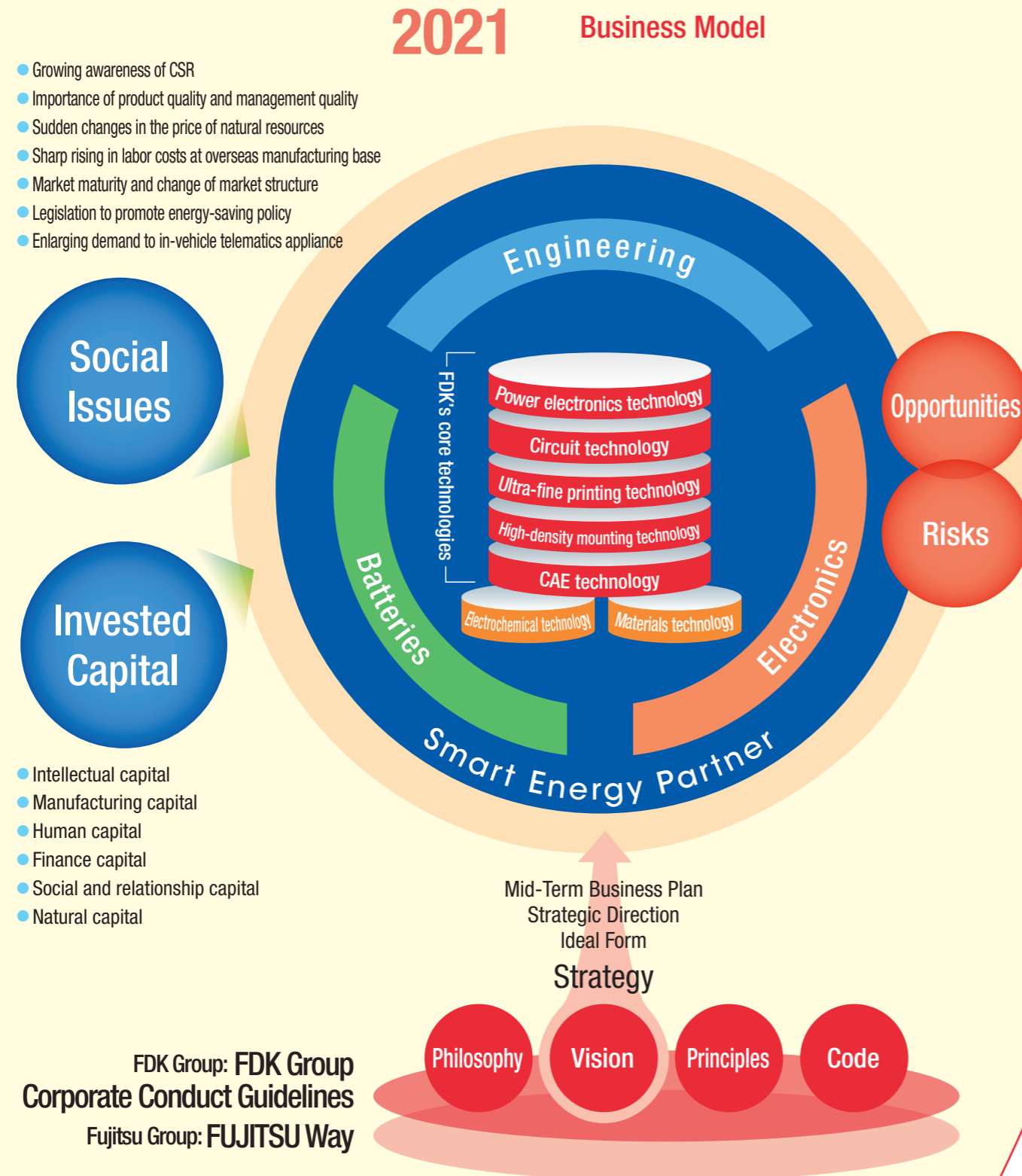
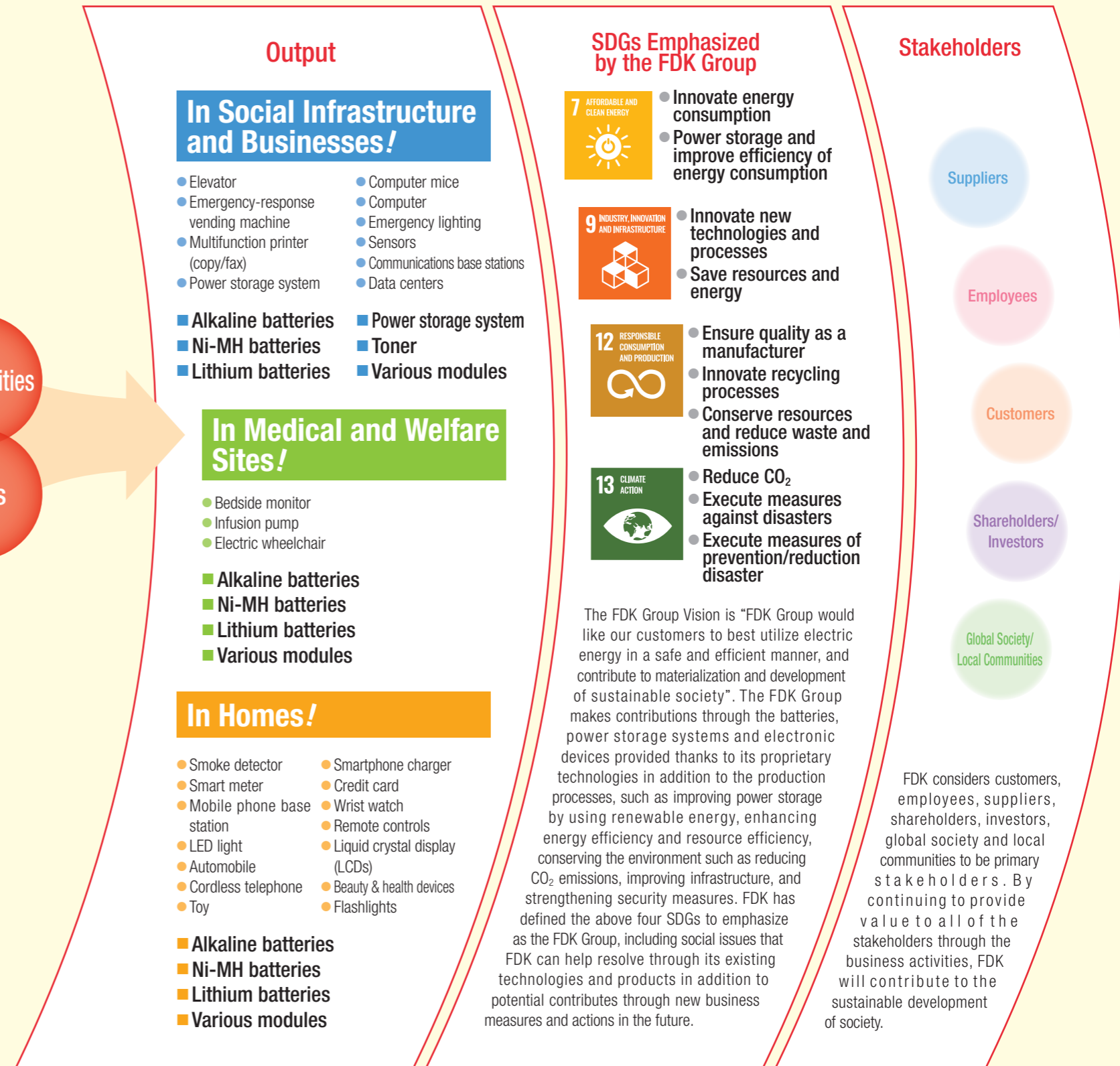


