

# 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	1183 (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	<a href="https://www.thepack.co.jp/en/">https://www.thepack.co.jp/en/</a>



## THE PACK CORPORATION

### The Pack Group Integrated Report 2024

The Pack Group Integrated Report 2024



The Pack Group  
Integrated Report 2024

2024

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Integrated Report	
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The Pack Corporate Website	

Philosophy Structure of The Pack Group

Our founding President Shigenari Morita articulated the following corporate motto: Passionate and Dedicated to Our Partnerships.

Mr. Morita made heartfelt efforts to achieve conditions conducive to employee satisfaction.

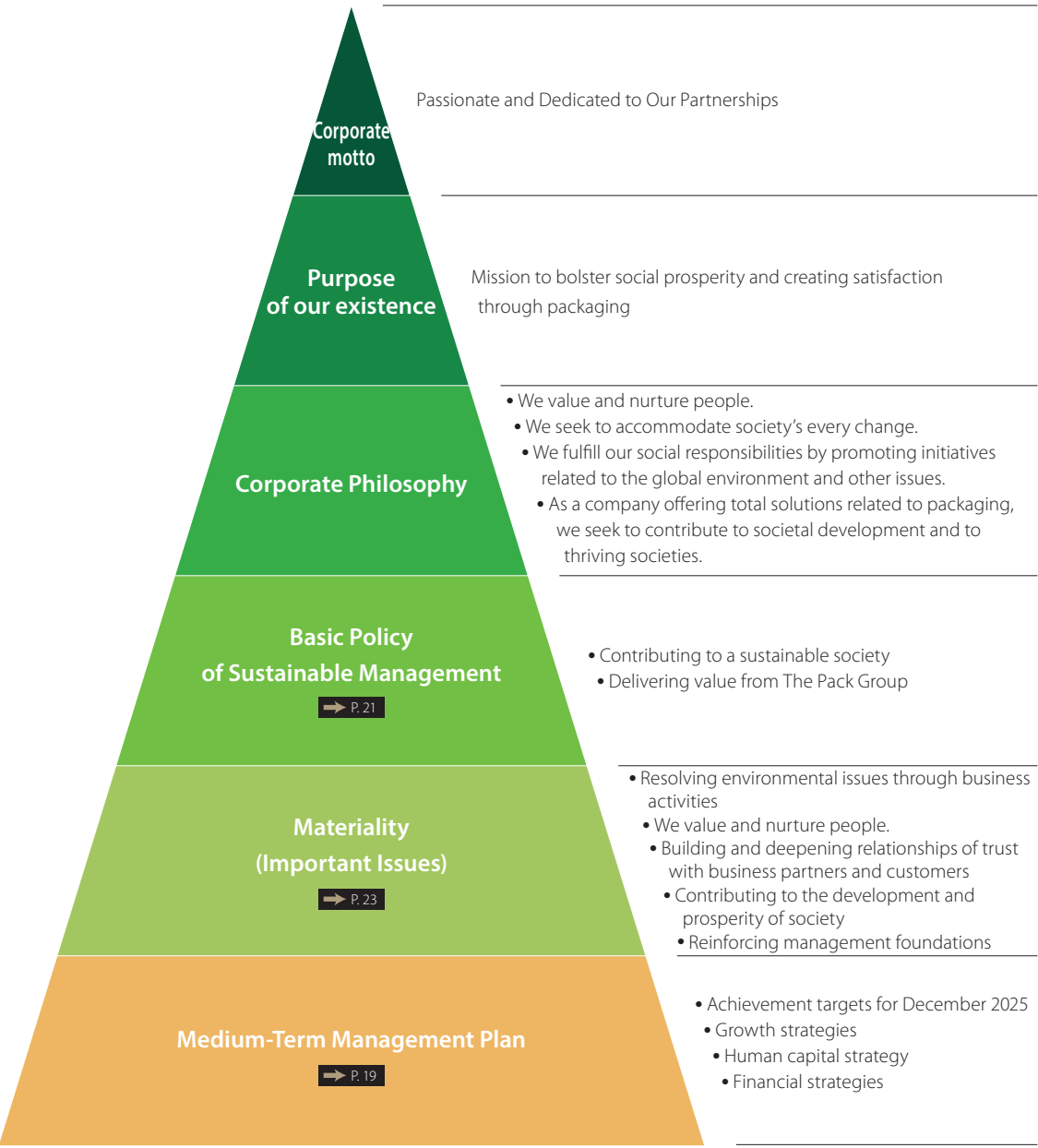
In his words: *A company exists to make its employees happy.*

Over the more than 70 years since The Pack's founding, this corporate motto has permeated throughout the organization.

Today, it serves as the credo that drives the work of our numerous employees.

Based on this corporate motto, the Corporate Philosophy, which starts with the words *We value and nurture people*;

the Purpose, established in 2022 to promote sustainable management; and the Basic Policy of Sustainable Management account for the remainder of our four-part corporate philosophy structure.



Editorial Policy

This Integrated Report seeks to communicate The Pack Group's value creation story to a broad range of stakeholders, including shareholders and investors. As the Group's first Integrated Report, it strives to describe, as succinctly as possible, the essence and importance of the Group so that readers may reach a better understanding of the Group. This Report seeks to strengthen corporate value by enhancing communication with stakeholders.

Organization covered by this Report

The Pack Corporation and members of its Group of companies  
Note that ESG data excludes information on Group companies.

Period covered by this Report

While this Report addresses FY2023 (January 1 – December 31, 2023), it also includes some information from before and after this period.

Published figures

Totals may not match the sum of their parts due to rounding.

Guidelines referenced

This Integrated Report was prepared with reference to the following frameworks and guidelines:

- IFRS Foundation, International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
- Final Report of the Task Force on Climate-Related Financial Disclosures (TCFD)

Forward-looking statements

Forward-looking statements in this Report, including forecasts of business performance, are based on information available to the Company at the time of its preparation and on assumptions deemed reasonable. They may differ for various reasons from actual results.



# A mission to bolster social prosperity and creating satisfaction through packaging

## Background of this Integrated Report

### History of the Pack Corporation

Today, amid rising global demands for management with a focus on the environment, society, and governance (ESG), sustained and sustainable corporate growth requires the provision not just of short-term profits, but social value from a long-term perspective. Since my appointment as President and CEO in March 2022, with the goal of sustainable management in mind, I have worked to achieve progress on internal systems and to improve and promote our corporate philosophy structure. We hope this year's Integrated Report—our first ever—will provide readers with a better understanding of The Pack Group and its future potential and deepen understanding among shareholders, investors, and other stakeholders concerning the Group's overall business activities and its efforts to create value.

The Pack Corporation was founded in 1952 as a manufacturer of corrugated apparel boxes. Later, we expanded our range of products and services to meet customer needs, growing to become a comprehensive packaging manufacturer. In recent years, we have established a business model that strives to deliver packages and packaging solutions to our customers.

Our business results have grown steadily since our founding. We remained profitable even amid the challenges of the economic downturn that resulted from the COVID-19 pandemic from early 2020 and the adoption of fees on shopping bags in July of the same year. This was despite a 20% decline in sales in FY2020, the year most critically affected by the pandemic. In FY2023, we recorded record highs in both sales and profits. The Pack may not be a household name, but we are growing steadily. I believe this growth demonstrates that our management foundations are sufficiently strong to withstand fluctuations in the external environment.

## The Pack's strengths

### Reasons for investing in human capital

Today, we handle a wide range of products, including paper bags, paper cartons, corrugated boxes, and film packaging. Leveraging our extensive product lineup and the expertise gained from more than 70 years as a manufacturer selling directly to customers, we have developed a structure capable of providing comprehensive production of made-to-order products, from planning to final delivery. One of our greatest strengths is our planning- and proposal-based approach

to sales.

Our sales are based on ascertaining customer needs and issues through direct dialogue and planning and proposing ideal packaging solutions for the customer in question. These proposals account for a wide range of considerations. For example, for customers promoting environmental initiatives, we consider solutions to meet their needs and budget, including switching to paper packaging and designs that help conserve resources, and switching to easily recyclable single-material packages and eco-friendly materials. We also offer Forest Products. In addition to plans and proposals for packages and packaging, we strive to meet related needs and concerns where possible. We offer support for customer product planning processes and processes related to formulating sales strategies, including in-store displays. We propose total solutions that combine packages with packing machinery to save labor and resources for those at work on the front lines.

Essential to sales based on planning and proposals are both sales personnel who are highly knowledgeable about packages and the technological capabilities of our product planning and production sections. In the planning and proposal process, sales sections work with support from the product development section, which has roughly 75 staff members, including graphic designers, industrial designers, and planners. In the manufacturing process, production sections seek to improve their skills daily to refine the capabilities needed to produce high quality packages made precisely to design.

Our quest to identify important materiality issues has clearly shown that our employees are the key to our businesses and represent The Pack's management capital. We will continue to invest steadily in human capital to demonstrate our strengths and continue to grow.

## Progress on the Medium-Term Management Plan

### Targeting a total payout ratio of 50%, our highest ever, after overcoming the challenges of the COVID-19 pandemic

The slogan of the Medium-Term Management Plan launched in 2023 is "Evolution: -- Start of purpose-based management and Sustainable Management." At the time we announced the plan, we set the targets for FY2025 of consolidated net sales of 107 billion yen, operating income of 7 billion yen in FY2025, ROE of 8% or more, and ROIC of 8% or more. Based on the results for FY2023, we have revised our operating income upward by 1.3 billion yen to 8.3 billion yen.

The Medium-Term Management Plan identifies three key strategies: the growth strategy, the human capital strategy, and the

financial strategy. Efforts under the growth strategy will focus on providing environments and solutions suited to each of the food, e-commerce, mail order, logistics, and retail markets. In 2023, we invested more than 1.5 billion yen to enhance production capacity for paper cartons and paper bags. We also expanded our lineup of materials for the e-commerce market. We are currently capturing growing demand in each market. We plan to add to these results by investing about 1.6 billion yen to enhance production capacity for paper cartons and about 2 billion yen for paper bags in 2024 and 2025.

Under our human capital strategy, to inspire the best from the employees who support our strategies, we are securing and developing diverse human resources and improving working environments. Initiatives in 2023 included securing human resources through means centered on midcareer hiring, digital transformation training to strengthen skills and knowledge throughout the organization, efforts to promote the roles of women within the company, and efforts to encourage male employees to take childcare leave. We undertook our first employee engagement survey at the end of the year. Based on the survey findings, we plan to improve the working environment still further in 2024.

In addition to capital investments to support the growth strategy described above, our financial strategy targets a total payout ratio of 50% through various shareholder returns initiatives, including efforts to boost dividend payout ratios and treasury share acquisitions.

These three key strategies will help us achieve our materiality goals as they take hold and become familiar ideas, along with sustainability information, among all our employees. We aim to move forward by creating long-term value by first achieving the goals of this three-year Medium-Term Management Plan.

## Message to stakeholders

### Providing value while enhancing governance

Japan's economy is currently in a recovery trend, as demonstrated by growing demand for food service and accommodations, recovery in inbound demand, and rising wages. Nevertheless, factors continue to cloud the future outlook, including long-term inflation spurred by higher energy prices and exchange rate fluctuations. We will deliver value to stakeholders by addressing our 12 materiality topics and five themes while continuing to adapt to the external environment.

The recent rebuilding of the Osaka and Nara plants marks a major turning point for The Pack. We will also seek to achieve further growth

by expanding and by making improvements in efficiency and other aspects of our production structure. At the same time, we will continue to develop the human resources needed to make the most of this manufacturing capital. We will promote development proposals of eco-friendly products, enhance our supply chains and sales channels, and consider overseas expansion.

We recognize the need to strengthen governance still further to improve the Group's reputation and its capacity to achieve sustained growth. We will aim to raise corporate value still further while incorporating the opinions and perspectives of our External Directors and Corporate Auditors.

As we strive to achieve our mission—to bolster social prosperity and creating satisfaction through packaging—we will continue to pursue our policy of proactive disclosure, thoroughly addressing each materiality topic. We will demonstrate our corporate value by building trust through ongoing dialogue with shareholders and investors and by promoting sustainable management. We are grateful for your continuing support of The Pack Group.

## Hideaki Yamashita

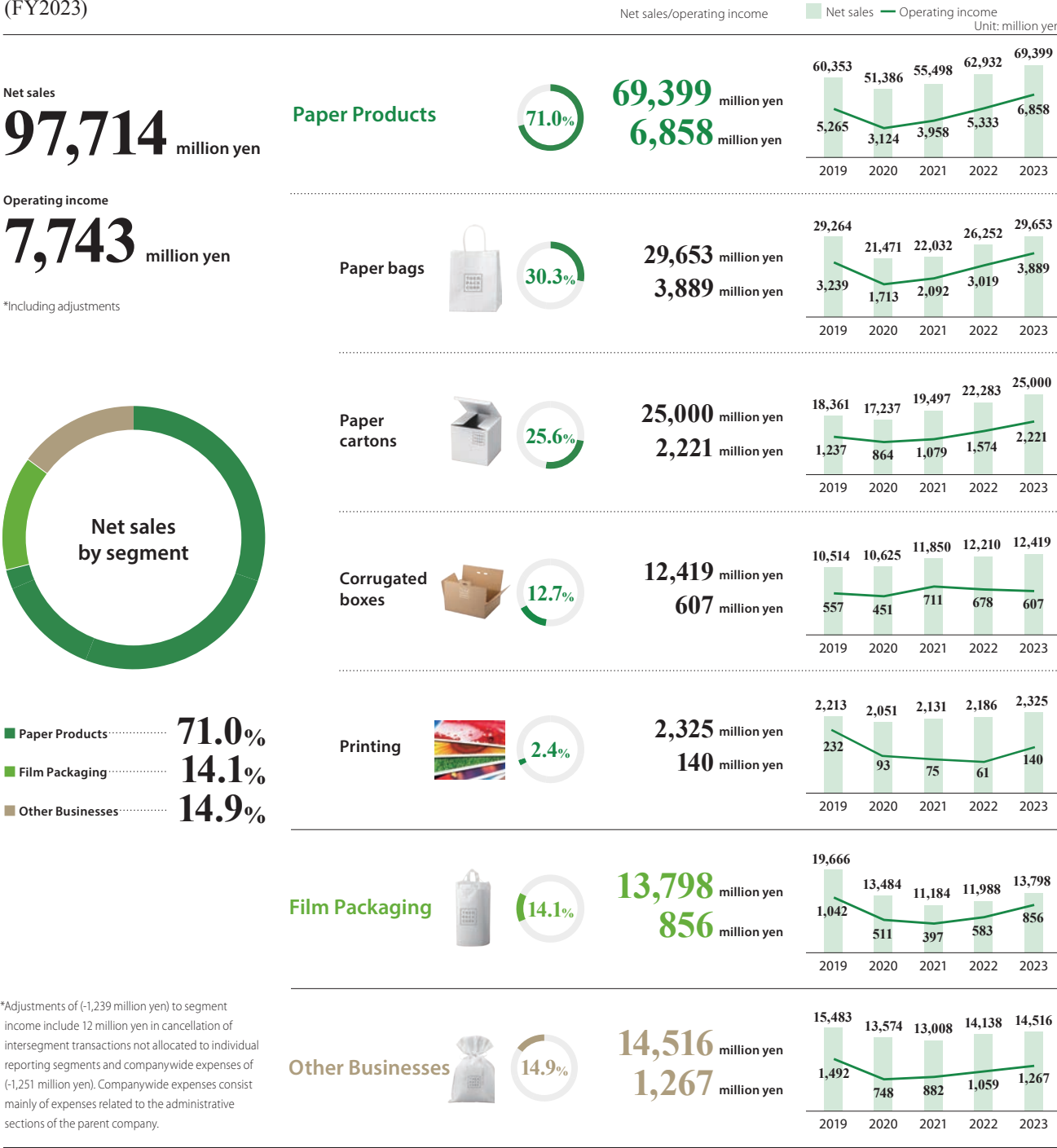
President and CEO  
The Pack Corporation



# A provider of total packaging solutions

The Pack Group is a comprehensive packaging manufacturer engaged in handling a diverse range of packaging materials ranging from paper bags, paper cartons, and corrugated boxes to film packaging and wrapping materials made using other materials.

