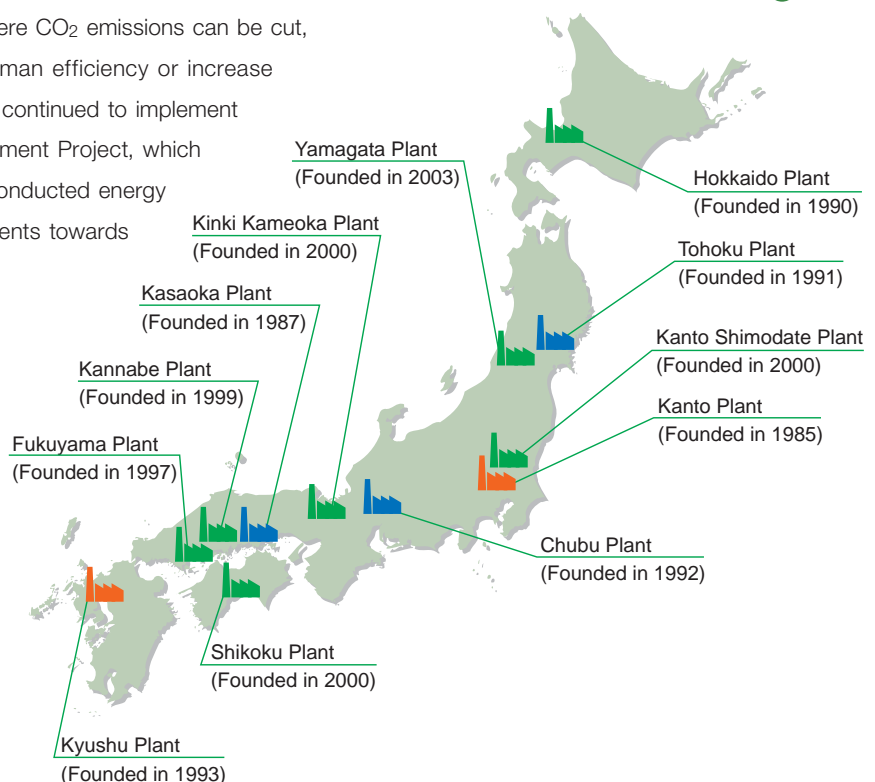


Increasing production efficiency to reduce CO₂ emissions

Once these visualization methods have shown us where CO₂ emissions can be cut, there are two possible courses to take: increase human efficiency or increase machine efficiency. To increase human efficiency, we continued to implement our CO₂ Reduction Project and our Product Development Project, which targets increased productivity. Meanwhile, we have conducted energy conservation tests and subsequent facility refurbishments towards improving machine efficiency.

Energy conservation tests and refurbishment schedules for all plants

Plant	Energy Conservation Test Status	Refurbishment Status
Hokkaido Plant	Scheduled for FY2010	
Tohoku Plant	Completed	Not yet scheduled
Yamagata Plant	Scheduled for FY2010	
Kanto Shimodate Plant	Scheduled for FY2010	
Kanto Plant	Completed	Completed
Chubu Plant	Completed	Not yet scheduled
Kinki Kameoka Plant	Scheduled for FY2010	
Kasaoka Plant	Completed	Scheduled for FY2010
Kannabe Plant	Scheduled for FY2010	
Fukuyama Plant	Scheduled for FY2010	
Shikoku Plant	Scheduled for FY2010	
Kyushu Plant	Completed	Completed





A field planted on the rooftop of the Chubu Plant to reduce CO₂ emissions

Achieving ISO 9001 Certification

Three of our plants (Kasaoka, Kanto Shimodate, and Kinki Kameoka) have been certified as being in conformance with ISO 9001, an international standard for quality management, in order to assure our customers and consumers of the reliability of our products. By incorporating ISO standards into our business model, we have reaped many benefits, including the clarification of each plant's internal authority and responsibilities, the standardization of business operations, the refinement of educational and instructional content, the improvement of manufacturing technology and increased employee motivation. In addition to improving the reliability of our products, such effects have also helped reduce our burden on the environment through the resulting increase in efficiency.

Zero emissions from production activities

As part of our efforts to achieve zero emissions, we are aiming for a final disposal rate of waste discharged from production plants of less than 1 percent. In an attempt to build a framework that would give us a clear idea of disposal methods and how much total waste ends up in landfill sites, we have maintained close relations with responsible industrial waste disposers and annually survey the volume of waste discharged from all our production and recycling plants. We will continue to work to further reduce costs and our environmental burden towards an even better waste and recycling governance system.

Quality Goal and Quality Objectives (Kasaoka Plant)

● Quality Goal

Our goal is to provide superior products that offer a high degree of reliability as well as meet the needs of our customers.

In order to support, maintain, and execute this goal, we have established the following directives.

1. We will invest management resources needed to construct, establish, promote, and maintain a quality management system capable of appropriately comprehending and responding to the wishes of our customers.
2. We will establish concrete quality objectives that advance plant quality guidelines.
3. We will observe all relevant laws and regulations including food hygiene laws.
4. We will periodically revise and assess the appropriateness of this goal in line with changes in the marketplace and reforms made to this facility, while making continuous efforts to improve the effectiveness of our quality management system.
5. We will thoroughly publicize and promote our goal using every possible means of communication so that all employees may clearly understand it.

September 15, 2004 FP Corporation, Kasaoka Plant
Plant Manager Hideaki Tai

● Quality Objectives for FY2010

Plant Quality Objectives

1. Reduce claims
[Target] Foamed PS: 20ppb / PS-2: 10ppb / PS-7: 15ppb / Extrusion: 0ppb (7 or less internal claims)
2. Improve productivity

Departmental Quality Objectives

Foamed PS Section

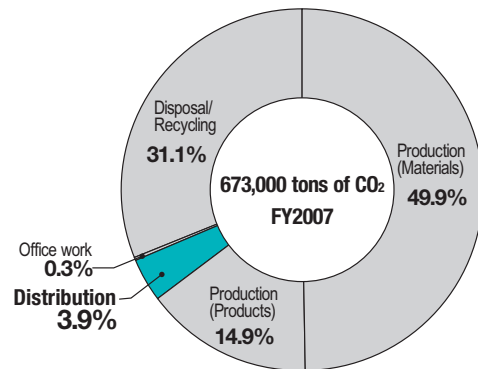
1. Drop in claims from FY2009 (38ppb) ⇒ 20ppb
2. Increase production rate (equipment usage) from 83.16% to 83.45%

PS Section

1. Reduce claim rate
 - PS-2: 10ppb
 - PS-7 In-line extrusion-thermoforming: 15ppb
 - PS-7 Extrusion: 0ppb (7 internal claims)
2. Rise in hourly productivity (equipment usage rate)
 - PS-2: 89.51% (+0.35%)
 - PS-7 In-line extrusion-thermoforming: 89.44% (+0.56%)
 - PS-7 Extrusion: 93.10% (+0.09%)

Distribution Efforts

Distribution sends out many trucks to transport products to customers; therefore, its environmental measures involve reducing the CO₂ emissions of these deliveries. To achieve this, it has to create an optimal dispatch schedule and follow it to the letter. Fortunately, FP Corporation has a great deal of flexibility in creating this schedule. Thanks to us having our own distribution system, we can base this schedule around sales forecasts in addition to product deliveries. Even when we subcontract deliveries, we monitor these companies' CO₂ emissions as any of the companies in the FP Corporation Group would. Due to such factors, we have created a new CO₂ emissions monitoring system.

