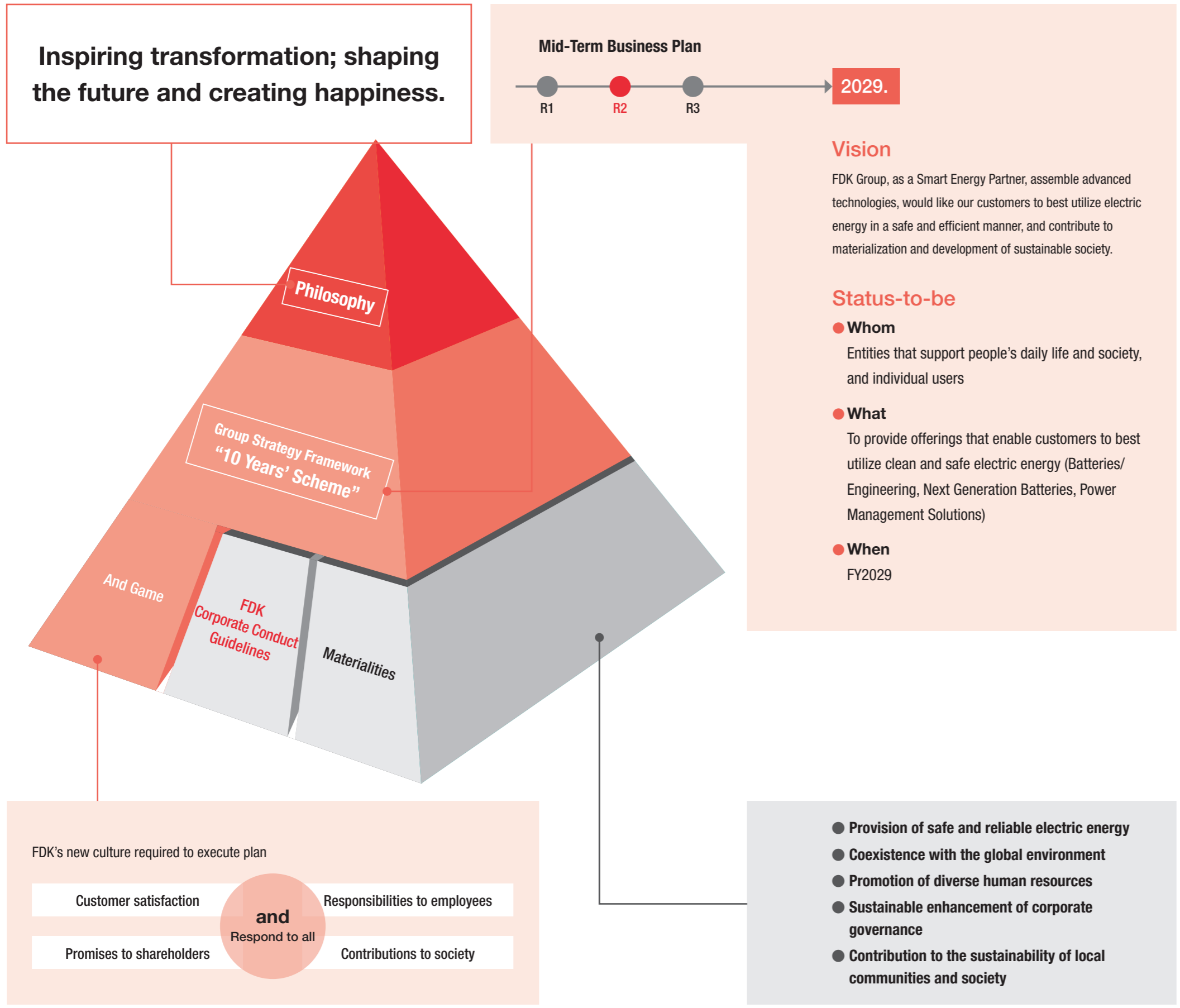


The background of the cover is a complex, abstract geometric pattern. It consists of numerous overlapping, semi-transparent shapes in various colors, including shades of blue, green, orange, and red. The shapes are primarily triangles and polygons, creating a sense of depth and movement. The colors transition from light blues and greens in the upper left to darker blues and greens in the middle, and then to warm oranges and reds in the lower right. The overall effect is a modern, dynamic, and multi-colored background.

FDK

FDK Group
Integrated Report
2024

FDK Identity



Contents

FDK Identity/Table of Contents	1
Top Message	3
FDK History	9
Our Businesses	11
Financial and Non-Financial Highlights	13
The Story of Value Creation at the FDK Group	
Approach to Value Creation	15
Mid-Term Business Plan and Materialities	17
Business Strategies	21
Sustainability Management	25
Five Prioritized Initiatives	27
Management System	
Strategy/Indicators and Targets	31
Strengthening Corporate Governance	32
Ongoing Operation of Internal Control Systems	33
Ensuring Compliance	33
Our Executive Officers	35
Relationships with Customers and Suppliers	
Strategy/Indicators and Targets	37
Our Offerings	38
Quality Assurance Activities	39
Relationship with Society	
Communicating with Stakeholders	41
Indicators and Targets	42
Contributing Activities for Local Communities and Local Residents	42
Relationships with Employees	
Strategy/Indicators and Targets	43
Embracing Diversity and Inclusion	44
Developing Human Resources for Their Contribution to Society and the Planet	47
Health Management	48
Environmental Conservation Activities	
Strategy/Indicators and Targets	49
Protecting the Global Environment	50
Financial Information	53
Overview of Group Companies	59

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 Basic Sustainability Policy of the FDK Group. Starting this fiscal year, we are releasing a new Integrated Report that focuses on our businesses and initiatives in both financial and non-financial terms.

Target Period

This report focuses on activities during FY2023 (April 1, 2023 to March 31, 2024). (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. Some information regarding BAOTOU FDK CO., LTD., which became a consolidated subsidiary on March 1, 2024, is not included.

Reference Guidelines

The FDK Group Integrated Report 2024 was created with reference to the International Integrated Reporting Framework (International Integrated Reporting Council), Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation (Guidance for Collaborative Value Creation) (Ministry of Economy, Trade and Industry), and the GRI (Global Reporting Initiative) Sustainability Reporting Standards.

Note regarding future matters

Statements in this report regarding future matters are based on the judgment of the Group at the time of the report's creation and include elements of risk and uncertainty. Going forward, various factors may lead to results that differ significantly from predictions and forecasts.



President & CEO
Ryo Nagano

Aiming for a sustainable society and forging a future through creative strength

Contributing to the materialization and development of sustainable society through our business operations

This is already my sixth year since assuming the position of President. The first thing I noticed when I came to FDK in 2019 was that this company's business is directly connected to ESG and the SDGs. By developing highly energy-efficient and recycling-efficient batteries, we are in the fortunate position to contribute to environmental sustainability through our work.

Our "10 Years' Scheme" announced in 2019 provides a vision of the FDK Group in 2029. The inclusion of the phrase "contributing to

materialization and development of a sustainable society" expresses our desire to contribute to society by providing safe and reliable electric energy.

This is our first integrated report. In presenting both financial and non-financial information in an integrated format, I want us to communicate our sustainability and value creation processes to all our stakeholders.

Looking back on the first fiscal year of the R2 Mid-term Business Plan

As in FY2022, FY2023 was a year in which geopolitical risks and other factors greatly impacted raw material supply and demand balance, logistics, and other aspects of our business. With COVID-19's reclassification as a Class 5 disease, in many ways daily life returned to normal, but people's way of working and values remained very different. In addition, the labor shortage in Japan drove a rapid expansion of investment in new sectors such as AI and digital transformation (DX), and this was just one aspect of the increasingly rapid pace of change throughout the world.

For our company as well, extremely rapid currency fluctuations, rising energy prices, and other factors led to an ongoing challenging business environment. The breakdown in the supply and demand balance for raw materials was particularly impactful. Amid this,

although sales and profits increased in the batteries business, falling sales in the electronic devices business meant that sales and profits were decreased.

Batteries are our mainstay product, and with raw materials making up the majority of their cost, our business is heavily impacted by fluctuating prices of those materials. In order to survive in these circumstances and overcome the challenges of this age of uncertainty, we need to make ourselves more resilient, with both radical technological responses — e.g. by reassessing materials from the ground up — as well as management adjustments that will enable us to respond quickly to changing market conditions.

Three Pillars of R2

1 Accelerate the profitable growth of core businesses

- Focus on growing markets and markets presenting high levels of added value

- Optimization of business scales 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 the more advanced generation battery business and solutions business

3 Cultivate a culture of mutual acknowledgement and enhancement

- Build a system that enables each individual to demonstrate his or her abilities

- Improve the quality of management, including governance

Achieving our “status-to-be” for 2029

Our 10 Years' Scheme describes the condition in which we have realized our Vision by 2029 as our “status-to-be.” With this in mind, we split the nine-year period from FY2020 into three Mid-Term Business Plans, labelled R1, R2, and R3. FY2023 was the first year of R2. The R2 targets will take into account issues identified in R1 and further strengthen our existing businesses 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.

Accelerate the profitable growth of core businesses

Our base strategy is to focus on promising markets that will embrace high added value for our mainstay product ranges that are the backbone of the company. There were times when things did not go as envisioned due to changes in the external environment but our clear view of the markets enabled us to maintain a steady focus on our targets. In particular, we were able to achieve overall profitability in the extremely challenging batteries business and make up for the slump in the electronic devices business, demonstrating that the multi-pillar support targeted in R1 is taking shape.

Demand for our mainstay Ni-MH batteries grew in the in-vehicle applications, power backup, and social infrastructure markets, but declined in consumer markets. Sales in the previous fiscal year were below forecasts, but are now recovering steadily, and we are expecting to meet forecasts in FY2025, the last year of R2. To avoid the impacts of soaring materials costs, we are pursuing technological innovations that will enable us to achieve the same performance



without materials previously considered essential. Some of these developments are already being implemented.

Sales of lithium batteries for security and smart-meter applications were robust, and we also received new orders in the medical devices market. We continue to work on developing and mass-producing high-capacity models. Including alkaline batteries, battery departments have been able to cover the reduced income caused by soaring materials costs by cutting expenses, reviewing sales prices, and taking advantage of the weak yen. Going forward, we will improve profitability by expanding the high-value-added model.

Develop and launch new businesses

We have set a goal for developing new businesses such that they will account for 30% of total sales by 2029. Of these, all-solid-state batteries hold particular promise, and we focused on delivering samples and establishing specifications in preparation for mass production. Although the batteries have earned a certain level of acceptance, the product specifications at present have limited application and cannot meet the performance needs of a large number of customers. Going forward, we will concentrate development resources on products with greater ranges of applicability.

We have received sample assessments of our Nickel Zinc batteries from certain customers, and quality levels have improved to nearly practical application. In FY2024, we will begin pilot production. The battery's excellent eco-friendly and safety characteristics are drawing many inquiries from customers, and we are close to establishing the battery as a new business.

Also, in FY2023 we acquired Baotou Santoku Battery Materials Co., Ltd., and made it a consolidated subsidiary under the trade name BAOTOU FDK CO., LTD. The immediate goal of the purchase was to secure a stable supply of hydrogen-absorbing alloys for anodes in Ni-MH batteries. In addition, such alloys are expected to have a number of potential uses in a future hydrogen-based society, so we are expecting this business to grow.

Cultivate a culture of mutual acknowledgement and enhancement

Over the three years of R1, we have enacted a range of measures aimed at cultivating a corporate culture of mutual acknowledgement and enhancement for all employees working in the FDK Group. We began by having employees participate in developing the corporate philosophy that forms a part of the effort, then continued to implement a variety of reforms to our systems and processes within a short period of time. These include changes to the personnel evaluation system and salary structure, introduction of talent management, systematization and expansion of the education system, reforms to working styles such as the introduction of flextime work and telework, and the enhancement of internal improvement activities.

We have established the “Dojo,” a place for those who have skills and know-how to pass them on to those wishing to learn, “thanks points” that employees exchange with each other, and other schemes to encourage a culture of mutual enhancement. The quality of suggestions we have collected through “STEP UP FDK,” our company-wide suggestion initiative, has been changing year to year. A feeling has emerged within the company that if we work at something we can change it, and there is a greater impetus than ever before for people to think about how to improve things together. We are seeing high-quality suggestions that can help our business from a number of groups.

In R2, I want to consolidate these positive trends and enable the systems we have built to take root.

The sources of FDK's strength

In the years since 1950 when FDK began selling carbon-zinc batteries, we have released a series of new products, from alkaline batteries, ferrites for deflection yokes, core memories, rotary transformers and optical isolators, and more. Since 2010, we have expanded our Ni-MH battery, lithium battery, and power supply businesses through corporate acquisitions. Our portfolio has changed over that period, and today we have a very well-balanced portfolio. As our main income sources have changed over time, we have amassed a great deal of technology within the company, and this has become our greatest source of strength. We will continue to develop technologies that are ahead of their time and organically reorganize our portfolio to grow the company's value.

Another source of our strength is our people. When I became president five years ago, I had a sense of FDK as a group of professionals. In addition to the engineers who were tirelessly striving to create good products, the sales people, corporate departments, and many of the other employees had opinions on how to make the

company even better. Over the course of the company's long history, FDK has tried and learned many things, and worked hard to create added value. The culture that drives the company to take on challenges is built on the experience of repeatedly making new things based on lessons learned from past mistakes and painful experiences.

Going forward, the ability that I most want to develop in our employees is the ability to manage risk. I want to foster the kind of human resources who are always able to anticipate future events and react appropriately when they occur, to enable the company to respond as needed in this age of high uncertainty. As this is not easy, we have the “And Game” guidelines. In order to satisfy all stakeholders, it is important that employees are able to make judgments for themselves about what kind of work they should do when the need arises. If each and every one of us can act autonomously without waiting for orders from above, the organizational gears will mesh smoothly together and the organization itself will develop autonomously. This is the kind of company I want us to become.

Progress on the five materialities

Let me quickly review our progress on the five materialities.

Provision of safe and reliable electric energy

This is the very nature of our business, as well as our value to society. As I said when talking about new businesses, we are preparing to take on challenges to meet expected future demand, including new products such as all-solid-state batteries and nickel zinc batteries as well as new fields such as hydrogen absorbing alloy applications.

Coexistence with the global environment

To meet our target of 100% renewable energy usage by 2030, we continue to pursue energy conservation measures that include replacing aging equipment at our locations, reducing peak power consumption, and purchasing non-fossil-fuel energy certificates. We are using roof space for solar power generation at our Takasaki Plant. We also began using solar power at our Tottori Plant in 2024. As of last fiscal year, our ratio of renewable energy use in Japan was approximately 13%.

Promotion of diverse human resources

We are setting human capital management KPIs, building a PDCA cycle, and formulating the basic framework for a 360° evaluation system. As a result of our efforts to create a health management policy, build health promotion systems, and implement activities, we have become a Certified Health & Productivity Management Organization for 2024.



Solar panels installed at the Takasaki Plant (Gunma Prefecture)

We are investing in our employees with side-job system design, comprehensive e-learning, ongoing language study abroad, full self-development curricula, and increasing the company share of costs for remote education and English conversation courses. We are also improving compensation by raising wage levels, building bonus distribution frameworks for meeting targets, and other measures.

In the Employee Satisfaction Survey that we launched in 2020, scores have gone up annually, confirming that our various initiatives are having the desired effect.

Sustainable enhancement of corporate governance/ Improved risk compliance

We have established a Group Business Management Office, the main aim of which is to enhance internal audit systems for overseas offices. It serves as the contact point for running the monitoring PDCA cycle.

Contribution to the sustainability of local communities and society

At our locations, we have been engaged in activities rooted in the local community for many years, with community clean-up activities at the forefront. In FY2023 as well, we supported local communities with a range of activities that included environmental awareness events and concerts, operating classes at local schools, and sales of goods from vocational aid facilities.



Solar panels installed at the Tottori Plant (Tottori Prefecture)

Leaving the comfort zone to aim even higher

Batteries are a clean energy source that do not release CO₂ during use, and their role in society will grow in the future. Combining secondary batteries with non-CO₂-emitting power generators such as solar power systems can significantly contribute to decarbonization. The business of FDK is the manufacture of highly energy-efficient batteries, and increasing their use around the world can directly contribute to preserving the global environment. There is a lot, then, that we can do.

We have made “Leave the comfort zone” the theme for FY2024 with the aim of further raising the overall level of our company. After five long years as president, it occurred to me that I have perhaps become complacent and prone to resting on my laurels, so this also

applies to me personally. If we raise the tension just slightly and shift gears, we can change ourselves, change our organization, and ultimately, change our company. Customers will pay accordingly for employees who work with enthusiasm and products and services that provide high added value. The profits are returned to the shareholders and spent on employees and the business’s future. I want to ensure the continuity of this cycle.

We still have many weaknesses as a company, but that is precisely why I believe we have so much capacity to grow. We will pursue “And Game” so that we can continue to be a company that is needed by society.



FDK History

FDK (then Tokyo Denki Kagaku Kogyo Co., Ltd.) began manufacturing carbon-zinc batteries in 1950, and has since delivered a wide range of electronic devices, alkaline batteries, lithium batteries, and Ni-MH batteries to the world.

Going forward as a Smart Energy Partner that assembles advanced technologies, the company 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.



1950-1980

Founding

Founded at Washizu, Kosai-shi, Shizuoka. The company consolidates its business foundations as a dry cell battery manufacturer amid extra demand of the Korean War. It later enters the electronic devices business through its research into ferrites.

- 1950**: Begins manufacture and sales of carbon-zinc batteries
- 1959**: Begins manufacture of ferrites
- 1960**: Begins manufacture of core memories; enters electronic components industry
- 1967**: Begins production of alkaline batteries
- 1973**: Releases DC-DC converters
- 1975**: Begins sales of stepping motors



Evolution of core technologies

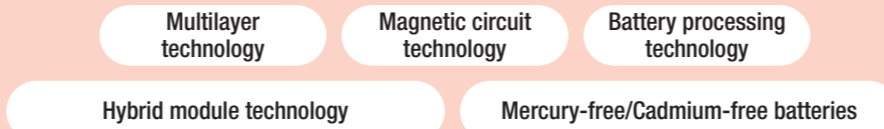
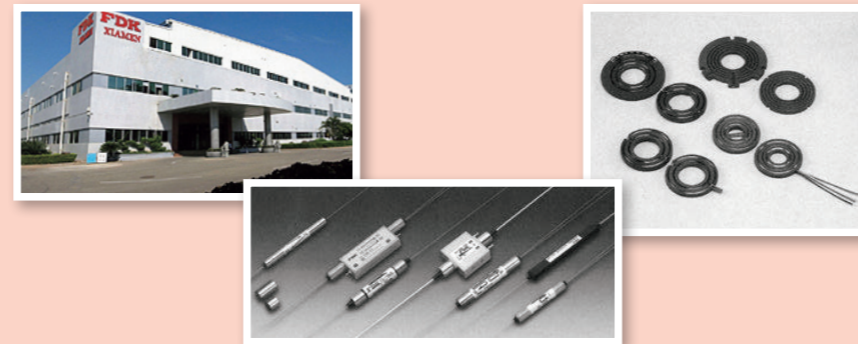


1980-2000

Expansion and globalization

Electronic devices business flourishes, and lithium batteries go on sale. Expands production bases and sales network from Japan to the global stage.

