



INTEGRATED REPORT

2023

[Our Credo]

**EACH DAY
WITH RENEWED COMMITMENT
WE CREATE NEW VALUE
THROUGH PACKAGING**

[Our Slogan]

**We call creation a “dream”
We call challenges to creation “courage”
We call a heated discussion on creation “trust”**

[Our Vision -To Be-]

Sustainable and profitable growth
in the packaging industry

Our Value to People and the Planet

Our proactive impact to realize
the Regenerative Society

Generate “Waku-Waku”
– No growth without “Waku-Waku” –

[Guideline for Action]

Changing along with changes

[Our Mission]

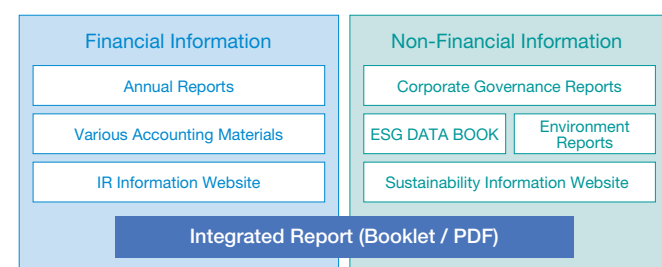
**Fuji Seal will impact to realize
the Circular Society that brings peace and
happiness to all through packaging**

Editorial Policy

As the COVID-19 pandemic is coming to an end, economic and social activities are showing signs of recovery. However, since the COVID-19 pandemic, people’s values and behavioral patterns have changed significantly. Moreover, IT technology such as DX is advancing at an astonishing pace. In response to these major changes in society, the Fuji Seal Group (hereinafter, “FSG”) has embodied its Guidelines for Action, “Change along with changes,” over the past three years. Even amid the COVID-19 pandemic, though several points of contact, we were able to deepen our communication with our company’s various stakeholders.

This is the fourth issue of the Integrated Report, through which we have been searching for communication solutions unique to FSG. In this issue, we look to convey our approach to diversity and sustainability, which we have valued for over 50 years, and the expansion of our business.

We would like to ask all of our stakeholders for their honest feedback and encouragement so that FSG will become an organization with greater strength and flexibility.



■ Scope of Reporting

Fuji Seal International, Inc. and its consolidated subsidiaries

■ Period Covered

Mainly FY2022 (April 1, 2022 to March 31, 2023), with some events and activities before and after the period mentioned as necessary

■ Previous Integrated Report

Issued in August 2022

■ Reporting Cycle

One year (the next Integrated Report scheduled to be issued in August 2024)

■ Inquiries about This Report

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Tel.: +81-6-6350-1080 (main line)
<https://www.fujiseal.com/en/contact/>

■ Referenced Guidelines

GRI Sustainability Reporting Standards
IIRC International Integrated Reporting Framework
SASB (Sustainability Accounting Standards Board) Standards (Containers & Packaging)

■ Information Modifications Due to M&A

None

■ Changes to Important Items

None

■ Positioning of the Integrated Report

Please also refer to our websites listed below for further understanding of our Group.

<IR Information> <https://www.fujiseal.com/en/ir/>

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

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Manufacturing and human resource development leading to the next 100 years

Director, Representative Executive Officer, President and CEO
Shigeko Okazaki

岡崎 志子

Responsible manufacturing is an important value as a leading company

Looking back on FY2022, I feel that we were able to properly fulfill our supply responsibilities in response to customers' needs in each business and region. However, because we were so focused on this, it took us too long to have our customers accept the passing on of rising material, utility, and logistics costs to them, resulting in lower profits despite obtaining higher sales numbers.

Regarding the passing on of costs, I think it is important not only to respond in a timely manner, but also to change our awareness. As a leading company, the Fuji Seal Group is committed to responsibly pursuing manufacturing practices that contribute to society and the environment. I believe that this is reflected in the acquisition of the gold medal awarded

by EcoVadis, one of the world's largest organizations that evaluates sustainability performance, and in the fact that we were highly rated in the "climate change" and "supplier management" categories scored by the CDP, an international environmental non-profit organization. Although these manufacturing efforts tend to be seen as free services, they involve development costs and other expenses, and above all, they enhance the value of our brand power.

In order to answer to the factory members who have been actively responding to difficult situations such as the Covid-19 pandemic, our prices must also reflect these efforts. I feel that management also needs to raise awareness of the value of these efforts in the future.

"Improvement of the working environment" and "speedy response to changes" are key for FY2023

In FY2023, we would like to focus particularly on improving the working environment, including the renovation of aging factories. The new factory in North Carolina, U.S., which started operations in April 2023, will serve as a model to meet these efforts. The concept of new factory is automation, efficient logistics and reduced solvent use during printing, truly in line with FSG's vision, "Our Value to People and the Planet" as friendly to the people and the environment. Currently, we are proceeding with construction plans for new factories with the same concept in Yamagata Prefecture and Thailand.

FY2023 is the final year of our Medium-Term Management Plan (2021–2023) centered on three growth strategies: "Accelerating the overseas expansion of our label business and profitability enhancement," "Expanding primary packaging," and "Creating new businesses." In terms of primary packaging, which is growing steadily, we have come up with several proposals for the next pillar of our business. In India, where we expanded with the goal of "Plus One" along our existing four businesses, four regions, and four categories set in our previous Medium-Term Management Plan, the machinery business is on track, and we are looking to expand into surrounding regions such as the Middle East. In addition, we are making steady progress toward our goals of promoting business expansion in the categories of home personal care, dairy products, pharmaceutical products, and joint development of counterfeit protection technology, which will lead to next-generation businesses. However, in the past two years, we have not been able to meet our numerical targets.

I believe that our future challenges will come down to "the speed with which we respond to changes." FSG's members demonstrate excellent breakthrough ability when taking actions. However, each department, carefully discusses and verifies based its own sense of responsibility and mission, which means that it takes time before they act. Although it may be unavoidable to spend time generating "an answer as a company," what we should really spend time on is communicating with our customers and business partners. Accordingly, since the second half of FY2022, we have worked to speed up our response in various situations, including reducing the time to reach consensus within the company as much as possible and shortening the process for resale products. We expect to see the results of these efforts in FY2023.

It is very difficult to find a balance between developing strong "individuals" who can make their own decisions and creating an infallible "organization" while maintaining an effective governance. However, there is no need to feel excessive pressure to take responsibility, and since our company has a culture that encourages trial and error, I always tell employees that failure should not be seen as a loss but as an investment in making creative changes.

Rapid acceleration of measures for human capital Developing strong leaders who learn from failure

As our company slogan indicates, "We call creation a 'dream.' We call taking on the challenge to create 'courage.' We call a heated discussion on creation 'trust,'" we value creativity and challenges and we always want to bring passion and excitement to our work, or "Waku-Waku" To create a framework for this purpose and to achieve sustainable growth, our "Human Resource Strategy" focuses on various measures centered on "respect for diversity," "sharing values," and "expansion of human capital."

Of the approximately 6,000 employees in our group, two-thirds, or about 4,000, are foreign nationals. In order to recruit and develop our human capital from a more global perspective, in June 2022, we appointed a female Dutch national as our Executive Officer in charge of human resources. I believe that this is the most significant change under the new management system.

After assuming her position, she immediately began holding "Value Seminars." The seminars aim to spread the "Fuji Seal Way," which FSG has nurtured over our long 126-year history, and of sharing our values, during which managers serve as lecturers, sharing their experiences and insights, while participants take part in group discussions based on their understanding of the lectures. We plan to hold more sessions in various regions in the future.

She also developed a program incorporating FSG's culture while collaborating with a Belgian business school. Directors and selected members from each region participated in the program, where they exchanged proposals and discussions about solutions to management issues.

In December, a new Diversity, Equity & Inclusion (DE&I) policy was established to ensure respect for diversity, and I feel that our human resource-related measures have been greatly enhanced. Of course, there are challenges, and we must immediately promote the development of human capital who will become next-generation leaders. We must first identify the issues within the current situation and make the appropriate proposals. We must create an environment where suggestions are heard and implemented.

The key point is how many high potentials*1 we can develop within our employees who can make decisions with an eye on the next five to ten years.

I believe that a high potential is someone that has the ability to continue learning though failure during difficult assignments. I often wonder, "Am I the one who is making the most mistakes in the company? (laughs)" For instance, you cannot run a business just because you have an MBA*2. Although theory is certainly necessary, I believe the important thing is to acquire the perseverance to continue no matter how many times you fail.

*1 High potentials: Next-generation executive candidates *2 MBA: Master of Business Administration

Organizing and systematizing has dramatically improved the accuracy of judgements on intellectual property rights

Along with the human resource strategy, the intellectual property strategy is also one of our initiatives for sustainable growth, and has undergone dramatic changes over the past few years. What triggered these changes was the classification of patents. Until now, we had mainly managed patents by numbers, and although we had provided incentives, we had not made any special efforts to increase the motivation of those who apply for patents. As a new attempt, we began to classify the most important patents as S, and the complementary patents as A, B, and C. Those classified as "S" are divided into those that will be filed overseas and those that will not. Thus, we have made it possible to have a bird's-eye view of patents as a whole, including those of our competitors and our customers. We have also adopted a timestamp system for know-how that is not disclosed to the public, and we have positioned our Idea Bank Program under it. The Idea Bank Program is an initiative encouraging all employees to create ideas. Since its start in 1986, it has become an important foundation for FSG's growth.

By organizing and systematizing patent management that had until then been dispersed, the accuracy of judgments on intellectual property rights has improved, and it has become easier to pass them on to the next generation. As was the case with the human resource strategy, the person leading the intellectual property strategy is also a female employee. Like with them, FSG has fostered corporate culture in which women are naturally active in the frontlines of business.



Our employees' sincere pursuit of value for our customers is our greatest strength

Our business is always centered on our customers, and I feel once again that we are a company that gives shape to customer requests with the help of our business partners.

FSG's R&D and technical members do not wear white coats. This is because we ask our business partners to conduct the basic and technical research performed in white lab coats. So, why do customers choose us? This is because we work sincerely to face customer requests for "creation (development department), manufacturing (production department), and selling (sales department)," and deliver solutions from the standpoint of those involved. We deliver machines with good operating rates that satisfy our customers' factory managers, and we provide proper maintenance. We propose how to make products stand out when they are lined up in a store. I believe that our employees' sincere attitude to think first about what is valuable to our customers, is FSG's greatest strength. The other day, I heard that one of our sales representatives was told by a major U.S. customer, "I thought Fuji Seal was a U.S. company." That made me feel really happy. These words are proof that our business is centered on our customers, and I feel they encapsulate the reason for our strength.

A corporate culture that considers human capital as an important asset "Work-life balance" has been a priority for 40 years

This time, when looking through past materials, I realized that Masaaki Fujio, our founder and my own father, already had the vision of a company, individuals, and a family approximately 40 years ago, and mine aligned with his. He kept saying, "Work is fulfilling only when individual employees are happy, and their family understands the company." In today's terms, this refers to the work-life balance.

This idea is embodied in the Family Festival. Although it had been temporarily suspended due to the COVID-19 pandemic, it is an annual event held at each business location in Japan and abroad on May 12, the anniversary of FSG's establishment. Starting by introducing the sentence, "Can you explain that judgment (action) of yours to your family (loved ones)?" written on our compliance cards, we present excellent employees, introduce the company, and teach children how shrink labels are made. In addition to this Family Festival, we have continued with employee-oriented initiatives for decades, such as sending birthday cards with handwritten messages to employees and their families. Our corporate culture considers human resources as the most important asset is the source of FSG's growth.

In 1993, our founder also wrote the following phrases under the title "The Desirable Person"

- A: "Someone the Company Absolutely Desires"**
A person who consciously defines the remaining challenges and tackles them
- B: "Someone the Company Moderately Desires"**
A person who proactively detects latent problems and solves them
- C: "Someone the Company Can Do Without"**
A person who solves only the obvious and visible problems
- D: "Someone the Company is Better Without"**
A person who sees but does not solve the obvious and visible problems
- E: "Someone Who Should Leave the Company"**
A person who is complacent with the current situation, and does not see any obvious and visible problems although they exist (they are unquestionably everywhere)

Although the content is very strict what is intended here is that employees are expected to work with the attitude of consciously finding and revealing issues and challenges, and considers and implements solutions for them. To ensure that there are no misunderstandings, I communicate this message during morning assemblies and share it with our overseas members by translating it into English. I keep saying over and over again what is important and what I want to pass on to the next generation. Although this is a steady way, it isn't a magic wand. I have also been sharing information about the Idea Bank Program whenever possible. Compared to last year, the number of applications increased an additional 655 in Japan and 3,700 overseas.

Carefully conveying our efforts and thoughts to gain a deeper understanding

FSG, as a company which has worked ahead of society's efforts to reduce container loss and recycle packaging, aims to realize a circular and sustainable society 100 years into the future.

Regarding our daily activities, we promote the clarification of responsibilities from both "an offensive" and "a defensive" perspectives. In terms of offensive activities, the Executive Officer in each business is responsible for offering technical proposals to customers and creating systems for recycling plastics. Meanwhile, in terms of defensive activities, the Executive Officer in each region takes responsibility for factory management and energy issues.

In addition to environment-related matters, we would like to further focus on corporate governance. Fuji Seal International works on governance and compliance with increased



sensitivity while receiving checks from external parties such as Outside Directors and investors. However, Group companies closer to the forefront have not yet reached their full potential. Accordingly, from FY2023, we plan to create a governance and compliance structure, including the establishment of the Internal Audit Office. As the statement on the Compliance Card mentioned earlier goes, I believe that if each and every one of us raises our awareness, we will not make the wrong decision.

FSG has put into practice many ideas that are ahead of the times, as can be seen in our environmental initiatives and our corporate culture that values people. We will continue to carefully communicate these matters to all of our stakeholders. I believe that this is the first step to gaining a deeper understanding of FSG. In particular, I sincerely hope that our employees will be exposed to new aspects of our company that they may not have known before, and that this will encourage them to approach their work with a more joyful and upbeat mindset.



Further improving corporate value through active investment and dialogue

Director,
Executive Officer in Charge of Finance, CFO
Akikazu Yada

矢田 彰一

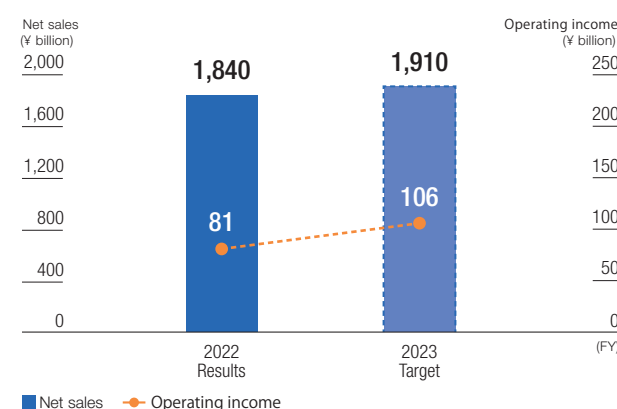
were able to respond to these changes and proceed with selection and focus, which should lead to growth from FY2023 onward. At one point, President Okazaki and other members of the management team and I jokingly remarked that "too much change makes us insensitive to change." This is actually a very important perspective. I believe that it is essential to remain sensitive to changes and issues in order to survive in this era.

A year of selection and focus in response to changes

From a financial perspective, various factors changed significantly in FY2022, including increasing material costs, geopolitical risks, rapid economic recovery after the COVID-19 pandemic, progressive inflation, and rising interest rates. Not only for the Fuji Seal Group, but also for many companies around the world, FY2022 was probably the most difficult year to steer a business. However, in a situation where we had to take action in many ways, it was also a year in which FSG as a whole was able to take new unprecedented actions. One example is the expansion of our relationships with our business partners. By creating new relationships, we were able to ensure a secure supply. I believe that this will lead to more effective purchasing activities in the future.

Our products are resistant to economic slowdown due to their steady demand, but in FY2022, progressive inflation caused changes in customer demand, including a shift to private brands, which affected our profitability. However, we

	FY2022 Results	FY2023 Target
Net sales	180.4 billion yen	191 billion yen
Operating profit	8.1 billion yen	10.6 billion yen



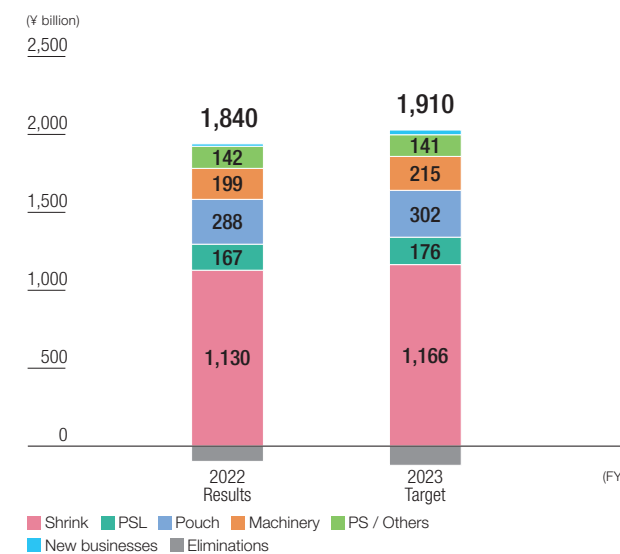
Performance of each business with different results

The spouted pouch business performed extremely well. Although previously the main demand was for refill pouches, there was increasing demand for pouches that can be used as containers. One of the reasons is that these pouches use less plastic than conventional containers and can contribute to the realization of a circular society. In addition, the fact that they became available in various sizes from small to large helped expand their range of applications, which led to increased sales. In the future, we would like to solve the profitability issues by building a business model that helps customers invest in filling machines.

On the other hand, the shrink sleeve label business and the pressure sensitive label business, which are our primary businesses, continued to struggle. Their profitability declined due to soaring material costs and other factors. Although we made great internal efforts and with their understanding passed on costs to customers, it is undeniable that our response time was slow compared to our foreign-affiliated competitors. However, considering that we are currently at a low point, we are positive about the future. Environmental solutions are in great demand. Our RecShrink™ labels, developed in the U.S., which can be recycled together with PET bottles into PET bottles, have been well received by many customers and have been increasingly adopted. These efforts of ours have led to high evaluation from external organizations such as EcoVadis and the CDP, and we have received comments from customers saying that they appreciate our efforts because it makes it easier for them to choose us as their suppliers.

In the machinery business, although orders were strong, sales were almost flat. The reasons for this were that the lead

Net sales and targets by business segment



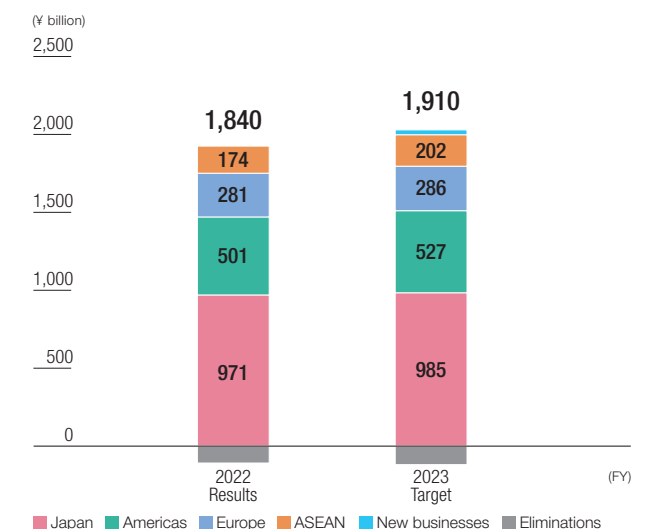
time for materials and other items was extended under the difficult environment, and that the introduction of machines was postponed due to changes in the timing of customers' investments. We believe that we will be able to continue sales at favorable levels once the situation returns to normal. We are currently working on discovering new projects while taking advantage of our strength of "system sales," in which labels and machines are sold together.

Taking the next steps in Europe and the ASEAN regions

In terms of performance in each region, Europe and ASEAN showed challenging results. First, as countermeasures for Europe, we implemented structural reforms aimed at recovering profitability, and reviewed our fixed costs. Furthermore, we must focus on delivering solutions that match the market needs to achieve growth and succeed over the competition. The U.S. is a large lot market with 330 million people and one language. Europe, on the other hand, has more than 400 million people and is larger in scale, but there are 13 major countries alone, with a wide variety of languages and consumer tastes, resulting in smaller lot sizes. How can we increase profitability in such a difficult market? We are working on promoting discussions and initiatives from various angles, including machinery and equipment.

As for the ASEAN region, I think we are still at the stage of steadily increasing sales. However, compared to other regions, its population and GDP are consistently increasing, and there is no doubt that its growth potential is high. In the future, we would like to aim for movement that can secure profitability as well as sales.

Net sales and targets by region



A solid financial base – the challenge is strengthening earning power

As stated in the “Basic Capital Policy” FSG aims to improve its corporate value by making strategic investment for sustainable growth, increasing capital efficiency, and striving to further enhance shareholder returns. To this end, we are investing aggressively in technological development (investment in intellectual property), human resource development (investment in human capital), capital expenditure, M&A, and other activities. Moreover, in order to build a stable financial base, we aim to bring our ROE (return on equity) closer to our target of 10%. In terms of shareholder returns, we would like to improve the total return on stocks through higher stock prices as well as direct profit returns.

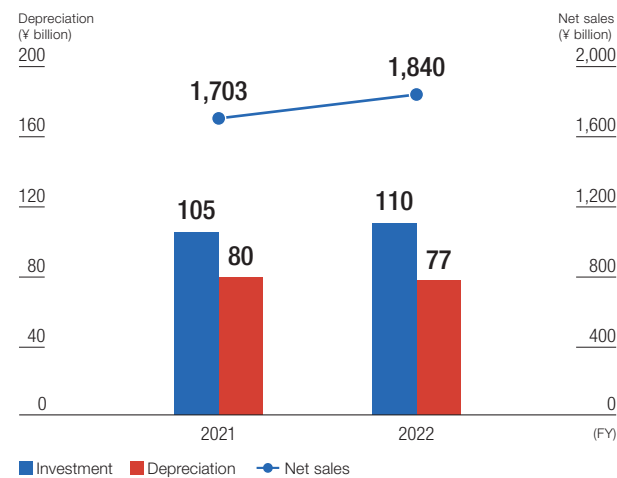
As for financial conditions, sales are mostly on track and growing steadily as indicated in the Medium-Term Management Plan, however, earnings have declined slightly since peaking in FY2018. On the other hand, it can be said that our financial base is solid because we always secure funds that exceed our borrowings. The shareholders' equity to total assets has been moderately increasing, from 63% in FY2018 to 67% in FY2021, and I do not think this trend will change for the time being. Although shareholders' equity per share was approximately 1,680 yen in FY2018, they are now approximately 2,200 yen, showing an upward trend. The issue is, after all, profitability or earning power. How do we find a profitable market? Or to what extent can we select and concentrate on existing products? We must work hard on these things, although it is not an easy task given the relationships that we have built so far and the thoughts of each person. In addition, it is important to further enhance the cash conversion cycle (CCC). The finance and sales departments must work together to promote steady day-to-day activities like the collection of overdue receivables will also lead to “earning power.”



Medium-Term Investment Plan

- Plan to invest approximately ¥47.5 billion over the three years from fiscal 2021 to fiscal 2023
- Of the total investment amount, over ¥15 billion in planned for strategic growth investment

Capital investment, Depreciation, and Sales Trends



Aggressive investment in equipment and human resources

In my view, the role of finance is to make preparations for active investment. In order to fulfill this mission, it is necessary to carefully assess whether it is worth the money.

For instance, since demand for spouted pouches is expected to continue to increase in the future, we have purchased land in Yamagata Prefecture to build a new factory in order to improve our production capacity. We also promote investment in the pharmaceutical business, which has high growth potential and is important to society. We also manufacture medical equipment in Italy. Since its demand has been growing in recent years, we have purchased land adjacent to our current factory. We are currently considering what kind of factory to build there and how much production capacity to install, with the aim of starting construction in 2023. In Europe, for which we have completed structural reforms, I think FY2023 will be a year in which we will make further investment for growth in line with new markets.

We are also actively investing in human capital to achieve sustainable growth, and one of the ways we are doing this is through a partnership with a business school in Belgium. Our goal is to develop high-potentials to have management skills. We would like to create a follow-up system so that each participant can apply what they have learned in the field and further improve themselves, rather than just making a one-time investment.

Emphasis on dialogue with stakeholders

Unfortunately, we are not satisfied with the stock price trend in FY2022. When viewed on a yearly basis, the stock price dropped from around 1,700 yen to around 1,500 yen. We have to make a solid investment for growth to make our company attractive, and I believe we can do so. Please look forward to our growth in the future.

As a new initiative, we are focusing on two-way communication with investors. We explain our growth strategy to investors, while the investors can ask questions and give us their encouragement. We are also involved in various activities targeting a wider range of stakeholders. Last year, on the occasion of our 125th anniversary, we started a visiting class program in areas where our group bases are located. In this program, employees go to schools as lecturers and offer classes to explain to children the role of packaging, and that packages, if processed properly, can be used as resources. The program provides a good opportunity to share the importance of recycling and deepen understanding of FSG's initiatives. Moreover, eco-bags, made from label waste generated in the manufacturing process and labels collected from the market, were presented to the children to help them experience resource recycling. This initiative was born from an employee's idea, and was implemented not only in Japan but also in the U.S., the Netherlands, Thailand, and other countries. Since it has been very well received, we plan to continue it in the future.



