

# FP Corporation Report 2018



FP CORPORATION

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社訓  
責任  
自信  
和  
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健康  
（かま）

The Guiding Precepts of FP Corporation Left by our Founder Yasuhiro Komatsu



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- 
- The background of the page is a photograph of a building's exterior wall. The wall is composed of horizontal wooden slats. In the center-right, there is a large, three-dimensional logo of FP Corporation, which consists of stylized, interlocking loops. Below the logo, the words "FP CORPORATION" are mounted on the wall in large, white, three-dimensional block letters. The lighting is warm, suggesting an indoor or shaded outdoor setting.





## FP Corporation's Commitments

Through the manufacturing and sale of food containers:

### FP Corporation forges links between people, society and the environment.

The food container manufacturing and sales businesses of FP Corporation incorporate recycling activities to preserve the global environment pursued in cooperation with consumers, distributors and sellers, and businesses that utilize human resources with disabilities. In addition to connecting people with one another in various culinary scenarios through the use of food containers, through our business activities we aim to help create and share prosperity by forging links between people, society and the environment, and putting our values into practice across each of these aspects.





## FP Corporation's Hands-on Approach and Customer-First Concept in the Manufacturing and Sale of Food Containers

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 putting the customer first and taking a hands-on approach. By continuing to consider what is important and what is required where food containers are used, sold, manufactured, stored, transported and delivered, we continue with unflagging efforts to make progress. As a result, these efforts are directly linked to achieving our operating target, to "reliably deliver products of the highest quality at the most competitive prices whenever they are needed."





# Corporate Profile

## Company Profile

Corporate name: FP CORPORATION  
 Established: July 1962  
 Representative officer: Morimasa Sato, President  
 Capital: 13.15 billion yen  
 Number of employees: 813 (FP Corporation Group: 4,529)  
 Business outline: Manufacturing and marketing of disposable food containers made of polystyrene and other compound resins; marketing of related packaging materials

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

Tokyo Headquarters: Shinjuku Oak Tower 36F, 6-8-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, Japan 163-6036  
 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 Fukuyama Co.
FPCO Yamagata, Ltd.	FPCO Kannabe, Ltd.
FPCO Sagae Co.	FPCO Saga Co.
FPCO Ibaraki Co.	FPCO Nango Co., Ltd.
FPCO Shimodate, Ltd.	FPCO Kagoshima Co.
FPCO Chikusei Co.	FPCO Ducks Co.
FPCO Chubu Co.	FPCO Ai Pack Co.
FPCO Toyama Co.	FPCO Gravure Co., Ltd.
FPCO Kasaoka Co.	FPCO ALRight Co. Ltd.
FPCO Minoshima Co.	Nishinihon PET-Bottle Recycle Co., Ltd.



Chubu Eco PET Plant



Fukuyama Recycling Plant

### Logistics

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



Hachioji Distribution Center

### Sales, Others

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



# Main Products Manufactured and Sold by FP Corporation

## Foamed Products

Products made of polystyrene. It is common to put fresh meat and other food on foam trays and wrap them before they are sold. They are commonly seen as containers for sushi assortments and bento meals.



Meat

FP Corporation meat trays are one of our standard products. They are so versatile that they meet a variety of needs at selling spaces.



Sushi

These containers are standard FP Corporation products used for selling sushi, from individual- to family-sized portions. We offer a wide variety of colorful containers that make special days even more memorable.



Lunchboxes

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

## High Function Products

We also manufacture products specially designed to exhibit high functionality, such as heat or cold resistance, oil resistance, acid resistance, high transparency, and utilization of multiple functions.



Microwavable containers

FP Corporation has a large range of microwavable containers, similar to those used in convenience stores around Japan. Some of them are made of a material that prevents them from becoming too hot to hold.



Containers with inner trays

A three-piece-container suitable for a combination item, in which the upper-layer container could be used for the main dish and the bottom container could be used for rice or noodles. Ideal for rice bowl varieties and noodle dishes.



Screw-top containers

Not only for food products, these multi-purpose containers are used to hold a wide range of accessories. Since they are transparent and airtight, their applications are wide-ranging.

## Transparent Containers

This product is used in a large number of applications such as the lids of food containers. Transparency means that the content can be seen from the outside. This simple feature provides consumers with the safety and reassurance they seek.



Fresh fish

Lidded transparent trays are used for sashimi and other value-added products. These products offer improved presentation efficiency while preventing product deterioration.



Fruits and vegetables

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



Confectionery

These containers are used for Japanese confectioneries such as sweet dango dumplings, steamed manju buns and sweet azuki bean jelly, as well as for dried fruit and other snacks. Shaping the container based on the products' form means these containers help preserve the products' shape.

## Other

We manufacture and sell egg cartons, bag-shaped packages, and many different containers and packages indispensable to food distribution.



Paper containers

These lidded containers for packed lunches and takeout food are made from paper. They can be used for different kinds of dining situations, such as for enjoying meals in Japanese ambience.



Eggs

FP Corporation also manufactures transparent egg cartons. These are recycled products made from recycled PET materials.



Film products

We also supply wrapping film for vegetables, fruit, fresh flowers, and many other uses. Customers appreciate this for the level of convenience, since they can see the freshness of the product and wrap products of any shape.

The comprehensive practice of value creation and sustainable development

# FP Corporation's Business Style

Morimasa Sato,  
President

FP Corporation employs the style of recycling and linking its businesses to create value.

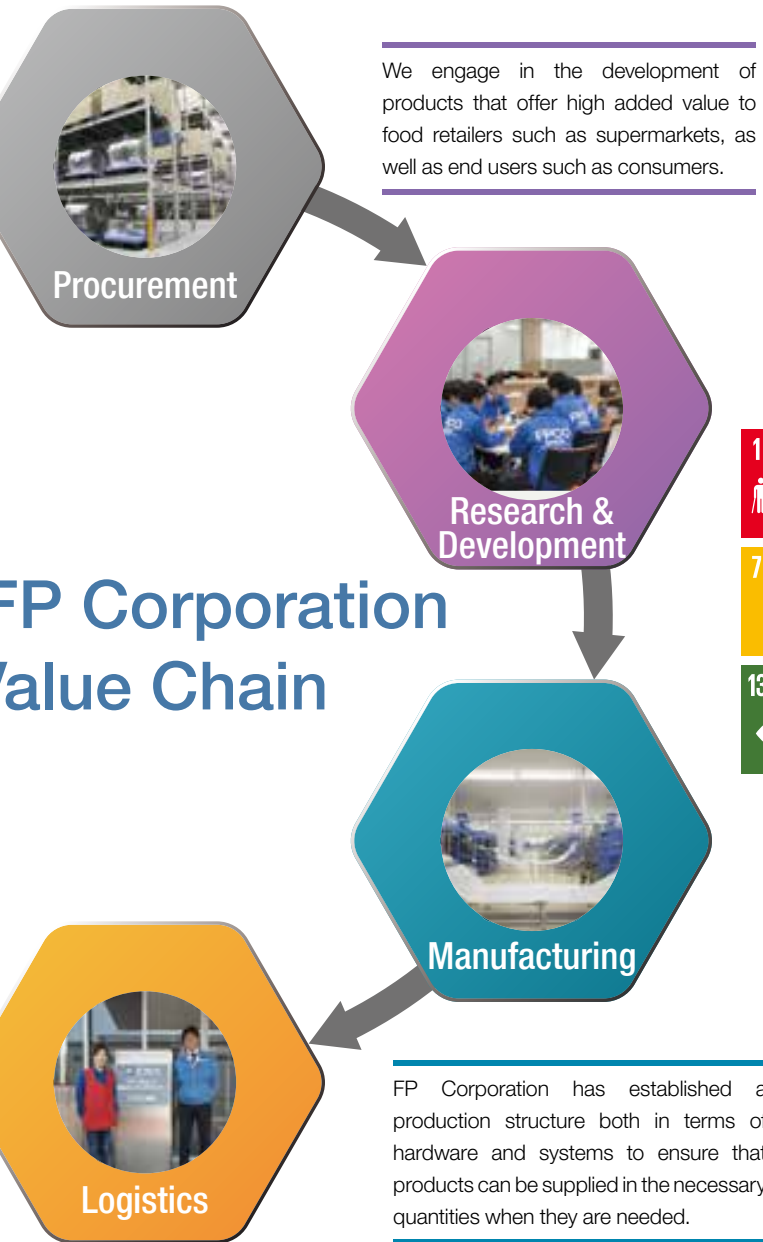
We bring together consumers, distributors and sellers to form a cooperative structure that drives a cycle of product recycling across society as a whole.



We carry out proposal-oriented sales in collaboration with customers such as food manufacturers and supermarkets and continually provide new ideas.



Recognizing the importance of procurement, as well as considering ways to achieve a low-carbon society, as a resource producer we also produce recycled products from terrestrial resources.



# FP Corporation Value Chain

Food containers have become an essential part of modern Japanese eating habits. The food trays and containers we manufacture at FP Corporation ensure that fresh and delicious foods make their way from food manufacturers to consumers' tables through supermarkets and other retailers on a daily basis. Although food containers fulfill the essentially simple role of packaging food for transport, they incorporate countless features that provide function and convenience. Modern containers are packed with innovations that consumers generally take for granted, including hygienic considerations, resistance to heat and cold, oil and acid resistance, support for microwave heating and ease of stacking for convenience when placing products on shelves. Another feature of FP Corporation's products is environmentally friendly containers that can be recycled and used multiple times instead of acting as disposable food containers.

## SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Extract from the United Nations Information Centre

**FP Corporation's value chain creates social value consistent with the Sustainable Development Goals promoted by the United Nations. See pages 35 to 36 for details.**

In this way, while continuing to produce products that are valuable to society as a whole lies at the core of FP Corporation's business, in the course of pursuing business activities while iterating and developing that value chain, we connect with the stakeholders that relate to the business in various ways. To produce value in terms of product convenience, we engage in in-depth communication primarily with supermarkets and convenience stores to share knowledge, and have formed a large circle of cooperation involving packaging material wholesalers, distributors, consumers and local governments to collect used containers for recycling. While FP Corporation may not be visible to consumers on the surface, they are linked with us when they place used containers in supermarket collection boxes. As we expand our business, we forge links with various stakeholders and create value by forming a large cycle of cooperation. This is the unique business style of FP Corporation.

We strive to manufacture products in a timely fashion and delivery them to customers with minimal environmental impact, and also contribute to product recycling by utilizing returning trucks to collect used containers.

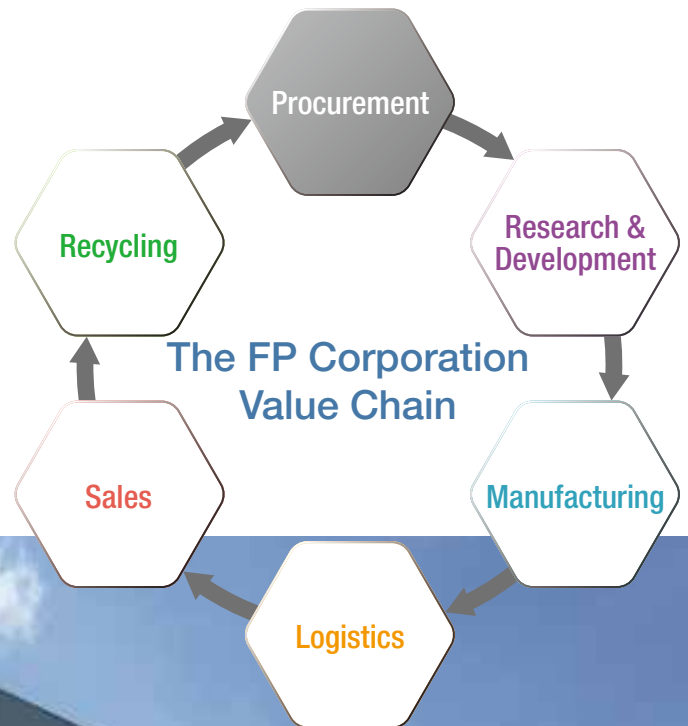
# Procurement



## FP Corporation's Recycling-oriented Value Creation

Procurement is the starting point of recycling-oriented value creation and in terms of environmental impact, accounts for around half of CO<sub>2</sub> emissions. This is the most important phase.

From the perspective of CO<sub>2</sub> emissions, the procurement of the raw materials needed to manufacture food containers accounts for around half of their environmental impact throughout the product lifecycle. In that sense, selecting raw materials with the least environmental impact enhances the significance of value creation in the value chain thereafter. FP Corporation recycles used containers back into raw materials during the final recycling phase of the value chain. In this way, we also act as our own supplier to fulfill the role of a raw material manufacturer. Today, the percentage of raw materials procured by way of recycling is steadily increasing. Linking the final phase of the value chain with the starting point of procurement completes FP Corporation's process of recycling-oriented value creation.



PET materials manufactured by recycling used PET bottles are utilized as a valuable terrestrial resource.



“What we can do for the Earth. FP Corporation is continually mindful of the importance of what it can and should do as a manufacturer and of its responsibilities in this regard.”

The raw materials, goods and products used in the course of business activities are procured through a long supply chain that spans from the mining of resources to their processing, manufacturing and sale. As a business operator, FP Corporation is responsible for procuring products and services that give consideration to environmental pollution, human rights issues and other concerns in that process. The FP Corporation Group has established a CSR Procurement Policy based on the FP Corporation Action Charter and promotes consideration for the environment and society in its procurement activities.



**Osamu Fujiue**  
Operating Officer, General Manager of  
Direct Material Purchasing Department

## FP Corporation's CSR Procurement Policy

### 1. Quality Standard

In providing high-quality products 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 co-existence 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.

## Ensuring the Safety of Raw Materials

As food containers made from plastic are used in a way that puts them in direct contact with foods, various safety-related standards have been established, including the Food Sanitation Act, Food Safety Basic Act and voluntary industry standards. FP Corporation ensures the safety and hygiene of its food containers through its compliance with national laws and regulations, official standards, more stringent voluntary standards established by the industry, and its own regulations. The Eco APET recycled raw material plant has obtained a "No Objection Letter" (NOL) from the United States Food and Drug Administration (FDA), a worldwide authority on safety standards.

### ● Eco Tray / Eco APET Guidelines

In accordance with the Guideline for Safety Assurance in the Manufacture, etc. of Food Utensils, Containers and Packaging set forth by the Ministry of Health, Labour and Welfare, FP Corporation has created internal guidelines based on the four basic principles described below, and operated accordingly since 2003.

1. Source Control: As a general rule, sources are limited to synthetic resins used for food that have been separately collected for the purpose of recycling.
2. Preventing the Unintentional Mixing of Food with Contaminants: Limitation on collected items, sorting, recycling process such as cleaning, virgin film laminating, restriction on usage conditions
3. Proper Control of the Recycling Process and Thermoforming Process
4. Consistency with the Standards of the Food Sanitation Act: From when eco trays were first launched on the market in March 1992, testing according to standards established in MHLW Ministerial Notification No. 370 has been conducted by a public agency for each recycling plant.

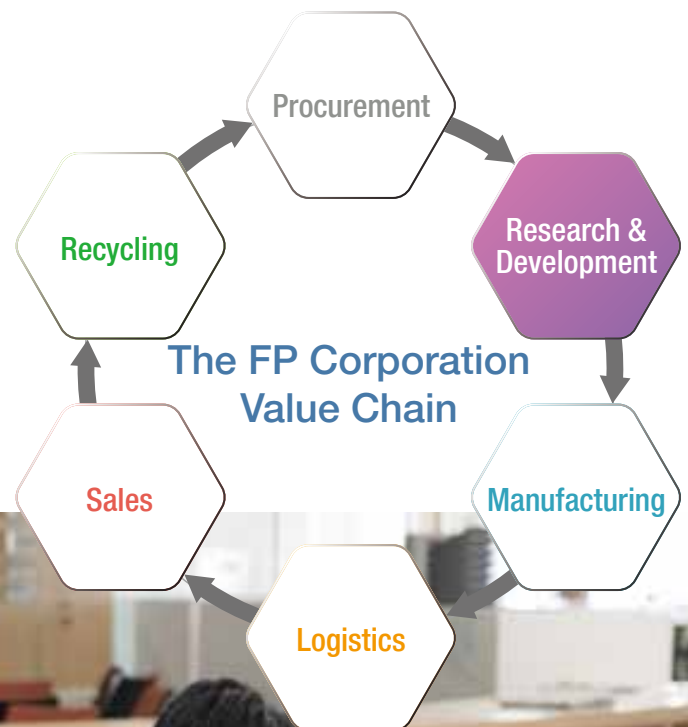
# Research & Development



## FP Corporation's Recycling-oriented Value Creation

In addition to developing the containers required by food retailers such as our supermarket customers and general consumers, we produce the products that are needed in local communities and that are eco-friendly.