## Net sales and operating income by segment (FY2023)



## The Pack's diverse customer base

The Pack Group handles a highly diverse range of packages: from apparel shopping bags to packages for food, beverages, daily necessities, and sanitary products; paper bags for corporate and school use; and packaging materials for home deliveries. A key Group strength is its capacity to propose optimal packages and packaging solutions for a broad range of businesses and industries, not just single markets.



### Food products market

Our products include boxes for Japanese- and Western-style snacks, shopping bags, gift wrapping, and film packaging for individual items. We have an extensive track record in takeout packages for foods purchased directly from convenience stores and restaurants.

### Apparel, sundries

We provide packaging to help increase the customer brand value, including shopping bags, wrapping materials, and sales promotion novelties for department stores and apparel and sundry brands.

### Living supplies

We have a track record in producing packages for a wide range of daily use items, including external packages for sanitary products, packaging materials for home appliances, and product packages for cosmetics and pharmaceuticals.

### e-Commerce (mail order) market

We're quickly adding to our track record in the e-commerce market based on an extensive lineup of shipping materials used for mail-order items, including paper and plastic home delivery bags and corrugated delivery cartons.





The Pack Group has developed numerous packaging and related services by focusing on customer needs while adapting to the changing times. The Group's progress is based on ceaseless product development efforts. Our history is truly one of developing products that meet customer needs.

Industry needs



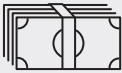





1950 Founding and rapid growth powered by postwar economic recovery	1960 Opening branches nationwide to expand sales channel	1970 Manufacturing facilities expand with emergence as a pioneering figure in the bag industry.	1980 Second start under the new company name, The Pack Corporation	1990 Toward an organizational culture and system appropriate for a listed firm	2000 Becoming an environmental, quality, and cost leader	2010 Enhancing Group power to achieve medium-term targets	2020 Promoting sustainable management
<p>1952 Shigenari Morita founds Nippon Case Corporation in Osaka, Osaka Prefecture, and launches sales of paper cartons and apparel boxes.</p> <p>1953 Sales expand nationwide, driven primarily by Yoshin color apparel boxes</p> <p>1955 Hanazono Plant opens in Higashiosaka, Osaka Prefecture. Integrated in-house production begins for products ranging from corrugated boxes to apparel boxes.</p> <p>1957 Production of paper shopping bags begins.</p> <p>1959 Konoike Plant (now the Osaka Plant) opens in Higashiosaka; production facilities expanded; transformation to comprehensive packaging manufacturer.</p>	<p>1961 Tokyo Branch (now the Tokyo Head Office) opens in Chiyoda-ku, Tokyo.</p> <p>1969 Nara Plant opens in Yamatokoriyama as a plant specializing in corrugated boxes. Urawa Plant, the first plant in the Kanto region, opens in Urawa, Saitama Prefecture, to serve the Tokyo market.</p>	<p>1971 Computer system introduced to begin the transition to digital management of customer and product information</p> <p>1974 Mass production system for paper bags established with the adoption of roll-fed fully automatic paper bag machines at Osaka Plant</p> <p>1979 Kanto Plant (soon renamed the Saitama Plant, now the Tokyo Plant) opens in Sakado, Saitama Prefecture to serve the eastern Japan market.</p>	<p>1981 Packaging Museum (now the Package Laboratory Osaka) opens at Konoike Plant (now the Osaka Plant).</p> <p>1983 Company renamed The Pack Corporation</p> <p>1984 PAS system developed</p> <p>1987 The Pack America Corp. (now a consolidated subsidiary) established in the United States</p>	<p>1991 Ibaraki Plant opens to produce plastic bags in Hitachi, Ibaraki Prefecture. Shares listed on second section of the Osaka Securities Exchange</p> <p>1998 Osaka Plant No.1 Building completed, new Packaging Materials Center (now the Package Laboratory Osaka) opens.</p> <p>1999 Headquarters and Ibaraki Plant earn ISO 14001 certification.</p>	<p>2001 Osaka, Saitama (now Tokyo), and Ibaraki plants earn ISO 9001 (quality management) certification.</p> <p>2003 Shares listed on first sections of Tokyo Stock Exchange and Osaka Securities Exchange</p> <p>Keihin Tokushu Printing Corp. established</p> <p>2006 The Pack (Shanghai) Corporation established in Shanghai, China</p> <p>2007 Nikko Print Corporation made a subsidiary</p> <p>The Pack (Changshu) Co., Ltd. established in Changshu, China</p> <p>Osaka and Saitama (now Tokyo) plants earn FSC® CoC certification (FSC® C020517).</p> <p>2009 Pack Takeyama Co., Ltd. established</p>	<p>2011 Tokyo Plant opens in Hidaka, Saitama Prefecture.</p> <p>2014 Nishinihon Printing Co., Ltd. made a subsidiary</p> <p>2018 Kannaru Printing Co., Ltd. made a subsidiary</p> <p>Related sections of Tokyo and Osaka plants earn FSSC 22000 (food safety) certification.</p>	<p>2021 Related sections of all plants in Japan earn FSC® CoC certification.</p> <p>2022 Listing transferred to the Prime Market of the Tokyo Stock Exchange</p> <p>2023 New headquarters building completed in Osaka</p>

The Pack Group has established a purpose and basic policy for realizing sustainable management and incorporated this purpose and policy into its corporate philosophy structure. Its mission is to bolster social prosperity and creating satisfaction through packaging by adapting to external circumstances and delivering products, services, and value to stakeholders through its business activities.





We create new management capital based on the outputs and outcomes of incorporating (investing in) six types of management capital into our business model. The Pack Group's key management capital consists of its solid financial foundations, creative human resources and knowhow, extensive customer base, structures that facilitate joint efforts with manufacturing subcontractors, and forest resources and related conservation activities.

<div>Financial capital</div> <div></div>	<div>Solid financial foundations and investments to promote growth</div> <div>The Group boasts the leading market share in Japan in paper shopping bags and has demonstrated growth mainly in areas like the manufacture and sale of paper products and film packaging. We strive to pay stable dividends while enhancing corporate growth through expanding facilities, primarily facilities that produce paper cartons and paper bags, and by increasing both ROE and ROIC.</div> <div>FY2023 ROE <b>8.3 %</b>   FY2023 ROIC <b>7.6 %</b></div>
<div>Human capital</div> <div></div>	<div>Highly specialized and experienced human resources</div> <div>We employ tiered training programs and evaluation and support systems to enable each individual to demonstrate his or her abilities to the utmost. Our sales sections with wide-ranging package expertise and creative sections handling product design, manufacturing design, and planning propose optimal products for customers. Our manufacturing, quality control, and procurement sections support provision of a diverse range of high quality products while building on their own skills from day to day.</div> <div>Employees as of end of FY2023 (consolidated) <b>1,183</b>   Employees completing digital transformation training: <b>700</b></div>
<div>Intellectual capital</div> <div></div>	<div>The Package Laboratories serving as a communication and R&amp;D center, and an extensive database of proposals</div> <div>Our Package Laboratories in Tokyo, Osaka and Fukuoka collect and exhibit materials on more than 100,000 packages in total. Their individual sections cooperate in R&amp;D on state-of-the-art packages. They also are developing proposal databases to share Groupwide in leveraging the latest information on packages to support sales activities.</div> <div>Collected case studies on packaging as of end of FY2023 <b>Approx. 100,000</b>   Patents held as of end of FY2023 <b>60</b>   Design rights held as of end of FY2023 <b>45</b></div>
<div>Social and relationship capital</div> <div></div>	<div>A customer base that extends across various industries</div> <div>The Group deals with about 14,000 companies who form its extensive customer base. To meet various customer needs, we cooperate with numerous suppliers in Japan and worldwide in addition to our own plants, to deliver a wide range of packages from apparel shopping bags through packages and packaging solutions services for food and sanitary products, delivery bags, and promotional materials. We also implement various CSR activities in cooperation with local governments, communities, and nonprofits.</div> <div>Transaction counterparties in FY2023 <b>Approx. 14,000</b></div>
<div>Manufacturing capital</div> <div></div>	<div>Alliances with domestic and overseas subcontractor plants and a network of logistics facilities across Japan</div> <div>We maintain a manufacturing infrastructure capable of meeting diverse customer needs through our 10 plants in Japan and overseas and alliances with subcontractor plants. We also employ risk management to enable stable supply of products through readiness for potential disasters and accidents. Our nationwide network of logistics facilities, including four logistics centers on the sites of four domestic plants, enables efficient delivery.</div> <div>Plants in Japan and overseas (including Group plants) as of end of FY2023 <b>10</b>   Logistics facilities in Japan as of end of FY2023 <b>15</b></div>
<div>Natural capital</div> <div></div>	<div>Effective use of natural resources and forest conservation activities</div> <div>In light of the fact that the Group's businesses are based on natural resources such as timber (paper pulp), water, and petroleum (plastics), we strive to lessen our environmental impact through means including effective use of resources, controlling waste, and promoting recycling. We also have carried out continuous forest conservation activities since 2001 and contribute to cyclical use of wood pulp.</div> <div>Forest conservation activities in FY2023 <b>9</b>   Trees planted in FY2023 <b>828</b></div>

The Pack Group's strengths include planning and proposal capabilities driven by specific customer needs and product development capabilities that track market trends. We deliver total solutions ranging from planning through production and logistics, leveraging our advanced technologies and extensive knowhow as a group of packaging professionals.

## 1 Planning and proposal

Sales

Sales planning

Package Laboratories

### Planning and proposing packaging solutions for customers

- Responding swiftly to packaging inquiries through a nationwide network of business sites
- Total packaging solutions provided by knowledgeable, experienced sales personnel
- Package Laboratories that effectively function as communication centers and R&D facilities
- Plans and proposals developed by staff highly familiar with products and with packaging trends to help customers identify optimal packaging solutions

## 2 Product development

Graphic design

Manufacturing design

Materials development

### A group of packaging professionals

- A total of some 75 graphic designers, industrial designers, and planners on staff nationwide
- A group of professional package developers, highly familiar with trends across a wide range of industries and businesses, to deliver high quality manufacturing
- R&D on new materials to meet ever-changing needs, including demand for eco-friendly materials

## 3 Procurement, production

Procurement

Production management

Production technology

### A robust production structure based on joint efforts among our 10 plants in Japan and overseas and with subcontractor plants

- Our network of plants in Japan and overseas and subcontractor plants employs risk management to prepare for potential disasters and accidents.
- Our production facilities can meet delivery times and cut logistics costs.
- We meet diverse needs based on joint efforts and sharing technologies and knowhow among plants.

## 4 Quality control

Quality assurance / quality control

### Stable supply of high quality products

- Maintaining and improving high quality levels through production process controls based on product standards and activities to check and improve the quality of finished products
- Certified under ISO 9001 (quality management) and FSSC 22000 (food safety), our operations meet international standards. We also deliver the high quality customers expected of products made in Japan.

## 5 Shipping, delivery

Logistics

Sales and services

### Nationwide logistics network in Japan

- Realizing efficient delivery through integrated management ranging from manufacturing through shipping at logistics facilities located on the sites of four plants in Japan
- Enabling efficient delivery nationwide based on a network of 15 logistics facilities across Japan
- Enabling optimization of inventory and delivery timing through coordination with sales and service sections and manufacturing and logistics sections

The Pack Group's extensive product lineup includes a wide range of packaging products—from paper bags to paper cartons, corrugated boxes, film packaging, and wrapping materials. This lineup is supported by a network of manufacturing sites across Japan.

Manufacturing sites and product lineup

Group companies


Japan: 5 companies

Overseas: 3 companies


Manufacturing sites

Japan: 9 plants


Overseas: 1 plant




**Kannaru Printing Co., Ltd.**  
Group company  
(Paper cartons)  
\*Compatible with pharmaceutical products




**Nishinihon Printing Co., Ltd.**  
Group company  
(Paper bags, wrapping paper)




**Osaka Plant**  
(Paper bags, paper cartons, film packaging)  
\*FSSC 22000 (food safety) certified (related sections)




**Nikko Print Corporation**  
Group company  
(Offset printing)  
\*Inside Osaka Plant




**Ibaraki Plant**  
(Film packaging)




**Tokyo Plant**  
(Paper bags, paper cartons)  
\*FSSC 22000 (food safety) certified (related sections)




**Keihin Tokushu Printing Corp.**  
Group company  
(Water-based gravure printing, UV offset rotary printing)




**Pack Takeyama Co., Ltd.**  
Group company  
(Paper bags)  
\*FSSC 22000 (food safety) certified (related sections)




**Nara Plant**  
(Corrugated boxes)



**The Pack (Changshu) Co., Ltd.**  
Group company  
(Paper bags)




Overseas




**Paper bags**

- Shopping bags
- Delivery bags
- Paper bags for food wrapping
- Wrapping bags




**Paper cartons**

- Primary food paper containers
- Product packages
- Gift boxes




**Corrugated boxes**

- Corrugated shipping boxes
- Large corrugated boxes
- Decorative corrugated boxes
- Reinforced corrugated boxes
- Cushioning materials




**Film packaging**

- Sanitary product packages
- Takeout bags
- Film packaging



**Promotional materials**


- Reusable shopping bags
- Gift wrapping bags
- Wrapping paper, ribbons, stickers
- Garment bags



**Eco-friendly products**

The Pack can propose and produce eco-friendly products in each category.

- ecoKARA®
- CC-PACK®
- Molded pulp
- Craft film packaging



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About The Pack

Value creation story

Strategy

Sustainability (ESG) initiatives

Group data



The Pack Group has worked diligently to offer solutions to various package-related challenges identified by talking with customers. In addition to approaches based on the packages themselves in aspects such as materials, processing methods, and structural and graphic design, we have established an extensive track record and expertise by enhancing solutions involving how the packages are used. This includes filling and wrapping lines. These pages introduce some of the solutions we offer as a provider of total packaging solutions.

## Solutions in the package use phase

We offer a wealth of package ideas to make work more efficient, improve customer productivity, and reduce stress for package handling and use.

- Proposing packages with one-step assembly
- Proposing tools to simplify box assembly
- Proposing delivery of pre-assembled boxes (assembling boxes on behalf of customers)

We can handle labor-intensive work from box assembly to filling on behalf of our customers. By offering one-stop solutions from package production through product filling, we provide solutions for complex customer requirements for inventory and delivery management.

We propose more efficient packaging lines, including packages and machinery, to meet demands for work efficiency and labor savings at packing and logistics sites.

We coordinate optimal packing lines to account for customer floor layouts, work flows, and other factors.

We propose packaging measures to control costs in response to the rising cost of raw materials, logistics, and labor.

