Corporate Governance Report

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Fuji Seal International, Inc.

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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 Strategic 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

Strategic 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 Strategic Shareholdings

With respect to voting rights for Strategic 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

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.

＜Human Capital and Diversity Indicators and Targets＞

In order to achieve the Goals set forth in FSG.30, it is essential to have a diverse and talented workforce.

In promoting the above human capital management and human resources strategy, we have established the following targets for the entire consolidated group.

Indicator	FSG.30 Target Value
Group Key Position Succession coverage Rate:	80%
Organizations overall engagement score improved rate:	50% (vs. 2024)

■ **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 60.1%, and the ratio of mid-career hires to managers (management group and expert group (regular employees only)) is 44.8%. (As of March 31, 2024)

■ **Promotion of Foreign Nationals to Management Positions**

At group companies outside of Japan, nearly 35% of the management team are consisted of non-Japanese personnel, and we will continue to actively promote them. (As of March 31, 2024).

We do not consider the appointment of foreign nationals and mid-career hires to be different from employees from other backgrounds, and has not set any specific goals.

■ **Initiatives for Women's Advancement**

The Company and its domestic group companies(⋆) (Japan segment) have formulated an action plan for women's advancement (plan period: April 1, 2022 to March 31, 2025), and have set targets (for the fiscal year ending March 31, 2025) for "the percentage of female managers," "the rate of male and female employees taking childcare leave," and "the telecommuting rate for employees at the headquarters and major business locations

The results for the fiscal year ended March 31, 2024 are as follows.

Indicators	Target (for the FY ending March 31, 2025)	Actual (for the current consolidated FY)

Percentage of female managers	10% or more	9.6%
Percentage of female employees taking childcare leave	100%	100%
Percentage of male employees taking childcare leave	13%	37.1%
Head office and main offices, Ratio of telecommuting among employees	55%	40.2%

⋆) Domestic group companies (domestic group companies as of the end of March 2024 include: Fuji Seal Co.)

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

Integrated Report：https://www.fujiseal.com/jp/ir/library/integrated-report.html

Principle 2.6: Exercise your function as an asset owner of a corporate pension plan

Our corporate pension plan is a defined contribution pension plan (DC). Accordingly, the employees themselves are responsible for managing the funded assets. However, we are committed to educating our employees regarding the asset management of defined contribution pension plans, taking into consideration the impact on the asset formation of our employees.

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, 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**

Under our renewed vision from 2021, “Our Value to People and the Planet,” we have adopted the key phrase “Generate Waku-Waku” as the axis of our human capital strategy. We position “human capital,” which is the point of contact with various stakeholders, as our most important resource, and believe that the growth of employees who

share our values is the key of sustainable growth.
Also, 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 "Enrichment of Human Capital," "Respect DE&I," and "Shared Values".

"Enrichment of Human Capital"
We select and focus 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 management issues and engage in heated discussion. In recent years, we have been particularly focusing on developing those selected members, and since 2022, in collaboration with a team of experts from a business school in Belgium, we have continued to implement a leadership program based on our skills chart we set as required skill set for executives.
In addition, for a wide range of employees, we have continued for many years a self-reporting system in which employees can submit requests for their desired jobs once a year and submit it directly to the Human Resources Department, rather than to their supervisors, to confirm each employee's career development and to create a comfortable working environment. In addition, for the purpose of actively utilizing human resources and revitalizing the company, we have established an internal job application system that allows employees to raise their hands voluntarily.

“Shared Value”
We plan and hold "FSG Value Seminars" to promote understanding of Our Credo and Values.
At the Value Seminar, senior management themselves serve as lecturers, sharing their own experiences and insights on Our Credo and Values, while group discussions among participants discuss how to put them into action based on their understanding of them. Our Credo and Values are the Group's common values and serve as a Guideline for Action for employees when they make decisions and reflect on their own actions. In the fiscal year ending March 31, 2024, we are preparing to conduct a global employee engagement survey in conjunction with the Value Seminar. Preparations for the implementation of the survey have been underway.

“Respect for DE&I”
In December 2022, we established the "Group Diversity, Equity & Inclusion (DE&I) Policy" as one of the management strategies necessary for sustainable growth, based on the values that have emerged from the "heated discussion on creation" of people with diverse values and backgrounds, including the knowledge, expertise, abilities, skills and experience of our employees that we have cultivated.
The DE&I Committee, chaired by the executive officer in charge of human resources, met four times during the fiscal year ended March 31, 2024, to evaluate the current status of each region with respect to the items defined in the DE&I Policy, identify issues, identify improvement measures, and set targets. In addition, in order to increase

understanding and awareness of DE&I within the group, several training programs were held not only for DE&I committee members, but also for the Company's executive officers and the directors of group companies.