As a food container manufacturer, FP Corporation provides value to society by way of the many advantages that containers offer. FP Corporation develops containers that offer advantages to each stakeholder, from food manufacturers to the companies that transport the food, the distributors who sell it and the end users who consume it. We offer convenience to all stakeholders that make use of containers and also provide utility to society by reducing the environmental impact the containers have. Product development is a driving force behind the growth of FP Corporation, and also represents a force that strongly propels the value chain.



Each day we continue the steady process of sharing and verifying ideas.



## ■ The Various Forms of Convenience Offered by FP Corporation's Products ■

Preventing spillage and sliding: Foods can be transported in a stable condition

Heat and cold resistance and heat insulation: Packaging does not become deformed in high and low-temperature environments, and foods are maintained at their optimum temperature

Reduced operational costs: Packages can be put on shelves at the point of sale in a short time. Convenient storage even in back storage rooms

Microwavable containers: Foods can be heated in a microwave while still in the container

Food presentation: Helps express the deliciousness, freshness, color and flavor of foods

Environmentally friendly: Containers can be collected after use for recycling

Developing products is a way to give shape to convenience and utility. Achieving this difficult task creates product value.



**Hiroyuki Muraoka**

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

Product development is a joint effort of the Product Development Planning Department, which strives to understand what customers want, and the Research and Development Department, which gives shape to those ideas. The Product Development Planning Department fields requests from sales staff who have direct contact with customers to relay information about specific containers they require. This department handles the so-called soft aspects of development to fashion conceptual containers that incorporate the functions to satisfy marketing requirements. Next, the Research and Development Department fulfills a technical role by designing products that turn the desired conceptual container into tangible form. Turning customer ideas from requests into tangible form is never an easy task. While some requests are accommodated through minor changes, others necessitate reviewing the materials used or a complete about-face approach. While it can take from two months to more than half a year to develop a single product, FP Corporation carries out hundreds of model changes (creating new molds) a year and produces thousands of new products, including designs from the same mold.



## High Added Value Produced by Products Made from Original Materials

With increasingly diverse foods and lifestyles, food containers also need to incorporate a wide range of functions. FP Corporation seeks to understand these customer needs as soon as possible and develop products that use original materials with functions that keep it ahead of the curve.

### Multi FP (FP Corporation Original Sheet Product)

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



### Multi SD (Solid Material Product)

This product features excellent heat resistance making it suitable for microwave heating (110°C). As this is a non-foam material offering superior formability, designs featuring sharp, complex forms can be created. Another benefit is the small amount of space taken up when the product is stacked.



### Transparent PP

These transparent containers feature excellent heat and oil resistance. Even when heated in a microwave, the container is resilient against deformation. Hot prepared food can be heated as-is in a microwave without having to transfer it to a dish.



### OPET (Biaxially Oriented PET Product)

By stretching the PET material vertically and horizontally (biaxially) to align the molecules, the strength and heat resistance of the container is enhanced. In addition to oil resistance, the transparency is maintained and the conventional 60°C heat resistance of APET material is increased to 80°C. Thermoforming of this material sheet into food containers was developed by FP Corporation as a world-first.



## User-Friendly Design

All of our products are meticulously designed with consideration given to ease of use and how users intend to use the containers. This is part of our effort to maximize the value offered by each product.

### Wide Upper Surface and High Transparency

By widening the upper surface of the lid and employing a material with high transparency, the contents can be clearly seen.



### Innovations to Make Lids Easier to Open

We adopted a design that makes it easy to see where to open the lid, and developed a shape that can be easily opened.

### Preventing Contents from Sliding

We created an uneven surface across the base of the container to prevent the food from sliding during transportation.

### Liquid Spillage Prevention

When the contents include a product that contains liquids, adding ribs to the lid prevents liquid from spilling out of the container.

## Effects of CO<sub>2</sub> Reduction through Environmentally Friendly Products

The Eco Tray and Eco APET (transparent container) are environmentally friendly products developed by FP Corporation. FP Corporation began selling the Eco Tray in 1992, and the Eco APET in 2012. Pellets and flakes are manufactured from collected used containers and PET bottles and are used as raw materials to manufacture new products. Two environmentally friendly products, the Eco Tray and Eco APET, make significant contributions to reducing CO<sub>2</sub> emission, achieving cuts of 30% compared to products made from virgin materials.

### Eco Tray

Products made from recycled Foamed SP (foamed polystyrene) collected from supermarkets, etc. These containers are commonly used in the sale of ingredients such as meat, fish and vegetables. These are recycled containers that can be recycled multiple times.

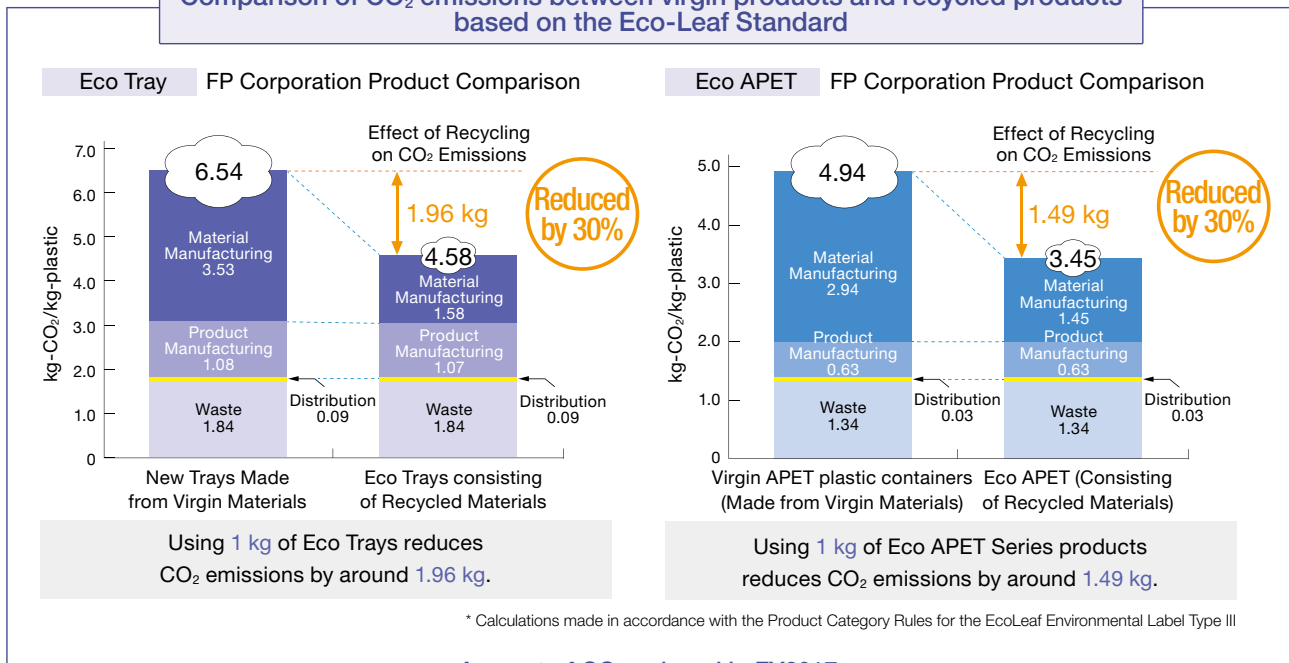


### Eco APET / Eco OPET

Transparent containers and PET bottles collected from supermarkets and other locations are recycled and then restored into transparent containers again. The material is used in clear clamshell containers and lids.



Comparison of CO<sub>2</sub> emissions between virgin products and recycled products based on the Eco-Leaf Standard



Amount of CO<sub>2</sub> reduced in FY2017

Approx. 113,000 tons

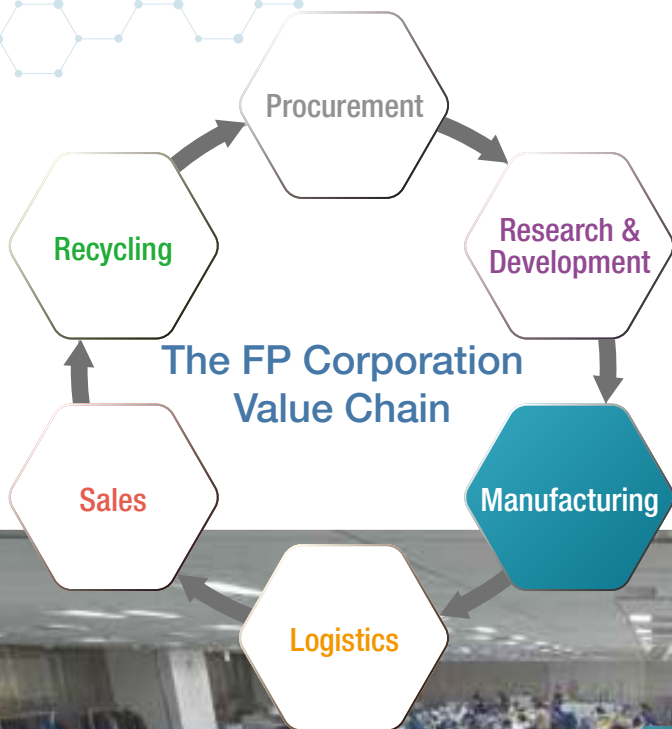
If our customers, such as supermarkets and other retailers, choose environmentally-friendly products, the amount of CO<sub>2</sub> emitted by society as a whole will fall significantly.

# Manufacturing

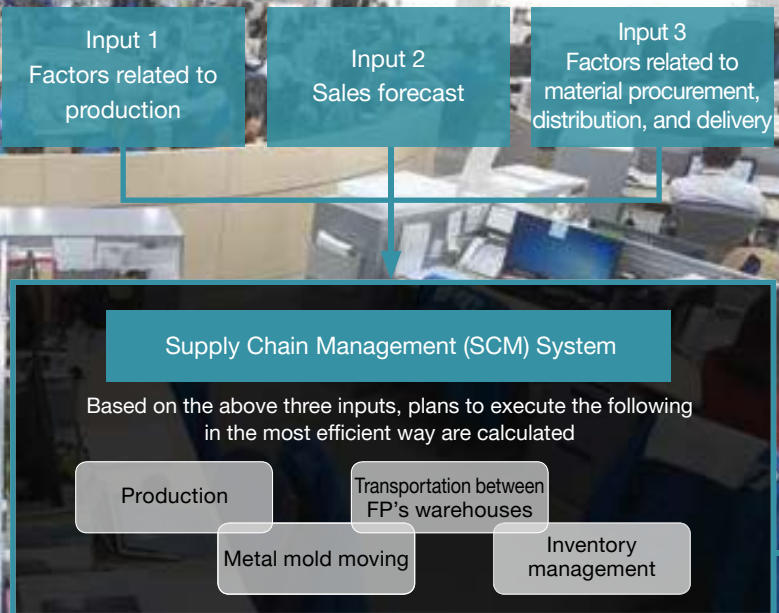
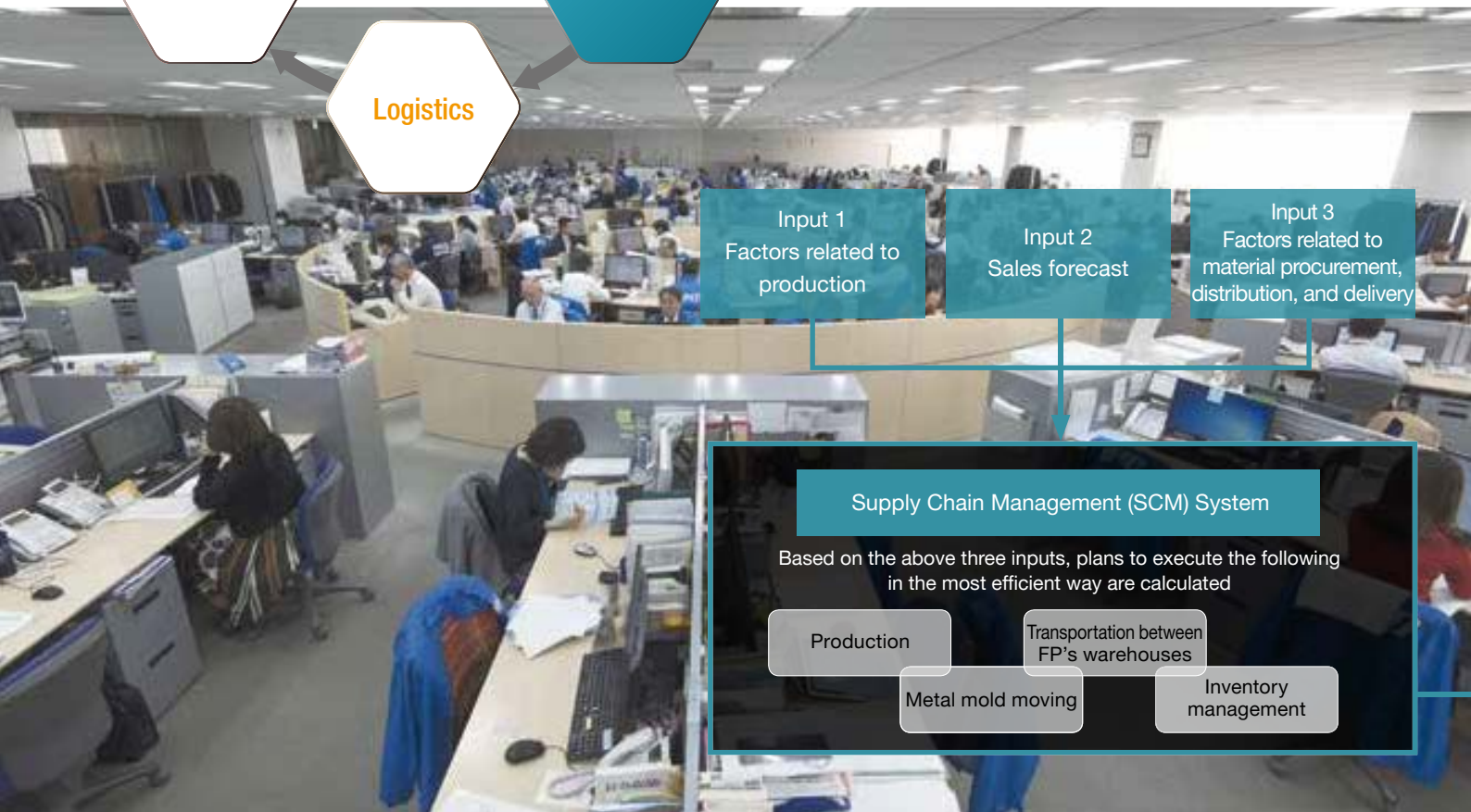


## FP Corporation's Recycling-oriented Value Creation

We have streamlined tasks across all processes and developed a production system to provide the required quantities when needed while also taking environmental concerns into account.



In processes involving the manufacturing of products based on designs created by the Research and Development Department, a wide range of aspects are considered. One of these is consideration for logistics in subsequent processes. FP Corporation formulates production plans to efficiently carry out manufacturing-related logistics activities, such as the movement of molds for product manufacturing and the delivery of manufactured products. Environmental considerations during manufacturing are another important concern. By pursuing efficiency and thoroughly eliminating waste, we make every effort to keep CO<sub>2</sub> emissions to a minimum. FP Corporation employs a Supply Chain Management (SCM) System to develop production plans that meet these criteria. SCM monitors the factors associated with every phase as a central control for FP Corporation's value chain to achieve production efficiency.







**Nobuyuki Nagai**

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

“FP Corporation’s production processes involve carrying out manufacturing according to plan while recovering from the subtle deviations from production plans that occur in the field at plants.”