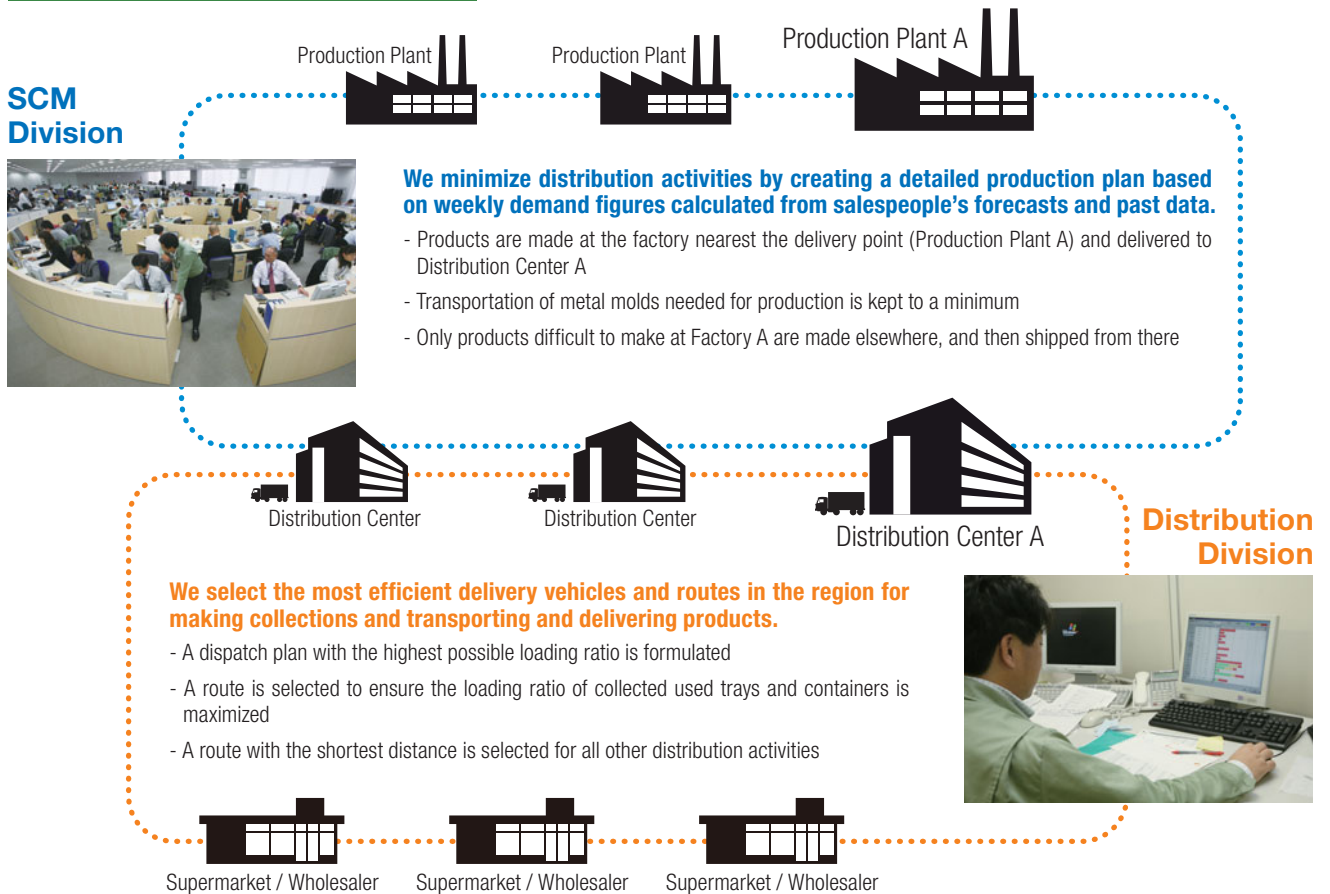


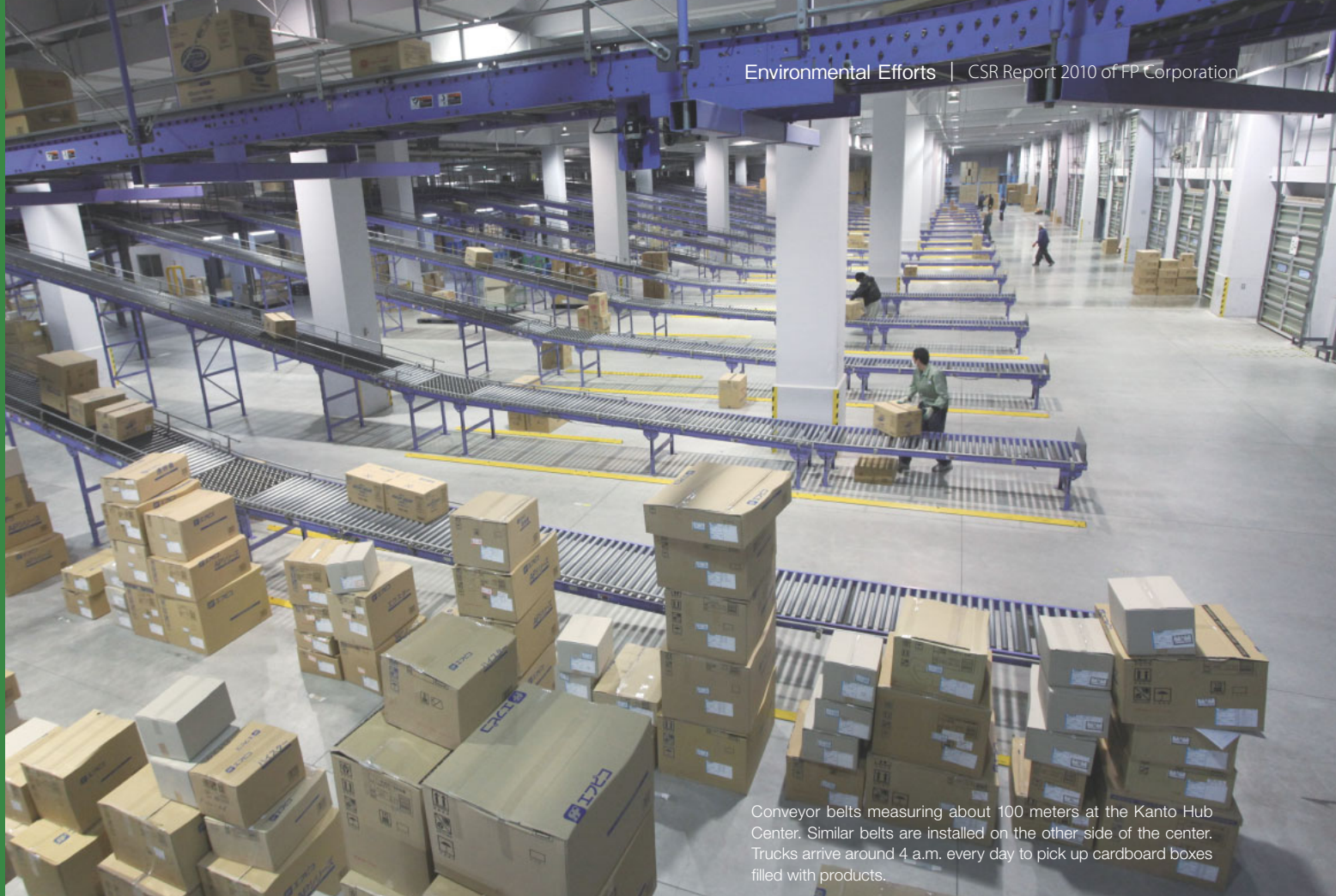
Most CO₂ emissions in distribution are caused by the trucks that transport our products. We strive to improve efficiency by minimizing the number of trucks we dispatch and the distances they travel.

An efficient distribution system focused on SCM

Through our supply chain management (SCM) system, we aim to increase efficiency and minimize distances for all distribution activity that occurs from production through delivery.

Example of a regional distribution system





Conveyor belts measuring about 100 meters at the Kanto Hub Center. Similar belts are installed on the other side of the center. Trucks arrive around 4 a.m. every day to pick up cardboard boxes filled with products.

Creation of a new CO₂ emission monitoring system that involves subcontractors

We visualize the total volume of CO₂ emissions stemming from the entire delivery process, from the procurement of raw materials through to product delivery, and establish a target for reducing the total volume of CO₂ emissions based on a reduction simulation. We monitor CO₂ emissions for all vehicles, including hired trucks, with a system that automatically calculates emissions using values such as transportation distances, load volumes, and fuel consumption.



Hired trucks parked at FPCO Distribution Co.

Topic

West Kanto Picking Center launched

We launched I Logic Co.'s West Kanto Picking Center in Machida-shi, Tokyo, on May 25, 2009. The center is our fourth largest picking center in the country and is a hub for deliveries to about 600 stores in the West Kanto area, which covers Kanagawa Prefecture and western Tokyo. We forecast further reductions in CO₂ emissions by providing a distribution service closely tied to stores.



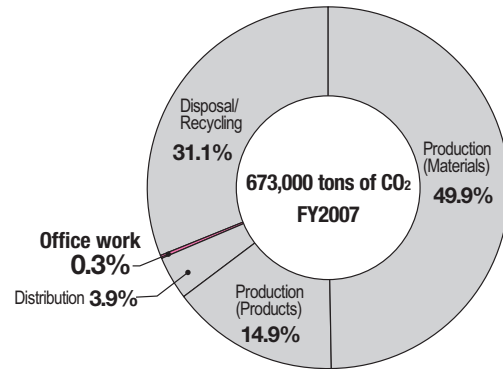
Twenty-three trucks can park at the same time in the truck berths



A newly developed picking cart for high shelving

Office Workplace Efforts

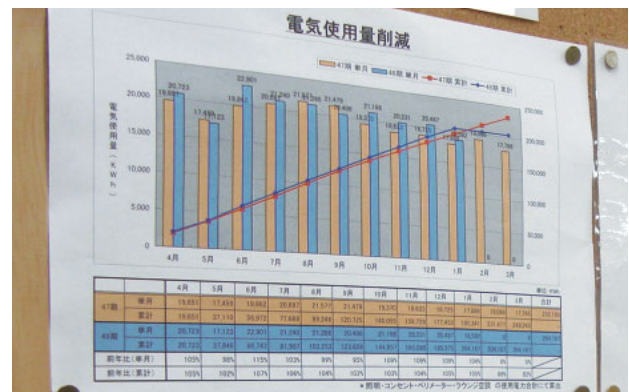
If we were to simply focus on the physical space that is the office, activities to reduce the environmental burden would be extremely limited in scope. In fact, CO₂ emissions stemming from our offices make up a mere 0.3 percent of the group total. However, offices can play a very large role if they make full use of their ability to oversee the activities of the organization as a whole. In such a case, offices can act as guards watching over the environmental measures of our various divisions.



CO₂ emissions stemming from our offices make up a mere 0.3 percent of the group total. However, offices can help educate all employees to become aware of environmental conservation, a function that forms a big part of our environmental activities.

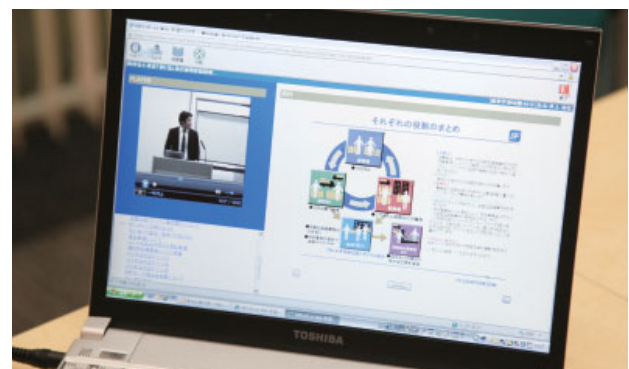
Visualizing the environmental burden at every location

We visualize data on three types of environmental burden recorded at every location: electricity, paper, and waste. This is to help our employees understand the degree to which they are responsible for our environmental burden; electricity usage, in particular, is always compared to that of the same month in the previous year. This fiscal year, we noted a slight decrease in the average burden recorded at all 12 offices. A few offices recorded increases, and we are currently attempting to determine the cause and implement measures to resolve the problem.



Gaku-Navi in-house e-learning system

The Gaku-Navi in-house e-learning system provides employees with various learning opportunities and information, including a range of video presentations with environmental themes. By using the system, offices can easily post content on environmental matters that FP Corporation employees should be aware of, such as global warming, life cycle assessment summaries and Containers and Packaging Recycling Law.



Use of Videoconferencing

We hold long-distance meetings using our videoconferencing system on an almost daily basis, which has allowed us to reduce CO₂ emissions by removing the need for people to travel to meetings. The time saved and CO₂ emissions reduced thanks to these videoconferences are immeasurable, and this technology has become vital to FP Corporation.



Use of Low-Emission Vehicles

FP Corporation continues to introduce new models of low-emission vehicles to its corporate fleet. We have greatly bolstered our fleet this year, and we now own 181 low-emission vehicles, including a single zero-emission electric vehicle. Low-emission vehicles account for about 60 percent of our fleet. We plan to gradually increase the number of electric vehicles we use.

Breakdown: 1 electric vehicle

69 hybrid vehicles

98 low-emission vehicles

13 subcompact and compact vehicles

In-house tray collection

- 137,169 trays

- 7,415 transparent containers
(FY2009)

We have been collecting trays in-house since 1992. Taking used trays to fixed in-house collection boxes has led to an improvement in the environmental awareness of all employees. We began in-house collection of transparent containers as well in the last fiscal year, and are encouraging all employees to help us significantly increase the collection volume.

We moved our Tokyo Headquarters to Oak Tower in Shinjuku in 2003. Since then, we have been taking advantage of Tokyo's status as a global information hub to gather information on environmental measures.



Topic

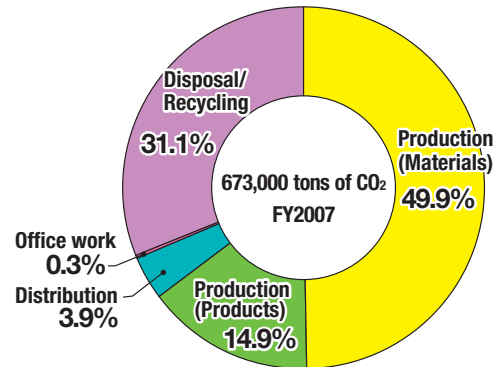
Introduction of an electric vehicle

We introduced a Mitsubishi i-MiEV electric car to our fleet on Nov. 9, 2009. This zero-emission vehicle can run on one charge for about 100 kilometers and is completely electrically powered. With a 7-hour charge time (at 200V), it currently can only be used for short trips, but it should become possible to travel long distances if charging facilities become a major part of our social infrastructure.



Sales Efforts

FP Corporation's sales staff play a major role in reducing CO₂ emissions across the board. For our Tray to Tray recycling method to work, we need to be able to collect all used trays and containers that would normally be thrown away by households. To increase sales of Eco Trays and the collection of used trays, we need the cooperation and understanding of parties involved in distribution, such as supermarkets and wholesalers. It is our sales staff who work hard every day to win over such cooperation. When our sales staff contact our customers, it is not just to discuss sales; it is also to talk about the collection of used trays and containers. It is our wish to be able to collect as many trays and containers as possible.



