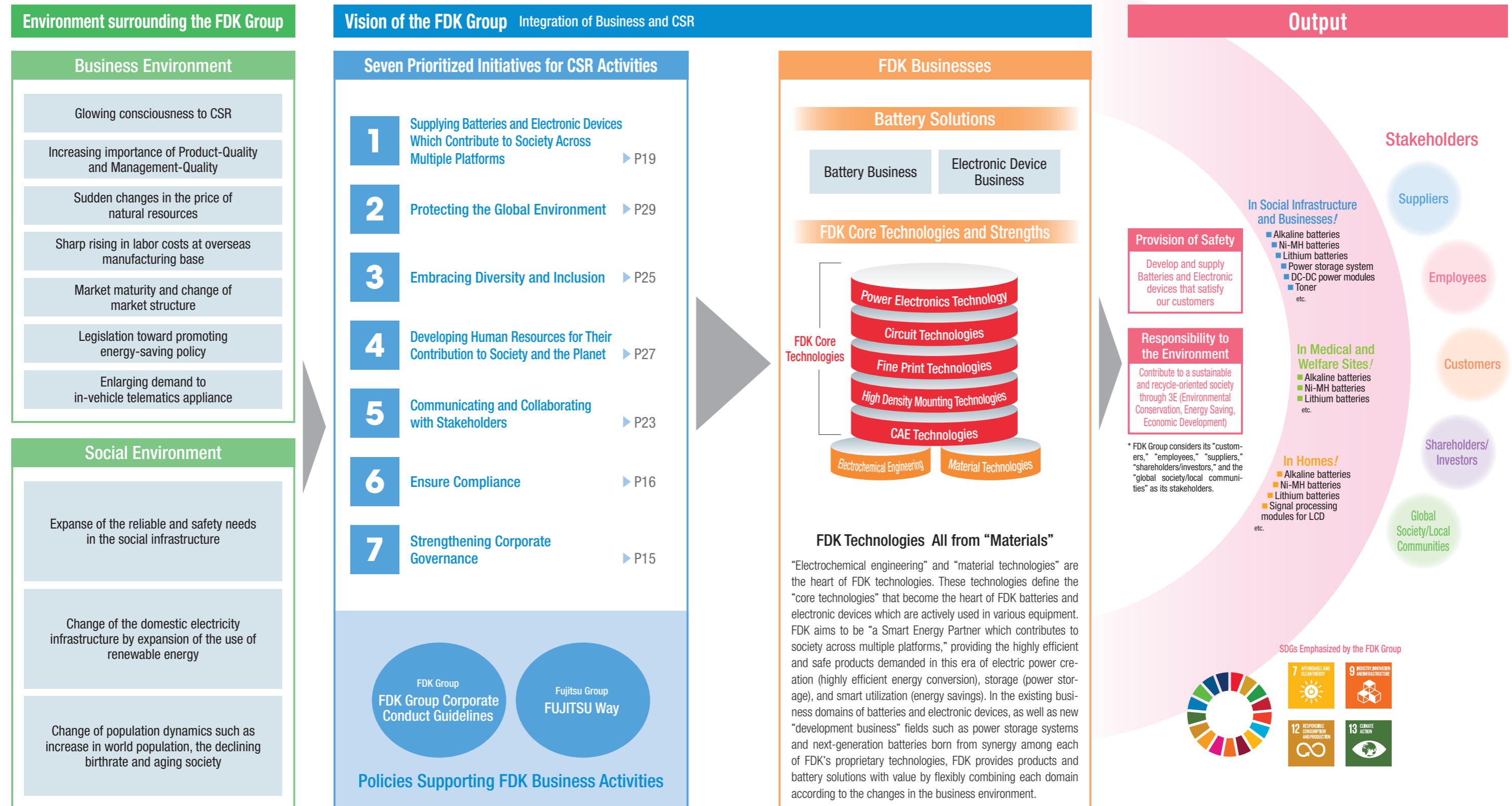


# The FDK Group Approach to Value Creation

In continually addressing prioritized initiatives based on our CSR Policy, the FDK Group engages in management as a responsible global corporate citizen. FDK group provides unique value to all of its stakeholders, helping to resolve societal 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.