FP Corporation’s production plans are developed based on a Supply Chain Management (SCM) System. SCM, which involves the creation of plans encompassing logistics associated with production and subsequent delivery, functions as the brain of FP Corporation. SCM performs the complex calculations needed to determine how much or how many of what items are available where, and how much of an item can be produced at what locations to achieve delivery. To prevent wasted production, SCM also develops plans incorporating sales predictions from sales staff and past sales results. Additionally, differences between the plans devised by SCM and the results following execution are verified by actual people in order to gradually refine the system. The core brain of FP Corporation’s value chain evolves each day through a hybrid of computer and human intelligence.



Products are manufactured at 19 sites nationwide based on the most efficient and least wasteful production and supply plans developed by SCM.

## 19 Plants Including Three Large-Scale Production Sites

FP Corporation manufactures around ten thousand types of products which are delivered to supermarkets, convenience stores and packaging material wholesalers around Japan. In consideration of timely deliveries, it is essential to establish production plants in proximity to consumption regions. FP Corporation maintains a total of 19 production plants. Of these, three are large-scale production sites which also incorporate recycling and distribution-related facilities in the Kanto, Chubu and Fukuyama areas. These production sites include recycling plants which recycle used containers into flakes and pellets and immediately use them to produce new products, achieving the ultimate in efficiency.



### 1 Sites Based at the Kanto Yachiyo Plant

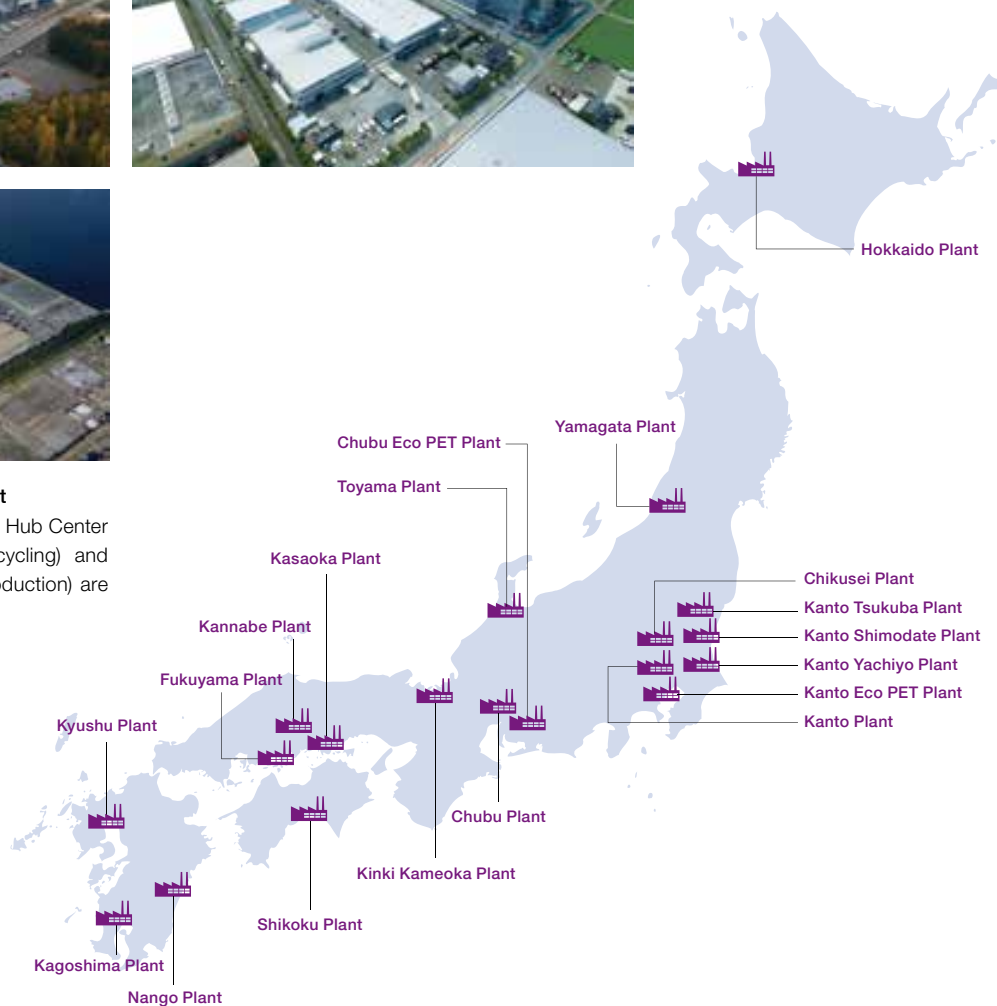
The Kanto Yachiyo Plant (production), Kanto Hub Center (distribution), Kanto Recycling Center (recycling) and Kanto Eco PET Plant (from recycling to production) are integrated on the same premises.

### 2 Sites Based at the Chubu Plant

The Chubu Plant (production), Chubu Picking Center and Chubu Distribution Center (distribution), Chubu Recycle Center (recycling) and Chubu Eco PET Plant (production) are situated adjacent to one another.

### 3 Three Sites Based at the Fukuyama Plant

The Fukuyama Plant (production), Fukuyama Picking Center / Distribution Center / Fukuyama Cross Dock Center (distribution) and Fukuyama Recycle Center (recycling) are integrated at the same site.



## Adoption of Robots Aimed at Stable Production to Deal with Labor Shortages



With the current labor shortages in Japan likely to become a serious issue in the future, FP Corporation is pursuing efforts to robotize as many tasks as possible. Boxing work that once relied on manual labor is now handled 24 hours a day by robots.

## Production Plans Utilizing the Skills of Employees with Disabilities

Many employees with disabilities work at two subsidiaries, FPCO Ducks Co. and FPCO Ai Pack Co. The work performed by employees with disabilities is divided into two types, the sorting of used containers and the manufacturing of food containers. Employees engaged in manufacturing work are responsible for products produced in small lots. Small-lot products that are not suited to production at large-scale plants, high-grade bento boxed lunch containers such as those sold in the basement food floor of department stores and products that are cumbersome to manufacture require a high degree of concentration and perseverance, and it is in these manufacturing tasks that employees with disabilities actively contribute.

Many of the plants at which employees with disabilities work are situated near sites containing plants engaged in mass production. By combining plants maintaining large-scale production systems with smaller plants able to accommodate small lot production, we are able to adapt flexibly to production requirements based on customer needs.

### [Production Plants Where Employees with Disabilities Work]

#### FPCO Ducks Co.

##### Container thermoforming and sorting of collected containers

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.

Hokkaido Plant      Chiba Plant  
Kochi Plant          Saga Plant

#### FPCO Ai Pack Co.

##### Container assembly and sorting of collected containers Urethane mats/ sticker applications

FPCO Ai Pack Co. is Japan's first profit-making corporation to be recognized as a place of business that provides **Type A Support for Continuous Employment** under the Services and Supports for Persons with Disabilities Act (current General Support for Persons with Disabilities Act).

Yamagata Plant      Ibaraki Plant  
Gifu Plant            Nishinomiya Plant  
Fukuyama Plant     Hiroshima Plant  
Saga Plant

#### Affiliate Organizations

##### Container Assembly

Work is outsourced to local **social welfare corporations**

Hachioji PW Plant



#### 1 FPCO Ducks Co. Chiba Plant

The employees carry out work cutting machine-formed foam trays. Only highly skilled employees engage in this work.

#### 2 FPCO Ducks Co. Kochi Plant

Machine-cut transparent containers are inspected and boxed. Speed and accuracy is required.

#### 3 FPCO Ai Pack Co. Fukuyama Plant

Inspecting a wood-like box-type high-grade bento box food containers. As the assembly requires manual work, high levels of concentration and technical skill are needed.



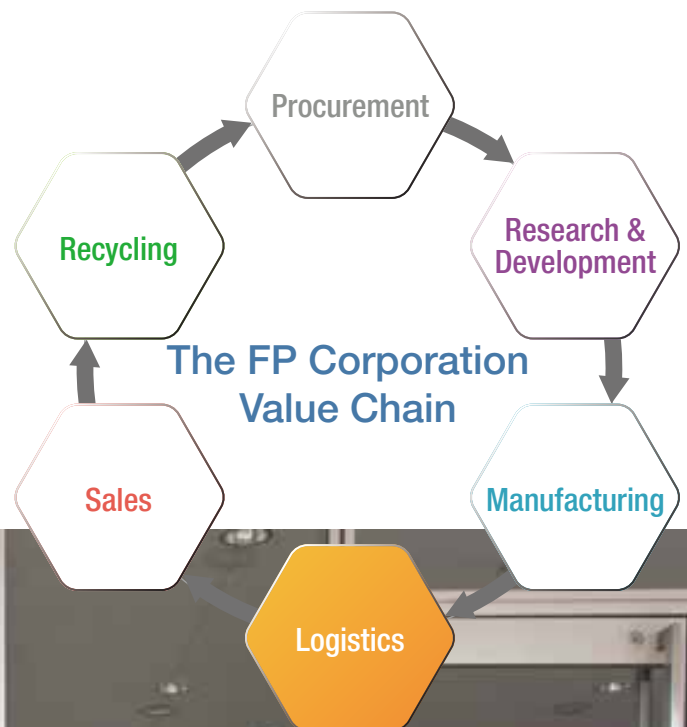
# Logistics



## FP Corporation's Recycling-oriented Value Creation

In addition to making it a common practice to deliver the manufactured products to customers in a timely fashion with as little environmental impact as possible, empty return trucks are utilized to contribute to product recycling.

Distribution is a key player in FP Corporation's value chain. FP Corporation delivers products and goods through its in-house distribution systems. As we run our own warehousing and delivery operations, there is a high level of freedom in how we operate, allowing us to customize plans and the work to be performed based on the purpose. The manufacturing and sales businesses play seamlessly linked roles on account of our manufacturing plants and distribution centers being arranged next to one another. Moreover, since we operate our own delivery trucks, our distribution system completes the recycling business cycle with the collection of used containers. We operate a cyclical value chain where distribution activities link businesses with one another.



Establishing warehousing businesses (picking centers) and delivery businesses (distribution centers) in pairs is a standard of FP Corporation's approach to distribution.

### ● Picking Center (Warehousing Business)

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

### ● Distribution Center (Transportation Business)

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



Operating warehousing and transportation businesses in-house is the greatest feature of FP Corporation's distribution operations and provides significant advantages across the Group.



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

While it may be commonplace for regular manufacturers to entrust logistics to dedicated contractors, at FP Corporation we not only maintain in-house distribution operations but also a warehousing business to build up stock of manufactured products in preparation for delivery, and a transportation business to deliver them to customers. The greatest advantage this brings is the provision of better service to customers, and their high level of satisfaction as a result. The distribution business is a service business. Reliably delivering what our customers need, when they need it, is our most important task. In order to ensure the quality of service, we need to control every aspect of the process in-house. We formulate logistics plans internally, transport the products ourselves, and verify the details of those operations with our own eyes. We also conduct monitoring for improvement purposes and reflect feedback in a convincing fashion. This unique distribution business pursued by FP Corporation is a key player in creating value across the entire FP Corporation Group.



## Achieving More Sophisticated Efficiency Improvements through an In-house Logistics System

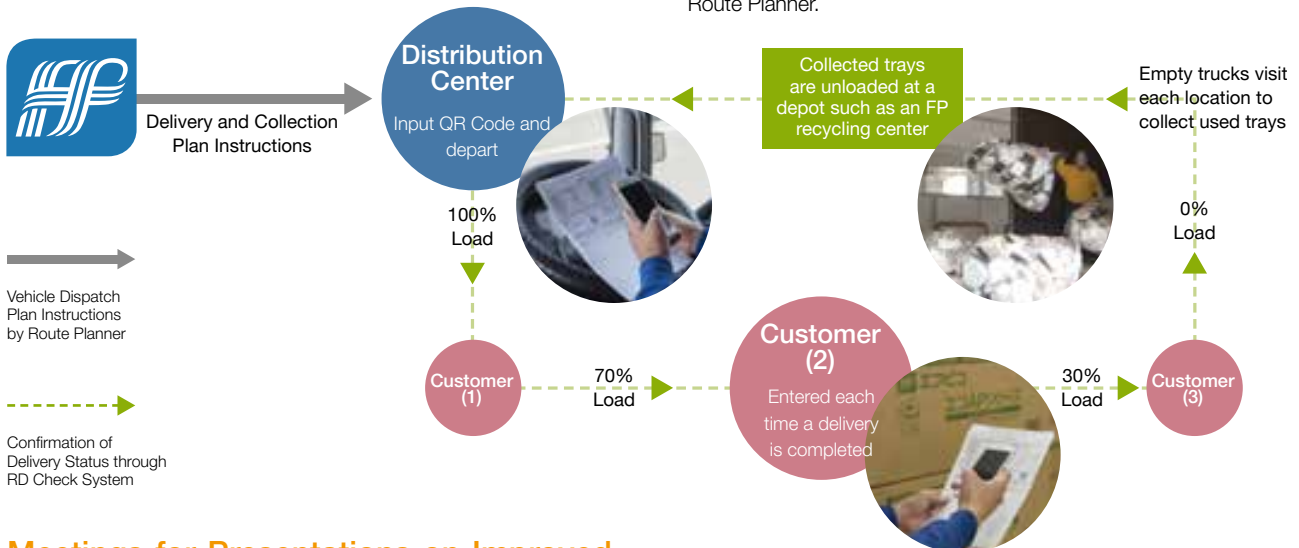
As our logistics system only delivers the goods and products handled by FP Corporation, we are able to formulate logistics plans with a high degree of freedom. Using our unique system, 85% of deliveries arrive with an accuracy of within 15 minutes of the scheduled delivery time.

### Route Planner

Using data on the past six months of deliveries as base data, we prepare the most efficient delivery routes to achieve accurate and reliable deliveries and formulate efficient delivery vehicle dispatch plans.

### RD Check System

Drivers scan QR codes to track shipping status from start to delivery as part of a real-time visualization system. The delivery result data accumulated by the system on a daily basis is used to produce feedback in the form of basic data for enhancing the accuracy of Route Planner.



### Meetings for Presentations on Improved Distribution

Each year, FP Corporation holds meetings for presentations on improved distribution where representatives from sites around Japan come together to share the various improvement measures being implemented on a daily basis. The meetings were held for the 7th time in 2017. The cross-organizational sharing of improvement measures and ideas is providing a force for greater efficiency, safety and improved quality in services and other operations.

### Emergency Power Generation Facilities

To deliver what customers need in the required quantities when needed, it is essential to develop an infrastructure that can react to emergency situations such as natural disasters. FP Corporation has established emergency power generating facilities covering 97% of its domestic inventory. This allows power to be supplied for up to 72 hours in the event of a disaster.



## Running Warehousing Operations with a System that Assembles Technological Aspects

### Cross Dock Center

At large-scale distribution centers with multiple warehouses on the same premises, multiple warehouses are linked through sorters to build up stocks at a single cross dock location. This eliminates the hassle of having trucks travel to each warehouse to load shipments multiple times, helping to significantly reduce the costs and time associated with shipping.



### Voice Picking

Through the audio picking system adopted by FP Corporation, staff receive instructions on what items to gather from machinery via headphones. This produces an eyes-free environment where workers can receive information by hearing even when their eyes are closed, and the information can also be instantly verified through a microphone. As this is a hands-free approach that does not make use of printed materials such as lists, staff concentration levels can be maintained at an extremely high level. As a result, this endeavor has produced outstanding results, with 0.5 mistakes per one million iterations.



Workers are directly relayed instructions on what is to be collected via headphones.

Responses confirming the instructions take place over the microphone. There are no complications in placing check marks in lists.

Picking work is conducted using both hands. As the work is carried out in a hands-free environment where both hands are free at all times, work efficiency is boosted considerably.

### Location Management System

FP Corporation employs a system that fills space by putting cases on free shelves, and later modifies them as needed to locations that can be retrieved easily based on shipping frequency. Through a system that offers a high degree of freedom by not fixing case placement locations, the time and effort when shipping can be streamlined. For FP Corporation, which operates some three million cases across the entire Group, this represents an essential system.