Sales efforts significantly contribute to reducing CO₂ emissions across the board, as the collection of used containers and the sale of Eco Trays are two major pillars of our attempt to cut these emissions.

Activities to increase the collection rate of used containers

We have various plans for increasing the collection rate aimed at stores such as supermarkets that act as collection points for trays and transparent containers. The current collection rate of trays is about 30 percent. We have recently started collecting transparent containers and are targeting a collection rate of 25 percent. We have prepared six posters (three shown on the right) to educate people about recycling, and we are constantly seeking cooperation to display them in stores. We will continue to strive to increase the collection of food containers towards developing a sustainable society.



Examples of efforts to increase the collection rate at supermarkets

Matsuya
(30 stores in Nagano Prefecture)



We inform consumers that collected trays are recycled to make Eco Trays, and clearly explain the effects of collection and its contribution to society.

Yamazawa
(61 stores across Yamagata and Miyagi prefectures)



Posters let consumers know that we have begun collection efforts for transparent containers, while transparent covers on collections boxes have prevented inappropriate items from being dumped while also boosting interest in our collection efforts.

Pare Marche
(19 stores across Aichi, Gifu and Shizuoka prefectures)



Playing an educational DVD about recycling and displaying posters in prominent locations has led to an increase in the collection rate and a drop in the number of inappropriate items dumped into collection boxes.



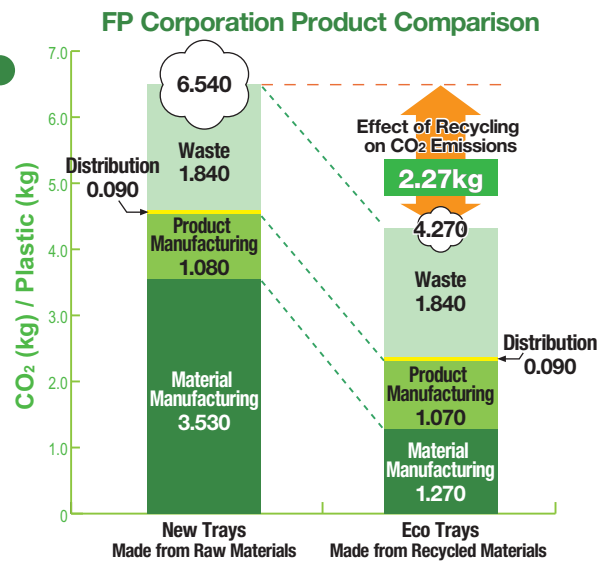
The building of mutual trust based on day-to-day communication with customers enables us to make proposals for environmental measures.



CO₂ emission reductions from increased sales of Eco Trays

Eco Trays have two effects on CO₂ emissions. First, they reduce emissions that would have resulted from throwing away the used trays rather than collecting them. Second, by converting these trays into Eco Trays, we are cutting down on the emissions that would have resulted from using raw materials to create the trays. We hope that increasing awareness of Eco Trays and their proliferation will lead to an even greater reduction of CO₂ emissions.

For every kilogram of Eco Trays used (about 250 trays), CO₂ emissions are reduced by approximately 2.27 kilograms.



Note: Calculations and observed results are based on ECO LEAF standards.

Factory tour invitations to customers

To improve the collection rate of used containers and increase sales of Eco Trays, it is very important for supermarkets, wholesalers, and other customers who cooperate with us in various ways to be aware of how exactly we recycle trays and containers. For this reason, our sales staff actively invite customers to tour our factories. Many customers have told us that actually seeing recycling plants in action has considerably changed their perception. We encourage all customers who have been invited by our sales staff to come and tour our recycling plants, as there is always something new to discover.





Environmental Efforts

Topic

Recipient of the judges' special prize at ITpro EXPO 2009

FP Corporation was awarded the judges' special prize for green IT at the ITpro EXPO 2009 at Tokyo Big Sight, held Oct. 28-30, 2009. The prize is given to organizations that use information technology to create business growth while reducing the environmental burden. We were recognized for having brought down costs and reduced CO₂ emissions through schemes such as our dispatch schedule and inventory management system, the introduction of an electronic ledger system, and our use of teleconferencing and online catalogs.



Topic

Procurement of a site for a new recycling plant in Gifu Prefecture

On Aug. 11, 2009, a ceremony was held at the town hall of Wanouchi-cho, Gifu Prefecture, to formalize an agreement for our purchase of a slice of land in the town's Namba district for industrial use. The ceremony was attended by FP Corporation Chairman Yasuhiro Komatsu, Wanouchi-cho Mayor Takayuki Kino, Wanouchi-cho assembly leader Noboru Kitajima, and Osamu Nakajima, director of the town's Land Development Office, who signed and formalized the agreement. We plan to erect a recycling plant and distribution center on the 19,000 plot. Kino said he was grateful to have a trustworthy company such as ours set up operation there, and in keeping with his words, we will strive to expand our recycling program through the entire Chubu region.

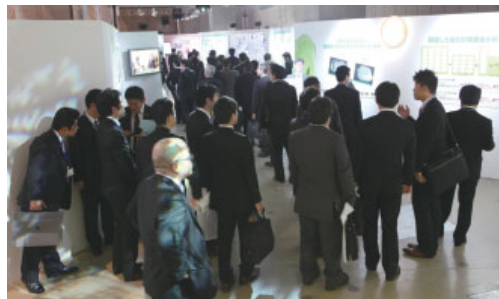


From left to right: Wanouchi-cho assembly leader Noboru Kitajima, FP Corporation Chairman Yasuhiro Komatsu, Wanouchi-cho Mayor Takayuki Kino, and Osamu Kitajima, director of the town's Land Development Office.

Topic

Environmental exhibit at the FPCO Fair

We set up an "Environment/Eco Partner Manifesto" booth at the 2010 FPCO Fair in March 2010. Many visitors stopped by the booth to show their support for our efforts. We will continue to strive to be the ultimate eco-partner for our customers, consumers, and all other stakeholders.



Comments from visitors

Metropolitan area supermarket: "I was very interested in the contents of the exhibit. It would be nice if we could put those explanatory panels up at our store."

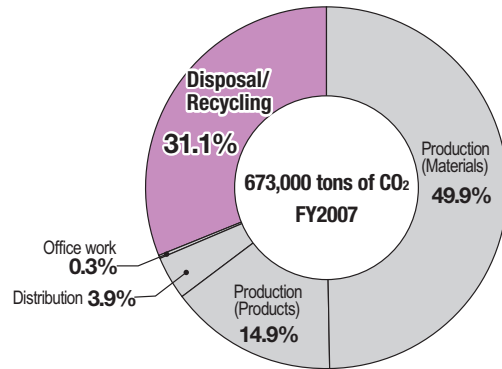
Kyushu area wholesaler: "We found it very helpful, as we had just received some questions about tray recycling from a local elementary school."

Tohoku area wholesaler: "We've been collecting trays for a while now, and this made me want to begin collecting transparent containers as well."

“FPCO Method” Recycling “Tray to Tray”

Tray to Tray is the method we employ to produce the Eco Tray, a food tray that can be used over and over again instead of being used just once and then thrown away. The system is designed so that the product follows a life cycle that takes it from FP Corporation (the manufacturer) to the final end user (the consumer), and then back again to FP Corporation once it has been used. It is an effective method for cutting CO₂ emissions, as the trays are collected rather than thrown away, and recycled materials are used instead of raw materials.

To make this process work, complete cooperation is required by four different parties: consumers, distributors such as supermarkets, packaging wholesalers, and FP Corporation.



After material production, the next biggest cause of CO₂ emissions is the downstream disposal of products. The more used trays we can collect, the more CO₂ emissions we can cut in this area.





Tray Recycling Process



Trays

2010 marked our 20th year of recycling trays. This system has been routinely improved, leading to both improved collection rates and quality.

Hauling



Collected trays and containers are hauled to the recycling plant located in that particular region.

Sorting



Secondary pulverizing



Crushed into smaller pieces



Eco Tray



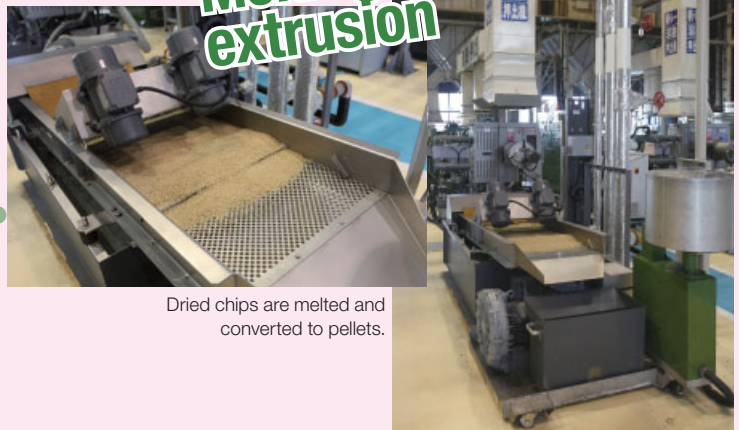
Quality inspection



Pellets

Pellets, the raw material for Eco Trays, are formed.

Melting and extrusion



Dried chips are melted and converted to pellets.

Non-recyclable trays are removed, and white trays and colored trays are separated. Trays have to be sorted manually, a process that takes longer and requires more effort than any other process.



Foreign particles are removed by air currents, and trays are crushed.



Air classification and primary pulverizing



Purification unit



Primary washing

Washed in water

Rinsing and drying



Dried after rinsing with water

Secondary washing

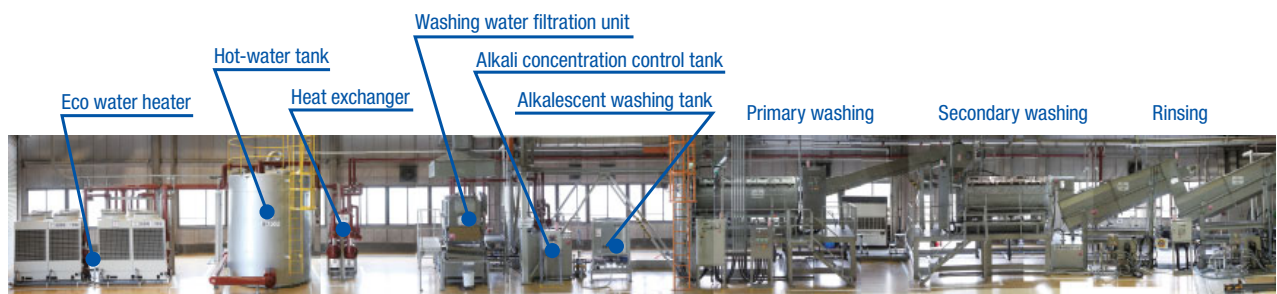


Washed in hot alkaline water

Topic

Introduction of a hot-water circulation system

Until recently, trays brought to the Fukuyama Recycling Plant were washed with purified water at a room temperature. However, we have now implemented a hot-water circulation system there to produce higher-quality recycled pellets. A major feature of the system is that it adds a washing process that uses hot water and an alkaline detergent. We plan to introduce this system to our Kanto and Chubu recycling plants as well. We will continue to work together with relevant departments to improve the system and further increase the quality of our pellets and Eco Trays.





Transparent Container Recycling Process

Transparent Containers



As part of our recently launched transparent container recycling efforts, we will establish a PET bottle recycling plant in Gifu Prefecture in October 2010.

Sorting



Hauling



Collected trays and containers are hauled to the recycling plant located in that particular region.