# FDK and its Stakeholders

The products of the FDK Group are used in various devices close the lives of people from their households to their workplaces. The FDK Group is contributing to the safety and security in the lifestyles of people through the use of a broad range of products found in devices and vehicles that support social infrastructures as well as on medical and welfare sites. As a Smart Energy Partner, FDK also provides an abundance of environmentally-friendly products that contribute to energy savings and the reduction of environmental burden to contribute to the advancement of a sustainable society.

## In Social Infrastructure and Businesses!

- Elevator
- Emergency-response vending machine
- Multifunction printer (copy/fax)
- Power storage system
- Mouse
- Computer
- Emergency lighting
- Sensors
- Communications base stations
- Data centers



### Output

- Alkaline batteries
- Ni-MH batteries
- Lithium batteries
- Power storage system
- DC-DC power modules
- Toner
- etc.

## In Medical and Welfare Sites!

- Bedside monitor
- Infusion pump
- Electric wheelchair



### Output

- Alkaline batteries
- Ni-MH batteries
- Lithium batteries
- etc.

## In Homes!

- Smoke detector
- Smart meters
- Mobile phone base station
- LED light
- Automobile
- Cordless telephone
- Toys
- Smartphones charger
- Credit cards
- Wrist watch
- Remote controls
- Liquid crystal display (LCD)
- Beauty & health devices
- Flashlights



### Output

- Alkaline batteries
- Ni-MH batteries
- Lithium batteries
- Signal processing modules for LCD,
- etc.

## SDGs Emphasized by the FDK Group

- 7 AFFORDABLE AND CLEAN ENERGY**
  - Innovate energy consumption
  - Power storage and improve efficiency of energy consumption
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
  - Innovate new technologies and processes
  - Save resources and energy
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**
  - Ensure quality as a manufacturer
  - Innovate recycling processes
  - Conserve resources and reduce waste and emissions
- 13 CLIMATE ACTION**
  - Reduce CO<sub>2</sub>
  - Execute measures against disasters
  - Execute measures of prevention/reduction disaster

## Stakeholders



The FDK Group Vision is "FDK Group would like our customers to best utilize electric energy in a safe and efficient manner, and contribute to materialization and development of sustainable society". The FDK Group makes contributions through the batteries, power storage systems and electronic devices provided thanks to its proprietary technologies in addition to the production processes, such as improving power storage by using renewable energy, enhancing energy efficiency and resource efficiency, conserving the environment such as reducing CO<sub>2</sub> emissions, improving infrastructure, and strengthening security measures. FDK has defined the above four SDGs to emphasize as the FDK Group, including social issues that FDK can help resolve through its existing technologies and products in addition to potential contributes through new business measures and actions in the future.

FDK considers customers, employees, suppliers, shareholders, investors, global society and local communities to be primary stakeholders. By continuing to provide value to all of the stakeholders through the business activities, FDK will contribute to the sustainable development of society.

# CSR Management

CSR 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.

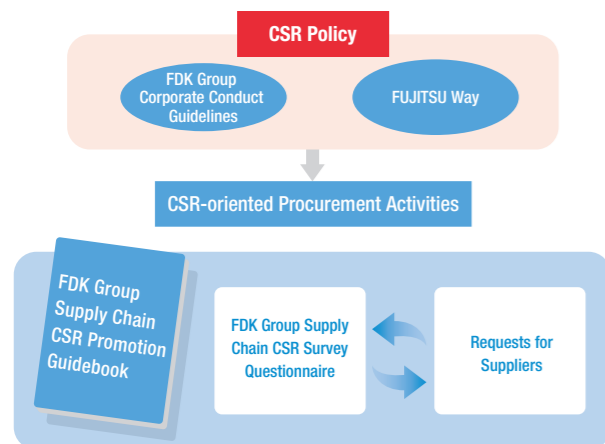
## FDK Group CSR Policy

- FDK Group CSR Policy is practiced by implementing the “FDK Group Corporate Conduct Guidelines” showing the contents which all the people who work in FDK group should positively practice, and the “FUJITSU Way” which is a group philosophy as a member of the Fujitsu Group.
- Under our mission that “FDK group contributes to realizing 3E (Environmental Conservation, Energy Saving, Economic Development) through the development and supply of Batteries and Electronic Devices based on customer satisfaction, and aims at becoming a Smart Energy Partner Able to Contribute to Society in Various Forms”, we, FDK group, contribute to the sustainable development of the Society and the Planet by implementing “FDK Group Corporate Conduct Guidelines” and the “FUJITSU Way” in light of the expectation and needs of multiple stakeholders in all our business activities.
- Our CSR efforts focus on seven prioritized initiatives.
- In addressing these challenges, we demonstrate a commitment to responsible business operations as a global company.