- 1981**: Establishes FUCHI ELECTRONICS CO., LTD.; begins sales of rotary transformers
- 1982**: Develops optical isolators
- 1983**: Begins sales of lithium batteries, toner
- 1992**: Begins sales of non-mercury alkaline batteries; establishes FDK ELECTRONICS GMBH
- 1993**: Develops optical switch
- 1994**: Establishes XIAMEN FUCHI ELECTRONICS CO., LTD. (now XIAMEN FDK CORPORATION)
- 1999**: Begins sales of multilayer power inductors for high-frequency applications

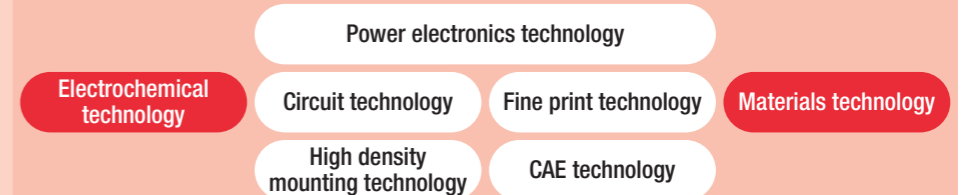


2000- present

Selection and focus for growth

Low-cost manufacturing system through efficient production systems and cost reductions. Profitable growth of core businesses and launch of new business.

- 2002**: Develops world's smallest variable optical attenuator
- 2009**: Transfers stepping motor business to Minebea Co., Ltd.
- 2010**: Acquires SANYO Energy Twicell Co., Ltd. and SANYO Energy Tottori Co., Ltd.
- 2012**: Begins sales of low self-discharge Ni-MH batteries
- 2015**: Transfers optical components business to KOHOKU KOGYO Co., Ltd. Acquires Fujitsu Telecom Networks Limited
- 2018**: Issues first series of stock acquisition rights via third-party allotment for investment in new businesses
- 2019**: Transfers ferrite core, coil device, multi-layer power inductor, Ceramic products business to Nagano Japan Radio Co., Ltd. Begins shipping samples of all-solid-state SMD batteries
- 2023**: Begins shipping samples of Bluetooth® Low Energy modules
- 2024**: Acquires Baotou Santoku Battery Materials Co., Ltd.



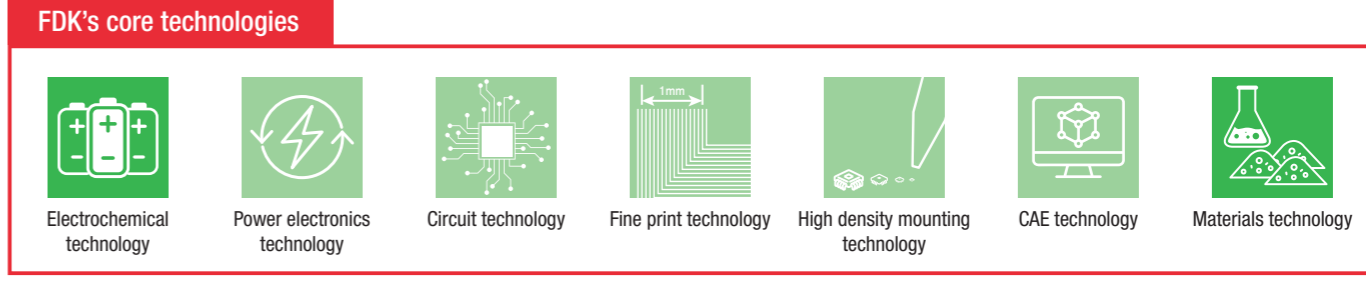
*The Bluetooth® word mark is a trademark of Bluetooth SIG, Inc.

Our Businesses

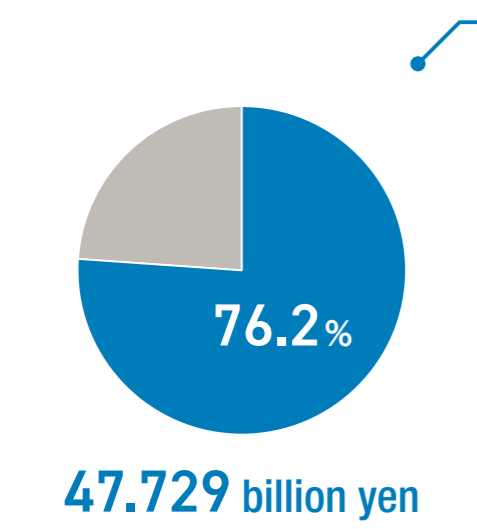
The FDK Group supports lives by providing convenience and comfortable living to people around the world and working to preserve Earth-friendly and life-friendly environments.

We provide a diverse range of batteries and electronic devices that support people in various facets of their daily lives, the ever-evolving digital environment, and the smart cities of the future.

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.



FY2023 Consolidated Net Sales
62.676 billion yen



Batteries business

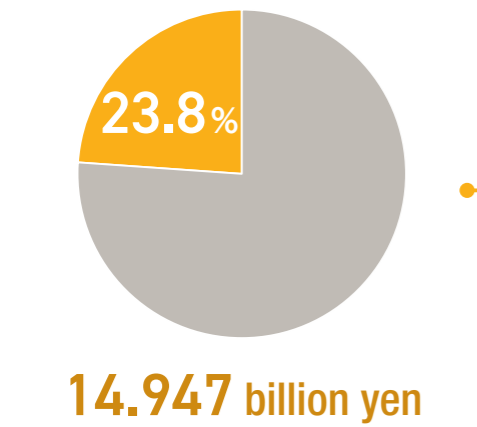
Ni-MH batteries are very safe and environmentally friendly. They are used to supply power for household appliances and in-vehicle emergency call systems, as backup power supplies for other applications, and more. Ni-MH batteries come in a wide variety of models for multiple applications, and they can be used as a backup power supply when combined with charging/discharging circuits.

Alkaline batteries are very familiar to us in our daily lives. We leverage our solid experience and know-how to produce high-performance alkaline batteries. Their applications are endless, and they are essential in many products.

Lithium batteries provide high voltages and a long life. With a low self-discharge rate and a wide operating temperature range, "primary lithium batteries" are used in a wide range of applications, from residential fire alarms to smart meters for water, gas, and electricity, and thin-type primary lithium batteries are both extremely thin and long lasting and can be installed on cards such as credit cards.

Beginning with energy savings by reducing compressed air consumption using mechanical drive technology, FDK ENGINEERING CO., LTD. supports sustainable manufacturing by our customers with full automation equipment and other technologies that address decarbonization, labor shortages, and other issues.

Mainstay Products	Use	Required Core Technologies
<p>Ni-MH batteries</p>	<p>eCall</p>	Electrochemical technology CAE technology Materials technology
<p>Alkaline batteries</p>	<p>Remote controllers</p>	
<p>Lithium batteries</p>	<p>Fire and gas alarms</p>	



Electronic devices business

Electronic devices support the digital environment. We provide electronic electronic devices according to customer needs, from switching power supplies that are used to power various devices, to various kinds of modules to control mobility-application electronics and other devices, as well as toner for large-scale printers.

Mainstay Products	Use	Required Core Technologies
<p>Toner/Bluetooth® Low Energy modules</p>	<p>Large printers</p>	Power electronics technology Circuit technology Fine print technology High density mounting technology CAE technology Materials technology

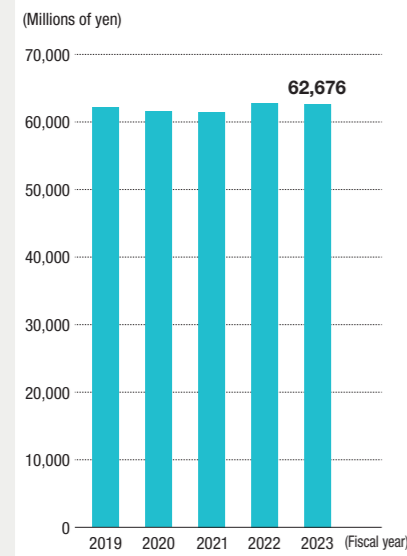
Financial and Non-Financial Highlights

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 devices 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 impact on the environment.

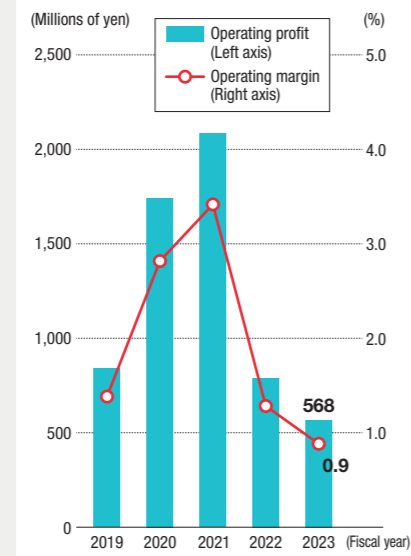
In recent years, we have actively expanded human capital management on the basis of the slogans “a company to be proud of, a office you want to recommend to your precious people,” and “job satisfaction.” Moreover, through measures such as promoting diverse human resources and evolving our education system, we are focusing on “Enhancement of the value of human resources,” “Reform relating to job satisfaction,” and “working environment reform.”

Financial information

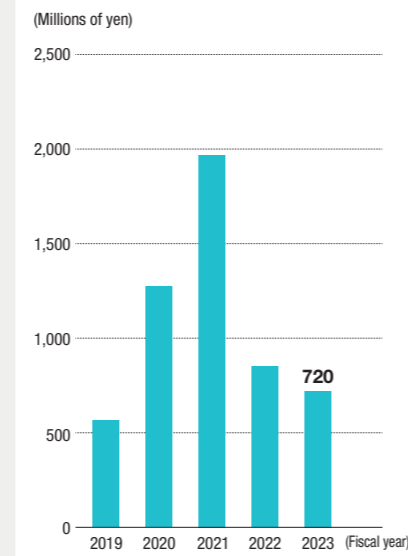
Net sales (consolidated)



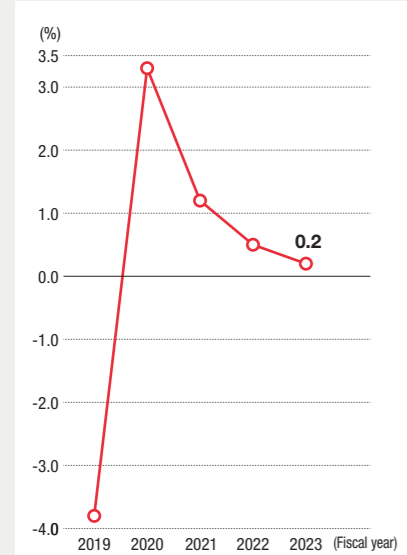
Operating profit (consolidated)/Operating margin



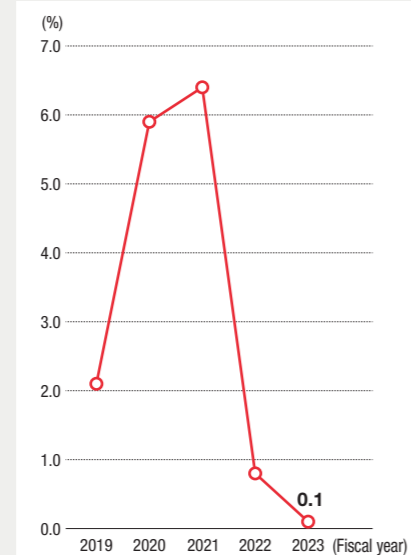
Ordinary profit (consolidated)



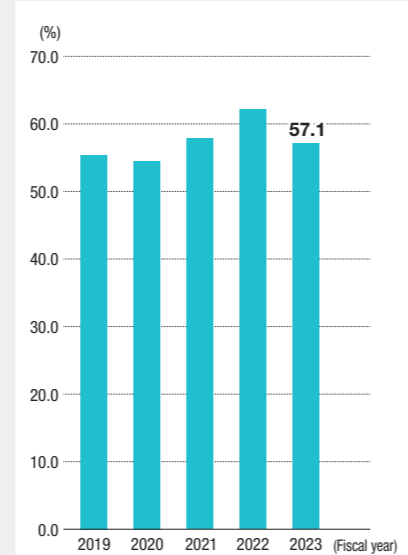
Net profit margin



ROIC



Domestic sales share

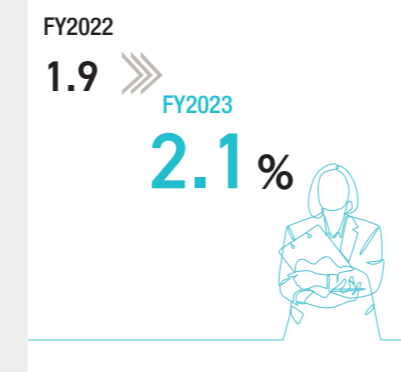


Net sales have remained above the 61-billion-yen level since FY2019, when we sold off parts of our electronic devices business. In terms of profit and loss, we had an operating profit of 2 billion yen in FY2021. This was achieved by improving profitability through selection and focus on certain areas of the electronic devices business, transferring some businesses, and reforming our profit structure through system for the support of life

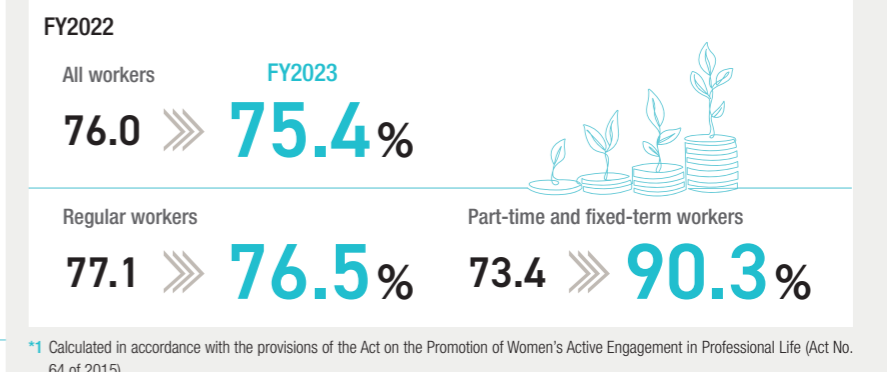
stage transitions and other measures. Despite a decrease in profits caused by negative external factors against which we lacked the necessary resilience, such as soaring raw material prices and utility costs, our core business has grown steadily since FY2022, and both operating profits and ordinary profits were positive for the 7th period in a row.

Non-financial information

Rate of women in management positions

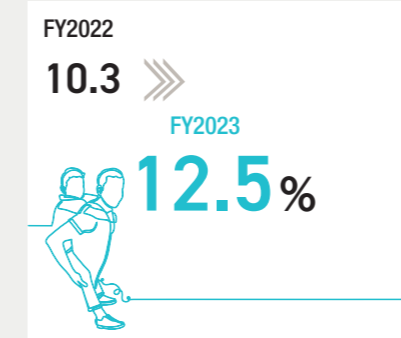


Gender wage gap^{*1}



*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).

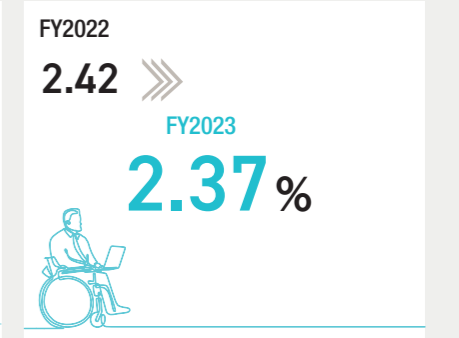
Rate of male employees taking childcare leave^{*2}



Education and training costs per person



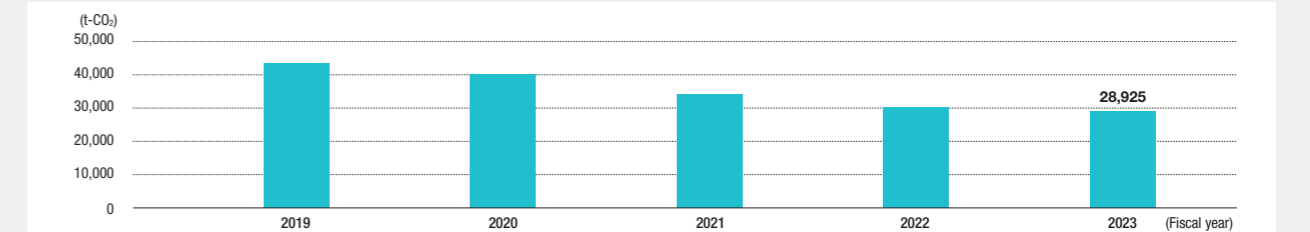
Rate of employees with disabilities^{*3}



*3 Calculated in accordance with the provisions of the Act to Facilitate the Employment of Persons with Disabilities (Act No. 123 of 1960).

*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).

CO₂ emissions^{*4}



*4 Calculated as the total of Scope 1 and location-based Scope 2, according to the GHG Protocol. The factors for conversion from purchased electricity have been changed and are now calculated as market-based factors domestically and as 0.57 tons of CO₂ per megawatt-hour overseas.

Education and training costs per person

Per person education and training costs were reduced year on year due to streamlining of the company-wide education system and a reassessment of curricula in terms of effectiveness.

Approach to Value Creation

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.

Practicing "And Game"

FDK Group Strategy Framework

10 Years' Scheme

«OUTPUT»

«OUTCOME»

Philosophy

Inspiring transformation; shaping the future and creating happiness.

P.1

Vision

Smart Energy Partner

Status-to-be

Our Offerings

Reliability Safety Environmental conservation + α

Utilization of electric energy

Responding the diversifying needs of customers

Contributions to sustainable society

Mid-Term Business Plan

R2

2023-25

P.17

R3

2026-28

R1

2020-22

Batteries business

Electronic devices business

Ni-MH batteries

Alkaline batteries

Lithium batteries

Electronic devices

Manufacturing facilities and equipment

Five Materialities «Prioritized Issues»

«FDK's core technologies»

Power electronics technology

Circuit technology

Fine print technology

High density mounting technology

CAE technology

Materials technology

«Enhancing Capital» P.13, 14

Intellectual capital

Manufacturing capital

Human capital

Financial capital

Social and relationship capital

Natural capital

FDK Group Corporate Conduct Guidelines

Story // Mid-Term Business Plan and Materialities

Mid-Term Business Plan R2 progress and sustainability initiatives

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-year scheme" that proposes the status-to-be for FY2029. To make this status-to-be a reality, in April 2023 we created the Mid-Term Business Plan R2 (FY2023–FY2025).