“Introduction of an Incentive Plan”
In February 2024, as part of its human capital measures, the Company has adopted the incentive program called ESOP with the aim of further increasing employee awareness of the Company's performance and enhancing its corporate value over the long-term as well as the aim of enhancing its benefit program for domestic employees who support the Company's sustainable growth.
Through these efforts, the Company will strive to enhance employee engagement and strengthen corporate governance.

■ **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 vigorously discussed business strategy, sustainability and environmental management, and management with an awareness of cost of capital and stock price.
Specifically, the Board of Directors deliberated on business strategy, including the framework and criteria for a

rigorous review of the business and product portfolio, the profitability and future potential of individual businesses, and investment projects, including capital investment, investment in human resources, and capital and business alliances, aimed at further growth. The Board also deliberated on investment projects, including capital investment, investment in human resources, and capital and business alliances, for further growth.

Regarding sustainability and environmental management, the committee reorganized the Group's sustainability management promotion system, revised the “Group Sustainability Committee Regulations,” and discussed medium-term targets for reducing greenhouse gas emissions in accordance with the SBT. Through these deliberations, we reaffirm that all executive officers will promote sustainability initiatives as part of our corporate strategy.

As part of the deliberations on cost of capital and stock price-conscious management, we analyzed and reconfirmed the cost of capital and return on capital based on the Tokyo Stock Exchange's “Measures to Achieve Cost of Capital and Stock Price-Conscious Management” and “Promotion and Disclosure of Dialogue with Shareholders” (released on March 31, 2023), among others, The committee also analyzed and evaluated stock prices and market assessments obtained through IR and SR activities, and deliberated on the action plan, target setting, and promotion methods. In the course of these deliberations, the Board of Directors discussed financial strategies, including the revision of ROE targets and dividend policy, as well as the details of timely and appropriate disclosure of the status of these deliberations.

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://ssl4.eir-parts.net/doc/7864/ir_material2/229693/00.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

In the evaluation of the effectiveness of the Board of Directors conducted in April 2023, we referred to the “Guidance for Collaborative Value Creation 2.0” revised in August 2022, selected the guidance items related to its “governance” as themes, and gathered opinions on the evaluation of the current status and future issues.

In this survey and deliberation (conducted in April 2024), based on the results of the previous evaluation, we reexamined the efforts and evaluation for improving the effectiveness of the Board of Directors in FY2023 and gathered opinions. The results (summary) are as follows.

(hereinafter referred to as “Guidance for Collaborative Value Creation 2.0”) for each of the guidance items (1) through (8) related to governance, [Previous: April 2023 Evaluation] and [Current: April 2024 Evaluation] are listed. The latter is also classified as ○: evaluation points, ◇: future issues).

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

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

○ In FY2023, the division of roles and functions between the board of directors and management remains sound, and there are no particular governance issues.

○ After each board meeting, not only mere minutes but also written documents with follow-up items are prepared and shared, so that the results of board discussions lead to actions.

○ The compatibility between the Executive Officers' Meeting and the Board of Directors' Meeting has made the agenda, discussions, and decisions of the Board of Directors more strategic. The roles and responsibilities of Executive Officers and the Board of Directors in making investment and business continuity decisions have also been clarified once again, and the Board of Directors has established a framework for discussions from a more shareholder-oriented perspective.

◇ There is some variation in the content, depth, quality, and quantity of reports from Executive Officers. In addition, the information and overall picture of the market is not always clear when making decisions, which needs to be improved in order to ensure accountability and agile responses.

◇ Future issues include better visualization of market conditions, such as customer and competitor conditions, so that they can be better shared, etc. Because matrix management is conducted, a customer-driven perspective (from a medium- to long-term perspective) is necessary.

◇ It is also important to correctly select growth investment projects in which capital should be invested and to achieve concrete results in terms of measures to increase profitability to a level that exceeds the cost of capital, and the Board of Directors must accurately grasp and supervise the future situation.

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

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

○ Sharing the results of IR/SR activity reports with the Board of Directors provides an opportunity to understand how the situation is perceived from the investor's perspective and what the shareholders want. In particular, it is commendable that in FY2023, discussions were held with an awareness of the TSE's request to “realize management with an awareness of the cost of capital and stock price.

○ All executive officers from each region and business who are familiar with the company's internal operations participate in the Board of Directors meetings, and smooth and active discussions are held at the Board meetings. These discussions lead to the development of successor directors, etc., who will lead the next generation.

