

# FP Corporation Report 2021



**FP CORPORATION**





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## 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.

## FP Corporation promotes the recycling of above-ground resources with your cooperation.

FP Corporation works together with consumers, supermarkets, and packaging material wholesalers to promote the recycling of above-ground resources. We work to ensure that our initiatives evolve, with the goal of playing a prominent role in the creation of a sustainable society and in the creation of a rich food culture.





Morimasa Sato  
President



# FP CORPORATION

While all of society is being pressured to respond to a new environment, we move forward bravely and aggressively.

Regardless of the circumstances, we will never stop pursuing our principles: creating superior, environmentally friendly products, providing them at competitive prices and delivering them to our clients when they need them.

Economic and industrial structures continue to change in response to the changes in people's lifestyles. I believe that in these circumstances it is even more important to continue moving forward by proactively responding to change, instead of being passive, guided by an unwavering corporate philosophy.

In FY2021 ended March 2021, we worked as always to deeply understand the social role we must fulfill and the value we must provide, while also responding surely to the demand for products that serve life during the COVID-19 pandemic and demand for takeout and delivered food.

I hope that this report will give you a clear picture of an FP Corporation that has continued to work in these tumultuous times.

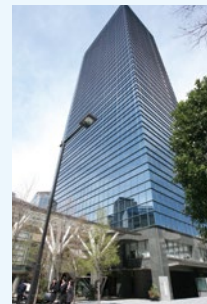


## Company Profile

**Name:** FP CORPORATION  
**Established:** July 1962  
**Representative:** Morimasa Sato, President  
**Capital:** 13.15 billion yen  
**Number of employees:** 944 (FP Corporation Group: 4,753)  
**Business outline:** Manufacturing and marketing of plastic 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 Yamagata, Ltd.  
 FPCO Ibaraki Co.  
 FPCO Yachiyo Co.  
 FPCO Shimodate, Ltd.  
 FPCO Chikusei Co.  
 FPCO Toyama Co.  
 FPCO Chubu Co.  
 FPCO Kasaoka Co.  
 FPCO Fukuyama Co.  
 FPCO Kannabe, Ltd.  
 FPCO Kyushu Co.

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

### Logistics

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

### 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)

**Sushi:** Delivering deliciousness to consumers without losing freshness



**Meat:** Hygienic and emphasizing the taste and color of meat



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



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



**Fresh Fish:** Boosting the attractive qualities of fresh seafood



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



**Deli:** User-friendly with microwavable and other features



**Events:** Ideal for joyful events where people gather



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





# The FP Corporation Value Chain

FP Corporation's circulation-based value creation, in which business operations and ESG activities are advanced in an integrated manner through circulation and connections

FP Corporation's value chain, which enables our ESG activities, continues to create social value through the recirculation of resources and the circulation of marketing information.



## Kazuyuki Yasuda

Executive Vice President and Director, Executive General Manager of SCM Division, Supervisor of Information and Computer System Department

At FP Corporation, we manufacture, sell, and recycle food containers, and we continue to create value in many ways through our operations. Our value chain created through organic connection of seven teams is the thing that enables this value creation.

There are two important initiatives being executed simultaneously through the value chain. One is the recirculation of resources, which has the goal of not wasting the valuable resources of the Earth. The other is the circulation of marketing information to increase the added value of our products.



Playing a central role in value creation through the strategic management of FP Corporation's value chain

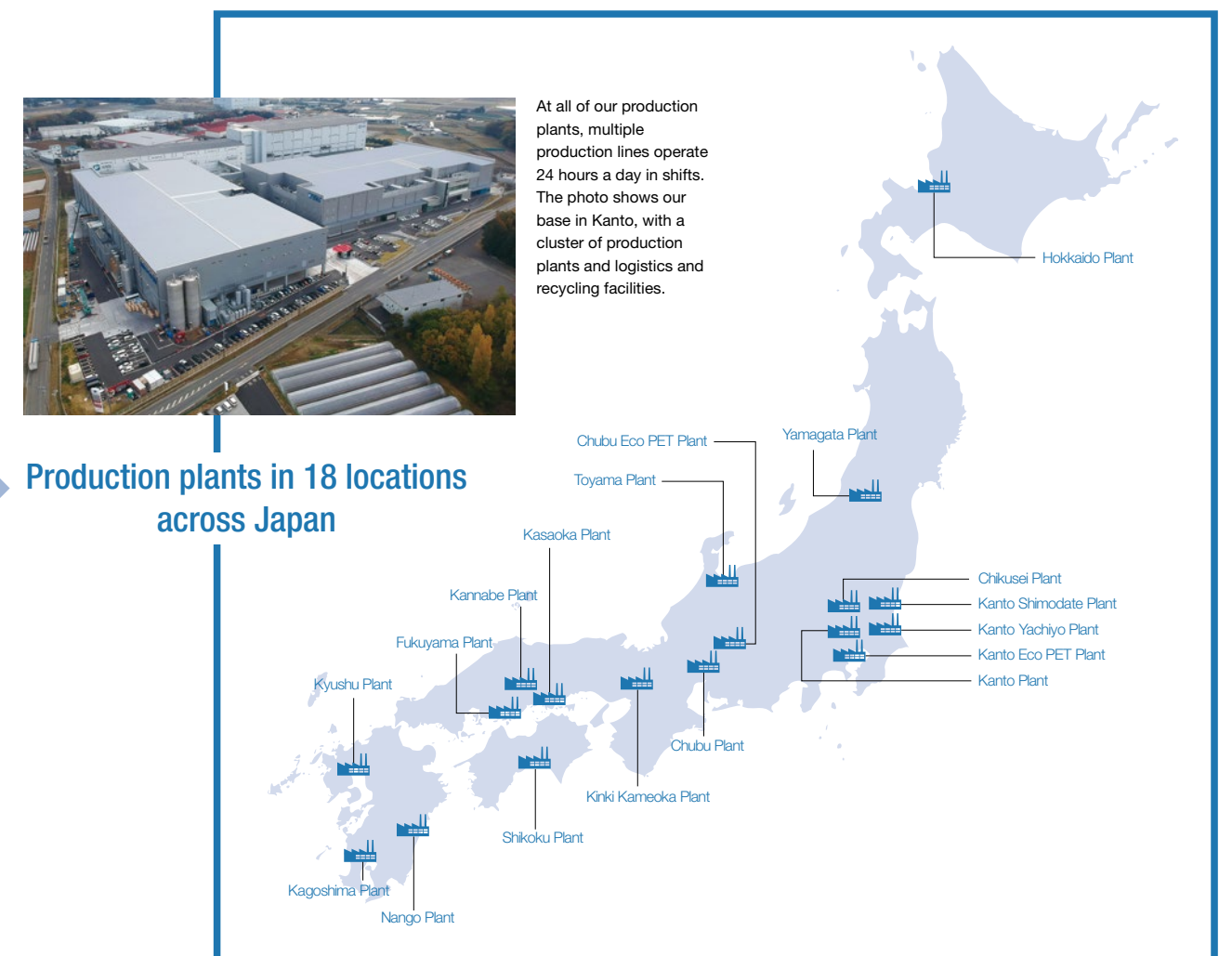
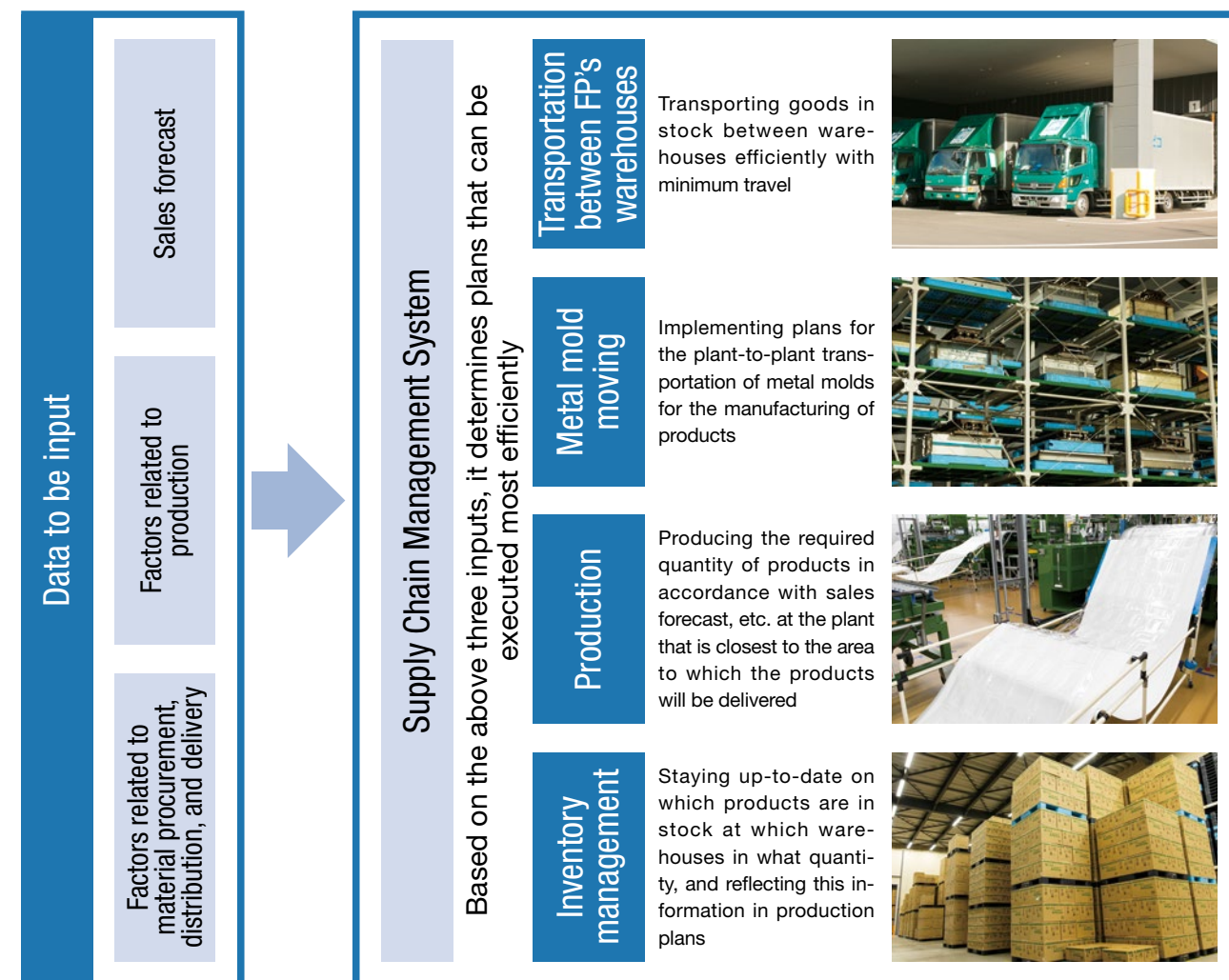
## Supply Chain Management (SCM) System

Our supply chain management (SCM) system is at the heart of FP Corporation's business of manufacturing and selling food containers. With the SCM system, we decide, plan, and take other actions regarding how many of which products to manufacture, when and where to manufacture them, and where to transport them. This system operates leveraging the advantages of computers and the experience of humans. We are continually improving the system's precision through planning and practicing the most efficient, leanest production and logistics.



### ■ AI introduced to pursue increased accuracy

We introduced artificial intelligence (AI) some years ago to improve the accuracy of the SCM system's production forecasts, and have been examining it. It has improved the accuracy of our quantifiable data, permitting us to reduce the number of tasks done by humans, such as review work. The introduction of AI is also an effective solution to the labor shortage.





# Procurement

## Procurement of safe, socially accepted materials

We have followed both the Action Charter and the Environmental Policy of the FPCO Group in the formulation of our CSR Procurement Policy. We take actions such as obtaining a No Objection Letter (NOL) for some of the products from the United States Food and Drug Administration (FDA), a worldwide authority on safety standards.

### 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.

## Used products as materials



Our production plants in Kan-to, Chubu, and Fukuyama have recycling centers. There, used containers are collected from across Japan and eco-friendly products are manufactured using recycled materials. The photo at left shows the pellets recycled from used containers.



Eco Trays are made with recycled pellets. They have the Eco Mark stamped on them.

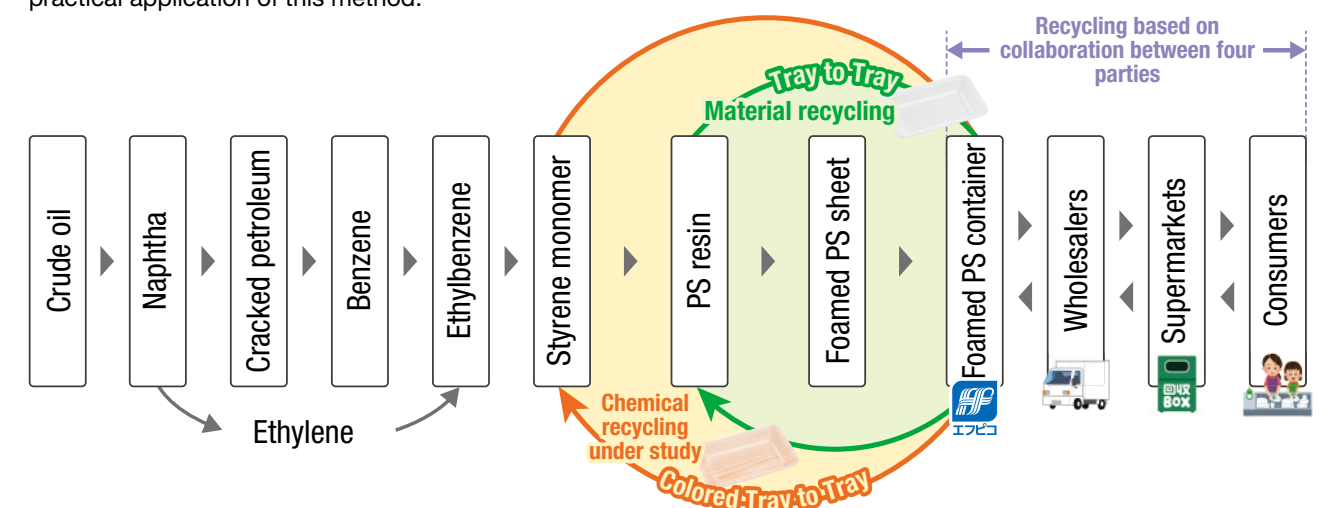


Senior Vice President and Director,  
Executive General Manager of  
Global Trading Division  
**Hiroshi Ogawa**

The materials we procure have been diversifying, reflecting customers' high environmental awareness. We also acquire non-fossil raw materials, such as paper, pulp, and biomass materials, to meet customer needs. We procure materials, but it does not mean that our team is passive. We proactively collect information looking at all of the processes from an elevated perspective as the starting point for resource recirculation in the value chain, to ensure we are able to procure the necessary high quality materials. In addition, we also are involved in initiatives improving added value in the procurement process through collaborations with our business partners, including the joint research into chemical recycling with DIC Corporation that we announced last year.