In FY2023, the first year of R2, we worked on growing and strengthening our existing businesses. This work included commercializing our Bluetooth® Low Energy modules that are expected to be mounted in the electronic devices business's mobility-related products, and pursuing development aimed at the power backup market and in-vehicle application market with high recyclability Ni-MH batteries.

For new businesses, we are looking to the Mid-Term Business Plan R3 and beyond. We have been pursuing initiatives aimed at practical applications, such as expanding sample shipments of low-environmental impact nickel zinc batteries that do not contain lead or other hazardous substances.

We also added BAOTOU FDK CO., LTD. as a new consolidated subsidiary in order to secure a stable supply of hydrogen-absorbing alloys that are a key component in Ni-MH batteries. This will also enable us to grow into a Group that can become a global leader in hydrogen storage and serve the future hydrogen-based society.

In addition, we have launched a digital transformation (DX) project throughout the company aimed at environmental management and carbon neutrality, and began health management aimed at creating workplaces conducive to continued work in good health. We are promoting initiatives to grow corporate value sustainably, including Digital Transformation Certification and recognition as a 2024 Certified Health & Productivity Management Organization.

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 scales through structural reforms

2. Develop and launch new businesses

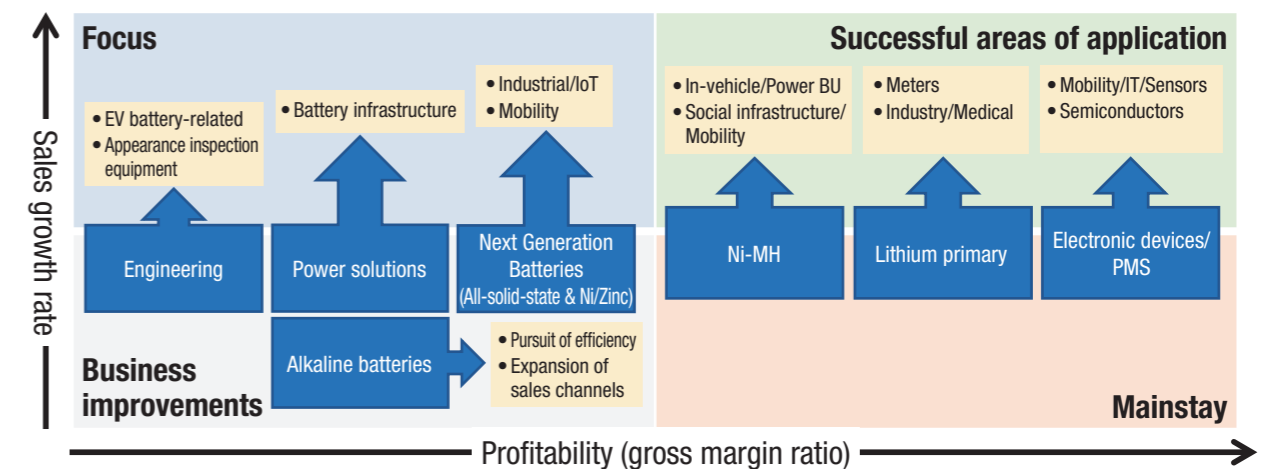
- Full-scale operation of the next-generation battery business and the solutions business
- Develop the elements for the more advanced generation battery business and solutions business

3. Cultivate a culture of mutual acknowledgement and enhancement

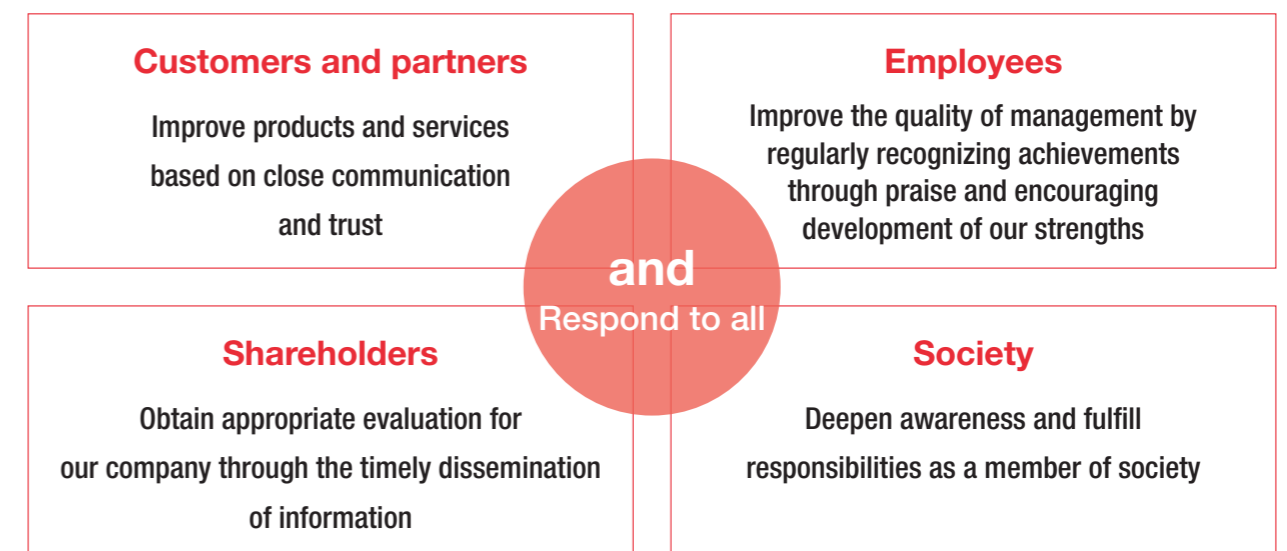
- Build a system that enables each individual to demonstrate his or her abilities
- Improve the quality of management, including governance

Accelerate the profitable growth of core businesses and develop/launch new businesses (Pillars 1 and 2)

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



Cultivate a culture of mutual acknowledgement and enhancement (Pillar 3)



Story // Mid-Term Business Plan and Materialities

The FDK Group has 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 electrical energy in a safe and efficient manner, and contribute to materialization and development of sustainable society.”

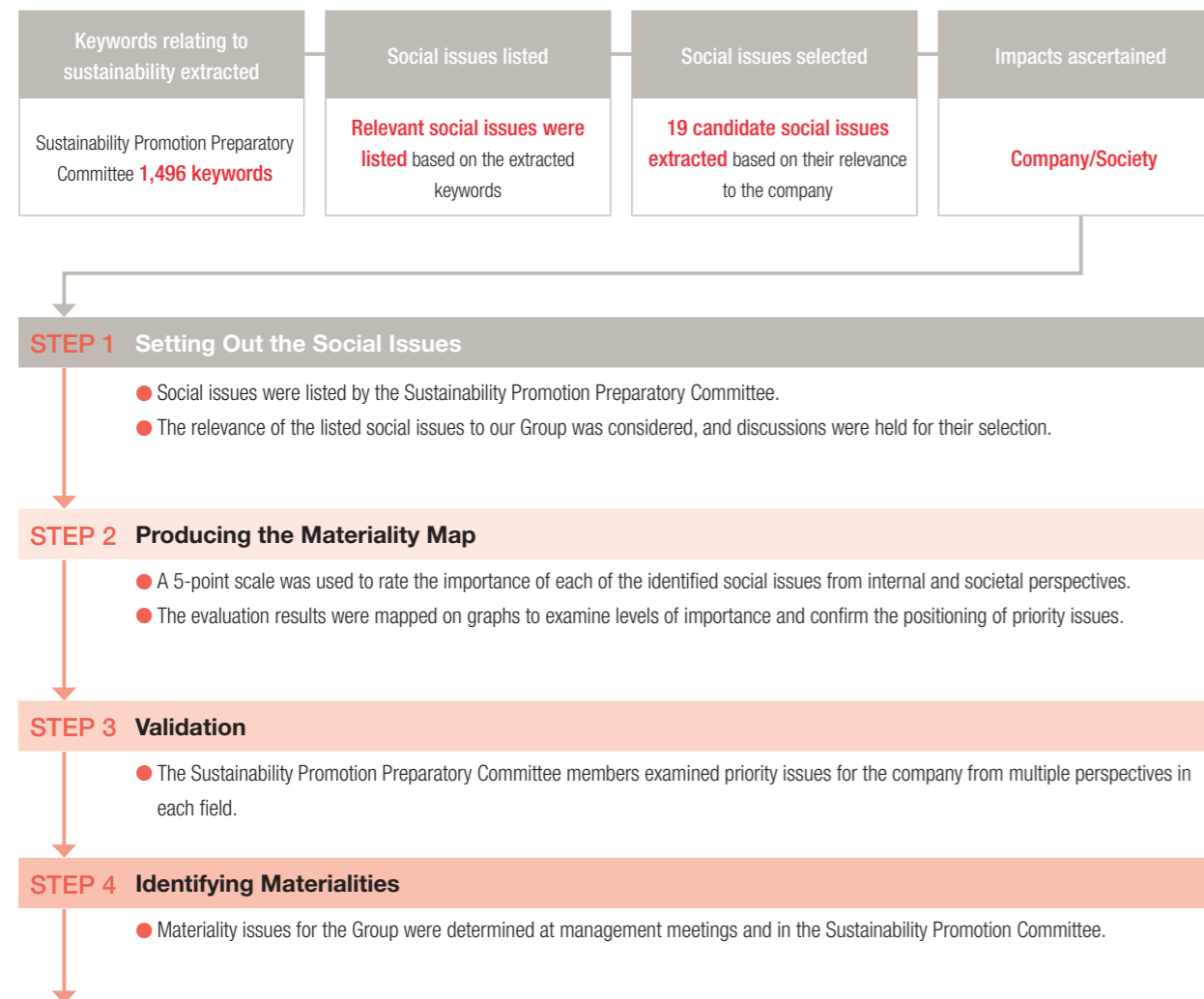
Through its business activities, the Group aims to realize the five materialities it has identified and to achieve sustainable development of society and enhancement of its corporate value.

The Materiality Identification Process

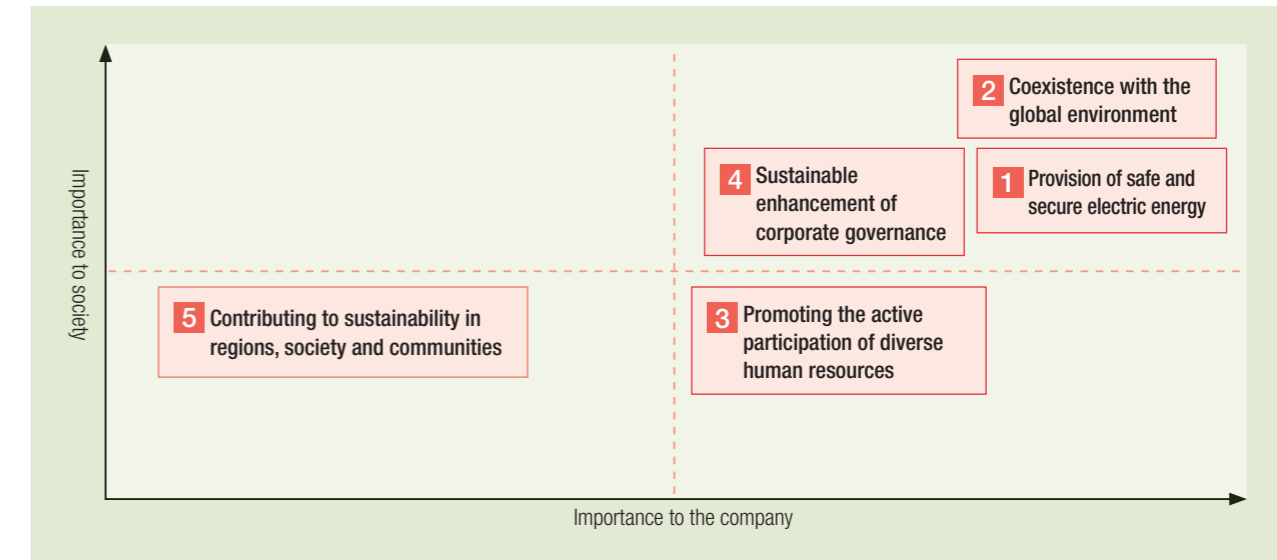
In identifying materialities for the FDK Group, we established an internal “Sustainability Promotion Preparatory Committee,” whose members identified social issues and then evaluated each candidate materiality from the viewpoint of its importance to the Group and its stakeholders. Five materialities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

Beginning in FY2022, we have been setting KPIs for each materiality and accordingly implementing initiatives for each business division, etc.

The Social Issue Identification Process



The FDK Group’s Five Materialities (Prioritized Issues)



Materialities	Materiality measures for the company	ESG category	Relevant SDGs
1 Provision of safe and secure electric energy	<ul style="list-style-type: none"> Provide products and solutions that serve to support a sustainable society 	E/S	
2 Coexistence with the global environment	<ul style="list-style-type: none"> Promoting a recycling-oriented society Responding to climate change Contributing to the global environment 	E	
3 Promoting the active participation of diverse human resources	<ul style="list-style-type: none"> Creating an environment in which all employees can realize their full potential Creating a healthy workplace where employees can continue growing their careers 	S	
4 Sustainable enhancement of corporate governance	<ul style="list-style-type: none"> Based on the perspectives of stakeholders, strengthen systems and supervisory functions to realize swift decision-making with transparency and objectivity ensured when it comes to corporate management Strengthening the foundation of our risk compliance system Strengthening internal controls Compliance with laws and social norms along with thoroughly undertaking conduct based on high ethical standards 	G	
5 Contributing to sustainability in regions, society and communities	<ul style="list-style-type: none"> Connecting with local communities and bringing to fruition a world full of smiles 	S	

Story // Business Strategies

Batteries business

⚡ Ni-MH batteries



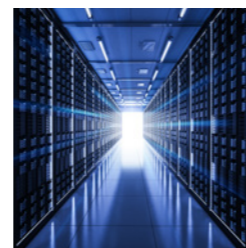
Growth strategy

We are accelerating the transformation of our business model with the goal of securing sales of 23 billion yen and an operating margin of 5% or more in 2025. By leveraging the technology capabilities we have cultivated, we are developing new products that have the temperature ranges, discharge, long life, and recyclability required by target markets, with the goal of increasing our high-value-added model share from 60% to 70%. We will expand sales for industrial applications, reduce the use of high-cost materials, automate manufacturing processes, and reduce processing and transport costs, etc. to strengthen cost competitiveness and achieve business growth.

Focus markets



In-vehicle application



Power backup

▶ Acquired patents

351

⚡ Alkaline batteries



Growth strategy

In the domestic market, we will deploy a sales strategy that focuses on “Japan-made reliability,” “environmental compatibility” and “disaster prevention stockpiling” to cultivate and build sales in drugstores, DIY stores, supermarkets, and mail order company, as well as acquiring new sales in the growing private brand sector.

In terms of products, we will refine our existing product and manufacturing technology and develop new technologies to answer calls to contribute to SDGs.

Focus markets



Drug stores/DIY stores/
Supermarkets



Mail order company/Online

▶ Acquired patents

137

⚡ Lithium batteries



Growth strategy

We aim to increase our worldwide share by further expanding the smart meter-related market that is our core business and developing new markets in the industrial (DX/IoT) and medical devices sectors. We will leverage the technology we have cultivated over many years to develop new products that are especially safe and long life and provide even more appealing lithium batteries to the market so as to continue to grow our business and contribute to the development of society.

Focus markets



Smart meter-related



Industrial/Medical

▶ Acquired patents

112

⚡ Engineering



Growth strategy

At FDK ENGINEERING CO., LTD., we work to raise the value of our business with stronger marketing and the further development of new customers.

We will build on our half-century of experience in component assembly technology and ability to propose concepts and strengthen our software development for AI-driven inspection imagers and other equipment, in order to provide the optimal equipment configurations for our customers' needs. We are growing into a trusted manufacturer that handles equipment in a wide range of fields, including automobiles, batteries, electrical and electronic devices, and medical devices.

Focus markets



Equipment for automobiles

▶ Acquired patents

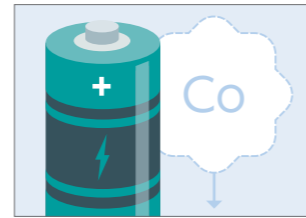
16

Sustainability initiatives in the batteries business

Ni-MH battery business initiatives Designing and developing products that contribute to improved resource efficiency

For our Ni-MH batteries for home appliances, we have been developing a product that reduces quantities of cobalt used, which is a rare metal. By working with customers and improving the product design, we received an approval for the product's performance, and mass production began in September 2024.

In 2023, we reached the five-billion cells in total Ni-MH batteries produced. Going forward, we will continue to provide attractive new products that contribute to improved resource efficiency, and work on product development and production to reach the six- and seven-billion cells.



Alkaline battery business initiatives Pursuing plastic reduction/elimination in products

We are reducing and eliminating plastic use and have brought to market "Sustainapack" 100% paper packing for some of our alkaline batteries. Furthermore, we produce environmentally friendly products that use paper certified by the Forest Stewardship Council.

At our Washizu Plant (Shizuoka Prefecture), where we manufacture alkaline batteries, we have been promoting eco-friendly rail shipping including through the production of products compliant with the Act on Promoting Green Purchasing, earning us the Eco Rail Mark.



Lithium battery business initiatives Making better batteries with low self-discharge rates that can be stored and long term use

Optimized material design and laser sealing give our lithium batteries 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, providing a long service life and long-term reliability.

Depending on the product, the batteries can be used in a wide range of temperatures, ensuring long-term operation of equipment indoors and out.

Our lithium batteries are also environmentally friendly as they do not use hazardous substances subject to regulation under the RoHS Directive.



FDK ENGINEERING CO., LTD. Initiatives Working together with local communities

As a part of regional society, FDK ENGINEERING CO., LTD. works with various communities and engages in pleasurable and positive social contribution activities that create connections.

In FY2023, we reached out to vocational training students at local junior high schools and special support schools and offered opportunities to explore our manufacturing worksites. Going forward, we will continue to encourage interest and excitement in manufacturing through practical experiences not available in the classroom and provide opportunities to discover the joy of work.



Electronic devices business

Growth strategy

With elevating business value and transforming our business model as key messages, we work to develop products together with our customers and expand sales by utilizing differentiation and our technical capabilities.

We are focused on acquiring new businesses linked to all-solid-state batteries and various modules for mobility applications and switching power supplies for semiconductor devices. In particular, we are aiming to develop new customers for our new Bluetooth® Low Energy module products and acquire businesses in collaboration with trading companies.

