

The FDK Group will contribute to the further advancement of the electronics industry by developing and providing electronic components and batteries, and will fulfill its social responsibilities as a good corporate citizen.

The FDK Group's Management Policy

The FDK Group's mission is to help build an affluent electronic society by developing and providing electronic components and batteries that satisfy our customers. To this end, the FDK Group combines the strengths of the material, circuit, and high-density mounting technologies we have developed over the years with the commitment and dedication of all Group employees. As a result, we are able to offer high-quality and high-value products to our customers throughout the world and are recognized as a key device supplier of advanced electronic products. At the same time, we contribute to technological advancement and environmental conservation.

The FDK Group will strive to establish a stable business foundation through the appropriate response to changes in its business environment and by promoting production innovation initiatives for the more efficient use of corporate resources. In addition, we will increase our corporate value even further by conducting fair business activities in compliance with relevant laws and regulations.

Corporate Governance

The FDK Group commits itself to strengthening its corporate governance to ensure prompt and appropriate decision-making as well as highly transparent and efficient management.

FDK's Basic Thinking about Corporate Governance

The FDK Group believes that good corporate governance enhances the soundness and transparency of a company and increases the value for its shareholders. We, therefore, revise our organizational structure as necessary to strengthen our management and implement necessary measures.

In addition, the Group commits itself to proactively disclosing its corporate information to ensure fair and transparent business management. For example, our financial information is available on our website.

Corporate Governance Measures

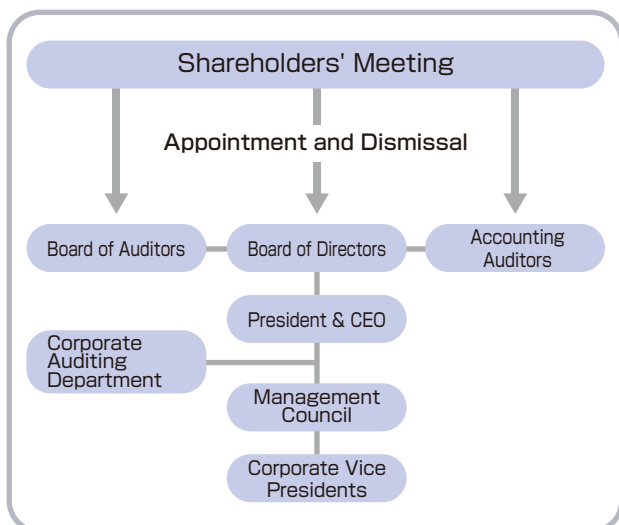
The FDK Group separates management supervising functions and business operations. Since June of 2002, a corporate vice president system has been in place. Currently, the Group's Board of Directors consists of six directors, including one external member. The small size of the Board ensures prompt decision-making. The Board of Directors meets once each month to make important management decisions and monitor business performance. The corporate vice president system involves five director-corporate vice presidents and five corporate vice presidents.

The Management Council meets on a monthly basis to decide on matters related to business operations. When discussing important business matters that require Board decisions, a Management Council meeting is held, as a rule, one week before the relevant Board meeting to facilitate the decision-making process.

The Board of Auditors consists of four corporate auditors, of which three are "external corporate auditors" stipulated in Article 2, Paragraph 16 of the Corporate Law. The corporate auditors are responsible for ensuring compliance. To this end they not only attend meetings of the Board of Directors, Management Council and committees, but also monitor the directors' performance of duties by asking them about sales developments. The Board of Auditors meets every three months as a rule, at which time individual auditors report the results of their audits.

Accounting auditors, corporate auditors, and the Corporate Auditing Department maintain close communication by exchanging information and opinions, as necessary, in order to allow for effective and efficient audits.

Corporate Governance Structure



Internal Control System

The FDK Group initiated the Operational Reform Promotion Project in May of 2007. With the launch of the project, we started an initiative for the establishment of an internal control system, with particular emphasis on achieving compliance with the Financial Instruments and Exchange Law (J-SOX), which applies to public companies from the business year starting on April 1, 2008 and after.

Compliance

We have established the FDK Corporate Code of Conduct to clarify our code of conduct. In accordance with these guidelines, we strive to fulfill our social responsibilities and comply with relevant laws and regulations.

FDK Corporate Code of Conduct

Established in 2000 as a basic code of conduct for all employees, the FDK Corporate Code of Conduct clearly states our obligation of compliance and basic policy for business activities with a view to gaining the trust of consumers and business partners. The Code of Conduct is easily accessible to all employees in order that they may increase their awareness and compliance. It can be viewed on the company's intranet as well as on the bulletin boards located at all workplaces and on the portable calendar distributed to all employees every year.

In July of 2008, the FDK Corporate Code of Conduct was revised to provide FDK Group employees with even clearer action criteria.

FDK Corporate Code of Conduct

1. Customer Satisfaction

- We supply safe and high quality products and services for the needs of customers.

2. Environmental consciousness

- We promote resource saving, energy saving and make an ongoing effort to protect the global environment.

3. Contribute to Society

- We, as good corporate citizen, actively contribute to society.
- We will be fully aware of the culture and customs of every country in the world with the global perspective and respect human rights.

4. Fair Trade

- We have sensible course of business behavior, and conduct fair and free competition.
- We communicate widely with society and disclose corporate information justly and timely.

