

# FDK Group

# Sustainability Report

# 2023



# Inspiring transformation; shaping the future and creating happiness.

## FDK Group's Vision

FDK Group, as a Smart Energy Partner,  
assemble advanced technologies,  
would like our customers to best utilize electric  
energy in a safe and efficient manner,  
and contribute to materialization and  
development of sustainable society.

Smart Energy Partner

### Editorial Policy

FDK has published the FDK Group CSR Report since 2017 so that all of its stakeholders will understand its various activities based on the CSR Policy of the FDK Group.

From this fiscal year, we are publishing a new "Sustainability Report" based on our Basic Sustainability Policy, centering on the FDK Group Approach to Value Creation and "Five Prioritized Initiatives."

### Target Period

This report focuses on activities during FY2022 (April 1, 2022 to March 31, 2023). (Some information is included outside of this period.)

### Scope

This report covers activities for FDK and the FDK Group. Some of the report is specific to FDK.

### Reference Guidelines

The FDK Group Sustainability Report 2023 has been created by referring to ISO 26000 Guidance on Social Responsibility, the Environmental Reporting Guidelines, etc.

### ISO 26000 (Core Themes) Icons



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### SDGs (Sustainable Development Goals)

Successors to the Millennium Development Goals (MDGs) put forward in 2001, the Sustainable Development Goals (SDGs) were adopted at the United Nations Summit of September 2015 and comprise international targets to be achieved from 2016 through 2030. They are composed of 17 goals and 169 targets for achieving a sustainable world.







# FDK

## Achieving sustainability management through the practice of an “And Game”

### 10 Years' Scheme and Business Philosophy

It has now been five years since I assumed the position of President. My first undertaking upon doing so in 2019 was the formulation of our 10 years' scheme.

This scheme declares our goals for the company in 2029 as our “Vision,” and the conditions under which these are achieved as our “status-to-be.”

Behind this lies an awareness of the problems the company was facing when I became President. Despite the FDK Group's numerous technological assets and excellent human resources, I believed that they were not being put to the fullest use. I felt that in order to unlock the Group's true potential, it was vital that all employees share a new banner and a set of goals to aspire to. To this end, I listened principally to what the management team, which ties together each of our businesses, perceived as problems and what they wanted to do about them, thereby consolidating the content of the Vision. Although I was the one who finally put it together, the meaning of every word and phrase was discussed within the company, selecting and discarding particular elements to produce the final result.

If the Vision is a beacon marking our final destination, the “status-to-be” is a tangible definition of how much of what we will be providing to whom when the Vision is achieved, as well as the levels of profit and sales generated. With this as our goal, the nine years from FY2020 have been divided into three Mid-Term Business Plans. R1, the first of these plans, reached completion in March 2023, and R2 just began in April.

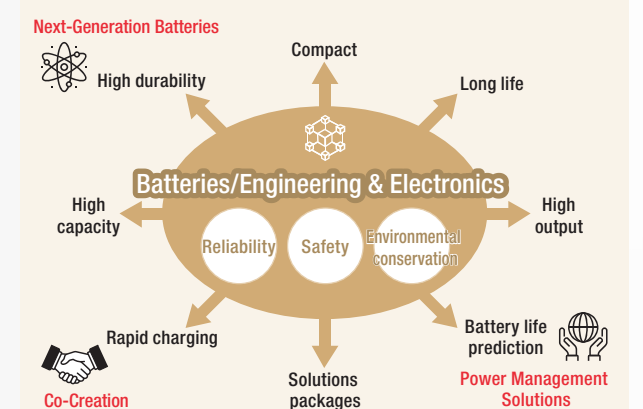
Around the time the 10 years' scheme was formulated, we also decided to develop a new business philosophy. Although FDK has been in business for more than 70 years, until now it has had no official business philosophy. Given what a momentous task this was, it was decided to emphasize employee

participation. The discussion was divided into several groups, including a management group, a group of senior employees, and a group of younger employees, each of which developed several candidates. The winning candidates from each group were voted on by all employees, and the last remaining candidate was selected as the business philosophy.

The event took about six months before a final decision was made, but what was finally chosen were the wonderful words “Inspiring transformation; shaping the future and creating happiness,” a philosophy that incorporates many opinions from the younger generation. I think it is a fantastic phrase, perfectly encapsulating what we have been doing and what we want to do from now on, as well as resonating with our Vision.

### The status-to-be of the FDK Group: Our offerings

We are adding various functions and features in addition to the reliability, safety, and environmental conservation that we have always offered, thereby achieving a wider range of applications and meeting an increasingly diverse range of customer needs.



FDK CORPORATION President & CEO

**Ryo Nagano**



## Top Message

### Looking Back on the R1 Mid-term Business Plan

The first of the three-year plans making up the nine years to realize our Vision was R1. We set this period as a time to concentrate on the basics in order to step up, establishing three goals: Stabilize current businesses and establish growth with profit; Proactively cultivate new business as a segue to the next generation (to make up 30% of total by 2029); and Establish a corporate culture in which each employee makes a personal effort to satisfy customers in a self-disciplined way. Here, we report on the results and challenges with respect to each of these goals.

#### 1. Stabilize current businesses and establish growth with profit

The mainstay of our business is Ni-MH batteries. Because of their excellent safety features, such as usability at high and low temperatures and resistance to overcharge and over-discharge, they are widely used around the world, not only as general rechargeable batteries, but also as backup power sources in critical situations.

In the first year of R1, we also saw a significant increase in the profit margin on lithium batteries. Lithium batteries are single-use primary batteries, but they boast a long service life of up to 20 years in some cases, and are used in a variety of applications, including automotive equipment, medical devices, and home security systems, such as smoke detectors. Efforts to promote efficiency, such as the integration of production bases, contributed to the improvement in profitability.

In the second year of R1, the electronics business, which had been enduring difficult conditions, returned to profitability. After Ni-MH batteries and lithium batteries, it has grown to become the third pillar of our product lineup. Accordingly, we can say that the first two years of the plan went very well.

However, in FY2022, the third year of the plan, the impact of the two-year-long COVID-19 pandemic hit hard. Unable to cope with market fluctuations and soaring raw material prices, the profitability of Ni-MH batteries, our main product line, deteriorated substantially. Fortunately, the lithium battery and electronics businesses remained strong in the third year, so the company as a whole was able to weather the storm without major impact.

Overall, it was a three-year period during which the three pillars of our business, Ni-MH batteries, lithium batteries, and electronics, stood strong.



However, we recognize that strengthening resilience to cope with unforeseen events is an issue to be addressed going forward.

#### 2. Proactively cultivate new business as a segue to the next generation

We have set a goal for developing new businesses that will lead to the next generation such that they account for 30% of our total business by 2029. The main focus is on what we call next-generation batteries, and in this regard, we are focusing on all-solid-state batteries, nickel-zinc batteries, and metal-hydride/air rechargeable batteries.

There are two types of all-solid-state batteries: sulfide batteries, which are large and powerful, and oxide batteries, which are small and adaptable, but it is the latter that we are focusing on developing. At only 4 mm square in size, they can be embedded in circuit boards just like electronic components, making them versatile enough to be used in a variety of applications such as IoT devices and wearable terminals. Furthermore, when combined with a power generation circuit such as a solar cell, they can operate semi-permanently. As such, from a sustainability perspective, this is a very promising type of battery.

Rechargeable Ni/Zinc batteries are secondary batteries that apply the positive electrode and structural technologies developed for Ni-MH batteries and the zinc negative electrode technology of alkaline batteries, offering environmentally friendly properties and a high level of safety. Since they can be used as an alternative to lead-acid batteries, which have a severe environmental impact, and weigh only half as much, they are expected to be widely used for in-vehicle and backup power sources.

Metal-hydride/air rechargeable batteries replace the positive electrode of Ni-MH batteries with air (oxygen), enabling both high energy density and safety.

The commercialization of these next-generation batteries did not lead to actual business in the three years of R1. Given that the technical hurdles are higher than we had imagined, it is likely to take a little more time. In spite of this, sample shipments of customized versions of all-solid-state batteries have begun, and sample shipments of nickel-zinc batteries to several customers have also taken place. The hard work of developing metal-hydride/air rechargeable batteries is steadily bearing fruit, including an ongoing development project in cooperation with the Ministry of the Environment.

#### 3. Establish a corporate culture in which each employee makes a personal effort to satisfy customers in a self-disciplined way

Our third goal is to foster a corporate culture in which all FDK employees strive independently to satisfy our customers.

With employee participation in developing the corporate philosophy forming a part of the effort, we have implemented a variety of reforms to our systems and processes in a short period of time. These include the introduction of talent management, changes to the salary structure, systematization and expansion of the education system, reforms to working styles, such as the introduction of a flextime system and telework, the enhancement of internal improvement activities, and initiatives to improve employee satisfaction.

One of the most significant changes was in the personnel evaluation system. In addition to performance evaluation, which had been the sole basis for

evaluation, competency evaluation for individual positions was introduced. For each position, there is an ideal CEO profile and an ideal department head profile. By taking these factors into consideration, we are now able to conduct personnel evaluations from a broad perspective, including the presence or absence of skills, rather than simply evaluating making an effort as good and failing as bad.

Other measures to enhance interaction and communication among employees include the “Dojo,” a place for those who have skills and know-how to pass them on to those who wish to learn, and an incentive points system where employees exchange “thank you” points with each other. In this way, efforts to invigorate the internal company environment are ongoing.

### Mid-Term Business Plan R2

Over the three years of R2, which runs from April 2023, we will take into account the issues identified in R1 and further strengthen our existing three major businesses of Ni-MH batteries, lithium batteries, and electronics to enhance their resilience. This period will also see the launch of new businesses, leading into the finalization stage in the following three-year period.

We cannot rule out the possibility that more unforeseen difficulties, in addition to soaring material costs and significant exchange rate fluctuations, may emerge in the future. We will strive to improve the quality of our management, including governance, to become a company that can respond to changes in the market environment, while building systems that allow each employee to perform to the best of their abilities and fostering a culture in which employees can improve each other's skills.

I want us to spend these three years building a solid foundation, so that by 2029, we will be a company that is strong enough to survive no matter what comes its way.

### The FDK Group's Materialities

In formulating the Group's materialities, we first established an internal Sustainability Promotion Committee (initially the Sustainability Promotion Preparatory Committee) and compiled a list of social issues based on approximately 1,500 keywords identified by the committee members. After repeated discussions on the relevance of the identified social issues to the Group's business, five materialities were selected as issues of high relevance and significance to the company.

“Provision of safe and secure electric energy” and “coexistence with the global environment” are the foundation of our business and represent “Whats” that we must accomplish to realize our philosophy and Vision.

“Promoting the active participation of diverse human resources” and “sustainable enhancement of corporate governance” refer to Hows for achieving the Whats.

“Contributing to sustainability in regions, society and communities” is an issue of a different nature from the first four, but it is one that is rooted in local society and has a significant impact on residents. As a company committed to being a member of the local community, we recognize that this is an important issue to address.

Through its business activities, the Group aims to realize the five materialities it has identified to achieve sustainable development of society and sustainable enhancement of corporate value.



### Achieving Sustainability Management through an “And” rather than “Or” Game

“And Game” is a phrase that I have used consistently since becoming President. Although this is a very important concept, I still hear some people say they do not understand it well, so I would like to take this opportunity to explain it again.

It is actually very simple. A company has four groups of stakeholders: customers/partners, shareholders, employees, and society. The term “And Game” expresses the idea of satisfying all (and) rather than one (or) of these four groups. If you rank stakeholders in order of priority, such as shareholders first or customers first, a distortion will emerge somewhere, and someone ranked lower in priority will end up hurt. I have seen a number of such companies myself.

At a time when there is an increasing demand for sustainable enhancement of corporate value, I believe that practicing this “And Game” is the way to meet the expectations of society. We satisfy society by solving social issues, and we derive profit from our customers' appreciation of that added value. That profit is then used to reward shareholders and employees. It is working through this cycle that constitutes the “And Game,” and I am strongly convinced that it will lead to the realization of sustainability management.

Through its business activities, the FDK Group will keep working to help realize a sustainable society, thereby enhancing its corporate value. I ask for your continued support so that together we can create a future that brings smiles to the faces of all our stakeholders.







## History

# The FDK Group's History of Value Creation



★ Sanyo Energy Twicell Co., Ltd.  
(Ni-MH battery business)



★ Sanyo Energy Tottori Co., Ltd.  
(lithium battery business)

February 1950: Tokyo Denki Kagaku Kogyo Co., Ltd.  
established

July 1958: Company name changed to Fuji Electrochemical Co., Ltd.

April 1972: Becomes part of the Fujitsu Group

January 2001: Company name changed to FDK Corporation

January 2010: Acquires ★Sanyo Energy Twicell Co., Ltd. (Ni-MH battery business) and ★Sanyo Energy Tottori Co., Ltd. (lithium battery business), subsidiaries of Sanyo Electric Co., Ltd.

July 2015: Acquires Fujitsu Telecom Networks Limited (power supply business)



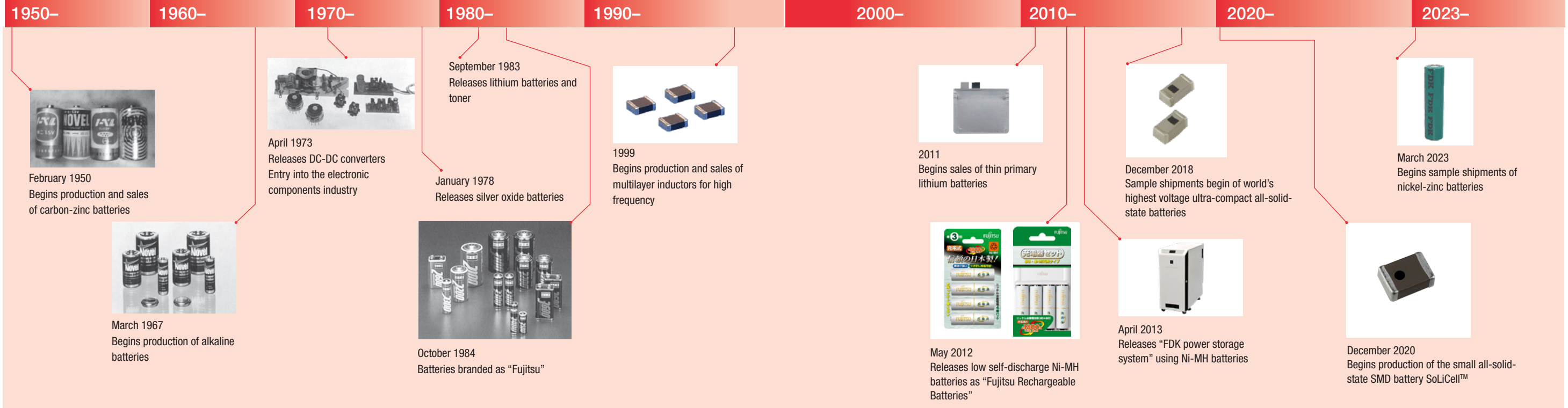
FDK Corporation  
(former Tokyo Denki Kagaku Kogyo Co., Ltd.)

October 1969  
Listed on the Second Section of the  
Tokyo Stock Exchange

September 1984  
Listed on the First Section of the  
Tokyo Stock Exchange

August 2009  
Reassigned to the Second Section of  
the Tokyo Stock Exchange

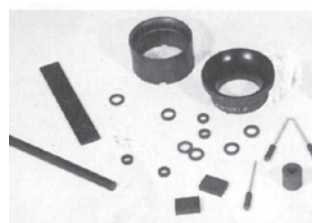
April 2022  
Moves from the Second Section  
to the Standard Section due to  
the market restructuring of the  
Tokyo Stock Exchange



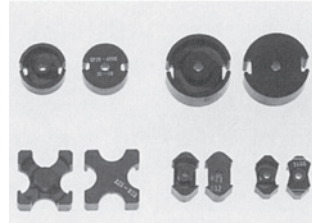
## Past Products that Sustained FDK



"Novel" brand dry-cell batteries  
(manganese)



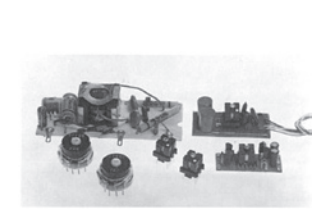
Ferrites for consumer use



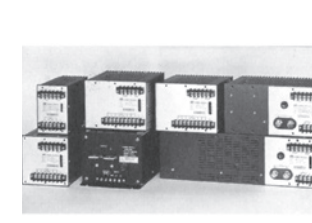
Ferrites for communication equipment



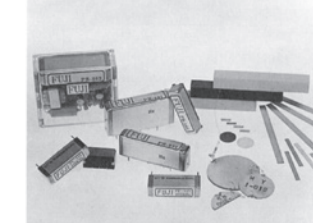
"Novel" brand dry-cell batteries  
(alkaline)



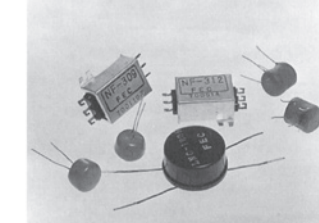
DC-DC converters



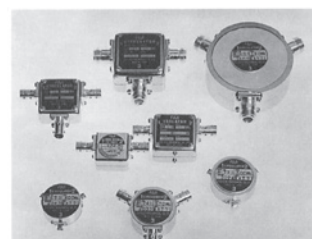
Switching power supplies



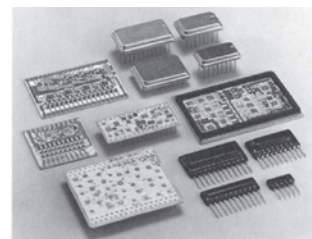
Lead filters and acoustic wave  
oscillators



Noise filters



Microwave components



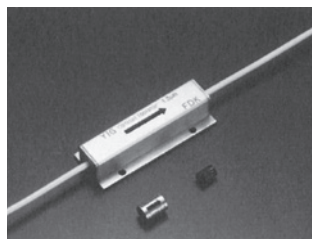
Hybrid modules



Stepper motors



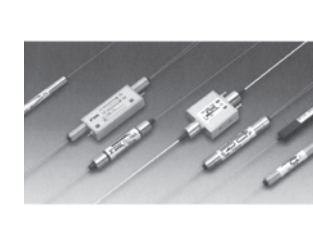
Rotary transformers



Optical isolators



Electronic component materials



Optical communication components



HDD Heads  
FDD Heads





## Highlights

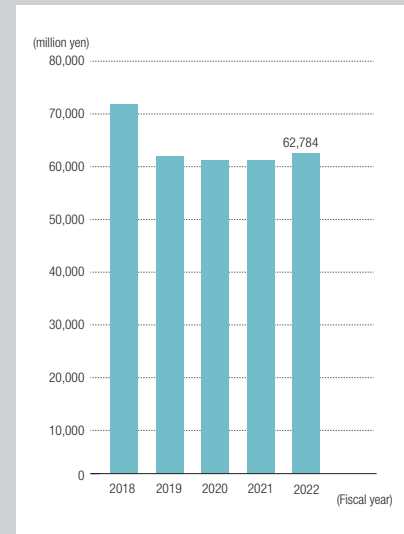
# Financial and Non-Financial Highlights

Since its beginnings in 1950 with the manufacture and sale of carbon-zinc batteries, the FDK Group has developed various innovations in battery materials. Drawing on the technical expertise we have cultivated in battery materials, we have also entered the electronic components and modules business, and as a “Smart Energy Partner,” we are contributing to the realization and development of a sustainable society by fully taking into account our environmental impact.