- Proposing designs and materials to control package costs
- Proposing designs that save delivery costs by considering the transportation fee structure, such as by reducing sizes and modifying shapes of delivery materials
- Proposing packages that allow for more efficient assembly and help control packing costs

# Total packaging solutions

More efficient work

Box assembly and product sorting services

Streamlining packing lines

Cost savings

More efficient work

Cost savings

Package Laboratories

Choosing materials and processes

Choosing optimal production sites and methods

Structural design

Graphic design

Solutions for the package production phase

Box assembly and product sorting services

Streamlining packing lines

Solutions in the package use phase

## Solutions for the package production phase

We propose materials and processes that deliver the features required for packages based on their contents, uses, and other factors.

- Proposing oil-resistant paper and coatings for cartons used to directly hold greasy food products
- Proposing craft film packaging as eco-friendly food wrap
- Proposing special paper and surface treatments for packages that call for a premium look

Choosing optimal production sites and methods

Consisting of The Pack plants and subcontractors in Japan and overseas, our supply chain network proposes optimal production sites and methods based on production lot sizes, specifications, and other factors.

Structural design

We propose comprehensive structural designs to meet various needs, including the need for visual appeal and convenience, as well as product protection and other functional needs.

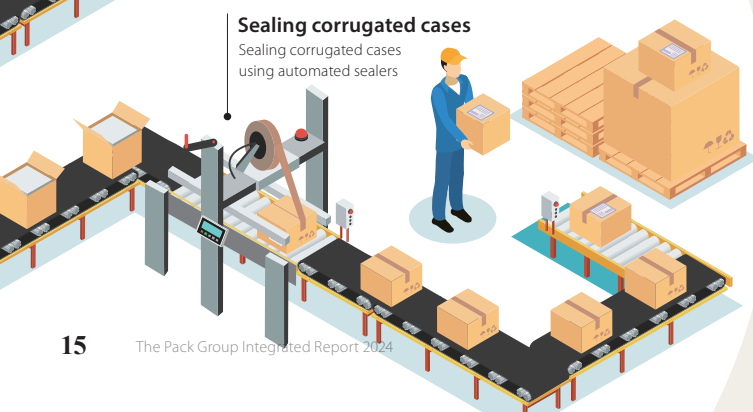
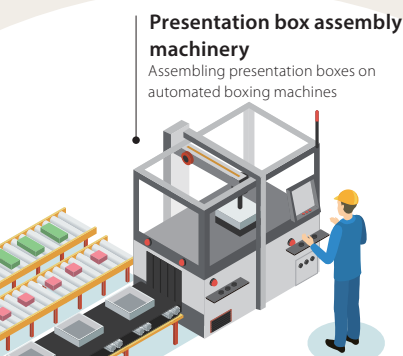
Graphic design

Our graphic designers help maximize customer brand value based on their extensive knowledge and experience with wide-ranging customers.

- Package design
- Production of in-store fixtures and displays
- Support for product planning and branding

## Package Laboratories (Tokyo, Osaka, Fukuoka)

Package Laboratories gather materials on various packages from around the world and serves as a package research and communication center.





Realizing our purpose

Mission to bolster social prosperity and creating satisfaction through packaging



The Pack Group recognizes the importance of building relationships based on trust with a diverse range of stakeholders. We understand the perspectives of individual stakeholders and propose environmental, social, and economic value based on carefully considered partnership roles. All members of the organization share the commitment to contributing to society through packages and packaging.

Shareholders and investors	<p><b>Maintaining stable finances and dividends (payout ratios)</b></p> <p>The Pack Group makes decisions on dividends that account for maintenance of stable dividends and sufficient internal reserves. Internal reserves are intended to strengthen the financial constitution and meet funding demand for production facilities, R&amp;D, and other needs. We believe they contribute to the stability and growth of shareholder dividends through future profits.</p>
Employees	<p><b>Maximizing employee engagement (realizing rewarding work and career planning)</b></p> <p>To broaden opportunities for diverse human resources to thrive, in addition to promoting improvements in working environments, forms, and systems, we seek to ensure appropriate assignments based on the effective use of our talent management system and other programs. We encourage individual and corporate growth and vitality through training and other opportunities for skills improvement and reskilling.</p>
Suppliers	<p><b>Realizing and maintaining structures for partnership, coexistence, and shared prosperity</b></p> <p>Announced in July 2022, The Pack Group's declaration of partnership building seeks to enhance coexistence, shared prosperity, and partnership throughout the supply chain. In addition to raising awareness of the content of the declaration both inside and outside the organization, we will also strive to increase value throughout the supply chain by smoothly putting it into practice.</p>
Customers	<p><b>Cocreating brand value</b></p> <p>As a group of packaging professionals, we propose optimal packages to customers. We propose solutions based on ascertaining customer needs and issues regarding not only the actual packages but also related aspects. Furthermore, we support customer environmental initiatives by offering eco-friendly products and we participate in product planning and sales methods, to cocreate brand value with customers.</p>
Consumers	<p><b>Providing functional and sensory value through packages</b></p> <p>The Pack Group develops products and services to meet ever-changing needs, based on planning and proposals reflecting the roles and values that consumers demand of packages. We supply packages that reduce consumer stress, such as shopping bags that make it easy to carry purchases and paper cartons and corrugated boxes that are easy to open and dispose of. We also add originality in design, materials, and forms, to propose packages that make products and brands more valuable. This creates sensory value and increases consumer satisfaction.</p>
Global environment	<p><b>Protecting the environment through business activities</b></p> <p>Based on our 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—we have sought to reduce the environmental impact of production activities. We bring to life the environmental solutions demanded by society through the development and sale of eco-friendly products as well as forest conservation activities through The Pack Forest® Environment Fund.</p>



The Pack Group will implement sustainable management based on our Purpose (fundamental mission) and Basic Policy of Sustainable Management and has set numerical targets to be achieved by the fiscal year ending December 31, 2025.

The three key strategies are linked to our response to materiality, and we will deliver the Group's unique value to society through sustainable growth.

Slogan

Evolution

—Start of purpose-based management and Sustainable Management—

Target of Fiscal Year 2025

Consolidated sales

107 billion yen

Operating income

8.3 billion yen

ROE

8% or more

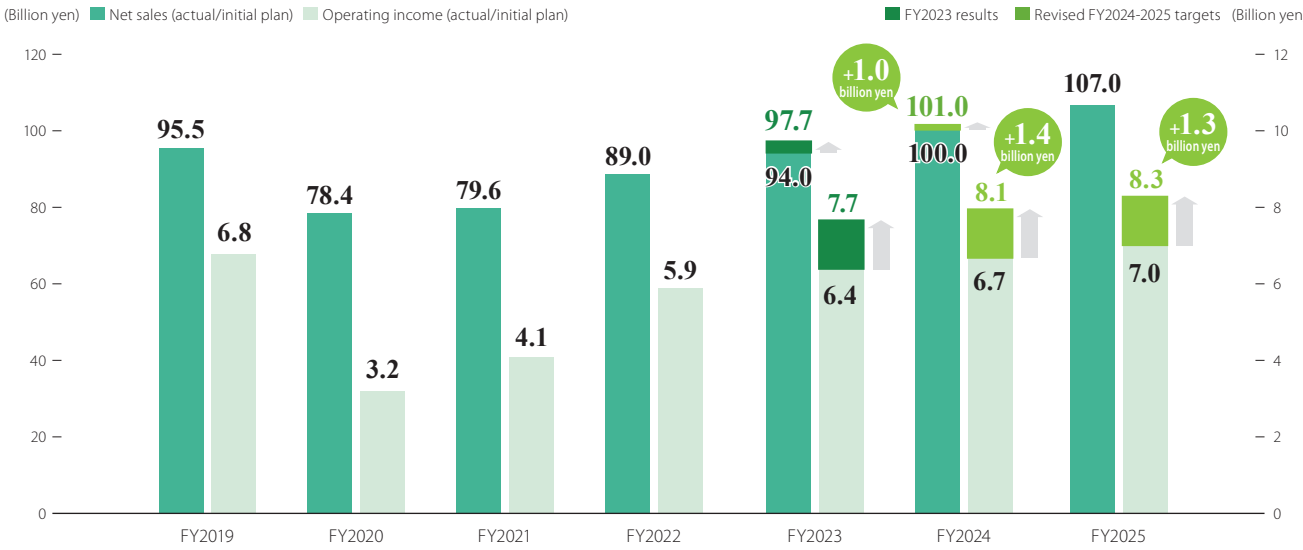
ROIC

8% or more

Numerical target achievement process

We will develop our business activities in line with our three strategies, with the goal of achieving consolidated sales of 107 billion yen. We will also strive to improve our return on equity (ROE) and return on invested capital (ROIC) in order to maintain stable relations with the Group's stakeholders, including business partners, shareholders and employees.

Since business results in FY2023 exceeded initial targets, the Group has revised upward the medium-term management plan's numerical targets and modified its policy on shareholder returns, aiming to increase corporate value even further. While aiming to maintain ROE and ROIC of 8% or more as indicators of return on capital, as returns to shareholders we will aim for a total payout ratio of 50% through increasing the dividend payout ratio and acquiring treasury shares.



FY2023 results and issues

Results

Thanks to synergies between efforts to promote a growth strategy through the Group's strengths in solutions-based sales and enhancing production capacity through strategic capital investment, the Group achieved higher than expected growth in the first year of the medium-term management plan.

In addition to revising numerical targets upward, we revised our policy on shareholder returns as we successfully promoted efforts to increase corporate value.

Issues

Some of the measures launched in FY2023 under the growth strategy failed to contribute to business results.

We will strive to improve results in FY2024-2025 through means including ASEAN sales-channel development, enhancing the lineup of paper cartons, development of materials and processes for automated packing, and growing sales.

Important strategies and their progress

The Pack Group's medium-term management plan identifies three important strategies for achieving the plan's targets.

We will enhance returns to shareholders by clarifying target markets for growth, enhancing human capital—one of our key forms of management capital—and various investments in growth.

Growth strategy

Focusing on target markets

We are selecting and prioritizing target markets to reflect contemporary trends. In the food products market, including fast food and convenience stores, we are expanding use of our products by testing to control quality risks, responding to demand for larger lot sizes and delivery use, and proposing simplification of packing and storage on the work floor and in stores. In the e-commerce, mail order market, and logistics industry, we are proposing overall packing line improvements to enhance productivity in customer work sites. We are growing sales by leveraging our strengths as a total packaging solutions provider, through means including integrated proposals of automatic packaging systems to save labor in addition to more efficient packages.

Food products market			e-Commerce, mail order market, and logistics industry			Retail and other markets		
Growing sales centered on new market development based on our R&D and proposal strengths to meet growing demand for paper cartons			Growing sales by meeting increasingly diverse demand through a wide range of products and services			Generating results through proposal-based sales in response to growing market demand and the changing business environment		
FY2022 results	FY2023 results	YoY	FY2022 results	FY2023 results	YoY	FY2022 results	FY2023 results	YoY
25.0 billion yen	28.2 billion yen	+12.8%	14.0 billion yen	14.7 billion yen	+5.0%	50.0 billion yen	54.8 billion yen	+9.6%

Human capital strategy

Enhancing human capital, our most important form of management capital

While securing and training a diverse workforce, we are improving working environments. In addition, we strive to secure human resources to support growth and maximize their value by increasing employee engagement.

Securing diverse human resources	Improving employee engagement	HR development	Working-environment improvements
<ul style="list-style-type: none"><li>Enhancing midcareer hiring</li><li>Growing employment opportunities</li><li>Promoting women</li></ul> <div>P. 36</div>	<ul style="list-style-type: none"><li>Conducting engagement surveys</li><li>Adopting transfer-restricted share-based incentive system under the employee stock ownership program</li></ul> <div>P. 37</div>	<ul style="list-style-type: none"><li>Implementing training programs suited to individual employee tiers, including newly adopted training programs</li><li>Implementing digital-transformation training for all officers and employees (700 trainees)</li></ul>	<ul style="list-style-type: none"><li>Revising work regulations to adopt remote work as a standard option</li><li>Encouraging men to take childcare leave, etc.</li></ul> <div>P. 37</div>

Financial strategy

Cash-flow maximization and shareholder returns

We are promoting aggressive capital investment targeting growth and increased corporate value. In the area of returns to shareholders, we are aiming for a total payout ratio of 50% (announced February 2024).

Investing in growth to support our businesses

Capital investment

Invested 1.74 billion yen in FY2023, out of planned investment of 6.5 billion yen over three years

- Strategic investments in FY2023
  - Paper cartons: Increasing production capacity for food-product containers, expanding the lineup of materials for e-commerce use
  - Paper bags: Increasing production capacity, streamlining and labor saving
- FY2024-2025 strategic investment plans
  - Paper cartons: Increasing production capacity for paper cartons overall, expanding the product lineup, streamlining and labor saving
  - Paper bags: Increasing production capacity

Upgrading the backbone system

Human investment

FY2023 result: 980 million yen

- 60 million yen in HR development and hiring
- 920 million yen in increased employment and wages increases

We plan to make aggressive human investments in FY2024 as well

Enhancing returns to shareholders

- We will strive to increase corporate value still further through dialogue with shareholders and investors and ongoing consideration of related matters in the Board of Directors and other bodies.
- In addition to aiming to maintain ROE and ROIC of 8% or more as indicators of return on capital, as returns to shareholders we will aim for a total payout ratio of 50% through increasing the dividend payout ratio and acquiring treasury shares.

Revised plans			
Dividend payout ratio	FY2023 result: 30% FY2024-2025: Maintaining at 35% or higher		
Acquisition of treasury shares	FY2023 result: None FY2024-2025: Acquisition of up to 1.0 billion yen in treasury shares each year		
Total shareholder returns and total payout ratio	8.0 billion yen Breakdown FY2023 result FY2024 FY2025	Dividends 1.7 billion yen 2.2 billion yen 2.2 billion yen	Acquisition of treasury shares None Up to 1.0 billion yen Up to 1.0 billion yen
			Total payout ratio 30% 50% 50%

Basic Policy of Sustainable Management

In 2023, we established the Basic Policy of Sustainable Management as a new management policy reflecting social and business environmental conditions.

We will deliver environmental, social, and economic value that only The Pack Group can offer, to realize a prosperous and sustainable society and bring satisfaction to people.

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.

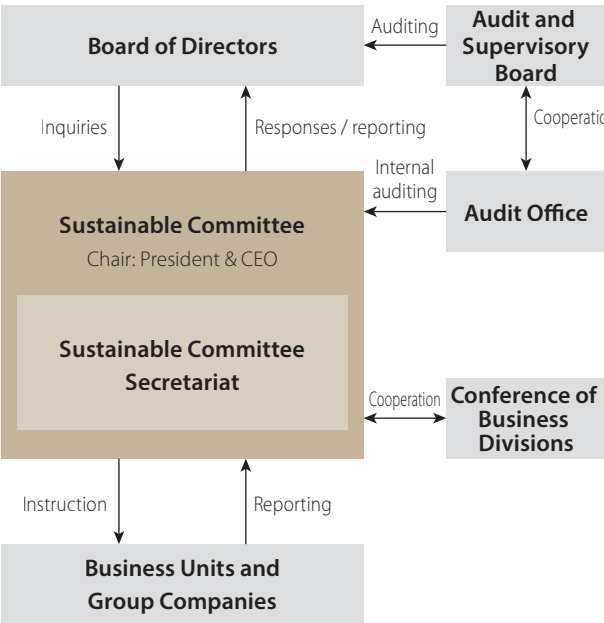
Promotion structure

The Sustainable Committee (chaired by the President and CEO) addresses promotion of sustainable management within the Group.