## Procurement Activities In-line with CSR

The FDK Group has collaborated with the suppliers in compiling the “FDK Group Supply Chain CSR Promotion Guidebook”, which presents our approach to promoting procurement activities in keeping with CSR principles. It is based on the “FDK Group CSR Policy”, “FDK Group Corporate Conduct Guidelines”, and the “FUJITSU Way”.

FDK Group asks the suppliers who make up its supply chain to comply with these policies in the same way FDK Group conducts procurement activities in compliance with these guidelines.



## 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.

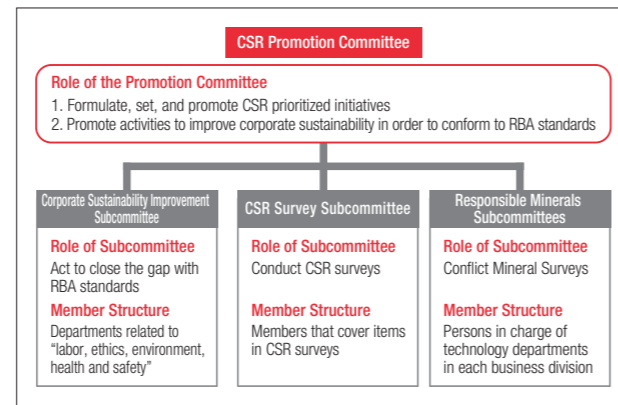
The CSR Promotion Committee acts as a secretariat of the CSR & Compliance Division with a director (corporate officer) as the chairman, to promote CSR management across the entire FDK Group, and it confirms the action status of the seven prioritized initiatives and periodically reviews matters such as the ideal form of sustainable society and business, including confirmation of CSR-related information and initiatives.

The Committee is broken down and operated as three organizational subcommittees for the purpose of promoting compliance with the Responsible Business Alliance (RBA) international CSR guidance, conducting surveys and responding appropriately to requests about CSR from customers, and properly managing minerals procurement\*.

FDK has also set up an internal homepage with the objective of sharing policies, the current state, and challenges by publishing information that includes the CSR Policy, prioritized initiatives and the activity results of the FDK Group.

\* 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.