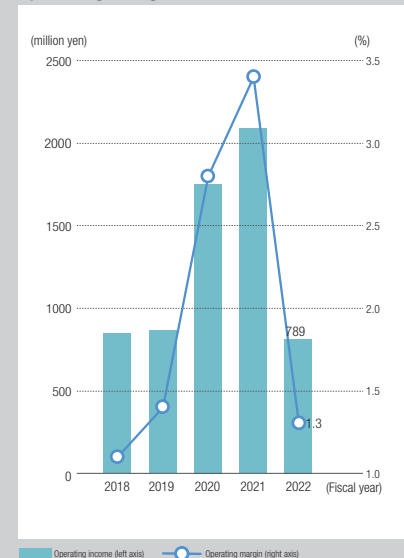
In recent years, we have actively expanded human capital management on the basis of the slogans “a company we can be proud of, a workplace we want to recommend to our loved ones,” and “job satisfaction.” Moreover, through measures such as promoting diverse human resources and evolving our education system, we are focusing on “strengthening human resource value,” “job satisfaction reform,” and “working environment reform.”

## Financial information

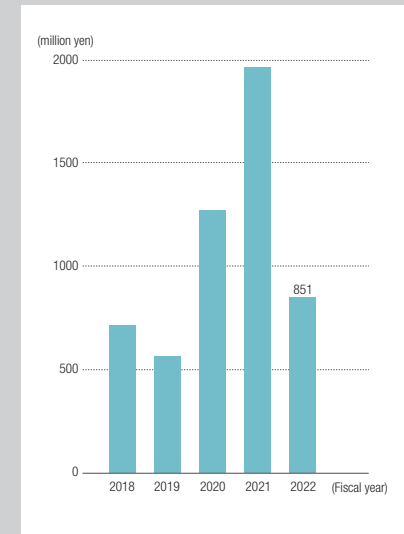
### Net sales (consolidated)



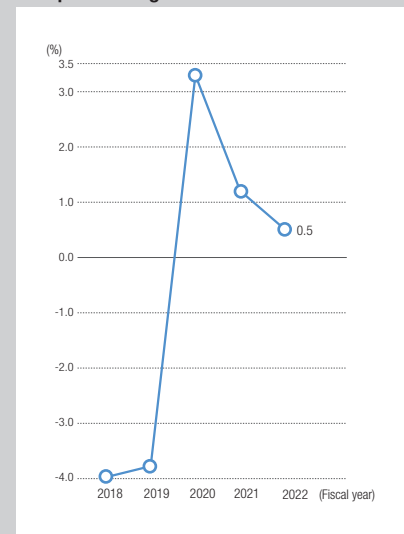
### Operating income (consolidated)/ Operating margin



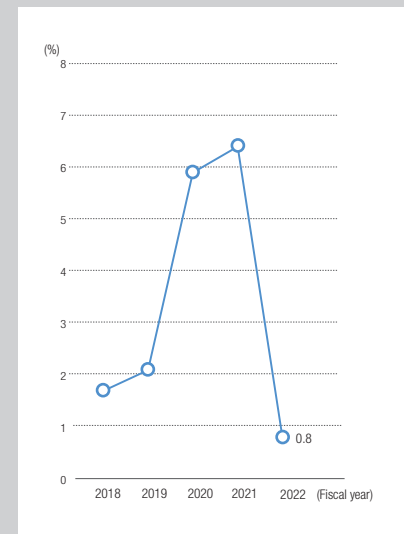
### Ordinary income



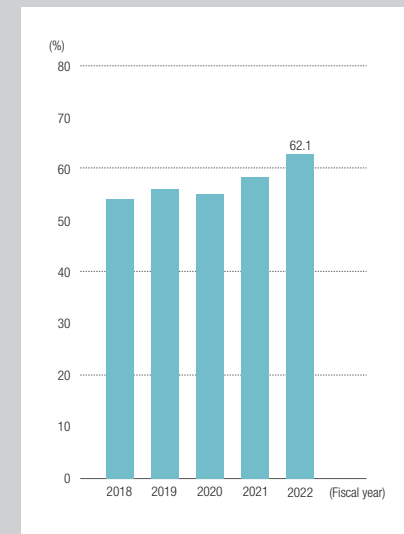
### Net profit margin



### ROIC

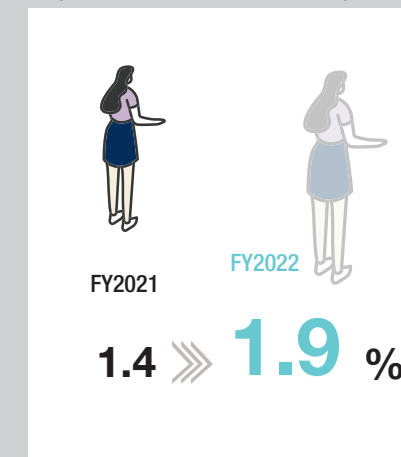


### Overseas sales rate

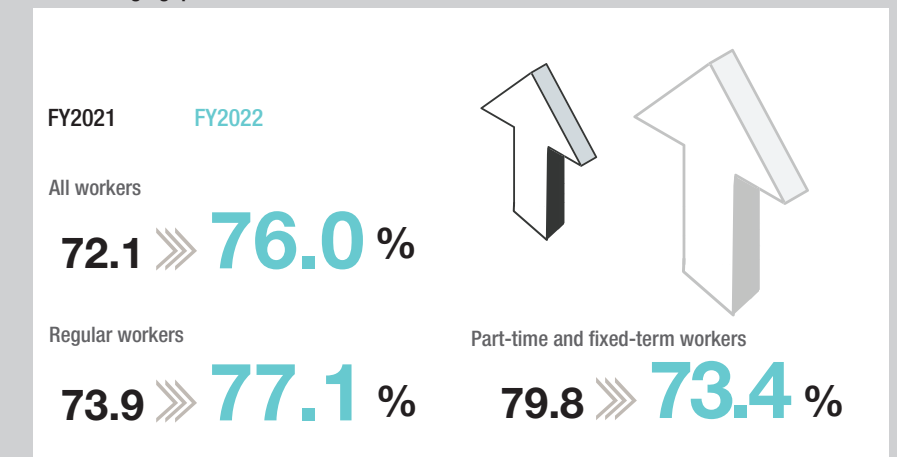


## Non-financial information

### Proportion of women in executive positions

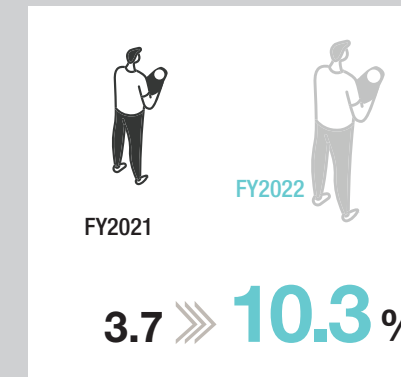


### Gender wage gap\*1

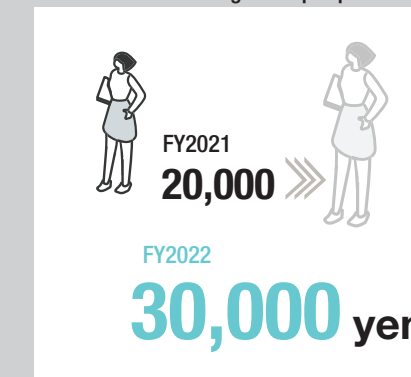


\*1 Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

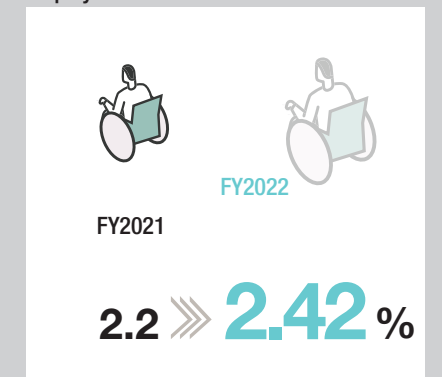
### Rate of male employees taking childcare leave\*2



### Education and training costs per person

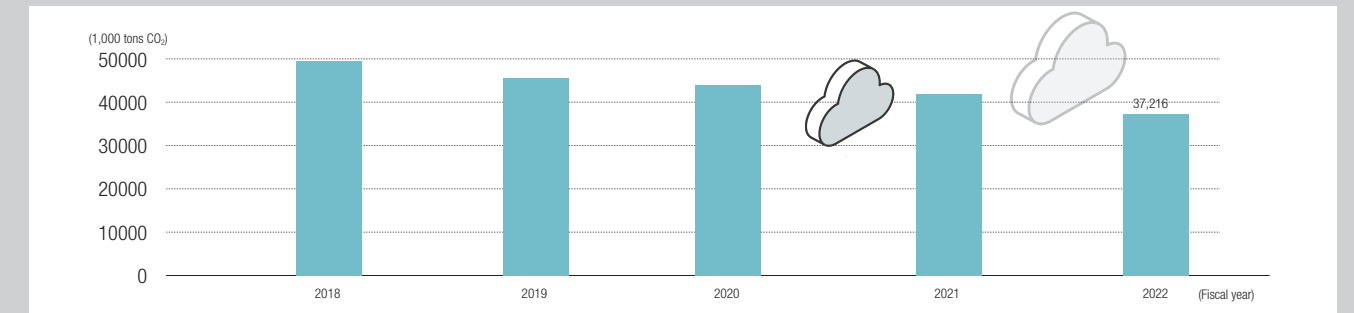


### Rate of people with disabilities among employees



\*2 Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of child care leave, etc. taken is calculated as per Article 71-4-1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25 of 1991).

### CO<sub>2</sub> emissions







## Story

# Approach to Value Creation

In continually addressing five prioritized initiatives based on the FDK Group Sustainability Policy, the Group engages in management as a responsible global corporate citizen. Through the development and supply of batteries, energy storage systems, and electronic products based on the core technologies we have developed over the years, and the provision of battery solutions, the FDK Group, in contributing to the resolution of social issues, is committed to providing value to all stakeholders.

## Social Issues

- Growing awareness of CSR
- Importance of product quality and management quality
- Sudden changes in the price of natural resources
- Sharp rising in labor costs at overseas manufacturing base
- Market maturity and change of market structure
- Legislation to promote energy-saving policy
- Enlarging demand to in-vehicle telematics appliance

## Vision: Smart Energy Partner

FDK Group, as a Smart Energy Partner, assemble advanced technologies, would like our customers to best utilize electric energy in a safe and efficient manner, and contribute to materialization and development of sustainable society.

## The status-to-be of the FDK Group: Our offerings

We are adding various functions and features in addition to the reliability, safety, and environmental conservation that we have always offered, thereby achieving a wider range of applications and meeting an increasingly diverse range of customer needs.

## Stakeholders

Customers

Shareholders/  
Investors

Suppliers

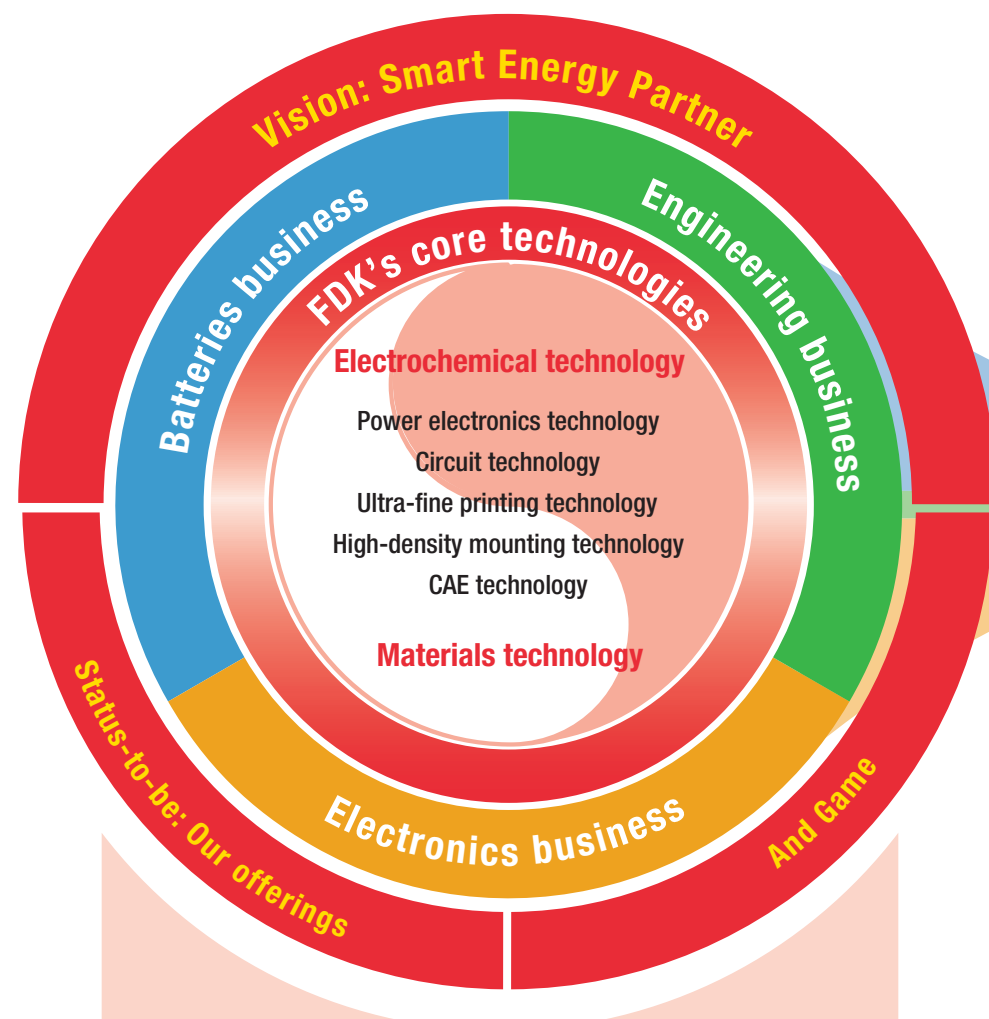
Employees

Global Society/Local Communities

## Invested Capital

- Intellectual capital
- Manufacturing capital
- Human capital
- Finance capital
- Social and relationship capital
- Natural capital

## Business Model



FDK Group: FDK Group Corporate Conduct Guidelines  
Fujitsu Group: The Fujitsu Way

Philosophy

Vision

Standards

Code

## Mid-Term Business Plan / 10 Years' Scheme p.13-14



# R2

## 2023-25

### Three Pillars of R2

Under the mid-term business plan R2, we will implement various measures based on the three pillars of "accelerate the profitable growth of core businesses," "develop and launch new businesses," and "cultivate a culture of mutual acknowledgement and enhancement." We will improve the profitability of the company as a whole by growing our three core existing businesses, launching and commercializing businesses such as next-generation batteries and power solutions, and dealing with all stakeholders involved with the FDK Group with an "And Game" attitude, which will lead to an increase in our corporate value.