## Studying chemical recycling to produce even more eco-friendly materials

The FP Corporation employs "material recycling" to recycle used foamed polystyrene trays. In this method, we manufacture materials called pellets (PS resin) like those shown in the photo at left, which are to be extruded into plastic sheets in the next step. However, if we can go back to the process of manufacturing the material called styrene monomer, which is just before the product manufacturing process, in addition to the white trays that we already recycle, we will be able to recycle colored and patterned trays back into food containers. This method is called chemical recycling. Currently, FP Corporation and DIC Corporation are working together on joint research, aiming to realize the practical application of this method.







## Activities practicing the customer-first concept

Marketing is the first step in the process of shaping procured materials into products. The thing underlying this first step is customer needs. We first identify the things that our customers need and demand. In response to this, we organize information to create products. This is what we do in our marketing activities at FP Corporation.

The information collected by our sales staff, who directly contact customers every day, is the most important information obtained through our marketing activities. The hands-on approach, which FP Corporation is committed to along with the customer-first concept, is the idea that the information obtained on site (at food retailers, etc.) leads to key ideas for the proposal of products and services. At the same time, we also need to consider factors such as social conditions and market trends. It is essential to remain sensitive to information about social needs, such as the aging of society and the growing health awareness.



The photo shows one concept that we proposed through the exhibits at the FPCO Fair, which will be explained later. Using the containers of the FP Corporation, we suggested the development of goods for the COVID-19 pandemic under specific themes.

# Marketing

At present, dietary lifestyles have greatly diversified, and we have begun to see growing demand beyond the framework of the activities on sales floors at supermarkets and other retailers. Our marketing activities are aimed at the preemptive development of products by exploring trends in society from a broad perspective and understanding what containers and services are demanded. I think that ways that information is collected will change significantly, including the adoption of social media. This is one of the reasons why the concept of marketing has recently been added to the FP Corporation value chain.

Operating Officer, General Manager  
of Marketing Department

Tomoshi Maeda



## Sales for value creation (Team X)

The sales for value creation that we practice at FP Corporation is a style of sales activities in which we work together with food manufacturers and others to develop and sell goods with high added value for our customers, including supermarkets. The goal of these activities is using the high functionality of the containers from the FP Corporation to draw out the best of ingredients to benefit our customers and consumers. Foods in containers illustrated in the figure are to be cooked at home adding other ingredients. We have named this concept Plus Deli. We have developed this proposal for people who desire foods that are as fresh



and delicious as possible even though they are busy every day.

We exhibit initiatives like this at the FPCO Fair, which will be explained later, jointly with other companies to introduce the initiatives to the customers visiting the venue. This is a program that we suggest as a sales promotion method and that gets favorable reviews every year.

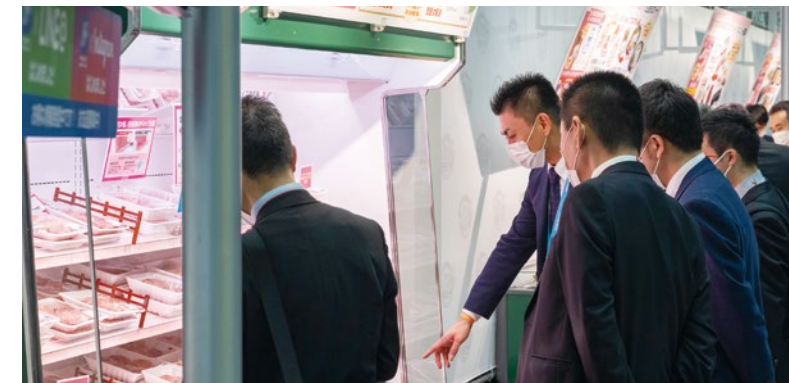


## The FPCO Fair is the culmination of our marketing activities

The FPCO Fair is an annual private show to which we invite people from supermarkets, convenience stores, deli shops, packaging wholesalers, and other entities across Japan. We propose new products, ways of using containers, sales floor designs and other solutions created through the effective use of our containers. The greatest feature of this trade fair is the mock-ups of supermarket floors and other spaces for selling food that are set up at the venue. The goal of these mock-ups is to enable customers to virtually experience how they could take advantage of FP Corporation's products in the environment where they work daily. We also hope that the beneficial information and explanations we provide to our customers about displayed products are brought back to their workplaces. Customers are free to take photos of the exhibits at the venue and ask FP Corporation employees to explain them.



Each year, we hold the FPCO Fair at Tokyo Big Sight over three days in March. In 2021, however, we admitted approx. 50% fewer customers than usual by advance reservation, to prevent COVID-19 infections. Using South Hall 1 and 2, we laid out the exhibits spaciuously to prevent people from coming into close contact with each other.



We organized displays by food category, such as bento boxes, fresh fish, fresh meat, fruits and vegetables, sushi, hot precooked foods, and takeout and delivered food. We presented products that were appropriate for the mocked up settings and proposed new ideas for the use of our products.



In 2021, we introduced takeout and delivered food as a new display category, reflecting the recent needs associated with the COVID-19 pandemic. We provided easy-to-understand explanations of the performance of our containers featuring detailed information about each one of the steps in the process: when the goods (foods) to be delivered are packed, when they are delivered, and when the delivered foods are eaten.



We employed a system that assigned all of the displayed products a unique four digit alphanumeric code, and customers were able to receive samples of their desired products at a later date simply by telling us the codes for the products they desired.





# Product Development

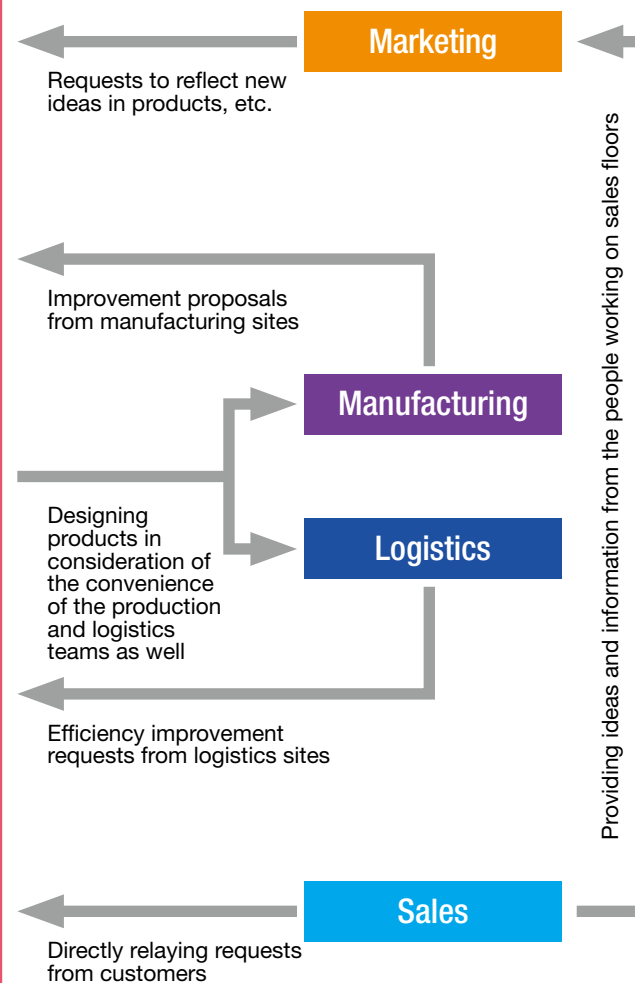
## Enabling products to embody value

The duty of our product development team in our value chain is to shape the feedback from work sites, such as sales, manufacturing, and logistics sites into products. The most important point is that our products embody the value we create. We must ensure that we provide value in the form of convenience, such as leakage-proof containers for consumers, ease of display for customers, and transportation efficiency for the logistics team. Every year, we update hundreds of products and develop new products with a focus on various aspects. In this way, we accomplish core tasks to create value in a step-by-step manner.



### Product Development

The proposal, review, discussion, and design work which transform ideas into tangible products



Due to the COVID-19 pandemic, purchases made at supermarkets have been increasing recently, with an increasing number of people bringing their own shopping bags. This also increases the demand for leak-proof containers that prevent juices or soups from leaking inside shopping bags. While we were already providing leak-proof containers, it is difficult to keep these containers easy to open and close while at the same time improving their ability not to leak. Responding to these requests is our job at the Research & Development Department. It is hard work because FP Corporation has thousands of different types of containers. However, good reviews from consumers and customers tell us that our efforts have produced results.



Operating Officer, Deputy Executive General Manager of the Manufacturing Division (in charge of the West division), General Manager of the Comprehensive Research Institute

**Hiroyuki Muraoka**

## Reflecting developers' views in product designs

While most products are developed based on requests and proposals from the sales team, there are also cases where staff from the Research & Development Department propose ideas to the sales team. A recent example is a proposal for instagrammable, colorful, delightful containers for takeout foods. People involved in development often feel that it would be possible for them to also do this or that idea. These containers feature not only a delightful appearance but also creative features that will be discovered by users when they open the container and eat the food. They may begin to be used at shops providing takeout foods in the near future.



The inner surface of the top lid has many small bumps on it, so that water droplets do not fall easily when the lid is opened.

The top lid can be detached easily by hand, so that it will not interfere with the user while they are eating.



## Various high value-added products provided by FP Corporation

The added value provided by the food containers of FP Corporation includes user-friendliness for the consumer and convenience for the customers selling foods. Recently, we have also developed many containers that are convenient for takeout and delivered foods.

### ■ Microwavable

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



### ■ Highly oil resistant

This transparent container features high heat resistance and also superior oil resistance. It does not become brittle and is not damaged when it comes into contact with MCT oils. Warm prepared food can be microwaved in this container.



### ■ Leak-proof and easy to open and close

The seal of this container is good enough to retain the water inside it when it is tilted. It makes an audible click when the lid is closed. It also features a structure that enables the lid to be easy to open while it does not easily fall off.



### ■ Contents do not shift.

The bottoms of these containers are equipped with frames or 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.



### ■ Solid appearance and sharp forms

Made from non-foam materials with excellence in formability, these containers may have complicated, sharp forms. Use of non-foam materials means low stack heights, so the containers do not take up a lot of space behind selling spaces.



### ■ 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, packed lunches with simmered food.



### ■ Environmental Considerations

Eco-friendly products from FP Corporation include Eco Tray, which is made from recycled material derived from post-consumer containers. We also manufacturer transparent containers from recycled material from post-consumer PET bottles.



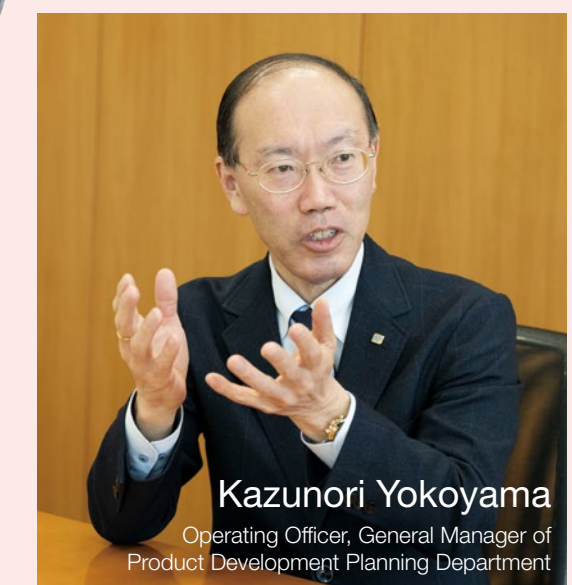
## Collaboration with delivery and takeout businesses



Demand for containers for takeout and delivered food has been growing during the COVID-19 pandemic. However, in 2019, before the pandemic began, we committed to the development of containers for this industry. We expected the takeout business to grow reflecting the reduced consumption tax rate applied to takeout food.

We wasted no time in beginning to collaborate with Demae-can, a website accepting orders for the home delivery of foods, and developed the DLV series containers dedicated for takeout and delivered food. The first 30 minutes after cooking is the most critical for takeout and delivered food. The DLV series containers fulfill all the requirements for takeout and delivery: delivering warm foods to customers without changing their texture, preventing the leakage of soups and juices, and preserving the food's good taste. Their structure consists of a base container for soup or rice, an inner tray for noodles or the main dishes above it, and a strongly sealed lid on top. Thus, it achieves cooks' desires to preserve the taste of delicious dishes until they are enjoyed by customers.

