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Securities Code No. 7864

June 1, 2018

President & CEO Shigeko Okazaki

**Fuji Seal International, Inc.**

4-1-9, Miyahara, Yodogawa-ku, Osaka

**Convocation Notice of the 60th Annual General Meeting of Shareholders**

To our shareholders, thank you for your support.

You are cordially invited to attend the 60th Annual General Meeting of Shareholders as follows.

If you are unable to attend in person on the day, you can exercise your voting rights by mail (voting form) or electronic voting (Internet).

Please exercise your vote by 5:00 p.m. on June 21, 2018, after examining the following “Reference Documents for the General Meeting of Shareholders” and the “Guide to Exercising Voting Rights” on the following page.

Thank you.

1. Date and Time	11:00 a.m. on June 22, 2018 (Friday) (Reception will open from 10:30 a.m.)
2. Venue	5F “Canale,” Mielparque Osaka 4-2-1, Miyahara, Yodogawa-ku, Osaka
3. Agenda	<b>Matters to be Reported</b> 1. Report on the Business Report and the consolidated financial statements for the 60th business year (April 1, 2017 to March 31, 2018), and report on the audit results of the Business Report and consolidated financial statements by the outside accounting auditor and the Audit Committee 2. Report on the non-consolidated financial statements for the 60th Business Year (April 1, 2017 to March 31, 2018)  <b>Matters to be Resolved</b> <b>Proposal No.1</b> Partial change to the Articles of Incorporation <b>Proposal No.2</b> Election of nine directors

- If attend the meeting, kindly submit the enclosed voting form at reception. Also, please bring this Notice of

Convocation with you to the meeting.

- In accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation, the following items to be submitted are available on the Company's Internet website (<http://www.fujiseal.com>) rather than being attached to this Notice of Convocation:
  - "Consolidated Statements of Changes in Net Assets" and "Notes to the Consolidated Financial Statements"
  - "Non-consolidated Statements of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements"
- Any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report, the consolidated financial statements, or the non-consolidated financial statements will be posted on the Company's website (<http://www.fujiseal.com>).

## Reference Documents for the Annual General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal No.1: Partial change to the Articles of Incorporation

##### 1. Reasons for the proposal

(1) The Company marked its 120th founding anniversary last year. Under a new medium-term management plan (three-year plan ending in the fiscal year ending March 31, 2021), we will further develop our business and create a foundation to support the next 60 years of growth. The purpose of changing Article 2 of the Articles of Incorporation is to enable us to focus on the Group’s core businesses while expanding our business development and diversifying our operations for the future.

(2) The proposal is to add such wording to the current Article 13 that it would enable both executive officers and directors to chair the Annual General Meeting of Shareholders to facilitate the flexible and smooth running of the meeting.

(3) The proposal is to change the expression of the current Article 23 in accordance with the “Law for Partial Amendment to the Companies Act” (Law No. 90, 2014).”

The approval of the Audit Committee members has been obtained for this proposal.

##### 2. Details of changes

The details of the changes are as follows.

(The changed sections are underlined)

Current Articles of Incorporation	Proposed changes
<p>(Objectives) Article 2: The purpose of establishment of the Company is as follows.</p> <p><u>1. To act as a holding company for Japanese or overseas companies engaged in the following lines of business.</u></p> <p><u>(1) The manufacture and sale of raw materials for the brewing of saké</u></p> <p><u>(2) The printing, production, and sale of labels for the bodies of bottles and other containers, and for bottle-cap seals</u></p> <p><u>(3) The manufacture and processing under subcontract of packaging materials, and the sale of the said packaging materials</u></p> <p><u>(4) The manufacture and sale of packaging machinery and accessories</u></p> <p><u>(5) The leasing out of packaging machinery</u></p> <p><u>(6) The manufacture and sale of printing machinery</u></p> <p><u>(7) The filling of containers with foodstuffs, cosmetics, pharmaceuticals, and everyday household products such as detergents, and the sale of the said filled containers</u></p> <p><u>(8) The planning, production, and sale of advertising materials, and the planning and development of novelty merchandise</u></p>	<p>(Objectives) Article 2: The purpose of establishment of the Company is as follows. <u>The Company shall control, manage, and support the business activities of companies (including overseas companies), associations (including groups corresponding to overseas associations), and other business entities corresponding to these engaged in any of the following businesses by holding their stock or equity.</u></p> <p><u>(1) The printing, manufacture, and sale of labels and seals, etc.</u></p> <p><u>(2) The manufacture and sale of various packaging materials</u></p> <p><u>(3) The manufacture and sale of flexible containers, such as Flexible packaging and soft pouches, and plastic containers</u></p> <p><u>(4) The filling and packaging processing of containers with foodstuffs, cosmetics, pharmaceuticals, and everyday household products such as detergents, and the sale of the filled containers</u></p> <p><u>(5) The manufacture, sale, rental, and leasing out of packaging machinery and peripheral items</u></p> <p><u>(6) The provision of maintenance services for packaging equipment</u></p> <p><u>(7) The operation of all other businesses peripheral and/or auxiliary to the above items</u></p>

Current Articles of Incorporation	Proposed changes
<p><u>(9) The operation of goods transport and warehousing businesses</u></p> <p><u>(10) The agency sale of casualty and life insurance plans, and the provision of travel agency services</u></p> <p><u>(11) The renting out and management of real estate owned by the Company or other parties</u></p> <p><u>(12) The printing of high-quality multicolor seals</u></p> <p><u>(13) The affixing of labels and cap seals to containers under consignment contract, and the sale of labels and cap seals</u></p> <p><u>(14) The manufacture and sale of prescription pharmaceuticals, over-the-counter pharmaceuticals, medical equipment, and cosmetics (including those requiring government approval), as defined in the Pharmaceutical Affairs Law of Japan</u></p> <p><u>(15) The manufacture and sale of automatic control devices for a wide range of packaging machinery and equipment</u></p> <p><u>(16) The provision of maintenance services for packaging equipment</u></p> <p><u>(17) Depackaging</u></p> <p><u>(18) Sale of packaging materials</u></p> <p><u>(19) The provision of administrative work in support of manufacturing and selling operations</u></p> <p><u>(20) Subcontracted general clerical work, including calculations</u></p> <p><u>(21) Subcontracted manufacturing, packaging, inspection, and delivery work</u></p> <p><u>(22) Supply of temporary labor</u></p> <p><u>(23) Consulting on staff hiring and employment search matters</u></p> <p><u>(24) Planning, proposal and conduct of training workshops, lecture courses, and so on</u></p> <p><u>(25) The manufacture and sale of plastic containers</u></p> <p><u>(26) The manufacture and sale of plastic pouches</u></p> <p><u>(27) The manufacture and sale of printed materials and other paper materials</u></p> <p><u>(28) The operation of commercial parking facilities</u></p> <p><u>(29) The operation of all other businesses peripheral and/or auxiliary to the items listed above</u></p> <p><u>2. To carry out surveys and research and development relating to all and any of the foregoing items, in addition to providing consulting services, acquiring intellectual property rights, and conducting management and control over the foregoing business operations</u></p> <p><u>3. To rent out and manage real estate properties</u></p> <p><u>4. To engage in financial services</u></p> <p><u>5. To act as an agent for the sale of general casualty insurance, automobile liability insurance under the Automobile Liability Security Law, and life insurance</u></p> <p><u>6. To engage in the leasing of packaging machinery and printing machinery</u></p> <p><u>7. To carry out all necessary ancillary business relating to the items listed above</u></p>	<p><u>2. In addition to the preceding paragraph, the Company's purpose shall be to engage in operations for the companies, etc. specified in the preceding paragraph, including surveys, research and development, human resource and management consulting services, brand image building and maintenance, acquisition, maintenance, management, licensing and transfer of patent rights, utility models, design rights, trademark rights, and expertise, as well as operation of all other businesses peripheral and/or auxiliary thereto.</u></p> <p><u>3. In addition to paragraph 2. above, the Company's purpose shall be to invest in the businesses specified in paragraph 1 and similar businesses, and to buy and sell marketable securities, lend money, procure funds, and perform agency services for these activities.</u></p> <p><u>4. The purpose of the Company shall be operation of all other businesses peripheral and/or auxiliary to the preceding items.</u></p>