Transparent containers are separated by a sorting

1 Feeding



2 Inclined belt con



6 Material sorting

- OPS ←
- PET ←
- PP ←
- PVC ←
- CS (Crystar) ←
- Others ←



5 Material



Eco Tray



Quality inspection



Pellets

Pellets, the raw material for Eco Trays, are formed.

Pulverizing and washing each material

Nearly all transparent containers are sorted by machines operating in a state-of-the-art system.



OPS and PET containers are washed and crushed.

Materials other than OPS and PET

Recycled into materials for construction, agriculture, and other industries



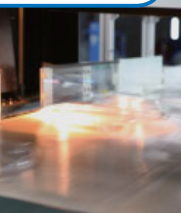
unit that identifies materials using infrared rays.



3 Alignment



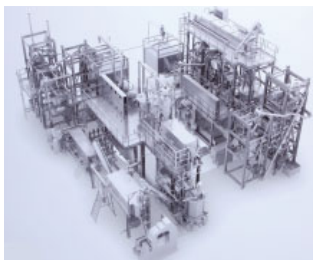
identification



4 Manual sorting and alignment



We will start operations at our new Chubu Recycling Plant, scheduled for completion in October 2010.



PET

Melting and extrusion



Dried chips are melted and converted into pellets.

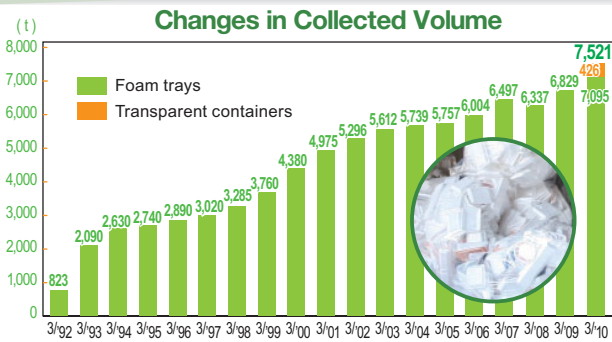
OPS



In addition to reducing waste and enabling more effective use of resources, Tray to Tray's achievements include reducing CO₂ emissions and the burden we place on society.

Tray recycling achievements

Number of Trays Collected in FY2009
Approx. 1,880,250,000 trays
(7,521 tons)

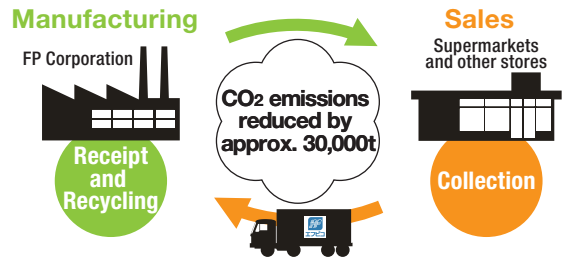


Volume of Reduced CO₂ Emissions in FY2009

Approx. 30,000 tons

Due to the consumer use of our Eco Trays, CO₂ emissions were curbed by roughly 30,000 tons in fiscal 2009.

Approx. 13,165 tons of Eco Trays sold (FY2009)



For every kilogram of Eco Trays used (about 250 trays), CO₂ emissions are reduced by approximately 2.27 kilograms.

Amount of Social Burden Reduced to Date
Approx. 38.3 billion JPY
(Approx. 1.53 million garbage trucks)

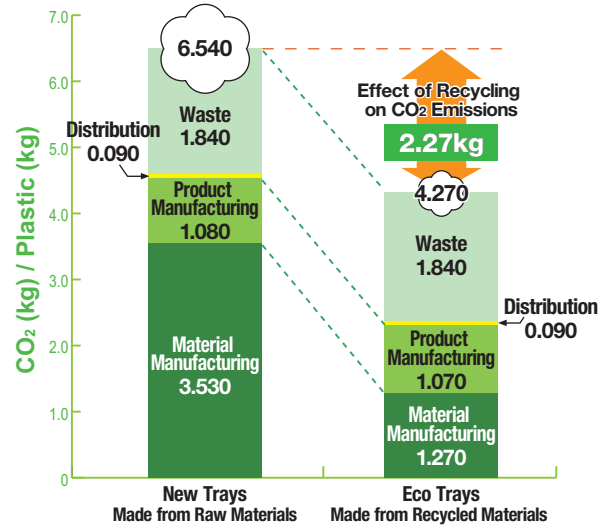
* Calculated only from the volume of collected foamed polystyrene trays

Volume of Oil Saved to Date
Approx. 1,030,000 oil drums
(Approx. 205,820,000 liters)



* Calculated only from the volume of collected foamed polystyrene trays

FP Corporation Product Comparison



Note: Calculations and observed results are based on ECO LEAF standards.

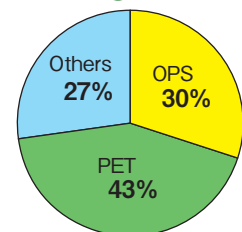
Transparent container recycling achievements

Volume of Transparent Containers Collected through FY2009
Approx. 505 tons

Collection rate (%) of transparent containers by material

OPS (30%) and PET (43%) are the most common types of the many different transparent containers collected.

* Others (PP, PVC, CS) 27%



We collected about eight tons of transparent containers from 192 locations in August 2008, the first month of our collection scheme. By the end of the fiscal year ending on March 31, 2010, we had collected a total of about 505 tons from about 1,500 locations.

In the future, we plan to expand our recycling efforts to include not just foam trays, but also transparent containers, and continue to work closely with local communities to expand our recycling operations.

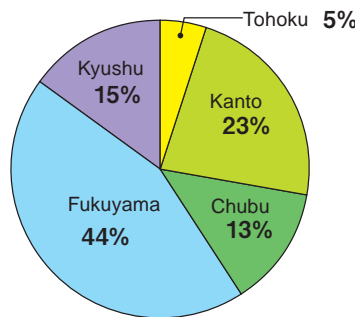
Factory Tours

Visiting one of our plants is indispensable for learning about the FP Corporation Tray to Tray recycling method. Many visitors marvel at the sight of the mountains of used trays and containers being brought into our recycling plants. A recycling operation on this scale, especially one that depends on the collaboration of consumers and distributors, does not exist anywhere else in the world. We are proud that we conduct such a unique recycling operation and also feel a great sense of responsibility.

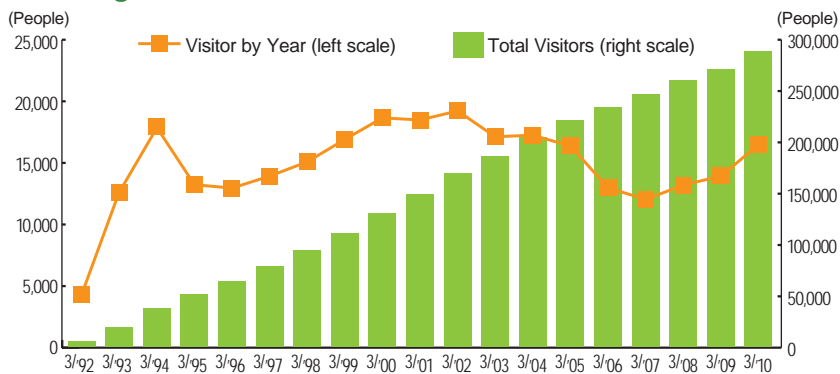
Changes in visitor numbers and regional breakdown

Many people visit our recycling plants and sorting centers every year. These include schools and consumer groups, representatives of supermarkets, packaging wholesalers and local governments, members of the media, as well as visitors from overseas. About 290,000 people had visited our facilities as of March 2010.

Visitors by plant



Changes in visitor numbers



If you are interested in taking a tour at one of our facilities, please contact your nearest plant.

Visiting Hours: Monday to Friday (except holidays) from 9:00 AM to 4:00 PM (Applies to all plants)

plant Name	Address	Visitor Reception	Max Visitors per Group
Tohoku Recycling Plant	23-124 Hiraba, Ohiramura, Kurokawa-gun, Miyagi 981-3601	Administration Division +81-22-345-1146	40
Kanto Recycling Plant	4448 Oaza Hiratsuka, Yachiyo-machi, Yuki-gun, Ibaraki 300-3561	Administrative Assistant Dept., Tokyo Headquarters +81-3-5325-7300	120
Chubu Recycling Plant	157-1 Shimoogure, Wanouchi-cho, Anpachi-gun, Gifu 503-0205	Administration Division +81-584-69-2985	120
Fukuyama Recycling Plant	127-2 Minooki-cho, Fukuyama-shi, Hiroshima 721-0956	Administrative Assistant Dept., Headquarters +81-84-953-0001	130
Kyushu Recycling Plant	1800-1 Ishinari, Yoshinogari-cho, Kanzaki-gun, Saga 842-0102	Administration Division +81-952-52-7877	50



Elementary school students learn about the environment on a social studies field trip.



Members of a consumer group tour our facilities. Consumers come into contact with our trays and containers on a daily basis, and are our biggest source of potential cooperation.



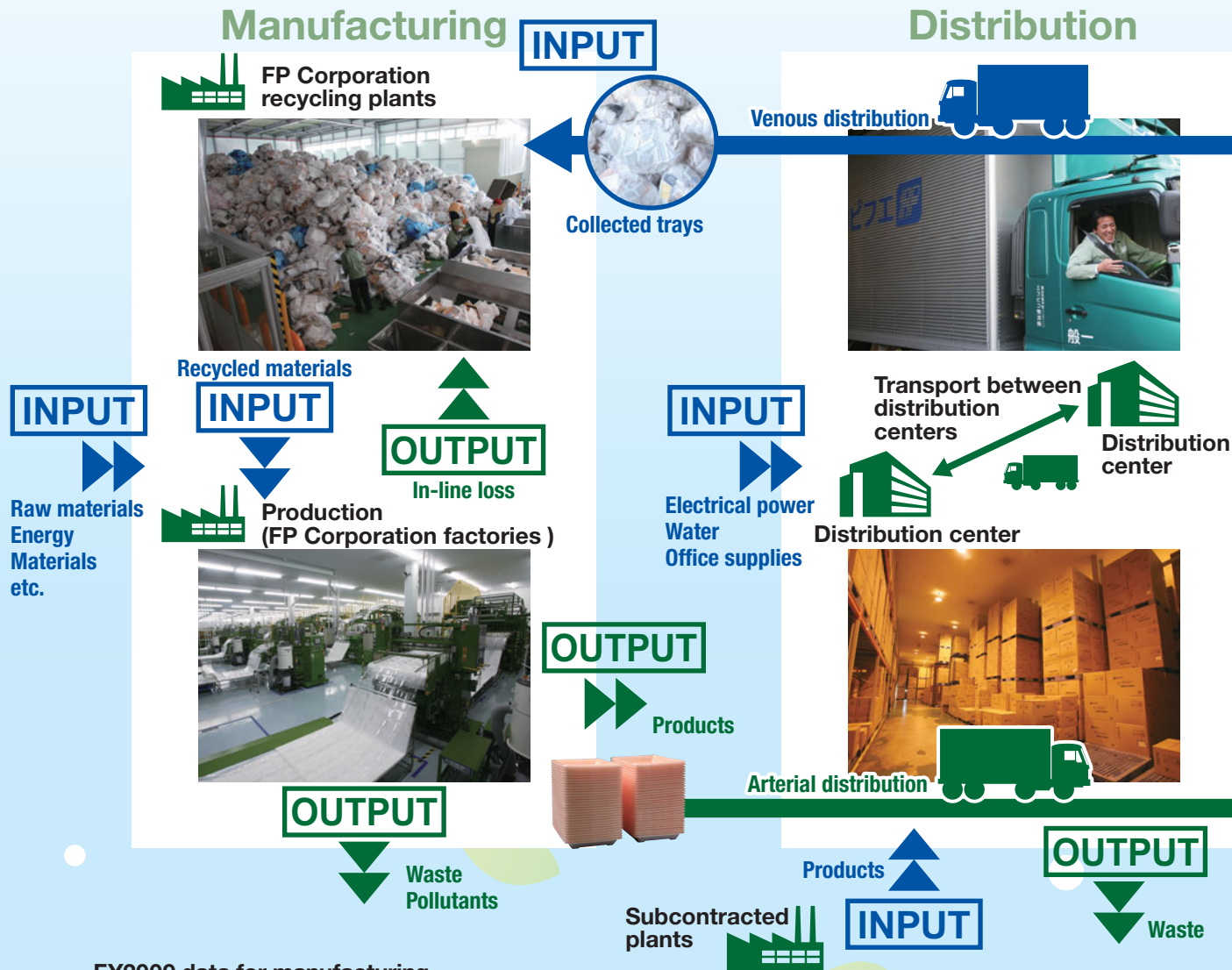
People from the distribution industry take a tour. These companies form a vital link between FP Corporation and households, and we strongly encourage them to visit our plants.