Following our collaboration with Demae-can, we developed a takeout container for udon noodles jointly with a major udon noodle restaurant chain. As the COVID-19 pandemic has continued, our containers have been used by an array of takeout and delivery businesses. We plan to continue to improve the functionality of our containers for takeout and delivered food, with the belief that consumers will remain in the habit of eating at home even after the pandemic ends.



**Kazunori Yokoyama**

Operating Officer, General Manager of  
Product Development Planning Department





## Developing human resources who support manufacturing

We have introduced training programs including the Monozukuri Project, which is aimed at developing the employees working at production plants, in our efforts to help our employees acquire skills, knowledge, frames of mind, and other elements that are necessary for working at production sites. The Gino Juku training program is part of these initiatives. People working at our production plants wear caps with lines on them, whose colors reflect the training programs completed by the worker. The colors yellow, green, blue, and red represent training levels in ascending order. This system motivates the employees.



## Active participation of employees with disabilities

The production of wood-like box-type containers requires manual assembly, which provides an opportunity for the active participation of employees with disabilities. They also engage in other operations, including the manufacturing of small-lot products that are not suited for mass production at large plants.



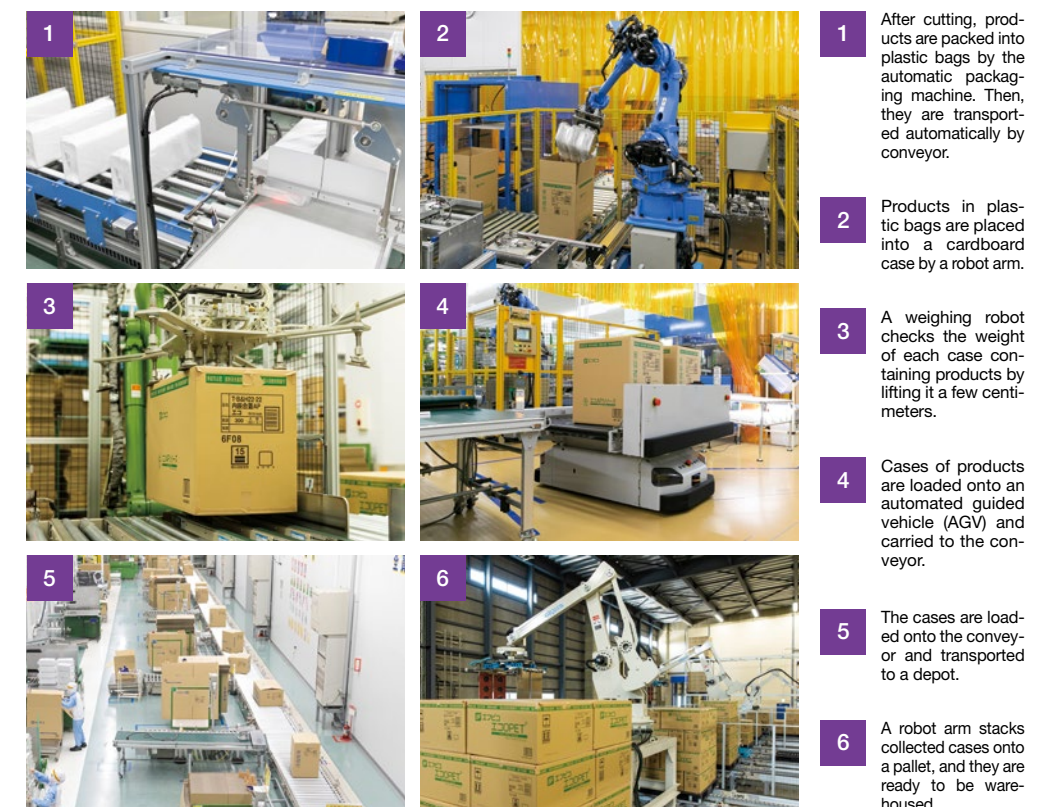
Since our founding, FP Corporation has continued to manufacture products. As is often said, manufacturing (monozukuri) is also human resource development (hitozukuri). While the progress in the operation of SCM system and the introduction of robots is a good change, the people operating the system and the robots must progress together. Otherwise we cannot manufacture good products. If you get used to driving a car with an automatic transmission, you will no longer be able to drive a stick-shift. This must not happen in plant operations. We need to acquire knowledge and experience so that we are able to operate our plant manually on our own in the event of an emergency. To develop human resources with the knowledge and experience that is required, we are planning to operate a production plant dedicated to the training of our employees. We believe that we need to improve efficiency and also enable manufacturing itself to evolve.



Executive Vice President and Director,  
Executive General Manager of  
Manufacturing Division **Nobuyuki Nagai**

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

We are introducing robots to production sites to increase efficiency and address the labor shortage. We have automated many work processes, including the packing and boxing of manufactured products, the weighing of them, and the transportation of boxes. In FY2021, we reduced the number of hours worked by humans by approx. 6,000 hours by using robots to automate work processes.







# Logistics

## Independent logistics operations that seamlessly connect the processes from production to delivery

We independently engage in logistic operations as part of our supply chain management system. We independently operate all of the logistics activities related to the manufacturing and sale of products from FP Corporation. This enables us to ensure seam-



less, highly efficient, centrally managed operations in the processes from procurement to manufacturing, sales, and recycling. FP Corporation's logistics team is in charge of all logistics activities, including the plant-to-plant transportation of the molds needed for manufacturing, the management of manufactured product inventory, the transportation of stored products between warehouses in the event of a stockout at one of them, picking for packing FP Corporation products together with goods purchased from other companies, delivery to customers such as packaging wholesalers and supermarkets, and the pickup of used containers from collection boxes. This is the greatest feature and strength of FP Corporation's logistics.



### Inventory management



Approx. 12,000 types of products are managed at our nine distribution centers all over Japan.

### Picking



FP Corporation products and goods from other companies are packed together for each store in accordance with customer orders.

### Transportation between our centers



The plant-to-plant transportation of the molds needed for manufacturing, warehouse-to-warehouse transportation of products for which an order has been received to a warehouse in the area where they will be delivered, etc.

### Distribution



Shipping cases of products to packaging wholesalers or other customers, delivery of picked cases to customers, etc.

We constantly plan and update facilities and equipment to continue the stable supply of our products. We have expanded our warehouses in Kyushu, Fukuyama, and Chubu in response to the demand for logistics from the entire FPCO Group. We are building a new cross dock center at our base in Chubu, in addition to the other facilities of this type that we operate in each area. The automation of loading significantly improves efficiency. In addition, we have decided to introduce automated guided forklifts (AGF), which are still regarded as new robots in the industry, ahead of others. They are a reliable labor force making up for the labor shortage. The flexible implementation of medium- and long-term plans is necessary to ensure seamless product supply.



**Satoshi Koizumi**

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

## Continuous evolution of the quality and quantity of logistics services

We engage in logistics operations with the belief that logistics is not just the transportation of goods but also the provision of highly satisfactory services to customers. To deliver the products needed by customers by the time they need to use the products, we continue to work to ensure both the tangible and intangible aspects of our logistics operations evolve by expanding facilities, introducing new systems, and other activities. In FY2021, we expanded our distribution centers, introduced robots in them, reduced the labor necessary by shifting to palletized transportation, and took other initiatives.

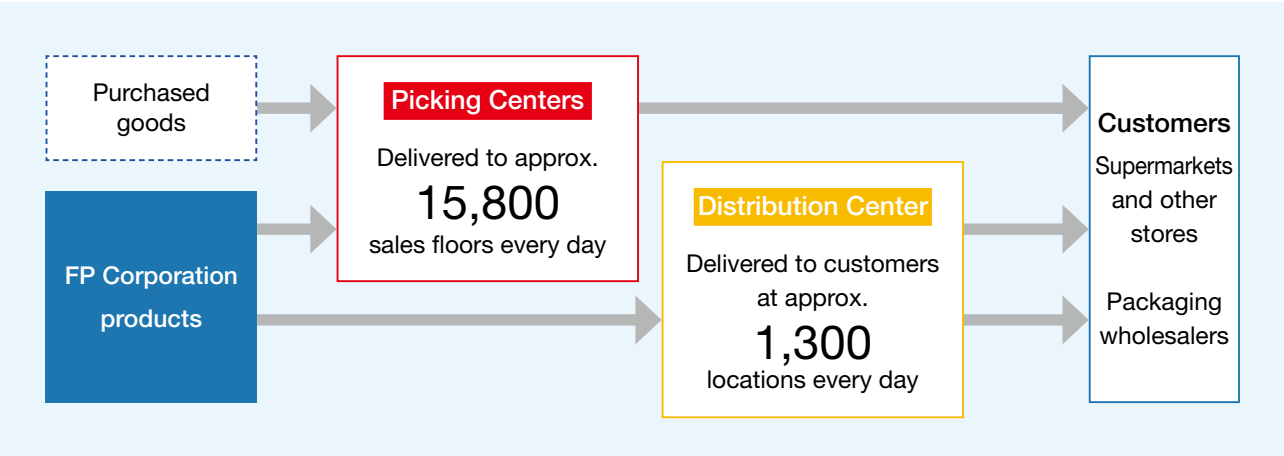


- 1 Kyushu Distribution Center expanded (October 2020)
- 2 Fukuyama Distribution Center expanded (December 2020)
- 3 Chubu Hub Center being built (Completion scheduled in October 2021)
- 4 An automated guided forklift (AGF), which conveys and stores pallets guided by laser
- 5 Use of pallets for loading and unloading cargo delivered by truck



Operating two types of logistics center all over Japan

FP Corporation has logistics centers all over Japan to ensure efficient distribution. They are largely classified into two types of facility according to their functions. Picking centers mainly function as wholesalers that respond to orders from each sales area. There, FP Corporation food containers and goods from other companies (including disposable chopsticks, bags, and wraps) are packed together and shipped. Distribution centers are facilities for shipping FP Corporation products by the case to customers, which also function as warehouses. From both types of logistics centers, we deliver a vast number of cases of products to customers every day, confidently and with high precision.



Picking Centers

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

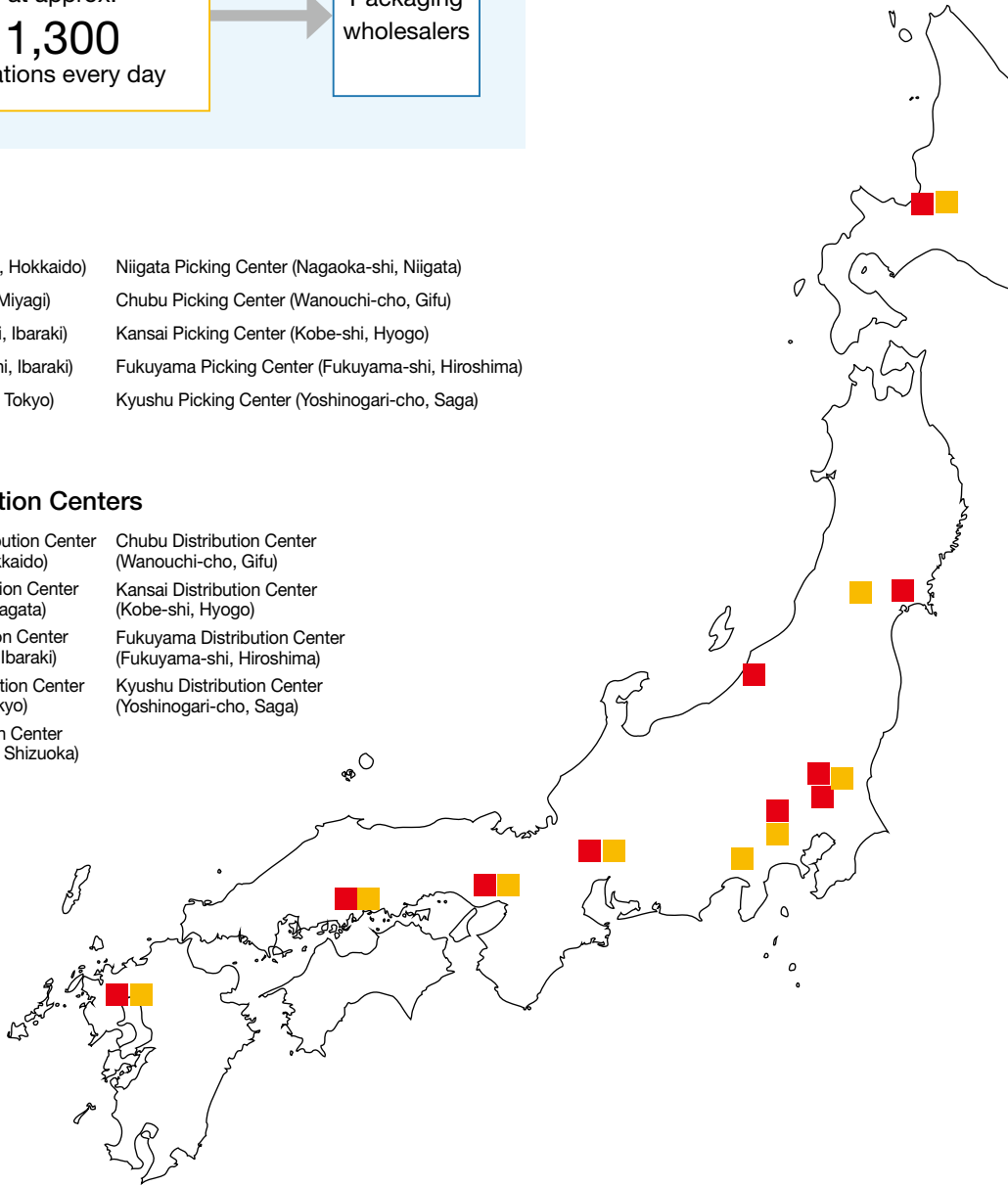


Distribution Centers

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

Voice Picking

The voice picking system ensures highly accurate and efficient picking. Picking staff can concentrate on their work using both hands because they receive instructions verbally. The frequency of errors is 0.3 ppm (three out of one million), which approaches zero.



