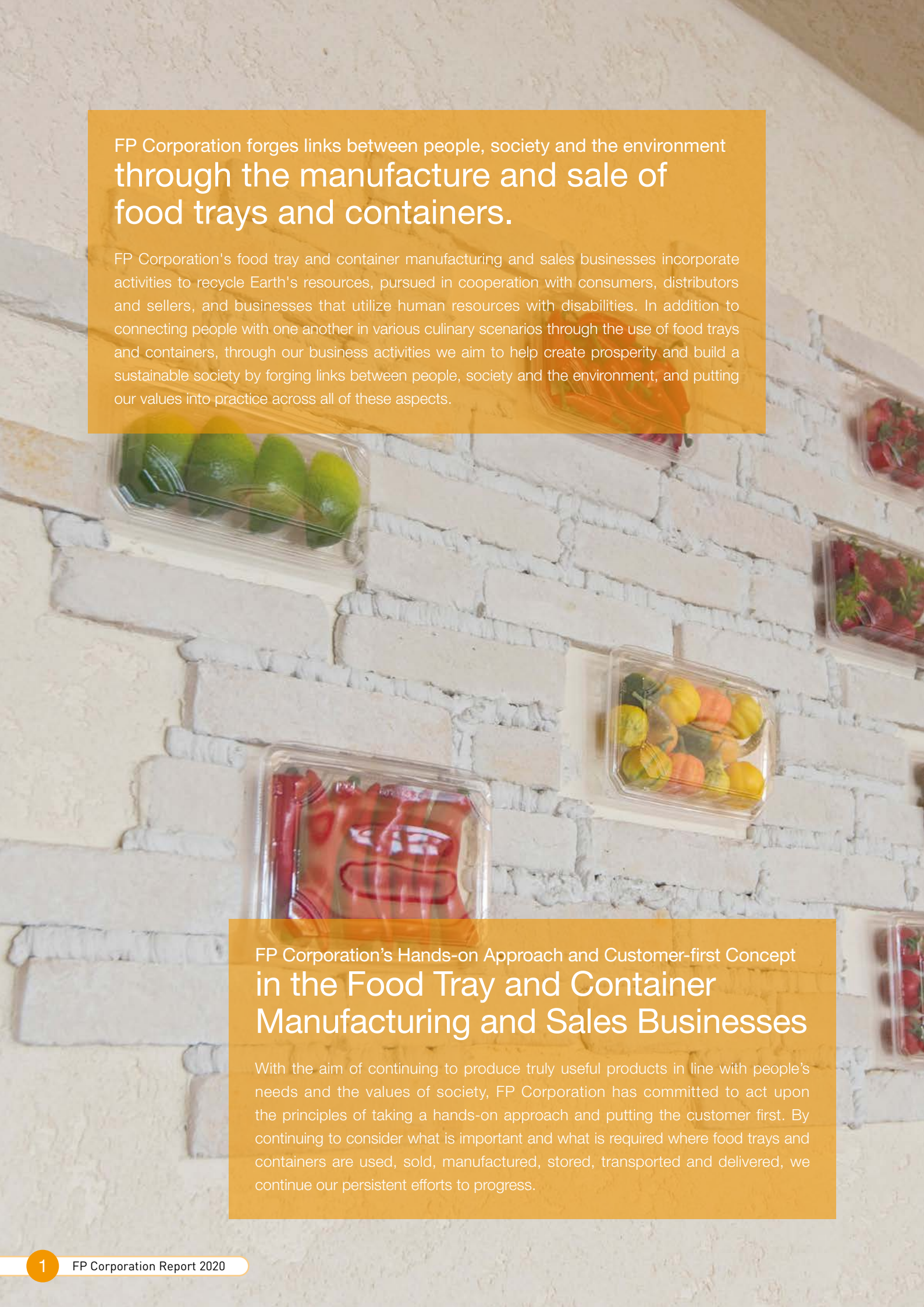


FP Corporation Report 2020



FP CORPORATION



FP Corporation forges links between people, society and the environment through the manufacture and sale of food trays and containers.

FP Corporation's food tray and container manufacturing and sales businesses incorporate activities to recycle Earth's resources, pursued in cooperation with consumers, distributors and sellers, and businesses that utilize human resources with disabilities. In addition to connecting people with one another in various culinary scenarios through the use of food trays and containers, through our business activities we aim to help create prosperity and build a sustainable society by forging links between people, society and the environment, and putting our values into practice across all of these aspects.

FP Corporation's Hands-on Approach and Customer-first Concept in the Food Tray and Container Manufacturing and Sales Businesses

With the aim of continuing to produce truly useful products in line with people's needs and the values of society, FP Corporation has committed to act upon the principles of taking a hands-on approach and putting the customer first. By continuing to consider what is important and what is required where food trays and containers are used, sold, manufactured, stored, transported and delivered, we continue our persistent efforts to progress.

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 - Procurement
 - Product Development
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- Third Party Comments



Corporate Profile

Company Profile

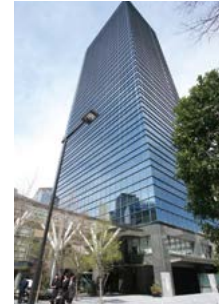
Name: FP CORPORATION
 Established: July 1962
 Representative: Morimasa Sato, President
 Capital: 13.15 billion yen
 Number of employees: 885 (FP Corporation Group: 4,484)
 Business outline: Manufacturing and marketing of disposable food containers made of polystyrene and other compound resins; marketing of related packaging materials

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

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



Fukuyama Headquarters (Fukuyama-shi, Hiroshima)



Tokyo Headquarters (Shinjuku-ku, Tokyo)



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

FP Corporation Group Companies

Manufacturing

FPCO Hokkaido Co.	FPCO Ducks Co.
FPCO Yamagata, Ltd.	FPCO Ai Pack Co.
FPCO Ibaraki Co.	FPCO ALRight Co., Ltd.
FPCO Yachiyo Co.	FPCO Gravure Co., Ltd.
FPCO Shimodate, Ltd.	Nishinihon PET-Bottle Recycle Co., Ltd.
FPCO Chikusei Co.	
FPCO Toyama Co.	Logistics
FPCO Chubu Co.	FP Logistics Corporation
FPCO Kasaoka Co.	I-Logic Co., Ltd.
FPCO Fukuyama Co.	FPCO East Logi Co., Ltd.
FPCO Kannabe, Ltd.	FPCO West Logi Co., Ltd.
FPCO Kyushu Co.	

Sales, Others

FP Trading Co., Ltd.
 FP Chupa Corporation
 FPCO Dia Foods Co., Ltd.
 FPCO International Package Co., Ltd.
 FPCO Ishida Co., Ltd.
 FPCO Ueda Co.
 FPCO Miyako Himo Co., Ltd.



Sites incorporating production plants, recycling plants, distribution centers, etc. (From left to right: Fukuyama, Chubu and Kanto)

Main Products Manufactured and Sold by FP Corporation

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



Eco Tray (recycled product)

Fresh Fish: Boosting the attractive qualities of fresh seafood



Sushi: Delivering deliciousness to consumers without losing freshness



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



Meat: Hygienic and emphasizing the taste and color of meat



Deli: User-friendly with microwavable and other features



Clear Containers: Freshness and deliciousness is visible through transparent containers



Events: Ideal for joyful events where people gather



Hinged clear containers: For Namakara Sozai and other proposals in pursuit of convenience



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





Message from Top Management

The business management of FP Corporation is characterized by the close linkage of its business operation and ESG efforts. We create value throughout society through the manufacturing, sales and recycling of food trays and containers.

Two years ago, the home meal replacement market surpassed 10 trillion yen. It continues to expand as major restaurant chains and medium- and small-sized restaurants launch food takeout and delivery services. In these circumstances, demand for food trays and containers is growing to be able to provide food in a safe and reassuring manner. We at FP Corporation strongly feel that manufacturing and selling these containers is our social responsibility.

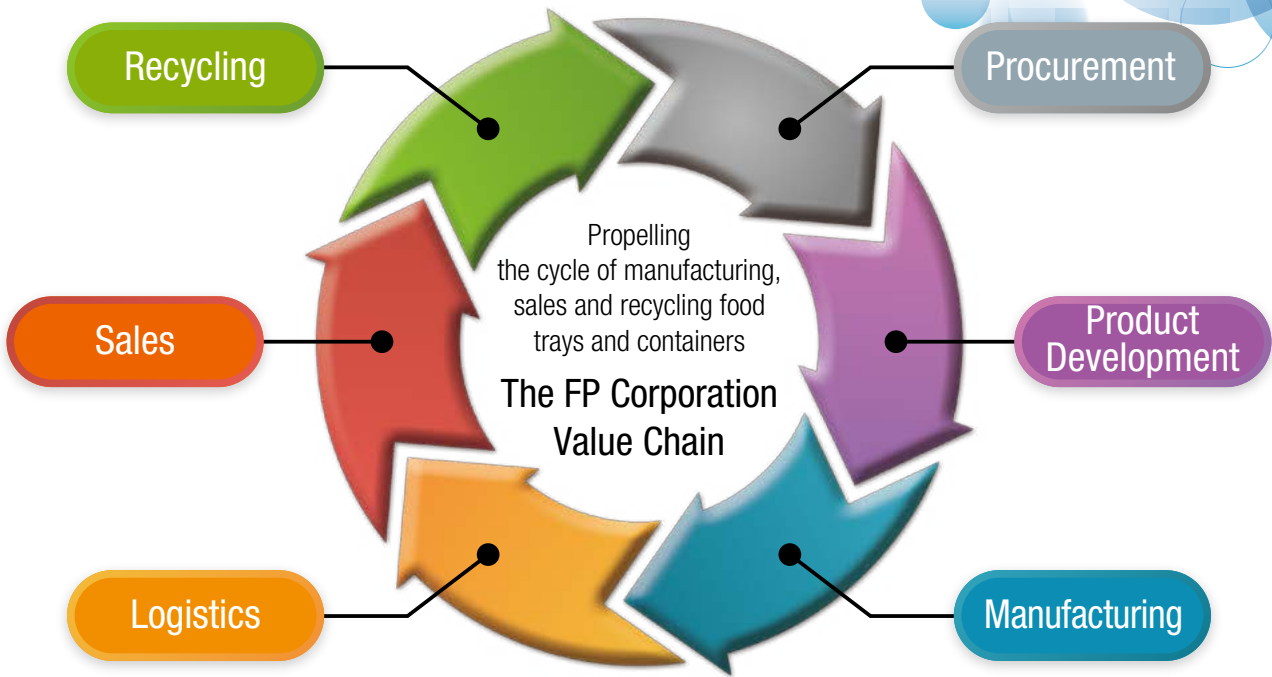
We are working not only to stably supply safe and reassuring food trays and containers but also to provide value to society. Food trays and containers are useful and convenient in many different ways. They provide supermarkets and other food retailers with efficiency gains in food arrangement, lid closing and display. They provide consumers with food hygiene management, freshness maintenance and the resulting reduction of food waste, and the reduction of the time required for cooking. In addition, we collect and recycle used products to reduce environmental impact as well. We create value for society through efforts like these in our value chain.

This is how our business operations are closely connected to ESG efforts in the management of our business. I am convinced that our mission is to continue to create value through our business.



Morimasa Sato

President



FP Corporation creates extra value in every aspect of its products.

● Value chain for environmental impact reduction

FP Corporation commenced sales of the environmentally friendly Eco Tray formed tray in 1992. In 2007, we began collecting transparent containers. In 2012, we released the Eco APET transparent containers containing recycled material from used PET bottles, enabling their commercialization. We have constructed a system of procuring used products and PET bottles to be the materials used to make products, which reduces the environmental impact. We also have independent logistical operations. They are a major driving force for the recycling of resources. After delivering products, our empty trucks carry used containers back to us, a system made possible because we independently draw up logistics plans.



