

## **Basic Policy for Corporate Governance** (revised in December, 2021)

### **Basic Concept concerning Corporate Governance**

*Fuji Seal International, INC. (hereinafter referred to as the "Company") complies with all the principles of Corporate Governance Code.*

*We recognize strengthening of corporate governance as an important management issue, which is a system to make transparent, fair and prompt decisions and decisive in consideration from standpoints of all stakeholders, including shareholders, customers, employees, partners, societies, etc. Based on such recognition, The Company has established "Basic Policy for Corporate Governance"*

### **System for Corporate Governance**

*The Company has chosen to be a company with nominating committee from the following viewpoints and has established three committees under the Board of Directors, which are Nominating Committee, Remuneration Committee and Audit Committee, where outside directors are the major part.*

- (1) Strengthening of corporate governance over the management of the Group*
- (2) Enhancement of transparency of management to shareholders and investors*
- (3) Clarification of roles in between business operations by each business unit and Group management, and enhancement of efficiency and quality of Group strategies*
- (4) Realization of a wider ranging of strategies and acceleration of response to changes through utilization of outside directors*

### **1. Securing of the Rights and Equal Treatment of Shareholders**

- (1) The Company strives to prepare an environment in which the rights of shareholders are substantially secured and shareholders can exercise their rights appropriately, and promotes constructive dialogue with shareholders.*

- (2) The Company recognizes general shareholders meeting as a place for constructive dialogue with shareholders and strives to ensure shareholders can appropriately exercise their voting rights.*

*In the event of a considerable number of negative votes at a general shareholders meeting, we will analyze the reasons and causes and take necessary measures.*

- (3) The Company secures the equality of all shareholders. Regarding the rights of minority shareholders, we have made it possible for them to exercise their rights smoothly through stipulations of the method of exercising rights in the Rules for Handling Shares, etc.*
- (4) The Company implements shareholder identification survey in order to strive to grasp the shareholder composition and serve IR and SR activities, as the needs arise.*
- (5) The Company recognizes that the capital policy trend has a significant effect on shareholders returns, and the Company explains our basic capital policy to shareholders.*

*When implementing a capital policy which has a large impact on existing shareholder returns, such as capital increase and MBO, we promptly disclose its purpose, necessity and adequacy, and provide sufficient explanations according to need.*

*The Company's basic strategy is to pursue the building of a corporate structure and business portfolio that can increase sustainable corporate value. The Company provides sufficient explanations of specific measures, investment plans, and the allocation of management resources to implement initiatives to address priority issues on a global basis in the formulation and publication of management strategies and management plans.*

- (6) The Company's basic policy is not to hold strategic shareholdings unless the Company examines the mid-to-long-term economic rationality and future outlook, and judge that it will contribute to the sustainable growth and the improvement of our corporate value over the mid-to-long-term.*
- (7) When introducing anti-takeover measures, the Company examines their necessity and reasonableness rigorously, secure appropriate procedures and provide sufficient explanation to shareholders.*
- (8) With respect to transactions with related parties, in order to ensure the Company's interests as well as the common interests of shareholders will not be harmed, we establish appropriate procedures and we make monitoring based on such procedures and also we disclose such procedures.*

## **2. Stakeholders other than Shareholders**

- (1) The Company recognizes that appropriate cooperation with various stakeholders can realize our sustainable growth and create of our corporate value over the mid-to-long-term.*

*Based on such recognition, in order to fulfill our corporate social responsibility, the Company has established our management philosophy and basic management policies, and strives to penetrate internally and externally.*

- (2) FSG has established Code of Ethics (Fuji Seal Group Code of Ethics), and in the Code of Conduct, we described guidelines for smooth cooperation with stakeholders other than shareholders as well as for daily business activities for the purpose of respecting their interests.*
- (3) FSG is committed to solving ESG issues and contributing to the realization of a sustainable society together with all our stakeholders through packaging.*
- (4) FSG promotes personnel system which is irrespective of nationality, gender and age.*