### R1

#### 2020-22

1. Accelerate the profitable growth of core businesses
2. Develop and launch new businesses
3. Cultivate a culture of mutual acknowledgement and enhancement

### Strengthening Resilience and Laying Groundwork for R3

We anticipate that the business environment for R2 will be more challenging than that for R1. Despite this, we will enhance our business resilience by strengthening our three core existing businesses, step up the pace of laying groundwork by launching new businesses, and improve the quality of management by fostering a culture of autonomous pursuit of higher goals. This will then lead into R3, in which we will aim to achieve the status-to-be set forth in the 10 years' scheme.

### R3

#### 2026-28

## Output p.17-20

Social Infrastructure / Business

Medical and Welfare Sites

Homes

• Ni-MH batteries

• Lithium batteries

• Alkaline batteries

• Facility-related equipment

• Various modules

• Power supply solutions

## Materialities

p.15-16





## Story

# Mid-Term Business Plan and Materialities

## Information on the FDK Group Strategy Framework 10 years' scheme and Mid Term Business Plan "R2"

In order to further strengthen our business structure, increase our corporate value, and meet the expectations of our various stakeholders, the FDK Group has developed a "10 years' scheme" that sets out the status-to-be for FY2029. To make this status-to-be a reality, we implemented the R1 mid-term business plan for the first three years of this period (FY2020–FY2022).

During the R1 period, consolidated net sales exceeded the target for FY2022 despite the transfer of shares in our alkaline battery manufacturing subsidiary, among others. Meanwhile, although the operating margin

remained in the black, it fell short of that in the initial plan due to a lack of resilience to the deteriorating external environment, such as soaring raw material prices.

Given these circumstances, we have refined our business portfolio to realize the status-to-be set out in the 10 years' scheme, developing the R2 mid-term business plan with the three pillars of "accelerate the profitable growth of core businesses," "develop and launch new businesses," and "cultivate a culture of mutual acknowledgement and enhancement."

### The Three Pillars of the R2 Mid-Term Business Plan

#### 1. Accelerate the profitable growth of core businesses

- Focus on growing markets and markets presenting high levels of added value
- Optimization of business scale through structural reforms

#### 2. Develop and launch new businesses

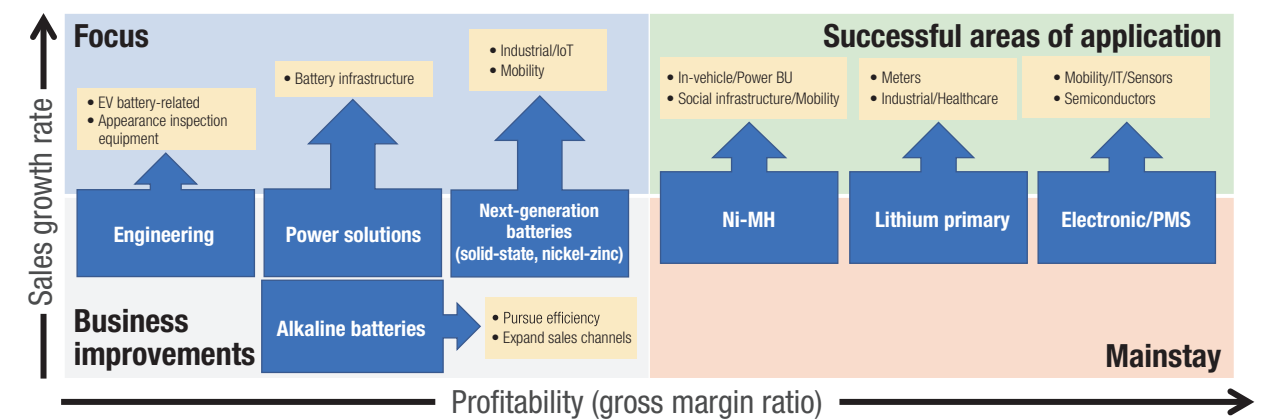
- Full-scale operation of the next-generation battery business and the solutions business
- Develop the elements for a more advanced generation battery business and solutions business

#### 3. Cultivate a culture of mutual acknowledgement and enhancement

- Building systems that enables each individual to demonstrate their abilities
- Improving the quality of management, including governance

### Business Portfolio Based on Market Strategy Mapping (Pillars 1 and 2)

- Increase the profitability of the entire company by growing our three largest current businesses
- Launch a next-generation battery and power solutions business and enhance their business presence
- For Engineering, which underperformed in R1, build a foundation for growth through new business development. For alkaline batteries, improve profitability with minimal operations



### Cultivate a Culture of Mutual Acknowledgement and Enhancement (Pillar 3)

#### Customers and partners

Improve products and services based on close communication and trust

#### Employees

Improve the quality of management by regularly recognizing achievements through praise and encouraging development of our strength

#### Shareholders

Obtain appropriate evaluation for our company through the timely dissemination of information

#### Society

Deepen awareness and fulfill responsibilities as a member of society

**"and"**  
(do it all)





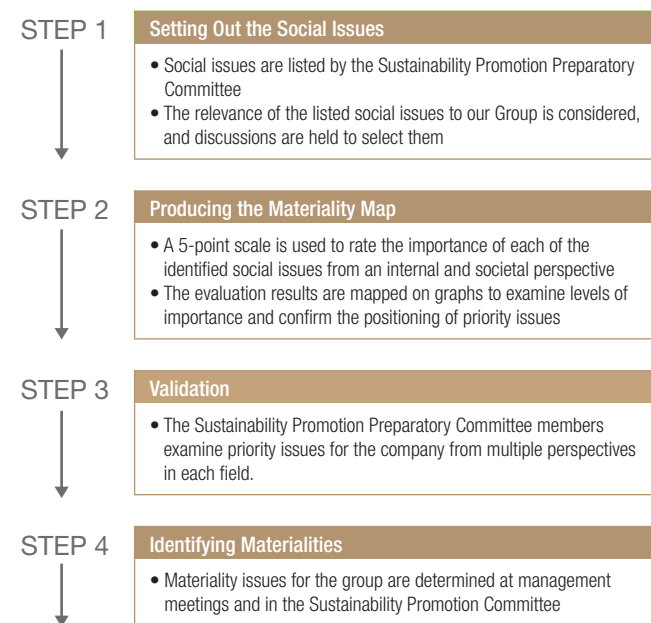
The FDK Group has newly identified five materialities in order to realize the Group's philosophy of "Inspiring transformation; shaping the future and creating happiness," and the Group's vision, "FDK Group, as a Smart Energy Partner, assemble advanced technologies, would like our customers to best utilize electric energy in a safe and efficient manner, and contribute to materialization and development of sustainable society."

Through its business activities, the Group aims to realize the five materialities it has identified and to achieve sustainable development of society and enhancement of its corporate value.

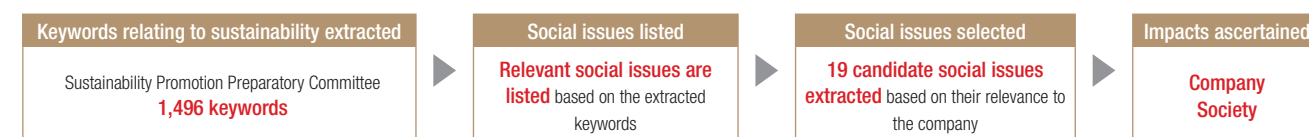
## The Materiality Identification Process

In identifying materialities for the FDK Group, we established an internal "Sustainability Promotion Preparatory Committee," whose members identified social issues and then evaluated each candidate materiality from the viewpoint of its importance to the Group and its stakeholders. Five materialities were identified based on discussions at management meetings and other forums.

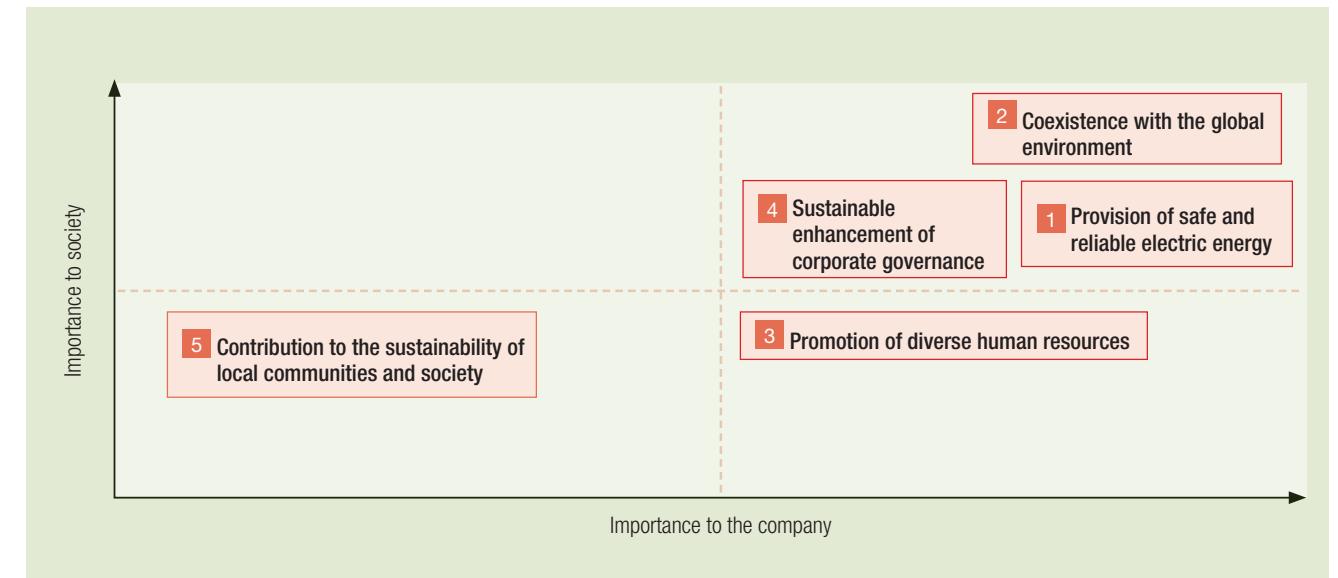
From FY2022, we will set KPIs for each materiality and implement initiatives for each business division, etc. accordingly.



## The Social Issue Identification Process



## The FDK Group's 5 Materialities (Prioritized Issues)



Materialities	Materiality measures for the company	ESG category	Relevant SDGs
1 Provision of safe and reliable electric energy	• Provide products and solutions that support a sustainable society	E+S	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES
2 Coexistence with the global environment	• Promotion of a recycling-oriented society • Measures to address climate change • Contribution to the global environment	E	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
3 Promotion of diverse human resources	• Create an environment in which employees demonstrate their capabilities to the fullest • Create an environment conducive to continued work in good health	S	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
4 Sustainable enhancement of corporate governance	• Strengthen systems and supervisory functions to ensure prompt decision-making with management transparency and objectivity, taking into account the positions of stakeholders • Strengthen the foundation of the risk compliance system • Strengthen internal company controls • Ensure compliance with laws, regulations, and social norms and conduct with high ethical standards	G	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
5 Contribution to the sustainability of local communities and society	• Connect with local communities to create a world full of smiles	S	3 GOOD HEALTH AND WELL-BEING, 14 LIFE BELOW WATER



# The FDK Group's Output Product Information

## Batteries ▶ Ni-MH batteries

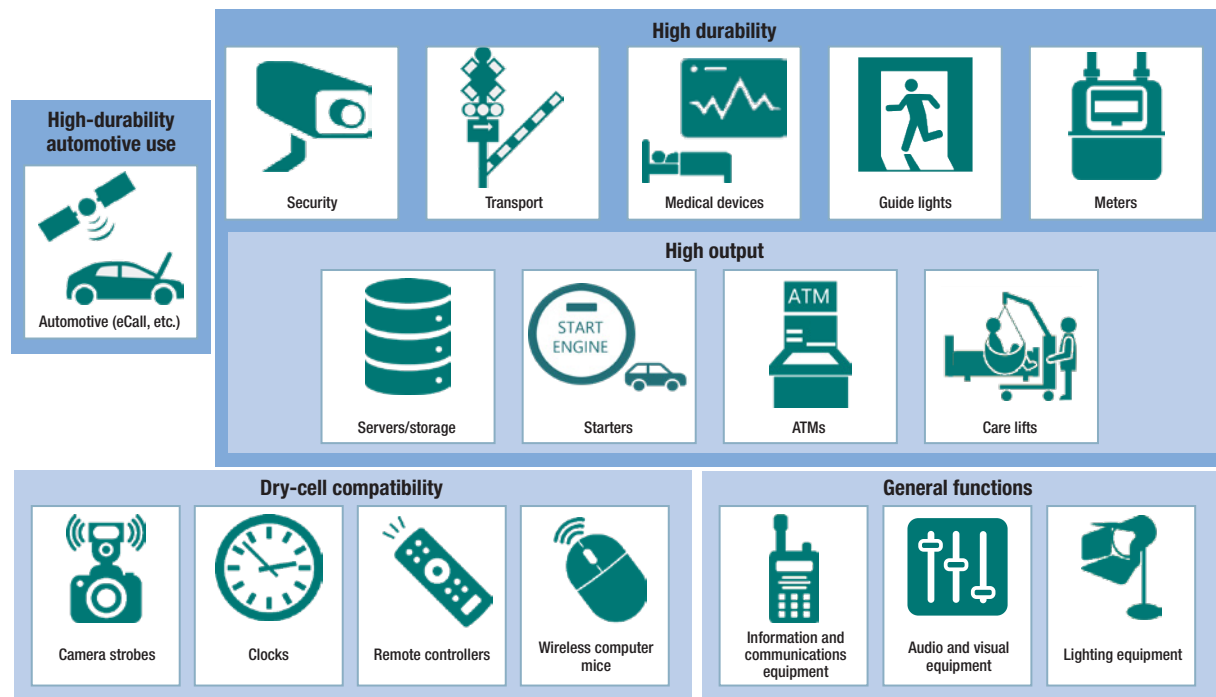
### What are Ni-MH batteries?

Ni-MH batteries are a type of rechargeable battery that can be charged and used repeatedly. FDK's batteries offer the advantages of stable discharge voltage and high-current discharge, as well as superb safety performance, being highly resistant to overcharge and over-discharge. They are also highly recyclable and easy to transport.

### Advantages

- **The quality and reliability of Japanese manufacturing**  
We are committed to manufacturing in Japan so that our products can be used safely and reliably in all applications, and this Japanese craftsmanship, which prides itself on precision and care, has ensured our high standards of quality.
- **Environmentally friendly**  
Because they can be repeatedly recharged and discharged, they generate less waste than dry batteries, making them resource-saving, environmentally friendly products.
- **Usable in a wide range of temperatures**  
Some products can be used in a range of temperatures as wide as -40°C to +85°C.
- **Long service life**  
With their long service life, Ni-MH batteries are ideal as replacements for nickel-cadmium batteries in emergency lights, guide lights, security equipment, etc.
- **Highly recyclable**  
Ni-MH batteries are made using metal resources such as nickel and iron, which can be reused through recycling.

### Applications



## Batteries ▶ Lithium batteries

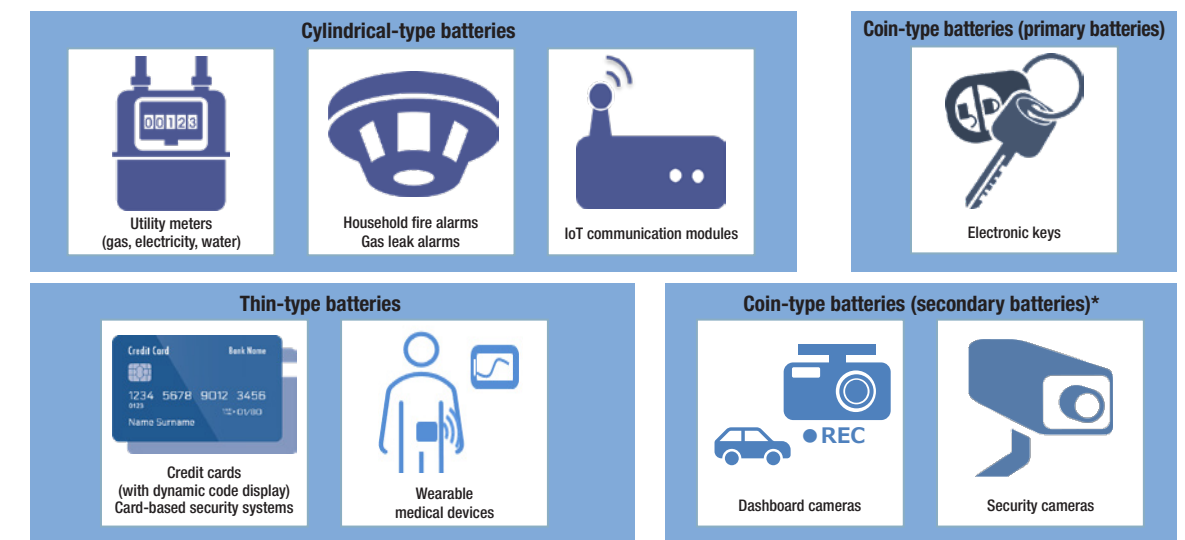
### What are lithium batteries?

Lithium metal, which has a high capacity relative to mass, is used as the anode material, and FDK's unique technology keeps the self-discharge rate low to achieve long service life. Resistant to both low and high temperatures, they can be used for a wide range of applications.