### Sorter System

When cases are relocated to truck berths to which cargo is loaded, the sorter system ensures that the necessary quantities are sorted in the correct quantities. The system can sort 6,000 cases per hour, allowing cases to be loaded onto several dozen trucks in a short time. Transporting cases without involving manual handling also reduces the damage to products.



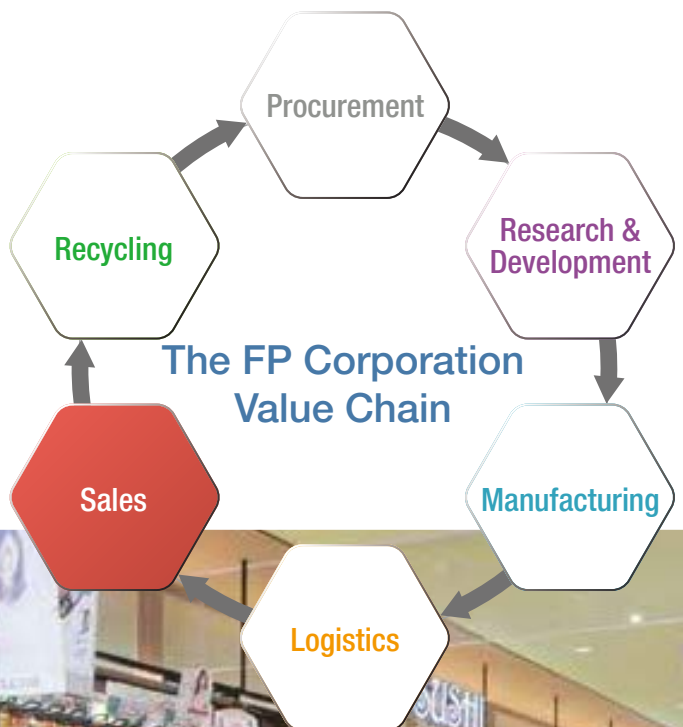
# Sales



## FP Corporation's Recycling-oriented Value Creation

We continually adopt the perspective of consumers and customers, and conduct suggestion-oriented sales in collaboration with food manufacturers and customers such as supermarkets.

Having all departments associated with business activities maintain the same sense of continuity is an essential part of creating recycling-oriented value. The sentiments that the Research and Development Department puts into its product designs begin with the sales staff who want those kinds of products, and the people who manufacture and deliver those products share the same sentiment. What is most important is that sales staff take on board the requests of customers and consumers. Based on the hands-on approach espoused by FP Corporation's founder Yasuhiro Komatsu, our sales staff visit at least a hundred customers each month. We believe the most important things we can do are to visit locations where the products we have made are being used, take in how they are being utilized, and learning what requests customers have and what are the prevailing trends in terms of food sales in the field. FP Corporation doesn't just look to make sales, but plays the role of accumulating information to create value.



Visits to sales location are daily routine to FP Corporation's sales staff.



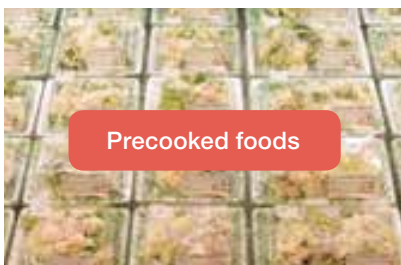
“Repeated visits to the front lines” have become a slogan of our sales team. The hints and answers we are looking for can often be found in the field, and these provide opportunities for more in-depth communication with our customers. This is the style that FP Corporation pursues.”

FP Corporation handles some ten thousand types of products. In addition to containers for prepared food, we deliver a wide range of containers that cater to various uses, from fresh fish, meats and cooked rice to noodles, sushi, vegetables, fruits and boxed lunches. Our sales staff continually monitor each of these uses and search for innovative ideas to be deployed at sales locations. The ideas they come up with trace back to the communication maintained with customers and food manufacturers. Ideas for improvements and new products don't just appear out of thin air; they come from conversations and listening to the people involved with food sales on a daily basis. The products that sell are those that offer value, and creating a product with value starts with understanding where that value lies. FP Corporation's approach is to learn about value, create it, and sell it.

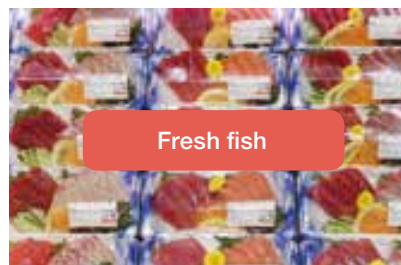


**Tomoki Takanishi**

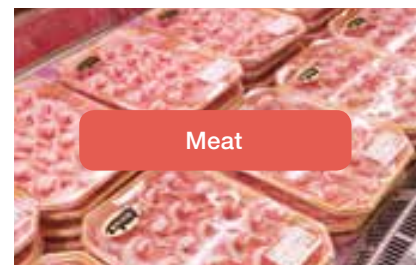
Executive Vice President and Director,  
Executive General Manager of Sales Division 2,  
and Supervisor of Sales Division 1



Precooked foods



Fresh fish

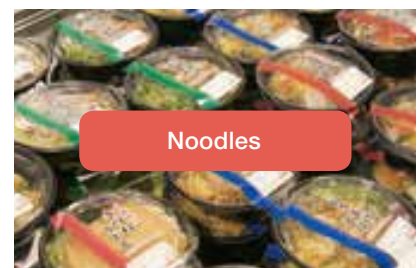


Meat

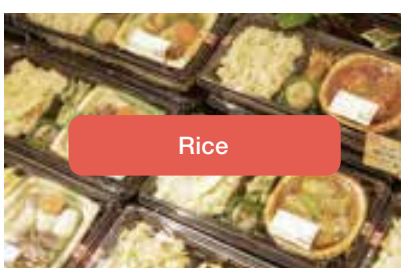


Vegetables and Fruits

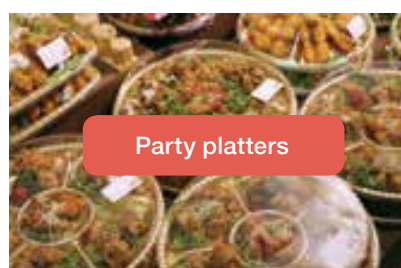
There are materials, shapes, colors and designs suited to each ingredient to create containers that hold different types of food. There are also different container specifications depending on how a container will be transported, stored, displayed, cooled and heated in a microwave. Without understanding the situation on the ground where the foods will be sold, we cannot present appropriate proposals.



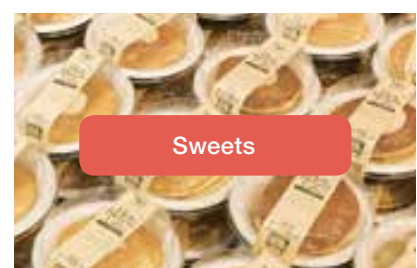
Noodles



Rice



Party platters



Sweets



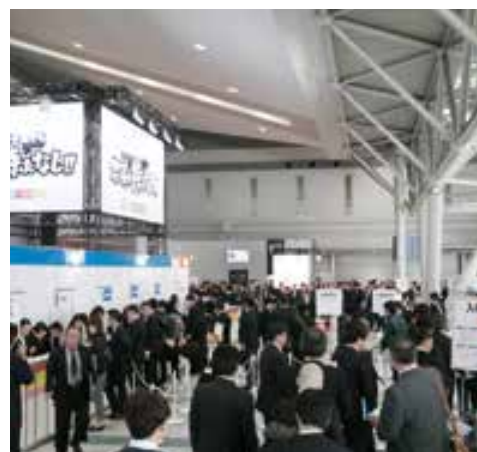
## ■ The FPCO Fair: A Compilation of Proposal-oriented Sales ■



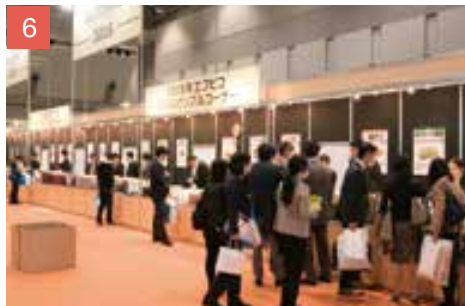
Practicing the idea of gaining intelligence from those on the ground, FP Corporation's production approach is based on substantiating the ideas obtained through close communication with its customers. We embrace the method of accumulating feedback and requests from customers when we sell products to propose various ideas for improvements. In short, this is "proposal-oriented sales." FP Corporation can make limitless suggestions, such as "using a container in this way is more convenient," "packing foods using this container lets you display more of them at the same time," or "if you use this container to create this sales display, you will attract the interest of shoppers."

As it is difficult to substantiate the ideas proposed from regular sales visits, once a year FP Corporation hosts the FPCO Fair, a comprehensive exhibition held at Tokyo Big Sight that lets customers experience our proposals by recreating sales locations such as supermarkets using exhibition venues with a wide amount of space.

Held over three days, the fair attracts some 15,000 visitors each year. Most of the attendees are retailers such as supermarkets. FP Corporation takes pride in offering an exhibition each year which combines all of its ideas, from how to select FP Corporation products by food type to how to pack and present foods, information on sales trends and how to develop sales floor displays under one roof, providing value to those who attend. In fact, the number of food retailers who attend has steadily increased each year, and the exhibition has garnered a favorable response from attendees.







- 1 Presentations are conducted at multiple locations within the venue to draw attention to the year's new products and other offerings.
- 2 The fair's greatest appeal is the display that recreates the supermarket selling space, letting visitors experience how FP Corporation's products are used.
- 3 Visitors are free to take photos, which will serve as a useful reference for them in the future.
- 4 Taste testing is another important element to the experience.
- 5 This valuable opportunity allows FP Corporation to engage in extensive communication with customers.
- 6 Product samples are distributed to visitors as they leave.

## Pushing Ahead with Co-Creation Sales Activities

As part of its proposal-oriented sales approach, FP Corporation collaborates with food manufactures (cut vegetables, rice-based products, processed meats, etc.) and vendors (prepared food and boxed lunch makers, etc.) to develop sales areas and create markets, which it promotes as a form of "Co-creation-based Sales." As the word "co-creation" suggests, FP Corporation works together with its partners to find the best match between the food (ingredients) and the containers that hold it, and conducts proposal-oriented sales targeting supermarkets and other customers. For example, in addition to fresh fish and vegetables sold at supermarkets, we propose hot-pot sets complete with a broth to be sold inside FP Corporation's containers, which can be heated as-is in a microwave. In this case, our partner is the seasoning manufacturer offering the broth. This kind of proposal gives supermarkets strong suggestions when it comes to selecting food materials, containers and working out selling approaches, and if the supermarket favors the details of the proposal, it can be put into practice right away. These co-creation sales activities offer significant advantages to customers in their sales and operations.



# Recycling

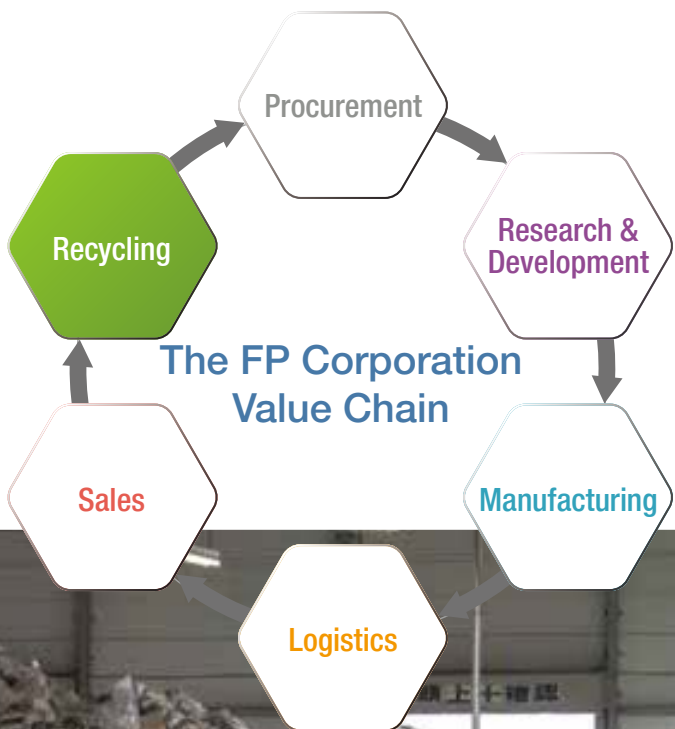


## FP Corporation's Recycling-oriented Value Creation

“We don't want to generate more waste by using disposable food containers.”

FP Corporation has taken the Japanese people's ubiquitous aversion to “waste” and turned it into a profitable business.

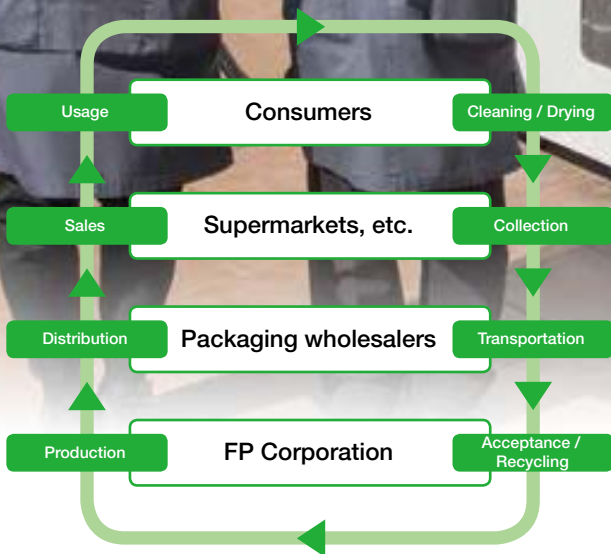
The business of recycling used containers drives the cycle of FP Corporation's value chain in powerful terms. Our job doesn't end when we sell our containers; by collecting used containers, we continue our involvement with a range of stakeholders thereafter. With the help of many people, we drive the process of recycling and recreate resources rather than disposing of them. Those resources are re-used to create new containers. By connecting recycling with the first step of procurement in the value chain, we add a new quality of dynamism to the cycle. The bonds between people formed by the recycling business supports the never-ending value chain of FP Corporation.



A large volume of used trays are delivered to FP Corporation's sorting centers around Japan each day.



## The FPCO Method Recycling Based on Collaboration between Four Parties



FPCO method recycling based on supermarket collection boxes was started in 1990. Three parties, namely consumers, sellers such as supermarkets and distribution contractors such as packaging material wholesalers joint with FP Corporation to drive the process of recycling based on collaboration between four parties.

FPCO method recycling was launched around 30 years ago.

Today, the program has been established as a corporate-led nationwide recycling system.



**Kimiko Nishimura**  
 Executive Director, Deputy Executive General Manager of General Affairs and Personnel Division  
 Supervisor of a special subsidiary pursuing business providing Type A Support for Continuous Employment  
 Supervisor of Environmental Management Department  
 Supervisor of Judicial Affairs & Compliance Department

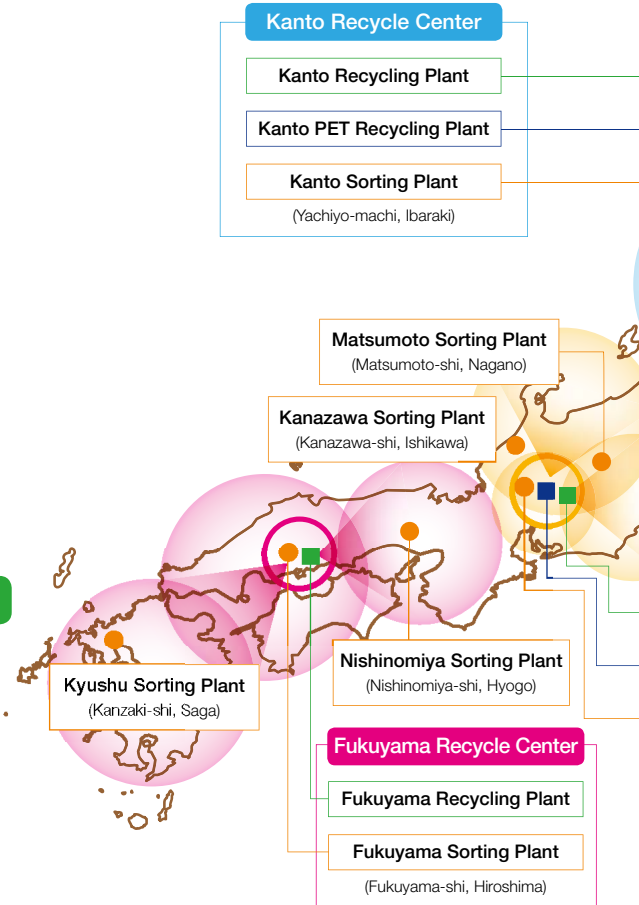
In the 1980s, the problem of waste handling by municipalities around Japan developed into a serious social issue. FP Corporation was among the first companies to address the problem with the launch of the FPCO method recycling in 1990. Today, used container collection boxes placed at supermarkets have become a common sight that we take for granted. These green boxes linking consumers with FP Corporation are the start of a large tray-to-tray cycle. Even so, the current used food tray collection rate has stalled at around 30%, necessitating further expansion of the movement. In contrast to subterranean resources such as crude oil, FP Corporation refers to used containers as “terrestrial resources.” With everyone’s help, FP Corporation will continue with significant steps to foster the process of recycling activities enabling the continued use of terrestrial resources.

