

Technology creating a better future

**FDK**

# Social & Environmental Report 2008



FDK Group Social & Environmental Report 2008

## Editorial Policy

The FDK Group began publishing its "Environmental Report" for the term ending in March of 2001. Since fiscal 2006, the scope of the report has been expanded to include the social aspects of the group and published as "The FDK Group Social and Environmental Report." This is the third year of publication for our social and environmental report.

The purpose of this report is to summarize FDK Group activities aimed at realizing a sustainable society. In this issue we include a special feature article introducing unique products we have developed that show what we are as a company.

We used visual formats such as illustrations, graphs and photos as much as possible in this publication. The environmental section of this report is designed to show one key item of the FDK Group Environmental Action Plan per page to clearly highlight our goals and the results of our activities.

We intend to continue doing our best each year to clearly convey our message through this publication. It is FDK Group's sincere wish to establish two-way communication with our readers.

In order to conserve paper, we invite readers who would like to comment on this report to fill out the online questionnaire available at the FDK Group Website. We look forward to hearing your opinions.

## Intended Readers

The intended readers of this publication are FDK Group stakeholders, including customers, business partners, investors, shareholders, regional community, government organizations and employees.

## Links to Related Sites

<FDK Group environmental activities>

[http://www.fdk.com/kankyoe/kankyoe\\_index-e.html](http://www.fdk.com/kankyoe/kankyoe_index-e.html)

<FDK Group Social and Environmental Report questionnaire>

<http://www.fdk.com/kankyoe/questionnaire-e.html>

## Scope of This Report

### Period

This report encompasses activities and results for fiscal 2007 (from April 1, 2007 to March 31, 2008).

Some data pertaining to performance figures and activity results until July 2008 are, however, included for the purpose of showing transitions.

### Organizations included in the scope of this report

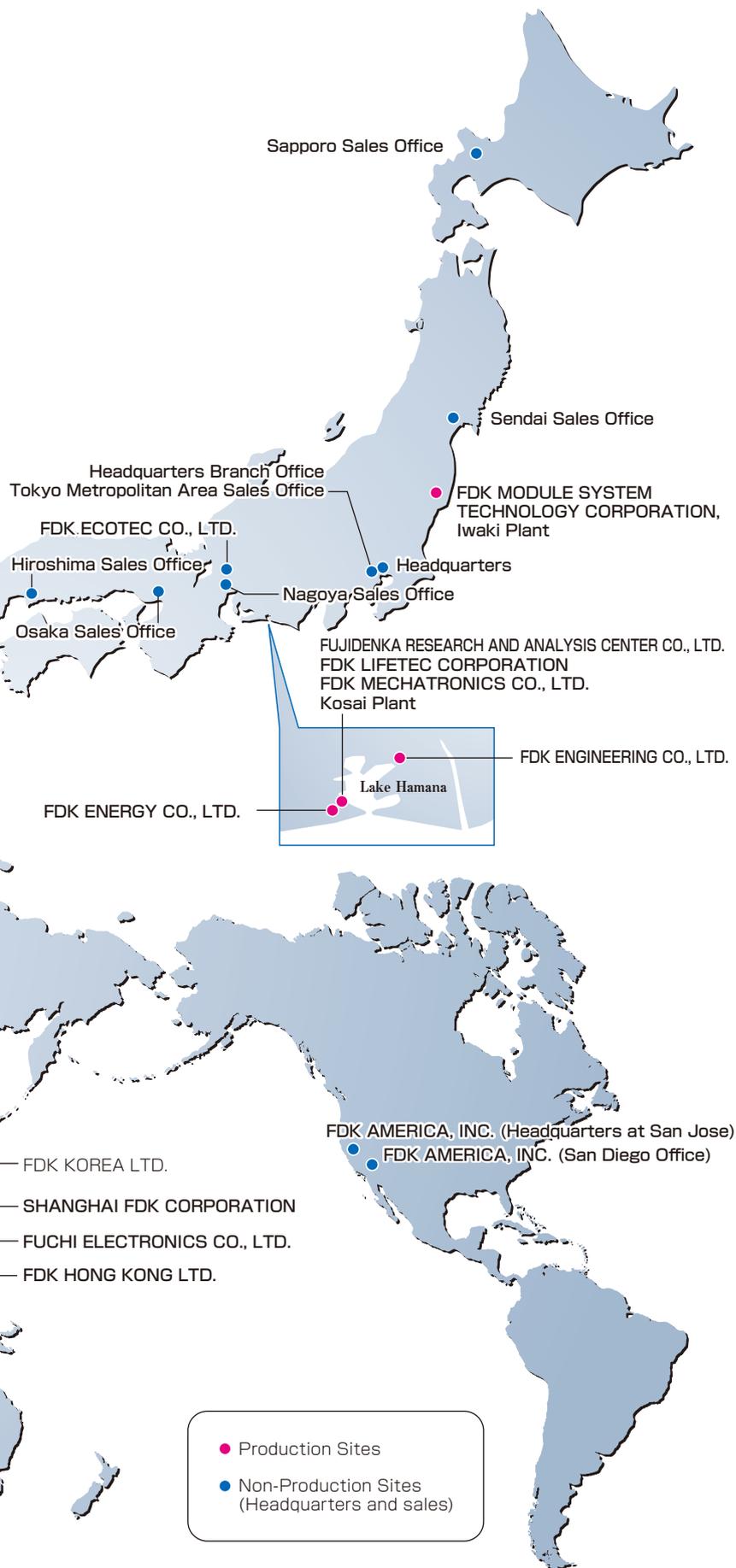
This report encompasses the entire FDK group. The environmental section of the report pertains to FDK, its seven domestic group companies, and twelve consolidated overseas sites (marked in bold print below).

### Scope of the collected data

Performance data representing the prevention of global warming, the reduction of waste and chemical emissions, business activities and environmental burdens pertain to FDK plants and domestic group companies.

A portion of the data pertaining to environmental burden at overseas group company production sites is covered in the Site Report.





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Management and Organizational Structure

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## Message from the President

# Committed toward Achieving a Sustainable Society, FDK Practices Environmental Management to Make Social Contributions through Our *Monozukuri*\*.

### Toward Achieving a Sustainable Society

In recent years, the FDK Group has experienced extremely rapid changes in its business environment. These changes include global competition and alliances among manufacturers, raw material price hikes, developments in energy, resource, and environmental problems, and growing public concern over corporate social responsibility.

We believe that we should open our mind to these changes in order to achieve sustainable development.

We will consolidate our business foundation and make committed efforts and strive for improvements to ensure the continued growth of our Group. In so doing, we will develop a range of activities to help achieve a sustainable society.

Announced at the end of January 2008, the “New Policy and Measures for the Further Growth of the FDK Group” aim at the achievement of sustainable development and the opening up of new possibilities to cope with increasing competition in the globalized and borderless business environment.



Toshiharu Sugimoto  
President & CEO  
FDK CORPORATION

A handwritten signature in black ink, appearing to read 'T. Sugimoto', written over a light blue background that resembles a document or envelope.

\* *Monozukuri* : a Japanese term referring to manufacturing characterized by creativity, innovation, and precision

## Contributing to Society through *Monozukuri*

Following the new policy and measures for growth, the FDK Group will make itself even more competitive by making the most of the unique material technology and other technologies we have developed since our foundation.

Our motto “Contributing to society through *monozukuri*” (see footnote on page 3) involves two goals: first, we will pursue the 3Es (energy security, environmental conservation, and economic efficiency) to build a sustainable society; second, we aim to help develop ubiquitous computing (whenever, wherever, whatever, and whoever) to enrich people’s lives even further.

In addition to developing distinctive products and technology, we will work on production innovation in all areas of our business to shift to a highly profitable structure, which will ensure the sustainable growth of the Group.



3Es for Building a Sustainable Society

## Environmental Management

Humanity faces the pressing need to resolve environmental issues, including global warming. During the G8 Hokkaido Toyako summit, Japan, in July 2008, the G8 leaders defined environmental and climate protection as one of the key issues that humanity must face and resolve. Since early on, the FDK Group has seen environmental problems as one of the key challenges of our business. With the slogan, “FDK Group Loves Nature for the Future of the Earth,” we have strived to achieve sustainable society in which business interests can exist in harmony with environmental conservation.

We have founded two group companies specializing in environmental measurement/analysis, environmental consultation and recycling. Through the operations of these environmental business companies, we have developed environmental solutions while seeking business opportunities related to environmental issues. Since 2007, the entire Group has been implementing its Fourth Environmental Action Plan. As an electronic component and battery manufacturer, we have, thus, been focusing on product-related measures, such as reducing CO<sub>2</sub> emissions during use and saving resources during production.

This report summarizes our social and environmental activities for fiscal 2007 and will help you understand our commitment in these areas. The FDK Group appreciates your continued support.

# Company Profile

FDK CORPORATION was established as manufacturer of dry batteries in 1950.

Since then, we have successfully expanded our business to include the manufacturing and sales of materials and components for use in electronic products, and have enhanced our overseas production and sales sites to establish a global manufacturing and sales network. We are a company of the FUJITSU Group, with FUJITSU LIMITED owning 39.8% of our shares with voting rights.

**Company Name** FDK CORPORATION  
 [Consolidated subsidiaries: 16 (domestic: 5, overseas: 11); equity method affiliate company: 1 (overseas 1); non-consolidated subsidiaries 3 (domestic: 2, overseas 1)]

**Headquarters** 5-36-11 Shimbashi, Minato-Ku, Tokyo

**President & CEO** Toshiharu Sugimoto

**Established** February 1, 1950

**Capital** 22,756 million yen

**Net Sales** 113,668 million yen (consolidated sales in FY2007)  
 57,124 million yen (non-consolidated sales in FY2007)  
 Electronics devices: 86,325 million yen (ratio against net sales: 75.9%)  
 Batteries: 27,342 million yen (ratio against net sales: 24.1%)  
 (overseas net sales of 69,052 million yen with the ratio against overseas net sales of 60.7%)



KOSAI PLANT

※ The figures for net sales and the number of employees are as of the end of March, 2008. The other figures represent the corporate situation at the end of July, 2008.

**Number of Employees** Consolidated: 12,252 Non-consolidated: 1,341

## Consolidated Subsidiaries

### <Production Companies>

|          |  |
|----------|--|
| Japan    | FDK MODULE SYSTEM TECHNOLOGY CORPORATION |
|          | FDK ENERGY CO., LTD.                     |
|          | FDK MECHATRONICS CO., LTD.               |
|          | FDK ENGINEERING CO., LTD.                |
|          | FDK LIFETEC CORPORATION                  |
| Overseas | PT FDK INDONESIA (Indonesia)             |
|          | FUCHI ELECTRONICS CO., LTD. (Taiwan)     |
|          | XIAMEN FDK CORPORATION (China)           |
|          | SHANGHAI FDK CORPORATION (China)         |
|          | SUZHOU FDK CO., LTD. (China)             |
|          | FDK LANKA (PVT) LTD. (Sri Lanka)         |
|          | FDK (THAILAND) CO., LTD. (Thailand)      |

### < Sales Companies >

|          |                                     |
|----------|-------------------------------------|
| Overseas | FDK AMERICA, INC. (USA)             |
|          | FDK SINGAPORE PTE. LTD. (Singapore) |
|          | FDK HONG KONG LTD. (China)          |
|          | FDK ELECTRONICS GMBH (Germany)      |

### Equity Method Affiliate Company

#### < Production Company >

|          |   |
|----------|---|
| Overseas | NANJING JINNING SANHUAN FDK CO., LTD. (China) |
|----------|---|

### Non-Consolidated Subsidiaries

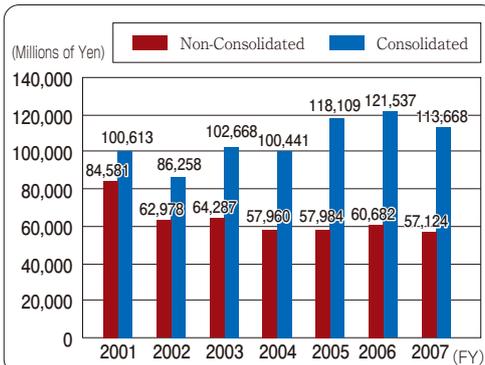
#### < Environmental Business >

|       |  |
|-------|--|
| Japan | FUJIDENKA RESEARCH AND ANALYSIS CENTER CO., LTD. |
|       | FDK ECOTEC CO., LTD.                             |

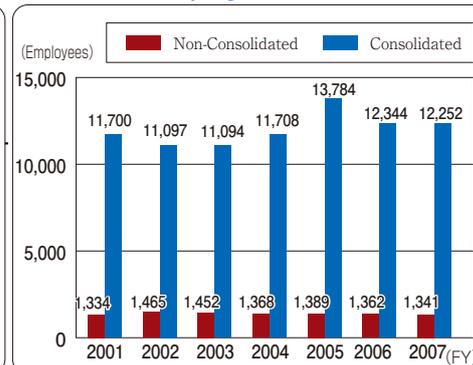
#### <Sales Support>

|          |                              |
|----------|------------------------------|
| Overseas | FDK KOREA LTD. (South Korea) |
|----------|------------------------------|