Current Articles of Incorporation	Proposed changes
<p>(Authority for convocation of general meetings of shareholders, and chairmanship of general meetings)</p> <p>Article 13:</p> <ol style="list-style-type: none"> <li>1. Unless otherwise stipulated by law, general meetings of shareholders shall be convened by a director of the Company previously designated by resolution of the Board of Directors. In the event that the said director shall be incapable of convening a general meeting, a general meeting may be convened by another director chosen in accordance with an order previously determined by the Board of Directors.</li> <li>2. The President and Chief Executive Officer of the Company shall serve as the chairman at general meetings of shareholders. In the event that the President and Chief Executive Officer is unable to do so, a general meeting may be chaired by another executive officer chosen in accordance with an order previously determined by the Board of Directors.</li> </ol> <p>(Limits on directors' liability for compensation)</p> <p>Article 23:</p> <ol style="list-style-type: none"> <li>1. As provided for in Article 426, Clause 1 of the Corporation Law, by resolution of the Board of Directors of the Company, the directors (including former directors) of the Company may be exempted from responsibility for matters relating to liability for compensation stipulated in Article 423, Clause 1 of the Corporation Law, within the limits stipulated in the law.</li> <li>2. As provided for in Article 427, Clause 1 of the Corporation Law, the Company and <u>outside directors</u> serving at the Company may conclude between them contracts limiting the extent of the said <u>outside directors</u>' liability for compensation regarding matters stipulated in Article 423, Clause 1 of the Corporation Law. However, the amounts of financial compensation that may be sought under the said contracts between the Company and <u>outside directors</u> shall be limited to the amounts stipulated in the law.</li> </ol>	<p>(Authority for convocation of general meetings of shareholders, and chairmanship of general meetings)</p> <p>Article 13:</p> <ol style="list-style-type: none"> <li>1. (No change)</li> <li>2. The President and Chief Executive Officer of the Company shall serve as the chairman at general meetings of shareholders. In the event that the President and Chief Executive Officer is unable to do so, a general meeting may be chaired by another executive officer <u>or director</u> chosen in accordance with an order previously determined by the Board of Directors.</li> </ol> <p>(Limits on directors' liability for compensation)</p> <p>Article 23:</p> <ol style="list-style-type: none"> <li>1. (No change)</li> <li>2. As provided for in Article 427, Clause 1 of the Corporation Law, the Company and <u>directors (excluding directors who execute business, etc.)</u> serving at the Company may conclude between them contracts limiting the extent of the <u>directors</u>' liability for compensation regarding matters stipulated in Article 423, Clause 1 of the Corporation Law. However, the amounts of financial compensation that may be sought under the said contracts between the Company and <u>directors</u> shall be limited to the amounts stipulated in the law.</li> </ol>

**Proposal No.2: Election of Nine (9) Directors**

All eight (8) directors' terms of office will expire at the end of this General Meeting of Shareholders. Accordingly, the Company requests the election of nine (9) directors based on the decision of the Nomination Committee, thereby increasing the number by one (1) to promote the medium-term management plan. The Nomination Committee has selected appropriate candidates for directors making reference to the Selection Criteria for Directors.

The Director candidates are as follows:

Candidate No.	Name	Candidate characteristics	Present position and responsibilities
1	Fumio Kato	Reelection Outside Independent	Outside Director
2	Akira Toyama	Reelection Outside Independent	Outside Director
3	Hiroumi Shioji	Reelection Outside Independent	Outside Director
4	Tatsundo Maki	Reelection Outside Independent	Outside Director
5	Shigeko Okazaki	Reelection	Director, President & CEO
6	Takato Sonoda	Reelection	Director, Executive Officer (In charge of Finance)
7	Rikio Furusawa	Reelection	Director, Executive Officer (In charge of Manufacturing and Development)
8	Ritsuo Aikawa	Reelection	Director, Executive Officer (In charge of ASEAN operations)
9	Masayuki Shirokawa	New appointment	Executive Officer (In charge of Americas operations)

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
<p>1</p> <p><b>Fumio Kato</b></p> <p>Reelection Outside Independent</p> <p>Born May 7, 1948</p>	<p><u>Career and Positions Held in the Company</u></p> <p>April 1972      Joined Tomen Corporation</p> <p>May 1998        Joined Zoshinkai Publishers Inc.</p> <p>April 2005      President, Representative Director, Zoshinkai Publishers Inc.</p> <p>June 2012       Director of the Company (current)</p> <p>October 2013    Chairman of the Board of Education, Shizuoka Prefecture</p> <p><u>Reasons for Nomination as Outside Director</u></p> <p>Mr. Kato has abundant experience and broad insight as the manager of a holding company and through his involvement in education. He has been nominated as a candidate for outside director to provide accurate advice and supervision for enhancing the Group's functional systems and promoting Group management as a holding company.</p> <p><u>Number of Years since Appointment as an Outside Director</u></p> <p>6 years</p> <p><u>Significant Concurrent Posts</u></p> <p>-</p> <p><u>Number of the Company's Shares Owned</u></p> <p>- shares</p>
<p>2</p> <p><b>Akira Toyama</b></p> <p>Reelection Outside Independent</p> <p>Born September 10, 1948</p>	<p><u>Career and Positions Held in the Company</u></p> <p>April 1973      Joined ASAHI GLASS CO., LTD.</p> <p>March 2006      Director, Senior Executive Officer, Chief Technology Officer of ASAHI GLASS CO., LTD</p> <p>April 2010      Joined TOENEC CORPORATION</p> <p>June 2015       Director of the Company (current)</p> <p><u>Reasons for Nomination as Outside Director</u></p> <p>Mr. Toyama has abundant experience and broad insight in manufacturing as a manager responsible for safety, projects, and technology development, mainly in the engineering field. He has been nominated as a candidate for outside director to provide accurate advice and supervision regarding the Company's management structure.</p>

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
	<p><u>Number of Years since Appointment as an Outside Director</u> 3 years</p> <p><u>Significant Concurrent Posts</u> Corporate auditor of Fuji Seal Inc.</p> <p><u>Number of the Company's Shares Owned</u> - shares</p>
<p>3</p> <p><b>Hiroumi Shioji</b></p> <p>Reelection Outside Independent</p> <p>Born January 28, 1957</p>	<p><u>Career and Positions Held in the Company</u></p> <p>April 1987      Lawyer</p> <p>April 1991      Established Shioji Law Office</p> <p>April 1991      Director, Shioji Law Office (current)</p> <p>June 2015      Director of the Company (current)</p> <p><u>Reasons for Nomination as Outside Director</u></p> <p>Mr. Shioji has abundant experience and broad insight cultivated through his work as a lawyer. He has been nominated as a candidate for outside director to provide accurate advice and supervision regarding the Company's management structure. Furthermore, although until now Mr. Shioji has no experience of direct involvement in corporate management other than as an outside director, the Company considers him capable of performing the duties of an outside director appropriately for the reasons stated above.</p> <p><u>Number of Years since Appointment as an Outside Director</u> 3 years</p> <p><u>Significant Concurrent Posts</u> Director of Shioji Law Office Outside auditor of TACHIBANA ELETECH CO.,LTD.</p> <p><u>Number of the Company's Shares Owned</u> - shares</p>
<p>4</p> <p><b>Tatsundo Maki</b></p> <p>Reelection</p>	<p><u>Career and Positions Held in the Company</u></p> <p>April 1997      Joined Asahi Audit Corp. (currently KPMG AZSA LLC)</p> <p>April 2000      Registered as a certified public accountant</p> <p>April 2009      Director of SCS Global Co., Ltd. (current)</p>



Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
<p>Outside Independent</p> <p>Born September 14, 1972</p>	<p>June 2017      Director of the Company (current)</p> <p><u>Reasons for Nomination as Outside Director</u> Mr. Maki has abundant experience and broad insight in global accounting, finance and taxation as a certified public accountant. He has been nominated as a candidate for outside director to provide accurate advice and supervision regarding promotion of the Company's global management and Group management based on his expert perspective.</p> <p><u>Number of Years since Appointment as an Outside Director</u> 1 year</p> <p><u>Significant Concurrent Posts</u> Director of SCS Global Co., Ltd. Director of SCS Global Consulting KK.</p> <p><u>Number of the Company's Shares Owned</u> - shares</p>
<p>5</p> <p><b>Shigeo Okazaki</b></p> <p>Reelection</p> <p>Born April 5, 1957</p>	<p><u>Career and Positions Held in the Company</u></p> <p>August 1990      Joined the Company</p> <p>December 1999    General Manager, Corporate Planning Department</p> <p>January 2001      General Manager, Corporate Planning Center</p> <p>June 2002          Director</p> <p>June 2004          Director, Executive Officer</p> <p>June 2006          Director, Executive Officer (in charge of corporate planning)</p> <p>March 2007        Representative Director and President of Fuji Seal Europe S.A.S.</p> <p>June 2007          Director, Executive Officer (in charge of corporate planning, Europe operations)</p> <p>March 2008        Director, President and CEO (current)</p> <p><u>Significant Concurrent Posts</u> Representative Director and President, Soho KK</p> <p><u>Number of the Company's Shares Owned</u> 1,803,120 shares</p>

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
<p>6</p> <p><b>Takato Sonoda</b></p> <p>Reelection</p> <p>Born April 3, 1955</p>	<p><u>Career and Positions Held in the Company</u></p> <p>March 1979      Joined the Company</p> <p>April 1999      General Manager, Osaka Office</p> <p>August 2000    Representative Director and President, Fuji Seal Europe Ltd.</p> <p>November 2002 Representative Director and President, Fuji Seal Europe S.A.S.</p> <p>June 2004      Director, Executive Officer</p> <p>October 2004   Director, Executive Officer (in charge of the Americas operations)</p> <p>Representative Director and President, American Fuji Seal, Inc.</p> <p>August 2011    Director, Executive Officer (in charge of Japan operations)</p> <p>Representative Director and President, Fuji Seal, Inc.</p> <p>June 2015      Director, Executive Officer (current)</p> <p><u>Area of Responsibility</u></p> <p>In charge of finance</p> <p><u>Significant Concurrent Posts</u></p> <p>-</p> <p><u>Number of the Company's Shares Owned</u></p> <p>22,666 shares</p>
<p>7</p> <p><b>Rikio Furusawa</b></p> <p>Reelection</p> <p>Born January 29, 1957</p>	<p><u>Career and Positions Held in the Company</u></p> <p>January 1987    Joined the Company</p> <p>July 2001      General Manager, Tsukuba Factory, Production Division (Executive Officer)</p> <p>June 2004      General Manager, Production Division (Executive Officer)</p> <p>June 2005      Director, General Manager, Production Division</p> <p>June 2008      Director, Executive Officer (in charge of Japan operations)</p> <p>Representative Director and President, Fuji Seal, Inc.</p> <p>August 2011    Director, Executive Officer (in charge of the Americas operations)</p>

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
	<p style="text-align: center;">Representative Director and President, American Fuji Seal, Inc.</p> <p>June 2014      Director, Executive Officer (current)</p> <p><u>Area of Responsibility</u> In charge of manufacturing and development</p> <p><u>Significant Concurrent Posts</u> -</p> <p><u>Number of the Company's Shares Owned</u> 6,028 shares</p>
<p>8</p> <p><b>Ritsuo Aikawa</b></p> <p>Reelection</p> <p>Born April 2, 1955</p>	<p><u>Career and Positions Held in the Company</u></p> <p>June 2002      Joined the Company General Manager, Yuki Factory, Production Division</p> <p>June 2004      General Manager, Tsukuba Factory, Production Division (Executive Officer)</p> <p>June 2006      Director, Factory Manager, Fuji Seal Poland Sp.zo.o.</p> <p>September 2007      Director, Fuji Seal Europe S.A.S. Director, Fuji Seal Europe Ltd.</p> <p>June 2012      Director, Executive Officer (in charge of Europe operations) Representative Director and President, Fuji Seal Europe S.A.S.</p> <p>June 2014      Director, Executive Officer (current)</p> <p><u>Area of Responsibility</u> In charge of ASEAN operations</p> <p><u>Significant Concurrent Posts</u> Chairperson, Fuji Seal Vietnam Co., Ltd.</p> <p><u>Number of the Company's Shares Owned</u> 7,042 shares</p>

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
<p>9</p> <p><b>Masayuki Shirokawa</b></p> <p>New appointment</p> <p>Born February 20, 1963</p>	<p><u>Career and Positions Held in the Company</u></p> <p>March 1985      Joined the Company</p> <p>September 1997      General Manager, Europe Sales Division of Fuji Seal Europe Ltd.</p> <p>January 2000      General Manager, Sale Division of American Fuji Seal, Inc.</p> <p>October 2011      Vice President of American Fuji Seal, Inc.</p> <p>June 2014      Executive Officer of the Company (current)</p> <p>Representative Director and President of American Fuji Seal, Inc. (current)</p> <p>Representative Director and President of American Fuji Technical Services, Inc. (current)</p> <p>Representative Director and President of Fuji Seal Packaging de Mexico, S.A. de C.V. (current)</p> <p><u>Area of Responsibility</u></p> <p>In charge of Americas operations</p> <p><u>Significant Concurrent Posts</u></p> <p>Representative Director and President of American Fuji Seal, Inc.</p> <p>Representative Director and President of American Fuji Technical Services, Inc.</p> <p>Representative Director and President of Fuji Seal Packaging de Mexico, S.A. de C.V.</p> <p><u>Number of the Company's Shares Owned</u></p> <p>8,369 shares</p>

Notes:

1. No special interest exists between the candidates and the Company.
2. Selection Criteria for Directors

The Nomination Committee has provided 13 criteria (practice of the corporate philosophy, sensitivity to change, sensitivity to risk, reputation in and outside the company, expert knowledge, experience, etc.) covering the five fields of basic stance, decision-making, Fuji Seal Group leadership, ethical values, and experience and knowledge. The committee has referred to these criteria in deciding on the following candidates for director: Shigeko Okazaki, Takato Sonoda, Rikio Furusawa, Ritsuo Aikawa, and Masayuki Shirokawa.
3. Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki are candidates for outside directors as provided in Article 2, paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act. The

Company has submitted notification that Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki are independent corporate officers as stipulated by Tokyo Stock Exchange. If their reelection is approved, the Company intends to continue to deem them to be independent corporate officers.

4. The outside director candidate Akira Toyama works as a corporate auditor at the Company's wholly owned subsidiary Fuji Seal, Inc., which has transactions with the Company involving royalties and so forth. There are no other special relationships between the Company and the companies where the outside director candidates hold key concurrent positions.
5. The Company has concluded liability limitation agreements to limit the liability of Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki to the minimum liability amount stipulated in Article 425 paragraph 1 of the Companies Act of Japan. If their re-election is approved, the Company plans to continue the same liability limitation agreements with them again.
6. The Company's Nomination Committee deems the outside director candidates to be sufficiently independent for outside directors. They meet the criteria for outside directors stipulated in the Companies Act of Japan, as well as the criteria for independence of outside directors in the selection criteria for directors determined by the Company's Nomination Committee.

Reference: Criteria for Independence of Outside Directors

As a criteria for independence of outside directors, the Selection Criteria for Directors stipulates that none of the following cases may apply to outside directors.

[Person Related to the Fuji Seal Group]

- A person from the Fuji Seal Group
- A person whose family member (spouse, child, relative within the second degree by blood or marriage) has been a director, executive officer, corporate auditor, or member of corporate management within the past five years

[Person Related to an Important Transaction Partner]

An executive director, executive officer, or employee of an important transaction partner, where the transaction has accounted for 2% or more of net sales over the past three consecutive years of both or either of the Fuji Seal Group and the company to which the candidate belongs

[Person Providing Specialist Services (Lawyer, Accountant, Tax Accountant, Attorney, Judicial Scrivener, etc.)]