## The Recycling Process Until Used Containers Are Transformed

It is likely that few people know how the food containers used in households end up being transformed into new containers. Let's see how the recycling system of collaboration between four parties is actually done.



- Tray Recycling Plants
- Tray / Transparent Container Sorting and Volume Reduction Center
- PET Recycling Plants



### Trays (left), transparent containers (middle) and PET bottles (right) delivered to recycling centers



They are sorted, cleaned, destroyed, stripped of impurities and subject to inspection at the recycling plant, and then transformed into recycled products.



**Eco Tray**

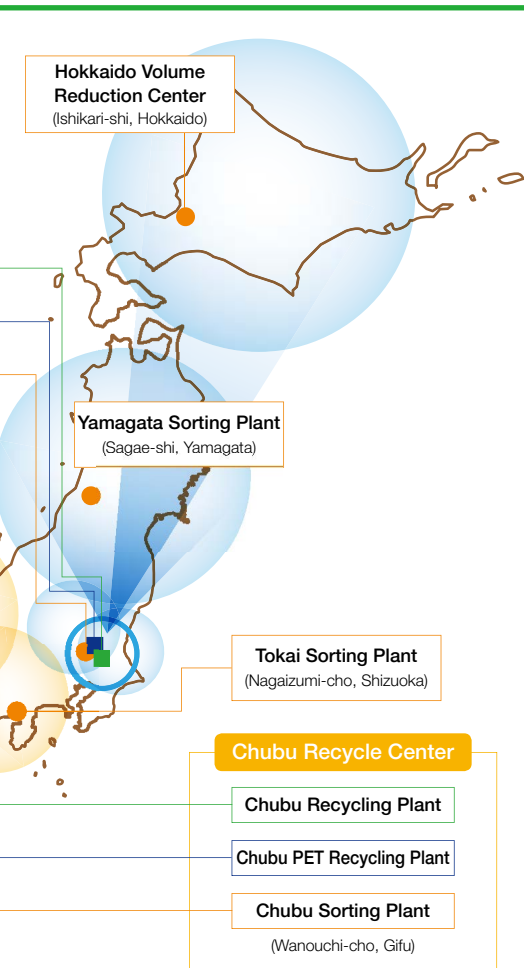
Eco Trays are marked with the Eco Mark.



**Eco APET**



## FP Corporation's Recycling Plant Tours



FP Corporation receives around 20,000 visitors each year for recycling plant tours. The visitors are wide-ranging, including educational institutions, consumer groups and local governments, and the tours provide insight into how the used containers gathered from the collection boxes at supermarkets and elsewhere are recycled. We encourage everyone to view for themselves the amount of valuable resources that can be produced from the used containers collected thanks to their cooperation. We look forward to welcoming you to one of FP Corporation's recycling plants.

### Application for Participation in Facility Tour

Plant Tour Schedule: Mondays to Fridays (except national holidays) from 9:00 a.m. to 4:00 p.m. (Excluding part of the facilities)  
Applications may also be submitted on our website.

<Recycling Plant> Visitors will see the process by which sorted containers are transformed into recycled materials.

Plant Name	Address	Contact:	Maximum Visitors per Group
Kanto Recycling Plant (Kanto PET Recycling Plant with integrated Kanto Sorting Center)	4448 Oaza Hiratsuka, Yachiyo-machi, Yuki-gun, Ibaraki 300-3561	Kanto Recycling Plant +81-296-48-0400	120
Chubu Recycling Plant (with the Chubu PET Recycling Plant and the Chubu Sorting Plant)	511-5 Aza Murahigashi, Nanba, Wanouchi-cho, Anpachi-gun, Gifu 503-0231	Chubu Recycling Plant +81-584-68-2041	60
Fukuyama Recycling Plant (Fukuyama Sorting Plant is attached)	127-2 Minooki-cho, Fukuyama-shi, Hiroshima 721-0956	Fukuyama Recycling Plant +81-84-957-2301	130

<Sorting Plants> Visitors can see the process of sorting containers collected from supermarkets and other stores

Plant Name	Address	Contact:	Maximum Visitors per Group
Yamagata Sorting Plant	162 Chuo-kogyo-danchi, Sagae-shi, Yamagata 991-0061	Yamagata Sorting Plant +81-237-85-3645	40
Tokai Sorting Plant	307-1 Hattanda, Shimonagakubo, Nagaizumi-cho, Sunto-gun, Shizuoka 411-0934	Tokai Sorting Plant +81-55-980-4571	20
Matsumoto Sorting Plant	2267 Shimadachi, Matsumoto-shi, Nagano 390-0852	Environmental Management Dept., Tokyo Headquarters +81-3-5325-7809	15
Kanazawa Sorting Plant	204-22 Kita, Fukumasa-machi, Kanazawa-shi, Ishikawa 920-0376	Environmental Management Dept., Tokyo Headquarters +81-3-5325-7809	15
Nishinomiya Sorting Plant	1-98-2, Hanshin Ryutsu Center, Yamaguchi-cho, Nishinomiya-shi, Hyogo 651-1431	Nishinomiya Sorting Plant +81-78-907-1288	45
Kyushu Sorting Plant	3032-1 Osaki, Kanzaki-machi, Kanzaki-shi, Saga 842-0015	Kyushu Sorting Plant +81-952-51-1028	50

### Tour Program Example (Total time: approx. 90 minutes)

1. Recycling Process (10 minutes) At the plant tour room, we explain the process of recycling food containers.
2. Recycling Processes Tour (30 minutes) Visitors can watch the entire process from hauling of the containers to turning them into pellets (raw material for trays).
3. Presentation (25 minutes) This is a detailed explanation of the food container recycling business FP Corporation performs.
4. Video Presentation (15 minutes) Visitors watch a video that summarizes the content covered in the presentation.
5. Q&A Session (10 minutes) We respond to visitors' questions.

### A plant tour at a recycling center underway



- 1 A presentation of FPCO method recycling conducted in the plant tour room
- 2 Touring a part of the process overlooking the entire recycling plant
- 3 Used containers being delivered to the plant
- 4 5 A close-up view of employees with disabilities manually sorting through the delivered containers.





The Ministry of the Environment established the Minister of the Environment Award for Promotion of 3R Practices in Containers and Packaging in 2006 to encourage 3R practices, namely reduce, reuse and recycle. FP Corporation won the highest prize in the Product Category in the inaugural award. FP Corporation was recognized for its efforts to promote cooperation with consumers in relation to Eco Tray production whilst also striking a balance between profitability and recycling.



The Eco Mark Awards are established by the Japan Environment Association Eco Mark Office. In 2011, FP Corporation was awarded the Gold Prize in the first year of the awards for FPCO Method Tray to Tray recycling initiatives.



The Eco First Commitment is a pledge made by leading industry companies to the Minister of the Environment to conduct voluntary environmental efforts, including global warming countermeasures and waste control and recycling measures. The FP Corporation Group formed an Eco First Commitment with the Minister of the Environment in 2011 and was certified as an Eco First Company that year.

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



Since 1998, each year the Minister of the Environment has honored individuals and groups for distinguished achievements in anti-global warming activities. In 2015, FP Corporation received an award in the category for implementing and disseminating countermeasure activities.

## Results of the Recycling Business and External Evaluation

Since its launch in 1990, FPCO method recycling has achieved increasingly significant results year after year. In 1992, there were 1,660 used container collection points, and by 2017 this number had grown to 9,147, which collection volume increasing almost tenfold over this period. Collecting used containers and using them as recycled materials produces various benefits. The immeasurable spillover effects include reduced oil consumption as a natural resource serving as a raw material in the manufacturing process, and reduced waste generation thanks to the recycling of resources. For preventing the exhaustion of natural resources and for preserving the global environment, FP Corporation is pushing ahead with the use of terrestrial resources through the recycling business.

FP Corporation's recycling program has also been recognized by the national government and various local municipalities. While FP Corporation first received an Environment Minister's Award for promotion of the 3Rs (reduce, reuse and recycle), it has since continued to receive accolades and certifications in this field, including Eco Mark certification and being recognized as an Eco First company. FP Corporation will continue to pursue its recycling business towards building a recycling-oriented society.



	Foamed Trays		Transparent Containers		PET bottles	
	Volume collected	Number of trays	Volume collected	Number of containers	Volume collected	Number of bottles
<b>FY2017</b>	6,161 tons	1,540.25 million	2,239 tons	223.90 million	46,862 tons	1,874.48 million
<b>Accumulated total (1990 to March 2018)</b>	138,643 tons	34,656.00 million	14,174 tons	1,417.40 million	170,289 tons	6,123.22 million

\* The calculation is made on the assumption that each foamed tray weighs 4 grams, each transparent container weighs 10 grams and each PET bottle weighs 25 grams. The estimated weight for PET bottles was introduced in FY2016. Before that, one PET bottle was estimated to weigh 30 grams.)

Global resources conserved by the end of Mar. 2018

Oil:  
613.77 million liters



Equivalent to around 3.07 million oil drums

Social expenses reduced by the end of Mar. 2018

Garbage collection:  
Approx. 66.4 billion yen



Equivalent to around 2.65 million collection vehicles

Amount collected by the end of Mar. 2018



Equivalent to the capacity of some 53 Tokyo Dome stadiums

## Employment of People with Disabilities as the Workforce for the Recycling Business

After used containers have been collected and delivered to a recycling or sorting center, they always need to be sorted by people. Employees with disabilities are responsible for this task, which requires a high level of concentration. FP Corporation has been employing persons with disabilities as the workforce for its recycling business since 2007. As of March 2018, around 180 employees with disabilities work in the heart of FP Corporation's recycling system.

When recycling foam trays, the collected trays need to be separated by color and pattern, and trays that are not appropriate for recycling as food containers also need to be removed. When recycling transparent containers, before the containers are sorted by a machine to determine their material, they are placed into a single line to remove non-conforming items, as with the process of recycling trays. In both of these processes, our employees with disabilities work as key players and achieve a high level of productivity.



1 Processing lane for sorting used foam trays. Each employee is placed in the right position in consideration of their innate qualities and disposition.

2 Trays flowing along at high speed are instantly sorted.

3 Single-file processing lane for used transparent containers. As they go about their work, the employees keep in mind various information about container types and non-conforming items.

4 The process of placing containers into a single line and removing non-conforming items requires concentration to be maintained for extended periods.



During on-site line work, employees place an emphasis on teamwork and maintain communication as they work. FP Corporation has developed systems to help employees with severe disabilities become accustomed to working for extended periods.



## Special Feature Kanto Eco PET Plant: Striving to Achieve a Sustainable Society

### A continuous line from used PET bottle recycling to Eco APET manufacturing

Like a modern-day fairy tale, this facility, created to turn people's dreams into reality, embraces the spirit of not wasting anything by creating food containers out of used PET bottles.

The Kanto Eco PET Plant integrates the three businesses of FP Corporation's value chain, namely procurement, manufacturing and recycling, in a single location. Combined with the adjacent Kanto Distribution Center, the location constitutes a large-scale site that also encompasses a distribution business.



In October 2017, FP Corporation's Kanto Eco PET Plant commenced operations in Yachiyo-machi, Yuki-gun, Ibaraki Prefecture. Situated adjacent to the existing Kanto Yachiyo Plant (production plant), Kanto Distribution Center (logistics center) and Kanto Recycling Center (recycling site), the Kanto Eco PET Plant plays a role as one of FP Corporation's large-scale sites that operates efficiently and without waste by producing goods from recycled used containers and distributing the goods thereafter.

What makes the Kanto Eco PET Plant revolutionary is how under one roof, we carry out the series of processes that involves recycling collected PET bottles into raw materials, producing material sheets, and using those sheets to produce Eco APET (FP Corporation's environmentally-friendly transparent containers). Expressed in a somewhat cartoonish way, when a used PET bottle that contained juice is thrown into a machine, a new transparent food container pops out. The Kanto Eco PET Plant is actually accomplishing this feat on a daily basis.







Most consumers probably don't realize that the various containers holding the foods laid out on supermarket shelves are recycled from PET bottles. But even if no one knows about all of ingenuity and effort that went into to produce just one food container, as long as it contributes to protecting the global environment, FP Corporation has fulfilled its hopes and aims.

Each year the Kanto Eco PET Plant produces approximately 20,000 tons of PET material in the form of recycled pellets. FP Corporation also maintains PET recycling plants elsewhere and produces around 50,000 tons of recycled raw materials for PET production annually across the entire Group. The Eco APET variety of transparent containers used at supermarkets and convenience stores are environmentally friendly products made from recycled used containers and PET bottles that achieve reduced carbon dioxide emissions. If even more recycled products can be produced efficiently from used containers instead of being disposed of, we can move closer to achieving a sustainable society. FP Corporation hopes that completion of the Kanto Eco PET Plant will bring it a step closer to achieving that goal.



- 1 Delivery of used PET bottles: the PET bottles are brought in in compacted form.
- 2 Pre-treatment process: the compacted PET bottles are taken apart and then broken into pieces after any foreign materials they contain have been sorted out.
- 3 Cleaning process: caps and labels are separated and the materials are washed in alkaline cleaning water to remove impurities.
- 4 Pelletization process: the materials are sent through a reactor maintaining a high-temperature vacuum over an extended period to remove volatile compounds.
- 5 Completion of food container-grade pellets: pellets of a grade sufficient for use in food containers are completed.
- 6 Sheeting process: Sheets that serve as the material for transparent containers are manufactured from the recycled pellets.
- 7 Molding and cutting process: Sheets molded into food containers are cut and finished into containers.
- 8 Eco APET: Eco APET, FP Corporation's original environmentally friendly transparent container.





The comprehensive practice of value creation and sustainable development

# ESG at FP Corporation

Rather than activities it feels compelled to undertake, a characteristic of FP Corporation's ESG efforts is that they are in many cases implemented naturally through involvement with stakeholders in the course of the recycling business. The elements of "Environmental" and "Social" in particular are deeply incorporated as a core of our business. FP Corporation has also taken note of the Sustainable Development Goals (SDGs) advocated by the United Nations and conducts activities with an awareness of the SDGs, which are aimed at more comprehensive social value creation compared with ESG.

## What is ESG (Environmental, Social and Governance)?

ESG is an acronym comprising the initial letters of the words "Environmental," "Social" and "Governance." The concept embraces the idea that for a company to achieve long-term growth, it needs the perspective of the three non-financial aspects represented by ESG. While various elements relate to ESG, some examples would be global warming countermeasures under "E," the empowerment of female employees under "S," and the composition of directors under "G."