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.



Meetings of the Sustainable Committee (2023)

Membership	Meetings/year	Agenda
4	8	<div><div></div>Final confirmation of disclosure in line with TCFD recommendations</div> <div><div></div>Checking on progress of CFP initiatives</div> <div><div></div>Dealing with sustainability rating agencies</div> <div><div></div>Expanding activities of The Pack Forest® Environment Fund</div> <div><div></div>Publishing SHINKA (evolution) as an internal communication tool</div> <div><div></div>Formulating materiality KPIs</div>

External environment (risks and opportunities)

To be able to adapt to any societal changes, the Group anticipates the following risks and opportunities. Corresponding materiality issues also are shown below.

○: Materiality issues corresponding to risks and opportunities

External factor	No.	Risk/opportunity	Item	Materiality (important issues)											
				Environment			Society						Governance		
				Promoting eco-friendly product planning and technological development	Reducing environmental impact throughout our business activities	Contributing to environmental conservation and preservation	Promoting employee health and safety	Developing and cultivating the capacity to offer total solutions related to packaging	Promoting diverse work styles that encourage all employees to thrive	Co-creating brand value with our customers	Maintaining and improving quality through joint efforts with business partners	Contributing to developing future generations and fostering environmental awareness	Providing solutions to increasingly diverse social issues	Securing soundness, transparency, and efficiency in management	Promoting supply chain risk management
Politics	1	Risk	Interruption of imports of raw materials or rising import costs due to disputes or national security policies												○
	2	Opportunity	Establishment of local-production/local-consumption models leveraging our robust supply chains in Japan, the United States, and China							○	○				○
	3	Opportunity	Increase in institutional investors through enhancement of ESG initiatives in line with laws, regulations, international standards, etc.	○				○					○	○	
Economics	4	Opportunity	Birth of new merchandise, services, and business models	○	○	○		○		○	○		○		
	5	Risk	Increasing costs of raw materials, manufacturing, and shipping		○										○
	6	Risk	Rising hedge costs in raw-materials procurement												○
	7	Opportunity	Building energy-saving supply chains		○	○									○
Society	8	Risk	Difficulty securing diverse human resources and partners				○	○	○		○		○		○
	9	Opportunity	Developing diverse human resources, increasing labor productivity				○	○	○				○		
	10	Opportunity	Growing demand for new product use	○						○	○				
	11	Opportunity	Creation of products and services emphasizing safety and reliability	○						○	○	○			
Technology	12	Risk	Declining purchases in brick-and-mortar stores, rising risks of information leaks, and increased response costs as new technologies spread and are widely adopted												○
	13	Opportunity	Reduced operation costs due to the arrival of new technologies and services					○		○			○		○
Environment	14	Risk	Rising tax burdens due to the adoption of carbon taxes	○	○	○				○		○			○
	15	Risk	Rising procurement costs due to changes in forestry resources	○	○	○				○		○			○
	16	Risk	Supply chain disruptions and production suspensions due to increasingly frequent natural disasters												○
	17	Opportunity	Growth in business opportunities due to move away from plastics	○	○	○		○		○		○			○
Legal	18	Risk	Increasing costs of adapting to legal, regulatory, and litigation risks											○	○
	19	Opportunity	Increasing corporate value through enhanced governance											○	○
	20	Opportunity	Birth of new business opportunities in response to enhanced laws or regulations	○						○					○



In 2022 the Group identified 12 materiality issues on five major themes. Specific materiality initiatives are shown below. We will promote and strengthen these activities and thereby contribute to a sustainable and prosperous society.

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"><li>Developing, procuring, and supplying eco-friendly raw materials, including forestry-certified and mixed paper</li><li>Proposing packaging that requires reduced volumes of raw materials</li><li>Proposing solutions to improve work efficiency through use of our packaging</li></ul>	<ul style="list-style-type: none"><li>Proposing alternative surface processing technologies to replace plastic laminates</li><li>Developing alternative paper packaging to replace plastic packaging</li><li>Developing reusable packaging</li><li>Developing eco-friendly plastic packaging</li></ul>	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div><div>14 LIFE BELOW WATER</div><div>15 LIFE ON LAND</div></div>
		Reducing environmental impact throughout our business activities	<ul style="list-style-type: none"><li>Purifying and reusing water used in manufacturing processes</li><li>Reducing CO<sub>2</sub> emissions (intensity)</li></ul>	<ul style="list-style-type: none"><li>Transitioning to renewable energy</li><li>Appropriately managing industrial waste and reducing emissions; promoting recycling</li></ul>	<div><div>6 CLEAN WATER AND SANITATION</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>
		Contributing to environmental conservation and preservation	<ul style="list-style-type: none"><li>Preserving and restoring forest and mountain areas</li><li>Planting trees with consideration for ecosystems</li></ul>	<ul style="list-style-type: none"><li>Establishing a new environment fund to support efforts such as the preservation and restoration of coasts and rivers</li><li>Investing in efforts that contribute to environmental conservation and preservation</li></ul>	<div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>13 CLIMATE ACTION</div><div>14 LIFE BELOW WATER</div><div>15 LIFE ON LAND</div></div>
S	 Theme 02 Valuing and nurturing people	Promoting employee health and safety	<ul style="list-style-type: none"><li>Maintaining and improving the health of employees and their families as set forth in the Health and Productivity Management Declaration</li><li>Implementing safety measures at manufacturing sites</li></ul>	<ul style="list-style-type: none"><li>Stockpiling disaster supplies to keep employees safe in the event of natural disasters</li></ul>	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>
		Developing and cultivating the capacity to offer total solutions related to packaging	<ul style="list-style-type: none"><li>Using the Packaging Laboratory to foster an organization of specialists who support The Pack as a company offering total solutions related to packaging</li><li>Developing and utilizing databases on packaging expertise</li></ul>	<ul style="list-style-type: none"><li>Improving business efficiency and enhancing proposal capabilities through digital transformation (DX)</li><li>Promoting product development through training sessions in which manufacturing sites participate</li></ul>	<div><div>10 REDUCED INEQUALITIES</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>
	 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"><li>Developing environments for work styles suited to employee lifestyles</li><li>Promoting an action plan to empower women in the workplace</li><li>Designing remuneration schemes to allow employees to work with peace of mind and other systems to secure post-retirement plans</li></ul>	<ul style="list-style-type: none"><li>Developing teleworking environments and adopting communication tools</li><li>Developing employee skills and optimizing assignments through job rotations</li><li>Building a more open human resource evaluation system</li></ul>	<div><div>4 QUALITY EDUCATION</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div></div>
		Co-creating brand value with our customers	<ul style="list-style-type: none"><li>Identifying and analyzing customer issues and providing solutions</li><li>Collecting information on packaging in Japan and overseas and communicating market developments and trends</li></ul>	<ul style="list-style-type: none"><li>Providing multifaceted proposals on distribution and logistics solutions to achieve labor savings, automation, and mechanization</li><li>Proposing ways to participate in The Pack Forest® Environment Fund to preserve forests</li></ul>	<div><div>11 SUSTAINABLE CONSUMPTION AND CONSUMERS</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>15 LIFE ON LAND</div></div>
 Theme 04 Contributing to social development and prosperity	Maintaining and improving quality through joint efforts with business partners	<ul style="list-style-type: none"><li>Implementing joint development of production technologies and establishing mass production in partnership with production subcontractors</li><li>Improving quality by enhancing quality control structures</li><li>Holding visiting classes for elementary school students</li><li>Participating in educational content (including online)</li></ul>	<ul style="list-style-type: none"><li>Establishing eco-friendly logistics systems</li></ul>	<div><div>4 QUALITY EDUCATION</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div></div>	
	Contributing to developing future generations and fostering environmental awareness	<ul style="list-style-type: none"><li>Investing in efforts that contribute to the development of future generations</li><li>Participating in and supporting activities that lead to increased environmental awareness</li><li>Support for activities that create jobs for people with disabilities and activities that assist them in becoming self-sufficient and finding employment</li><li>Supporting activities of children to support environmental protection</li></ul>	<div><div>4 QUALITY EDUCATION</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div></div>		
 Theme 05 Enhancing management foundations	Providing solutions to increasingly diverse social issues	<ul style="list-style-type: none"><li>Achieving labor savings, automation, and reduced CO<sub>2</sub> emissions by promoting a PAS system</li><li>Developing packaging in a way that helps to address labor shortages</li><li>Proposing total solutions that combine packaging with packing and logistics equipment</li></ul>		<div><div>11 SUSTAINABLE CONSUMPTION AND CONSUMERS</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	
	Securing soundness, transparency, and efficiency in management	<ul style="list-style-type: none"><li>Improving corporate governance structures</li><li>Disclosing information on the status of initiatives related to all principles of the Corporate Governance Code</li><li>Strengthening management soundness through the G-Line (compliance line as the internal whistleblowing system)</li></ul>	<ul style="list-style-type: none"><li>Implementing fair and objective decision-making processes for management appointments</li><li>Improving the quality of disclosure to shareholders and other stakeholders</li><li>Securing diversity among the Board of Directors</li></ul>	<div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>	
		Promoting supply chain risk management	<ul style="list-style-type: none"><li>Strengthening supply chains that can respond to various procurement, production, and sales risks</li></ul>	<ul style="list-style-type: none"><li>Enhancing resilience to ensure the appropriate operation of business continuity planning</li><li>Countering information leaks and system failures associated with cybersecurity risks</li></ul>	

In September 2023, we established five materiality KPIs. We are promoting initiatives intended to achieve these KPIs by FY2030. We will monitor our progress on and assess and update these KPIs through the plan-do-check-act (PDCA) cycle.

Materiality KPIs and results for the past five years

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 <sub>2</sub> 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	4 160	0 0	0 0	4 111	9 253	FY2030
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 \*2 Number of companies with sales results

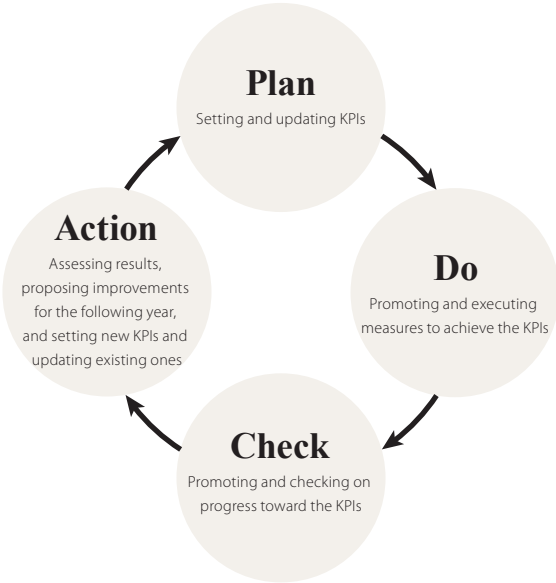
KPI management

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.



With long-term perspective, the Pack Group invests in and promotes growth drivers to achieve both financial and nonfinancial KPIs targeting materiality issues. The KPIs are set and verified to ensure that achievement of nonfinancial KPIs also contributes to achievement of financial KPIs.

Under the FY2023-2025 medium-term management plan, we are investing in human capital, intellectual capital, and manufacturing capital, sources of The Packs strengths, and promoting various related measures, as important strategies.

Important strategies Important strategies under the current medium-term management plan

### Investment in promotion of growth drivers toward achievement

#### Investment policies

##### Human capital

- Hiring and development
- Promoting diverse workstyles

Expanding hiring opportunities and methods  
Ensuring appropriate wage structures. enhancing benefits

##### Intellectual capital

- Collecting, accumulating, and sharing market and sales information
- Enhancing package case studies

Promoting digital transformation for timely sharing of market and sales information internally  
Enhancing both real-world (Package Laboratories, comprehensive information meetings) and digital (proposal databases, videos) approaches

##### Manufacturing capital

- Enhancing manufacturing facilities and equipment
- Strengthening supply chains

Enhancing production capacity for paper bags and paper cartons at existing plants  
Labor saving, streamlining, energy conservation, resource conservation

#### Promotion policies

##### Target markets

- Growing business territories and domains
- New-market research and analysis

Focusing on the food-product and e-commerce/mail order market/logistics industry  
Growing ASEAN sales channels

##### Products and services

- Enhancing product lineup
- Expanding into related businesses

Focusing on development of primary food containers, delivery bags, and eco-friendly products  
Developing businesses in automatic packing machine, assembly, and sorting

##### Business model

- Corporate proposal-based sales
- Solutions-based sales

Proposal activities including measures to increase customer brand value  
Solutions to environmental issues and the labor shortage

×

Contributions to achievement of KPIs

Materiality issues, nonfinancial KPIs	Financial KPIs				
<b>FY2030 targets</b> <b>Delivering solutions to environmental issues through our business activities</b> <ul style="list-style-type: none"><li>Achieving a ratio of sales of FSC®-certified products (paper bags, paper cartons, corrugated boxes) to total sales of 50% or higher</li><li>Reducing CO<sub>2</sub> emissions (Scopes 1 and 2) by 46% vs. FY2018</li><li>Implementing 15 The Pack Forest® Environment Fund activities, with 500 participants per year</li></ul> <b>Valuing and nurturing people</b> <ul style="list-style-type: none"><li>Increasing women's percentage of managers (manager or above) to 15% or more</li></ul> <b>Building and enhancing relations of trust with our business partners and customers</b> <ul style="list-style-type: none"><li>Earning the support of 300 firms for The Pack Forest® Environment Fund</li></ul>	<b>FY2025 targets</b> <table><tr><td><b>Net sales</b> <b>107.0</b> billion yen</td><td><b>Operating income</b> <b>8.3</b> billion yen</td></tr><tr><td><b>ROE</b> <b>8 % or more</b></td><td><b>ROIC</b> <b>8 % or more</b></td></tr></table>	<b>Net sales</b> <b>107.0</b> billion yen	<b>Operating income</b> <b>8.3</b> billion yen	<b>ROE</b> <b>8 % or more</b>	<b>ROIC</b> <b>8 % or more</b>
<b>Net sales</b> <b>107.0</b> billion yen	<b>Operating income</b> <b>8.3</b> billion yen				
<b>ROE</b> <b>8 % or more</b>	<b>ROIC</b> <b>8 % or more</b>				