Sustainability workshop (visiting lectures) in the Americas

Active dissemination of information for gaining understanding

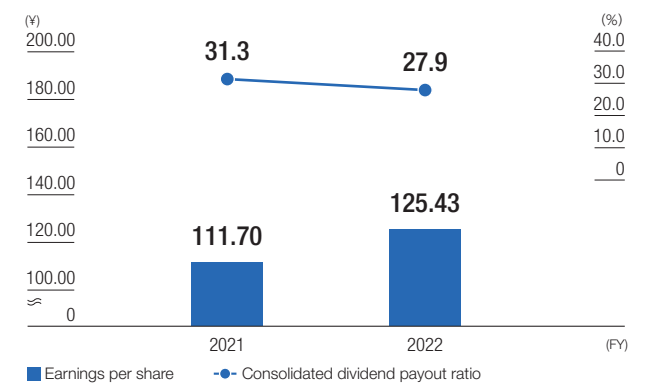
FSG's current Medium-Term Management Plan targets a consolidated dividend payout ratio of 20% to 25%. In reality, we have consistently maintained a stable dividend payout of 35 yen per share, and as a result, our dividend payout ratio is around 30%, which is the same as the average dividend payout ratio of Japanese companies and I believe that in this



regard, we have met expectations. To reiterate, we will continue to aim for a total return by promoting growth through active investment, and raising the stock price to pay steady dividends.

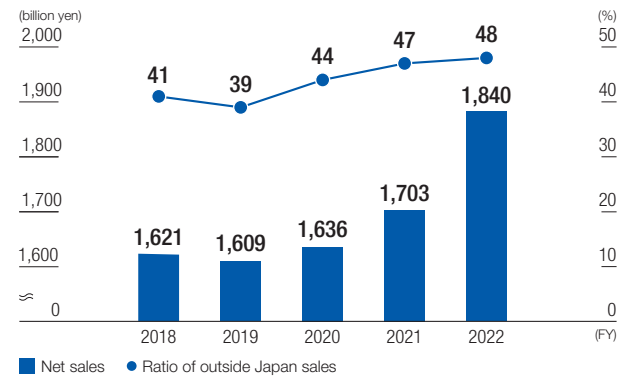
We believe it is very important to have our stakeholders understand not only our dividend distribution but also our business and strategies. We firmly believe that this is a market that will continue to expand and that we are developing technologies that will enable this growth, and we hope that you will continue to watch over us through close communication.

Earnings per share / Consolidated dividend payout ratio

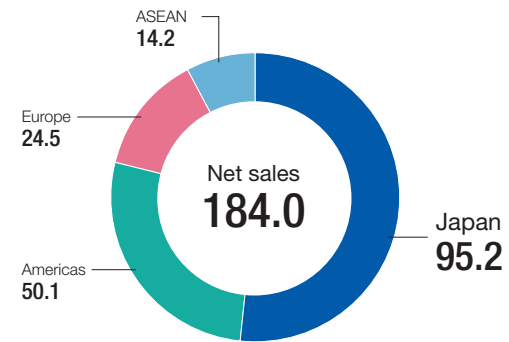


Financial Highlights

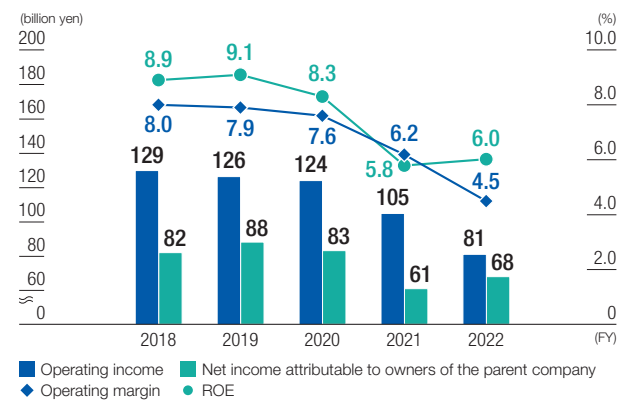
Net sales / Ratio of outside Japan sales



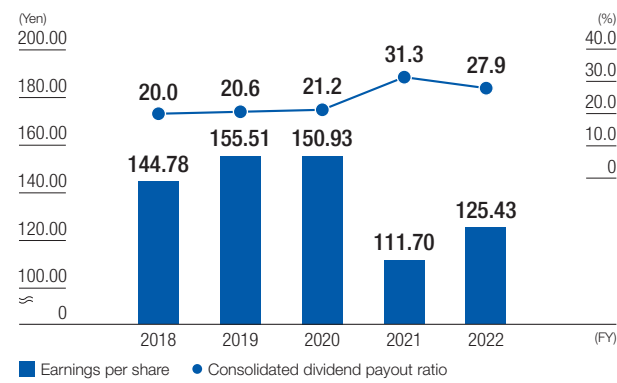
Net sales by Segment (FY2022)



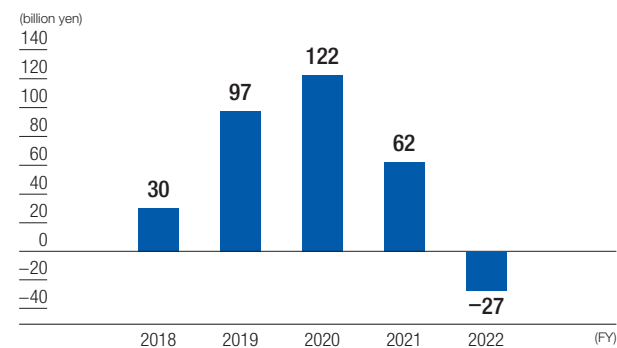
Operating income / Net income attributable to owners of the parent company / Operating margin / ROE



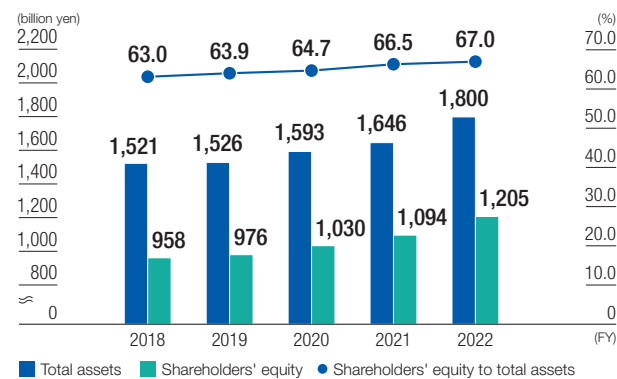
Earnings per share / Consolidated dividend payout ratio



Free cash flow

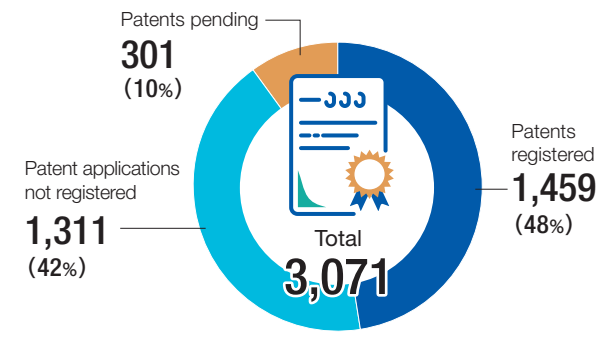


Total assets / Shareholders' equity / Shareholders' equity to total assets



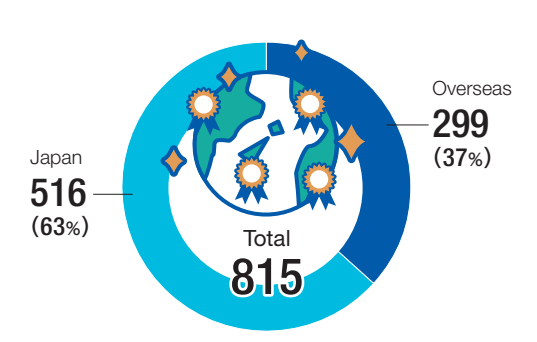
Non-financial Highlights

No. of patents applied for (from 1973 to March 31, 2023)

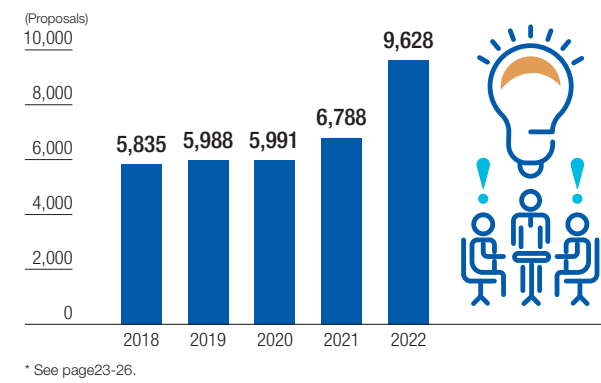


* Limited to patent applications from within Japan

No. of patents held (in Japan / Overseas) (as of March 31, 2023)

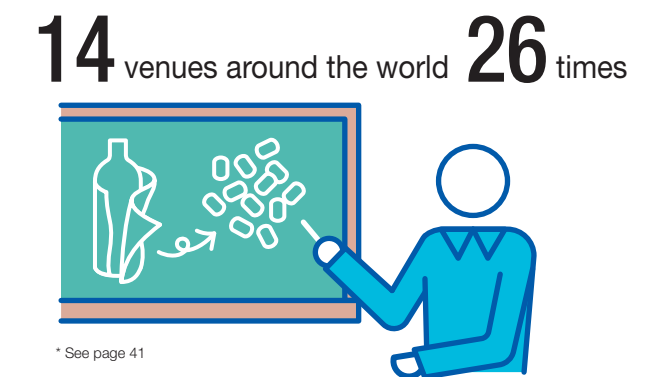


No. of proposals submitted in the Idea Bank Program*



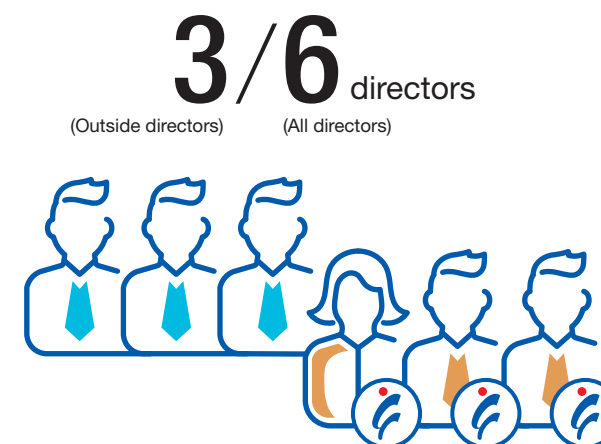
* See page23-26.

Implementation of a sustainability workshops (visiting lectures)



* See page 41

Outside directors (elected at the General Meeting of Shareholders on June 22, 2023)



Business deployment areas (as of March 31, 2023)



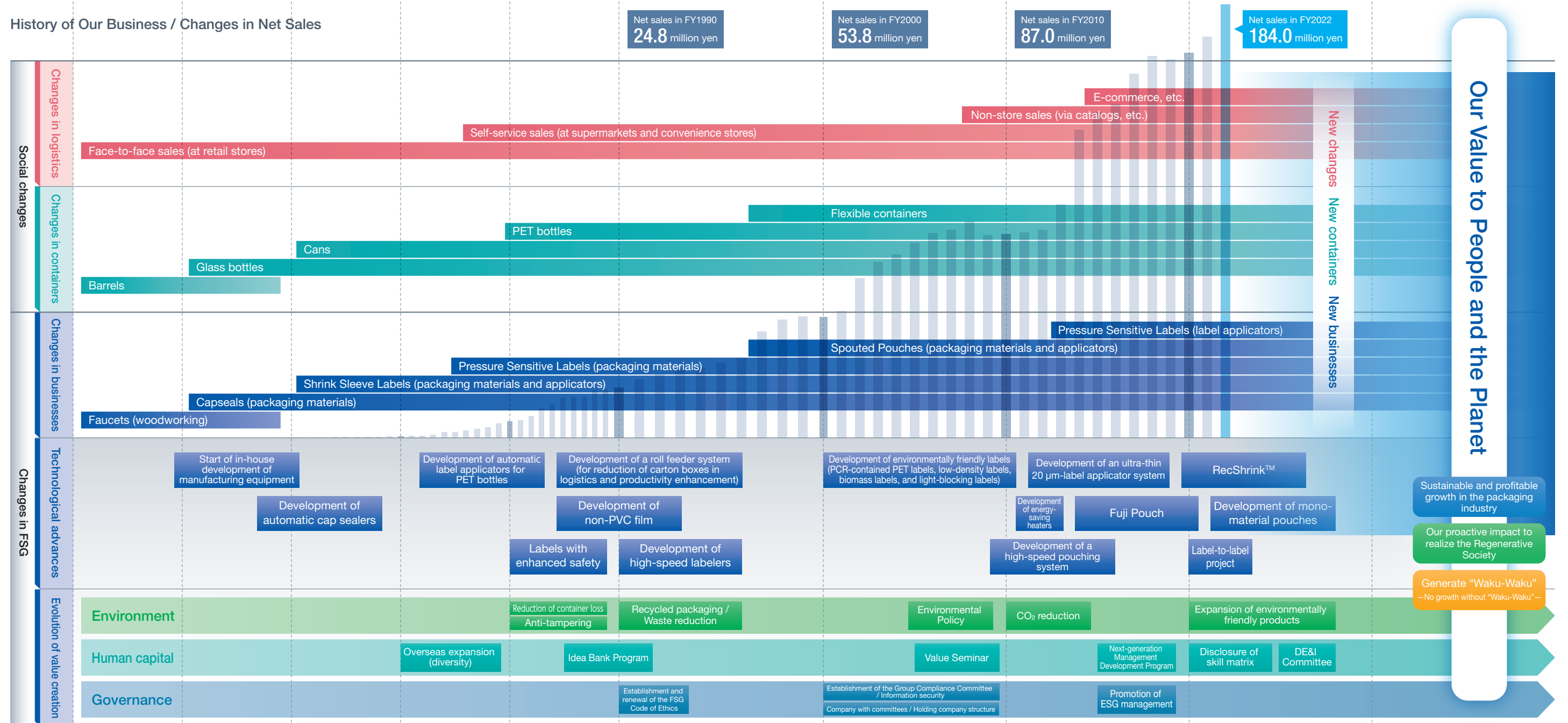
Changing along with changes

The Fuji Seal Group was founded 126 years ago as a manufacturer of wooden products. Since then, social demands shifted from wooden barrels to glass bottles, cans, and plastic containers. In the 1950's, we developed shrink sleeve labels making a major shift in our business to become a packaging manufacturer, and we have continued to grow by quickly responding to changes in the market. We will continue to strive to be a company that is indispensable to society while listening more closely to our customers and society with the aim of creating a sustainable future.

Company history	Establishment	Change of business	Entry into overseas business and expansion of the domestic network	100th anniversary of establishment	Transition to a holding company structure	Expansion of the business scope and the business network in Japan, the Americas, Europe, and the ASEAN region	Toward the Creation of New Value	Toward the Future beyond the Next 100 Years
	 <p>1897 Established as a manufacturer of wooden faucets for barrels.</p>	 <p>Late 1950s Developed shrink sleeve labels. Began to sell packaging systems with in-house designed and manufactured automatic label applicators.</p>	 <p>1970s Established subsidiaries in the Americas and Europe to collect information on overseas markets. Expanded the Company's network of business bases both in Japan and abroad.</p>	 <p>1997 Began over-the-counter trading of stocks.</p>	<p>2003 Listed on the First Section of the Tokyo Stock Exchange.</p> <p>2004 Adopted a committee system. Adopted a holding company structure with itself renamed as Fuji Seal International, Inc.</p>		<p>包むつながり。 未来へのつながり。</p>	<p>Dream together Change together</p> <p>Toward the Future beyond the Next 100 Years ~What We Can Do Now in View of Where We Will Be after a Decade~</p>



History of Our Business / Changes in Net Sales

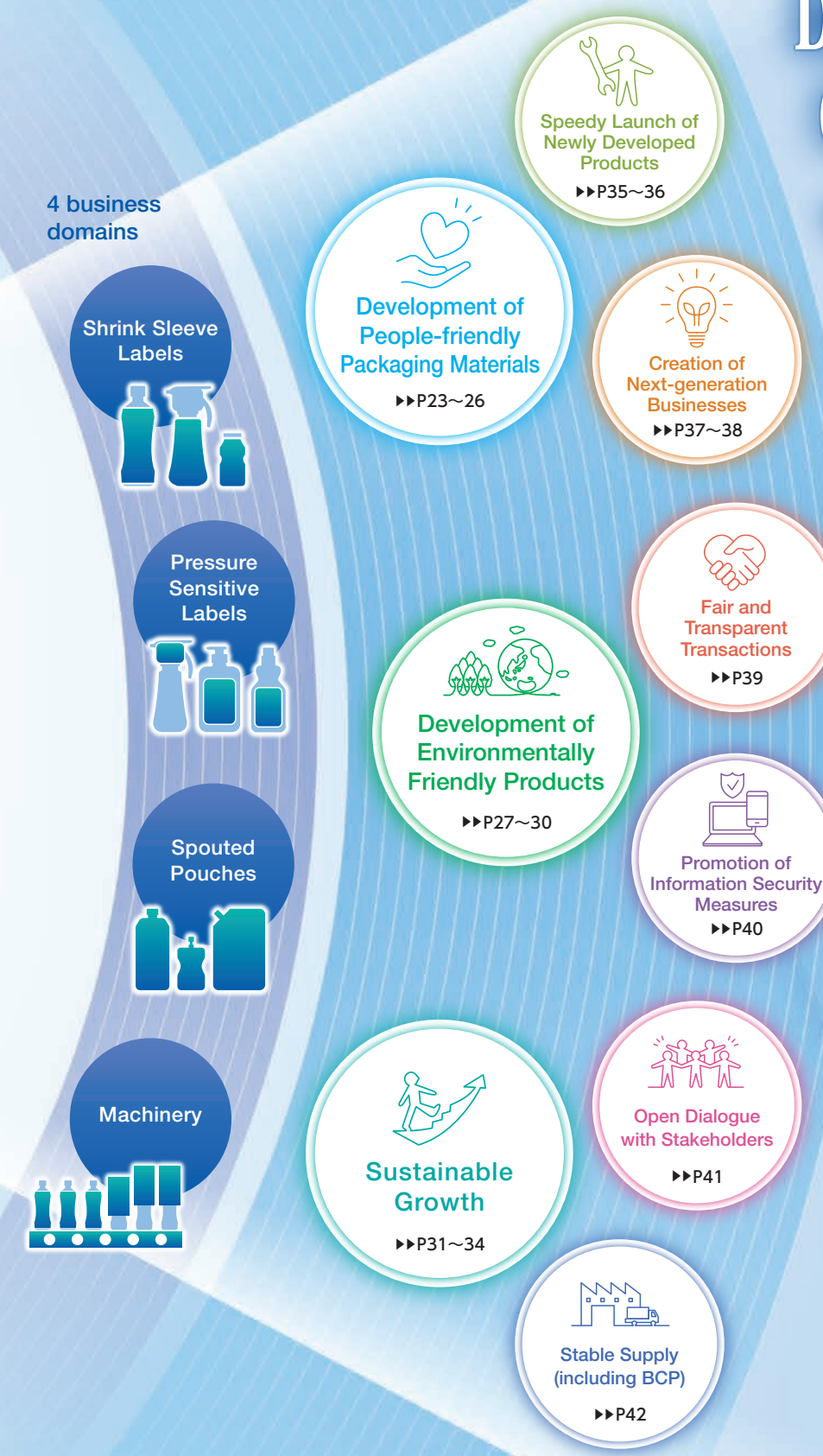


What the Fuji Seal Group has valued for over 50 years

Since its establishment, the Fuji Seal Group has conducted business with the belief that intangible assets, such as unique technologies, the creativity of its employees, an attitude of emphasizing diversity, and trusting relationships with our customers and business partners, form the foundation of the organization. For over 50 years, we have proposed packages that incorporate the culture of each region on a global scale. Even before the word “sustainability” became the focus of society, FSG has continued to value, practice, and embody it.



9 materiality issues



**Dream together
Change together**

Toward the Future beyond the Next 100 Years

Our Vision -To Be-

Our Value to People and the Planet

- Sustainable and profitable growth in the packaging industry
- Our proactive impact to realize the Regenerative Society
- Generate “Waku-Waku” —No growth without “Waku-Waku”—



Shrink Sleeve Labels

Shrink sleeve labels are made of a heat-shrinkable film and are the only label that fits perfectly into any containers' shape. They are used in various fields of industry such as beverages, food, home and personal care products, and pharmaceutical products.

In recent years, we have also been actively committed to producing environmentally friendly shrink sleeve labels, including The introduction of ultra thin, recycled, and biomass-based materials.

Even amid the COVID-19 pandemic, which began to spread globally in 2020, Fuji Seal remained an essential business and continued to provide stable production.

We contribute to society by supplying packages that consumers can use with peace of mind.

- Label to Label**
Used for containers for products sold by volume or weight
- RecShrink™**
Used not only in Japan but also in the Americas and Europe
- Water-based flexographic ink**
Printed without using organic solvents



Pressure Sensitive Labels

Pressure sensitive labels (PSLs) are used for a wide range of products in various industries, and are an indispensable part of the packaging used in today's society.

Since 1975, we have been working with our customers to develop decorative and other additional functions to products, and have continued to provide a variety of products to the market.

In 2020, we were among the first to develop an innovative PSL for product campaigns that takes into account the recycling process by combining both "easy peeling by hand" and "easy peeling in the recycling process." Our PSL products also include culturally inclusive people-friendly labels, which are booklet labels that can carry information in multiple languages.

- PSLs for label-less bottles**
Using less plastic than conventional shrink sleeve or wrap-around labels
- Paper POP label**
Eye-catching labels made of paper, significantly reducing the amount of plastic used



Spouted Pouches

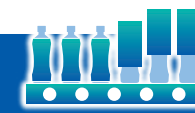
Spouted pouches are a flexible packaging material that are substitutes for conventional solid containers in the beverages, home personal care, and medical liquid diet markets.

In the late 1990s, the Fuji Seal Group has been involved in the commercialization of spouted pouches while keeping an eye on their potential as an easy-to-use, environmentally friendly packaging material.

In the market for pouches for home and personal care products, began by developing refill pouches for shampoo and hand soap, as well as large-volume multiple-refill pouches for laundry detergent. In 2016, Fuji Pouches launched in Japan, and in 2020, Air-In Film Bottles was launched in the U.S., both of which were recognized for their environmental friendliness and convenience.

In the medical liquid diet field, we have established spouted-retort packaging technology that offers a unique and convenient solution from the user's perspective aiding in reducing the workload for many medical and nursing care professionals.

- Cartridge for Fuji Pouches**
Solid container that can be replaced with a Fuji Pouch, which helps reduce the usage of plastic
- Mono-material pouch**
Recyclable 100% polypropylene pouch



Machinery

The Fuji Seal Group develops, designs, and manufactures label application systems for shrink sleeve labels and pressure sensitive labels (PSLs), pouch manufacturing machines, cartoning machines, and line engineering systems. By doing so, we aim to help our customers streamline their production lines and save energy and labor thereon.

We have improved our production and service networks (comprised of two production sites in Japan and four production sites overseas + two service sites) and have expanded our product lineup, including shrink sleeve labelers, which are our leading products, pressure sensitive labelers, spouted pouch equipment, and cartoning machines, through mutual technological deployment among group companies. Through these efforts, we have expanded our sales channels globally and achieved business growth while building trust-based relationships with our customers.



Shrink Sleeve Applicators



High-speed rotary machine for thin-gauge (PET20μ) labels

Versatile linear shrink labeler

Various tunnels for different products, containers, and labels



Pressure Sensitive Label Applicators



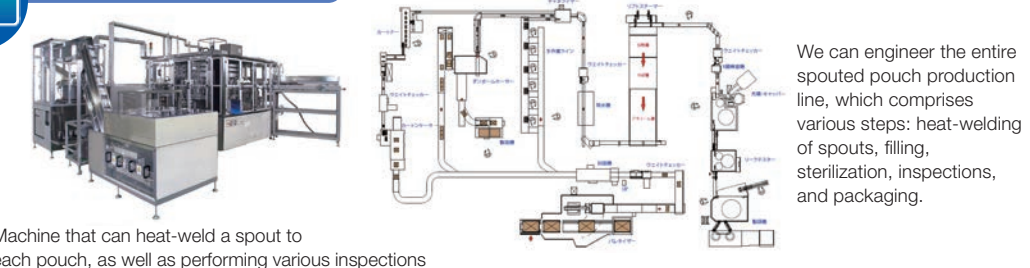
Labeling unit with an innovative modular design

Linear machine that can be customized according to the container or use

Rotary machine that can apply multiple labels, as well as allowing the flexible positioning of containers



Spouted pouch machines

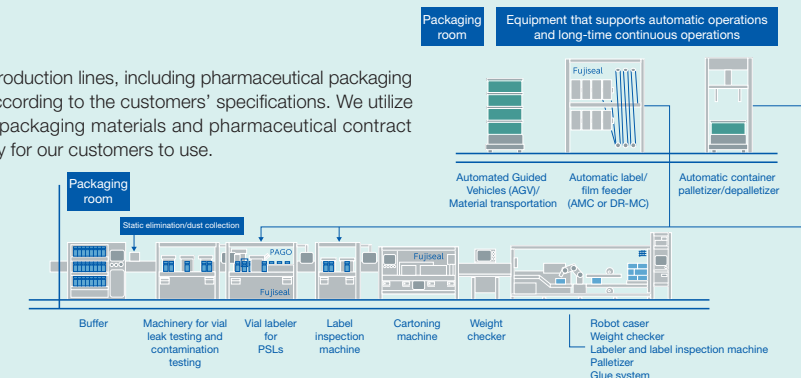


Machine that can heat-weld a spout to each pouch, as well as performing various inspections

We can engineer the entire spouted pouch production line, which comprises various steps: heat-welding of spouts, filling, sterilization, inspections, and packaging.