## Framework of CSR Promotion

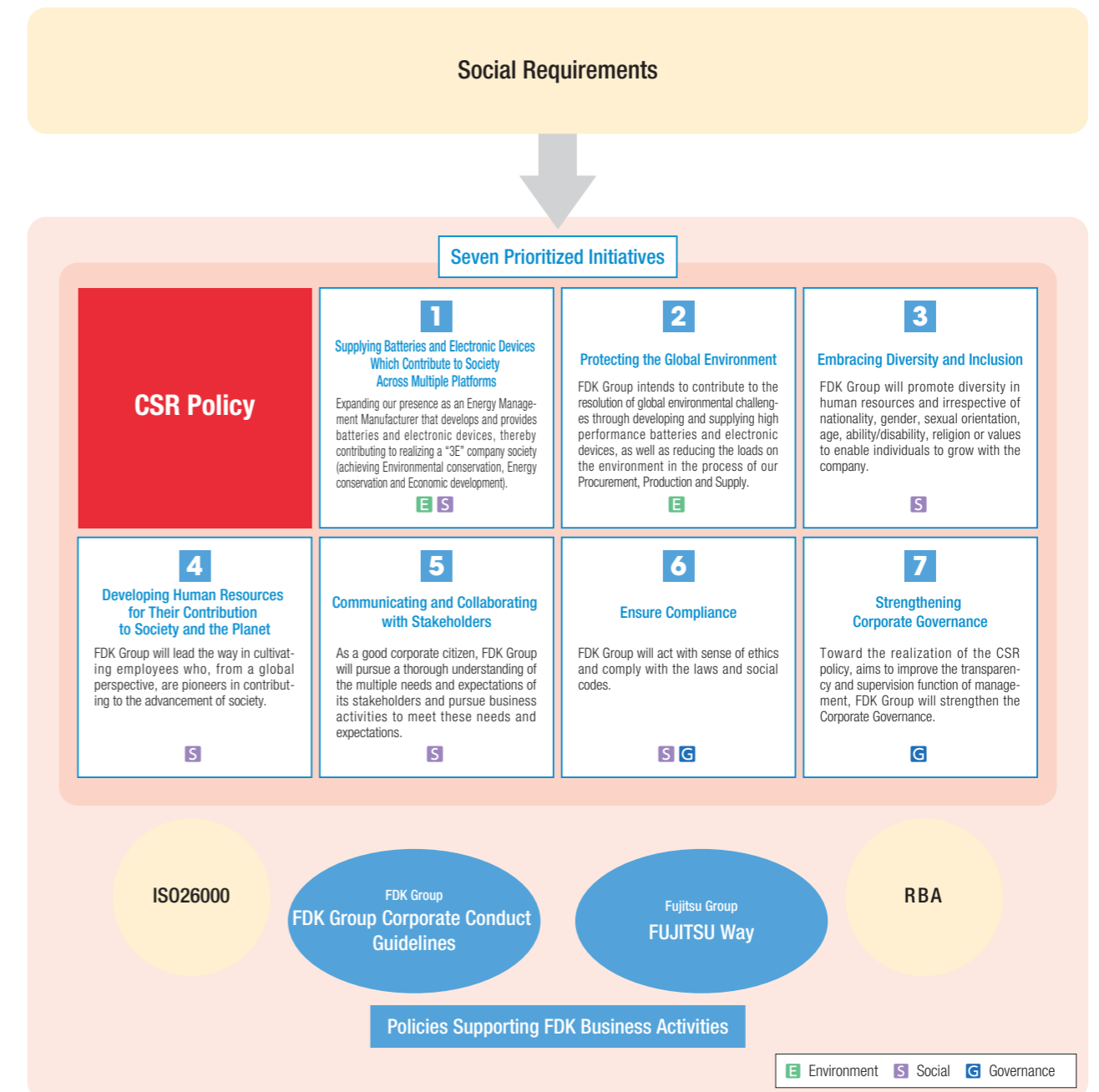


## Positioning of the Seven Prioritized Initiatives of the FDK Group

The FDK Group has set Seven Prioritized Initiatives for putting the FDK Group CSR Policy into practice. We undertake multifaceted deliberations about levels of severity and priority to set these initiatives in order to engage in responsible business management that responds to societal

requirements. By taking on these prioritized initiatives, we provide value to stakeholders while working to realize the FDK Group Vision.

CSR management activities include actions to comply with core ISO26000 issues, and standards for RBA priority regions, improving our quality of business management.



# Seven Prioritized Initiatives

FDK Group promotes CSR activities in accordance with its Seven Prioritized Initiatives. FDK Group actively undertakes priority issues that contribute to society as well as achieve the ISO26000, RBA, and items pursued in priority regions, and these priority issues have been set as the prioritized initiatives below for the purpose of promoting responsible management as a global company.