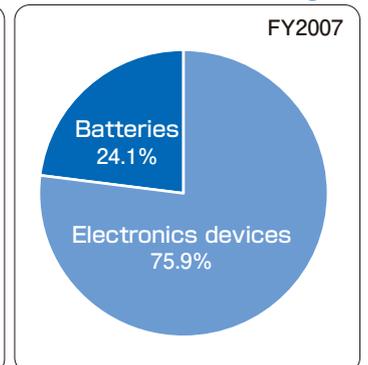
## Net Sales



## Number of Employees

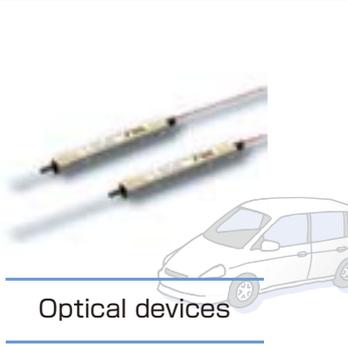
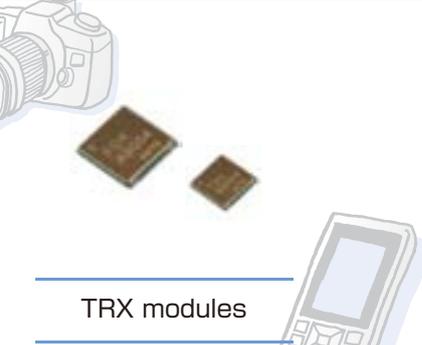
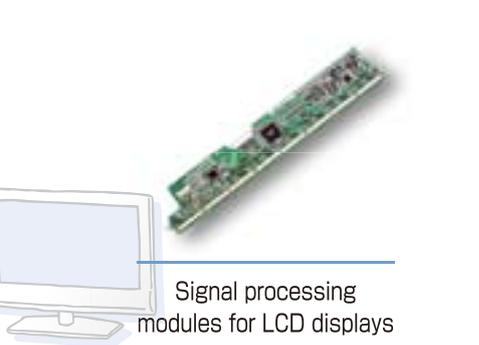
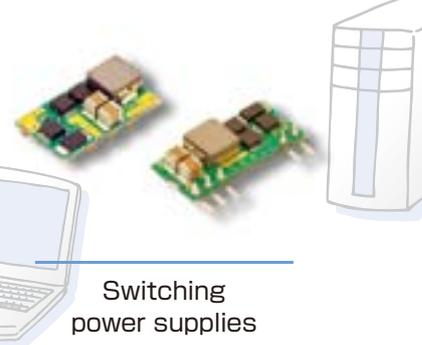


## Net Sales Ratio for Business Categories



**Business Activities**

FDK mainly manufactures and sells materials and parts for electronics-related products, dry batteries and their applied products.

| Business Category | Major Products  |  |   |  |
|-------------------|---|--|---|--|
| Electronics       |  <p>Optical devices</p>                              |  <p>Piezoceramic products</p>            |  <p>TRX modules</p>                |  |
|                   |  <p>Multilayer power inductors</p>                  |  <p>Coil devices</p>                    |  <p>RF multilayer products</p>    |  |
|                   |  <p>Signal processing modules for LCD displays</p> |  <p>LCD backlight inverter modules</p> |  <p>Switching power supplies</p> |  |
|                   | Batteries   |  <p>Alkaline batteries</p>              |   |  |
|                   |   |  <p>Lithium batteries</p>              |   |  |
|                   |   |  <p>LED flashlights</p>               |   |  |

※ Illustrations indicate products that incorporate FDK products.

The FDK Group has been focusing on the development of a capacitor, a new energy device to realize the environment-conscious storage and supply of electricity. We will contribute to the realization of an energy-saving society by developing and providing unique products based on the technologies we have nurtured through material development and battery manufacturing.

## Feature Article

# FDK's New Product Development

Contributing to an energy-saving society by developing and providing capacitors

## What Is a Capacitor?

A capacitor is a type of condenser that can store and discharge needed electricity.

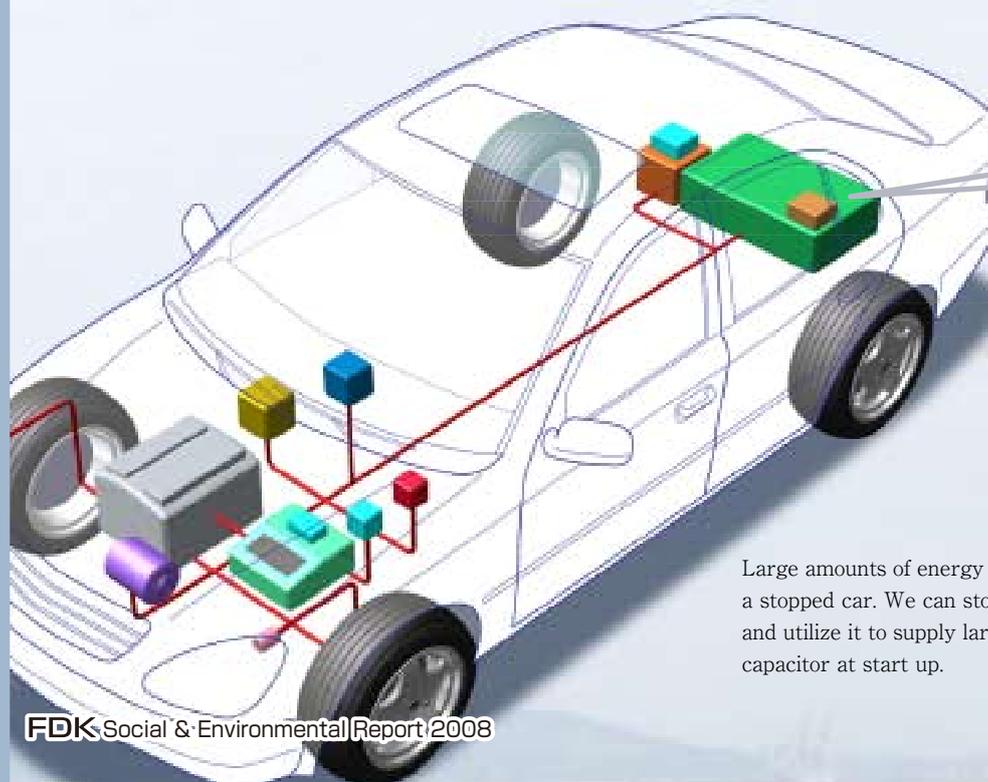
A capacitor does not generate electricity and, unlike dry batteries and solar batteries, it can be used over and over to store and discharging electricity. A capacitor has the following features, features that are not available from rechargeable batteries, where electricity is stored with chemical change.

- ① Takes a very short time to charge
- ② Can make large output available with little discharge loss
- ③ Can store and discharge repeatedly and has long service life
- ④ Can charge with a low voltage

## Capacitor Applications

In the face of environmental issues, global warming and the surge in crude oil prices, industries are now redoubling their efforts to save energy and veer away from excessive reliance on gasoline. This is where the need for effective energy utilization with capacitors has emerged. Capacitors contribute to energy saving by their ability to store electricity when not in use and discharge electricity as needed. Systems combining capacitors with new energy sources with variable output such as automotive and wind power generation are being built. With capacitors energy can be recovered from the breaking heat, and potential energy in vertically-moving machinery such as elevators, escalators and cranes.

Since capacitors can be charged with low direct current, they are highly compatible with solar power generation and offer excellent future prospects.



### Capacitors

#### Applications

- Automobile
- Construction vehicles
- Wind-power generation
- Solar power generation
- Voltage sag correctors
- Uninterrupted power supplies, etc.

Large amounts of energy are necessary to start an engine or move a stopped car. We can store energy from the heat of breaking, etc. and utilize it to supply large current instantaneously by means of a capacitor at start up.

## Ongoing Development at FDK

FDK is now developing a new line of capacitors featuring larger capacitance than conventional capacitors and higher output than batteries. This product category should satisfy the upcoming needs of our energy-saving society.

The inherent characteristic of a capacitor is its ability to supply large current instantaneously. However, if the internal resistance is not low, large current cannot flow to capitalize on the merit of the capacitor. Large capacitance is also required to sustain the flow of large current. Therefore, FDK has developed a new type of large capacitance, the low internal resistance capacitor "EneCapTen."

### "EneCapTen" Features

- Compact and large capacitance
- Long service life
- High output
- High operational voltage
- Excellent high temperature characteristics

### Comparison of Electric Characteristics between the "EneCapTen" and Conventional Capacitors

| Electric Characteristics   | <b>EneCapTen</b> | Electric Double Layer Capacitor |
|----------------------------|------------------|---------------------------------|
| Maximum Voltage (V)        | 3.6 to 4.0       | 2.3 to 2.5                      |
| Minimum Voltage (V)        | 1.8 to 2.2(*1)   | 0.0                             |
| Capacitance                | ○                | ×                               |
| Output power               | ○                | ○                               |
| Reliability at High Temp.  | ◎                | ○                               |
| Cycle Life                 | ○                | ○                               |
| Operating Temperature (°C) | -20 to 80        | -20 to 60                       |

\*1 There is a lower voltage limit which requires over-discharge protection. FDK has developed protective circuit technology in-house.

"EneCapTen" was exhibited at "CEATEC JAPAN 2007" and "TECHNO-FRONTIER 2008," where is received favorable reviews by many visitors.  
CEATEC JAPAN 2007



## Large Capacitance High Output "EneCapTen"

"EneCapTen" maintains the characteristics of accepting and discharging large current, and allows for repeated charge and discharge in electric double layer capacitors, which represents the mainstream for large capacitance capacitors. In addition, "EneCapTen" offers the advantage of increased output due to larger capacitance and higher operational voltage, as well as having a higher operational temperature range. Like electric double layer capacitors, "EneCapTen" does not require the use of heavy metals, making it a clean and environmentally friendly device.

Cell (High Output Type)

### Developed Products



ECM45 Series

Automotive Module

The control circuit comes standard with cell balance, overcharge and over-discharge protection features as well as external interface.

### Contributing to Environmental Conservation through the Effective Use of Energy

FDK's large capacitance high output capacitor "EneCapTen" is characterized by its ability to operate under temperatures as high as 80°C and offers long service life. This allows operation in stringent environments formerly impossible for conventional electric storage devices, greatly expanding its application potentials. There have been many cases where precious energy has been wasted simply because an effective electric storage device could not be installed. This new device can effectively utilize such energy and contribute to Earth's environmental conservation.

Yasuo Suzuki  
General Manager,  
Capacitor Business  
Department



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

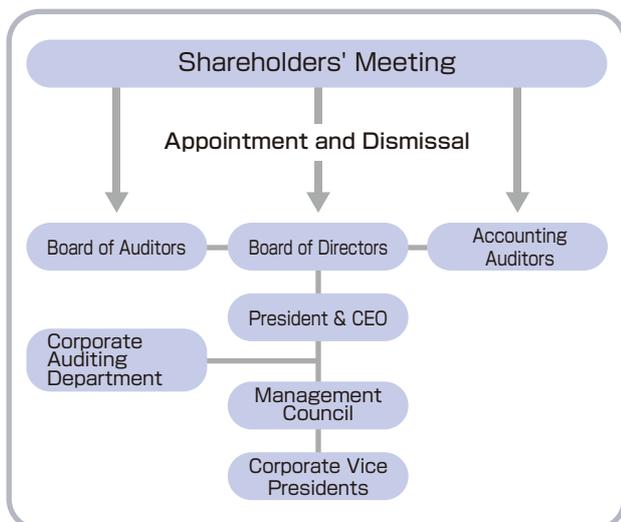
The FDK Group separates management supervising functions and business operations. Since June of 2002, a corporate vice president system has been in place. Currently, the Group's Board of Directors consists of six directors, including one external member. The small size of the Board ensures prompt decision-making. 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.

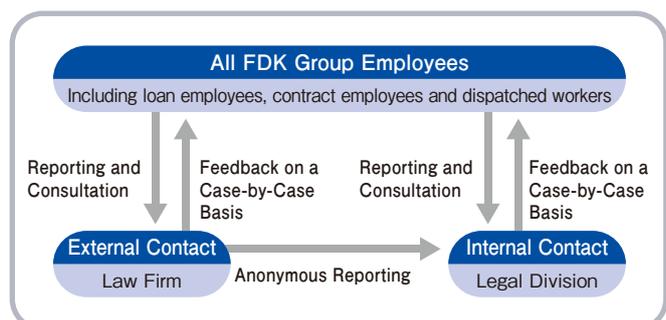


Briefing Session on Export Control

## 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.

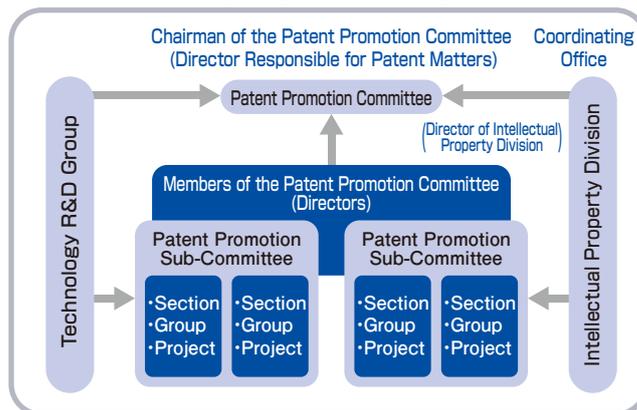
### Intellectual Property Strategy

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



To fulfill its social responsibility as a good corporate citizen, the FDK Group commits itself to establishing good relationships with its shareholders, customers and other stakeholders. While seeking co-prosperity with its stakeholders, the FDK Group strives to achieve a sustainable and affluent society.