A person who has received compensation from the Fuji Seal Group of ¥10 million or more within the past five years

[Other]

- A person participating in a mutual dispatch of directors with another company
- A person in any other material interest in the Fuji Seal Group

**Business Report**  
**(April 1, 2017 to March 31, 2018)**

1. Status of the Group

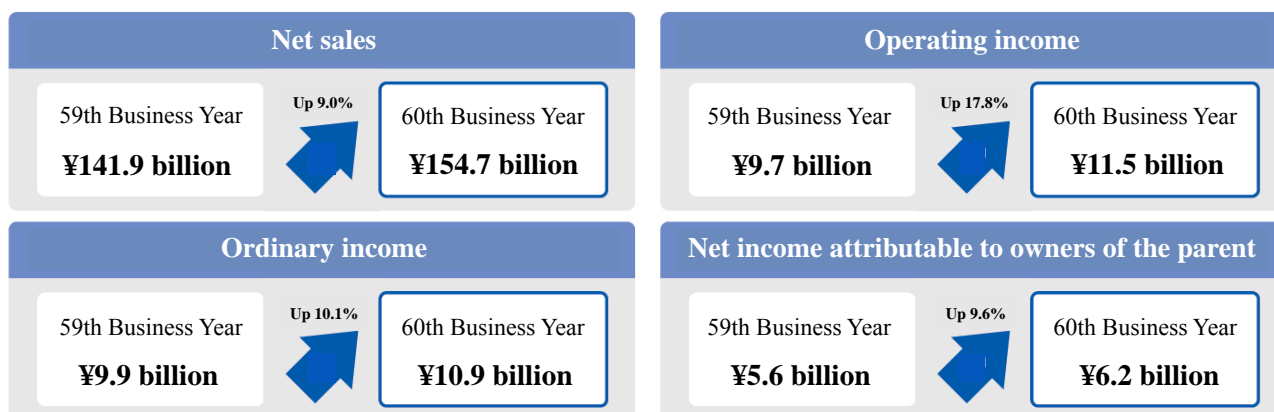
(1) Status of operations during the fiscal year under review

(i) Business conditions and results

The Fuji Seal Group continued to provide valuable products and services to its customers under the basic policy of “to always be the customers’ first choice as partner, we provide differentiated products and services by comprehending customers’ needs for packaging” in line with its mission statement of “EACH DAY WITH RENEWED COMMITMENT WE CREATE NEW VALUE THROUGH PACKAGING.”

Under our medium-term management plan we have been working towards management targets for the fiscal year ended March 31, 2018, the final year of the plan, of consolidated net sales of ¥150.0 billion and an operating income margin of 9%.

As a result of our efforts, during the fiscal year ended March 31, 2018, net sales at Fuji Seal International, Inc. came to ¥154,724 million (up 9.0% year on year), operating income was ¥11,505 million (up 17.8%), and ordinary income totaled ¥10,998 million (up 10.1%). The Company also recorded extraordinary losses of ¥2,066 million, including management streamlining for improving productivity at a consolidated subsidiary and a loss on abolishment of retirement benefit system at a consolidated subsidiary. As a result, the Company recorded net income attributable to owners of the parent of ¥6,204 million (up 9.6%).



The following is a breakdown of business performance by segment.

[Japan]

Sales of shrink labels increased 3.7% year on year to ¥47,013 million. Sales of self-adhesive labels increased by 9.2% to ¥12,086 million. Sales of soft pouches climbed 18.3% to ¥14,279 million. Machinery sales increased 7.4% to ¥6,765 million. Contract packaging for pharmaceuticals and others sales increased 6.9% to ¥5,207 million. Sales of other products rose 6.8% to ¥8,238 million.

As a result, total sales in Japan came to ¥93,592 million (up 7.1% year on year). On the earnings front, operating income was up 7.4% to ¥10,016 million, mainly reflecting higher net sales, despite increased depreciation expense resulting from increasing the production facilities at the Ube Plant and other sites, among other factors.

In non-operating expenses, equity in loss of affiliates of ¥390 million accounted for by the equity method was recorded in relation to Fuji Ace Co., Ltd., an equity-method associate.

[Americas]

Sales of shrink labels increased 10.7% (up 7.4% on a local currency basis) year on year to ¥25,541 million. Sales of other labels increased 12.7 % (up 9.3% on a local currency basis) to ¥1,673 million. Sales of self-adhesive labels climbed by 75.9% (up 70.6% on a local currency basis) to ¥1,456 million. Sales of soft pouches increased 23.0% (up 19.3% on a local currency basis) to ¥1,605 million. Machinery sales increased 3.1% (down 0.0% on a local currency basis) to ¥2,596 million.

As a result, total sales in the Americas increased 12.6% (up 9.2% on a local currency basis) to ¥32,874 million. On the earnings front, operating income climbed 28.1% (up 24.2% on a local currency basis) to ¥3,129 million, mainly reflecting higher net sales, among other factors.

[Europe]

Sales of shrink labels increased 19.5% (up 13.4% on a local currency basis) to ¥12,225 million. Sales of soft pouches increased 3.4% (down 1.9% on a local currency basis) to ¥867 million. Machinery sales increased 11.2% (up 5.6% on a local currency basis) to ¥4,075 million.

As a result, total sales in Europe increased 16.5% (up 10.6% on a local currency basis) to ¥17,168 million. On the earnings front, an operating loss of ¥711 million was recorded (compared to an operating loss of ¥643 million in the previous fiscal year), reflecting increases in outsourcing expenses and personnel expenses accompanying an increase in machine orders, a price strategy for expanding sales of shrink labels, and retirement benefit expenses.

[PAGO]

Sales of self-adhesive labels increased 4.2% (down 1.1 % on a local currency basis) to ¥12,450 million. On the earnings front, an operating loss of ¥942 million was recorded (compared to an operating loss of ¥1,346 million in the corresponding period of the previous fiscal year), mainly due to the decrease in net sales.

It was assumed that the cost associated with business rationalization expenses for improving

profitability announced last May would be about ¥2,000 million, but it actually amounted to ¥1,376 million.

[ASEAN]

Sales increased 34.0% (up 30.0% on a local currency basis) to ¥3,208 million, mainly due to an increase in shrink label sales. On the earnings front, an operating loss of ¥47 million was recorded (compared to operating income of ¥23 million in the previous fiscal year), mainly reflecting upfront investments such as an increase in personnel in line with the sales growth plan.

(ii) Status of capital expenditures

Capital expenditures during the fiscal year under review (excluding eliminations on consolidation) came to ¥8,323 million.

The expenditure was focused mainly on increasing production equipment for shrink label, self-adhesive label, and soft pouch businesses.

Breaking the amount down by segment, the Group spent ¥5,409 million in the Japan segment, ¥1,518 million in the Americas segment, ¥987 million in the Europe segment, ¥283 million in the PAGO segment, and ¥123 million in the ASEAN segment.

(iii) Status of fund procurement

The Company did not undertake and material fund procurement during the fiscal year under review.

The Company met funding requirements for capital investment from its own funds and borrowings.

The Company redeemed corporate bonds of ¥5.0 billion in December 2017.



### Status of assets and earnings in the last three business years

	57th Business Year (Fiscal year ended March 2015)	58th Business Year (Fiscal year ended March 2016)	59th Business Year (Fiscal year ended March 2017)	60th Business Year (Fiscal year ended March 2018) (Fiscal year under review)
Net sales (¥ million)	131,008	138,488	141,977	154,724
Operating income (¥ million)	9,546	8,792	9,763	11,505
Ordinary income (¥ million)	10,054	8,400	9,993	10,998
Net income attributable to owners of the parent (¥ million)	4,486	4,187	5,659	6,204
Earnings per share (¥)	79.09	73.64	99.34	108.91
Total assets (¥ million)	131,036	140,294	142,945	149,804
Net assets (¥ million)	79,035	80,069	81,834	89,344
Net assets per share (¥)	1,392.15	1,405.42	1,436.43	1,566.53

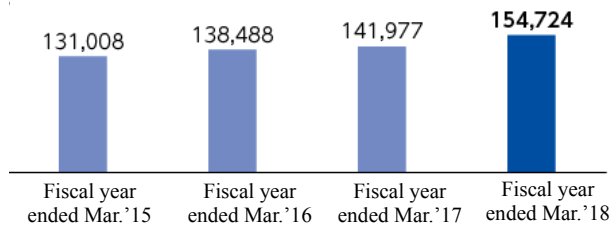
#### Notes:

1. Earnings per share is calculated based on the total average number of issued shares during the fiscal year (excluding treasury stock), and net assets per share is calculated based on the total number of issued shares at the end of the fiscal year (excluding treasury stock).