Location Management System

In this system, shelves are moved flexibly to make the most of the space in the warehouse. Huge shelves are moved slowly with the press of a button, and cases are placed in vacant areas in order instead of in a fixed location. This system is indispensable to FP Corporation, which stores as many as 3 million cases. It is standard at large logistics warehouses.



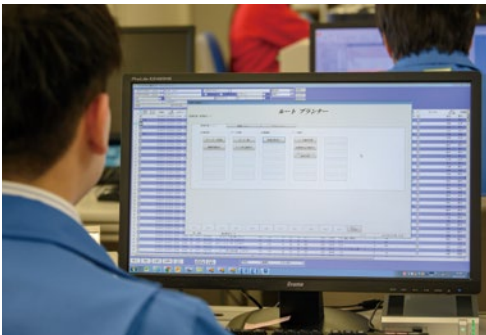
Automated Guided Vehicles (AGV)

AGVs run as programmed on a single black line on the floor. They were introduced to distribution centers as a part of our robotization measures. They reduced the running distance of forklifts operated by warehouse staff to one third of what it had been. Thus, they significantly contribute to our efforts to address the labor shortage.



Sorter System

Conveyors run between the warehouse and the berths for loading cargo onto trucks, which are far from each other. Thus, this system improves the efficiency of shipping operations and reduces breakage and other damages to cargo. This system automatically and quickly sorts a vast number of shipped items according to route, reducing the time that truck drivers must wait.



Route Planner

This system draws up the most efficient delivery plan based on vehicle travel data from the last six months. It determines service schedules and sets routes for all freight trucks. Efficient, reasonable delivery plans are finalized one hour after receiving orders from customers. In addition, the Route Planner reduces the time between order acceptance and shipping/loading, which also reduces truck drivers' workload.



Real-time Delivery Monitoring System

This system monitors all statuses in real-time, from the start to the end of deliveries, using QR codes. It enables distribution center staff and also FP Corporation sales staff to confirm delivery status via the internet in real time, so they are able to respond quickly to customer inquiries. Accumulated delivery data is used to improve the accuracy of the Route Planner.





# Sales

## FP Corporation's business style based on value proposition

Working with a hands-on approach under the customer-first concept, we strive to provide value to customers and society as a whole. To this end, we value the methods applied in selling spaces and the places where our containers are used. Our product development originates from those methods. The valuable information we obtain in selling spaces feeds into our activities, including marketing, product development, logistics, and recycling. This feedback is eventually developed into products and services that are beneficial for customers. We propose value that takes advantage of our products and services, instead of simply producing and selling products. This is the business style of FP Corporation.



### ■ Frequency of visits to selling spaces

Clues and ideas are hidden within food selling spaces. Selling spaces look completely different depending on conditions such as weather, time of day, and whether it is a weekday, weekend, or holiday. FP Corporation sales staff continue to increase the frequency of their visits to selling spaces to obtain feedback, information and wisdom for the company.

### ■ Observation of selling spaces

We observe selling spaces on site from diverse perspectives, including how the products we sold are used, how consumers handle them, and how these factors have changed the sales of each store. This gives us access to new information and insight.



Frequent visits to selling spaces and the detailed observation of these spaces are common practice within the FP Corporation. Recently, we have focused on the importance of information sharing and the agility with which we apply the information we acquire promptly.

Even during the COVID-19 pandemic, we must respond quickly to the ongoing changes in how foods are sold. Consumers respond to change more quickly than we imagine. The sharing of information via social media, which is a new initiative, helps increase the speed and agility of our sales activities.



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

**Masanobu  
Takahashi**

### ■ Analyzing and sharing information

The information obtained through the observation of selling spaces is analyzed and considered in light of guidelines. We apply our way of thinking as yardstick to each piece of information, leading us to identify the ways we should utilize the information. Suppose that a store faces an issue about particular goods they sell, that takes time for their part-time workers to handle the goods, for example. We look at this problem in light of our guidelines, such as the size and shape of the container, the ease of opening and closing the lid, and the degree of leakage. At the same time, we check the oil resistance and heat resistance related to the consumption of the food, considering the issue from many different perspectives. The information about the problem obtained in this way is shared quickly within the company, and value is created in response, leading to new beneficial proposals.

### Sales Operation Bases

Tokyo Headquarters (Shinjuku-ku, Tokyo)  
Fukuyama Headquarters (Fukuyama-shi, Hiroshima)  
Osaka Branch (Osaka-shi, Osaka)  
Sapporo Sales Office (Sapporo-shi, Hokkaido)  
Sendai Sales Office (Sendai-shi, Miyagi)  
Niigata Sales Office (Niigata-shi, Niigata)  
Shizuoka Sales Office (Shizuoka-shi, Shizuoka)  
Hokuriku Sales Office (Kanazawa-shi, Ishikawa)  
Nagoya Sales Office (Nagoya-shi, Aichi)  
Hiroshima Sales Office (Hiroshima-shi, Hiroshima)  
Shikoku Sales Office (Takamatsu-shi, Kagawa)  
Fukuoka Sales Office (Fukuoka-shi, Fukuoka)



We strive to propose sales methods with a focus on the relationship between our products and their usage environment, with the goal of creating more value based on the added value that our products provide. There are cases where different value is generated by a product when it is used in different settings. We create new value by changing our perspective or way of thinking. We believe this sales style is enabled by our insights, which could not be accomplished without the observation of selling spaces and the following analyses.

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

Kenji  
Kobayashi



## Creating value through proposal-oriented sales

### ■ Delving into the market

Food selling styles and items tend to be fixed at stores where a vast amount of foods are sold every day, such as supermarkets, convenience stores, and prepared food stores. Therefore, we delve into sales methods, starting by questioning the things that are taken for granted. For example, soft oranges are prone to deterioration caused by the loss of shape. A solution to this problem is the use of our transparent containers which are an eco-friendly products and an alternative to plastic bags. This prevents the degradation of the oranges while keeping the environmental impact low and it leads to the reduction of food waste as well. This is one way we can create through solutions.



### ■ Discovering demand

In fields, including the fields of hospital food, nursing care food, and frozen food, there are many chances to create value by taking advantage of the containers from FP Corporation. We continue striving to discover demand in these fields, believing that the advantages of our containers, such as heat resistance, oil resistance, structures permitting easy, error-free opening and closing, structures that prevent contents from shifting, and their leak-proof qualities, can be utilized.



### ■ Products' market penetration

In the field of takeout and delivered food, where demand grew significantly due to COVID-19, we aim to increase the points of contact with restaurant managers so that as many of them as possible understand the convenience of FP Corporation containers. We communicate via social media, activities that are explained on the next page, by targeting people from independently operated restaurants, food trucks, and the recently growing number of ghost kitchens, with whom we did not have contact points before.



## Providing information via social media

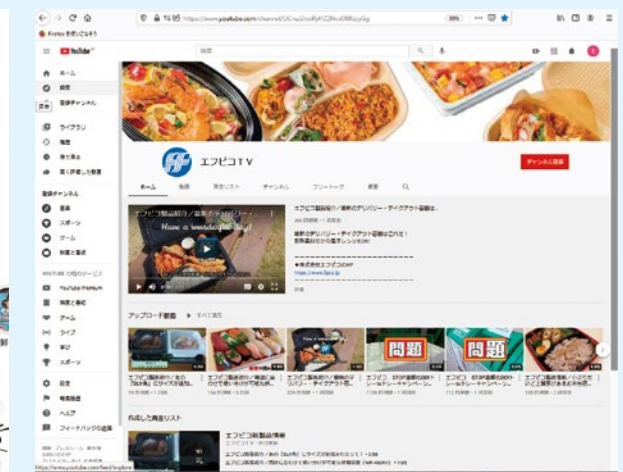
In 2018 activities using social media were first proposed internally. After a preparation period of approx. two years, we began full-scale activities providing information via social media in April 2020. Traditionally, our sales staff used paper documents to make proposals to customers. These activities originated from our belief that using more images and videos would better facilitate their understanding of our proposals. We have since been providing information every time we release a new product, in synch with our sales activities, and on other occasions. This has encouraged customers to watch our videos, including the videos introducing our products, before our sales staff visit them. These videos function as product previews, similar to TV commercials. This initiative has been highly acclaimed by customers, and each social media account has enjoyed a steady increase in the number of followers. Social media had another benefit: it allows us to communicate directly with consumers in addition to our customers. We receive their reviews of our containers and implement projects in collaboration with consumers. Communication via social media is one of the activities that has the potential for further development.



LINE



Instagram



FPCO TV on YouTube

These two people from the Sales Promotion Section of the Sales Planning Department are in charge of providing information via social media. "We create content internally. We spend every day thinking up new ideas and considering how to display the content and how to communicate effectively. We are struggling but we enjoy the work." They seem to be happy with their work. They work hard, encouraged by the positive "thumbs up" evaluations of people inside and outside the company.



Nana Ono

Kyosuke Yanase





## FPCO Method Recycling marks its 30th anniversary

In FPCO Method Recycling, we collect used food containers, recycle them into raw materials, and produce containers from them. The FPCO Method launched in 1990, and we have proudly celebrated the 30th anniversary of this initiative. These recycling activities have now spread throughout society. At supermarkets in every town, we see the green-colored boxes for the collection of used containers. The cooperation of people from all walks of life is necessary for the development of these recycling activities. First, we need the cooperation of the consumers that bring used containers to the collection boxes set up at storefronts. We also need the help of the supermarkets who set up the boxes, and the packaging wholesalers who transport the used containers from the supermarkets to FP Corporation's recycling plants. FPCO Method Recycling, which is based on collaboration between four parties, is possible only with the cooperation of all of them. We will continue to implement a virtuous circle of cooperation with them.



To increase our recycling capacity, we are implementing a project to introduce robots using AI on lines for the manufacture of transparent containers. In this project, we intend to introduce AI to identify the type of container and a robot arm to bring them into line and eliminate inappropriate containers, as the process of aligning used transparent containers is done manually at present. We will begin this initiative in the next fiscal year and then expand it gradually to our sorting centers all over Japan. The increased recycling capacity will enable us to increase the number of used container collection points, which will lead to the expansion of the recycling initiative as a whole.



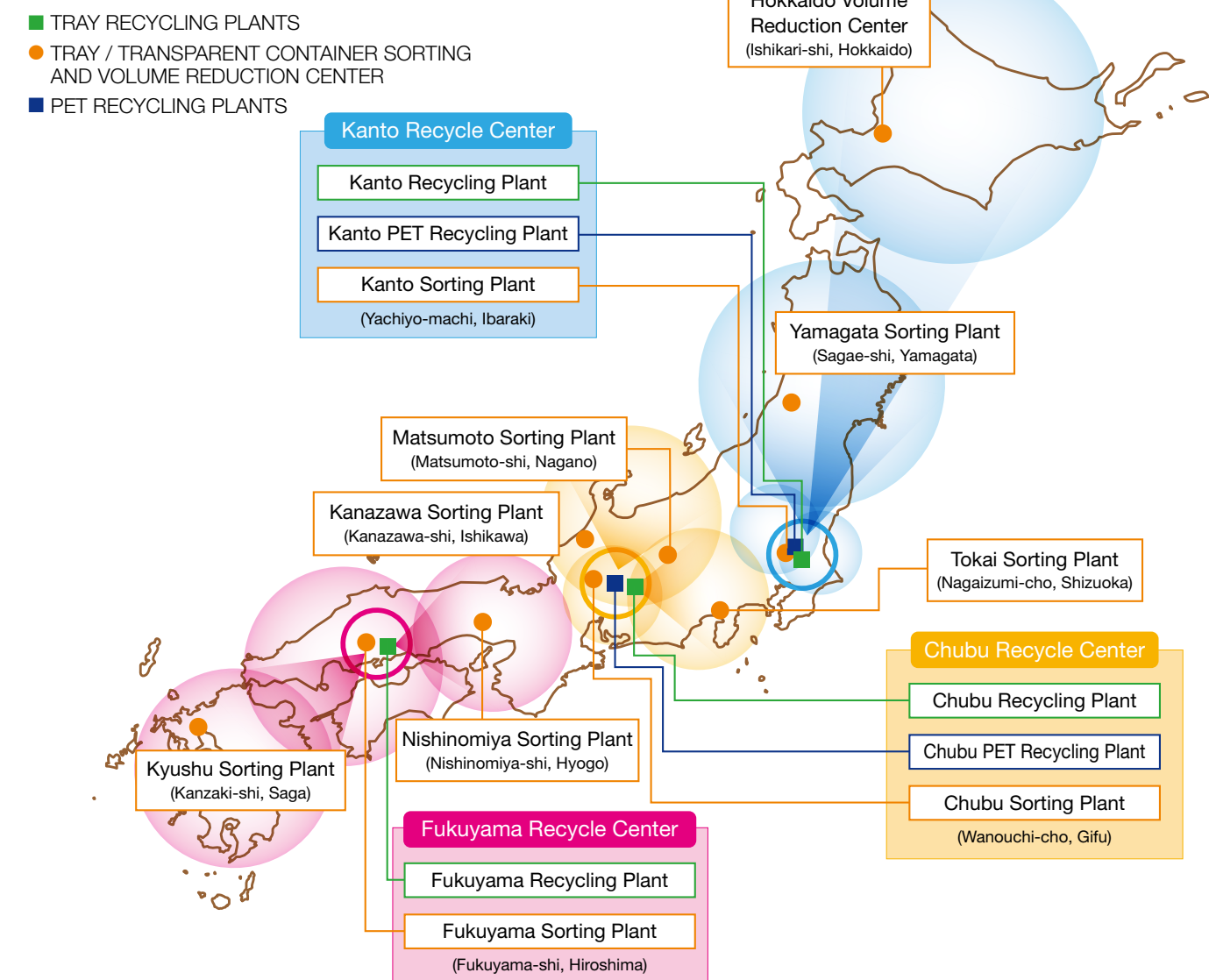
Operating Officer, General Manager of Recycling Department  
**Hidehisa Kaneda**





## The processes for recycling used containers into eco-friendly products

Used containers are collected at supermarkets and other facilities and transported to the recycling plants and sorting centers shown on the next page. To transport these resources, we leverage the trucks that have finished delivering products and therefore have empty loading platforms. The containers are turned into recycled materials through various processes and reformed into eco-friendly products, products that are made with recycled resources.





