

**Last Update: December 11, 2025**

**Fuji Seal International, Inc.**

Shigeko Okazaki

Director, Representative Executive Officer, President and CEO

Contact: FSI Headquarters

Securities code: 7864

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

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

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

### **1. Basic Views**

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

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

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

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

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

### **Disclosure Based on each Principle of the Corporate Governance Code**

**Update**

#### **Principle 1.4: Cross-shareholdings**

##### **(1) Policy on 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.

### **Supplementary 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 60.8%, and the ratio of mid-career hires to managers (management group and expert group (regular employees only)) is 46.1%. (As of March 31, 2025)

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

At group companies outside of Japan, nearly 46.5% of the management team are consisted of non-Japanese personnel, and we will continue to actively promote them. (As of March 31, 2025).

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, 2025, 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	10.3%
Percentage of female employees taking childcare leave	100%	100%
Percentage of male employees taking childcare leave	13%	34.4%

Head office and main offices, Ratio of telecommuting among employees

55%

37.8%

★) Domestic group companies (domestic group companies as of the end of March 2025 include: Fuji Seal Co.)

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

Integrated Report : <https://www.fujiseal.com/en/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 and management strategy, Medium-Term Management Plan and the "FSG.30" business plan, which sets 2030 as its target year, 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/en/about/officer.html>

## < Dismissal of Directors >

If a director engages in conduct that significantly deviates from the selection criteria, commits fraud, or is involved in a serious violation of laws or internal regulations, or is deemed unable to appropriately fulfill their duties, the committee shall resolve the contents of a dismissal proposal and submit it to the general shareholders' meeting for resolution.

## 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/message.html>

Sustainability: <https://www.fujiseal.com/en/csr/vision.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. In the fiscal year ending March 2025, we implemented a group-wide compliance training program based on our code of ethics. Additionally, we conducted an engagement survey targeting global employees and have continued to develop and implement initiatives to improve organizational performance toward achieving FSG.30.

#### "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.

By the fiscal year ending March 2025, the committee, chaired by the Executive Officer in charge of Human Resources, held 4 meetings to evaluate the status of each region against the items defined in the DE&I Policy, identify issues, develop improvement measures, set goals, and collaborate with regional management teams to design and implement optimal initiatives tailored to each region.

#### “Introduction of an Incentive Plan”

In May 2025, as part of our human capital initiatives, the Board of Directors resolved to introduce an employee incentive plan for employees of Fuji Seal Group companies in Japan and overseas who meet certain conditions. This plan aims to enhance the engagement of employees in Japan and overseas who are responsible for achieving “FSG.30,” secure talented human resources, and raise awareness of the importance of the plan over the medium to long term. Through these initiatives, we will strive to enhance employee engagement while strengthening corporate governance by enabling employees to become shareholders.

#### ■ 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 of Our Company plays a role as an organ responsible for supervising business operations, and in order to achieve sustainable enhancement of corporate value and mid- to long-term growth, it makes decisions on management policies and important business operations, and assumes the responsibility of formulating business strategies based on the management plan "FSG.30" and managing progress toward the following numerical targets:

- Sales: 350 billion yen or more by the fiscal year ending March 2031
- Operating profits: Double-digit %

- ROE: Double-digit %
- PBR: More than 1.5 x
- Group key position Successor Sufficiency Rate: 80% or more

The development and implementation of specific measures to achieve these goals are entrusted to the management team, and the Board of Directors will regularly review and evaluate the progress of these measures, providing advice and guidance as necessary.

Additionally, the Board of Directors promotes management that enhances transparency and fairness in business operations, responds to stakeholder trust, and maintains the effectiveness of governance by leveraging the diverse perspectives of outside directors while ensuring the swiftness and flexibility of decision-making in business operations.

#### **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\\_material2/251399/00.pdf](https://ssl4.eir-parts.net/doc/7864/ir_material2/251399/00.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.

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 (1) through (8) related to its “governance” as themes, and gathered opinions on the evaluation of the current status and future issues.

In the survey and review conducted in April 2024, we re-examined the measures and evaluations aimed at enhancing the effectiveness of the Board of Directors based on the results of the evaluation conducted in April 2023, and consolidated opinions.

In the 2024 fiscal year, based on the results of the effectiveness evaluations of the Board of Directors in April 2023 and April 2024, we decided to follow up on the matters identified as "◇ : Future Challenges" and work on their improvement. Some examples of these initiatives ((1), (2), and (5)) are as follows:

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

◇ As future challenges, we aim to improve the sharing of information on market conditions, such as customer status and competitive landscape, in a more transparent manner. This is particularly important in a matrix-based management structure, where a customer-centric perspective (with a medium- to long-term outlook) is essential.