- Dealing with climate change issues
- Reducing waste disposal and conducting recycling
- Proper management of pollutants ... and so on



- Contributing to regional communities
- Improving work environments
- Respecting diversity ... and so on



- Internal control
- Observing compliance requirements
- Risk management ... and so on





# SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



Extract from the United Nations Information Centre

## What are the Sustainable Development Goals (SDGs)?

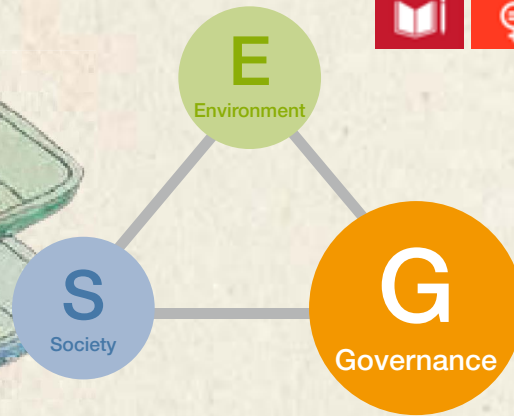
In 2015, a transitional year for the United Nations' development agenda, the UN Sustainable Development Summit was held from September 25-27 at the UN Headquarters in New York. Attended by more than 150 heads of state from UN member nations, the development agenda titled "Transforming our world: the 2030 Agenda for Sustainable Development" was adopted. The agenda set forth declarations and goal as an action plan for people, earth and prosperity. As successors to the Millennium Development Goals (MDGs), the Sustainable Development Goals (SDGs) are made up of 17 goals and 169 targets.

\* Extract from description published by the United Nations Information Center

FP Corporation's Value Chain (Related Businesses and Activities)	ESG	Main Related SDGs
<b>Procurement</b> <b>[Raw Material Procurement that Considers the Environment and Society]</b> - Establishment of guidelines for Eco Tray and Eco APET to establish safety - Provision of opportunities for fair and equitable participation incorporating respect for human rights, and the selection of procurement sources - Compliance with social norms and related laws, and the implementation of trusted activities	E S G	 → P. 9
<b>Research &amp; Development</b> <b>[Development of Environmentally Friendly Products]</b> - Development and provision of eco products that consider safety and suitability for recycling - Development and provision of products suitable for labor saving and improved efficiency in light of the needs of the times - Development and provision of products designed to reduce food loss	E S	 → P. 11
<b>Manufacturing</b> <b>[Reducing Environmental Impact in the Manufacturing Process]</b> - Further improvements to production efficiency and the effective utilization of SCM in an environmentally friendly manner - Promoting the replacement of plant equipment to improve efficiency - Further promotion of robotization to resolve social issues	E	 → P. 15
<b>Logistics</b> <b>[Developing Efficient Distribution Networks that Consider the Environment and Society]</b> - Establishing efficient delivery routes that use Route Planner and RD check systems - Improving business efficiency through improvement proposals and facilitating the development of a pleasant work environment for employees - Establishing business continuity by installing emergency power generating equipment at all sites	E S G	 → P. 19
<b>Sales</b> <b>[Providing Environmentally Friendly Products and Engaging in Fair and Equitable Trade]</b> - Further expanding sales of Eco Tray and Eco APET products - Actively taking part in regional communities - Promoting the use of systems designed to achieve a healthy work-life balance on the part of employees	E S G	 → P. 23
<b>Recycling</b> <b>[Establishing a Recycling-Oriented Value Creation Business Model in our Main Line of Business]</b> - Maintaining and continuing the FPCO Method recycling based on collaboration between four parties - Recruitment of employees with disabilities as the workforce for the recycling business - Activities to actively engage stakeholders in dialogue	E S G	 → P. 27



## Value Creation from a Governance Perspective



Organizational Management

Risk Management

Compliance

Relationships with Shareholders

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

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

FP Corporation maintains a dual head office structure between Fukuyama and Tokyo, and has installed video conferencing equipment in its meeting rooms.

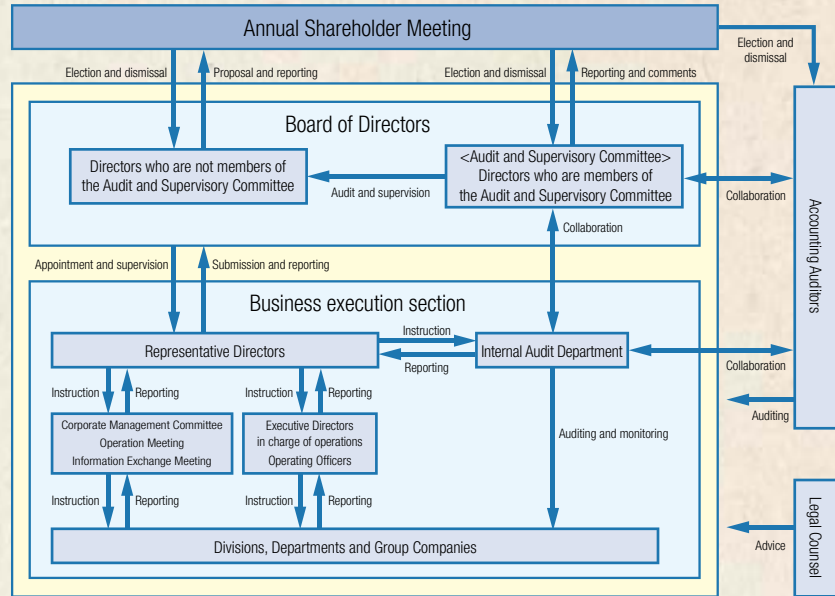


# Organizational Management

## Decision-Making Structure

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

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



## Human Resource Development and Internal/External Training

FP Corporation offers various training programs with the aim of developing the human resources that support the organization. Most of these programs are open to all FP Corporation Group employees, and are sometimes conducted in the form of exchanges with other companies.



### One-on-One Leader Training Sessions

Employees appointed to train others become responsible for the education of new employees as mentors for around six months to a year. While this is training to become a mentor, it is also designed for the leaders themselves to improve their teaching skills.

### Other Training

In addition to the program listed on the left, we conduct a range of other training programs including training designed to deepen mutual understanding between female managers and supervisors, training for managerial candidates, Accounting Department training to hone practical accounting and finance skills (above photo), and environment-related training sessions where participants learn about the creation of corporate value through the non-financial activities related to ESG and the SDGs. Additionally, once a year we conduct Hawaii-based training (below photo) attended by around 40 FP Corporation Group employees with continuous service of at least ten years, where we observe local supermarkets and engage in exchanges between Group companies.



### Next-Generation Training

This program is conducted for around half a year to develop the employees who will lead FP Corporation in the next generation. Under the theme "use your own head to think," this training is designed to develop employees who can make use of their own skills to find answers in today's rapidly changing business environment and adapt to changes.



### Cross-Industry Exchange Sessions

Under the theme of "learning different ways of seeing and approaching things through exchange with other companies," we also take part in joint training with companies from other industries. As we become familiar with our daily work, the ability to collect information can become blunted, and our actions may become less bold due to assumptions. The training is designed to impart a new awareness to combat these tendencies.





## Risk Management

### Responding to the Risk of Disasters and Accidents

FP Corporation has implemented measures to deal with natural disasters of unprecedented magnitude, such as the earthquakes, tsunamis, typhoons and large snowfalls that have frequently occurred in recent years, and to respond to the accidents that can occur along with them. All employees carry a “Disaster Handbook,” and in the event of a disaster, a safety confirmation system is activated. Emergency equipment such as helmets and evacuation supplies are in place at each workplace, and we also implement non-structural measures such as having employees become familiar with the orientation of the workplace to prevent human-initiated accidents.



- 1 Evacuation drills are regularly conducted at FP Corporation's plants and facilities to verify the action to take in the event of an emergency.
- 2 Given that multiple companies in the Group share the same premises and facilities, we have established Safety and Health Committees comprising safety managers from each company.
- 3 Emergency power generating equipment has been installed at facilities in various locations including the Fukuyama Headquarters.
- 4 Sea walls with an approximate height of two meters have been installed to provide protection from high waves and tsunamis at the FP Corporation premises at Minooki-cho, Fukuyama, which faces Fukuyama Bay.



### Responding to Product Quality Risks

Three of our production plants, the Kasaoka Plant, Kanto Shimodate Plant and Kinki Kameoka Plant have obtained ISO9001 certification, an international standard for quality management. At other plants, we implement PDCA style management in a continuous effort to improve quality.

### Responding to Information and Security Risks

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

#### ● Quality Policy

Placing the highest priority on customer satisfaction, we aim to create environmentally friendly products that can be used safely and with peace of mind.

We will establish the following items to ensure that the policy is implemented, maintained and continued.

1. We will accurately interpret customer requests, establish quality management systems able to respond to them, and invest management resources to promote, maintain and establish such systems.
2. To promote this policy, we will establish specific quality targets.
3. We will comply with related laws such as the Food Sanitation Act.
4. We will periodically review this policy to adapt to market changes and improvements, etc. at each plant in order to maintain its appropriateness.
5. We will disseminate and thoroughly enforce this policy through all available means of communication to ensure that it is understood by all employees.





## Compliance

### An Action Charter to Ensure Self-Awareness as an FP Corporation Employee

Based on our management principles, we have established the FP Corporation Action Charter to indicate how employees are expected to act, as well as the FP Corporation Normative Rules for Compliance in keeping with the spirit of the Charter. These codes of conduct reflect our policy of conduct that places the highest priority on compliance. Each code of conduct is posted to our internal network system, ensuring that employees can confirm their details whenever needed. Moreover, to raise awareness of compliance issues among individual employees and to urge them to take responsible actions, the Compass for Action is displayed where they can view it at any time.

## FP Corporation Action Charter

**We must comply with all laws, agreements, and company regulations as dictated by FP Corporation's management principles.**

**With high ethical standards and a sense of decency, we will strive to:**

1. Provide useful products, information and services to society and strive to gain and satisfy the trust of consumers and customers.
2. Contribute to the development of culinary culture by developing and providing products that show consideration for safety, consumer confidence and the environment.
3. Obtain the cooperation of consumers and customers to actively implement FPCO Method recycling (i.e. Tray to Tray and Bottle to Tray), perform extended producer responsibilities, and protect the global environment.
4. Compete fairly, transparently, and freely in all our business activities.
5. Communicate in multiple ways with our shareholders and product users and actively promote the fair disclosure of company information.
6. Respect human rights and personalities and provide a safe workplace environment that facilitates working.
7. Maintain sound and normal relations with the national government, local governments, and suppliers, and do not tolerate or give in to inappropriate or illegal demands of antisocial forces or organizations that trouble or threaten civil society.
8. Actively contribute to society as a good corporate citizen.
9. Observe the laws of each country where FP Corporation business is conducted, and respect its culture and customs.
10. Evaluate all management efforts for effectiveness and increase corporate value through streamlining and greater efficiency.
11. Work together to solve problems, determine their causes and prevent them from recurring if any event in violation of this Action Charter occurs.

### Measures and Programs to Observe Compliance Requirements

At FP Corporation, the Judicial Affairs & Compliance Department plays a central role in ensuring that the code of conduct takes root through collective training and the publication of "Compliance News." The department reports on the status of compliance observance as appropriate during information exchange sessions with directors, executive officers and the representatives of Group companies and also conducts reviews.

## Relations with Shareholders

### Constructive Dialogue and Appropriate Information Disclosure

To facilitate sustainable growth and enhanced corporate value over the medium to long terms, FP Corporation recognizes the importance of actively engaging its shareholders in constructive dialogue and reflecting the opinions and requests of shareholders in management. Apart from Shareholder Meetings and biannual briefings on financial results, we conduct individual meetings and facility tours, and seek to build trust with shareholders and form appropriate share prices by describing our medium-to-long-term management strategy and business activities in a more straightforward manner.

[https://www.fpcopl.com/en/en\\_ir/](https://www.fpcopl.com/en/en_ir/)

- Performance highlights
- Financial Data
- Press Releases
- Analyst Meeting (including video showing)
- Report on Shareholder Meeting
- Stock Information
- Electromagnetic Public Notice

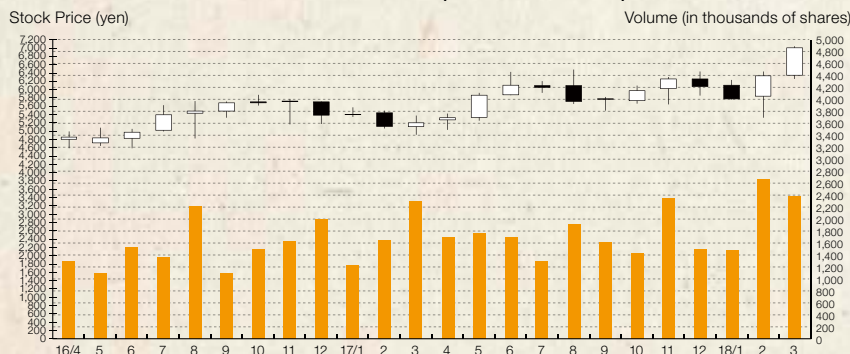


We also make every effort to disclose corporate information in a timely, appropriate, swift and fair manner, and make securities reports, brief announcements of consolidated financial results, financial briefing materials, press releases and other materials available in the Shareholder and Investor Information section of our website.

### Improving Corporate Value

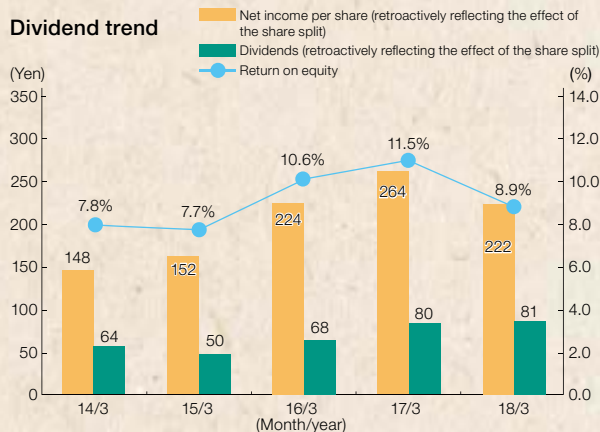
We conduct shareholder-focused management in accordance with three basic policies: creating superior products at competitive prices and delivering them to our clients when they need them. We plan to steadily carry out measures for group management to increase our corporate value and achieve our target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

Trend in Stock Price (TSE First Section)



### Continuously Stable Dividends

FP Corporation regards providing shareholders with an appropriate return on their investment as one of its most important goals. Our basic policy is to make continuous and stable dividend payments while increasing our profitability and improving our financial standing. Under this policy, we paid a dividend of 81 yen per share, including an interim dividend of 41 yen per share, in the fiscal year ended March 31, 2018. On April 1, 2014, FP Corporation executed a two-for-one stock split of its common shares.



Payout ratio





## Data Financial Summary

Term		52nd Term	53rd Term	54th Term	55th Term	56th Term
Year and Month of Financial Results		Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018
Net sales	(Million yen)	161,121	164,918	170,292	172,858	173,580
Ordinary income	(Million yen)	10,054	10,106	14,027	15,742	13,548
Profit attributable to owners of parent	(Million yen)	6,137	6,329	9,294	10,953	9,178
Comprehensive income	(Million yen)	6,148	6,967	8,900	11,440	9,806
Net assets	(Million yen)	80,062	85,133	91,591	99,721	106,219
Total assets	(Million yen)	180,476	196,629	209,053	219,481	244,198
Net assets per share	(Yen)	1,933.55	2,047.04	2,202.56	2,403.52	2,560.18
Net income per share	(Yen)	148.27	152.89	224.54	264.86	222.01
Diluted net income per share	(Yen)	-	-	-	-	-
Equity ratio	(%)	44.3	43.1	43.6	45.3	43.3
Return on equity	(%)	7.8	7.7	10.6	11.5	8.9
Stock price to earnings ratio	(Times)	22.2	28.5	21.4	19.6	31.4
Cash flows from operating activities	(Million yen)	17,981	16,912	20,832	25,912	13,974
Cash flows from investing activities	(Million yen)	△11,766	△18,397	△17,923	△21,932	△23,656
Cash flows from financing activities	(Million yen)	△4,120	△957	△1,530	△924	7,197
Cash and cash equivalents at end of period	(Million yen)	16,153	13,710	15,089	18,144	15,659
Number of employees	(Persons)	4,032	4,173	4,332	4,513	4,529

(Notes)

1. Net sales do not include consumption tax, etc.

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

3. On April 1, 2014, a two-for-one share split of common shares took place. Net assets per share and net income per share are calculated assuming that the share split took place at the beginning of the 51st Term.