Focus markets



Semiconductors/LCDs



Mobility

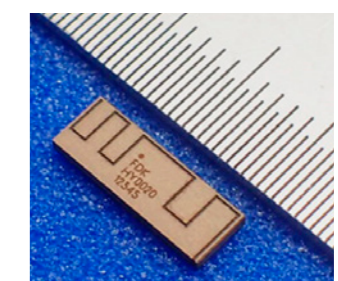
Acquired patents

170

Sustainability initiative Commercialization of world's smallest Bluetooth® Low Energy modules

In the electronic devices business, we are tackling environmental issues, reducing resource consumption by developing smaller products, and helping to reduce environmental impacts.

We have realized ultra-compact modules with integrated antennas measuring 3.5 x 10 x 1 mm for use with wireless communication in IoT and other devices. These products contribute to energy conservation through resource conservation and low-power communications by making devices smaller and lighter. They are expected to be used in a wide range of applications that make use of sensors to monitor people and improve work efficiency, including wearables, healthcare, and tracking.



World's smallest as of May 27, 2024.
Based on FDK's survey.
Shield-type module with built-in antenna;
32 kHz/32 MHz; integrated crystal oscillator

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.”

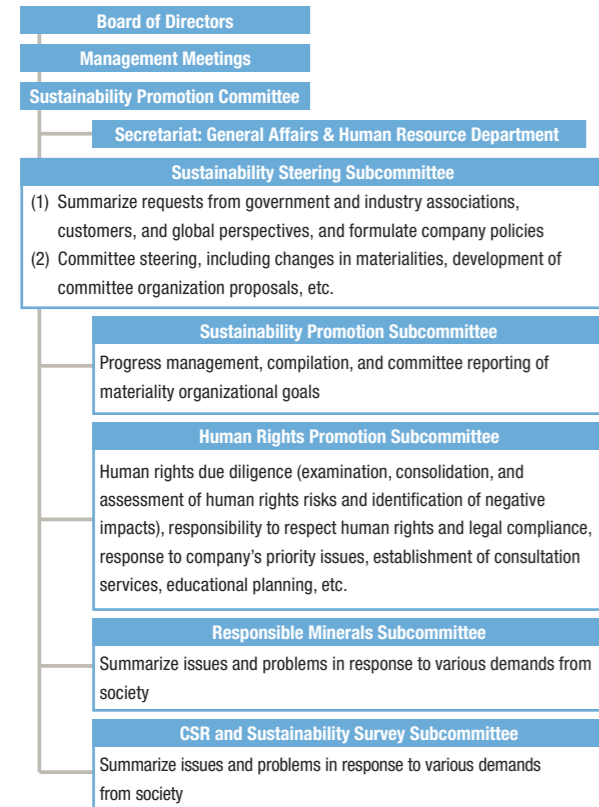
Sustainability Promotion Framework

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

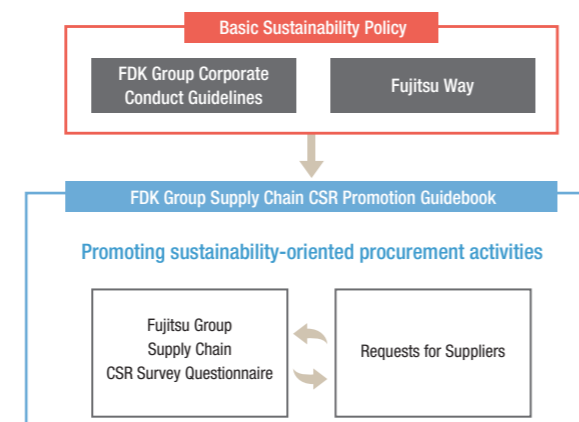
Chair	: President & CEO
Vice-Chair	: Director (Corporate Officer) for Corporate Headquarters
Members	: Group Presidents, General Managers, Director of Legal and Intellectual Property Dept., Director of Corporate Auditing Dept.
Secretariat	: General Affairs and Personnel Department

Promotion Framework



Sustainability-conscious Procurement Activities

Based on the FDK Group Basic 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 consider 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 comprising our supply chain to do the same.



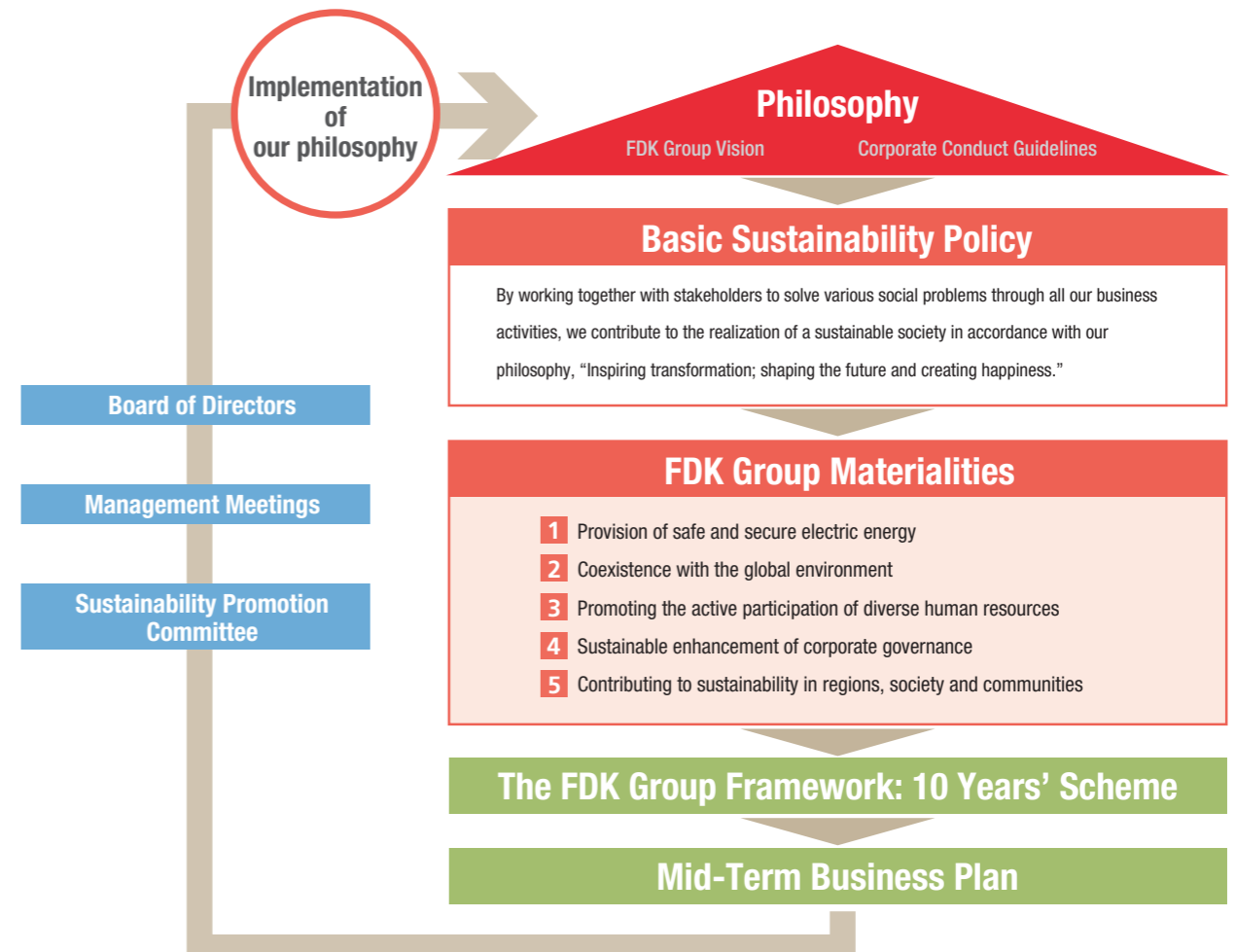
Responsible Mineral Procurement Policy

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 any problematic refineries or other business proprietors are removed 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

The FDK Group has defined five materialities based on its Basic 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 its five materialities.

The State of Sustainability Management in the FDK Group



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*1 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	Targets	FY2023 result
1 Provision of safe and secure electric energy Provide products and solutions that support a sustainable society	■ 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. [Actual applications] 1. Smart Infrastructure 2. Smart Home & Office 3. Smart Retail Store 4. Smart Factory & Mobility	1. Smart Infrastructure Develop products for social infrastructure applications, develop new products to improve performance 2. Smart Home & Office Develop products for home appliance applications, develop new products to improve performance, carry out performance assessments 3. Smart Retail Store Start mass production of products for storage/power backup applications, develop new products to improve performance 4. Smart Factory & Mobility Mass produce in-vehicle applications products and develop new products	1. Smart Infrastructure Shipped Ni-MH battery samples, promoted development of new lithium battery products, and carried out internal performance assessments of next-generation batteries 2. Smart Home & Office Shipped Ni-MH battery samples, promoted development of new alkaline battery products, started mass production of new electronic devices, and carried out performance assessments of next-generation batteries 3. Smart Retail Store Promoted development of new Ni-MH, lithium, and next-generation battery products 4. Smart Factory & Mobility Launched mass-produced Ni-MH batteries and developed new products, promoted development of new electronic devices and next-generation battery products
2 Coexistence with the global environment Responding to climate change	■ Contributing to carbon neutrality 1. Adoption of renewable energy: 100% or more by 2030 2. Integrated management of achieved emissions in Scope 1 to Scope 3 3. Energy conservation activities: 1% reduction/year = 7% reduction by FY2029	1. Rate of renewable energy adoption in FY2023: 12% 2. Collect information from suppliers and establish a system for management of Scope 3 emissions 3. Identify energy conservation measures and implement measures to achieve targets Systematic renewal of aging facilities	1. Achieved target on left for rate of renewable energy adoption in FY2023 (12.7%) 2. Studied industry-standard methods for gathering information for managing Scope 3 emissions 3. Set electricity reduction targets at each site, and worked to achieve them
Contribution to the materialization and involvement of a sustainable society	■ Collaboration with stakeholders 1. Promote collaboration within the supply chain 2. Restructure internal systems 3. Promote collaboration with external organizations in Japan and abroad 4. Propose international standards 5. Maintain 100% rate in surveys conducted on chemical substances contained in products 6. Maintain 100% rate in surveys conducted on responsible mineral procurement	1. Continuously conduct Fujitsu Group RBA surveys of suppliers (including business partners) 2. Organize information relating to RBA, CDP, responsible minerals procurement requirements 3. Organize the requirements of RBA, CDP(*2), and responsible minerals procurement, establish procedures for internal feedback and external responses 4. Contribute to international standards through the Battery Association of Japan 5. Maintain 100% rate in surveys conducted on chemical substances contained in products 6. Maintain 100% rate in surveys conducted on responsible mineral procurement	1. Fujitsu Group RBA survey of suppliers was conducted, and the results were provided. 2. Requirements were identified and organized through various surveys. 3. Conducted in-company hearings regarding RBA, CDP, and responses to responsible mineral procurement and gathered information on areas where we failed to meet targets. 4. Continued this work. 5. Continued this work. 6. Continued these activities.
Promoting a recycling-oriented society	■ Effective use of resources: Effective use of resources from various perspectives *Efficiency, long life, reduction, savings, recycling 1. Design and develop products that contribute to conservation of resources 2. Design and develop products that contribute to improved resource efficiency	1. Design and develop products that contribute to conservation of resources Design and develop resource-conserving products, reduce materials procurement and waste, reduce usage of rare metals 2. Design and develop products that contribute to improved resource efficiency Reduce volume of materials used, assess plastic reduction/biomass film, improve material usage rate	1. Design and develop products that contribute to conservation of resources Promoted the design and development of resource-conserving Ni-MH, alkaline, and lithium battery products, the reduction of materials procurement and waste in the electronic devices business, and the reduction of rare metals usage in developing next-generation batteries 2. Design and develop products that contribute to improved resource efficiency Reduced material usage in Ni-MH batteries, studied plastic reduction/biomass film for alkaline batteries, and improved material usage rate for next-generation batteries
3 Promoting the active participation of diverse human resources Creating an environment in which all employees can realize their full potential	■ Enhanced investment in human resources (education) ■ Promotion of diversity (inclusion) 1. Support continued recruitment of people with disabilities 2. Facility development (expansion of universal design) ■ Career and skills development support 1. Increase in the rate of management positions held by women *150% of the FY2021 level by FY2025 2. Support for 2nd careers	1. Capacity building • Brush up training curricula/build capacity • Enhance training for young employees 2. Talent management (human resources development) • Enhance the development of the next generation of leaders • Plan and implement language education for the development of global human resources 3. Provide learning opportunities • Promote the use of e-learning, remote learning, and the Dojos • Foster a culture of self-directed learning, improve employee skills and motivation 1. Engage in recruitment activities for people with disabilities and improve knowledge and understanding on the part of departments receiving employees with disabilities 2. Formulate human rights policy 1. Hold International Women's Day seminars 2. Conduct career design training for senior employees	1. Capacity building • Overhauled company-wide education plans, and carried out group training for executive employees according to plan • Added occupation aptitude diagnostics to training programs for mid-level employees and implemented measures to boost work motivation and improve task aptitude 2. Talent management (human resources development) • Refined curricula to further enhance training for cross-cultural understanding • In the language study abroad program, a new student studied abroad and worked to improve their cross-cultural understanding and communication abilities 3. Provide learning opportunities • Reassessed grants for e-learning course costs, with an eye to increasing opportunities for self-development 1. • Held hearings on duties in which employees with disabilities can engage, worked to raise the level of understanding in receiving departments and eliminate post-hire mismatches, and firmly established employment • Rate of people with disabilities among all employees: 2.37% 2. Formulated a human rights policy and posted it on the company website 1. Held in-company seminars to discuss gender equality from the point of view of work-life balance, diversity acceptance, and other issues 2. Conducted career design training for senior employees 55 and over

*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.

Story // Five Prioritized Initiatives

Prioritized initiative/Materiality Prioritized theme	Medium- to long-term target	Targets	FY2023 result
<p>3 Promoting the active participation of diverse human resources</p> <p>Creating a healthy workplace where employees can continue growing their careers</p>	<p>■ Provision of safe and healthy workplaces: Promoting comfortable workplaces</p> <ol style="list-style-type: none"> Thoroughly reduce occupational health and safety risks Enhance occupational health and safety education 	<ol style="list-style-type: none"> Implement activities to reduce occupational health and safety risks Reassess health and safety education and training plans 	<ol style="list-style-type: none"> At the Kosai and Washizu Plants, improved efficiency by integrating health and safety and environmental management system processes, and integrated manuals and documentation Performed health and safety patrols at all plants, and shared information via mutual exchange among plants Provided e-learning to all employees under the theme, "fostering and establishing a safety-first culture"
	<p>■ Implementing health management</p> <ol style="list-style-type: none"> Obtain recognition as a Certified Health & Productivity Management Organization Enhance work-life balance <ul style="list-style-type: none"> Measures to combat long working hours Improve paid leave uptake rate (uptake rate: 70%) Support balancing work and childcare/nursing care (uptake rate among male employees: 30%) Employee health promotion <ul style="list-style-type: none"> Reduce number of high-risk individuals in periodic health checkups/Improved employee communication 	<ol style="list-style-type: none"> Aim for recognition as a Certified Health & Productivity Management Organization Visualize the paid leave uptake situation, company-wide stress-check measures, support childcare/nursing care and work balance Enhance health education 	<ol style="list-style-type: none"> Received 2024 Health & Productivity Management Organization certification Visualized the paid leave uptake and long overtime situations, performed company-wide stress checks Revised system so that employees can use accumulated leave when a child is born Published "Newsletter on Health" four times a year to promote health understanding
<p>4 Sustainable enhancement of corporate governance/Improved risk compliance</p> <p>Based on the perspectives of stakeholders, strengthen systems and supervisory functions to realize swift decision-making with transparency and objectivity ensured when it comes to corporate management</p>	<p>■ Development of a corporate governance policy for the Group</p>	Develop corporate governance policy	<ul style="list-style-type: none"> Collated items related to corporate governance policies in internal regulations and external disclosure materials, then created a framework for a corporate governance policy.
	<p>■ Enhance accountability to stakeholders</p>	<ol style="list-style-type: none"> Enhance opportunities for dialogue with stakeholders and respond appropriately to their requests Shareholders and investors: Consideration regarding the implementation of dialogue, including information disclosure at general shareholders' meetings and on the website 	<ol style="list-style-type: none"> Responded to external investigations and inquiries as follows Responses to business partner surveys: 45 Media, investor, and shareholders: 41 Surveys and questionnaires from media and others: 24 Carried out appropriate information disclosure to shareholders and investors Gathered data for effective press releases and optimized press release distribution Revamped financial results presentation materials based on review of other companies' materials
	<p>■ Further integrate risk management into operational processes</p>	<ol style="list-style-type: none"> Enhance Risk and Compliance Committee operation Establish company-wide BCM management cycle 	<ol style="list-style-type: none"> In each department, identified major risks and uncovered potential risks Performed Fujitsu Group potential risk assessment, identified major risks in the company and organized/implemented countermeasures Formulated a company-wide BCM annual plan, conducted DRP/BCM simulation training at each location, and clarified the tasks
	<p>■ Strengthen operational risk control by implementing internal controls</p>	<ol style="list-style-type: none"> Enhance the internal audit system for the FDK Group Prevent misconduct and recurrence through early detection and rectification of misconduct 	<ol style="list-style-type: none"> Conducted internal controls, audits, etc. at domestic and overseas locations Surveyed information security at overseas locations and confirmed various operational improvements enacted in relevant departments Strengthened initiatives through exchanges of opinions and information and other means with internal-control-related departments of Fujitsu Limited Strengthened monitoring by linking up with auditing corporations, conducting on-site audits at overseas Group companies and holding hearings with local auditing corporations Conducted ongoing monitoring and assessments of corrective measures for cases of internal control deficiencies Conducted audits of overseas security export controls at overseas locations and confirmed various operational improvements Audited and confirmed effectiveness of business processes in domestic departments
<p>5 Contributing to sustainability in regions, society and communities</p> <p>Connecting with local communities and bringing to fruition a world full of smiles</p>	<p>■ Maintain a system for monitoring laws, regulations, and social norms/Ongoing education</p>	<ol style="list-style-type: none"> Promote use of the internal reporting desk and promptly respond to reports Conduct compliance education on an ongoing basis 	<ol style="list-style-type: none"> Internal reports received: 4 Conducted e-learning (100% attendance rate)
	<p>■ Dissemination of information to connect people</p> <ol style="list-style-type: none"> Communicate with society Support safe and secure living 	Disseminate information on disaster prevention	<ul style="list-style-type: none"> Disaster prevention information was broadcast every Monday on Sonaeru Radio on FM Salus Published an educational video on disaster prevention on social media Sponsored disaster awareness activities in conjunction with the Japan Weather Association's "Get to Know Disaster Prevention" program
	<p>■ Provide opportunities connected to the future</p> <ol style="list-style-type: none"> Provide learning opportunities Provide opportunities to create new value 	Support The Sound of Batteries Powered by the Sun concerts	<ul style="list-style-type: none"> 18 performances were held over the year in concert halls and similar venues
	<p>■ Contribution activities that bring smiles to people's faces</p> <p>Activities to contribute to local communities and society</p>	<ol style="list-style-type: none"> Activities to promote connection with local communities Activities to promote beautification of local communities Activities to promote environmental friendliness Activities to bring lives together 	<ol style="list-style-type: none"> Participated in local traffic safety activities and promoted the purchase of goods from vocational aid facilities Conducted cleanup activities around company plants and facilities and maintained local flowerbeds Collected used stamps and plastic bottle caps and donated them to schools Provided emergency supplies to food banks, conducted blood donation campaigns, and promoted Red Feather and Green Feather fundraising campaigns

Management System



Strategy

Risks

- Losses incurred due to scandal or violations of laws or regulations, including data tampering, embezzlement, and bid collusion, and the subsequent loss of trust in the company, loss of social trust, and damage to corporate value.
- Losses incurred due to insufficient accounting processes or internal control violations, and the subsequent loss of trust in the company, loss of social trust, and damage to corporate value.
- Lawsuits and claims for damages that occur from infringement of intellectual property rights of other companies.