Prioritized Initiatives	Vision	Focus Measures	FY2018 Actions		ISO 26000	Details
			Targets	Achievements		
<p><b>1</b> <b>Supplying Batteries and Electronic Devices Which Contribute to Society Across Multiple Platforms</b></p> <p>The FDK Group aims to become a Smart Energy Partner across multiple platforms to contribute to society, and FDK supplies batteries and electronic devices based on customer satisfaction.</p>	<p>The society recognize FDK Group as a reliable Smart Energy Partner giving customers' satisfaction continuously by developing and supplying products tailored to market needs using proprietary technology and by taking flexible action for the changeable environment.</p>	<p>&lt;Products&gt; Promoting the development of products which provide new value created by differentiated technology.</p> <p>&lt;Action&gt;  <ul style="list-style-type: none"> <li>Improving Corporate value as a company creating better future through providing products that have been utilized material technology.</li> <li>Enhancing products and business to address societal issues and achieve SDGs</li> </ul> </p>	<p>&lt;Products&gt;  <ul style="list-style-type: none"> <li>Continuous introduction of valuable products that satisfy market need into industrial markets with growth potential</li> <li>FDK Group releases synergy products that make use of proprietary technologies from the Batteries and Electronic Devices Businesses into the industrial market to respond to market needs</li> </ul> </p> <p>&lt;Action&gt;  <ul style="list-style-type: none"> <li>FDK Group realizes technological development proposals adapted to needs by enhancing market research and rapidly discovering customer and market trends.</li> </ul> </p>	<p>&lt;Products&gt;  <ul style="list-style-type: none"> <li>Developed and supplied battery products for household electronics featuring improved safety and storage performance for safe, secure use, as well as reduced-cost models and battery products using eco-conscious packaging.</li> <li>For the infrastructure market, developed and supplied battery products for in-vehicle, fire prevention/security, smart meter and back-up power supply applications in response to customer requirements and environmental issues.</li> <li>In the field of electronic devices, developed component and module products that contribute to reduced electric power consumption and lightweight miniaturization by customers.</li> <li>Developed and shipped samples of small all-solid-state SMD battery in order to work toward mass production of next-generation batteries that help resolve challenges faced by customers and by society. Also began working toward the development of metal-hydride air secondary battery with promising potential future uses in social infrastructure.</li> </ul> </p>		P19~P22
<p><b>2</b> <b>Protecting the Global Environment</b></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"> <li>FDK implements energy conservation measures at factories and offices while promoting improvements in distribution to help prevent global warming.</li> <li>FDK Group reduces the loads on the environment through the actions for 3R (Reduce, Re-use, Re-cycle).</li> </ul>	<p>&lt;Reducing the environmental impact of customers&gt; 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>&lt;Reducing the environmental impact in FDK processes&gt;  <ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions and energy consumption.</li> <li>Reducing waste.</li> <li>Reducing chemical substances.</li> </ul> </p>	<p>&lt;Eco-conscious product development&gt;  <ul style="list-style-type: none"> <li>One or more products at each site each year that help improve energy efficiency</li> <li>One or more products at each site each year that help improve resource efficiency</li> </ul> </p> <p>&lt;Reducing CO<sub>2</sub> emissions and energy consumption&gt;  <ul style="list-style-type: none"> <li>Reduce energy consumption, and limit CO<sub>2</sub> emissions by the overall domestic FDK Group to 46,169t or less</li> <li>Improve the energy consumption per unit an average of 1% per year at all sites</li> </ul> </p> <p>&lt;Reducing waste&gt;  <ul style="list-style-type: none"> <li>Improve the amount of waste generated per unit by 3% compared to FY2015 at all sites</li> </ul> </p> <p>&lt;Reducing chemical substances&gt;  <ul style="list-style-type: none"> <li>Improve PRTR chemical emissions per unit by 3% compared to FY2015 at all sites</li> </ul> </p>	<p>&lt;Results&gt;  <ul style="list-style-type: none"> <li>Targets achieved in product development</li> <li>Achieved CO<sub>2</sub> emissions reduction targets</li> <li>Energy conservation at the new FDK Engineering building in particular has resulted in the reduction of CO<sub>2</sub> emissions by 36%.</li> </ul> </p> <p>&lt;Issues&gt;  <ul style="list-style-type: none"> <li>Increase of accuracy in defining targets (budgeting accuracy), appropriate definition of units and further energy conservation measures.</li> </ul> </p>		P29~P32
<p><b>3</b> <b>Embracing Diversity and Inclusion</b></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>*Violation of human rights by Unreasonable Discrimination in Nationality, Race, Gender, Religion, Policy, Social position, Birthplace, Disability, Sexual orientation or by Sexual harassment, Mental and physical violence.</p>	<ul style="list-style-type: none"> <li>Creating the working environment-friendly for all the people.</li> <li>Improving the personnel treatment system.</li> <li>Proceeding the educational activity such as trainings and seminars.</li> </ul>	<ul style="list-style-type: none"> <li>Foster awareness of work-style reforms</li> <li>Consider expanded work-style options such as flex-time, staggered shifts, tele-work and working from home</li> <li>Educational activities to foster understanding of employees in long-term care or with disabilities, and LGBT employees</li> <li>Consideration for creating professional environments conducive to work by LGBT employees, or those with disabilities</li> <li>Ongoing hosting of (workplace management) seminars for managers</li> <li>Holding seminars for supervisors</li> <li>Holding life-planning seminars for senior employees</li> <li>Education and training for next-generation leaders</li> <li>Promotion of increased use of childrearing leave for male employees</li> <li>Action plan implementation (renewing awareness of women and increasing their participation in managerial positions)</li> </ul>	<ul style="list-style-type: none"> <li>A survey regarding flex-time was administered, and the program was initiated in April 2019 at domestic group companies.</li> <li>In order to increase the rate of paid leave taken, an agreement was reached between labor and management that increases paid leave use promotion days by 1 beginning in FY2019, and the long-term combined holidays included in the annual business calendar were extended from previous lengths.</li> <li>Hiring people with disabilities: an effort was undertaken to recruit from nearby special support schools.</li> <li>In order to establish an environment conducive to work, multipurpose restrooms are to be installed at each business site based on facilities surveys at each business site.</li> <li>Revising regulations: LGBT-related training and leaflet distribution was incorporated into Human Rights Week efforts toward adapting company-internal systems to same-sex partners.</li> <li>Career design training was held in January 2019.</li> <li>Programs were held at all business sites by December 2018.</li> <li>Education and training for next-generation leaders was held in July, August and September 2018.</li> <li>A career advancement seminar for women was held in November.</li> </ul>		P25~P28