【Initiatives for Improvement in Fiscal Year 2024】

- At regular board meetings, when regional and business division executives report on their operations, they are required to include not only their performance and the status of implemented measures but also information on the market conditions (including customer and competitive conditions) and the business environment in which they operate, as well as the results of their analysis.

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

[Current: April 2024 Evaluation]

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.

【Initiatives for Improvement in Fiscal Year 2024】

- The executive officer in charge of human resources has taken the lead in establishing guidelines for the selection and evaluation of highly skilled human resources and has created and shared progress evaluation templates and assessment templates for highly skilled human resources. These measures have enabled us to clarify expectations for next-generation talent and to promote their development in a transparent manner based on unified evaluation criteria across the entire group.

(5) Supervision and evaluation of strategic decision-making

【April 2024 Evaluation】

◇ It is expected that experiments and actions toward new businesses will be actively promoted.

【Initiatives for Improvement in Fiscal Year 2024】

- At the 67th Annual General Meeting of Shareholders held in June 2025, a resolution was submitted and approved to "increase the maximum number of executive officers from 14 to 20 in Article 27 (Executive Officers and Business Execution) of the current Articles of Incorporation in order to strengthen the execution function for future new business development." Additionally, at the Board of Directors meeting following the same shareholders' meeting, 3 new executive officers responsible for new business were appointed.

#### Principle 5-1: Policy on Dialogue with Shareholders

To promote constructive dialogue with shareholders, we are implementing the following initiatives:

- (1) For communication with shareholders and investors, the IR Division serves as the designated department responsible for investor relations. The IR Department facilitates smooth two-way information sharing between relevant internal departments and shareholders/investors, striving to contribute to sustainable growth and the enhancement of long-term corporate value.
- (2) We hold a financial results briefing twice in a year for shareholders and investors, attended by the CEO and management, where we explain performance results and our vision for achieving FSG.30.
- (3) We also conduct small meetings and individual interviews with the participation of the president and financial officers on an ongoing basis to enhance communication with domestic and international shareholders and investors.
- (4) To promote long-term stock ownership, we actively engage in dialogue with institutional investors' equity investment departments as well as their responsible investment departments (SR = Shareholder Relations).
- (5) Opinions obtained through dialogue with shareholders and investors are reported to the board of directors and executive officers by the IR division as needed and are regularly shared and discussed at board meetings. Based on the information obtained through dialogue, the board of directors supervises management by constantly updating the perspective of shareholders and investors, thereby contributing to the enhancement of corporate value.
- (6) In conducting dialogue with shareholders and investors, we adhere to our "Group Disclosure Policy" and exercise caution in managing insider information. Additionally, we designate the period from the day following the fiscal year-end to the day of the financial results announcement as a quiet period.

#### 【Status of Shareholder Dialogue】

The status of shareholder dialogue for the fiscal year ending March 2025 (fiscal year 2024) is as follows (as of March 31, 2025).

- Main Respondents
  - CEO, CFO, Executive Officer in charge, IR representative
- Overview of Dialogue
  - Number of individual IR/SR meetings: 160 times (total number)
  - Investor-focused financial results briefing: 2 sessions
- Main themes and areas of interest in the dialogue
  - Company performance and outlook, our vision and growth strategy for achieving FSG.30

- Capital costs and shareholder return policies aimed at enhancing corporate value
- Status of feedback implementation to management and the board of directors
- Reports and discussions on the content of dialogues with shareholders and investors at the Board of Directors meetings (conducted 4 times)

### Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure <b>Update</b>	Disclosure of Initiatives (Initial)
Availability of English Disclosure <b>Update</b>	Available

Explanation of Actions <b>Update</b>
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We are committed to achieving "management that takes into account capital costs and stock prices," and have set the following financial targets to be achieved by 2030: ROE of Double-digit% and PBR of more than 1.5X. The main initiatives to achieve these two KPIs are disclosed on our website, thus please refer to them.