Response to risks

- Improve corporate governance transparency (Mid-Term Business Plan, governance reports).
- Raise compliance awareness with Group-wide compliance education.
- Uncover risks of compliance violation and perform risk assessments.
- Operate an appropriate internal reporting system.
- Perform thorough surveys to ensure the appropriate registration of company's intellectual property and prevent infringements.
- Comply with regulations and laws and respond to changes in systems.

Opportunities

- Establish stable management foundations through improved decision-making transparency and appropriate responses to change.
- Win the trust of stakeholders with appropriate information disclosure.
- Strengthen risk management systems.
- Increase corporate value by establishing compliance systems.
- Promote digital transformation (DX) of intellectual property operations.

Indicators and Targets

Prioritized theme

Strengthen systems and supervisory functions to ensure prompt decision-making with management transparency and objectivity, considering the positions of stakeholders

Medium- to long-term target	FY2023 result
■ Enhance accountability to stakeholders	Responded to business partner surveys, surveys and questionnaires from media and others Disclosed information to shareholders/investors
■ Further integrate risk management into operational processes	Uncovered and specified potential risks and risks that should be managed
■ Strengthen operational risk control by implementing internal controls	Created and strengthened global auditing systems in collaboration with Corporate Headquarters Strengthened misconduct prevention by building an environment with separated duties, appropriate scope of authority, etc. Strengthened monitoring of major risks through periodic internal auditing
■ Maintain a system for monitoring laws, regulations, and social norms/Ongoing education	Number of internal reporting cases: 4 Carried out compliance e-learning: 1,735 students (Group-wide)
■ Develop a corporate governance policy for the Group	Established a corporate governance policy framework for the company

Management System

Relationships with Customers and Suppliers

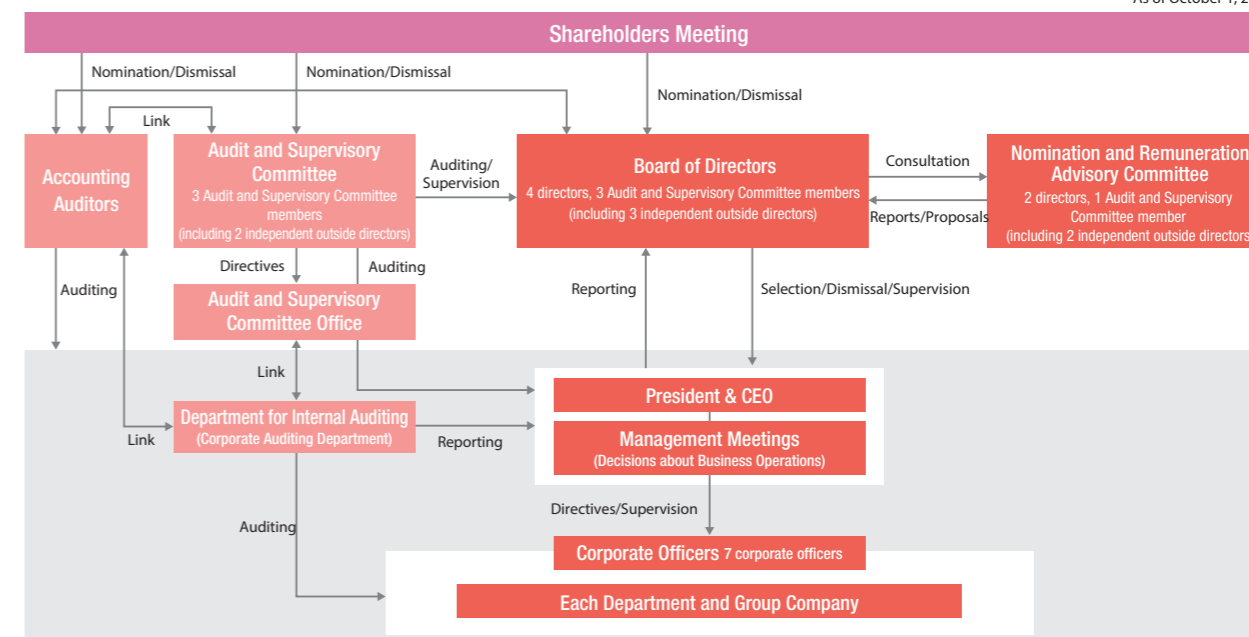
Relationship with Society

Relationships with Employees

Environmental Conservation Activities

Organizational chart

*As of October 1, 2023



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, 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 management decision-making and supervisory roles from business execution roles, and to strengthen the monitoring 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 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.

In March 2022, FDK established a discretionary Nomination and Remuneration Advisory Committee 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 independent 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.

In FY2023, the Committee met four times, and all Committee members attended all meetings.

<Nomination and Remuneration Advisory Committee Advisory Matters>

- 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.

For training in FY2023, lecturers were invited to speak on the topics of "Human Resource Management: Liberal Arts" and "Management Plans and Market Assessments."

Ongoing Operation of Internal Control Systems

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 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 various measures.

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 carrying out business in accordance with this Code of Conduct, we work to win the trust of shareholders, suppliers, and consumers.

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. 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.

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.

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. 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

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 the culture and customs of the regions in which we do business 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 Control Committee," and "Product Safety Promotion Committee," in an effort to operate its businesses in compliance with all laws and regulations.

Internal Reporting 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." When reporting to the "Internal Reporting Desk" or "Supplier Compliance Desk," the "Internal Reporting Regulations" guarantee the anonymity of anyone who reports a violation in addition to ensuring that no harm is done to anyone 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 FY2023, and all were addressed appropriately.

Risk Management Initiatives

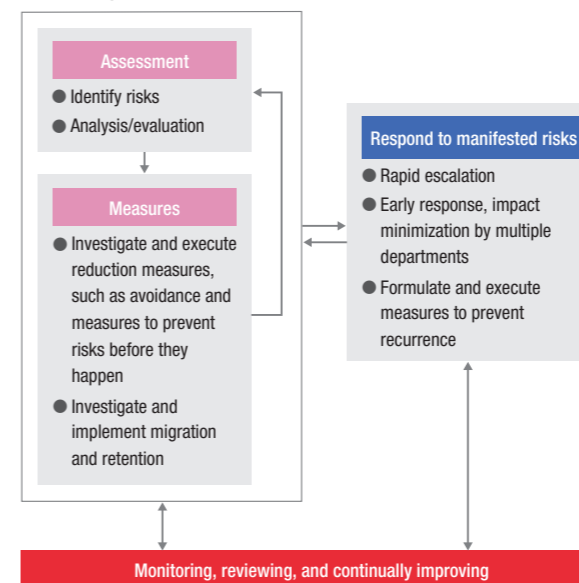
The FDK Group aims to continually improve corporate value and make contributions to customers, local communities, and all other stakeholders through its global business activities. To achieve these goals, we properly identify any potential risks resulting from our business activities and prioritize important 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 determines risk-control policies (avoidance, mitigation, migration, and retention of risks).
3. Considers and 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. All issues are resolved as quickly as possible to minimize their impact through an appropriate response in cooperation with each relevant department and the secretariat of the Risk & Compliance Committee, while 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

Domestic FDK Group Occupational Health, Safety, and Environmental Policy Basic Philosophy

We respect and value the life and dignity of every individual. In addition, as a Smart Energy Partner that assembles advanced technologies, we would like our customers to best utilize electric energy in a safe and efficient manner, and we hope to contribute to the materialization and development of a sustainable society.

We protect the health and safety of every employee of FDK and will pass on a beautiful global environment abounding with nature to the next generation.

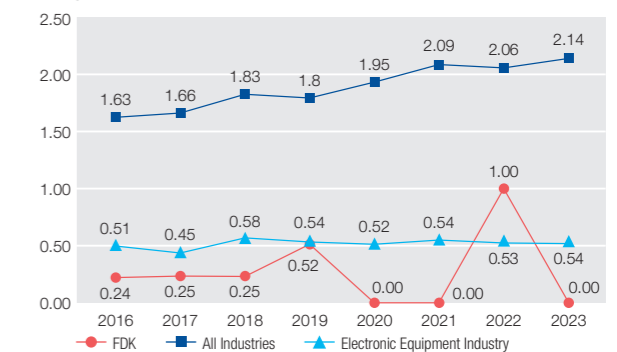
In the development, design, manufacture, and sales of materials and parts related to batteries and electronic devices, and the associated products and various manufacturing facilities and equipment, we will make safety our first priority, and work with the participation and input of all employees to create comfortable workplaces, promote mental and physical health, and protect the environment.

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.

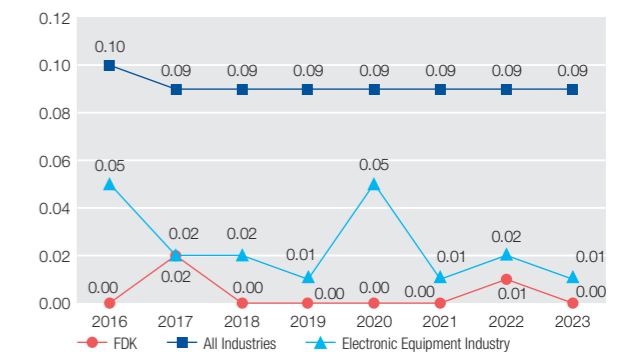
Many business sites have acquired the ISO 45001 certification for occupational health and safety management. We take advantage of these management systems in an effort to realize a framework with an even higher level of occupational health and safety.

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.

Our Executive Officers



President & CEO
Ryo Nagano

April 1985 Joined Fujitsu Limited
 July 2005 Director, Global Strategy Office, Global Business Management Unit at same
 January 2007 Executive Director, Fujitsu Australia Limited
 June 2009 Deputy Director, Overseas Business Management Unit and Head of Global Projects Promotion Office, Fujitsu Limited
 April 2015 VP, Corporate Finance Unit and Head of Global Projects Promotion Office at same
 May 2016 CFO, FUJITSU AMERICA, INC.
 VP, Corporate Finance Unit and Head of Global Projects Promotion Office, Fujitsu Limited
 April 2019 Corporate Senior Vice President, FDK
 Group Senior Vice President, Corporate Group, FDK
 June 2019 President and CEO, FDK (current)
 President and Corporate Officer, FDK (current)
 Group President, Sales Group, FDK



Director
Yoshiharu Hirano

April 1990 Joined FDK
 November 2012 Director, General Affairs Department and Director, PR & IR Office, FDK
 April 2016 General Manager, General Affairs & Personnel Division, Director, General Affairs & Personnel Department, Director, Risk Management Department, and Director, PR & IR Office, all FDK
 April 2017 Corporate Vice President, FDK (current)
 March 2018 General Manager, CSR & Compliance Division, Director, General Affairs & Personnel Department and Director, Risk & Compliance Department, all FDK
 April 2018 President and CEO, FDK Partners Corporation (current)
 June 2020 Director, FDK (current)
 Group President, Corporate Group, FDK (current)
 April 2021 Chairman, Fuchi Electronics Co., Ltd. (current)
 April 2023 General Manager, Consumer Sales Division, FDK (current)
 January 2024 Chairman, Xiamen FDK Corporation (current)

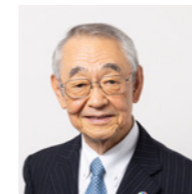
Management System

Relationships with Customers and Suppliers

Relationship with Society

Relationships with Employees

Environmental Conservation Activities



Outside Director
Junichi Murashima

April 1973 Joined Fujitsu Limited
 September 2003 Head of Product Business Promotion Unit at same
 June 2004 Corporate Vice President at same
 June 2006 Corporate Senior Vice President at same
 June 2008 Corporate Senior Executive Vice President at same / Director, Fujitsu General, Ltd. / Outside Director, FDK
 April 2010 Corporate Senior Executive Vice President, Fujitsu General, Ltd.
 April 2011 President and CEO / Executive Officer at same
 June 2015 Chairman and Representative Director at same
 June 2018 Chairman at same / Outside Director, FDK (current)
 June 2020 Special Adviser, Fujitsu General, Ltd.



Director
Junichiro Sako

December 2001 Joined Fujitsu Chubu Systems, Ltd.
 June 2004 Joined Fujitsu Limited
 April 2009 Manager, Corporate Finance Unit at same
 June 2012 Corporate Auditor, ANIMO Limited (current)
 April 2020 Director, Affiliated Business Unit, Fujitsu Limited
 June 2020 Corporate Auditor, FLCS Co., Ltd. (current)
 April 2021 General Manager, Business Development Division, Affiliated Business Unit, Fujitsu Limited
 April 2022 Head of Affiliated Business Unit at same (current) / Representative Director, Global Innovation Partners Inc. (current)
 April 2023 Director, Denso Ten Ltd. (current)
 Representative Director, Fujitsu Semiconductor Fund, Ltd. (current)
 June 2024 Director, FDK (current)



Director (Audit and Supervisory Committee Member)
Nobuyuki Watanabe

April 1986 Joined Nippon Express Co., Ltd.
 March 1990 Joined Fujitsu Limited
 January 2001 Director, Fujitsu Computer Products Corporation of the Philippines
 February 2006 Project Director, Business Division, Storage Product Business Unit, Fujitsu Limited
 June 2008 Director, Global Logistics Department, Logistics Unit and Director's Assistant, Export Control Office, Export Safety and Security Management Unit at same
 December 2011 Deputy General Manager, Logistics Planning Division, Supply Chain Management Unit at same
 December 2014 General Manager, Logistics Planning Division, Supply Chain Management Unit at same
 April 2018 Corporate Vice President, General Manager, Business Promotion Division and Director, Corporate Business Planning Office, all FDK
 April 2019 Chairman, Xiamen FDK Corporation
 June 2020 Group Vice President, Corporate Group, FDK and Director, FDK Partners Corporation
 April 2021 Director, Finance & Accounting Department, FDK
 June 2023 Full-time Audit and Supervisory Committee Member, FDK (current)



Outside Director (Audit and Supervisory Committee Member)
Masahiro Fujiwara

April 1980 Joined Fuji Electric Manufacturing Co., Ltd. (currently Fuji Electric Co., Ltd.)
 April 2011 Director, Power Generation Plant Division, Energy Business Group, Fuji Electric Co., Ltd.
 April 2012 Director, Power Generation Plant Division, Power & Social Infrastructure Group at same
 April 2014 Executive Officer and Group President, Power Generation and Social Infrastructure Business Group at same
 April 2017 Executive Officer and Group President, Power Generation Business Group at same
 April 2019 Executive Corporate Officer and Manager, Business Strategies Office, Fuji Furukawa Engineering & Construction Co., Ltd.
 June 2019 Director, Executive Corporate Officer and Manager, Business Strategies Office at same
 April 2021 Director at same
 June 2021 Advisor, Fuji Electric Co., Ltd., and Director (Audit and Supervisory Committee Member), FDK (current)



Outside Director (Audit and Supervisory Committee Member)
Mizue Awazu

August 2006 Joined NY, USA office of KPMG, LLP
 June 2008 Accounts Auditing Senior Associate at same
 February 2009 Accounting Consultant, Shanghai Friendly Consulting Group
 September 2011 Accounting Analyst, Amazon Japan K.K.
 June 2014 Accounting and Tax Consultant, Two Miles Accountancy Corporation (Hawaii, USA)
 June 2016 Founded Honu Consulting International LLC (Hawaii, USA)
 April 2021 Founded Honu Aloha (current)
 June 2022 Director (Audit and Supervisory Committee Member), FDK (current)

Skills Matrix

Position in FDK	Name	Nomination and Remuneration Advisory Committee	Corporate management/ Management strategy	Risk compliance/ Legal	Finance and accounting	Business/ Development engineering	ESG/ Sustainability	Global
President & CEO	Ryo Nagano	●	●	●	●		●	●
Director	Yoshiharu Hirano			●		●	●	
Outside Director	Junichi Murashima	★	●	●			●	●
Director	Junichiro Sako		●		●			
Director (Audit and Supervisory Committee Member)	Nobuyuki Watanabe		●	●	●	●		●
Outside Director (Audit and Supervisory Committee Member)	Masahiro Fujiwara	●	●			●		●
Outside Director (Audit and Supervisory Committee Member)	Mizue Awazu		●		●			●

Note: ★ denotes Nomination and Remuneration Advisory Committee chairperson.

Relationships with Customers and Suppliers



Strategy

Risks

- Our existing products stop meeting requirements as customer or global quality standards change.
- We lose trust as product defects increase due to quality management issues in manufacturing processes.
- Customer satisfaction falls due to supply chain fragility between us and suppliers that leads to quality deficiencies in components and supply delays that impact product quality.

Response to risks

- Review quality management standards and establish stricter quality assurance systems.
- Perform regular quality audits for product manufacturing processes and maintain and monitor quality assurance system.
- Optimize quality standards with suppliers and strengthen collaboration to maintain and improve component quality.

Opportunities

- Win new customers and raise brand value by providing high-quality products sought by markets.
- Differentiate ourselves from rivals by establishing the company as a quality leader within the industry.
- Fulfill our corporate social responsibility by developing eco-friendly products and sustainable supply chains.

Indicators and Targets

Prioritized theme Provide products and solutions that support a sustainable society

Medium- to long-term target	FY2023 result
<p>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.</p>	<p>■ Smart Infrastructure</p> <p>Begin new product sample shipments of Ni-MH batteries Pursue new lithium battery product development Undertake internal performance assessments of next-generation batteries</p>
	<p>■ Smart Home & Office</p> <p>Begin new product sample shipments of Ni-MH batteries Pursue new product development of alkaline, lithium, and next-generation batteries Begin mass production of new products in the electronics business</p>
	<p>■ Smart Retail Store</p> <p>Begin mass production of new Ni-MH battery products Pursue new product development of lithium and next-generation batteries</p>
	<p>■ Smart Factory & Mobility</p> <p>Begin mass production of new Ni-MH battery products Pursue new product development in electronic devices business and next-generation batteries</p>

Our offerings enable reliable applications for clean and safe electric energy to corporate and individual users that support society and 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.