There is little difference between ESG and our business operations. This is the business management style of FP Corporation.



In IR activities, a great emphasis has begun to be placed on evaluation from the ESG perspective, in addition to business performance. FP Corporation strives to communicate the relationship between our business management and ESG in our dialogue with investors, in addition to our proactive disclosure of related information.

In our dialogue with investors, investors have evaluated the business model of FP Corporation, in which the achievement of good results in our main business leading to the achievement of ESG goals, as "unique." Underlying this uniqueness may be our desire to make the company good. Our strong business performance, our environmental consideration, and our efforts to create a comfortable work environment all lead to a good company. I believe that this desire is also reflected in the fact that many of our employees participate voluntarily in activities subsidized by the FP Corp. Environment Fund.

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

Isao Ikegami



## The FP Corp. Environment Fund

At FP Corporation, we not only engage in recycling activities on our own but also subsidize organizations which address environmental problems from various perspectives.

Organizations subsidized by the FP Corp. Environment Fund in the fiscal year ended March 31, 2021

Name	Location	Activities
Koueki-no Furusato-zukuri Tsuruoka, a specified non-profit corporation	Yamagata Prefecture	Holding Spo-GOMI (garbage pickup as a sport) competitions as an environmental protection activity
Nakoso Machizukuri Support Center, a specified non-profit corporation	Fukushima Prefecture	Activities to improve farming environment carried out in collaboration with people with disabilities, local students, and others
Chausu, a specified non-profit corporation	Gunma Prefecture	Environmental protection and education through observation of the upstream migration of salmon and the release of juvenile salmon
Nanasato, a specified non-profit corporation	Saitama Prefecture	Helping people with disabilities participate in activities recycling materials, such as timber from forest thinning
Pirika Association	Tokyo	Fact-finding surveys regarding ocean plastics and analyses of the mechanism of plastic's influx into the ocean
Arakawa Clean Aid Forum, a specified non-profit corporation	Tokyo	Education through the experience of cleaning up the Arakawa River, which is aimed at resolving the issue of marine plastic waste
Shonan Cleanaid Forum, an NPO corporation	Kanagawa Prefecture	Beach cleanup activities on the natural coast of Kanagawa
People's Community, a specified non-profit corporation	Gifu Prefecture	Collection of garbage from the Kisogawa River, fact-finding surveys of the river, and awareness-raising activities
Biwako Trust, a specified non-profit corporation	Shiga Prefecture	Surveys of microplastics in Lake Biwa and the education of younger generations
Miyajima Network, a specified non-profit corporation	Hiroshima Prefecture	Cleaning up the coast and inland area of Miyajima Island and activities for protecting the marine ecosystem



A total of 87 employees of the FPCO Group participated as volunteers in the activities of organizations subsidized in the first year.



Chausu



Arakawa Clean Aid Forum



Miyajima Network

Organizations subsidized by the FP Corp. Environment Fund in the fiscal year ending March 31, 2022

Name	Location	Activities
Shonan Cleanaid Forum, an NPO corporation	Kanagawa Prefecture	Project to clean up beaches in Kanagawa with a unified voice
Kanagawa Kainan Kyujo-tai, a specified non-profit corporation	Kanagawa Prefecture	"Urgent: Collect plastics during marine patrols before they turn into microplastics," an activity to reduce marine waste
Chausu, a specified non-profit corporation	Gunma Prefecture	Activities to preserve and protect the environment of the Watarase River
Kahokugata Kosho Kenkyujo, a specified non-profit corporation	Ishikawa Prefecture	Surveys to find identify the places where waste is generated and awareness raising activities aimed at achieving zero waste in Kahokugata
People's Community, a specified non-profit corporation	Gifu Prefecture	Making people love the environment (raising environmental awareness through the clean up of riverside areas and the collection of PET bottles)
NPO Kuwagata Tanken-tai, a specified non-profit corporation	Osaka Prefecture	Revival in satochi (mountain villages) in the metropolitan area! The experience of being impressed by all manner of life (cleanup of riverside areas)
Miyajima Network, a specified non-profit corporation	Hiroshima Prefecture	Maintaining the marine environment and protecting the ecosystem of Miyajima Island and the surrounding area
Miyagi Environmental Life Out-reach Network (MELON), a public interest incorporated foundation	Miyagi Prefecture	Creating new experiences for people to learn about disaster control, climate change, and the environment to foster the human resources who will build a sustainable society
Arakawa Clean Aid Forum, a specified non-profit corporation	Tokyo	Initiatives related to the quantitative evaluation of waste in the city and social implementation to controlling the influx of waste into rivers and the ocean
Pirika Association	Tokyo	Developing infrastructure for conducting surveys about microplastics in the water of the Arakawa River
Biwako Trust, a specified non-profit corporation	Shiga Prefecture	Promoting microplastics surveys in Lake Biwa and the environmental education of children
Yokkaichi University Energy Environmental Education Research Group, a general incorporated association	Mie Prefecture	Let's learn! Let's act! Activities to help children and young people develop into future leaders
Nagasaki Eco Net, a specified non-profit corporation	Nagasaki Prefecture	Providing educational sessions for sustainable development at elementary schools, summarize such activities and roll out the summaries to other entities.
Kumamoto-ken Kodomo Shokudo Network, a general incorporated association	Kumamoto Prefecture	Crop bank in Kumamoto Prefecture. Harvesting vegetables which would be food loss in farms and providing them to children's cafeterias or processing them into dried vegetables



The ESG initiatives implemented by FP Corporation are also closely linked with the SDGs advocated by the United Nations. At FP Corporation, we are committed to remaining cognizant of the fact that continually promoting our business also means participating in social activities and helping to create a society that is comfortable and fulfilling to live in.



ESG	Material Issues faced by the FPCO Group	Major Initiatives	Corresponding Page	Relevant SDGs
<b>E</b> Building a sustainable society	Reduction of GHG emissions	Declaration of Carbon Offsetting with Recycling	40	4 QUALITY EDUCATION 7 AFFORDABLE AND CLEAN ENERGY
		Expanding FPCO Method Recycling	42	
	Efficient use of resources and energy	Recycling plant tours	42	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
		Visiting Lectures	42	
	Solving the problem of marine plastic waste	FP Corporation's Environmental Policy	41	14 LIFE BELOW WATER 15 LIFE ON LAND
		Establishment of the FP Corp. Environment Fund	35	
<b>S</b> Supporting society's food infrastructure	Risk Management	Risk management in production and logistics	46	2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING
		Measures to prevent COVID-19 infections	46	
	Stable supply	Establishment of a new large-scale production and logistics center in the Kansai area	47	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		Nationwide network for the supply of products	48	
	Development of products responsive to needs	Prompt development and sale of products	45	
<b>G</b> Building a good company	Corporate Governance	Management that is very transparent	49	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION
		A wide variety of programs including compliance training	49	
	Improving job satisfaction	Construction of the Pico House dormitories for single employees	50	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
		Support for activities outside the company	50	
	Human Resources Management	A wide variety of programs for the development of human resources	49	10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
		Promotion of the active participation of women	50	
	Promotion of inclusion	Active participation of human resources with disabilities	51	17 PARTNERSHIPS FOR THE GOALS
		Floor Hockey Activities	52	



# E

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### Carbon Offsetting Declaration Through Recycling

In 2021, FP Corporation announced its Carbon Offsetting Declaration Through Recycling to further expand its environmental impact-reducing recycling activities. Our goal to offset the amount of CO<sub>2</sub> emitted through our business activities with the amount of CO<sub>2</sub> emissions reduced through the manufacturing and sale of eco-friendly products.

- 1 We will seek to expand eco-friendly raw materials by carrying out awareness-raising activities increasing the volume of used foamed PS trays and PET bottles collected at stores.
- 2 We will introduce renewable energy at our recycling plants for the manufacturing of recycled materials with zero CO<sub>2</sub> emissions, thus improving Eco Tray's ability to reduce CO<sub>2</sub> emissions.
- 3 FPCO will seek to increase the reduction in CO<sub>2</sub> emissions by increasing the ratio of collected raw materials used in the production of Eco APET and Eco OPET products.



Three locations where the installation of solar panels is planned: (From top) Kanto Yachiyo Eco PET Plant, Chubu Eco PET Plant and Chubu Hub Center (completion scheduled in October 2021), and Kansai Hub Center (completion scheduled in 2022)

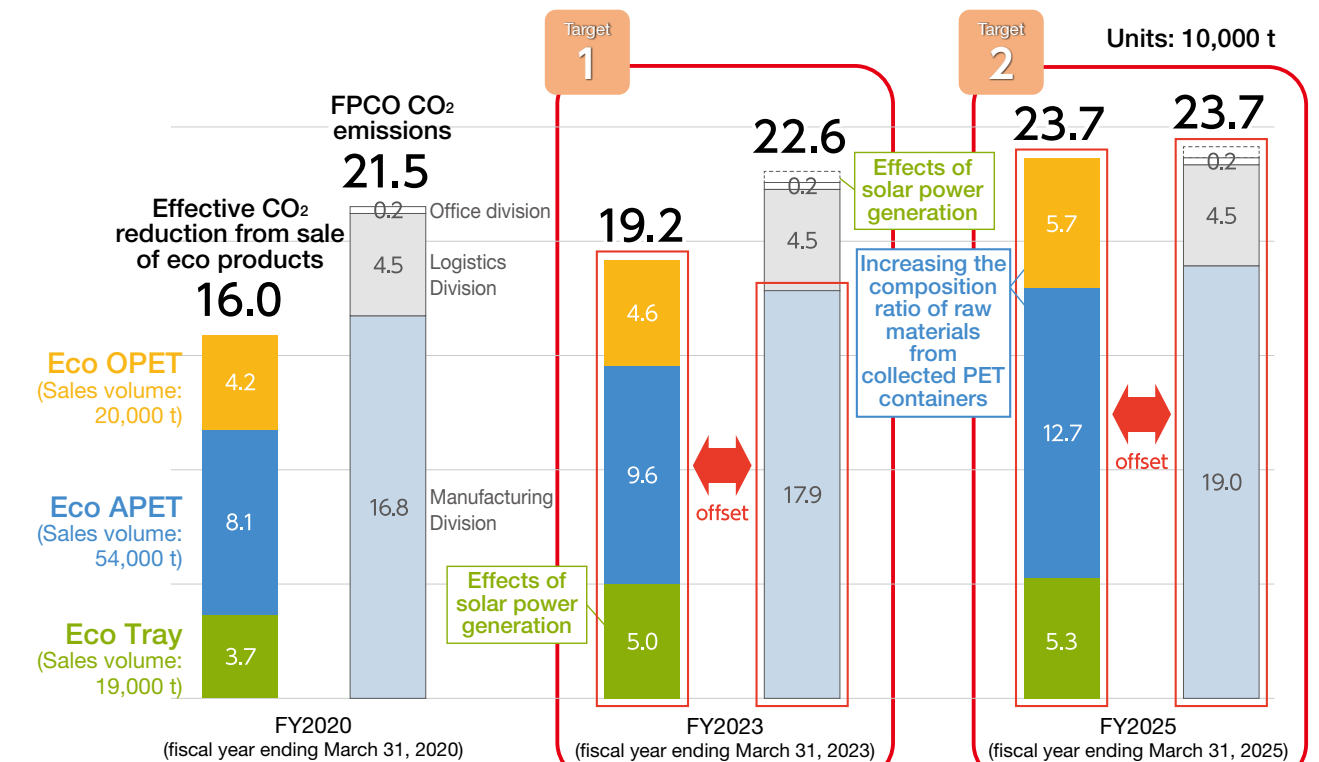


An awareness-raising poster featuring LiLiCo promoting the collection of used trays

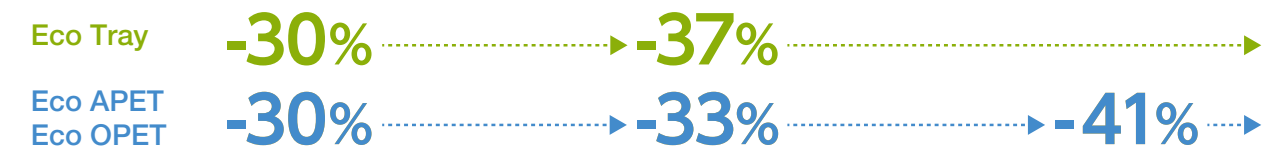
### Two targets

Offset the production team's CO<sub>2</sub> emissions by increasing the reduction of CO<sub>2</sub> emissions to **192,000 tons** by FY2023 (a 20% increase from FY2020).

Offset the entire company's CO<sub>2</sub> emissions (production, logistics and office divisions) by increasing the reduction of CO<sub>2</sub> emissions to **237,000 tons** by FY2025 (a 48% increase from FY2020).