2024 Fiscal Year Full-Year Financial Results Supplementary Explanatory Materials

[https://ssl4.eir-parts.net/doc/7864/ir\\_material\\_for\\_fiscal\\_ym4/178386/00.pdf](https://ssl4.eir-parts.net/doc/7864/ir_material_for_fiscal_ym4/178386/00.pdf)

2024 Fiscal Year Integrated Report

[https://www.fujiseal.com/en/pdf/integrated\\_report\\_2024.pdf](https://www.fujiseal.com/en/pdf/integrated_report_2024.pdf)

Furthermore, while the ROE for the fiscal year 2024 stands at 8.8% and the PBR at 1.0, both of which are approaching our targets, we will continue to deepen discussions within the Board of Directors to enhance the effectiveness of measures aimed at achieving these targets by 2030. We will also regularly monitor the implementation of such measures to drive improvements in corporate value.

Furthermore, to establish a compensation system that better aligns with capital costs and stock prices, we aim to introduce restricted stock awards for directors and executive officers to promote value alignment with shareholders.

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Soho Corporation	7,803,100	14.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,660,700	12.32
Fuji Seal Foundation	4,800,760	8.88
Custody Bank of Japan, Ltd. (Trust Account)	2,997,300	5.54
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	2,611,532	4.83
Hiroko Fujio	1,784,960	3.30
Innovation of FUJI	1,780,000	3.29
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT (Standing Proxy: Citi Bank, N.A. Tokyo Branch)	1,329,020	2.45

JP MORGAN CHASE BANK 385632 (Standing Proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	1,326,299	2.45
BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.)	1,192,665	2.20

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	_____
Name of Parent Company, if applicable	None

#### Supplementary Explanation

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

The Master Trust Bank of Japan, Ltd. 6,658 thousand shares

The Custody Bank of Japan, Ltd. (Trust Account) 2,992 thousand shares

They consist of 4,756 thousand shares for investment trusts, 594 thousand shares for pension trusts, and 4,300 thousand shares for other trusts.

2. FSI holds 6,075 thousand shares of Treasury stock (excluding 440 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 243 thousand 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 November 20, 2024, it was stated that Burgundy Asset Management Ltd. held the following shares as of November 15, 2024. However, as we are unable to confirm the number of shares actually held by the company as of March 31, 2025, 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: Burgundy Asset Management Ltd.

Address: M5J 2T3 181 Bay Street, Suite 4510, Toronto, Canada

Number of shares held: 3,042 thousand shares

Percentage of shares held: 5.1%

### 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	1,000 or more

of the Previous Fiscal Year	
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)
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	10 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
Tatsundo Maki	From another company											
Yuichi Seki	From another company											
Kimihiko Uemura	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.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- 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
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- 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)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- 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			
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.
Kimihiko Uemura	○	○	○	○	He is independent Directors in accordance with the rules of the Tokyo Stock Exchange and others. <Significant concurrent positions> Partner of Midosuji Law Firm External auditor of KONOIKE CONSTRUCTION Co., Ltd.	In addition to having extensive legal experience and expertise in corporate legal affairs and compliance, he has served as an outside director and is expected to provide appropriate advice and supervision to our Board of Directors based on his broad knowledge and experience. In addition, he has no extraordinary gains with the Company's group, and there is no risk of a conflict of interest with general shareholders.



## Supervisory Committees

### Composition of Supervisory Committee and Attributes of the Chairperson

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

## Executive Officers

Number of Executive Officers	13 persons
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### 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
Hideaki Umeda	No	Yes	No	No	No
Takeshi Kyogane	No	No	No	No	No
Masahisa Fukuda	No	No	No	No	No
Satoru Kawasaki	No	No	No	No	No
Takahashi Fumiaki	No	No	No	No	No
Marieke Sauer-Ploegmakers	No	No	No	No	No
Honey Hiranand Vazirani	No	No	No	No	No
Sachiko Yashiro	No	No	No	No	No
Norio Satake	No	No	No	No	No
Yoshinori Inagawa	No	No	No	No	No
Hideki Omae	No	No	No	No	No

## Auditing Structure

Appointment of Directors and/or staff to Support the Audit Committee	Appointed
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### 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.

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#### Cooperation among Audit Committee, Accounting Auditors and Internal Audit Department

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##### < Cooperation between the Audit Committee and the Accounting Auditor >

1. Name of Audit Firm: Deloitte Touche Tohmatsu LLC
2. Continuous audit period: 18 years
3. Certified Public Accountants who conducted Business Execution: Tomoyuki Suzuki and Hiromi Ueda
4. Assistants for auditing: 13 certified public accountants and 21 others (as of March 31, 2025)

The Audit Committee collects information through attendance at board meetings and reports from executive officers, and regularly holds committee meetings to exchange opinions with the accounting auditor, Group Internal Audit Office, and other relevant divisions.