## Communication with Shareholders and Investors

Aiming to be an industrial group that is opened to society, the FDK Group commits itself to increasing the transparency of its corporate management by disclosing relevant information to its shareholders and investors in a timely, lawful and appropriate manner.

### Communicating with Shareholders and Investors

The FDK Group set up a Corporate Communication Office in April 2001 to improve the quality of information provided to shareholders, investors and other stakeholders. The Office accepts interviews by institutional investors, securities analysts and fund managers, and provides information via the FDK Group website. Other disclosure activities carried out by the Office include distributing news releases and holding press meetings.

The FDK Group website provides disclosure materials such as flash reports of financial results and business reports. Other available items include the latest information about business performance and new products, recruit information, and information about its environmental activities, for example social and environmental reports.

Using stakeholders' opinions gathered via the website, telephone and fax communications, and interviews and press meetings, the FDK Group will continue to make its public relations and IR activities even more attractive.

### Information Disclosure

The FDK Group recognizes that the appropriate and timely disclosure of corporate information to shareholders, investors and securities analysts forms the foundation of a sound security market. The FDK Group, thus, follows the timely disclosure rules set forth by the Tokyo Stock Exchange. For information other than that covered by the rules, we also do our best to ensure accurate and fair disclosure. All information is, in principle, provided in both English and Japanese for the convenience of stakeholders outside Japan.

To help our stakeholders better understand the FDK Group, we actively issue news releases concerning our product development, product strategy, and the establishment of new sites. This activity helps increase our corporate value.

## Relationship with Customers

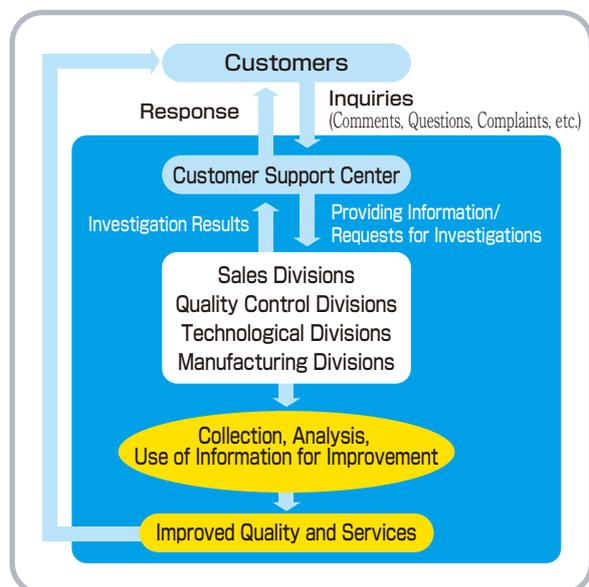
With the belief that customer satisfaction comes first, the FDK Group manufactures products that meet our customers' requirements, attaching great importance to dialogue with our customers and business partners to continually improve the quality and safety of our products.

### Communication with Customers

In 2003, the FDK Group opened a website to enhance interactive communication with our customers throughout the world. The FDK Group website not only provides easy-to-understand information about the Group, but it also allows our customers to send us product-specific inquiries.

In addition, our Customer Support Center provides support regarding our consumer products: dry batteries and applied products. The aim is to enhance customer confidence in the FDK Group. Opinions and comments received by the Center are fed back to future product development processes and are reviewed to make improvements that allow us to offer even better products and services.

FUJITSU Battery Customer Support System



## Assuring Product Quality and Safety

The FDK Group's quality-oriented *monozukuri* manufacturing (see footnote on page 3) is based on its policy of "providing quality products that live up to customer expectations." Where quality assurance is concerned, the Quality Assurance Division works with relevant departments and sites to ensure product safety and meet our customers' quality requirements. As a part of our quality and safety assurance activities, all of the FDK Group sites established and have been operating quality and environmental management systems certified by the international standards ISO 9001 and ISO 14001 to meet the required quality standards in all phases, from research to design and development and from manufacturing and logistics to sales and after-sales service.

If any product delivered to customers causes or is discovered to have the potential to cause an accident or a failure, the Management Council acts earnestly to immediately identify the cause of the problem and formulate solutions to minimize the consequences.

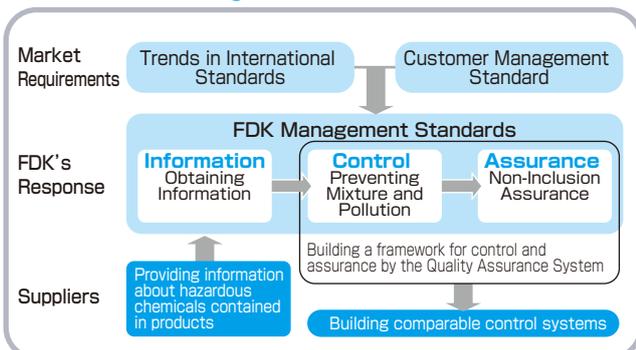
Specifically, all FDK Group sites are instructed to

- promote the manufacturing of safe and environmentally friendly products,
- enhance the quality assessment system from the source,
- respond quickly to customer requests, and
- prevent the occurrence and recurrence of quality problems.

Product safety and environmental requirements are proactively addressed in accordance with the "FDK Product Safety Charter" and the "Control Standard for Chemical Substances Contained in Products." With a focus on formulating our response to the RoHS directive, REACH, and the requirements to reduce PFOS (perfluorooctane sulfonates), we have been building a group-wide system (also covering overseas sites) that controls our operations to meet the requirements established by the "Committee for the Control of Products Containing Hazardous Chemical Substances." Quality is addressed from the product design phase. The "Design Review Promotion Committee" enhances design quality assessment to prevent the occurrence and recurrence of any quality problem.

In June of 2007, we established the "New Product Development System Construction Committee" to further improve the standards for fulfilling safety and quality requirements in the initial phase of product development. The aim is to build a system for the comprehensive assessment of product safety and environmental compatibility from the product planning phase to the start of production.

### The Process of Controlling Hazardous Chemicals Contained in Products



## Information Security and Protection of Personal Data

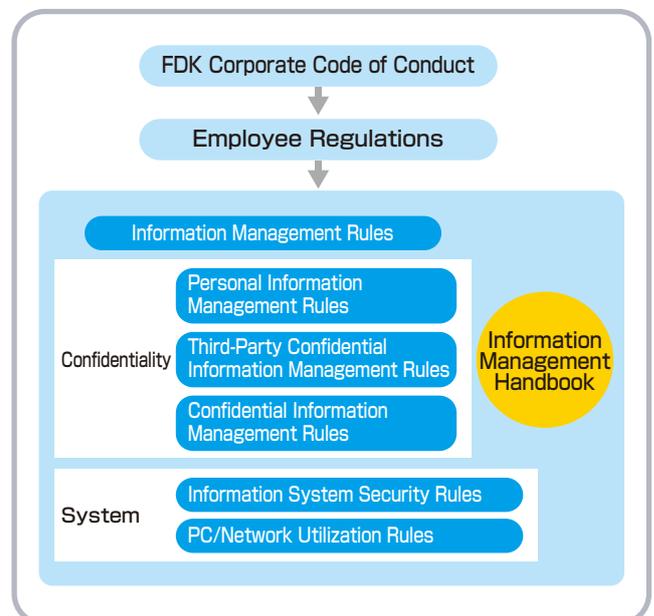
The leakage of personal and confidential information, most typically through the use of file-swapping software, not only hinders our business operations, but it also seriously damages customer confidence in us. The FDK Group commits itself to the appropriate use of corporate secrets and personal information and the prevention of information leakage.

We have established six in-house rules including "Information Management Rules" and "Personal Information Management Rules." An "Information Management Handbook" is distributed to all employees to show the specific actions required to strictly comply with these regulations. A portal site containing all relevant information is available on the intranet, which can be accessed at any time to obtain necessary information. In addition, we have formulated a "Personal Information Protection Policy" for the safeguarding of information about our customers, which can be viewed on the FDK Group website.

All PCs that are used for business operations are password-protected to prevent leakage of information. Portable PCs that are occasionally taken out of the company premises are fitted with special software that automatically encrypts all data stored on hard disks.

Recently, the public has been increasingly concerned about leaks of information from lost storage media. In FY2007, therefore, we revised our internal regulations on the handling of USB memory and other portable storage devices to further strengthen control at workplaces.

### System of Information Management Regulations



## Relationship with Business Partners

The FDK Group desires to gain and maintain good partnerships with its business partners by acting in accordance with the “FDK Corporate Code of Conduct.” In addition, the FDK Group started its green procurement initiative in FY2001 in response to growing public awareness about the environment and the introduction of more stringent regulations governing hazardous chemical substances contained in products.

### Fair Trade

In purchasing raw materials, components and packaging materials, the FDK Group promotes fair trade with its suppliers by clearly stating our basic stance for procurement in the Materials Procurement Control Regulations.

#### Basic Stance for Procurement

- (1) Following the principle of co-existence and co-prosperity with our suppliers, we purchase components and materials that allow us to provide safe, quality products
- (2) We are fully aware of the basic environmental protection policy stipulated in the FDK Environmental Charter and procure products and materials that help reduce the environmental impact of our operations.
- (3) We select suppliers using fair criteria to ensure fair and lawful procurement activities.
- (4) We fully understand and observe procurement-related laws and regulations, and conduct our business with respect for the spirit of the law and social norms.

### Procurement-Related Initiatives

To fulfill its social corporate responsibility, the FDK Group has been developing initiatives in accordance with the Green Procurement Guidelines. These green procurement initiatives include support for our business partners in establishing an EMS and conducting investigations into prohibited chemical substances in products (see page 23).

#### Cooperation with Supplier

Cooperation from our suppliers is indispensable for the provision of green products to our customers. The FDK Group is, therefore, strengthening cooperative activities with its suppliers; for example, supply chain management and the non-use of prohibited chemical substances.

#### Support for Suppliers

The FDK Group is committed to reducing the environmental impact of its entire supply chain. To this end, we not only address our own supply process, but we also provide support for suppliers in reducing their environmental impact.

#### Supplier Assessment

The purchase divisions within the FDK Group regularly assess their suppliers using a “Supplier Assessment Standard Chart.”

To ensure objectivity, this sheet contains such assessment items as quality, price, delivery date, technological capability, as well as matters related to environmental preservation. Supplier assessment is conducted not only for newly selected companies, but also on a regular basis for existing suppliers.

### Information Security

The FDK Group addresses the maintenance of information security and the protection of personal information (see page 13).

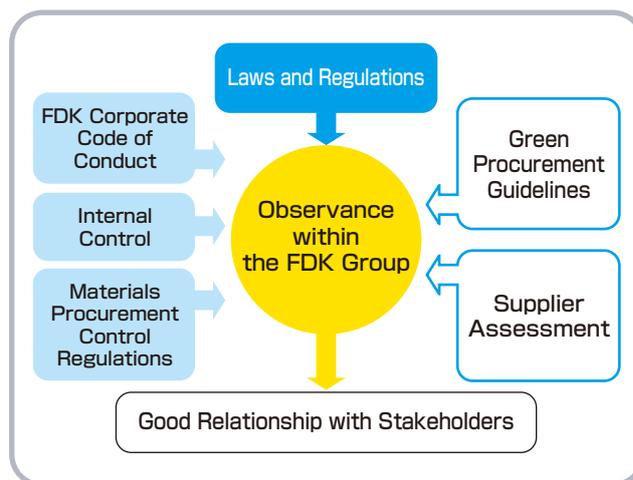
These efforts include raising employee awareness of the need to protect confidential and personal information relating to our business partners and measures to prevent the leakage of information from PCs taken off the company premises.

### Compliance

The FDK Group is making efforts to achieve full compliance in its procurement activities according to regulations on internal control. This helps us fulfill our social responsibilities and maintain good relationships with suppliers and other stakeholders.

In FY2007, we provided an in-house training session on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. Particular emphasis was placed on the “four obligations” and “11 prohibitions,” which are closely related to order-placing and acceptance operations. Possible cases were presented for better understanding.

#### Compliance in Procurement



## With Our Employees

The FDK Group focuses on recruiting and developing skilled employees that are able to support the management of the company through their business operations. We also aim to establish a safe and accident-free working environment where our employees can work in safety and in good health.

### Personnel System

One of our basic philosophical principles is to “establish a corporate culture that highly motivates employees.” Our personnel system follows the basic policy of respecting people who value creativity and innovation and have a passion to meet new challenges, and allowing each employee to contribute to the company’s performance and growth, with a view to promoting their human development and well-being. In FY2000, we revised the basic personnel management system, including personnel assessment and job classification. Under the new personnel management framework, the company has focused on three areas: encouraging all employees to play an active part in achieving the management goals, ensuring that all employees share the company’s policy and goals and proceed in a united direction, and making personnel assessment and treatment even fairer and even more acceptable to all employees.

Continual improvement provides us with a sense of accomplishment, self-confidence, and pride in our jobs, and increases our happiness.

