

THE PACK CORPORATION

<https://www.thepack.co.jp/en/>

Headquarters	9-3, 2-chome, Higashiobase, Higashinari-ku, Osaka-shi, Osaka 537-8911, Japan Tel.: +81-6-4967-1221
Tokyo Head Office	2-8-4 Tomigaya, Shibuya-ku, Tokyo 151-0063, Japan Tel.: +81-3-3469-1221
Founded	1878
Incorporated	May 10, 1952
Capital	2,553,505,600 yen
Representative	Hideaki Yamashita, President and CEO
Number of employees	1,183 (consolidated, as of December 2023); 840 (nonconsolidated, as of December 2023)
Annual sales	97.7 billion yen (consolidated, as of December 2023)
Shares traded on	Prime Market, the Tokyo Stock Exchange (securities code: 3950)
Lines of business	Planning, manufacturing, and sale of paper bags, paper cartons, corrugated boxes, film packaging, etc.
Offices and Plants	Headquarters: Osaka Tokyo Head Office: Tokyo Branches: Hokkaido, Tohoku, Kanto, Yokohama, Nagoya, Kyoto, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka Sales offices: Aomori, Niigata, Shizuoka, Kanazawa, Matsumoto, Yonago, Takamatsu, Oita, Kumamoto, Kagoshima, Nagasaki, Okinawa Plants: Osaka, Nara, Tokyo, Ibaraki
Domestic subsidiaries:	Keihin Tokushu Printing Corporation Nikko Print Corporation Pack Takeyama Co., Ltd. Nishinohon Printing Co., Ltd. Kannaru Printing Co., Ltd.
Overseas subsidiaries:	The Pack America Corporation The Pack (Shanghai) Corp. The Pack (Changshu) Co., Ltd.

URL <https://www.thepack.co.jp/en/>



Sustainability <https://www.thepack.co.jp/en/sustainability.html>



THE PACK CORPORATION

Sustainability Report 2024



Sustainable management



The Purpose of The Pack Group's Existence

Mission to bolster social prosperity and creating satisfaction through packaging

Basic Policy of Sustainable Management

As is expressed in The Pack Group's corporate motto, we are passionate and dedicated to our partnerships in all our activities. Furthermore, we pursue sustainable management in keeping with the purpose of our existence (purpose): to provide packaging solutions to contribute to a prosperous society and bring satisfaction to people. As a company offering total solutions related to packaging, we help solve the many issues facing our stakeholders through the creation of new value in packaging, thereby contributing to a prosperous and sustainable society. To this end, we strive to deliver environmental, social, and economic value that is unique to The Pack Group, based on sustained growth and the ability to adapt to social change.

Contents

Introduction

- 01 Editorial Policy
- 02 Purpose/Basic Policy of Sustainable Management /Philosophy Structure/Disclosure Structure
- 03 Message from the President
- 05 Materiality
- E Environment**
- 10 Striving to reduce environmental impact
- 12 Disclosure in accordance with TCFD recommendations
- 15 Product development structure for environmentally-friendly products/ New product introduction
- 16 New highly environmentally efficient head office building completed
- 17 Activities of The Pack Forest® Environment Fund

S Society

- 19 Health management
- 20 Training and other programs to support skills development
- 21 Improving employee engagement
- 22 Diverse human resources
- 24 Quality control
- 25 Co-creation with customers and partners
- 26 Package development to contribute solutions to social issues
- 27 Social contribution activities
- G Governance**
- 28 Corporate governance structure
- 29 Conforming to the Corporate Governance Code
- 30 Assessment of the efficacy of the Board of Directors /Internal controls/Compliance structure

Editorial Policy

Starting from this year, the CSR Report has been renamed the Sustainability Report. The Sustainability Report has been prepared to communicate to stakeholders in detail the efforts of The Pack Corporation to realize a sustainable society while also raising its corporate value.

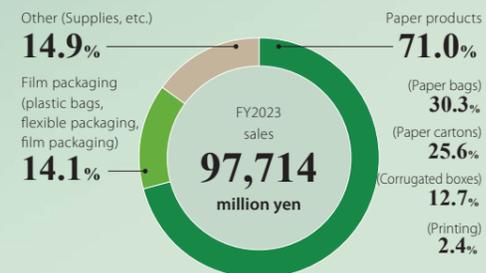
Period covered by this Report: While this Report basically covers the period of FY2023 (January 1 – December 31, 2023), it includes some information from before and after this period.

Published figures: Totals may not match the sum of individual components due to rounding.

Organization covered by this Report: The Pack Corporation
Section preparing this Report and contact point: IR & Public Relations Department, The Pack Corporation

Address: 2-8-4 Tomigaya, Shibuya-ku, Tokyo 151-0063, Japan
 Tel.: +81-3-3469-1221; fax: +81-3-3469-1353
 E-mail: koho@thepack.co.jp

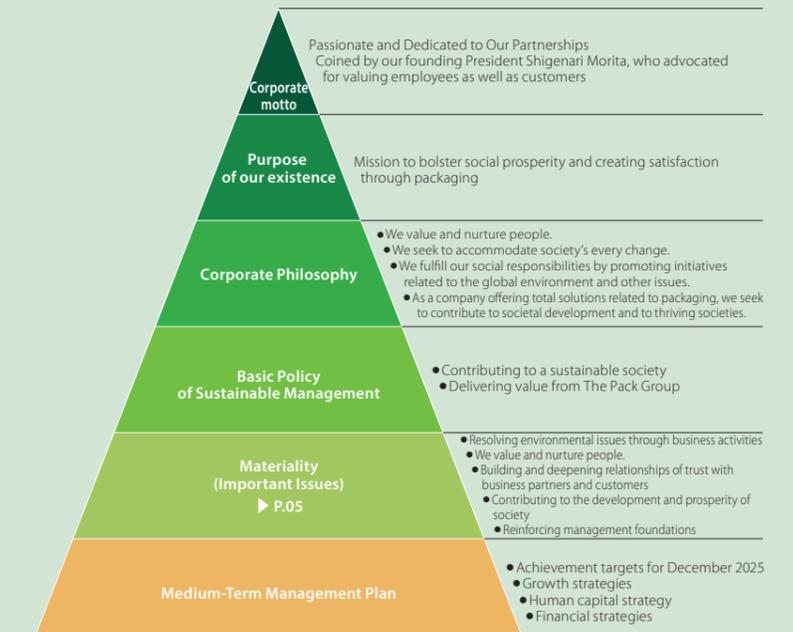
Shares of sales



Disclosure structure



Philosophy Structure of The Pack Group



Top Message

Evolving to sustainable management



On this Sustainability Report

Based on our articulated Purpose of a “Mission to bolster social prosperity and creating satisfaction through packaging,” The Pack Group plans, manufactures, and sells various packages made to order. In recent years, we’ve developed a business model based on providing solutions to various package-related issues facing our customers, in addition to the packages themselves. I believe The Pack Group has been able to earn the trust of its customers and society by consistently focusing on the production of packages alongside evolving our products and services to meet the needs of the times. Our Purpose expresses The Pack Group’s history up to this day as well as our reason for being, aspects of our organization that will remain unchanged. By sharing this message among all Group employees, we will strive to develop and propose packages that reduce the environmental impact of production activities while contributing to solutions to environmental and social issues, as we continue to deliver products and services suited to the coming times.

Starting with this fiscal year, 2024, we’re publishing the Integrated Report and the Sustainability Report as two separate reports intended to help stakeholders better understand The Pack Group. The Integrated Report has been edited mainly from the perspectives of shareholders and investors; the Sustainability Report represents a revision of the previous CSR Report to meet the needs of an even broader range of stakeholders. I hope this Report will help readers grasp The Pack Group’s philosophy and future potential.

Progress on sustainable management

In 2023, which we consider the starting year of our sustainable management, we laid the foundation for increasing corporate value over the long term, chiefly by building a promotion structure and enhancing internal permeation of sustainable management. As a first step, the Sustainable Committee, in which I serve as chairperson, has met monthly since April 2023. Its specific agenda includes topics such as managing the progress on projects related to the Task Force on Climate-related Financial Disclosures (TCFD) and Carbon Footprint of Products (CFP) initiatives, formulating materiality KPIs, promoting understanding of the medium-term management plan at individual worksites, establishing policies related to the Integrated Report and the Sustainability Report, interacting with sustainability rating agencies, and expanding the activities of The Pack Forest® Environment Fund.

We also publish *SHINKA (Evolution)*, a periodical bulletin intended to inform all employees about matters such as philosophy and policies, company initiatives, and medium- to long-term strategies for sustainable management. This bulletin includes surveys used to gather opinions from the field and to gauge progress on the permeation of sustainable management.

While management creates this top-down promotion structure, we believe hints noticed and improvements made by individual employees at their worksites help realize sustainable management. For this reason, we’re seeking to promote an understanding of sustainability among all employees and provide each individual with a sense

of participating in management. We’re confident that building such solid foundations will strengthen the organization. We will continue to pursue these efforts in 2024.

Materiality KPIs and the medium-term management plan

Our priorities henceforth will include making progress toward achieving our materiality KPIs and the targets of the medium-term management plan. As a first step, we’ve formulated five materiality KPIs, setting specific targets for reducing CO₂ emissions, promoting women in the workplace, and quantifying environmental goals in areas such as increasing sales of FSC®-certified products and growing The Pack Forest® Environment Fund and expanding its activities. We have long focused on reducing our environmental footprint, a social responsibility of any manufacturer of paper products. We’ve been developing eco-friendly products since the 1990s. In recent years, we’ve identified as one of our sales strategies promoting a switch to paper packages in line with the movement toward reducing or eliminating plastic use. As companies face demands for greater consideration for the environment around the world, we’ve set the targets of increasing sales of FSC®-certified products, which are trusted worldwide, and growing our own initiative of The Pack Forest® Environment Fund and expanding its activities as ways to increase our social and economic value. Among the activities of The Pack Forest® Environment Fund, in 2023 it added new forestation sites in cooperation with nonprofits and public agencies. It continues research on potential new contracted forestation sites today, as we strive to carry out even more active initiatives while deepening cooperation with our customers.

While each of the five KPIs concerns matters we’ve been pursuing for some time, now that we’ve announced clear deadlines and target figures, we will accelerate efforts toward their achievement while strengthening the promotion structure.

The current medium-term management plan for the three-year period from 2023 through 2025 sets the targets of consolidated net sales of 107 billion yen, operating income of 8.3 billion yen, ROE of 8% or more, and ROIC of 8% or more. This plan consists of three main components: a growth strategy, a human capital strategy, and a financial strategy. Putting each of these strategies into practice will help to achieve our materiality targets. Currently we’re in the process of ensuring that all employees understand the plan, as well as the sustainability-related information. While it’s true that as a three-year plan the medium-term management plan covers a relatively short

period from the perspective of sustainable management, we believe we will be able to make progress on creating value over the long term while making practical improvements and reaching targets in the short term.

Message to stakeholders

Since taking office as President and CEO in March 2022, I’ve tried to guide The Pack Group’s management toward sustained growth and progress in line with our corporate motto, Passionate and Dedicated to Our Partnerships. Amid growing calls for ESG-based management around the world, companies that have pursued profit alone are being forced to transform themselves. The environmental (E) and social (S) components of ESG management can create favorable tailwinds for a company like The Pack Group, whose core business involves paper products. I see my responsibility as the leader of Group management to be one of realizing long-term growth in corporate value by building a structure in which sustainability initiatives are linked to core business growth.

In the process of identifying materiality topics, it became clear that our employees represent the driving force behind our growth. We will continue working in various ways to become an organization in which employees can do rewarding work with a sense of keen motivation. This includes HR development and improvements in our working environments. Together with continuing efforts in areas such as training on digital transformation (DX) and tiered educational programs, we will build a working environment in which diverse human resources can demonstrate their abilities to the fullest while promoting women in the workplace and encouraging men to take childcare leave.

While we’re making steady progress toward sustainable management, the levels demanded by international ESG rating agencies, shareholders and investors, customers, and society at large continue to grow more rigorous. We recognize the need for efforts reflecting an even greater sense of urgency. On the topic of governance, we’re listening to a wide range of views from both inside and outside the organization, including those of Outside Directors. The Pack Group will take action on the opportunities for further evolution that such evaluations, demands, and opinions from outside the organization provide. We will maintain our aim of achieving long-term growth in corporate value through taking to heart our Purpose. We appreciate your continued support of our company.