Line engineering

With our expertise, we can handle production lines, including pharmaceutical packaging lines, from design to construction according to the customers' specifications. We utilize our in-house expertise of handling packaging materials and pharmaceutical contract packaging to build lines that are easy for our customers to use.



Enhancement of sustainability management

The Fuji Seal Group (FSG) cherishes the vision “Our Value to People and the Planet,” aiming to enable “our proactive impact to realize the Regenerative Society.” The Group has also defined its mission as follows: “Fuji Seal will impact to realize the Circular Society that brings peace and happiness to all through packaging.”

To achieve these ideals of ours, we constantly review our sustainability management system.

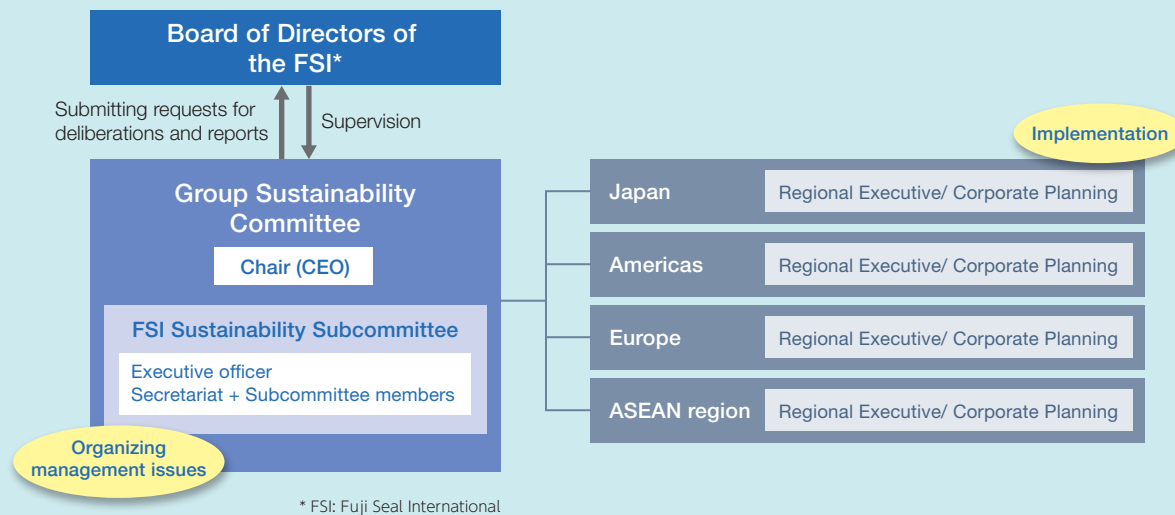
Reforms in the organizational structure of the Group Sustainability Committee

In December 2020, we established the Group Sustainability Committee to promote and support sustainability management in the Group. The Board of Directors determines policies and targets for sustainability management and monitors and supervises the activities of the Group Sustainability Committee.

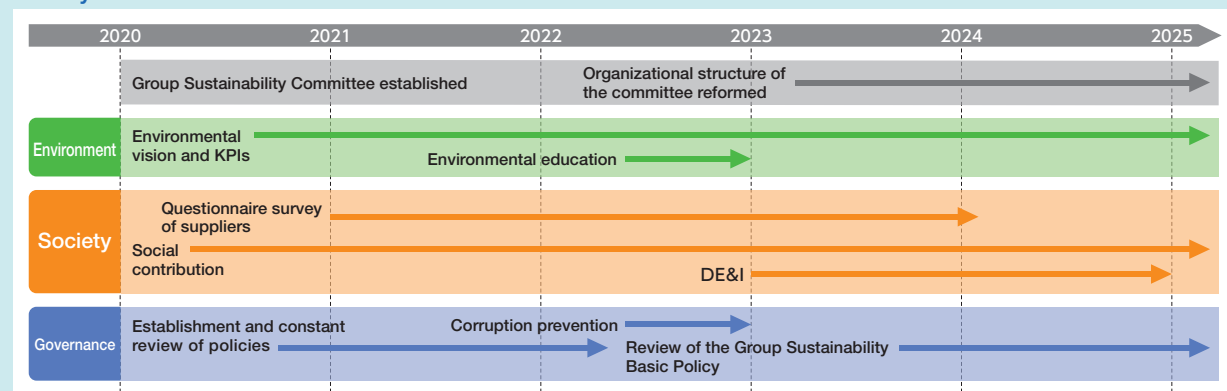
As a result of its structural reforms in 2023, the Group Sustainability Committee is now chaired by the president of Fuji Seal International, Inc. (FSI) and is composed of all of its executive officers, in order to ensure that the entire Group is united in further accelerating its sustainability efforts. We have also established an FSI Sustainability Subcommittee which is in charge of managing day-to-day and ongoing operations of FSG’s overall sustainability. Furthermore, in each region, we have in place a Regional Sustainability Committee chaired by the regional executive officer, which is responsible for developing Group policies, establishing and operating an implementation system, and implementing measures appropriately.

The Group Sustainability Committee, as the promoter of FSG’s sustainability management, is responsible for reviewing the basic policy, including the reviewing of its materiality, as well as setting ESG-related targets for the entire Group and monitoring progress. The committee strives to enhance our corporate value through the evaluation of our targets and achievements.

Chart of the organizational structure of the Group Sustainability Committee



Priority issues



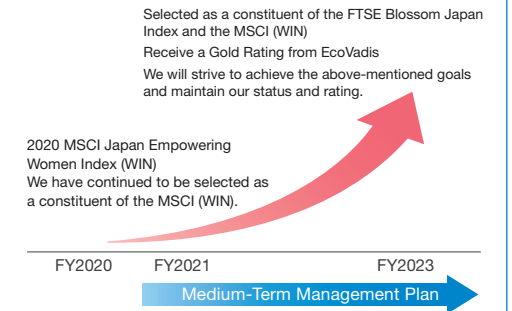
ESG

FY2022 External Evaluation

Various external organizations have highly rated us as a company that promotes initiatives to help realize a sustainable society. We are actively committed to obtaining such external ratings as indicators of the outcomes of the activities of the Group Sustainability Committee.

Target declaration

We will publish the evaluation of our ESG activities by EcoVadis, CDP, FTSE Blossom Japan, and MSCI (WIN) and strive to improve our corporate value.



EcoVadis

EcoVadis is Third-party organization which provides holistic sustainability ratings service of companies via a global cloud-based SaaS platform. The EcoVadis Rating covers a broad range of non-financial management systems including Environmental, Labor & Human Rights, Ethics and Sustainable Procurement impacts. Each company is rated on the material issues as they pertain to their company’s size, location and industry.

Gold Rating from EcoVadis in 2022. (FSG scored in the top 5% of all the companies rated.)



Sedex

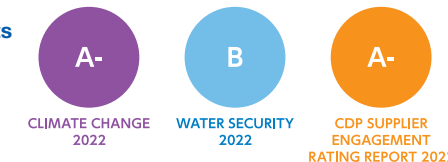
Sedex is a platform for sharing data on various social responsibilities in supply chains, such as responsibilities concerning working conditions, human rights, the environment, and business ethics. On this platform, information is disclosed to our customers in Japan and abroad about each of our factories, based on their reports.



CDP

CDP is a not-for-profit organization established in the UK in 2000 that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP’s global disclosure system is renowned for presenting highly influential data, which are used by major purchasing companies.

CDP 2022 assessment results



FTSE Blossom Japan Index

FSG has been selected since FY2021.



FTSE Blossom Japan

MSCI Japan Empowering Women Index (WIN)

FSG has been selected since FY2019

S&P/JPX Carbon Efficient Index

2nd Decile Classification



SOMPO Sustainability Index

FSG has been selected since FY2021

Topic Fuji Seal now participates in the UN Global Compact

The United Nations Global Compact is a UN-advocated, internationally approved initiative to promote the sustainable development of companies and their efforts to fulfill their social responsibilities. Participating companies are required to adopt sustainable approaches to their business and other activities in compliance with the Compact’s Ten Principles, and to periodically report their initiatives and progress thereon.



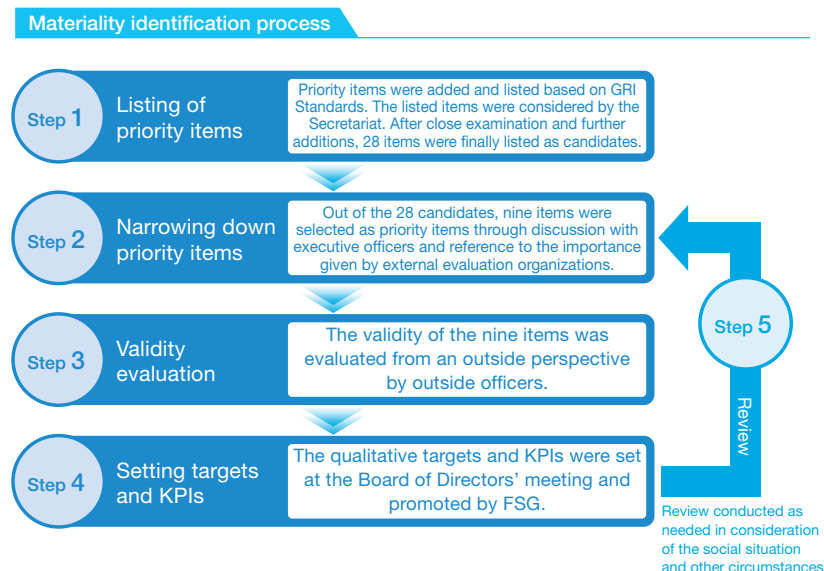
Materiality for the Fuji Seal Group

Our materiality issues link directly to our Vision, leading us to contribute to a sustainable society.



In 2020, FSG identified nine materiality issues that it should tackle to contribute to realizing a sustainable society and defined their connection with the SDGs.* These materiality issues are annually reviewed in cooperation with outside directors from the perspective of whether they match social requirements. The qualitative targets and KPI targets set for each of the materiality issues are also updated.

* SDGs: 17 Sustainable Development Goals set for 2030, included in a resolution adopted at the United Nations Sustainable Development Summit



Participation of outside directors in the materiality identification process

The outside directors participated in discussions for materiality identification from the beginning of those discussions in January 2020. Their views from both external and long-term perspectives greatly helped us notice matters that we had not been able to do so from an internal perspective alone, and made the long period of discussions even more productive.

The outside directors commented respectively as follows: "Since the materiality issues were identified, the content of documents submitted to the Board of Directors has

matched those issues. Management issues correspond with the materiality issues," "FSG's businesses per se closely conform with the SDGs, and the connection established between the materiality issues and the SDGs has enabled all those involved to tackle those issues," "Steady efforts to address the materiality issues will bring better financial results. I believe that management indicators are closely related to the materiality issues," and "Employees' work satisfaction and the practice of materiality are both drivers of FSG's businesses."

Latest update of the nine materiality issues

	Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
Development of People-friendly Packaging Materials	● Creation of opportunities for all employees to take on the daily challenges of developing people-friendly packaging with a sense of purpose and pride	● Number of FSG proposals submitted to the Idea Bank Program: 10,000 per year	● Idea Bank Program: Implemented in all business regions with 9,628 proposals submitted per year	● Initiatives targeting all employees ● Activities to disseminate the corporate vision ● Expansion of the Idea Bank Program and awards ● Strengthening intellectual property governance	● Creation of people-friendly and high-value-added products and services ● Provision of a fulfilling life to society
Development of Environmentally Friendly Products	● Reduction of environmental burdens in the entire supply chain associated with climate change, depletion of resources, and biodiversity ● Reflection of environmental activities in our business strategies	● Sales ratio of environmentally friendly products: 100% ● Sales ratio of recyclable products: 50% ● Sales ratio of products containing recycled material: 20% * Targets for 2025	● Sales ratio of environmentally friendly products: 74% ● Sales ratio of recyclable products: 4% ● Sales ratio of products containing recycled material: 4%	● Development and commercialization of recyclable products (such as RecShrink™ labels and mono-material pouches) ● Development and launch of products containing recycled material (such as recycled PET shrink sleeve labels and pressure sensitive labels) ● Development and provision of packaging materials, modes of transportation, and manufacturing systems which help reduce energy consumption and GHG emissions	● Mitigation of climate change ● Reduction of environmental burdens on water, air, soil, etc. ● Conservation of biodiversity ● Innovation of environmentally friendly technologies ● Promotions for raising environmental awareness through our products and services
Sustainable Growth	● Solid financial base supporting sustainable growth ● Development of candidates for the next management team who will realize sustainable growth	● Net sales: 193.0 billion yen ● Operating margin: 10.0% ● Overseas sales ratio: 50% ● ROE: 10.0% ● Number of participants in the global manager development program: More than 100	● Net sales: 184.0 billion yen ● Operating margin: 4.5% ● Overseas sales ratio: 48% ● ROE: 6.0% ● Number of participants in the global manager development program: 110(cumulative)	● Introduction of investment guidelines to improve investment accuracy ● Formulate a DE&I policy and positioned as an important strategy ● Global expansion of Value Seminars promotion ● Enrichment of the Next-generation Management Development Program	● Investor return by dividend payment ● Management base which continues to create value for society ● Creation of stable employment
Speedy Launch of Newly Developed Products	● Creation of projects that combine packaging materials and machinery, one of FSG's ¹ strengths, by utilizing our combination of high-level verification capabilities and diversified technologies	● Number of new global development projects that combine packaging materials and machinery: 20 during the three years from 2020 to 2022	● Number of new global development projects that combine packaging materials and machinery: 18 in 2022; 31 from 2020 to 2022	● Establishment and promotion of a machinery execution system for each business ● Development of human resources capable of promoting the provision of value based on combination of machinery and packaging materials	● Improvement of labor shortage and Labor-Saving ● Reduction of energy consumption and materials loss ● Realization of a sustainable society
Creation of Next-generation Businesses	● Create projects to promote new businesses other than the existing businesses (Shrink Sleeve Labels, Pressure Sensitive Labels (PSL), Spouted pouch)	● Number of new candidate projects for new next-generation businesses: 3 in 2022; 31 from 2020 to 2022	● Number of new next-generation business projects: 3 in progress; 5 from 2020 to 2022	● Investment in candidate projects for new next-generation businesses ● Collaboration with partner manufacturers: 5 in progress	● Development of containers that provide head-on solutions to two global social issues: plastic waste and global warming ● Realization of sustainable society ● Employees' Waku-Waku, Society's Waku-Waku
Fair and Transparent Transactions	● Establish responsible, socially conscious manufacturing and consumption systems based on relationships of mutual trust and development with all business partners	● Percentage of business partners who give consent for the Group Supplier Conduct Policy in their responses to the Sustainable Supply Chain Questionnaire: 80% on a purchase amount basis	● Account for 80% of procurement amount 93% in Japan 85% in the Americas 90% in Europe 95% in ASEAN	● Establishment and operation of the Group Sustainability Committee ● Establishment and revision of group policies ● All-region survey using the Sustainable Supply Chain Questionnaire ● Sustainable Supply Chain Lecture for FSG's purchasing personnel	● Protection of our business partners' rights ● Responsible manufacturing and consumption forms (raw materials, procurement, manufacturing, sales and consumption) ● Sound corporate activities that serve as a model for others ● Respect for human rights
Promotion of Information Security Measures	● Efforts to maintain a system that strives to ensure information security that does not enable information leakage	● Zero cases of leaks of confidential information handled by FSG	● No cases of information leakage	● Strengthening defenses against external attacks on servers and personal computers ● Maintenance of all IT-related equipment and devices ● Internal compliance training for all employees concerning information leakage and IT literacy ● Simplified global assessment of cyber security measures ● Revision of the Personal Information Management Rules	● Protection of all business partner information ● Protection of all personal information handled by FSG ● Sustainable supply of secure and safe products
Open Dialogue with Stakeholders	● Improvement of ESG ratings given to us by external organizations through accurate non-financial disclosures to stakeholders	● Continue to be selected as a constituent of the FTSE Blossom Japan Index ● Continue to acquire an EcoVadis Silver Medal	● Selected as a constituent of the FTSE Blossom Japan Index in FY2021 ● Awarded an EcoVadis Gold Medal	● Operation of the Group Sustainability Committee ● Timely issuance of the Integrated Report and the ESG Data Book ● Provision of the opportunity for employees to have an in-person dialogue with the Company's directors	● Provision of investment opportunities to shareholders ● Revitalization of regional communities and creation of employment ● Greater satisfaction of employees and their family members/ Initiatives up to 2022
Stable Supply (including BCP)	● Establishment of the Group's OHS ² management system by aligning with all business bases	● Achieve zero occupational accidents for 365 days a year at one or more factories in each business region	● The number of occupational accidents remained low in Japan and significantly decreased year on year in all other regions.	● Improvement of the OHS management system in a unified manner within the Group ● Conduct OHS audits to assess the compliance with laws and regulations by external organizations	● Provision of a secure, safe and comfortable work environment ● Contribution to secure and safe local communities ● Sustainable supply of secure and safe products

*1 FSG: Fuji Seal Group *2 OHS: Occupational Health and Safety

Development of People-friendly Packaging Materials



Reasons for selecting materiality
 FSG* aims to be a company that continues to be needed by society by providing value through packaging. We believe that it is important that our employees can realize their contribution to society by developing and providing people-friendly packages to our customers and carrying out product development and production with a sense of pride.

Regarding the KPI of the Materiality
 The Idea Bank Program that FSG has developed is open to all employees. We will provide an opportunity for discussion based on our vision and valuable initiatives with all employees to realize more positive participation of employees by providing special themes for the Idea Bank based on the vision. We also place importance on all employee's perspectives on our contribution to society by engaging in the "development of people-friendly packaging."

Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Creation of opportunities for all employees to take on the daily challenges of developing people-friendly packaging with a sense of purpose and pride 	<ul style="list-style-type: none"> Number of FSG proposals submitted to the Idea Bank Program: 10,000 per year 	<ul style="list-style-type: none"> Idea Bank Program: Implemented in all business regions with 9,628 proposals submitted per year 	<ul style="list-style-type: none"> Initiatives targeting all employees Activities to disseminate the corporate vision Expansion of the Idea Bank Program and awards Strengthening intellectual property governance 	<ul style="list-style-type: none"> Creation of people-friendly and high-value-added products and services Provision of a fulfilling life to society

* FSG: Fuji Seal Group

What is the Idea Bank Program?

For 35 years, the Idea Bank has been one of Fuji Seal's activities for creating intellectual capital. The number of ideas for improvement and innovation proposed by our employees has been increasing every year. The ideas are not only submitted by the development division, but by all employees of all areas based on their awareness and improvement activities during daily operations including production sites, sales division, and staffing divisions, as well as from their daily production activities and improvement activities.

Outstanding ideas nominated by each division are subject to a final screening by a jury, which is composed of management executives, at the end of the fiscal year. The year's best ideas are shared with the relevant divisions and are implemented under the responsibility of the management team to achieve the desired outcomes. The proposers of outstanding ideas are commended at Fuji Seal's anniversary celebration.

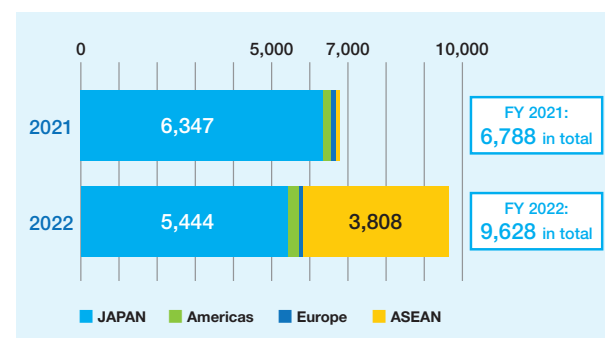
Each idea may be treated differently according to its details. It may be immediately scaled out to other divisions to be utilized for on-site improvements. It may be later patented or be registered as in-house know-how under the know-how management system. An appropriate approach toward achieving the desired outcomes of a particular idea is discussed in the participation of the intellectual property division.

FY2022 initiatives and efforts for achievement

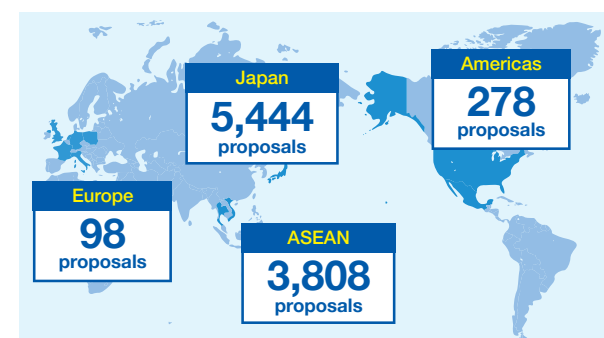
In FY2021, on the occasion of the 125th anniversary of the Fuji Seal Group, the Idea Bank Program was launched in overseas regions. The aim is to share improvement ideas globally so that each region can incorporate new perspectives and accelerate the delivery of results.

In FY2022, the Idea Bank has gradually become more widespread in overseas regions, resulting in an increasing number of applications. In FY2022, a jury reviewed the excellent ideas from each region along with ideas from Japan, ensuring the ideas are shared globally.

Growth comparison in the number of proposals submitted



Number of proposals submitted in each region

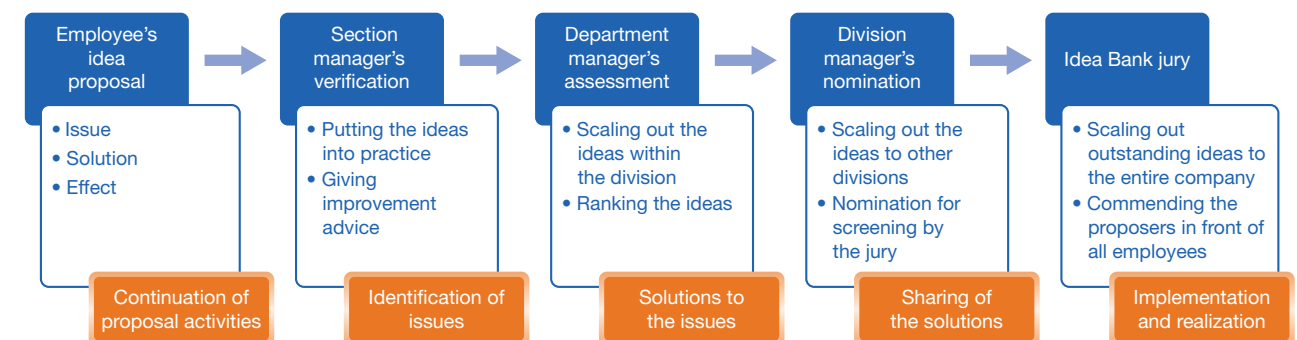


Fostering sources of competitive advantage through the Idea Bank Program

The Idea Bank Program is an initiative promoted by the top management itself with the aim of ensuring that all employees perform their duties with a heightened awareness of FSG's Guideline for Action: "Changing along with changes."

This program encourages employees to identify issues to be resolved at their workplaces in their daily work, consider solutions to those issues on their own, and propose any effective solutions to the Company. The program thus urges all employees, whether new recruits or managers, to get involved in improvement activities from their perspectives.

Proposed ideas are double-checked by the direct superiors of the proposers in terms of their contents and by the higher-ranking superiors in terms of their effects, and the results are fed back to the proposers. This process helps increase employees' skills in producing ideas and foster a culture of improvement in each division. In addition, it has been made a rule to improve once proposed ideas. Outstanding ideas whose effects have been confirmed are nominated by the division manager, to be screened in terms of their contents by management executives. FSG believes that the Idea Bank Program will help cultivate seeds of the Group's competitive advantage through human resource development and corporate growth.



Activities to promote the Idea Bank by the Intellectual Property Department

Since ideas created in the Idea Bank Program are a type of intellectual property, the intellectual property division takes the lead in managing and operating the Idea Bank Program.

The intellectual property division implements various initiatives to enhance FSG's competitive advantage by further energizing the Idea Bank Program.

1. Discovering Ideas

Visits to each business site are made to exchange opinions with the proposers and managers. They give advice on the key to coming up with good ideas and improving such ideas based on their experience and knowledge, while taking into account the history of the Idea Bank Program. They also confirm the proposers' ideas on the spot and decide whether patent applications and know-how management are necessary, thereby protecting likely intellectual properties appropriately.

2. Horizontal deployment of the Ideas

At each site, the manager designs and implements a campaign to promote idea proposal activities. Campaigns that have had positive results are shared with other sites with the aim of not only encouraging Idea Bank activities throughout the company, but also to quickly develop operations through the horizontal deployment of effective improvements.

3. Educating managers

To further upgrade ideas proposed by employees, the intellectual property division provides managers with the opportunity to learn how to give effective guidance and the key to energizing Idea Bank activities. At the same time, the intellectual property division also conducts case studies on ideas to be patented or managed as know-how, and promotes educational activities focusing on intellectual property.

4. Updating the Idea Bank Program

To ensure improvements are made in line with social requirements revisions are made as needed and the Idea Bank Program's subject matter, screening method, and incentive system are also revised.

Intellectual property governance system

In addition to implementing the Idea Bank Program, FSG is committed to strengthening its intellectual property governance system so that its intellectual properties can be effectively used.

To ensure the fairness of corporate management decisions and operations, FSG has in place a system whereby the intellectual property division can provide each business division with adequate information in a timely manner.