### Educational System

The FDK Group’s educational system consists of level-specific training programs such as new employee training and specialized training designed to help employees acquire professional knowledge and skills. In 2001, an e-Learning system was introduced to allow our employees to teach themselves at their convenience. It provides business-related basic courses covering product knowledge, language, and basic PC operations. English and Chinese language courses by outside instructors are also available at key sites. The FDK Group also provides its employees and their family members with a range of correspondence courses on business skills and language as well as liberal studies, hobbies, and health promotion.

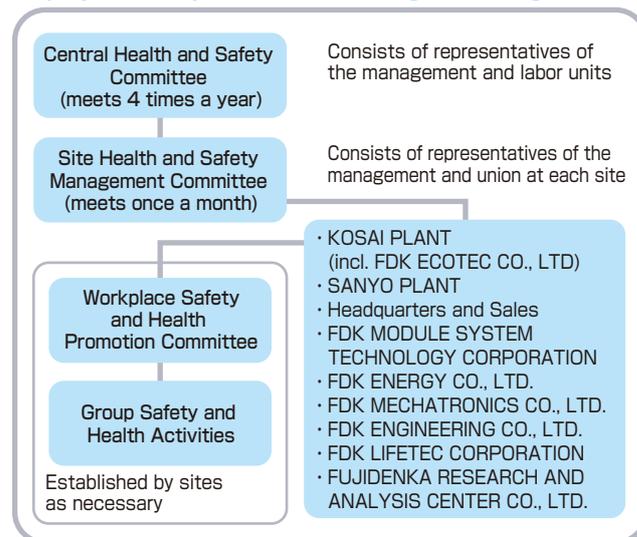


New Employee Training at the FDK Training Center (Q&A Session with the President)

### Safety and Health

The FDK Group aims to establish a working environment where all employees can work in safety and in good health. The “Central Health and Safety Committee,” comprising representatives of the management and labor union, formulates a company-wide safety and health policy, prevents labor accidents, investigates the safety and health status of the company, and implements measures for improvement. Each site has a “Health and Safety Management Committee,” an organization that conducts fine-tuned activities such as safety and health patrols to ensure a safe working environment according to the company-wide policy.

#### Employee Safety and Health Management Organization



The Health Management Office is responsible for providing employees with regular medical checkups and health guidance. Also, an industrial physician is available for consultation. The aim of this office is to understand the health condition of employees and to ensure that the industrial physician, the Human Resource Management Division and the management can take fine-tuned action if any problem has been found.



Safety and Health Patrol at the KOSAI PLANT

## Club Activities and Sports Events

The FDK Group has various sports clubs including baseball, football, volleyball, distance running, tennis and surfing. Club members actively take part in competitions with nearby companies and local *ekiden* (road relay) races. An annual softball competition is held in collaboration with the labor union and support from the company's health insurance union. The softball competition starts with local preliminaries, and the winners can enter the national championships. All employees look forward to the annual event because it helps them cultivate mutual friendships.



The Annual Softball Competition



Kosai Ekiden

## Accommodating Pregnancy, Child Care and Nursing Needs

To allow its employees to balance both work and family, the FDK Group provides its employees with various assistance programs, including annual paid holidays, paid holiday accumulation system, maternity leaves with shorter working hours, and nursing care leaves with shorter working hours. Employees can also take special holidays to take part in volunteer activities. This is part of the FDK Group's social contribution activities.

### Number of Participants in FY2007

|                          |    |
|--------------------------|----|
| Maternity Leave          | 19 |
| Nursing Care Leave       | 1  |
| Volunteer Activity Leave | 1  |
| Shorter Working Hours    | 34 |

## Retiree Reemployment System

With the enforcement of the revised Law concerning Stabilization of Employment of Older Persons on April 1, 2006, the FDK Group introduced a retiree reemployment system for individuals who are highly motivated to find satisfaction by continuing to work for the Group and in further developing their abilities even after reaching the age limit of 60.

## Employee Awards Program

FDK Group employees who have made outstanding achievements are recognized at the annual foundation ceremony held in February of each year.



Recognition at the Foundation Ceremony

## Compensation for Employee Inventions

Prior to revising the employee invention regulations in keeping with the enforcement of the revised Patent Law in 2004, the FDK Group disclosed the relevant standards and held extensive hearings. To increase employee motivation toward invention, the Patent Control Regulations were revised in January 1, 2006 to include ① fixed-rate compensation from license fee income and ② a retiree compensation plan.

# Social Contribution and Communication

As a global citizen, the FDK Group hopes that our beautiful planet and its bountiful nature will last forever. Thus, we are committed to developing social contribution initiatives and enhancing communication with the local communities in which we operate.

## Working with Local Communities

### The Lake Hamana Cleaning Project

On the first Sunday of every June, the "The Lake Hamana Clean-up Team," a citizens' group, hosts the cleaning-up event "Lake Hamana Cleaning Project" in the region around this natural gift in Shizuoka Prefecture. The aim is to hand down the lake's beautiful landscape and rich fishing resources we have inherited from our ancestors to future generations.

FDK takes part in this event with the labor union every year. In 2007, surfers who happened to be on the beach helped us with the cleaning.



Cleaning Enshunada Sea Beach in the Kosai Region

### Local Volunteer Cleaning Activities

All FDK sites participate in local cleaning activities as well as the annual Japanese Archipelago Cleaning Campaign sponsored by the Japanese Trade Union Confederation, or Rengo, in September. In 2007, FDK in the Kosai region took part in cleaning Shirasuka beach. In the Sanyo region in Yamaguchi Prefecture, FDK employees cleaned a nearby section of National Route 2 and helped broadcast burning and bottom weed mowing on the karst tableland of Akiyoshidai. The Furukawa beach cleaning activity in the Iwaki region focused on Usuiso beach.



The Japanese Archipelago Cleaning Campaign in the Sanyo Region

### Volunteer Recyclable Waste Collection

FDK branch unions in Kosai, Shizuoka Prefecture, Sanyo, Yamaguchi Prefecture, and Iwaki, Fukushima Prefecture as well as FDK sales offices nationwide regularly collect aluminum pull-tabs, used stamps, and foreign coins and donate them to social welfare councils and voluntary organizations in their respective regions. In FY2007, FDK Kosai donated 19 kg of aluminum pull-tabs to the Kosai City Social Welfare Council, FDK Sanyo donated 11kg to the Sanyo-Onoda City Social Welfare Council, and FDK Iwaki donated 47kg to the volunteer organization Sanbora Kai.



Donating Aluminum Pull-Tabs in the Iwaki Region

### Traffic Safety Education in Xiamen City, China

Observing the traffic rules is a prerequisite for preventing road accidents. Volunteers from XIAMEN FDK CORPORATION provided safety instructions on the street.

The Chinese corporation hopes that their activity not only raises the awareness of both citizens and employees about compliance with traffic rules, but also helps mitigate the recent increase in the number of traffic accidents.



Volunteers from XIAMEN FDK Provide Traffic Safety Instructions in Xiamen City

### Volunteer Well Digging in Cambodia

The fourth "Cambodia Well Digging Campaign," sponsored by the Shizuoka Regional Council of the Japanese Electrical Electronic & Information Union, took place from January 28 to February 2, 2008. In Cambodia, satisfactory hygiene is only available in cities, while poor sanitation prevails in many suburban and rural settlements, which are seriously suffering from shortages of drinking water. An FDK employee participated in this well digging campaign.



Well Digging in Cambodia (by FDK in the Kosai Region)

### Teaching Children to Make Dry Batteries

In December 2007, a Children's Manufacturing Workshop was held at the Kosai Regional Vocational Training Center. Hosted by the Kosai Children's Invention Club, the event taught children from nine to twelve years of age how to make dry batteries and electric motors by hand. FDK collaborated with FDK ENERGY, a dry battery manufacturer, to provide the children with instruction on making dry batteries.

The completed batteries were used to light small bulbs, which made the children scream with delight.



Teaching Children How to Make Dry Batteries by Hand (Kosai Region)

We promote activities to monitor and minimize our global environmental burdens throughout the life cycle of our products.

## Reducing Our Environmental Burdens throughout the Life Cycle of the Product

Products manufactured by the FDK Group consume resources and energy during every process of manufacturing, including research and development, design, production and sales. Energy is also consumed when our products are used, discarded or recycled. Every member of the FDK Group strives to reduce the environmental burden throughout the entire life cycle of our products.



### Product Planning, Design and Development

We develop environmentally conscious products by conducting product environmental assessment while keeping a close check on our continuing compliance with laws and related regulations, avoiding the use of hazardous chemical substances, practicing energy and resource saving, and assuring recyclability.

#### Energy

|                          |                     |
|--------------------------|---------------------|
| Purchased electricity    | 42,033 MWh          |
| Heavy oil and kerosene   | 86 kl               |
| LPG and LNG              | 34 tons             |
| Natural gas and city gas | 372 km <sup>3</sup> |

#### Chemicals

|                 |            |
|-----------------|------------|
| Amount of usage | 3,977 tons |
|-----------------|------------|

#### Water

|                 |                     |
|-----------------|---------------------|
| Amount of usage | 310 km <sup>3</sup> |
|-----------------|---------------------|

<Calculation method>

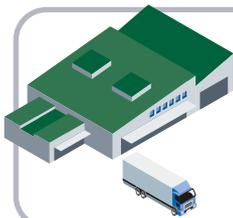
- Chemicals : Amount of usage of chemicals controlled by PRTR law
- Energy : Amount of electricity, gas, petroleum consumption
- Water : Amount of usage (except reprocessed water)

IN



### Procurement

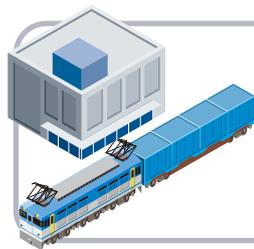
When procuring our components and materials, we ascertain whether or not they are eco-conscious throughout the supply chain. We also consciously reduce transportation-related energy usage.



### Manufacturing

We promote our zero-emissions initiative, by which we reduce usage of resource materials, energy and water, and completely eliminate land-fill waste and simple incineration. We further reduce usage and emissions of chemicals.

OUT



### Transportation and Sales

We have been working on reducing energy consumption and exhaust emissions during the transportation and delivery of products.

#### Atmospheric emissions

|                 |             |
|-----------------|-------------|
| CO <sub>2</sub> | 24,543 tons |
| SOx             | 0.0 ton     |
| NOx             | 0.6 ton     |

#### Chemicals

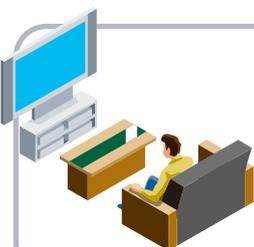
|          |         |
|----------|---------|
| Emission | 0.2 ton |
|----------|---------|

#### Waste

|                               |       |
|-------------------------------|-------|
| Landfill, simple incineration | 0 ton |
|-------------------------------|-------|

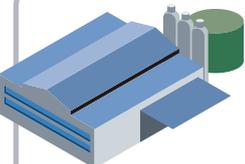
<Calculation method>

- Chemicals : Amount of emissions from chemicals controlled by PRTR law
- Atmospheric emission: CO<sub>2</sub> emissions were calculated from the energy consumption
- : SOx and NOx were calculated from the concentration of exhaust emitted from boilers, etc.



### Usage

We are making our products more energy-saving and long-lasting. For instance we have three types of alkaline batteries, our "G, D and R" series. Users can maximize the service life of these batteries by selecting the most suitable series for their application.



### Recovery, Reuse and Recycling

We promote effective use of resources by recovering, reusing and recycling end of used products.

#### Recovery, reuse and recycling

|                          |          |
|--------------------------|----------|
| Amount recovered         | 965 tons |
| Resource recycling ratio | 93.3 %   |

Figures above are from FY2007.

# Basic Policy for the Environment and the Environmental Action Plan

We are deploying group-wide environmental conservation activities under the slogan, "FDK Group Loves Nature for the Future of the Earth."

## FDK Group Environmental Policy

We believe that environmental measures in view of business activities must not only comply with national and local regulations, but that they must promote initiatives from a global point of view. This includes measures against global warming, the reduction of waste emissions and the thorough control of chemicals. This must be at the foundation of the main goal of creating a sustainable society.

The FDK Group collaborates with FUJITSU LIMITED in pursuing its environment activities. To this end the FDK Group and FUJITSU LIMITED share a common foundation for these activities: our Environmental Policy. This policy aims at autonomous efforts to reduce environmental burdens and synergistic efforts by the Group as a whole that result in more wholesome environmental activities.

### Philosophy

The FDK Group recognizes environmental effort as the key challenge, and strives to contribute to the realization of a sustainable society through its technology and innovation as a member of the IT industry. Further, we pursue autonomous environmental conservation in addition to complying with environmental laws and regulations pertaining to our business activities.

We will continuously strive to conserve the wealth of Nature for the next generation through the initiatives of all of our employees and organizations.

### Slogan

FDK Group Loves Nature  
for the Future of the Earth.

### Action Guideline

1. Reduce our environmental burdens at the every phase of the product life cycle.
2. Create leading-edge products that promote energy and resource saving, and that fortify the 3Rs (reduce, reuse and recycle).
3. Prevent environmental risks leading to pollution of the natural environment and health hazards due to harmful chemicals and waste emissions.
4. Contribute to the reduction of our environmental burdens and to the improvement of environmental efficiency at customer sites as well as society through our IT products and solutions.
5. Disclose all environment-related information pertaining to our business activities, products and services, keep ourselves in check by evaluating disclosure feedback, and utilize this feedback to improve our environmental activities.
6. Every employee strives to contribute to the natural environment through daily tasks as a member of our society.