Tour Program Example

- 1. The Recycling Process (10 minutes)**
At the entrance to the plant, we show what happens to a food tray before it is recycled.
- 2. Recycling Processes Tour (30 minutes)**
Visitors witness each part of the process, from the arrival of the trays at the plant to the production of the pellets (the main ingredient).
- 3. Presentation (25 minutes)**
We give a detailed explanation of the FP Corporation food tray recycling operation.
- 4. Video Presentation (15 minutes)**
Visitors watch a video that summarizes the content covered in the presentation.
- 5. Q&A Session (10 minutes)**
We respond to various questions from our visitors.
(Total time: Approx. 90 minutes)

Data: Environmental Efforts

In conjunction with our corporate activities, a variety of substances are moved from one place to another, giving rise to environmental effects. In order to reduce and control the burden on the natural environment to the greatest extent possible, we at FP Corporation are striving to gain an accurate understanding of the effects that our own corporate actions have on the environment.

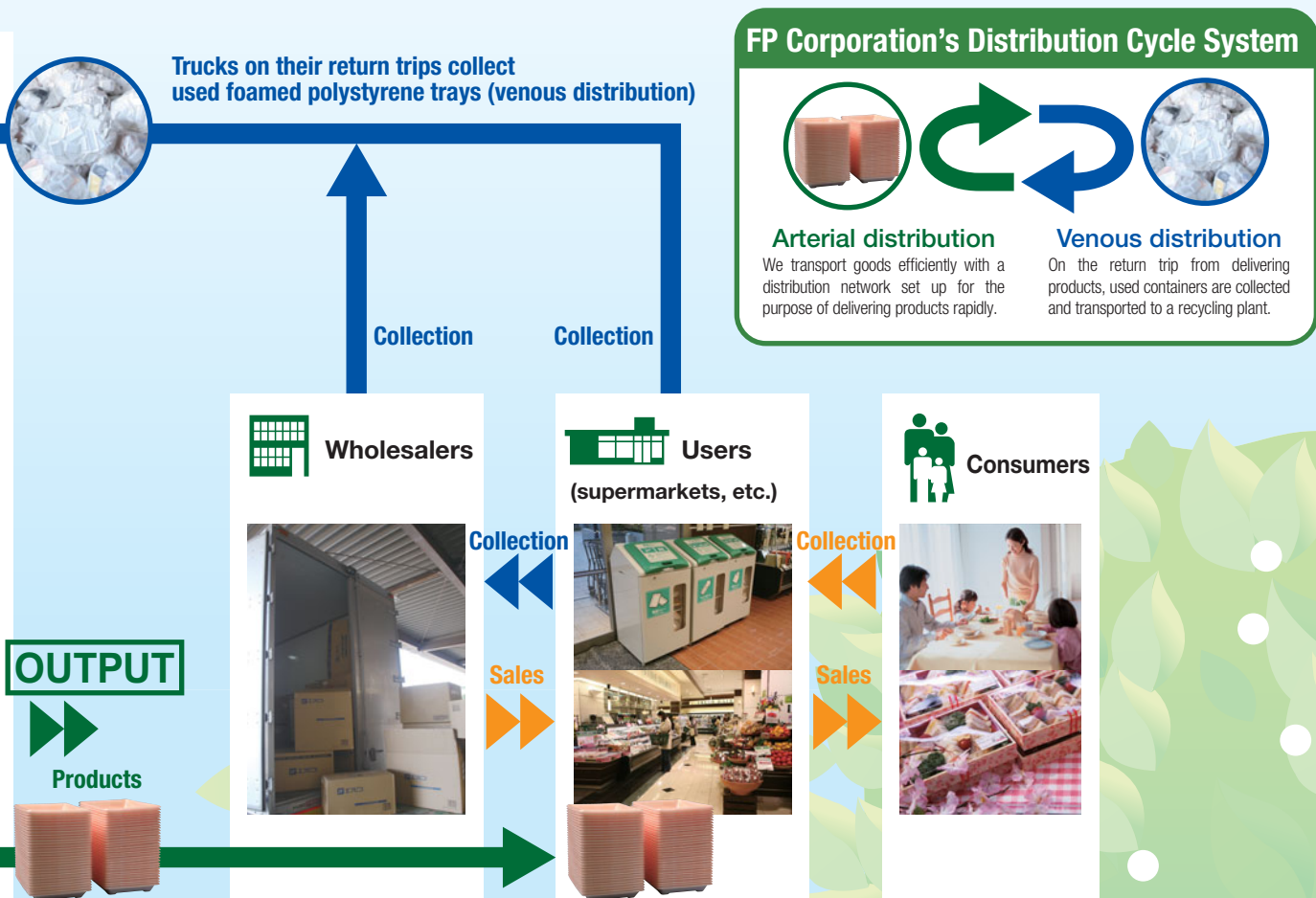


FY2009 data for manufacturing

INPUT	Energy	Electricity	170,673,189 kWh
		Fossil-fuel energy	13,875,594 MJ
	Water resources (Total: 389,056m ³)	Public water supply	122,206 m ³
		Ground water	203,217 m ³
		Industrial water	63,633 m ³
	Raw materials (resins, etc.)		152,613 t
	Indirect materials (Total: 25,418t)	Cardboard	23,042 t
		Polystyrene	2,376 t
	Miscellaneous	Lubricants	11,118 L
		Thinners	4,249 L
Paper		2,363,154 sheets	
OUTPUT	Products	Volume of products produced (of which are Eco Trays)	128,947 t (11,703) t
		Number of shipping trucks	98,085 vehicles
	Waste		3,869 t
		Particulates	35 kg
	Environmental pollutants	NOx	709 kg
		Dioxins	0 mg-TEQ
		BOD	259 kg
		COD	266 kg
SS		384 kg	

FY2009 data for distribution

INPUT		
Energy	Electricity	11,235,497 kWh
	Fossil-fuel energy	5,406,820 MJ
Water resources	Public water supply	15,140 m ³
	Cardboard	821 t
Miscellaneous	Paper	9,793,690 sheets
OUTPUT		
Waste		200 t



Office



FY2009 data for offices

INPUT		
Energy	Electricity	1,866,875 kWh
Indirect materials	Cardboard	1 t
Miscellaneous	Paper	5,775,500 sheets
OUTPUT		
Waste		95 t



Social Efforts

In this section, we will explain how FP Corporation acts as a good corporate citizen for the betterment of not only our stakeholders, but for all people who are in one way or another connected with the work we do.



We are thankful for the various benefits we receive from society and do what we can to reciprocate this gratitude, such as by providing work opportunities to disabled persons and helping to create a rich culinary culture.



Certification as a Leading Company in the Employment of Disabled Workers

This certification is issued by the Ministry of Health, Labor and Welfare to recognize companies that excel in their efforts to provide employment assistance to disabled persons. FP Corporation was certified in 2009, and we are proud to be a leading company in this pursuit. We feel it is our duty to contribute toward creating a world that is free of both physical and social barriers.



A Child-Supportive Corporation

In accordance with the Law for Measures to Support the Development of the Next-Generation established in 2005, FP Corporation has worked to build a work environment that allows employees to balance both job duties and child rearing responsibilities. This includes providing childcare leave to both male and female employees and offering shorter workdays to and requiring less overtime of employees with young children. Our efforts were formally recognized in July 2008 by the Hiroshima Labor Bureau, which awarded our company with a Certification for a General Business Conforming with Established Standards and officially honored us as a Child-Supportive Corporation.



Topic

FPCO Ai Pack disabled employees appear in a fashion show

Disabled persons joined celebrities on stage at a fashion show hosted by the Yuki no Tsubasa nonprofit organization at Yamano Hall in Yoyogi, Tokyo, on Oct. 3, 2009. From FP Corporation, Tomoko Tsujita of Ibaraki Pigeon Recycle and FPCO Ai Pack's Tetsuya Yaguchi participated in the show. The pair had been training under professional models since August. They smiled confidently as they strode down the catwalk to rapturous applause from the 700-strong audience. Guests included Prime Minister Yukio Hatoyama and his wife, Miyuki, as well as celebrities such as Tsunku and Kenichi Mikawa. FP Corporation President Morimasa Sato and a group of 20 Ai Pack employees came to give support to their colleagues Tsujita and Yaguchi and cheered loudly when they appeared. It was a moving event for all involved.



▲Tomoko Tsujita

▲Tetsuya Yaguchi

Topic

Billboards alongside the Metropolitan Expressway

In October 2009, we put up an FP Corporation billboard on the roof of a building along Route 3 of the Metropolitan Expressway in Minami-Aoyama in Minato Ward, Tokyo. The billboard illuminates the company name using environmentally friendly LED lights provided by Teika-Precision, one of our group companies.

This is the first billboard we have put up in Tokyo, and we are using it as part of our strategy to highlight our environmental efforts.





Social Efforts

Relations with Shareholders

To respond to the trust placed in us by our shareholders and investors, we are taking great efforts to thoroughly communicate with them through the disclosure of company related information and the assurance of management transparency. To ensure deeper understanding of our business results and operations, we hold an annual shareholder meeting and semi-annual analyst meeting, in addition to meeting with individual investors and organizing tours of our manufacturing, distribution and recycling facilities.