## Value Creation from a Social Perspective



As a company practicing recycling-oriented value creation, FP Corporation is uniquely positioned to tangibly express its gratitude towards all stakeholders engaged in society, including the consumers, logistics-related companies, environmental groups and persons with disabilities with whom we drive the cycle of recycling. For example, through environmentally friendly products we draw attention to the importance of protecting the global environment, and through floor hockey activities we take part in together with employees with disabilities, we display our diversity in substantive terms. Moving forward, we will build upon those things of which we are uniquely capable, one at a time.

Providing safe products and services

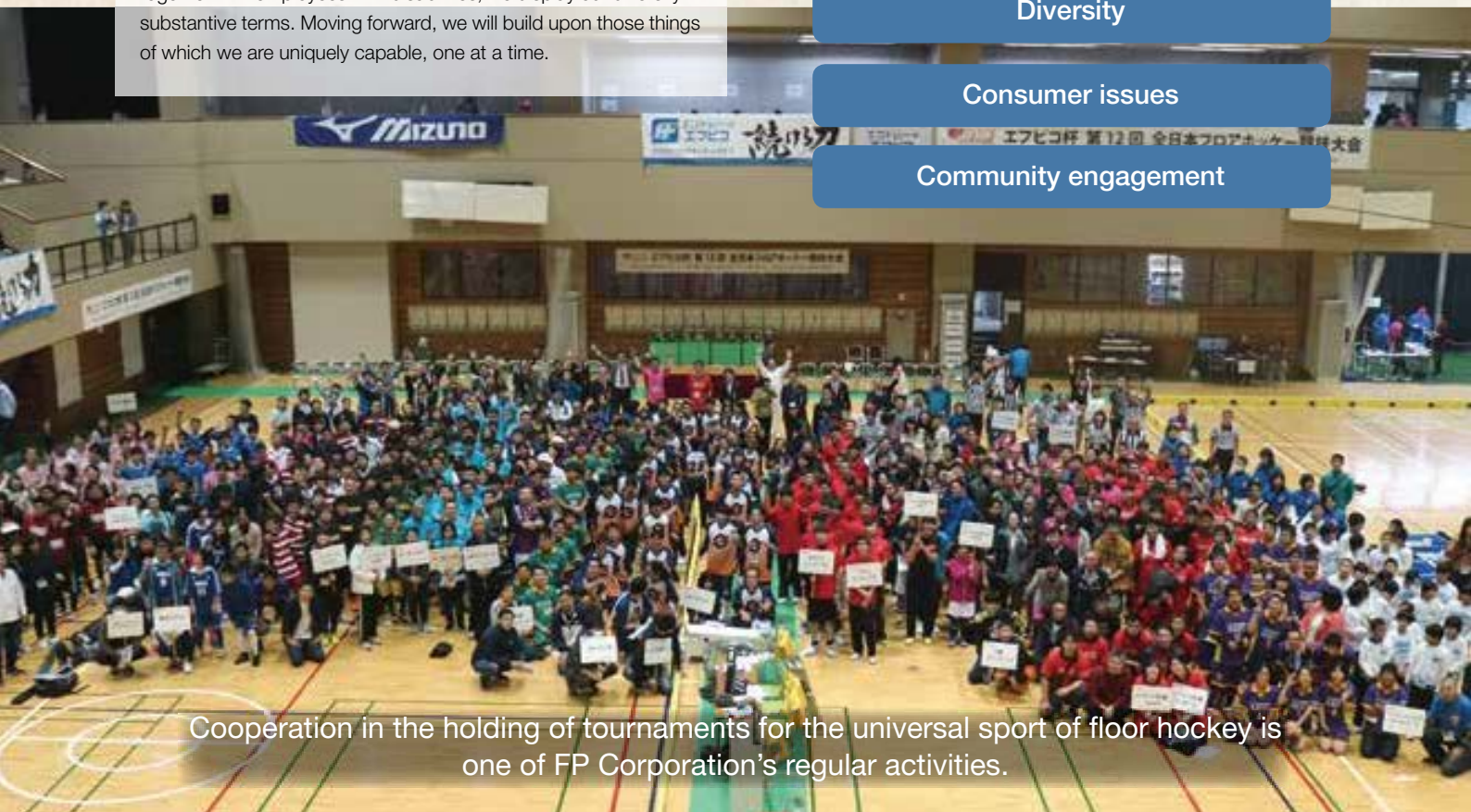
Building a sustainable supply chain

Improving job satisfaction

Diversity

Consumer issues

Community engagement



Cooperation in the holding of tournaments for the universal sport of floor hockey is one of FP Corporation's regular activities.



## Providing Safe Products and Services

### Product Safety Policy

- We observe laws such as the Food Sanitation Act, industry standards and other requirements, and where our business is conducted, we respect its culture and customs.
- We provide useful products, information and services to society and strive to gain and satisfy the trust of consumers and customers.
- We contribute to the development of culinary culture by developing and providing products that show consideration for safety, consumer confidence and the environment.

## Building a Sustainable Supply Chain

### Human Rights Initiatives in Work Environments

The FP Corporation Group's Action Charter prohibits all forms of discrimination and harassment. Through efforts to ensure this Action Charter takes root among all Group employees, we promote understanding of human rights issues. We also conduct harassment seminars for all employees and implement initiatives aimed at preventing harassment such as conducting workplace inspections at every site.

### Supply Chain Management

FP Corporation pursues initiatives to respect human rights across the entire value chain from the manufacturing of products to their delivery to customers. When we develop new products or construct new plants and other facilities, we conduct a variety of assessments relating to quality and the environment and assess the impact our activities would have on people and the local community as part of consideration for human rights. In the supply chain, we verify that there are no human rights violations such as child labor or illegal employment at the production or distribution stages of anything we directly purchase, and require cooperation from our business partners in relation to this. Moreover, the FP Corporation Action Charter specifies items relating to the "human rights, labor, the environment and anti-corruption, etc." We promote efforts to put these ideas into practice in cooperation with all employees.

### Operation of a Re-hiring Scheme for Senior Human Resources

Since April 2006, FP Corporation has operated a re-hiring scheme for employees subject to mandatory retirement at age 60 who wish to be re-employed. In FY2017, 100% (FP Corporation results) of mandatory retirees took advantage of the scheme.

There are currently few female employees in managerial positions at FP Corporation. We are tackling this as a future issue from various angles.

## Improving Job Satisfaction

### Basic Human Resources Policy

We believe that fulfilling the role of fully harnessing the individual skills and qualities of each and every Group employee and developing an environment in which employees can work with satisfaction, fulfillment and vigor is one of the management challenges linked with improved corporate value.

### Helping Employees Achieve a Healthy Work-life Balance

FP Corporation has proactively considered the distribution of working hours through initiatives such as curbing long overtime hours by having employees concentrate on working during busy times of day to improve work productivity, introducing a flex-time system, allowing employees to utilize sliding start and finish times, requiring employees to take paid leave of five consecutive days (Smile Leave), and instituting no-overtime days. These policies are part of workstyle reform efforts designed to optimize employees' working hours.

### Promoting Female Empowerment

On the Positive Action Information Portal Site operated by the Ministry of Health, Labour and Welfare, FP Corporation has posted a "Declaration on the Promotion of Female Empowerment" outlining initiatives designed to expand the working fields of female employees, support their continued employment and increase the number of female managers. Aiming for a female career track hiring rate of at least 20%, we are working towards the goal of 50 female managers by the year 2022.





## Diversity

### Floor Hockey - A Sport Enjoyed Regardless of Disabilities

FP Corporation began hiring people with disabilities 32 years ago. Today, 377 employees with disabilities work across the entire Group. Activities related to floor hockey, a universal sport, were started in 2010 to encourage a sense of Group unity irrespective of disabilities. The endeavor came about from a meeting between Kayoko Hosokawa, current president of the Japan Floor Hockey Federation, and FP Corporation President Sato. Subsequently, the floor hockey activities gradually spread among the staff. Today, there are 16 teams in 10 of the company's bases around the country. Nearly 600 employees take part in the activities. Among them, around 200 have disabilities. Individual clubs have regular activities in their respective regions and they participate in regional and national tournaments.

FP Corporation also supports floor hockey through sponsorship of national tournaments and Chugoku-Shikoku regional tournaments. Many employees also provide operational assistance at these tournaments. In March 2018, FP Corporation Group employees were selected in the 3rd Corporate Volunteer Awards for their running of floor hockey tournaments.

Participation in floor hockey does not depend on age, gender, position or disabilities. Through these floor hockey activities, we hope to contribute to a more inclusive society beyond our in-Group efforts.

Employees with Disabilities

377

Details

Physical disabilities

32 (including 14 with severe disabilities)

Intellectual disabilities

340 (including 261 with severe disabilities)

Mental disabilities

5

Adjusted Number of Employees with Disabilities

649

Disability employment rate:

13.78%



### Activities to Encourage the Employment of People with Disabilities

FP Corporation has shared its many years of experience employing people with disabilities with other companies with the hope of providing as many employment opportunities as possible to those with disabilities. We have also assisted our business partners in the employment of people with disabilities, creating several hundred employment positions to date.

### Creating a Comfortable Working Environment for Female Employees

FP Corporation has introduced shortened working hours for female employees with children along with three types of flex-time system geared towards the different stages of raising a child. Most of FP Corporation's female employees stay employed after marriage, and almost all those entitled to childcare leave take it. We are committed to creating a workplace in which women can flourish as a company offering a pleasant workplace for female employees even if they are married or have children.



FP Corporation was included in the Diversity Management Selection 100 list for FY2014. Diversity Management Selection 100 is a program organized by the Ministry of Economy, Trade and Industry to recognize those companies that make good use of diverse human resources to create innovations, improve productivity and make other achievements. FP Corporation was highly regarded because it has employees with disabilities who play active roles in the container manufacturing and recycling operations and contribute to the value of the entire company.



The Hiroshima Prefectural Government promotes the Ai Support Campaign in a bid to build a symbiotic society for living with people with disabilities. In this campaign, FP Corporation was honored in the first award for companies under the Hiroshima Prefectural Ai Support Campaign in 2016, in recognition of its nationwide expansion of floor hockey activities and active participation of employees in the organization of tournaments.



## Consumer Issues

The FP Corporation Action Charter commits to "provide society with useful products, information and services," and in keeping with this, we have sought to deliver products and services that solve the issues facing society from a customer perspective. To achieve sustainable consumption, the knowledge to choose the right products is essential, and we believe that outreach activities that educate consumers and raise awareness are crucial to this endeavor. For this reason, we actively take part in a variety of events in an effort to engage in direct communication with consumers. Interacting with people who possess diverse stances and opinions is a valuable source of information as FP Corporation seeks to expand its CSR activities. FP Corporation believes that it is important to forge connections with people from all manner of backgrounds in society if we are to solve the issues that consumers face.

### Plastic Marine Litter

There is heightened worldwide interest in plastic waste from used plastic that has flowed from land into rivers and eventually out to sea. While FP Corporation has pursued measures to prevent the leakage of resin pellets, it has recently joined an activity to make declarations aimed at solving the issue of plastic flotsam through an industry group, and is pursuing activities in coordination with the group.

### Developing and Providing Products that Consider Reduced Food Losses

Even though Japan relies on imports for the majority of its food, each year we see a large volume of food loss, where still edible food is discarded. To reduce food loss, the development of new container and packaging materials, and the utilization of container and packaging technologies such as innovative package structures play important roles. The website of the Ministry of Agriculture, Forestry and Fisheries introduced the perspective of "reducing damage during transportation" as an example of high functionality in containers and packaging that developed from the original function of containers and packaging for "small portion items and maintaining their freshness." FP Corporation will continue to develop products designed to reduce food losses.

### Plant Tours Held in Conjunction with Supermarkets (Eco Tours)

As part of environmental events organized by major supermarkets where consumers are invited to attend, FP Corporation makes its recycling plants available for plant tours. This generates synergy with supermarkets, who enjoy major points of contact with consumers, and also helps rise the used container collection rate at stores.



## Outside Evaluations

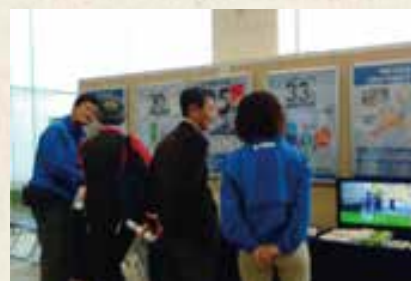
Name of Evaluation	Our Rating
13th CSR Company Rankings (2017, Toyo Keizai Inc.)	Ranked 388th out of 1,413 companies (426.8 points)
20th Nikkei Environmental Management Survey (Nikkei Inc.)	Ranked 73rd out of 395 manufacturers
CDP Climate Change Program (Scoring)	Level C
2015 Ranking of Employment Rates for Persons with Disabilities (Toyo Keizai Inc.)	Ranked 1st for four consecutive years
3rd Corporate Volunteer Awards (Tokyo Voluntary Action Center)	Received award

## Community Engagement

### Participation in Local Events

Regardless of whether FP Corporation maintains a site in the area, it actively takes part in events when it deems its participation is approached as a company, such as environmentally themed exhibitions. At these event venues, we are able to deepen communication with people we usually have no contact with.

Date	Event Name	Location	Organizer
May 4, 2017	Ekiya Elementary School Event	Hiroshima Prefecture	On-Line Co., Ltd.
May 20-21, 2017	Fukuyama Rose Festival 2017	Hiroshima Prefecture	Fukuyama City Tourism Division
June 3, 2017	Hachioji Environment Festival	Tokyo	Hachioji City Government
June 3-4, 2017	Eco Life Fair 2017	Tokyo	The Ministry of the Environment
June 4, 2017	Environment Day Hiroshima Rally	Hiroshima Prefecture	Environment Day Hiroshima Rally Executive Committee
July 1-2, 2017	3R Promotion Event in AEON Mall Tokushima	Tokushima Prefecture	AEON Co., Ltd.
July 22, 2017	Higashihiroshima Environmental Fair 2017	Hiroshima Prefecture	Higashihiroshima Environmental Fair Executive Committee
Sep. 10, 2017	Yasugi Kankyo Fair 2017	Shimane Prefecture	Yasugi City Government
Sep. 30, 2017	Science Festival 2017	Hiroshima Prefecture	Fukuyama City University
Oct. 1, 2017	Moriyama Environmental Fair 2017	Shiga Prefecture	Moriyama Environmental Fair Executive Committee Secretariat
Oct. 7, 2017	Eco Festa Setagaya	Tokyo	Setagaya-ku
Oct. 9, 2017	Shinjuku Environmental Exhibition	Tokyo	Shinjuku-ku
Oct. 11-13, 2017	Eco-Technology Exhibition 2017	Fukuoka Prefecture	Kitakyushu City Government
Oct. 21, 2017	Kasaoka City Environmental Festival	Okayama Prefecture	Kasaoka City Government
Oct. 28, 2017	Itami Environmental and Recycling Fair	Hyogo Prefecture	Itami City Government
Oct. 29, 2017	Fukuyama Recycling Plaza Exhibition	Hiroshima Prefecture	Environmental Education Division, Fukuyama City
Oct. 29, 2017	Yamagata Environment Exhibition 2017	Yamagata Prefecture	Yamagata City Government
Nov. 11-12, 2017	Jibasan Fair 2017	Hiroshima Prefecture	Local Industries Promotion Center for Bingo
Nov. 19, 2017	Monozukuri Kids Fair in Tosu	Saga Prefecture	Tosu City Government
Nov. 26, 2017	Torikko Eco Activity Carnival	Tottori Prefecture	Tottori Prefecture
Feb. 17-18, 2018	Ichinomiya City Consumer Life Fair	Aichi Prefecture	Ichinomiya City Government
Mar. 4, 2018	Shinjuku Kids Festival	Tokyo	Shinjuku Recycling Center
Mar. 25, 2018	National Kodomo Eco Club Festival 2018	Tokyo	Japan Environment Association





## Environmental Preservation Activities in Conjunction with Customers

FP Corporation takes part in environment-themed events held in locations such as the store space of supermarkets, its main customers. With displays highlighting FP Corporation's unique ability to reduce CO<sub>2</sub> emissions through the collection of used containers, we are able to present specific effects and real numbers showing how we implement recycling as a company, and call upon visitors to actively take part in recycling activities. Activities in supermarket environments where FP Corporation's products are actually being used produces synergies.



