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Fuji Seal International, Inc.

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Securities code: 7864

<https://www.fujiseal.com/en/>

The corporate governance of Fuji Seal International, Inc. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The FSG Group ("FSG") is guided by Our Credo of "Each day with renewed commitment, we create new value through packaging." Through packaging, FSG seeks to enhance corporate value by contributing to the realization of a recycling-oriented and sustainable society in which all people can live with a smile and peace of mind. We are working to strengthen our corporate governance, recognizing that to enhance corporate value it is essential to protect the rights and interests of shareholders, build smooth relationships with stakeholders, ensure management transparency, and establish an effective management monitoring system.

Along with these goals and initiatives, FSG will strive to further strengthen the relationship of trust with its stakeholders, including shareholders, customers, employees, business partners and society, with the aim of achieving a stable increase in corporate value over the medium to long term.

Based on this perspective, FSG will develop appropriate systems and implement necessary measures for management decision-making, business execution and supervision, as well as group control and information disclosure.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

We have implemented each principle of the Corporate Governance Code. (Full Comply)

Disclosure Based on each Principle of the Corporate Governance Code Update

Principle 1.4: Cross-shareholdings

(1) Policy on Cross-Shareholdings

Basic Policy for the acquisition or continued holding of shares in listed companies by the Company and FSG is that the Company and FSG shall not hold any shares unless the Company and FSG consider the medium- to long-term economic rationale and future prospects and determine that such acquisition or continued holding will contribute to Sustainable Corporate Growth over the Mid- to Long-Term and to the Enhancement of Corporate Value.

(2) Consideration of Continued Ownership

Cross-Shareholdings are evaluated annually by the Board of Directors based on a comprehensive review of both

business operations and value as an investment asset, and the rationale for holding these stocks is verified. (The evaluation perspective includes whether the purpose of holding each stock is appropriate, and whether the benefits and risks associated with holding the stock are commensurate with the cost of holding the stock and the value of the assets in accordance with internal rules.)

(3) Exercise of Voting Rights in relation to Cross-Shareholdings

With respect to voting rights for Cross-Shareholdings, we make a comprehensive judgment and exercise them from the perspective of their impact on FSG's business operations and corporate value, and their impact on the corporate value of the target company in which they are held. In addition, once a year, we confirm whether or not there are any events that may affect the exercise of voting rights in the target company, and scrutinize the details of each individual exercise. Special attention is paid in exercising voting rights when a target company is in any of the following situations.

- The company has committed a serious violation of laws and regulations in the relevant fiscal year.
- When a company is found to have a relationship with anti-social forces
- When there is a significant deterioration in business performance

Principle 1.7: Related Party Transactions

The Company shall establish and monitor appropriate procedures for related party transactions to ensure that such transactions are not detrimental to the common Profit of the Company or its shareholders, and shall disclose such procedures.

In the event that the Company engages in a transaction with a related party with a conflict of Profit as defined in the Companies Act, the Company shall obtain the approval of the Board of Directors in accordance with the Companies Act and the Rules and Regulations of the Board of Directors. In addition, in order to ascertain any transactions involving conflicts of interest by directors and executive officers, the Company periodically confirms with each director and executive officer each year whether or not there are any transactions between the director or executive officer or his/her close relatives (within the second degree of kinship) and FSG.

Principle 2.4.1: Ensuring Diversity in the Recruitment of Core Human Resources

■ Respect Diversity

Under our renewed vision for 2021, "Our Value to People and the Planet," we have adopted 'Generate "Waku-Waku"' as the keyword for realizing this vision, and have made it the cornerstone of our Human Capital Management and Human Resources Strategy.

We have compiled the values that have emerged from the "a heated discussion on creation" of the diverse values and backgrounds of our employees, including their knowledge, expertise, abilities, and skills and experiences that we have cultivated over the years, as one of the management strategies necessary for FSG's sustainable growth. FSG established this as the Group Diversity, Equity, and Inclusion (DE&I) Policy in December 2022. This policy positions "human resources," which are the points of contact with various stakeholders, as the most important resource, and FSG is working to create a corporate culture that takes on challenges, and to expand and improve mechanisms to enable each employee to work with passion and excitement and achieve growth through continuous creation and

challenge.

■ Promotion of Mid-career hires to Management Positions

FSG actively recruits mid-career hires because we believe that mid-career hires with a wealth of knowledge and experience are important for ensuring diversity.

The ratio of mid-career hires to all employees at Fuji Seal Inc. is 60.6%, and the ratio of mid-career hires to managers (management group and expert group (regular employees only)) is 43.9%. (As of March 31, 2023)

■ Promotion of Foreign Nationals to Management Positions

As stated in our Medium-Term Management Plan, which begins in 2021, in order to raise the Outside of Japan Sales Ratio to 50% and respond to the diverse packaging needs (including environmental issues) of our market-leading customers worldwide, our Manufacturing, Sales, and Development Departments in each region must be flexible and agile in their response.

At the overseas group companies, foreign nationals make up just under 50% (45.5%) of the management team, and FSG plans to actively promote foreign personnel in the future. (As of March 31, 2023)

■ Initiatives for Women's Advancement

As a part of the "Ensuring Diversity Initiatives" mentioned above, FSG is promoting the creation of a workplace environment and systems where women can play an active role.

FSG and its domestic group companies (★) (Japan segment) have formulated an action plan for women's activities (plan period: April 1, 2022 - March 31, 2025). The plan sets targets (for the fiscal year ending March 31, 2025) for "the percentage of women in management positions," "the percentage of men and women taking childcare leave," and "the percentage of employees working at home at the head office and major business sites" and promotes efforts to achieve these targets.

| Indicators | Target (for the FY ending March 31, 2025) | Actual (for the current consolidated FY) |
|--|--|---|
| Percentage of female managers | 10% or more | 8.1% |
| Percentage of female employees taking childcare leave | 100% | 100% |
| Percentage of male employees taking childcare leave | 13% | 14.6% |
| Head office and main offices, Ratio of telecommuting among employees | 55% | 43% |

★) Domestic group companies (domestic group companies as of the end of March 2023 include: Fuji Seal Co.)

Action Plan: https://www.fujiseal.com/jp/pdf/action_plan_on_women_working.pdf

ESG DATA BOOK: <https://www.fujiseal.com/en/csr/vision.html>

■ **Human Resource Development Policy and Internal Environment Development Policy**

We believe that the growth of employees who share our values is the root of sustainable corporate growth. To this end, the Company will realize the development and improvement of work systems and workplace environments that guarantee safe and healthy lifestyles by actively introducing advanced technologies and other measures. In addition, FSG strives to ensure that its employees continue to fulfill their potential by seizing Opportunity Management opportunities for growth under a fair and equitable evaluation system. The reason for this is FSG's strong desire to remain a partner that continues to grow together with its customers and business partners.

Integrated Report: <https://www.fujiseal.com/en/ir/library/integrated-report.html>

Principle 3.1: Enhancement of information disclosure

We disclose financial information and non-financial information, such as information on management strategy, management issues, risks, and governance, in a timely and fair manner to the extent possible, in addition to appropriate disclosure in accordance with laws and regulations.

■ **Our Credo, Medium-Term Management Plan**

Our Credo, management strategy, and Medium-Term Management Plan are disclosed on our website and in our financial results presentation materials.

Our Credo: <https://www.fujiseal.com/en/about/vision.html>

Management Strategy and Medium-Term Management Plan: <https://www.fujiseal.com/en/about/midplan.html>

■ **Basic Policy for Corporate Governance**

Basic Policy for Corporate Governance is disclosed on the Company's website.

Basic Policy for Corporate Governance: <https://www.fujiseal.com/en/csr/vision.html>

■ **Policy on Determination of Directors' Remuneration, etc.**

The Company discloses its Policy on Determination of Directors' Remuneration, etc. in the Notice of General Meeting of Shareholders and in the Annual Report. The Company has established a Remuneration Committee, and the Remuneration Committee determines the details of remuneration, etc. for directors and executive officers on an individual basis. The Remuneration Committee is mainly responsible for determining the Company's Policy on Determining Individual Remuneration, etc. for Directors and Executive Officers, the details of individual remuneration, etc. for Directors and Executive Officers, and the evaluation of Company-wide performance targets and individual performance targets for each Executive Officer in determining performance-linked remuneration for Executive Officers.

■ **Procedures for Election and Dismissal of Directors**

The Company has established a Nomination Committee, which, based on the Standards for the Selection of Directors, selects, and dismisses Directors in light of the Skill Chart, which identifies the experience, skills, and diversity required of Directors from the Company's nine Materialities, which directly relate to the Company's Vision, "Our

Value to People and the Planet," and which lead to the Company's impact on Regenerative Society. The Company will make a resolution on the details of proposals for the election and dismissal of directors in light of the following

Outside Directors: The Company has established Standards for Independence and includes the reasons for their appointment in the Notice of Convocation of the General Meeting of Shareholders.

Internal Directors: The Company's Standards for the appointment of internal directors are stated in the Notice of Convocation of General Meeting of Shareholders. The Nomination Committee, in which Outside Directors participate, plays a central role in selecting candidates for the Board of Directors. Opportunity Management is provided for Internal Directors and Next Generation Candidates to meet with Outside Directors several times a year.

(Reference: Company website)

<https://www.fujiseal.com/jp/about/officer.html>

< Dismissal of Directors >

In the event that a director is found to have committed an irregularity or a serious violation of laws, regulations, or internal rules, or to have failed to fulfill his/her function, the Nomination Committee will pass a resolution on the details of the proposal for dismissal and submit it to the General Meeting of Shareholders for deliberation.

Supplementary Principles 3.1.3: Disclosure on sustainability and other initiatives

■ Sustainability Initiatives

The Company discloses information on the Group Sustainability Basic Policy and various sustainability-related initiatives to stakeholders through our website, Annual Report, Integrated Report, supplementary materials, ESG Data Book, and Environmental Report.

Group Sustainability Basic Policy: <https://www.fujiseal.com/en/csr/vision.html>

Sustainability: <https://www.fujiseal.com/en/csr/message.html>

Integrated Report: <https://www.fujiseal.com/en/ir/library/integrated-report.html>

■ Investment in Human Capital

We want to provide our employees with opportunities to grow and develop through a variety of experiences at FSG. FSG recognizes that providing opportunities for employees to grow and take on challenges (e.g., members of domestic and overseas factories can come and go to enhance their skills and apply the knowledge they have acquired in new workplaces and regions) is an important role we should play in Society.

The importance of creating a corporate culture of challenge is emphasized in the FSG Slogan: We call creation a "dream" We call challenges to creation "courage" We call a heated discussion on creation "trust". In order to expand the framework for each employee to work with passion and excitement, and to achieve growth through continuous Creating Value and taking on challenges, FSG is promoting initiatives centering on "Respect Diversity," "Sharing Values," "Expansion of Human Capital," etc.