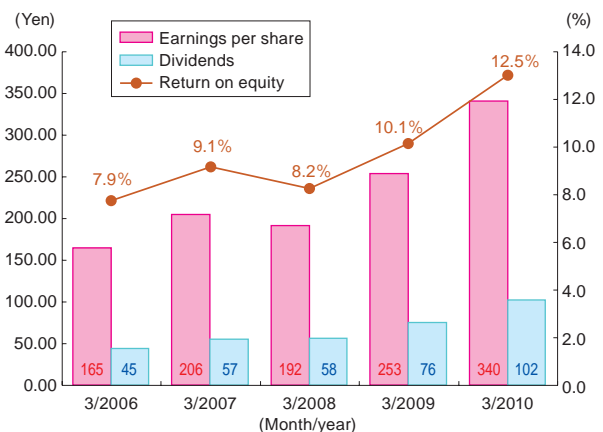
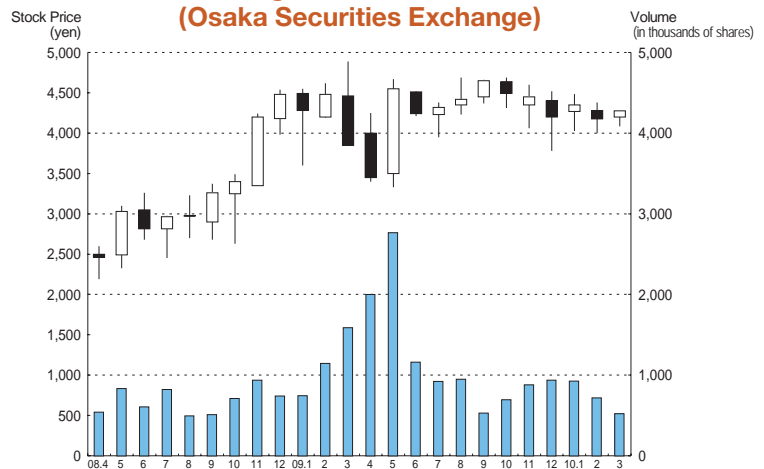
Improving Corporate Value

To ensure our shareholders are properly catered for, FP Corporation constantly aims to perform group management operations as planned in order to raise our corporate value. We have also set an earnings goal of 400 yen per share. As a manufacturer, we will pursue our three basic principles of producing “products of the highest quality” at the “most competitive price,” while “ensuring delivery when needed.”

Continuously stable dividends

Providing shareholders with an appropriate return on their investment is one of the most important goals of FP Corporation. Our key objective is to be able to pay out dividends on a continual and steady basis while improving profitability and strengthening our financial standing. In line with this objective, we set dividends in the previous fiscal year at 102 yen per share (including 50 yen in second quarter dividends).

Changes in Stock Price (Osaka Securities Exchange)



Online disclosure of information

<http://www.fpco.jp/en/ir/>

We have organized shareholder and investor information and posted it on our improved Web site. The following information is available at all times online.

Financial Highlights

- Sales
- Ordinary profit / Current net profit
- Current net profit / Current net profit per share
- Equity / Equity per share
- Current net profit per share / Return on equity (ROE)

Financial Data

- Financial Data
- Financial Results

Press Releases (JPN)

Stock Information

- IR Calendar
- Shareholder Information / Composition
- Share Prices
- Credit Rating

Relations with Consumers

As the point of contact between FP Corporation and consumers is usually limited to products, we participate in various events to create a connection with consumers. These events are held so we can communicate face-to-face with consumers and gain their understanding of who we are as a company.



Participation in exhibitions

We actively take part in a wide range of exhibitions that are open to consumers. Topics featured in these events include the workings of our Tray to Tray recycling scheme, environmentally friendly products such as the Eco Tray, and our recycling of transparent containers. We consider these exhibitions important opportunities for interacting directly with consumers to exchange viewpoints and gather information on our tray collection and environmental conservation activities.



Jibasan Fair 2009



FY2009 Hiroshima Environment Day Festival



8th Fukuyama Recycle Festival



2009 Eco and Food Fair Okayama

Major Events FP Corporation Took Part in During FY2009

Date	Event Name	Location
May 26-29, 2009	N-EXPO 2009	Tokyo
June 7	FY2009 Hiroshima Environment Day Festival	Hiroshima Prefecture
July 31-Aug. 3	12th Sapporo Environment Square 2009	Hokkaido
Oct. 4	8th Fukuyama Recycle Festival	Hiroshima Prefecture
Oct. 27	Tottori Environmental Business Network Event	Tottori Prefecture
Nov. 1	2009 Eco and Food Fair Okayama	Okayama Prefecture
Nov. 5	Momiji Yamaguchi Business Matching Fair 2009	Fukuoka Prefecture
Nov. 14-15	Jibasan Fair 2009	Hiroshima Prefecture
Nov. 23	1st "Akikan" Fuchu Eco Exposition	Tokyo
Dec. 10-12	Eco-Products 2009	Tokyo
Feb. 5-6, 2010	Chugoku-Shikoku Business Fair 2010	Hiroshima Prefecture
Feb. 11	"Pass My Favorite" flea market	Hiroshima Prefecture
Feb. 19	7th Business Link @ INTEX OSAKA	Osaka Prefecture

Distribution of "The Round 'n' Round Recycling Family" DVD

We have produced a 15-minute DVD that promotes the recycling of food trays and transparent containers, free copies of which are distributed to local public institutions such as elementary schools. This DVD features professional actors who clearly but humorously explain the recycling process. Although FP Corporation produced this DVD, we have removed any references to our company in consideration of public institutions that do not feel comfortable being associated in such a way with a private company.

Anyone who would like a copy of this DVD should contact FP Corporation's Environment Management Section.



Relations with Customers

Many of our customers visited the FPCO Fair in March 2010 – the first in six years to be held at Tokyo Big Sight. We sincerely thank them for coming to the fair, as well as for their regular patronage.



Growing alongside our customers

The 2010 FPCO Fair took place in West Hall 4 at Tokyo Big Sight on March 16-18. In the last five years, we held four FP Corporation Mini Fairs a year at four locations across the country, making this our first major fair in Tokyo in six years. As a company that makes thousands of products a year, a large-scale fair like this that allows us to display as many of our products as possible under one roof is a great opportunity to deepen our interaction with our customers. It is a place where our customers can see everything we have to offer, from newly developed products to side-by-side comparisons of products that we are normally unable to display together. The biggest strength of the FPCO Fair is the fact that we create our displays from the perspective of our customers. We don't just exhibit our products; we also suggest how to bring out the best of FP Corporation products on the store floor. We even offer suggestions on store floor layouts and selling products using FP

Corporation containers that attempt to go beyond the idea that our containers are simply products. To grow alongside our customers, we will continue to hold fairs that offer suggestions from the perspective of our customers as well as the industry as a whole.





Six “lovable” markets

A special booth at the 2010 FPCO Fair titled “6 Lovable Markets” featured a recreation of store floors at six different stores. Each recreation represented a supermarket that had created store floors that successfully captured the hearts of consumers by creating an emotional connection with them.

- Halo Day (Fukuoka Prefecture)
- SunShine – Bertis store (Kochi Prefecture)
- Supermarket Nishiyama – Arakawa store (Kyoto Prefecture)
- Dontaku – Asty store (Ishikawa Prefecture)
- Cookey Rarx – Sendai store (Kagoshima Prefecture)
- Chikuya – Hongo store (Shizuoka Prefecture)

The following are some of the comments we received from representatives of stores that allowed us to display their store floors at the fair. We would like to continue to come up with new events where we can offer store floor suggestions to our customers.

“Thank you very much for your splendid recreation of our store floor in such a short time.”

“Every section had supermarket sales floor displays that had something new to offer. I’d like to work on some of our other displays in hopes that we make the cut in some other sections at the next fair.”

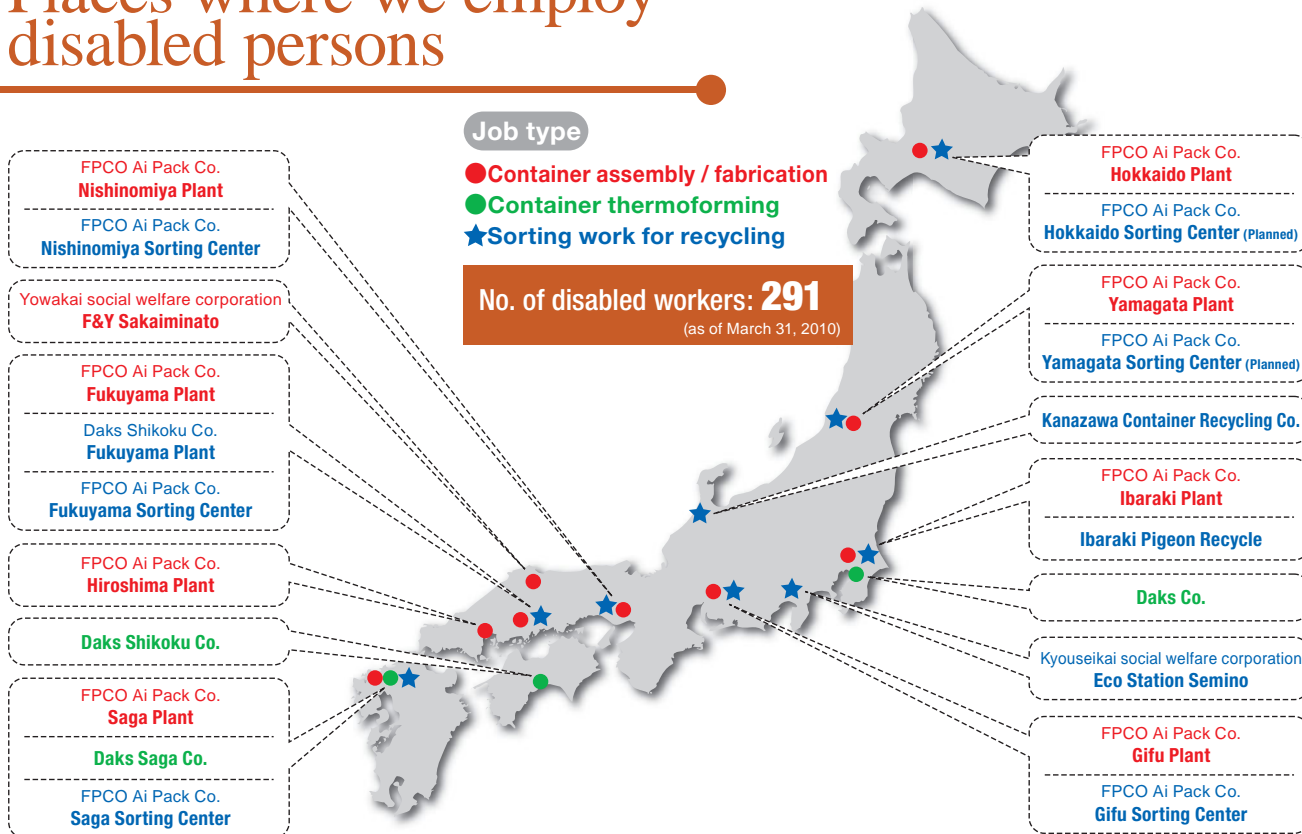
“It was a real honor to have been given this opportunity to display our store floor at FPCO Fair. I’d like to start planning now so we’ll still make the cut by the time the next fair is held.”

“I’d like to follow up on this opportunity of having had our store floors displayed together by inviting some of these other stores to attend our study workshops, and vice versa.”

Hiring of Disabled Persons

FP Corporation makes an active attempt to hire disabled persons. As a corporate citizen, we believe it is our job to help create a society in which things that should be normal become commonplace.

Places where we employ disabled persons



Ai Pack

Workplace Offering Type A Continuous Employment Support



Ai Pack has a system in place to continuously employ disabled persons who find it difficult working at standard companies. Under the supervision of service supervisors and full-time instructors, disabled persons perform tasks suited to their individual aptitudes and abilities, enabling them to become socially independent.

◎ Workplace Offering Type A Continuous Employment Support

Workplaces that hire disabled persons who find it difficult working at a standard company and offer them care services during their employment

Daks

Special Case Subsidiary



The process at the Daks container thermoforming factory is semi-automated, with disabled persons performing manual tasks. Disabled and nondisabled people work together on similar tasks in this lively workplace.