● Value chain for providing high value-added products

Another value chain that FP Corporation operates is the cycle of creativity that adds extra value to products. To ensure the utility of food trays and containers, including their ability to ensure hygiene, resist heat, cold and oil, facilitate sales operations, and reduce food waste and CO₂ emissions, six separate functions that are important to our value chain propose ideas and our Product Development team to continues to put them into tangible form. FP Corporation is unique in that it is not only the sales team, which often observes food sales operations, but everyone, even the logistics team, which at first glance would seem to have nothing to do with product development, that makes proposals on, for example, the shapes of products for higher efficiency when loading trucks with products.

SUSTAINABLE DEVELOPMENT GOALS

The value to society produced from these two value chains contributes to the sustainable development goals (SDGs) proposed by the United Nations.





ESG at FP Corporation

FP Corporation's business management



Indices of companies with distinguished performance regarding the environment, society and governance (ESG)

FP Corporation was added to two ESG indices, the FTSE4Good Index Series and the FTSE Blossom Japan Index, for the first time. (June 2019)



FP Corporation is one of **1,034** companies in the world.



FP Corporation is one of **179** companies in Japan.

FP Corporation won an excellence award in the first Japan Times ESG Awards. (September 2019)



is characterized by the close linkage of business operations and ESG efforts.

Environment

- Environmental initiatives throughout the group
- Results of CO₂ emissions reductions by the recycling business
- Various publicity activities for the expansion of recycling
- Actions to combat the problem of marine plastic litter
- Active participation in global environmental conservation activities
- Information disclosure regarding responses to climate change



As a corporate citizen

- Employment of workers with disabilities as human assets
- Activities towards the realization of an inclusive society
- Support for the employment of persons with disabilities
- Community engagement in a wide variety of areas



Organizational governance

- Compliance
- Risk management
- Human resources management



FP Corporation began employing workers with disabilities in 1986 and began recycling used food trays in 1990. We have taken steps forward with the overriding belief that our activities that create value for society in various ways without being swayed by immediate interests will lead to corporate development. To continue to take powerful steps to follow the path set for us by our predecessors, we will place more focus on organizational governance in an effort to win greater trust from society.

Kimiko Nishimura

Senior Vice President and Director,
 Supervisor of General Affairs and Personnel Division,
 Supervisor of Special Subsidiary Pursuing Business
 Providing Type A Support for Continuous Employment,
 Supervisor of Environment Management Department,
 and Supervisor of Judicial Affairs & Compliance
 Department





Environment

Environment



We installed our first collection box at a supermarket in the city of Fukuyama in 1990. Thirty years on, we now have around 9,400 used food tray and container collection points across the country. Enjoying support from many stakeholders, we have established the FPCO Method recycling system that propels the cycle of product recycling.

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colle
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FP Corporation carries out environmental conservation and core corporate activities as an integrated business pillar.

Sales of Eco Tray, Eco APET and Eco OPET recycled from used products significantly reduce CO₂ emissions. These environmentally friendly products have functions that are completely identical to the functions of products made from virgin raw materials.

We recommend that our customers, supermarkets, introduce environmentally friendly products in their stores.

Environmentally friendly products reduce CO₂ emissions by approx.

160,000
tons / year

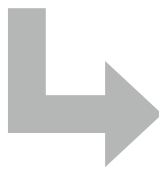




Lighter material weights
One third
as a result of changes of materials and reductions of wall thickness



Material: HIPS
22.9 g

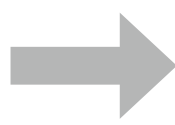


Material: Foamed SP (low-foaming)
7.8 g

We are constantly thinking about ways of reducing the environmental impact of products, including the reduction of weight and wall thickness to reduce the amount of raw materials. To accomplish this, we continue research and development into materials and design improvements and experiment to seek good combinations of materials and purposes of use.

3,390
distribution points
supermarkets
other retailers

Lower stack heights
Approx. 45%
Helping reduce environment impacts from storage, packing and transportation



Small improvements and changes in perspective pave the way for putting more products in the same space. These measures reducing environmental impact are unique to FP Corporation, since it handles both warehousing and transport itself.

Continuously developing its reputation in society and earning recognition

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





FP Corporation's Environmental Policy

Basic Principle

Based on the recognition that preserving and protecting the global environment is an issue of the highest priority, FP Corporation operates its business according to the basic principle of contributing to the realization of a sustainable society in harmony with the environment.

Policy

1. From the stance of reducing CO₂ emissions and making effective use of natural resources, we strive to thoroughly reduce the resources used in our business activities, products and services while actively promoting the expansion of the FPCO Method Recycling business, which involves the recycling of used food containers disposed of from regular households into new food containers.
2. We will observe the legal and other requirements placed upon FP Corporation, endeavor to understand the needs and expectations of our stakeholders, establish voluntary standards in our operations and prevent pollution.
3. We will establish environmental goals that take the environmental impact of our business activities, products and services into account, formulate and promote management plans, evaluate our success through internal audits and reviews by senior management, and undertake continual improvement.
4. We will promote the reduction of the amount of water resources used through the efficient use of water.
5. We will prevent environmental pollution due to chemical substances and waste, and environmental risks that lead to health hazards.

Overview of environmental conservation activities

The FP Corporation Group believes that measures to address climate change form one of the basics of management. In FP Corporation Eco Action 50 (FPEA-50), our environmental management plan, we have established five working groups: Products, Production, Logistics, Sales and Office. These working groups establish their own goals and undertake corresponding activities as part of the efforts to reduce total CO₂ emissions across the FP Corporation Group. The working groups repeat the process of exchanging information and working together with the aim of producing significant results through a multiplier effect.

<Targets in Investment Processes>

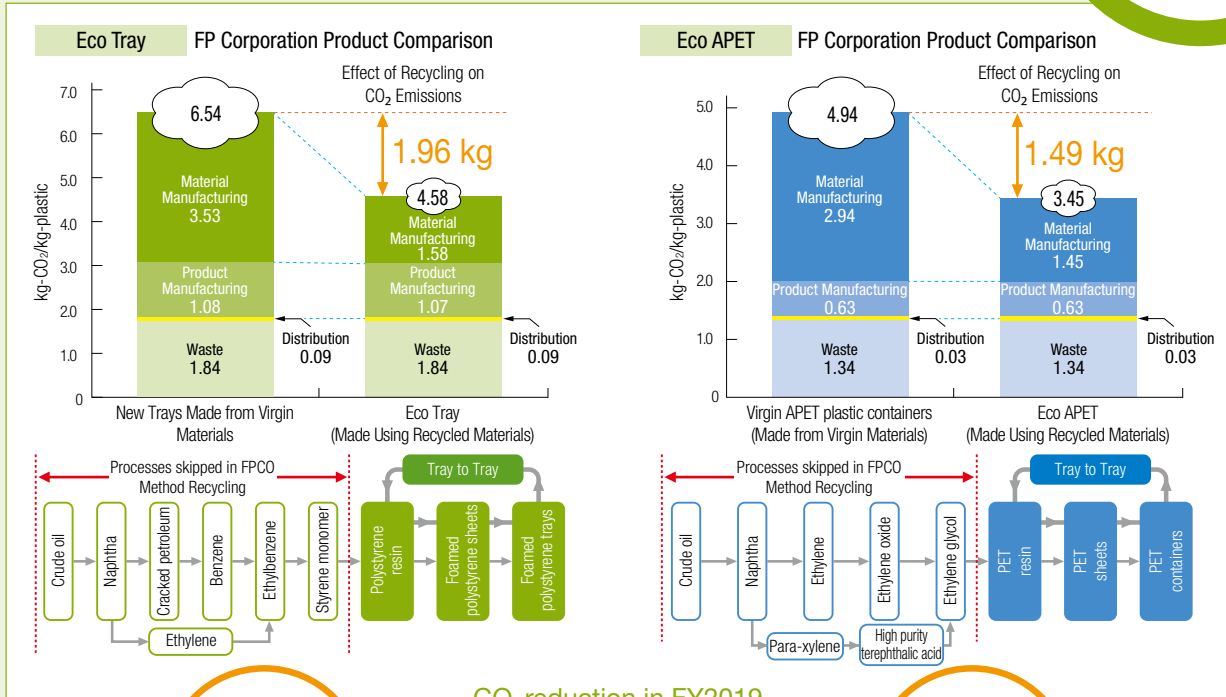
- (1) Lighting equipment: Replacement with and introduction of energy-efficient fluorescent bulbs, LED lights and others
- (2) Air-conditioning equipment: Replacement of air-conditioning equipment, installation of inverter control units and others
- (3) Materials development: Research into resins that produce minimal CO₂ emissions and others
- (4) Production and recycling equipment: Expansion of recycling plants, introduction of high-efficiency energy lines and others

<Targets in Operational Processes>

- (1) Lighting equipment: Reconsideration of lighting duration, turning-off unnecessary lighting, and reconsideration of lighting intensity
- (2) Air-conditioning equipment: Operation at reasonable temperatures, non-operation of unnecessary air conditioning, and cleaning of air conditioners, ventilation fans and others
- (3) Product development: Development of lighter products, research into reduced wall thickness, expansion of sales volume of products made from recycled resins
- (4) Production equipment: Consideration of efficient production processes and increased procurement of recycled raw material

Results of CO₂ emissions reductions by the recycling business

Comparison in CO₂ emissions between virgin products and recycled products



CO₂ emissions: **-30%**

CO₂ reduction in FY2019
Approx. 160,000

CO₂ emissions: **-30%**

The recycling business's effect on society

	Foamed Trays		Transparent containers		PET bottles	
	Weight	Quantity	Weight	Quantity	Weight	Quantity
FY2019	6,787 tons	1,696.75 million	2,341 tons	234.10 million	59,751 tons	2,390.04 million
Cumulative total (1990 to March 2020)	151,876 tons	37,969.00 million	18,799 tons	1,879.90 million	272,300 tons	10,203.66 million

* Calculated on the assumption that a foam tray weighs 4 g, a transparent container 10 g, and a PET bottle 25 g (after the revision in 2016 from 30 g).

<p>Global resources conserved to date</p> <p>Oil: 812.86 million liters</p> <p>↓</p> <p>Oil drums</p> <p>Equivalent to approx. 4.06 million Oil drums</p>	<p>Social expenses reduced to date</p> <p>Garbage collection: Approx. 74.5 billion yen</p> <p>↓</p> <p>Collection vehicles</p> <p>Equivalent to approx. 2.98 million Collection vehicles</p>	<p>Amount collected to date</p> <p>↓</p> <p>Tokyo Domes</p> <p>Equivalent the capacity of roughly 73 Tokyo Domes</p>
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Various publicity activities for the expansion of recycling

Organization of recycling plant tours

FP Corporation organizes tours of its three recycling plants, Kanto (Ibaraki Prefecture), Chubu (Gifu Prefecture) and Fukuyama (Hiroshima Prefecture) and of its six sorting plants across the country, where food trays and containers are sorted. About 20,000 people participate in these tours every year, including members of the public, people from consumer organizations, media representatives and others.



Collaboration with supermarkets

● The setup of Eco Stations

An Eco Station is a place where consumers can bring many different used products, including food trays and containers, milk cartons and PET bottles. FP Corporation provides support in setting up these stations in supermarkets.



● Publicity activities in stores

FP Corporation uses empty space in supermarkets to advertise its recycling activities. We offer programs open to young children to share information joyfully.



● Plant tours

Plant tour events organized by supermarkets for consumers are available at FP Corporation's recycling plants.

● Publicity activities at used food tray and container collection points

FP Corporation conducts publicity activities using posters and videos to raise awareness at locations with collection boxes.