### Advantages

- **The quality and reliability of Japanese manufacturing**  
We are committed to manufacturing in Japan so that our products can be used safely and reliably in all applications, and this Japanese craftsmanship, which prides itself on precision and care, has ensured our high standards of quality.
- **Environmentally friendly**  
These batteries are environmentally friendly as they do not use hazardous substances subject to regulation under the RoHS Directive.
- **Long service life, long-term reliability**  
Optimized material design and laser sealing provide a long service life of 10 to 20 years, depending on the product. As such, they help support long-term operation of equipment.
- **Excellent storage performance**  
With an extremely low self-discharge rate of 0.5%/year (at room temperature), they retain more than 95% of their capacity even after 10 years of storage.
- **Usable in a wide range of temperatures**  
By employing a non-aqueous electrolyte that does not freeze easily, some products can be used in a range of temperatures as wide as -40°C to +85°C, supporting the operation of equipment even in outdoor environments.
- **Stable discharge voltage**  
The spiral electrode design and optimized electrolyte composition provide reliable support for high-load, high-frequency communications.

### Applications



\*Memory backup applications





## OUTPUT

The FDK Group's Output  
Product Information

## Batteries ▶ Alkaline batteries

## What are alkaline batteries?

Alkaline batteries are primary batteries characterized by their excellent power and longevity, allowing even devices with high power consumption to be used for long periods of time. Highly reliable, they meet all kinds of needs, from high-current to low-current devices.

## Advantages

## ● The quality and reliability of Japanese manufacturing

We are committed to manufacturing in Japan so that our products can be used safely and reliably in all applications, and this Japanese craftsmanship, which prides itself on precision and care, has ensured our high standards of quality.

## ● FDK's proprietary rare metal coating

The rare metal coating between the conductive film and the nickel plating layer prevents internal resistance from rising due to oxidation and inhibits the generation of gases inside the battery that can cause leaks.

## Applications

## Household appliances



Remote controllers



Mice

LED lights  
Outdoor goods

Beauty and health equipment



Sanitation appliances

## Infection prevention



Pulse oximeters



Dispensers



Contactless thermometers

## Musical instruments and audio equipment



Electronic keyboards

Audio devices  
Digital voice recorders

## Electronics ▶ Modules

## Advantages

We deliver compact, high-performance modules by drawing on two of the fundamentals of FDK's technology: electrochemical technology and materials development. We provide finely tuned solutions to meet our customers' needs from the design stage, offering high-density, high-quality, and high-value-added products, modules, and more, based on technology proposal-based design and development.

## Applications

## High-frequency devices



Card readers



GPS modules

## Communications



Bluetooth® devices

\* "Bluetooth" is a registered trademark of Bluetooth SIG, Inc.

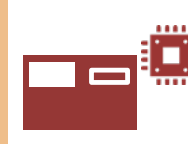
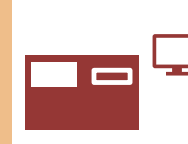
## Electronics ▶ Power supply solutions

## Advantages

Through performance and quality, we support our customers in addressing an increasingly complex set of challenges, providing a wide range of products such as standard power supplies designed for long service life (15 years or more), custom power supplies newly designed to meet customers' needs, and system power supplies that provide a higher level of performance for applications that standalone power supplies cannot handle.

## Applications

## Equipment

Semiconductor manufacturing  
equipmentIndustrial manufacturing  
equipment

## Base stations



Receivers

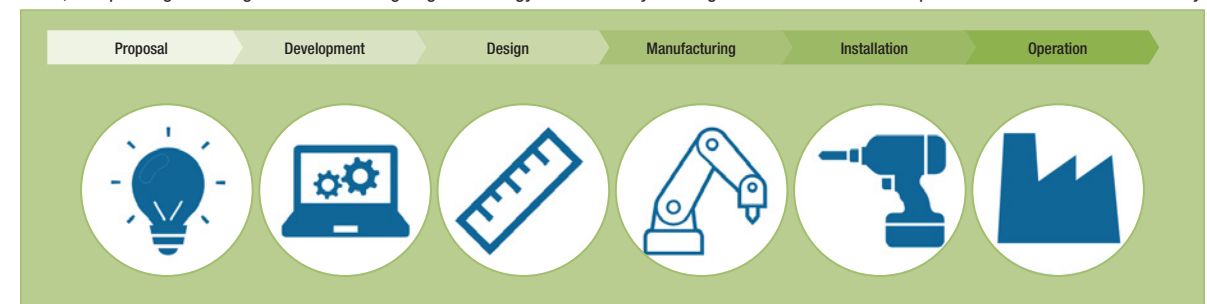


Relays



Transmitters

The company provides total support for helping customers save labor, streamline their operations, and automate their equipment and machinery, from initial proposals to design, manufacturing, and final adjustments, as well as providing high-quality equipment. With the ability to propose concepts as its greatest strength, FDK Engineering handles equipment in a wide range of fields, including automobiles, batteries, electrical and electronics, and medical-related areas, incorporating the next generation of cutting-edge technology and constantly evolving to contribute to the development of both customers and society.



## Engineering ▶ Facilities and related equipment

## Group company: FDK ENGINEERING CO., LTD.

FDK ENGINEERING CO., LTD. was founded in 1956 as the Machinery Department of Fuji Electrochemical Co., Ltd. (now FDK Corporation) and was established as a subsidiary of the FDK Group in 1990.

A group of expert technicians, FDK ENGINEERING is the only company in the FDK Group that specializes in factory automation equipment. Since its establishment, it has been committed to providing equipment that satisfies its customers, in line with its philosophy of "giving shape to your ideas" and its vision of "pioneering the future of production systems with our skill and heart."





Story

# Sustainability Management

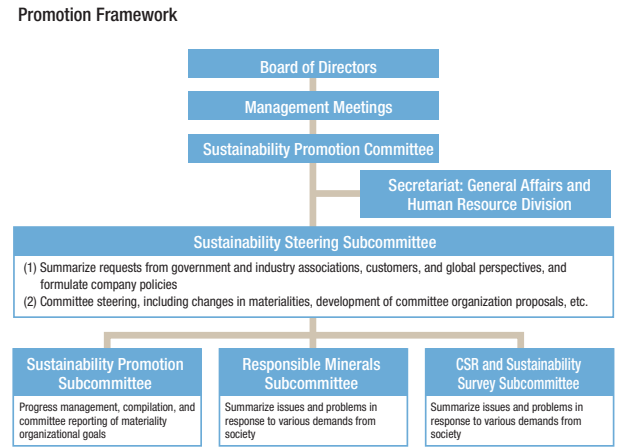
For the FDK Group, sustainability activities are about working together with stakeholders\* to solve various social problems through all our business activities, thereby contributing to the realization of a sustainable society, in line with our philosophy, “Inspiring transformation; shaping the future and creating happiness.”

\* **FDK Group stakeholders:** The FDK Group considers customers, suppliers, shareholders, investors, employees, global society, and local communities to be its stakeholders. We also consider organizations such as governments, NPOs, NGOs, academic societies, industry associations, and international organizations to be important stakeholders within “global society and local communities.”

### Sustainability Promotion Framework

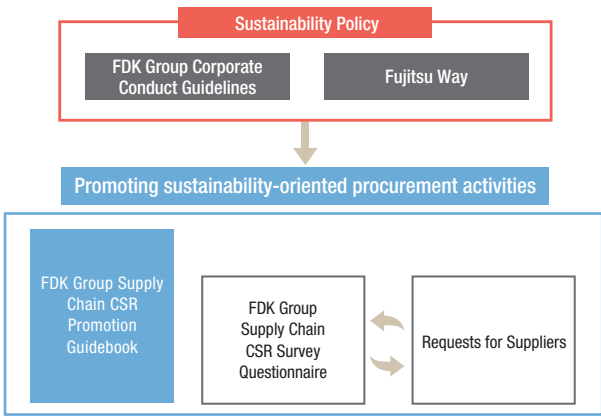
To advance its sustainability activities, the FDK Group has established a Sustainability Promotion Committee to discuss, decide on, and evaluate the group-wide realization of the SDGs and medium- and long-term issues in the areas of environment, society, and governance. The Sustainability Promotion Committee, chaired by the President and CEO, conducts periodic reviews of information dissemination, new examples of community service, and the ideal relationship between a sustainable society and business, among other issues.

Composition of the Committee	
Chair:	: President and CEO
Vice-Chair	: Director (Corporate Officer) for Corporate Headquarters
Members:	: Group President, Group Vice President, General Manager, Director of Legal and Intellectual Property Dept, Director of Corporate Auditing Dept
Secretariat	: General Affairs and Personnel Department



### Sustainability-conscious Procurement Activities

Based on the FDK Group Sustainability Policy, the FDK Group Corporate Conduct Guidelines, and the Fujitsu Way, the FDK Group has prepared the FDK Group Supply Chain CSR Promotion Guidebook as a set of guidelines to promote procurement activities that take into account issues such as respect for human rights, health and safety, conservation of the global environment, legal compliance, fair trade, and corporate ethics, and has made it available on the Group website. In addition to practicing procurement activities in compliance with these guidelines, we also ask the suppliers that make up our supply chain to do the same.



### Responsible Mineral Procurement Policy

The FDK Group adheres to the Fujitsu Group Policy on Responsible Minerals Procurement and sees its corporate responsibility related to mineral issues as one important CSR challenge. Our policy designates tantalum, tin, gold, tungsten, and cobalt as minerals with a high risk of supporting conflicts, using forced labor, or violating human rights, and it removes any problematic refineries or other business proprietors from the supply chain. The FDK Group will ensure transparency throughout the supply chain and strive for responsible mineral procurement.

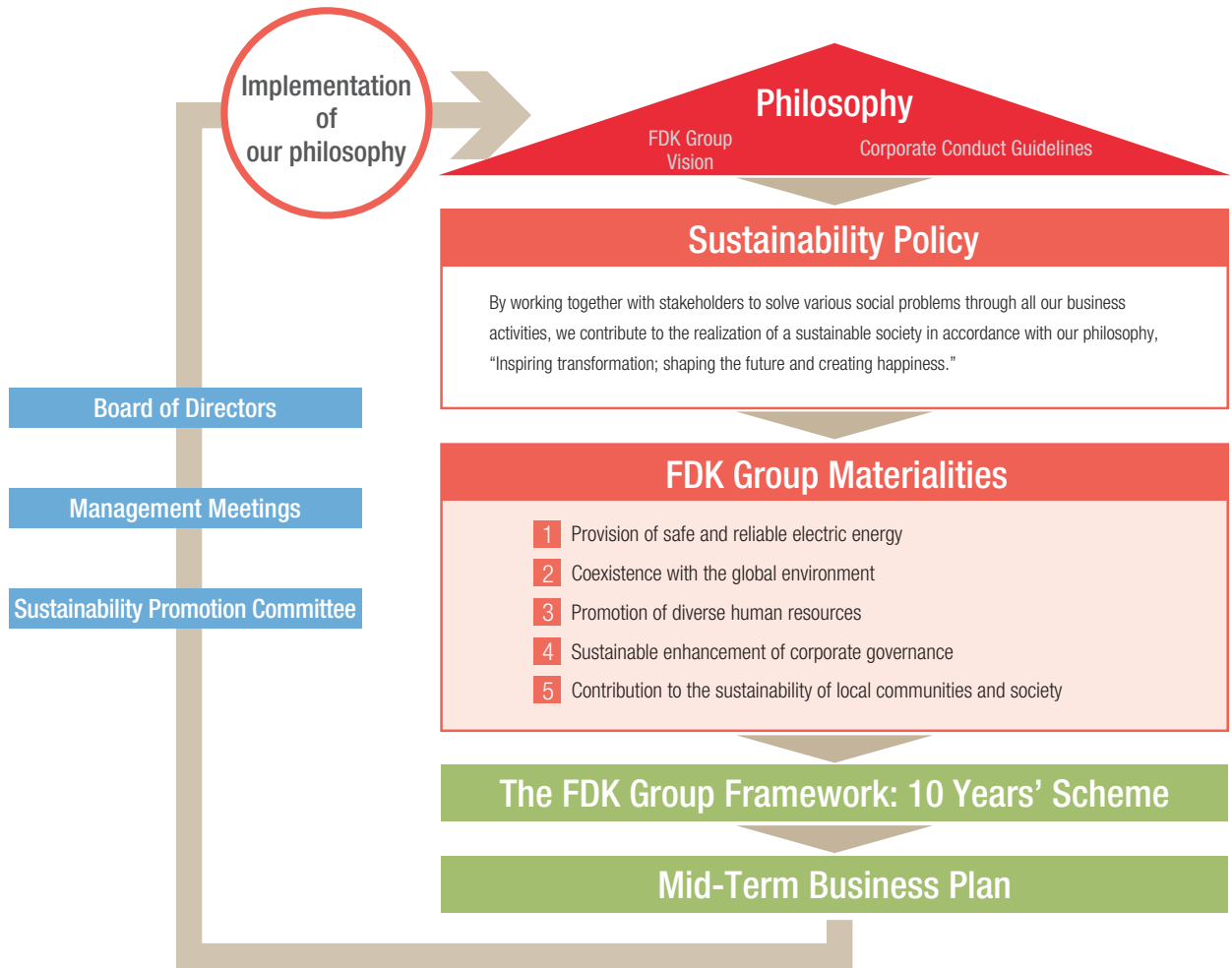
### Positioning of Materialities in Relation to the FDK Group

#### Sustainability Policy

The FDK Group has defined five materialities based on its Sustainability Policy. These materialities are established by considering priorities in terms of their importance to the Group and its stakeholders, and we are promoting sustainability management to help resolve the SDGs associated with each materiality.

We are committed to providing value to all stakeholders and realizing the FDK Group’s philosophy by implementing the priority measures for the five materialities.

### Sustainability Management Promotion Framework







Story

Five Prioritized Initiatives

The FDK Group has established five prioritized initiatives based on its materialities and is implementing sustainability management accordingly. The purpose of these prioritized initiatives is to contribute to society through the FDK Group's business, to actively address matters required by the RBA and other organizations, and to promote responsible management as a global company, and they are being addressed as follows.