*In addition, FSG seeks to achieve "diversity management", which makes the most of diverse human resources and provides employees opportunities to fully demonstrate their abilities.*
- (5) The Company has a whistle-blower system in place which allows employees to make an internal report regarding illegal act, etc. without suffering from any disadvantages.*

## **3. Disclosure of information**

- (1) The Company discloses financial information as well as non-financial information, such as management strategies, management issues, risks and corporate governance and sustainability issues, in accordance with laws and regulations in an appropriate manner. We also disclose information not required by laws and regulations to a possible extent on a timely and fair basis.*
- (2) FSG takes appropriate measures to ensure the appropriate audits of external accounting auditors.*

## 4. Responsibilities of the Board of Directors

(1) *The Company has a system in place where active discussions are made on management strategies and plans by the Board of Directors, including outside directors, under the established management philosophy and where their duties, responsibilities and obligations are fulfilled.*

(2) *The Company has decided that the number of directors of the Board of Directors is to be 15 persons or less, and for the purpose of strengthening of corporate governance, at least one third of the directors are to be independent, outside directors.*

*The Company has set independence standards for independent outside directors (described in the Notice of Convocation of General shareholders meeting), and has elected persons who meet the standards and have knowledge and experiences in a variety of fields.*

*Each of outside directors provides advice and supervision on the Company's management system based on broad experiences and professional standpoints and also expresses opinions from viewpoints of shareholders and other stakeholders.*

(3) *The Board of Directors discusses and makes decisions with respect to matters described in laws and regulations as well as in the articles of incorporation, and other important matters of the Group companies, such as basic policies concerning the Company's management strategies, plans, etc.*

*Also, The Board of Directors receives reports on the status of execution of policies decided as well as on management issues, and supports prompt and decisive decision making by the senior management members.*

*The rules for authorities of directors and executive officers of each company are prepared not only in Japan but also by overseas Group companies, and the consistency among them is reviewed on a regular basis.*

(4) *The Board of Directors appropriately establishes and operates risk management systems for the entire FSG.*

(5) *Evaluation, election and removal of directors and executive officers are made based on election standards of directors and with objectivity and independent of operations mainly led by Remuneration Committee and Nominating Committee composed of all the outside directors and Director, Representative Executive Officer.*

(6) *The Remuneration Committee decides remunerations of directors and executive officers, based on basic policies and in consideration of their duties, job responsibilities, the Company's management environment, etc.*

(7) *The Board of Directors and the Nominating Committee shall lead formulating and executing the succession plans for the Chief Executive Officer, etc., and appropriately supervise the development of succession candidates, etc.*

(8) *The Company has decided that the Audit Committee members are only independent outside directors, and the chairperson of the Audit Committee is elected by such outside directors' mutual vote.*

*The Audit Committee fulfills its responsibilities and obligations, such as auditing on directors' execution of duties, electing and removing outside accounting auditors and executing the authority related to audit remunerations, in an independent position from the execution of operations.*

(9) *To support the Audit Committee aligned with its duties, the Group Internal Audit division is made to be an organization independent from the execution of operations.*

*The Group Internal Audit Office gathers and provides information required by the Audit Committee. Also, the Audit Committee secures that it requires persons other than their committee members to attend their meeting on as needed basis to hear their reports and opinions. Those Audit Committee members can make demands, such as advance payments for expenses, etc. to conduct their duties based on the Companies Act.*

(10) *The Company strives to enhance the Board of Directors effectiveness through discussions with outside directors at the Board of Directors, the Audit Committee, the Nominating Committee and the Remuneration Committee. The Board of Directors is composed of directors with their wealth of knowledge, experience, and skills in several fields either in Japan or overseas it takes into consideration the diversity of the board for effective discussion, judgement, and function performance as a whole.*

*For ensuring unfettered and constructive discussions in the Board of Directors, with respect to operation of meetings of the Board of Directors, we strive to revitalize their deliberations through provision and distribution of referential materials and information in advance, prior decisions on schedule, venue, etc.*

*A system capable of providing information necessary for deliberations by directors, including outside directors, in a timely manner, is prepared led and is assumed the responsibilities by FSI's corporate planning department, which is also the secretariat of the Board of Directors*