Hideaki Yamashita

President and CEO
The Pack Corporation

Materiality

Identification process

A set of Materialities (important issues) was identified by the project members centering on the Sustainable Business Team established in January 2022. In July 2022, the Materialities were approved by the Board of Directors and finalized.

In September 2023, we established five materiality KPIs. We are promoting initiatives intended to achieve these KPIs by FY2030. We will strive toward sustained growth in corporate value by checking progress on, assessing, and updating these materiality issues and KPIs through the plan-do-check-act (PDCA) cycle.

- Step 1 Organizing study meetings held by the Sustainable Business Team, which is a member of the project team that identifies materiality topics**
 The project team has at least one individual from each department responsible for topics such as sales, quality control, finance, legal affairs, human resources, general affairs, and business strategy. Multiple study meetings to date have strengthened the understanding of team members regarding terminology and sustainable management at other companies. Study meetings have also been held for executives to promote their understanding and discussion of initiatives to help build a narrative on sustainable management and value creation as well as initiatives related to the Task Force on Climate-related Financial Disclosures (TCFD).
- Step 2 Reviewing the value chain and ascertaining our management capital (strengths)**
 We examined our value chain in great detail, identifying our unique qualities and points of differentiation from our competitors. Based on the findings, we identified our management capital: financial capital, manufacturing capital, human capital, intellectual capital, social and relationship capital, and natural capital.
- Step 3 Identifying themes (issues) for maintaining and growing our management capital and defining initiatives for each issue**
 We studied how to maintain and grow management capital comprising these six types of capital and identified related issues. We also defined initiatives for each issue as it relates to the environment, customers, people and labor, local communities and society, and management.
- Step 4 Deciding on materiality topics based on their importance to stakeholders and to the Company**
- Step 5 Submitting the materiality topics through the Sustainable Committee to the Board of Directors for approval**

List of Materiality issues organized from an ESG point of view

	Major themes	Materiality (Important Issues)	Initiatives	Association with SDGs	
E	Theme 01 Delivering solutions to environmental issues through our business activities	Promoting eco-friendly product planning and technological development	<ul style="list-style-type: none"> Developing, procuring, and supplying eco-friendly raw materials, including forestry-certified and mixed paper Proposing packaging that requires reduced volumes of raw materials Proposing solutions to improve work efficiency through use of our packaging 	<ul style="list-style-type: none"> Proposing alternative surface processing technologies to replace plastic laminates Developing alternative paper packaging to replace plastic packaging Developing reusable packaging Developing eco-friendly plastic packaging 	
		Reducing environmental impact throughout our business activities	<ul style="list-style-type: none"> Purifying and reusing water used in manufacturing processes Reducing CO₂ emissions (intensity) 	<ul style="list-style-type: none"> Transitioning to renewable energy Appropriately managing industrial waste and reducing emissions; promoting recycling 	
		Contributing to environmental conservation and preservation	<ul style="list-style-type: none"> Preserving and restoring forest and mountain areas Planting trees with consideration for ecosystems 	<ul style="list-style-type: none"> Establishing a new environment fund to support efforts such as the preservation and restoration of coasts and rivers Investing in efforts that contribute to environmental conservation and preservation 	
S	Theme 02 Valuing and nurturing people	Promoting employee health and safety	<ul style="list-style-type: none"> Maintaining and improving the health of employees and their families as set forth in the Health and Productivity Management Declaration Implementing safety measures at manufacturing sites 	<ul style="list-style-type: none"> Stockpiling disaster supplies to keep employees safe in the event of natural disasters 	
		Developing and cultivating the capacity to offer total solutions related to packaging	<ul style="list-style-type: none"> Using the Packaging Laboratory to foster an organization of specialists who support The Pack as a company offering total solutions related to packaging Developing and utilizing databases on packaging expertise 	<ul style="list-style-type: none"> Improving business efficiency and enhancing proposal capabilities through digital transformation (DX) Promoting product development through training sessions in which manufacturing sites participate 	
	Theme 03 Building and enhancing relations of trust with our business partners and customers	Promoting diverse work styles that encourage all employees to thrive	<ul style="list-style-type: none"> Developing environments for work styles suited to employee lifestyles Promoting an action plan to empower women in the workplace Designing remuneration schemes to allow employees to work with peace of mind and other systems to secure post-retirement plans 	<ul style="list-style-type: none"> Developing teleworking environments and adopting communication tools Developing employee skills and optimizing assignments through job rotations Building a more open human resource evaluation system 	
		Co-creating brand value with our customers	<ul style="list-style-type: none"> Identifying and analyzing customer issues and providing solutions Collecting information on packaging in Japan and overseas and communicating market developments and trends 	<ul style="list-style-type: none"> Providing multifaceted proposals on distribution and logistics solutions to achieve labor savings, automation, and mechanization Proposing ways to participate in The Pack Forest® Environment Fund to preserve forests 	
Theme 04 Contributing to social development and prosperity	Maintaining and improving quality through joint efforts with business partners	<ul style="list-style-type: none"> Implementing joint development of production technologies and establishing mass production in partnership with production subcontractors Improving quality by enhancing quality control structures 	<ul style="list-style-type: none"> Investing in efforts that contribute to the development of future generations Participating in and supporting activities that lead to increased environmental awareness 		
	Contributing to developing future generations and fostering environmental awareness	<ul style="list-style-type: none"> Holding visiting classes for elementary school students Participating in educational content (including online) 	<ul style="list-style-type: none"> Support for activities that create jobs for people with disabilities and activities that assist them in becoming self-sufficient and finding employment Supporting activities of children to support environmental protection 		
G	Theme 05 Enhancing management foundations	Securing soundness, transparency, and efficiency in management	<ul style="list-style-type: none"> Improving corporate governance structures Disclosing information on the status of initiatives related to all principles of the Corporate Governance Code Strengthening management soundness through the G-Line (compliance line as the internal whistleblowing system) 	<ul style="list-style-type: none"> Implementing fair and objective decision-making processes for management appointments Improving the quality of disclosure to shareholders and other stakeholders Securing diversity among the Board of Directors 	
		Promoting supply chain risk management	<ul style="list-style-type: none"> Strengthening supply chains that can respond to various procurement, production, and sales risks 	<ul style="list-style-type: none"> Enhancing resilience to ensure the appropriate operation of business continuity planning Countering information leaks and system failures associated with cybersecurity risks 	

Materiality KPIs

A set of Materialities (important issues) was identified in 2022. In September 2023, we established KPIs on five of these materiality issues we deemed were of particular importance to increasing our social and economic value. We will aim to achieve all five of these KPIs by FY2030.

Major themes	Materiality (Important issues)	KPI	Date established	2019	2020	2021	2022	2023	Target FY for achievement
Theme 01 Delivering solutions to environmental issues through our business activities	Promoting eco-friendly product planning and technological development	Achieving a ratio of sales of FSC®-certified products (paper bags, paper cartons, corrugated boxes) to total sales of 50% or higher*1	September 2023	5.5%	10.8%	13.2%	17.4%	20.2%	FY2030
	Reducing environmental impact throughout our business activities	Reducing CO ₂ emissions (Scopes 1 and 2) by 46% vs. FY2018 (targeting 8997 t)	September 2023	6.9% (15,512 t)	10.5% (14,914 t)	10.6% (14,894 t)	7.6% (15,399 t)	-0.6% (16,756 t)	FY2030
	Contributing to environmental conservation and preservation	Implementing 15 The Pack Forest® Environment Fund activities, with 500 participants per year	September 2023	4	0	0	4	9	253
Theme 02 We value and nurture people.	Promoting diverse work styles that encourage all employees to thrive	Increasing women's percentage of managers (managers or above) to 15% or more	September 2023	3.3%	5.3%	4.9%	6.7%	6.3%	FY2030
Theme 03 Building and enhancing relations of trust with our business partners and customers	Co-creating brand value with our customers	Earning the support of 300 firms for The Pack Forest® Environment Fund*2	September 2023	24	44	67	94	123	FY2030

*1 Sales: The Pack (nonconsolidated) paper products business as a whole (FSC® C020517) *2 Number of companies with sales results

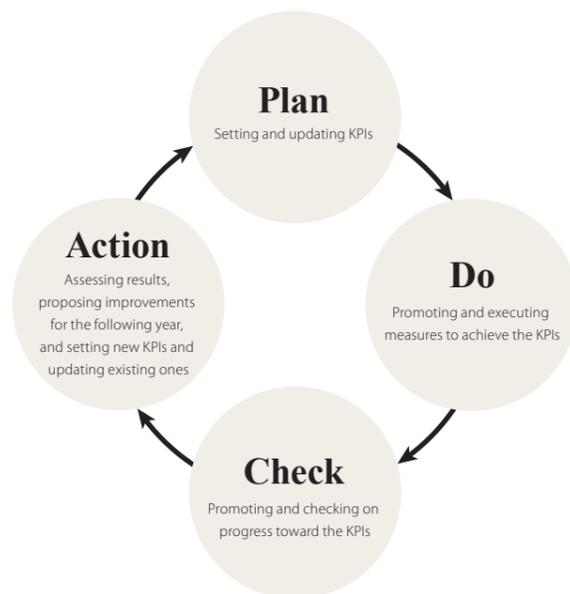
KPI management

The Sustainable Committee and the Sustainable Committee Secretariat, its executive arm, set and manage materiality KPIs. The Sustainable Committee Secretariat reports every half-year to the Sustainable Committee on progress toward the KPIs, ascertained in partnership with Business Units and Group companies. In addition, it assesses results each year, proposes improvements for the following year, and sets new KPIs and updates existing ones.

The Sustainable Committee works together with the Conference of Business Divisions to promote practical efforts targeting the KPIs in individual business sections.

Each business section employs the plan-do-check-act (PDCA) cycle to improve productivity across the organization and strives to achieve the KPIs.

A management structure has been established to promote and monitor progress toward the KPIs, striving toward fair assessment of individual business sections.



Action plan

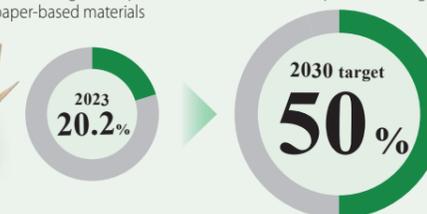


Theme 01 Delivering solutions to environmental issues through our business activities

Promoting eco-friendly product planning and technological development

FSC®-certified products (paper bags, paper cartons, corrugated boxes) as a percentage of total sales

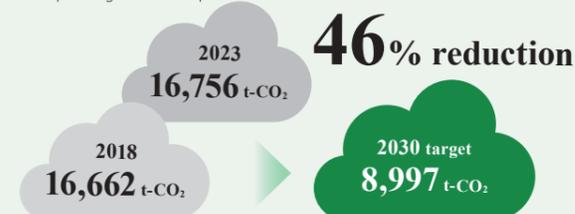
- Enhancing proposals to switch to paper packages
- Expanding range of FSC®-certified suppliers
- Accelerating development of new materials and products using paper-based materials



Reducing environmental impact throughout our business activities

CO₂ emissions (Scopes 1 and 2)

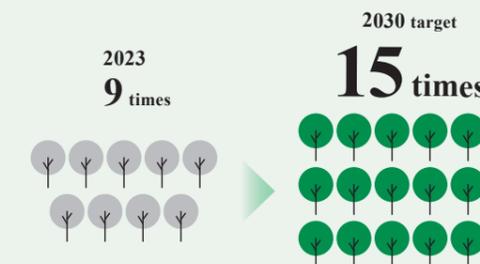
- Switching to highly energy-efficient machinery
- Switching electricity use to renewables (including purchase of renewable energy)
- Expanding use of solar panels



Contributing to environmental conservation and preservation

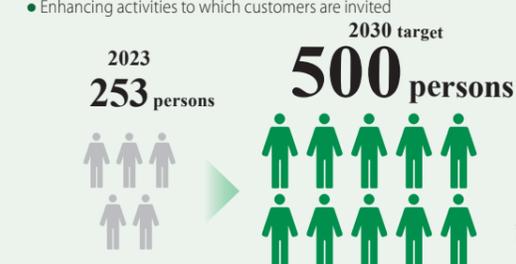
Annual activities of The Pack Forest® Environment Fund