◎ Special Case Subsidiary

Subsidiaries established within a private corporation as a special measure for managing employee hiring rates, with particular consideration given to the employment of disabled persons

FPCO Heart Recycle

Workplace Offering Type A Continuous Employment Support / Special Case Subsidiary / Business Partnership



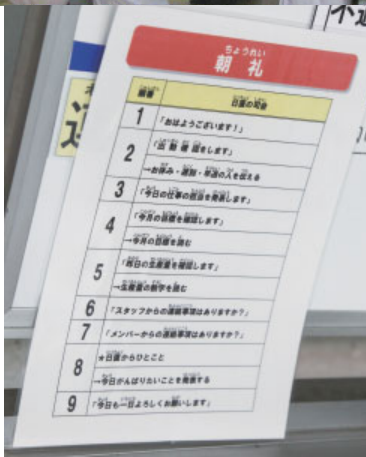
Our disabled employees perform tasks such as sorting and aligning used trays and transparent containers. Service supervisors and professional instructors are employed at each workplace to give disabled employees basic support and while helping them develop their skills.

◎ Business Partnership

Subcontracting sorting work for used containers collected by FP Corporation to social welfare organizations and other local parent organizations



Disabled workers at FPCO Ai Pack Etsuko Okamoto, who was featured on "Atarimae Project," also works here.



A schedule posted up during a morning meeting, which lists the numerous announcements and large amounts of information conveyed by the day duty supervisor who presides over morning meetings. Employees check the day's targets and get to work.



Employees have a chance to relax and smile during lunchtime and breaks. Lunchtime is 45 minutes, and there is one 15-minute break a day.

Topic

An FPCO Ai Pack disabled worker speaks with a Yoshimoto theater group leader

The "Atarimae Project" is a comprehensive web portal that supports the employment of disabled persons. It aims to provide them with the joy of work that many people enjoy and create a society in which it is considered normal for disabled persons to work. FP Corporation takes part in the project as a corporate supporter.

FPCO Ai Pack's Etsuko Okamoto appears in a section of the site featuring conversations with celebrities. She speaks with Yasushi

Kawabata, leader of the Yoshimoto Shin-Kigeki comedy theater group.

Okamoto said that "working is fun," a sentiment Kawabata concurred with. Okamoto acts on stage in her free time, and mentioned that she'd like to join Yoshimoto, to which Kawabata quipped, "The wages are no good." The video of this entertaining conversation is featured on the "Atarimae Project" website.



<http://www.atarimae.jp>



Vol.16

エフビコ製パンク(株) 工場スタッフ

岡本悦子さん

吉本新良劇 座長

川畑泰史さん

Etsuko Okamoto
FPCO Ai Pack factory worker

Yasushi Kawabata
Yoshimoto Shin-Kigeki
Leader

Relations with Employees

It is not easy to build a relationship of trust with employees. We have to keep promises and meet their expectations. We slowly build this mutual trust by working hard together and sharing the same failures and successes. We will continue to cooperate with employees to develop both the company and our relationship.

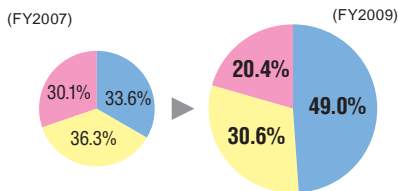


Internal survey results

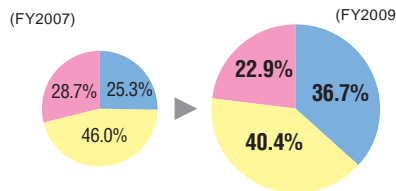
FP Corporation believes its employees are a valuable resource, and regularly conducts an internal survey to gauge the degree to which this belief is a reality. The results showed that we have grown in all areas compared with the previous survey conducted in fiscal 2007. We will never be completely satisfied, however, until we have achieved "Yeses" for every answer.

Yes Neither No

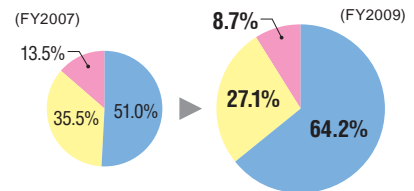
Do you have enough days off?



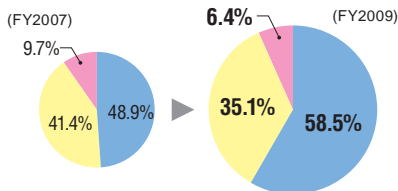
Are you satisfied with our health and welfare programs?



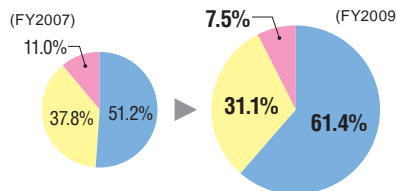
Is the working environment good?



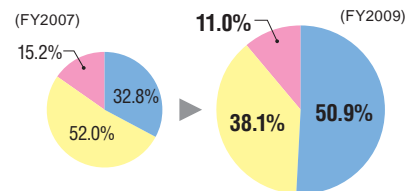
Is the workplace cheerful and lively?



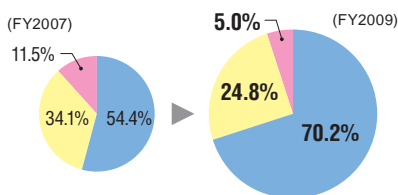
Is teamwork in the workplace good?



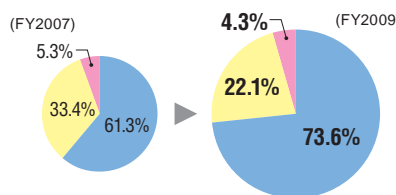
Is the current corporate culture agreeable?



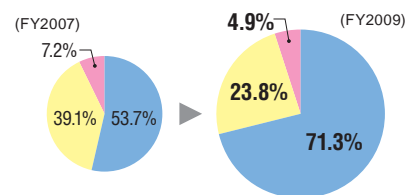
Have all employees settled in?



Do you want to continue working here?



Do you have pride and confidence in the company?



Overseas training and company trips

Thirty-seven employees participated in our annual overseas training last year. Individual divisions and group companies also regularly go on their own company trips.



Training in Hawaii



Production Control Department employees on a day trip to Iwakuni and Hiroshima



Information and Computer System Department employees on a trip to Kinosaki and Kyoto

Company Development and Honors

1962	July Fukuyama Pearl Paper Manufacturing Corporation established. Headquarters established in Kasumi-cho, Fukuyama, Hiroshima Prefecture. Foamed PS thermoforming launched.	1998	Oct. New warehouse completed for Fukuyama Distribution Center.
1968	Mar. Headquarters moved to the present site (Akebono-cho, Fukuyama) due to growth in business.	1999	Feb. President and CEO Yasuhiro Komatsu awarded the 19th Mainichi Business Leaders Award.
1971	Jan. Manufacturing of wooden-feel containers launched.		Apr. Commenced catalog sales through FPCO Modern Pack Co., Ltd.
1972	Apr. Fukuyama Distribution Center established.		Oct. Developed Histar container using new type of material.
1975	Sept. General packaging supply retail chain store (Modern Pack) established in Fukuyama.		Received the Prime Minister's Award in the Award Program for Achievement in Promoting Recycling.
1976	Jun. First Pearl Fair (currently FPCO Fair) exhibition held, featuring the company's products.	2000	Jan. Established Special Case Subsidiary Daks Shikoku Co. headquarters and plant (Kochi Prefecture).
1979	July FPCO Distribution Co. established to reinforce delivery system.		Established MAPS (Modified Atmosphere Packaging System) Design Center (Fukuyama) and commenced experiments.
1980	Jan. Fukuyama Daiichi Distribution Center established to streamline and increase the efficiency of distribution. Problems with the disposal of trays leads to early launch of tray collection program.		Mar. Listed in the Second Section of the Tokyo Stock Exchange.
1981	Jun. Manufacturing and selling of color food containers commences in response to the trend of treating food receptacles as merchandise.		Kanto Tsukuba Plant (Ibaraki Prefecture) begins operations.
1982	Mar. Design-located-thermoforming technology developed for manufacturing of high-quality food containers.		May Internet and CD-ROM based mail-order sales commenced by FPCO Modern Pack Co., Ltd.
1983	Apr. Tokyo Branch established.		July Kanto Shimodate Plant (Ibaraki Prefecture) begins operations.
	Oct. Large-scale host computer installed to launch EDI (electronic data interchange) system for placing and receiving orders. Foamed PS microwaveable containers developed.		Oct. Kinki Kameoka Plant (Kyoto Prefecture) begins operations.
1984	May President and CEO Yasuhiro Komatsu elected chairman of the Polystyrene Thermoforming Industry Association (Japan).	2001	Feb. Kanto Daini Distribution Center (Ibaraki Prefecture) begins operations.
1985	Jan. Tokyo Distribution Center established.		May Exclusive domestic sales agreement formed with Enterline Co. Ltd., (Korea) for Enterpack (automatic one-touch heat sealing machines).
	Feb. Pearl Fair held for the first time in Tokyo. Osaka Branch established.		July Awarded the Prize for Excellence in the Idea Division in the 4th Eco-Life Lake Biwa Awards.
	May Fukuyama Daini Distribution Center established.		Nov. Fukuyama/Tokyo double head office system started, with Tokyo Branch upgraded to Tokyo Headquarters.
	Jun. Pearl Fair held for the first time in Osaka.		Kitchen Studio opened at Tokyo Headquarters.
1987	Jan. Fully integrated production of solid food containers, from sheet production to thermoforming, launched.	2002	Feb. Sponsored and initiated reorganization procedures for two reconstructed corporations, Chupa Co., Ltd. and Packdor Co.
	Apr. FP Trading Co., Ltd., a wholly owned subsidiary, established.	2003	Jan. Reorganization project for Chupa Co., Ltd. and Packdor Co. approved. (Reorganization completed in May 2003 and May 2005 for Packdor Co. and Chupa Co., Ltd., respectively.)
	Sept. Kasaoka Plant (Okayama Prefecture) established to drastically reduce man-hours.		July East Japan Hub Center completed.
	Dec. Use of CFC-utilizing Foamed PS discontinued.		Yamagata Plant (Sagae, Yamagata Prefecture) begins operations.
1988	Mar. Technology-sharing agreement formed with Holden Limited (South Africa) through Keyes Fiber (U.S.A.). Kanto Distribution Center established.		Nov. Receipt of the Business Activities Division Award at the Wastec Award 2003.
	Dec. President and CEO Yasuhiro Komatsu attends an FPI (Foodservice & Packaging Institute, Inc.) general conference held in Washington, delivering a speech on global environment issues.	2004	Mar. Eastern Japan Sample Center (Bando City, Ibaraki Prefecture) established. Western Japan Sample Center (Fukuyama City, Hiroshima Prefecture) established.
1989	Jan. CI introduced. Corporate name changed to FP Corporation.		May Tohoku Distribution Center (Kurokawa-gun, Miyagi Prefecture) annexed to Yamagata Plant (Sagae City, Yamagata Prefecture).
	July Chubu Distribution Center established.		Dec. Pre-cooked foods store Cook Labo established on second floor of the building where Tokyo Headquarters is located for research and development of containers and foods used for takeout meals.
	Nov. Company is listed on the Hiroshima Stock Exchange.	2005	Sept. Listed in the First Section of the Tokyo and Osaka Stock Exchanges.
1990	Dec. Tohoku Distribution Center established.		Presented with the Global 100 Eco-Tech Award by the Japan Association for the 2005. World Exposition and Nihon Keizai Shimbun, Inc. at Expo 2005 Aichi Japan.
1991	Feb. Listed in the Second Section of the Osaka Stock Exchange.	2006	Jun. Sample Request Reception Center begins operations.
	Apr. New distribution center headquarters established.		Aug. Special Case Subsidiary Daks Saga Co. established.
	Received the "Members' Division Highest Points Award" from the Valdez Society.		Sept. Japan Organization for Employment of the Elderly and Persons with Disabilities JEED Presidents Award presented to Daks Shikoku Co.
	May Kyushu Distribution Center established.		Oct. Hiroshima Ai Pack Co. established with the goal of being certified as Workplace Offering Type A Continuous Employment Support.
1992	Oct. Tohoku Recycling Plant cited as an honoree of the year by the Award Program for Achievement in Promoting Recycling.		Dec. Founded Komatsu Ikuikai scholarship.
	Dec. Technology-sharing agreement formed with Linpac Plastics International (U.K.).	2007	Feb. Kanto Shimodate Daini Plant begins operations.
1993	Mar. Receipt of the Chairman's Award in the Clean Japan Center-sponsored Award Program for Companies Contributing to the Reuse of Resources.		Mar. FPCO Ai Pack Co. established with the goal of being certified as Workplace Offering Type A Continuous Employment Support.
1994	Oct. Kansai Distribution Center established.		Apr. Receipt of the Award for Excellence in the Product Division of the First Container and Packaging 3R Promotion Minister of the Environment Awards.
1995	Apr. All distribution operations transferred to FPCO Distribution Co.		Aug. FPCO Yachiyo Center begins operations.
1996	Feb. Receipt of the Hyogo Prefecture Award for Environmentally Friendly Businesses.		FPCO Ai Pack Co. Saga Plant begins operations.
	Apr. 22nd annual FPCO Fair '96 held in Tokyo. Tokyo Big Sight to host all subsequent annual FPCO Fairs in April.		Receipt of the Economic Affairs Bureau Director's Award at the Product Development Awards.
	Jun. Receipt of the 4th Yokohama Environmental Protection Activities Award.		Sept. FPCO Ai Pack Co. Gifu and Ibaraki Plants begin operations.
	Oct. Chubu Recycling Plant honored with the Minister of International Trade and Industry Award in the Award Program for Achievement in Promoting Recycling.		Oct. FPCO Ai Pack Co. Nishinomiya and Yamagata Plants begin operations.
1997	Jan. Company homepage set up.		Dec. New head office building completed in Fukuyama.
	Mar. Receipt of the MITI Environmental Protection and Industrial Location Bureau Chief's Award in the Clean Japan Center-sponsored Award Program for Companies Contributing to the Reuse of Resources.	2008	Feb. Established retired persons association FPCO Shoikai.
	May President and CEO Yasuhiro Komatsu awarded Medal with Blue Ribbon.		Aug. Receipt of the Chugoku New Office Promotion Award at the 21st Best of New Offices Awards hosted by the Nihon Keizai Shimbun Company and the New Office Promotion Association.
	Jun. Fukuyama Recycling Plant receives the Hiroshima Environmental Protection Award.	2009	Mar. Honored with the first-ever Fukuyama Environment Award in the Business Category.
	Aug. HMR Top Seminar held.		May West Kanto Picking Center in Machida, Tokyo, begins operations
	Sept. Receipt of the Company to Be Proud Of Award in the Ogaki Junior Chamber, Inc.-sponsored Nishi-Mino Co-Founder's Awards '97.		June Acquisition of packaging division from Taiyo-Kogyo Corp.
	Oct. Receipt of the 6th Nisshoku Environmental Resource Cooperation Award sponsored by Japan Food Journal Co., Ltd.		CEO Yasuhiro Komatsu receives 11th Kigyoka Prize
	Received of the Chairman's Award in the Award Program for Achievement in Promoting Recycling for Fukuyama Recycling Plant.		Aug. Ibaraki Pigeon Recycle established
	Dec. Developed Exstar container using new type of material. Established Fukuyama Plant (Fukuyama) to facilitate fully integrated production.		Oct. FPCO Nippon Pearl Co. established after acquisition of Nippon Pearl Containers Co. from Toyama Yoseisha Co.