Approach to Value Creation

In continually addressing seven prioritized initiatives based on our CSR Policy, the FDK Group engages in management as a responsible global corporate citizen. The FDK Group provides unique value to all of its stakeholders, helping to resolve social issues through the development and supply of batteries, power storage systems and electronic devices founded in the core technologies FDK has cultivated up until now.



And Game: FDK's new culture required to execute plan



Our Philosophy and Mid-Term Business Plan

Background of the Establishment of the Company Philosophy

In October 2019, we formulated a 10 year scheme as our ideal form in ten years. One of the key priorities for achieving this ideal is to establish a corporate culture that each individual makes best endeavor to satisfy customers in a self-disciplined way.

In addition, FY2020 marks the 70th anniversary of our company's founding. In the hope that all our employees will come together to move forward as a new FDK, we established our company philosophy in January 2021.

Our Philosophy

“Inspiring transformation; shaping the future and creating happiness.”

FDK Group Corporate Conduct Guidelines

Our Philosophy “Inspiring transformation; shaping the future and creating happiness.”

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

- Inspiring**
- We break through stereotypes and our own shell.
 - We flexibly respond to the ever-changing diverse world.
- Transformation**
- We are not to afraid taking challenges, have the courage to take one step forward.
 - We create an organizational culture that learns from mistakes, helps each other, and repeats growth.
- Principles**
- Future**
- We provide safe and high quality products and services, comfortable daily life and convenience for people around the world.
 - We make environmental conservation efforts that are helpful to the earth and life.
- Happiness**
- We practice working styles that gives us a lively and brilliant work.
 - We hope to be in the world with the continuous smiles of customers, employees, shareholders, family and loved ones.