○ Furthermore, under the supervision of the CHRO, a human resource development program is being implemented in line with business strategies. As a result, the path to high-potential human resources has become clear, and the current status of human resources within the group and their development are also becoming clearer. Furthermore, the participation of the region CFOs in the board meetings also serves to “disseminate group management to each region” and “develop the next generation of human resources” by sharing management issues, discussions for solutions, and decisions.

◇ Since human resource development is time-consuming and costly, we expect to see gradual results in the future through continuous and persistent implementation of the next-generation human resource program.

◇ In the process, it will be necessary to clarify the selection and evaluation methods for high-potential human resources, as well as the expectations for each individual as a group.

(3) Skills and Diversity of President and Management Team

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

○ The skills of the management team have improved as a result of various problem-solving and successful experiences arising from the severe business environment over the past several years.

○ In addition, under its human resource development program, the company is actively creating opportunities for high potentials to be exposed to management, and is also promoting the next generation of human resources to each region's board of directors from the same perspective.

◇ The content of the skills and diversity required of the management team needs to be reviewed in a manner consistent with future discussions of long-term strategies and medium-term management issues.

◇ The rapidly changing management environment should be viewed as an excellent opportunity for development, and opportunities for growth should be provided to a wider range of human resources while strengthening the support system.

◇ In addition to enhancing the ability to deal with management issues that arise one after another, the continued evolution and deepening of these efforts is expected.

(4) Skills and diversity of outside directors

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

※ Including the evaluation of the effectiveness of the Nominating Committee.

○ The Nominating Committee regularly examines whether or not the composition of the Board of Directors is appropriate for the environment in which the Company is currently operating and its business strategy. We recognize that skill and diversity will continue to be a never-ending challenge and effort.

○ The outside directors are composed of people with experience in corporate legal affairs, accounting, and representative directors of listed companies, and they actively speak from different perspectives, supervise management, and execute their own decision-making. In addition, sufficient opportunity and atmosphere are created for outside directors to speak on each agenda item, and their comments are made from the viewpoint of protecting the interests of general shareholders.

◇ When deliberating at board meetings, the company tries to share as much information as possible with internal directors so that they understand the current situation and can make management decisions even if they do not know the current business.

◇ In light of the IR/SR feedback comments, etc., it may be necessary to further disclose and explain the actual discussions and roles played by the Board of Directors in a way that external stakeholders can easily understand.

(5) Supervision and evaluation of strategic decision-making

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

○ Market information, etc., is being actively shared, especially along the business axis. （◇ However, it is desirable to discuss how to improve information gathering capabilities as a company.)

○ Matrix management has made it possible to supervise and evaluate strategic decision making from multiple perspectives. In addition, the definition of portfolio and the review process in portfolio management have become clearer, and portfolio management is being practiced more rigorously.

○ The company's most important issues, such as proactive measures and initiatives to address environmental issues, are being discussed from a long-term perspective, and strategic decision-making is being supervised and evaluated with an awareness of external perspectives.

◇ We need to strengthen post-investment monitoring and ex-post reviews of investment successes and failures.

◇ The Board of Directors needs to further strengthen its oversight and evaluation of these important meetings.

◇ The Board of Directors needs to further strengthen its supervision and evaluation of these important bodies.

(6) Profit Distribution and Reinvestment Policy

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

○ When investment decisions are made, their contents are color-coded in terms of new business, expansion, and

maintenance to clarify their objectives.

○ A more routine discussion of profit distribution and reinvestment policies has also been established. In particular, in FY2023, active discussions were held on profit generation and distribution, including proposals for share buybacks, dividends, and reinvestment (the SR interviews conducted at the end of the fiscal year enabled us to understand the situation and reflect the content of the interviews in the deliberations).

○ The Company has decided on a policy based on the necessity of investment for the company's growth, as well as on the dividend payout ratio and dividend on equity ratio (DOE) as criteria for shareholder return, and considering the balance between investment for growth and enhancement of shareholder return.

◇ Due to the nature of our business, measuring the effects of investments is a relatively long-term process, so it is desirable to implement the policy on an ongoing and consistent basis. It is also expected that new businesses will be created, maintaining the dynamism of the business while a certain level of governance is in effect.

◇ It is necessary for all directors to discuss and decide on the best measures from a long-term perspective, while further improving their literacy, taking into account the composition of shareholders and other factors.

(7) Design of executive compensation system and results

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

※ Including the evaluation of the effectiveness of the Compensation Committee.

○ The Remuneration Committee is constantly discussing the issue, sharing external information as well. The company has adopted a multi-factor evaluation system based on the perspectives of realization of the medium-term management plan, business scale, performance, and materiality, and the system is currently functioning adequately.

○ The Compensation Committee discusses not only the annual evaluation of the subject executives, but also the appropriateness of the evaluation items, and checks whether the system itself is being operated in a sound manner in accordance with the changing business environment.