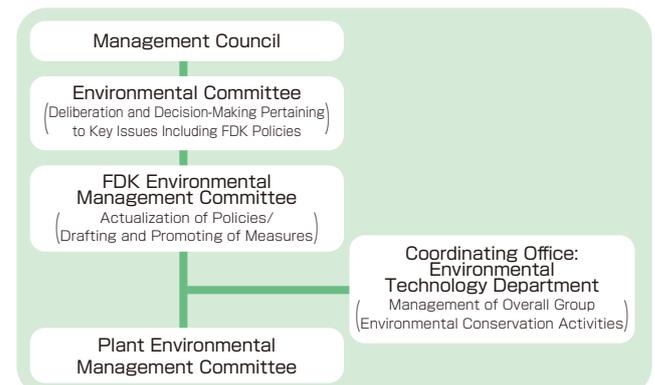
## Organization and System

The Environmental Committee will deliberate key issues pertaining to environmental activities. The Plant Environmental Management Committee, a unit of the ISO 14001 Environmental Management System, will draft actual execution plans for policies and measures. The management then follows up by attempting to create upward spiral development through PDCA (Plan, Do, Check and Action) cycle.

### Environmental Management Cycle



### Environmental Organization



# The Fourth Environmental Action Plan

The FDK Group has been expanding its scope of environmental management from construction of plant-wide to group-wide management systems. We are deploying activities based on the Fourth Environmental Action Plan starting in FY2007. Currently, the Environmental Action Plan encompasses only domestic FDK Group companies. We will be targeting activities involving overseas FDK Group companies in the near future.

## Emphasis of Activities

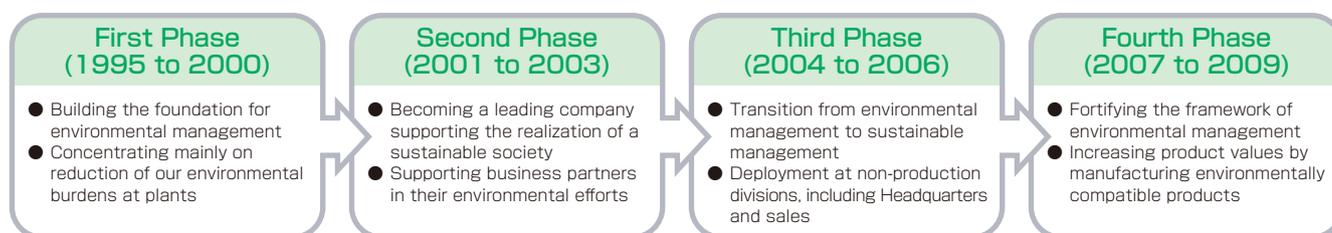
### 1. Fortifying the Framework of Environmental Management

We will deploy consolidated group-wide activities by fortifying the environmental management framework, and upgrading collaboration with non-production departments such as the Headquarters and sales as well as overseas FDK Group companies.

### 2. Increasing Product Values by Manufacturing Environmentally Compatible Products

In the face of global environmental damage and global warming, the FDK Group attempts to contribute to the environment by reducing CO<sub>2</sub> emissions and resource usage during production, and by producing environmentally compatible products.

## Transition in FDK's Environmental Action Plan



## The Fourth Environmental Action Plan and FY2007 Results

Achievement status

○:Accomplished △:Partially accomplished X:Not accomplished

| Description                        | Action Plan Targets (2007 to 2009)   | FY2007 Targets  | FY2007 Results  | Achievement Status | Related Pages |
|------------------------------------|--|---|---|--------------------|---------------|
| Promoting Environmental Management | Fortifying the framework of environmental management based on the system   |   |   |                    |               |
|                                    | (1) Upgrading office department activities   | · Upgrading Headquarters and sales site activities from FDKEMS *1 Level I to Level II   | · Achieving FDKEMS Level II at the Headquarters and sales sites   | ○                  | P22           |
|                                    | (2) Strengthening collaboration with overseas production sites   | · Assessing activities and activity data, conducting wholesome activities and confirming the environmental management system                          | · Executing the assessment of activities and activity data, wholesome activities and confirmation of the environmental management system                                  | ○                  | P22           |
| Promoting Green Procurement        | Promoting the environmental management system (EMS) at business partner sites  | · System deployed at over 10 companies  | · System deployed at 56 companies   | ○                  | P23           |
| Fortifying Risk Management         | Strengthening our environmental pollution prevention system and promoting its implementation   | · Reevaluating our pollution prevention and management responsibility systems for legal compliance  | · Executing a reevaluation of our pollution prevention and management responsibility system for legal compliance  | ○                  | P24           |
| Increasing Product Values          | Increase the ratio of super-green products which have top-level environmental characteristics among newly developed products to over 20% by the end of FY2009.   | · Deploying super-green product development activities  | · Deploying super-green product development activities while clarifying target products   | ○                  | P25           |
|                                    | Achieve Environmental Efficiency Factor 2 compared with FY2005 products among newly developed products by the end of FY2009.   | · Drafting Environmental Efficiency Factor 2 *2 achievement plan and deploying product development activity   | · Drafting an achievement plan for the Environmental Efficiency Factor 2 and deploying product development  | ○                  | P25           |
| Global Warming Prevention Measures | Reduce the amount of energy consumption-based CO <sub>2</sub> emissions by 2% from the FY2006 level by the end of FY2010. (the FY2006 level was 26,239 tons)<br>*Conversion factor from electric power consumption to CO <sub>2</sub> emission used is 0.555 ton/Mwh | · Less than 26,108 tons (0.5% reduction from FY2006)  | · 24,543 tons (6.5% reduction from FY2006)  | ○                  | P27           |
|                                    | Reduction of transportation-related CO <sub>2</sub> emissions  | · Promotion of transportation-related CO <sub>2</sub> reduction activities<br>· Construction of a transportation (ton-kilometer) determination system | · Reducing the number of partially-loaded chartered trucks by 12 deliveries/month<br>· Completing construction of the transportation (ton-kilometer) determination system | ○                  | P28           |
| Promoting Green Factories          | Reduce VOC (volatile organic compound) emissions by 30% from the FY2000 level by the end of FY2010 (the FY2000 level was 44.3 tons)  | · Less than 56.0 tons (increase of 26.4% from FY2000)   | · 31.2 tons (29.5% reduction from FY2000)   | ○                  | P29           |
|                                    | Reduce the amount of waste emissions by 3% from the FY2006 level by the end of FY2009. (the FY2006 level was 1,294 tons)   | · Less than 1,281 tons (1.0% reduction from FY2006)   | · 1,079 tons (16.6% reduction from FY2006)  | ○                  | P30           |

\*1 FDKEMS: FDK Group's own environmental management system managing basic requirements in ISO 14001.

\*2 Environmental Efficiency Factor 2: Increasing the value of the product over twice its environmental burdens.

# Environmental Accounting

Results are assessed and challenges are identified by quantitatively grasping the cost-effectiveness of environmental conservation activities.

## Characteristics and Results of Environmental Accounting

Since FY2001, the FDK Group has been disclosing the cost-effectiveness of reducing their environmental burdens by introducing quantitative environmental accounting. We hope to apply the knowledge gained from this quantitative data to more effective environmental activities.

### Basic Elements of Environmental Accounting

#### ● Period of Application during FY2007

April 1, 2007 to March 31, 2008

#### ● Scope of Data Collection

FDK Group's domestic plants

#### ● Calculation Standard for Environmental Costs

##### • Method for calculating depreciation and amortization

The fixed amount method over a service life of five years was applied.

##### • Calculation standard for combined costs

Only the costs pertaining to environmental conservation were included in the calculation.

##### • Calculating in-house personnel costs

In-house personnel costs are also included.

#### ● Standard for Calculating Economic Effects Accompanying Environmental Conservation Measures.

##### • Scope of effects

Actual effects and estimated effects pertaining to environmental conservation are included in the calculation.

##### • Calculation period for the effect of investments

The calculation period for actual effects is set to be the same as depreciation and amortization, five years.

### Characteristics of FY2007 Environmental Accounting

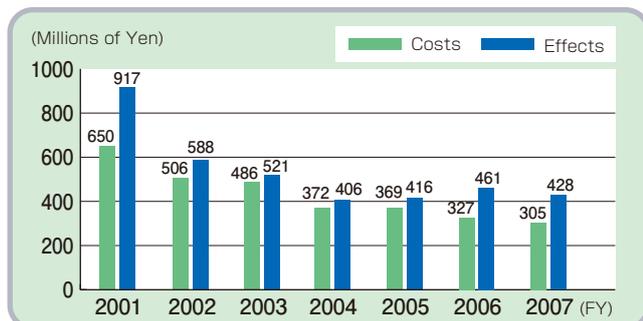
#### ● Costs

As the period of depreciation and amortization corresponding with the investments made in the past for environmental facilities has expired, total depreciation and amortization has decreased. Meanwhile, costs pertaining to research and development as well as planning and design for eco-friendly products have increased. As a result, Environmental costs have decreased by 305 million yen, a 7% reduction from the last term.

#### ● Effects

Since the calculation period for the effect of past capital investment has expired, calculated effects against investment have decreased significantly. Meanwhile, increase in the net sales of eco-friendly products backed up by elimination of lead, compliance with the RoHS Directive, energy and resource saving design have increased effect of research and development for eco-friendly products. As a result, the economic effect has decreased by 428 million yen, a 7% reduction from the last term.

#### Transition of Cost-Effectiveness



### Results of FY2007 Environmental Accounting

Unit: Millions of Yen

| Item   |   | Description   | Results |
|--|---|---|---------|
| Costs  | Costs of Pollution Prevention   | Costs for the prevention of air and water quality pollution (including effluent fees)   | 34      |
|  | Costs of Environmental Conservation   | Costs pertaining to energy saving and global warming measures   | 32      |
|  | Costs of Recycling Resources  | Costs pertaining to the reduction and processing of waste, as well as the effective use of resources such as the reduction of water usage and the increased use of rain water   | 77      |
|  | Upstream/Downstream Costs   | Costs pertaining to the reduction of our environmental burdens arising at the upstream/downstream of production and service activities (recycling and reusing of discarded products and packaging, as well as costs of green procurement, etc.)   | 10      |
|  | Management Costs  | Environmental conservation costs pertaining to management (personnel costs for environmental conservation promotion activities, acquisition and maintenance of ISO 14001 certification, measurement of environmental burdens, promotion of greenery projects creating environmental reports, and producing environment related publicity) | 85      |
|  | Costs of R&D and the Solutions Business   | Costs pertaining to environmental conservation in research and development, as well as costs pertaining to the environmental solutions businesses, (design and development costs for green products and environmental technologies, costs for environmental solutions businesses)   | 67      |
| Costs of Social Activities   | Environmental conservation costs in social activities (donations and support to environmental conservation organizations)                     | 0   |         |
| Costs of Environmental Restoration   | Costs of environmental restoration (Restoring polluted soil and underground water, and compensation pertaining to environmental conservation) | 0   |         |
| Total  |   |   | 305     |
| Effects  | Effects on Pollution Prevention   | Value of avoiding operating losses at plants (*1) pertaining to non-compliance with laws and regulations, value contributed by environmental conservation activities (*2) corresponding with the added value gained from production   | 9       |
|  | Effects on Environmental Conservation   | Amount of cost reduction in conjunction with reduction of electricity, oil and gas usage  | 43      |
|  | Effects on Recycling of Resources   | Amount of cost reduction through reduction and effective use of waste   | 121     |
|  | Upstream/Downstream Effects   | Amount of sales for valued and reused items through recycling of discarded products, etc.   | 11      |
|  | Management Effects  | Improved efficiency from construction of an ISO 14001-based system, effect of in-house education for employees, contribution by improved image through environmental publicity  | 161     |
|  | Effects of R&D and the Solutions Business   | Contribution to sales through green/eco-friendly products, and environmental solutions businesses   | 82      |
| Effects of Environmental Restoration   | Value of the avoidance of expenditure such as compensation payments to residents through soil and ground water pollution measures (*3)        | 0   |         |
| The total value may not be exact because values are rounded below the decimal point. Total |   |   | 428     |

Social activities and environmental restoration costs are set to zero due to their values being less than the unit value.

\*1 Value of avoiding operating losses: Added value/days of operation x estimated days lost

\*2 Value contributed by environmental conservation activities: Added value x ongoing operating costs of all environmental conservation facilities/total costs incurred

\*3 Savings from the avoidance of possible risk calculated from the estimation of possible risk

Since FY2004, we have no longer been a part of the consolidation with the FUJITSU Group environmental accounting. However, based on consideration for continuity, we made our calculation based on FUJITSU Group's Environmental Accounting Guidelines 2003.