Prioritized Initiative / Materiality Prioritized theme	Medium- to long-term target	FY2022 target	FY2022 result		
<div>1</div> <div>Provision of safe and reliable electric energy</div> <div>Provide products and solutions that support a sustainable society</div>	<b>Alongside various partners, develop and provide products and solutions that can make a contribution in various situations, including realizing the smart cities of the future.</b> <ul style="list-style-type: none"><li>Smart Infrastructure<ul style="list-style-type: none"><li>Develop and provide spare and storage batteries, modules, and solutions that can be installed anywhere to support social infrastructure</li></ul></li><li>Smart Home &amp; Office<ul style="list-style-type: none"><li>Develop and provide batteries, modules, and solutions for use in a wide variety of high-performance equipment for both indoor and outdoor use</li></ul></li><li>Smart Retail Store<ul style="list-style-type: none"><li>Develop and provide batteries, modules, and solutions to be installed in IoT devices for data communication with the cloud and management centers</li></ul></li><li>Smart Factory &amp; Mobility<ul style="list-style-type: none"><li>Develop and provide batteries, modules, and solutions for driving vehicles, plant machinery, and other equipment requiring stable operation</li></ul></li></ul>	<ul style="list-style-type: none"><li>Ni-MH batteries:<ul style="list-style-type: none"><li>Expand sales of products for social infrastructure, home appliances, power backup, in-vehicle accessories, and mobility applications</li></ul></li><li>Alkaline batteries<ul style="list-style-type: none"><li>Develop technologies for higher performance (longer life) and improved safety and reliability</li><li>Develop technologies and products to reduce environmental impact</li></ul></li></ul>	<ul style="list-style-type: none"><li>Lithium batteries<ul style="list-style-type: none"><li>Cultivate new business opportunities and accelerate development of new models</li><li>Maintain the product supply system</li></ul></li><li>Electronics business<ul style="list-style-type: none"><li>Start mass production of products for residential applications</li><li>Develop products for mobility applications</li></ul></li><li>Development of next-generation technologies<ul style="list-style-type: none"><li>Develop next-generation batteries (nickel–zinc batteries)</li><li>Develop batteries for the generation after next</li><li>Advance elemental technology development</li></ul></li><li>All-solid-state batteries<ul style="list-style-type: none"><li>Advance development of compact all-solid-state SMD battery SoLiCell®</li></ul></li></ul>	<ul style="list-style-type: none"><li>Ni-MH batteries<ul style="list-style-type: none"><li>Began mass production and shipment of long-life Ni-MH batteries for the in-vehicle accessory market, shipments of electrode plates for Ni-MH batteries for large storage batteries, and shipments of high-power Ni-MH batteries for power supply backup applications.</li><li>We are also working to further expand sales by shipping samples of products for in-vehicle accessories and the mobility field, as well as through other means.</li></ul></li><li>Alkaline batteries<ul style="list-style-type: none"><li>In addition to adopting “passivation block technology” for all products and striving to improve continuous discharge performance, we have promoted the creation of sustainability-conscious products by adopting biomass ink for battery labels and adding the “Sustainapack” to our product lineup, which uses 100% paper material in order to reduce/eliminate plastics in packaging materials for the “Premium S” line.</li></ul></li></ul>	<ul style="list-style-type: none"><li>Lithium batteries<ul style="list-style-type: none"><li>In addition to advancing the development of higher functionality models for the short-distance communication market, we strengthened our production system by consolidating the production of high-capacity cylindrical-type primary lithium batteries at the Tottori Plant.</li></ul></li><li>Electronics business<ul style="list-style-type: none"><li>Started mass production and shipment of wireless products for smart homes and advanced development of drivers for next-generation semiconductor exposure motors.</li><li>Development of next-generation technologies<ul style="list-style-type: none"><li>Advanced the development of next-generation battery prototypes, and determined and evaluated the specifications of the batteries for the generation after next. In addition, we also proceeded with the development of new analytical element technologies.</li></ul></li></ul></li><li>All-solid-state batteries<ul style="list-style-type: none"><li>In addition to conducting reliability tests, prototyping, and evaluation, we exhibited our products at the 9th Wearable EXPO.</li></ul></li></ul>
<div>2</div> <div>Coexistence with the global environment</div> <div>Measures to address climate change</div>	<b>Contributing to carbon neutrality</b> <ul style="list-style-type: none"><li>Adoption of renewable energy: 40% or more by 2030</li><li>Integrated management of achieved emissions in Scope 1 to Scope 3</li><li>Energy conservation activities: 1% reduction/year = 7% reduction by FY2029</li></ul>	<ul style="list-style-type: none"><li>Rate of renewable energy adoption in FY2022: 8%</li><li>Identify issues and establish a system for management of Scope 3 emissions</li></ul>	<ul style="list-style-type: none"><li>Identify various energy conservation measures and implement measures to achieve targets</li><li>Systematic renewal of aging facilities</li><li>Reduce peak power consumption</li></ul>	<ul style="list-style-type: none"><li>8% of the energy purchased in FY2022 was renewable energy, and we are working to install solar power generation at the Tottori Plant.</li><li>Studies were conducted on industry-standard methods for managing Scope 3 emissions. Information on Scope 3 calculation methods was gathered at an external web seminar.</li></ul>	<ul style="list-style-type: none"><li>Each site has set its own electricity reduction targets and is working to achieve them.</li></ul>
Contributing to the realization and development of a sustainable society	<b>Collaboration with stakeholders</b> <ul style="list-style-type: none"><li>Promote collaboration with the supply chain</li><li>Restructure internal systems (including information research and disclosure)</li><li>Promote collaboration with external organizations in Japan and abroad</li><li>Propose international standards</li><li>Maintain 100% rate of surveys conducted on chemical substances contained in products</li><li>Maintain 100% rate of surveys conducted on responsible mineral procurement</li></ul>	<ul style="list-style-type: none"><li>Continuously identify issues and provide feedback through Fujitsu Group RBA surveys of suppliers (including business partners)</li><li>Restructure FDK's system for responding to key questions from various surveys</li><li>Establish procedures for responding to RBA<sup>*1</sup>, CDP<sup>*2</sup> and other information disclosure agencies</li></ul>	<ul style="list-style-type: none"><li>Contribute to international standards through the Battery Association of Japan</li><li>Maintain 100% rate of surveys conducted on chemical substances contained in products</li><li>Maintain 100% rate of surveys conducted on responsible mineral procurement</li></ul>	<ul style="list-style-type: none"><li>Feedback was provided to suppliers based on the results of the Fujitsu Group RBA survey.</li><li>Requirements were identified through various surveys.</li><li>Gave responses to the RBA and CDP and gathered information on areas where we failed to meet targets.</li></ul>	<ul style="list-style-type: none"><li>Continued our activities concerning the formulation of international standards through the Battery Association of Japan.</li><li>Maintained 100% rate of surveys conducted on chemical substances contained in products.</li><li>Maintained 100% rate of surveys conducted on responsible mineral procurement.</li></ul>
Promotion of a recycling-oriented society	<b>Effective use of resources —effective use of resources from various perspectives—</b> <ul style="list-style-type: none"><li>*Efficiency, long service life, reduction, savings, recycling</li><li>Design and develop products that contribute to conservation of resources</li><li>Design and develop products that contribute to improved resource efficiency</li></ul>	<ul style="list-style-type: none"><li>Ni-MH batteries<ul style="list-style-type: none"><li>Begin mass production with specifications that change the amount of rare earths used</li><li>Develop products with specifications using recycled materials</li></ul></li><li>Alkaline batteries<ul style="list-style-type: none"><li>Introduce new anode additives</li></ul></li><li>Lithium batteries<ul style="list-style-type: none"><li>Develop higher-performance models for the short-distance communication market</li></ul></li><li>Electronics business<ul style="list-style-type: none"><li>Apply products using low-melting point solder materials</li><li>Apply recycling of waste powder to white spot color toner</li></ul></li></ul>	<ul style="list-style-type: none"><li>Development of next-generation technologies<ul style="list-style-type: none"><li>Develop alternative materials</li><li>Develop battery performance simulation technology using CAE</li><li>Develop elemental technologies</li></ul></li><li>All-solid-state batteries<ul style="list-style-type: none"><li>Reduce usage of rare metals</li><li>Efforts to change the rate of cathode material use</li><li>Efforts toward stable production</li></ul></li></ul>	<ul style="list-style-type: none"><li>Ni-MH batteries<ul style="list-style-type: none"><li>In addition to changing specifications to reduce the use of rare earths and starting mass production, also advanced the introduction of a recycled material model.</li></ul></li><li>Alkaline batteries<ul style="list-style-type: none"><li>Introduced new additives for all product types.</li></ul></li><li>Lithium batteries<ul style="list-style-type: none"><li>Advanced the development of higher functionality models for the short-distance communication market.</li></ul></li><li>Electronics business<ul style="list-style-type: none"><li>Conducted a basic reliability assessment of solder materials and started applying it to mass-produced products, as well as shipped the first mass-produced product using white spot color toner suitable for recycling.</li></ul></li></ul>	<ul style="list-style-type: none"><li>Development of next-generation technologies<ul style="list-style-type: none"><li>In addition to researching and evaluating alternative materials and developing CAE-based performance simulation technology , experiments and studies were conducted for the development of new elemental technologies.</li></ul></li><li>All-solid-state batteries<ul style="list-style-type: none"><li>Conducted material analysis to reduce the use of rare metals and made selections to improve the utilization rate of cathode materials.</li><li>In addition, we made efforts to improve the process quality rate and conducted surveys on improvements based on changes in specifications, etc.</li></ul></li></ul>
<div>3</div> <div>Promotion of diverse human resources</div> <div>Create an environment in which all employees demonstrate their capabilities to the fullest</div>	<b>Enhanced investment in human resources (education)</b> <ul style="list-style-type: none"><li>Planning and implementation of training<ul style="list-style-type: none"><li>Refine the curriculum for level-specific training, raise overall ability levels through skill development, and enhance training for young employees</li></ul></li><li>Enhancement of training taking talent management into account<ul style="list-style-type: none"><li>Enhance the development of the next generation of leaders, plan and implement language education for the development of global human resources</li></ul></li></ul>	<ul style="list-style-type: none"><li>Planning and implementation of training<ul style="list-style-type: none"><li>Refine the curriculum for level-specific training, raise overall ability levels through skill development, and enhance training for young employees</li></ul></li><li>Enhancement of training taking talent management into account<ul style="list-style-type: none"><li>Enhance the development of the next generation of leaders, plan and implement language education for the development of global human resources</li></ul></li></ul>	<ul style="list-style-type: none"><li>Increasing each employee's enthusiasm for learning<ul style="list-style-type: none"><li>Promote the use of e-learning and the Dojos, foster a culture of self-directed learning, and improve employee skills and motivation</li></ul></li></ul>	<ul style="list-style-type: none"><li>In addition to conducting training by job level as planned, group training was conducted to strengthen communication skills.</li><li>Two employees participated in an external Next-Generation Executive training program. We also continued the Next-Generation Development Training Program, and one employee participated in a language study abroad program in the United States.</li></ul>	<ul style="list-style-type: none"><li>E-learning was conducted for those eligible for level-specific training. In addition, five employees participated in online English conversation classes. Five new Dojos were also added, for a total of 22 (10 liberal arts and 12 physical education).</li></ul>
	<b>Promotion of diversity (inclusion)</b> <ul style="list-style-type: none"><li>Support/continued recruitment of people with disabilities</li><li>Facility development (expansion of universal design)</li></ul>	<ul style="list-style-type: none"><li>Recruitment activities to comply with the statutory rate of employees with disabilities and improved knowledge and understanding on the part of receiving departments</li></ul>	<ul style="list-style-type: none"><li>Planned facility maintenance<ul style="list-style-type: none"><li>Install multi-purpose toilets, renovate elevators for wheelchair access</li></ul></li></ul>	<ul style="list-style-type: none"><li>Rate of people with disabilities among employees: 2.43%</li><li>Two new multi-purpose toilets installed.</li></ul>	
	<b>Career and skills development support</b> <ul style="list-style-type: none"><li>Increase in the rate of management positions held by women<ul style="list-style-type: none"><li>*150% of the FY2021 level by FY2025</li></ul></li><li>Support for 2nd careers</li></ul>	<ul style="list-style-type: none"><li>Provide career and skills development support to increase the rate of managerial positions held by women</li><li>Consider opportunities to think about ways for women to work and hold seminars</li></ul>	<ul style="list-style-type: none"><li>Development of mechanisms linked to career design training for seniors<ul style="list-style-type: none"><li>Advice regarding future career</li><li>Review of executive remuneration system</li><li>Advice on future planning; develop and implement life planning seminars</li></ul></li></ul>	<ul style="list-style-type: none"><li>The number of female participants in selective training programs increased by 8% compared to the previous year. The number of women in Assistant Manager and executive positions increased by 4.</li><li>On International Women's Day, our female outside director gave a company-internal lecture, which was attended by 114 people.</li></ul>	<ul style="list-style-type: none"><li>Career design training for seniors was conducted for executives aged 55 and general employees aged 58. In addition, three life planning seminars were held during the year, with 191 participants. During the seminar, advice was given on future life planning, and assistance was provided in acquiring knowledge of pension and social security systems.</li></ul>
Create a workplace conducive to continued work in good health	<b>Provision of safe and healthy workplaces —promoting comfortable workplaces—</b> <ul style="list-style-type: none"><li>Thoroughly reduce occupational health and safety risks</li><li>Enhance occupational health and safety education</li></ul>	<ul style="list-style-type: none"><li>Review relevant regulations through evolution of the PDCA cycle for occupational health and safety risk reduction activities (identification of sources of danger, enhancement of risk improvement activities)</li></ul>	<ul style="list-style-type: none"><li>Reorganization of health and safety education and training plans by level and item</li></ul>	<ul style="list-style-type: none"><li>Kosai/Washizu plants: After reviewing related regulations and undergoing an initial audit to obtain ISO 45001 certification, the audit was conducted and certification was obtained. In addition, all sites including head office and FDK Engineering discussed risk reduction activities.</li></ul>	<ul style="list-style-type: none"><li>Company-wide Health and Safety Management Regulations were revised, and detailed regulations for health and safety education and management at the Kosai and Washizu plants were established.</li></ul>
	<b>Implementing health management</b> <ul style="list-style-type: none"><li>Obtain recognition as a Certified Health &amp; Productivity Management Organization</li><li>Measures to combat long working hours</li><li>Improvement of paid leave uptake rate (uptake rate: 70%)</li><li>Support for balancing work and childcare/nursing care (uptake rate among male employees: 30%)</li><li>Reduction of high-risk individuals in periodic health checkups/Improved employee communication</li></ul>	<ul style="list-style-type: none"><li>Enhance work–life balance with a view to acquiring recognition as a Certified Health &amp; Productivity Management Organization</li><li>Visualization of the paid leave uptake situation</li><li>Raise awareness of childcare/nursing care systems and present case studies of other companies</li></ul>	<ul style="list-style-type: none"><li>Enhancement of health education</li></ul>	<ul style="list-style-type: none"><li>A reporting format for long overtime and paid leave use was developed, and a reporting scheme was developed at the Central Health and Safety Committee.</li><li>Childcare Leave Regulations were revised. A seminar was held on “Men's Participation in Housework and Childcare.”</li></ul>	<ul style="list-style-type: none"><li>A newsletter on health, “Health Management in Information Equipment Work” was published and disseminated within the company. A smoking cessation seminar was held.</li></ul>

\*1 **Responsible Business Alliance (RBA):** Defines standards for the manufacturing supply chain to ensure that the working environment is safe and that workers are treated with respect and dignity, and that companies take responsibility for the environmental impact of their manufacturing processes and procurement.

\*2 **CDP (Carbon Disclosure Project):** An NGO managed by a UK charitable organization. Operates a global disclosure system to help investors, companies, nations, regions, and cities manage their own environmental impacts



Five Prioritized Initiatives

Prioritized Initiative / Materiality Prioritized theme	Medium- to long-term target	FY2022 target	FY2022 result		
<div>4</div> <div>Sustainable enhancement of corporate governance/ Improved risk compliance</div> <div>Strengthen systems and supervisory functions to ensure prompt decision-making with management transparency and objectivity, taking into account the positions of stakeholders</div>	Development of a Corporate Governance Policy for the Group	<ul style="list-style-type: none"><li>Ensure implementation and operation of the annual report in the Nomination and Remuneration Advisory Committee &lt;Committee Report Plan for FY2022&gt; Number of directors and skills matrix report Report on CEO and director position requirements Report on criteria and procedures for selection and dismissal of directors Report on succession planning Report on independence criteria for outside directors</li></ul>	<ul style="list-style-type: none"><li>Formulate a proposal for external disclosure on the company website and revisions to the website</li></ul>	<ul style="list-style-type: none"><li>The annual committee report as described on the left was conducted as planned. The criteria for determining independence were disclosed externally in the Governance Report.</li></ul>	<ul style="list-style-type: none"><li>A company governance policy and disclosure plan for the company website are being developed (under development).</li></ul>
	Enhanced accountability to stakeholders	<ul style="list-style-type: none"><li>Enhance opportunities for dialogue with stakeholders and respond appropriately to requests Customers: appropriate disclosure of information in response to requests Business partner surveys: timely and appropriate responses</li></ul>	<ul style="list-style-type: none"><li>Shareholders and investors: continued consideration regarding the implementation of dialogue, including information disclosure at general shareholders' meetings and on the website Continue internal information sharing measures (IR/PR/marketing and communications strategy) for planned press releases, including implementation of measures to improve PR effectiveness Continue to publish explanatory materials for each announcement of financial results Timely disclosure of financial results and other matters for disclosure, simultaneous disclosure of English language versions (as needed) Provide timely and appropriate explanations to shareholders, institutional investors, and the media, and share communication results internally Consideration of holding financial results briefings</li><li>Development and publication of Mid-Term Business Plan R2</li></ul>	<ul style="list-style-type: none"><li>Responded to external investigations and inquiries as follows Responses to business partner surveys: 41 Media, investor, and shareholder inquiries: 52 Responses to surveys and questionnaires from media and others: 25</li></ul>	<ul style="list-style-type: none"><li>Disclosed IR and PR results in a timely manner at quarterly management meetings, and continued to submit press release plans and implement disclosure. Continued to release explanatory materials for financial results. Internal discussions were held to set out, review, and discuss the method and purpose of holding financial results briefings.</li><li>Development and publication of Mid-Term Business Plan R2 R2 study meetings were held to confirm the direction of the company, including its growth strategy, and the schedule was revised to incorporate the latest situation, given the significant fluctuations in factors such as sales, material market prices, and exchange rates. The content was carefully examined through interviews and investment review meetings, and the entire company took action to release R2 by the end of FY2022, but this was not achieved. (Released on April 14, 2023).</li></ul>
	Further integration of risk management into operational processes	<ul style="list-style-type: none"><li>Strengthen the foundation of the Risk and Compliance Committee</li></ul>	<ul style="list-style-type: none"><li>Restructuring of risk management</li></ul>	<ul style="list-style-type: none"><li>Investigate the role of the Risk and Compliance Committee and the risks to be addressed A project was initiated to redefine roles and summarize the risks to be addressed.</li></ul>	<ul style="list-style-type: none"><li>Using the current risk questionnaire, we examined methods for incorporating risk management into operational processes. A study was conducted on how to select potential risks (summarizing risk areas, identification methods, and evaluation methods).</li></ul>
	Strengthen operational risk control by implementing internal controls	<ul style="list-style-type: none"><li>Enhance the internal audit system for overseas sites</li></ul>	<ul style="list-style-type: none"><li>Prevention of misconduct and prevention of recurrence through early detection and rectification of misconduct</li></ul>	<ul style="list-style-type: none"><li>Conducted control status checks and improvement proposals for Fuchi Electronics (Taiwan), FDK Taiwan, FDK Hong Kong, Xiamen FDK (China), and other companies. Conducted an audit of the credit management situation at overseas sites.</li></ul>	<ul style="list-style-type: none"><li>Conducted a survey on compliance with the Subcontract Act in relation to purchasing and made improvements accordingly. Conducted a survey on security export control and made improvements accordingly. Developed plans for corrective measures based on analysis of the causes of internal control deficiencies, and made improvements accordingly.</li></ul>
	Maintenance of a system for monitoring laws, regulations, and social norms/Ongoing education	<ul style="list-style-type: none"><li>Promote use of the whistle-blowing reporting desk and promptly respond to reports</li></ul>	<ul style="list-style-type: none"><li>Conduct compliance education on an ongoing basis</li></ul>	<ul style="list-style-type: none"><li>Whistle-blowing reports received: 4</li></ul>	<ul style="list-style-type: none"><li>Conducted e-learning (on copyright/Subcontract Act, etc.) (99.9% attendance rate) Conducted level-specific training and field-specific workshops.</li></ul>
<div>5</div> <div>Contribution to the sustainability of local communities and society</div> <div>Connect with local communities to create a world full of smiles</div>	Dissemination of information to connect people <ul style="list-style-type: none"><li>Communication with society</li><li>Support for safe and secure living</li></ul>	<ul style="list-style-type: none"><li>Dissemination of information on disaster prevention</li></ul>	<ul style="list-style-type: none"><li>Disaster prevention information is broadcast every Monday on Sonaeru Radio. Published an educational video on disaster prevention on YouTube. Sponsored disaster awareness activities in conjunction with the Japan Weather Association's "Get to Know Disaster Prevention" program.</li></ul>		
	Providing opportunities for the future <ul style="list-style-type: none"><li>Provision of learning opportunities</li><li>Provision of opportunities to create new value</li></ul>	<ul style="list-style-type: none"><li>Support for The Sound of Batteries Powered by the Sun concerts</li></ul>	<ul style="list-style-type: none"><li>Twenty performances were held over the year in concert halls and similar venues.</li></ul>		
	Contribution activities that bring smiles to people's faces <ul style="list-style-type: none"><li>Contribution to local communities and society</li></ul>	<ul style="list-style-type: none"><li>Activities to promote connection with local communities</li><li>Activities to promote beautification of local communities</li></ul>	<ul style="list-style-type: none"><li>Activities to promote environmental friendliness</li><li>Activities to bring lives together</li></ul>	<ul style="list-style-type: none"><li>Participated in local traffic safety activities and promoted the purchase of goods from vocational aid facilities.</li><li>Conducted cleanup activities around company plants, cleaned up facilities, and maintained local flowerbeds.</li></ul>	<ul style="list-style-type: none"><li>Collected used stamps and plastic bottle caps and donated them to schools.</li><li>Conducted blood donation campaigns, promoted Red Feather and Green Feather fundraising campaigns, and donated emergency supplies.</li></ul>





# Health Management

## Health Management Declaration

The FDK Group’s philosophy is “Inspiring transformation; shaping the future and creating happiness.” In line with this philosophy, we declare that we will work to maintain and promote the health of our employees, who form the heart of our corporate activities, to ensure that they are healthy in mind and body and can lead fulfilling lives in both the public and private spheres, as well as to realize a vibrant work environment.