Effective CO<sub>2</sub> reduction (compared to virgin materials)





### 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.

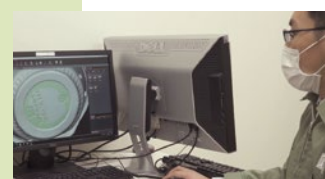
#### Policy

1. From the stance of reducing CO<sub>2</sub> 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.



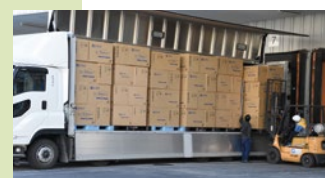
**Manufacturing Division**

Reducing power consumption by visualizing it/working to achieve zero emissions/improving efficiency by introducing management systems, and other efforts



**Product Team**

Visualizing environmental impact/green procurement/developing lightweight products by changing materials or reducing thickness, and other efforts



**Logistics Division**

Improving the efficiency of product storage spaces/optimizing delivery routes/maximizing load capacity, and other efforts



**Sales Team**

Selling eco-friendly products such as Eco Tray/increasing the number of collection points/raising consumer awareness with the cooperation of customers, and other efforts



**Office Division**

Reducing environmental impact by addressing power consumption and consumables, increasing the environmental awareness of employees, and other efforts



For 30 years, packaging wholesalers, logistics operators, supermarkets, and others have been cooperating with the FP Corporation's recycling initiative. We cannot thank them enough. We have presented 380 of these companies with commemorative plaques. Some supermarkets collecting used containers sort them ahead of pick-up to facilitate the downstream processes. Our determination to continue to expand our recycling network globally has been renewed.



Director, Integrated General Manager of the Integrated National Sales Dept. **Osamu Sato**



Appreciation plaque

#### Acknowledgment

For involvement in the collection of food trays over many years, and extensive cooperation with our FPCO Method Recycling activities for recycling the Earth's resources based on four-party collaboration  
On the occasion of FPCO Method Recycling's 30th Anniversary, we present this commemorative plaque as an expression of our gratitude.

February 2021  
Morimasa Sato  
President FP Corporation

Full text of the message inscribed on the appreciation plaque

### Expanding FPCO Method Recycling

FPCO Method Recycling begins when consumers put used containers in the collection box. For more than 30 years, we have been engaged in activities to expand this initiative, including collaborations with supermarkets to increase the number of containers collected, plant tours, and school lectures.

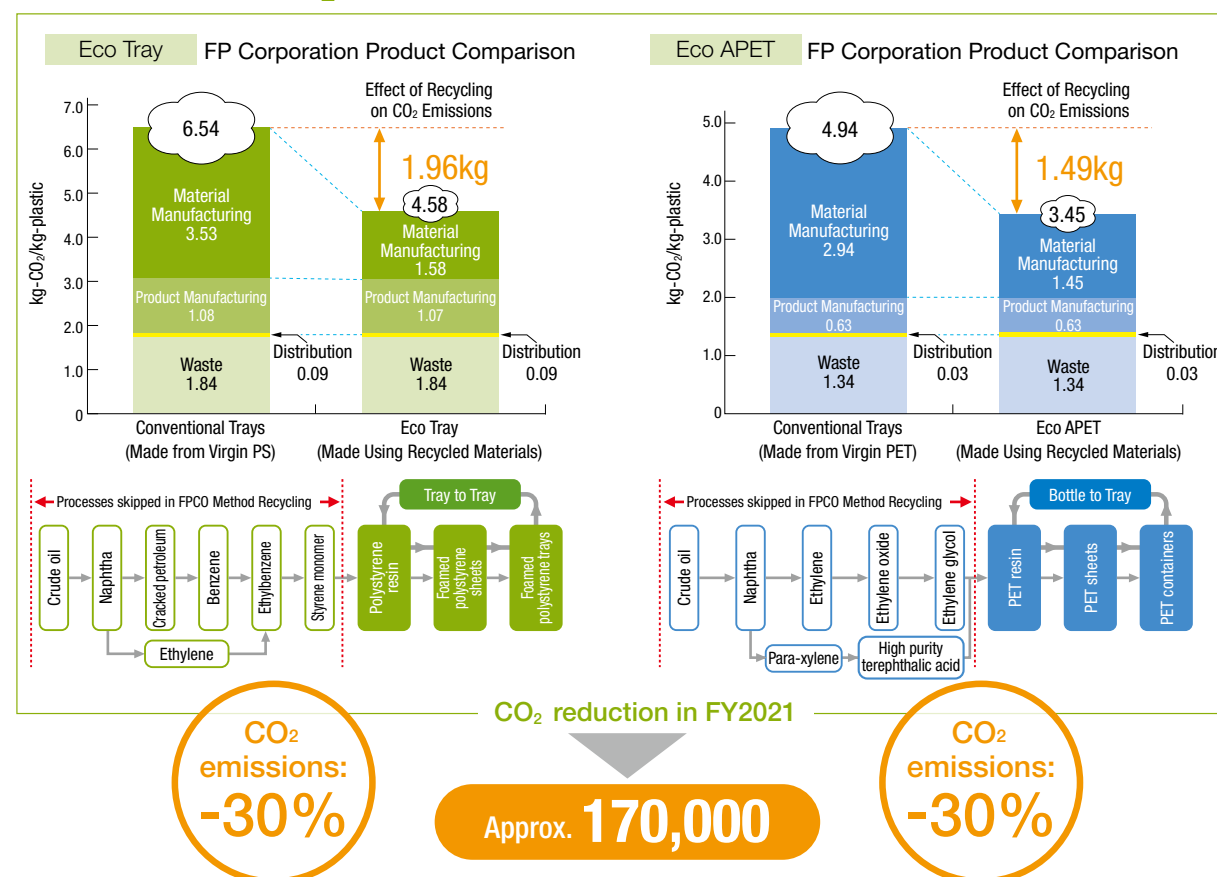




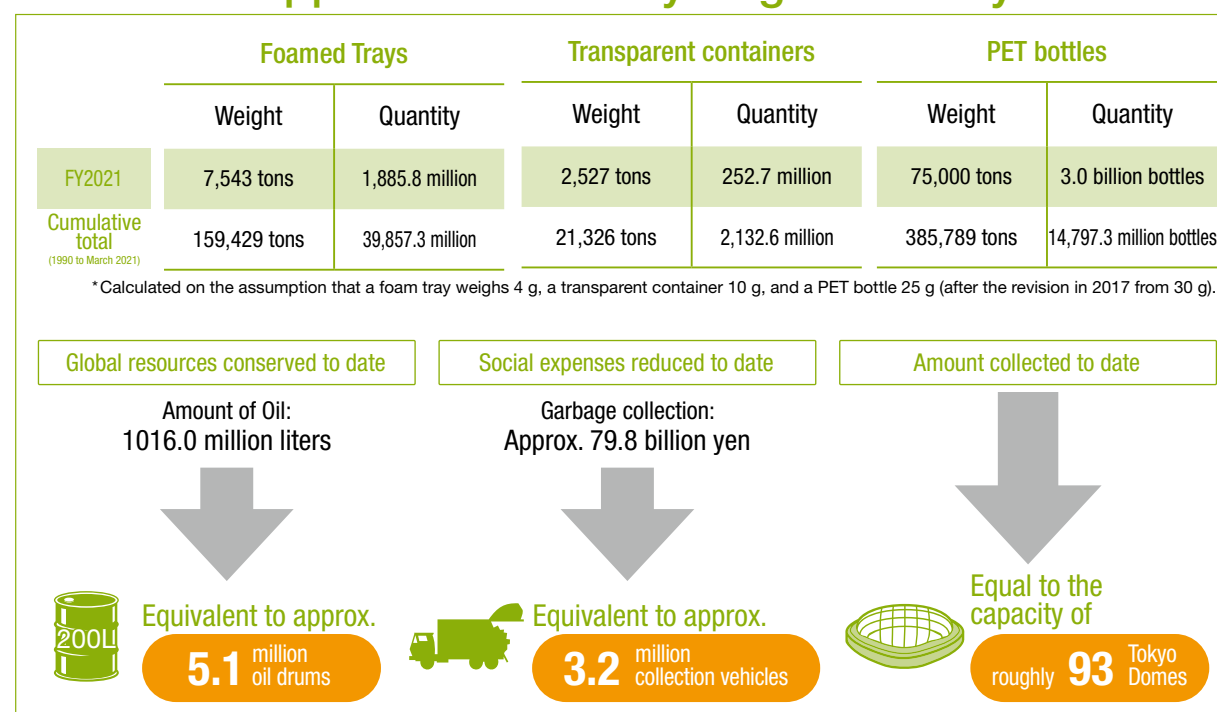
# E

## nvironment

### CO<sub>2</sub> emissions reductions achieved



### Ripple effects of recycling on society



### FP Corporation's climate change initiatives

FP Corporation works together with stakeholders, including suppliers and the sales destinations of products and goods to address the climate change issue and help create a low-carbon society. We determine the content of our initiatives based on the final TCFD recommendations.\*

\*The TCFD (Task Force on Climate-related Financial Disclosures) 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

##### 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<sub>2</sub> 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<sub>2</sub> emissions by 30%, Eco Tray, Eco APET and Eco OPET, is defined as an indicator. We disclose our CO<sub>2</sub> emissions on our website. (Environmental Data --[https://www.fpcorp.jp/en/en\\_esg/en\\_esg\\_data/en\\_environment\\_data.html](https://www.fpcorp.jp/en/en_esg/en_esg_data/en_environment_data.html)).



### Supporting customers beyond food retailers

Our Marketing Department works from a macro perspective, seeing and considering trends in society as a whole, including trends in home meal replacement and the restaurant industry and re-tailer trends, while also digging down to the micro level with sales staff obtaining information in the places where foods are sold, including supermarkets, so the information can be utilized for product development. One example of this is this department's support for restaurants, including family restaurants, beginning to provide takeout or delivery services. We have built a system that enables us to supply products through PACK MARKET, an e-commerce site selling packaging materials, to respond to the diversifying ways that foods are sold.



### Prompt development and sale of products

People's dietary lifestyles have changed rapidly and significantly during the COVID-19 pandemic. This has resulted in demand for food containers with new functionality. In response, we have built a design and production system for the seamless implementation of processes from the on-boarding of sales staff requests to the consideration of matters involving production plant employees, product design and manufacturing, with the Research & Development Department playing a central role. We respond to customer requests quickly and take actions promptly. This is a part of our value creation at FP Corporation that supports the food infrastructure.



### Risk management in production and logistics



In preparation for natural disasters and other emergencies, 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.

### Prevention of COVID-19 coronavirus infections

#### ■ Countermeasures

The FPCO Group established the FPCO 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, and promoting new working styles that may include commuting outside rush hours and working from home. We strive to improve productivity by leveraging working from home combined optimally with working in offices, commuting outside rush hours and appropriate labor management following the teleworking guidelines that we formulated in August 2020.

#### ■ Fulfillment of our responsibility to supply food containers

We will steadily implement our unique supply chain management system 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 the COVID-19 pandemic, we will unfailingly deliver the products that are wanted when they are wanted.

### Donations to children's cafeterias nationwide

Since May 2020, we have donated containers for packed lunches and for soup for approx. 300,000 servings to groups managing children's cafeterias all over Japan, supported by Zenkoku Kodomo Shokudo Shien Center Musubie, an NPO. We also donated approx. 400,000 three-layered masks to them in December 2020. We aid these groups to contribute to local communities and help build a sustainable society, as they continue to support children through new, creative measures during the COVID-19 pandemic, which has made their activities difficult.







At FP Corporation, we have maintained a stable product supply. This has remained unchanged despite major natural disasters, the COVID-19 pandemic, and changes in the structure of society, including the labor shortage. The new production and logistics center in Hyogo Prefecture, which is planned to begin operating next year, is a part of our plan to continue to sustain a stable supply. We will start supplying products to the large trade area in Kansai from the facilities in the same area. This will create a large number of physical advantages.

### Iwao Fukiyama

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

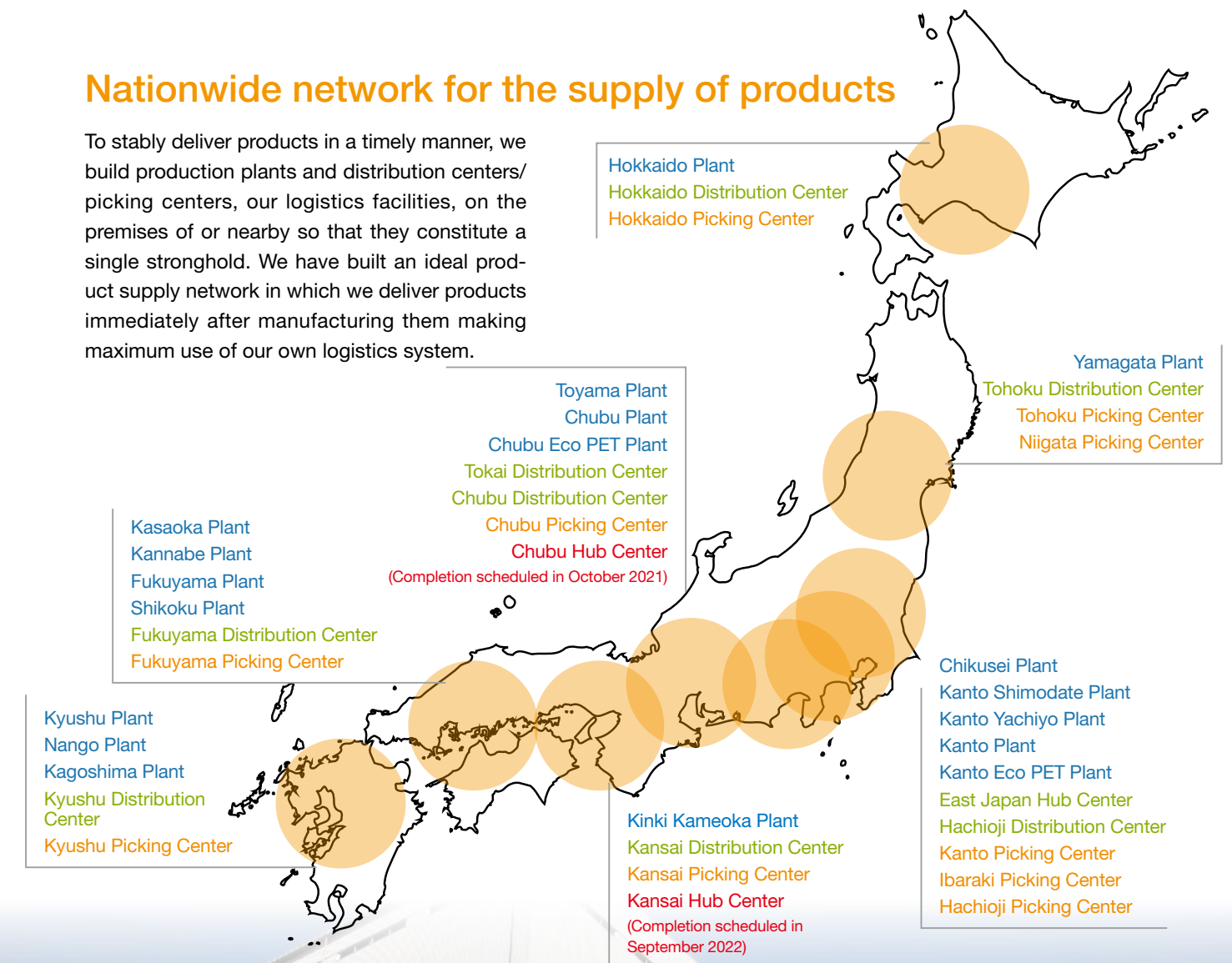
## Establishment of a new large-scale production and logistics center in the Kansai area