1. Intellectual Property Strategy Council

The Intellectual Property Strategy Council is a deliberating body including the executive officers in charge of FSG's respective businesses as members. This council formulates and promotes intellectual property strategies in line with the development and business policies of each business. The council is responsible for deliberating on all matters concerning applying for patents and gaining and utilizing intellectual property rights. Council members actively discuss strategies for growth through intellectual property investments.

2. Close cooperation in implementing intellectual property strategies

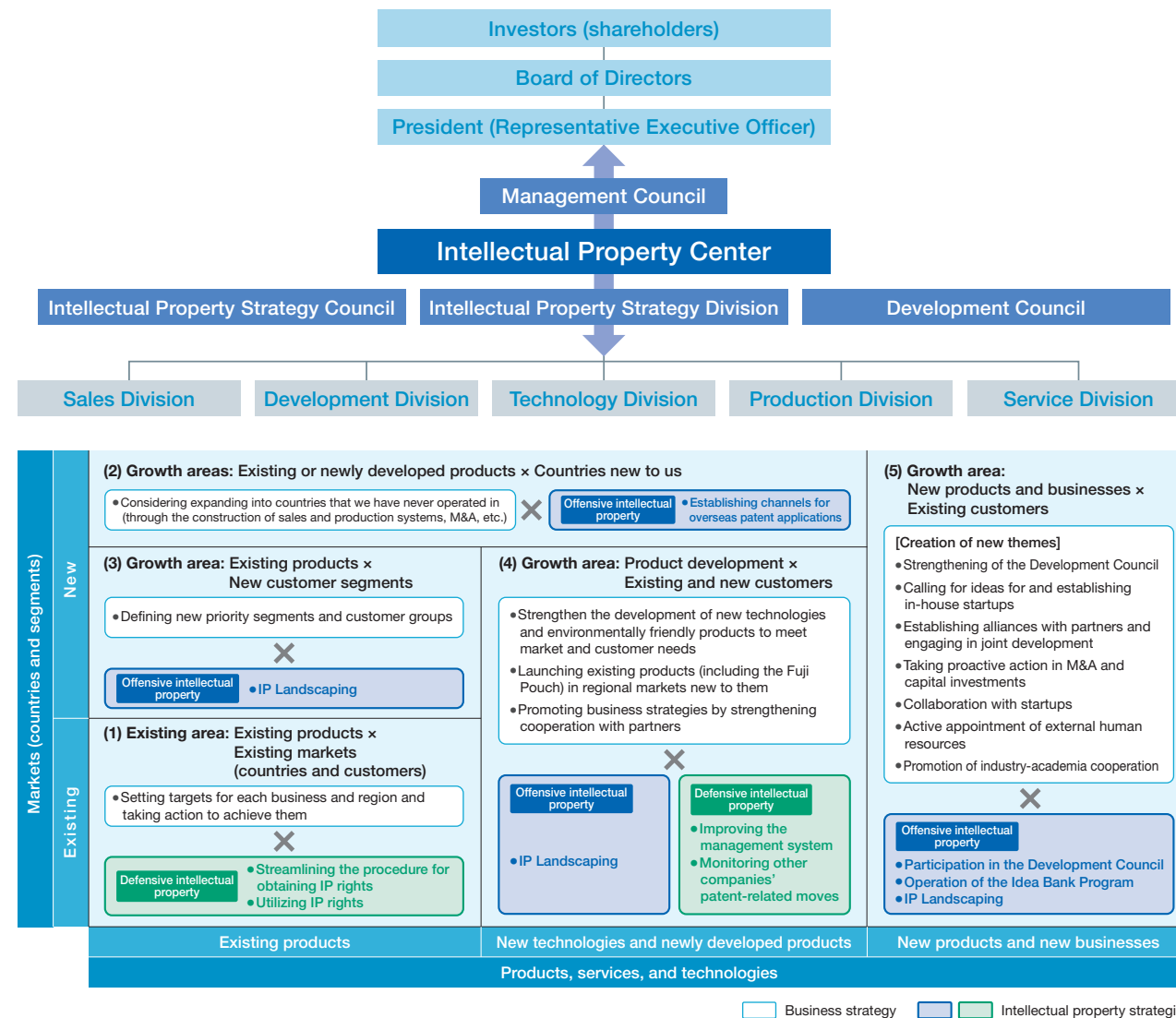
To ensure that all intellectual property investments are made in line with FSG's business policy, the intellectual property division cooperates closely with the development and sales divisions at all development-related in-house meetings. We thus facilitate the formulation and implementation of strategies in view of investment effects.

3. Discussions by the Management Council

In FSG, the management team is responsible for utilizing the Group's intellectual properties and making intellectual property investments in line with the Group's growth strategies. The Management Council, which comprises management team members, proactively discusses intellectual property strategies and issues raised by the intellectual property division. After the council's decisions are announced by the person in charge to each business company, the intellectual property division monitors and supervises whether those decisions are appropriately implemented.

4. Global Development Council

FSG has an Intellectual Property Center in its holding company to lead and supervise the utilization of its intellectual properties globally. The Global Development Council proposes and discusses intellectual property strategies for the fields of both new and existing products while conducting IP landscaping.



Intellectual property investments aimed at enhancing FSG's competitive advantage

FSG has so far actively invested in intellectual property capital, mainly in the development of environmentally friendly products and technologies.

The Group has continued making active intellectual property investments in the development of products and technologies that help increase its profitability and allow it to make a meaningful social contribution, including the shrink sleeve labels which launched in the 1990s, the shrink sleeve label perforation technology developed in the 2000s, refill pouches launched in the 2010s, and products and technologies launched in the 2020s: the Fuji Pouch, which can be used as the main container; a label application system for ultrathin (20 μm) labels; and Label to Label.

- 2020s**
 - Label to Label: No. of patent applications submitted: 22
 - Label application system for ultrathin (20 μm) labels: No. of patent applications submitted: 36
 - Shrink cardboard, which helps reduce the usage of plastic: No. of patent applications submitted: 81
 - Fuji Pouch, a spouted refill pouch: No. of patent applications submitted: 31
 - RecShrink™, which can be recycled into bottles together with PET bottles
- 2010s**
 - Drinkable yogurts: Common container + Shrink sleeve labels
 - Environmentally friendly labels: Biodegradable labels, PCR-containing PET labels, low-density labels, light-blocking labels, and olefin labels (in Europe)
 - Energy-saving shrink tunnel
 - Multiple-refill pouches, which help reduce the usage of plastic: No. of patent applications submitted: 10
- 2000s**
 - Response to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging: Transparent bottles + Shrink sleeve labels + Newly developed perforation technology: No. of patent applications submitted: 30
 - De-label tacks
 - Off-mode labels
 - Liner-less thermal labels
 - Biodegradable film caps used for processed foods
 - Development of a roll feeder system: Reducing carton boxes in logistics and increasing customers' productivity
- 1990s**
 - Replacing direct printing with shrink sleeve labels and enabling the use of common containers, thereby reducing inventories
 - PET bottles + Shrink sleeve labels
 - High-speed labelers, which help increase customers' productivity

Over 290 patents for environmentally friendly products and technologies/ (as of the end of March 2023)

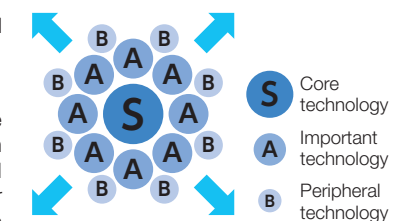
Measures to strengthen intellectual property governance

Measures to enhance intellectual property governance are implemented under the leadership of the intellectual property division, so that intellectual property investments lead to competitive advantages.

1. Know-how management system

This is a system for registering and managing our expertise to prevent the leakage of important technologies that are mainly created at production sites. With this system, we provide rewards for the creation of knowledge and thoroughly manage confidential information. Staff of the intellectual property division periodically visit business sites to help identify and organize our know-how.

Building a network of patents

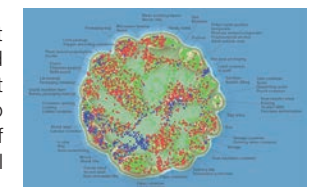


2. Patent review system

We implement the patent application strategy of classifying new technologies into three groups—core technologies (S), important technologies (A), and peripheral technologies (B)—in order to build a network of patents, rather than applying for patents at random. The intellectual property division cooperates with the development and sales divisions in devising strategies for intellectual property investments and investing in line with those strategies, so that FSG's proprietary technologies are protected in the three aspects of contracts, surveys, and patent applications.

3. IP landscaping

The intellectual property division conducts "Intellectual Property Landscaped (IPL)" concerning prominent in-house technologies and main products, and constantly provides information to the sales and development divisions. In FY2021, the IPL Project was launched to spread awareness of IPL throughout the Company. We gathered members from the sales, development, and intellectual property divisions to participate in an educational program, where they try actually conducting IPL under the guidance of external instructors and offer hypotheses on new businesses. To actively promote IPL, the intellectual property division also devotes efforts to developing human resources who can conduct IPL.



4. Participation in the Management Forum on Intellectual Properties and Intangible Assets

We have adopted measures to enhance intellectual property governance not only at the forefront of development but also at the management level. The CEO of FSG participates in the Management Forum on Intellectual Properties and Intangible Assets established in October 2022 to work together with the managers of about 30 listed companies, to promote activities aimed at leveraging patents and other forms of intellectual properties and intangible assets in management, thereby achieving medium- to long-term corporate growth.

Development of Environmentally Friendly Products



Reasons for selecting materiality	FSG* recognizes that environmentally friendly products and manufacturing are essential issues common to all humankind. Therefore, we aim to develop environmentally friendly products and endeavor to achieve environmental targets not only for FSG but also for customers through our business activities.
Regarding the KPI of the Materiality	FSG is implementing initiatives for "creating value" focusing on development and supply of environmentally friendly products in order to realize a sustainable growth as a company in addition to social sustainability, while solving environmental issues such as climate change, marine plastic issues and depletion of resources.

Qualitative target	KPI (Key Performance Indicator) up to 2025	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Reduction of environmental burdens in the entire supply chain associated with climate change, depletion of resources, and biodiversity Reflection of environmental activities in our business strategies 	<ul style="list-style-type: none"> Sales ratio of environmentally friendly products: 100% Sales ratio of recyclable products: 50% Sales ratio of products containing recycled material: 20% 	<ul style="list-style-type: none"> Sales ratio of environmentally friendly products: 74% Sales ratio of recyclable products: 4% Sales ratio of products containing recycled material: 4% 	<ul style="list-style-type: none"> Development and commercialization of recyclable products (such as RecShrink™ labels and mono-material pouches) Development and launch of products containing recycled material (such as recycled PET shrink sleeve labels and pressure sensitive labels) Development and provision of packaging materials, modes of transportation, and manufacturing systems which help reduce energy consumption and GHG emissions 	<ul style="list-style-type: none"> Mitigation of climate change Reduction of environmental burdens on water, air, soil, etc. Conservation of biodiversity Innovation of environmentally friendly technologies Promotions for raising environmental awareness through our products and services

* FSG: Fuji Seal Group

Initiatives up to 2022

FSG continued to develop and commercialize environmentally friendly products, including recyclable products and products containing recycled materials.



In the Shrink Sleeve Label business, in addition to the development of RecShrink™ (a recyclable Label to Bottle product) outside of Japan, shrink sleeve labels using water-based flexographic printing (which helps reduce volatile organic compounds [VOCs] and consequently CO₂ emissions) are being used by many customers in Japan.

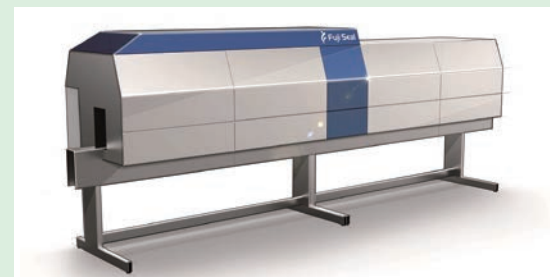
The Spouted Pouches business made efforts to broaden the lineup of recyclable products, such as participating in a verification test on the horizontal recycling of pouches. The Pressure Sensitive Labels business developed liner-less PSLs (which help reduce waste and CO₂ emissions on both our and our customers' sides), while the Machinery business developed environmentally friendly next-generation shrink tunnels. We thus expanded our lineup of environmentally friendly products.

Ongoing initiatives for achievement

We will define priority initiatives for FY2023 and beyond and further increase the percentage of environmentally friendly products. The Shrink Sleeve Labels business will further accelerate the shifts to RecShrink™ and water-based flexography. The Pressure Sensitive Labels segment will facilitate the shift to liner-less PSLs and Rec Tacks (a recyclable Label to Bottle product). The Spouted Pouches segment will work to promote more widespread use of the Fuji Pouch (which helps reduce the usage of plastic and increase transportation efficiency, thereby helping reduce CO₂ emissions), while the Machinery business will enhance its efforts to develop and commercialize environmentally friendly machinery. By implementing these priority initiatives, we will further broaden our lineup of environmentally friendly products. We will also continue our efforts to commercialize products containing recycled material to meet the demand therefore.

TOPIC Vapor, a new shrink tunnel that is friendly to people and the environment

With the new shrink tunnel "Vapor," it is now possible to fit shrink sleeve labels more neatly on bottles with lower consumption of energy and water. This product enables us to contribute to increasing the energy efficiency of customers' factories and thus reducing CO₂ emissions.

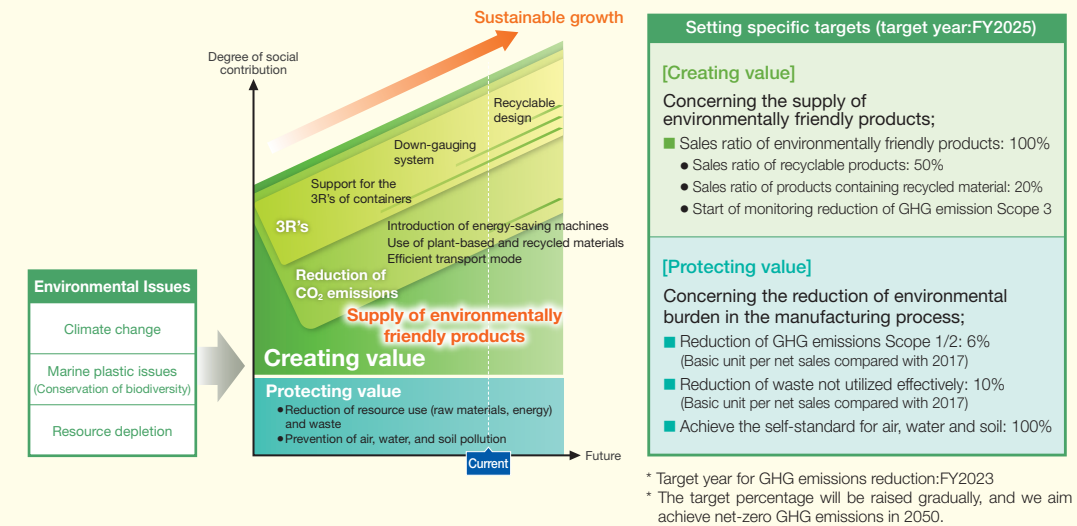


- Reducing energy (power) consumption by 66%*
- Reducing water consumption by 75%*
- Reducing CO₂ emissions by 50%*
- Reducing heat emissions by 50%*

* Compared to conventional steam tunnels

Fuji Seal Group Environmental Vision

FSG recognizes climate change, marine plastic issues (conservation of biodiversity), and resource depletion as important environmental issues to be resolved. To resolve these environmental issues, we focus mainly on creating value based on our action to protect value, including reducing the environmental impact of our manufacturing processes. Creating value involves the specific action of developing and providing environmentally friendly products, in which we believe FSG can make the greatest contribution to customers and consumers and achieve sustainable growth.



Action to protect value : Use of renewable energy

Our materiality is focused on action to create value, which is specified in our Environmental Vision, but we are also devoting efforts to action to protect value. Fighting climate change is an important challenge common to humanity. FSG also positions it as a priority issue to be tackled. In FY2022, FSG began to use renewable energy in the Americas and the ASEAN, following Europe and Japan. This measure has required us to procure a total of 6,461 MWh of renewable energy (3.5% of our total electricity consumption) in the four regions where we have manufacturing sites, resulting in the first step taken in each region to reduce CO₂ emissions while pursuing business expansion. We will continue to consider appropriate approaches toward CO₂ emissions reduction, such as taking advantage of the construction of a new factory as an opportunity to adopt new CO₂ emissions reduction measures, while taking into account the energy-related circumstances in each country.

Europe: Germany
Reducing CO₂ emissions by 6 metric tons*
Our German factory is equipped with a solar power generation system on the roof, and has been generating power with renewable energy since October 2014. This business site is the earliest pioneer in FSG's initiative to use renewable energy.

Japan: Yamagata and Tokyo
Reducing CO₂ emissions by 711 metric tons*
Our Yamagata factory and Tokyo Headquarters have switched 100% to renewable power.

Americas: Kentucky
Reducing CO₂ emissions by 3,352 metric tons*
In February 2022, our Kentucky factory switched to green electricity by purchasing a Green-e® Renewable Energy Certificate (REC). This certificate recognizes the factory as covering 10% of its electricity consumption by green electricity.

ASEAN: Thailand and Vietnam
Reducing CO₂ emissions by 373 metric tons*
In September 2022, our Sinsakhon factory in Thailand put solar power generation equipment into operation using a solar power purchase agreement (PPA)** The solar power plant with a total area of 4,746 m² installed on its roof is expected to generate 1.4 GWh of renewable energy annually, thereby helping the factory reduce CO₂ emissions by approximately 721 metric tons per year. Our factory in Vietnam also started using renewable energy based on a PPA in December 2022.

* Reduction by use of renewable energy in FY2022

** Use of a PPA is a business model in which a PPA provider installs solar power generation equipment on the premises of a business operator (electricity consumer) free of charge, and the latter purchases the generated electricity. The PPA-based business model benefits the business operator (electricity consumer) by helping avoid bearing the financial burdens of upfront, maintenance, and management costs.

Initiatives to build a circular economy

To build a circular society, the Fuji Seal Group (FSG) has included the expansion of its lineup of recyclable products in its environmental key performance indicator (KPI) targets and aims to achieve this target. The Group is considering recycling post-consumer labels and packages as resources on its own, in addition to developing recyclable products.

The Group is promoting four initiatives to build a circular economy: the Label to Label initiative to recycle shrink sleeve labels into shrink sleeve labels; the Label to Bottle initiative to recycle shrink sleeve labels and pressure sensitive labels (PSLs) into PET bottles; the Pouch to Pouch initiative to recycle pouches to pouches; and the Package to Something Valuable initiative to recycle packages into other things. The first three of the four initiatives are for horizontal recycling.



Label to Label

The "Label to Label" is a technology that enables the recycling of post-consumer shrink sleeve labels from which printed designs are removed to produce new labels and ink. Now that equipment for the verification of the process of removing ink from film is working smoothly on a trial basis, we are approaching the full-fledged production of recycled film and ink in cooperation with partner companies. We are also preparing for practical use of the Label to Label technology in society, for example, by obtaining trademark registration for a logo that can be used in instruction labeling on sorted waste collection in the future. From now on, we will cooperate with partner companies, customers, and local governments in verifying the process of collecting post-consumer labels from the market and recycling them.

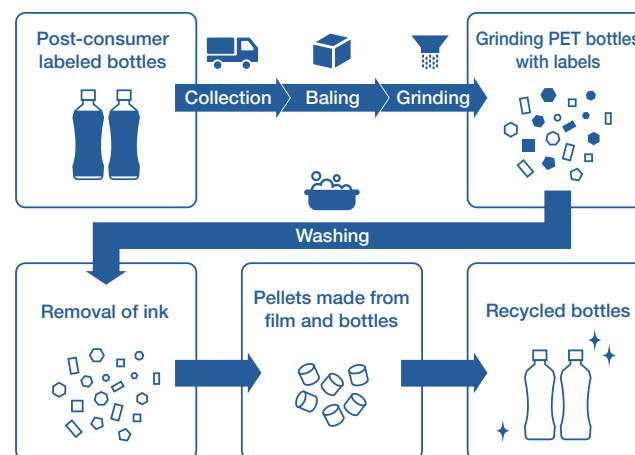
We will contribute not only to the effective use of resources but also to the reduction of greenhouse gas emissions by recycling labels that provide useful information to consumers into labels.



Label to Bottle

In 2019, the U.S.-based Association of Plastic Recyclers (APR) recognized the RecShrink™ label developed by FSG as a shrink sleeve label that can be recycled together with PET bottles into PCR-containing PET bottles. In the Americas, we will continue our efforts to apply this technology to bottles for 33 products of our customers, mainly beverage manufacturers, thereby promoting its more widespread use to accelerate resource recycling.

We have also established a technology for recycling PSLs into PET bottles, which is materialized as the Rec Tack.



Pouch to Pouch initiative

On May 29, 2023, Kao Corporation and Lion Corporation launched a limited quantity of refill pouches made partially from recycled materials for the first time in Japan. These pouches contained approximately 10% recycled material.

Pouches currently used in the market are made of composite materials, such as polyethylene terephthalate (PET), nylon, and polyethylene, to protect the contents from temperature, humidity, ultraviolet rays. By contrast, the new pouches contain plastic recycled from pouches made of composite materials as an intermediary material for the innermost sealant film. The development of this kind of pouch involved continuous efforts to identify the necessary conditions for reducing foreign matters in the film forming process, to establish a method of inspections in various steps in the pouch manufacturing process, such as printing, lamination, and bag manufacturing, and to undergo the repeated process of assessing the physical properties of film and verifying optimal conditions for production. These efforts resulted in the establishment of a technology for manufacturing pouches that are not inferior to conventional pouches in terms of physical properties and quality.

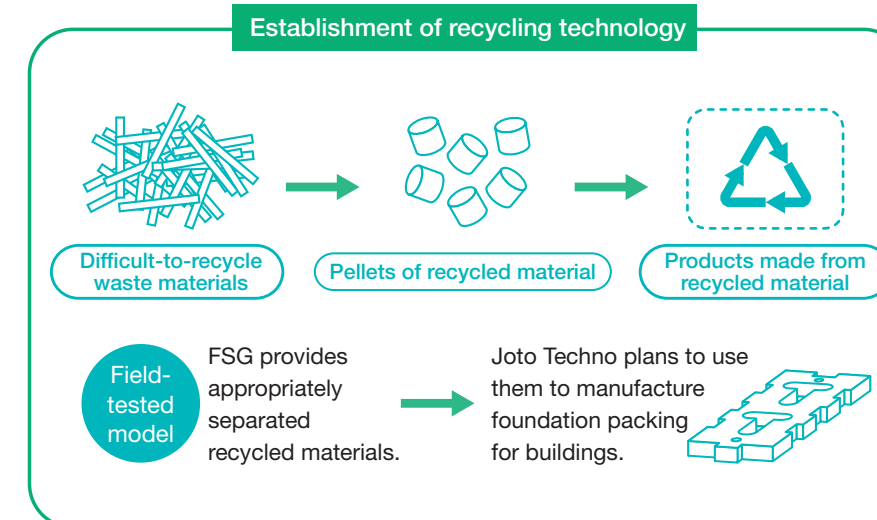
Moreover, Kimura Soap Co., Ltd. launched an e-commerce product using mono-material film pouches and easy-to-peel PSLs. FSG also cooperates with Kimura Soap and G-Place Corporation in collecting post-consumer packages of this product and recycling them into pouches.



From Package to Something Valuable

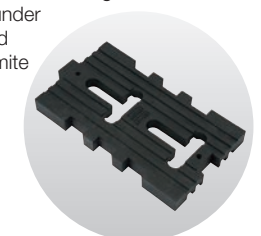
We are working to ensure that even waste from package production that is difficult to recycle horizontally will be recycled into other non-packaging materials. For example, we are implementing the "Package to Something Valuable" project in cooperation with Joto Techno Co., Ltd., a building material manufacturer, and G-Place Corporation. This project, implemented through partnership between companies from different industries, aims to pave the way for widespread use in society of the technology for manufacturing usable recycled materials. The succeeded in manufacturing pellets of recycled material from waste from the pouch manufacturing process as raw materials for foundation packing in housing construction commercially. It has been confirmed that this commercialized foundation packing is equivalent to conventional products in terms of quality. By the end of June 2023, 100,000 units of this recycled foundation packing have been distributed on the market.

In addition to this kind of material recycling, we are also working on chemical recycling, thereby implementing our initiatives to build a circular economy from various perspectives.



Foundation packing

Used in wooden buildings to allow ventilation under the floor and prevent termite damage



Sustainable Growth



Reasons for selecting materiality
 FSG* believes that the growth of employees who share our values is fundamental to our sustainable growth. Therefore, we actively introduce advanced technology to establish and improve our operational systems and working environment to ensure the safe and healthy lives of employees. We also provide employees with the opportunity to develop themselves under a fair and equitable evaluation system to enable them to continue to fully demonstrate their abilities. This is because we desire to continue to be a good partner for our customers and suppliers in furthering our ongoing mutual development. We strive to be an exemplar employer to all stakeholders.

Regarding the KPI of the Materiality
 Keeping a closer eye on the effects and efficiency of our investments, we will establish a solid financial base for sustainable growth. Furthermore, we will continue to cultivate candidates for the next management team who will realize FSG's sustainable growth with the aim of enhancing the content of our HR programs.

Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> ● Solid financial base supporting sustainable growth ● Development of candidates for the next management team who will realize sustainable growth 	<ul style="list-style-type: none"> ● Net sales: 193.0 billion yen ● Operating margin: 10.0% ● Overseas sales ratio: 50% ● ROE: 10.0% ● Number of participants in the global manager development program: More than 100 	<ul style="list-style-type: none"> ● Net sales: 184.0 billion yen ● Operating margin: 4.5% ● Overseas sales ratio: 48% ● ROE: 6.0% ● Number of participants in the global manager development program: 110(cumulative) 	<ul style="list-style-type: none"> ● Introduction of investment guidelines to improve investment accuracy ● Formulate a DE&I policy and positioned as an important strategy ● Global expansion of Value Seminars promotion ● Enrichment of the Next-generation Management Development Program 	<ul style="list-style-type: none"> ● Investor return by dividend payment ● Management base which continues to create value for society ● Creation of stable employment

* FSG: Fuji Seal Group

Initiatives up to 2022 and subsequent initiatives for achievement

Human Capital Strategy

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.

We call creation a "dream"
We call challenges to creation "courage"
We call a heated discussion on creation "trust" in our mind.

We emphasize the importance of creating a corporate culture that takes on challenges, and promote initiatives centering on "Respect for diversity," "Share our values," and "Expansion of human capital" in order to expand the framework for each employee to work with passion and Waku-Waku (excitement) and to realize growth through continuous creation and challenges.

- Respect for Diversity** DE&I
Established 'Group Diversity, Equity & Inclusion (DE&I) Policy' (December 2022)
- Shared Value** Value Seminars in all regions
(Japan, Americas, Europe, and ASEAN)
- Expansion of Human Capital** Next generation management development program
Conducted training at a Belgian business school

Respect for Diversity Diversity, Equity & Inclusion (DE&I)

In December 2022, the FSI Board approved the establishment of our new DE&I Policy and a global DE&I committee. In the new policy, we have confirmed our strategy, statement, commitment and actions regarding DE&I.

Within FSG, a diverse, inclusive and equitable organization is one where all-employees and all external people we are working with-, whatever their gender, race, ethnicity, national origin, age, sexual orientation or identity, education or disability, feels heard, valued and respected.

In first instance we are focusing on our own employees, as we believe that when our diverse group of employees feel included and valued, they will with pleasure and excitement (Waku-Waku) do everything possible to realize our company mission and vision.

The global DE&I Committee has members from all regions, with different backgrounds and with different perspectives. The committee has made regional GAP analyses and based on those, each defining regional and global actions to meet the commitments we made in our policy.

Next to that we are focusing on DE&I in leadership, awareness and communication, training and employer branding and taking several actions to make the next steps forward.

We see diversity as very important to value different perspectives, to make good decisions. It leads to creativity, innovation and broad thought approaches.

Shared Value

Value Seminar

Our 126 year' company history has brought us many important company values, which we want to promote throughout all of our organization. In 2021, honoring our 125th anniversary, employees were informed once again on important Fuji Seal Way thoughts and values. As a part of the "Culture" pillar within the Global HR strategy, we decided to follow up on these sessions and further promote the structural base of our values and culture to all our employees. This was done by planning and executing Value Seminars in all regions for our key members. The purpose is to learn more about our values, to work together with other key members and to afterwards share the learnings locally with colleagues to create and be proud of our company values. During the Value Seminars, we not only train our company values. We also focus on teamwork, networking, business challenges and train specific skills, such as finance. During the Value Seminars, participants work together on projects and establish personal action plans to develop and grow further together.



In February 2023, a 2-day Value Seminar was held in Thailand, with participants from Thailand, Vietnam and Indonesia. The main topics were our Mission, Vision, Credo, Guideline for Action, a business challenge related to the mid-term plan, sustainability and a finance for non-financials workshop. It was a great success, with very positive contributions, teamwork and valuable proposals from all participants. In June 2023, a Value Seminar took place in Japan, and in August 2023, in the Americas. For Europe it is scheduled for November 2023.

VOICE Join the Value Seminar

The best part of the value seminar is that we gathered and shared experiences among members in the different departments and countries. Moreover, since Fuji Seal is a big organization and operates as a genuinely international company, in many cases, we need to understand each other's rules and responsibilities clearly, this will help improve understanding and to look for better ways to synergize our cooperative power.



Chanasit Buranapong (Shane)
 Fuji Seal Engineering Co., Ltd
 General Manager
 Machinery Business

Expansion of Human Capital

Talent Management

In 2022, several activities regarding Talent Management have moved forward. Our regular Global High Potential program has continued and currently, we have world wide 46 High Potentials from different nationalities in our program.

With all High Potentials, we made Personal Development plans and these plans are evaluated on a regular base.

During the last year two Executive Leadership Programs were executed. One program focused on Directors and the other one on High Potentials. In the Vlerick Business School for FSG's customized program, topics such as strategy mapping & implementation, entrepreneurial mindset, change management, global mindset, executive decision making, managing in a VUCA world were trained. During both leadership programs on top of the trainings, sustainability and growth challenges were done and the participants have presented good proposals, which are currently being followed up.

In the end of last year, selected High Potentials from each region were requested to take part in our "FSI Challenge" in which the FSI Board Members requested several High Potentials to put their knowledge and experience together to find breakthrough ideas and solutions to support the company with improving their lead times significantly in dedicated processes, such as Machinery Development projects or lead times within the material divisions. This challenge is continuing in 2023.



Interview on Human Capital

Working to create an environment where everyone can demonstrate their best performance and to develop our people to lead the next generation

Marieke Sauer-Ploegmakers
Executive Officer in Charge of Human Resources



Q What do you see as the characteristics of the corporate culture of the Fuji Seal Group?

Recently, the importance of human capital has begun to be emphasized in various industries. The manufacturing industry, which has traditionally focused on creating new products and technologies, is no exception. What I find unique about the corporate culture of the Fuji Seal Group is that it has continued management that prioritizes human resources since approximately 50 years ago, when this attitude to human resources was not yet commonplace. The reason why we have valued human resources is because no matter how extensive our equipment, innovative technology, and strategies are, we cannot make the most of them without the support of our employees.

We use the expression “Waku-Waku” on a global basis to

express our motivation for work and our willingness to take on challenges. Behind this lies the desire to create an environment where each and every employee can demonstrate their best performance with “Waku-Waku” and to instill the corporate culture and philosophy, which are the source of the Fuji Seal Group’s strengths, in employees not only in Japan but also in the Americas, Europe, and ASEAN countries. Meanwhile, each region has different communication styles, management styles, and employee needs. Accordingly, we provide guidelines and frameworks and regularly hold international meetings to promote initiatives that enable us to work in the same direction while learning from each other.

Q Please tell us about your thoughts on Diversity, Equity and Inclusion (DE&I).

The Fuji Seal Group has members from all over the world, with many different backgrounds, perspectives, skills, and experiences, and this diversity is one of our strengths. We believe that diversity should not be judged by numbers, such as percentages. The important thing is, for example, not to increase the number of women in management positions simply because there are few female managers, but to place the right person in the right position. That is why we have to strive to provide equal opportunities for all employees and to have broader discussion to ensure that all perspectives are reflected. We therefore formulated a new Group Diversity, Equity and Inclusion Policy and established a global Diversity,

Equity and Inclusion committee in December 2022.

There are various issues related to diversity, and personal circumstances, such as age and religion, differ in each region. Japan still has a large gender gap, which is at the lowest level among developed countries. However, at the Fuji Seal Group, many women are active as heads of group companies and leaders of organizations, including CEO Shigeko Okazaki. I myself have gained experience in Europe and have been provided the opportunity to serve as the person in charge of global human resources at a perfect point to enhance our human resource strategy.

Q What kind of education and training are provided in light of the urgent need to develop our people for sustainable growth?

Some of our education and training programs are conducted on a global basis, while others are conducted according to the needs of each region. As our major global initiative, we provide the Global High Potential Program to support our future senior leaders. In addition, education and training focused on leadership, such as global thinking and skill improvement as an entrepreneur, and financial programs are provided. In Japan, a course to increase English skills is also offered. This is because we want employees to achieve

their full potential so that they can play an active role in international projects.

Meanwhile, training on the latest technology, quality, and safety is provided in each region. We create individual growth plans for our employees on both a global and regional basis and offer them feedback on all occasions to motivate each employee. We also promote On-the-Job Training in which employees actually participate in projects and gain experience while taking on new positions.

Q Why do you emphasize sharing of values and mutual understanding among employees?

What is important to us is that our employees live fulfilling lives and continue to work comfortably for a long time. We value the connections that are created by sharing this desire. For instance, the Family Festival held in conjunction with the founding commemorative event is an opportunity for not only employees but also their families to learn about the Fuji Seal Group’s ideas and history.

The foundation of the Fuji Seal Group’s success today lies in the values that have been handed down over a long period of

time, and we hope that our employees will become leaders who are well versed in these values and will put them into practice. Accordingly, on the occasion of our 125th anniversary, we once again held a group discussion to deepen understanding of the Fuji Seal Way.

Although it has been difficult to hold face-to-face events for the past few years, the impact of the COVID-19 pandemic is now waning. I am glad that employees can meet in person to increase their motivation and generate more “Waku-Waku.”

Q What do you expect from young employees who will lead the future?

In order for the Fuji Seal Group to continue to grow, we must develop our people to demonstrate strong leadership. To become a leader, they need management skills as well as different business and international experiences. I feel that there is a gap between what young employees want and what the company expects from them. The key is how to balance their work and personal life. In this regard, we have to think about what to do to make each employee’s life satisfying while providing opportunities for them to challenge themselves.

Recruiting people is also one of our future challenges. People who we want to hire are those who are desired by other companies, and the same thing can be said for any region of the world. In order for us to be selected as a potential employer from among multiple candidate companies, we need to clearly showcase our corporate values. However, the younger generation, in particular, have a negative image of plastics, which we deal with. In order for people to understand how the Fuji Seal Group works on and contributes to the creation of a sustainable society, we would like to focus more

on branding and marketing and strive to secure excellent members.



Speedy Launch of Newly Developed Products



Reasons for selecting materiality One of FSG's* strengths lies in the ability to combine packaging materials and machinery. The source of skills that support this strength is our capability to satisfy customer demand by combining various technologies and to evaluate and verify what we have done. This capability enables us to launch newly developed products in a short period of time.

Regarding the KPI of the Materiality We will concentrate the efforts of all our businesses in the process of creating new global development projects that combine packaging materials and machinery, in which one of FSG's strengths lies. In addition, we will pursue speedy development by making the most of our high-level verification capacity and diversified technologies.

Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Creation of projects that combine packaging materials and machinery, one of FSG's strengths, by utilizing our combination of high-level verification capabilities and diversified technologies 	<ul style="list-style-type: none"> Number of new global development projects that combine packaging materials and machinery: 20 during the three years from 2020 to 2022 	<ul style="list-style-type: none"> Number of new global development projects that combine packaging materials and machinery: 18 in 2022; 31 from 2020 to 2022 	<ul style="list-style-type: none"> Establishment and promotion of a machinery execution system for each business Development of human resources capable of promoting the provision of value based on combination of machinery and packaging materials 	<ul style="list-style-type: none"> Improvement of labor shortage and Labor-Saving Reduction of energy consumption and materials loss Realization of a sustainable society

* FSG: Fuji Seal Group

Initiatives up to 2022

FSG has provided valuable comprehensive solutions, not limited to machinery, to packaging-related challenges for our customers.

[Examples of initiatives]

- Development of 20 μm shrink sleeve label applicators
- Development of machines for Fuji Pouch
- Development of Liner-less labels

When we work with our customers to develop new products, we capitalize on our strength of being a one-stop provider of service value, proposing total solutions that range from package design and materials, through manufacturing, to distribution. In addition, our accumulation of know-how in verification and other tasks in the development phase enables us to launch less defective products more quickly.

When we newly developed our proprietary film package (Fuji Pouch), we used a development system in which packaging design and machine design are started simultaneously, and ideas are exchanged (in an environment where changes can be discussed at any time), enabling optimal and speedy

■ Liner-less labels

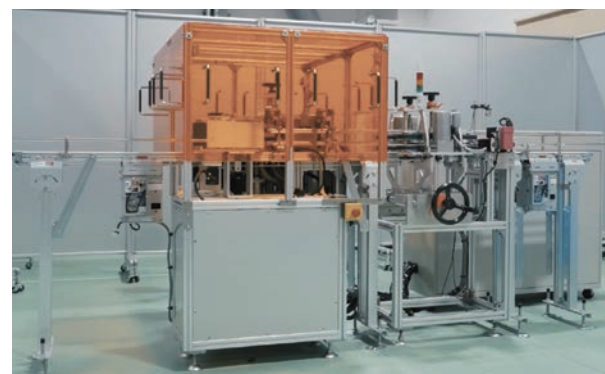


Use of light-sensitive glue helped realize labels without release paper

design at the same time. This development system has approximately halved the time we need to start manufacturing a new container after beginning its development, compared to the conventional method of starting machinery design after completing container design. Having both the functions of packaging material design and machinery design has brought FSG considerable advantages over its competition. Moreover, our development network is expanding globally.

In the development of liner-less labels, we were able to eliminate the use of release paper by applying a light-sensitive glue in place of conventional pressure sensitive labels (PSLs), enabling a significant reduction in GHG emissions, including those of the supply chain.

In this development process as well, our knowledge of adhesives has immensely helped us design and develop a liner-less labeler, allowing us to quickly identify the keys to success, including how to shed light and exposure length. This labeler is designed to be used to apply conventional PSLs too, making it easy for customers to adopt it. This example also shows that FSG's great strength lies in its two functions of packaging material development and machine development, tackling shared challenges and solving them rapidly.



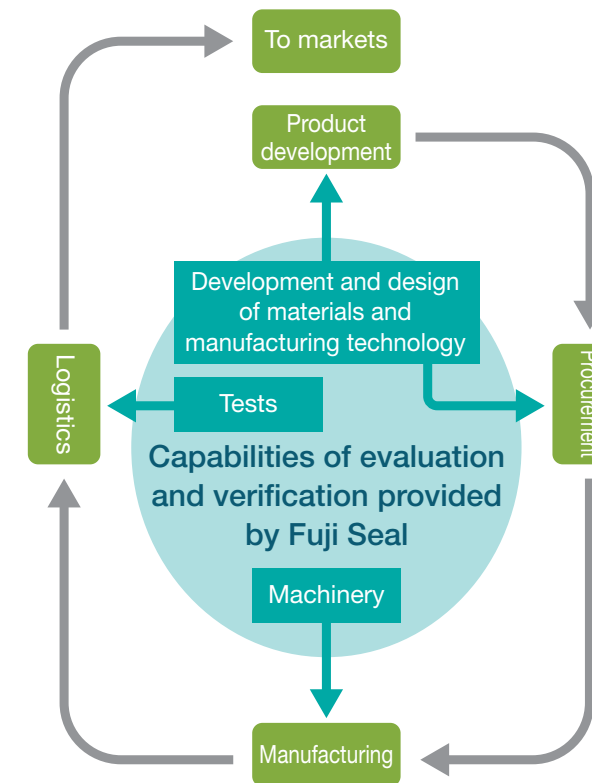
New machine that can work with both liner-less labels and conventional PSLs

Initiatives for achievement

We will strengthen our capabilities for solutions and verification by continuing to provide better products through the development of packaging materials with our business partners, production technology developed from our in-house

manufactured machinery, and the design and services of the applicators and adhesive machines used in customers' plants.

■ Customer's business cycle



Fuji Pouch (340 ml and 800 ml) manufactured with an FSG-developed pouch-making machines that can handle both sizes

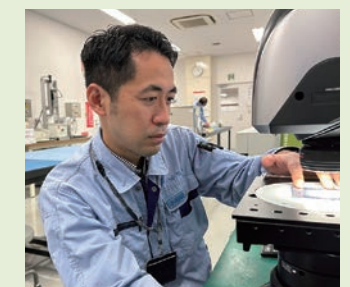


Employees discuss the development using a prototype machine



Benefits of product development by a combined project team

When Fuji Seal starts developing a new packaging material, a project team is formed with members from both packaging material and machinery. The advantage of this project team approach is that the characteristics of the packaging material can be agreed upon before the machine is developed and designed, and verification can be completed before the equipment is installed at the customer's site. The key to a successful development project is having team members mutually propose performance requirements in their respective positions while having a shared awareness of their final goal, thereby all demonstrating their capabilities in order to achieve the same goal. This could not be achieved without close communication. Working as a member of a combined project team to develop a new product certainly requires exercising a high level of skills among less familiar people in a less familiar environment, but it also provides a valuable opportunity to learn. I hope that younger members actively participate in this kind of development project and experience the entire process of product development.



Shun Odagiri
Business Development Division
Fuji Seal International, Inc.

Creation of Next-generation Businesses



Reasons for selecting materiality	FSG* is constantly challenging the evolution of the packaging industry by creating new packages in response to changes in containers and distribution, including the world's first practical application of "20 m packaging material" and "biomass film." As technology evolves, it is essential to create next-generation businesses that maximize our strengths.
Regarding the KPI of the Materiality	We will aggressively promote new business projects that will lead to net sales of 3.0 billion yen, as envisioned in the current Medium-Term Management Plan, and enable us to leap in the next Medium-Term Management Plan, which will begin in 2023.

Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Create projects to promote new businesses other than the existing businesses (Shrink Sleeve Labels, Pressure Sensitive Labels (PSL), Spouted pouch) 	<ul style="list-style-type: none"> Number of new candidate projects for new next-generation businesses: 3 in 2022; 31 from 2020 to 2022 	<ul style="list-style-type: none"> Number of new next-generation business projects: 3 in progress; 5 from 2020 to 2022 	<ul style="list-style-type: none"> Investment in candidate projects for new next-generation businesses Collaboration with partner manufacturers: 5 in progress 	<ul style="list-style-type: none"> Development of containers that provide head-on solutions to two global social issues: plastic waste and global warming Realization of sustainable society Employees' Waku-Waku, Society's Waku-Waku

* FSG: Fuji Seal Group

Initiatives up to 2022

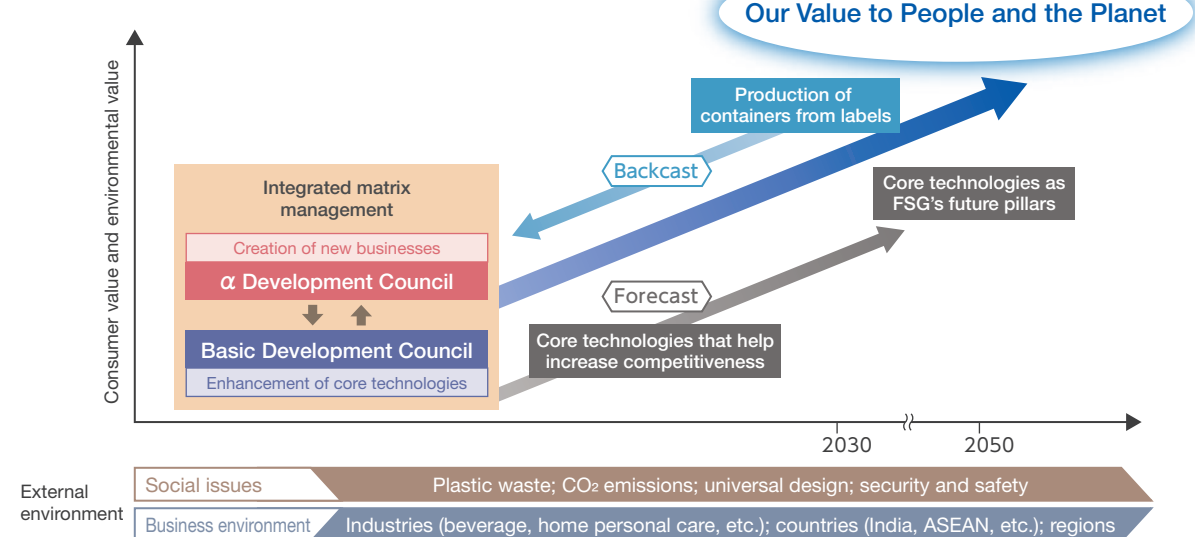
FSG's specialized core technologies are Shrink Sleeve Labels, Pressure Sensitive Labels (PSL), Spouted pouch, and the machinery that manufactures them.

While these technologies are the most advanced initiatives in the industry, we continue to develop these core technologies deeper. From the perspective of creating new businesses successfully linking these unique core technologies horizontally, new business possibilities will

emerge that could not be created in the past.

Therefore, since 2021, we have worked to strengthen horizontal collaboration between these core technologies under a newly established deliberating council. Through these initiatives, three new technological projects have been launched and are being developed with the aim of being completed in 2022.

Development Council system from 2021 onward



As shown in the diagram above, FSG has in place a Development Council system that comprises two deliberating bodies, whose most important mission is to fulfill FSG's Vision of providing "Our Value to People and the Planet" through packaging and containers.

The Basic Development Council, the older deliberating body, now focuses mainly on enhancing FSG's core technologies (shrink sleeve labels, pressure sensitive labels, spouted pouches, and machinery). This council aims to constantly increase FSG's competitiveness by further

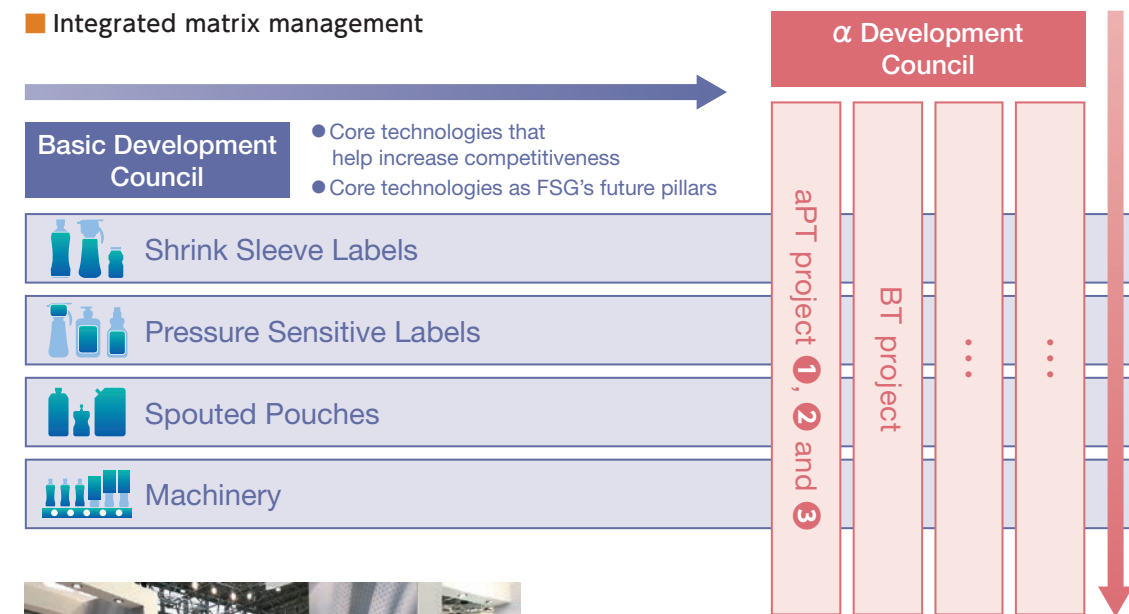
improving its core technologies that help increase competitiveness, and creating core technologies that will become its pillars in the future.

In 2021, FSG newly established an α Development Council. The purpose of this council is to create new businesses. It aims to develop containers that provide head-on solutions to the global social issues of plastic waste and global warming, and create new businesses based on the development outcomes.

These two deliberating bodies will be managed in an integrated matrix with a view to guiding FSG to explore new fields beyond its current business fields by leveraging core technologies developed by the Basic Development Council. We believe that powerful core technologies will allow us to

achieve business expansion with a competitive advantage even in new fields. Progress in development will result in new core technologies in new fields as well. We have a mechanism for feeding back such new core technologies to the Basic Development Council to further upgrade them.

Integrated matrix management



FSG's exhibit at Interpack

Definition of the α Development Council

- Being dedicated to developing Fuji Seal's proprietary core technologies
→ Enabling Fuji Seal to demonstrate its strengths
- Placing importance on business feasibility
→ Being always conscious of output
- Focusing on environmentally friendly containers
→ Solving global social issues

Initiatives for achievement

In the field of new-business creation, FSG aims to expand into the primary packaging business by utilizing its powerful core technologies.

- Development of film packaging that can be used in place of solid plastic containers Reduce
- Development of functional dispensers that complement the universal design of film packaging Reduce
- Development of film packaging using closed-loop recyclable materials Recycle
- Active participation in establishing a closed-loop recycling system Recycle
- Realization of safe and secure packaging Safety

To achieve these goals, we will not rely only on our own technologies but will seek partnership with a wide range of parties, including those from other industries, to proactively develop products together with the objective of achieving sales of three billion yen in new fields by 2025.

Fair and Transparent Transactions



Reasons for selecting materiality FSG* places an emphasis on performing transactions with our customers and business partners with peace of mind. We consider it important to realize fair and transparent transactions with business partners carefully selected from comprehensive perspectives based on respect, not only of prices but also quality management and quality assurance system, together with experience, past performance, social factors.

Regarding the KPI of the Materiality We will fulfill our responsible manufacturing and consumption form based on social consideration shared with major business partners by obtaining their consent to our Group Supplier Conduct Policy (Request to Our Business Partners) in line with our vision.