◇ The executive compensation system is functioning properly, but there seems to be a lack of information on succession planning, which is one of the evaluation items.

◇ The compensation system and evaluation criteria to attract and retain global, talented, and diverse human resources will become more and more important.

◇ Discussion on how to incorporate “the same perspective as shareholders” into performance-linked remuneration, organization of logical thinking, and disclosure are required.

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

[Previous: April 2023 Evaluation]

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.

[Current: April 2024 Evaluation]

○ We believe that conducting an annual evaluation of the effectiveness of the board of directors and disclosing the contents of the evaluation to investors on an ongoing basis will have the following effects.

(i) Universal effect: By looking back and reviewing every year, we can understand areas for improvement and improve the effectiveness of the board of directors to achieve better management.

(ii) Flexible understanding of changes in the functions and demands required of the board of directors, and the ability to include necessary points and perspectives.

(iii) It will be possible to accept objective evaluations, including sharing the results of IR activities.

○ All directors have the opportunity to share the points raised by shareholders and institutional investors regarding governance, and to be aware of and alert to whether they are performing the necessary governance functions.

○ The company is also working to improve the level of governance throughout the group by ensuring that each region's governance structure is effective.

◇ We need to continue to present our thinking as a board of directors to shareholders and investors.

◇ In addition, it is necessary to raise the level of effectiveness of governance in each region and business field as the scale of business expands. Therefore, once the group companies reach a certain size, it is necessary to consider conducting an evaluation of the effectiveness of their boards of directors.

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) Opinions obtained through dialogue with shareholders and investors are shared with directors, executive officers, and management executives as needed, and are also regularly reported to the Board of Directors. Using the information obtained from dialogue as a reference, the Board of Directors constantly updates the perspectives of shareholders and investors and supervises management, thereby improving corporate value. In addition, we share information not only with management but also with various departments within the company, and use it as a valuable reference 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% at the end of the Second Quarter of 2023. 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 68%.

Supplementary Materials for Financial Results for the Third Quarter of 2023
https://ssl4.eir-parts.net/doc/7864/tdnet/2391496/00.pdf

The Company is reviewing and verifying its ROE and cost of shareholders' equity for the past five years. As a result, the Company has raised the range of its cost of shareholder's equity to 6-8% its cost of shareholders' equity as a level that ROE should exceed, which is higher than before. In conjunction with this, WACC will be revised upward by 1-3%, and the hurdle rate for investment guidelines will be revised higher to strengthen the entrance management and monitoring mechanism for investment projects.

At the Board of Directors' meeting held on 26 March 2024, the basic policy on profit distribution was changed as follows.

(i) Investments for continuous growth (technological development, human resources development, capital investments, M&A).

(ii) In principle, set the consolidated dividend payout ratio target at 30% and aim for a stable and continuous increase in the dividend per share, taking into account the level of DOE, changes in the business environment and other factors in a comprehensive manner.

(iii) Build a stable financial base in preparation for contingencies and flexibly acquire and dispose of treasury shares.

The reasons for this change in policy are that, through packaging, the Company aims to realize a sustainable and circular society that brings peace and happiness to all through packaging, and to raise corporate value by investing for continuous growth (technological development, human resources development, capital investment and M&A), as well as to realize more active, stable and continuous shareholder returns based on dialogue with shareholders.

In line with the above policy change, the year-end dividend of 43 yen per share for the year ending 31 March 2024, and an annual dividend of 60 yen per share has been decided, including the interim dividend (17 yen per share).

Supplementary Materials for Financial Results for Full Year of 2023

https://ssl4.eir-parts.net/doc/7864/ir_material_for_fiscal_ym4/155378/00.pdf

Both PER and PBR have continued to deteriorate in past several years due to sluggish business performance and the accumulation of internal reserves, but in recent years, in addition to a recovery in business performance, we have expanded shareholder returns and enhanced dialogue with shareholders and investors. As a result, the stock price rose to a certain extent, and the PER recovered to 11 times and PBR recovered to 0.9 times. We will strive to further improve our market evaluation in order to achieve our 2030 target of 1.5 times PBR.

[Dialogue with Shareholders]

Dialogue with Shareholders for the fiscal year ended March 31, 2023 is as follows (as of March 31, 2024).