In 2022, we will establish a new production and logistics center on a property that is approx. 48,000 m<sup>2</sup> in Ono-shi, Hyogo Prefecture. This center we are building in the Kansai area will be our fourth large center, equal to the size of existing centers in Kanto, Chubu, and Fukuyama. We will complete a logistics network that has 70% of Japan's total population, including the populations of the major cities, within a 150 km radius of each of the nine distribution centers across the country, including the new one.

## Nationwide network for the supply of products

To stably deliver products in a timely manner, we build production plants and distribution centers/picking centers, our logistics facilities, on the premises of or nearby so that they constitute a single stronghold. We have built an ideal product supply network in which we deliver products immediately after manufacturing them making maximum use of our own logistics system.

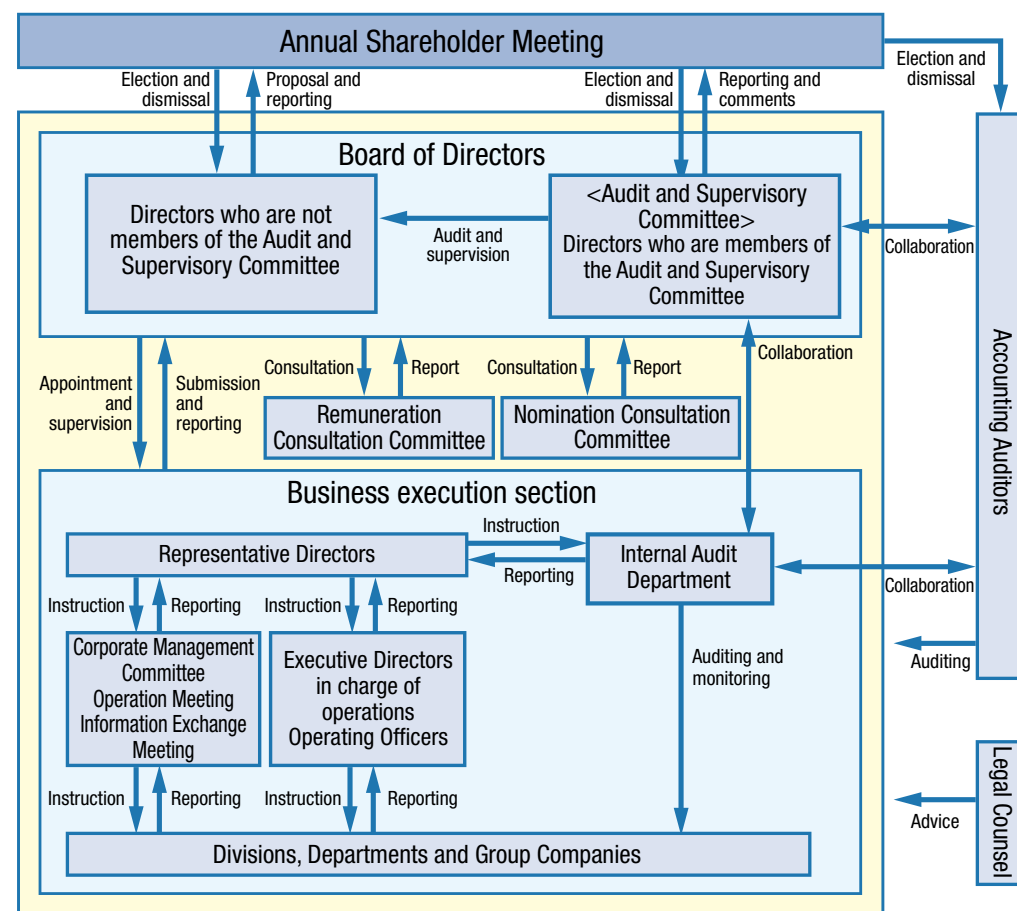




# Governance

## Organizational operating system

At FP Corporation, we have 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 and human resource management

We implement programs for the development of human resources, with the goal of enabling human resources and the company to develop together. In addition, we have developed a new program for mastering business negotiation skills based on customer psychology and provided training on a trial basis in August 2020.

Compliance training	One-on-One Leader Training Sessions
Next-Generation Training	Cross-industry training sessions
Business improvement training	Safety training sessions
Support for work-life balance	Promotion of the active participation of women
Increasing diversity	Introduction of the optional extension of the mandatory retirement age to 65 at the most



**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

At FP Corporation, we promote initiatives to enable diverse human resources to enjoy working and have job satisfaction. The employment of people with disabilities and the promotion of the active participation of women are a part of these initiatives. Regarding the promotion of women to managerial positions, we have established the target of increasing the number of female managers to 50 by 2022 (from 38 as of April 2021). We are implementing an array of programs to achieve this target. We also help employees develop their own ability independently through our personnel development support system. We will continue to powerfully promote initiatives to enable diverse human resources to demonstrate their capabilities while experiencing the joy of working for FP Corporation.



## Welfare programs

To enable diverse human resources to enjoy working with job satisfaction, we create opportunities for employees to be physically and mentally refreshed in settings away from their workplaces.



We have Pico House furnished dormitories for single employees at four locations in Japan.



We subsidize employees' recreational activities. FP Shuttles badminton club



Employees who have been working for FPCO Group companies for ten years or longer participate in the annual training event in Hawaii. Photo taken in 2019



# Governance

## Active participation of human resources with disabilities

Our initiative started in 1986 to employ human resources with disabilities has 35 years of history. These employees work for two Group companies, FPCO Ducks Co., a special subsidiary, and FPCO Ai Pack Co., which provides type A support for continuous employment.



### FPCO Ducks Co.

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

### FPCO Ai Pack Co.

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



A photo taken in 1986 at the time Ducks Co. (the predecessor of FPCO Ducks Co.) was established



Manufacturing of wood-like box-type containers



Sorting of used containers

## Employment of people with disabilities (FPCO Group)

As of March 2021

Number of employees with disabilities		362
Details	Physical disabilities	34 (including 13 with severe disabilities)
	Intellectual disabilities	323 (including 246 with severe disabilities <sup>(1)</sup> )
	Mental disabilities	5
Adjusted Number of Employees with Disabilities <sup>(2)</sup>		618.5
Disability Employment Rate		12.7%

- (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.



## Inclusion



FP Corporation has been involved in floor hockey activities. Floor hockey is a universal sport and an official sport of the Special Olympics World Games for people with intellectual disabilities. We began the activities 11 years ago to promote inter-



actions between people irrespective of the presence or absence of disabilities. At present, 13 teams, each including both people with and without disabilities, participate in activities at nine locations across the country. We also support the national competition and West Japan competition as a sponsor. A large number of our employees actively participate in these competitions and support their operations as volunteers.

## Opening of FPCO Arena Fukuyama

FP Corporation acquired the naming rights to the Fukuyama-shi gymnasium. This gymnasium opened as the FPCO Arena Fukuyama in March 2020. It is a comprehensive facility with a main arena with a capacity of up to 5,000 people, providing a sufficient space for a national competition, as well as a smaller arena, martial arts spaces, a training room, and a multi-purpose room.

Additionally, the facility includes a large park with a lawn and a large amount of playground equipment in front of the facility. FPCO Arena Fukuyama is a new symbol of Fukuyama City, embodying the concept, "a festive place that is open to everyone."







## SUMMARY OF HUMAN RESOURCES DATA

Statistics on Employees (as of the end of March 2021)	Male	Female	Total
Number of employees	640	304	944
Average Age	43.9	34.3	40.8
Under 30	112	120	232
30 - 39	124	96	220
40 - 49	176	68	244
50 - 59	176	16	192
60 and older	52	4	56
Continuous Years of Employment	15.2	10.4	13.6
Number of Employees (Consolidated)	3,639	1,114	4,753
Number of Foreign Employees	0	1	1

Number of Resignations	Early	Voluntary	Company-mandated	Transfers	Other	Total
FY2021	0	16	0	1	0	17

New Graduate Employee Retention Status	Male	Female	Total
Number of Graduate Employees Hired in April 2018	17	26	43
Number Remaining in April 2021	16	25	41

Percentage of Female Employees in Managerial Positions	Female	Male	Percentage of Female Employees
	28	371	7.0

Employment of Persons with Disabilities	FY2018	FY2019	FY2020	FY2021
Actual Number (persons)	377	359	358	362
Disability Employment Rate (%)	13.78	13.6	13.3	12.7

Work-life Balance	FY2018	FY2019	FY2020	FY2021
Percentage of Paid Leave Taken (%)	39.5	51.7	53.6	49.3
Average Monthly Hours of Overtime Worked Per Person	18.9	10	9.8	8.0
Number of Employees Taking Maternity Leave (persons)	17	25	25	12
Number of Employees Taking Childcare Leave (persons)	22	16	28	15
Percentage of Employees Returning from Childcare Leave (%)	86.7	100.0	92.3	96.0

## SUMMARY OF ENVIRONMENTAL DATA

### Manufacturing Division FY2021 Data

INPUT	Energy	Electricity	381,374,938 kwh
		Energy from Fossil Fuels	84,338,186 MJ
	Water Resources	Water Supply	528,711 m³
		Groundwater	164,016 m³
		Industrial Water	97,416 m³
	Raw Materials (Resins, etc.)		204,476 tons
	Secondary Materials	Cardboard	38,922 tons
		Packaging Plastic	3,386 tons
	Other	Lubricating Oil	8,639 L
		Thinners	51,336 L
		Paper	2,425,500 sheets

OUTPUT	Product	Product Manufacturing Weight	206,057 tons
		Number of Truck Shipments	163,946 vehicles
	Waste		26,495 tons
	Environmental Pollutants	Soot and Dust	73 kg
		NOx	5,338 kg
		BOD	8,494 kg
		COD	3,218 kg
		SS	1,243 kg

### Logistics Division FY2021 Data

INPUT		
Energy	Electricity	18,690,552 kwh
	Energy from Fossil Fuels	2,647,594 MJ
Water Resources	Water Supply	26,324 m³
Other	Paper	9,268,421 sheets

OUTPUT	
Waste	483 tons

### Office Division FY2021 Data

INPUT	
Energy	Electricity 3,867,753 kwh
Water Resources	Water Supply 7,596 m³
Other	Paper 4,184,000 sheets

OUTPUT	
Waste	383 tons

## FINANCIAL SUMMARY

Term		55th Term	56th Term	57th Term	58th Term	59th Term
Year and Month of Financial Results		March 2017	March 2018	March 2019	March 2020	March 2021
Net sales	(Million yen)	172,858	173,580	181,171	186,349	196,950
Ordinary income	(Million yen)	15,742	13,548	14,861	16,274	19,381
Profit attributable to owners of parent	(Million yen)	10,953	9,178	9,901	10,777	12,211
Comprehensive income	(Million yen)	11,440	9,806	9,332	10,461	13,021
Net assets	(Million yen)	99,721	106,219	112,198	119,301	124,980
Total assets	(Million yen)	219,481	244,147	249,332	242,497	247,234
Net assets per share	(Yen)	1,201.76	1,280.09	1,351.67	1,436.07	1,520.60
Net income per share	(Yen)	132.43	111.01	119.75	130.36	147.80
Diluted net income per share	(Yen)	-	-	-	-	-
Equity ratio	(%)	45.3	43.4	44.8	49.0	50.3
Return on equity	(%)	11.5	8.9	9.1	9.4	10.0
Stock price to earnings ratio	(Times)	19.6	31.4	27.3	27.5	30.5
Cash flows from operating activities	(Million yen)	25,912	13,974	25,510	27,770	31,814
Cash flows from investing activities	(Million yen)	-21,932	-23,656	-17,109	-10,989	-19,131
Cash flows from financing activities	(Million yen)	-924	-7,197	-4,908	-15,643	-15,086
Cash and cash equivalents at end of period	(Million yen)	18,144	15,659	19,151	20,288	17,884

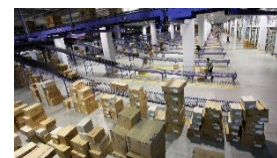
1. Net sales do not include consumption tax, etc.
2. Diluted net income per share is not listed due to the absence of dilutive shares.
3. On October 1, 2020, the Company implemented a two-for-one common stock split. In connection with the stock split, the company calculated net income per share and net assets per share, assuming the concerned stock split was performed at the beginning of the 55th term.