Environment / Recycling

Environmental regulation and food safety

1990	Sept. FP Corporation starts its recycling program.	1990	Aug. The Intergovernmental Panel on Climate Change (IPCC) issues warnings about global warming.
	Dec. Kasaoka Recycling Center goes into operation.		1991
1991	Oct. Kanto Recycling Center goes into operation.	1992	
	Tohoku Recycling Center goes into operation.		1993
1992	Nov. Eco Tray becomes the first to receive the Eco Mark certification in the industry.	Nov. The Basic Environment Law is enacted.	
	Mar. Eco Tray goes on sale.	1995	July The Product Liability Law (PL Law) is enacted.
	Apr. Environmental Programs Office established.		1997
	May Chubu Recycling Center goes into operation.	Dec. COP3 (Third Conference of the Parties to the UN Framework Convention on Climate Change) is held in Kyoto, and the Kyoto Protocol is adopted.	
	July First Autonomous Tray Recollection Movement Commences through Joint Venture with Tottori City.	1999	July In the Containers and Packaging Recycling Law (Official Gazette, Extra Publication No. 143), our recycling and Tray-to-Tray remanufacturing system are explicitly mentioned.
	Sept. Kyushu Recycling Center goes into operation.		2000
Oct. School tray recovery program commences; in-house tray recovery program commences.	Apr. The Containers and Packaging Recycling Law is fully implemented (miscellaneous paper and plastics are added).		
1993	Feb. Fukuyama Recycling Center goes into operation.	May Outbreak of E. coli O157	
	Dec. Okinawa Reduction Plant goes into operation.	Jun. The Basic Law for Establishing a Recycling-based Society is enacted.	
1996	Feb. Hokkaido Recycling Center goes into operation.	2001	Apr. The Law on Promoting Green Purchasing is enacted.
	Aug. FPCO Distribution Co. acquired Green Management certificate		The Home Appliance Recycling Law is enacted.
	Nov. Numazu Recycling Center goes into operation.	May The Food Recycling Law is enacted.	
1998	Apr. Automatic color tray-sorting system installed at Kanto Recycling Center	Sept. Outbreak of Bovine Spongiform Encephalopathy (BSE, or "mad cow disease")	
	July Recycling plants greet their 100,000th visitor.	2002	Apr. The PRTR Law is enacted.
	Aug. Automatic material-sorting system installed at Fukuyama Recycling Center		The Construction Materials Recycling Act is enacted.
1999	Apr. Three main plants (Kasaoka Plant, Fukuyama Plant, Fukuyama Recycling Center) receive ISO14001 certification.	2003	Feb. The Soil Contamination Countermeasures Law is enacted.
	2000		May Eco Tray registered as a trademark in category #20 (No. 4387266).
Oct. Recycling centers renamed "recycling plants."			Jun. The Food Safety Basic Law is enacted.
Nov. Kanto Recycling Plant No. 1 goes into operation.	Former plant renamed Kanto Recycling Plant No. 2.	July The Cabinet establishes the Food Safety Commission in conjunction with the enactment of the Food Safety Basic Law.	
2001	May Tokai Recycling Plant (former Numazu Recycling Center) closed.	2004	Jan. Outbreak of "Bird Flu"
	Sept. New specialized recycling line for transparent containers installed in Fukuyama Recycling Plant		2005
2003	Feb. Kanto Recycling Plant No. 1 receives ISO14001 certification.	Feb. The Kyoto Protocol comes into effect.	
	Mar. Eco Trays recognized as Eco Products by Okayama Prefecture.	2006	Apr. The Revised Law Regarding the Rationalization of Energy Use is enacted. The Revised Law Concerning the Promotion of the Measures to Cope with Global Warming is enacted.
	Apr. Kanto Recycling Plants No. 1 and 2 consolidated and renamed Kanto Recycling Plant.		2007
	May Eco Tray recognized as a waste recycling product by Saga Prefecture.	Dec. "Revised Food Recycling Method" enforced.	
	Jun. Eco Tray recognized as a waste recycling product by Gifu Prefecture.	2008	Jan. Chinese-made frozen gyoza poisoning scandal
	Oct. Eco Tray recognized as a product using and recycled resources by Miyagi Prefecture.		July G8 Hokkaido Toyako summit
Nov. Recycling plants receive their 200,000th visitor	2009	Formulation of Action Plan for Achieving a Low-carbon Society	
2004		Mar. Eco Tray registered as a recycled product in the Recycled Product Registration System in Hiroshima Prefecture.	May Start of trial project to calculate and display carbon footprint
	Dec. Tray-to-Tray registered as a trademark in categories #20 and #40 (No. 4322974).	Jun. WHO declares a global pandemic of a new strain of influenza.	
2005	Apr. CO2 Management Committee established.	Sept. Prime Minister Yukio Hatoyama declares a target of cutting greenhouse gas emissions by 25% by 2020	
	May Eco Tray registered as a trademark in category #40 (No. 4864115).	Dec. 15th COP climate change conference	
	Nov. Kasaoka Plant receives ISO9001 certification.	2010	Mar. A bill for a basic law to tackle global warming is submitted to the Diet
2006	Mar. Kanto Shimodate Plant receives ISO9001 certification.		Apr. Revised Energy Saving Law and revised Act on Promotion of Global Warming Countermeasures passed
	Kinki Kameoka Plant receives ISO9001 certification.		
Apr. 5-year Environmental Operation Plan commences.			
2007	Oct. Rooftop Gardening compatible Plant (Chubu No.2 Plant) begins operation.		
	Dec. New Premises with Solar Energy Generation System Established within Headquarters.		
Optical Automatic Material Sorting System put into operation for transparent containers.			
2008	Aug. Ibaraki Sorting Center commences operations.		
	Oct. Nishimiya Sorting Center and Gifu Sorting Center commence operations.		
2009	Jan. Fukuyama Sorting Center commences operations.		
	Kanazawa Tray Recycling, Co. commences operations.		
	Aug. Saga Sorting Center begins operations		
	Sept. New washing line introduced at Fukuyama Recycling Plant		
2010	Mar. Eco Trays certified as a recycled product by the Ibaraki prefectural government		

● Editorial Postscript ●

Looking back on fiscal 2009, it could be said it was a major turning point for Japan. The world started to change in many ways, and Japan saw its first real change of government in over 50 years. We are also still amid a seemingly endless recession that has forced us to adapt to survive.

Following the change of government, our new prime minister gave a speech at the United Nations in September that likely will encourage our Environmental Management Department to make some major changes. The prime minister's stated goal of a 20% cut in CO₂ emissions by 2020 will also likely lead to FP Corporation reviewing its environmental measures.

During these times of change, our 20 years of experience in product recycling becomes a valuable resource. We were the first company to begin such a scheme, and therefore had to start from scratch. Having continually improved the process for 20 years, adapting to societal change is nothing new for us.

We are ready to continue to patiently come up with new ideas and efforts towards creating an Eco Value Chain that involves every one of our employees and achieving our ambitious targets.

June 2010

Kazunori Matsuo

Environmental Management Dept

2010 CSR Report

Published: June 2010

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2010 CSR Report

To be a company that links people with people,
people with nature, and companies with society.



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