- Main correspondents: CEO, CFO, IR staff
- Outline of shareholders and investors with whom dialogue was held
  - IR/SR individual meetings: 106 companies (total number of companies)
  - Financial results briefings: Held twice
- Main themes and concerns of the dialogue

- Our business performance and future outlook, our vision and growth strategy to improve corporate value
- 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 three times)

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)	5,896,500	10.76
Fuji Seal Foundation	4,800,760	8.76
Custody Bank of Japan, Ltd. (Trust Account)	3,265,400	5.96
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	2,195,175	4.01
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.)	1,477,065	2.70
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT (Standing Proxy: Citi Bank, N.A. Tokyo Branch)	1,322,220	2.41

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. 5,890 thousand shares

The Custody Bank of Japan, Ltd. (Trust Account) 2,933 thousand shares

They consist of 4,283 thousand shares for investment trusts, 592 thousand shares for pension trusts, and 3,948 thousand shares for other trusts.

2. FSI holds 5,370 thousand shares of Treasury stock (excluding 538 thousand shares held by the Employee Stock Ownership

Plan ESOP Trust Account), 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 March 31, 2024, 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: 6.1%

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

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

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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 Update

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
Fumiaki Takahashi	No	No	No	No	No
Marieke Sauer-Ploegmakers	No	No	No	No	No
Honey Hiranand Vazirani	No	No	No	No	No

Auditing Structure Update

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 Update

< Cooperation between the Audit Committee and the Accounting Auditor >

1. Name of Audit Firm: Deloitte Touche Tohmatsu LLC

2. Continuous audit period: 17 years

3. Certified Public Accountants who conducted Business Execution: Tomoyuki Suzuki and Naoki Kawai

4. Assistants for auditing: 12 certified public accountants and 19 others (as of March 31, 2024)

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 six times during the fiscal year ended March 31, 2024, 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 approves the audit policy and audit plans of the Group Internal Audit Division. The Group Internal Audit Division, as the audit division of the holding company, assesses the status of the internal control systems of the Company and its group companies and reports the audit results to the Audit Committee, and communicates the audit findings including non-conformity and proposals for improvement directly to the audited departments as necessary.

Matters Concerning Independent Directors

Number of Independent Directors	3 persons

Other Matters Concerning Independent Directors

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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

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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 Update

(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, 2024 is as follows.

Outside Directors:	3 persons	26 million yen
Internal directors:	1 person	4 million yen
Executive officers:	11 persons	248 million yen (breakdown: basic remuneration: 234 million yen, performance linked

remuneration: 0, Restricted stock compensation: 13 million yen)

(Note)

1. As of the end of the fiscal year, there were 6 directors (including 3 Outside Directors) and 11 executive officers (including 3 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, 2024.
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, 2024.
5. The amount of "Restricted Stock Compensation" above is the amount expensed in the fiscal year ended March 31, 2024.

(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.

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

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. Shigeko 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. 9 meetings were held in the fiscal year ended March 31, 2024, and the attendance of individual directors is shown below.

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%)
Yoichi Okazaki	8 times	8 times (100%)
Akikazu Yada	8 times	8 times (100%)

（Note）: Yoichi Okazaki and Akikazu Yada have attended all meetings of the Board of Directors since the date of their election at the 65th General Meeting of Shareholders held on June 22, 2023.

During the fiscal year under review, the Company's Board of Directors held 5 Board of Directors meetings that lasted 2 days (10 days in total) and 4 meetings that lasted 1 day, for a total of over 56 hours of deliberations over a total of 14 days. In addition to the above number of Board of Directors meetings, there were 26 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 for the fiscal year ending March 31, 2024, vigorously deliberated on business strategy, sustainability and environmental management, and management with an awareness of cost of capital and stock price.

Specifically, the Board of Directors discussed business strategy, including the framework and Standards for a rigorous review of the business and product portfolio, as well as the profitability and potentiality of individual businesses and investment projects, including capital investment, Human capital Strategy, and business alliances, for the purpose of further growth.

Regarding sustainability and environmental management, the Group Sustainability Committee reorganized the promotion structure of the Group's sustainability management, revised the "Rules of the Group Sustainability Committee," and reviewed the medium-term targets for the Reduction of greenhouse gas emissions in accordance with the SBT. Through these deliberations, all executive officers reaffirmed their commitment to promote sustainability initiatives as part of the corporate strategy.

As for the content of the deliberations on cost of capital and stock price-conscious management, we analyzed and reconfirmed the cost of capital and Profitability of capital based on the Tokyo Stock Exchange's "Measures to Achieve Cost of Capital and Stock Price-Conscious Management" and "Promotion and Disclosure of Dialogue with Shareholders" (released on March 31, 2023), as well as other relevant documents, the board of directors also analyzed and evaluated stock prices and market assessments obtained through IR and SR activities, and deliberated on the action plan, target setting, and promotion methods. In the course of these deliberations, the Board of Directors discussed financial strategies, including the revision of ROE targets and dividend policy, as well as the details of timely and appropriate disclosure of the status of these deliberations.