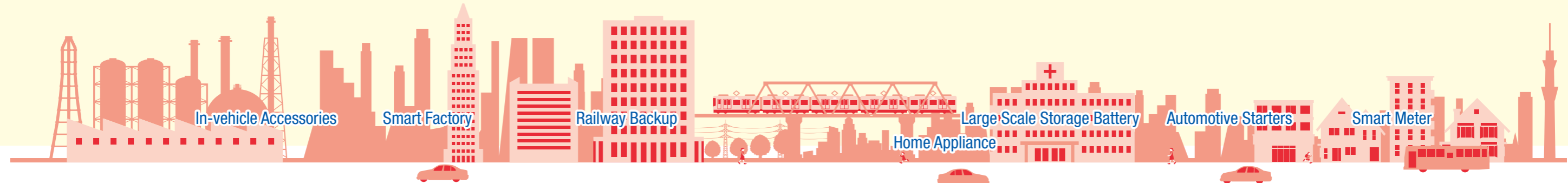
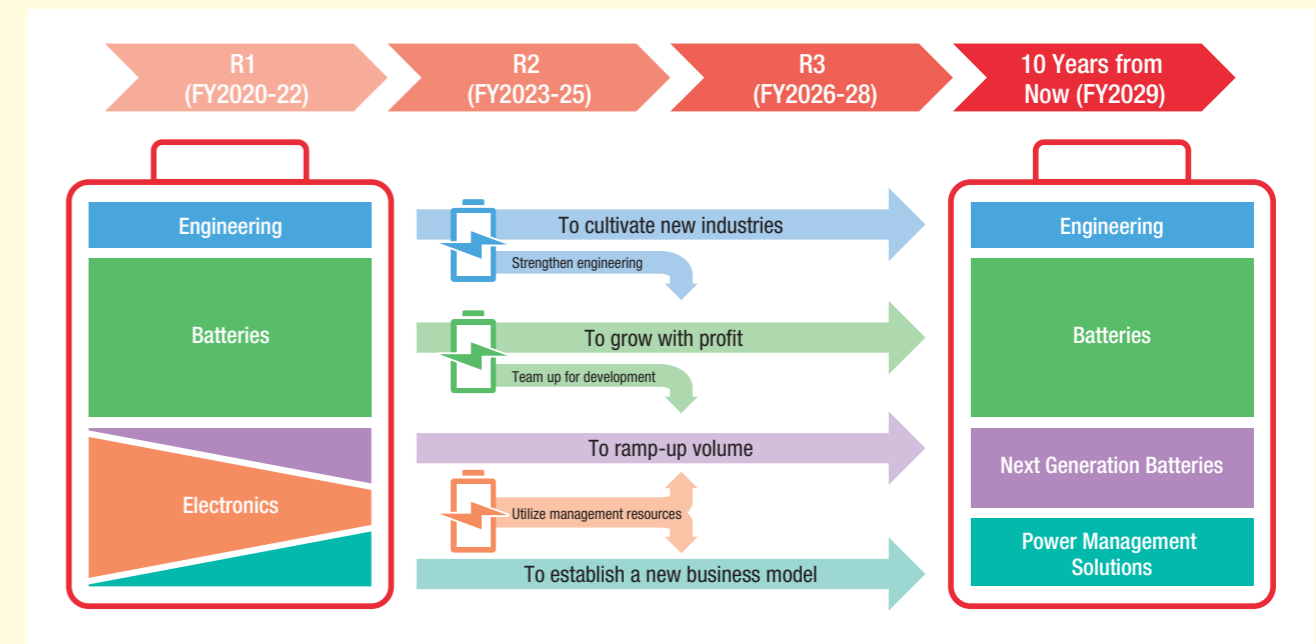
- Code of Conduct**
- We respect human rights.
 - We act with fairness and freedom in our business dealing.
 - We handle information properly and maintain confidentiality.
 - We comply with all laws, regulations, and social norms.
 - We protect and respect intellectual property.
 - We do not use our position in our organization for personal gain.

Information on the FDK Group Strategy Framework 10 years' scheme and Mid Term Business Plan “R1”

The FDK Group has formulated and developed “Mid-Term Business Plan 1618” as a means to strengthen our foundational business which has returned to developing materials focusing on powders, and to improve our presence as an “Leader in Energy Management Systems Across Multiple Platforms” through providing products that make use of battery and electronic business synergies to the industrial and consumer markets.

The development to differentiate ourselves from our competitors has worked to develop high energy density cathode materials for small all-solid-state SMD batteries, to establish sample specifications, and to develop batteries with wide temperature, high capacity, and long-life characteristics. Although we strove to develop small modules with high-density characteristics, fiercer competition and stagnation in the market significantly diverged results from initial plans.

In order for us to strengthen our business structure and improve our corporate value, we need to brush up on our vision for FDK Group and meet the expectation of our various stakeholders. Toward that end, we have formulated 10 years' scheme as our ideal form in ten years now, and the Mid Term Business Plan “R1”, which covers what needs to be done during the first three years of this period.