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Major theme

# Resolving environmental issues through business activities

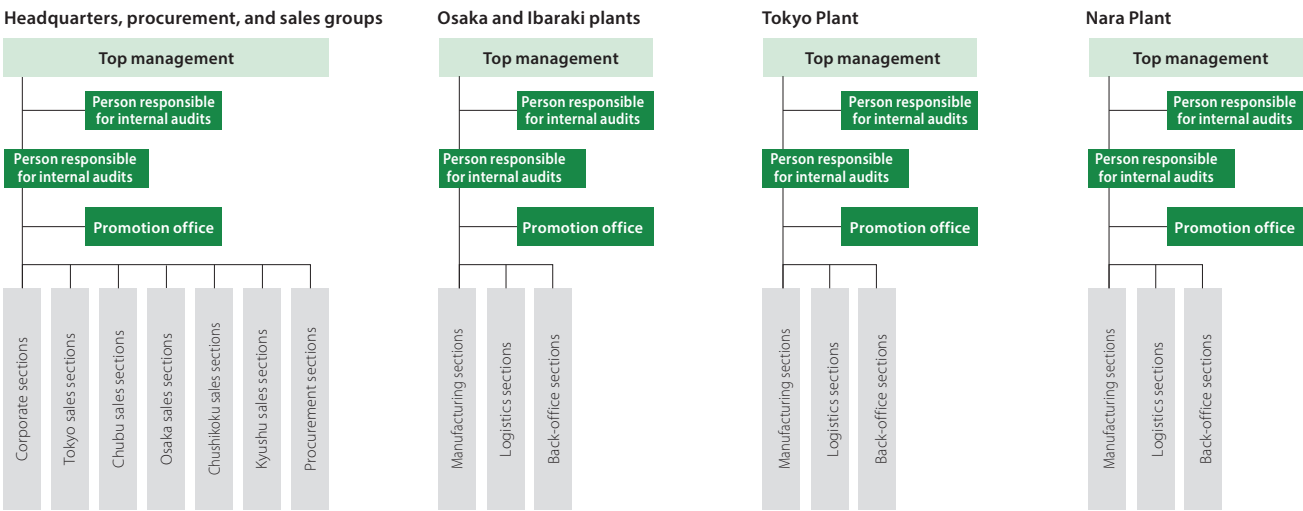
## Environmental philosophy

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 o Environmental philosophy n 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)

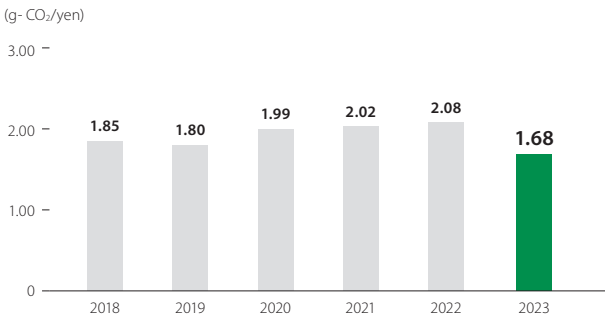
Organization	Measures	FY2023			FY2024
		Target	Performance	Result	Target
Headquarters and sales group	Growing sales of Forest Products <sup>*1</sup>	Growing sales of Forest Products by 20% or more vs. 2022 <sup>*2</sup>	+22.3%	○	Increasing sales of Forest Products by +20% vs. 2023
	Growing sales of FSC®-certified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

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

## CO<sub>2</sub> emissions intensity

Also known as the CO<sub>2</sub> emissions coefficient, CO<sub>2</sub> emissions intensity refers to the volume of CO<sub>2</sub> emitted from a fixed amount of business activities. We calculate CO<sub>2</sub> emissions intensity by dividing CO<sub>2</sub> 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)



## 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)

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

## TOPICS

### The new headquarters building

The new headquarters building was completed in March 2023 on the site at which the Company was originally founded. This building is symbolic of our sustainability management, designed to achieve high environmental performance to contribute to a decarbonized society, that accounts for nearby residential areas and emphasizes comfortable work sites.



#### 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 (CO<sub>2</sub> density)

#### Building evaluations and awards

- Zero-emission building accreditation (ZEB Ready, highest BELS evaluation)
- CASBEE accreditation (CASBEE S Rank [highest evaluation])
- Winner, office section, FY2023 Osaka Environmentally Friendly Architecture Awards

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

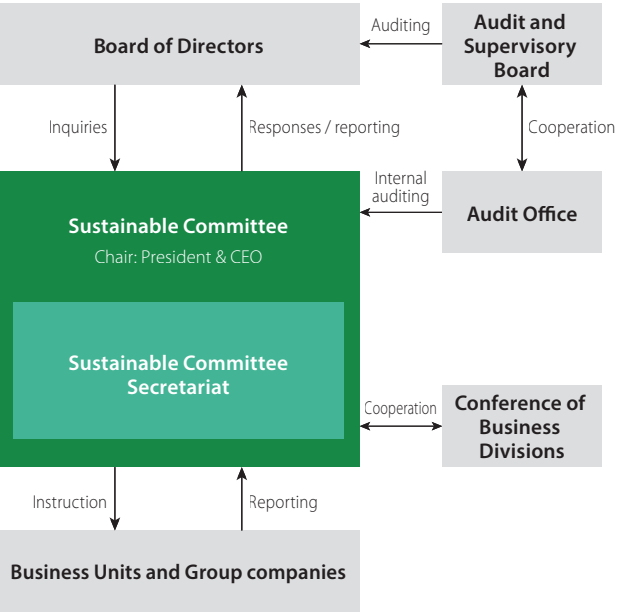
The Sustainable Committee (chaired by the President and CEO) under the Board of Directors manages and promotes response to climate change. The Sustainable Committee and the Sustainable Committee Secretariat, its executive arm, in partnership with the Conference of Business Divisions, Business Units, 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 IPPC'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 <div>Risks Opportunities</div> 2°C scenario	Policy/legal	<div>Risks</div> Adopting carbon taxes  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
		<div>Opportunities</div> More rigorous CO <sub>2</sub> emissions and energy conservation regulations  Reducing CO <sub>2</sub> 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	<div>Risks</div> Growing demand for low carbon products  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
		<div>Opportunities</div> Increasing demand for low carbon products (paper products)		High
		<div>Opportunities</div> Promotion of switching from plastic to paper products  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
		<div>Risks</div> Growing demand for recycling materials  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	<div>Risks</div> Declining corporate brand value due to inadequate environmental measures  Changes in evaluations by stakeholders	<p>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.</p> <p>Despite the risk of fundraising obstacles, the impact might be controlled by enhancing disclosure and implementing measures to adapt to climate change.</p>	Low	
Physical <div>Risks Opportunities</div> 4°C scenario	Acute	<div>Risks</div> Increasing frequency and scale of weather-related disasters  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.	Low
	Chronic	<div>Risks</div> Increasing numbers of days of fierce heat  <div>Risks</div> 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
		<div>Opportunities</div> Improved business sustainability through environmental measures  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 <sub>2</sub> emissions and energy conservation	<div>• Rebuilding the head office building to make it highly environmentally efficient</div> <div>• Establishing guidelines on adopting machinery and using machinery with a focus on efficiency</div> <div>• Adopting and expanding facilities to reduce environmental impact—for example, by installing solar power</div> <div>• Promoting the development of efficient logistics systems</div> <div>• Promoting contracts for CO<sub>2</sub>-free electricity from renewables</div> <div>• Considering carbon offsets through the purchase of non-fossil-fuel certificates, etc.</div>
Growth in demand for low carbon products Promoting the switch from plastic to paper products	<div>• Together with boosting sales of FSC® and other Forest Products, actively proposing and expanding the lineup of other paper products</div> <div>• Moving ahead with the development of eco-friendly products and proposing their use as substitutes for plastic products</div>
Increasing the sustainability of eco-friendly businesses	<div>• Ensuring stable supplies and effective risk management for emergencies through joint efforts with our four plants in Japan, Group companies, and subcontractor plants</div> <div>• Promoting supply chain resiliency by developing new suppliers and strengthening relations with existing suppliers</div>

Indicators and targets

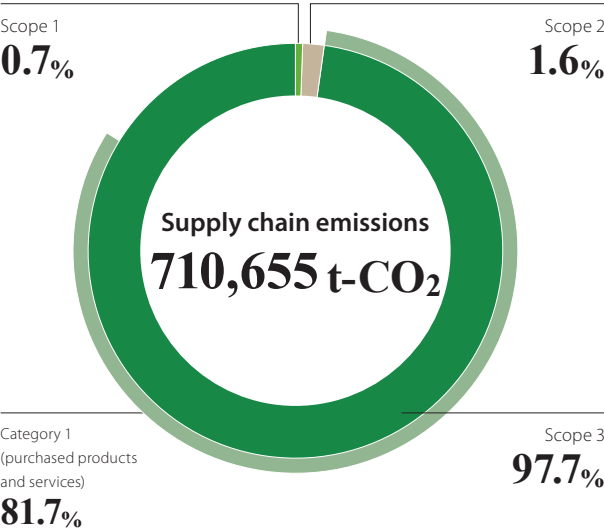
The Pack has established the following indicators and targets. Each business unit will strive to meet these targets under the oversight of the Sustainable Committee.

Supply chain CO<sub>2</sub> emissions results

We have determined that Scope 3, Category 1 emissions (from purchased products and services) account for 81.7% of total supply chain CO<sub>2</sub> emissions. In addition, we will consider ways to reduce total supply chain CO<sub>2</sub> emissions.

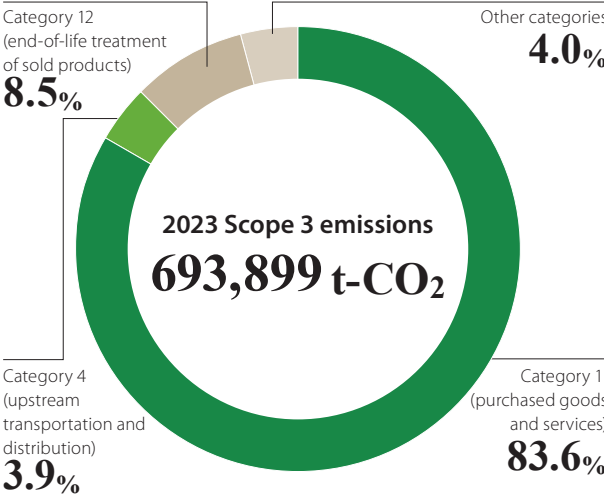
Emissions by scope

Scope	Emissions (t- CO <sub>2</sub> )	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 <sub>2</sub> )	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%



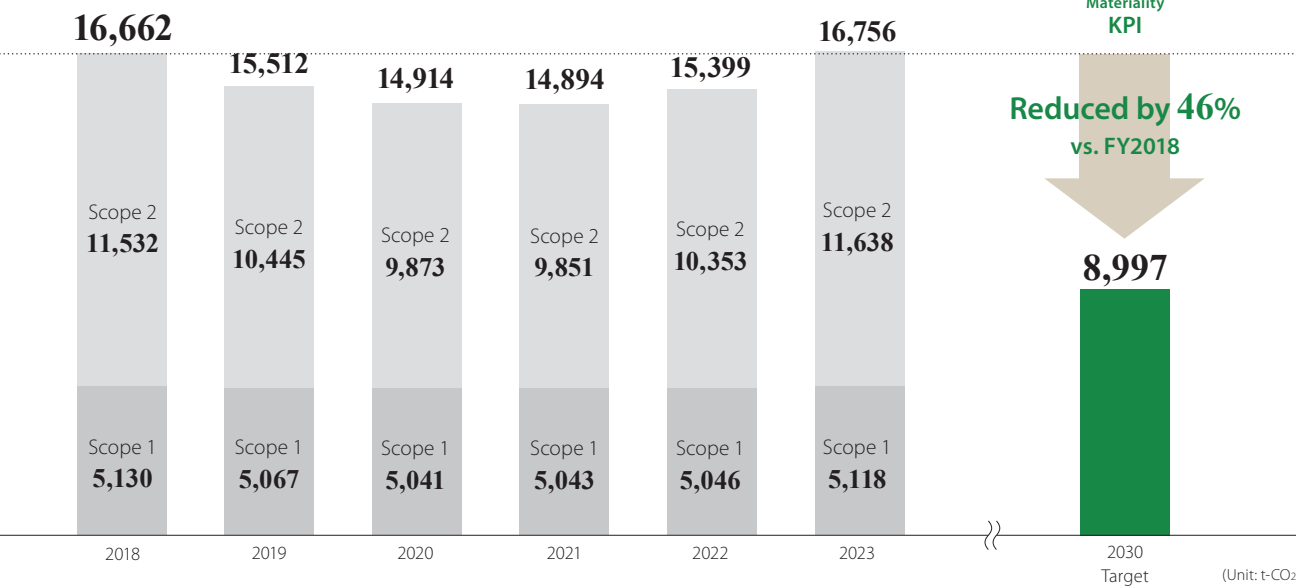
CO<sub>2</sub> emission reduction target (Scopes 1 and 2)

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 CO<sub>2</sub> emissions.

[Target] By 2030, we hope to reduce CO<sub>2</sub> 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 CO<sub>2</sub> emissions (Scopes 1 and 2)



Product planning and technology development in consideration of the environment

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.

Examples of eco-friendly product development



**Craft VM Barrier paper-based film packaging with high barrier and light-shielding properties**  
Fully film-free Craft VM Barrier paper-based film packaging is heat sealant coated for barrier and light-shielding properties equivalent to aluminum vapor deposited film. It helps reduce use of plastics in flexible packaging for food products.



**Compact cushioned CC-PACK® transportation packaging material**  
CC-PACK® cushioned all-paper envelopes consist of sheets made from special materials. They adjust flexibly to accommodate the thickness of the contents and contribute to resource conservation and recycling for transportation packaging materials.



**Replacing plastic trays with paper trays**  
We developed paper trays to replace the molded plastic trays used to retain product shape and prevent crushing. The special design incorporates folds along the lines to maintain tray shape and keep the sides in position.

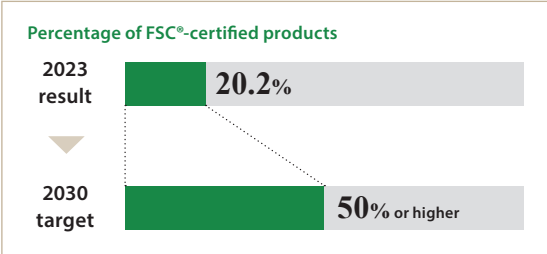
Examples of eco-friendly product variations					
Materials	• FSC®-certified materials	• Recycled paper	• Non-wood-based paper	• Biomass materials	• Materials from recycled wastes
Processing	• Water-repellent varnish • Oil-resistant treatment from natural materials				
Cooperatives activity	• The Pack Forest® Environment Fund				

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

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

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

FSC®-certified products (paper bags, paper cartons, corrugated boxes) as a percentage of sales					Materiality KPI
2019	2020	2021	2022	2023	2030 target
5.5%	10.8%	13.2%	17.4%	20.2%	50% or higher



Contributing to nature conservation and environmental preservation

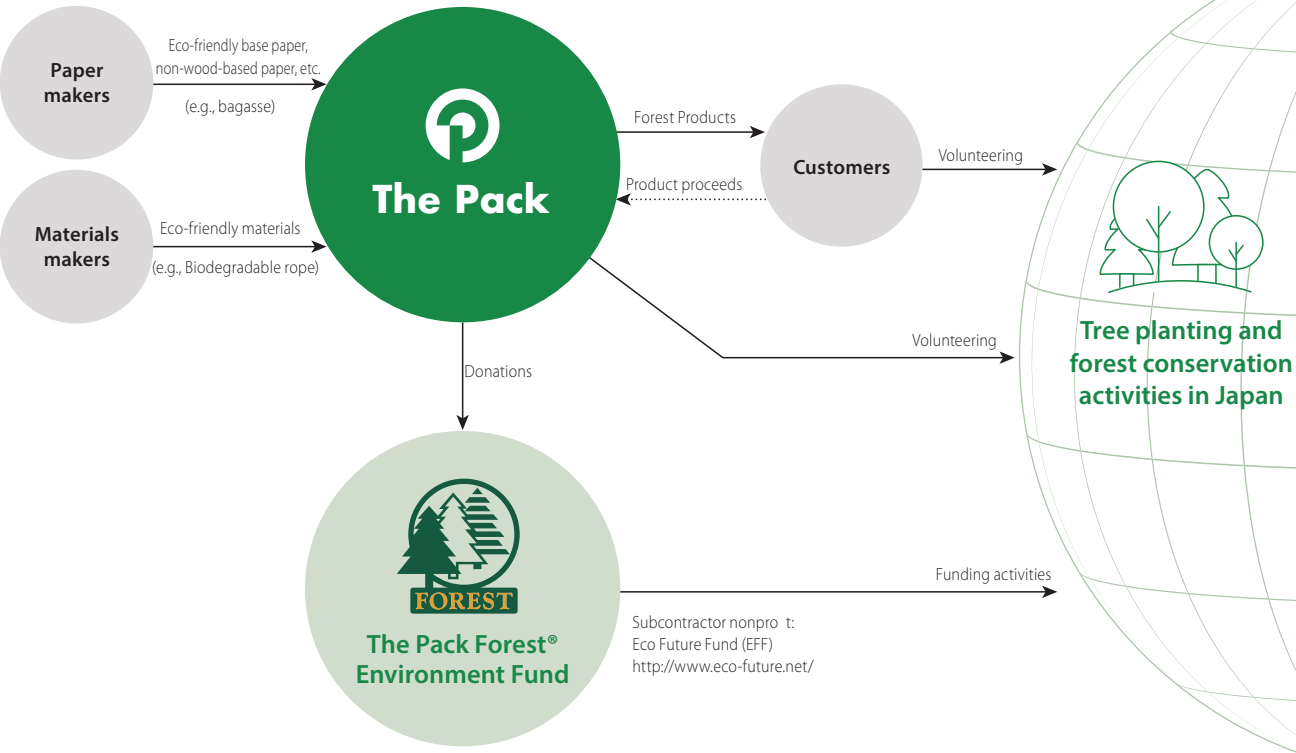
Activities of The Pack Forest® Environment Fund

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 eight locations across Japan, with the participation not just of The Pack employees, but customers and the general public.