- Increasing the potential number of activities through new development of activity sites



Participants in The Pack Forest® Environment Fund activities

- Enhancing activities to raise awareness among local residents and seeking participants from the general public (posting posters in EDION shops in Hiroshima and Nara and enlisting participation on bulletin boards)
- Enhancing activities to which customers are invited

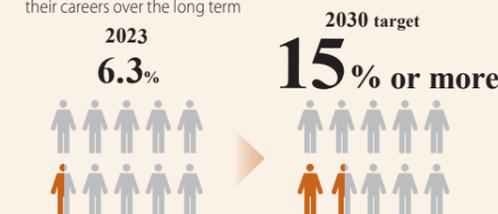


Theme 02 Valuing and nurturing people

Promoting diverse work styles that encourage all employees to thrive

Women as a percentage of managerial positions (managers or above)

- Targeting a percentage of at least 35% of new graduate hires being women
- Developing programs and environments in which women can continue their careers over the long term

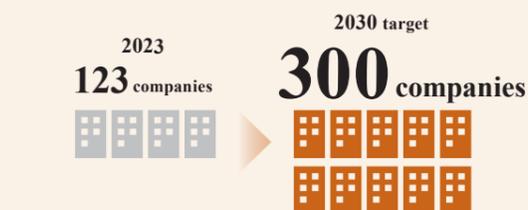


Theme 03 Building and enhancing relations of trust with our business partners and customers

Co-creating brand value with our customers

Companies participating in The Pack Forest® Environment Fund

- Seeking support by enhancing tools for raising awareness of activities



Resolving environmental issues through business activities

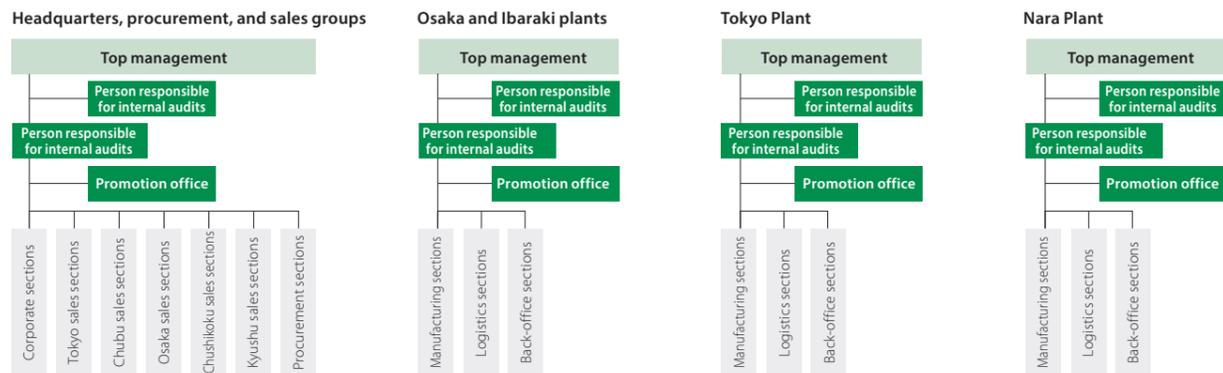
Environmental philosophy

We will work to protect our irreplaceable environment and broadly contribute to society out of our deep respect for people and nature as well to inspire future generations.

Basic policy of Environmental philosophy in environmental activities

1. We will promote the development of safe, environmentally friendly products and technologies.
2. We will utilize resources and energy efficiently and work to minimize and recycle waste.
3. We will pursue customer satisfaction through environmental activities.
4. We will actively participate in local and national environmental protection campaigns.

Environmental management organization (ISO14001)



Environmental targets (ISO14001)

Organization	Measures	FY2023			FY2024
		Target	Performance	Result	Target
Headquarters and sales group	Growing sales of Forest Products ^{*1}	Growing sales of Forest Products by 20% or more vs. 2022 ^{*2}	+22.3%	○	Increasing sales of Forest Products by +20% vs. 2023
	Growing sales of FSC®-certified products	Increasing sales of FSC®-certified products by +30% vs. 2022 ^{*2}	+24.0%	×	Increasing sales of FSC®-certified products by +30% vs. 2023
	Forest conservation activities	Implementing forest conservation activities 10 times	10 times ^{*3}	○	Implementation of forest conservation activities 10 times
Osaka Plant	Energy conservation	Reducing CO ₂ intensity: Reductions to below actual 2022 figures	-11.7%	○	Reducing CO ₂ intensity: Reduction to below actual 2023 figure
Ibaraki Plant		Reducing CO ₂ intensity: Reductions to below actual 2022 figures	-18.8%	○	Reduction to below actual 2023 figure
Tokyo Plant	Energy conservation	Reducing CO ₂ intensity: Reducing by 27% vs. 2012	-32.6%	○	Reducing CO ₂ intensity: Reducing by 33.6% vs. 2012
Nara Plant	Energy conservation	Reducing CO ₂ intensity: Reductions of 1% vs. 2022 ^{*2}	+3.0%	×	Reducing CO ₂ intensity: Reductions of 3% vs. 2023

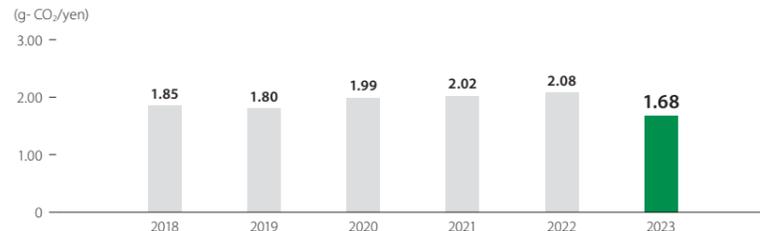
^{*1} Forest Products subject to The Pack Forest® Environment Fund include bagasse, Forest Light, Custard Color, Sugar Brown, biodegradable rope, etc.
^{*2} Target revised upward in 2023
^{*3} Including activities canceled due to weather

Striving to reduce environmental impact

CO₂ emissions intensity

Also known as the CO₂ emissions coefficient, CO₂ emissions intensity refers to the volume of CO₂ emitted from a fixed amount of business activities. We calculate CO₂ emissions intensity by dividing CO₂ emissions converted from electricity, natural gas, and other energy needed in manufacturing using fixed coefficients by plant processing volume. This is used as a general indicator of energy conservation because it is unaffected by changes in sales or production volume.

Four plants (per yen of processing)



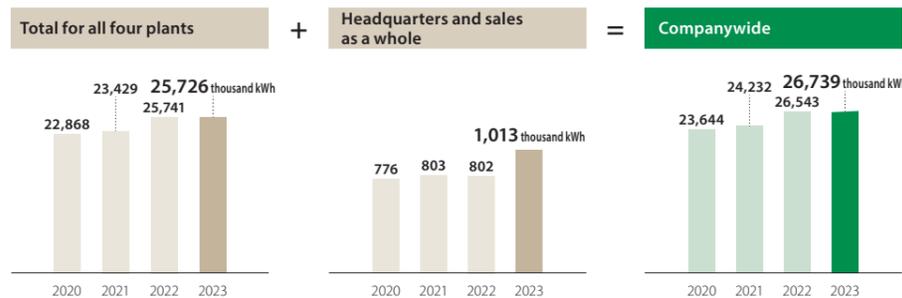
Quantitative changes

The head office, Sales Group, and four plants are striving to conserve energy through means such as adopting high-efficiency equipment. We're also striving to reduce industrial waste and increase recycling rates.

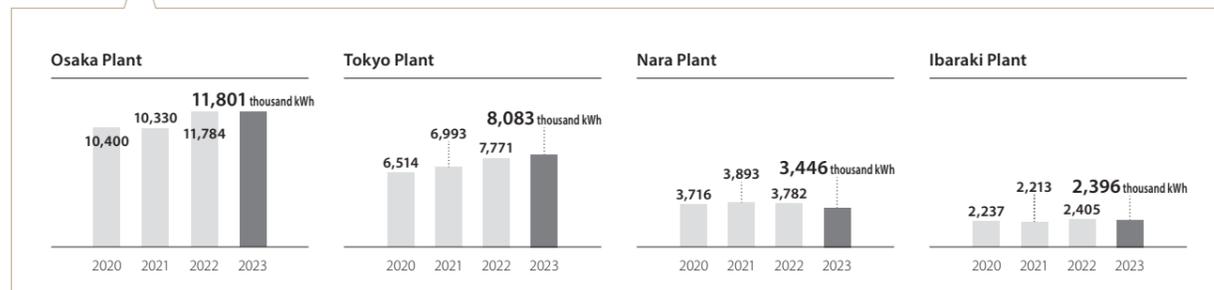
While processing volume increased in FY2023, we were able to improve CO₂ emissions intensity by improving plant efficiency.

Although industrial waste emissions decreased, the recycling rate was 98.2%.

Electricity use



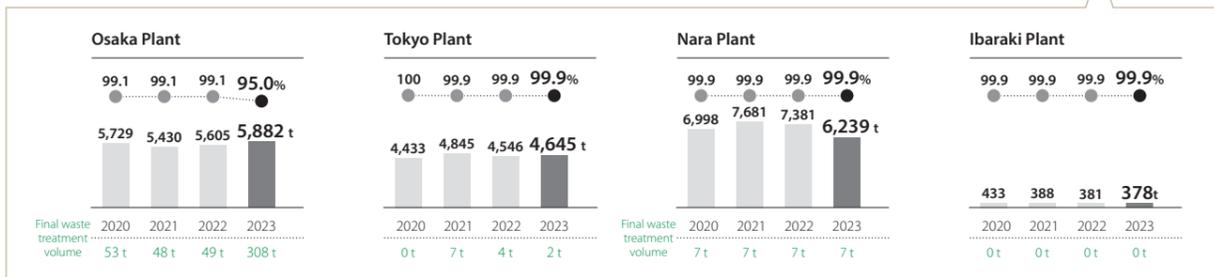
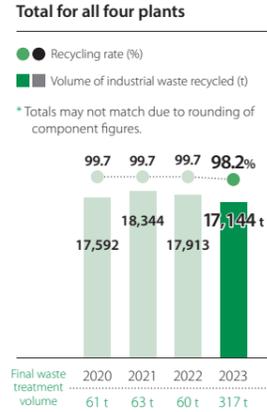
* Excludes power generated from solar power equipment installed by the Company itself.
^{*} Emissions coefficients of individual power companies have been standardized to calculate fluctuations in emissions.
^{*} Includes power used under renewable-energy plans.



Recycling of industrial waste

Each plant recycles as much industrial waste as possible in an effort to reduce the amount of waste ultimately disposed of. Part of the industrial waste from the loss of manufacturing paper and chemical product packaging, and part of the packaging materials that were used as raw and subsidiary materials are now reused in the market as recycled packaging materials, etc.

Some industrial waste that cannot be recycled is recycled into solid fuels and other useful resources.



Appropriate management of chemical substances

The chemical substances we use in manufacturing processes are suitably managed pursuant to the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management

Thereof (PRTR Act). In addition, in bag and carton production, we are making steady progress on switching to safe adhesives free of restricted chemical substances. In FY2023, we reduced the volume of substances subject to the PRTR Act by 14%.

Volumes of Type I designated chemical substances under the PRTR Act (total for all four plants) (t)

Subject chemical substances	Material in which included	2020	2021	2022	2023
Toluene	Adhesives	0.8	0.0	0.0	0.0
Xylene	Adhesives	0.0	0.0	0.0	0.0
Phthalates	Adhesives	0.2	0.0	0.0	0.0
Boric acid and compounds thereof	Adhesives	1.6	1.6	1.4	1.2
Monochlorobenzene	Adhesives	0.8	0.0	0.0	0.0
Dichloromethane	Offset-printing cleaning solution	0.0	0.0	0.0	0.0
1,2-Dichloropropane	Offset-printing cleaning solution	0.0	0.0	0.0	0.0
Total		3.4	1.6	1.4	1.2

Putting water resources to more effective use

The water used at the Tokyo Plant for washing printing ink, paint, and adhesives in the manufacturing process is recycled using a water treatment facility for use as toilet flushing water. This helps conserve tap water and counters water shortages by making more efficient use of our limited water resources.