Ideal Form

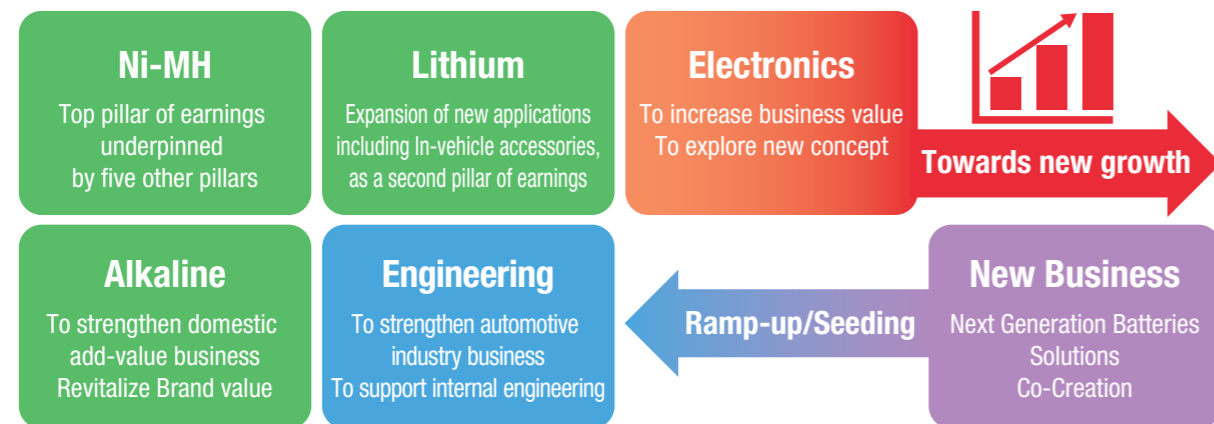
Strategic Direction of R1

In pursuit of our vision and ideal form, by FY2022, the FDK Group will

- 1) Stabilize current businesses and establish growth with profit,
- 2) Proactively cultivate new business as a Segway to next generation,
- 3) Establish a corporate culture that each individual makes best endeavor to satisfy customers in a self-disciplined way

R1 Business Portfolio

- Stabilize Ni-MH and lithium businesses as two business pillars
 - To revitalize Alkaline business and re-establish brand value
 - Strengthen engineering capabilities
 - Revitalize the electronics business via new business concepts to foster growth
 - Launch and develop new businesses as well as spearhead co-creation with partners
- Ni-MH batteries
 - Alkaline batteries
 - Lithium batteries
 - Next Generation Batteries
 - Power Management Solutions
 - Engineering



Vision and Ideal Form

Battery Applications

Offerings that provide users with stable utilization of clean and safe electric energy will be widespread across the society.

Next Generation Battery Applications

New small-size, large-capacity batteries with properties that include high reliability and durability bring opportunities for use in various situations.

Smart Retail Store

Batteries installed in IoT devices used to communicate with cloud computing or management center

- ➔ Small all-solid-state SMB batteries (high durability, high output, and compact)

Smart Factory & Mobility

Drive batteries installed on vehicles, factory equipment, and other machines requiring stable operation

- ➔ Nickel-zinc (compact with a long life)



Smart Home & Office

Batteries installed in various devices with high functionality used indoors and outdoors

- ➔ Small all-solid-state SMB batteries (high durability, long life, and rapid charging)
- ➔ Nickel-zinc (high durability, long life, rapid charging)

Smart Infrastructure

Batteries for spare and storage can be placed anywhere to support infrastructures of society

- ➔ Hydride/air batteries (large capacity, inexpensive, and high durability)

Progress











1 Stabilize Current Business and Establish Profitable Growth

Products	Topics	Progress
Ni-MH batteries	Top pillar of earnings underpinned by five other pillars (home appliances, in-vehicle accessories, power back-up systems, mobility, and social infrastructure)	Started of mass production of "HR-AAAUTU," which boasts the longest life in the industry (according to our research). Currently working to further expand sales of security equipment, measuring instruments, emergency lights, guide lights, medical equipment, and other backup equipment
Lithium batteries	Expand new applications, including in-vehicle accessories; secondary pillar of earnings	Expanded the assembly line at the Tottori Plant to increase production capacity by 25%, as announced in February 2021 press release
Alkaline batteries	Strengthen domestic added-value business. Revitalize brand value	Transferred the Indonesian production subsidiary and reviewing the overseas sales structure. Currently in the process of strengthening cooperation with other companies in the industry by integrating production and sales in the domestic sales business
Engineering	Strengthen automotive industry business. Support internal engineering	Sales declined in FY2020 due to investment cutbacks in the automotive industry and other factors, but efforts are underway to acquire business opportunities in new equipment fields
Electronic Business	Increase business value. Explore new concepts	Continued to select and focus on each product model. Focused on various modules for mobility applications, semiconductor equipment applications, etc.

2 Proactively Develop New Businesses That Will Lead to the Next Generation

Products	Topics	Progress
All-solid-state batteries	Start of mass production: FY2020 Q3	In December 2020, we established a production system in our Kosai Plant and started production.
Nickel-zinc batteries	Start of mass production: FY2022	Currently under development for use as an alternative to lead batteries. Provision of samples is planned for the first half of FY2021
Metal-hydride/air secondary batteries	Field tests: FY2022	Field tests of 1.2 kWh power storage modules scheduled to begin in FY2022

Providing Safe, Secure Products with Consideration for the Environment

	Development & Engineering	Procurement	Manufacturing	Sales	Distribution
					
Opportunities	<ul style="list-style-type: none"> Product development that take advantage of ecosystems Development of products that contribute to the materialization and development of a sustainable society 	<ul style="list-style-type: none"> Promotion of green procurement and CSR procurement Establishment of partnerships with suppliers in the field of CSR procurement Conflict mineral management Fair dealings 	<ul style="list-style-type: none"> Establishment of a quality management system to ensure product quality Provision of quality that customers can rely on Promotion of occupational health and safety activities 	<ul style="list-style-type: none"> Pursuit of customer satisfaction Promotion of sales of environmentally friendly products Fair dealings 	<ul style="list-style-type: none"> Promotion of environmentally friendly distribution Compliance with all export-related laws and regulations
Risks	<ul style="list-style-type: none"> Timely development of eco-conscious products 	<ul style="list-style-type: none"> Stable procurement of raw materials Compliance with relevant laws and regulations on conflict minerals 	<ul style="list-style-type: none"> Compliance with labor laws and regulations Prevention of occupational accidents Prevention of quality issues 	<ul style="list-style-type: none"> Stable product supply Promotion of BCP management 	<ul style="list-style-type: none"> Streamlining of distribution
Relevant SDGs					

Principles

Inspiring

- We break through stereotypes and our own shell.
- We flexibly respond to the ever-changing, diverse world.