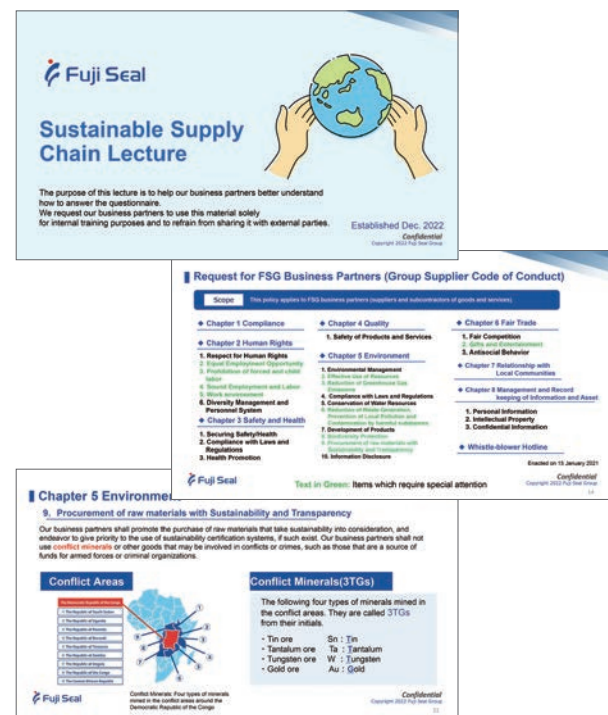
Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Establish responsible, socially conscious manufacturing and consumption systems based on relationships of mutual trust and development with all business partners 	<ul style="list-style-type: none"> Percentage of business partners who give consent for the Group Supplier Conduct Policy in their responses to the Sustainable Supply Chain Questionnaire: 80% on a purchase amount basis 	<ul style="list-style-type: none"> Account for 80% of procurement amount 93% in Japan 85% in the Americas 90% in Europe 95% in ASEAN 	<ul style="list-style-type: none"> Establishment and operation of the Group Sustainability Committee Establishment and revision of group policies All-region survey using the Sustainable Supply Chain Questionnaire Sustainable Supply Chain Lecture for FSG's purchasing personnel 	<ul style="list-style-type: none"> Protection of our business partners' rights Responsible manufacturing and consumption forms (raw materials, procurement, manufacturing, sales and consumption) Sound corporate activities that serve as a model for others Respect for human rights

* FSG: Fuji Seal Group

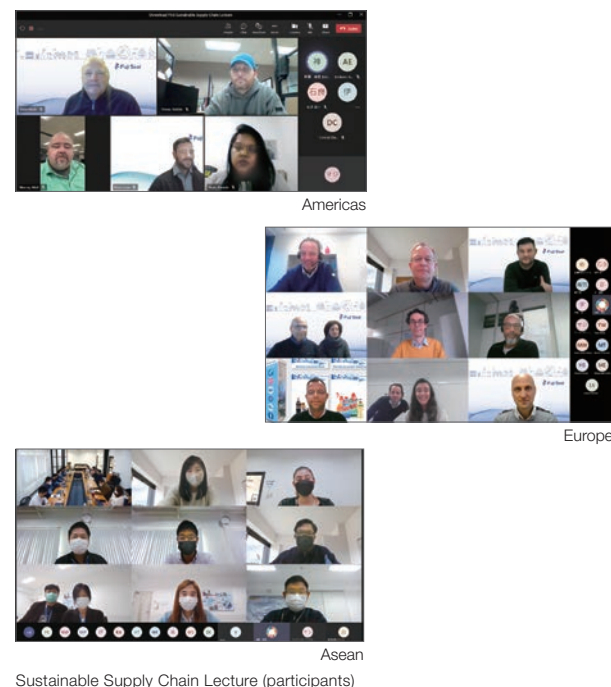
Initiatives up to 2022 and subsequent initiatives for achievement

The "FSG Sustainable Supply Chain Guidebook" defines the standards established in accordance with the "FSG Code of Ethics" and "Requests for FSG Business Partners (Group Supplier Policy for Action)." In order to promote actions of whole supply chain, we also provided 112 procurement personnel participants in Japan, the Americas, Europe, and ASEAN with an online lecture based on the Sustainable Supply Chain Guidebook. (100% participation of personnel involved in procurement)

From 2020, the Sustainable Supply Chain Questionnaire has been conducted to confirm our business partners' alignment with our policies, monitor ESG initiatives, assess supply risks, and resolve any relevant issues. In 2021, it was conducted to major suppliers related to the Shrink Sleeve Labels, Pressure Sensitive Labels (PSL), Spouted pouch and Machinery businesses in Japan, the Americas, Europe, and ASEAN and where necessary additional information was requested. We will continue striving to full responsible forms of manufacturing.



Sustainable Supply Chain Lecture (excerpt)



Sustainable Supply Chain Lecture (participants)

Promotion of Information Security Measures



Reasons for selecting materiality FSG* protects and properly manages information provided by customers and business partners and employees' personal information. We also believe that it is important to eliminate the risk of cyberattacks to ensure business continuity.

Regarding the KPI of the Materiality FSG regards the prevention of leaks of confidential information handled (including information of business partners) as the most important management risk. We believe that it is critical to continue to improve information security measures, aiming to establish protection systems that do not enable information leakage.

Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Efforts to maintain a system that strives to ensure information security that does not enable information leakage 	<ul style="list-style-type: none"> Zero cases of leaks of confidential information handled by FSG 	<ul style="list-style-type: none"> No cases of information leakage 	<ul style="list-style-type: none"> Strengthening defenses against external attacks on servers and personal computers Maintenance of all IT-related equipment and devices Internal compliance training for all employees concerning information leakage and IT literacy Simplified global assessment of cyber security measures Revision of the Personal Information Management Rules 	<ul style="list-style-type: none"> Protection of all business partner information Protection of all personal information handled by FSG Sustainable supply of secure and safe products

* FSG: Fuji Seal Group

Initiatives up to 2022

Simplified global assessment of cyber security measures

Fuji Seal International holds monthly meetings to promote digital transformation (DX). This deliberating body decided that the status of FSG's cybersecurity measures in all regions worldwide should be comprehensively visualized and assessed from the perspective of cyberattack methods.

Specifically, the IT division of each region underwent a simplified global assessment of cyber security measures, which was conducted under the leadership of the IT divisions of Fuji Seal International and Fuji Seal with support from external experts. The assessment was aimed at identifying appropriate countermeasures against possible cyberattack methods anticipated by experts, and confirming whether each region had reached the expected level of adoption and implementation of such countermeasures.



Report on the result of simplified global assessment for cyber security measures

Initiatives for achievement

This assessment was fully completed in December 2022. The contents of the report were submitted to Fuji Seal International's Board of Directors, and feedback on the assessment results was provided to each region, clearly indicating areas in need of improvement, as well as proposed countermeasures and the priority of those countermeasures.

Handling of information

FSG has reviewed and revised its Personal Information Management Rules to ensure proper handling of personal information, and to manage the handling thereof more smoothly and efficiently in compliance with applicable laws and regulations. Based on these revised rules, the Group has renewed its efforts in employee education and supervision.

In addition, all FSG business locations in Japan display posters to raise employee awareness of the handling of customer information.



Poster for raising awareness of appropriate use of social media

Open Dialogue with Stakeholders



Reasons for selecting materiality	FSG* strives to increase its engagement with stakeholders through not only conventional financial disclosures but also non-financial disclosures. We place particular importance on strengthening our relationships of trust with stakeholders through dialogue to clearly understand the level of each stakeholder's expectations and to meet those expectations, thereby raising the stakeholders' awareness of the significance of our contribution.
Regarding the KPI of the Materiality	We will establish a system for accurate and timely disclosure of financial and non-financial information about the entire Group to all stakeholders with the aim of increasing our engagement with them and improving the ratings given to us by external rating agencies.

Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Improvement of ESG ratings given to us by external organizations through accurate non-financial disclosures to stakeholders 	<ul style="list-style-type: none"> Continue to be selected as a constituent of the FTSE Blossom Japan Index FY2021 Continue to acquire an EcoVadis Silver Medal 	<ul style="list-style-type: none"> Selected as a constituent of the FTSE Blossom Japan Index in FY2021 Awarded an EcoVadis Gold Medal 	<ul style="list-style-type: none"> Operation of the Group Sustainability Committee Timely issuance of the Integrated Report and the ESG Data Book Provision of the opportunity for employees to have an in-person dialogue with the Company's directors 	<ul style="list-style-type: none"> Provision of investment opportunities to shareholders Revitalization of regional communities and creation of employment Greater satisfaction of employees and their family members/ Initiatives up to 2022

* FSG: Fuji Seal Group

Initiatives up to 2022

Intended for investors

- Held periodical financial result briefings
- Enhanced information about business strategies and ESG information provided in supplementary explanation materials on the financial results
- Posted supplementary explanation materials on the financial results in Japanese and English on our website at the same time
- Increased opportunities to interview overseas investors

Intended for employees

- Financial result briefings
In the presence of directors, a financial result briefing for each regional management team was held every quarter.
- Group discussions on the Fuji Seal Way
On the 125th anniversary of FSG's establishment, we updated the Fuji Seal Way as our guidelines for value behavior and held group discussions between employees. We are confident that these discussions have helped each employee achieve personal growth.

Intended for customers

- Participated in exhibitions around the world

	PROPAK ASIA	TOKYO PACK 2022	K-Show 2022	PACK EXPO INTERNATIONAL
Region	ASEAN	Japan	Europe	Americas
Exhibition name	PROPAK ASIA 2022	TOKYO PACK 2022	K-Show 2022	PACK EXPO INTERNATIONAL 2022
Exhibit Dates	May 15-18, 2022	October 12-14, 2022	October 19-26, 2022	October 23-26, 2022
Location	Bangkok, Thailand	Tokyo, Japan	Düsseldorf, Germany	Chicago, U.S.
No. of exhibitors	780	406	3,037	Over 2,000

Intended for regional communities

- Regional contribution activity: Sustainability workshops
As a leading company in the packaging industry, we will continue to contribute to the realization of a sustainable society by providing Our Value to People and the Planet. FSG held sustainability workshops focusing on eco-friendly reusable shopping bags, as a community activity in each of the regions where our bases are located.

Initiatives for achievement

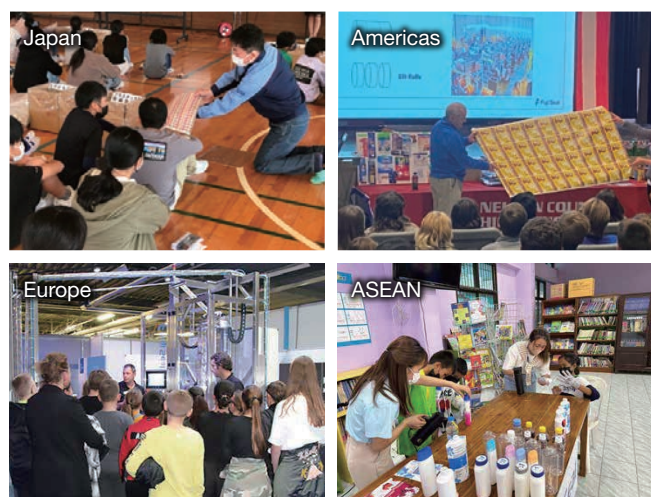
FSG strives to have open and active dialogue with all stakeholders, including shareholders and investors, by disclosing not only financial information, which it has long disclosed, but also non-financial information in a timely and appropriate manner.

Information disclosure

We have updated our website in a timely manner to ensure transparent disclosure of corporate information. The site's view count has remained at the target level. We will continue to further enhance the transparency of the corporate information we provide and share our corporate value (appeal) with a wide range of people in a timely, accurate, and consistent manner.

Improvement of ESG ratings given by external agencies

With the aim of visualizing FSG's ESG initiatives, we work to improve the ratings given to us by external agencies, including ratings in the FTSE Blossom Japan and by EcoVadis. We will continue our efforts toward higher ESG ratings.



Scenes from regional sustainability workshops

Stable Supply (including BCP)



Reasons for selecting materiality	FSG** is engaged in businesses classified as essential, such as beverages, HPC (home personal care), and medical care. Since products in these businesses are indispensable to daily lives, we believe that it is our social responsibility to ensure a stable supply of these products both at ordinary times and during emergencies.
Regarding the KPI of the Materiality	By promoting a safe and secure working environment throughout FSG by implementing the Group's OHS** Management System, we aim to have zero occupational accidents for 365 days a year at one or more factories in each business region. Rather than being content with fulfilling the conventional function of an order reception center only, we will build a future-oriented ordering and reception system to establish a comprehensive business continuity planning (BCP) system designed from the customer's point of view.

Qualitative target	KPI (Key Performance Indicator) up to 2023	Actual figures (as of March 31, 2023)	Main initiatives	Value to society
<ul style="list-style-type: none"> Establishment of the Group's OHS management system by aligning with all business bases 	<ul style="list-style-type: none"> Achieve zero occupational accidents for 365 days a year at one or more factories in each business region 	<ul style="list-style-type: none"> The number of occupational accidents remained low in Japan and significantly decreased year on year in all other regions. 	<ul style="list-style-type: none"> Improvement of the OHS management system in a unified manner within the Group Conduct OHS audits to assess the compliance with laws and regulations by external organizations 	<ul style="list-style-type: none"> Provision of a secure, safe and comfortable work environment Contribution to secure and safe local communities Sustainable supply of secure and safe products

** FSG: Fuji Seal Group ** OHS: Occupational Health and Safety

Initiatives up to 2022

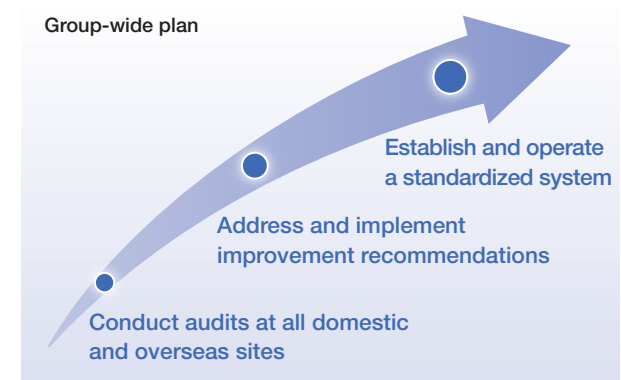
Working to solve fundamental challenges and conducting self-assessments

To provide a safe and secure working environment throughout FSG, we have made sustained efforts to establish an effective mechanism for ensuring both the appropriate operation of the OHS system and compliance with OHS laws and regulations, in full recognition of their importance.

Based on the results of an audit conducted by a specialized external auditing company in FY2021, we identified fundamental OHS challenges that we should solve and have since continued our improvement activities to address them. At the same time, FSG bases in Japan and abroad have conducted self-assessments to maintain and manage their compliance with OHS laws and regulations. FSG has therefore made its first step toward establishing a standardized mechanism.

We are also devising a mechanism to respond appropriately to revisions to laws, regulations, and ordinances. In parallel with these initiatives, we have provided employees with OHS training, favorably resulting in improvements in their levels of knowledge and changes in their mindsets.

We will continue our Group-wide efforts to establish a standardized mechanism and further improve our working environment.



Initiatives for achievement

System for stable operations

In Japan, the OHS and Accident Prevention Department of the Environment and Safety Promotion Office is in charge of preventing occupational accidents. Since 2021, the department has continued to achieve zero fire accidents. In FY2023, the same department started operating as a company-wide organization dedicated to supervising all manufacturing facility sites. In addition, while company-wide OHS and Accident Prevention Regulations have come into effect, a DX project has been launched to reduce OHS risks by utilizing in-house OHS data.

System for stable product supply

Established as a factory friendly to both people and the environment, the new factory in North Carolina, U.S. which started operating in May 2023, runs with effective automation and aims to reduce the use of solvents. This factory has helped FSG ensure a reliable system for stable product supply from a BCP perspective.



Location	Trivium Corporate Center (Hickory)
Ground area	25.3 acres (102,000 m ²)
Building area	191,000 square feet (17,800 m ²)
Total investment	Approx. USD 80 million
Product type	Shrink sleeve labels
Expected sales	USD 110 million

Corporate Governance

Corporate Governance System

FSG transitioned to a “Company with a Nominating Committee, etc.” (then called “Company with Committees”) as early as 19 years ago in June 2004. As of April 13, 2023, only 90 of the listed companies in Japan have adopted for this system.

The purposes for adopting the system are as follows: (1) Strengthen the governance of the Group as a whole; (2) Improve the transparency of management for shareholders and investors; (3) Clarify the business execution roles of each Group company and the Group’s management, and improve the efficiency and quality of the Group’s strategy; and (4) Implement strategies with a broader perspective by making active use of the abilities of outside directors and increasing the speed of change.

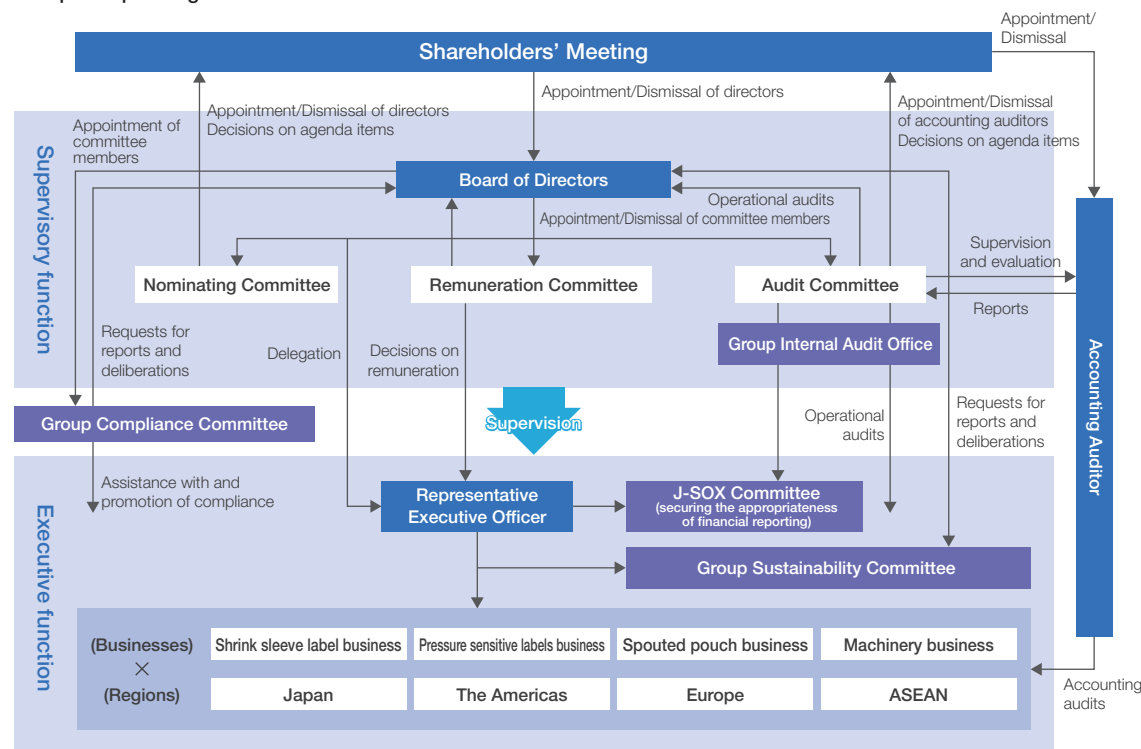
The Nominating Committee considers and makes decisions

on the appointment and dismissal of director and executive officer candidates in light of the standards for appointment with the aim of contributing to the establishment of appropriate management systems for the Group.

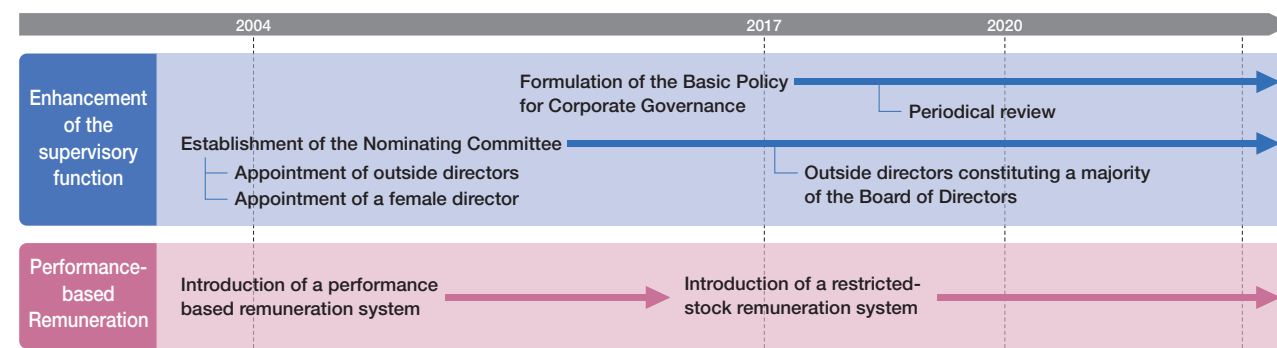
The Remuneration Committee considers and decides the basic remuneration and incentives and evaluation items on the remuneration of directors and executive officers with the aim of making the Group’s management more transparent. The Nominating Committee and the Remuneration Committee are composed of one inside director and three outside directors.

The Audit Committee has been established to secure legitimate, appropriate and efficient operations of the Group, which means operations based on the annual policy and medium- to long-term management policy. The Audit Committee is composed of three outside directors.

Fuji Seal Group’s corporate governance structure



History of corporate governance measures



Effective Governance

Structure of the Board of Directors

The Board of Directors is composed of six directors, including three independent outside directors (as of the closure of the General Meeting of Shareholders held in June 2023). We give full consideration to diversity among the Board members. The inside directors are highly experienced in different fields such as corporate management in general, including management strategy, the management of a business company in the Group, and overseas business management.

The three outside directors—an attorney-at-law, a certified public accountant, and a technological development expert—also have rich insights as responsible supervisors of safety and disaster prevention, manufacturing, and the management of a listed company. Of the 6 Directors, one is female. While the nationality of all Directors is Japanese, they have abundant and extensive knowledge, and a broad range of experience and capabilities, including business experience in overseas business.

Evaluation of the Effectiveness of the Board of Directors

In April 2023, all the directors responded to a questionnaire survey for self-assessment of the effectiveness of the Board of Directors, and then deliberated on the survey results and challenges to be overcome. Since inside and outside directors underwent a self-assessment questionnaire survey in May 2016 and had an external organization compile the results, the Board of Directors has periodically conducted this kind of survey to deliberate on its own effectiveness.

The latest survey and deliberations referred to the Japanese Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation 2.0, which was revised in August 2022, and focused on items of guidance on governance given in the document. The Board members discussed their observations on the Group’s current status and challenges to be overcome in terms of the guidance.

Remuneration of Directors and Executive Officers

The Remuneration Committee has determined the following system remunerations received by each director and executive officer. Based on this system, the Remuneration Committee determines the individual remunerations received by directors and executive officers.

The Remuneration Committee has also confirmed and judged that the method of deciding on remunerations awarded to each director and executive officer and that the decisions conform with this policy.

1. Basic policy on remunerations

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 profits with shareholders.
- d. The decision-making process for the remuneration system should be objective and transparent.

2. Overview of the remuneration system

a) Procedures

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

b) Composition of compensation

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

c) Basic remuneration

The level of base remuneration is determined in accordance with each person’s career, professional background, duties, and responsibilities, and in consideration of the Company’s business performance and business environment.