- Respect Diversity: FSG has developed a set of values based on the " a heated discussion on creation" of diverse

values and backgrounds, including the knowledge, expertise, capabilities, skills, and experience of our employees, which FSG has summarized as one of the management strategies necessary for its sustainable growth. In December 2022, FSG established the Group Diversity, Equity, and Inclusion (DE&I) Policy and established the DE&I Committee with the aim of creating a corporate culture and an inclusive environmental management environment where all employees have equal access to management resources and opportunities.

- Sharing Values: FSG plans and holds Value Seminars: "FSG Value Seminar" to promote understanding of Our Credo and Values.

At these Value Seminars, senior executives themselves serve as lecturers, sharing their own experiences and insights regarding Our Credo and its values, while participants discuss how to put them into action based on their understanding of them in group discussions. Value Seminars are held and continued in all regions so that each and every one of FSG's multinational employees can act in accordance with Our Credo and Values and achieve our mission.

- Expansion of Human Capital: FSG selects and focuses on developing human resources who can become future executive candidates.

The Next-generation Management Development Program provides an opportunity for selected members to propose solutions to common Group management issues and engage in Heated Discussion with senior management.

■ Investment in Intellectual Property

FSG recognizes that investment in intellectual property is a key management priority in the formulation and execution of its business strategy. We formulate and execute IP strategies that support and even lead business strategies to create new value for packages and to create new businesses that will become new pillars of FSG.

Business and IP Strategy: <https://www.fujiseal.com/jp/csr/vision.html>

■ Disclosure under the TCFD

Endorsement of TCFD and Climate Change Initiatives: On July 8, 2021, FSG expressed its endorsement of the recommendations made in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board. Prior to that endorsement, and in line with TCFD recommendations, we have also begun disclosing information on our website about our business risks and Opportunity Management related to Climate change.

FSG will continue to reflect this information in its management strategy and promote further information disclosure to enhance its corporate value as it works toward the transition to a Low-carbon Society.

Climate change-related initiatives: <https://www.fujiseal.com/en/csr/environment/climate.html>

Supplementary Principles 4.1.1: Roles and Responsibilities of the Board of Directors

As a Company with a Nomination Committee, the Company strives to establish a Business Execution and Oversight of the Management system that enables prompt business operations and ensures the effectiveness of the management supervisory function by separating the supervisory and execution functions.

The Board of Directors, as the decision-making body for the management of the Company, resolves statutory matters, decides or approves Basic Policy for Management and important matters related to Business Execution, and supervises the duties of directors and executive officers.

The Board of Directors continuously and vigorously deliberates on the following three strategies for sustainable growth.

- (1) "Steady growth in the four existing businesses" through business portfolio restructuring
- (2) "Expansion of product markets and target areas," including deliberation, approval, and progress management of major investment projects, such as new plant construction plans and land purchases in the Americas and elsewhere
- (3) "Creation of new business models that will lead to the next generation," including deliberation of new M&A projects and verification of new businesses and projects.

The Board of Directors also deliberates on matters related to "shifting to management based on cost of capital," such as formulating a vision for sustainable future growth based on an analysis of the current status of ROE, PBR, and cost of shareholders' equity, and improving profitability and capital efficiency through growth investments and business and product portfolio reviews.

Supplementary Principles 4.9: Independence Standards for Independent Outside Directors

The Company has established Independence Standards for its Independent Outside Directors (as stated in the Notice of General Meeting of Shareholders), and appoints persons with knowledge and experience in diverse fields in accordance with such Standards and in diverse fields. Each Independent Outside Director provides advice and Supervision of the Company's management structure based on his/her extensive experience and professional perspective, and expresses his/her opinions from the perspective of shareholders and other stakeholders. Each Outside Director works closely with management.

< Independence Standards for Outside Directors >

The Company has established the following Standards for Independence of Outside Directors, and considers an Outside Director (including candidates) to be independent of the Company if he/she does not fall under any of the above items.

For the purpose of these Standards, the term "Business Execution Personnel" refers to the executive directors, executive officers, executive officers, and other similar persons and employees of the Company and its Consolidated subsidiaries (hereinafter referred to as "FSG").

1. a person who is currently a Business Execution of FSG or has been a Business Execution of FSG at least once in the past
2. a spouse or a relative within the second degree of kinship who has been a director, executive officer, corporate auditor, or executive officer of FSG in the past five years
3. current Business Execution positions at important business partners that account for 2% or more of Consolidated net sales for the past three consecutive years at both FSG and the corporate group where the Outside Director is

based

4. the Outside Director receives a large amount of remuneration (Note 1) from FSG as a professional service provider (consultant, lawyer, accountant, tax accountant, patent attorney, judicial scrivener, etc.) other than remuneration as an officer of FSG

5. When there is a relationship of mutual dispatch of outside officers (Note 2)

(Note 1) A large amount is defined as an average annual amount of 10 million yen or more for three years if the Outside Director is an individual, or more than 2% of Consolidated net sales of a specific corporation, partnership, or other organization if the Outside Director belongs to such organization.

(Note 2) "Mutual Dispatch of Outside Directors and Outside Corporate Auditors" refers to a relationship in which a Business Execution Officer of FSG is an Outside Director or Outside Corporate Auditor of another company and an Outside Director of the Company is an Executive Officer of that other company.

Supplementary Principles 4.11.1: Skills Needed for the Board of Directors and Why

Our Board of Directors shall be composed of individuals who are appropriate for our Board of Directors in light of the experience and skills required for directors and officers and the skills identified for Ensuring Diversity from our 9 Materialities, which are directly linked to our Vision, "Our Value to People and the Planet" as well as to ensuring the sustainability of Society. The composition of the Board of Directors is based on the experience, skills and diversity identified for the Board.

Skills Chart: <https://www.fujiseal.com/en/about/officer.html>

Supplementary Principles 4.11.2: Status of concurrent positions held by directors

The Company limits to a reasonable extent the number of directors holding concurrent positions at other companies, etc., and discloses the status of such positions in the Convocation Notice.

Convocation Notice: <https://www.fujiseal.com/en/ir/pdf/meeting65th.pdf>

Supplementary Principles 4.11.3: Evaluating the Effectiveness of the Board of Directors

The Company strives to improve the effectiveness of its Board of Directors through discussions with Outside Directors in the Board of Directors and the Audit Committee, Nomination Committee, and Remuneration Committee. The Board of Directors is composed of directors with a wealth of knowledge, experience, and abilities in various fields, both in Japan and overseas. The Board of Directors also takes into consideration the diversity of its members so that the Board as a whole can deliberate and make decisions effectively and fully exercise its functions.

Evaluation of the Effectiveness of the Board of Directors

In April 2023, the Company conducted a questionnaire survey on "Evaluation of the Effectiveness of the Board of Directors" to all directors, and at the same time, the Board of Directors deliberated on the results of the survey and future issues. (In May 2016, internal and external directors completed a self-assessment survey and an external organization compiled the results, and the Board of Directors itself conducts periodic surveys and deliberations on the effectiveness of the Board of Directors. The survey is conducted annually, reviewing the themes and topics each

time: in FY 2019, the survey focused on seven issues, including "risk and crisis management" and "corporate ethics and compliance"; in FY 2020, the survey focused on "strategy and execution" and "composition and operation of the Board of Directors. In FY2021, the Company addressed the topic of "FSG's Materiality". (The Company is committed to evaluating the effectiveness of its Board of Directors and to continually improving it.)

In conducting this study and deliberation, we referred to the "Value Co-Creation Guidance 2.0" (revised in August 2022) and selected its guidance item on "Governance" as our theme. We then gathered opinions on the evaluation of the current status of the Company's Board of Directors and future issues to be addressed. The results (summary) are as follows

(1) Division of roles and functions between the Board of Directors and management

Internal rules and regulations, such as the Board of Directors Regulations and the Table of Authority, have been established, and the roles, authority, and responsibilities of the Board of Directors and each officer are clearly defined. Management Team has adopted a matrix organization based on the two axes of regions and businesses, and the newly established Executive Officers Meeting (EOM) has enabled the sharing, discussion, and decision-making on the performance of each region and business, as well as the progress and direction of each function, and has been performing as expected. The Board of Directors is clearly separated from the execution of business by this matrix organization and is able to monitor and supervise the execution of business in a timely and appropriate manner through monthly reports, quarterly meetings of the Board of Directors, and periodic inspections. In addition, the Board of Directors reports regularly to Outside Directors on the status of management so that they can exercise their individual decision-making function in addition to their management Supervision function, and there are no particular problems in Governance.

In a rapidly changing environmental management environment, information gathering, analysis, and speedy decision-making from the field by the matrix organization are considered key to securing market superiority, so it will become increasingly important for the executive side to be able to share useful information for decision-making by the board in a timely and appropriate manner. In addition, all board members need to be more accountable than ever, including visualization of growth strategies in the mid- to long-term, and have a shareholder perspective, and be sensitive to change, based on the recognition that it is increasingly necessary to address non-routine and cross-organizational management issues in fixed-term projects with clearly defined goals.

(2) Sustainability of the board of directors appropriate for resolving management issues

The company has established a system that does not allow any particular director or officer to make decisions on his or her own. In addition, the company has established a system to ensure the sustainability and continuity of the Board of Directors, including the establishment of selection standards for the selection of director candidates and officers, and decisions are made after discussions by the Nomination Committee, which includes Outside Directors. When discussing management issues, a system has been established to clarify follow-up items after the Board of Directors meetings. As a result, the selection of topics to be discussed at the Board of Directors meetings has become clearer, and the allocation of time for discussion and deliberation has improved even further. At the same time, the necessary information, place, and time for discussion have been secured for appropriate discussion from both long-term and

short-term perspectives.

As for future issues, the training of successor directors, etc., who will lead the next generation, is an urgent task, especially since it is desirable to have a certain number of internal professionals on the Board of Directors who are familiar with the company's internal operations. In addition, there is a concern that when business performance is not good, the priority and importance of solving immediate problems will inevitably increase, so it will be necessary to work even harder to develop human resources so that they will have a shareholder perspective, especially from the stage before becoming executive officers.

(3) Skills and Diversity of President and Management Team

The president and all executives are well versed in their respective business areas and markets in Japan, the Americas, Europe, and ASEAN, and possess the necessary management skills for their respective roles. Their skills and diversity have been enhanced by the rigorous experience they have gained. In addition, there is a good balance of outside hires and professionals, and we do not perceive any particular management skill issues. As indicated in the skill chart, the skills and diversity of the employees seem to have been met to a certain degree.

It is essential to develop and secure the next generation of human resources in order to respond to the rapidly changing external environment, ensure resilience, diversify, and expand the business, and create intangible assets. At the same time, it is necessary to enhance the ability to deal with non-routine management issues that arise from time to time. It is expected that these efforts will continue to evolve and increase in depth and diversity without being bound by conventional wisdom.