We remain committed to forest conservation activities suited to community needs in cooperation with government, nonprofit, and local communities.

The Pack Forest® Environment Fund system

Forest conservation activities are underway at nine locations across Japan, funded by a portion of sales from products subject to The Pack Forest Environment Fund, or called Forest Products.



About 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.



Trends 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



Major theme

We value and nurture people.

Human capital

Under the corporate motto, *Passionate and Dedicated to Our Partnerships*, we have established the Corporate Philosophy, expressed by the following words: *We value and nurture people*. In line with this philosophy, we see human resources as a priority in our capital management. Our HR systems seek to establish environments in which people can grow; build environments in which employees can work with peace of mind; develop employees whose talents will be recognized universally; and build strong organizations. We pursue HR development efforts and maintain workplace environments in accordance with these aims.

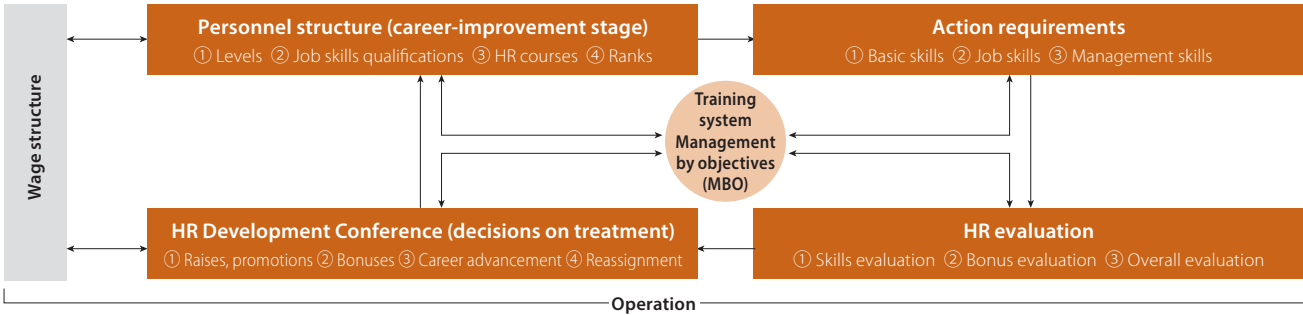
The Medium-Term Management Plan includes a human capital strategy intended to enable the growth and vitality of The Pack and individuals within the organization. Under these strategies, we secure, train, and develop diverse human resources, ensure appropriate staffing assignments, improve working environments, and maximize employee engagement.

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.

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.

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.

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

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	2026 target
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	25% or higher

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	2026 target
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	35% or higher

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	2026 target	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	10% or higher	15% or higher

Materiality KPI

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

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

Subject period: January 1 – December 31  
Regular workers: Permanent full-time employees (including secondees currently posted outside the organization); nonregular 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

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.

Numbers and percentages of employees taking childcare leave (Figures for each scal year are as of December 31) \* Subject: all employees excluding part-time employees

		2019	2020	2021	2022	2023
Number of employees taking childcare leave (persons)	Female	7	11	15	11	10
		100.0	100.0	100.0	100.0	100.0
Percentage of employees taking childcare leave (%)	Male	0	0	0	3	10
		0	0	0	13.0	40.0

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.

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.

Major theme

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.

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.

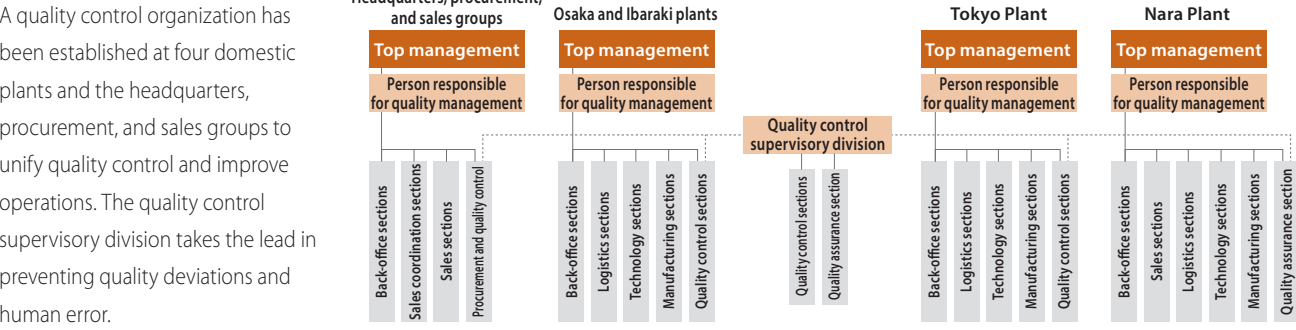
Our thinking on quality

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.

Quality control organization chart



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.



## 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. (See p. 34 for more on these activities.)

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)*	24	44	67	94	123	300

\* Only companies with actual results are counted.

Major theme

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

### 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.



#### 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.



Major theme

## Strengthening the management foundations

### Basic policy on corporate governance

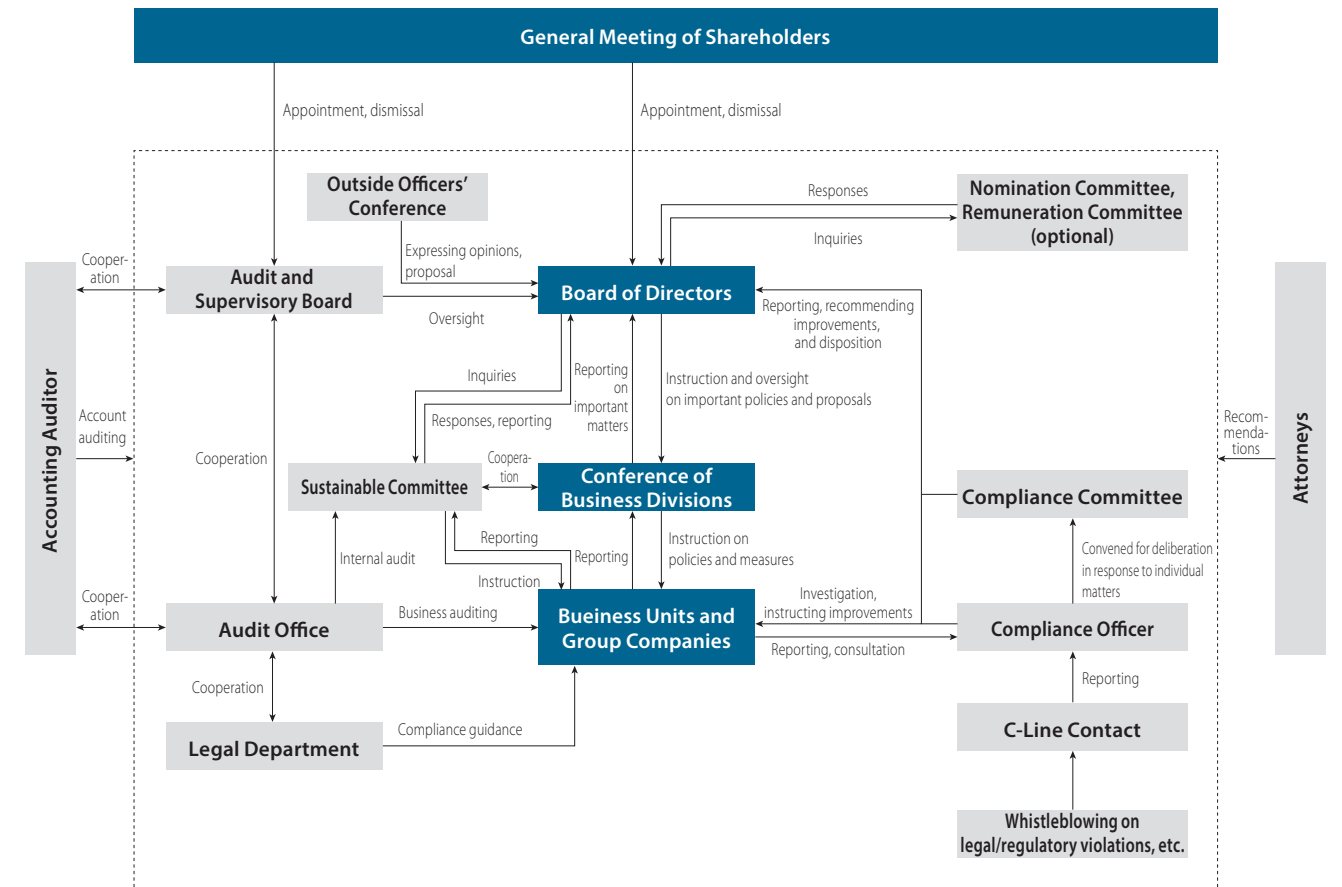
Based on strong recognition of the importance of corporate governance, The Pack Corporation has established basic policies for maintaining improving management efficiency, ensuring compliance with corporate ethics, and maintaining a structure capable of monitoring that management activities are carried out properly while disclosing in a timely manner important information concerning shareholder interests.

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 Corporate Auditors and the Audit and Supervisory Board.

To ensure fairness, transparency, and objectivity in procedures related to the nomination of Directors and Corporate 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 a Corporate Officer system to improve management efficiency and execute business through dynamic decision-making. We have also established an Outside Officers' Conference to allow the exchange of opinions among Outside Directors and Outside Corporate Auditors and recommendations to the Board of Directors, thereby enhancing Board oversight functions.



Roles of each organization

	Role	Personnel composition	Meetings in FY2023	Contents
Board of Directors	Making decisions on major management issues and overseeing the conduct of the business	Nine members (including three from outside the company)	17 times/year	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.
Audit and Supervisory Board	Monitoring and supervision of business execution of Directors and decision-making processes of the Board of Directors	Four members (including two from outside the company)	13 times/year	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.
Outside Officers' Conference	Information sharing and awareness raising among the independent Outside Officers	Three Outside Directors, two Outside Corporate Auditors	6 times/year	The exchange of information and awareness among independent Outside Directors provides effective supervision of management from an independent and objective perspective.
Nomination Committee	Deliberations and recommendations on matters related to the appointment or dismissal of Directors and Corporate Officers	Five directors (including three from outside the company)	2 times/year	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 Directors. It also makes recommendations in response to requests from the Board.
Remuneration Committee	Deliberations and decision making on matters relating to the remuneration of Directors and Corporate Officers	Five directors (including three from outside the company)	4 times/year	With a majority of independent Outside Officers, including the Chairperson, the Committee deliberates and makes decisions concerning compensation for Directors and Corporate Officers.

Corporate governance initiatives history

The Pack is enhancing individual governance initiatives in response to the demands of the Tokyo Stock Exchange.

FY	Corporate governance initiatives (selected)
2006	C Line (internal whistleblowing system) introduced
2010	Maximum compensation amounts revised for all Directors and all Corporate Auditors
2015	Share-based remuneration stock option plan introduced Outside Directors system adopted
2016	Outside Officers' Conference established
2019	Number of Internal Directors reduced (from ten to seven)
2020	Countermeasures against large-scale purchases of Company stock (takeover-bid defense measures) abolished Transfer-restricted share-based remuneration program introduced to replace share-based remuneration stock option plan
2021	Resolution passed on policy on decisions concerning executive remuneration, etc. Optional bodies of a Nomination Committee and Remuneration Committee established
2022	Sustainable Business Team established Electronic voting system for shareholders and platform for electronic exercise of voting rights adopted (for exercise of voting rights via the Internet) Declaration of partnership building (on co-existence and shared prosperity with trading partners and measures barring attempts to shift the burden of transaction terms and conditions onto partners) English-language securities report introduced Skills matrix published in notice of convocation for regular general meeting of shareholders Female Director appointed; Outside Directors appointed as more than one-third of all Directors
2023	Sustainable Committee established

System for oversight by Outside Officers

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.

Based on their experience and sphere of expertise, Outside Directors contribute to increasing the efficacy of the Company's corporate governance through oversight from an objective, neutral point of view. Two of the three Outside Directors are qualified as certified public accountants or tax accountants and possess specialized insights in these fields. The other offers a wealth of business experience and insights with a listed company on the Prime Market of the Tokyo Stock Exchange that operates in industries in which the Company does not operate.

Outside Corporate Auditors increase the efficacy of the Company's corporate governance through oversight from an objective, neutral point of view based on their experience and sphere of expertise. One of the two Outside Corporate Auditors is qualified as a certified public accountant or tax accountant and possesses specialized insights in these fields. The other is a qualified attorney with specialized insights concerning the law.

Director skills and diversity

In light of the roles played by the Board of Directors in overseeing business operations and making important decisions, the Company deems it essential that the Board consist of members who possess a wide range of perspectives and advanced skills, based on their diverse experiences. Accordingly, it has established the following standards for the selection of Directors.

- 1

Directors must be able to make their best efforts to achieve sustained growth and medium- to long-term increases in corporate value based on the Group's corporate philosophy and policies.
- 2

They must possess outstanding character, insights, and ethical standing befitting Directors.
- 3

They must possess the drive and abilities needed to perform their duties as Directors with integrity.
- 4

Outside Directors must possess insights and a wealth of experience in fields such as corporate management, the law, or financial accounting and must satisfy the requirements of Outside Directors under Article 2, Paragraph 15 of the Companies Act and the independence criteria established by the Company.
- 5

Directors in executive positions (Representative Directors, the Chairperson, the President, Vice-Presidents, Executive Directors, and Managing Directors) must be chosen from among Directors who have career histories, abilities, leadership, medium- to long-term perspectives, and high ethical standing befitting representatives of the Company.
- 6

They must not be disqualified from serving as Directors under laws or regulations.

Candidates for Directors are chosen from among persons who satisfy the above standards and appointed by the Board of Directors following screening by the optional Nomination Committee.