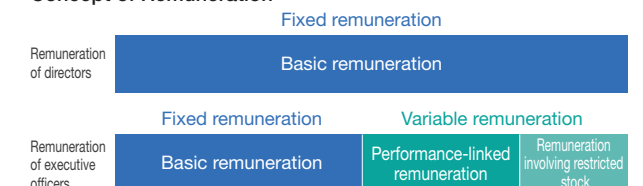
d) Performance-based remuneration

Performance-linked compensation is determined by the Remuneration Committee based on the degree of achievement of the division under the control of each executive officer, and the percentage of the total remuneration varies between 0% and 30%. Calculation items include consolidated sales and operating profit margin for a single fiscal year, financial indicators important for management strategy, and non-financial indicators such as environmental indicators and human resource development. When the performance-linked remuneration reaches a certain amount, a portion of it will be paid in the Company’s stocks.

e) Restricted-stock remuneration

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

Concept of Remuneration



Management



From left: Tatsundo Maki, Yuichi Seki, Hiroumi Shioji, Shigeko Okazaki, Yoichi Okazaki, and Akikazu Yada

(as of June 22, 2023)

Hiroumi Shioji
 Outside Director
 Independent Director
 Born on January 28, 1957

Brief history
 April 1987: Registered as an Attorney-at-law
 April 1991: Established the Shioji Law Office
 Director, Shioji Law Office
 June 2015: Director, Fuji Seal International, Inc. (to date)
 January 2022: Representative Partner, Shioji Law Office (a legal professional corporation) (to date)
Length of service as an outside director
 8 years

Tatsundo Maki
 Outside Director
 Independent Director
 Born on September 14, 1972

Brief history
 April 1997: Joined Asahi & Co. (currently KPMG AZSA LLC)
 April 2000: Registered as a Certified Public Accountant
 April 2009: Representative Partner, SCS Global LLC (to date)
 June 2017: Director, Fuji Seal International, Inc. (to date)
Length of service as an outside director
 6 years

Yuichi Seki
 Outside Director
 Independent Director
 Born on June 28, 1953

Brief history
 April 1978: Joined Kobe Steel, Ltd.
 June 2011: Senior Managing Director, General Manager of the Technical Development Group, Kobe Steel, Ltd.
 June 2012: Executive Vice President and Representative Director, OSAKA Titanium technologies Co., Ltd.
 June 2014: President and Representative Director, OSAKA Titanium technologies Co., Ltd.
 June 2019: Director, Fuji Seal International, Inc. (to date)
 June 2021: Corporate Auditor, Fuji Seal, Inc. (to date)
Length of service as an outside director
 4 years

Shigeko Okazaki
 Born on April 5, 1957

Brief history
 August 1990: Joined Fuji Seal International, Inc.
 December 1999: General Manager of the Corporate Planning Department, Fuji Seal International, Inc.
 January 2001: General Manager of the Corporate Planning Center, Fuji Seal International, Inc.
 June 2002: Director, Fuji Seal International, Inc.
 June 2004: Director and Executive Officer, Fuji Seal International, Inc.
 June 2006: Director and Executive Officer in charge of Corporate Planning, Fuji Seal International, Inc.
 March 2007: President and Representative Director, Fuji Seal Europe S.A.S.
 June 2007: Director and Executive Officer in charge of Corporate Planning and Europe Operations, Fuji Seal International, Inc.
 March 2008: Director, Representative Executive Officer, and President, Fuji Seal International, Inc.
 June 2020: Director, Representative Executive Officer, President, and CEO, Fuji Seal International, Inc.
 June 2021: Director, Representative Executive Officer, Chairperson, and CEO, Fuji Seal International, Inc.
 March 2023: Director, Representative Executive Officer, President, and CEO, Fuji Seal International, Inc. (to date)

Yoichi Okazaki
 Born on July 26, 1982

Brief history
 October 2012: Joined Fuji Seal International, Inc.
 January 2015: Assigned to Fuji Seal Europe B.V.
 January 2017: General Manager of the Machinery Segment, Pago Etikettiersysteme GmbH (currently Fuji Seal Germany GmbH)
 February 2019: Representative Director and President, Pago Etikettiersysteme GmbH
 January 2020: General Manager of the Corporate Planning Division, Fuji Seal International, Inc.
 February 2022: General Manager of the Machinery Division, Fuji Seal, Inc.
 June 2022: Executive Officer, Fuji Seal International, Inc. (to date)
 December 2022: Representative Director and President, Fuji Seal Europe B.V. (to date)

Akikazu Yada
 Born on March 25, 1963

Brief history
 July 2018: Joined American Fuji Seal, Inc. Representative Director and President, American Fuji Seal, Inc.
 Representative Director and President, American Fuji Technical Services, Inc.
 Representative Director and President, Fuji Seal Packaging de Mexico, S.A. de C.V.
 June 2019: Executive Officer, Fuji Seal International, Inc.
 July 2019: Director, American Fuji Technical Services, Inc.
 October 2020: Representative Director and President, American Fuji Technical Services, Inc.
 December 2022: Executive Officer and Chief Financial Officer (CFO), Fuji Seal International, Inc. (to date)

Executive Officers



Shigeko Okazaki
 Representative Executive Officer,
 President and CEO



Hideaki Umeda
 Executive Officer
 (in charge of the Shrink Sleeve
 Labels Division)



Takeshi Kyogane
 Executive Officer
 (in charge of the Pressure
 Sensitive Labels Division)



Masahisa Fukuda
 Executive Officer
 (in charge of the Spouted
 Pouches Division)



Yasuhiro Shibata
 Executive Officer
 (in charge of Japan region)



Satoru Kawasaki
 Executive Officer
 (in charge of the American region)



Yoichi Okazaki
 Executive Officer
 (in charge of the Machinery
 Division and European region)



Takafumi Yamamoto
 Executive Officer
 (in charge of the ASEAN region)



Akikazu Yada
 Executive Officer
 (in charge of Finance and CFO)



Fumiaki Takahashi
 Executive Officer
 (in Charge of Legal Affairs and
 Risk Management)



Marieke Sauer-Ploegmakers
 Executive Officer
 (in charge of Human Resources)

	Field	Items
Standards for Appointment of Directors The Nominating Committee appoints candidates for directors based on the Standards for Appointment of Directors as shown below:	Basis	Practices our mission statement / Participatory Awareness / Capability to detect changes
	Formulation of strategies	Show one's vision / Formulates and decides strategies / Capability of setting goals
	Implementation of initiatives to solve challenges	Capability of implementation and practice / Capability of analyzing problems / Capability of detecting risks / Leadership
	Leadership	Capability to respond to changes / Determination to take on new challenges
	Traits	Credibility within the Company / Credibility outside the Company / Gaining credibility
	Experience and knowledge	Achievements in developing new business fields / Positive track record/ expertise and experience

Skill Chart

Skills	Reason for selection	Number of applicable directors
Corporate Management	Directors with experience and a track record in management are required to establish and implement growth strategies centered on ESG and realize the Group's vision "Our Value to People and the Planet" amid a dramatically changing business environment as a leading packaging company.	6
Marketing	Directors with the experience to listen to the market and customers, understand the essence of their needs, and leads us to grow together are key in achieving sustainable growth in the packaging market.	6
Manufacturing and development	Directors with experience promoting various innovations, solid knowledge in the fields of technology, quality, and the environment, and respective experience in strategic planning are required to develop and bring to market eco-friendly products to realize a circular society.	3
Global Business	Directors with business management experience overseas and ample knowledge and experience regarding things like business conditions, lifestyles, and culture overseas to respond to local needs are required to accelerate global expansion and strengthen profitability.	5
Human Resource Development	A human resource strategy capable of maximizing the potential of every employee as they adapt to change and grow is needed to achieve sustainable growth. Directors with solid knowledge in the field of human resource development, including promoting diversity, and respective experience in strategic planning are required.	6
Financial Strategy	Directors with solid knowledge in the fields of finance and accounting and respective experience in strategic planning are required to build a strong financial base, promote growth investments (including M&A) targeting sustainable enhancement of corporate value improvement, and strengthen shareholder returns.	5
Compliance, governance, and risk management	Establishment of an appropriate governance system is the foundation for sustainable enhancement of corporate value needed by society. Directors with solid knowledge in the fields of corporate governance, risk management, compliance, and respective experience in strategic planning are also required to enhance the effectiveness of management supervision by the Board of Directors.	6
Sustainability and environmental management	Directors with knowledge about decarbonization, eco-design, diversity, and work-life balance as well as the ability to promote initiatives in those areas are required to be a company that contributes to realizing a sustainable society by solving ESG issues with packaging.	2
Digital transformation (DX) promotion	Directors capable of driving change leveraging data and digital technology are needed to create exciting new value and maintain and strengthen competitiveness in the market.	2

Name	Outline of expectations	Expected skills & experience
Hiroumi Shioji	Has broad insight in general corporate legal affairs gained through office management and his work as an attorney-at-law providing useful suggestions and opinions regarding the Company's overall management. He also has experience as an outside director (member of an audit and supervisory committee) at another publicly listed company. We expect that he will provide appropriate advice on the Company's overall management and contribute to the strengthening of corporate governance from an independent standpoint.	<ul style="list-style-type: none"> ● Corporate management ● Marketing ● Human resource development ● Compliance, governance, and risk management
Tatsundo Maki	Has broad insight and experience in accounting, finance, and taxation gained as a certified public accountant. We expect he will provide appropriate advice regarding the Company's overall management from an independent standpoint based on his expert perspective and contribute to strengthening corporate governance.	<ul style="list-style-type: none"> ● Corporate management ● Global business ● Financial strategy ● Compliance, governance, and risk management
Yuichi Seki	Has broad insight as a supervisor of safety, disaster preparedness and manufacturing primarily in the fields of manufacturing and development, as well as experience as the manager of a publicly listed company. We expect he will provide appropriate advice regarding the Company's overall management from an independent standpoint and contribute to strengthening corporate governance.	<ul style="list-style-type: none"> ● Corporate management ● Manufacturing and development ● Human resource development ● Compliance, governance, and risk management
Shigeko Okazaki	Has abundant experience and broad insight in management overall, including management strategies, as the manager of the Group in working to effectively strengthen the decision-making and supervisory capabilities of the Board of Directors. As the director of the company, we expect she will appropriately supervise overall Group management and contribute to sustainable growth and enhancement of corporate value.	<ul style="list-style-type: none"> ● Corporate management ● Marketing ● Human resource development ● Promotion of digital transformation (DX)
Yoichi Okazaki	Has experience in formulating the Company's medium-term management strategy and promoting new business development, in addition to enhancing the Company's corporate value by promoting innovation as manager of global machinery business. We expect that he will appropriately supervise overall Group management and contribute to sustainable growth and enhancement of corporate value based on his experience and achievements.	<ul style="list-style-type: none"> ● Corporate management ● Manufacturing and development ● Global business ● Sustainability and environmental management
Akikazu Yada	Has experience as the manager of one of the Group's overseas regions, as well as abundant insight in marketing and is committed to contribute to the enhancement of the Company's corporate value. We expect that he will appropriately supervise overall Group management and contribute to sustainable growth and enhancement of corporate value based on his experience and achievements.	<ul style="list-style-type: none"> ● Corporate management ● Marketing ● Financial strategy ● Promotion of digital transformation (DX)

Messages from Outside Directors



Hiroumi Shioji
Outside Director
(eight years in office)

Hoping that FSG will bring about innovation again through people-oriented management

I recognize that the foremost duty I am expected to perform is to supervise the Company mainly from a compliance aspect by making the most of my knowledge and experience as an attorney-at-law. I hope to voice my views and make proposals that contribute to the growth of the Fuji Seal Group (FSG) with the intention of promoting aggressive corporate legal operations to turn risks into opportunities and of sowing seeds for the future, rather than simply asking the Company to comply with laws.

In FY2022, soaring raw material costs had a significant impact on the Group's earnings, but I have the impression that the Group has made massive efforts to solve challenges through thorough in-house discussions. Some measures have been completed, while others are still in a preparatory phase. Therefore, I recognize that the Group is now in a transitional period. I think this period will continue for a while. However, now that the world is at a major turning point with environmental and other issues to be solved, I hope that the Group will bring about innovation again in the industry through groundbreaking manufacturing, just as it did when being one of the first to introduce shrink sleeve labels globally.

This requires everyone in FSG to work with passion and enthusiasm. In the end, it consists of "people." I hope that FSG will devote further efforts to creating a workplace environment that brings all employees great satisfaction at working in the Group, or in other words, on people-centered management.



Tatsundo Maki
Outside Director
(six years in office)

The next 10 years will be the foundation for FSG's next 100 years

FSG is already operating in various regions in the world, but it must further expand to achieve future growth. As more and more complex approaches are required toward business expansion and risk management, I recognize that my role in FSG lies in utilizing my knowledge and experience in overseas business, especially in Asia, including factors like finance and taxation.

Although the COVID-19 pandemic is approaching an end, there has been lingering uncertainty about the future due to heightened geopolitical and other risks. Under such circumstances, the Company's ESG initiatives were highly rated by external agencies, including EcoVadis and the CDP, this topic left an impression in FY2022.

Also, the Company proposed the concept of the "Waku-Waku Growth Cycle" two years ago. I believe that the next 10 years will be precisely a "Waku-Waku" ("excitement") phase, which will be crucial for the following 100 years and be definitely evaluated when we look back on it. The key to taking advantage of this opportunity for sustainable growth is to adapt to changes in the environment, make prompt decisions, and implement them appropriately under FSG's Credo: "Each day with renewed commitment, we create new value through packaging." A system necessary for that purpose is being put in place. I myself hope to make a meaningful contribution to accomplishing the purpose while feeling "Waku-Waku."



Yuichi Seki
Outside Director
(four years in office)

Carving a path for a long-term strategy built on FSG's strengths

I hope that the executive officers and employees will build their enthusiasm to improve the Company and continue to persevere in making progress. Meanwhile, I recognize that the role of outside directors is to look at the company as a whole and make calm judgments with fairness and objectivity. I believe that the combination of these two different stances help invigorate active discussions and further improve the Group's management. At times, I also try to find the best possible compromise for FSG by drawing on my own experience in corporate management.

I highly rate the effectiveness and operation of the Board of Directors. Those in charge of the Board not only submit proposals for deliberation to us, but also thoroughly explain the background to regional and divisional strategies before they are finalized. The three of us as outside directors are involved in decision-making processes by proposing ideas in our different positions, which I feel has created a very good governance structure.

I feel that the past few years have been a time when the Group had been busy addressing immediate challenges, but now they are beginning to see the glimmer of light ahead.

I hope that FSG will bring its dedication to short-term measures to a conclusion here, and return to its growth path by formulating a solid long-term strategy that builds on its strengths. I also hope that the Group will create new groundbreaking products and technologies that can overturn the conventional assumption of what packaging is.

Risk Management

The Fuji Seal Group (FSG) has established the "Group Risk Management Rule" to define basic policy and management systems to respond to risks entailed by business operations. This rule is intended to guide the Group to make its management sounder, more stable, and more efficient, thereby enhancing both the interests of shareholders and the Group's social credibility. FSG has adopted the basic policy for risk management to anticipate risks by using risk maps to raise awareness of possible risks, as well as manage or minimize risks appropriately (through avoidance, transfer, reduction, acceptance, etc.), and effectively respond and address them when problems occur.

Risk maps

FSG's basic framework for risk management requires that potential risks be identified and located on risk maps according to their level of impact on management and likelihood of occurrence, and that systems be established to address those risks based on the risk maps. Specifically, the Group constantly reviews the risk maps and formulates and implements an action plan to deal with the mapped risks, as well as incorporating progress in improvements and subsequent changes in the environment in subsequent updates of risk maps.

Group-wide risk management system

The "Group Risk Management Rule" not only provide for a disaster prevention system and a crime prevention and security system, but also define the organizational structures and roles of the "Group Risk Management Headquarters" and the "Regional Risk Management Headquarters" as crisis management bodies in the event of an emergency, accident, or incident. We are working to educate our employees about potential risks and ensure a shared risk awareness among them so that, even if a risk is realized, necessary information will be quickly and appropriately communicated, and proper countermeasures, as well as preventive measures against similar cases, will be adopted.

Moreover, as a risk monitoring function, the Group Internal Audit Office conducts internal audits under the direction of the Audit Committee, while a third party audits the Group's risk management system as necessary. The results of these audits are reported to the Audit Committee and the Representative Executive Officer.

The Board of Directors, Audit Committee, Group Compliance Committee, and Representative Executive Officer supervise and deliberate on the status of Group's risk management measures and their effectiveness.

Compliance

FSG has established the "FSG Code of Ethics" and distributed a Compliance Card to all officers and employees as part of their training. Through these initiatives, the Company makes it clear that it expects officers and employees to not only abide by laws and regulations as well as internal rules but also offer them clear action guidelines in accordance with the Company's corporate ethics.

In addition, the Group Compliance Committee holds periodical meetings to determine topics concerning compliance and initiatives, and also implements awareness-raising activities, planning and reports compliance-related plans to the Board of Directors. The Group officers are signatories to the Compliance Declaration.

Revision of the FSG Code of Ethics

FSG regularly reviews Group policies and rules as necessary. Based on the "Group Diversity, Equity and Inclusion Policy" (formulated in December 2022), the Group drastically revised the FSG Code of Ethics in March 2023. In addition to incorporating the main purpose of the Group's DE&I Policy, this revision represents Fuji Seal's uniqueness by incorporating the opinions of younger employees and revises the content of the workplace environment, environmental management, and relations with local communities.

As part of our activities to promote and raise awareness of compliance, we have been holding training sessions and seminars, distributing compliance cards, raising awareness through family festivals and anniversary events, displaying awareness-raising posters in workplaces, and publishing articles that explain compliance in our in-house newsletter. We will take advantage of the revision of the FSG Code of Ethics as a starting point for our renewed efforts to utilize various opportunities and tools in order to thoroughly inform all staff about the importance of compliance and raise compliance awareness throughout the Group.

Consultation Hotline

To detect injustices, such as human rights infringements and harassment, as well as bribery and other compliance-related problems as early as possible and respond appropriately and promptly to them, we have in place a Consultation Hotline (whistleblowing system), which allows employees to report suspected cases directly to their company. Under this system, consultation requests and reports are accepted not only by the relevant in-house departments (including the Group Internal Audit Office) but also by external law offices and specialist companies.

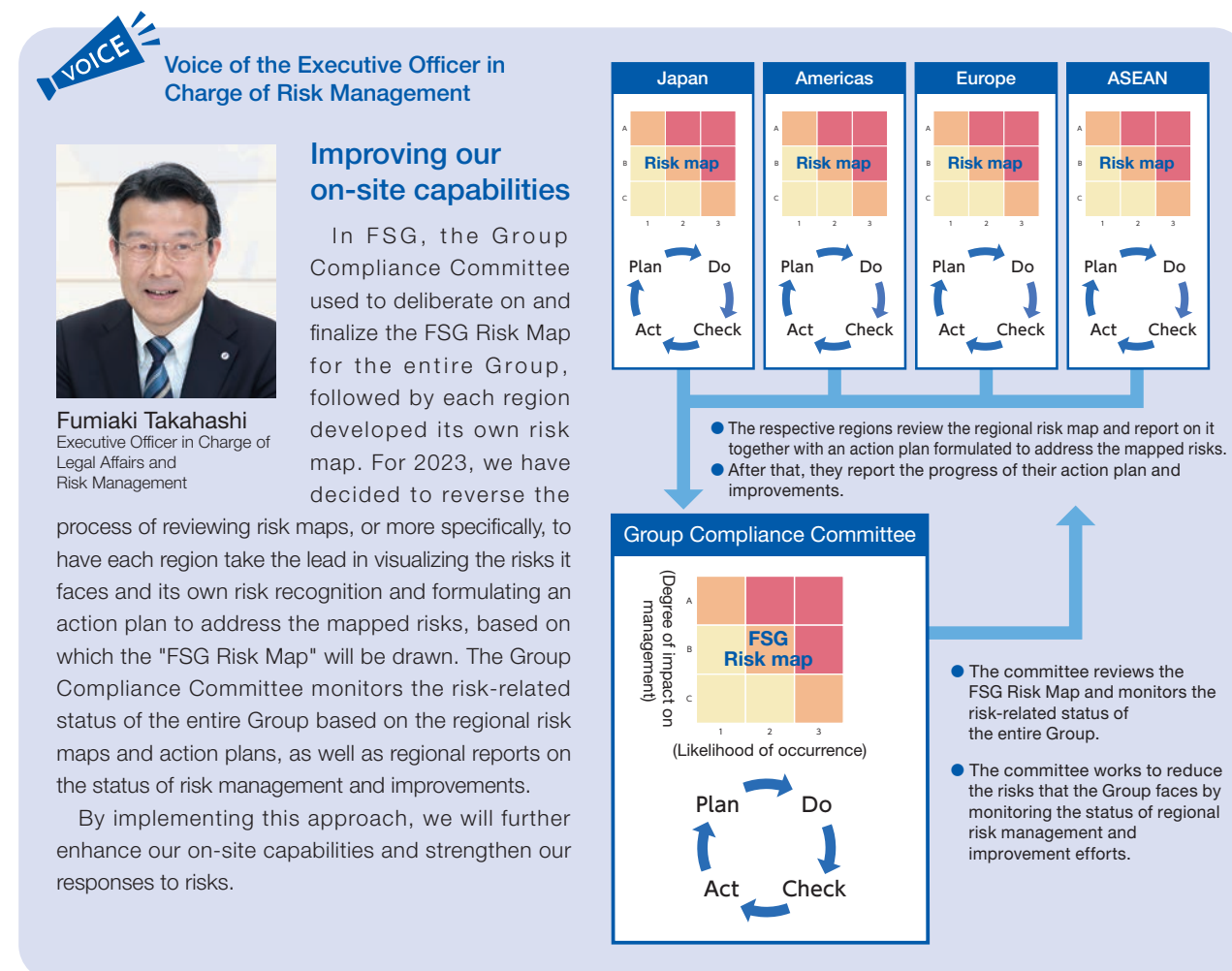
The Consultation Hotline operates while ensuring complete confidentiality and preventing any disadvantageous treatment of whistleblowers. The system can be used anonymously. The status of acceptance of whistleblowing reports is regularly reported to the Group Compliance Committee, the Board of Directors, and the Audit Committee to improve Group compliance and risk management.

Group-wide compliance management system

Fuji Seal International (FSI) has in place the Group Compliance Committee to promote and support compliance management throughout the Group.

The Group Compliance Committee submits reports and deliberation requests on important issues related to compliance to the Board of Directors. The duties under the responsibility of this committee include devising and deciding on organizations and systems related to compliance; deliberating on the revision and abolishment of provisions in the FSG Code of Ethics; developing and finalizing compliance-related action plans for FSG as a whole; and monitoring the implementation of those action plans. Specifically, the committee adopts a "Group Compliance Slogan" and deliberates on and determines annual topics and initiatives, while monitoring compliance-related issues.

In addition, each region has its own Compliance Committee, which devises and implements regional compliance promotion measures, monitors progress in those measures, provides employees with compliance-related education and information, responds to requests for consultation on compliance violations and consultation requests and reports submitted to contacts for whistleblowing, devises and implements preventive measures against similar cases, and reports to the Group Compliance Committee.



Covers of the FSG Code of Ethics. Written in 11 languages: Japanese, English, Thai, Vietnamese, Indonesian, French, Spanish, German, Italian, Polish, and Dutch.

Consolidated Results (Profit/Loss) for FY2022

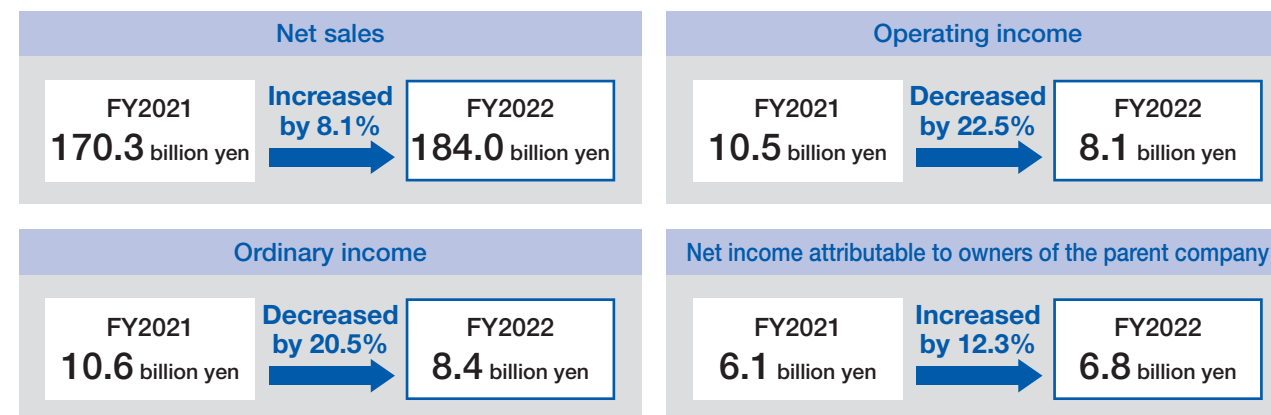
At the end of FY2022, FSG formulated three key strategies in order to continue to achieve sustainable growth even in a drastically changing and unpredictable social environment.

One of those three strategies is to steadily strengthen the four existing businesses. We will implement measures to solidify the foundations of our current four core businesses of Shrink Sleeve Labels, Pressure Sensitive Labels, Spouted Pouches, and Machinery, and improve those businesses to become more muscular and highly profitable. The specific measures we will implement in pursuit of this strategy include accelerating the shift to highly profitable environmentally friendly products, which are expected to be in high demand in the future; further improving production efficiency not only at production sites but also in all other business processes; and constantly increasing our overall profitability by reshuffling our product portfolio.

Our second key strategy is to expand product markets and target areas. We will expand target product markets and activity areas by leveraging the Group's existing proprietary technologies, which its four existing businesses have developed, as well as our network of relationships with various

stakeholders, including customers and partner companies. We hope to utilize resources available to us, including the Group's current human assets and intellectual properties, to broaden the scope of our activities and increase our business opportunities, thereby expanding the scale of our businesses.

Our third key strategy is to construct new business models that will be effective in the next generation. We will sow and cultivate seeds of new businesses that will grow into our core businesses in the future, instead of being confined within the framework of our existing four core businesses. Rather than sticking to independent business promotion and even to the packaging industry, we will take up the challenges of doing what we as FSG can to contribute to the realization of a sustainable society, and engaging in any business that can meet the needs of customers and society and provide them with solutions. We will not build any barrier to our own pursuit of this strategy. We will not only leverage the resources we have long drawn on, including the Idea Bank Program, but also work to build alliances with other companies, including startups.



Cash Flows

Cash and cash equivalents at the end of FY2022 were 17,347 million yen, decrease of 6,757 million yen from the end of FY2021. The main details are as follows:

Cash flows	End of FY2022	
	Amount	Details
Total of cash and deposits at the beginning of the fiscal year	24,105	
Cash flows from operating activities	8,269	Income before income taxes: +7,733; Depreciation breakdown: +7,738; increase in notes and accounts payable: +1,961; notes and accounts receivable: -3,961; inventories: -4,232; income taxes paid: -3,200
Cash flows from investing activities	△ 11,014	Purchase of tangible fixed assets: -11,151
Cash flows from financing activities	△ 5,793	Debts: -3,543; cash dividends paid: -1,916
Effect of exchange rate changes on cash and cash equivalents	1,781	
Total cash and cash equivalents at the end of year	17,347	
Free cash flows	△ 2,745	

Medium-Term Management Plan

● Market opportunity

FSG considers the following three changes to be business opportunities: (1) Environmental issues accelerate response needs; (2) Consumer lifestyle acceleration of diversity; and (3) Expansion of consumption areas.

By responding appropriately to these changes, FSG will continue to grow by taking advantage of our strengths: "Ability to respond flexibly and agilely with a local manufacturing and sales development system to meet the diverse packaging needs of customers who are leading the global market, and to deploy the technologies and experience cultivated in other regions," "Ability to respond and verify market demands and to provide QCD through the possession of integrated

technology covering materials technology, production, customer applications, and after-sales service," and "Strong relationships with innovative global customers cultivated through the above."