(4) Skills and diversity of outside directors

Outside Directors consist of persons with experience in corporate legal affairs, accounting, and as representative directors of listed companies, and they supervise management and make their own decisions from a variety of perspectives. Outside Directors have their own areas of expertise based on their experience and qualities, which they utilize in discussions, and their collective governance can be evaluated as fully functional. I do not see any problem with the skills and diversity of Outside Directors from the perspective of protecting the general shareholders' Profit. Also, in deliberations, discussions are conducted without any sense of discovery or reservation. In addition, Opportunity Management provides outside directors with opportunities to acquire and improve their knowledge of the products and technologies of each business, and training is provided to deepen their understanding of the business.

Under the current circumstances, the company has a well-balanced lineup, but it is necessary to continue to adapt and evolve in response to future changes in circumstances.

(5) Supervision and evaluation of strategic decision-making

FSG's long-term strategy, which is based on an awareness of its business model, is linked to its medium-term management plan and other implementation plans, and in the process of making these decisions, the assumptions are critically examined and appropriately discussed. In the event of changes in the preconditions, the implementation plans are appropriately revised. In addition to the current environmental management issues, the Board of Directors

is always conscious of the need to discuss the establishment of sustainable products and businesses from a long-term perspective, such as addressing environmental issues, which is FSG's biggest challenge.

In the future, it will be necessary to collect information with greater sensitivity on rapidly changing management issues, including their importance and urgency, as well as efforts to solve them, and share this information with the Board of Directors. In addition, investments in both new and existing businesses, tangible and intangible, will become increasingly important to realize strategies, and the monitoring process, rigorous progress management, and evaluation of these investments will become even more important. To this end, discussion and strategic decision-making by the boards of directors of each company in the group will be a challenge.

(6) Profit Distribution and Reinvestment Policy

In order to meet stakeholders' expectations in the greatest common denominator, decisions are made through appropriate discussions based on certain indicators and guidelines, while considering the balance between investments necessary to realize strategies and shareholder returns. Profit distribution to investors is discussed and decided by the Board of Directors, taking into consideration the scale of investment required in the future. There are no particular problems with this decision-making process.

FSG's Board of Directors will monitor the long-term effects of its investments from a quantitative perspective, and it will be more important than ever for FSG to provide explanations and engage in Dialogue with Shareholders in order to gain their understanding, for example, by examining its future return policy to them.

(7) Design of executive compensation system and results

The Remuneration Committee is constantly discussing the design of the executive compensation system, while also sharing outside information. Since an evaluation system consisting of many elements based on the perspectives of the realization of the Medium-Term Management Plan, business scale, performance, and Materiality has been adopted, this evaluation system seems to be functioning adequately at present. Since the Remuneration Committee makes decisions after bringing together and discussing the opinions of each committee member, along with self-evaluations and Supervision's evaluations, in light of each person's evaluation standards determined annually in advance, objectivity and fairness are ensured, and a system has been established that does not allow the arbitrary decisions or subjectivity of any particular individual to enter the system.

In the future, it may be necessary to consider incorporating into the performance-linked part (qualitative evaluation item) what kind of issues the company is aware of or has taken action on in the rapidly changing environmental management environment.

(8) Process for evaluating the effectiveness of the Board of Directors and management issues

To objectively evaluate whether the Board of Directors is taking responsibility for its own decision-making and is being effective, the Company conducts an annual evaluation of the effectiveness of the Board of Directors. The Company discloses the results of the evaluation to investors, and if there are any issues that need to be addressed for improvement, the Company will make efforts to improve the operation of the Board of Directors. There are no particular problems with these efforts. The Company has Opportunity Management to give directors awareness and

warnings as to whether they are performing the necessary Governance functions by conducting an annual survey and other measures.

Since forward-looking activities and discussions are likely to increase and the quality and content of management issues are likely to change significantly in the future, we recognize the importance of the Board of Directors appropriately accepting these changes and fully exercising its governance functions in a future-oriented manner that is expected by stakeholders. Furthermore, we believe that raising the level of the board of directors in each region within the group will ensure the continued effectiveness of the group's overall Governance.

Supplementary Principles 4.14.2: Training for directors and executive officers

We encourage newly appointed Outside Directors to participate in outside seminars upon assuming office, the cost of which is borne by the Company. Information on FSG's organization, business, and finances, as well as the contents and progress of the Medium-Term Management Plan, is provided to newly appointed Outside Directors. For the purpose of self-development, we encourage directors and executive officers to participate in outside seminars, etc., and cover the costs of such seminars in accordance with internal regulations at the request of the directors and executive officers.

Principle 5.1: Policy for Dialogue with Shareholders

The Company promotes constructive Dialogue with Shareholders.

- (1) The IR Office works closely with internal and external parties to achieve sustainable growth and Increased Corporate Value over the Mid- to Long-Term. The IR Office works closely with internal and external parties to achieve sustainable growth and enhance corporate value over the medium to long term.
- (2) Opportunity Management holds regular financial results briefings for shareholders and investors, where the President herself directly explains the Company's financial results, business strategy, and Medium-Term Management Plan, and provides an opportunity to directly listen to the opinions of shareholders and investors through the Q&A session. In addition to financial results briefings, the President and CEO and executive officers in charge of finance hold individual meetings as needed to continuously enhance Dialogue with Shareholders and investors in Japan and overseas.
- (3) In order to explain to shareholders and investors the Company's policies on ESG and SDGs activities, to have them understand that these policies are directly linked to the Company's growth and the enhancement of corporate value, and to promote medium- to long-term shareholding, the Company's management actively participates directly in Dialogue with Shareholders as well as with the responsible investment department of institutional investors.
- (4) Feedback from shareholders and investors is fed back to directors, executive officers, and senior management as needed, and is also reported regularly at meetings of the Board of Directors. In addition, information is shared widely not only with management but also with each department within the company, and is referred to as valuable opinions for business and management strategies.
- (5) In Dialogue with Shareholders and Investor Relations, we pay attention to insider information management by focusing on our medium- to long-term growth strategies.

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price] [English Disclosures]

The Company explains in the Supplementary Financial Statements that it is working to achieve a shift to management that is more aware of the cost of capital and stock price. In the first quarter of FY2023, based on the current analysis of ROE, P/B ratio, and cost of shareholders' equity, we explained the challenges and our efforts to address them, such as clarifying our vision for future sustainable growth, improving capital efficiency, and increasing financial leverage. The material for the second quarter of FY2023 explains that one of the top priorities is to improve capital efficiency from a balance sheet perspective, including working capital improvement, rigorous review of the business and product portfolios, active investment in growth businesses and regions, and a review of the shareholder return policy. The Company's policy on shareholder returns is also explained. (Please refer to the Company's website below for the relevant documents.)

Supplementary Materials for Financial Results for the Second Quarter of 2023

https://ssl4.eir-parts.net/doc/7864/ir_material_for_fiscal_ym4/144271/00.pdf

Looking at working capital trends over the past five years, the working capital turnover period (CCC) has deteriorated sharply, mainly due to the impact of foreign exchange rates and soaring raw material and other prices. In addition to this, the company's profitability declined, resulting in negative free cash flows (Free cash flows) in FY2022. In the most recent first half of FY2023, free CF showed an improving trend, reflecting the recovery in earnings, but CCC continues to deteriorate, and we are working on optimizing inventory levels as a priority issue.

The Company is reviewing and verifying its ROE and cost of shareholders' equity for the past five years. As a result, the Company has reaffirmed its cost of shareholders' equity as a level that ROE should exceed, which is higher than before. On this basis, the Company believes that further improvement of ROE is an urgent issue.

Regarding the review of its business and product portfolios, FSG has traditionally tended to delay its decision-making process on the review by making a comprehensive judgment based on considerations such as the development of new businesses, responsibility for supplying customers, and employee morale. However, since the Corona disaster, FSG is now in a situation where it cannot afford to continue businesses that are putting pressure on Profit amid a slow recovery in Profitability, and FSG will accelerate the restructuring of its business and product portfolio by further clarifying and thoroughly implementing its portfolio review Standards, thereby accelerating the process of ROE improvement.

In addition, FSG will continue to invest aggressively in growth businesses and regions. Like many other companies, during the period of the Corona Disaster, FSG had restrained its growth investments in order to prepare for unforeseen events. As a result, our fixed ratio (i.e., Noncurrent assets/Total assets) has been on a downward trend and stands at 39%. Going forward, FSG will accelerate investment in growth businesses and regions, with a view to M&A. However, the Company's policy is to keep the fixed ratio at a slight increase by replacing Noncurrent assets. In addition to thoroughly managing the entrance of investment projects based on our investment guidelines, which were revised in 2021, we will also strengthen our monitoring mechanism going forward.

With regard to shareholder returns, we have traditionally provided stable shareholder returns, and our equity capital has steadily increased every fiscal year. In addition, cash and cash equivalents and net cash have remained at high

levels since FY2020 as a result of thickening them to prepare for unforeseen events in the Corona disaster. In addition, while ROE and profitability are trending downward after peaking in FY 2019, the equity ratio, which was 57% in FY 2015, has recently reached 67.5%. In accordance with its Basic Policy on Profit Distribution, the Company will continue to strengthen its investment in technology, human resources, facilities, and M&A to ensure continued growth, and from FY2024 onward, the Company will consider revising its shareholder return policy, for example by considering the possibility of paying dividends based on financial soundness in addition to those dividends linked to Fiscal year (Ending in March 31).

[Dialogue with Shareholders]

Dialogue with Shareholders for the fiscal year ended March 31, 2023 is as follows (as of November 30, 2023).

- Main correspondents: CEO, CFO, IR staff
- Outline of shareholders and investors with whom dialogue was held
 - Individual meetings: 90 companies (total number of companies)
 - Financial results briefings: Held twice
- Main themes and concerns of the dialogue
 - Our business performance and future outlook, medium- and long-term financial and business strategies for earnings growth
 - Cost of capital and shareholder return to shareholders to contribute to improving corporate value
- Status of feedback to management and the Board of Directors
 - Reporting and discussion on the content of dialogue at Board of Directors meetings (held twice)

2. Capital Structure

| | |
|----------------------------|-------------|
| Foreign Shareholding Ratio | 30% or more |
|----------------------------|-------------|

Status of Major Shareholders Update

| Name or Company Name | Number of Shares Owned | Percentage (%) |
|---|------------------------|----------------|
| Soho Corporation | 8,043,820 | 14.68 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 6,181,700 | 11.28 |
| Fuji Seal Foundation | 4,800,760 | 8.76 |
| Custody Bank of Japan, Ltd. (Trust Account) | 3,539,900 | 6.46 |
| STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement Sales Department, Mizuho Bank, Ltd.) | 2,313,436 | 4.22 |
| The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079255) | 1,800,960 | 3.29 |
| Hiroko Fujio | 1,784,960 | 3.26 |
| JP MORGAN CHASE BANK 385632 (Standing Proxy: Settlement Sales Department, Mizuho Bank, Ltd.) | 1,671,173 | 3.05 |
| BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.) | 1,494,258 | 2.73 |
| RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT (Standing Proxy: Citi Bank, N.A. Tokyo Branch) | 1,288,220 | 2.35 |

| | |
|---|-------|
| Name of Controlling Shareholder, if applicable (excluding Parent Companies) | _____ |
|---|-------|

| | |
|---------------------------------------|------|
| Name of Parent Company, if applicable | None |
|---------------------------------------|------|

Supplementary Explanation Update

1. Of the above number of shares held, the number of shares related to trust business is as follows

The Master Trust Bank of Japan, Ltd. 6,181 thousand shares

The Custody Bank of Japan, Ltd. (Trust Account) 3,195 thousand shares

They consist of 4,500 thousand shares for investment trusts, 748 thousand shares for pension trusts, and 4,128 thousand shares for other trusts.