## Ties with Local Communities

### ● Visiting Lectures

FP Corporation visits elementary schools all over the country to give lectures that provide a general overview of the environmental conservation and FPCO Method recycling.

### ● Acceptance of Student Internships and Workplace Experience

FP Corporation takes part in the Hiroshima Prefecture Monozukuri Internship Project for students studying science and engineering. It also participates in the Challenge Week Fukuyama program for junior high schoolchildren as a company that accepts students.

### ● Acceptance of Teachers for Training

FP Corporation accepts trainees under the program for long-term dispatch training at private companies run by the Hiroshima Prefectural Board of Education.

### ● FPCO RiM

FP Corporation acquired the naming rights for commercial facilities in Fukuyama City in Hiroshima Prefecture as a sponsor. These facilities have been well received by local residents under the name of FPCO RiM.

### ● Participation in Local Community Activities

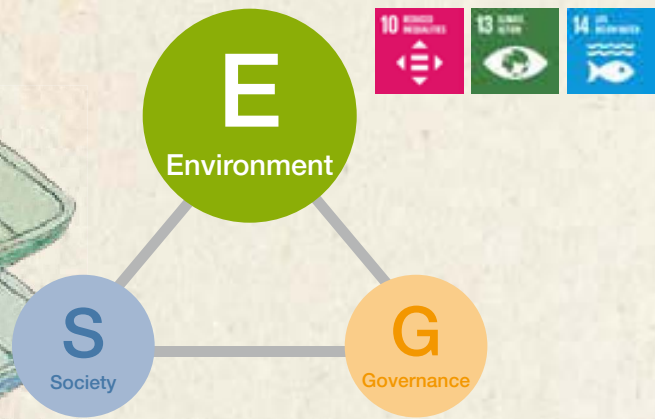
FP Corporation takes part in nature conservation activities in mountain areas near villages and elsewhere, local cleanup activities and various events and programs in the areas where its bases are located.







## Value Creation from a **Environmental** Perspective



**FP Corporation  
Eco Action 50**

FP Corporation, which uses the FPCO Method to recycle the used containers it has manufactured in-house, has developed a high-level awareness of the environment across the company. Each employee engages in activities within the scope of these abilities as a matter of routine, such as choosing the right time to invite customers on recycling plant tours. Reacting to environment-related topics and proactively gathering information may be another common practice of FP Corporation employees. We make an effort to exhibit the awareness and practical action worthy of an Eco First company.



Two electrical vehicles were introduced at our Fukuyama Headquarters for daily movement and transportation duties.



## FP Corporation Eco Action 50



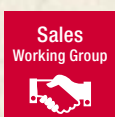

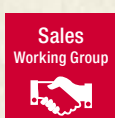

In an FP Corporation Group-wide effort to reduce the environmental impact, we have set up five working groups. Consisting of members from different departments and companies, each working group addresses the same issue. These five working groups work in an organically linked fashion to exchange information while cooperating to implement environmental impact reduction activities. We have a target of reducing, as specified below, the total CO<sub>2</sub> emissions from all the facilities of the FP Corporation Group subject to reporting under the amended Act on the Rational Use of Energy, i.e. plants, distribution centers and offices, and those from logistical operations within the scope of responsibility of specified cargo owners. To meet the targets, we have drawn up an environmental management plan entitled FP Corporation Eco Action 50 in a bid to construct a group-wide environmental value chain.

The five working groups collaborate to construct an environmental value chain and strive to meet their designated targets.



### Examples of Cooperation between Working Groups

The following are examples of multiple working groups exchanging information and knowledge with one another to forge organic links as a value chain.

-  ×  → The cardboard used to package products is all produced by FP Corporation. To optimize the amount that can be loaded, we adjust the dimensions of the boxes to fit the inner dimensions of the trucks that carry them. This increases the quantity of products that can be transported with a single delivery, helping to reduce CO<sub>2</sub> emissions due to transportation.
-  ×  → By reviewing (predicting) products and their production volume selling less while sales of new products increase, we continually maintain the optimum number of types of manufactured products while continually looking to the future. This achieves advanced efficiency improvements in our production system.
-  ×  → The frequency at which our trucks visit wholesalers and other temporary storage locations to collect used containers are negotiated by our sales staff who have direct communication with those sites. By improving the efficiency of our collection routes, we achieve reduced CO<sub>2</sub> emissions.

## Measures Undertaken by the Product Working Group

- Development of Environmentally Friendly Materials: Development of recyclable environmentally friendly materials / modification and improvement of Eco Tray and Eco APET
- Reduction of Material Weight: Developing lighter and thinner products made from Foamed PS materials through design improvements
- Green Purchasing: Procurement of raw materials, parts and products with a low environmental impact / Selection of environmentally conscious raw material manufacturers

## Measures Undertaken by the Manufacturing Working Group

- Quality Management at Production Plants: Streamlining of business operations through PDCA style management
- Energy Visualization: Eliminating wasteful consumption, etc. by visualizing the usage of utilities that operate production plants
- Maintaining and Revamping Production Plant Facilities: Improving and revamping facilities for using energy efficiently
- Implementation of the Monozukuri Project: Production plant staff members from all over the country gather to hold a meeting in which they present their achievements in improving operational efficiency by sharing information.
- Recycling at Plants: Recycling offcuts from the product manufacturing process and various packaging materials

## Measures Undertaken by the Logistics Working Group

- Collaboration with the Supply Chain Management (SCM) Department: Improving the efficiency of logistics activities related to production by asking the SCM Department to perform some logistics planning and through coordination with the manufacturing departments.
- Holding Meetings for Presentations on Improved Distribution: Sharing of information on the implementation of improvement measures by distribution center staff from around the country
- The Route Planner and the RD Check System: Utilization of IT aimed at the advanced streamlining of distribution plans
- Utilizing Distribution Facilities for Environmental Conservation: Installing solar panels or conducting greening activities of the roofs of distribution center in various locations
- Guidance for Drivers: Implementing environmentally conscious driving through the Ten Eco-Driving Tips initiative
- Use of Marine Cargo Transportation: Use of marine cargo transportation generating minimal CO<sub>2</sub>

## Measures Undertaken by the Sales Working Group

- Promoting the Sale of Environmentally friendly Products: Actively selling Eco Tray and Eco APET recyclable products
- Various Measures to Boost the Used Container Collection Rate:
  - Encouraging stores to install collection boxes
  - Displaying various awareness-raising posters at stores
  - Creating opportunities for ecology movements at collection points called “Eco Stations”
- Joint Events with Customers Joint running of environmental events such as plant tour-focused eco tours

## Measures Undertaken by the Office Working Group

- Video Conferencing System: Reducing the CO<sub>2</sub> emissions generated by employee movements for business travel and meetings, etc.
- Introduction of Low-Emission Vehicles: Proactively introducing electric vehicles, hybrid vehicles, low emission vehicles, light automobile and so on
- A Cloud System for Computers: Reducing electricity usage through the use of cloud systems that do not utilize individual hard disks
- Monitoring of Green Driving: Monitoring operational status through remote monitoring systems and providing guidance for operation to help reduce CO<sub>2</sub> emissions
- Paperless Operations: Utilizing email distribution and web-based viewing to reduce the physical printing of various documents and forms as much as possible
- Environmental Education for Employees: Inviting outside experts as lecturers to raise awareness about the significance and importance of environmental conservation efforts



## Data Summary of Environmental Data

Corporate activities result in the movement of various materials and an impact on the environment. At FP Corporation, we make every effort to accurately grasp the impact our own corporate activities have on the environment, to reduce and control the impact we have on the natural environment as much as possible. The following information describes the balance of material inputs and outputs and our energy usage by section.

### Manufacturing Division FY2017 Data (Annual Production Values)

INPUT	Energy	Electricity	308,307,944 kWh
		Energy from Fossil Fuels	109,649,757 MJ
	Water Resources	Water Supply	321,886 m <sup>3</sup>
		Groundwater	160,806 m <sup>3</sup>
		Industrial Water	101,390 m <sup>3</sup>
	Raw Materials (Resins, etc.)		181,795 tons
	Secondary Materials	Cardboard	34,809 tons
		Packaging Plastic	2,848 tons
	Other	Lubricating Oil	12,738 L
		Thinners	27,109 L
Paper		2,690,000 sheets	
OUTPUT	Product	Product Manufacturing Weight	177,174 tons
		Number of Truck Shipments	160,852 shipments
	Waste		19,533 tons
		Soot and Dust	186 kg
	Environmental Pollutants	NOx	20,309 kg
		BOD	8,418 kg
		COD	12,555 kg
		SS	9,983 kg

### Logistics Division FY2017 Data (Annual Production Values)

INPUT			
Energy	Electricity	17,343,122 kWh	
	Energy from Fossil Fuels	3,030,483 MJ	
Water Resources	Water Supply	23,024 m <sup>3</sup>	
Other	Paper	9,203,816 sheets	
OUTPUT			
Waste		475 tons	

### Office Division FY2017 Data (Annual Production Values)

INPUT			
Energy	Electricity	3,050,915 kWh	
Water Resources	Water Supply	2,809 m <sup>3</sup>	
Other	Paper	5,341,500 sheets	
OUTPUT			
Waste		181 tons	

## Third Party Comments



**Akemi Ori, Professor, Graduate School of Global Environmental Studies, Sophia University**

In October 2017, I accompanied almost 90 students from the Graduate School of Global Environmental Studies, Sophia University for a tour of FP Corporation's Fukuyama Recycle Center. 90% of the students were foreign students. While the students come from all over the world including Africa, Micronesia, the Philippines, Lebanon, Italy, China and Mongolia, what consistently surprised them was the cleanliness of the trays collected from consumers! They were also amazed at the highly efficient manual sorting work carried out with deft hands at the well organized recycling plant. The sight elicited questions like "Are these containers really used?" The secret behind the success FP Corporation has established by giving the market products with new added value in the form of Eco Trays under the "Tray to Tray" concept is truly in the cleanliness of the used trays it collects. There are a range of factors behind the collection of trays in such a clean state. Among them are FP Corporation's unrelenting promotional activities targeting consumers, its diversity-focused initiatives including the employment of persons with disabilities, the thorough implementation of a corporate philosophy designed to achieve a recycling-oriented society, and business streamlining such as improved transportation efficiency. Being shown FP Corporation's recycling site behind the success of Eco Tray as a business was, above all, a rare and precious experience for the foreign students. I believe that this will be one of the factors triggering the spread of FP Corporation's philosophy overseas. In the future, as initiatives aimed at diversity and a recycling-oriented society proceed, I hope that FP Corporation will, as on this occasion, open the doors to its plant tours and show us its initiatives in a broad fashion.

## FP Corporation's History

1962	Jul.	Fukuyama Pearl Paper Manufacturing Corporation established. Fukuyama Headquarters established in Komiya-cho (now Kasumi-cho), Fukuyama, Hiroshima Prefecture. Foamed PS thermoforming launched.	2003	Jul.	East Japan Hub Center (Yachiyo-machi, Ibaraki) completed.
1968	Mar.	Fukuyama Headquarters moved to the present site (Akebono-cho, Fukuyama) due to growth in business.	2005	Sep.	Listed on the First Section of the Tokyo and Osaka Stock Exchanges.
1972	Apr.	The Fukuyama Distribution Center (Fukuyama, Hiroshima) is established and distribution centers are subsequently set up in various regions.	2006	Oct.	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.
1976	Jun.	First Pearl Fair (currently FPCO Fair) exhibition held, featuring the company's products.	2007	Apr.	Receipt of the Award for Excellence in the Product Division of the First Container and Packaging 3R Promotion Minister of the Environment Awards.
1979	Jul.	FP Logistics Corporation established to reinforce delivery system.	2009	May	The West Kanto Picking Center (Machida, Tokyo) begins operations, and picking centers are subsequently set up in various regions.
1980	Jan.	Problems with the disposal of trays occur and FP Corporation is among the first companies to begin the collection of used trays.	Feb.	FP Corporation wins the Gold prize at the Eco Mark Award 2010.	
1981	Jun.	Manufacturing and selling of colored food containers commences in response to the trend of fashionable food receptacles.	2011	Apr.	FP Corporation is recognized as an Eco-First Company by the Minister of the Environment.
1983	Apr.	Tokyo Branch (Nerima-ku, Tokyo) established.	Dec.	The Eco APET, recycled PET plastic containers, receive Eco Mark certification from the Japan Environment Association.	
1984	May	Yasuhiro Komatsu, the then President and CEO, is elected chairman of the Polystyrene Thermoforming Industry Association (Japan).	Apr.	The Eco APET, recycled PET plastic containers, is released.	
1985	Feb.	Osaka Branch (Osaka, Osaka) established, which was relocated to its current location (Nakanoshima, Kita-ku, Osaka) in May 2013.	2012	Nov.	The world's first biaxially oriented PET product for plastic containers is released.
	Nov.	The Kanto Plant (Yachiyo-machi, Ibaraki) begins operations and manufacturing plants are subsequently set up in various regions.	2013	Nov.	Yasuhiro Komatsu, the then Chairman & CEO, is honored with the Order of the Rising Sun, Gold and Silver Star.
1989	Jan.	CI introduced. Corporate name changed to FP Corporation.	Aug.	The Fukuyama Cross Dock Center (Fukuyama, Hiroshima) begins operations.	
	Nov.	Company is listed on the Hiroshima Stock Exchange.	2014	Dec.	FPCO Comprehensive Research Institute and Human Resources Development and Training Center (Fukuyama, Hiroshima) are completed.
1990	Sep.	FP Corporation starts its recycling program.	Mar.	FP Corporation is selected by the Ministry of Economy, Trade and Industry under the Diversity Management Selection 100.	
	Feb.	Listed on the Second Section of the Osaka Stock Exchange.	May	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.	
1991	Nov.	Eco Tray becomes the first to receive the Eco Mark certification in the industry.	2015	Nov.	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.
1992	Mar.	Eco Tray goes on sale.	Dec.	FP Corporation wins an Environment Minister's Award for Global Warming Prevention Activity in the category for implementing and popularizing countermeasure activities.	
1993	Mar.	Receipt of the Chairman's Award in the Clean Japan Center sponsored Award Program for Companies Contributing to the Reuse of Resources.			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.
1995	Apr.	All distribution operations transferred to FP Logistics Corp.	2016	Mar.	FP Corporation's the then Chairman and CEO Yasuhiro Komatsu is recognized as an honorary citizen of Fukuyama City.
1996	Apr.	22nd annual FPCO Fair 96 is held for the first time in Tokyo.	May	FP Corporation's founder Yasuhiro Komatsu passes away.	
1997	May	Yasuhiro Komatsu, the then President and CEO, is awarded Medal with Blue Ribbon.	2017	Oct.	The Kanto Eco PET Plant begins operations.
2000	Jan.	Construction finishes on the headquarters and plant of Special Subsidiary Company Ducks Shikoku Co. (Nankoku, Kochi), and special subsidiary company business sites are subsequently set up in various regions.			
	Mar.	Listed on the Second Section of the Tokyo Stock Exchange.			
2001	Nov.	Fukuyama/Tokyo double head office system started, with Tokyo Branch upgraded to Tokyo Headquarters.			





On May 23, 2018, a ceremony to unveil a statue of founder Yasuhiro Komatsu was held to mark the one-year anniversary of his passing. The statue is installed in the main entrance lobby of the FPCO Comprehensive Research Institute, regarded as the fruits of Yasuhiro Komatsu's passion for manufacturing. The sight is designed to faithfully convey the tough yet warm-hearted expression of bygone days.

For FP Corporation employees, the statue also reminds us of the loud words of encouragement Komatsu gave as he explained the importance of the hands-on approach and the concept of putting customers first. As we follow Komatsu's will, the statue will give employees carrying the DNA of FP Corporation the courage to push forward. Rather than looking back on FP Corporation's past, this represents a bright future to all employees.

Thank you very much for reading FP Corporation Report 2018. 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 2018

**Eiji Togashi**

General Manager, Environmental Management Dept.

## FP Corporation Report 2018

Published: June 2018

### Editorial Guidelines

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

The Environmental Report Guidelines from the Ministry of the Environment (FY2012 edition) were used as a reference in preparing the report on FP Corporation Report.

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# FPCO Report 2018

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



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