The Tokyo Plant water treatment facility

Disclosure in accordance with TCFD recommendations

Recognizing the major impacts climate change would have on the Company and its stakeholders, The Pack has identified reducing environmental impact throughout our business activities as a key materiality issue. The following disclosures reflect Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The Pack will strive to provide appropriate disclosure to stakeholders by enhancing the content of disclosure in addition to further accelerating related initiatives.

Governance

The Sustainable Committee (chaired by the President and CEO) under the Board of Directors manages and promotes response to climate change. The Sustainable Committee and the Sustainable Committee Secretariat, its executive arm, in partnership with the Conference of Business Divisions, Business Units, and Group companies, ascertain risks and opportunities associated with climate change, draft related targets, monitor and assess the state of related efforts, and submit reports and answers to the Board of Directors twice a year on the results of this process. While the Sustainable Committee meets twice annually in principle, it may meet at other times to address matters judged by the chairperson to be highly important or urgent.

The Board of Directors consults with and supervises the Sustainable Committee and makes decisions on targets.

Tasked with overseeing the executive organization, the Sustainable Committee Secretariat reviews anticipated risks and opportunities associated with climate change, identifies them and assesses their importance, and reviews their assessments. It also considers action plans and response policies and inspects and follows up on the state of execution periodically.

The Conference of Business Divisions consults with the Sustainable Committee to share information. Business Units and Group companies implement various measures and provide results and data.

The Audit and Supervisory Board and the Audit Office provide supplemental audits related to these initiatives.



Risk management

The Sustainable Committee reviews the risks and opportunities associated with climate change annually, assesses risks and opportunities based on various considerations, including their probability and impact and what recourses are available. In reviewing assessments of risks and opportunities, it refers to various scenarios provided by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and interviews related business sections as necessary. Among the risks and opportunities associated with climate change, those considered to be highly important are reported to the Board of Directors through the Sustainable Committee. The Sustainable Committee drafts responses to risks and opportunities and manages the progress thereof in accordance with established guidelines.

Strategy

The Group has considered two scenarios, the 2°C scenario and 4°C scenario, for the year 2030, for a scope consisting of The Pack Corporation. In doing so, it referred to the scenarios of the IEA's World Energy Outlook, the IPCC's Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs) scenarios, and various forecasts and plans issued by the Japanese government and other parties. Analyzing each event along the two axes of probability and impact, it assessed business risks and opportunities at three levels: high, medium, and low. We will increase the resilience of business activities by promoting optimal initiatives based on the important business risks and opportunities clarified through this process.

Key business risks and opportunities

Item	Event	Potential impact	Business impact	Assessment		
Transitional Risks Opportunities 2°C scenario	Policy/legal	Adopting carbon taxes	Risks Rising business costs, including the cost of fuel and raw materials, due to stricter regulations and carbon taxes	New tax burdens on emissions expected to be incurred with adoption of carbon taxes	High	
		More rigorous CO ₂ emissions and energy conservation regulations	Opportunities Reducing CO ₂ emissions intensity through the development of efficient logistics systems	Emissions intensity expected to be reduced by making the Company's logistics systems more efficient in partnership with leading logistics firms	Low	
	Markets	Growing demand for low carbon products	Risks Declining demand for existing high carbon products	Projections suggest that customers and consumers would move away from existing high carbon products toward low carbon products.	Low	
			Opportunities Increasing demand for low carbon products (paper products)		High	
		Promotion of switching from plastic to paper products	Opportunities Increased demand for paper products (bags, cartons)	Growing consumer movement away from plastic products to more eco-friendly paper products due to expanding environmental awareness	High	
	Growing demand for recycling materials	Risks Rising cost of used paper and other recycling materials	Projections suggest that market prices of used paper and other materials would rise as demand for recycling materials grows, leading to higher manufacturing costs.	Medium		
	Reputation	Declining corporate brand value due to inadequate environmental measures	Risks Changes in evaluations by stakeholders	Projections suggest that failure to adapt to climate change may lead to exclusion from investments, chiefly by institutional investors, and less favorable lending conditions from financial institutions. Despite the risk of fundraising obstacles, the impact might be controlled by enhancing disclosure and implementing measures to adapt to climate change.	Low	
			Acute	Increasing frequency and scale of weather-related disasters	Risks Suspension of operations due to damage to Company facilities and supply chains	Projections suggest that the procurement of raw materials, product deliveries, and other activities may be affected by interruptions of logistics chains due to weather-related disasters.
	Chronic	Increasing numbers of days of fierce heat		Risks Inadequate electricity due to growing numbers of days of fierce heat Risks Rising air conditioning and other costs	Projections suggest that growth in demand for electricity due to growing numbers of days of fierce heat may threaten business continuity due to power failures and other consequences.	Low
		Improved business sustainability through environmental measures		Opportunities Achieving differentiation from the competition and containing opportunity loss by ensuring a stable supply of products	Projections suggest that the Company can differentiate itself from the competition by increasing its business continuity by adapting to climate change to ensure a stable supply of products and to avoid shortages.	Low

Strengths and initiatives for addressing major opportunities

Event	Strengths and initiatives
Stricter regulations governing CO ₂ emissions and energy conservation	<ul style="list-style-type: none"> Rebuilding the head office building to make it highly environmentally efficient Establishing guidelines on adopting machinery and using machinery with a focus on efficiency Adopting and expanding facilities to reduce environmental impact—for example, by installing solar power Promoting the development of efficient logistics systems Promoting contracts for CO₂-free electricity from renewables Considering carbon offsets through the purchase of non-fossil-fuel certificates, etc.
Growth in demand for low carbon products Promoting the switch from plastic to paper products	<ul style="list-style-type: none"> Together with boosting sales of FSC® and other Forest Products, actively proposing and expanding the lineup of other paper products Moving ahead with the development of eco-friendly products and proposing their use as substitutes for plastic products
Increasing the sustainability of eco-friendly businesses	<ul style="list-style-type: none"> Ensuring stable supplies and effective risk management for emergencies through joint efforts with our four plants in Japan, Group companies, and subcontractor plants Promoting supply chain resiliency by developing new suppliers and strengthening relations with existing suppliers

Indicators and targets

The Pack has established the following indicators and targets. Each business unit will strive to meet these targets under the oversight of the Sustainable Committee.

Supply chain CO₂ emissions results

We have determined that Scope 3, Category 1 emissions (from purchased products and services) account for 81.7% of total supply chain CO₂ emissions. In addition, we will consider ways to reduce total supply chain CO₂ emissions.

Emissions by scope

Scope	Emissions (t-CO ₂)	Ratio
Scope 1	5,118	0.7%
Scope 2	11,638	1.6%
Scope 3	693,899	97.7%
Supply chain emissions	710,655	100.0%

Scope 3 emissions categories

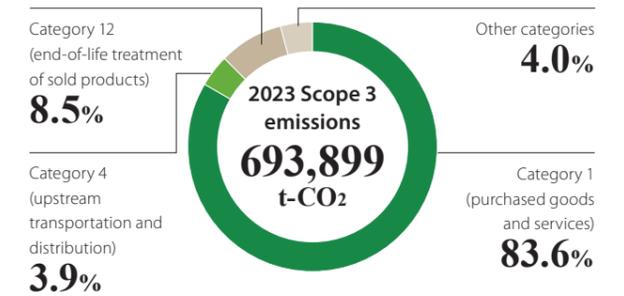
Category	Emissions (t-CO ₂)	Share of Scope 3 emissions
1 Purchased goods and services	580,437	83.6%
2 Capital goods	15,958	2.3%
3 Activities related to fuel and energy not included in Scopes 1 and 2	3,138	0.5%
4 Upstream transportation and distribution	27,343	3.9%
5 Waste generated by operations	937	0.1%
6 Business travel	349	0.1%
7 Employee commuting	1,290	0.2%
8 Upstream leased assets	—	—
9 Downstream transportation and distribution	5,310	0.8%
10 Processing of sold products	320	0.0%
11 Use of sold products	—	—
12 End-of-life treatment of sold products	58,817	8.5%
13 Downstream leased assets	—	—
14 Franchises	—	—
15 Investments	—	—
Total Scope 3 emissions	693,899	100.0%

CO₂ emission reduction target (Scopes 1 and 2)

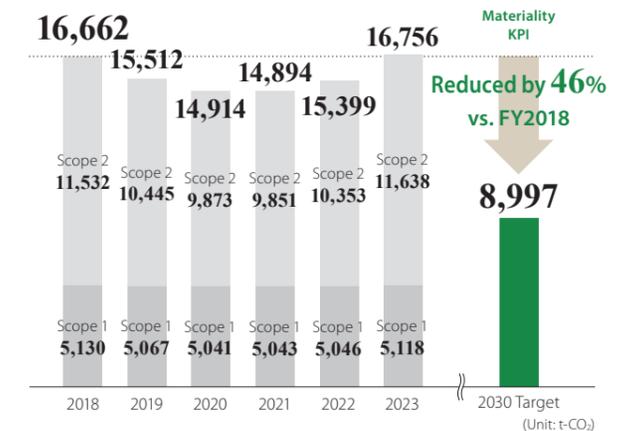
Each plant seeks to continue to adopt and deploy more efficient machinery and equipment in line with related guidelines. Investment in machinery and equipment will continue in 2024 and beyond to help curb CO₂ emissions.

[Target] By 2030, we hope to reduce CO₂ emissions (Scopes 1 and 2) by 46% vs. FY2018.

[Scope 1 and 2 results] In 2023, Scope 1 and Scope 2 emissions increased 8.8% year-on-year. We will maintain activities that conserve energy, including efficiency improvements in manufacturing and logistics sections.



Trends in CO₂ emissions (Scopes 1 and 2)



Product development structure for environmentally-friendly products

Demand for environmentally-friendly packaging is growing as we strive to achieve a sustainable society. We conduct research and development of environmentally-friendly products from the perspectives of materials, design, and technology. Core product development is handled by the Packaging Laboratory and by the Materials Development Section. Packaging Laboratory is engaged in development, mainly in structural design of folding paper cartons and corrugated boxes, in cooperation with the company's own plants, etc. The Material Development Section conducts research and development mainly in the field of materials and technology in cooperation with other companies.

New product introduction

Developing paper trays to replace plastic trays

We've developed paper trays to replace the molded plastic trays used to retain product shapes and prevent crushing. Their special design retains the tray shape by folding along the lines to hold the sides in position. These products have been developed for markets for snacks and other food products as trays for use with individually wrapped products.



Product features

- Paper trays can help reduce plastic use
- Special design holds tray shape
- Highly cost-effective on initial costs

Developing Craft Barrier® Heat-Seal Grade fully film-free paper-based recyclable film packaging

As part of the Craft series of paper-based film packaging seeking to reduce plastic use in film packaging, we've developed the fully film-free Craft Barrier® HEAT SEAL GRADE, which has barrier properties and is recyclable.



Product features

- Fully film-free
- Oil repellent with oxygen and vapor barrier properties
- Recyclable when clean

Developing paper food containers with fog-resistant windows

We've developed paper food containers with fog-resistant windows to help reduce plastic use. The film window on the upper face of the container top features a proprietary antifogging treatment to prevent fogging due to temperature difference when a warm food product is placed in the container. As an alternative to plastic containers, paper food containers that make the contents visible will help promote switching to paper packages in the growing home meal replacement and takeout food markets.

Promoting the switch to paper packages in the food products market, through a proprietary antifogging treatment

Product features

- Paper food containers that make the contents visible
- Window prevents fogging when a warm food product is placed in the container
- Eco-friendly product with low plastic content

FSC®-certified products (paper bags, paper cartons, corrugated boxes) as a percentage of total sales: results and targets

The Pack has earned FSC® Chain-of-Custody certification for paper and paper products using FSC®-certified materials and managed raw materials. This means that our customers can use packages made of raw materials from properly managed FSC®-certified forests and recycled resources. In 2023, we identified achieving a ratio of sales of FSC®-certified products (paper bags, paper containers, corrugated boxes) to total sales*1 of 50% or more as a materiality KPI. We will fulfill our corporate responsibilities to nature and to society through the sales of FSC®-certified products.