Actions to combat the problem of marine plastic litter

Response to the Plastic Resource Recycling Strategy

<p>Ministry of Economy, Trade and Industry</p>	<p>FP Corporation has been an executive committee member of the Japan Clean Ocean Material Alliance (CLOMA) since it was launched in January 2019. As Vice Chair of the Technology Working Group, it will fulfill its responsibility as industry leader through the development of new materials and alternative materials in addition to its recycling technologies.</p>	
<p>Ministry of the Environment</p>	<p>The Plastics Smart campaign is aimed at promoting smart ways of dealing with plastics, such as the reduction of plastic emissions and the proper sorting of plastic waste all over the country, and at disseminating information about these initiatives in Japan and around the world. Its website features Tray to Tray and Bottle to Tray initiatives.</p>	
<p>Ministry of Agriculture, Forestry and Fisheries</p>	<p>As part of efforts to address plastic resource recycling issues while gaining the understanding of the public, the Ministry of Agriculture, Forestry and Fisheries has a web page on the Action Declaration on the Recycling of Plastic Resources. It broadly invites industry associations and companies in agriculture, forestry and fisheries sectors and in food industry to take voluntary actions helpful to the recycling of plastic resources. This web page features FPCO Method Recycling as a voluntary action helpful to the recycling of plastic resources.</p>	
<p>FP Corporation</p>	<p>On the basis of the idea that companies and associations must work as one to tackle marine plastic litter and other environmental issues, the FP Corporation Environment Fund has been established. It provides financial support for non-profit and other organizations conducting activities for environmental conservation.</p>	

Events and others joined by FP Corporation in FY2019

Participation as an exhibitor in G20 Innovation Exhibition

On June 14-16, 2019, FP Corporation presented in the zone for marine plastic litter issues at the G20 Innovation Exhibition held in Karuizawa, Nagano Prefecture, which coincided with the G20 summit. The presentations included a virtual reality (VR) experience of its efforts and its recycling plant. They drew the attention of leading figures from overseas.



Participation in the First Japan Clean Ocean Material Alliance (CLOMA) Forum

On July 8, 2019, CLOMA Forum was held to exchange information towards a resolution of marine plastic litter issues. Kimiko Nishimura, Senior Vice President and Director of FP Corporation, participated. She made a presentation about the company's environmental actions.



Participation in the Japan Climate Action Summit

On October 12, Japan Climate Initiative, headed by Takejiro Sueyoshi, an Independent Outside Director of FP Corporation, hosted the Japan Climate Action Summit. At the summit, members, including FP Corporation, released a declaration, according to which Japan would be at the forefront of the world movement towards decarbonization.



Actions regarding the Task Force on Climate-related Financial Disclosures (TCFD)*

FP Corporation understands that climate change is an environmental issue that affects business activities. We will work together with suppliers, retailers of products and other goods and other stakeholders to address climate issues towards building a low-carbon society. In the future, we will gradually expand the disclosure of climate-related information and consider supporting the TCFD.

* The TCFD published its final report in June 2017. It recommended that business and other entities disclose items concerning climate-related risks and opportunities.

TCFD recommended disclosures

FP Corporation's actions

TCFD recommended disclosures	FP Corporation's actions
Governance The organization's governance regarding climate-related risks and opportunities	The Environment Management Department, an organization specializing in the environment under the direct control of the President, carries out monthly monitoring of sales of environmentally friendly products helpful to the reduction of CO ₂ emissions, and progress in collection and recycling. The director and supervisor of this department are in charge of the management of matters related to climate change.
Strategy The actual and potential impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	We analyze classification and details of climate-related transition risks, physical risks and opportunities and estimate the level of their potential financial and other impact. We organize information regarding the causes of risks and opportunities such as those mentioned below. (1) Climate-related laws and regulations on production and distribution (2) Climate-related laws and regulations on FP Corporation's products (3) Climate change -related services that compete with FP Corporation's products (e.g. a boycott of trays) (4) Changes in consumers' preferences (for recycled containers and sales without trays) (5) Climate information on large waves, torrential rains, earthquakes and other causes of physical impact on production facilities (6) Response to the marine plastic litter issue
Risk Management The processes used by the organization to identify, assess, and manage climate-related risks	We have established a system of gathering information in different areas, under which, for example, the sales team carries out market surveys while the environment and other teams conduct research on regulations. Important matters are reported and shared at weekly meetings of executives responsible for sections. The main risks we assess have financial impacts. We place a focus on cost increases, revenue decreases and other events with significant financial impact in its assessment.
Metrics and Targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities	The sales volume of environmentally friendly products that reduce life cycle CO ₂ emissions by 30%, Eco Tray, Eco APET and Eco OPET, is defined as an indicator.



Society

As a corporate citizen



FP Corporation has been hiring employees with disabilities for 34 years. We practice employment that is feasible in business terms for achieving a proper state of working and living.

Social reputation
for social
contribution,
management and
others

Employees with disabilities and other employees work together towards the same target. This is a usual part of our workplaces.



MSCI Japan Empowering Women Index (WIN)



Female empowerment
 Aiming for a female rate of at least **30%** of total career-track recruitment (after 2019) and for **50** female managers by 2022



Disability employment rate:
13.3%
 Engaging in product manufacturing and recycling



Our activities for communication with society at large and our social contributions include local festivals, exhibitions about the environment and business across the country, student internships and providing training for elementary school teachers. Most of these initiatives are linked with our business. Our social activities are almost equivalent to our business operations. This style holds true in this domain as well.

Participating in
 approx. **100** events
 and regional programs
 annually



Employment of workers with disabilities as human assets

As of March 2020

Number of employees with disabilities		358
Details	Physical disabilities	37 (including 16 with severe disabilities)
	Intellectual disabilities	316 (including 243 with severe disabilities ¹)
	Mental disabilities	5
Adjusted Number of Employees with Disabilities ²		615
Disability Employment Rate		13.3%

(1) Including disabilities classified as severe under employment rules
 (2) Each person with a severe disability is counted as 2 and each part-time worker with disabilities as 0.5.



Container manufacturing
Assembling of wood-like box-type containers for high-grade lunchboxes and others



Recycling
Sorting of used food trays and containers collected at supermarkets and other collection points.

Hiring employees with disabilities as a powerful workforce

of their employment have expanded. Today, around 360 employees with disabilities operate as a powerful workforce mainly for two companies in the Group, FPCO Ducks Co. and FPCO Ai Pack Co. They engage in two major duties. One is the manufacturing of small-lot products that are not suited for large manufacturing plants and high value-added products requiring manual work. The other is the manual sorting of used food trays and containers. This process is essential to the recycling process. The skills of employees with disabilities are deployed in these tasks requiring high concentration.

FP Corporation began to employ people with disabilities in 1986. Since then, their duties and the scale



Activities towards the realization of an inclusive society

Enjoy playing floor hockey, a universal sport



FP Corporation has been engaging in floor hockey activities throughout the group since 2010. Floor hockey is a universal sport that can be played by everyone together irrespective of ability, age and gender. Today, nearly 600 employees of the FP Corporation Group, including around 200 with disabilities and some 400 without, take part in the activities in nine separate areas across the country. FP Corporation sponsors FPCO Cup tournaments held in different locations in an effort to popularize floor hockey. At tournaments, FP Corporation Group employees volunteer to staff and otherwise participate in the sport actively. We hope that these activities are helpful to realizing an inclusive society.



Support for the employment of persons with disabilities

Helping business partners with employment of persons with disabilities

FP Corporation offers as much knowledge regarding the employment of people with disabilities as possible to business partners to answer their inquiries. We thus provide support for employment as we aspire to help as many people with disabilities as possible to lead a proper life of working and living. As of March 2020, 667 job opportunities for people with disabilities have been created at 50 offices, factories and other business facilities.



1



2



3



4

- 1 Inspection and measurement of fruit
- 2 Processing of agricultural produce
- 3 Agricultural production
- 4 Preliminary seasoning of fresh meat

Acquisition of the naming rights of the new Fukuyama-shi general gymnasium

On May 24, 2019, FP Corporation acquired the naming rights of the new general gymnasium in Fukuyama-shi at the ceremony for the signing of the agreement held at the Fukuyama City Hall that opened in March 2020.

After renovation, it will be called FPCO Arena Fukuyama. The facility will continue to serve as a place for sports, culture and information distribution as well as for recreation for the people of Fukuyama-shi.



Community engagement in a wide variety of areas

Taking part in many different events and programs in FY2019

FP Corporation takes part in a wide variety of events, including local festivals and exhibition on the subjects of the environment and business. We also run student internships and provide training to elementary school teachers. Our communication with communities is wide-ranging. In many cases, our participation is for social contribution purposes rather than publicity purposes.

Date	Event Name	Location	Organizer
April 14, 2019	Clean up the Tsu Beach Together	Mie Prefecture	Mie Prefecture Lifelong Learning Center
May 28, 2019	Fukuyama Rose Festival 2019	Hiroshima Prefecture	Fukuyama City
June 1, 2019	2019 Hachioji Environment Festival	Tokyo	Hachioji City
June 14-16, 2019	G20 Innovation Exhibition	Nagano Prefecture	Ministry of Economy, Trade and Industry and Ministry of the Environment
August 18, 2019	Eco World Festival	Osaka Prefecture	Osaka ATC Green Eco Plaza
September 5, 2019	Best Practices Introduction Seminar	Tokyo	CLOMA
September 8, 2019	Yasugi Kankyo Fair 2019	Shimane Prefecture	Yasugi City
September 28, 2019	2019 Fukuyama Science Festival	Hiroshima Prefecture	Fukuyama City University
October 5, 2019	Itami Environmental and Recycling Fair 2019	Hyogo Prefecture	Itami City
October 9-11, 2019	Eco-Technology Exhibition 2019	Fukuoka Prefecture	Fukuoka Prefecture, Kitakyushu City, and Kitakyushu Convention and Visitors Association
October 29 to November 1, 2019	JAPAN PACK 2019	Tokyo	Japan Packaging Machinery Manufacturers Association
November 26-28, 2019	EcoPro 2019	Tokyo	Japan Environmental Management Association for Industry (JEMA) and Nikkei Inc.
November 4, 2019	Osaka ATC Junior Eco Club Exchange Meeting	Osaka Prefecture	Osaka ATC Green Eco Plaza
November 16-17, 2019	Jibasan Fair 2019 - Rediscover Manufacturing in Bingo	Hiroshima Prefecture	Local Industries Promotion Center for Bingo
November 23, 2019	Clean & Sanfrece 2019	Hiroshima Prefecture	Hiroshima Eco-Forum
November 30 to December 1, 2019	Nagasaki Eco-Life Festa 2019	Nagasaki Prefecture	Nagasaki City Government





Governance

Organizational governance

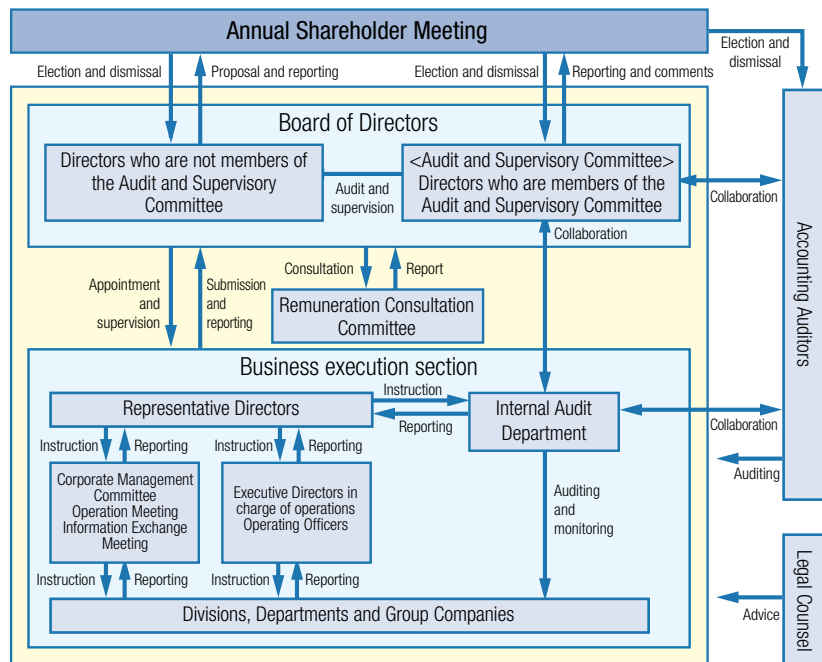
High transparency in organizational operation with the choice of being a company with an Audit and Supervisory Committee



Working on multi-faceted governance in an effort to secure trust from all stakeholders.