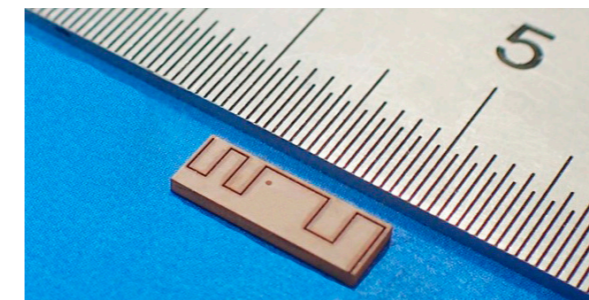
Examples of Initiatives

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 2024)

Commercialization of world's smallest Bluetooth® Low Energy modules, shipping of samples begins



FDK and Toshiba Corporation have signed a technology licensing agreement for the world's smallest Bluetooth® Low Energy modules, developed by Toshiba using proprietary SASP™ (Slot Antenna on Shielded Package) technology. Under this agreement, FDK has developed the HY0020 and HY0021 models and started shipping samples to certain domestic customers from October 2023 for HY0020 and July 2024 for HY0021.

The concept behind these modules (HY0020 and HY0021) is to pack the components necessary for Bluetooth communications into one of the world's smallest volumes, making it easier to develop ultra-compact devices that can be installed in all kinds of locations. They will then contribute to the development of even smaller devices for wearable applications, healthcare applications, tracking, clothing, and compact electronic devices.

* The SASP™ word mark is a trademark of Toshiba Corporation.

Confirming long-term durability improvements for nickel zinc batteries



FDK is currently conducting long-term evaluation trials on nickel zinc batteries, samples of which have already begun shipping. In charge-discharge cycle testing, which assesses suitability for drive motor power supply applications, the batteries retained about 70% capacity after 800 cycles. In continuous charging tests to assess replacing lead-acid batteries in backup power supply applications, the batteries maintained capacity after approximately one year. These tests confirmed that the batteries have sufficient durability for commercial applications. The batteries are lighter than lead-acid batteries and have a reduced environmental impact. They can be recharged in a similar way to lead-acid batteries, making it relatively easy to use them as replacements for lead-acid batteries.

Going forward, we will continue to work toward mass production and shipping, by bolstering our equipment and expanding shipments of samples to customers while taking into account the results of customer evaluation testing and other feedback.

Developing long-life "HR-AATEZ" Ni-MH batteries for the in-vehicle accessory market

At FDK, we have added the new "HR-AATEZ" Ni-MH batteries to our product lineup and launched mass production and shipping.

In-vehicle application market needs are becoming increasingly diverse year by year, and demand is growing for better discharge performance and longer life in low-temperature environments. In response, FDK has been increasing capacities and adopted nickel hydroxide, hydrogen-absorbing alloys, electrolytes, outer canisters and other materials that further improve the durability of long-life models. The result is a battery life about double that of previous long-life models. Improving battery life in this way reduces replacement frequency, and going forward we will continue working to improve convenience for our customers.



Relationships with Customers and Suppliers

FY2023 Achievements

Ni-MH batteries

We have pursued development of high-durability batteries for the social infrastructure and mass production of high-capacity batteries for power backup applications.

In September 2023, we reached cumulative production of 5 billion cells, and we continue to produce highly recyclable and rechargeable batteries as we aim for our next target of six billion cells.

Alkaline batteries

We sold products with improved performance in order to meet market needs.

In addition, we actively pursued use of rail transport for product shipping to promote eco-friendly distribution and developed new packaging formats to reduce the environmental impact (reduced plastic use).

Lithium batteries

We are working to develop new products to serve the market for next-generation smart meters for the carbon-neutral era.

We also installed solar panels on the roof of our Tottori Plant (Tottori Prefecture), which produces lithium batteries. The panels went into operation in 2024. We continue to promote energy savings throughout all our factories.

Electronic devices business

We improved production stability and product yields to reduce procured materials and waste.

In October 2023, we completed commercialization of the world's smallest Bluetooth® Low Energy module and began shipping samples. We expect the modules to be used in trackers in medical settings and for children, the elderly, and pets, in sensors to improve factory and farming efficiency, and other applications.

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 Electronic Devices Business Division to develop modules with built-in charging circuits.

Research and development

We are developing nickel zinc batteries and conducting trials to determine if their durability meets commercial needs when using them to replace lead-acid batteries in backup power sources. We are expanding shipping of samples. Our nickel zinc batteries are lighter than lead-acid batteries and do not use hazardous substances such as lead. They have a low environmental impact, and the use of aqueous electrolyte makes them especially safe with a low flammability risk.

Quality Assurance Activities

Development and Quality Assurance of Products 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 contribute to society by developing and supplying 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 nor 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 thorough quality management.

Quality Action Guidelines

1. We will make quality requests from customers our highest priority and take swift pertinent action to heighten customer satisfaction.
2. 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.
3. We will continually enhance risk management throughout various aspects of compliance from product safety to the chemical substances contained in products.

4. We will improve manufacturing to thoroughly reduce any loss of quality, such as process waste and losses from complaints.
5. 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 2024, nine 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 quality assurance activities 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

1. In order to implement the FDK Group's quality policy, each verification process, from product planning to mass production, 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

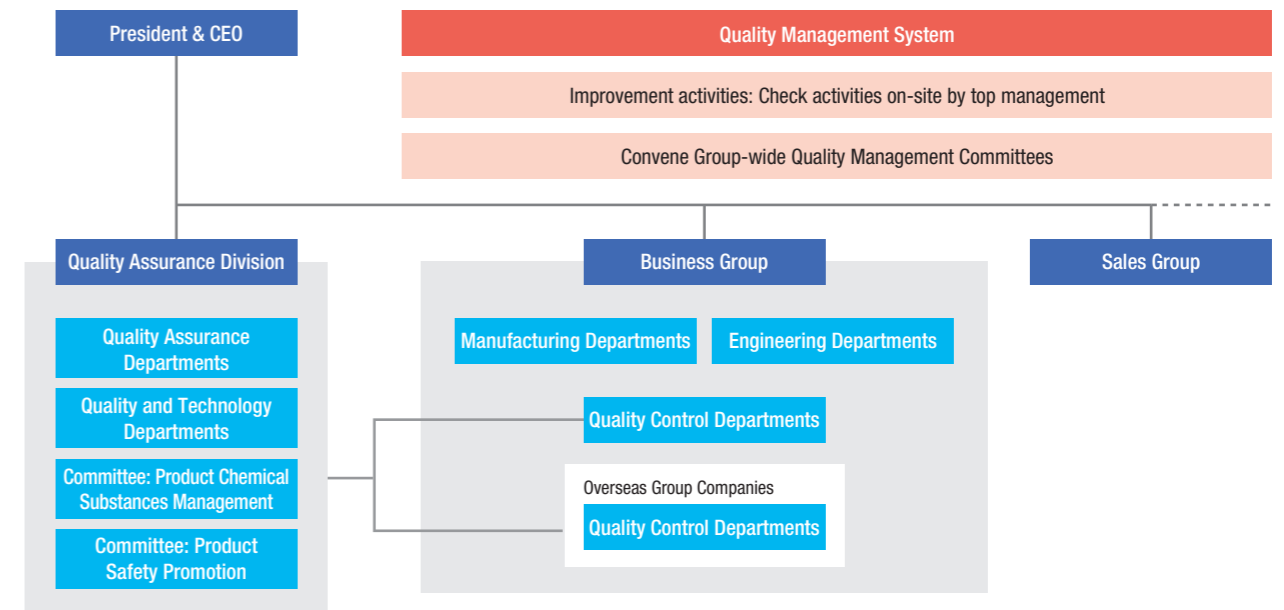
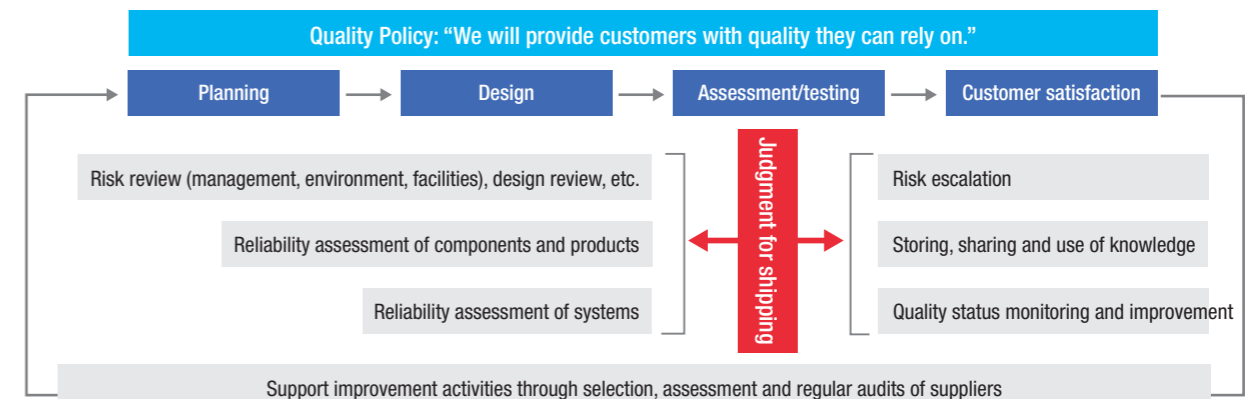


Chart of Each Quality Assurance Verification Process



Relationship with Society



Communicating with Stakeholders

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.

	Areas of concern shared by stakeholders and FDK	Communication opportunities	Value creation through communication
Customers	<ul style="list-style-type: none"> Providing high-quality products Safe supplies, thorough supply chain management, legal compliance Pursuing reductions in environmental impact Safe operations BCP readiness Fair pricing Investment in facilities 	<ul style="list-style-type: none"> Sales department/Quality assurance activities Providing products that can be used safely and efficiently Exhibition participation Information provision through websites Handling inquiries through websites 	<ul style="list-style-type: none"> New product development to improve performance over existing products Pursuing R&D into next-generation batteries
Suppliers	<ul style="list-style-type: none"> Just, fair, and transparent dealings Thorough supply chain management, legal compliance Safe operations Business continuity Pursuing reductions in environmental impact 	<ul style="list-style-type: none"> Procurement of product materials, resources Quality auditing, process auditing, etc. Initiatives to reduce environmental impact, CO₂ emissions 	<ul style="list-style-type: none"> Ensuring opportunities for equitable dealings Building even better partnerships Sharing values/fulfilling social responsibilities, with SDGs as common goal
Shareholders/ Investors	<ul style="list-style-type: none"> Increasing corporate value Fair stock valuations Stable financial base Raising ROE, ROIC Increasing profits Safe operations Pursuing ESG, SDGs Timely information provision 	<ul style="list-style-type: none"> Holding regular shareholder meetings Publishing integrated reports Publishing company information pamphlets Information distribution through websites, etc. Information distribution through press releases 	<ul style="list-style-type: none"> Timely and appropriate information disclosure Earning appropriate assessments from capital markets, improving corporate value based on feedback from capital market demands Disclose initiatives relating to social issues and sustainability
Employees	<ul style="list-style-type: none"> Pursuing work style reforms Building workplaces where employees can work with enthusiasm Making use of a wide range of people Comprehensive education, benefits and welfare, etc. 	<ul style="list-style-type: none"> Distributing president's messages, including video distribution Conducting employee satisfaction surveys Providing various kinds of training and e-learning Health management, including stress and health checkups Discussions with labor unions 	<ul style="list-style-type: none"> Providing labor environments conducive to continued work in good health Promoting management and self-awareness of personal health
Global Society/Local Communities	<ul style="list-style-type: none"> Coexistence with local community Contributing to local development Safe operations Pursuing reductions in environmental impact Disaster prevention and readiness 	<ul style="list-style-type: none"> Holding "The Sound of Batteries Powered by the Sun" concerts Volunteer activities such as local cleanups and traffic safety campaigns Contributing to environmental impact, CO₂ emission reductions 	<ul style="list-style-type: none"> Proactive communication in response to international and local society needs and expectations, participation in social contributions Engagement in responsible business activities via declarations and participation

Indicators and Targets

Prioritized theme Connect with local communities to create a world full of smiles

Medium- to long-term target	FY2023 result
<ul style="list-style-type: none"> Disseminate information to connect people 	Broadcast information on disaster prevention every Monday on Sonaeru Radio, a program that addresses themes such as social media and disaster prevention enlightenment
<ul style="list-style-type: none"> Provide opportunities connected to the future 	Held "The Sound of Batteries Powered by the Sun" concerts across the country, 18 times in the year
<ul style="list-style-type: none"> Promote contribution activities that bring smiles to people's faces 	<ul style="list-style-type: none"> Ran cleanup activities around our facilities Held blood donation drives Joined in local clean-up activities Provided used stamps and plastic bottle caps to welfare councils and local schools Promoted the purchase of goods from vocational aid facilities Provided disaster supplies to food banks Cleaned roadside service stations, weeded flower beds, and planted flowers Hosted trainees with disabilities Held parent-child art classes for people with disabilities Participated in local traffic safety activities

Contributing Activities for Local Communities and Local Residents: Topic ①

Under its action guidelines, XIAMEN FDK CORPORATION (Xiamen, China) "works toward harmonious environmental protection and takes care of the Earth and living things." Based on this, the company has designated April as Enhancing the Environment Month and engages in contribution activities and other initiatives for the region and society. The company also promotes activities aimed at realizing a sustainable society. As part of this, the company carried out cleanup activities in Xianyue Park (Xiamen, China), near the plant.

On the day, the sun was bright in a cloudless sky and temperatures reached 30°C. Xianyue Park, however, covers forested hills 212 meters above sea level, and a fresh breeze was blowing as the 52 employee participants carried out the cleanup. In addition to these activities, Xiamen FDK Corporation also engages in educational activities to enable all employees to help protect the environment. These include explaining the



purpose of activities in plant broadcasts and morning assemblies and posting notices and videos about environmental protection.

Contributing Activities for Local Communities and Local Residents: Topic ②

As part of its activities for contributing to society, FDK supports "The Sound of Batteries Powered by the Sun" concerts by Yumiko Orishige, the world's only professional clavichord performer.

These concerts are powered entirely from Ni-MH batteries charged using sunlight, representing a collaboration between Yumiko Orishige, a musician whose music is based on the theme of protecting the global environment, and our environmentally friendly rechargeable batteries aimed at renewable energy.

FDK will continue to engage in projects that contribute to society and the environment through the activities that utilize the features of FDK businesses.



Relationships with Employees



Strategy

Risks	<ul style="list-style-type: none"> ● With changing environments, workstyle diversity grows and access to information increases, meaning that what individuals want from a company becomes more diverse and complex. ● Declines in job satisfaction and motivation may result in the drain of human resources. ● Overwork, manpower shortages, and a lack of educational opportunities may lead to declines in operational efficiency and compliance awareness and a subsequent reduction in corporate value.
Response to risks	<ul style="list-style-type: none"> ● Create and provide opportunities for participation and action (education, diversity and inclusion). ● Provide support and autonomous career building that matches needs. ● Build safe and comfortable workplace environments (communication). ● Build workplaces conducive to continued work in good health (benefits and welfare).
Opportunities	<ul style="list-style-type: none"> ● As individuals have greater access to information, we can expect to see diversification of values, greater cross-cultural understanding, and the formation of new ideas. ● We can enhance our ability to respond to changes and business opportunities. ● With a more mobile labor market, we will be able to secure people who can make an immediate impact.

Indicators and Targets

Prioritized theme Create an environment in which all employees can demonstrate their capabilities to the fullest

Medium- to long-term target	FY2023 result
■ Enhanced investment in human resources (education)	Total participant count: 719
■ Promotion of diversity (inclusion)	Diversity trainees: 724 Inclusion trainees: 65
■ Career and skills development support	Career and skills development trainees: 376

Prioritized theme Create a workplace conducive to continued work in good health

Medium- to long-term target	FY2023 result
■ Provision of safe and healthy workplaces: Promoting comfortable workplaces	Thorough overtime management, paid leave uptake encouragement, stratified education, etc.
■ Implementing health management	Organized health management data, provided information to improve health literacy, obtained 2024 Health & Productivity Management Organization certification

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.

Status-to-be

Our Status-to-be 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.
- Factory training and trial employment have been conducted for people with disabilities.
- We are systematically promoting the installation of barrier-free, multi-purpose restrooms.

2. Improving the personnel treatment system

- As part of our efforts to accommodate all religions, we have set aside prayer spaces within the company.
- We have introduced "thanks points" to foster a culture of mutual praise.

3. Full educational activities such as training and seminars

- During management training, we provided lessons on topics such as health management, thorough overtime management, and the childcare leave program for men.
- As part of International Women's Day, we presented lectures on work-family balance with an awareness of wellbeing.

4. Conducting employee satisfaction surveys

- We conducted an employee satisfaction survey for all employees (response rate: 99.6%). To resolve the issues revealed by the survey results, we conducted a training program on organizational revitalization.

5. Contributions to local communities and society

- We held summer parent-child collage classes for people with disabilities in the local community.



Work-family balance lecture for 2023 International Women's Day



Summertime parent-child collage class for people with disabilities in the local community

Relationships with Employees

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 target

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 FY2021.

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.

Table 1: Proportion of women in executive positions

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Proportion of women executives (%)	1.1	1.3	1.4	1.4	1.9	2.1

Table 2: Proportion of women trainees in next-generation managerial candidate development training

	FY2020	FY2021	FY2022	FY2023
Proportion of women trainees (%)	3	3.8	5.3	7.1

* Comparison calculated where the proportion of women in managerial positions on April 1, 2021 is 100%.

Relationships with Employees

Developing Human Resources for Their Contribution to Society and the Planet

Human Resource Development

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

1. Stratified training
We are working to enhance the training required for each position, from new hires to executives.
2. 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 exchanges between generations.

Health Management

FY2023 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.