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 Corporate Auditors.

Assessment method	Questionnaires on the efficacy of the Board of Directors are distributed to all Directors and Corporate 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



Executive remuneration structure

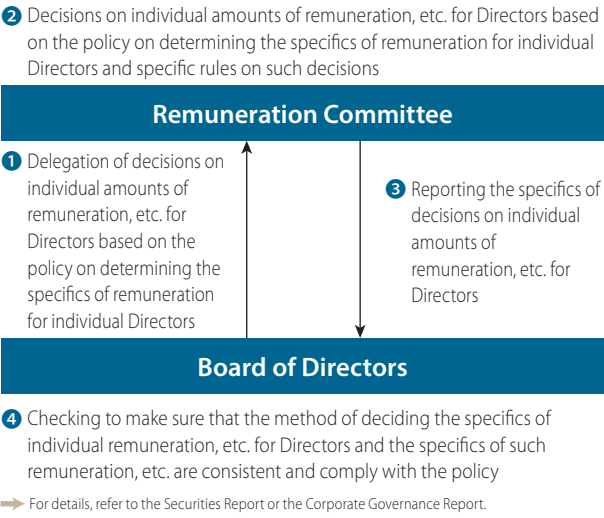
The Company’s executive remuneration system is intended to maintain a competitive position within the industry while improving business results, continually strengthening corporate value, sharing profits with shareholders, and reflecting job responsibilities and results.

Remuneration system	Details
Fixed remuneration	Fixed remuneration figures are determined by considering the base compensation determined in accordance with the Director’s position and responsibilities as remuneration for job execution. It is paid as a fixed monthly amount.
Bonuses (performance-linked remuneration)	Bonuses serve as an incentive to improve business results and increase corporate value over the short term. They are paid based on a fixed percentage of the indicator of annual consolidated operating income. The Remuneration Committee determines bonuses with consideration for the contribution of each Director to the businesses of which he or she is in charge, and they are paid at fixed times each year. This indicator was chosen because it makes it possible to verify objectively the results and responsibilities of the management team.
Share-based remuneration stock options (performance-linked remuneration)	The share-based remuneration stock options program awards share acquisition rights on Company stock to Directors as an incentive to improve business results and increase corporate value over the medium to long term based on shared awareness with shareholders of the risks and rewards of stock-price fluctuations. Only when the rate of growth in consolidated financial results (net sales and operating income) in the fiscal year in which the share acquisition rights were allotted was at least 100% vs. the previous fiscal year may a holder of share acquisition rights exercise all share acquisition rights allotted in that fiscal year. If the rate of growth was less than 100%, then only a portion of the share acquisition rights allotted in that fiscal year, based on the rate of growth, may be exercised. With the adoption of a share-based remuneration program based on transfer-restricted shares, stock options other than those already allotted have been discontinued. New options will not be issued.
Share-based remuneration program through transfer-restricted shares	The share-based remuneration program based on transfer-restricted shares is a remuneration program adopted to replace the share-based remuneration program of stock options. The goal is to enhance value-sharing with shareholders and contribute to mid- to long-term growth in corporate value. Based on a resolution of the Company Board of Directors, monetary remuneration claims are paid each business year as remuneration related to transfer-restricted shares. Each Director is allotted shares of Company common share through the payment of all monetary remuneration claims as investments in kind. Later, restrictions on the transfer of allotted shares are waived after the Director resigns.

The executive compensation decision-making process

A policy on determining specific compensation figures for individual Directors was approved by a resolution of the Board of Directors at its December 26, 2022, meeting. In accordance with this policy and the rules governing it, the Board delegated to the Remuneration Committee decisions on individual amounts of remuneration, etc. for Directors for the business year under review. The Remuneration Committee makes decisions on individual amounts of remuneration, etc. for Directors while verifying consistency with this policy and specific rules on such decisions.

The Board also checks to make sure that the method of deciding the specifics of individual remuneration, etc., and the specifics of such remuneration, etc., for Directors are consistent with this policy. The Board has determined that this remuneration does comply with the policy.



Policy, verification, and exercise of voting rights concerning cross-shareholdings

The Company’s basic policy is to avoid cross-shareholdings except when they contribute to sustained business growth and strengthen transaction relationships through joint efforts with the issuer company. The Board of Directors reviews the propriety of individual holdings in detail on a quarterly basis and strives to reduce shareholdings if they are judged not to comply with this policy based on consideration of perspectives such as the economic value and capital cost of each issue, strategic relations, and importance.

Voting rights on cross-shareholdings are exercised appropriately based on a close examination of the specifics of resolutions to determine whether they would contribute to increased shareholder value. In principle, we exercise voting rights properly on all resolutions.

Dialogue with shareholders and investors

The Pack holds briefings on financial results, meets with individual institutional investors, and engages in other activities to deepen understanding of various matters, including its business activities, management strategies, and ESG initiatives. The views of shareholders and investors gathered through such dialogues are reflected in management with the aim of increasing corporate value.

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.

Corporate General Manager oversees compliance management in The Pack Group and maintains related systems. Corporate General Manager guides the Compliance Committee toward its goals to promote compliance at The Pack and its subsidiaries and appoints Committee members. In addition, Corporate General Manager maintains rules and implements periodic training on various topics to raise awareness of such topics among all related parties. These topics include harassment, mental health, and information security.

Risk management structure

We strive to maintain a systematic risk management structure to respond to risks in various areas, such as business, management, markets, and credit (including risk prevention), and to accurately ascertain, analyze, and address risks such as human risks, natural disasters, and both internal and external risks.

In the sphere of legal and regulatory compliance, we have established The Pack Group Code of Conduct to set forth principles to serve as standards for actions and judgments with which executives and employees of Group companies must comply.

➡ Code of Conduct  
<https://www.thepack.co.jp/en/company/codeofconduct.html>

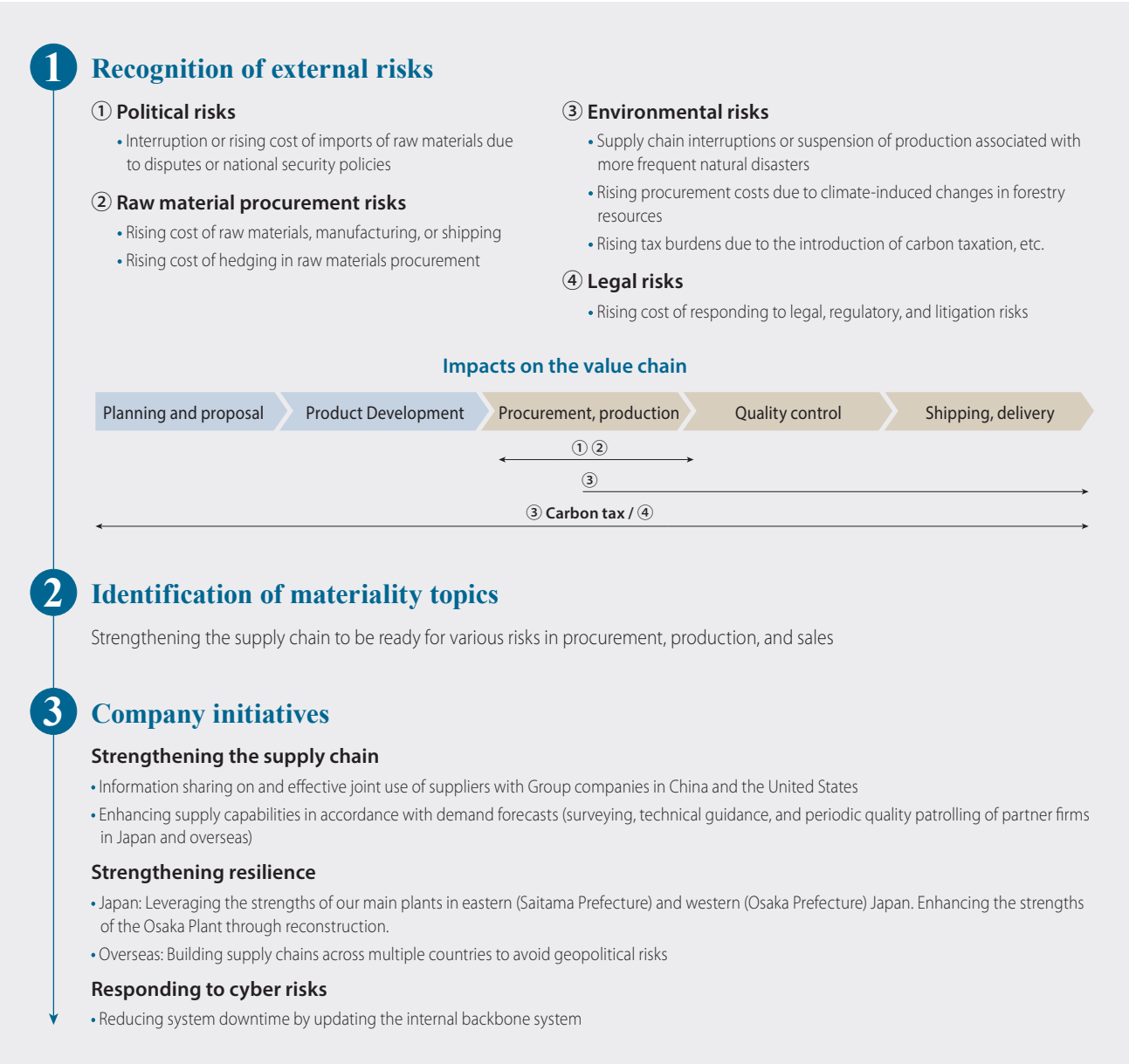
Internal controls

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>

Promoting supply chain risk management

The Pack recognizes the importance of maintaining the continuity of production lines and supply chains in the face of uncertainty and unpredictability. We recognize external risks that threaten supply chain continuity and their impacts on the value chain and we consider such matters as part of important materiality topics. Touched on below are the related internal systems and efforts to promote supply chain risk management.



List of executives (as of March 28, 2024)



Hideaki Yamashita  
President and CEO

**Career history**  
April 1982 Joined the Company  
January 2008 General Manager, Tokyo Sales Division No. 2  
January 2011 Corporate Officer  
March 2013 Director  
January 2016 Divisional General Manager, Eastern Japan Sales Division  
March 2017 Managing Director  
January 2019 Senior Managing Director  
January 2019 Divisional General Manager, Sales Division  
March 2022 President and CEO (to present)



Teruo Takinoue  
Vice President  
Divisional General Manager,  
Production Division

**Career history**  
April 1984 Joined the Company  
January 2008 General Manager, Osaka Production Division  
March 2011 Director  
January 2012 Deputy Divisional General Manager, Production Division  
April 2014 Divisional General Manager, Packaging Products Division  
March 2015 Managing Director  
January 2017 Divisional General Manager, Production Division (to present)  
March 2018 Senior Managing Director  
March 2022 Vice President (to present)



Norio Ashida  
Managing Director  
Deputy Divisional General Manager, Sales Division  
Divisional General Manager, Packaging Products Market Division

**Career history**  
April 1986 Joined the Company  
January 2011 General Manager, Tokyo Sales Division No. 4  
January 2015 Corporate Officer  
January 2019 Managing Corporate Officer  
January 2019 Divisional General Manager, Eastern Japan Sales Division  
January 2019 Managing Director (to present)  
March 2020 Deputy Divisional General Manager, Sales Division (to present)  
March 2024 Divisional General Manager, Sales Division (to present)



Naoki Nakamura  
Managing Director  
General Manager,  
Western Japan Sales Division

**Career history**  
April 1989 Joined the Company  
January 2008 General Manager, Department No. 3, Tokyo Sales Division No. 1  
January 2013 General Manager, Chugoku-Shikoku Sales Division  
January 2017 Corporate Officer  
January 2019 Managing Corporate Officer  
January 2019 General Manager, Western Japan Sales Division (to present)  
January 2021 General Manager, Kyushu Sales Division  
March 2024 Managing Director (to present)



Haruyasu Ito  
Director  
Deputy Divisional General Manager,  
Production Division

**Career history**  
April 1984 Joined the Company  
January 2016 General Manager, Section 2 of Tokyo Sales Division No. 2  
January 2019 Managing Director, Kannaru Printing Co., Ltd.  
March 2020 President and CEO, Kannaru Printing Co., Ltd.  
February 2022 Director, the Company (to present)  
March 2022 Deputy Divisional General Manager, Production Division (to present)  
January 2023 In charge of Quality Management Control Dept. (to present)  
March 2024 General Manager, Nara Production Division (to present)



Ikuo Shimomura  
Director  
Corporate General Manager

**Career history**  
April 1989 Joined the Company  
January 2009 General Manager, Department No. 3, Tokyo Sales Division No. 3  
January 2016 General Manager, Tokyo Sales Division No. 2  
January 2021 Corporate Officer  
January 2023 Deputy Divisional General Manager, Corporate Division  
March 2024 Director (to present)  
March 2024 Corporate General Manager (to present)



Hirofumi Hayashi  
Outside Director

**Career history**  
October 1991 Joined Century Audit Corporation  
August 1995 Registered as certified public accountant  
January 2001 Established Hayashi CPA and Tax Accountant Office (to present)  
March 2001 Registered as a certified tax accountant  
February 2010 Outside Corporate Auditor, Kawakami Paint Manufacturing Co., Ltd.  
March 2014 Corporate Auditor, the Company  
March 2015 Director (to present)



Uichiro Nishio  
Outside Director

**Career history**  
March 1982 Registered as certified public accountant  
December 1983 Registered as certified tax accountant  
July 1999 Representative Partner, Seiwa Audit & Accounting Firm  
July 2002 Representative Partner, Deloitte Touche Tohmatsu LLC  
April 2005 Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University (to present)  
March 2015 Corporate Auditor, the Company  
June 2015 Outside Corporate Auditor, Araya Industrial Co., Ltd. (to present)  
June 2016 Outside Corporate Auditor, KMEW Co., Ltd. (to present)  
March 2018 Director (to present)



Kaoru Kasahara  
Outside Director

**Career history**  
March 1989 Joined Pigeon Corporation  
February 2010 President and COO, Pigeonwill Corporation  
February 2014 Corporate officer and Deputy Division Manager, Domestic Baby & Mother Care Business Division, Pigeon Corporation  
February 2015 Corporate officer and Division Manager, Research and Development Division, Pigeon Corporation  
February 2019 Director, Pigeon Manufacturing Ibaraki Corporation  
March 2022 Director, the Company (to present)  
April 2023 Outside Independent Director, Morozoff Ltd. (to present)





Standing Corporate Auditor  
Shinji Noda

Career history

April 1983    Joined the Company  
January 2017    Department Manager, Legal Dept.  
March 2018    Standing Corporate Auditor (to present)



Standing Corporate Auditor  
Yasuhiro Takagi

Career history

April 1987    Joined the Company  
January 2010    General Manager, Tokyo Purchasing  
                    Department, Purchasing Division  
January 2012    General Manager, Purchasing  
                    Administration Department, Purchasing  
                    Division  
January 2016    General Manager, Purchasing Division  
March 2024    Standing Corporate Auditor (to present)



Outside Corporate Auditor  
Hisayoshi Tamakoshi

Career history

April 1992    Registered as attorney-at-law  
August 1998    Established Tamakoshi Law Firm (to present)  
June 2013    Outside Corporate Auditor, Tomoshia  
                    Holdings Co., Ltd. (to present)  
March 2015    Corporate Auditor, the Company (to present)