FP Corporation aims to achieve continuous growth and increase corporate value over the medium and long terms, and strives to enhance corporate governance by improving the speed of management decision-making while strengthening the functions that audit and oversee directors in the execution of their duties. We have therefore opted to be a company with an Audit and Supervisory Committee. Consisting of independent outside directors and outside directors, the Audit and Supervisory Committee fulfills the role of supervising management to ensure the highly transparent management of FP Corporation.



Compliance

- Various education programs by the Judicial Affairs & Compliance Department
- Internal audits by the Internal Audit Department, which is an independent body and under the direct control of the President
- Inside and outside contacts for consultations regarding the abuse of authority, sexual harassment and the like

Risk Management

- Response to product quality risks
- Implementation of response measures in the event of a natural disaster or emergency, which have been increasing in frequency.
- Implementation of security action programs to protect against information leakage and others

Human Resources Management

- Operation of training programs developing new employees
- Operation of training programs for prospective managers
- Programs for developing highly technical work skills
- Implementation of programs for addressing ESG matters, the SDGs and the creation of other corporate value

Compliance

Organizations for compliance execution

- The Internal Audit Department, which is under the direct control of the President and which is independent from the business execution section, for carrying out an internal audit annually.
- An outside helpline established at a law firm in addition to the inside contact for consultations regarding the abuse of authority, sexual harassment and the like
- The Judicial Affairs & Compliance Department for the examination of contracts and the dissemination of compliance information

Programs for ensuring compliance

- Establishment of the FP Corporation Action Charter to stipulate the actions that should be taken by employees
- Establishment of the FP Corporation Normative Rules for Compliance in accordance with the spirit of the FP Corporation Action Charter
- Construction of an environment that allows employees to view the codes of conduct mentioned above as necessary on the internal network
- Group-wide training for employees
- Publishing of the Monthly Compliance Newsletter

Risk Management

Response to product quality risks



- Placing the highest priority on customer satisfaction, we carry out various measures to implement, maintain and continue our Quality Policy aimed at creating environmentally friendly products that can be used safely and with peace of mind.
- Sixteen of our production plants have acquired FSSC 22000 food safety management certification as of the end of March 2020. We will work to obtain this certification for our 21 main plants in the future.

Measures in the event of natural disasters and emergencies

- All employees are required to carry their Disaster Handbook with them. We have also taken measures such as providing emergency equipment including helmets and first-aid supplies, implementing a safety confirmation system that is activated in the event of a disaster and installing priority telephone systems.
- Emergency power generating equipment has been installed at the Fukuyama Headquarters and distribution centers to ensure a 72-hour power supply. In addition, we will use an outside data center in an emergency.



Measures to prevent accidents, hazards and information leakage and security measures

- We have set up the Safety and Health Committee beyond the boundaries of departments and group companies to prevent accidents. In addition, we conduct regular evacuation drills at production and recycling plants, run the Forklift Accident Elimination Project and provide safety training, including VR-based hazard experience using a mobile container house and safe operation training.
- We have installed security gates at large complex facilities that integrate production plants and distribution centers. We make regular backups of computer data, introduce duplex lines, employ systems to prevent e-mail messages destined for outside addresses being sent to the wrong recipients, and contract specialists to dispose of computers.





Training programs

FP Corporation offers various training programs with the aim of developing employees into strong assets. They include Next-Generation Training, which lasts about half a year, One-on-One Leader Training Sessions that develop mentors who will provide training to new employees, training designed to deepen understanding between female managers and supervisors, training for managerial candidates, Accounting Department training to hone practical accounting and finance skills, and environment-related training where participants learn about the creation of corporate value through non-financial activities related to ESG and the SDGs.

Activation of the organization through internal and external exchange

FP Corporation also offers programs that activate the whole organization through exchange with others. They include joint training sessions with companies in different industries on the subject of learning new perspectives through exchanges with them, and training sessions conducted in Hawaii for FP Corporation Group employees.



Prevention of COVID-19 coronavirus infections

Countermeasures

The FP Corporation established the FP Corporation Group COVID-19 Countermeasures Headquarters headed by Morimasa Sato, President of FP Corporation, on February 21, 2020. We have been taking measures such as thorough actions to prevent infection within the Group, including taking employees' temperatures, hand washing and disinfecting, collecting information released by government organizations, and promoting new working styles that may include commuting outside rush hours and IT-enabled working from home. We will continue to take the necessary measures without becoming complacent.

Fulfillment of our responsibility to supply food containers

FP Corporation understands that it has a social responsibility to ensure the stable supply of food trays and containers used for wrapping and transporting food even during the COVID-19 pandemic. We will steadily implement our unique supply chain management system as usual to carry out day-to-day operations with a sense of mission to support people's safety and peace of mind in their consumption of food. Even during emergencies, we will unfailingly deliver the products that are wanted when they are wanted.

Special Feature: Exploring the Utility of

Today, food trays and containers are usually used, and we have few opportunities to think about the significance of using containers. As a food container manufacturer, we are now exploring why food trays and containers are commonly used in everyday life.



At the moment, there are around 55,000 convenience stores and around 22,000 supermarkets in Japan. In addition, department stores have food sections in their basements and shopping streets have some stores selling prepared food. Most of them use food trays and containers. They help those who sell, purchase and consume food.

Food Trays and Containers

Food Trays and Containers, Responding to the Needs of Society

Food trays and containers evolved in line with lifestyle needs that have shifted with changes in the social structure.

Supporting effective sales of food after economic development

In the 1960s and 70s

High economic growth and spread of supermarkets



Food trays for self service

Simple trays were wanted as a tool for selling food in large quantities at supermarkets and other retailers.

In the 1980s and 90s

Economic bubbles, emergence of convenience stores and home meal replacements



Containers for selling packed lunches and prepared food

Needs emerged for containers to hold packed lunches sold at convenience stores and containers with lids for prepared food.

Adapting to diversification of eating following changes in lifestyles

From the 2000s to present

Shortened time for housework and growth of home meal replacements as more women join the workforce



Namakara Sozai

Mikrowavable

These popular containers are so convenient that fresh food materials packed in them can be microwaved as they are and that food materials purchased can be heated as they are.

High environmental awareness



Environmentally friendly recycled products

Product made using recycled containers, such as Eco Tray formed products and Eco APET and OPET transparent containers, play a significant role in CO₂ reduction.

Growing interest in enjoying good food and pursuit of deliciousness



Food combinations

Products seeking quality of food relish by putting rice separate from main food to avoid impairing their respective tastes and flavors

Reduction of food waste, increase in single-person households and aging



Containers for individual meals

Increasingly containers are designed to provide convenience in eating for those living alone and to reduce leftovers.

Special Feature: Exploring the Utility of

Compatible with food supply chain

Today, food trays and containers are indispensable to most processes of the supply chain, including food production, distribution and sales.

Food production and transport

After a seafood catch is landed, food trays and containers are used to keep its freshness until the products are sold at the market. They are also used for storing vegetables, fruit and other agricultural produce that easily lose shape.

Preventing blemishes

Preserving freshness



Food processing and manufacturing

Food trays and containers are essential in the process of separating food produced in large quantities into small portions that are easier to sell as goods and in the process of applying labels that specify consume-by dates and other information.

Separating into small portions as goods for sale

Information labeling

Preventing blemishes

Preserving freshness



Display and sales



Food processed behind the selling spaces can be directly displayed. With the working population now contracting, they help increase work efficiency.

Products may be stacked in layers in a hygienic way. It means that a lot of products may be displayed. Food trays and containers are useful in displaying products in a manner in which products are easily noticeable.

High work efficiency

Hygienic

Mass display

Display with noticeability

Information labeling

Preventing blemishes

Preserving freshness

Food Trays and Containers

FP Corporation has been manufacturing and selling very useful food trays and containers matched with people's eating lifestyles that vary with the times to meet social needs. From the period of rapid economic growth to the period of the rise of convenience stores after the economic bubble, what was wanted in the market was relatively clear. However, from 2000 onwards, eating lifestyles diversified and it is no longer the case that there is only one right answer to meet the needs of society. We have since been making a broad range of suggestions. In some cases, one proposal arouses mixed reactions. Under these circumstances, we listen to our client supermarkets and consumers and distribute accurate information about food trays and containers. Under the principle of offering more convenient and useful products, we aspire to continuously serve society.

Koji Oka

Senior Vice President and Director,
Integrated General Manager of Integrated
Special Sales Department, Supervisor of Product
Development Planning Department, Supervisor of
Sales Information and Store Sales Department



Purchases, takeouts, consumption and recycling



Easily portable



Hygienic



Freshness can be viewed.



Contents do not shift.



Useful to preservation



Friendly to the environment

Today, it is so common to use food trays and containers in everyday shopping at supermarkets and at convenience stores that we often overlook their convenience and utility while leading our daily life. You check the freshness and deliciousness of food and then purchase it. You take it home hygienically and consume its necessary portion and preserve the remainder. It is food trays and containers that pave the way for these things you may take for granted. For the purpose of making this convenience sustainable, we recycle used products with the help of many different parties.



The FP Corporation Value Chain

FP Corporation's unique value chain continues to create social value and bring its business operations closer to ESG efforts.

Combination of a series of processes constituting FP Corporation's supply chain with such factors as product recycling, in-house distribution, proposal-oriented sales and employment of workers with disabilities as human assets transforms the supply chain into a recycling-oriented value chain that will continue to produce social value.

Our business operation means to run the value chain that continuously creates social value. In a bid to expand this activity, all employees at the FP Corporation Group are making everyday efforts.



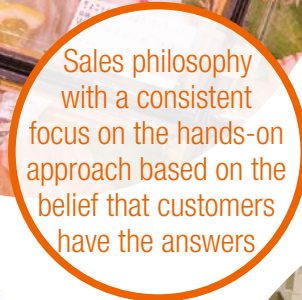
Nationwide recycling network



Unique sales communications at the FPCO Fair



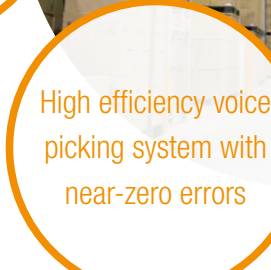
Proposing selling approaches and selling spaces that utilize FP Corporation products from customer viewpoints



Sales philosophy with a consistent focus on the hands-on approach based on the belief that customers have the answers



Various measures to achieve accuracy in delivery time



High efficiency voice picking system with near-zero errors







Procurement

Propelling the cycle of manufacturing, sales and recycling food trays and containers

The FP Corporation Value Chain

Procurement is the first process in the value chain. It deals not only with safe and reassuring virgin materials but also with recycled materials, which we call terrestrial resources, produced from the recycling process.

FP Corporation's CSR Procurement Policy

1. Quality Standard

In providing high-quality products and services in a manner that is valuable, safe and secure for customers, our procurement activities will place the highest priority on quality and safety in keeping with the Group Quality Policy while also placing an emphasis on cost.

2. Fair Trade

We will give comprehensive consideration to economic rationality, appropriate quality, strict adherence to delivery deadlines, compliance with social norms, care for social issues, environmental concerns and so on, and select suppliers in a fair and transparent fashion. Without a valid reason, we will not show favor to or unjustly disadvantage specific business partners.

3. Compliance with Laws and Regulations

In the course of our procurement activities we will respect laws and social norms and not violate them under any circumstances. We will not maintain ties of any kind with antisocial forces, and will repudiate any and all unreasonable demands.

4. Consideration of Social Issues

We will respect basic human rights, consider occupational health and safety, and endeavor to do business with and procure products and services from suppliers that do not engage in human rights violations such as unfair discrimination, forced labor or child labor.

5. Environmental Considerations

Based on the Group's Environmental Policy, we will promote initiatives to reduce our environmental impact, and endeavor to do business with and procure products and services from suppliers that contribute to controlling or alleviating environmental issues such as climate change and biodiversity.

6. Cooperating with Suppliers

In order to give consideration to social issues and the environment throughout the supply chain in the course of procurement, we will forge long-term relationships of trust with suppliers and work towards coexistence and co-prosperity. We will work with suppliers to thoroughly implement proper risk management and prevention, and pursue initiatives to avoid impacting society and company management.