#### Breakdown of Costs

(Unit: Millions of Yen)

|                               |                    |     |
|-------------------------------|--------------------|-----|
| Depreciation and Amortization | FY2007 Investments | 3   |
|                               | Past Investments   | 33  |
| Expenses                      |                    | 269 |
| Total Costs                   |                    | 305 |

#### Breakdown of Effects

(Unit: Millions of Yen)

|                   |     |
|-------------------|-----|
| Actual Effects    | 175 |
| Estimated Effects | 253 |
| Total Effects     | 428 |

Actual effects : Cost reduction from conserved electricity and utilities, and profit gained from the sale of recycled goods  
Estimated effects : Effects assumed to be economic effects by definition (environmental conservation effects corresponding with the added value associated with production)

#### Effects of Environmental Conservation

Total Environmental Burdens in FY2006 - Total Environmental Burdens in FY2007

|  |       |
|--|-------|
| Amount of CO <sub>2</sub> Emissions (t-CO <sub>2</sub> ) | 1,696 |
| Amount of Waste Emissions (t)                            | 215   |
| Amount of Emissions for PRTR Controlled Chemicals (t)    | 1     |

# Promoting Environmental Management

We consider the scope of environmental management to encompass not only environmental conservation and compliance with environmental laws, but also active engagement in environmental businesses. To us, the environment is a key issue directly concerning our corporate mission.

## Fortifying the Framework of Environmental Management Based on the Environmental Management System

The FDK Group's environmental management system is at the heart of our environmental management. The Fourth Environmental Action Plan attempts to fortify the framework of our environmental management by fully utilizing its management system, and attempts to upgrade the level of group-wide activities.

### Aim of the Fourth Environmental Action Plan

Fortifying the framework of environmental management based on the environmental management system

(1) Upgrading office-level activities (2) Strengthening collaboration with overseas production sites

### Activities at Production Sites

The FDK Group completed the establishment of its environmental management system at all of its production sites, including all overseas sites, at the end of FY2004. In Japan, two management systems are in operation; namely, the system at the KOSAI PLANT encompassing the SANYO PLANT and other Group companies, as well as the system at the IWAKI PLANT of FDK MODULE SYSTEM TECHNOLOGY CORPORATION.

During FY2007, we have strengthened environmental management activities in our daily tasks following the guidelines set by ISO 14001 in 2004. They include marketing eco-friendly products by the R&D divisions, green procurement activities by the purchase divisions and reduction of transportation-related CO<sub>2</sub> emissions by logistics divisions. We further strive to conduct activities to reduce the Group's environmental burdens in areas such as energy saving and waste reduction inside our sites, as well as reduction of environmental burdens related to the use of our products and the reduction of transportation-related CO<sub>2</sub> emission outside our plants.

### ISO Certification Status at the Group's Production Sites

| KOSAI PLANTS  |   |
|---|---|
| Acquired  | October 1998  |
| Renewed   | October 2007  |
| Certified Sites                                       | FDK CORPORATION, KOSAI PLANT, SANYO PLANT, FDK ENERGY CO., LTD., FDK ENGINEERING CO., LTD., FDK MECHATRONICS CO., LTD., FDK LIFETEC CORPORATION, FUJIDENKA RESEARCH AND ANALYSIS CENTER CO., LTD., FDK ECOTEC CO., LTD. |
|   | ●Development, design and manufacture of various electronic components, dry batteries, and mechanical equipment as well as involvement in environmental businesses   |
| FDK MODULE SYSTEM TECHNOLOGY CORPORATION, IWAKI PLANT |   |
| Acquired  | January 1998  |
| Renewed   | July 2007   |
| Certified Sites                                       | FDK MODULE SYSTEM TECHNOLOGY CORPORATION, FDK LIFETEC CORPORATION, IWAKI OFFICE   |
|   | ●Development, design and manufacture of electronic components for telecommunication and information equipment   |

| Subsidiaries                | Location  | Date of Certification |
|-----------------------------|-----------|-----------------------|
| XIAMEN FDK CORPORATION      | China     | January 1999          |
| FUCHI ELECTRONICS CO., LTD. | Taiwan    | February 2000         |
| SHANGHAI FDK CORPORATION    | China     | December 2000         |
| FDK LANKA (PVT) LTD.        | Sri Lanka | February 2003         |
| PT FDK INDONESIA            | Indonesia | June 2003             |
| FDK (THAILAND) CO., LTD.    | Thailand  | June 2003             |
| SUZHOU FDK CO., LTD.        | China     | December 2004         |

### Upgrading Office-Level Activities

We established both mid-term and annual targets for activities in FY2007 for all domestic sites. Inclusion of the basic element, PDCA, specified in ISO 14001 requirements resulted in the upgrading of the FDKEMS rating (refer to page 23), our own environmental management system, from Level I to Level II. We are also promoting Cool Biz, Warm Biz and energy saving activities by TEAM-6%.

#### Office-Level Activity Targets

1. Reduction of power usage: 2% reduction to be accomplished between FY2007 and FY2010 (0.5% reduction annually)
2. Reduction of the amount of copy paper purchased: 3% reduction to be accomplished between FY2007 and FY2009 (1% reduction annually)

We are in process of upgrading office-level activities by assessing their compliance with requirements.

### Strengthening Collaboration with Overseas Production Sites

We have strengthened collaboration with all overseas consolidated production companies to fortify the FDK Group's environmental management as a whole. Utilizing our TV conference system we have reconfirmed the current status and have exchanged opinions regarding performance information such as our environmental management system, the amount of energy consumption and waste emissions as well as status information such as the observation of legal requirements and the placement of environmental claims. When we identified problems and improvement targets, we shared such information horizontally and conducted educational meetings for overseas sites via TV conference. The FDK Group aims to establish overall emissions goals and to manage results pertaining to CO<sub>2</sub> and waste for our domestic and overseas sites.

### Environmental Education and Training

We provide general education to all employees, including a course on global environmental issues and specialized education and training in waste management and internal auditing for employees who are assigned responsibility for continuous improvement of the environmental management system. We are offering courses on separating waste materials and in crisis management at each site. We also provide environmental awareness courses for employees and their family members through our Intranet.

# Promoting Green Procurement

In order to supply products to our customers that are even more eco-friendly, we conduct eco-friendly procurement of raw materials, parts and packing materials used for our products.

## Promoting Environmental Management Systems at Business Partner Sites

Since the beginning of our Second Environmental Action Plan in 2001, we have been requesting our business partners' cooperation in constructing their own environmental management systems (EMS), and we have prioritized procurement from business partners who conduct eco-conscious business activities.

### Aim of the Fourth Environmental Action Plan

Promoting environmental management systems (EMS) at business partner sites

### Overview of Our Green Procurement

The FDK Group has established two conditions for green procurement, namely that our suppliers must construct and operate an environmental management system based on standards such as ISO 14001 and that our raw materials and parts must not contain the hazardous chemical substances designated by us. We give higher priority to procurement from business partners that fulfill these two conditions. We, further, request business partners to construct their own environmental management systems if they have not already done so.

### Strategy and Procedure for Deployment

During the Third Environmental Action Plan phase, we expanded the scope of EMS establishment from manufacturers to sales sites. We will continue to promote the establishment of our environmental management system into the Fourth Environmental Action Plan phase. We have specifically focused on the permeation of EMS to sales sites, so that we may promote enhanced environmental awareness and activities throughout our supply chain. For those business partners that have difficulty in establishing an EMS that complies with international standards, we have prepared two simplified FDK environmental management systems (FDKEMS for short) as templates to assist them in the establishment of an EMS. The FDKEMS helps partners conduct management activities in line with basic ISO 14001 requirements.

We do require, however, our business partners to eventually upgrade from our simplified EMS to a third party-certified EMS.

### Green Procurement Results

While we did not host green procurement explanation meetings for business partners during FY2007, we did introduce the requirement of establishing an EMS, made our FDKEMS available and requested that each of our business partners without an EMS establish one.

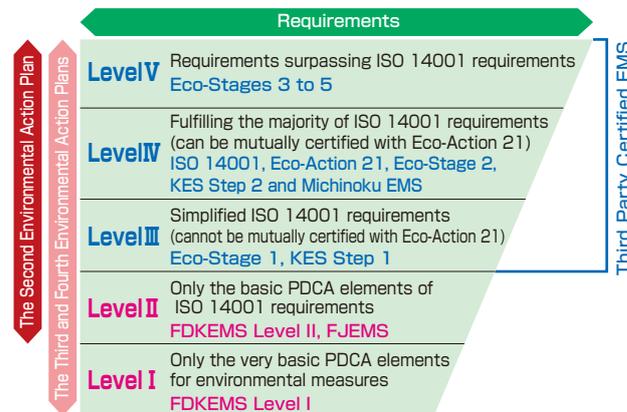
As a result of our efforts, 56 more business partners established an EMS during FY2007. Six of those business partners utilized FDKEMS.

### Overview of Our Green Procurement



Raw materials and parts that do not contain harmful chemical substances are procured as a part of our quality assurance program.

### Requirement Levels for the Establishment of an EMS



FDK Group Green Procurement Standards



FDKEMS Certification

### Green Procurement of Office Supplies

Although it is not included in our mission for the Fourth Environmental Action Plan, we actually promote green procurement through the purchase of office supplies with environmental marks, supplies which take energy saving, recycling, resource saving, elimination of hazardous substances, and ease of safe disposal into consideration.

# Fortifying Risk Management

In addition to fortifying all types of risk management in all phases of our businesses, we strive to strengthen our management of environmental risks.

## Strengthening the Implementation and Content of the Group's Environmental Pollution Prevention System

The FDK Group conducts environmental conservation activities to comply with environmental laws preventing the pollution of environmental elements such as soil, underground water and air. The Fourth Environmental Action Plan promotes the deployment of strengthened activities in order to prevent environmental pollution and the violation of environmental laws.

### Aim of the Fourth Environmental Action Plan

To strengthen the implementation and content of the environmental pollution prevention system

### Strengthening the Environmental Pollution Prevention System

The FDK Group ensures pollution prevention and compliance with laws and regulations by conducting regular internal environmental auditing as a part of our environmental management system. In addition to a detailed reevaluation of our compliance with environmental laws pertaining to pollution prevention in FY2007, we also worked on establishing systems and responsibilities for compliance with environmental laws and pollution control. In order to clearly define the system of pollution control, we have designated a person in charge of pollution control at every site. We plan on reevaluating our system for monitoring/measuring and communicating information from the viewpoint of prevention, and, in addition, we will strengthen our checks for legal compliance and our system of pollution control through internal auditing.

### Execution of Emergency Drills

At FDK Group companies, we conduct regular emergency drills at each site to prepare for emergencies, including accidental environmental pollution. Disaster drills implemented at each plant take environmental contamination beyond plant property into consideration.



Drill for a Malfunction of the Disposal Water Treatment Facility at the KOSAI PLANT

### Legal Compliance Status

We again found no violation of environmental laws or evidence of accidents threatening environmental conservation during FY2007 throughout the entire FDK Group.

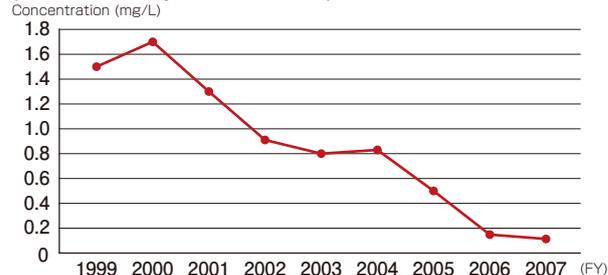
### Dealing with Soil and Underground Water Contamination

The FDK Group conducted surveys of soil and underground water contamination with regard to VOC during 1998 and 1999. Upon confirming soil and underground water contamination at four of our plants (the WASHIZU, SANYO, HOSOE and OSUKA PLANTS) in October of 1999, the FDK Group publicly disclosed the status of contamination and has been working on restoring soil and underground water conditions. Conditions were restored at the HOSOE PLANT in 2002. We conducted a follow-up survey of the former OSUKA PLANT property in 2004 for soil contamination according to the law concerning soil contamination measures, and found the condition of the soil to be totally restored. At the two other plants, we have been cleansing soil and underground water utilizing the air stripping method, and conducting regular monitoring to verify the effect of our restoration efforts.

#### Status of Soil and Underground Water Restoration WASHIZU PLANT

| Main Pollutant(s)   | Underground Water Concentration at the Beginning of Restoration | Current Underground Water Concentration | Environmental Standards |
|---------------------|---|---|-------------------------|
| Tetrachloroethylene | 1.5mg/L (October 1999)  | 0.11mg/L (March 2008)                   | 0.01mg/L                |

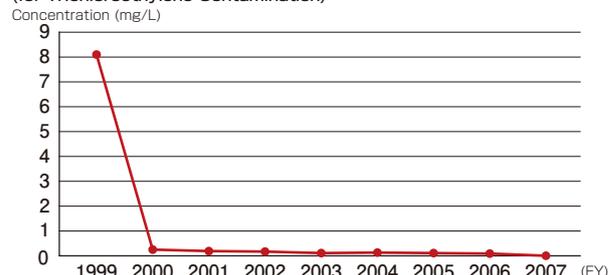
Progress in the Restoration of Soil Conditions at the WASHIZU PLANT (for Tetrachloroethylene Contamination)



#### SANYO PLANT

| Main Pollutant(s) | Underground Water Concentration at the Beginning of Restoration | Current Underground Water Concentration | Environmental Standards |
|-------------------|---|---|-------------------------|
| Trichloroethylene | 8.1mg/L (October 1999)  | 0.003mg/L (April 2008)                  | 0.03mg/L                |

Progress in the Restoration of Soil Conditions at the SANYO PLANT (for Trichloroethylene Contamination)



# Increasing Product Values

We are aiming to increase the value of our products by increasing environmental performance through the elimination of hazardous chemical substances, increased energy saving and the extension of product service life, and development and provision of eco-conscious products.