It approves the audit policies and audit plans of Group Internal Audit Office, a subordinate organization, receives reports on the results and improvement status, and provides opinions to the Board of Directors and executive officers as necessary.

The Audit Committee holds regular meetings with the external auditors, receives reports on audit plans and results, provides opinions, and evaluates the effectiveness of the audit. In the fiscal year ended March 2025, the accounting auditor attended five meetings of the Audit Committee, and the Audit Committee listened to and reviewed the accounting auditor's audit opinions and recommendations regarding the interim review and year-end audit reports. Additionally, the Audit Committee conducted an evaluation of the accounting auditor based on evaluation criteria such as the quality of the audit, the independence of the accounting auditor, the coordination with the accounting auditors of overseas subsidiaries, and the appropriateness of the audit fees.

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

The Audit Committee approves the audit policies and plans of Group Internal Audit Office. Group Internal Audit Office, as the audit department of the holding company, conducts audits on the operational status of internal control systems at the Company and its group companies, reports the audit results to the Audit Committee, and directly raises issues and makes improvement proposals to the audited departments as necessary.

Additionally, as the secretariat of the Audit Committee, we maintain close coordination with Audit Committee members and strengthen cooperative relationships with the accounting auditor through regular exchanges of opinions.

## Matters Concerning Independent Directors

Number of Independent Directors	3 persons
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Other Matters Concerning Independent Directors

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## Incentives

Status of Implementation of Measures for Granting Incentives to Directors and Executive Officers	Introduction of Performance-Linked Compensation System and other measures
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Supplementary Explanation for Applicable Items

### (Performance-Linked Remuneration System)

Performance-based compensation is provided to encourage each executive officer to utilize their diverse abilities in achieving short-term incentives aimed at realizing the management plan. It is paid based on the degree of achievement of the target values to be achieved in a single fiscal year, in accordance with the appropriate ratio set by the committee. The ratio of performance-based compensation to total compensation may vary within the range of 0% to 30%. The calculation items include consolidated revenue for the fiscal year, operating profit margin, and other financial indicators important to business strategy, as well as non-financial indicators such as environmental indicators and human resource development.

### (Other)

#### Restricted Stock Compensation Plan

This is granted as an incentive to executive officers with the aim of aligning the economic interests of shareholders with those of the Company and enhancing the long-term corporate value of the Group. It is granted annually at a specified time, with the number of shares granted determined through committee review, considering factors such as job responsibilities, the importance of duties, and stock price levels.

Persons Eligible for Stock Options	
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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

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**Supplementary Explanation for Applicable Items**

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

<b>Policy on Determining Remuneration Amounts and Calculation Methods</b>	Established
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**Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods**

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**(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, 2025 is as follows.

Outside Directors: 3 persons 29 million yen

Executive officers: 11 persons 311 million yen (breakdown: basic remuneration: 251 million yen, performance linked remuneration: 36 million yen, Restricted stock compensation: 22 million yen)

(Note)

1. As of the end of the fiscal year, the number of personnel was 6 directors (including 3 outside directors) and 11 executive officers (including 3 who also serve as directors).

2. The compensation of individuals who concurrently serve as both directors and executive officers is included in the amount for executive officers.

3. The compensation for executive officers primarily responsible for the operations of subsidiaries is paid by the respective subsidiaries.

4. In addition to the above, outside directors received remuneration totaling 1 million yen from our subsidiaries as directors for the fiscal year ended March 2025.

5. The "restricted stock compensation" mentioned above refers to the amount recognized as an expense for the fiscal year ending March 2025.

(Matters related to the policy for determining the amount or calculation method of directors' compensation, etc.)

The Compensation Committee has established the following policies regarding the determination of individual compensation for directors and executive officers:

**1. Basic Policy on Remuneration**

The compensation for directors and executive officers of the Company is intended to promote the sustainable enhancement of corporate value in accordance with the corporate philosophy of the Company Group, to encourage the performance of duties consistent with the Company Group's slogan, and to strongly motivate the achievement of the Group Vision and Management Plan "FSG.30."

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, which consists of a majority of outside directors.

### **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**

Basic remuneration is determined individually by the committee after considering the nature of each executive officer's duties, the importance of their responsibilities, their work experience, and other relevant factors, considering the company's dividend performance and business environment.