5. Compliance with law

- We act with sense of ethics and comply with the laws and social codes.
- We take a resolute attitude against antisocial forces and have no relationship with such forces.

Compliance Education

Using the Intranet

To increase our employees' awareness of compliance and corporate ethics, the FDK Group provides a range of compliance-related information via the intranet. Such information includes explanations about laws, regulations and internal rules, as well as cases of violation.

In-House Training

During their respective training sessions, new employees and new executives are provided with a briefing on laws and regulations closely related to their everyday operations, such as internal regulations, the Product Liability Law, the Antitrust Law and the Private Information Protection Law. In addition, briefing sessions are held at individual sites to ensure that all employees have a good understanding of the laws and regulations that are of particular importance. In FY2007, domestic sites were provided with briefings about export control (for the strengthening of security trade control), the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and the Authorized Exporters' Program.

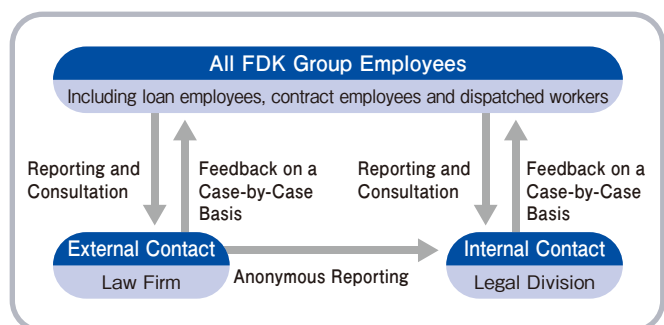


Briefing Session on Export Control

Internal Reporting System

To prevent any violation of laws and regulations or of the company's internal rules and code of ethics and to recognize such violations at an early stage, the FDK Group established the "Internal Reporting System" in April of 2006. Under this system, points of contact are available to receive reports and provide consultations. The contacts are designed to address questions about the code of ethics, receive reports from and provide consultations for individuals who cannot use the normal channels. The "Internal Reporter Protection Regulation" is also in place to maintain the secrecy of reporters and to protect them against any adverse consequences that may result from their reports.

Internal Reporting System



Risk Management

The FDK Group promotes initiatives for the prevention and minimization of risks. We are strengthening our crisis management system not only for domestic sites, but throughout the entire Group, including overseas locations.

Risk Management System

The FDK Group identifies possible business risks and assigns different departments to evaluate and analyze individual risks in order to strengthen our risk management system.

FDK has an organization that is dedicated to minimizing the impact of serious risks, such as natural disasters and epidemics, on the Group. The Risk Management Department, headed by the President, collects and analyzes relevant information and quickly formulates responses.

The KOSAI PLANT, located in a region at risk of being damaged in the event of a Tokai earthquake, is working out a business continuity plan (BCP) and working to ensure the proper implementation of business continuity management. The aim is to ensure the uninterrupted supply of needed products or early recovery in the event of an emergency.

To safeguard our operations outside Japan, we gather travel information and on-the-spot information from the Overseas Security Information Center of the Foreign Affairs Ministry and external risk management consultants, and swiftly communicate such information to relevant overseas sites.

Response to Natural Disasters

In FY2007, the KOSAI PLANT, located in a region at risk of being damaged in the event of a Tokai earthquake, introduced the "Earthquake Early Warning System." In the event of an earthquake, P-waves or initial small tremors are followed by S-waves or main tremors. The system detects the P-waves and issues a warning based on the estimated magnitude and focus of the earthquake. Damage can be minimized by making most of the valuable short space of time between the warning and the arrival of the main tremors.

In FY2006, the "Employee Safety Confirmation System," an in-house development, was deployed to group companies in Japan. In the event of massive disaster such as an earthquake or tsunami, this system uses the e-mail and web functions of cell phones to confirm the safety of employees.

In an emergency, the FDK Group will offer support to the local communities hit by the disaster. We are ready to provide dry batteries manufactured by the Group, dispatch the in-house firefighting brigade, and/or take part in rescue activities.

Protection of Intellectual Properties

In order to keep its unique leadership in the industry, the FDK Group focuses on creating and protecting intellectual properties. Starting in FY2007, our activities in this area consist of three pillars: ① strategic and efficient patenting, ② improvement of skills of inventors and members of the Intellectual Property Division, and ③ innovation of the operations of the Intellectual Property Division.

Intellectual Property Control System

The Intellectual Property Division, an organization within the Technology R&D Group, works out plans for intellectual property activities within the entire Group, while the Patent Promotion Committee controls and manages them. Patent Promotion Sub-Committees organized at the level of section, group, and project hold patent promotion meetings to identify and discuss new areas for inventions.

Intellectual Property Strategy

For efficient acquisition of blocking patents, the Intellectual Property Division works closely with the Technology R&D Group. Investigating prior arts, making decisions on patentability, and reviewing written opinions against notification of reasons for refusal are all intended to ensure seamless patent applications. To develop strong patents, we also focus on human resource development programs such as in-house education.

Respect to Patents Held by Others

Infringement of a third party patent could cause serious losses. To avoid this, the FDK Group implements appropriate measures, such as reliable patent surveys, while developing new products. In addition, the Patent Promotion Committee meets regularly to discuss and report patent infringements.

Intellectual Property Control System