Treasury stock for the 57th and 58th business years includes shares of the Company held by a saving-type employee stock ownership plan (ESOP) trust account and a performance incentive-type ESOP trust account. Moreover, the saving-type ESOP finished at the end of the 57th business year, and the performance incentive-type ESOP finished at the end of the 58th business year.

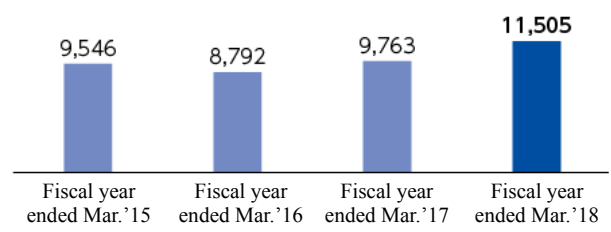
2. The Company conducted a two-for-one stock split of its common stock on January 1, 2017. Earnings per share and net assets per share have been calculated as though the stock split had been conducted at the start of the 57th business year.

Net sales

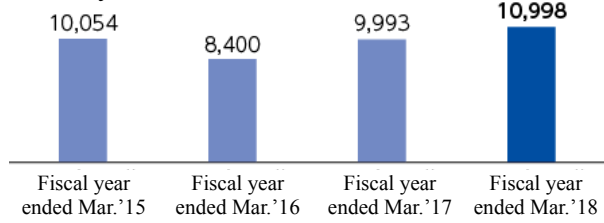


Operating income

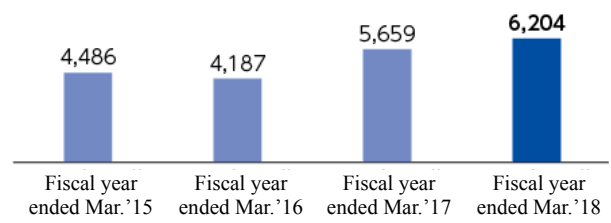
(¥ million)



Ordinary income



Net income attributable to owners of the parent



### **Issues to be Addressed by the Group**

The Group recognizes that continuing global growth increasingly depends on the ability to respond rapidly to the diversifying economic situation, accelerating markets, and changes in customers' needs.

- Build, maintain, and develop a global manufacturing system that can address customers' changing needs and swiftly provide solutions, as well as providing further services.
- Get close up with customers on their front lines to hear about their packaging challenges, improve the speed and quality of packaging solutions, and strengthen our developing systems to answer for the challenges of tomorrow.
- Accelerate development of human resources who will share the Fuji Seal Group's values and lead our growth.
- Remain constantly aware of growing risks such as market changes and natural disasters, build a risk management system appropriate to the changes, and implement it properly.
- Aim to strengthen the Group's financial structure and management and effectively use global funds to reinforce the financial base, while promoting upgrades to regulation systems in response to changes in risk and bolstering of the legal foundation.

To continue to be recognized as the preferred partner by all stakeholders, including customers, employees, business partners, shareholders, societies, the Company will promote ESG management.

- The Company will recognize that environmental problems are an important issue shared by all humankind, and continue to rise to the challenge of creatively conducting manufacturing that considers environmental aspects. In addition to reducing the Group's environmental impact, the Company aims to develop and manufacture environmentally friendly products and strives to solve environmental problems through its business activities.
- The Company aims to contribute to society through "people-friendly" packaging, and will promote and support such activities as encouraging and funding research and development and nurturing those engaged in that endeavor.
- The Company will strengthen corporate governance as a mechanism for transparent, fair, speedy, and bold decision-making.

## Current Status of the Company

### (1) Status of shares (March 31, 2018)

(i) Total number of shares authorized to be issued by the Company

200,000,000 shares

(ii) Total number of issued shares

60,161,956 shares

(iii) Number of shareholders

6,480 shareholders

(iv) Major shareholders (top 10)

Name of shareholder	Number of shares	Percentage of shares held
Soho KK	6,240 thousand	10.9%
GOLDMAN,SACHS&CO.REG	4,987	8.7
Fuji Seal Packaging Education and Scholarship Foundation	3,000	5.3
BBH FOR MATTHEWS ASIA DIVIDEND FUND	2,518	4.4
The Master Trust Bank of Japan, Ltd. (Trust account)	2,359	4.1
Japan Trustee Services Bank, Ltd. (Trust account)	2,213	3.9
JP MORGAN CHASE BANK 385632	2,094	3.7
Shigeiko Okazaki	1,803	3.2
The Master Trust Bank of Japan, Ltd. (Retail trust account 820079255)	1,800	3.2
Masaaki Fujio	1,800	3.2

Notes:

1. The Company holds 3,128,964 shares of treasury stock, but has been excluded from the above major shareholders.
2. Treasury stock is excluded when calculating the percentage of shares held.

(v) Other important matters concerning shares

No applicable information.

### (2) Status of stock acquisition rights

No applicable information.

## (3) Status of directors and executive officers

## i) Status of directors and executive officers (as of March 31, 2018)

Position	Name	Duties	Significant concurrent posts
Director	Fumio Kato	—	—
Director	Akira Toyama	—	Corporate auditor of Fuji Seal Inc.
Director	Hiroumi Shioji	—	Director of Shioji Law Office Outside Auditor of TACHIBANA ELETECH CO.,LTD.
Director	Tatsundo Maki	—	Director of SCS Global Co., Ltd. Director of SCS Global Consulting KK.
Director, President & CEO	Shigeko Okazaki	—	Representative Director and President, Soho KK
Director, Executive Officer	Takato Sonoda	In charge of Finance	—
Director, Executive Officer	Rikio Furusawa	In charge of Manufacturing and Development	—
Director, Executive Officer	Ritsuo Aikawa	In charge of ASEAN operations	Chairperson of Fuji Seal Vietnam Co., Ltd.
Executive Officer	Kenji Takahashi	In charge of Pouch Division	Representative Director and President of Fuji Flex, Inc.
Executive Officer	Yoshinao Sakaguchi	In charge of Europe operations	Representative Director and President of Fuji Seal B.V. Representative Director and President of Fuji Seal Europe S.A.S. Representative Director and President of Fuji Seal Europe Ltd. Representative Director and President of Fuji Seal France S.A.S.
Executive Officer	Masayuki Shirokawa	In charge of Americas operations	Representative Director and President of American Fuji Seal, Inc. Representative Director and President of American Fuji Technical Services, Inc. Representative Director and President of Fuji Seal Packaging de Mexico, S.A. de C.V.
Executive Officer	Shinichiro Furuse	In charge of Japan operations	Representative Director and President of Fuji Seal, Inc.

Notes:

1. Directors Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki are outside directors pursuant to Article 2, item 15 of the Companies Act of Japan.
2. After March 31, 2017, the following changes in executive officers occurred:  
Mr. Takayuki Ueda (in charge of Presser Sensitive Labels Division) retired upon completion of his term of office on June 21, 2017.  
Mr. Koen Buijtenweg (in charge of Machinery) retired by upon completion of his term of office on June 21, 2017.
3. Committee members of the Company with a nomination committee as provided in the Companies Act Article 2 item 12 were selected at the Board of Directors meeting held on June 21, 2017 and appointed on the same day, pursuant to the Companies Act Article 400 paragraph 2.  
Nomination Committee: Shigeko Okazaki (chairperson) Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki  
Compensation Committee: Shigeko Okazaki (chairperson) Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki  
Audit Committee: Fumio Kato (chairperson), Akira Toyama, Hiroumi Shioji, and Tatsundo Maki
4. Directors Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki have been designated as independent directors as stipulated in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. and the Company has submitted notification of this to the exchange.
5. The Company has assigned a full-time internal audit staff member to assist the Audit Committee in its duties and therefore does not appoint a full-time corporate auditor.
6. Director Tatsundo Maki is a certified public accountant and has knowledge of finance and accounting.

ii) Policy regarding determination of remuneration for directors and executive officers by the Compensation Committee

The Compensation Committee has decided on the following policy regarding determination of remuneration details for individual directors and executive officers.

a. Basic policy

The remuneration for the Company's directors and executive officers is to be determined giving consideration to factors such as each individual's career, work history, duties, and responsibilities, and the Company's performance and economic environment.

b. Director remuneration

Director remuneration comprises a fixed salary, the level of which is decided based on the basic policy for each fiscal year, giving consideration to their full-time or part-time engagement, and the nature of their duties as a director.