### **d) Performance-based remuneration**

Performance-linked compensation is provided as a short-term incentive to promote the achievement of management plans, encouraging each executive officer to utilize their diverse abilities. It is paid based on the degree of achievement of annual targets, in accordance with the appropriate ratio set by the committee. The ratio of this compensation to the total compensation amount may vary within the range of 0% to 30%. The calculation items include consolidated sales for the fiscal year, operating profit margin, and other financial indicators important to business strategy, as well as non-financial indicators such as environmental indicators and human resource development.

### **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)

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 consists of 6 members: Ms. Shigeko Okazaki as Chairperson, external directors Mr. Tatsundo Maki, Mr. Yuichi Seki, and Mr. Kimihiko Uemura, and internal directors Mr. Yoichi Okazaki and Mr. Hideaki Umeda (as of the date of this report). The Board of Directors holds regular meetings 4 times a year and may convene extraordinary meetings as necessary.

Additionally, for the fiscal year ending March 2025, 10 meetings were held, and the attendance of individual directors is as follows:

Name	Number of meetings	Attendance
Hiroumi Shioji	10 times	10 times (100%)
Tatsundo Maki	10 times	10 times (100%)
Yuichi Seki	10 times	10 times (100%)
Shigeko Okazaki	10 times	10 times (100%)
Yoichi Okazaki	10 times	10 times (100%)
Akikazu Yada		10 times 10 times (100%)

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 5 meetings that lasted 1 day, for a total of over 45 hours of deliberations over a total of 15 days. In addition to the above number of Board of Directors meetings, there were 13 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..

During the fiscal year ended March 2025, the Board of Directors deliberated on business strategy, sustainability management, governance enhancement, and management with an awareness of capital costs and stock prices.

Furthermore, in conjunction with the Board of Directors meetings, business execution reports were presented by

each executive officer, each company president, and each new business promotion officer. Additionally, each executive officer and each company president also provide monthly reports that include both quantitative and qualitative information.

#### < **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. Tatsundo Maki, Mr. Yuichi Seki and Mr. Kimihiko Uemura (as of the date of submission of this report).

The Committee held 8 meetings in the fiscal year ended March 31, 2025, 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. Tatsundo Maki, Mr. Yuichi Seki and Mr. Kimihiko Uemura (as of the date of submission of this report).

The Committee met 5 times during the fiscal year ended March 31, 2025, and the attendance of individual

Compensation Committee members is shown below.

Name	Number of meetings	Attendance
Hiroumi Shioji	5 times	5 times (100%)
Tatsundo Maki	5 times	5 times (100%)
Yuichi Seki	5 times	5 times (100%)
Shigeko Okazaki	5 times	5 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 to strongly motivates the achievement of "FSG.30" 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. Tatsundo Maki and Mr. Kimihiko Uemura (as of the date of submission of this report).

The Audit Committee obtains information through attendance at board meetings and reports from executive officers, holds regular committee meetings, and engages in discussions. Additionally, it approves the audit policies and audit plans of the Group Internal Audit Office, a subordinate organization, receives reports on the results and improvement status, and provides opinions to the board of directors and executive officers as necessary. The Audit Committee holds regular meetings with the external auditor, receives reports on audit plans and results, provides opinions, and evaluates the effectiveness of the audit.

The Audit Committee met 8 times, and it takes about 2 hours for each during the fiscal year ended March 31, 2025, and the attendance of individual Audit Committee members is shown below.



Name	Number of meetings	Attendance
Yuichi Seki	8 times	8 times (100%)
Hiroumi Shioji	8 times	8 times (100%)
Tatsundo Maki	8 times	8 times (100%)

The main activities and summary of matters discussed by the Audit Committee during the current fiscal year are as follows.

- 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 interim 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 15 matters for resolution and 16 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, revision of the Internal Audit Regulations, 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 (as of the date of this report)..

The Committee met 4 times during the fiscal year ended March 31, 2025, 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 reviewed risk reporting standards, confirmed the development and

training of region-specific crisis response manuals (emergency action manuals), reviewed the operation of the whistleblowing system, and continued discussions and reviews on strengthening cybersecurity measures.

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

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the Company with a Nomination Committee structure, and the three Outside Directors have an Auditing Structure based on their own experience and insight, thereby strengthening corporate governance.

The reasons for the Company's adoption of the current system are as follows.

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

To improve management transparency for shareholders and investors.