## Timeline

- 1962** Fukuyama Pearl Paper Manufacturing Corporation established. Fukuyama Headquarters established in Komiya-cho (now Kasumi-cho), Fukuyama, Hiroshima Prefecture. Foamed PS thermoforming launched.
- 1972** The Fukuyama Distribution Center (Fukuyama, Hiroshima) is established and distribution centers are subsequently set up in various regions.
- 1976** First Pearl Fair (currently FPCO Fair) exhibition held, featuring the company's products.
- 1979** FP Logistics Corporation established to reinforce delivery system.
- 1981** Manufacturing and selling of colored food containers commenced in response to the trend of fashionable food receptacles.
- 1983** Tokyo Branch (Nerima-ku, Tokyo) established.
- 1985** Osaka Branch (Osaka-shi, Osaka) opened. / The Kanto Plant (Yachiyo-machi, Ibaraki) begins operations and manufacturing plants are subsequently established in various regions.
- 1989** CI introduced/Name of the company is changed to FP Corporation / Listed on the Hiroshima Stock Exchange.
- 1991** Listed on the Second Section of the Osaka Stock Exchange.
- 1997** Yasuhiro Komatsu, the then President and CEO, is awarded Medal with Blue Ribbon.
- 2000** Construction of the headquarters and the plant of the special subsidiary company Ducks Shikoku Co. (Nankoku-shi, Kochi) is completed, and special subsidiary company business sites are subsequently established in various regions. / Listed on the Second Section of the Tokyo Stock Exchange.
- 2001** Fukuyama / Tokyo double head office system started, with Tokyo Branch upgraded to Tokyo Headquarters.
- 2003** East Japan Hub Center (Yachiyo-machi, Ibaraki) completed.
- 2005** Listed on the First Section of the Tokyo and Osaka Stock Exchanges.
- 2006** Hiroshima Ai Pack Co. (currently FPCO Ai Pack Co.) is established as a would-be subsidiary with Type A Support for Continuous Employment, and Ai Pack business sites are subsequently set up in various regions.
- 2012** The world's first biaxially oriented PET product for plastic containers is released.
- 2013** Yasuhiro Komatsu, the then Chairman & CEO, is honored with the Order of the Rising Sun, Gold and Silver Star.
- 2014** Fukuyama Cross Dock Center (Fukuyama-shi, Hiroshima) begins operating. / The FPCO Comprehensive Research Institute and the Human Resources Development and Training Center (Fukuyama-shi, Hiroshima) are completed.
- 2015** FP Corporation is selected by the Ministry of Economy, Trade and Industry under the Diversity Management Selection 100. / FP Corporation is selected as one of the Competitive IT Strategy Companies by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. / FP Corporation wins a prize of excellence in the category of product and technology development in the Sixth Monozukuri Nippon Grand Awards organized by the Ministry of Economy, Trade and Industry.
- 2016** FP Corporation's the then Chairman and CEO Yasuhiro Komatsu is recognized as an honorary citizen of Fukuyama City.
- 2017** FP Corporation's founder Yasuhiro Komatsu passes away.
- 2018** Headquarters and plant of FPCO ALRight Inc. are completed. / New building of the Hiroshima Sales Office is completed. / FP Corporation is certified as a FY2019 Sports Yell Company by the Japan Sports Agency.
- 2019** FP Corporation wins an excellence award in the first Japan Times ESG Awards.
- 2020** The Fukuyama-shi gymnasium, for which FP Corporation acquired the naming rights, opens as FPCO Arena Fukuyama.



## Events in society

- 1960s** Tokyo Olympic Games are held.
- 1970s** Osaka Expo is held.  
Oil crises
- 1980s** Development of fast food restaurants and convenience stores  
Beginning of the internet
- 1990s** Introduction of the consumption tax  
Bursting of the economic bubble  
The Containers and Packaging Recycling Act comes into force. Adoption of the Kyoto Protocol  
Basic Act on Establishing a Sound Material-Cycle Society
- 2000s** Encouragement of the 3R initiative  
Launch of the Minister of the Environment Award for Promotion of 3R Practices in Containers and Packaging  
Launch of the Eco First Program  
Great East Japan Earthquake  
Establishment of the Eco Mark Awards
- 2010s** Start of the Fun to Share campaign  
The Social Security and Tax Number System is established.  
Consumption tax rate is increased to 10%.  
Work-style reform-related laws come into force.
- 2020s -**

## Environmental initiatives, achievements, etc. of FP Corporation



**1980** Problems with the disposal of trays occur and FP Corporation is among the first companies to begin the collection of used trays.

**1990** FP Corporation starts its recycling program.



**1991** Eco Tray becomes the first in the industry to receive Eco Mark certification

**1993** Receipt of the Chairman's Award in the Clean Japan Center sponsored Award Program for Companies Contributing to the Reuse of Resources.



**2007** Receipt of the Award for Excellence in the Product Division of the First Container and Packaging 3R Promotion Minister of the Environment Awards.

**2011** FP Corporation wins an Eco Mark Award 2010 gold prize. / Certified as an Eco First company by the Minister of the Environment. / The Eco APET recycled PET containers receive Eco Mark certification from the Japan Environment Association.

**2015** Honor by the Minister of the Environment Award for Global Warming Prevention Activity (Category of countermeasure activity implementation and dissemination)

**2016** The Chubu Eco PET Plant begins operation as a base of integrated production covering processes from recycling of PET bottles to production of the Eco APET containers.

**2017** The Kanto Eco PET Plant begins operations.

**2018** Participation as an exhibitor in G20 Innovation Exhibition

**2019** FP Corporation participates in the Clean Ocean Material Alliance as an Executive Committee member.

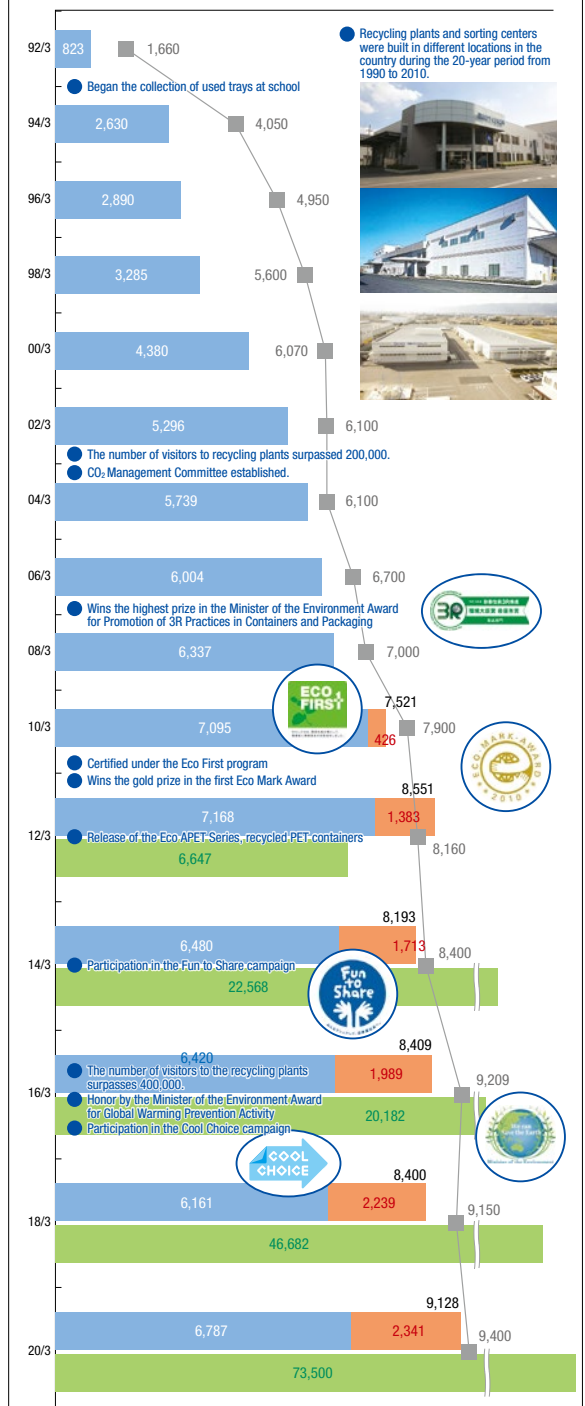
**2020** Establishment of the FP Corp. Environment Fund

### (Achievements of the recycling initiative)

Line graph: Number of locations participating in recycling

Bar graph: Amount of used products collected at stores (tons)

Foamed polystyrene trays  
Transparent containers  
PET bottles







## Evaluations related to the environment

Our recycling initiative, which has spread widely throughout society, has been praised by national and local governments, related organizations, and others. We also proactively participate in many environmental campaigns and projects operated by these organizations and groups.



Wins the gold prize in the first Eco Mark Award



Certified under the Eco First program

Honor by the Minister of the Environment  
Award for Global Warming Prevention  
Activity in FY2016



Minister of the Environment  
技術開発・製品化部門

## ESG Indexes

FP Corporation has been a constituent of indexes of companies with distinguished performance regarding the environment, society, and governance (ESG). (As of June 2020)



FTSE4Good

The FTSE4Good Index Series is announced based on ESG evaluation of approx. 3,000 major companies in the world. It is a series of stock indexes designed to promote investment in companies which fulfill global ESG (the environment, society, and governance) standards.

FP Corporation is one of **1,075** companies in the world.\*

\* Number of constituents of FTSE4Good Developed Index



FTSE Blossom Japan

This index is designed to measure the performance of Japanese companies that demonstrate strong ESG practices. The index is constructed to be industry neutral compared with the Japanese equity market. The index is constructed using rules drawn from existing international standards including the UN's Sustainable Development Goals (SDGs).

FP Corporation is one of **196** companies in Japan.

## 2020 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)

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



As a person involved in environmental measures, I often feel that everyone will want to be more involved in recycling operations if they see recycling operations on site and understand the daily activities of the people involved in these operations. I think there are many people who desire to participate in environmental protection activities but take no action. However, this may be just because there are no catalysts for taking the first step. At FP Corporation, we will continue working hard to create this kind of catalyst. I hope that the people who read this report will take this first step.

Thank you very much for reading FP Corporation Report 2021. 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.

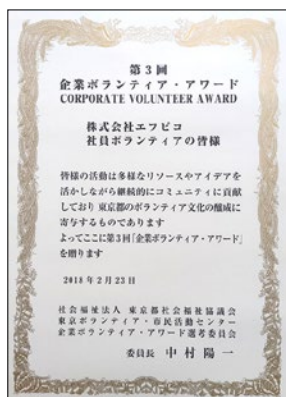
June 2021  
Eiji Togashi  
General Manager, Environmental  
Management Dept.



## Awards and certifications from national and local governments and various organizations



Sports Yell Company  
Certification



Corporate Volunteer Awards



Certified by the Tokyo Metropolitan  
Government as a company  
supporting barrier-free minds



FP Corporation was included in the Diversity Management Selection 100 list for FY2015 (Ministry of Economy, Trade and Industry). FP Corporation was highly regarded because it has human resources with disabilities who play active roles in the container manufacturing and recycling operations and contribute to the value of the entire company.

### 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 2018 from the Ministry of the Environment were used as a reference in preparing the report on FP Corporation Report.

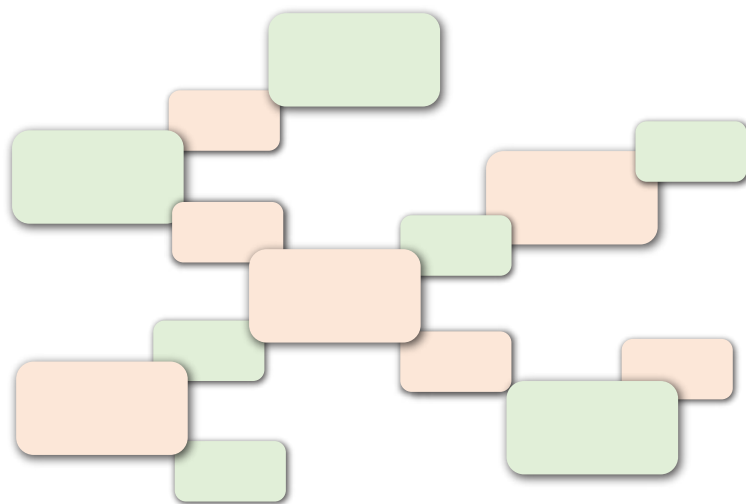
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Shinjuku Oak Tower 36F, 6-8-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-6036 Japan  
TEL: +81-3-5325-7809 FAX: +81-3-5325-7811 E-mail: Env-FP@fpco-net.co.jp Website: <https://www.fpco.jp/en/>





## FPCO Report 2021



**FP CORPORATION**

Fukuyama Headquarters: 1-13-15 Akebono-cho, Fukuyama, Hiroshima, 721-8607 Japan

TEL: +81-84-953-1145

Tokyo Headquarters: Shinjuku Oak Tower 36F, 6-8-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-6036 Japan

TEL: +81-3-5320-0717

Osaka Branch: Dai Building Main Tower 22F, 3-6-32 Nakanoshima, Kita-ku, Osaka, Osaka, 530-0005 Japan

TEL: +81-6-6441-2468

Sales Offices: Sapporo, Sendai, Niigata, Shizuoka, Hokuriku, Nagoya, Hiroshima, Shikoku, Fukuoka

■ Website: <https://www.fpc.jp/en/>

■ E-mail: [Env-FP@fpc-net.co.jp](mailto:Env-FP@fpc-net.co.jp)