2. FSI holds 5,370 thousand shares of Treasury stock, but is not included in the above Status of Major Shareholders.

3. The number of shares held in the name of Soho Corporation is substantially owned by Shigeko Okazaki, and the number of shares includes 240,000 shares of the Company's stock held by her.

4. In the Change Report of Large Shareholding Report, which is available for public inspection as of September 19, 2023, it was stated that Global Alpha Capital Management, L.L.T.D. held the following shares as of September 15, 2023. However, as we are unable to confirm the number of shares actually held by the company as of September 30, 2023, it is not included in the above Status of Major Shareholders.

The details of the change report of its large shareholding report are as follows.

Name: Global Alpha Capital Management Ltd.

Address: 1300-1800 McGill College, Montreal, Quebec, Canada

Number of shares held: 3,654,000 shares

Percentage of shares held: 6.0%

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Exchange and Market Segment | Prime Market |
| Fiscal Year-End | March |
| Business Sector | Other Products |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year | 1,000 or more |
| Net Sales (Consolidated) for the Previous Fiscal Year | ¥100 billion or more but less than ¥1 trillion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | 50 or more but fewer than 100 |

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

—

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

| | |
|-----------------------------|---|
| Corporate Governance System | Company with Three Committees (Nomination, Remuneration and Audit) |
|-----------------------------|---|

Directors

| | |
|---|------------|
| Number of Directors Stipulated in Articles of Incorporation | 15 persons |
| Directors' Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | President |
| Number of Directors | 6 persons |

Outside Directors

| | |
|---------------------------------|-----------|
| Number of Outside Directors | 3 persons |
| Number of Independent Directors | 3 persons |

Outside Directors' Relationship with the Company (1)

| Name | Attributes | Relationship with the Company* | | | | | | | | | | |
|----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Hiroumi Shioji | From another company | | | | | | | | | | | |
| Tatsundo Maki | From another company | | | | | | | | | | | |
| Yuichi Seki | From another company | | | | | | | | | | | |

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business for the Company or its subsidiary
- b. Person who executes business for or a non-executive director of the Company's parent company
- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

| Name | Membership of Committee | | | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|----------------|-------------------------|------------------------|-----------------|-------------------------------------|--|---|
| | Nomination Committee | Remuneration Committee | Audit Committee | | | |
| Hiroumi Shioji | ○ | ○ | ○ | ○ | He is independent Directors in accordance with the rules of the Tokyo Stock Exchange and others. <Significant concurrent positions> Representative of Shioji Law Office Outside Director (Member of the Audit Committee) of Tachibana Eletech Co., Ltd. | He is expected to provide appropriate advice and supervision at the Board of Directors meetings, based on his broad insight on general corporate legal affairs gained through his legal practice and management of his firm, as well as his experience and achievements as Outside Director (audit committee member) of another listed company. In addition, he has no extraordinary gains with the Company's group, and there is no risk of a conflict of interest with general shareholders. |
| Tatsundo Maki | ○ | ○ | ○ | ○ | He is independent Directors in accordance with the rules of the Tokyo Stock Exchange and others. <Significant concurrent positions> Representative Partner of SCS International LLC Representative Director of SCS International Consulting, Inc. | He is expected to provide appropriate advice and supervision at the Board of Directors meetings, based on his extensive experience in accounting, finance, and taxation as a certified public accountant and his broad knowledge of business development, particularly in Asia. In addition, he has no extraordinary gains with the Company's group, and there is no risk of a conflict of interest with general shareholders. |
| Yuichi Seki | ○ | ○ | ○ | ○ | He is independent Directors in accordance with the rules of the Tokyo Stock Exchange and others. <Significant concurrent positions> Corporate Auditor of Fuji Seal, Inc. | The is expected to provide appropriate advice and supervision at the Board of Directors meetings, based on his extensive knowledge as a person in charge of safety and disaster prevention and total manufacturing, mainly in the areas of manufacturing and development, as well as his experience as Representative Director of another listed company. In addition, he has no extraordinary gains with the Company's group, and there is no risk of a conflict of interest with general shareholders. |

Supervisory Committees

Composition of Supervisory Committee and Attributes of the Chairperson

| | All Committee Members | Full-time Members | Inside Directors | Outside Directors | Committee Chair |
|------------------------|-----------------------|-------------------|------------------|-------------------|------------------|
| Nomination Committee | 4 | 0 | 1 | 3 | Inside Director |
| Remuneration Committee | 4 | 0 | 1 | 3 | Inside Director |
| Audit Committee | 3 | 0 | 0 | 3 | Outside Director |

Executive Officers

| | |
|------------------------------|------------|
| Number of Executive Officers | 11 persons |
|------------------------------|------------|

Status of Concurrent Duties

| Name | Representative Authority | Concurrent Duties as Director | | | Concurrent Duties as Employee |
|---------------------------|--------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
| | | | Nomination Committee Member | Remuneration Committee Member | |
| Shigeko Okazaki | Yes | Yes | Yes | Yes | No |
| Yoichi Okazaki | No | Yes | No | No | No |
| Akikazu Yada | No | Yes | No | No | No |
| Hideaki Umeda | No | No | No | No | No |
| Takeshi Kyogane | No | No | No | No | No |
| Masahisa Fukuda | No | No | No | No | No |
| Yasuhiro Shibata | No | No | No | No | No |
| Satoru Kawasaki | No | No | No | No | No |
| Takafumi Yamamoto | No | No | No | No | No |
| Fumiaki Takahashi | No | No | No | No | No |
| Marieke Sauer-Ploegmakers | No | No | No | No | No |

Auditing Structure

| | |
|--|-----------|
| Appointment of Directors and/or staff to Support the Audit Committee | Appointed |
|--|-----------|

Matters Related to the Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Audit Committee's consent shall be required for transfers, performance reviews, and salary revisions for Audit Managers, etc. In addition, executive officers shall ensure that the Audit Staff, etc. are not subject to any undue restrictions in the performance of their duties. If the Audit Staff, etc. are subject to any undue restrictions in the performance of their duties, they may report to the Audit Committee or any Audit Committee member and request that the undue restrictions be eliminated.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Department

< Cooperation between the Audit Committee and the Accounting Auditor >

1. Name of Audit Firm: Deloitte Touche Tohmatsu LLC
2. Continuous audit period: 16 years
3. Certified Public Accountants who conducted Business Execution: Tomoyuki Suzuki and Naoki Kawai
4. Assistants for auditing: 10 certified public accountants and 16 others (as of March 31, 2023)

The Audit Committee receives reports from the external accounting auditors on the status and plans of the audits (status reports four times a year (May, September, December, and March) and plans once a year (June)) and evaluates the quality of the audits and the appropriateness of the level of Remuneration Committee members receive from the external accounting auditors, while confirming their independence and expertise through discussions on approval. The Company confirms whether the external accounting auditor is independent and professional through discussions on approval. To ensure that the external accounting auditor conducts appropriate audits, the Company ensures the audit schedule, Auditing Structure, direct interviews with management, and collaboration with related departments such as the Audit Committee, Accounting Department, and Internal Audit Department.

The Audit Committee and the accounting auditors maintain close cooperation, hold regular meetings to discuss audit policy and exchange audit opinions, receive reports on audit plans and results, express opinions, and evaluate the effectiveness of the accounting audit. The Audit Committee met nine times during the fiscal year ended March 31, 2023, and exchanged opinions on audit results related to financial accounting, Governance, internal control, risk management, and other matters.

< Cooperation between the Audit Committee and the Internal Audit Division >

The Audit Committee holds Committee meetings and exchanges reports, opinions, and coordinates with the Group Internal Audit Division via e-mail and other means.

The Audit Committee approves the internal audit plan, and the Group Internal Audit Division, as the audit division of the Holding Company, assesses the status of governance, internal controls, and risk management of the entire Group, reports audit results to the Audit Committee, and proposes improvement measures to relevant parties as necessary.

Matters Concerning Independent Directors

| | |
|---------------------------------|-----------|
| Number of Independent Directors | 3 persons |
|---------------------------------|-----------|

Other Matters Concerning Independent Directors

Incentives

| | |
|--|--|
| Implementation Status of Measures related to Incentives Granted to Directors and/or Executive Officers | Introduction of Performance-linked Remuneration Scheme, and others |
|--|--|

Supplementary Explanation for Applicable Items

(Performance-Linked Remuneration System)

The performance-linked remuneration shall consist of base remuneration and performance-linked remuneration, the amount of which shall be determined by the Remuneration Committee according to the degree of achievement of the division under the control of each executive officer. If the performance-linked remuneration reaches a certain amount, a portion of it shall be paid in the form of the Company's shares.

The ratio of performance-linked remuneration to total remuneration varies between 0% and 30%, and the calculation items include Consolidated net sales, Operating income margin, and other financial indicators as well as non-financial indicators such as environmental indicators and human resource development for a single fiscal year.

(Other)

Restricted stocks are provided as an incentive to share the same values with shareholders and to increase the corporate value of the Group.

| | |
|------------------------------------|--|
| Persons Eligible for Stock Options | |
|------------------------------------|--|

Supplementary Explanation for Applicable Items

—

Remuneration for Directors and Executive Officers

| | |
|--|---------------------------------|
| Status of Disclosure of Individual Director's Remuneration | No Disclosure for any Directors |
|--|---------------------------------|

| | |
|---|--|
| Status of Disclosure of Individual Executive Officers' Remuneration | No Disclosure for any Executive Officers |
|---|--|

Supplementary Explanation for Applicable Items

The amount of compensation for directors and executive officers is disclosed separately for internal directors and executive officers and Outside Directors.

| | |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(Amount of remuneration)

Total amount disclosed separately for internal directors and executive officers and Outside Directors.