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 8 meetings in the fiscal year ended March 31, 2024, and the attendance of individual Nominating Committee members is as follows.

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%)
Shigeko Okazaki	8 times	8 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.

The executive function has been repeatedly discussed from the perspective of matrix management based on the two axes of business and regions. We have also deliberated and reviewed our Skill Chart established in November 2021, and have updated the importance of the skills and experience required and their contents.

Furthermore, after discussing the Next-generation Management Development Program, the Committee received reports on the results of the program and exchanged opinions with the targeted next-generation management personnel, which we used in our consideration of the nomination of our executive officers and group company officers.

< 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, 2024, and the attendance of individual Compensation Committee members is shown below.

Name	Number of meetings	Attendance
Hiroumi Shioji	6 times	6 times (100%)
Tatsundo Maki	6 times	6 times (100%)
Yuichi Seki	6 times	6 times (100%)
Shigeko Okazaki	6 times	6 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.

The Remuneration Committee adopts a multi-factor evaluation system and deliberates and examines the system based on perspectives such as the realization of the ideal image, business scale, business performance, and materiality, while sharing information such as objective market research conducted by an external organization.

In addition, the committee also discussed the appropriateness of the evaluation criteria in order to design a compensation system that is in line with the changing business environment. In particular, in the fiscal year ending March 31, 2024, the compensation system and its level were reviewed after repeated discussions from the perspective of enhancing fairness and transparency in the compensation system, as well as deliberation and consideration of the incentive effects of compensation.

< 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 six times during the fiscal year ended March 31, 2024, and the attendance of individual Audit Committee members is shown below.

Name	Number of meetings	Attendance
Yuichi Seki	6 times	6 times (100%)
Hiroumi Shioji	6 times	6 times (100%)
Tatsundo Maki	6 times	6 times (100%)

In addition, the followings are a summary of the major activities and matters considered by the Audit Committee during the fiscal year under review.

- The Committee received reports from the Internal Audit Division regarding the design and operation of the Internal Audit System for financial reporting, requested explanations as necessary, and expressed its opinions.
- They received the quarterly review report and the year-end audit report from the Independent auditor, and heard and considered their audit opinions and recommendations.
- They deliberated on the reappointment or non-reappointment of the Independent Auditor. There were 10 matters for resolution and 14 matters for report, the main contents of which are as follows.

(Matters to be resolved) Activity Plan and Budget of the Internal Audit Division, Appointment of the Chairperson of the Audit Committee, Reappointment of the Independent Auditor, Consent to the Remuneration Committee of the Independent Auditor, Audit Report of the Audit Committee, etc.

(Matters to be reported, etc.) Results of audit by the Accounting Auditor, progress report on activities by the Internal Audit Division, compliance matters, audit policy and methods, evaluation of the Accounting Auditor and reappointment or non-reappointment of the Accounting Auditor, appropriateness of the Accounting Auditor's remuneration, etc.

< 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 four times during the fiscal year ended March 31, 2024, and all Committee members attended all four Group Compliance Committee meetings.

Specific matters discussed by the Group Compliance Committee include the examination and deliberation of the Group Compliance Action Plan and FSG Risk Map, monitoring of the Region's Risk Map and Action Plan and its management status reports. The committee also deliberated and reviewed the Group's Personal Information Protection Policy, as well as reviewed the emergency contact network and discussed cyber security measures in the event of misconduct.

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

Update

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Notice of the 66th General Meeting of Shareholders was dispatched on June 3, 2024. 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 66th Annual Meeting of Shareholders was held on June 20, 2024. 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 66th General Meeting of Shareholders was posted on the Company's website on May 29, 2024. 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 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.	
Regular Investor Briefings held for Analysts and Institutional Investors	We regularly hold financial results briefings as an opportunity for management to directly explain our company's performance and business strategies. Most recently, on May 14, 2024, Shigeko Okazaki, President and CEO, and Akikazu Yada, Executive Officer in charge of finance, gave an update on the Group's performance to date to analysts and institutional investors. We changed from a telephone conference method to a Zoom webinar method for explanation. An archived video of the financial results briefing session was posted on the financial results briefing page of our website along with supplementary financial results briefing materials. We are sharing the contents of the briefing session with investors and shareholders who were unable to attend the financial results briefing session. (Archived videos will be posted until the next financial results announcement.)	Held
Regular Investor Briefings held for Overseas Investors	Although we currently do not hold regular investor meetings overseas, we continue to proactively approach	Held

	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.	
Online Disclosure of IR Information	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) 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. 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.	
Establishment of Department and/or Placement of a Manager in Charge of IR	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.	