### Health Management Policy

1. In addition to efforts to prevent lifestyle-related diseases and ensure early detection of illnesses through appropriate health checkups, the FDK Group will work to prevent illness among employees and their families by implementing thorough follow-up measures based on checkup results.
2. In order to protect the health of all employees, the FDK Group will work to disseminate information on health improvement with the aim of enhancing employee health literacy (health awareness and knowledge).
3. The FDK Group will work to enhance communication aimed at realizing a safe and secure work environment, in which each and every employee can work with enthusiasm by exercising their abilities and individuality to the fullest extent.

### Priority Measures

The FDK Group is engaged in health support activities to maintain and improve the health of employees and their families and to enhance their health literacy (health-related knowledge). To this end, it has assigned health management staff to Group companies in Japan and has worked with the health insurance association to define objectives and priority measures.

### Objectives

- Build a work environment that is both physically and mentally healthy and safe to work in
- Improve productivity by establishing a corporate culture of strong health awareness
- Fulfill customer expectations by allowing all employees to exercise their abilities and individuality to the fullest extent

In pursuit of these three objectives, we have established a set of final indicators related to reducing the number of abnormal health findings (presenteeism), reducing the number of employees taking leave (absenteeism), improving health literacy (improving knowledge and understanding of health and medical care), and improving work engagement (feeling fulfilled and satisfied at work), and created a health management strategy map to facilitate improvements with respect to each of these indicators. To this end, efforts are underway in the priority areas of

1. Establishing systems from an operational perspective
2. Measures to prevent lifestyle-related diseases
3. Improving work–life balance

### Targets

Final target indicators	
Reducing the number of abnormal health findings	Reducing presenteeism
Reducing the number of employees taking leave	Reducing absenteeism <sup>*1</sup>
Improving health literacy	Improving knowledge and understanding of health and medical care <sup>*2</sup>
Improving work engagement	Feeling fulfilled and satisfied at work <sup>*3</sup>
<sup>*1</sup> Absenteeism: Percentage of employees who are absent from work for more than one consecutive month under the injury and sick leave system (excluding paid leave and accumulated leave)	
<sup>*2</sup> Improving knowledge and understanding of health and medical care: Percentage of employees who improved their awareness of positive lifestyle changes by attending seminars and reading health bulletins (survey conducted at the end of the fiscal year).	
<sup>*3</sup> Work engagement: Average scores for the two questions “I have a sense of energy at work” and “I feel proud of my work” in the new Simple Occupational Stress Questionnaire.	

## FY2022 Results ▶▶▶

### ▶▶▶ Previous initiatives

#### ▶ Measures to prevent lifestyle-related diseases

- With the aim of achieving a 100% uptake rate for regular health checkups and secondary health checkups for those with abnormal findings, employees are encouraged to undergo health checkups.
  - Percentage of those with abnormal findings in FY2022: 39.4% (those with abnormal findings in any of the statutory checkup categories)
- The following activities are being carried out in order to help develop exercise habits and energize the organization through improved communication in the workplace.
  - Total number of participants in walking activities: 1,378  
Target 8,000 steps/day, held twice a year
  - Ground golf tournament, 75 participants in total

#### ▶ Improving health literacy

- Health bulletins are issued and seminars are held based on the results of health checkups.  
Health bulletins: Gynecological checkups, health management in information equipment work, effects of smoking and smoking cessation, teeth and health
- Seminars: Lecture on promoting men's participation in housework and childcare (52 participants), Smoking etiquette (44 participants), International Women's Day: Thinking about how women live (122 participants)

- Measures to maintain and promote the health of employees and their families are being actively undertaken.
  - Conducting influenza vaccinations at company business sites and subsidizing the costs
  - Full subsidies for medical checkups not only for employees but also for their dependents
- Measures to prevent passive smoking have included reducing the number of smoking areas and limiting the hours of use.
  - A questionnaire on smoking was conducted in September 2023, and the results of the analysis were provided to employees as feedback.
- With the aging population and falling numbers of children, the number of people who are able to donate blood is declining rapidly, and we are actively cooperating in blood donation campaigns as part of our contribution to society.  
Blood data figures can provide information about one's physical condition, so they are being put to good use in order to maintain good health.
  - Participants in FY2022: 202
  - Tottori Plant registered as a blood donation supporter

#### ▶ Improving work engagement

- We plan and implement improvement measures for problems and issues identified in employee satisfaction surveys and organizational revitalization diagnostics in order to create a better workplace environment.
  - Organizational Revitalization Training for executives and department heads was conducted based on the results of the FY2022 Employee Satisfaction Survey (79 participants)
  - Response rate for FY2022 Employee Satisfaction Survey: 99.1%
- Stress checks are conducted every year, and the results are used to promote awareness of individuals' stress levels, reduce the risk of individual mental health problems, and improve the work environment through group analysis.
  - Participation rate in FY2022: 99.5%

### Effectiveness of Health Management: Process Indicators

Priority measures	Indicators	FY2022 result	FY2023 target	FY2025 target
Measures to prevent lifestyle-related diseases	Primary checkup uptake rate	99.9%	100%	100%
	Secondary checkup uptake rate	92.6%	93.5%	95.4%
	Rate of participation in seminars and events	4.3%	15.0%	25.0%
	Increasing awareness of positive lifestyle changes through provision of education	0%	80.0%	100%
Improving work–life balance	Average rate of paid leave usage	84.8%	85.0%	85.0%
	Average overtime hours worked	10.37h	10.26h	10.06h

### Effectiveness of Health Management: Outcome Indicators

Priority measures	Indicators	FY2022 result	FY2023 target	FY2025 target
Health checkup results	Prevalence of metabolic syndrome	13.3%	12.3%	11.3%
	Gynecological checkup uptake rate (percentage of women who received either cervical or breast cancer screening)	83.2%	88.0%	90.0%
Situation regarding absence from work due to illness	Rate of absences and leave due to mental health problems	0.50%	0.40%	0.30%
	Rate of absences and leave due to other illnesses	0.24%	0.20%	0.15%
Status of lifestyle habits and health behaviors	Smoking rate	30.5%	30.3%	29.9%
	Increase in the number of employees engaged in habitual exercise (total rate of those engaged in health behaviors)	40.7%	43.0%	45.0%
Occupational stress survey results	Rate of high-stress individuals	8.4%	8.2%	8.0%



# Management System

## Social Requirements

- Ensuring management transparency
- Continually enhancing corporate ethics
- Strengthening supervisory functions

## The FDK Approach

- Strengthening corporate governance
- Ensuring compliance
- Ongoing operation of internal control systems

## Highlights of Management System

Number of independent outside directors (total number of directors: 7)	Attendees of compliance training course for all employee Total number of attendees (including staff at overseas sites)	Number of risk survey responses	Number of occupational accidents
3	4,614	71	5
Occupational accident occurrence rate	Occupational accident severity rate	Number of whistle-blowing reports	
1.00	0.01	4	

## Initiatives Supporting the Management System

### Strengthening Corporate Governance

#### Basic Concept

FDK Group reviews each measure and the management system as necessary based on the general principles of the Corporate Governance Code stipulated by the Financial Instruments Exchange and executes organizational maintenance and other necessary measures, because we believe strengthening corporate governance improves the soundness and transparency of our company and improves the value for FDK shareholders. In addition, we are striving to improve fairness and transparency through wide-ranging information disclosure, including the prompt disclosure of business information and the provision of financial information via the Internet.

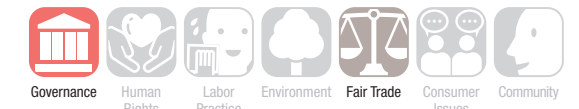
Our company has introduced a corporate officer system in order to separate business decision-making and supervisory roles from business execution roles, and to strengthen the checking role of the Board of Directors.

The FDK Board of Directors is composed of four directors (excluding directors who are Audit and Supervisory Committee members) and three directors who are Audit and Supervisory Committee members.

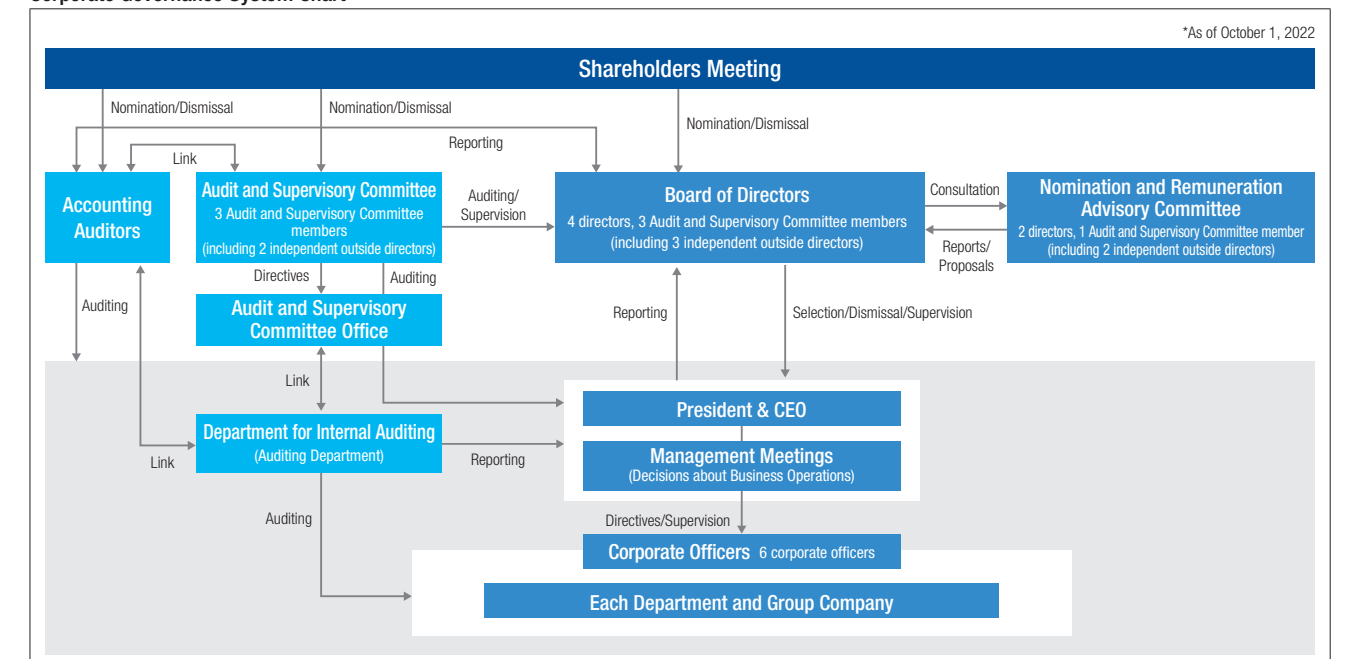
Board of Directors meetings are held once every month to determine important management matters and deliberate the progress status of performance and investigate the measures.

The Audit and Supervisory Committee is composed of three directors, including two outside directors, with meetings held once a month and whenever else a meeting is deemed appropriate to monitor and audit the appropriateness and validity of management. Furthermore, each Audit and Supervisory Committee member attends the Board of Directors meetings to share objective and fair insight about overall management on each matter while also auditing the appropriateness and validity of business operations of the directors according to the auditing policies formulated by the Audit and Supervisory Committee.

As a measure to enhance corporate governance aimed at actively promoting compliance throughout the Group, we have established the basic principle of compliance with the law in the FDK Group Corporate Conduct Guidelines. We also abide by the FUJITSU Way, which is the common core philosophy of the Fujitsu Group.



Corporate Governance System Chart



In March 2022, FDK established a discretionary Nomination and Remuneration Advisory Committee, the majority of whose members are independent outside directors, as an advisory body to the Board of Directors for the purpose of enhancing the fairness, transparency, and objectivity of procedures related to director nominations and compensation, etc., and further improving our corporate governance system.

The discretionary Nomination and Remuneration Advisory Committee consists of one internal director and two outside directors. The committee deliberates and reports to the Board of Directors on matters including the following, at the request of the Board of Directors, in order to enhance fairness and transparency in the nomination and remuneration of directors and directors who are Audit and Supervisory Committee members.

- Matters concerning the nomination and dismissal of directors and directors who are Audit and Supervisory Committee members
- Matters concerning the selection and dismissal of the representative director
- Matters concerning the nomination of independent outside directors
- Matters concerning the selection and dismissal of members of the Nomination and Remuneration Advisory Committee

- Matters concerning the remuneration of directors and directors who are Audit and Supervisory Committee members
- Matters related to the development and operation of succession plans
- Other matters deemed necessary by the Board of Directors

#### Officer Training

In an effort to increase the expertise and knowledge of its directors and corporate officers, FDK holds annual training for directors and corporate officers, conducted by an external instructor, with the objective of teaching knowledge both within and outside the scope of their expertise.

#### Board of Directors Performance Evaluation

FDK conducts an annual Board of Directors performance evaluation in order to identify issues regarding the Board of Directors and to enable the Board of Directors members to share such issues in order to make improvements to enhance the Board's effectiveness.

FDK conducts self-evaluations by questionnaire and holds discussions based on the results of third-party analysis of questionnaires. In doing so, the Board of Directors can discuss any issues while continually working to strengthen its supervisory functions.

### Continuously Operating an Internal Control System

#### Basic Concept

In recognition of the fact that strengthening corporate governance is essential for fulfilling our social responsibilities as a company, the FDK Group will maintain a sound and strong relationship with FDK stakeholders, from customers to suppliers, shareholders, employees, and local communities. We will implement management

that complies with relevant laws and the Articles of Incorporation while ensuring the integrity of our operations and the reliability of our financial reporting. The pursuit of management efficiency and control of the various risks arising in business activities are essential to continually improve the corporate value of the FDK Group. Therefore, we promote ongoing efforts through the systems described on the next page.



## Systems to Ensure the Appropriateness of Operations

1. Systems to ensure that directors and employees perform their duties in accordance with laws, regulations, and Articles of Incorporation
2. Systems to store and manage information related to the performance of duties by directors
3. Regulations and other systems to manage risks of loss

4. Systems to ensure that directors of FDK and subsidiary companies efficiently execute business
5. Systems to ensure the appropriateness of operations of the corporate group comprising the FDK Corporation and its subsidiary companies
6. Systems to ensure the appropriateness of auditing functions by Audit and Supervisory Committee members

## Ensuring Compliance

### Basic Concept

FDK Group established the "FDK Group Corporate Conduct Guidelines" as the standard of conduct for each and every employee. The Code of Conduct that makes up one element of these guidelines clearly states that we will respect human rights, act with fairness and freedom in our business dealings, comply with all laws, regulations, and social norms, protect and respect intellectual property, handle information properly and maintain confidentiality, and not use our positions in the organization for personal gain. In this way, we will strive to earn trust from consumers and suppliers.

### Compliance Education

The FDK Group explains laws and regulations closely related to its work, from internal regulations to the Foreign Exchange Act, the Product Liability Act, Antimonopoly Act, and Personal Information Protection Law in various stratified training programs, such as new and mid-level employee training as well as new manager training, to bring about understanding in every employee. In addition to the above, FDK continually conducts a variety of compliance training (including e-learning) for all of our employees. FDK also conducts training annually at each business site related to export management and subcontracting transactions. Furthermore, FDK strives to raise awareness about laws and regulations by providing employees with a broad range of information about compliance that includes information about amendments to relevant laws and regulations and with an introduction of examples about violations using the company intranet.