Significant in the procurement process are the safety and security of raw materials, stable supply and environmental considerations. I am proud that FP Corporation has steadily fulfilled its responsibility in these aspects. However, society is now changing rapidly. Planning and actions in view of the future are always needed. The roles that the procurement section at the start of the value chain has to play are more and more significant year after year. They include gathering information on overseas examples of the use of biodegradable and biomass plastic materials for studying the adoption of such materials, exploring development based on paper in a totally different direction, and considering a new business framework for continued growth of material recycling.

Hiroshi Ogawa

Executive Director,
Executive General Manager of Purchasing Division

Regarding used products as terrestrial resources and recycling them for raw material procurement



● FP Corporation's original production system that facilitates independent raw material procurement

Our production plants at Kanto and Chubu each have PET recycling centers. There, pellets and flakes recycled from PET bottles and transparent containers are conveyed by air as raw materials to production plant buildings. Direct procurement routes have thus been constructed instead of transportation by truck. This system literally brings FP Corporation's recycling-oriented value chain to completion. (The bottom right photo portrays rolls of sheets for transparent containers produced using recycled material.)

● Ensuring safety of materials for food trays and containers

Plastic food trays and containers are subject to many different safety regulations, including the Food Sanitation Act, the Food Safety Basic Act and the industry's voluntary standards. FP Corporation ensures the safety and hygiene of its food containers through its compliance with national laws and regulations, official standards, more stringent voluntary standards established by the industry, and its own regulations. The Eco APET recycled raw material plant has obtained a "No Objection Letter" (NOL) from the United States Food and Drug Administration (FDA), a worldwide authority on safety standards.



Ensuring that recycled materials can be used safely and without worries as raw materials for products

● Research and development of new materials

The FP Corporation Group is working to expand recycling since it has established its recycling technology and system for single materials. It also studies materials that are not derived from crude oil as options on the assumption of technological advancement. We collect information about paper, biomass and other materials and carry out research and development of different recycling approaches as well as containers incorporating environmentally considered design to achieve the industry's lowest-class environmental impacts with a view to building a recycling-oriented society and to construction of a sustainable society.



Product development

Propelling the cycle of manufacturing, sales and recycling food trays and containers
The FP Corporation Value Chain

Different combinations of materials, forms, elaborate designs, pairings of containers with lids and other parts, colors and patterns create high value-added tray and container products with excellent utility that are best suited to their respective applications.

<p>Heat and cold resistance and heat insulation</p> <p>Free of deformation under high or low temperature conditions and able to maintain the temperature of food</p>	<p>Forms that prevent the leakage or sliding of contents</p> <p>Carrying food stably and maintaining its shape</p>	<p>Microwavable</p> <p>Opening the way for the microwaving of food in containers</p>	<p>Materials and designs for an attractive look</p> <p>Accurately displaying the deliciousness, freshness, color and flavor of food</p>
	<p>Friendly to the environment</p> <p>Recyclable after use to reduce CO₂emissions</p>		<p>Lower operation costs</p> <p>Enables the quick display of goods and useful for storage behind selling spaces</p>

We are constantly working to improve existing products and to create new functions and added value. Now, we are focusing on the securely closing feature and the development of containers for delivery. The securely closing feature is a technology that attains high performance in two conflicting functions, ensure that containers can be tightly closed and also easily opened. This increases work efficiency for retailers and makes the containers user-friendly for consumers. We are working to develop containers for delivery with a three-layer structure that enhances heat retention and seals in air. These features are aimed at satisfying the current needs of the delivery industry. Our business activities are changing all the time, with the trends of the times.

Hiroyuki Muraoka

Operating Officer, Deputy Executive General Manager of the Manufacturing Division (in charge of the West division), General Manager of Research & Development Department



Product development for consumers and sellers based on a hands-on approach

Research into needs in selling spaces

The hands-on approach is based on the idea that valuable information related to manufacturing and sales is found where the sales take place, and that clues to answering needs can be found by continuously and carefully watching these places. FP Corporation's sales team places an emphasis on its frequency of visiting customers. It is recommended that sales staff visit food selling spaces at least 100 times a month. Product development therefore originates from the sales personnel who observe food sales practices in detail.



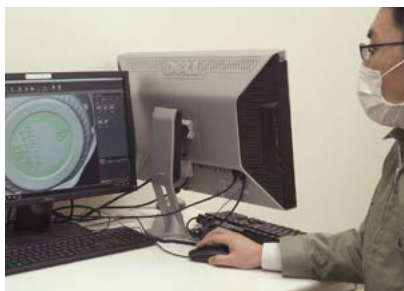
The Product Development Planning Department transforms needs into images

Information is collected by the sales staff in places where packed lunches, prepared foods and other foods are manufactured and places where food is sold, such as supermarkets. It is then passed to the Product Development Planning Department. To give shape to divided ideas and abstract concepts, the Product Development Planning Department creates design drawings using simple software. In some cases, it makes models of containers from paper clay and does other manual work. Its duty is to materialize the demands of food retailers for containers with specific conveniences and functions.



The Research and Development Department makes these images into tangible forms

The task of the Research and Development Department is to create design drawings incorporating usefulness and other utility features of the containers imagined by the Product Development Planning Department, and create prototypes, developing them into finished products. The process from the creation of a design drawing to the completion of a container takes from two months to half a year. FP Corporation creates as many as 2,000 new products each year. The Research and Development Department also inspects the safety of materials.



Sales staff introduce products onto the market

Sales staff gain ideas by observing the practices of food retail. These ideas are developed into products and given an opportunity to play an active role in food sales operations. Thousands of products are introduced onto the market each year. However, consumers' lifestyles are changing all the time and accordingly the qualities desired from food trays and containers change as well. Our efforts to develop products continue to deliver high value-added products with features providing more utility.





The FP Corporation Value Chain

High utility products made from materials with diverse characteristics

Product development

Original materials developed by FP Corporation have paved the way for food sales approaches that had been impossible in the past.

● MULTI FP

The product has both the heat resistance necessary for microwave heating (110 °C) and cold resistance. With excellent heat insulation and retention, even when the contents are heated in a microwave, the outside of the food container stays below 70°C. Even when the food inside is hot, there is no need to worry about burning your hands when holding the container.



● MULTI SD

This product features excellent heat resistance making it suitable for microwave heating (110°C). As this is a non-foam material offering superior formability, designs featuring sharp, complex forms can be created.



● TRANSPARENT PP

This transparent container is highly heat and oil resistant. It is hardly deformed when heated in a microwave. Warm prepared food can be heated in this container. The polypropylene does not become brittle and is not damaged when it comes into contact with MCT oils.



● OPET

Strength and heat resistance are enhanced by stretching the PET material biaxially to align the molecules. In addition to oil resistance, the transparency is maintained and the conventional 60°C heat resistance of APET material is increased to 80°C.



● Containers that allow consumers to enjoy freshly cooked meals prepared by heating fresh materials

This container facilitates the development of menus and products that involve packing raw ingredients which can be heated in a microwave while still in the container immediately before eating. This makes full use of the texture, flavor and goodness of the ingredients while giving consumers the taste of a freshly cooked meal.



● Container with a three-layer structure to retain deliciousness

The container with a three-layer structure has been developed to hold noodles for delivery to meet recent demand. From top to bottom, the container consists of a lid, an inner tray for noodles and ingredients and a base container for soup. Its heat retention performance is so high that the soup is slow to become cold. The inner tray has a steam vent hole. It is useful for reheating.



Higher value-added products reflecting design and shape enhancements

● Containers for food combinations

By packing rice and side dishes with a lot of juices separately, each can be provided without losing individual deliciousness and texture. They have helped launch a new category of packed lunches with simmered food sought by consumers. The containers allow various combinations of rice and side dishes, enabling an extensive range of menu options to be provided.



● Containers designed to prevent contents from shifting

The bottoms of containers are equipped with projections and depressions forming guides that help arrange food items. They prevent the contents from moving when sales staff display goods and when consumers take them home after purchase.



● Containers that are easy to stack to conserve space

Made from non-foam materials with excellence in formability, these containers may have complicated, sharp forms. Another benefit is the small amount of space taken up when the product is stacked.



● Containers with lids that are easy to close

The closing part of food container lids has been an issue that has yet to be resolved, with greater sealing performance desired. If the lid is firmly closed, it is difficult to open. If it is not, the safety of the food cannot be ensured. Our containers with lids that have the securely closing feature make an audible click when the lid is closed. They feature a structure that enables the lid to be easy to open while it does not easily fall off.



● Containers that enhance the joy of eating

The Bisai series and the Tosai series sashimi containers have been introduced onto the market. Their selling point is their high-class appearance, like real tableware. They are created from our humble aspiration to make eating happier and always more cheerful.

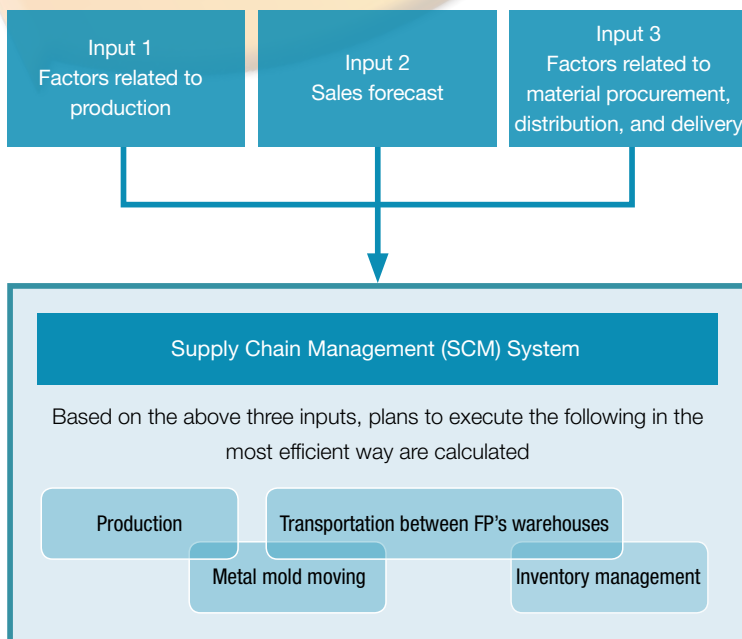




Manufacturing

Propelling the cycle of manufacturing, sales and recycling food trays and containers
The FP Corporation Value Chain

FP Corporation engages in manufacturing through elaborate planning in its operation of large production plants across the nation, as well as its other facilities and personnel.



Manufacturing at FSSC certified plants

Kanto Shimodate Extruding Plant I	Kasaoka Plant I
Kanto Shimodate Forming Plant I	Kasaoka Plant II
Kanto Shimodate Plant II	Kannabe Plant I
Chubu Plant I	Kannabe Plant II
Chubu Plant II	Fukuyama Plant (PS-6)
Chubu Eco PET Plant	

The plants listed above have acquired the Food Safety System Certification (FSSC), an international standard for food safety management systems. The FSSC is approved as a benchmark standard by the Global Food Safety Initiative (GFSI), an international organization.

FP Corporation can boast of its supply chain management (SCM) system that maximizes product manufacturing efficiency. Its advantage is that efficiency can be maintained with high precision through the information entered and conditions recorded at different times enabling flexible responses to be taken on the basis of the experience of manufacturing staff. We endeavor to secure a workforce capable of maintaining the efficiency of this system, and to achieve automation as a solution to the labor shortage problem. We have introduced automation in detailed manufacturing processes, such as the automatic joining of sheet rolls for seamless feeding of the sheet used to produce containers. The accumulation of these efforts leads to great results.

