

# 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

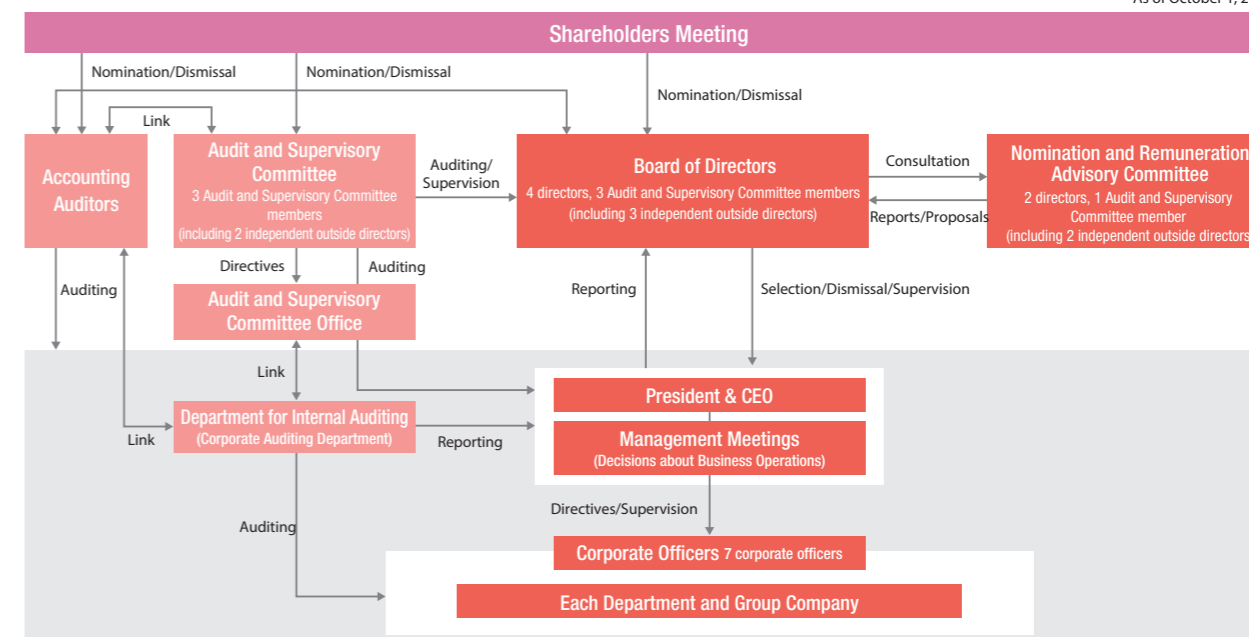
Relationship with Society

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**

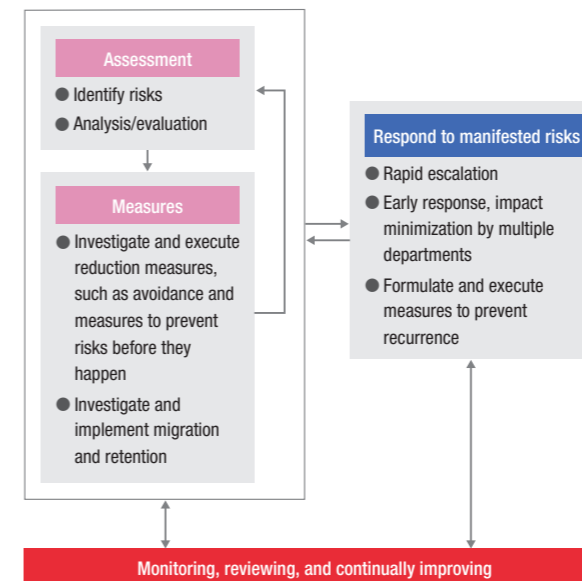
The FDK Group aims to continually improve corporate value and make contributions to customers, local communities, and all other stakeholders through its global business activities. To achieve these goals, we properly identify any potential risks resulting from our business activities and prioritize important 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.

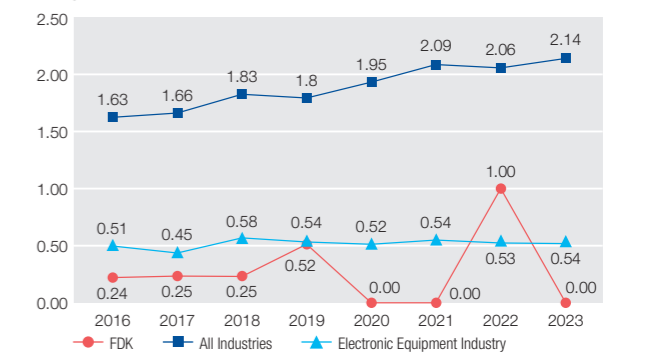
In the development, design, manufacture, and sales of materials and parts related to batteries and electronic devices, and the associated products and various manufacturing facilities and equipment, we will make safety our first priority, and work with the participation and input of all employees to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

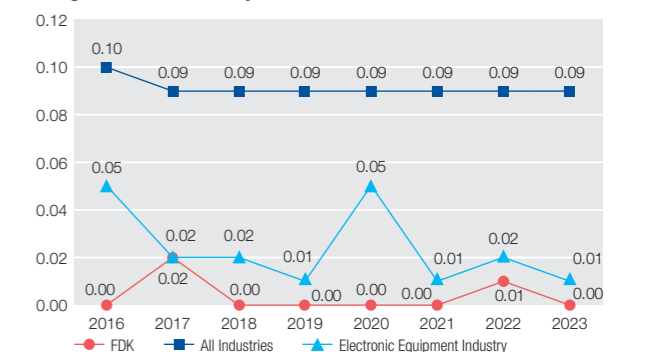
Many business sites have acquired the ISO 45001 certification for occupational health and safety management. We take advantage of these management systems in an effort to realize a framework with an even higher level of occupational health and safety.

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.