Directors who serve concurrently as executive officers receive executive officer remuneration as their primary consideration.

c. Executive officer remuneration

Executive officer remuneration comprises basic remuneration and performance-linked remuneration.

Basic remuneration is a fixed salary reflecting each executive officer's duties and responsibilities, and performance-linked remuneration is an amount determined in accordance with the degree to which the divisions overseen by each director achieve their performance targets.

When a certain level has been reached, part of the performance-linked remuneration is paid in shares of the Company.

iii) Total amounts of remuneration paid to directors and executive officers

Classification	Total number of payees	Amount paid
Directors	6	¥29,768 thousand
(Of which, outside directors)	(5)	(¥25,616 thousand)
Executive Officers	8	235,790 thousand
Total	14	265,558 thousand

Notes:

1. Number of personnel as of March 31, 2018 was eight directors (including four outside directors), and eight executive officers (including four serving concurrently as directors).
2. Remuneration for directors serving concurrently as executive officers is presented in the column for executive officers.
3. Remuneration of executive officers serving concurrently as managing executive officers of subsidiaries is paid by the subsidiaries.
4. In addition to the above, outside directors received remuneration of ¥1,000 thousand as executives of the Company's subsidiaries in the fiscal year under review.
5. The above includes amounts paid to two directors (including one outside director) and one executive officer who retired during the fiscal year under review.

iv) Matters concerning outside directors

- a. Status of concurrent important positions held at other legal entities and relationship between the Company and the other legal entities

Director Fumio Kato	—
Director Akira Toyama	Corporate auditor at Fuji Seal Inc. (Note)
Director Hiroumi Shioji	Director of Shioji Law Office Outside Auditor of TACHIBANA ELETECH CO.,LTD.
Director Tatsundo Maki	Director of SCS Global Co., Ltd. Director of SCS Global Consulting KK.

Note:

Fuji Seal Inc. is a wholly owned subsidiary of the Company and has transactions with the Company involving royalties and so forth.

There are no other special relationships between the Company and the companies where the outside corporate officers hold key concurrent positions.

b. Status of principal activities during the business year under review

(i) Attendance at meetings of the Board of Directors and the Audit Committee

	Meetings of the Board of Directors (27 meetings)	Meetings of Audit Committee (6 meetings)
	Number of meetings attended	Number of meetings attended
Director Fumio Kato	27	6
Director Akira Toyama	27	6
Director Hiroumi Shioji	27	6
Director Tatsundo Maki	19	5

Note:

Tatsundo Maki was newly appointed at the 59th Annual General Meeting of Shareholders held on June 21, 2017 and has attended all Board of Directors meetings and Audit Committee meetings held since his appointment.

(ii) Opinions in meetings of the Board of Directors and Audit Committee

- Fumio Kato contributes necessary opinions in the deliberation of proposals and so forth, drawing on his abundant experience and broad insight as the manager of a holding company and a person involved in education. He also offers advice and proposals for ensuring the appropriate and correct decision-making by the Board of Directors.
- Akira Toyama contributes necessary opinions in the deliberation of proposals and so forth, drawing on his abundant experience and broad insight in manufacturing as a manager responsible for safety, products, and technology development, mainly in the engineering field. He also offers advice and proposals for ensuring the appropriate and correct decision-making by the Board of Directors.
- Hiroumi Shioji contributes necessary opinions in the deliberation of proposals and so forth, drawing on his abundant experience and broad insight cultivated through his work as a lawyer. He also offers advice and proposals for ensuring the appropriate and correct decision-making by the Board of Directors.
- Tatsundo Maki contributes necessary opinions in the deliberation of proposals and so forth, drawing on his abundant experience and broad insight in global accounting, finance, and taxation as a certified public accountant. He also offers advice and proposals for ensuring the appropriate and correct decision-making by the Board of Directors.

c. Outline of limitation of liability agreement

To ensure that it can obtain useful human resources to serve as outside directors, the Company's current Articles of Incorporation have a provision enabling it to enter agreements with its outside directors for limiting their liability to the Company within a certain scope. In accordance with this provision, outside directors Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki have entered such limitation of liability agreements with the Company.

An overview of these agreements follows.

"If the outside director becomes liable for damages to the Company due to negligence of duties, he or she shall bear this liability, limited to the minimum liability amount provided in Article 425 paragraph 1 of the



Companies Act of Japan. The above liability limitation may be recognized only in cases where the outside director has acted in good faith and without gross negligence in executing the duty that caused his or her liability.”

d. Criteria for Independence of Outside Directors

Criteria for independence are listed in the “Reference Documents for the General Meeting of Shareholders” in this convocation notice.

(4) Outside accounting auditor

i) Name Deloitte Touche Tohmatsu LLC

ii) Remuneration amount

	Amount payable
1. Amount of remuneration payable to the outside accounting auditor for the fiscal year under review for duties provided under Article 2 paragraph 1 of the Certified Public Accountants Act	¥ 36,660 thousand
2. The total amount of remuneration and other financial benefits payable to the outside accounting auditor by the Company and its subsidiaries	¥ 47,000 thousand

Notes:

1. Important consolidated subsidiaries of the Company overseas audited by certified public accountants and auditing companies (including entities with corresponding qualifications in overseas countries) other than the outside accounting auditor of the Company. They are audited only on the items specified by the Companies Act and the Financial Instruments & Exchange Act, or corresponding laws of overseas companies.
2. The amount of remuneration for audits pursuant to the Companies Act and the amount of remuneration for audits pursuant to the Financial Instruments and Exchange Act are not divided in the auditing agreement concluded between the Company and the outside accounting auditor. Since they are not practically separable, the total amount of remuneration is presented for the fiscal year under review.
3. The Audit Committee performed the required verification of the outside accounting auditor’s audit plan details, the status of accounting audit execution, and the grounds for calculation of the remuneration estimate and so forth to determine whether they were appropriate, and agreed with the outside accounting auditor’s remuneration amount pursuant to the Article 399 paragraph 1 of the Companies Act.

iii) Details of non-auditing duties

No applicable information.

iv) Dismissal or Non-reappointment of Accounting Auditor

If the Audit Committee judges that it is appropriate to dismiss or not reappoint the outside accounting auditor, it determines the details of a proposal for the dismissal or non-reappointment of the outside accounting auditor to be submitted at the General Meeting of Shareholders in accordance with the Audit Committee Regulations.

If the Audit Committee acknowledges that the outside accounting auditor is subject to any of the conditions set forth in Article 340 paragraph 1 of the Companies Act, it shall dismiss the outside accounting auditor by a unanimous resolution of all the Audit Committee members. In such cases, the dismissal and the reason shall be reported at the next General Meeting of Shareholders held after the dismissal by an Audit Committee member appointed by the Audit Committee.

v) Outline of Limitation of liability agreement

No applicable information.

(5) System for ensuring appropriate business execution

The Company has a system for ensuring that the directors' execution of duties complies with laws and regulations and with the Articles of Incorporation and a system for ensuring that other operations of the corporate group formed by the Company and its subsidiaries (hereinafter "the Group") are appropriate. An overview of the details decided for these systems is given below.

i) Matters concerning directors and employees assigned to assist the duties of the Audit Committee

The Group Internal Audit Office is the organization responsible for assisting the duties of the Audit Committee. The employees responsible for providing assistance (hereinafter "audit officers, etc.") are the Group Internal Audit Office Manager and other staff of the Group Internal Audit Office, who are assigned to that office, as well as other audit officers who are appointed by the Group Internal Audit Office Manager with the approval of the Audit Committee.

ii) Matters regarding the independence of the directors and employees of the preceding item from executive officers, and matters regarding ensuring the effectiveness of instructions given by the Audit Committee

Transfers, performance reviews, and salary revision of audit officers, etc. shall require prior consent of the Audit Committee.