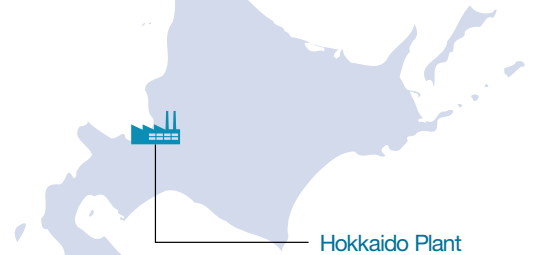
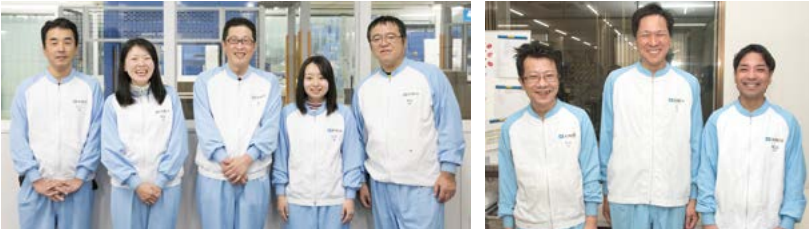


Nobuyuki Nagai

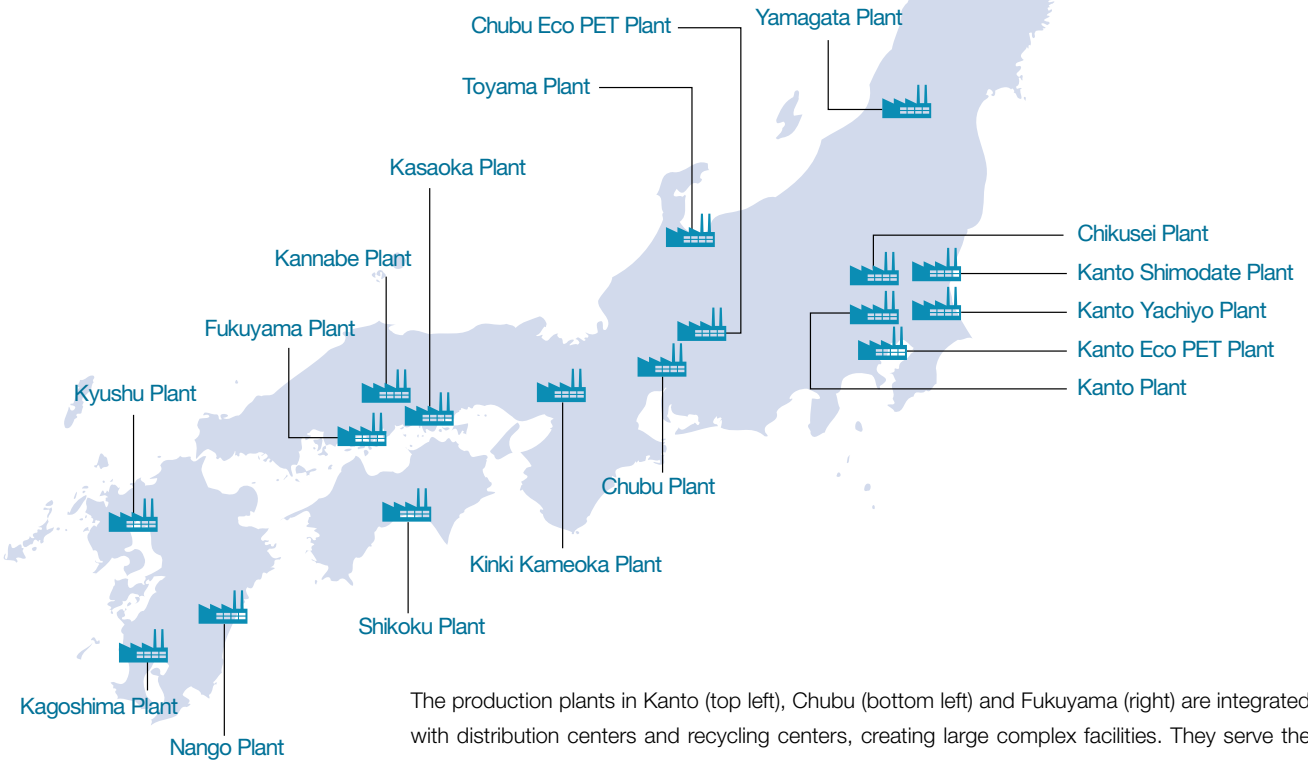
Executive Vice President and Director,
Executive General Manager of
Manufacturing Division

Nationwide operations enabling stable supply and flexible response

Staff of production plants in Kanto (bottom left), in Chubu (top) and in Fukuyama (bottom right) They all practice SCM on shop floors.



Hokkaido Plant



The production plants in Kanto (top left), Chubu (bottom left) and Fukuyama (right) are integrated with distribution centers and recycling centers, creating large complex facilities. They serve the big commercial zones of Kanto, Chubu and Kansai, and Chugoku and Shikoku respectively.





Manufacturing

● Centralized production management with the supply chain management system

FP Corporation conducts most processes in its supply chain on its own, including materials procurement, product planning and development, manufacturing, delivery, sales and recycling. It is therefore capable of constructing a supply chain management (SCM) system in consideration of all

Minimizing CO₂ emissions in production

Avoiding excess production and more inventory than needed

Avoiding stock-outs during busy times and surpluses during slow times

Responding to disasters and other unforeseen events

Taking into consideration distribution and recycling activities associated with production

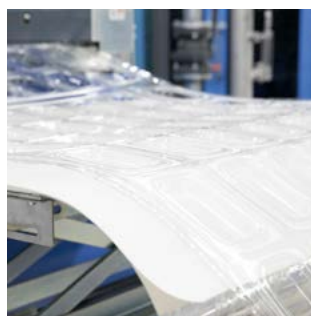
these activities. This comprehensive SCM system paves the way for the most efficient planning of all work processes involved in product manufacturing.

We develop production and distribution plans after forecasting where there will be shortages of products, how significant the shortfall will be, when and at which factory. The SCM system also allows us to supply products stably without stagnation in consideration of sudden orders from customers, unexpected rises in market demand, disasters and other unforeseen events.

Production planning and processes in pursuit of efficiency and energy conservation



Our SCM Division is at the Fukuyama Headquarters. It is at the center of the office, a brain that directs all our businesses. Instructions on production are generally issued on a weekly basis. When it is necessary to adjust production volume, the SCM Division and production plant staff discuss it before making a decision. While the SCM is a superb brain, it operates meticulously in concert with the shop floor staff who carry out the plan.



● Introduction of robots to increase efficiency and to address labor shortages

Today, labor shortages are a major issue that must be surmounted to ensure the stable supply of products. FP Corporation's production plants are introducing robots in as many processes as possible with as much variation in these processes as possible. At the moment, an average of around 2.5 employees are assigned to each manufacturing line. We are working to reduce this to one.



(1) After cutting, products are packed into plastic bags by the automatic packaging machine. Then, they are transported by conveyor.



(2) Packed products are lifted by a robot arm for containers. A predetermined number of products are placed into a cardboard case.



(3) Cases of products are loaded onto an automatic guided vehicle (AGV) and carried a short distance to the conveyor.



(4) Cases of products are successively loaded onto the conveyor and collected at a depot.

● Human resources development to support manufacturing

FP Corporation has a program it calls the Monozukuri Project. It is aimed at developing the skills of employees working at production plants. Employees are given training and other assistance to improve their skills. The Gino Juku training program is part of this training. Trainees who have completed it are awarded an emblem that represents a rank based on the number of training sessions taken and the type of course. This rank system serves as motivation for the employees working on shop floors.



Red lines
Section leader
Sub-leader



Blue lines
Regular operator



Green lines
Assistant operator



Yellow lines
Apprentice operator
Checker

Preparedness
for small-lot and other
production leveraging
the capabilities of
employees with
disabilities

● Employees with disabilities engaging in small-lot production

As mentioned in the ESG section, FP Corporation has a powerful workforce including a large number of employees with disabilities assigned to production. They engage in the manufacturing of small-lot products that are not suited for mass production and high value-added products requiring manual work. These include high-grade containers for packed lunches sold at food selling spaces in the basements of department stores.



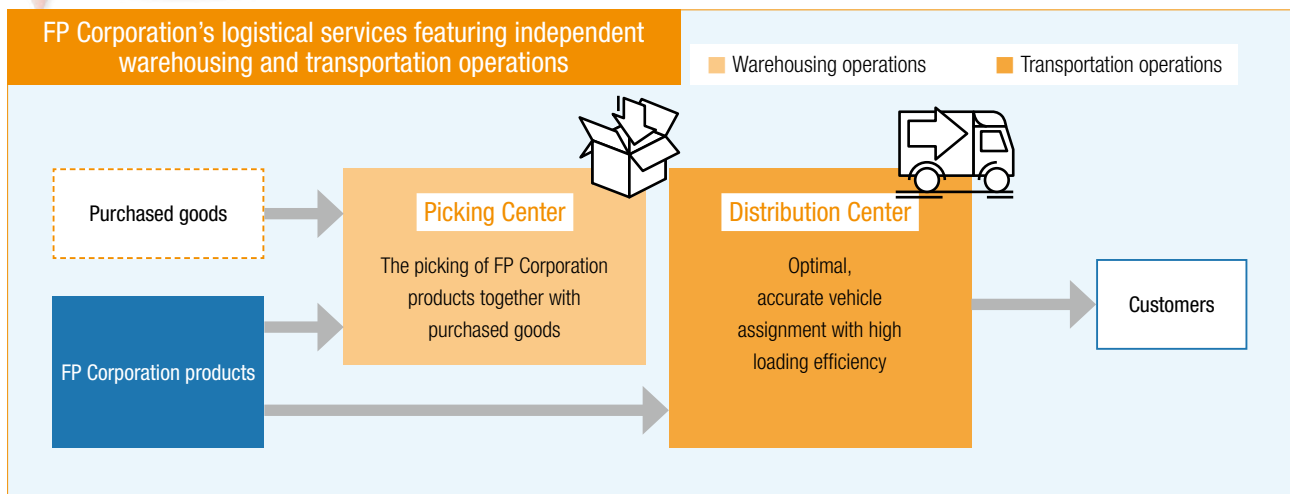


Logistics

Propelling the cycle of manufacturing, sales and recycling food trays and containers

The FP Corporation Value Chain

Leveraging our independent logistics operations, we continue to unfailingly deliver needed products when they are needed.



We regard logistics operations to be service operations that offer great satisfaction to customers beyond the mere transport of goods. Thus, we have made efforts to improve operational precision. The introduction of voice picking and automatic guided vehicles (AGVs) are part of these efforts. Today, we face the challenge of responding to labor shortages, which are major social issue. We are currently planning to examine the details of work and to unearth information about which personnel are individually suited to such specific tasks, to disperse our centers to shorten transportation distances and to improve work efficiency by shifting to transportation using pallets. If human power is in short supply, we must make up for it with something else. We believe that active efforts to discover solutions to social problems are part of the role that service operations have to play.



Satoshi Koizumi

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

Picking Centers



Picking Centers

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

Independent
warehousing and
transportation
operations for
appropriate response
to customer needs

Distribution Centers

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



Distribution Center





The FP Corporation Value Chain

Logistics

Strict inventory management and thorough streamlining of cargo movements

● Management at warehouses starting with storage

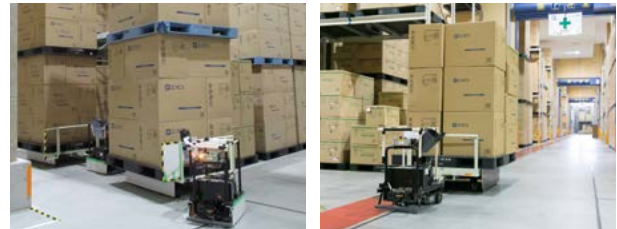
Products manufactured at plants and transported from other warehouses are stored in warehouses and preparations for shipping are made.

Location Management System



This system for the flexible utilization of space makes the most of the limited space in the warehouse. Instead of placing cases in fixed locations, it uses idle space in order. This is indispensable to the FP Corporation Group, which stores as many as 3 million cases.

Automatic Guided Vehicles (AGVs)



FP Corporation introduced its first AGVs in 2017. Today, they are utilized in five distribution centers. AGVs run as programmed on a single black line on the floor, which can be likened to the rails of a train. After the introduction of AGVs, the running distance of forklifts in the warehouse was reduced to one third of what it had been. Thus, they are significantly contributing to the efforts to address the labor shortage.

(1) Receiving instructions through their ears

At the start, picking staff receive verbal instructions on their work area through the headset. Next, the instructions successively specify a large category and then a smaller zone to finally specify the item to be picked in the area.