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

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

## III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Notice of the 67th General Meeting of Shareholders was dispatched on June 6, 2025. 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 67th Annual Meeting of Shareholders was held on June 24, 2025. 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	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

Investors to Exercise Voting Rights	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	<p>The Notice of the 67th General Meeting of Shareholders was posted on the Company's website on May 29, 2025. The website also contains explanatory materials for the General Meeting of Shareholders.</p> <p>Prior to the General Meeting of Shareholders, the Company accepts questions from shareholders via e-mail.</p>

## 2. Status of IR-related Activities

	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 13, 2025, Shigeko Okazaki, President and CEO, and Akikazu Yada, Executive Officer in charge of finance, gave an update on the Group's performance to	Held

	<p>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.)</p>	
Regular Investor Briefings held for Overseas Investors	<p>Although we currently do not hold regular investor meetings overseas, we continue to proactively approach overseas institutional investors. In addition to holding individual meetings with overseas institutional investors when they visit Japan, we actively hold individual meetings with major institutional investors by phone or via the Internet as needed. Management team also participates in these meetings to explain the Company's performance and business strategies.</p>	Held
Online Disclosure of IR Information	<p>The following materials are available on the Investor Relations (IR) section of our website (<a href="https://www.fujiseal.com/en/ir/">https://www.fujiseal.com/en/ir/</a>). (IR News, IR Library, Business / Financial Information, Shareholder and Stock Information, IR Calendar, Integrated Report, Disclaimer, Group Disclosure Policy, Electronic Public Notice, FAQ, Contact Us)</p> <p>We have prepared an inquiry form for shareholders and investors on our website, and we respond to inquiries from individual shareholders one by one in a detailed manner.</p> <p>In addition, we prepare Japanese and English versions of the Notice of General Meeting of Shareholders, Flash Report, Annual Report, Integrated Report, and financial results briefing materials to disclose our Management Strategy and Medium-Term Management Plan to a wide range of shareholders and investors, both in Japan and overseas.</p>	
Establishment of Department and/or Placement	The IR department of the Company is the Investor	

of a Manager in Charge of IR	Relations Division (person in charge: Fumitaka Goto, Division Manager, IR Division), and the information officer is Sachiko Yashiro, Executive Officer in charge of finance.
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### 3. Status of Measures to Ensure Due Respect for Stakeholders

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

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

#### **IV. Matters Concerning the Internal Control System**

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

###### **[Basic Policy]**

Our group's management philosophy is "Each day with renewed commitment, we create new value through packaging" and we strive to enhance our corporate value by growing together with our customers. Our Credo is to "Deliver value that is friendly to people and the environment" and to enhance corporate value by growing together

with our customers. Our Basic Management Policy is "Our Value to People and the Planet," and we aim to continue to be the No. 1 global packaging company together with our customers, employees, business partners, shareholders, Society, and all other stakeholders.

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

**(1) System to ensure the appropriateness of business operations**

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

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

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

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

The Audit Committee shall be required to approve in advance the transfer of Manager of the Group Internal Audit Division, 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 who discover facts that may cause significant damage to the company may report such facts 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 because 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 Group Internal Audit Office is structured as a subordinate organization of the Audit Committee to ensure independence from the executive officers. It consists of one Group Internal Audit Office Head and three Internal Audit Assistants. Any transfers, performance evaluations, or salary adjustments regarding the Group Internal Audit Office Head require prior approval from the Audit Committee.

We have established the "Group Internal Audit Regulations" to ensure the smooth and effective operation of internal audits. Additionally, we maintain close collaboration with external auditors and hold regular meetings to exchange audit policies and opinions.

The Group Internal Audit Division conducts internal audits of the Company and its group companies based on audit policies and plans approved by the Audit Committee. Audit results are reported to the Audit Committee, the representative executive officer, and the responsible persons of the audited departments. For improvement items and points of concern, we confirm the response documents submitted by the audited departments and, if necessary, conduct follow-up audits to verify the progress of implementation, thereby ensuring the effectiveness of internal audits.

**(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 medium-term and annual business plans, reports the status of its Business Execution to the Board of Directors, and receives evaluations from the Board of Directors; improves the efficiency of its Management Council through such means as web conferences utilizing IT technology; and identifies important information for management through business reports and risk reports on a regular and ad-hoc basis as necessary. The Company also ensures that important management information is identified and reliably fed back to the Board of Directors through business reports and risk reports, etc., on a regular and as-needed basis.

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

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

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

In addition, we have made efforts to clarify the Guideline for Action in accordance with corporate ethics as well as compliance with laws, regulations, and internal rules and regulations, and to ensure the effectiveness of these efforts through the signing of the Declaration of Compliance by the directors of the Company and the distribution of Compliance Cards to directors and employees of the Company and through training programs. The consultation hotline ensures strict confidentiality and prohibits any adverse treatment and can be used anonymously.