3. Status of Measures to Ensure Due Respect for Stakeholders Update

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The "FSG Ethical Standards" in the "Fuji Seal Group Code of Ethics" stipulates respect for the position of stakeholders. 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. The FSG Code of Ethics is available in 11 languages, including Japanese and English, and can be viewed at any time via the company intranet. 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. 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.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	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. 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. Upon receiving requests for deliberations and reports from the Group

	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. 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. 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. 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.
Formulation of Policies, etc. on Provision of Information to Stakeholders	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.

IV. Matters Concerning the Internal Control System

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

[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 Audit Staff, etc.

In addition, executive officers shall ensure that Audit Staff, etc. are not subject to undue restrictions in the performance of their duties. If Audit Staff, 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. Officers and Employees may report to the Audit Committee via the Group Internal Audit Division. Any Officers and Employees 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, Officers and Employees shall report (1) the status of execution of their duties resolved at Board of Directors meetings, and (2) when discovering facts that may cause significant damage to the Company.

(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 execution of his/her duties, the Company shall promptly pay such expenses or liabilities, except in cases where it is deemed unnecessary for the execution of 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 Division maintains close ties with the accounting auditors and holds regular meetings to discuss audit policies and exchange audit opinions.

Based on the audit policy and audit plan approved by the Audit Committee, the Group Internal Audit Division audits the operation of the internal control system of the Company and its group companies. To ensure the effectiveness of the audit, the results are reported not only to the Audit Committee and the Representative Executive Officer, but also to the audited departments, and when necessary, directly raise issues and make proposals for improvement. In addition, follow-up audits are conducted to confirm the improvement measures described in the Written Response submitted by the audited departments, and to check the progress of implementation as necessary.

(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 our goals based on a business plan that sets goals to be achieved by 2030 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," nine meetings of the Board of Directors were held during the fiscal year under review (totaling over 56 hours of deliberations over 14 days).

The Board of Directors normally deliberates on business strategies, annual business plans, investment strategies, financial management, and other agenda items, including ESG (Environmental, Social, and Corporate Governance) issues, the group management, and stakeholder relations. During the fiscal year ended March 31, 2024, the Board of Directors vigorously deliberated positively on business strategy, sustainability, environmental management, management with consciousness of cost of capital and stock price. 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 six 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

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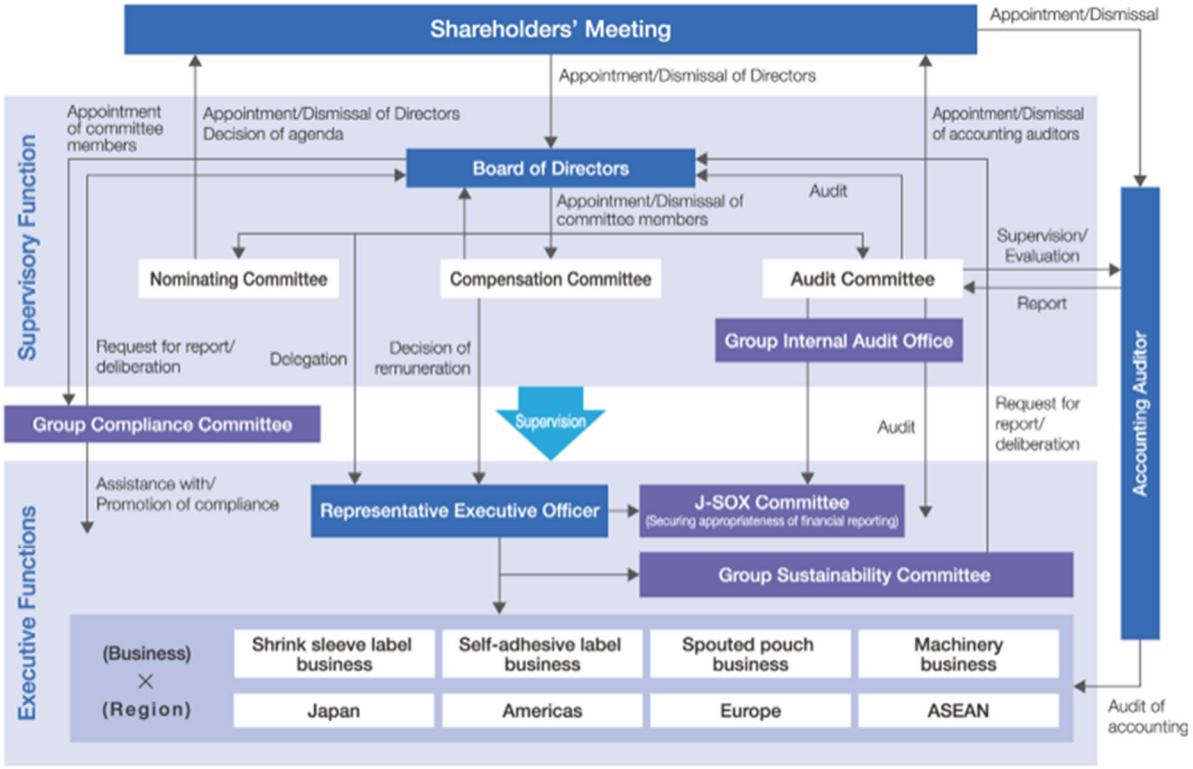
2. Other Matters Concerning the Corporate Governance System Update

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: 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.