*1 Sales = The Pack paper-products business as a whole (nonconsolidated)

	2019	2020	2021	2022	2023	Materiality KPI 2030 target
Percentage (%)	5.5	10.8	13.2	17.4	20.2	50% or more

Column

Award winner in a packaging contest

The Japan Packaging Contest is a competition organized by the Japan Packaging Institute to develop and promote Japan's outstanding packaging and its technologies. The best work of the year is determined according to each aspect of the package, including materials, design, and technology. This year, we won an award in the wrapping segment for a package that makes marked contributions in areas like more efficient and improved wrapping.

Toiletries wrapping segment award

Paper multi-bottle pack for Unilever Japan Service

This package achieved the switch from the existing plastic (plastic bag) package to a paper package for use in selling bottles of shampoo and conditioner as a pair. This award reflects our structural design capabilities, as we designed a package that combines durability with ease of assembly while using a small amount of paper.

See the blog below for more information about the award-winning package. (Japanese only)
<https://www.thepack.co.jp/blog/products/a159>



New highly environmentally efficient head office building completed

In line with our materiality issue of reducing environmental impact throughout our business activities, the new head office building completed in March 2023 was designed and planned with a focus on environmental performance. It achieved a BEI score of 0.43 and ZEB Ready certification thanks to various efforts, including a natural ventilation system, exterior walls with high thermal insulation, and a highly efficient air conditioning system. It has also earned a CASBEE S rank and CASBEE Wellness Office S rank (self registered), as an office building evaluated highly on both total environmental performance and wellness.

As a result of evaluation of its high level of environmental performance targeting a decarbonized society, its consideration for the surrounding residential neighborhoods, and its workplace comfort, the building won the FY2023 Osaka Environmentally Friendly Architecture Award in the office category. We will continue striving to build an environment in which anybody can work comfortably while also considering the environment.

Building evaluations and awards

- Zero-emission building accreditation (ZEB Ready, highest BELS evaluation)
- CASBEE accreditation (CASBEE S Rank [highest evaluation])
- CASBEE Wellness Office Rank S (voluntary registration)

Eco-friendly technologies employed

- Natural ventilation and lighting using eco voids
- Solar panels for power generation
- High-thermal-insulating exterior walls and low-E windows to lessen the air conditioning burden
- LED lighting with automatic dimmers using sensors in working spaces
- Air volume of all heat exchangers is controlled in line with changes in number of people in the building (CO₂ density)

Efforts to improve productivity

- Reception rooms featuring large monitors
- Layout suited to new workstyles and free-address workspaces, remote work, paperless work, and online meetings
- Shared spaces to stimulate exchange and dialogue



Natural ventilation and lighting using Ecovoid



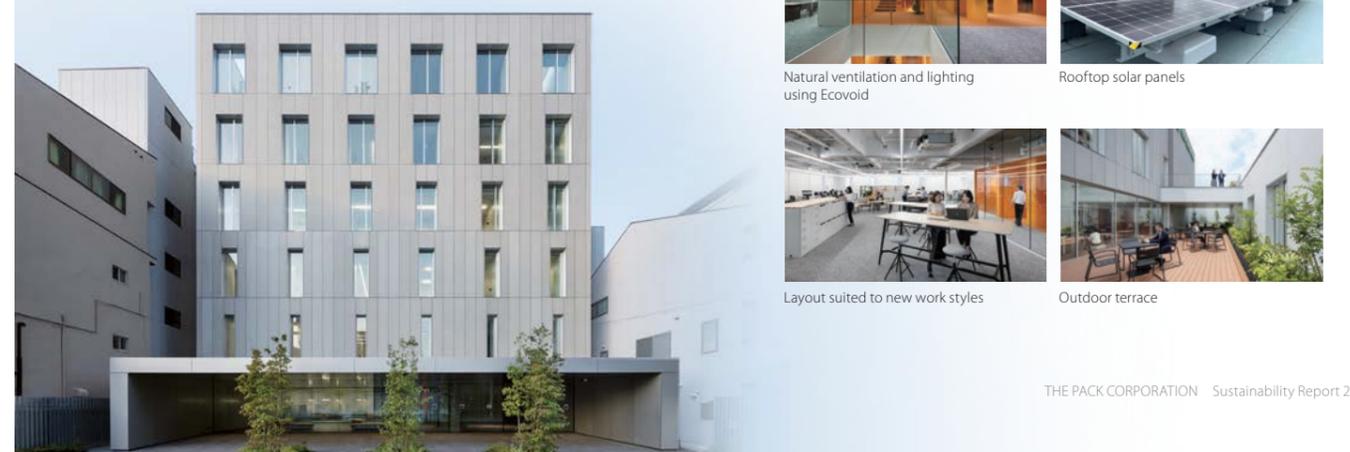
Rooftop solar panels



Layout suited to new workstyles



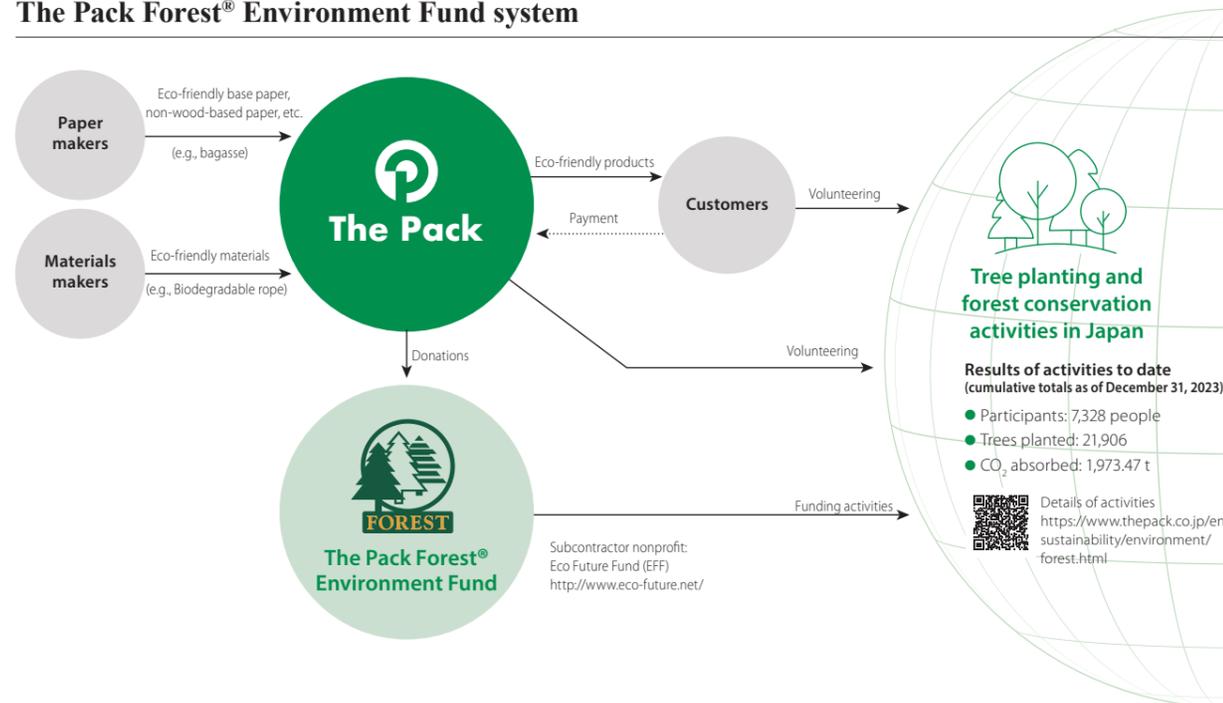
Outdoor terrace



Activities of The Pack Forest® Environment Fund

We've been developing eco-friendly products since 1993, contributing a portion of our sales to fund forestry conservation activities. In 2000, we established The Pack Forest® Environment Fund and launched volunteer activities to plant and thin forested areas. We also contribute funding for forestry conservation activities. A portion of this fund is allocated to purchasing saplings and other forestation resources. Several times a year we engage in joint activities with the nonprofit Eco Future Fund (EFF) To date, we've planted trees in nine locations across Japan, with the participation of not just The Pack employees but also customers, public agencies, nonprofits, and the general public. This activity also enables customers using eco-friendly products to contribute to forest conservation activities through their packages. In 2023, we identified as materiality KPIs undertaking 15 activities/year, with 500 participants, under The Pack Forest® Environment Fund and increasing the number of companies supporting The Pack Forest® Environment Fund to 300 companies. We remain committed to promoting and expanding these activities while planting trees on even more sites.

The Pack Forest® Environment Fund system



The Forest Mark

The Forest Mark is our original logo for The Pack Forest® Environment Fund and forest conservation and tree-planting activities. It can be printed on packages certified as Forest Products to help customers inform consumers of their contributions to forest conservation activities.



Tree-planting sites



Activities of The Pack Forest® Environmental Fund in 2023

In 2023, we planned our activities in line with a policy of returning activities to their pre-COVID-19 pandemic state while also focusing on contracting for new tree planting sites and carrying out initial activities. Thanks also to aggressive recruiting of participants from outside the Group, a total of 253 people, including customers, participants from university laboratories, and local residents, took part in nine activities during the course of the year.

No.	Activity period	Location	Details	Participants
1	March 2023	Takehara, Hiroshima Prefecture	Tree planting	55
2	April 2023	Hidaka, Saitama Prefecture	Tree planting	20
3	June 2023	Shijonawate, Osaka Prefecture	Thinning	12
4	June 2023	Fujimi, Nagano Prefecture	Tree planting	30
5	August 2023	Takehara, Hiroshima Prefecture	Cutting undergrowth	22
6	October 2023	Shijonawate, Osaka Prefecture	Thinning	24
7	October 2023	Yoshino, Nara Prefecture	Thinning	42
8	November 2023	Yoshino, Nara Prefecture (PAL Forest)	Cutting undergrowth, maintenance	40
9	November 2023	Hidaka, Saitama Prefecture	Cutting undergrowth, maintenance	8
Total				253

New tree planting site: Fujimi, Suwa-gun, Nagano Prefecture

The Pack concluded a contract on its ninth tree planting site to support Nagano Prefecture's forest community promotion project. Activities on this 1.8-hectare site, named The Pack Forest Fujiminomori, will center on planting Japanese larch trees and forest conservation. In the first activity in June 2023, a total of 30 participants planted 700 Japanese larch trees. Even employee family members, including preschool children, participated, thanks to the safety of the site's flat terrain and the ease of planting using saplings in containers. We will continue to contribute to sustainable forests in cooperation with local residents.



Group photo

Voice Voice of a participant

The day's activities got off to a pleasant start under a clear blue sky—perfect for the start of activities on a new tree planting site. The work involved using a special tool to dig a hole in the ground and then planting saplings in containers, small enough to hold in one hand, in the holes. It was a valuable experience to enjoy nature with our children. Given the opportunity, I'd like to participate each year to see how the saplings grow. The Pack Forest® Environment Fund is a unique initiative carried out for more than 20 years. I think it's a wonderful activity. I hope people from across the organization—management to new employees—will take part, while promoting awareness of this activity outside the Company.



Takumi Tsuji, Human Resources Department

Trend in activity results

	2019	2020*	2021*	2022	2023	Materiality KPI 2030 target
Annual activities (times)	4	0	0	4	9	15
Annual participants (persons)	160	0	0	111	253	500

* Activities cancelled due to the COVID-19 pandemic

We value and nurture people.

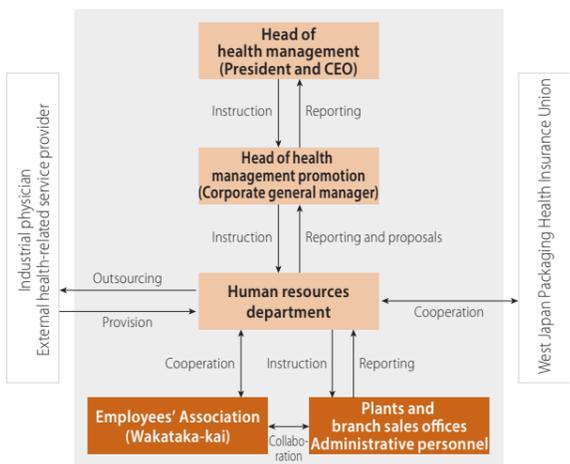
Health management

Since announcing our health management plan in March 2017, the Company has implemented initiatives to maintain and promote the health of our employees and their families. One benefit of health management is the rise in labor productivity expected as an outcome, which will further contribute to Company development.