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**

Based on the "Group Risk Management Regulations," our group summarizes the significance of risks that may arise across the group and in each region in a risk map, establishes systems to respond to each risk, and develops action plans for each region based on this risk map, implementing continuous initiatives. In our risk map, we assess risks based on the likelihood of occurrence and the impact on management, covering a wide range of risk events surrounding our company, including fire, information leakage, system failures/cyberattacks, talent loss/shortages, and environmental issues.

Additionally, we have established an emergency communication network to respond to unforeseen events that could significantly impact our group's operations, and we operate this network daily to prevent recurrence and minimize secondary damage across the entire group.

Furthermore, as part of our risk monitoring functions, internal audits are conducted by the Group Internal Audit Department under the direction of the Audit Committee, and the results are reported to the Audit Committee and the Representative Executive Officer.

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

Based on the "Board of Directors Rules," the Group held 10 board meetings during the fiscal year ended March 2025 (a total of 15 days and over 45 hours of deliberation). The board of directors deliberated on matters such as business strategy, annual business plans, investment strategy, financial management, ESG (environmental, social, and corporate governance) issues, the direction of group management, and relationships with stakeholders. Additionally, the Board actively deliberated on business strategy, sustainability management and governance enhancement, and management focused on capital costs and stock prices.

Furthermore, reports on the performance execution status of each company within our group were presented, and discussions were held on the achievement status of management goals, management issues and risks, as well as countermeasures and solutions to address them.

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

The Audit Committee met 8 times during the fiscal year ending March 2025 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

Not Adopted

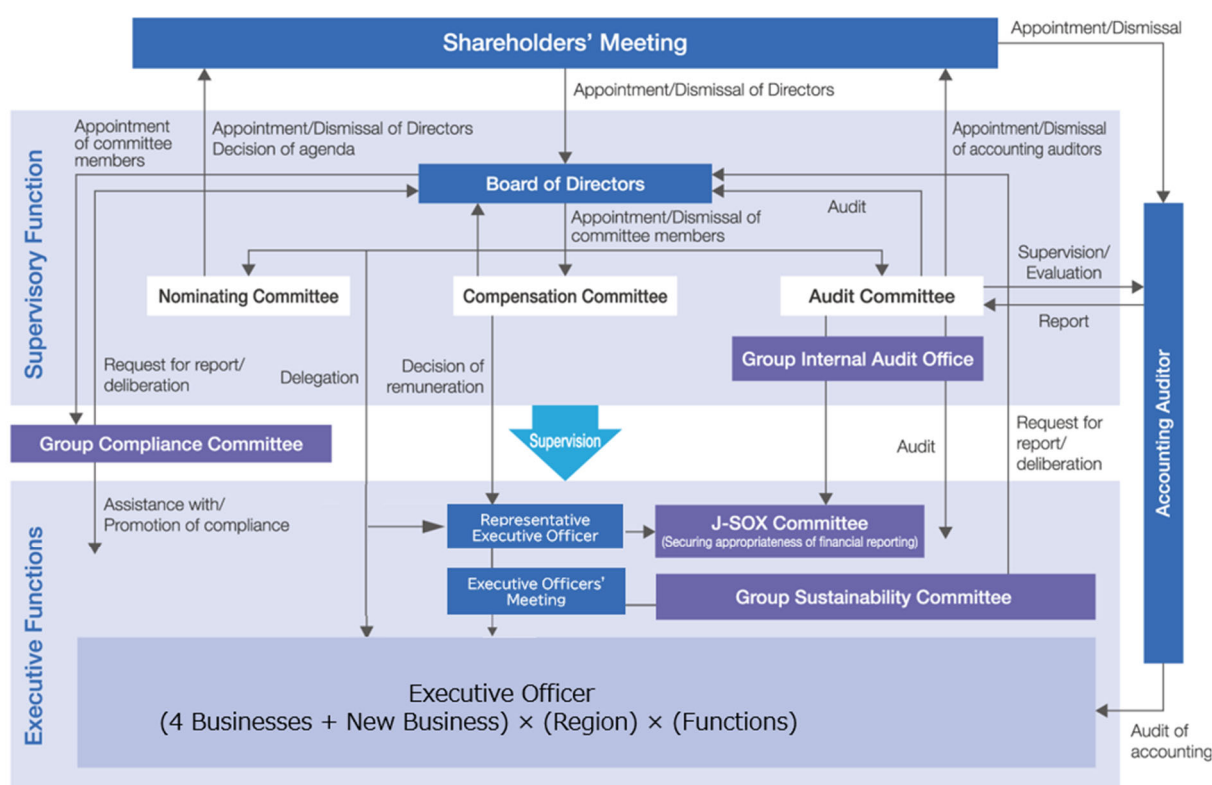
Supplementary Explanation for Applicable Items

### 2. Other Matters Concerning the Corporate Governance System

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

(Attachment)

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



Fuji Seal Group: 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.