Outside Corporate Auditor  
Norimasa Iwase

Career history

April 1983    Joined Nisshin Audit Corporation  
March 1986    Registered as certified public  
                    accountant  
November 1989    Registered as certified tax accountant  
May 1992    Established Iwase CPA Office (to  
                    present)  
March 2018    Corporate Auditor, the Company (to  
                    present)

Skills matrix

Name	Current post	Independence	Gender	Corporate management	Management planning, M&A	Sales, marketing	Manufacturing, technological development	Finance, accounting	Personnel, HR development	Legal, risk management	Overseas businesses, international experience	Sustainability
Hideaki Yamashita	President and CEO		M	●		●				●		●
Teruo Takinoue	Vice President		M	●			●			●		●
Norio Ashida	Managing Director		M	●		●					●	●
Naoki Nakamura	Managing Director		M	●		●						●
Haruyasu Ito	Director		M	●		●	●					●
Ikuo Shimomura	Director		M	●	●	●		●	●	●		●
Hirofumi Hayashi	Outside Director	●	M	●	●			●		●		●
Uichiro Nishio	Outside Director	●	M		●			●		●		●
Kaoru Kasahara	Outside Director	●	F	●		●	●		●			●

Definition of each category

Corporate management	Formulates and manages appropriate strategies and management policies to increase corporate value, based on assessments of business conditions subject to diverse change.
Management planning, M&A	Knowledgeable concerning markets and competitors or M&A activities; formulates and manages medium- to long-term management plans.
Sales, marketing	Highly knowledgeable concerning products and markets; accurately identifies customer needs and formulates and executes sales strategies to grow sales and earn profits.
Manufacturing, technological development	Possesses product knowledge and production knowhow and supervises productivity improvements and quality maintenance; promotes research and technology development.
Finance, accounting	Possesses extensive knowledge concerning finance, accounting, taxation, and related subjects and ascertains Company business conditions; solves related issues; formulates financial strategies.
Personnel, HR development	Highly experienced in organizational development and human resource training and development; promotes human-capital enhancement.
Legal, risk management	Knowledgeable of the law, governance, and compliance; promotes the establishment of appropriate governance systems to increase the efficacy of management oversight by the Board of Directors.
Overseas businesses, international experience	Possesses overseas work experience or overseas knowledge and formulates and oversees international business strategies.
Sustainability	Possesses sustainability management perspectives essential to sustained corporate growth and progress.

ESG data

Environmental data	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
CO <sub>2</sub> emissions (Scope 1)	t-CO <sub>2</sub>	5,067	5,041	5,043	5,046	5,118
CO <sub>2</sub> emissions (Scope 2)	t-CO <sub>2</sub>	10,445	9,873	9,851	10,353	11,638
CO <sub>2</sub> emissions (Scope 3)	t-CO <sub>2</sub>	–	–	611,310	676,931	693,899
CO <sub>2</sub> emissions intensity (four plants)	g-CO <sub>2</sub> /yen	1.80	1.99	2.02	2.08	1.68
Electricity use	MWh	25,503	23,644	24,232	26,543	26,739
City gas use	Km <sup>3</sup>	1,952	1,978	1,998	1,978	2,010
LPG gas use	t	4.9	4.8	7.3	12.7	13.0
Other fuel use (kerosene, forklift diesel, and gasoline at four plants)	kL	205	179	177	172	170
Renewable energy use	TJ/kWh	1.224/340.029	1.128/313.304	1.107/307.426	1.001/278.144	1.082/300.616
Water use	Km <sup>3</sup>	96	74	79	69	74
Industrial waste emissions	t	18,591	17,653	18,407	17,973	17,461
Recycling	t	18,528	17,592	18,344	17,913	17,144
Recycling rate	%	99.7	99.7	99.7	99.7	98.2
Sales of Forest Products	Million yen	1,516	1,276	1,606	2,105	2,574
Sales of FSC®-certified products	Million yen	2,884	4,851	6,630	9,421	12,155
Participants in forest conservation activities	Persons	160	0	0	111	253
Number of forest conservation activities	Times	4	0	0	4	9

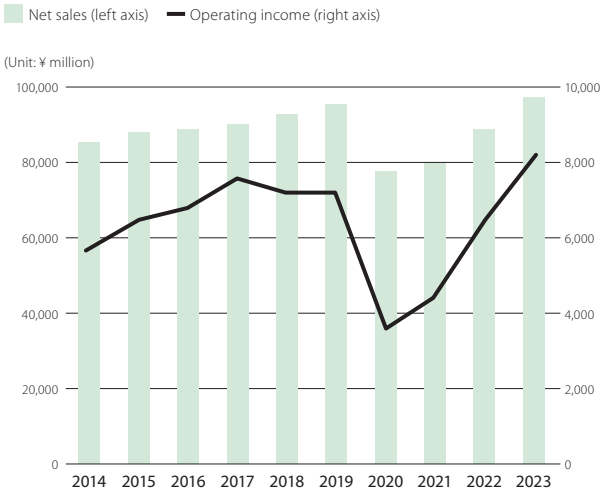
Social data	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Full-time employees	Persons	892	881	841	835	840
Full-time employees (women)	Persons	171	176	167	171	181
Women as a percentage of full-time employees	%	19.2	20.0	19.9	20.5	21.5
Managerial personnel	Persons	213	208	206	209	206
Managerial personnel (women)	Persons	7	11	10	14	13
Women as a percentage of managerial personnel	%	3.3	5.3	4.9	6.7	6.3
Gender pay gap (full-time employees)	%	73.6	73.9	71.0	74.7	75.1
Percentage of employees with disabilities <sup>*1</sup>	%	1.9	1.8	1.8	1.6	2.1
Percentage of employees taking annual paid vacation	%	50.3	57.3	46.0	58.3	56.5
Percentage of employees undergoing regular health checkups <sup>*2</sup>	%	98.9	100.0	100.0	100.0	100.0
Percentage of employees undergoing stress checks	%	97.0	97.2	97.4	96.9	96.0
Number of employees using skills-improvement support programs (total)	Persons	9	10	9	23	21
Number of employees using comprehensive reduced working hours programs (total)	Persons	4	7	10	9	13
Number of employees taking childcare leave (male)	Persons	0	0	0	3	10
Percentage of eligible employees taking childcare leave (male)	%	0	0	0	13.0	40.0
Percentage of eligible employees taking childcare leave (female)	Persons	7	11	15	11	10
Students participating in hands-on manufacturing classes	Persons	266	541	267	431	309

<sup>\*1</sup> As of March 31    <sup>\*2</sup> During the examination period of April 1 through March 31 of the following year

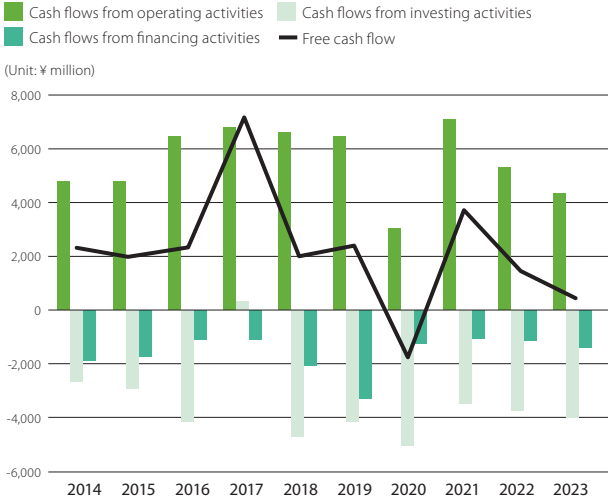
Governance data	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Directors	Persons	9	9	9	9	9
Number of Outside Directors	Persons	2	2	2	3	3
Percentage of Outside Directors	%	22.2	22.2	22.2	33.3	33.3

Unit		FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Business results												
Net sales	Million yen	85,809	88,043	89,174	90,313		93,126	95,502	78,445	79,690	89,060	97,714
Operating profit	Million yen	5,478	6,232	6,484	7,273		6,924	6,850	3,275	4,144	5,972	7,743
Ordinary profit	Million yen	5,703	6,468	6,825	7,589		7,212	7,199	3,606	4,422	6,353	8,063
Profit attributable to owners of parent	Million yen	4,322	4,067	4,540	5,209		4,968	4,700	2,392	2,824	4,058	5,652
Return on equity (ROE)	%	10.5	9.2	9.7	10.2		9.0	8.2	4.1	4.6	6.4	8.3
Return on invested capital (ROIC)	%	7.7	8.9	9.0	9.4		8.4	8.2	3.8	4.7	6.4	7.6
Financial standing												
Total assets	Million yen	70,304	73,142	76,291	81,928		86,495	88,446	83,556	87,422	94,365	98,847
Net assets	Million yen	42,926	45,412	48,603	53,457		56,775	58,495	59,739	62,032	65,371	71,156
Capital adequacy ratio	%	61.0	62.0	63.6	65.1		65.4	66.0	71.4	70.9	69.2	71.9
Capital adequacy ratio based on market price	%	64.8	81.7	67.1	87.2		69.1	84.7	64.3	58.6	48.6	65.2
Interest-bearing debt	Million yen	0	0	0	0		315	79	30	85	60	34
Capital investment	Million yen	1,577	1,657	1,124	1,543		1,218	1,933	3,748	2,637	3,605	7,406
Depreciation	Million yen	1,852	1,777	1,784	1,645		1,761	1,713	1,850	2,029	1,992	2,082
Cash flow												
Cash flows from operating activities	Million yen	4,930	4,882	6,597	6,873		6,742	6,599	3,155	7,217	5,380	4,443
Cash flows from investing activities	Million yen	-2,599	-2,840	-4,144	452		-4,705	-4,136	-5,013	-3,460	-3,762	-3,962
Cash flows from financing activities	Million yen	-1,797	-1,744	-995	-992		-2,059	-3,319	-1,214	-1,029	-1,124	-1,407
Cash and cash equivalents at end of period	Million yen	11,145	11,451	12,900	19,228		19,181	18,307	15,224	18,067	18,653	17,812
Interest-bearing debt to flow ratio	%	0.0	0.0	0.0	0.0		0.1	0.0	0.1	0.0	0.0	0.0
Interest coverage ratio	Times	561.9	5,259.7	7,883.0	8,274.9		833.2	2,257.9	2,570.0	5,405.8	2,935.1	4,273.4
Per-share information												
Net assets per share (BPS)	yen	2,156.41	2,312.73	2,474.25	2,720.34		2,885.27	3,076.27	3,141.09	3,261.64	3,436.46	3,736.44
Basic earnings per share (EPS)	yen	217.26	205.94	231.47	265.56		253.25	243.89	126.01	148.71	213.55	297.07
Dividends per share	yen	50.00	50.00	50.00	50.00		50.00	55.00	60.00	50.00	65.00	90.00

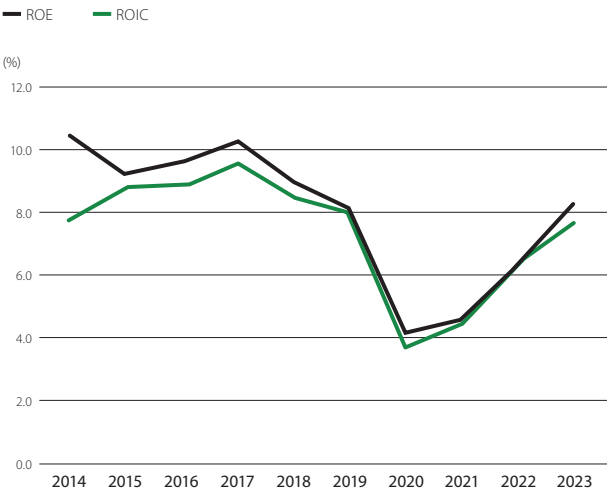
Trends in net sales and operating income



Trends in cash flows



Trends in ROE and ROIC



\*1 Cash flow indicators are calculated as follows using consolidated figures:  
\*1 Capital adequacy ratio: Owner's equity/Total assets  
\*2 Capital adequacy ratio based on market prices: Market capitalization/Total assets  
\*3 Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flows  
\*4 Interest coverage ratio: Operating cash flows/Interest payments  
\*2 Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued and outstanding shares at the end of the fiscal year, net of treasury shares.  
\*3 Interest-bearing debt includes all liabilities on the consolidated balance sheet incurring interest.  
\*4 Operating cash flows and interest payments, respectively, are taken from "Cash flows from operating activities" and "Interest expenses paid" on the consolidated statement of cash flows.



Company overview

Name	The Pack Corporation
Representative	Hideaki Yamashita, President and CEO
Address	Headquarters: 9-3, 2-chome, Higashiobase, Higashinari-ku, Osaka-shi, Osaka 537-8911, Japan
Founded	1878
Incorporated	May 10, 1952
Capital	2,553,505,600 yen
Number of employees	1,183 (consolidated), 840 (nonconsolidated)
Lines of business	Planning, manufacturing, and sale of paper bags, paper cartons, corrugated boxes, film packaging, etc.

Facilities and Group companies

- The Pack Corporation Headquarters, Tokyo Head Office
- Group company

Japan



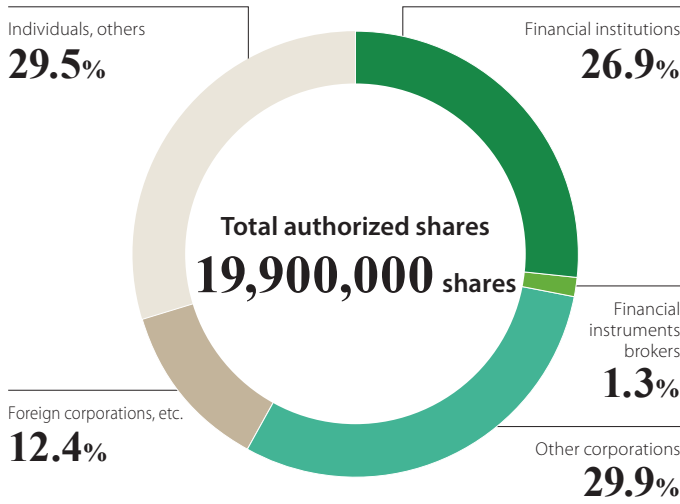
International



Share information

Listed exchange	Tokyo Stock Exchange Prime Market
Securities code	3950
Total authorized shares	77,000,000
Total shares issued and outstanding	19,900,000 (including 868,136 shares of treasury stock)
Shareholders	14,586
Basis date	December 31
Trading unit	100 shares

Distribution of owners



Major shareholders

Shareholder name	Shares held (thousand)	Percentage of shares held (%)
Morita Kinen Fukushizaidan	2,081	10.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,523	8.00
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Subportfolio)	1,258	6.61
The Pack Trading Partners Stock Ownership Plan	1,248	6.56
Custody Bank of Japan, Ltd. (Trust Account)	901	4.73
Custody Bank of Japan, Ltd. (Trust Account 4)	876	4.60
Custody Bank of Japan, Ltd. (re-entrusted by Resona Bank; Hokuetsu Corporation retirement benefits trust account)	622	3.27
Daio Paper Corporation	573	3.01
MUFG Bank, Ltd.	494	2.60
Shichijo Paper Trading Co., Ltd.	474	2.49
Total	10,055	52.84

\*1 Numbers of shares are rounded to the nearest thousand.  
\*2 Despite holding 868,136 shares of treasury stock, the Company is not included among the major shareholders above. Calculations of percentages of shares held exclude treasury shares.