Health management structure

We work with internal and external organizations, primarily Human Resources, to implement various measures.

■ The Pack Corporation
 ■ Policy-implementing departments
 ■ Policy-promoting departments
 □ External unions, services



Overview of the Certified Health & Productivity Management Outstanding Organizations Recognition Program and our ranking

The Certified Health & Productivity Management Outstanding Organizations Recognition Program is a program that recognizes major corporations and small and medium-sized enterprises (SMEs) that practice particularly outstanding health management, through initiatives reflecting community health issues and efforts toward good health as promoted by the Nippon Kenko Kaigi.

Assessment of The Pack's health management (FY2023 application)

Overall ranking: **1901-1950** out of 3520 companies

Overall assessment: **49.3** ↑1.4 (points from the previous score of 47.9)

2024 健康経営優良法人 Health and productivity

Thorough health checkups and secondary examinations

We provide regular health checkups for all employees, including part-time employees. The most recent percentages of employees undergoing these exams, for FY2022, shows that while 100% of employees underwent regular health checkups, only 33.2% underwent secondary examinations. More than one quarter of our employees, or 23.6%, underwent secondary examinations. Employees found to require urgent treatment based on examination results are encouraged to be examined through letters and telephone calls from public health nurses with the health insurance society. We will continue to confirm that employees understand the importance of undergoing secondary examinations instead of taking checkup results lightly.

* Part-time employees are not included because they may join and leave the company throughout the year.

Regular health checkups

(checkup period: April 1 of year indicated – March 31 of following calendar year)

	FY2020		FY2021		FY2022	
	Persons	%	Persons	%	Persons	%
Examined	913	100.0	899	100.0	883	100.0
Unexamined	0	0.0	0	0.0	0	0.0
Total	913	100.0	899	100.0	883	100.0
Persons who underwent secondary examinations	247	27.1	239	26.6	208	23.6

Secondary examinations

(checkup period: April 1 of year indicated – March 31 of following calendar year)

	FY2020		FY2021		FY2022	
	Persons	%	Persons	%	Persons	%
Examined	166	67.2	138	57.8	69	33.2
Unexamined	81	32.8	99	41.4	139	66.8
Resigned after being informed	0	0.0	2	0.8	0	0.0
Total	247	100.0	239	100.0	208	100.0

Smoking cessation challenge

We're promoting a smoking cessation challenge program for the health of employees and their families. At the time of the first survey in March 2021, 27.1% of all Company employees were smokers, a figure much higher than the national adult average of 16.7% (according to the National Health and Nutrition Survey by the Ministry of Health, Labour and Welfare). The following initiatives were undertaken by the human resources department, along with thorough promotion of the health insurance society's smoking cessation program. The survey carried out in October 2023 showed 25.5% of employees were smokers, up 1.8 percentage points from the previous survey, due to a large number of smokers among new hires. We will continue encouraging employees to quit smoking.

Main initiatives

- ① Smoking survey to ascertain current conditions
- ② Encouraging employees to use the health insurance society's smoking cessation support program

Smoking rate over time

Subject: all employees

	November 2021		April 2022		October 2023	
	Persons	%	Persons	%	Persons	%
Smokers	303	24.3	298	23.7	336	25.5

Stress checks

We ask all employees, including part-time employees, to undergo annual stress checks. We aim to identify any mental-health concerns swiftly through analysis of individual groups of employees, in addition to encouraging eligible persons to receive in-person guidance from a physician based on the results of their stress checks. We will also analyze rates of persons with high stress levels by business site, to contribute to improvements in individual sections.

Stress checks

Subject: all employees

	2019	2020	2021	2022	2023
Number undergoing stress checks (persons)	1,295	1,274	1,215	1,206	1,233
Rate of undergoing stress checks (%)	97.0	97.2	97.4	96.9	96.0

Encouraging marathon participation

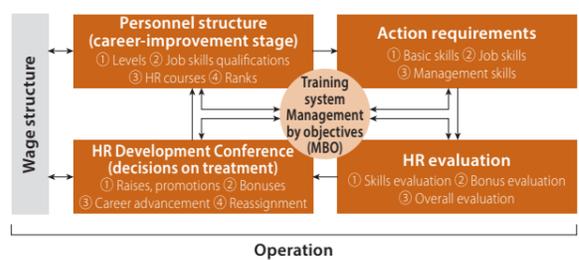
In 2023, we began sponsoring the RUNRUNRUN marathon held in Tokyo and Osaka. We recruited prospective runners from among employees and their families. A number of employees ran in the 2023 marathon. We plan to use this marathon to promote health and stimulate communication among employees and their families.

Training and other programs to support skills development

Under the HR system adopted in 2020, The Pack Group is making progress on developing workplaces in which employees can grow. We will enhance training, support and evaluation programs to support skills development to enable highly motivated employees to perform at their best.

Overview of our human resource system

We introduced a new human resources system in 2020 to create a workplace where people can thrive. In the salary structure, the requirements for salary increases and promotions have been made clearer. We are increasing lifetime annual income by reviewing salaries and retirement benefits for younger employees and employees who continue to work after retirement. As part of the evaluation system, the Human Resources Development Council holds evaluation meetings throughout the company in an effort to make evaluations as open and accurate as possible.



Talent management system

The talent management system introduced in 2022 centralizes employee information, including personal information, skills, past positions, awards received, training completed, HR evaluations, and management by objectives, to support the appropriate placement and development of human resources. We plan to use this system, which involves employees enhancing the information in their own profiles, as a tool for stimulating internal communication.

HR Development Conference

Based on the results of the performance reviews, talent development meetings are held throughout the company. At these meetings, we share information about top talent throughout the company and discuss ways to evaluate employees fairly and appropriately. It is also an opportunity to evaluate the management skills of participating managers.

Skills improvement support program

To encourage employee self-improvement, we've established a skills improvement support program that provides economic assistance for activities such as language learning and earning qualifications. English and Chinese lessons are provided under corporate contracts with major language schools operating across Japan. Those learning English also have the option of online lessons.

Number of persons who used the skills-improvement support program (total)

	2019	2020	2021	2022	2023
Number of persons who used the program (total)	9	10	9	23	21

Digital transformation (DX) training

We provided digital transformation (DX) training as part of our efforts toward human resource development under the medium-term management plan's human capital strategy. The 700 (approximate) trainees consisted of officers, presidents and selected employees of Group companies, and employees (permanent employees, reemployees, and contracted employees) who work on computers. The roughly half-year program from June to December consisted of assessment testing to visualize DX skills and e-learning to foster a DX mindset and improve DX literacy. In 2024, about 130 people chosen from those who took part in last year's training will undergo practical training for use in their own sections' operations. We will continue to accelerate DX promotion in each section.

Voice Voice of a participant in DX training

I completed the DX training program over about a half-year. The program taught me DX literacy and other knowledge and skills. While the training was challenging at times and involved numerous terms with which I was unfamiliar, it also was very informative. I learned a lot about DX tools such as ChatGpt. It also introduced case studies of DX use at other companies, giving me a feel for the DX wave around the world and showing me how DX is essential to corporate growth. There are many areas in which DX can be used in my own work in the legal affairs department, such as visualization of workflows from contractual review through conclusion and knowledge sharing among personnel. I hope to use what I learned in this training program to consider actively adopting DX.



Ryoji Arai, Legal Department

Purpose of support	Subject	Details
Learning languages	English	Courses available at corporate contract prices (Incentives are paid for those who meet certain conditions.)
	Chinese	
Earning qualifications	Microsoft Office Specialist (MOS: Word, Excel, PowerPoint)	Those who pass the qualification exams are reimbursed the test fees and paid incentives.
	Official Business Skill Test in Book-keeping, Level 3 or above	
	Other (those necessary or beneficial to professional duties)	
Learning	Nikkei TEST	Trainees are reimbursed the test fees.

Training on seven types of practices

This training was launched in 2021 to prevent early separation and errors and to improve productivity. Its aim is to deepen communication among generations and different job types and to enable employees to work together while consciously seeking win-win relationships.

The first training sessions were held for those in managerial positions: 18 plant forepersons in FY2021, 55 department general managers including those from Group companies in FY2022, and 61 section managers in FY2023. In 2023 the training consisted of a two-day online training program and a total of 13 topical assignments. Plans call for training about 60 additional section managers in 2024.

Diverse human resources

With an emphasis on human resource development, The Pack maintains comfortable workplaces where diverse human resources can demonstrate their individuality and abilities. We will continue to respond to changes in society and develop attractive systems.

Promoting women in the workplace

We believe that an environment in which women can thrive is necessary if all employees are to work in comfort. In 2021, based on an analysis of various issues related to the creation of working environments where people can comfortably work over the long term, we established our targets for the future.

Action plan on promoting women in the workplace

- Plan period: April 1, 2021 – March 31, 2026
- Targets:
 - (1) Women accounting for at least 25% of permanent full-time employees
 - (2) Women accounting for at least 35% of permanent full-time employees (new graduates) hired
 - (3) Women accounting for at least 10% of managerial personnel (managers and above)
- Issues and initiatives: One issue we face is the low number of women personnel. This means that women account for a small percentage of managerial personnel. In addition to hiring based on an awareness of the gender of new graduates hired, we plan to implement training on understanding the issues of diversity, gender, and systemic bias.

Women as a percentage of permanent full-time employees

(Figures for each fiscal year are as of December 31)

	2019	2020	2021	2022	2023
All permanent full-time employees (persons)	892	881	841	835	840
Women permanent full-time employees (persons)	171	176	167	171	181
Percentage accounted for by women (%)	19.2	20.0	19.9	20.5	21.5

Women as a percentage of permanent full-time employees (new graduates) hired

(Figures for each fiscal year are as of December 31)

	2019	2020	2021	2022	2023
All permanent full-time employees hired (persons)	39	30	13	20	28
Women permanent full-time employees hired (persons)	8	11	6	7	14
Percentage accounted for by women (%)	20.5	36.7	46.2	35.0	50.0

Women as a percentage of managerial personnel (managers and above)

(Figures for each fiscal year are as of December 31)

	2019	2020	2021	2022	2023	Materiality KPI 2030 target
All permanent full-time employees hired (persons)	213	208	206	209	206	
Women permanent full-time employees hired (persons)	7	11	10	14	13	
Percentage accounted for by women (%)	3.3	5.3	4.9	6.7	6.3	15% or higher

Gender pay gap

The Pack applies a gender-neutral payroll structure. The key factors underlying the gap between male and female pay are average age, percentages in managerial positions, and overtime, shift work, late-night work, and other allowances in manufacturing workplaces, where men make up a large portion of the workforce. To eliminate this gap, we plan to promote highly capable women to managerial positions and to increase the percentage of women among new graduate hires for career track positions by emphasizing ability regardless of gender.

Women's pay as a percentage of men's pay

(Figures for each fiscal year are as of December 31)

	2022	2023
Regular workers (%)	74.7	75.1
Nonregular workers (%)	63.7	64.5
All workers (%)	55.9	55.8

Notes

Subject period: January 1 – December 31

Regular workers: Permanent full-time employees (including secondees currently posted outside the organization);

Non regular workers: contracted employees, reemployees, part-time employees

Pay: Includes commuting allowance.

Comprehensive reduced working hours program

This program allows employees whose circumstances involve responsibilities such as caring for children aged three or older, providing long-term care for family members, hospital treatment, or family support to choose from various forms of employment, including six-hour working days, seven-hour working days, or staggered working hours. The program was established to support diverse workstyles based on a comprehensive consideration of situations in which standard working hours may pose difficulties.

Users of the comprehensive reduced working hours program

	2019	2020	2021	2022	2023
Users (persons)	4	7	10	9	13

The Pack's own maternity and paternity leave program

Numbers and percentages of employees taking childcare leave

(Figures for each fiscal year are as of December 31)

		Subject: all employees excluding part-time employees				
		2019	2020	2021	2022	2023
Women	Number of employees taking childcare leave (persons)	7	11	15	11	10
	Percentage of employees taking childcare leave (%)	100.0	100.0	100.0	100.0	100.0
Men	Number of employees taking childbirth and childcare leave (persons)	0	0	0	3	10
	Percentage of employees taking childbirth and childcare leave (%)	0	0	0	13.0	40.0

Improving employee engagement

The Pack considers its employees to be a vital asset for our businesses. We will develop an environment in which employees can grow by doing rewarding work while sharing a common purpose.