Transformation

- We are not afraid taking challenges, have the courage to take one step forward.
- We create an organizational culture that learns from mistakes, helps each other, and repeats growth.

Future

- We provide safe and high quality products and services, comfortable daily life and convenience for people around the world.
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Happiness

- We practice working styles that gives us a lively and brilliant work.
- We hope to be in the world with the continuous smiles of customers, employees, shareholders, family and loved ones.

Code of conduct

- We respect human rights.
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CSR Management

CSR activities for the FDK Group strives to resolve various social issues and contributes to the development of a sustainable society and planet through the practice of “FDK Group Corporate Conduct Guidelines” and the “FUJITSU Way” as a member of the Fujitsu Group.

The FDK Group’s CSR Policy is to implement the “FDK Group Corporate Conduct Guidelines,” which describe the conduct that all people working in the FDK Group should actively practice, and the FUJITSU Way, which defines the Fujitsu Group philosophy that we pledge to follow as a member of the Fujitsu Group.

As a Smart Energy Partner that assembles advanced technologies, the FDK Group would like our customers to best utilize electric energy in a safe and efficient manner, and it hopes to contribute to the materialization and development of a sustainable society. According to this vision, all of our business activities will practice the FUJITSU Way and the FDK Group Corporate Conduct Guidelines to help foster sustainable growth of the planet and society based on the expectations and requirements of our diverse stakeholders.

Our CSR efforts focus on seven prioritized initiatives. In addressing these challenges, we demonstrate a commitment to responsible business operations as a global company.

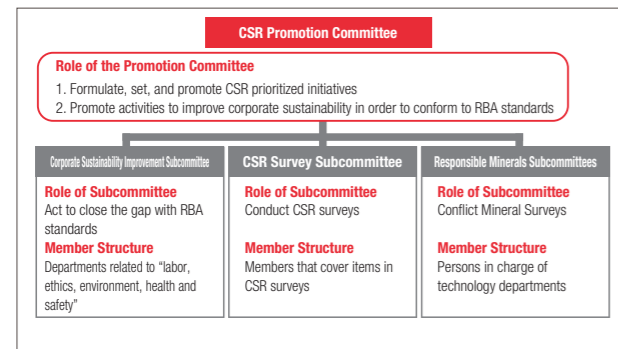
Promotion Framework for CSR Policies

FDK established the CSR Promotion Committee to expand and standardize the “FDK Group Corporate Conduct Guidelines” and the “FUJITSU Way”, which are the key to the CSR activities of the FDK Group.

The CSR Promotion Committee chaired by a director (corporate officer) confirms the action status of the seven prioritized initiatives based on the CSR Policy and periodically reviews matters such as CSR-related information and initiatives. We also publish a wide range of information on our corporate website from the FDK Group CSR Policy and the prioritized initiatives set based on that CSR Policy to measures and activity results.

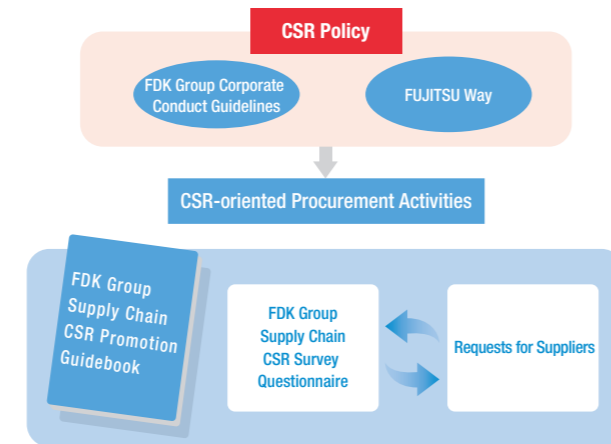
The CSR Promotion Committee has three organizational subcommittees for the purpose of executing activities to be compliant with the Responsible Business Alliance (RBA): one to provide international CSR guidance, one to conduct surveys and responds to requests about CSR from customers, and one to properly manage responsible minerals procurement.

● Framework of CSR Promotion



Procurement Activities In-line with CSR

The FDK Group has collaborated with suppliers in drafting the “FDK Group Supply Chain CSR Promotion Guidebook,” which presents our approach to promoting procurement activities in keeping with CSR principles, and we have published the guidebook on our website. It is based on the FDK Group CSR Policy, FDK Group Corporate Conduct Guidelines, and the FUJITSU Way. In addition to practicing procurement activities in compliance with these guidelines, we also ask our suppliers in the supply chain to do the same.