Moreover, executive officers must take care that audit officers, etc., are not subject to unjustified restrictions in the execution of their duties. If the audit officers, etc. are subject to unjustified restrictions in the course of executing their duties, they shall be able to report this to the Audit Committee or to an Audit Committee member and request the unjustified restriction to be lifted. Audit officers must follow the instructions of the Audit Committee.

iii) System for reporting by the Group's directors, executive officers, and employees to the Audit Committee and system for other reports made to the Audit Committee

The Audit Committee may have persons other than Audit Committee members attend its meetings as needed to hear their reports and opinions. In this way, the directors, executive officers, and other employees (hereinafter "executives and employees") who attend an Audit Committee meeting must explain matters to the Audit Committee as the committee requests. Executives and employees shall be able to report to the Audit Committee via the Group Internal Audit Office. The Company is not allowed to dismiss the executives and

employees who make such reports or subject them to any other disadvantage because of having made the report.

Executives and employees should report the following matters.

- a. Matters regarding the reporter's decision on a matter entrusted by a resolution of the Board of Directors
- b. Discovered facts that could cause significant loss to the Company

iv) Matters regarding policies on prepayment of expenses incurred by Audit Committee members when executing their duties, reimbursement procedures, and other handling of expenses and liabilities arising in connection to the duties

When Audit Committee members request prepayment of expenses and so forth for executing their duties, as provided by the Companies Act, provided the execution of the duties is not considered unnecessary, the Company shall promptly process the liabilities, including such expenses.

v) Other systems for ensuring that Audit Committee's audits are conducted effectively

The Audit Committee conducts regular liaison meetings to report and coordinate with the Group Internal Audit Office.

Furthermore, the Audit Committee has established the Group Internal Audit Regulations, and has a structure in place to manage internal audits smoothly and effectively. Furthermore, the committee maintains close coordination with the outside accounting auditor and holds regular meetings with the outside accounting auditor to exchange opinions about the audit policy and audits.

The Group Internal Audit Office establishes the internal audit mechanisms for the Group, and oversees policy and management risk. In this way, the office aims to maintain the Group's internal controls and upgrade the internal audit system.

vi) System for ensuring appropriateness of reports to the Company on matters relating to execution of duties by the directors and other executives in the Group and appropriateness of other Group operations

As a holding company, the Company manages and administers the entire Group in line with the Group management strategy. The Board of Directors therefore decides and approves important matters concerning Group management, and hears reports on business execution by all Group companies.

The Company has formulated the Group Company Management Regulations, clarified the basic policy on Group management, the management system, operation standards, and so forth, and stipulated positional authority for the entire Group. These regulations set the systems for making approval requests and reports to the Company, which are used to achieve integrated operation, management, and support for the business activities of the Group companies.

The Group Internal Audit Office coordinates with the departments responsible for the operations of each Group company to determine their internal control status. The office reports on this to the Audit Committee and proposes measures for improvement.

vii) System for ensuring execution of duties by the Group's directors, other executives, and employees is

compliant with laws and regulations, and with the Articles of Incorporation

The FSG Code of Ethics, sets forth the universal standards that every individual director, executive officer, corporate officer and employee should observe from the corporate ethic standpoint to gain society's trust as the Ethical Standard, and the standards of behavior that support faithful implementation of Ethical Standard in its Conduct and Behavior Standard. In addition, the Group Compliance Management Regulations set out the Group's compliance policy, systems, procedures, and so forth.

The Compliance Committee (at Group and regional level) deliberates and decides on revisions of operation processes and other measures to prevent recurrences of material problems and serious infringements, as well as other relevant issues. The committee reports to the Board of Directors on the maintenance, and upgrading of the compliance system, as well as awareness raising and education, and requests the deliberation and decision of the board in cases that require important management decisions. Moreover, the Consultation Hotline provides a system that enables personnel to report directly to a consultation and reporting desk (including an outside law office and the Group's Internal Audit Office) regarding suspicious behavior and so forth. This enables the Company to quickly identify compliance issues and respond to them appropriately.

The Company has also taken steps to ensure and reinforce the appropriateness of its financial reporting by formulating the Group Internal Control Regulations and establishing the Internal Control Committee.

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

Executive officers shall store important information relating to the executives execution of duties, such as minutes of General Meetings of Shareholders and Board of Directors meetings of Group companies, approval request documents, calculation documents relating to financial reports, and contracts, for at least 10 years. Moreover, they shall take the measures required to be in accordance with the Group Information Security Policy and be prepared to accommodate requests to browse the documents from the Audit Committee and others.

ix) Rules and Other Systems Related to Managing the Risk of Loss in the Group

The Group has established the Group Risk Management Regulations, which stipulate the basic policy and management system regarding business execution risks facing the Group. Through these regulations, the Group strives to ensure sound, stable management, thereby enhancing management efficiency and increasing shareholder benefit and trust in the Company. Recently, the Group revised the Group Risk Management Regulations to strengthen the Group's disaster response and crisis management systems. The Group will notify employees of envisaged risks and share this information. It will also relay information and respond rapidly and appropriately in case a risk should materialize and work to prevent a recurrence.

x) System to Ensure the Efficient Execution of Duties by the Group's Directors and Other Officers

The Company has established a system for correct and efficient execution of duties through positional authority and decision-making rules based on a system of regulations centered on the abovementioned Group Company Management Regulations.

Based on the medium-term management plan and the annual business plan formulated in line with the corporate philosophy, the executive officers work to achieve the targets, report the status of their execution of duties to the Board of Directors, and receive an assessment from the Board of Directors. The Company uses IT to streamline operations through teleconferencing and other means. It and has a system for identifying important management information through business reports, risk reports, and so forth provided regularly and as needed, and securely feeding this information back to the Board of Directors.

(6) Overview of operational status of systems for ensuring appropriateness of operations

i) Operational status of Group compliance system

The Group's Compliance Committee held regular meetings, set themes related to compliance and matters to be addressed and reported on implementation and plans for awareness-raising activities. The Group's executives have signed a compliance declaration and Compliance Cards have been distributed to Group executives and employees in addition to an education program. Through these measures, the Group provided clear guidance on observing laws and regulations, as well as internal company regulations, and acting in accordance with corporate ethics, and took initiatives to ensure their effectiveness.

With regard to the Consultation Hotline, the Group ensures that the confidentiality of informants is protected and that informants are not subjected to disadvantages. The status of reports to the hotline is reported regularly to the Compliance Committee, the Board of Directors and the Audit Committee.

ii) Operation status of the Group's risk management system

The Group has organized the materiality of latent risks on a Groupwide and regional basis into a risk map, based on the Group Risk Management Regulations. For each risk, systems have been established, action plans for each region have been formulated based on the risk map, and initiatives are continuously carried out. At the same time, an emergency contact network has been established for the case of an irregular situation that could have a serious impact on the Group's management.

As a risk monitoring function, internal audits are conducted by the Group Internal Audit Office under the direction of the Audit Committee, and risk management system audits are conducted by independent auditors as needed. The results are reported to the Audit Committee and the president & CEO.

iii) Status of execution of duties by directors and others in the Group

The Group held 27 Board of Directors meetings during the fiscal year under review, in accordance with the Rules for Directors.

The Board of Directors deliberated on the state of the Group's management and relationships with stakeholders, such as the medium-term management plan, business strategy, the annual business plan, the investment strategy, and financial management. Furthermore, the board heard reports on the status of execution of duties at each Group company, and discussed progress on achieving targets, management priorities and risks, and related response measures.

iv) Status of initiatives to ensure appropriate operations within the Group

The Audit Committee met 6 times during the fiscal year under review in accordance with the Audit Committee Regulations.

The Audit Committee deliberated on the audit plan and audit policy, internal controls, and related matters.

The Group Internal Audit Office conducted an audit of the Group companies based on the direction of the Audit Committee, and proposed improvements. A Consultation Hotline Desk was also established in the Internal Audit Office, so that reports can now also be made to the Audit Committee, which is composed solely of outside directors.