Remuneration paid to directors and executive officers for the fiscal year ended March 31, 2023 is as follows.

| | | |
|---------------------|------------|---|
| Outside Directors: | 4 persons | 27 million yen |
| Internal directors: | 1 person | 1 million yen |
| Executive officers: | 13 persons | 228 million yen (breakdown: basic remuneration: 200 million yen, performance-linked remuneration: 6 million yen, Performance-linked compensation: 6 million yen, Restricted stock compensation: 21 million yen) |

(Note)

1. As of the end of the fiscal year, there were 5 directors (including 3 Outside Directors) and 11 executive officers (including 1 concurrently serving as a director). The above figures include one Outside Director and two Executive Officers who retired due to expiration of their terms of office or other reasons during the fiscal year ending March 31, 2023.
2. Remuneration for those who concurrently serve as both directors and executive officers is included in the amount for executive officers.
3. Compensation of executive officers who mainly engage in Business Execution of subsidiaries is paid at the subsidiaries.
4. In addition to the above, Outside Director received remuneration of 1 million yen from the Company's subsidiary as a board member for the fiscal year ended March 31, 2023.
5. The amount of "Restricted Stock Compensation" above is the amount expensed in the fiscal year ended March 31, 2023.

(Matters pertaining to the Policy for Determining the Amount of Remuneration, etc. for Directors and Executive Officers or the Method of Calculating the Amount of Remuneration, etc.)

The Remuneration Committee established the following Policy regarding the determination of the details of individual compensation received by directors and executive officers. The Remuneration Committee determines the individual compensation received by directors and executive officers in accordance with this Policy.

1. Basic Policy on Remuneration

- a) The remuneration system must enable and reward diverse and talented human resources in agreement with FSG's corporate philosophy.
- b) The remuneration system must encourage the achievement of performance targets based on the management strategy for sustainable growth.
- c) The remuneration system must encourage the sustainable enhancement of corporate value and share profit with shareholders.
- d) The decision-making process for the remuneration system should be objective and transparent.

2. Overview of the remuneration system

a) Procedures

The policy, remuneration system, and performance-linked system for directors and executive officers are deliberated and decided by the Compensation Committee.

b) Composition of compensation

Directors, including outside directors, receive only "base remuneration" as fixed remuneration, while executive officers receive "base remuneration" and variable remuneration consisting of "performance-linked remuneration" as a short-term incentive and "restricted stock remuneration" as a medium- to long-term incentive.

c) Basic remuneration

The level of base remuneration is determined in accordance with each person's career, professional background, duties, and

responsibilities, and in consideration of the Company's business performance and business environment.

d) Performance-based remuneration

Performance-linked compensation is determined by the Remuneration Committee based on the degree of achievement of the division under the control of each executive officer, and the percentage of the total remuneration varies between 0% and 30%.

Calculation items include consolidated sales and operating profit margin for a single fiscal year, financial indicators important for management strategy, and non-financial indicators such as environmental indicators and human resource development.

When the performance-linked remuneration reaches a certain amount, a portion of it will be paid in the Company's stocks.

e) Restricted-stock remuneration

Restricted-stock remuneration is paid as a medium- to long-term incentive to executive officers in order to share the same values as shareholders and to sustainably increase the corporate value of the Group.

Support System for Outside Directors

The Board of Directors Secretariat and the Secretariats of the various Committees serve as the point of contact and support for Outside Directors, and communications are handled in a timely manner by telephone and email.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as Representative Director and President, etc.

| Name | Job title/ position | Responsibilities | Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.) | Date when former role as president/ CEO ended | Term |
|--------------------|---------------------|---|--|---|--------|
| Masayuki Shirokawa | advisor | Support for company-wide human resource development and corporate philosophy penetration activities Other advice and support based on requests from the company, as well as work in cooperation with public interest incorporated foundations. | Part-time, With remuneration | June 22, 2023 | 1 year |

| | |
|--|----------|
| Number of Persons Holding Advisory Positions (<i>Sodanyaku, Komon, etc.</i>) After Retiring as Representative Director and President, etc. | 1 person |
|--|----------|

Other Related Matters

The "Date when former role as president/ CEO ended " in the above " Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as Representative Director and President, etc.." indicates the date of retirement of the Company's directors.

The advisor is engaged in activities of related organizations, etc., based on his experience and knowledge gained through his many years of involvement in the Company's management, but is not involved in any decision-making process of the Company's management. In appointing the advisors, the Company consults the Nomination Committee, the majority of which is composed of Independent Outside Directors, regarding their duties and Remuneration Committee, in order to ensure transparency and objectivity.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company with a Nomination Committee is strengthening corporate governance for the management of the entire group and improving transparency of management to shareholders and investors.

The Board of Directors consists of 6 Directors, including 3 Outside Directors, and under the Board of Directors, there are 3 Committees (Nomination Committee, Remuneration Committee, and Audit Committee), the majority of which are composed of Outside Directors. In addition, the Group Internal Audit Office has been established under the Audit Committee to assist the Audit Committee in its duties.

< Board of Directors >

The Board of Directors, as the decision-making body for the management of the Company, makes resolutions on statutory matters, determines and approves basic management policies and important matters related to the execution of management operations, and supervises the duties of directors and executive officers. The Board of Directors also makes decisions on or approves basic management policies and important matters concerning the execution of management operations, and supervises the duties of directors and executive officers. The Board of Directors is chaired by Mrs. Shigeo Okazaki and consists of six members: Mr. Hiroumi Shioji, Mr. Tatsundo Maki, and Mr. Yuichi Seki, who are Outside Directors, and Mr. Yoichi Okazaki and Mr. Akikazu Yada, who are Internal Directors. The Board of Directors meets four times a year, and extraordinary meetings are held when necessary. 8 meetings were held in the fiscal year ended March 31, 2023, and the attendance of individual directors is shown below.

| Name | Number of meetings | Attendance |
|--------------------|--------------------|----------------|
| Hiroumi Shioji | 8 times | 8 times (100%) |
| Tatsundo Maki | 8 times | 8 times (100%) |
| Yuichi Seki | 8 times | 8 times (100%) |
| Shigeo Okazaki | 8 times | 8 times (100%) |
| Masayuki Shirokawa | 8 times | 8 times (100%) |

(Note) : Masayuki Shirokawa resigned at the conclusion of the General Meeting of Shareholders on June 22, 2023.

During the fiscal year under review, the Company's Board of Directors held 4 Board of Directors meetings that lasted 2 days (8 days in total) and 4 meetings that lasted 1 day, for a total of over 46 hours of deliberations over a total of 12 days. In addition to the above number of Board of Directors meetings, there were 14 written resolutions that were deemed to have been approved by the Board of Directors in accordance with Article 370 of the Companies Act and Article 22 of the Company's Articles of Incorporation.

The Board of Directors' meetings were held to discuss and approve major investment projects, such as the construction of new plants in the Americas and other regions and the purchase of land, and to manage the progress of such projects, in order to "expand product markets and target areas," and to discuss new M&A projects and examine new businesses and new projects, in order to "create new business models for the next generation. We also continued and vigorously deliberated on new M&A projects and the creation of new business models that will lead to the next generation, such as new businesses and new project validation.

At the same time, we also deliberated and monitored structural reforms, including the reorganization of our European business, restructuring of our business portfolio, and management structure.

In addition, the Board of Directors regularly receives reports and requests for deliberations from the Group Compliance Committee and Group Sustainability Committee, and discuss and approve to establish / revise the Cash Management Policy, the establishment of the Group Diversity, Equity, and Inclusion (DE&I) Policy, the revision of the FSG Code of Ethics, and the Group's DX strategy.

Furthermore, Business Execution reports are made by executive officers and presidents of each company at the same time as the Board of Directors meetings, and each executive officer and president also make monthly quantitative and qualitative reports.

< **Nomination Committee** >

The Nomination Committee is established as an organization with the authority provided for in Article 404, Paragraph 1 of the Companies Act, for the purpose of contributing to the establishment of an appropriate management structure for the Group. The committee is chaired by Internal Director: Mrs. Shigeko Okazaki and consists of four members, including Outside Directors Mr. Hiroumi Shioji, Mr. Tatsundo Maki, and Mr. Yuichi Seki.

The Committee held 9 meetings in the fiscal year ended March 31, 2023, and the attendance of individual Nominating Committee members is as follows.

| Name | Number of meetings | Attendance |
|-----------------|--------------------|----------------|
| Hiroumi Shioji | 9 times | 9 times (100%) |
| Tatsundo Maki | 9 times | 9 times (100%) |
| Yuichi Seki | 9 times | 9 times (100%) |
| Shigeko Okazaki | 9 times | 9 times (100%) |

In addition to deliberations and resolutions on the election of directors and executive officers of the Company, the Nomination Committee also deliberates and makes proposals on the nomination of officers of group companies from the viewpoint of enhancing group management and fostering the next generation of human resources. Furthermore, based on the Company's Skill Chart (skills and experience required for management) established in November 2021, the Board of Directors discussed the Next-generation Management Development Program, received reports on the results of the program, exchanged opinions with the subject human resources, and used the results in the consideration of nominations for executive officers and officers of group companies. The results of the program were reported to the committee, and considered for the nomination of executive officers and group company directors.

< **Remuneration Committee** >

The Remuneration Committee was established as an organization with the authority provided for in Article 404, Paragraph 3 of the Companies Act, for the purpose of contributing to the transparency of the management of the Company Group. The Committee is chaired by Internal Director: Mrs. Shigeko Okazaki and consists of four members, including Outside Directors Mr. Hiroumi Shioji, Mr. Tatsundo Maki, and Mr. Yuichi Seki.

The Committee met seven times during the fiscal year ended March 31, 2023, and the attendance of individual Compensation

Committee members is shown below.

| Name | Number of meetings | Attendance |
|-----------------|--------------------|----------------|
| Hiroumi Shioji | 7 times | 7 times (100%) |
| Tatsundo Maki | 7 times | 7 times (100%) |
| Yuichi Seki | 7 times | 7 times (100%) |
| Shigeko Okazaki | 7 times | 7 times (100%) |

The Remuneration Committee deliberates and decides on the remuneration of the Company's directors and executive officers in accordance with the Company's Basic Policy on Remuneration, as well as the remuneration of the board members of the Company's subsidiary from the perspective of enhancing group management and fostering the next generation of human resources. In particular, in the fiscal year ending March 31, 2023, the Committee reviewed the compensation system and its level after deliberating and examining the incentive effects of compensation in order to meet the expectations of our shareholders and investors.

< Audit Committee >

The Audit Committee was established as an organization with the authority provided for in Article 404, Section 2 of the Companies Act for the purpose of contributing to the lawful, reasonable, and efficient operation of the Group's business, i.e., in accordance with the Annual Policy and the Medium- and Long-term Management Policy. Outside Director: The committee is chaired by Mr. Yuichi Seki and consists of three members, including Outside Directors Mr. Hiroumi Shioji and Mr. Tatsundo Maki.

The Audit Committee met 9 times during the fiscal year ended March 31, 2023, with Mr. Yuichi Seki and Mr. Tatsundo Maki attending all meetings and Mr. Hiroumi Shioji attending 8 Audit Committee meetings.