High efficiency voice picking system with near-zero errors

(2) Orally checking the instructions via a microphone before picking items

The staff confirm each instruction they received through the ear by repeating it through the microphone. If the words repeated are different from the instruction, an error is issued and the staff will have to repeat the process. Confirming instructions as described above, the staff place items one by one onto the mobile shelf.



(3) Inspection and packing

Inspection staff check the set of items on the moving shelf one by one using bar codes. They check if the set contains the correct items. If all of the items are correct, the set is packed and moved to the shipping area.



● Shipping, delivery and return trucks

The work of moving stored cases to the shipping berth, where shipping trucks are parked, has largely been automated. We actively use empty trucks after delivery for the recycling operations.

Cross Dock Center



Large distribution centers and warehouses are linked through sorters to reduce the time and labor necessary for shipping.



Sorter System



The sorting of cargo gathered at each of tens of berths is automated.

Loading and delivery



The sizes of the cases and loading methods are adjusted to make the most of the space available in the trucks.

Collection of used containers



After delivery, the empty trucks return loaded with containers collected at supermarkets and other collection points.

We are taking various measures and efforts to ensure the continuous, unfailing delivery of products when customers need them.

Route Planner

This system draws up the most efficient plan for vehicle assignment and delivery routes for transportation from production plants to warehouses, between warehouses and from warehouses to customers on the basis of data from the previous six months.

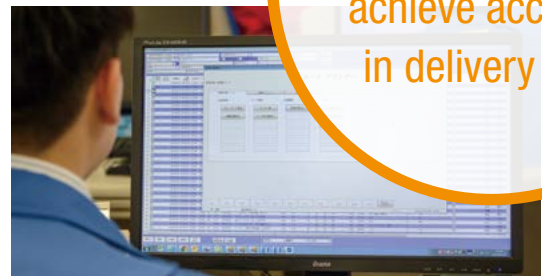
RD Check System

RD stands for real-time delivery. It performs real-time monitoring of all statuses, from the start to the end of deliveries, using QR codes. Accumulated delivery data is used to improve the accuracy of the Route Planner. The system enables sales staff to view the status of deliveries.

Emergency Power Generation Facilities

Containers for food sold at supermarkets and other retailers are essential even during a natural disaster or other emergency. Our 21 distribution centers across the country are equipped with emergency power generation facilities that are capable of supplying power for up to 72 hours.

Various measures to achieve accuracy in delivery time





Sales

Propelling the cycle of manufacturing, sales and recycling food trays and containers

The FP Corporation Value Chain

FP Corporation always contemplates product proposals that can respond to customer needs from the standpoint of food sales operations.

Visiting frequency

Problem solving

Information sharing

FP Corporation's key terms in sales

100-factor analysis

FPCO Fair

Proposals on selling spaces

In addition to visiting the selling spaces of our customers frequency, it is vital that we visit them with definite goals. These days, we use a slogan analogous to the PDCA cycle, the See-Think-Plan-Do process. Seeing and thinking is analyzing. We have defined 100 items as benchmarks for analysis. Individual sales staff members make close analyses of food selling spaces to reveal new discoveries. They come up with many interesting ideas and solutions to the problems facing food retailers. We all share and improve these ideas to propose optimal solutions to our customers on the basis of a common perception.



Masanobu Takahashi

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

Sales philosophy with a consistent focus on the hands-on approach based on the belief that customers have the answers



● Real-time observation of food retail operations to gain practical information

“Go to your customers, and your way will surely be opened.” This phrase reflects the philosophy of FP Corporation’s founder Yasuhiro Komatsu regarding sales activities. Food trays and containers are used for food sales. Therefore, sales staff should visit supermarkets and convenience stores, the places of food sales, to closely watch what happens there and gain practical knowledge. FP Corporation believes that we can find clues to manufacturing and selling good products by watching food retailers displaying goods for sales and consumers choosing goods for purchases.

● Direct feedback from customers at selling spaces

Our sales staff do not only watch food sales operations. They actively communicate with the staff of the supermarkets we serve. In today’s society, needs related to food lifestyles are always changing. We take the stance that it is necessary to think about how to respond to problems in food sales and to identify the improvements that are needed.



● Paying attention not only to selling spaces but also to back rooms

The problems facing our customers include several issues related to preparations for food sales that occur behind the selling spaces. Needs for a response to the labor shortage, for short-time work during busy time slots and other needs for the streamlining of preparations for sales have been growing, particularly in recent years. We listen to customers and always seek to use our products to resolve these issues.





The FP Corporation Value Chain

Proposing selling approaches and selling spaces that utilize FP Corporation products from customer viewpoints

Sales



● Selling space proposal sessions for customers held at FP Corporation

These sessions invite supermarket operators to FP Corporation and present proposals on the creation of food selling spaces. They mainly include analyses of food consumption trends, the construction of selling spaces for popular goods and proposals for using our products in the creation of these spaces. Some large sessions at the Tokyo Headquarters and the Osaka Branch have attracted more than 100 participants. Sessions are held regularly throughout the year.

● Sales for collaborative value creation with food manufacturers (Team X)

Among the various proposal-based sales activities conducted by FP Corporation, sales activities for collaborative value creation (Team X) are implemented in a creative style. They are not carried out solely by FP Corporation, but are creative sales activities for collaborative creation with other companies. A typical example is our collaboration with food manufacturers. We plan marketable food recipes together with prepared food vendors and manufacturers of seasonings and commercialize them, capitalizing on the advantages of our products.

Power Salad is an example of the collaborative creation of salads as main dishes, with a manufacturer of seasonings.



Power Salad with strawberries and smoked salmon



Power Salad with thick bacon slices and grilled vegetables



Power Salad with mayo-marinated shrimp and cauliflower

Containers that best realize the objective of recipe development and showcase the product image are used to create food items with superior taste and appearance. In addition, we think about how the developed food items will be displayed.



FPCO Fairs exhibit a large number of jointly developed food items.





At the FPCO Fair, we make our largest presentation of containers and services to propose solutions to the problems we have learned about from customers through our communications with them on site throughout the year and showcases successful examples and predictions about the future. In March every year, we invite approximately 15,000 visitors to Tokyo Big Sight for a three-day event featuring presentations including those detailed below, to propose innovative solutions that meet visitors' expectations. The fair provides us with an opportunity to communicate closely with our customers, thus conducting efficient sales activities.

● Mock-ups of selling spaces

Mock-ups of supermarket and other selling spaces are set up at the venue. Actual food items are displayed to give visitors a concrete image of the potential.



● Displays separated by food category

The Displays are organized by food category, with meat, fresh fish, hot and cold precooked foods, sushi and rice and other foods displayed together to enable visitors to view the displays efficiently.



● Tasting

Tasting is an indispensable part of giving visitors a real, delicious food experience using FP Corporation products.



● Presentations

Our presenters deliver passionate explanations about our products and ideas that we strongly want to be known and understood.



● No restrictions on taking photos or video

All displays in the venue may be photographed or filmed. One of the goals of the FPCO fair is to encourage visitors to take these proposed ideas back to their companies and put them into practice.



● Audio guide

When our sales personnel who assist the visitors are absent or unable to accompany them, we provide an audio guide voice, which is accessible by scanning a QR code.



In the current fiscal year, due to the COVID-19 pandemic, we decided at the last moment not to invite visitors to the FPCO Fair. However, we will prepare displays. They will be used mainly for employee training. They will be filmed and the videos will be made available to our customers at a later date. If you are interested, please contact the sales office nearest to you.





Recycling

Propelling the cycle of manufacturing, sales and recycling food trays and containers

The FP Corporation Value Chain

The recycling process completes the cycle of the FP Corporation Value Chain. It makes used containers into environmentally friendly products.



The percentage of used foam trays that are put to the recycling system is still as low as 30%. We are working hard to collect used products.

The number of collection points that we operate for used trays and containers increased from 9,260 in the previous fiscal year to 9,390. Given that plastic waste is a much talked about issue, environmental awareness appears to be building among consumers. No matter how quickly the amount of used products collected rises, we in the recycling section must deal with it. To do this, we are currently planning to introduce robots and artificial intelligence (AI) in the process of sorting used trays and containers in an effort to reduce the labor required. Another possible solution is to secure warehouse space to regulate the amounts being processed and increase work efficiency. We will do anything we can to respond to the needs of society.



Hidehisa Kaneda

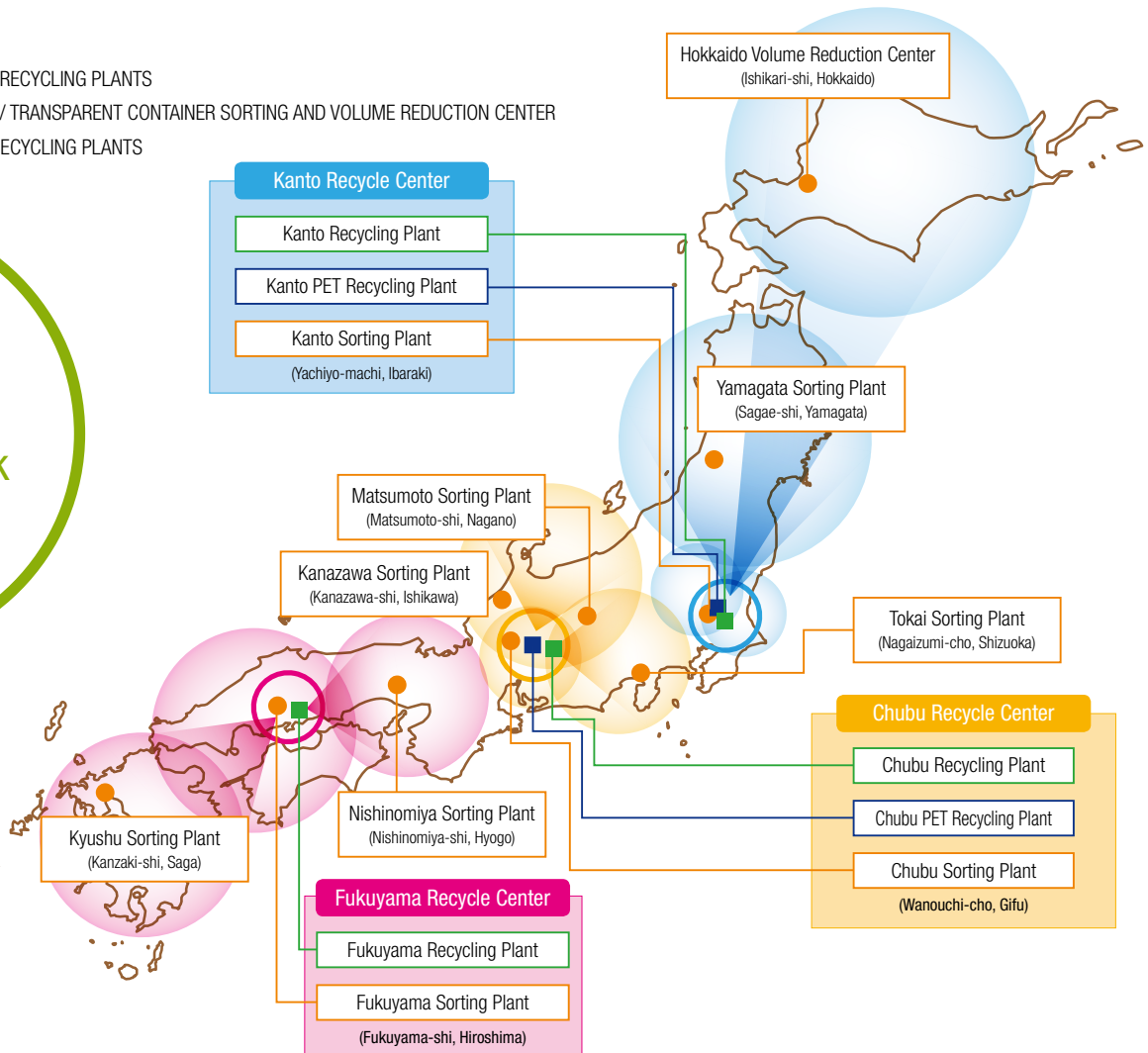
Operating Officer,
General Manager of Recycling Department



Used trays and containers collected all over the country are separated into foam trays and transparent containers at different sorting centers and transported to the Kanto, Chubu and Fukuyama Recycling Plants. Used foam trays transported to the Fukuyama Sorting Center. They are reprocessed into products at the neighboring recycling plant.