Responsible Mineral Procurement Policy

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

* “Conflict minerals”

Minerals supporting conflicts through mining and brokering to raise capital for armed groups, or minerals closely related to issues such as human rights violations or labor problems. The Dodd-Frank Act enacted in the United States in July 2010 defines tantalum, tin, gold, tungsten, and other minerals determined by the State Department as conflict minerals, including minerals exported from the Democratic Republic of the Congo and neighboring countries, and this Act indicates a duty to report any use of conflict materials by a company listed publicly in America to the Securities and Exchange Commission (SEC). Since FY2019, FDK has undertaken a Responsible Minerals Procurement effort that covers high-risk minerals, including cobalt in addition to existing conflict minerals.

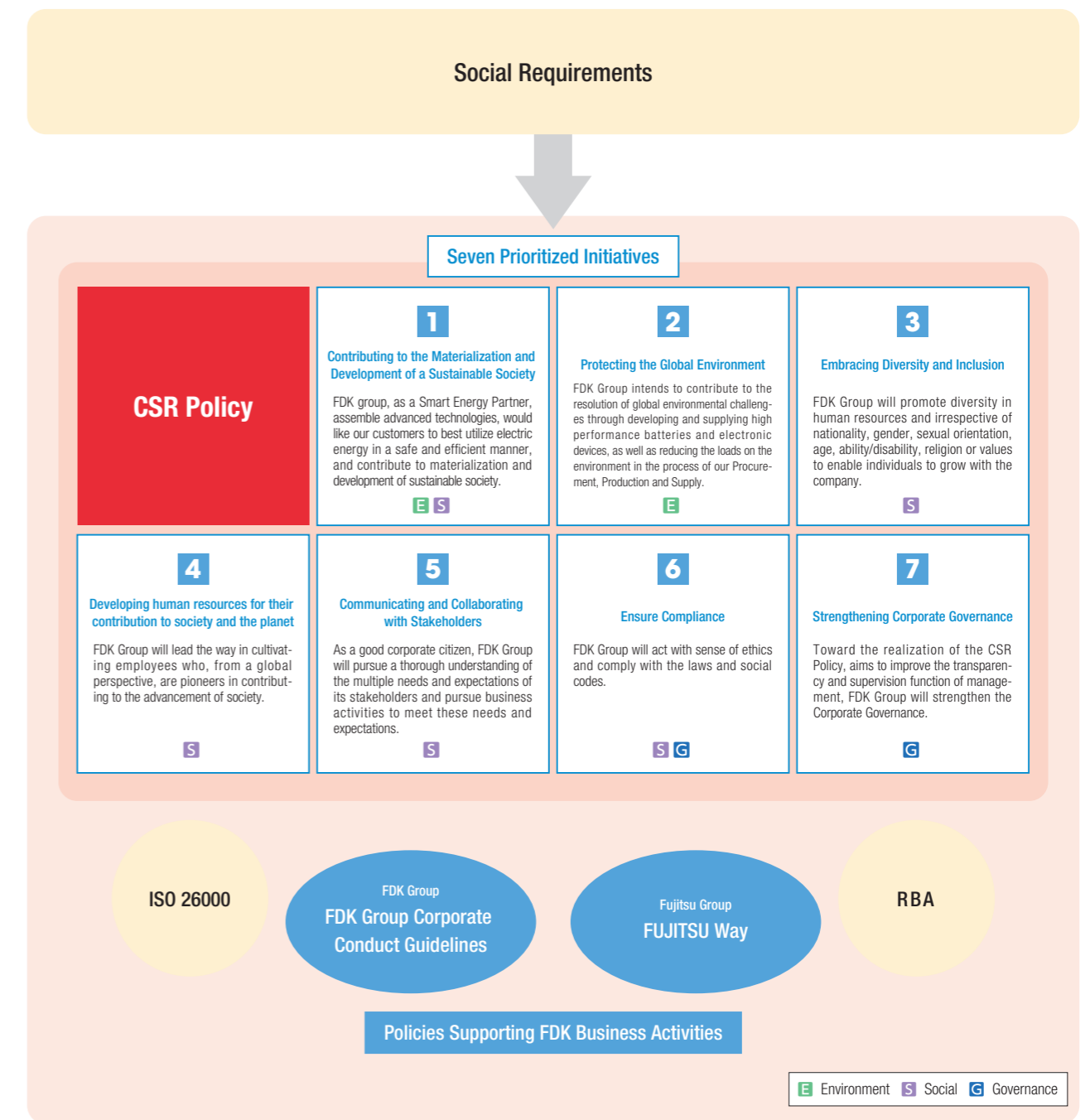
Positioning of the Seven Prioritized Initiatives Set According to the CSR Policy

The FDK Group has set Seven Prioritized Initiatives based on its CSR Policy.

We deliberate on levels of severity and priority to set these initiatives in order to engage in responsible business management that responds to social requirements. By taking on these seven prioritized

initiatives, we provide value to all of our stakeholders while working to realize the FDK Group Vision.

CSR management activities include actions that comply with core ISO 26000 issues, and the standards in all five sections of the RBA, improving our quality of business management.