## Providing Super-Green Products and Factor 2 Achievement

During the Fourth Environmental Action Plan phase, we continue to aim at the development and provision of super-green products with top-level environmental characteristics. Furthermore, we will aim at achieving Factor 2.

### Aim of the Fourth Environmental Action Plan

Increase the ratio of super-green products with top-level environmental characteristics among newly developed products to over 20% by the end of FY2009.

Achieve Environmental Efficiency Factor 2, compared against FY2005 products, among newly developed products by the end of FY2009.

### Development of Eco-Friendly Products

At the FDK Group, we review the design of new products at the development phase for product environmental assessment to build eco-friendliness in our products. By assessing and considering non-hazardous materials, energy saving, longer product life, and the recycling of materials and packaging as they pertain to related laws and regulations such as the RoHS Directive, we strive to develop and provide eco-friendly products.

### Providing Super-Green Products

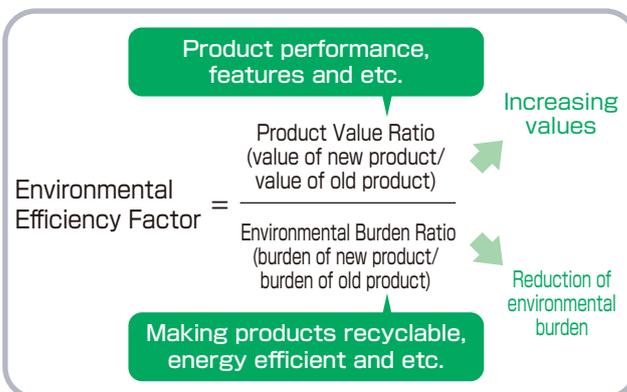
Super-green products are green products (products enhanced through environmental consideration) that are judged top-level characteristics by product environmental assessment such as "the world's first," "the world's smallest," "Japan's first," "the industry's first," "Japan's smallest," and "the industry's smallest." The FDK Group has positioned the development of super-green products as our mission since 2004.

So far, we have developed and made available two super-green products, the MIPF2520 series multilayer power inductor, "the world's smallest", and the AML0603E series RF multilayer chip inductor with "the top-level energy savings in the world." We are continuing to pursue the development of new super-green products throughout FY2007.

### Our Efforts for the Achievement of Factor 2

Factor 2 aims at more than doubling product value over product environmental burdens. By FY2009, we plan to make the value (features and performance) of our newly developed products equivalent to FY2005 products while reducing their environmental burdens to less than half. If a product has an environmental burden equivalent to its FY2005 counterpart, its product value must be at least twice the value of its FY2005 counterpart. This is the Factor 2 achievement plan drafted in FY2007, and we have commenced our product development programs accordingly.

### What Is an Environmental Efficiency Factor?



### Positioning of Super-Green Products



### Assessment Criteria for Eco-Friendly Products Major Categories

- Products**
  - Harmfulness (containing hazardous chemicals)
  - Resource saving and recyclable design
  - Recyclability
  - Decomposition
  - Energy saving
  - Ease of decomposition processing
- Packaging Materials**
  - Resource saving and recyclable design
  - Reusability
  - Materials used
- Overall**
  - Information disclosure
  - Environmental considerations

### Our Super-Green Products to Date

| FY2005   | FY2006   |
|--|--|
|  |  |
| <b>World's smallest</b><br>The MIPF2520 series multilayer power inductor   | <b>The top-level energy saving performance in the world</b><br>The AML0603E series RF multilayer chip inductor |
| *We determine top-level environmental characteristics (world's smallest, world's first, etc.) at the point we publicly announce product development. |  |

## Major Eco-Friendly Products Developed during FY2007

### Non-Isolated DC-DC Converter DK Series



#### Product Applications

This series is used to supply power to electronic equipment and components including servers, routers, multi-function printers, and amusement equipment.

#### Product Features

The DK series offers a comprehensive lineup of non-isolated regulated type\* compact DC-DC converters with specifications ranging between 3.3V to 12V for input and 1.0V to 6.0V for output. The series yields up to of 93.5% efficiency at 3A output, and provides high reliability by suppressing temperature increase of mounted components. Its attached metal cap improves heat discharge and noise reduction.

\*Regulated type

Method of stably supplying a specific voltage in spite of fluctuating output current.

#### Focus of Environmental Consideration

Power supply efficiency can be improved by approximately 12% by replacing the power supply made with the discrete design\* by this product. It also contributes to resource saving due to its small size by eliminating the need for a radiator, in addition to energy saving due to its high efficiency. Its substrate is halogen-free.

\*Discrete design

Method of designing using discrete components (individual components mounted on a circuit board)

#### Comment from the Development Engineer

This is a new series of DC-DC converters succeeding the Sensei and Senpai series. It is characterized by a new concept aiming to replace discrete design. Our major challenge was coming up with innovations for energy saving, downsizing and resource saving. We will continue to develop eco-friendly products in response to customer needs.

**Yurika Nakajima**

Fire Project

Power Devices Division

Electronic Devices Group

### Stepper Motor SSMH6-20 Series



#### Product Applications

This series is used for autofocus and image stabilization in digital cameras and aberration correction in Blu-ray equipment.

#### Product Features

By combining FDK's own magnetic circuit and coil design technology, as well as high performance magnets manufactured by a Group company, we have realized a high output model while maintaining the size of the previous model. This series enables smaller, lighter and more energy-efficient motorized equipment.

#### Focus on Environmental Consideration

The SSMH6-20 series realized approximately 30% energy saving under FDK test conditions (voltage between terminals: 3.0V, two-phase excitation, 1000pps, and 20Ω) compared with the previous model. The presoldered area of the coil terminal is lead-free.

#### Comment from the Development Engineer

Although the external dimensions of this product are the same as the previous model, we have realized higher output and energy efficiency by aggregating the design and production technologies that we have nurtured through manufacturing. Its energy saving feature contributes to the prevention of global warming by reducing CO<sub>2</sub> emissions. We will continue to develop eco-friendly and high performance compact motors.

**Small Size Motor Team**

SM Engineer Group

FDK MECHATRONICS CO., LTD.

### Alkaline Battery G-PLUS



#### Product Applications

The G-PLUS series thoroughly pursues wide-range performance. Its main applications include equipment needing large current such as digital cameras, as well as remote control units and clocks.

#### Product Features

Four new technologies were introduced in the development of this product, namely ① thin film separator, ② internal short-circuit prevention technology [patent pending], ③ increased negative electrode material, and ④ optimized electrolyte composition, thus improving its wide-range\* and discharge performance. This series offers the leading edge performance worldwide in the areas requiring large discharge capacity such as digital cameras.

\*Wide-range performance

Offering appropriate performance in a wide range of applications from small to large current load

#### Focus on Environmental Consideration

Incorporation of new technologies improved discharge performance by approximately 20% in discharge tests equivalent to digital cameras\*. This also prolonged battery life by approximately 20%, contributing to the effective use of resources.

\* (1,500 mW 2 seconds / 650 mW 28 seconds) x 10 times / 1 hr, end point voltage 1.05 V

#### Comment from the Development Engineer

Recently, alkaline batteries are seeing application in wider varieties of equipment, due to more complex features in digital cameras, the popularization of TV game consoles with remote controls, and the permeation of simple cellular phone rechargers. Developing alkaline batteries that accommodate a wide range of usage conditions such as current load, temperature, humidity, vibration, environmental consideration and safety was no easy feat, but we are enjoying the challenge.

**Takeo Nogami**

1st Technical Section

Technical Department  
FDK ENERGY CO., LTD.

# Global Warming Prevention Measures

We promote energy saving, and improve distribution efficiency and recycling at plants and offices in every phase of our business activities as a part of our global warming prevention measures.

## Reduction of Business-Related Greenhouse Gas Emissions

The FDK Group strives to reduce energy consumption and CO<sub>2</sub> emissions with our energy saving facilities, including cogeneration facilities, and improvement of the operational management of existing facilities as a part of our global warming countermeasures.

### Aim of the Fourth Environmental Action Plan

Reduce FY2006 levels of energy consumption-based CO<sub>2</sub> emissions by 2% by the end of FY2010.

### Energy-Saving Activities

We continued from the previous term with the below-listed energy saving activities in FY2007. We have also confirmed energy-saving achieved through our company-wide business reform initiatives. For example, through our production efficiency project, we were able to reduce energy consumption per unit produced, and reduce power consumption for heating, cooling and lighting by reducing the area required for production. We will continue to promote Cool Biz as well.

- Introduction of energy-efficient air conditioners
- Introduction of energy-efficient compressors
- Introduction of energy-saving lighting fixtures
- Replacing substation equipment with energy-efficient models
- Optimizing air-conditioning settings and power conservation for lighting and OA equipment
- Improving energy saving measures by reevaluating operating conditions and facility management

As a result of our efforts, we reduced energy-consumption-related CO<sub>2</sub> emissions to 24,543 tons, a 6% reduction from the previous term. In addition to energy saving measures, this reduction was also due to a lowered production volume of inverter modules for LCD back lights.

Domestic production sites of the FDK Group have reduced greenhouse gas emissions by 63% compared with FY1990. This, by far, surpasses the goal of "reducing greenhouse gas emissions by 6% from 1990" set by the Kyoto Protocol. This achievement was due to our energy saving activities, as well as our shift from energy-intensive ferrite production to the production of modularized products as a part of our business structure reform.

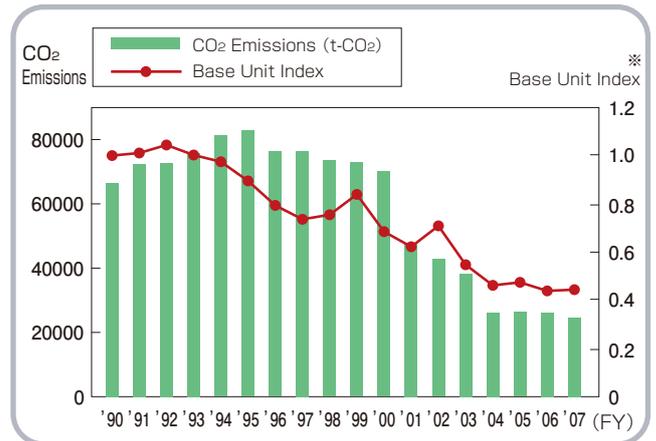
### Promoting Awareness about CO<sub>2</sub> Reduction, and Practicing It at Home

We provide education and awareness programs pertaining to global warming through our Intranet. In addition, we promote lifestyles that reduce CO<sub>2</sub> emissions at home. In FY2007, we requested families of our employees to "turn off the lights and TVs, and spend a quiet evening together," as proposed by the Ministry of Environment in their "Black Illumination 2007" campaign. We also conducted a lights-out campaign at our plant offices on July 7, 2008, the first day of the G8 Hokkaido Toyako Summit.

### Greenhouse Gases Other Than CO<sub>2</sub>

Six types of greenhouse gases covered by the Kyoto Protocol are CO<sub>2</sub>, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Since CO<sub>2</sub> is the only greenhouse gas on this list emitted by the FDK Group, we focus our efforts on controlling CO<sub>2</sub> emissions.

### Transition of CO<sub>2</sub> Emissions

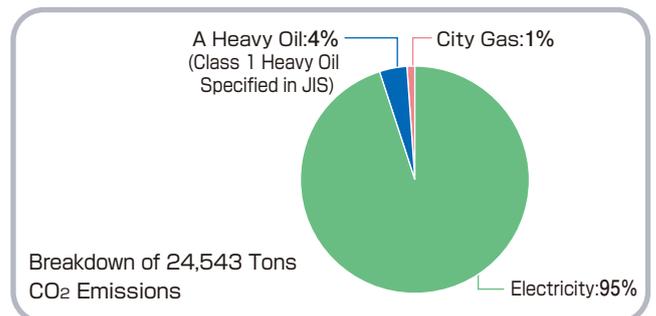


※ Base unit index: 1990 base unit for production output is set to be 1

| CO <sub>2</sub> Emissions |        |        |        |        |        | Unit (t-CO <sub>2</sub> ) |
|---------------------------|--------|--------|--------|--------|--------|---------------------------|
| '90                       | '91    | '92    | '93    | '94    | '95    |                           |
| 66,468                    | 72,443 | 72,793 | 75,742 | 81,265 | 82,790 |                           |
| '96                       | '97    | '98    | '99    | '00    | '01    |                           |
| 76,239                    | 76,493 | 73,516 | 72,877 | 70,071 | 47,382 |                           |
| '02                       | '03    | '04    | '05    | '06    | '07    |                           |
| 42,811                    | 38,228 | 26,146 | 26,318 | 26,239 | 24,543 |                           |

※ Since the introduction of 0.555t-CO<sub>2</sub>/MWh as the conversion factor from electricity, we have recalculated past emissions.