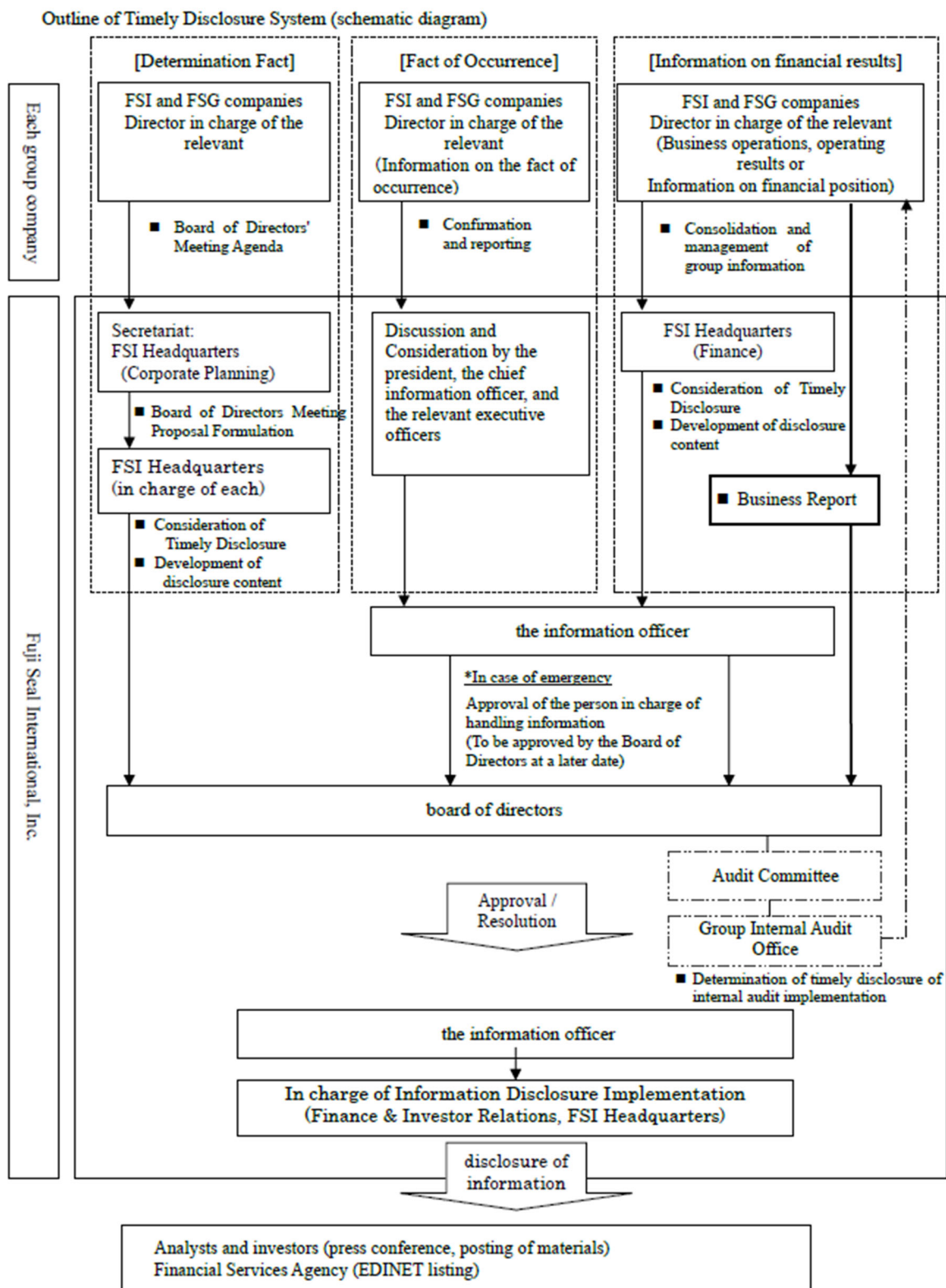
#### **4. Internal System for Internal Information Management of Corporate Information and Insider Trading**

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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