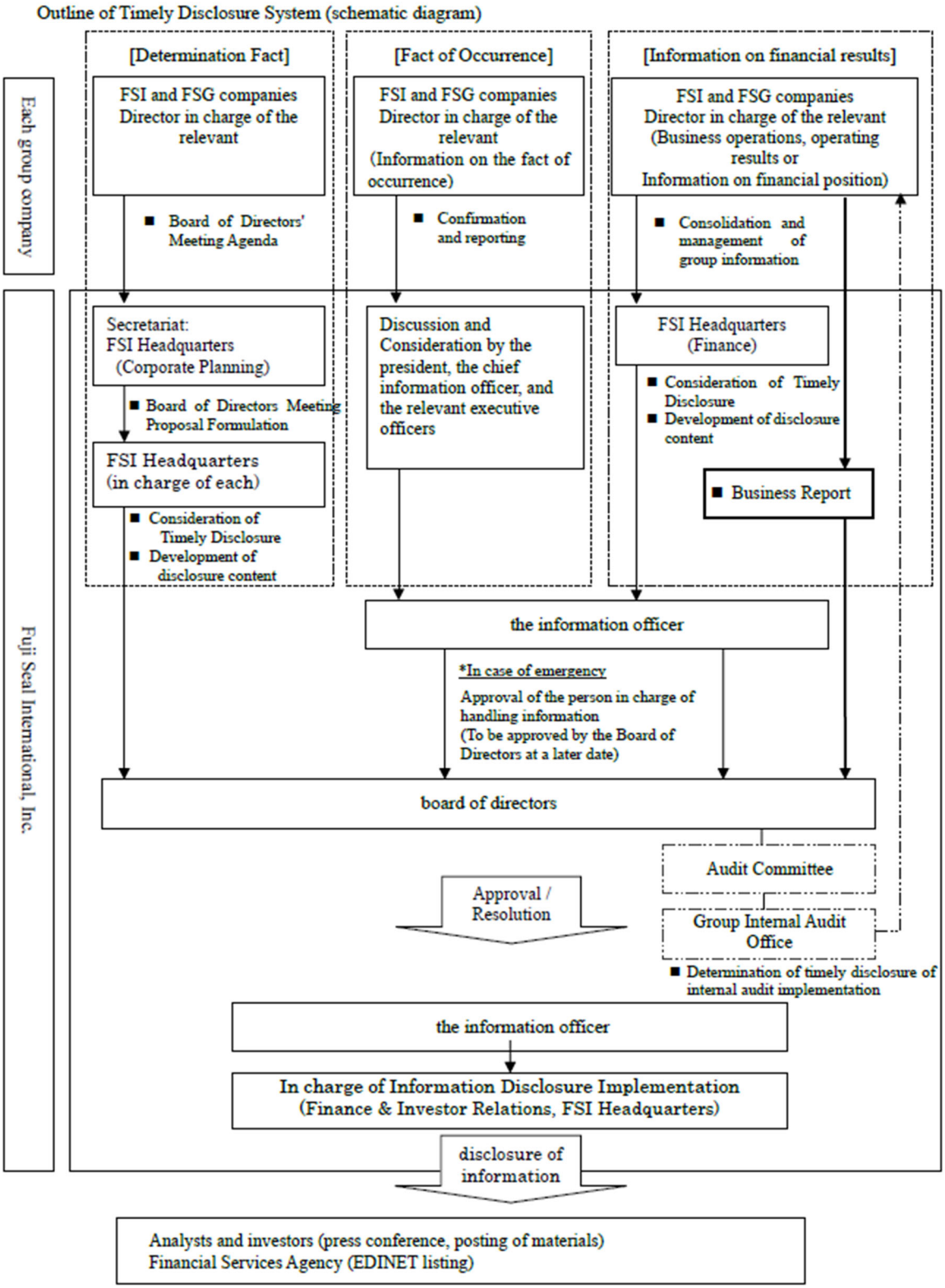
4. Internal System for Internal Information Management of Corporate Information and Insider Trading

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.



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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