(7) Policy regarding determination of dividend from surplus

Amid a business environment that is rapidly changing and intensifying, Fuji Seal International has sought to raise corporate value by achieving sustained growth.

Last year, the Fuji Seal Group celebrated the 120th anniversary of its founding, and its new medium-term management plan, which is a three-year plan ending in the fiscal year ending March 31, 2021, has been positioned as a three-year period to build a foundation for the next 60 years of growth and development.

The Company will further strengthen the competitiveness of its current businesses globally and strive to deepen and expand its business activities with customers by enhancing its ability to solve problems and increasing the speed of its response.

The Company considers the following to be its most important management challenges: 1) returning profits to shareholders based on Company performance and 2) continuing to increase the shareholder returns in a sustained manner. To that end, the Company will accelerate investment for continued growth, through such means as utilizing internal reserves, developing technologies that will make the Group even more competitive, and training personnel and creating mechanisms to enable the Group to solve problems faster.

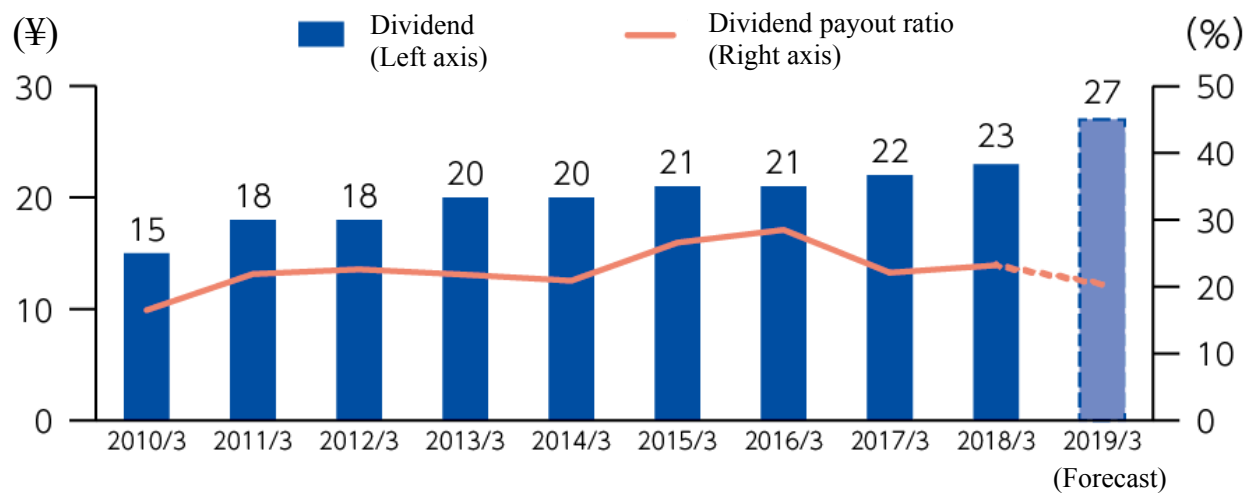
The Company aims to achieve a medium-term minimum payment ratio target of 20% on a consolidated basis, and aims to increase the dividend per share in a stable and sustained manner. To raise long-term corporate value, the Company takes a flexible approach to the acquisition and disposal of treasury stock while also considering necessary capital investments, funding requirements for mergers and acquisitions, and raising capital efficiency.

The Board of Directors decided at a meeting held on May 16, 2018 to pay a year-end dividend for the fiscal year ended March 31, 2018 of ¥12 per share. The Company will thus pay an annual dividend of ¥23 per share for the fiscal year ended March 31, 2018, which includes the already paid interim dividend (¥11 per share), for a consolidated dividend payout ratio of 21.1%.

The starting date for the year-end dividend payment will be June 4, 2018.

In the fiscal year ending March 31, 2019, the Group plans to pay an annual dividend of ¥27 per share, also based on the aforementioned basic policies.

As a result, the Group expects to achieve a consolidated dividend payout ratio of 20.5% for the fiscal year ending March 31, 2019.



(Monetary amounts and numbers of shares presented in this business report have been rounded down to the units of presentation, while year-on-year comparisons and other figures have been rounded to the nearest unit.)

**Consolidated Balance Sheets (As of March 31, 2018)**

(Unit: ¥ Thousand)

Assets		Liabilities	
Item	Amount	Item	Amount
<b>Total current assets</b>	<b>77,261,707</b>	<b>Total current liabilities</b>	<b>48,059,803</b>
Cash and deposits	8,929,128	Notes and accounts payable	13,767,650
Notes and accounts receivable	38,348,326	Electronically recorded monetary obligations	10,618,526
Electronically recorded monetary claims	8,120,738	Short-term borrowings	8,687,244
Merchandise and finished products	7,423,175	Lease obligations	82,732
Work in process	3,931,364	Other accounts payable	3,802,433
Raw materials and supplies	6,188,156	Income taxes payable	1,382,305
Deferred tax assets	1,098,941	Accrued bonuses	1,620,591
Other current assets	3,421,901	Other current liabilities	8,089,318
Allowance for doubtful accounts	(200,025)	<b>Total long-term liabilities</b>	<b>12,400,797</b>
<b>Total noncurrent assets</b>	<b>72,542,916</b>	Long-term debt	5,300,000
<b>Total tangible fixed assets</b>	<b>59,331,849</b>	Lease obligations	205,330
Buildings and structures - net	23,581,921	Deferred tax liabilities	2,357,645
Machinery, equipment and vehicles	24,618,179	Net defined benefit liabilities	4,372,148
Land	5,459,008	Other	165,673
Lease assets - net	363,350	<b>Total liabilities</b>	<b>60,460,601</b>
Construction in progress	3,948,743	<b>Net assets</b>	
Other - net	1,360,647	<b>Total shareholders' equity</b>	<b>82,301,175</b>
<b>Total intangible assets</b>	<b>1,547,775</b>	Common stock	5,990,186
<b>Total investments and other assets</b>	<b>11,663,290</b>	Capital surplus	6,462,596
Investment securities	7,648,559	Retained earnings	72,953,123
Net defined benefit asset	1,928,459	Treasury stock	(3,104,730)
		<b>Total accumulated other comprehensive income</b>	<b>7,042,847</b>
Deferred tax assets	1,345,760	Unrealized gain on available-for-sale securities	1,598,603
Other	793,897	Deferred gain or loss on hedge	(1.354)



Assets		Liabilities	
Item	Amount	Item	Amount
Allowance for doubtful accounts	(53,386)	Foreign currency translation adjustments	5,522,169
<b>Total assets</b>	<b>149,804,623</b>	Remeasurements of defined benefit plans	(76,571)
		<b>Total net assets</b>	<b>89,344,022</b>
		<b>Total liabilities and net assets</b>	<b>149,804,623</b>

**Consolidated Statements of Income**  
**(April 1, 2017 to March 31, 2018)**

(Unit: ¥ Thousand)

Item	Amount	
<b>Net sales</b>		<b>154,724,168</b>
Cost of sales		125,230,013
<b>Gross profit</b>		<b>29,494,155</b>
Selling, general and administrative expenses		17,988,969
<b>Operating income</b>		<b>11,505,186</b>
<b>Non-operating income</b>		
Interest income	15,865	
Dividend income	49,378	
Recycling income	30,699	
Other	44,610	140,554
<b>Non-operating expenses</b>		
Interest expenses	112,592	
Equity in loss of affiliates	390,740	
Foreign exchange loss	128,624	
Other	15,148	647,105
<b>Ordinary income</b>		<b>10,998,635</b>
<b>Extraordinary gains</b>		
Gain on sale of tangible fixed assets	14,752	
Gain on sales of investment securities	17,392	
Subsidy income	200,000	232,144
<b>Extraordinary losses</b>		
Loss on sale and disposal of tangible fixed assets	277,350	
Restructuring expenses	1,376,566	
Loss on abolishment of retirement benefit system	412,246	2,066,163
<b>Income before income taxes</b>		<b>9,164,616</b>
Current	4,405,754	
Deferred	(1,446,061)	2,959,692
<b>Net income</b>		<b>6,204,923</b>
<b>Net income attributable to owners of the parent</b>		<b>6,204,923</b>