Seven Prioritized Initiatives

FDK Group is advancing its CSR activities by setting seven prioritized initiatives based on its CSR Policy. These prioritized initiatives actively tackle issues that contribute to society through FDK Group businesses as well as achieve items pursued in areas such as the ISO 26000 and RBA. As a global organization, the FDK Group uses these prioritized initiatives to promote responsible management in the efforts below.

Prioritized Initiatives	Ideal Form	Focus Measures	FY2020 Actions		ISO 26000	Details		
			Targets	Achievements				
<p>1 Contributing to the Materialization and Development of a Sustainable Society</p> <p>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.</p>	<p>The FDK Group will deliver offerings to customers that realize clean, safe and stable electric energy use in the battery, engineering, next-generation battery, and power management solution fields.</p>	<p>The FDK Group will actively take advantage of ecosystems to increase the value of offerings provided together with various partners as well as develop and provide products and solutions that enable customers to utilize electric energy in diversified ways.</p>	<ul style="list-style-type: none"> Continuously introduce valuable products that satisfy market needs into industrial markets with growth potential. Release synergistic products that make use of proprietary technologies from the battery and electronic devices businesses into the industrial market to respond to market needs. 	<ul style="list-style-type: none"> Create technological development proposals adapted to customer needs by enhancing market research to rapidly discover customer and market trends. 	<ul style="list-style-type: none"> Developed and supplied battery products featuring improved safety and storage performance for safe, secure use, reduced-cost models, and battery products using eco-conscious packaging. Developed and supplied battery products for in-vehicle, disaster prevention/security, smart meter, and back-up power supply applications in response to customer requirements and environmental issues. 	<ul style="list-style-type: none"> In the field of electronic devices, developed products that contribute to reduce electric power consumption, weight reduction, miniaturization, and improved performance for customers. Started production of small, all-solid-state SMD batteries at Kosai Plant (December 2020). Developed a metal-hydride/air secondary battery, one type of next-generation battery for large-scale power storage. 		P21~P24
<p>2 Protecting the Global Environment</p> <p>FDK Group intends to contribute to the resolution of global environmental challenges through developing and supplying high performance batteries and electronic devices, as well as reducing the loads on the environment in the process of Procurement, Production and Supply.</p>	<p>FDK Group always thinks about environmental issues and is taking positive action to reduce the loads and risk on the environment through supplying products to realize a Clean Economy era.</p> <ul style="list-style-type: none"> FDK implements energy conservation measures at factories and offices while promoting improvements in distribution to help prevent global warming. FDK Group reduces the loads on the environment through the actions for 3R (Reduce, Re-use, Re-cycle). 	<p>Reducing the environmental impact of customers Promoting the development of eco-conscious products with consideration for life-cycle, such as high-efficiency energy-saving products and resource-saving products.</p> <p>Reducing the environmental impact in FDK processes</p> <ul style="list-style-type: none"> Reducing CO₂ emissions and energy consumption. Reducing waste. Reducing chemical substances. 	<ul style="list-style-type: none"> Develop four or more products at each site every year that help improve energy efficiency. Develop three or more products at each site every year that help improve resource efficiency. Reduce energy consumption, and limit CO₂ emissions by the overall domestic FDK Group to 34,568 t or less. 	<ul style="list-style-type: none"> Improve the energy consumption per unit an average of 1% per year at all sites. Improve the amount of waste generated per unit by 4% compared to FY2015 at all sites. Reduce PRTR chemical emissions per unit by 5% compared to FY2015 at all sites. 	<ul style="list-style-type: none"> Achieved our development target set for products that contribute to greater energy efficiency. Failed to achieve our development target set for products that contribute to greater resource efficiency. Achieved our CO₂ emissions reduction targets. 	<ul style="list-style-type: none"> Achieved our target to improve the energy consumption per unit an average of 1% per year at all sites. Achieved our waste reduction targets. Achieved our chemical substance reduction targets. 		P31~P34
<p>3 Embracing Diversity and Inclusion</p> <p>FDK Group will promote diversity in human resources and irrespective of nationality, gender, sexual orientation, age, ability/disability, religion or values to enable individuals to grow with the company.</p>	<p>All the people in FDK Group prohibit all the discrimination* and accept the diversity in its human resources with actual actions.</p> <p><small>*Violation of human rights due to emotional or physical abuse, sexual harassment, and unfair discrimination based on nationality, race, gender, religion, policy, social standing, birthplace, disability, sexual orientation.</small></p>	<ul style="list-style-type: none"> Creating the working environment-friendly for all the people. Improving the personnel treatment system. Proceeding the educational activity such as trainings and seminars. 	<ul style="list-style-type: none"> Create professional environments conducive to work by LGBT employees and by those with disabilities. Evaluate business activities and consider the introduction of diverse workplace practices. 	<ul style="list-style-type: none"> Improve the education system across the entire group. Cultivate an environment where diverse individuals can actively participate. 	<ul style="list-style-type: none"> Installed multi-purpose restrooms at the Takasaki Plant. Completed the distribution of new uniforms selected by employee vote. Formally introduced telework on April 1, 2020. 	<ul style="list-style-type: none"> Conducted management training as planned. Conducted an employee satisfaction survey. (Response rate was 99.7%, up 3.1 points from last year) 		P27~P29