- TRAY RECYCLING PLANTS
- TRAY / TRANSPARENT CONTAINER SORTING AND VOLUME REDUCTION CENTER
- PET RECYCLING PLANTS

Nationwide recycling network





The FP Corporation Value Chain

Recycling

The FPCO Method Recycling Based on Collaboration between Four Parties

Operated in collaboration with consumers, supermarkets, packaging wholesalers, FPCO Method Recycling commenced around 30 years ago. Since then, the number of people supporting this initiative has increased. Today, there are approximately 9,400 collection points all over the country. In 2012, we also began recycling used PET bottles into transparent containers. Even with all of these efforts, we still collect only around 30% of all used foam trays. We hope that more parties will take part in the recycling initiative, enabling us to produce more environmentally friendly products.

Cleaning / Drying

Instead of throwing away the containers, consumers wash and dry them together with dirty dishes after a meal, and then take the containers to a collection box.



Collection

Used foam trays, transparent containers and PET bottles are collected from approximately 9,400 collection points nationwide.



Consumers



Supermarkets and Other Retailers



Use

Foods contained in the purchased containers are used for cooking, processing and served to enrich the dining tables of consumers.



Sales

Meat, fresh fish, precooked foods, packed lunches, fruit and other foods are put into containers, displayed and sold.





Storage and Transportation

Packaging material wholesalers collect used containers after deliveries to supermarkets and other retailers. The collected containers are temporarily stored before they are transported to the recycling facilities of FP Corporation.



Recycling

The containers are taken to FP Corporation's sorting centers and recycling plants, where they undergo several processes to be recycled into new products.



Packaging Material Wholesalers



Production

Production at 18 plants across Japan. FP Corporation manufactures many eco-friendly products using recycled materials.



Distribution

Packaging material wholesalers that have purchased FP Corporation products deliver containers to supermarkets and convenience stores.





SUMMARY OF HUMAN RESOURCES DATA

Statistics on Employees (as of the end of March 2020)	Male	Female	Total
Number of employees	606	279	885
Average Age	43.4	34.2	40.5
Under 30	114	107	221
30 - 39	127	99	226
40 - 49	165	55	220
50 - 59	153	14	167
60 and older	47	4	51
Continuous Years of Employment	15.5	10.7	13.9
Number of Employees (Consolidated)	3,459	1,025	4,484
Number of Foreign Employees	0	1	1

Number of Resignations	Early	Voluntary	Company-mandated	Transfers	Other	Total
FY2019	0	16	0	0	1	17

New Graduate Employee Retention Status	Male	Female	Total
Number of Graduate Employees Hired in April 2017	17	16	33
Number Remaining in April 2020	16	14	30

Percentage of Female Employees in Managerial Positions	Female	Male	Percentage of Female Employees
	23	319	6.7

Employment of Persons with Disabilities	FY2017	FY2018	FY2019
Actual Number (persons)	377	359	358
Disability Employment Rate (%)	13.78	13.6	13.3

Work-life Balance	FY2017	FY2018	FY2019
Percentage of Paid Leave Taken (%)	39.5	51.7	53.6
Average Monthly Hours of Overtime Worked Per Person	18.9	10.0	9.8
Number of Employees Taking Maternity Leave (persons)	17	25	25
Number of Employees Taking Childcare Leave (persons)	22	16	28
Percentage of Employees Returning from Childcare Leave (%)	86.7	100.0	92.3

SUMMARY OF ENVIRONMENTAL

Manufacturing Division FY2019 Data (Annual Production Values)

INPUT	Energy	Electricity
		Energy from Fossil Fuels
	Water Resources	Water Supply
		Groundwater
		Industrial Water
	Raw Materials (Resins, etc.)	
	Secondary Materials	Cardboard
		Packaging Plastic
	Other	Lubricating Oil
		Thinners
Paper		

OUTPUT	Product	Product Manufacturing Weight
		Number of Truck Shipments
	Waste	
	Environmental Pollutants	Soot and Dust
		NOx
		BOD
		COD
SS		

Logistics Division FY2019 Data (Annual

INPUT	
Energy	Electricity Energy from Fossil Fuels
Water Resources	Water Supply
Other	Paper

OUTPUT	
Waste	

Office Division FY2019 Data (Annual

INPUT	
Energy	Electricity
Water Resources	Water Supply
Other	Paper

OUTPUT	
Waste	

DATA

FINANCIAL SUMMARY

368,421,956 kWh
84,911,391 MJ
506,259 m ³
100,450 m ³
89,747 m ³
176,879 tons
35,371 tons
3,068 tons
16,504 L
35,602 L
2,736,500 sheets

204,374 tons
159,096 vehicles
28,049 tons
114 kg
5,806 kg
11,079 kg
11,139 kg
6,345 kg

Production Values)

18,114,086 kWh
2,599,316 MJ
24,402 m ³
9,389,410 sheets

461 tons

Production Values)

2,916,776 kWh
3,202 m ³
5,373,500 sheets

230 tons

Term		54th Term	55th Term	56th Term	57th Term	58th Term
Year and Month of Financial Results		Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020
Net sales	(Million yen)	170,292	172,858	173,580	181,171	186,349
Ordinary income	(Million yen)	14,027	15,742	13,548	14,861	16,274
Profit attributable to owners of parent	(Million yen)	9,294	10,953	9,178	9,901	10,777
Comprehensive income	(Million yen)	8,900	11,440	9,806	9,332	10,461
Net assets	(Million yen)	91,591	99,721	106,219	112,198	119,301
Total assets	(Million yen)	209,053	219,481	244,147	249,332	242,497
Net assets per share	(Yen)	2,202.56	2,403.52	2,560.18	2,703.33	2,872.14
Net income per share	(Yen)	224.54	264.86	222.01	239.51	260.71
Diluted net income per share	(Yen)	-	-	-	-	-
Equity ratio	(%)	43.6	45.3	43.4	44.8	49.0
Return on equity	(%)	10.6	11.5	8.9	9.1	9.4
Stock price to earnings ratio	(Times)	21.4	19.6	31.4	27.3	27.5
Cash flows from operating activities	(Million yen)	20,832	25,912	13,974	25,510	27,770
Cash flows from investing activities	(Million yen)	△17,923	△21,932	△23,656	△17,109	△10,989
Cash flows from financing activities	(Million yen)	△1,530	△924	7,197	△4,908	△15,643
Cash and cash equivalents at end of period	(Million yen)	15,089	18,144	15,659	19,151	20,288

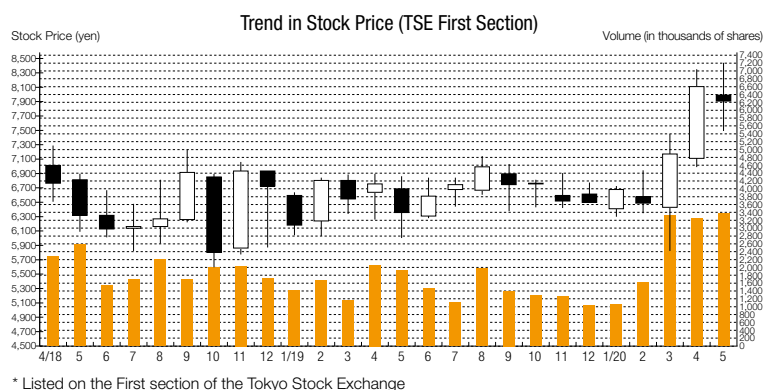
(Notes) 1. Net sales do not include consumption tax, etc.

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

FINANCIAL SUMMARY (CONTINUED)

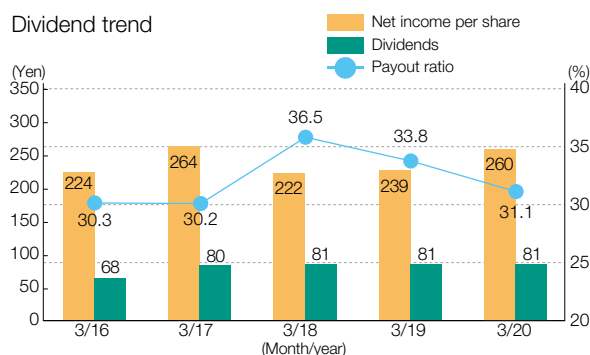
Improving Corporate Value

We conduct shareholder-focused management in accordance with three basic policies: creating superior, environmentally friendly products, providing them at competitive prices and delivering them to our clients when they need them. We plan to steadily carry out measures for group management to increase our corporate value and achieve our target of a net income of 330 yen per share.



Continuously Stable Dividends

FP Corporation regards providing shareholders with an appropriate return on their investment as one of its most important goals. Our basic policy is to make continuous and stable dividend payments while increasing our profitability and improving our financial standing. Under this policy, we paid a dividend of 81 yen per share, including an interim dividend of 40 yen per share in the fiscal year ended March 31, 2020.



Third Party Comments



Mr. Keisuke Takegahara Executive Officer, Deputy Chief Research Officer, Chief Manager of Sustainability Management Office, Corporate Planning & Coordination Department, Development Bank of Japan Inc.

After graduation from the Hitotsubashi University Faculty of Law in 1989, he joined the Japan Development Bank (currently the Development Bank of Japan) in the same year. He has been in his present position since 2017, after serving as chief representative in Frankfurt, as head of the Environment & CSR Department. He served in several public capacities, including being a temporary member of the Central Environment Council at the Ministry of the Environment and a member of the Ministry of Economy, Trade and Industry's TCFD Consortium Planning Committee.

The COVID-19 coronavirus is transforming society. During and after the pandemic, it will be completely different from what it had been in the past. Now that we literally face a sustainability crisis, it is certain that the importance of sustainability will increase. In addition to environmental considerations, the role of providing a foundation of secure and stable employment will be further emphasized as a non-financial corporate value. As ESG investment becomes mainstream, companies are required to have growth strategies that meet that demand. From this viewpoint as well, FP Corporation is an outstanding company. The recycling system based on four party collaboration can be seen as a herald of the circular economy that originated in Europe. Its distinguished accomplishments include ensuring recycling and other countermeasures addressing climate change. A social issue that has emerged recently regarding plastics revolves around inappropriate ways of using them. FP Corporation's business model is focused on utilizing these materials without creating an environmental impact. I think this will positively impact your corporate value in the medium and long terms. In addition, you positively employ workers with disabilities. This system provides a place for them to actively work. These examples highlight your stance of pursuing environmental and social value in multiple ways.



FP Corporation acquired the naming rights for the Fukuyama-shi general gymnasium and the facility opened on March 23, 2020 under the name FPCO Arena Fukuyama. However, the COVID-19 pandemic forced the cancellation of the opening event and delayed its inauguration three days.

The pandemic has spread across the globe and caused significant damage to the Japanese society and economy. Meanwhile, while consumers have been obliged to refrain from going out and to stay home, demand from them for food purchases and deliveries has led to a large need for food containers. This gives us mixed feelings. However, the fact that products we manufacture and sell are needed has renewed our awareness of our responsibilities. This report included a special feature on the utility of food containers. We now have a fresh determination to continuously produce products that are needed by society and useful in people's lives.

Thank you very much for reading FP Corporation Report 2020. We would be grateful if you could complete the attached survey and return it to us for the continued improvement of the report. Thank you in advance for your cooperation.

June 2020
Eiji Togashi
General Manager,
Environmental Management Dept.



FP Corporation Report 2020
Published: June 2020

Editorial Guidelines

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

The Environmental Report Guidelines from the Ministry of the Environment (FY2018 edition) were used as a reference in preparing the report on FP Corporation Report.

Time period covered: Monday, April 1, 2019 – Tuesday, March 31, 2020

Range of coverage: FP Corporation and the FP Corporation Group

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FPCO Report 2020

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



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