● Overview of the Medium-Term Management Plan

Under the current Medium-Term Management Plan, which was formulated to materialize what FSG aims to be, we will speed up our efforts globally to tackle the important challenges of "Accelerating overseas expansion of our label business and profitability enhancement," "Expanding primary packaging," and "Creating new businesses" by practicing sustainable management.

Dividends

Under the current Medium-Term Management Plan with the fiscal year ended March 2022 as the first year, we aim to improve our corporate value by contributing to the realization of a circular and sustainable society through packaging where people can live peacefully and with peace of mind. Our top priority in management is to offer returns to shareholders according to the consolidated financial results for the relevant period and at the same time to continue to increase those returns.

Therefore, we have adopted the following dividend policy:

- Make investment for continuous growth (technical development, human resource development, capital expenditure, and M&A)
- Strive to achieve the target of a consolidated payout ratio of 20% to 25%
- Increase the dividend per share stably and continuously
- Build a solid financial base in preparation for an emergency and be agile in purchasing and disposing of treasury stock (to improve capital efficiency)

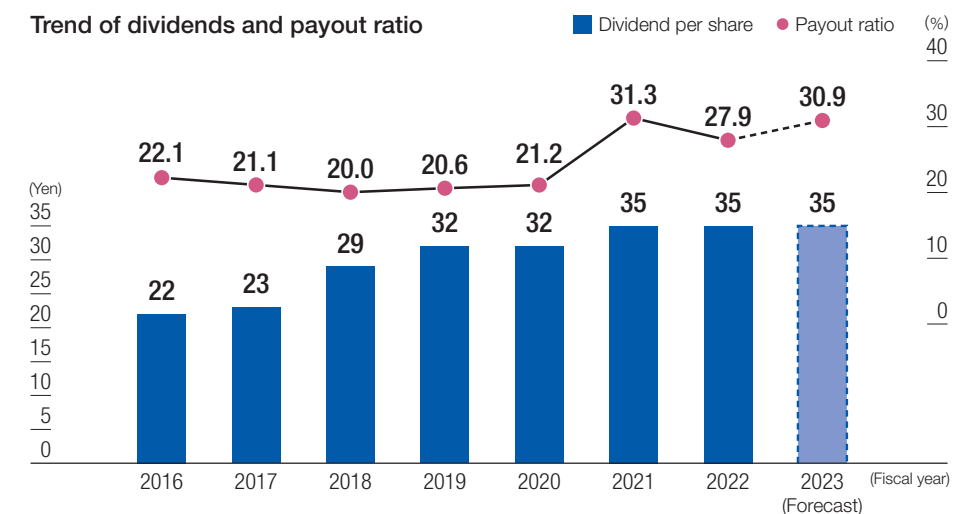
In FY2022, the business environment surrounding FSG remained difficult due to the continued rise in raw material prices and accelerating inflation in Europe and the Americas. As a result of the recognition of the tax effect of the dissolution of Fuji Seal Switzerland AG, a consolidated subsidiary of Fuji Seal International, Inc., and the resolution to liquidate it, net income attributable to owners of the parent company for FY2022 exceeded the revised forecast value announced on May 11, 2022.

On May 19, 2023, the Board of Directors resolved that the year-end dividend for FY2022 would be 18 yen per share as initially forecast, considering the Company's policy of distributing dividends stably and the financial results for that fiscal year.

As a result, the total amount of the full-year dividend, including the interim dividend (17 yen per share) was decided to be 35 yen per share, with a consolidated payout ratio of 27.9%.

For FY2023, based on the abovementioned basic policy, the Company will pay an annual dividend of 35 yen per share, which means that the consolidated payout ratio for FY2023 is forecast to be 30.9%.

Trend of dividends and payout ratio



Summary of Consolidated Financial Results (1)

Fiscal year	2018	2019	2020	2021	2022
Net sales (million yen)	162,189	160,925	163,635	170,321	184,035
YoY growth (%)	4.8	-0.8	1.7	4.1	8.1
Gross profit (million yen)	31,710	31,289	31,298	30,638	29,677
YoY growth (%)	7.5	-1.3	0.0	-2.1	-3.1
Ratio of gross profit to net sales (%)	19.6	19.4	19.1	18.0	16.1
Operating income (million yen)	12,986	12,634	12,428	10,572	8,194
YoY growth (%)	12.9	-2.7	-1.6	-14.9	-22.5
Operating margin (%)	8.0	7.9	7.6	6.2	4.5
Ordinary income (million yen)	12,542	12,901	12,104	10,600	8,426
YoY growth (%)	14.0	2.9	-6.2	-12.4	-20.5
Ordinary income to net sales (%)	7.7	8.0	7.4	6.2	4.6
Net income (million yen)	8,259	8,808	8,375	6,117	6,869
YoY growth (%)	33.1	6.7	-4.9	-27.0	12.3
Net income to net sales (%)	5.1	5.5	5.1	3.6	3.7
Earnings per share (yen)	144.78	155.51	150.93	111.70	125.43
Shareholders' equity (million yen)	95,897	97,639	103,080	109,492	120,571
Total assets (million yen)	152,131	152,694	159,367	164,646	180,004
Shareholders' equity to total assets (%)	63.0	63.9	64.7	66.5	67.0
Return on equity (ROE) (%)	8.9	9.1	8.3	5.8	6.0
Shareholders' equity per share (yen)	1,681.01	1,757.22	1,869.58	1,999.85	2,201.40
Net sales by Product	(million yen)				
Shrink sleeve labels	90,584	90,581	92,671	99,877	112,642
(Composition ratio)	55.9%	56.3%	56.6%	58.6%	61.2%
Pressure sensitive labels	24,878	23,034	21,073	17,398	16,697
(Composition ratio)	15.3%	14.3%	12.9%	10.2%	9.1%
Other labels	1,565	1,199	1,390	—	—
(Composition ratio)	1.0%	0.7%	0.8%	—	—
Spouted pouches	17,749	18,492	22,906	23,246	25,865
(Composition ratio)	10.9%	11.5%	14.0%	13.6%	14.1%
Machinery	14,612	14,543	12,558	15,949	15,945
(Composition ratio)	9.0%	9.0%	7.7%	9.4%	8.7%
Contract packaging for pharmaceuticals and others	6,774	7,805	8,633	—	—
(Composition ratio)	4.2%	4.9%	5.3%	—	—
Other	6,025	5,268	4,401	13,849	12,884
(Composition ratio)	3.7%	3.3%	2.7%	8.1%	7.0%

* From FY2021, "Pharmaceutical and other order-customized packaging" and "Other labels" are included in "Other."

By segment (Unit: Million-yen)

Net sales by Segment		2018	2019	2020	2021	2022
Japan		97,310	98,707	92,990	92,305	97,135
(External customers)		(96,030)	(97,454)	(91,286)	(90,457)	(95,194)
Americas		34,879	34,134	35,899	42,261	50,149
(External customers)		(34,050)	(34,075)	(35,888)	(42,254)	(50,111)
Europe		20,260	18,311	18,760	27,658	28,118
(External customers)		(17,352)	(15,626)	(14,802)	(23,742)	(24,468)
PAGO		11,094	9,701	8,201	—	—
(External customers)		(10,513)	(9,298)	(7,980)	—	—
ASEAN		4,347	4,623	16,145	16,237	17,460
(External customers)		(4,243)	(4,470)	(13,678)	(13,866)	(14,261)
Eliminations		-5,703	-4,553	-8,361	-8,141	-8,828
Operating income by segment						
Japan		9,903	9,482	8,145	7,597	7,623
Americas		3,083	3,084	3,650	3,539	1,749
Europe		38	186	767	-837	-1,079
PAGO		-87	-265	-494	—	—
ASEAN		23	205	642	341	94
Eliminations		24	-58	-282	-68	-193

* From FY2021, "PAGO" is included in "Europe."

Foreign exchange rates applied to overseas subsidiaries	USD (yen)	110.44	109.03	106.76	109.90	131.62
	EUR (yen)	130.35	122.03	121.88	129.91	138.14

Summary of Consolidated Financial Results (2)

Fiscal year	2018	2019	2020	2021	2022
(Profitability)					
Return on equity (ROE)	8.9%	9.1%	8.3%	5.8%	6.0%
Return on assets (ROA)	8.3%	8.5%	7.8%	6.5%	4.9%
(Safety)					
Current ratio	170.7%	173.4%	201.7%	208.1%	200.9%
Ratio of long-term capita	66.9%	65.1%	58.1%	54.7%	55.9%
Debt equity ratio (times)	0.15	0.12	0.12	0.11	0.10
Interest coverage ratio (times)	78.8	288.8	317.6	217.4	79.4
Cash flows (million yen)					
Cash flows from operating activities	10,470	19,086	18,847	14,021	8,269
Cash flows from investing activities	-7,449	-9,316	-6,582	-7,804	-11,014
Cash flows from financing activities	-2,715	-6,400	-2,088	-4,834	-5,793
Capital expenditure breakdown (million yen)	7,965	7,771	5,916	10,503	11,068
Capital expenditure breakdown by region (million yen)					
Japan	4,592	4,839	3,527	3,988	4,302
Americas	1,769	626	1,317	3,720	5,478
Europe	1,149	1,434	605	728	541
PAGO	301	430	109	—	—
ASEAN	99	488	699	1,934	722
Depreciation breakdown (million yen)	8,836	8,160	8,056	8,069	7,738
Depreciation breakdown by region (million yen)					
Japan	4,403	4,092	3,996	3,963	3,165
Americas	2,544	2,301	2,029	1,795	2,336
Europe	1,183	1,048	940	1,433	1,208
PAGO	517	523	395	—	—
ASEAN	213	220	886	891	1,051
R&D expenses (million yen)	2,120	2,539	2,394	2,493	2,464
Employees (Person)	4,703	5,719	5,741	5,892	5,767

* From FY2021, "PAGO" is included in "Europe."

Consolidated Balance Sheet

(Unit: Million-yen)

Fiscal Year	2018	2019	2020	2021	2022
Assets:					
Current assets:	82,777	85,264	93,734	101,126	110,023
Cash and time deposits	10,392	11,832	21,688	25,860	22,034
Notes and accounts receivable	39,790	41,510	40,973	40,854	45,951
Electronically recorded monetary claims	8,431	8,451	8,686	10,206	11,353
Merchandise and finished products	9,614	9,154	8,537	7,772	9,142
Work in process	3,683	3,492	3,458	4,127	5,239
Raw materials and supplies	6,707	7,135	6,762	7,956	11,140
Other	4,300	3,957	3,837	4,533	5,353
Allowance for doubtful accounts	-144	-270	-210	-183	-192
Noncurrent assets:	69,354	67,429	65,632	63,519	69,981
Tangible fixed assets:	55,606	57,853	54,881	55,958	61,989
Buildings and structures	23,206	23,166	22,714	21,131	21,345
Machinery, equipment and vehicles	22,991	22,563	20,044	18,976	19,335
Land	5,402	6,203	6,257	6,989	8,346
Other	4,005	5,920	5,865	8,861	12,962
Intangible fixed assets:	1,410	1,538	1,501	1,510	1,549
Consolidation adjustment	-	203	159	107	50
Other	1,410	1,335	1,342	1,402	1,498
Investments and other assets	12,338	8,037	9,249	6,050	6,442
Total Assets	152,131	152,694	159,367	164,646	180,004
Liabilities:					
Current liabilities:	48,483	49,162	46,474	48,596	54,769
Notes and accounts payable	11,778	13,321	13,104	13,758	15,279
Electronically recorded monetary obligations	12,979	12,308	11,655	11,179	12,254
Short-term debts	8,408	7,192	5,416	4,382	9,034
Current portion of long-term debt	1,850	2,427	1,085	5,038	2,699
Income taxes payable	1,155	759	991	817	1,000
Accrued bonuses	1,566	1,559	1,713	1,630	1,591
Other	10,745	11,594	12,508	11,790	12,910
Long-term liabilities:	7,751	5,891	9,811	6,557	4,663
Long-term debts	3,450	1,207	5,115	2,387	56
Net defined benefit liabilities	1,996	2,460	2,594	2,630	2,791
Other long-term liabilities	2,305	2,222	2,102	1,538	1,815
Total liabilities	56,234	55,054	56,286	55,153	59,432
Net assets:					
Shareholders' equity:					
Common stock	5,990	5,990	5,990	5,990	5,990
Capital surplus	6,525	6,572	6,584	6,603	6,600
Retained earnings	79,786	86,776	93,372	97,677	102,629
Treasury stock	-3,083	-6,586	-7,537	-8,512	-8,479
Total shareholders' equity	89,218	92,752	98,410	101,758	106,740
Accumulated other comprehensive income:					
Unrealized gains on available-for-sale securities	1,630	1,362	1,318	1,297	1,773
Deferred gains or losses on hedges	-5	-	-	-	-
Foreign currency translation adjustment	3,947	2,603	1,815	6,259	11,898
Remeasurements of defined benefit plans	1,106	921	1,535	176	158
Total accumulated other comprehensive income	6,679	4,887	4,670	7,733	13,830
Total net assets	95,897	97,639	103,080	109,492	120,571
Total liabilities and net assets	152,131	152,694	159,367	164,646	180,004

Consolidated Profit and Loss Statement

(Unit: Million-yen)

Fiscal Year	2018	2019	2020	2021	2022
Net sales	162,189	160,925	163,635	170,321	184,035
Cost of sales	130,478	129,635	132,337	139,683	154,358
Gross profit	31,710	31,289	31,298	30,638	29,677
Selling, general and administrative expenses	18,724	18,654	18,869	20,066	21,482
Operating income	12,986	12,634	12,428	10,572	8,194
Non-operating income:	148	388	221	254	542
Interest income	19	21	14	24	122
Dividend income	54	64	63	70	78
Foreign exchange gains	-	16	-	-	2
Equity in earnings of affiliates	-	200	-	-	-
Other	74	85	143	159	338
Non-operating expenses:	592	121	544	225	310
Interest expenses	101	62	67	72	100
Foreign exchange losses	153	-	389	35	-
Equity in losses of affiliates	233	-	-	-	-
Other	104	59	88	117	210
Ordinary income	12,542	12,901	12,104	10,600	8,426
Extraordinary income	870	777	1,231	266	147
Extraordinary losses	1,559	1,105	1,706	1,416	840
Income before income taxes	11,853	12,573	11,629	9,449	7,733
Income taxes – current	4,188	3,744	3,889	3,202	2,604
Income taxes – deferred	-593	20	-634	129	-1,740
Net income attributable to owners of the parent company	8,259	8,808	8,375	6,117	6,869
Other comprehensive income	-363	-1,791	-217	3,063	6,097
Comprehensive income	7,895	7,017	8,157	9,180	12,966

Consolidated Cash Flows

(Unit: Million-yen)

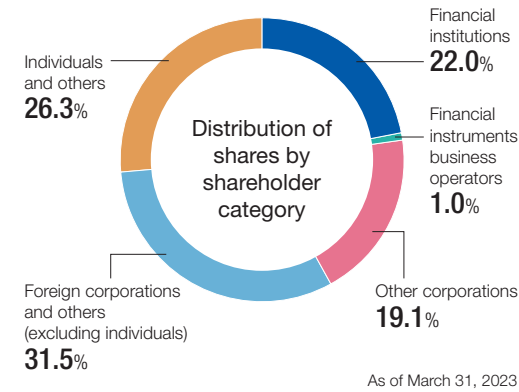
Fiscal Year	2018	2019	2020	2021	2022
Cash flows from operating activities	10,470	19,086	18,847	14,021	8,269
Cash flows from investing activities	-7,449	-9,316	-6,582	-7,804	-11,014
Cash flows from financing activities	-2,715	-6,400	-2,088	-4,834	-5,793
Effect of exchange rate changes on cash and cash equivalents	-122	7	30	1,172	1,781
Net increase (decrease) in cash and cash equivalents	182	3,376	10,207	2,555	-6,757
Cash and cash equivalents at beginning of the period	7,784	7,966	11,342	21,549	24,105
Cash and cash equivalents at the end of the period	7,966	11,342	21,549	24,105	17,347

Dividends to Shareholders

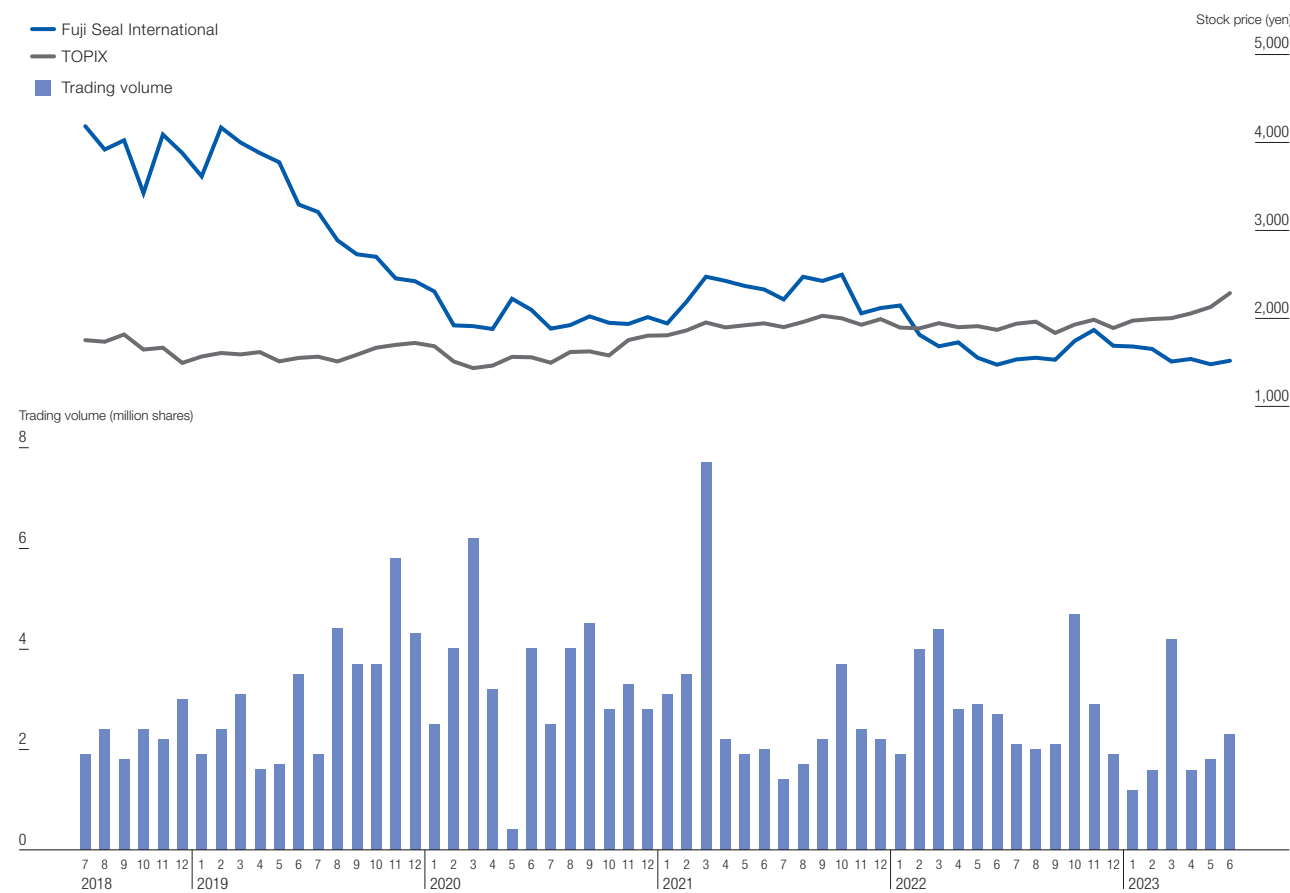
Fiscal Year	2018	2019	2020	2021	2022
Cash dividends per share (yen)	29	32	32	35	35
Total dividends (million yen)	1,654	1,794	1,771	1,916	1,916
Consolidated net sales (million yen)	162,189	160,925	163,635	170,321	184,035
Consolidated net income (million yen)	8,259	8,808	8,375	6,117	6,869
Net income per share (yen)	144.78	155.51	150.93	111.70	125.43
Consolidated dividend payout ratio	20.0%	20.6%	21.2%	31.3%	27.9%
Average number of shares outstanding during the period (Share)	57,045,725	56,642,827	55,489,651	54,764,416	54,764,711

As of March 31, 2023

Shareholders and Stock Information	
Securities Code	7864
Company Name	FUJI SEAL INTERNATIONAL, INC.
Established	October, 1958
Date of Stock Listing	December 25, 2003 (First Section of Tokyo Stock Exchange) * Transitioned to the Prime Market on April 4, 2022 October 28, 1997 (JASDAQ)
Type of Business	Other manufacturing industries
Listed Stock Exchanges	Tokyo Stock Exchange
Date of Fiscal Year End	March 31
Midterm Dividend Payout	Yes
The number of Shares Per One Unit of Share	100 shares
Number of Shares Outstanding	60,161,956 shares
Number of Shareholders	16,546 persons



Stock Price and Trading Volume Trends



As of March 31, 2023

Company Information	
Company Name	Fuji Seal International, INC.
Established	October 18, 1958 (Founded in 1897) * Fuji Seal Co. changed its name on October 1, 2004, after adopting the holding company structure
Common Stock	5.99 billion yen
Consolidated Net Sales	184.035 billion yen
Representative	Shigeko Okazaki, Director, Representative Executive Officer President and CEO
Main Businesses	Group holding company responsible for strategic and managerial functions as well as internal audit of the group companies. *Fuji Seal Group provides shrink sleeve labels, pressure sensitive labels, spouted pouches and label-application systems.
Number of Employees	42(2) (Consolidated group employees: 5,767 (294) / as of March 31, 2023) *The number of employees refers to the total of full-time employees. Part-time and temporary employees are indicated in parentheses.
Head office	Osaka Head Office: 4-1-9 Miyahara, Yodogawa-ku, Osaka 532-0003, Japan TEL: (06) 6350-1080

As of March 31, 2023

Principal Shareholders

Name	Address	Number of shares held (thousand)	Ratio of ownership to the total number of shares outstanding (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 HAMAMATSUCHO, MINATO-KU, TOKYO, JAPAN	6,316	11.5
Soho KK	SUITA CITY, OSAKA, JAPAN	6,240	11.4
Fuji Seal Foundation	4-1-9 MIYAHARA, YODOGAWA-KU, OSAKA, JAPAN	4,800	8.8
Custody Bank of Japan, Ltd. (Trust account)	HARUMI ISLAND TRITON SQUARE TOWER Z, 1-8-12 HARUMI, CHUO-KU, TOKYO, JAPAN	4,258	7.8
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A (SHINAGAWA INTERCITY TOWER A, 2-15-1 KONAN, MINATO-KU, TOKYO, JAPAN)	2,101	3.8
Shigeko Okazaki	SUITA CITY, OSAKA, JAPAN	1,801	3.3
The Master Trust Bank of Japan, Ltd. (Retail trust account 820079255)	2-11-3 HAMAMATSU-CHO, MINATO-KU, TOKYO, JAPAN	1,800	3.3
Hiroko Fujio	SUITA CITY, OSAKA, JAPAN	1,784	3.3
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (SHINAGAWA INTERCITY TOWER A, 2-15-1 KONAN, MINATO-KU, TOKYO, JAPAN)	1,669	3.0
THE BANK OF NEW YORK MELLON140042 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286,U.S.A. (SHINAGAWA INTERCITY TOWER A, 2-15-1 KONAN, MINATO-KU, TOKYO, JAPAN)	1,476	2.7
Total	-	32,251	58.9

Notes: 1. Of the abovementioned number of shares held, the number of shares held in the trusts is as follows:
The Master Trust Bank of Japan, Ltd. (Trust account): 6,316 thousand shares
Custody Bank of Japan, Ltd. (Trust account): 3,899 thousand shares
Those shares consist of 4,492 thousand shares for investment trusts, 893 thousand shares for pension trusts, and 4,830 thousand shares for other trusts.
2. The number of treasury shares held by the Company is 5,391 thousand shares, which is not indicated in the above table of principal shareholders.
3. Considering that the representative of Soho KK is Shigeko Okazaki, the voting rights held by Soho KK are substantially perceived to be unified with those held by her. Therefore, the largest shareholder of the Company is Shigeko Okazaki.
4. An amendment to a Substantial Shareholding Report dated November 21, 2022, available for public inspection, indicates that Burgundy Asset Management Ltd. held the following number of shares as of November 15, 2022. However, the Company has been unable to confirm the number of shares substantially held by Burgundy Asset Management Ltd. as of March 31, 2023 and therefore that company is not included in the above table of principal shareholders. For reference, the content of the said Substantial Shareholding Report amendment is shown below.

Name	Address	Number of share certificates held (thousand)	Ratio of share certificates held to the total number of shares outstanding (excluding treasury stock) (%)
Burgundy Asset Management Ltd.	SUITE 4510, 181 BAY STREET, TORONTO, ONTARIO M5J 2T3, CANADA	3,661	6.1

5. An amendment to a Substantial Shareholding Report dated March 31, 2023, available for public inspection, indicates that Global Alpha Capital Management Ltd. held the following number of shares as of March 29, 2023. However, the Company has been unable to confirm the number of shares substantially held by Global Alpha Capital Management Ltd. as of March 31, 2023, and therefore that company is not included in the above table of principal shareholders. For reference, the content of the said Substantial Shareholding Report amendment is shown below.

Name	Address	Number of shares held (thousand)	Ratio of ownership to the total number of shares outstanding (excluding treasury stock) (%)
Global Alpha Capital Management Ltd.	1800 MCGILL COLLEGE SUITE 1300, MONTREAL, QUEBEC, CANADA	3,031	5.0



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