### Complying with Laws and Regulations Related to Business Operations

The business operations of the FDK Group must comply with a wide range of laws and regulations. In addition to this broad compliance, understanding culture and customs and clearly responding to social trends are part of comprehensive compliance from an ethical perspective.

FDK has also put in place dedicated organizations for each field of compliance, such as the "Central Health and Safety Committee," "Group Environmental Management Committee," "Product Chemical Substances Management Committee," "Export Management Committee," and "Product Safety Promotion Committee," in an effort to operate its businesses in compliance with all laws and regulations.

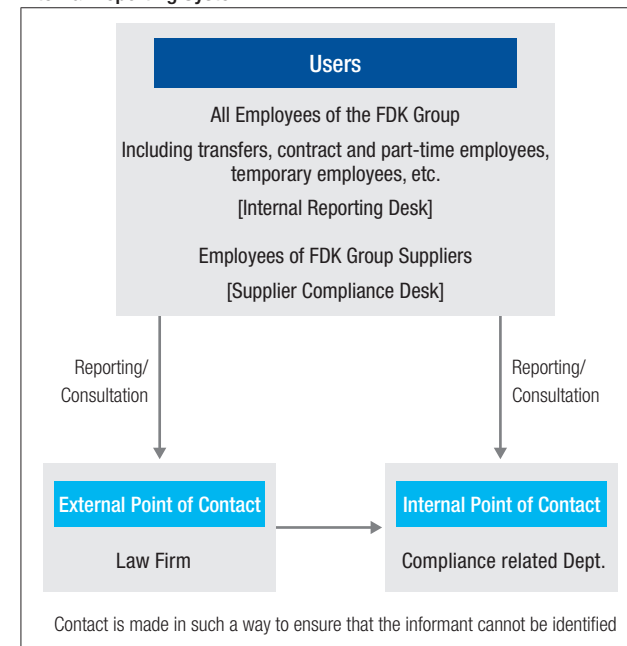
### Whistle-blowing System

In order to provide a mechanism for appropriate handling of reports and consultations regarding compliance violations, thereby contributing to the early

detection and correction of misconduct, etc. and reinforcing fair business management that complies with laws and regulations in good faith, the FDK Group has established an "Internal Reporting Desk" and a "Supplier Compliance Desk." The "Internal Reporting Desk", "Supplier Compliance Desk", and the "Internal Reporting Regulations" guarantee anonymity of anyone who reports a violation in addition to ensuring no harm is done as a result of reporting an issue. Any issue discovered as a result of investigation into a report is immediately addressed with reform measures.

There were four reports in FY2022, which were addressed appropriately.

### Internal Reporting System



### Risk Management Initiatives

The FDK Group aims to continually improve corporate value and make contributions to customers, local communities, and all other stakeholders through its global business activities. To achieve these goals, we properly identify any potential risks resulting from our business activities and prioritize important issues requiring a response. Therefore, the FDK Group has established, practices, and continually improves a Group-wide risk-management system.

Our Board of Directors drafted the Basic Policy for Establishing an Internal Control System to define rules and systems that pursue management

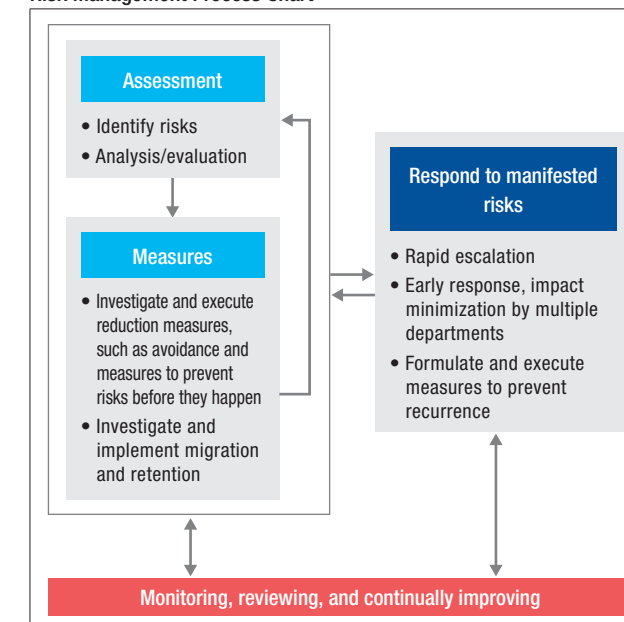
efficiency and control risks resulting from business activities. We also share this basic policy with our shareholders.

### Risk Management Process

- (1) Each department identifies potential risks inherent to business activities, and evaluates and verifies them.
- (2) Clarifies the priority of response for each risk and determine risk-control policies (avoidance, mitigation, migration, and retention of risks).
- (3) Executes measures in each department to prevent risks before they manifest in accordance with decided policies.
- (4) If a risk materializes, each department will escalate to the Risk Compliance Committee. Any issues are resolved as quickly as possible to minimize the impact through an appropriate response in cooperation with each relevant department and the staff office of Risk & Compliance Committee as well as working to identify the underlying causes in addition to formulating and executing plans to prevent recurrence.

FDK checks the progress of execution during each of these steps and makes improvements as necessary.

### Risk Management Process Chart



## Occupational Health and Safety Activities

### FDK Group Health and Safety Policy

#### Basic Philosophy

We respect and value the life and dignity of every individual as a basic philosophy. To ensure a bright future and smiles on the faces of all those who work for the FDK Group, we will continue to put safety first, to actively work to create a safe and healthy workplace, and to promote mental and physical health, aiming for zero occupational accidents and zero illnesses. Furthermore, in the course of our business activities, we will comply with relevant laws and regulations, FDK rules, and stakeholder requirements to which we have agreed.

### Basic Policy

Based on the principle that occupational accidents must not happen, we will create a safe and comfortable workplace through ongoing improvements to the occupational health and safety management system with the participation and consultation of all employees, elimination of sources of danger, reduction of risks, and preparation for emergencies. In addition, FDK also places importance on employee mental health measures not just from the perspective of employees and their families, but also in terms of earning trust as a company, operating business smoothly, and contributing to a sustainable society. These actions have strengthened our mental health efforts.

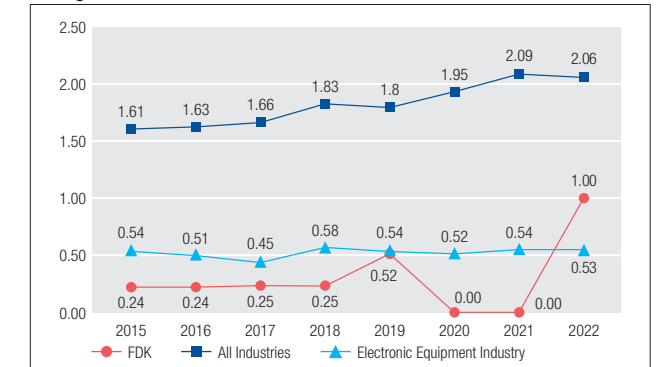
### Occupational Health and Safety Promotion System

At the FDK Group, the Central Health and Safety Committee meets quarterly as a body to oversee the On-site Safety and Health Committee at each business site and develop the content of group-wide activity plans.

On-site Safety and Health Committee meetings are held jointly by labor and management at each business site every month to execute activities according to health and safety action plans.

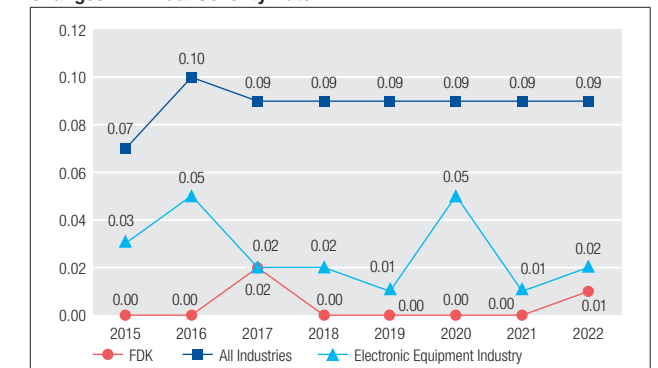
Some business sites have acquired the ISO 45001 certification for occupational health and safety management. We take advantage of these management systems in an effort to realize a framework with an even higher level of occupational health and safety.

### Changes in the Annual Occurrence Rate



Occurrence rate: Death or injury due to occupational accidents per a total of one million hours of operation.

### Changes in Annual Severity Rate



Severity rate: Number of days lost due to occupational accidents per a total of one thousand hours of operation.



# Relationships with Customers and Suppliers

## Social Requirements

- Increasing importance of product quality and management quality
- Expanse of the reliable and safety needs in the social infrastructure

## The FDK Approach

- Group will take advantage of ecosystems to increase the value of offerings provided together with various partners to enable customers to utilize electric energy in diversified ways.

## Highlights of Relationships with Customers and Suppliers

Number of public announcements regarding products in FY2022

5

Number of ISO9001-certified production sites

7

Number of IATF16949-certified production sites

4

Number of ISO 14001-certified production sites

7

## Initiatives Supporting Relationships with Customers and Suppliers

As a Smart Energy Partner that assembles advanced technologies, the FDK Group would like our customers to best utilize electric energy in a safe and efficient manner, and it hopes to contribute to the materialization and development of a sustainable society. This vision will help to resolve social issues through the products and services provided by the FDK Group.

## Our offerings enable reliable applications for clean and safe electric energy to corporate and individual users that support people's lifestyles.

### Basic Concept

The FDK Group strives to build product development, supply, and quality assurance systems that help resolve social issues, and we work to promote green procurement based on concepts for continually developing and supplying high-quality, safe, environmentally friendly batteries and electronic devices able to satisfy customers.

### Examples of Initiatives

#### FDK Group Initiatives

The FDK Group strives to provide batteries and electronic devices that use environmentally friendly materials by complying with environmental laws and regulations to heighten our value as a company cultivating the future. As part of these measures, the FDK Group works to develop new products, including a next generation of batteries able to provide customers with new added value derived from the distinct technology cultivated in the battery and electronic device businesses thus far.

### Examples of New Product Launches (As of April 2023)

**FUJITSU alkaline batteries feature improved continuous discharge performance thanks to new technology; the Premium S lineup now includes "Sustainapack"**

Regarding sales of consumer-use FUJITSU alkaline batteries, in late March 2023, FDK began selling products with enhanced continuous discharge performance at home centers, supermarkets, and electronics retailers nationwide.

FUJITSU alkaline batteries come in three series: Premium S, High Power, and Long Life Plus. All products, from D to AAA, employ the newly developed "passivation block technology" to significantly improve continuous discharge performance, with the Premium S (AA) achieving an approximately 40% performance increase.

Also, in order to contribute to achieving the SDGs (Sustainable Development Goals), "Sustainapack," which uses 100% paper packaging, something that has been heavily requested by our customers, has been added to our product lineup to coincide with the launch of "Premium S."



Premium S "Sustainapack"® AA alkaline batteries



Premium S "Sustainapack"® AAA alkaline batteries

### Shipments begin of high-output Ni-MH battery "HR-4/3FAUP" for power backup applications

FDK has developed the high-output Ni-MH battery "HR-4/3FAUP" for power backup applications, with the start of mass production and shipments in January 2023.

Since 1991, we have been manufacturing and selling Ni-MH batteries for various applications such as security, in-vehicle, medical, and home appliances, offering features such as "usable in a wide range of temperatures," "environmentally friendly with repeated recharging," "highly recyclable," and "low risk of ignition."

In recent years, the need for batteries with higher output and capacity has been increasing due to faster devices and increased data capacity in applications such as security and storage. By thoroughly reviewing the design



Ni-MH battery "HR-4/3FAUP"



Nickel-zinc battery "ZR-4/3FAUP"



and materials used in existing Ni-MH batteries, we were able to achieve higher capacity (25% improvement) while maintaining the same high output and durability.

Given that Ni-MH batteries' low risk of ignition and smoking will lead to simplified export operations and use in applications that require high reliability, such as servers and storage devices, we are aiming to further expand sales volume and distribution channels.

### Development of the "ZR-4/3FAUP" nickel-zinc battery

FDK has developed a nickel-zinc battery with excellent safety performance and superior charge-discharge characteristics, and has begun sample shipments to selected customers.

In recent years, as countries around the world move toward decarbonization and carbon neutrality, demand for storage batteries has been growing as a way to store electricity to cope with the increase in renewable energy generation and to counter power outages in the event of disasters.

To meet these needs, we have developed nickel-zinc batteries to enable storage batteries that use electric power effectively and efficiently.

Our newly developed nickel-zinc battery "ZR-4/3FAUP" is a secondary battery that applies the positive electrode and structural technologies developed over many years for use in Ni-MH batteries and the zinc negative electrode technology used in alkaline batteries, offering environmentally friendly properties and a high level of safety. Because it can be recharged in a similar way to lead-acid batteries, it has the advantage of being able to replace lead-acid batteries relatively easily. We have started sample shipments to selected customers for use in electric mobility applications and power supply backup applications. Going forward, we will continue to improve the product's performance and increase the number of customers to whom we ship samples, while listening to the applications and requirements they have in mind.



## Relationships with Customers and Suppliers



### FY2022 Achievements

- Ni-MH batteries**  
 We have pursued mass production of long-life batteries for the in-vehicle accessory market, high-capacity batteries for power backup applications, and electrode plates for Ni-MH batteries for use in large storage batteries.
- Alkaline batteries**  
 We have worked to improve discharge performance to meet market needs and to introduce packaging with reduced environmental impact.
- Lithium batteries**  
 We are working to improve energy density to serve the market for next-generation smart meters for the carbon-neutral era.
- Electronic devices**  
 We are working to reduce CO<sub>2</sub> emissions (carbon neutrality) by adopting low-temperature solder.
- All-solid-state batteries**  
 In order to meet a wider range of applications, we are working to improve durability in harsh environmental conditions and to develop new materials and processes for the next generation. In addition, we are preparing to meet a variety of market needs, such as by working with the Electronics Division to develop modules with built-in charging circuits.
- Research and Development**  
 We have developed and prototyped battery modules and battery packs with battery management functions that utilize our patented cell balance technology. Going forward, we will explore elemental technologies for smart battery modules as part of the development of e-MaaS solutions, and pursue possibilities for the power solutions business.

### Development with Considerations for Quality and Safety

#### FDK Group Quality Policy

"We will provide customers with quality they can rely on."

#### Philosophy

Our mission is to develop and supply high-quality, safe, and environmentally friendly products that satisfy customers through a basic quality-first approach. The FDK Group knows it must never cause any grave quality issues or violate the laws or regulations of each country worldwide.

Therefore, every department takes customer-oriented actions throughout each step from sales to research, planning, development, design, production and even customer service to provide more precise quality management.

#### Quality Action Guidelines

- We will make quality requests from customers our highest priority and take swift pertinent action to heighten customer satisfaction.
- We will strengthen fundamental activities in the development stage and incorporate quality, price, delivery, and environmental considerations into production to help prevent quality issues at the production stage, improve profitability, strictly adhere to delivery dates, and improve environmental performance.
- We will continually enhance risk management throughout various aspects of compliance from product safety to the chemical substances contained in products.
- We will improve manufacturing to thoroughly reduce any loss of quality, such as process waste and losses from complaints.
- We will continually improve the quality management system to execute more effective quality management.

#### Quality Assurance System

The FDK Group has built a quality management system to achieve the Quality

Policy and Quality Action Guidelines and will always undertake quality assurance activities. As of March 2022, seven of our sites, including those overseas, have acquired ISO 9001 certification, and four have acquired IATF 16949 certification.



#### Quality Assurance Initiatives

In order to provide quality products and services that satisfy the function and performance requirements as well as other customer needs, FDK fosters cooperation between management and other various departments. This necessitates the participation of every employee in activities across every process of its corporate activities. The FDK Group engages in collaborative activities linked to those of each business site, including those overseas, across a diverse product line-up.

Quality Assurance Division actively works to share information with all business divisions to drive these activities, formulate quality proposals, escalate responses in the event of problems and quality issues related to

compliance, conduct education to nurture human resources, and horizontally share other information such as expertise and examples of defects. We are also adopting a management-side approach, such as by establishing Group-wide Quality Management Committees under the supervision of senior management, and by having senior management personnel confirm improvement activities at work sites.