Engagement survey

The Pack performed its first employee engagement survey in December 2023. Plans call for analyzing the survey results and implementing various measures in FY2024, including ones targeted at reducing high stress levels and making work more rewarding.

Transfer-restricted share-based incentive system under the employee stock ownership program

This system was adopted as a benefit for employees in managerial positions and as an incentive toward continuous improvement in corporate value. The aim is to increase engagement while sharing value with shareholders.

Voice Voice of an employee who took childcare leave

I spoke with the Company about taking childcare leave when my wife entered the stable period of pregnancy. My superior arranged things so I could complete the transfer of most of my duties about two months before the due date. That made it possible to await our child's birth with peace of mind. Since my work in sales normally consists of various duties that depend on individual ability, during the handover period I shared with my colleagues not just the details of my work but also detailed information on individual customers as well as my own thinking on sales activities.

I am glad that I was able to share responsibilities with my wife during the challenging period after birth. I am very grateful to the colleagues who supported me during this time. After returning to work, I realized the importance of sharing work details and thinking with colleagues so that others can take over smoothly if I am incapacitated for any reason.

I understand conditions vary by household and job position, but I do hope more men will actively take childcare leave in The Pack.



Hiromasa Hiratsuka, Tokyo Sales Division No. 5
Leave period taken: 3 months

The Pack's own maternity and paternity leave program

In April 2022, we introduced our own maternity and paternity leave to make it easier for men to take paternity leave. To support a spouse's childbirth and childcare, employees are entitled to take 20 days of paid leave in single-day increments from one week before the planned birth date to one day before the child's second birthday. In addition to parental leave, we have created an environment that makes it easier for employees to take leave.

Revisions to bonus evaluations for employees under reemployment

The Pack has adopted a reemployment system which extends to the age of 65 years. Its evaluation system is based on the HR system adopted in 2020, and the bonus evaluation system was revised later, in 2023. Specifically, the system has been improved to one in which evaluations are reflected more directly in bonus amounts paid, through introducing greater variation in bonus evaluations. We will continue efforts to improve treatment of employees under reemployment, to realize rewarding workplaces.

Employment of those with disabilities

The company opened an office in Kainan City, Wakayama Prefecture, in April 2022 to support the employment of people with disabilities. A total of six people have started here, who are involved in manual processing of paper bags and paper containers. We will continue to develop and improve the working environment so that employees can work in a safe environment with a sense of satisfaction. In addition, we will strive for continued employment with the cooperation of support schools in the prefecture.

Employment rate of those with disabilities

(Figures for each fiscal year are as of March 31)

	2019	2020	2021	2022	2023
Employment rate (%)	1.9	1.8	1.8	1.6	2.1

Technical trainees from Vietnam

The Technical Internship Program helps human resources from developing countries to bring back to their home countries the skills and techniques they have acquired while working in Japan, thus contributing to the development of their home countries in the future. With a view to making an international contribution and employing foreign workers in the future, we have been accepting Vietnamese technical apprentices since 2019. Currently, the trainees are making printing boxes at the printing press manufacturing site. They are enthusiastic about their work, and each of them is working daily on practical training to achieve their goals.



Numbers of trainees accepted

(Figures for each fiscal year are as of December 31)

	2019	2020	2021	2022	2023
Trainees (persons)	5	5	10	5	5

Referral employment program

We've adopted a referral employment program to hire those referred by current and future Company employees. The goal is to hire diverse human resources continually on a stable basis.

Returning employees program

In February 2023, we introduced a program for the re-employment of employees who previously left the Company. This program sets the goal of allowing former employees to put their experiences with other employers to use in the Company.



Theme 03

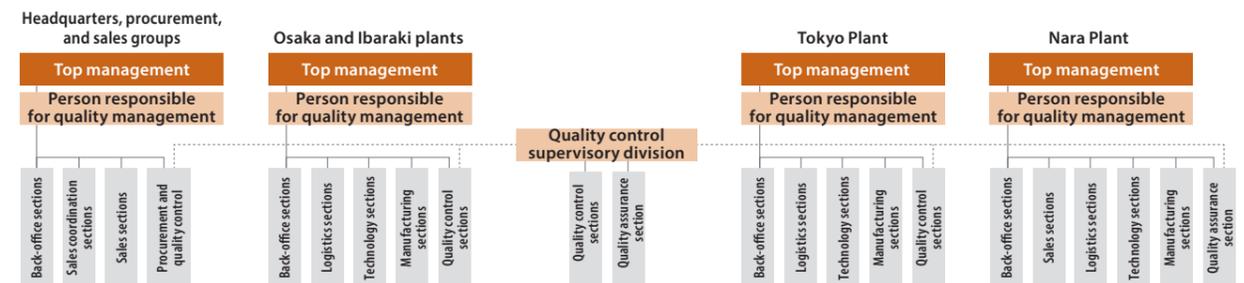
Building and deepening a trustful relationship with business partners and customers

Quality control

The Pack has established a quality control organization to ensure high product quality, and performs ongoing training and education and other activities related to quality and safety, and considers measures to consider and reflect complaints and irregularities. A quality control supervisory division under the direct supervision of the President has been established as an autonomous section in charge of oversight and supervision quality. This division works with manufacturing quality control sections to improve product quality. In 2023, we established quality control and quality assurance departments within the quality control supervisory division. We are striving to improve quality from a broad perspective through efforts to meet customer needs and improve manufacturing workplaces based on the twin perspectives of quality assurance from the buyer's point of view and quality control from the manufacturer's point of view.

Quality control organization chart

A quality control organization has been established at four domestic plants and the headquarters, procurement, and sales groups to unify quality control and improve operations. The quality control supervisory division takes the lead in preventing quality deviations and human error.



A Quality Policy

A Quality Policy: Increasing customer satisfaction through enhanced quality

The Pack strives to improve customer satisfaction by providing safe, reliable, high quality products to customers based on effective product design, development, manufacture, sales, and services, chiefly for its core business of packaging materials. This Quality Policy represents the foundations of our quality improvement activities and the basis of all our initiatives. In addition to meeting the requirements of laws, regulations, and other rules, we make every effort to ensure that the entire organization is aware of the importance of satisfying customer requirements.

Our thinking on quality

The Pack pursues quality to satisfy all our customers. It takes the following three steps to ensure high product quality:

- Thinking about quality first in product development and production
- Striving to improve customer satisfaction and functionality while ensuring stable supply
- Striving to build, maintain, and improve quality control systems

We also seek to strengthen product quality through ongoing joint efforts with manufacturing subcontractors. We investigate any quality deviations discovered and assess their effects on product quality and the scope of such impact, as well as thoroughly investigating their causes. We identify the underlying causes of such issues and take corrective measures to prevent their recurrence. We are currently building a structure to facilitate urgent reporting and immediate information sharing Companywide in response to complaints or irregularities involving products already delivered.

Certification

The entire Company has earned ISO 9001 certification to deliver stable quality on a sustained and sustainable basis. Through management structures based on a quality management system, we carry out thorough day to day management while also seeking to achieve continuing improvements in quality. In addition, the Osaka and Tokyo plants, which produce food packages, have earned FSSC 22000 international food safety standard certification for their production of high-quality products and ensuring stable supplies, for safety and peace of mind in the food industry. They carry out regular operations based on this standard. In addition to regular review by external certifying agencies, we're increasing opportunities for quality improvements through proactive internal audits.

Traceability

Our plants undertake the following comprehensive management, in accordance with management rules and procedures, based on traceability:

- Using traceable raw materials
- Recording and retaining details of individual manufacturing processes
- Identifying conforming and nonconforming products at each manufacturing process, starting from raw materials acceptance

We also maintain the following systems to swiftly implement initial response, investigations, and countermeasures in the event of a quality issue:

- Use of urgent reporting systems for immediate sharing of information Companywide
- Securing advanced analytical instruments and technologies to identify causes

These management systems are part of our system for minimizing recalls by making it easy to identify the causes of any quality issues discovered in the steps from raw materials acceptance

through each manufacturing process, storage, sale, and consumption.

Internal auditing

For internal audits, quality sections undertake careful reviews from an independent perspective to provide opportunities to identify issues and propose improvements on matters that may be easy to overlook in self-inspections. (Internal audits were carried out at 40 facilities in FY2023.)

We've established a system capable of swift detection and resolution of any quality-related issues among the issues identified, and proposed improvements.

Results of 2023 quality activities

Seeking to provide products with ever higher levels of quality, The Pack implements regular quality improvement activities. We've identified quality improvement months all year long and provide quality control training and awareness-raising activities for employees. Other activities aimed at increasing customer satisfaction through higher quality include announcing and thoroughly communicating quality-related information, holding seminars, and holding quality meetings with partner companies.

Joint quality meeting with a partner company



Agenda: Sharing of quality policies, causes of and improvements for complaints, etc.
Participating companies: 44
Participants: 55 persons

Quality month lectures



Agenda: Perspectives and courses of action for higher-quality preventive measures and six other lectures
Participants: 85 persons

Co-creation with customers and partners

Proposing support for The Pack Forest® Environment Fund

Since 2000, The Pack has contributed a share of some sales of eligible products to The Pack Forest® Environment Fund to support forest conservation activities at nine planting sites across Japan.*1

In 2023, we identified Earning the support of 300 firms for The Pack Forest® Environment Fund as a materiality KPI, and through our packages we are extending the range of contributions to forest conservation activities together with supporting customers.

In 2023, 123 companies supported the Fund, and 65 customer personnel participated in the forest conservation activities. We will

continue striving to grow the number of supporting firms, as we co-create brand value and foster environmental awareness in society through these activities.

	2019	2020	2021	2022	2023	Materiality KPI 2030 target
Supporting firms (companies)*2	24	44	67	94	123	300

*1 See p. 17 for details of forest conservation activities.
*2 Only companies with actual results are counted.

Logistics modal shift and full-trailer feasibility testing

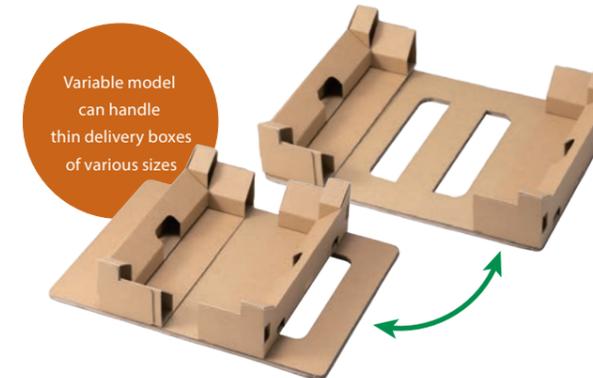
As measures to address the issue of overtime restrictions in the logistics field beginning in 2024, we carried out feasibility testing of transport using full trailers to improve transport efficiency between plants in eastern and western Japan. With a full trailer, a single driver can transport about twice the cargo of a standard Japanese truck. Results of this testing showed that large-scale improvements in efficiency can be expected. In the future, we will attempt to put full trailers to practical use through investigation of and providing solutions to various issues, such as the workload in preparing to load cargo. We're also actively pursuing a modal shift using JR rail containers as we strive both to improve transport efficiency and reduce CO₂ emissions in logistics.



Package development to contribute solutions to social issues

ZIGQUICK™ tool developed to support assembly of thin delivery boxes

We developed the ZIGQUICK™ tool to simplify box assembly in response to growing demand for thin delivery boxes. This addresses the need for redelivery and the labor shortfalls at packaging facilities. Made of corrugated cardboard, this tool is lighter and easier to transport than traditional ones made of metal or wood and can be used in safety. We also offer a variable model for which a single unit can handle thin delivery boxes of multiple sizes.