<p><b>4</b> <b>Developing Human Resources for Their Contribution to Society and the Planet</b></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"> <li>Proceeding the systems to develop human resources for their contribution to local community through business.</li> <li>Cultivating the communication ability through the relation with local community.</li> </ul>	<p>&lt;Implementation of FDK Group Plans for Nurturing Human Resources (3rd-year)&gt;  <ul style="list-style-type: none"> <li>Improvement of existing training</li> <li>Sharing and transparency of educational plans</li> <li>Brush-up of training curricula</li> <li>Brush-up of training programs</li> </ul> </p> <p>&lt;Nurture next-generation business leaders and professional human resources&gt;  <ul style="list-style-type: none"> <li>Providing leadership training</li> </ul> </p> <p>&lt;Consideration of planning and implementation for global hiring&gt;  <ul style="list-style-type: none"> <li>Holding seminars to nurture global human resources</li> <li>Training to deepen understanding of other cultures</li> </ul> </p>	<ul style="list-style-type: none"> <li>An education plan was produced, and performance was shared within the company.</li> <li>Leadership training was held in July, August and September 2018.</li> <li>Intercultural seminars were held in July 2018 and February 2019.</li> </ul>		P25~P28
<p><b>5</b> <b>Communicating and Collaborating with Stakeholders</b></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>&lt;Proceeding communication opportunities with Stakeholders and correct response for requests&gt;  <ul style="list-style-type: none"> <li>Releasing CSR Report.</li> <li>Customers: Disclosing correct information for the request from customers</li> <li>Shareholders, investors: Studying to realize the communication opportunities like Shareholders meeting, IR meeting, information on Home page, Management policy and Financial results briefing.</li> <li>Supplier: Proceeding two-way communication.</li> <li>Employee: Communications with Labor union, Employee satisfaction monitoring, Communication with Top Management.</li> <li>Local community: Activity to contribute to local community (such as, Communication event with local community, Cleaning activity, Factory tour, Making Battery class, etc.).</li> </ul> </p>	<ul style="list-style-type: none"> <li>Releasing CSR Report.</li> <li>Customers: Disclosing correct information for the request from customers</li> <li>Shareholders, investors: Studying to realize the communication opportunities like Shareholders meeting, IR meeting, information on Home page, Management policy and Financial results briefing.</li> <li>Supplier: Proceeding two-way communication.</li> <li>Employee: Dialogue between labor and management, satisfaction surveys, a communication with top management and promote risk management</li> <li>Local communities: social contribution activities for local residents and others</li> </ul>	<ul style="list-style-type: none"> <li>The Japanese-language version of the CSR Report (2018) was released in September, English version released in November 2018. Got the evaluation from suppliers, and administered a survey questionnaire in employee training.</li> <li>Disclosure as necessary is being performed on an ongoing basis.</li> <li>Communication with investors and shareholders: 179 instances, customer inquiries regarding CSR/handling of conflict minerals procurement: 241 instances, external inquiries regarding risk: 15 instances</li> <li>The FDK Group Supply Chain CSR Survey Questionnaire was administered to major suppliers, followed by feedback.</li> <li>A labor-management liaison conference was held on a monthly basis.</li> <li>All three inquiries received by the Human Resources Hotline were dealt with.</li> <li>Local contribution activities were conducted at each business site.</li> </ul>		P23 P24
<p><b>6</b> <b>Ensure Compliance</b></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"> <li>Proceeding the activity to improve the company sustainability (evaluation, improvement, education).</li> <li>Reviewing regulations about compliance.</li> <li>Planning and performing the education program for Corporate Conduct guidance, business ethics including to the overseas group companies.</li> <li>Improving monitoring.</li> <li>Collecting information about new or revised laws and reflecting to business activity correctively.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing regulations about compliance.</li> <li>Planning and performing the education program for Corporate Conduct guidance, business ethics including to the overseas group companies.</li> <li>Improving monitoring.</li> <li>Collecting information about new or revised laws and reflecting to business activity correctively.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing regulations about compliance.</li> <li>Companywide regulations established/revision and elimination results (4 established, 91 revised, 49 eliminated)</li> <li>Planning and performing the education program <ul style="list-style-type: none"> <li>Held compliance education</li> <li>Total e-Learning students: 5,436</li> <li>Education performed through stratified training (management training, new division head training, mid-level employee training, new employee training)</li> <li>Ongoing export management education</li> <li>Ongoing training on the Subcontract Act</li> </ul> </li> <li>Improving monitoring. <ul style="list-style-type: none"> <li>Internal reporting received: 3 instances</li> </ul> </li> <li>Collecting information about new or revised laws and reflecting to business activity correctively. <ul style="list-style-type: none"> <li>Company-internal legal newsletter compiling information such as legal and regulatory amendment, etc.: 10 issues</li> <li>Export management: Chaser List adopted as a screening tool for customers of concern</li> </ul> </li> </ul>		P15~P18
<p><b>7</b> <b>Strengthening Corporate Governance</b></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"> <li>Planning to design the Board of Directors to do the correct decision making with fully effective supervision and the separation of supervision and execution.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Smoothly share information and conduct ongoing high-quality auditing and supervision with outside directors through the Audit and Supervisory Committee Office</li> <li>Continually conduct self-evaluations of Board of Directors and training for directors</li> <li>Participation by corporate officers in the above training</li> </ul>	<ul style="list-style-type: none"> <li>The Audit and Supervisory Committee reported its FY2018 audit policy orientation and plan, as well as site visit results.</li> <li>Results of a review of a consolidated financial statements auditing by Accounting Auditors were shared.</li> <li>Auditing plans and results from the Auditing Department were reported</li> <li>Self-evaluations and training were implemented at the March 2019 Board of Directors meeting.</li> <li>Themes: executive officers' duties and responsibilities, management strategy and administrative management (corporate officers also participated in training)</li> </ul>		P15~P18