#### Improvement Processes of Actions to Strengthen Quality Assurance

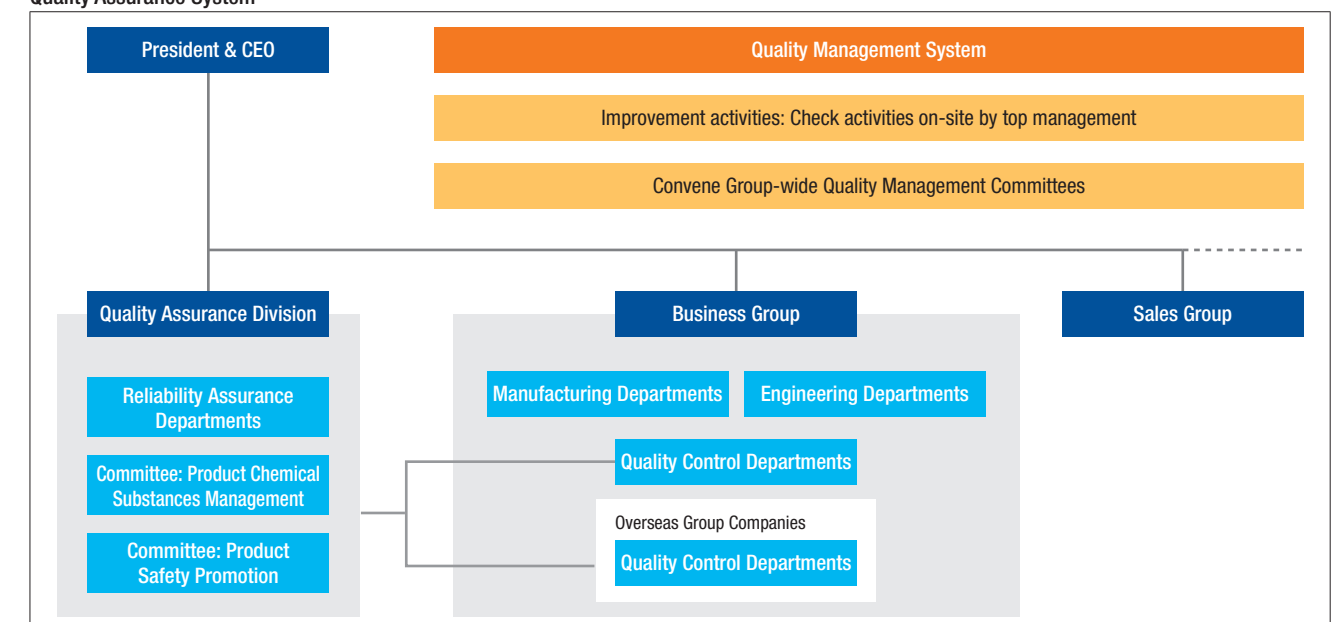
- In order to implement the FDK Group's quality policy, each verification process, from product planning to mass production transfer, is reviewed in

accordance with quality-related regulations, etc., drawing on a wide range of knowledge not only from the department itself but also from other related departments, thereby ensuring more objective assessment.

#### 2. Green Procurement Initiatives

The FDK Group contributes to the materialization of a sustainable society by conducting business activities that consider the environmental burden and supply environmentally friendly products. The FDK Group provides environmentally friendly products to customers by procuring and using eco-friendly materials based on the FDK Group Green Procurement Standards.

#### Quality Assurance System



#### Chart of Each Quality Assurance Verification Process







# Relationship with Society



## Social Requirements

- Disclosing accurate, transparent information
- Proceeding communication opportunities with stakeholders
- Responding to heightened demands for non-financial information disclosure

## The FDK Approach

- Communicating and Collaborating with Stakeholders
- Disclosing correct information for the request from customers
- New addition of research and development content to our website
- Engaging in social contribution activities with local communities, residents and other stakeholders

## Highlights of Relationship with Society

Number of factory tours	Number of Battery-making Class sessions held	Number of trainees with disabilities accepted for company training	Number of local clean-up activities
15	3	4	14
Number of communications with media, shareholders, and investors	Number of survey responses from customers about CSR/responsible minerals procurement	Number of local events joined by FDK	Number of "The Sound of Batteries Powered by the Sun" concerts held
118	160	31	20

## Initiatives Supporting Relationships with Society

### Communicating and Collaborating with Stakeholders

#### Basic Concept

As a good corporate citizen, the FDK Group will pursue a thorough understanding of the many needs and expectations of its stakeholders and pursue business activities to meet these needs and expectations. FDK Group

works to heighten corporate value by continually engaging in corporate activities that contribute to society through proper disclosure of information that should be made public and through dialogue with stakeholders, which is reflected in business activities.

#### FY2023 Targets

- 1 Releasing Sustainability Report
- 2 Disclosing accurate information when responding to requests from customers
- 3 Studying the implementation of dialogue with the media, shareholders, and investors, including information disclosure at general shareholders' meetings and on the website
- 4 Improving two-way communication with suppliers
- 5 Continually engage in social contribution activities with local communities, residents and other stakeholders

#### FY2022 Achievements

- 1 FDK published a CSR report in 2022 and made every effort in disclosing non-financial information.
- 2 Response to Customers  
We provided information in response to 41 inquiries for company information and other inquiries.
- 3 Response to the Media, Shareholders, and Investors
  - FDK provided accurate explanations to 118 inquiries from the media, shareholders, and investors.
  - In April 2023, we published our "R2" Mid-Term Business Plan
  - When announcing financial results, we have continued to publish "Explanatory Materials on the Financial Results and Progress of the Mid-Term Business Plan" separately from the financial statements.
- 4 Relationships with Business Partners  
We conducted CSR surveys of our component suppliers, personnel dispatching companies, outsourcers, cafeteria providers, security companies, etc., and shared the results with such business partners.
- 5 Relationships with Employees  
Monthly labor-management liaison meetings were held to exchange views. We also conducted an employee satisfaction survey, analyzed the results, and took action accordingly.
- 6 Contributing to the Local Community  
Some activities had to be canceled due to the COVID-19 pandemic, but those activities that were possible were conducted at each of our sites.

### Contributing Activities for Local Communities and Local Residents

Each of our locations conducts community service activities for local communities and local residents.

#### Examples of Activities

1. Cleanup activities around our facilities
2. Provision of used stamps, Bellmarks (fundraising tokens for schools), PET bottle caps, etc. to welfare councils and local schools
3. Holding of environmental classes at local schools
4. Provision of disaster supplies to food banks
5. Cleaning roadside service stations, weeding flower beds, and planting flowers
6. Receiving trainees with disabilities
7. Exhibition of artworks by people with disabilities
8. Purchasing goods from vocational aid facilities and selling them at our business sites
9. Participation in local traffic safety activities
10. Cooperation with blood drives

#### Contributing Activity Topics

Exhibition of artworks by people with disabilities

Since FY2021, the FDK Group has been engaged in activities aimed at supporting the financial independence of people with disabilities who work at vocational aid facilities or at home.

As part of these efforts, we exhibited three artworks by artists with disabilities at our 73rd anniversary ceremony on February 1, 2023, with the cooperation of "Art Connect Shizuoka," a non-profit organization based in Shizuoka Prefecture. The purpose of this exhibition was to help build a society that recognizes diversity through art and allows all people to live their lives in their own way, as well as to make art more accessible and familiar to the participants.

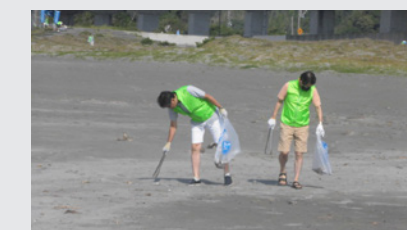
The works were rented for three months after the anniversary ceremony and displayed in the cafeteria of the Kosai Plant. The amazingly rich colors and genuine worldview of the works were heartwarming, inspiring, and energizing, and we were able to enjoy them over the three months they were on display.

The FDK Group as a whole will continue to promote a deeper understanding of people with disabilities and actively provide financial support.

#### Regular contributions to the local community



Exhibition of artworks by people with disabilities (Kosai Plant)



Lake Hamanako Cleaning Operation (cleanup activity) (Kosai Plant, Washizu Plant)



Environmental classes at local schools (Takasaki Plant)



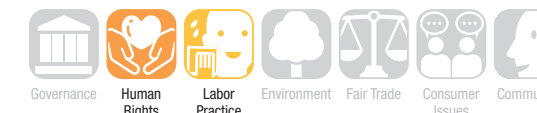
Flower planting in roadside service station flowerbeds (Tottori Plant)



Sales of goods from vocational aid facilities (Kosai Plant)



# Relationships with Employees



## Social Requirements

- Work style reforms, creating environments conducive to work
- Equality in hiring (post-retirement rehiring, hiring of people with disabilities, women's work-place participation and advancement)

## The FDK Approach

- Embracing diversity and inclusion
- Creating work-friendly environments
- Developing human resources for their contribution to society and the planet

## Highlights of Relationships with Employees

Employment rate of female employees	Number of female employees in management and supervisory roles	Ratio of non-Japanese employees (Domestic business sites)	Employment rate of persons with disabilities
19%	4	0.8%	2.42%
Days of paid leave taken/per person/year	Number of employees using the Childcare Leave Program	Number of consultations with the human resources hotline	
15.0	21	0	

## Initiatives Supporting Relationships with Employees

### Embracing Diversity and Inclusion

#### Basic Concept

##### Policy Orientation

FDK Group promotes diversity in human resources irrespective of nationality, gender, sexual orientation, age, ability/disability, religion or values as a basic policy to enable individuals to grow with the company.

##### Ideal Form

Our Ideal Form is for everyone working in the FDK Group to refuse to engage in any form of discrimination and welcome diverse human resources with actual action.

##### Examples of Initiatives and Other Measures

###### (1) Creating a working environment that is friendly for all people

- We have put in place a work environment that is comfortable for people with disabilities and LGBTQ+ people to work in.

- Plant practical training and trial employment have been conducted.
- We are systematically promoting the installation of barrier-free, multi-purpose restrooms.
- In FY2022, the elevator in Building 3 at the Kosai Plant was renovated.

###### (2) Improving the personnel treatment system

- A new personnel system (Kaonavi) was introduced.
- An hours-based paid leave system has been introduced.

###### (3) Proceeding the educational activity such as trainings and seminars

- We conducted management training as planned.
- A seminar was held to promote men's involvement in housework and childcare

###### (4) Conducting an employee satisfaction survey

- We conducted an employee satisfaction survey for all employees. (Response rate: 99.1%) To resolve the issues raised by the survey results, we conducted a training program on organizational revitalization.

## Diversity Initiatives

The FDK Group launched the Success Support Project for Women and set up the Office to Support Women's Success for the purpose of expanding and supporting opportunities for women to succeed. The Office to Support Women's Success was renamed the Diversity Promotion Office on April 1, 2017.

The Diversity Promotion Office strives to foster respect for diversity while working to create a work-friendly environment.

The Diversity Promotion Office comprises an office manager, staff, promotion members (appointed from each business division) as well as advisors from human affairs and the labor union led by the director in charge of corporate affairs.

## Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Since April 2010, in accordance with the action plan based on the Act on Advancement of Measures to Support Raising the Next Generation of Children, the FDK Group has been actively pursuing work-life balance in order to realize an environment where each employee can work with vigor and satisfaction. We have also drawn up an action plan in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into effect in April 2016. We will continue striving to be a company where both men and women can play an active role.

### About the Stage 1 Action Plan

In order to further support women's advancement, we drew up an action plan, as follows.

#### 1. Plan period

Five years from April 1, 2016 to March 31, 2021

#### 2. Our challenges

The culture and work environment are not supportive of female employees raising children.

- Workplace management is inadequate in some areas, making it difficult for women to continue working while raising children due to difficulties in balancing work and family life.
- The workplace culture is not conducive to supporting those who continue to work after giving birth or while raising children.
- There is insufficient understanding of flexible working styles in the workplace, making it difficult to take time off suddenly, such as when a child is sick.

#### 3. Quantitative targets

Increase the percentage of women in managerial positions by 125% or more relative to FY2015.

#### 4. Initiative and implementation period details

##### Initiative 1: Management-led implementation of work-life balance

April 2016 — Success Support Project for Women organized to regularly check the status of activities and share information on various measures and outcomes.

October 2016 — Events hosted by the Office to Support Women's Success on a yearly basis.

##### Initiative 2: Promoted the creation of a comfortable work environment to enhance workplace responsiveness and management

April 2016 — Planned and reviewed various seminars and training programs.

December 2016 — Conducted management training to renew awareness among male managers and workplace leaders.

June 2017 — Women's career training held to renew awareness among female employees.

##### Initiative 3: Active recruitment of female employees and implementation of recruitment plans

October 2016 — Consideration given to expanding the workplaces and job areas where female employees are assigned.

February 2017 — Plan implemented for active recruitment of female employees in conjunction with the personnel and recruitment plans.

## About the Stage 2 Action Plan

In order to further promote women's advancement and create a work environment where both men and women can work for many years, we drew up an action plan, as follows.

### 1. Plan period

Five years from April 1, 2021 to March 31, 2026

### 2. Our challenges

**Challenge 1:** Workplace management is insufficient in some areas, and the use of the system is not well understood.

**Challenge 2:** A workplace culture is needed that supports people who continue to work after giving birth, while raising children, while caring for family members, etc.

**Challenge 3:** There is insufficient understanding of flexible working styles in the workplace, making it difficult to take time off suddenly.

### 3. Targets and details of initiatives and implementation period

**Goal 1:** Increase the percentage of women in managerial positions by 150% or more relative to FY2021.

Initiative details

April 2021 — Regular meetings of the Diversity Promotion Office, which supports the advancement of women, were held to confirm the status of activities and share information on various measures and outcomes.

April 2021 — Provided a self-development curriculum to support individual career advancement.

June 2021 — Increased the number of female participants in training programs for next-generation leaders.

September 2021 — Held management training for managers and supervisors.

October 2022 — Held exchanges of viewpoints with female managers and supervisors.

**Goal 2:** Increase the rate of use of flextime, telework, and other systems that contribute to flexible working styles, by 25% relative to FY 2021.

Initiative details

April 2021 — Improved the system and raised awareness of it on a regular basis.

June 2021 — Established an environment for telework.

September 2021 — Raised awareness of the importance of work-life balance at management training seminars.

September 2021 — Conducted education on management points and issues regarding telework.

## Developing Human Resources for Their Contribution to Society and the Planet

### Human Resources Development

FDK Group strives to nurture human resources by categorizing human resources development into four main themes.

#### 1. Stratified training (higher educational standards)

We are working to enhance the training required for each position, from new hires to executives.

#### 2. Professional development training

In order to nurture professionals in their respective fields of expertise, we encourage employees to take various examinations, including technical certifications, attend specialist seminars, and adopt cutting-edge technologies and skills.

#### 3. Business leader development

We are working to encourage and promote human resource development and strengthen management skills that can help revitalize organizations,

such as next-generation leader training, developmental leader training, and global human resource development (language study abroad).

#### 4. Supporting the growth of a diverse range of individuals

We will work to support and motivate individual personnel through career design training, career support, and other programs.

### Review of Various Education and Training Programs

#### 1. Review of stratified education

The curriculum content has been refined to be more specific to the roles and expectations of each particular employee level. For younger employees in particular, we incorporated content that would lead to competency evaluations in conjunction with the operation of the new personnel system.

#### 2. We provide opportunities for personal study for self-development.

We provide convenient opportunities for employees to learn and improve their skills through e-learning.

#### 3. Conducting training that takes talent management into account

We provide training to develop the next generation of human resources.

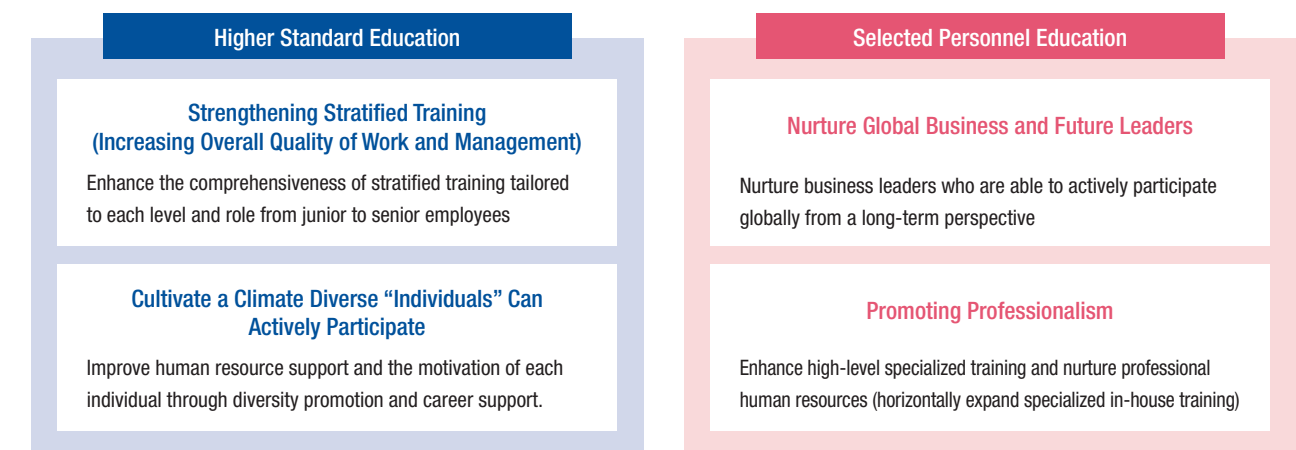
#### 4. Expanding the "Dojo"

Our "Dojo" conducts the following activities.

- 1) Self-improvement activities in a variety of fields to hone employees' knowledge, abilities, and mental and physical skills
- 2) Activities to enhance communication between different departments and generations and to strengthen the organization

Purpose of the "Dojo"

- 1) For FDK Group employees to enrich their lives by developing deeper expertise, education, and experience in various fields.
- 2) To renew awareness of self-improvement, put in place an environment for self-improvement, build a corporate culture in which employees work hard to help and compete with each other, and strengthen organizational capabilities by passing down techniques and conducting exchange between generations.



Picture of a Global Human Resource