Simple three-stage box assembly

Features

- Remarkably safe and lightweight thanks to corrugated cardboard materials
- A single variable model can be used to assemble boxes of multiple sizes.
- Highly cost effective

Automatic packaging system for paper delivery bags to protect the environment and save labor

In joint efforts with machinery manufacturer Y.A.C. Machinery Co., Ltd., we have developed an automatic packaging system for paper delivery bags in response to the shortage of labor in packaging facilities and to address future environmental needs. By focusing on material structures and machinery design, this system has been designed to enable automatic packaging using paper materials, which previously were difficult to handle in automatic packaging.

This system, which allows continuous paper packaging simply by placing the products to be packed on a conveyor belt, controls paper use by automatically detecting product length and packaging the product accordingly. It affixes shipping labels automatically.

This packaging system meets the need for both labor savings and environmental protection.



Paper delivery bag

Contributing to the development and prosperity of society as a total packaging solutions company

Social contribution activities

As a member of the community ourselves, we engage in a wide range of activities to build relationships of trust and to move forward alongside other members of our local communities.

Hands-on manufacturing classes

The city of Higashi-Osaka, where the Osaka Plant is located, is one of Japan's leading manufacturing centers. It produces a wide range of products that support society. The city is currently promoting a "Monozukuri no Machi Higashi-Osaka" ("Higashi-Osaka: A City of Manufacturing") program, including hands-on manufacturing classes for elementary-school students, contracted to the nonprofit Higashi-Osaka Organization for Region Innovation (<https://npo-higashiosaka.org/>). We have participated in this program since it was launched in FY2002, sending employees to 10 or so schools each year to share the enjoyment of manufacturing with the students. In 2023, we visited six schools in the city to provide a total of 309 students with paper-bag making experience. We will continue to contribute to the development of future leaders.

Results of this activity to date (cumulative totals through the end of FY2023)

Student participants	16,044 (15,503 through visiting classes, 541 through watching a video)
----------------------	---



River cleanup

As one initiative targeting the materiality issue of contributing to environmental conservation and preservation, we're currently considering social contribution activities to contribute to preservation and recovery of coasts and rivers. In 2023, we participated in a litter collecting project along the Arakawa River on an experimental basis. We will maintain an ongoing dialog with nonprofits and other stakeholders toward launching full-scale activities in this area in 2024, as a new social contribution activity.

Supporting Table for Two

The Table for Two program is organized by the nonprofit Table For Two International (<https://jp.tablefor2.org/>). Under this program, for each purchase of an eligible product, 20 yen of the product price is donated to paying for school meals for impoverished children worldwide. These funds provide school meals and support vegetable gardening and productivity improvement programs chiefly in five countries in East Africa and Southeast Asia (Kenya, Tanzania, Rwanda, Uganda, and the Philippines).

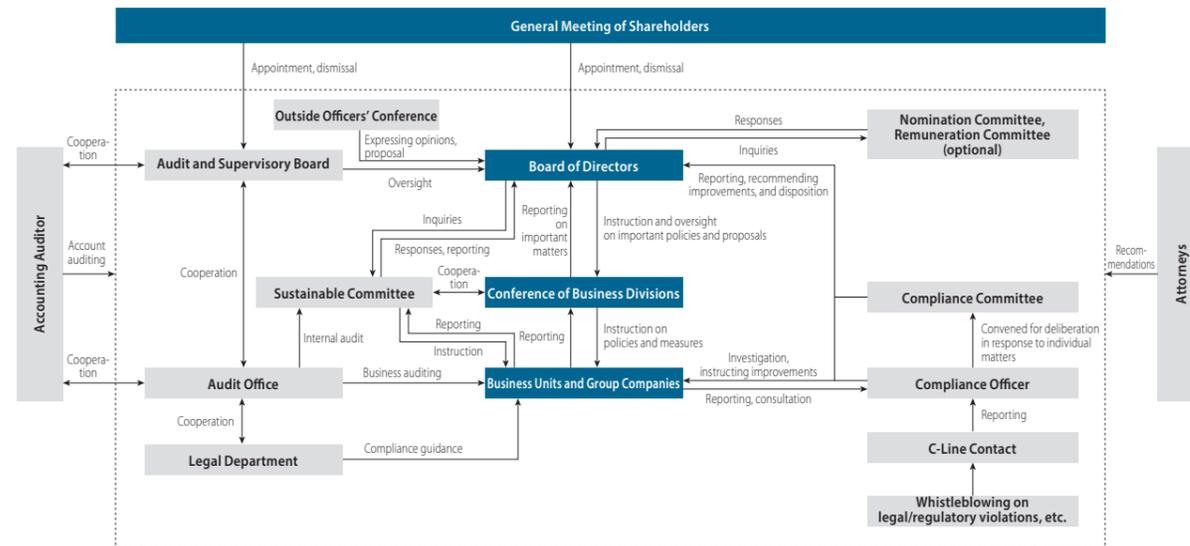
We can also add packages to the Table for Two program as requested by customers.



Strengthening governance

We're keenly aware of the importance of corporate governance. On that basis, we're developing structures to improve management efficiency, establish sound corporate ethics, and monitor management activities to ensure that all these responsibilities are effectively discharged. We're also striving to increase corporate value over the medium to long term through proactive efforts to ensure compliance with the Corporate Governance Code.

Corporate governance structure



As a company with an Audit and Supervisory Board, we ensure soundness and transparency in management through oversight of the performance of the duties of the Board of Directors by independent Statutory Auditors and the Audit and Supervisory Board.

The Board of Directors has nine members, including three outside Directors. The Audit and Supervisory Board has four members, including two outside Statutory Auditors. To ensure fairness, transparency, and objectivity in procedures related to the nomination of Directors and operating officers and decisions on matters such as remuneration, we have established the optional bodies of a Nomination Committee and a Remuneration Committee.

The membership of each committee consists of Directors (including outside Directors, one of whom serves as chairperson) appointed by resolution of the Board of Directors. These committees deliberate on matters related to nomination and remuneration of Directors as advisory bodies to the Board.

Other efforts whereby we strive to enhance our corporate governance structure include the addition of an executive officer system to improve management efficiency and execute business through dynamic decision-making. We have also established a Board of Outside Officers to allow the exchange of opinions among outside Directors and outside Statutory Auditors and recommendations to the Board of Directors, thereby enhancing Board oversight functions.

Activities status of committee

	Board of Directors	Audit and Supervisory Board	Outside Officers' Conference	Nomination Committee	Remuneration Committee
Role	Making decisions on major management issues and overseeing the conduct of the business	Monitoring and supervising business execution of Directors and decision-making processes of the Board of Directors	Information sharing and awareness raising among the independent Outside Officers	Deliberations and recommendations on matters related to the appointment or dismissal of Directors and Corporate Officers	Deliberations and decision making on matters relating to the remuneration of Directors and Corporate Officers
Personnel composition	Nine members (including three from outside the company)	Four members (including two from outside the company)	Three Outside Directors, two Outside Corporate Auditors	Five Directors (including three from outside the company)	Five Directors (including three from outside the company)
Number of meetings held	17 times/year	13 times/year	6 times/year	2 times/year	4 times/year
Contents	Appropriate decision-making and management supervision are carried out based on the wealth of business experience of Internal Directors in the Company and the objective and professional perspectives of Outside Directors.	Management soundness is ensured from the perspective of full-time Corporate Auditors based on their experience in the Company and from the objective and professional perspectives of Outside Corporate Auditors.	The exchange of information and awareness raising among independent Outside Officers provides effective supervision of management from an independent and objective perspective.	With a majority of independent Outside Officers, including the Chairperson, the Committee deliberates on proposals for the appointment and removal of Directors and the selection of Representative Director and Corporate Officers. It also makes recommendations in response to requests from the Board.	With a majority of independent Outside Officers, including the Chairperson, the Committee deliberates and makes decisions concerning compensation for Directors and Corporate Officers.

Sustainable Committee

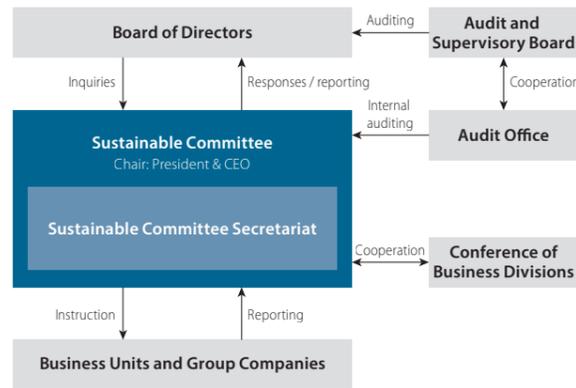
In January 2023, we established the Sustainable Committee under the Board of Directors to address efforts to promote sustainable management within the Group.

The Sustainable Committee and its executive body, the Sustainable Committee Secretariat, work with the Conference of Business Divisions, Business Units, and Group companies to advise and make decisions on the operation and promotion of sustainable management, the formulation of policies on key issues, management of the progress of initiatives, and the incorporation of these policies into the medium-term management plan. The Sustainable Committee Secretariat promotes action plans and manages KPIs in collaboration with the Business Units and Group companies.

The Board of Directors consults with the Sustainable Committee to set policy and provide oversight. The Conference of Business Divisions will work with the Sustainable Committee to share information. Business Units and Group companies implement various

measures and provide results and data. The Audit and Supervisory Board and the Audit Office provide supplemental audits related to these initiatives.

Sustainable Committee structural chart



Use of independent Outside Directors and Outside Corporate Auditors

The Company has appointed three Outside Directors and two Outside Corporate Auditors.

All five have no personal, capital, or business relationships with our Company and are completely independent. The independence of Outside Directors is in accordance with the requirements of the

Companies Act and the standards of the Tokyo Stock Exchange.

The role of Outside Directors and Outside Corporate Auditors is to enhance the effectiveness of corporate governance at our company by using their expertise and experience to provide supervision and auditing from a neutral standpoint.

Conforming to the Corporate Governance Code

Basic policy on corporate governance

The Company is strongly aware of the importance of corporate governance and will strive to improve management efficiency and establish corporate ethics. Our basic policy is to establish a system to

monitor the proper conduct of management activities and to promptly disclose important information that serves the common interests of our shareholders.

Conforming to the Corporate Governance Code

The Company's corporate governance is described in the Tokyo Stock Exchange Corporate Governance Report. We also publish our initiatives regarding the Corporate Governance Code, which describes the status of corporate governance, on our corporate website. Here you can find information not just on the principles for which disclosure is required in the Corporate Governance Report, but initiatives regarding all principles.



Corporate Governance
<https://www.thepack.co.jp/en/company/corporategovernance.html>

Assessment of the efficacy of the Board of Directors

To improve the efficacy of the Board of Directors, we implement annual self-assessment surveys of all Directors and Statutory Auditors.

Assessment method	Questionnaires on the efficacy of the Board of Directors are distributed to all Directors and Statutory Auditors at a Board meeting each December. The efficacy of the Board is analyzed and assessed based on all answers collected from the completed questionnaires in a Board meeting in January of the following year. Efforts to make improvements are based on these findings.	Response format	Scoring, with spaces for freeform comments
		Response method	Not anonymous

Internal controls

Pursuant to the Companies Act and the Enforcement Regulations to the Companies Act of Japan, we maintain the internal controls systems needed for efficient management by securing the propriety of business operations and pursuing business appropriately within the Company and at Group member companies.



Basic Policy on Internal Controls
<https://www.thepack.co.jp/en/company/basicpolicyoninternalcontrols.html>

Compliance structure

In addition to enhancing internal systems, we respond to legal issues based on consultations with outside advising attorneys as necessary in individual cases. The Legal Department in the Corporate Division strives to enhance structures for management and education regarding matters such as laws, regulations, social norms, and contracts with counterparties.

C-Line (internal whistleblowing system)

We established the C-Line (Compliance Line) as a contact point for whistleblowing and consultations regarding violations of laws and regulations and similar incidents inside the Company. This system is intended to ensure fair and sound corporate management by raising awareness of compliance among all employees; preventing inappropriate actions, such as violations of laws and regulations; and swiftly detecting and rectifying any improprieties or problems.

Protection of personal information

We have established a Privacy Policy and Guidelines on the Protection of Personal Information, which concern matters including why and how we use personal information and how personal information is managed and safeguarded.

Compliance training and awareness raising

We draw on the corporate intranet and other means to communicate information for internal compliance training and to inform employees of legal information. We also strive to provide training on and to raise awareness of compliance through training and educational opportunities, including internal legal courses.