Final Target Indicators

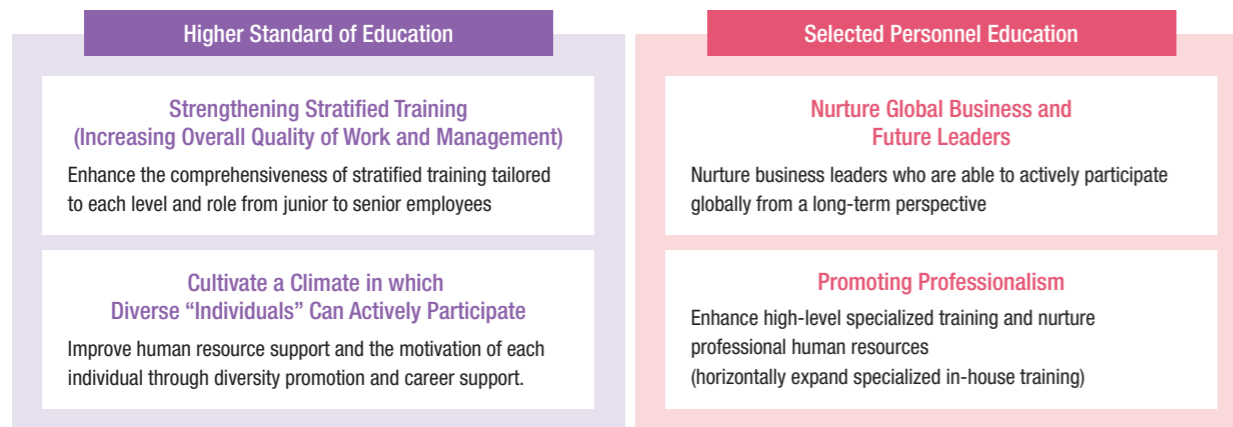
- Reducing the number of abnormal health findings:
Reducing presenteeism
- Reducing the number of absentee employees:
Reducing absenteeism
- Improving health literacy:
Improving knowledge and understanding of health and medical care
- Improving work engagement:
Feeling fulfilled and satisfied at work

Improving Health Literacy

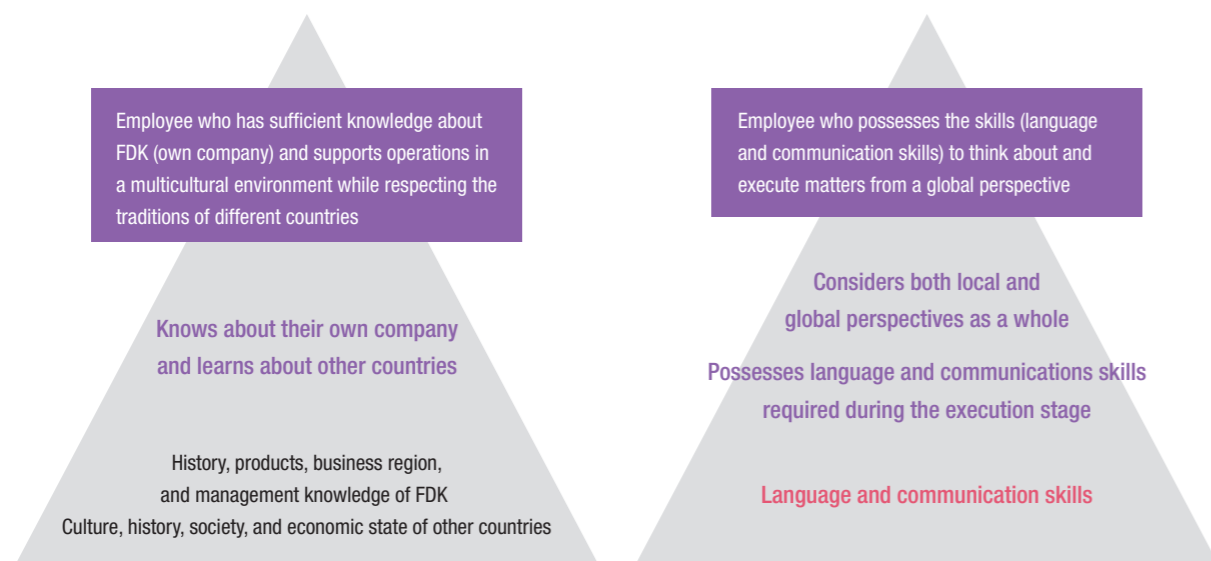
- Newsletter on Health (4 issues)
- Health management e-learning (86.8% have taken courses)
- Ikuboss* Declaration by executives
* Japanese term for a manager who encourages employees to maintain a good work-life balance
- Call for submissions for senryu poems about lifestyle-related diseases; awarding of prizes

Recognition as a Certified Health & Productivity Management Organization

We have been recognized as a Certified Health & Productivity Management Organization for 2024 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, run jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



Picture of a Global Human Resource



Environmental Conservation Activities



Strategy

Risks	<ul style="list-style-type: none"> ● Costs increase due to rising temperatures, rising sea levels, heavy rains, and other effects of climate change. ● Operations stoppages, including in supply chains, occur due to the effects of climate change. ● Energy costs increase as the proportion of renewable energy rises with efforts to achieve carbon neutrality. ● Material resource costs increase due to natural resource depletion.
Response to risks	<ul style="list-style-type: none"> ● Build environmental management framework and maintain ISO 14001 certification. ● Promote BCP readiness and build BCM framework. ● Set environmental targets, increase ratio of renewable energy, and reduce greenhouse gas emissions. ● Make efficient use of natural resources by developing products with new materials.
Opportunities	<ul style="list-style-type: none"> ● Pioneer new markets with product development that supports sustainable societies. ● Contribute to a recycling-oriented society by promoting circular economies. ● Contribute to the sustainability of local communities and society.

Indicators and Targets

Prioritized theme	Measures to address climate change
Medium- to long-term target	FY2023 result
■ Contributing to carbon neutrality	Adoption of renewable energy FY2023: 7,515 MWh (12.7% of energy use)
Prioritized theme	Contributing to the realization and development of a sustainable society
Medium- to long-term target	FY2023 result
■ Collaboration with stakeholders	Conduct environmental surveys of suppliers Gain understanding of status of environmental activities Number of suppliers surveyed: 158

Protecting the Global Environment

Basic Concept

As a member of the Fujitsu Group, the FDK Group recognizes the need for action toward the realization of an independently sustainable and recycling-oriented society with initiatives toward environmental conservation that follow the business activities of the company, which include not only legal compliance in each country and region, greenhouse gas reduction, waste reduction, and thorough management of chemical substances, but also the reduction of our environmental impact through the products that FDK provides. FDK established the FDK Group Occupational Health, Safety, and Environmental Policy to promote even more robust Group-wide environmental management.

Basic Policy based on the FDK Group Occupational Health, Safety, and Environmental Policy

1. Through discussion and full participation of workers, we are building and continuously improving occupational health, safety, and environment management systems, and working to prevent occupational accidents, illnesses, and environmental pollution.
2. We comply with laws and regulations related to occupational health, safety, and environmental factors, and requests from local communities, public organizations, customers, and other groups to which we agree. Furthermore, we also set and comply with our own voluntary standards.
3. We have formulated an action plan based on the major themes described below. The goal is to establish safe and comfortable workplace environments, from where we can contribute to society and the environment with our products and services while making effective use of limited energy resources. In addition, we will periodically review this action plan and continuously improve our occupational health, safety, and environmental performance.
 - (1) Established zero-danger workplaces
 - (2) Pursue the creation of clean and comfortable workplace environments
 - (3) Encourage health management
 - (4) Promote material procurement and facility design that consider health and safety
 - (5) Pursue business activities aimed at a recycling-oriented society
 - (6) Pursue R&D and product design that consider the environment
4. Through training and education activities, we work to elevate health, safety and environmental awareness among all employees, engage in 5S activities, eliminate traffic accidents during work hours and while commuting, and prepare for and respond to emergency situations. We also work to implement behaviors that consider the global environment.
5. We proactively disclose information and engage in dialogue in order to maintain good communication with stakeholders, including local communities, public organizations, and customers.

ISO 14001 Certification Status

- FDK CORPORATION
- Head Office, Kosai Plant, Washizu Plant, Takasaki Plant, Tottori Plant
 - Sales offices: Tokyo Metropolitan Area, Sapporo, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka, Okinawa Sales Center
- Domestic group companies
- FDK ENGINEERING CO., LTD.
 - FDK PARTNERS CORPORATION
- Overseas group companies
- FUCHI ELECTRONICS CO., LTD. (Taiwan)
 - XIAMEN FDK CORPORATION (Xiamen, China)
 - BAOTOU FDK CO., LTD. (Baotou, China)

Our Plan for Carbon Neutrality

The Fujitsu Group's environmental vision sets a target of zero CO₂ emissions by 2030. In addition, as part of the RE100 (an international initiative that aims for companies to supply 100% of the electricity used in their business activities from renewable energy sources), the company has set a target of supplying at least 50% of the electricity used in its business activities with renewable energy sources by 2025, and 100% by 2030. The FDK Group will continue to work towards carbon neutrality in line with Fujitsu's company-wide goals. In FY2023, 12.7% of the electricity used by the entire FDK Group was from renewable energy sources.

Green Procurement

The FDK Group considers how to improve global environmental problems and is working to contribute to the sustainable development of society by conducting business activities that consider the environmental burden and supply environmentally friendly products. As part of these efforts, it is essential that the products we procure from our suppliers are also environmentally friendly, and we have summarized this idea in the FDK Group Green Procurement Standards.

In order to coexist with the global environment and manufacture products that work in harmony with it, the FDK Group is conducting Green Procurement, which takes into account environmental aspects in addition to the aspects of quality, cost, delivery, and service that we have traditionally pursued.

* FDK Group Green Procurement Standards, Version 9.0
(https://www.fdk.co.jp/kankyuu/green_proc.html)

FDK Group Occupational Health, Safety, and Environmental Policy

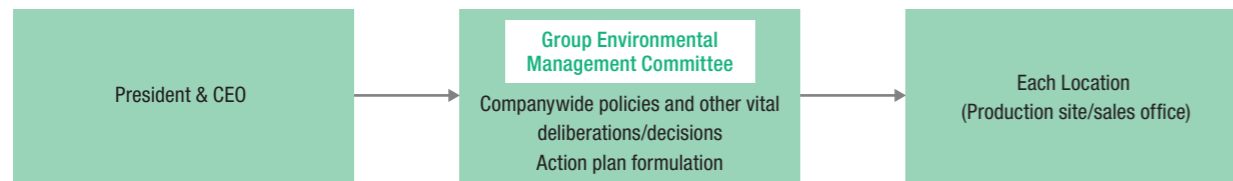
<Basic Philosophy>

We respect and value the life and dignity of every individual. In addition, as a Smart Energy Partner that assembles advanced technologies, we would like our customers to best utilize electric energy in a safe and efficient manner, and we hope to contribute to the materialization and development of a sustainable society.

We protect the health and safety of every person who works at FDK and will pass down a beautiful global environment rich with nature to the next generation.

In the development, design, manufacture, and sales of materials and parts related to batteries and electronics, and the associated products and various manufacturing equipment, we will make safety our first priority and work with the participation and input of all employees to create comfortable workplaces, promote mental and physical health, and protect the environment.

FDK Group Environmental Management Framework



Basic Concept

The FDK Group has formulated a plan that conforms to the Fujitsu Group Environmental Action Plan and it has been promoting environmental initiatives. Through these policies and targets, the FDK Group will contribute to reducing the environmental impact of customers and society

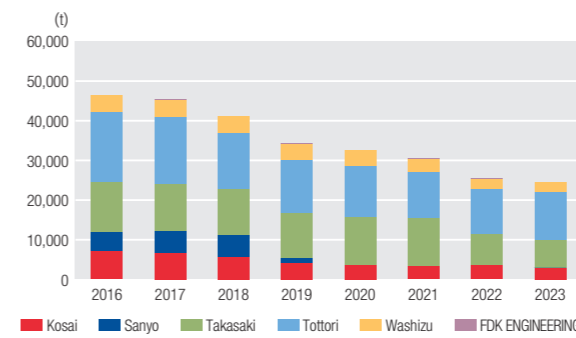
while striving to reduce the environment impact of the FDK Group by strategically and continuously expanding environmental conservation activities to all FDK business regions. Results for FY2023 are as below.

FDK Group 11th Environmental Action Plan FY2023 Achievements

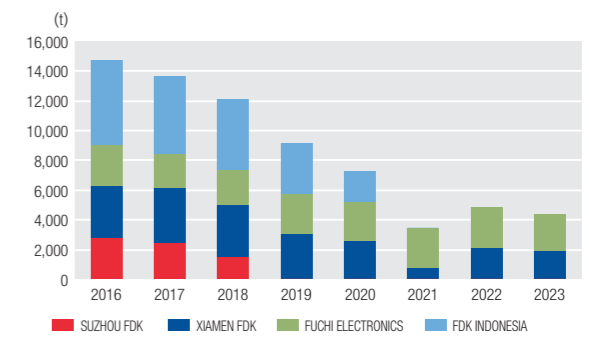
Item	FY2023 Action Plan	Overall Evaluation (✓ or X)
Environmentally conscious design	Develop products that contribute to resource conservation (at least one at each site)	✓
	Develop products that contribute to improved resource efficiency (at least one at each site)	✓
Reduction of greenhouse gases	Limit overall CO ₂ emissions from energy consumption at the whole FDK Group in Japan to 30,189 tons or less ^{*1}	✓
Energy efficiency	Improve energy consumption by 1% compared to the previous year at each site using the energy consumption intensity as an indicator.	✓
Adoption of renewable energy	Adopt 40% renewable energy across the FDK Group by FY2030 (equivalent to 12% of FY2023 target)	✓
Reduction of chemical substances	Improve emissions of PRTR substances used at each site by 8% by the end of FY2023 compared to FY2015, using emissions intensity as an indicator.	✓
Reduction of waste	Improve the amount of waste generated by 8% compared to fiscal 2015 at each site by the end of fiscal 2023, using the basic unit of waste generation as an indicator.	✓
Conservation of water resources	Assessment of current state of water consumption	✓
Local environmental efforts and social contribution	Conduct at least 24 initiatives a year toward local environmental efforts and social contribution activities throughout the FDK Group	✓

*1 Calculated as the total of Scope 1 and market-based Scope 2, according to the GHG Protocol

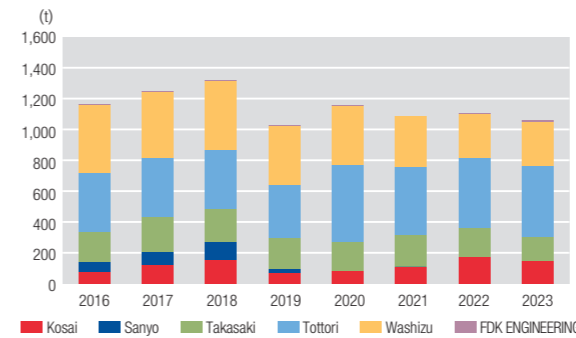
Change in CO₂ Emissions (Domestic plants and manufacturing affiliates) FY2016 to FY2023



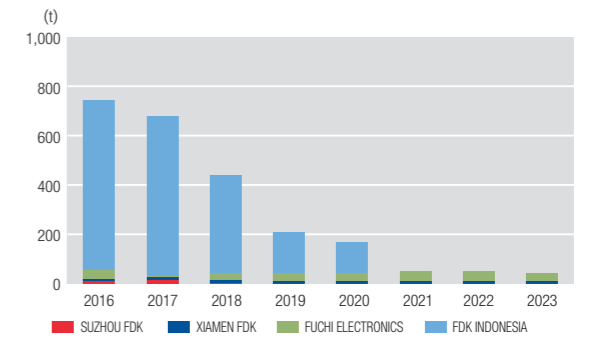
Change in CO₂ Emissions (Overseas manufacturing affiliates) FY2016 to FY2023



Change in Amount of Waste (Domestic plants and manufacturing affiliates) FY2016 to FY2023



Change in Amount of Waste (Overseas manufacturing affiliates) FY2016 to FY2023



The data for Sanyo is current as of June 2019.

The data for SUZHOU FDK is current as of September 2018. The data for FDK INDONESIA is current as of September 2020.

Environmental Performance Data by Business Site (Plants and manufacturing affiliates)

Items	Unit	FY	Kosai Plant	Takasaki Plant	Tottori Plant	Washizu Plant	FDK ENGINEERING	XIAMEN FDK CORPORATION	FUCHI ELECTRONICS CO., LTD.
CO ₂ emissions	(t-CO ₂)	2023	2,918	7,022	12,062	2,400	116	1,864	2,510
		Previous fiscal year	3,486	7,919	11,395	2,512	119	2,067	2,765
Water usage	(m ³)	2023	38,189	20,993	62,058	27,026	457	13,953	10,324
		Previous fiscal year	50,453	21,212	67,876	35,010	425	15,783	68,672
PRTR chemical emissions	(kg)	2023	0	3	0	0	—	—	—
		Previous fiscal year	0	0	0	0	—	—	—
NOx emissions	(kg)	2023	0	—	422	—	—	—	—
		Previous fiscal year	61	—	787	—	—	—	—
Soot (measured density)	(g/Nm ³)	2023	—	—	—	—	—	—	—
		Previous fiscal year	—	—	<0.001	—	—	—	—
Waste water	(m ³)	2023	38,189	20,156	34,581	27,026	457	11,162	10,324
		Previous fiscal year	50,453	20,254	34,016	35,010	425	12,626	68,672
Waste	(t)	2023	146	154	465	279	14	11	32
		Previous fiscal year	170	189	456	281	7	10	41

* — indicates items that are not subject to aggregation, are not applicable/available, or were not measured during the fiscal year in question because they are only required to be measured every other year.
 * CO₂ emissions were calculated as the total of Scope 1 and Scope 2, according to the GHG Protocol. The factors for conversion from purchased electricity have been changed and are now calculated as market-based factors domestically and as 0.57 tons of CO₂ per megawatt-hour overseas. Amounts corresponding to purchased non-fossil fuel energy certificates (solar) have been subtracted from CO₂ emissions. XIAMEN FDK CORPORATION: 2,650 MWh (FY2021); Takasaki Plant: 5,000 MWh (FY2022); 7,515 MWh (FY2023)
 * Sites where operations were stopped or the business was sold have been excluded from the above.