# Providing Safe, Secure Products with Consideration for the Environment



Throughout all FDK business activity processes (i.e., our value chain), we work together within the company on initiatives to provide products that are safe and secure for the customer and environmentally friendly. With this as our premise, we recognize how crucial it is to elevate the quality of management through internal environmental initiatives and thoroughgoing compliance. FDK works to provide products and services that have value for our customers by promoting activities that include collaboration with our suppliers.



## Quality Assurance

**Policy Orientation**

Our Quality Policy states that "We will provide customers with quality they can rely on." Based on the FDK Group Corporate Conduct Guidelines and the FUJITSU Way, we continually strive to ensure product and service quality and safety in all aspects of our business activities. This is how we work to build an abundant future together with customers and society as we increase corporate value. We pursue and achieve quality and safety in line with the following seven-fold policy orientation: 1. Pursuing quality from the customer's perspective, 2. Creating quality in anticipation of change 3. Fulfilling social responsibilities through quality assurance, 4. Continuous improvement under the three-reality principle (i.e., actual place, actual things, actual situation), 5. Quality improvement in collaboration with business partners, 6. Disclosing and responding to quality information, and 7. Developing personnel who are mindful of quality.

**Initiatives Toward Realizing Our Policies**

- Quality assurance activities under a quality management system (QMS), applied to every step from product planning to manufacture, shipment and aftercare services.
- Continuous improvement through the PDCA (plan-do-check-action) cycle
- Regular meetings with all business divisions for information sharing, quality target definition and supervision, escalation during compliance-related problems and the occurrence of quality-related trouble, human resource development including horizontal implementation of specific case examples and know-how
- Group-wide Quality Management Committees activities for a management-led approach that transcends product categories