< Group Compliance Committee >

The Group Compliance Committee was established for the purpose of promoting and supporting the Group's compliance management, and is responsible for reviewing and deciding on compliance-related organizations and systems, deliberating on the revision or abolition of the FSG Code of Ethics, and reviewing, deciding, and monitoring the implementation of compliance-related group-wide action plans. The committee is established to report to the Board of Directors and request deliberations on important compliance-related matters, including the review and determination of compliance-related organizations and systems, deliberations on the revision or abolition of the FSG Code of Ethics, and the review, determination, and monitoring of the implementation of Group-wide compliance-related action plans. The committee is chaired by the executive officer in charge of legal affairs and consists of six directors, including three Outside Directors.

The Committee met five times during the fiscal year ended March 31, 2023, and all Committee members attended all five Group Compliance Committee meetings.

The Group Compliance Committee specifically discussed the review of the "FSG Code of Ethics," which was revised for the first time in two years in March 2023, and organized and confirmed the Group's code of ethics. The committee also reviewed and deliberated on the Group Compliance Action Plan and FSG Risk Map, and monitored the Region's Risk Map and Action Plan and

their management status reports.

Each of the above Committees has a secretariat to support the smooth operation of the Committee.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the Company with a Nomination Committee structure, and the three Outside Directors have an Auditing Structure based on their own experience and insight, thereby strengthening corporate governance. The reasons for the Company's adoption of the current system are as follows.

To strengthen corporate governance for the management of the entire group.

To improve management transparency for shareholders and investors.

To improve the efficiency and quality of group strategies by clarifying the roles of Business Execution at each operating company and group management.

To utilize Outside Directors to broaden the perspective of strategy and speed up the pace of change.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

| | Supplementary Explanation |
|---|--|
| Early Posting of Notice of the General Meeting of Shareholders | Notice of the 65th General Meeting of Shareholders was dispatched on June 2, 2023. In order to allow shareholders to fully consider the proposals of the General Meeting of Shareholders, the Company will dispatch the convocation notice prior to the statutory deadline, and will promptly disclose information through the Company's website and the website of the Tokyo Stock Exchange, etc. prior to the dispatch of the notice. |
| Scheduling of the General Meeting of Shareholders on a Non-Peak Day | The 65th Annual Meeting of Shareholders was held on June 22, 2023. The Company believes that the General Meeting of Shareholders is a forum for Dialogue with our Shareholders, and in consideration of a schedule that allows more shareholders to attend the meeting, the Company sets the date of the meeting each year to avoid the day that is predicted to be the middle day of the General Meeting of Shareholders' meeting collection. |
| Electronic Exercise of Voting Rights | Shareholders can exercise their voting rights electromagnetically from a computer or cell phone using the voting website of the shareholder registry administrator. |
| Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights | We will provide the necessary information to shareholders so that they can make appropriate decisions at the General Meeting of Shareholders. In order for all shareholders, including those who do not attend General Meeting of Shareholders, to exercise their voting rights appropriately, the Company participates in the Platform for the Electronic Exercise of Voting Rights, and will further improve the environment. |
| Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English | An English translation of the summary of the Notice of Convocation is available on the Company's website. |
| Other | The Notice of the 65th General Meeting of Shareholders was posted on the Company's website on May 29, 2023. The website also contains explanatory materials for the General Meeting of Shareholders. Prior to the General Meeting of Shareholders, the Company accepts questions from shareholders via e-mail. |

2. Status of IR-related Activities Update

| | Supplementary Explanation | Explanation by a representative director or a representative executive officer |
|--|---|--|
| Formulation and Publication of Disclosure Policies | As part of our efforts to comply with laws and regulations and promote corporate governance regarding information | |

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| | <p>disclosure, we have established the "Group Disclosure Policy". The Company discloses important information to shareholders and investors, including decisions that may affect their investment decisions, facts that have occurred, and information related to financial results, in accordance with the Financial Instruments and Exchange Law and other laws and regulations, as well as the Timely Disclosure Rules stipulated by the Tokyo Stock Exchange. Even if the information does not fall under the category of material facts as defined by laws and regulations or timely disclosure rules, we disclose information that is deemed useful to shareholders and Investor in a timely and fair manner to the extent possible.</p> | |
| <p>Regular Investor Briefings held for Analysts and Institutional Investors</p> | <p>Financial results briefings are held periodically to provide an opportunity for management to directly explain the Company's performance and business strategies. Most recently, on November 10, 2023, Shigeko Okazaki, President and CEO, and Akikazu Yada, Executive Officer in charge of finance, presented the Group's performance and other information to analysts and institutional investors via conference call.</p> | <p>Held</p> |
| <p>Regular Investor Briefings held for Overseas Investors</p> | <p>Although we currently do not hold regular investor meetings overseas, we continue to proactively approach overseas institutional investors. In addition to holding individual meetings with overseas institutional investors when they visit Japan, we actively hold individual meetings with major institutional investors by phone or via the Internet as needed. Management team also participates in these meetings to explain the Company's performance and business strategies.</p> | <p>Held</p> |
| <p>Online Disclosure of IR Information</p> | <p>The following materials are available on the Investor Relations (IR) section of our website (https://www.fujiseal.com/en/ir/). (IR News, IR Library, Business / Financial Information, Shareholder and Stock Information, IR Calendar, Integrated Report, Disclaimer, Group Disclosure Policy, Electronic Public Notice, FAQ, Contact Us)</p> | |

| | |
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| | <p>We have prepared an inquiry form for shareholders and investors on our website, and we respond to inquiries from individual shareholders one by one in a detailed manner.</p> <p>In addition, we prepare Japanese and English versions of the Notice of General Meeting of Shareholders, Flash Report, Annual Report, Integrated Report, and financial results briefing materials to disclose our Management Strategy and Medium-Term Management Plan to a wide range of shareholders and investors, both in Japan and overseas.</p> |
| <p>Establishment of Department and/or Placement of a Manager in Charge of IR</p> | <p>The IR department of the Company is the Investor Relations Division (person in charge: Fumitaka Goto, Division Manager, IR Division), and the information officer is Akikazu Yada, Director, executive officer and CFO in charge of finance.</p> |

3. Status of Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|---|---|
| <p>Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders</p> | <p>The "FSG Ethical Standards" in the "Fuji Seal Group Code of Ethics" stipulates respect for the position of stakeholders.</p> <p>FSG periodically reviews its Group Policies and Regulations and revises them as necessary. In March 2023, we made major revisions to the "FSG Code of Ethics" based on the "Diversity, Equity & Inclusion (DE&I) Policy" formulated in December 2022. In addition to incorporating the main points of the Group DE&I Policy, the revised Code of Ethics also reflects the opinions of younger employees, and revises the content of workplace environment, environmental management, and relations with the local community to make it unique and original to Fuji Seal.</p> <p>We have created both Japanese and English versions of the Code of Ethics, which can be viewed at any time via the company intranet.</p> <p>As part of our efforts to promote and raise awareness of compliance, we hold training sessions and seminars, distribute compliance cards, conduct educational activities at family festivals and anniversary events, display awareness posters at workplaces, and include compliance explanations in internal newsletters.</p> <p>In order to detect compliance-related problems at an early stage and take appropriate action, the Company has established a system (Consultation Hotline) that allows employees to directly report suspicious activities to a consultation and reporting contact (including outside attorneys, outside specialist companies, and the Group's Whistleblowing Division). The hotline is designed to ensure confidentiality and prohibit any prejudicial treatment of whistleblowers, and the status of such reports is regularly reported to the Compliance Committee, the Board of Directors, and the Audit Committee.</p> |
| <p>Implementation of Environmental Preservation Activities and CSR Activities, etc.</p> | <p>The Company has established a Group Sustainability Committee (established in December 2020) to promote and support the Group's sustainability management. The Group Sustainability Committee is chaired by the President and consists of all executive officers as members, and the FSI Sustainability Subcommittee has been established as a subordinate body.</p> <p>Each region also has a Regional Sustainability Committee chaired by the Regional Executive Officer, which is responsible for developing Group Policy, establishing and operating an implementation system, and executing measures.</p> <p>Upon receiving requests for deliberations and reports from the Group</p> |

| | |
|--|---|
| | <p>Sustainability Committee, the Board of Directors determines policies, regulations, etc. related to sustainability management for the entire Group, sets targets and promotion plans, etc., and determines the promotion system, as well as monitors and Supervises the activities of the Group Sustainability Committee.</p> <p>The Group Sustainability Committee shall play a central role in promoting the Group's sustainability management by reviewing and drafting Group Sustainability Basic Policy, etc. (including materiality reviews), submitting and reporting to the Board of Directors on action plans and results, and other sustainability-related matters, as well as managing and monitoring the progress of sustainability management. The FSI Sustainability Subcommittee is responsible for the following activities.</p> <p>FSI's Sustainability Subcommittee shall support the deliberations and activities of the Group Sustainability Committee by drafting and proposing Basic Policy, etc. to the Committee, managing and monitoring the progress of each policy and region's KPI, etc., and operating CO2 reduction and various policies, etc.</p> <p>The Group has organized its impact on the realization of a sustainable society into nine materialities, and the goals of the Sustainable Development Goals (SDGs) also correspond to the materialities. We also review the qualitative targets and KPIs of the Materiality every year with outside directors to ensure that they are in line with the demands of Society.</p> |
| <p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p> | <p>The Company has established the "Group Disclosure Policy" and the "Group Disclosure Regulations," and has formulated policies and procedures for the provision of information to ensure timely and appropriate disclosure activities.</p> |

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

[Basic Policy]

Our group's management philosophy is "Each day with renewed commitment, we create new value through packaging" and we strive to enhance our corporate value by growing together with our customers. Our Credo is to "Deliver value that is friendly to people and the environment" and to enhance corporate value by growing together with our customers. Our Basic Management Policy is "Our Value to People and the Planet," and we aim to continue to be the No. 1 global packaging company together with our customers, employees, business partners, shareholders, Society, and all other stakeholders.

Based on Our Credo, the Group has established the following Internal Control System to ensure the proper execution of duties.

(1) System to ensure the appropriateness of business operations

The following is a summary of the decisions made regarding the system to ensure that the Directors' Business Execution complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the business operations of the corporate group consisting of the Company and its subsidiaries (hereinafter referred to as "the Company Group").

(i) Matters concerning Directors and employees to assist the Audit Committee in its duties

The organization that assists the Audit Committee in its duties shall be the Group Internal Audit Division, and the employees who are to assist the Audit Committee shall be the General Manager of the Group Internal Audit Division, employees of the Group Internal Audit Division, and audit staff appointed by the General Manager of the Group Internal Audit Division with the permission of the Audit Committee (hereinafter collectively referred to as "Audit Staff, etc.").

(ii) Matters concerning the independence of the Directors and employees mentioned in the preceding item from executive officers and matters concerning the effectiveness of instructions given by the Audit Committee

The Audit Committee shall be required to approve in advance the transfer, performance evaluation, and salary revision of the Personnel in Charge of Audit, etc.