Financial information

Consolidated Balance Sheet

(Millions of yen)

	FY2022 (Mar 31, 2023)	FY2023 (Mar 31, 2024)
Assets		
Current assets		
Cash and deposits	2,571	3,715
Notes and accounts receivable - trade	15,390	16,149
Contract assets	670	1,302
Electronically recorded monetary claims - operating	161	1,719
Inventories	10,927	11,884
Other	2,135	1,866
Allowance for doubtful accounts	(32)	(44)
Total current assets	31,822	36,593
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,496	5,835
Machinery, equipment and vehicles, net	5,424	4,721
Tools, furniture and fixtures, net	1,009	1,012
Land	2,184	2,193
Leased assets, net	76	72
Construction in progress	286	323
Total property, plant and equipment	14,478	14,158
Intangible assets	412	374
Investments and other assets		
Investment securities	193	234
Deferred tax assets	42	45
Other	179	150
Total investments and other assets	415	429
Total non-current assets	15,307	14,962
Total assets	47,130	51,556
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,752	10,876
Electronically recorded obligations - operating	4,656	4,323
Short-term borrowings	12,140	14,475
Lease liabilities	63	40
Accounts payable - other	1,459	1,610
Income taxes payable	499	366
Other	2,357	2,527
Total current liabilities	30,928	34,219
Non-current liabilities		
Lease liabilities	20	40
Deferred tax liabilities	381	412
Retirement benefit liability	1,984	715
Long-term accounts payable - other	162	156
Other	456	365
Total non-current liabilities	3,005	1,691
Total liabilities	33,933	35,911
Net assets		
Shareholders' equity		
Share capital	31,709	31,709
Capital surplus	26,225	26,225
Retained earnings	(45,114)	(44,993)
Treasury shares	(50)	(51)
Total shareholders' equity	12,769	12,889
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	59
Foreign currency translation adjustment	1,825	2,758
Remeasurements of defined benefit plans	(1,439)	(164)
Total accumulated other comprehensive income	420	2,653
Non-controlling interests	6	102
Total net assets	13,196	15,645
Total liabilities and net assets	47,130	51,556

Note: Amounts of less than one million yen are rounded down.

Consolidated Statement of Income

(Millions of yen)

	FY2022 (Apr. 1, 2022 - Mar. 31, 2023)	FY2023 (Apr. 1, 2023 - Mar. 31, 2024)
Net sales	62,784	62,676
Cost of sales	52,662	52,749
Gross profit	10,121	9,927
Selling, general and administrative expenses	9,332	9,358
Operating profit	789	568
Non-operating income		
Interest income	27	64
Dividend income	27	23
Subsidy income	37	-
Foreign exchange gains	122	110
Gain on sale of non-current assets	3	4
Rental income	25	32
Gain on sale of scraps	21	15
Other	56	60
Total non-operating income	321	311
Non-operating expenses		
Interest expenses	105	119
Loss on retirement of non-current assets	137	26
Other	16	14
Total non-operating expenses	259	160
Ordinary profit	851	720
Extraordinary income		
Gain on bargain purchase	-	517
Gain on sale of shares of subsidiaries and associates	9	-
Subsidy income	200	128
Total extraordinary income	209	646
Extraordinary losses		
Impairment losses	145	718
Total extraordinary losses	145	718
Profit before income taxes	916	647
Income taxes-current	393	369
Income taxes for prior periods	-	140
Income taxes-deferred	204	16
Total income taxes	597	526
Profit	318	121
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	318	120

Note: Amounts of less than one million yen are rounded down.

Consolidated Statement of Changes in Equity

(Millions of yen)

FY2022 (Apr. 1, 2022 - Mar. 31, 2023)	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Beginning balance	31,709	26,225	(45,432)	(50)	12,451		
Changes during period							
Profit attributable to owners of parent			318		318		
Purchases of treasury shares				(0)	(0)		
Net changes of items other than shareholders' equity							
Total changes during period	-	-	318	(0)	317		
Ending balance	31,709	26,225	(45,114)	(50)	12,769		
	Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	43	1,564	(1,605)	2	5	12,460	
Changes during period							
Profit attributable to owners of parent						318	
Purchases of treasury shares						(0)	
Net changes of items other than shareholders' equity	(8)	260	165	418	0	418	
Total changes during period	(8)	260	165	418	0	736	
Ending balance	34	1,825	(1,439)	420	6	13,196	

Note: Amounts of less than one million yen are rounded down.

FY2023 (Apr. 1, 2023 - Mar. 31, 2024)	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Beginning balance	31,709	26,225	(45,114)	(50)	12,769		
Changes during period							
Profit attributable to owners of parent			120		120		
Purchases of treasury shares				(0)	(0)		
Change in scope of consolidation					-		
Net changes of items other than shareholders' equity							
Total changes during period	-	-	120	(0)	120		
Ending balance	31,709	26,225	(44,993)	(51)	12,889		
	Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	34	1,825	(1,439)	420	6	13,196	
Changes during period							
Profit attributable to owners of parent						120	
Purchases of treasury shares						(0)	
Change in scope of consolidation		(11)		(11)	96	84	
Net changes of items other than shareholders' equity	24	944	1,275	2,244	(0)	2,243	
Total changes during period	24	933	1,275	2,232	95	2,448	
Ending balance	59	2,758	(164)	2,653	102	15,645	

Note: Amounts of less than one million yen are rounded down.

Changes in Financial Highlights

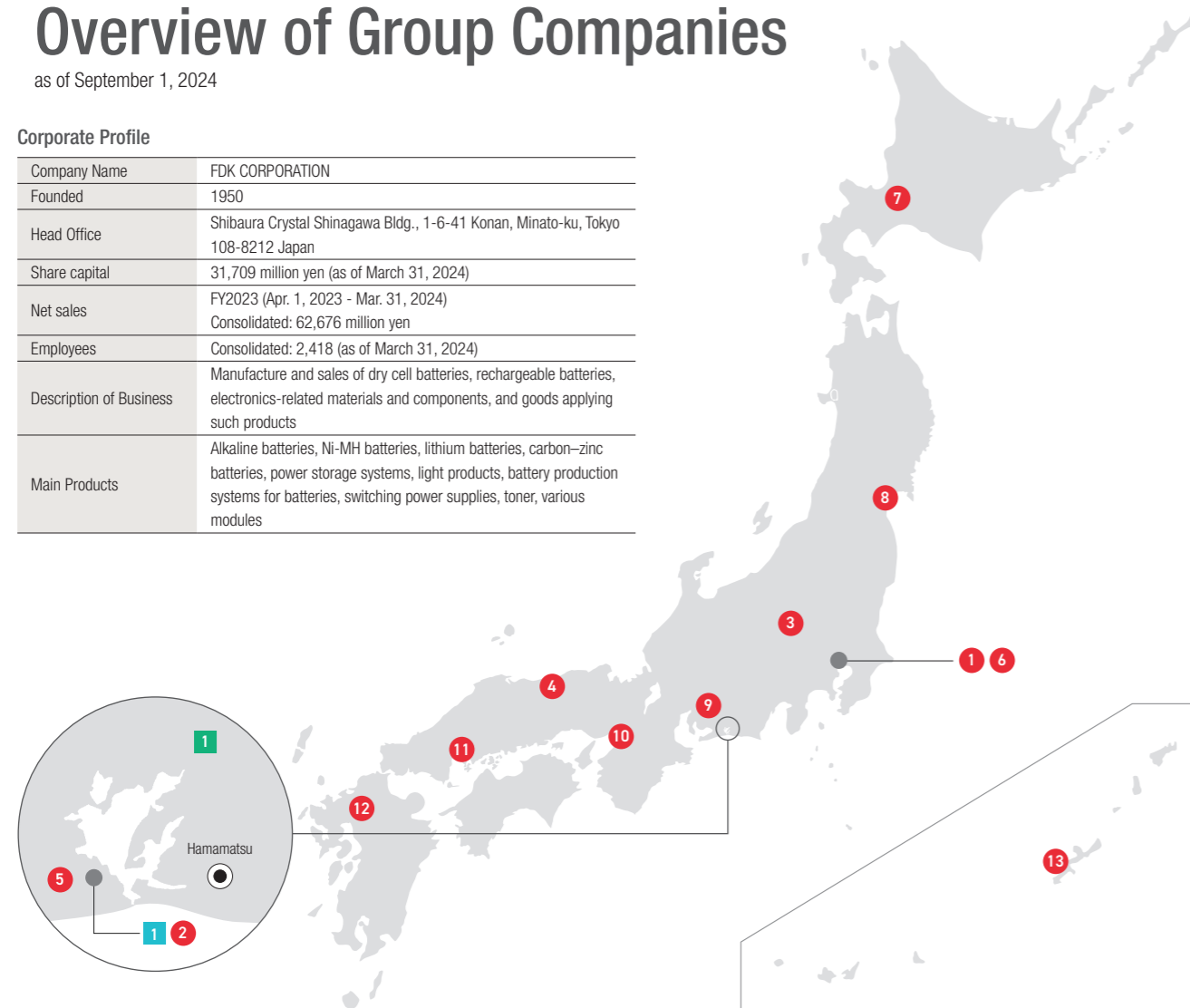
	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	
Fiscal year	Net sales (consolidated)	Millions of yen	76,365	80,745	73,682	73,129	72,113	62,123	61,543	61,456	62,784	62,676
	Year-on-year change	%	-0.3%	5.7%	-8.7%	-0.7%	-1.4%	-13.9%	-0.9%	-0.1%	2.2%	-0.2%
	Operating profit	Millions of yen	2,211	1,580	(330)	666	823	841	1,743	2,083	789	568
	Ratio of operating profit to net sales	%	2.9%	2.0%	-0.4%	0.9%	1.1%	1.4%	2.8%	3.4%	1.3%	0.9%
	Ordinary profit (loss)	Millions of yen	504	658	(697)	78	718	565	1,274	1,968	851	720
	Ratio of ordinary profit to net sales	%	0.7%	0.8%	-0.9%	0.1%	1.0%	0.9%	2.1%	3.2%	1.4%	1.1%
	Share of profit (loss) of entities accounted for using equity method	Millions of yen	(2,353)	(602)	(141)	(85)	(60)	(15)	-	-	-	-
	Profit (loss) attributable to owners of parent	Millions of yen	961	167	(3,166)	(630)	(290)	(2,340)	2,009	740	318	120
	Ratio of profit (loss) attributable to owners of parent	%	1.3%	0.2%	-4.3%	-0.9%	-0.4%	-3.8%	3.3%	1.2%	0.5%	0.2%
	Capital investment	Millions of yen	2,593	2,531	3,571	2,672	1,934	1,421	3,847	2,516	3,041	2,210
	Depreciation	Millions of yen	2,632	2,390	2,443	2,092	2,136	2,131	1,984	2,367	2,291	2,405
	Research and development expenses	Millions of yen	960	959	937	1,061	947	817	710	711	704	703
	Net cash provided by (used in) operating activities	Millions of yen	1,894	5,371	327	567	1,602	2,799	1,996	2,177	2,783	1,620
	Net cash provided by (used in) investing activities	Millions of yen	(111)	(1,650)	(3,252)	(1,959)	(1,860)	(2,390)	(373)	(3,920)	(2,978)	(2,533)
	Net cash provided by (used in) financing activities	Millions of yen	(2,717)	(2,142)	733	1,559	5,282	99	(4,077)	(2,780)	(116)	1,813
Cash and Cash Equivalents at End of Period	Millions of yen	4,758	5,952	3,538	3,720	8,734	9,063	7,001	2,763	2,571	3,715	
At the fiscal year-end	Net assets	Millions of yen	8,578	7,754	4,638	4,293	10,280	6,739	10,888	12,460	13,196	15,645
	Shareholders' equity	Millions of yen	8,969	9,135	5,969	5,683	12,207	9,860	11,750	12,451	12,769	12,889
	Total assets	Millions of yen	57,256	54,217	49,132	51,054	54,145	47,685	48,064	46,903	47,130	51,556
	Interest-bearing debt	Millions of yen	18,750	17,337	18,294	20,477	19,214	19,182	15,119	12,340	12,223	14,555
	Net interest (Interest expenses–Interest income and Dividend)	Millions of yen	100	99	104	105	126	108	97	87	50	31
Per share information	Earnings per share	Yen	34.33	5.99	(113.04)	(22.53)	(9.91)	(67.82)	58.42	21.47	9.22	3.50
	Net assets per share	Yen	282.01	252.43	140.03	153.15	297.79	195.16	315.37	360.92	382.26	450.45
At the fiscal year-end	Number of employees (Consolidated)	Persons	4,169	4,175	4,103	3,971	3,557	3,030	2,486	2,431	2,436	2,418
	Number of consolidated subsidiaries	Companies	16	14	14	12	12	12	11	10	9	10
	Number of companies accounted for using equity method	Companies	2	2	1	1	1	0	0	0	0	0
	Number of subsidiaries and affiliates	Companies	19	18	17	15	15	15	14	12	11	12

Overview of Group Companies

as of September 1, 2024

Corporate Profile

Company Name	FDK CORPORATION
Founded	1950
Head Office	Shibaaura Crystal Shinagawa Bldg., 1-6-41 Konan, Minato-ku, Tokyo 108-8212 Japan
Share capital	31,709 million yen (as of March 31, 2024)
Net sales	FY2023 (Apr. 1, 2023 - Mar. 31, 2024) Consolidated: 62,676 million yen
Employees	Consolidated: 2,418 (as of March 31, 2024)
Description of Business	Manufacture and sales of dry cell batteries, rechargeable batteries, electronics-related materials and components, and goods applying such products
Main Products	Alkaline batteries, Ni-MH batteries, lithium batteries, carbon-zinc batteries, power storage systems, light products, battery production systems for batteries, switching power supplies, toner, various modules



Head Office/Business Site/Sales Office

Head Office

Business Site	Address	TEL	ISO 14001	ISO 9000's and IATF 16949
1 Head Office	Shibaaura Crystal Shinagawa Bldg., 1-6-41 Konan, Minato-ku, Tokyo 108-8212 Japan	+81-3-5715-7400	EC98J2005	-

Business Site

Business Site	Address	TEL	ISO 14001	ISO 9000's and IATF 16949
2 Kosai Plant	2281 Washizu, Kosai-shi, Shizuoka 431-0495 Japan	+81-53-576-2151	EC98J2005	ISO 9001: 4745
3 Takasaki Plant	307-2 Koyagi-machi, Takasaki-shi, Gunma, 370-0071, Japan	+81-27-361-7575	EC98J2005	ISO 9001: 4184927 ISO 9001: 370138
4 Tottori Plant	28 Ohta, Iwami-cho, Iwami-gun, Tottori 681-0063 Japan	+81-857-73-1771	EC98J2005	ISO 9001: 4656683 ISO 9001: 376864
5 Washizu Plant	614 Washizu, Kosai-shi, Shizuoka 431-0431 Japan	+81-53-576-2111	EC98J2005	ISO9001: JQA-0459

Sales Office

Business Site	Address	TEL	ISO 14001	ISO 9000's and IATF 16949
6 Tokyo Metropolitan Area Sales Office	Shibaaura Crystal Shinagawa Bldg., 1-6-41 Konan, Minato-ku, Tokyo 108-8212 Japan	+81-3-5715-7436	EC98J2005	-
7 Sapporo Sales Office	Floor 4, Tsukamoto Bldg. 7 Goukan, 13-9-1 Kita 7 jo-Nishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0007	+81-11-798-4699	EC98J2005	-
8 Sendai Sales Office	Tsutsujigaoka BK Terrace, 4-12-1 Tsutsujigaoka, Miyagino-ku, Sendai-shi, Miyagi 983-0852 Japan	+81-22-293-5265	EC98J2005	-
9 Nagoya Sales Office	Floor 4, Meieki East Bldg., 5-28-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi 450-0002 Japan	+81-52-561-3141	EC98J2005	-
10 Osaka Sales Office	Terasaki No. 2 Bldg., 1-8-29 Nishimiyahara, Yodogawa-ku, Osaka-shi, Osaka 532-0004 Japan	(Battery Sales) +81-6-6350-4883 (Electronic Device Sales) +81-6-6350-4877	EC98J2005	-
11 Hiroshima Sales Office	UPEC Hikari-machi Bldg., 2-9-27 Hikari-machi, Higashi-ku, Hiroshima-shi, Hiroshima 732-0052 Japan	+81-82-535-1450	EC98J2005	-
12 Fukuoka Sales Office	Ichigo Hakata Bldg., 1-28 Gion-machi, Hakata-ku, Fukuoka-shi, Fukuoka 812-0038 Japan	+81-92-291-9421	EC98J2005	-
13 Okinawa Sales Center	1-9-6 Inanse, Urasoe-shi, Okinawa 901-2128 Japan (Ryukyu Freight Forwarders Co., Ltd. T.C. Division)	+81-98-868-8685	EC98J2005	-

Group Companies (4 manufacturing-related companies)

Business Site	Address	ISO14001	ISO 9000's and IATF 16949
1 FDK ENGINEERING CO., LTD.	281 Hirooka, Hosoe-cho, Hamana-ku, Hamamatsu-shi, Shizuoka 431-1302 Japan +81-53-522-5280	EC98J2005	ISO9001: JQA-QMA15241
2 XIAMEN FDK CORPORATION	No. 16, Malong Road, Huoju Garden, Huoju Hi-Tech District, Xiamen, Fujian, China TEL: +86-592-603-0576	00120E30145R4/3502	ISO 9001: 00120030430R4M/3502 IATF 16949: 393676
3 FUJCHI ELECTRONICS CO., LTD.	No. 355, Section 2, Nankan Road, Rutsu Shan, Tao Yuan, Taiwan TEL: +886-3-322-2124	4E9E001-03	ISO 9001: 2015/69024.3 IATF 16949: 0339560
4 BAOTOU FDK CO., LTD.	No.21, Rare-earth Street, Rare-earth Hi-tech Industrial Development Zone, Baotou, Inner Mongolia, China	02122E10564R1M	02122Q10816R1M (Only ISO 9001 obtained)

Group Companies (7 sales and other companies)

Business Site	Address	ISO14001	ISO 9000's and IATF 16949
1 FDK PARTNERS CORPORATION	2281 Washizu, Kosai-shi, Shizuoka 431-0431 Japan +81-53-576-3121 (Head Office) 4655 Great America Pkwy, Suite 410, Santa Clara, CA 95054, U.S.A. TEL: +1-408-746-6815	EC98J2005	-
2 FDK AMERICA, INC.	(Dallas Office) 2801 Telecom Parkway, MS C1R, Richardson, Texas 75082, U.S.A. TEL: +1-972-231-2531	-	-
3 FDK ELECTRONICS GMBH	Einsteinring 24, 85609 Aschheim/Munich, Germany TEL: +49-89-3306680-0	-	ISO 9001: 91110693/3
4 FDK SINGAPORE PTE LTD.	4, Leng Kee Road, #04-08 SIS Bldg., Singapore 159088, Singapore TEL: +65-6472-2328	-	-
5 FDK HONG KONG LTD.	Suite 1607-1608A, 16/F., Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong TEL: +852-2799-9773	-	-
6 FDK KOREA LTD.	Room. 614, Susoo Hyundai Venture-vill Bldg., 10, Bamgogae-ro 1-gil, Gangnam-gu, Seoul, 06349, Republic of Korea TEL: +82-2-582-8452	-	-
7 FDK TAIWAN LTD.	8F-4, No.57, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan TEL: +886-2-2311-5161	-	-

*ISO 14001, ISO 9000, IATF 16949, and other third-party certifications are as of March 31, 2024.



Shibaura Crystal Shinagawa Bldg., 1-6-41 Konan,
Minato-ku, Tokyo 108-8212 Japan

Sustainability Promotion Office, Corporate Group
Tel: +81-3-5715-7400; Fax: +81-3-5715-7401
E-Mail: csr@fdk.co.jp