<p>4 Developing human resources for their contribution to society and the planet</p> <p>FDK Group will lead the way in cultivating employees who, from a global perspective, are pioneers in contributing to the advancement of society.</p>	<p>FDK develops human resources who can be active from a global perspective through business in a long term.</p>	<ul style="list-style-type: none"> Proceeding the systems to develop human resources for their contribution to local community through business. Cultivating the communication ability through the relation with local community. 	<ul style="list-style-type: none"> Strengthen stratified training. Revise the curriculum. Nurture global business and future leaders. 		<ul style="list-style-type: none"> Revised stratified training to include discussions on problem solving. 	<ul style="list-style-type: none"> Conducted education and training for next-generation leaders as planned. 		P29~P30
<p>5 Communicating and Collaborating with Stakeholders</p> <p>As a good corporate citizen, FDK Group will pursue a thorough understanding of the multiple needs and expectations of its stakeholders and pursue business activities to meet these needs and expectations.</p>	<p>FDK Group correctively discloses the information to be opened and communicate with stakeholders. FDK Group continuously pursues company activities to contribute to the society by reflecting the communication to the business activities.</p>	<p>Proceeding communication opportunities with Stakeholders and correct response for requests</p> <ul style="list-style-type: none"> Releasing CSR Report Customers: Disclosing correct information for the request from customers Shareholders, investors: Studying to realize the communication opportunities like Shareholders meeting, IR meeting, information on Home page, Management policy and Financial results briefings Supplier: Proceeding two-way communication. Employee: Communications with Labor union, Employee satisfaction monitoring, Communication with Top Management. Local community: Activity to contribute to local community (such as, Communication event with local community, Cleaning activity, Factory tour, Making Battery class, etc.) 	<ul style="list-style-type: none"> Releasing CSR Report Customers: Disclosing correct information for the request from customers Shareholders, investors: Conduct evaluations into various communication opportunities, such as shareholder meetings, IR meetings, informational disclosures via the corporate website, management policies and financial briefings 	<ul style="list-style-type: none"> Supplier: Proceeding two-way communication Employee: Dialogue between labor and management, satisfaction surveys, a communication with top management and promote risk management Local communities: social contribution activities for local residents and others 	<ul style="list-style-type: none"> Released our CSR report (2020). Continued timely informational disclosures. Responded to 45 inquiries from customers (company profile, etc.). Responded to 187 inquiries from media, shareholders, and investors. Explanatory materials on financial results and progress of the Mid-Term Business Plan disclosed separately from the financial statements on the April 2021 release of financial results. 	<ul style="list-style-type: none"> Expanded the scope of major suppliers taking part in the FDK Group Supply Chain CSR Survey Questionnaire. Conducted monthly liaison meetings between labor and management. We also handled three consultations on the human resources hotline. Continued to take part in local social contribution activities at each business site. 		P25~P26
<p>6 Ensure Compliance</p> <p>FDK Group will act with sense of ethics and comply with the laws and social codes.</p>	<p>Management and all the Employees always act along the laws and social codes promptly recognizing the new or revised information of the laws.</p>	<ul style="list-style-type: none"> Enhancing the activity to improve the company sustainability (evaluation, improvement, education) Reviewing regulations about compliance Planning and performing the education program for Corporate Conduct guidance, business ethics including to the overseas group companies Improving monitoring Collecting information about new or revised laws and reflecting to business activity correctively 	<ul style="list-style-type: none"> Reviewing regulations about compliance Planning and performing the education program for Corporate Conduct guidance, business ethics including to the overseas group companies 	<ul style="list-style-type: none"> Improving monitoring Collecting information about new or revised laws and reflecting to business activity correctively 	<ul style="list-style-type: none"> Reviewed regulations about compliance. Conducted e-learning (disaster prevention, domestic compliance, and overseas compliance). Internal reports received: 6 instances. 	<ul style="list-style-type: none"> Internal reporting desk publications: 9 times. Collected information about new or revised laws and reflected them in business activities appropriately. Published an internal Legal News compiling information such as legal and regulatory amendments. 		P17~P20
<p>7 Strengthening Corporate Governance</p> <p>Toward the realization of the CSR Policy, aims to improve the transparency and supervision function of management, FDK Group will strengthen the Corporate Governance.</p>	<p>The Managements fully understand the essence of Corporate governance and take the necessary actions to review the Management system and organization.</p>	<ul style="list-style-type: none"> Planning to design the Board of Directors to do the correct decision making with fully effective supervision and the separation of supervision and execution Evaluating the Board of Directors (Self evaluation and third party's verification, Continuous improvement) and Training to maintain and improve the effectiveness of Board of Directors. 	<ul style="list-style-type: none"> Smoothly share information and conduct ongoing high-quality auditing and supervision with outside directors through the Audit and Supervisory Committee Office 	<ul style="list-style-type: none"> Continually conduct self-evaluations of Board of Directors and training for directors Participation by corporate officers in the above training 	<ul style="list-style-type: none"> Shared information smoothly and conducted ongoing high-quality auditing and supervision by outside directors through the Audit and Supervisory Committee Office. 	<ul style="list-style-type: none"> Conducted self-evaluations, training of directors, and participation of corporate officers in this training. 		P17~P20