In addition, executive officers shall ensure that persons in charge of auditing, etc. are not subject to undue restrictions in the performance of their duties. If persons in charge of auditing, etc. are subject to undue restrictions in the performance of their duties, they may report to the Audit Committee or any Audit Committee member and request that the undue restrictions be eliminated. Audit Staff, etc. must follow the orders of the Audit Committee.

(iii) Auditing Structure for Reporting to the Audit Committee by Directors, Executive Officers, and Employees of the Group and Other Reports to the Audit Committee

The Audit Committee may, as necessary, invite persons other than members of the Audit Committee to attend the meeting and hear their reports and opinions, and accordingly, directors, executive officers and other employees (hereinafter referred to as "officers and employees") who attend the Audit Committee meetings must explain to the Audit Committee the matters requested by the Audit Committee. The Directors, Executive Officers and other employees ("Officers and Employees") who attend the meetings of the Audit Committee shall explain to the Audit Committee the matters requested by the Committee. Officers and employees may report to the Audit Committee via the Group Internal Audit Division. Any officer or employee who makes such

a report shall not be subject to dismissal or other disadvantageous treatment as a result of making such a report.

In addition, the following matters should be reported by officers and employees

- a. Matters that have been delegated by a resolution of the Board of Directors When decisions are made on matters delegated by a resolution of the Board of Directors, matters related to such decisions
- b. Matters related to the decision of the Board of Directors. b. If they discover a fact that may cause significant damage to the Company, matters related to that fact

(iv) Matters concerning the Policy on the procedures for prepayment or reimbursement of expenses incurred in connection with the execution of duties by Audit Committee members and other matters concerning the treatment of expenses or liabilities incurred in connection with the execution of such duties

When an Audit Committee member makes a request for advance payment of expenses, etc. under the Companies Act in connection with the performance of his/her duties, the Company shall promptly dispose of such expenses and obligations, unless such request is deemed unnecessary for the performance of the duties related to such request.

(v) Other Auditing Structure to Ensure the Effective Implementation of Audits by the Audit Committee

The Audit Committee holds liaison meetings with the Group Internal Audit Division on a regular basis for reporting and coordination.

In addition, the "Group Internal Audit Regulations" have been established as an Auditing Structure to ensure the smooth and effective operation of internal audits. In addition, the Group Internal Audit Office maintains close ties with the accounting auditors and holds regular meetings to discuss audit policies and exchange audit opinions.

The Group Internal Audit Division has established an Internal Auditing Structure for the Group, which manages Policy and business risks, and works to improve the Group's internal control and internal Auditing Structure.

(vi) Matters concerning Reporting to the Company of Matters Related to Business Execution by Directors, etc. of the Group and Other Systems to Ensure the Appropriateness of Business Execution of the Group

As a holding company, the Company manages the entire Group in line with the Group's management strategy, and the Board of Directors makes decisions and approves important matters related to the Group's management and reports on Business Execution by all Group companies.

The "Group Company Management Rule" defines the Basic Policy, Management System, and Management Standards for the Group's management, as well as the authority of duties for the entire Group. In accordance with these Management Rules, Group companies obtain prior approval from the Company for certain important decisions affecting the management of the Group, and report certain matters to the Company, thereby ensuring the integrated operation, management, and support of the Group's business activities.

The Group Internal Audit Division, in cooperation with the departments in charge of the operations of each Group company, assesses the status of internal controls, reports to the Audit Committee, and proposes measures for improvement.

In addition, for the purpose of promoting and supporting the Group's sustainability management, the Group Sustainability Committee has been established under the supervision of the Board of Directors to set ESG-related targets for the entire Group and monitor, promote, and report on the progress of such targets.

(vii) Systems to ensure that the execution of duties by directors and employees of the Group is in compliance with laws and regulations and the Articles of Incorporation

The "Fuji Seal Group Code of Ethics" defines the universal values that each and every director, executive officer, officer, and employee of the Group companies must comply with from the perspective of corporate ethics in order for the Group to earn the trust of Society, and the "Code of Conduct" defines the standards of behavior for faithfully practicing the Code of Ethics. In addition, we have established the "Group Compliance Code of Conduct" and the "Group Code of Conduct".

In addition, the "Group Compliance Management Rule" defines compliance policies, systems, and procedures.

The Compliance Committee (by group and region) deliberates and decides on issues and measures to prevent recurrence, such as reviewing business processes regarding important issues and serious violations. In addition to maintaining and improving the compliance system, providing awareness-raising education, and reporting to the Board of Directors, the committee also requests the Board of Directors to deliberate and make decisions when important management decisions are involved. In addition, in order to detect compliance-related problems at an early stage and take appropriate action, the Company has established a system (Consultation Hotline) whereby employees can directly report suspicious activities, etc. to a contact point for consultation and reporting (including outside attorneys, outside specialist companies, and the Group's Whistleblowing Division).

In addition, the Company has established the "Group Internal Control Regulations" and the JSOX Promotion Committee to ensure and strengthen the appropriateness of financial reporting.

(viii) System for the storage and management of information related to the execution of duties by executive officers

Executive officers shall keep important information related to the execution of their duties by executive officers, such as minutes of General Meeting of Shareholders and Board of Directors, approval documents, financial statements related to the settlement of accounts, and contracts, for at least 10 years, and shall take necessary measures based on the Information Security Policy in the "Group Sustainability Basic Policy". In addition, the Company shall take necessary measures in accordance with the information security policy in the "Group Sustainability Basic Policy" and prepare for requests for inspection by the Audit Committee, etc. (ix) Risk of loss in the Group

(ix) Management Rules and Other Systems for Risk Management of Losses in the Group

The "Group Risk Management Rules," which stipulate the Basic Policy and Management System for Business Execution risks surrounding the Company's group, are designed to ensure sound and stable management, thereby increasing management efficiency and enhancing shareholders' Profit and Society's trust in the Company. The basic frame of risk management is for the Group Compliance Committee to identify potential risks in the entire Group and in each region, summarize the significance of each risk in a risk map after deliberation by the Board of Directors, and develop a system to respond to such risks.

In addition, based on this Management Rule, the Group has established a disaster prevention and crisis management system and is working to disseminate and share information on possible risks, and to promptly and appropriately communicate information, respond to risks and prevent their recurrence.

(x) System to Ensure Efficient Execution of Duties by Directors, etc. in the Group

Based on a system of rules centering on the aforementioned "Group Company Operation Regulations," the Company has

established a system to ensure that duties are executed appropriately and efficiently through the authority of duties and decision-making rules.

Based on Our Credo, the Company works to achieve its goals based on Medium-Term and Annual Business Plans, reports the status of its Business Execution to the Board of Directors, and receives evaluations from the Board of Directors; improves the efficiency of its Management Council through such means as web conferences utilizing IT technology; and identifies important information for management through business reports and risk reports on a regular and ad-hoc basis as necessary. The Company also ensures that important management information is identified and reliably fed back to the Board of Directors through business reports and risk reports, etc., on a regular and as-needed basis.

(2) Overview of the Operation of the System to Ensure the Appropriateness of Operations

(i) Status of operation of the Group's compliance system

The Company holds regular meetings of the Group Compliance Committee, formulates an action plan for each fiscal year, including the establishment of compliance-related themes and items to be addressed, implements measures, and conducts educational activities, etc. The Company also has the Group's directors and employees sign a compliance declaration and distribute compliance cards to directors and employees.

In addition, we have made efforts to clarify the Guideline for Action in accordance with corporate ethics as well as compliance with laws, regulations, and internal rules and regulations, and to ensure the effectiveness of these efforts through the signing of the Declaration of Compliance by the directors of the Company and the distribution of Compliance Cards to directors and employees of the Company and through training programs.

The status of the reporting is regularly reported to the Compliance Committee, the Board of Directors, and the Audit Committee.

(ii) Status of Operation of the Group's Risk Management System

The "Group Risk Management Rules," which stipulate the Basic Policy and Management System for Business Execution Risks surrounding the Company's group, are designed to ensure sound and stable management, thereby increasing management efficiency and enhancing shareholders' Profit and Society's trust in the Company.

The basic frame of risk management is for the Group Compliance Committee to identify potential risks in the entire Group and in each region, summarize the significance of each risk in a risk map after deliberation by the Board of Directors, and develop a system to respond to these risks. Based on this risk map, each region formulates action plans and implements ongoing initiatives. At the same time, we have established an emergency contact network in the event of unforeseen circumstances that could have a significant impact on the Group's management.

In addition, based on this Management Rule, the Group has established a disaster prevention and crisis management system and is working to disseminate and share information on possible risks, and to promptly and appropriately communicate and respond to any risk occurrence and prevent recurrence.

As a risk monitoring function, internal audits are conducted by the Group's Internal Audit Division under the direction of the Audit Committee, and third-party audits of the risk management structure are conducted as necessary and reported to the Audit Committee and representative executive officers. The Board of Directors supervises and discusses the Fuji Seal Group's risk management status and its effectiveness based on reports from the Representative Executive Officers, Audit Committee, and Group Compliance Committee.

(iii) Status of Efforts by Directors and Other Members of the Board in Execution of Duties in the Fuji Seal Group

In accordance with the "Regulations of the Board of Directors," eight meetings of the Board of Directors were held during the fiscal year under review (totaling over 46 hours of deliberations over 12 days).

During the fiscal year ended March 31, 2023, the Board of Directors vigorously deliberated on business strategy, investments, raw material price hikes, and ESG issues. The committee also deliberated vigorously on the status of business execution at each company in the Group. The Board also received reports on the status of Business Execution by each company in the Minebea Group, and discussed the status of achievement of management targets, management issues and risks, and measures to address and overcome these issues.

(iv) Efforts to Ensure the Appropriateness of Operations in the Group

The Audit Committee met nine times during the fiscal year under review in accordance with the "Rules of the Audit Committee. The Audit Committee discussed the audit plan, audit policy, internal controls, and other matters.

In addition, the Group Internal Audit Division, under the direction of the Audit Committee, conducted audits of the Company's group companies and made suggestions for improvement. A consultation hotline has also been set up in the Internal Audit Division, and the Audit Committee, which is composed solely of Outside Directors, is available for Whistleblowing.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

1. Basic Policy on Eliminating Anti-Social Forces

Our Basic Policy is to take a firm stand against antisocial forces and groups that threaten the order and safety of civil society.

2. Eliminating Anti-Social Forces

The Fuji Seal Group clearly states in the "Fuji Seal Group Code of Ethics" that it will have no relationship with antisocial forces, and stipulates this as a code of conduct for officers and employees.

We are a member of the "Corporate Defense Countermeasures Council," and the General Affairs Department is in charge of consolidating information and ensuring that we are always vigilant against antisocial forces.

In addition, the Company has established an arrangement with each business partner that allows the Company to sever any relationship with the business partner if it is discovered that the business partner is an anti-social force.

V. Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-----------------------|
| Adoption of Anti-Takeover Measures | Adopted / Not Adopted |
|------------------------------------|-----------------------|

Supplementary Explanation for Applicable Items

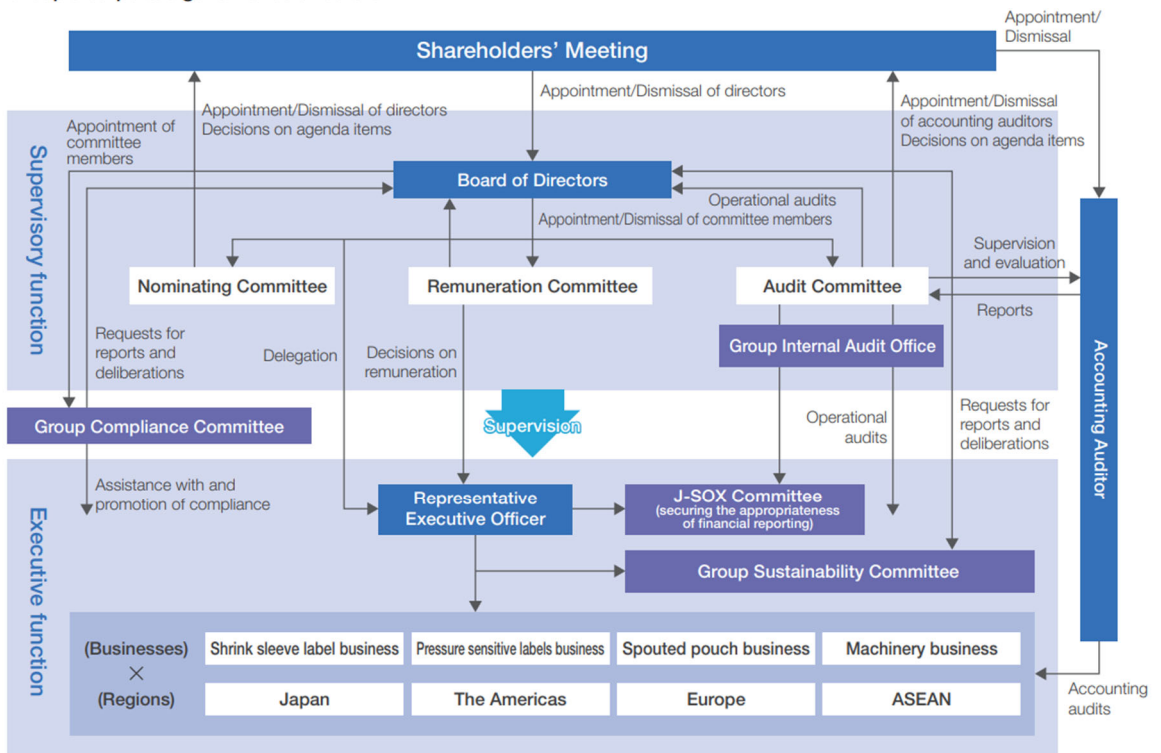
2. Other Matters Concerning the Corporate Governance System

In order to enhance the corporate value of our group, we will develop appropriate systems and implement necessary measures for Management Decision-Making, Business Execution and Supervision, as well as Group Control and Information Disclosure, in order to improve corporate governance.

(Attachment)

- Schematic Diagram of Corporate Governance System
- Outline of Timely Disclosure System

Fuji Seal Group's corporate governance structure



□ **Outline of Timely Disclosure System**

1. Internal Control Environment

The Company with a Nomination Committee is a Company with a Nominating Committee to strengthen Corporate Governance for the management of the entire group and to improve transparency of management to shareholders and investors. The Board of Directors consists of six Directors, including three Outside Directors. Under the Board of Directors, three Committees (Nomination Committee, Remuneration Committee, and Audit Committee), the majority of which are composed of Outside Directors, have been established, and the "Group Internal Audit Division" has been established under the Audit Committee to strengthen the management-related Supervision function.

As a holding company, Fuji Seal manages the entire group in line with the management strategy of the Fuji Seal Group, and the Board of Directors makes decisions and approves important matters concerning the management of the Fuji Seal Group and reports on Business Execution by all group companies.

2. Policy on Disclosure of Corporate Information

With respect to the appropriate disclosure of corporate information, Fuji Seal will disclose important matters that need to be disclosed and information that is useful to Investor Relations in accordance with the "Disclosure System for Corporate Information, etc." stipulated by the Financial Instruments and Exchange Law and other related laws and the "Timely Disclosure Rules" stipulated by the Tokyo Stock Exchange, among matters determined by our Board of Directors and matters identified in Business Execution Reports of each Group company. The Company endeavors to disclose in a timely and appropriate manner important matters that require disclosure and information that is deemed useful for investment decisions by investors.

3. Status of Internal System for Timely Disclosure of Corporate Information of the Group

Fact of Decision

FSI Headquarters ("FSI HQ"), the secretariat of the Board of Directors, or the agenda items submitted by each group company are examined in advance by the FSI HQ to determine whether they fall under the category of timely disclosure items.

If it is determined that an item falls under the category of timely disclosure, the content of the disclosure is drafted and approved by the Board of Directors, and the information is promptly disclosed.

Facts of Occurrence

Based on reports from the relevant officers of each group company, the President and Chief Executive Officer and the information officer discuss and review the information and determine whether the information falls under the category of timely disclosure.

The information officer drafts the details for disclosure, which are approved by the Board of Directors, and in case of emergency, the information is promptly disclosed by obtaining approval from the Board of Directors after the fact.

Information on Financial Results

The Board of Directors receives reports on the Business Execution of each Group company, and is kept informed of and manages information on the performance of all Group companies. Based on this information, the FSI HQ examines whether the information falls under the items for timely disclosure, such as "revision of earnings forecast," and the information officer makes a decision.

If the information is determined to fall under the timely disclosure items, the content of disclosure is drafted, and the information is promptly disclosed after a resolution by the Board of Directors.

An overview (schematic diagram) of the timely disclosure system is shown in the Exhibit attached hereto.

4. Internal System for Internal Information Management of Corporate Information and Insider Trading

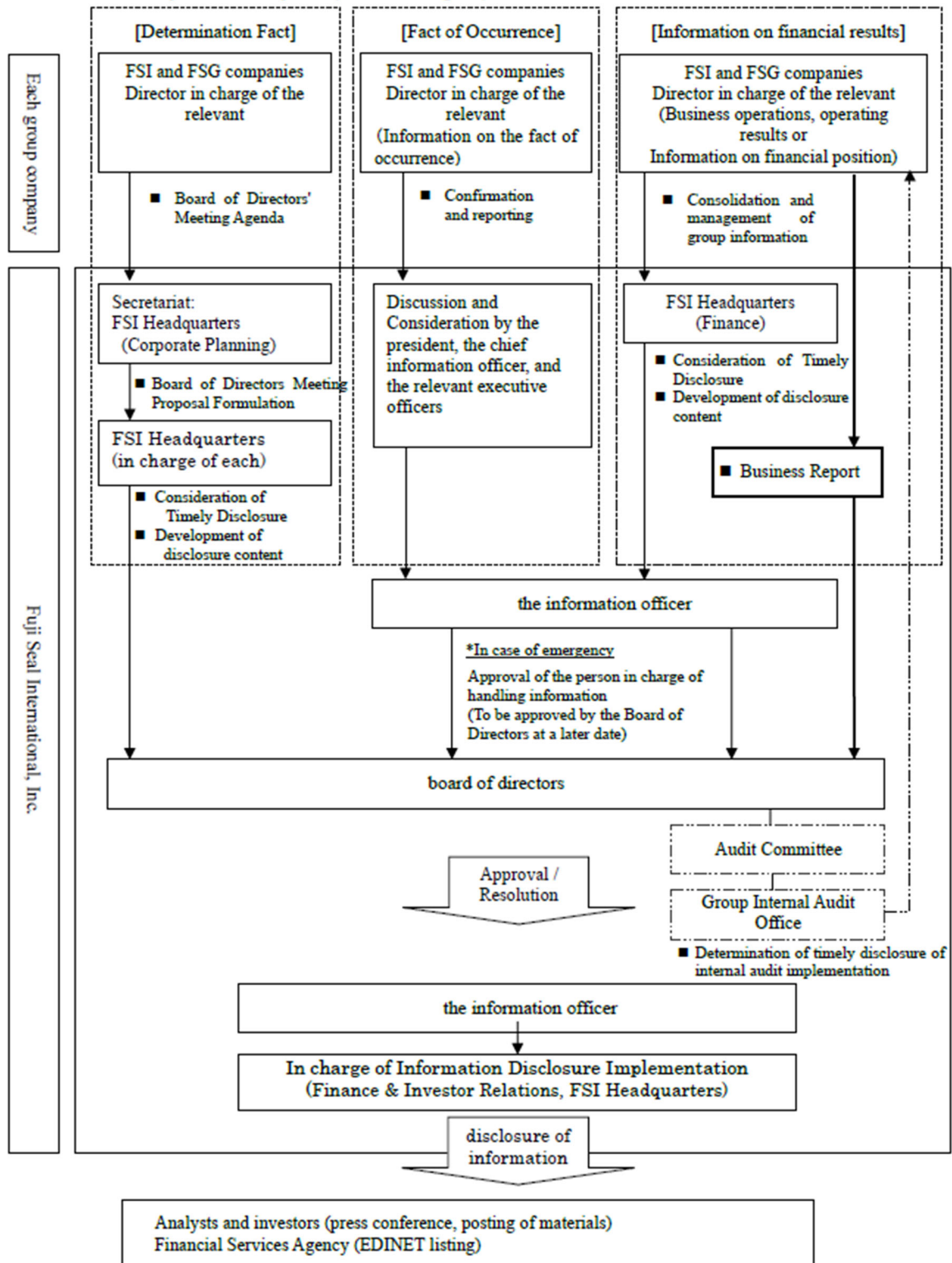
The Company has established the "Group Disclosure Rules" and the "Group Insider Trading Prevention Rules" for the purpose of managing inside information and preventing insider trading in the period leading up to timely disclosure.

With regard to the disclosure of inside information, the Company has established regulations regarding the method of disclosure of inside information, disclosure of inside information, etc., in accordance with the Financial Instruments and Exchange Law, relevant ministerial ordinances, and other rules and regulations. In addition, the Company also regulates the purchase and sale of the Company's shares by employees and their family members belonging to related departments who may have knowledge of inside information (related persons of the Company) by requiring them to report to and obtain approval from the information officer in advance.

5. Check function of internal system for timely disclosure of corporate information

The Company has established the Group Internal Audit Division, which is independent from executive officers and under the umbrella of the Audit Committee, to establish an internal auditing structure covering all Group companies, including overseas subsidiaries, to manage policies and business risks, and to improve the internal control and internal auditing structure of the entire Group.

Outline of Timely Disclosure System (schematic diagram)



PLEASE NOTE that this document has been translated from Japanese original, as submitted to the Tokyo Stock Exchange, for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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