### Energy Type Status



## Environmental Consideration in the Distribution Process

The FDK Group consigns all logistical tasks involving our business partners and customers to shipping companies. Therefore, we attempt to promote the recycling of packaging material and the reduction of transportation-related CO<sub>2</sub> emissions by requesting cooperation from the relevant shipping companies.

### Aim of the Fourth Environmental Action Plan

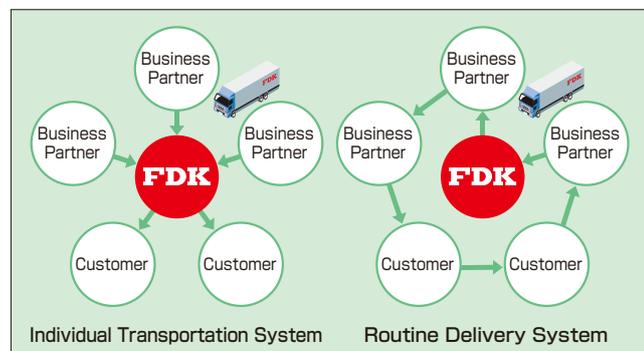
Reduction of transportation-related CO<sub>2</sub> emissions

### Deployment of Routine Delivery and Joint Shipment

We have switched our FDK/customer and FDK/business partner delivery systems from an individual transportation system to a routine delivery system with designated multiple stops throughout the country. This new system aims to reduce the amount of CO<sub>2</sub> emitted from trucks by shortening the overall distance traveled, as well as reduce delivery lead time and works in progress.

Since FY2006, in collaboration with shipment companies, we have also been taking advantage of joint shipments, transporting our goods along with other companies' goods in order to reduce transportation-related CO<sub>2</sub> emissions while increasing load efficiency.

#### Shipment Methods



### Reducing the Number of Partially-Loaded Chartered Trucks

As a new initiative in FY2007, we decided to cancel all partially-loaded chartered trucks and ship such loads by general delivery service. As a result, we managed to reduce 12 chartered trucks per month from the previous year.

### Our Efforts for Modal Shift

We are in process of considering a modal shift toward JR (Japan Railway) freight trains for the reduction of transportation-related CO<sub>2</sub> emissions.

### Increasing Load Efficiency by Improving Packaging Methods

Formerly, we shipped raw materials and products in cardboard boxes. We are now collaborating with our business partners and customers to gradually replace these with plastic containers (TP trays) to allow repeated use. For those shipments made using cardboard boxes, we have been using less packing material in order to improve load efficiency. In addition, we have been recycling the boxes. Finally, we are also reducing packing material use. Meanwhile, we are optimizing/minimizing transportation itself through a company-wide introduction of the Toyota Production System (TPS), a system that discourages unnecessary transport by proposing the transport of necessary items only.



Before (Cardboard Boxes)



After (TP Trays)

### Establishment of a Ton-Kilometer Determination System

Ton-kilometer is the unit used for measuring transportation activities, with the weight of cargo in tons multiplied by the distance transported in kilometers. According to the revised energy-saving law enacted in April 2006, "notification of cargo transportation volume" is required when an owner of cargo ships more than 30 million ton-kilometers per year, regardless of whether the cargo is shipped directly by the owner or consigned. Although FDK has not reached this level, we have established a system to measure transportation ton-kilometers, and post the information on our Intranet monthly as a part of our transportation management.

In the near future, we plan to supplement the ton-kilometer method by keeping track of transportation-related CO<sub>2</sub> emissions by other methods as well.

# Promoting Green Factories

We strive to pursue “green factory” practices at our production plants by taking the reduction of waste, the control of chemical emissions, the prevention of air, water and soil pollution, and the suppression of noise and vibration into consideration.

## Reduction of Chemical Emissions

The FDK Group has established its own “chemical control regulations” to reduce environmental burdens and control chemicals in an appropriate manner at each plant. Each plant keeps track of the amount of chemical use, emissions, and waste-derived chemicals transported away from its site.

### Aim of the Fourth Environmental Action Plan

Reduce FY2000 VOC (volatile organic compounds) emission levels by 30% by the end of FY2010.

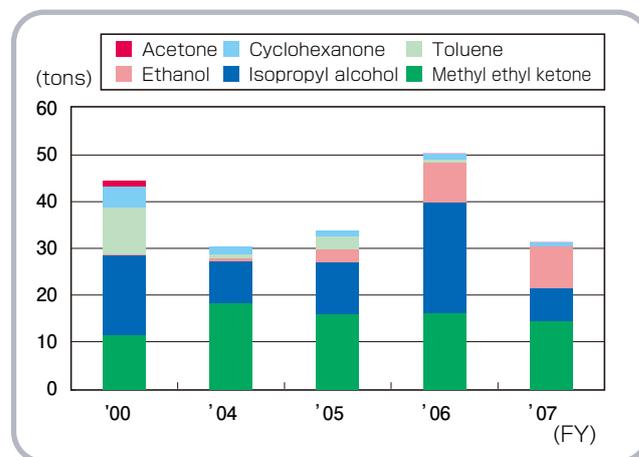
### Reduction of VOC Emissions

VOC is a generic term for organic compounds that evaporate under standard temperature and air pressure, volatilizing easily into the atmosphere. VOC are suspected of contaminating soil and underground water, and if released into the air, they are suspected of becoming oxidants and SPM (suspended particulate matter) through photochemical reactions. The affect of air contamination by VOC on human health has become an issue of concern as of late.

A law regulating VOC emissions went into effect in Japan on April 1, 2006. Although the FDK Group does not own facilities emitting VOC regulated by the air pollution control law in Japan, we have been working on reducing 20 types of VOC since FY2007 in compliance with the voluntary directive issued by four industrial organizations from the electric and electronic industries. In particular, we established a plan to reduce VOC emissions by more than 1 ton per production site annually, to employ alternative chemicals and to reevaluate our production processes.

As a result, total VOC emissions at domestic production sites were reduced from FY2000 levels by 29.5% to 31.2 tons. This is 37.7% reduction from the previous term. This was made possible by the reduction measures carried out and lowered LCD module inverter production.

### Transition of VOC Emissions



### Aggregate Data on PRTR-Controlled Chemicals

We also disclosed the amount of domestic chemical emissions and transportation in compliance with the PRTR law in FY2007. Although the PRTR law requires reporting to the administration for the handling of controlled chemicals in amounts over 1 ton per year, FDK keeps track of and manages chemical handling in amounts over 0.1 ton per year.

### Aggregate PRTR Data for FY2007

#### Total Amount at Domestic Plants (Handling over 100kg)

Unit: tons/year

| Chemical Name                          | Amount of Usage | Amount of Emission |               | Amount Transported |        | Amount Consumed | Recycling |
|--|-----------------|--------------------|---------------|--------------------|--------|-----------------|-----------|
|  |                 | Atmosphere         | Body of Water | Waste              | Sewage |                 |           |
| Manganese and manganese compounds      | 3,959.43        | 0.00               | 0.00          | 27.09              | 0.00   | 3,932.33        | 0.00      |
| Lead and lead compounds                | 5.50            | 0.00               | 0.00          | 1.40               | 0.00   | 4.04            | 0.06      |
| Bisphenol type A epoxy resins          | 4.63            | 0.00               | 0.00          | 0.00               | 0.00   | 4.62            | 0.00      |
| Silver and its water soluble compounds | 2.71            | 0.00               | 0.00          | 0.00               | 0.00   | 1.75            | 0.96      |
| Nickel compounds                       | 1.51            | 0.00               | 0.00          | 0.06               | 0.00   | 1.45            | 0.00      |
| Poly(oxyethylene) = octylphenyl ether  | 0.99            | 0.00               | 0.00          | 0.99               | 0.00   | 0.00            | 0.00      |
| Di-n-butyl phthalate                   | 0.82            | 0.00               | 0.00          | 0.04               | 0.00   | 0.78            | 0.00      |
| Boron and boron compounds              | 0.79            | 0.00               | 0.00          | 0.00               | 0.00   | 0.79            | 0.00      |
| Toluene                                | 0.44            | 0.23               | 0.00          | 0.21               | 0.00   | 0.00            | 0.00      |
| Molybdenum                             | 0.14            | 0.00               | 0.00          | 0.00               | 0.00   | 0.14            | 0.00      |

## Waste Reduction Measures (Zero Waste Emission)

We strive to reduce the burden on the global environment by suppressing waste emissions as much as possible as well as separating and recycling generated waste according to the principle of the 3Rs (reduce, reuse and recycle). Our sister company, FDK ECOTEC CO., LTD. conducts business activities in pursuit of a sustainable society by recovering used information equipment such as PCs, as well as the separation and recycling of waste plastic, glass and metals. (see page 32)

### Aim of the Fourth Environmental Action Plan

Reduce FY2006 waste emission levels by 3% by the end of FY2009.

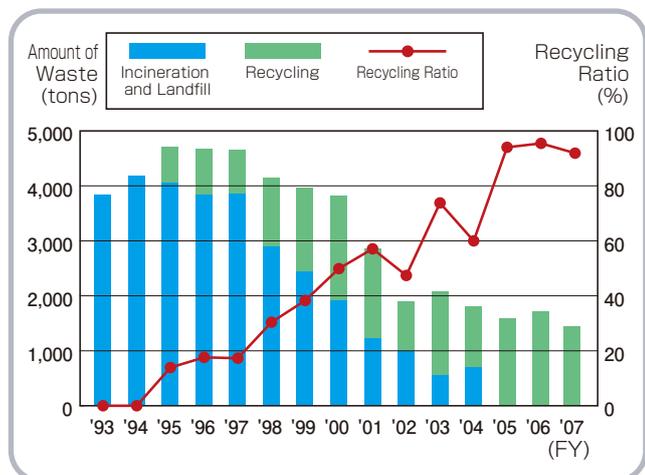
### Outcome of Our Waste Reduction Efforts

Owing to the rising market price of metals and resources during FY2007, we pursued the advancement of resale of valuable recyclable materials. We also replaced cardboard boxes with containers, recycled raw material waste within processes that was discarded in the past and reused palettes and plastic containers in-house. As a result, our waste emissions were reduced to 1,079 tons. With the additional effect of the reduced production of LCD back light modules, our waste generation for FY2007 was 16.6% less than it was in the last term.

### Continuing with Zero Emissions

As a result of our continued efforts to follow zero emissions guidelines, we achieved zero waste emission in FY2007 as well. We have totally eliminated waste emissions since the end of FY2004.

### Amount of Waste Emissions and Recycling Ratio



### Effective Use of Various Wastes

- Sludge: used as cement mix and base course material
- Plastic waste: Recycled as plastic material and fuel for furnace
- Acid and alkali waste: neutralizing agent
- Oil waste: regenerated oil and supplementing fuel
- Paper waste: recycled paper, cushion material for packaging, and thermal recycling
- Metal waste: Reprocessed for iron manufacturing material
- Food waste (from cafeteria): compost

### Zero Waste Emissions at FDK

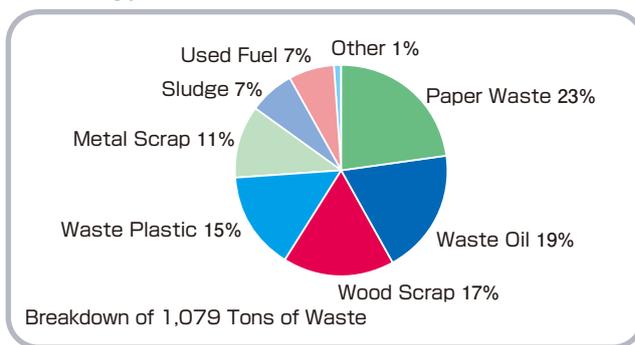
#### Definition

Making effective use of all waste generated from each plant to totally eliminate simple incineration and landfill

#### The Scope of Materials

Sludge, waste acid, waste alkali, waste plastic, waste oil, metal scrap, glass and ceramic pieces, wood scrap, paper waste, fabric waste, food waste, and sludge from purification cistern

### Waste Type Status



### Reevaluating Waste Categories

We reorganized and reevaluated existing waste definitions and categories in FY2007. Until the last term, we calculated the recycling ratio while excluding waste categories that were not targeted by the zero emission guidelines. Upon achieving 100% recycling ratio (zero emissions) under this condition, we decided to change these guidelines to include all waste categories. As a result, the recycling ratio during FY2007 reached 92%.

# Environmental Solution Activities

FDK Group companies deploy businesses specializing in environmental measures in response to heightened awareness for environmental issues and solution needs associated with them.

## Business Activities at FUJIDENKA RESEARCH AND ANALYSIS CENTER CO., LTD.

As symbolized by the G8 Hokkaido Toyako Summit, there has been heightened awareness about global issues such as measures against global warming, regulations for the registration (REACH) and use of hazardous substances (RoHS/ELV), prohibitions against PCBs in organic solvent, the use of asbestos, and, etc., and measures to counter soil contamination.

Since its establishment in 1976, FUJIDENKA RESEARCH AND ANALYSIS CENTER CO., LTD. has been supporting corporate and regional environmental conservation activities based on our environmental survey and analysis technology. We serve our customers with the latest environmental and Green IT technology including facilities, information and networks.

### Hazardous Substance Surveys and Reliability Testing Pertaining to Green Procurement

The EU's RoHS Directive and REACH are the examples of global trend for stronger chemical regulations. Because of this trend it has become common practice for manufacturers to forego the use of hazardous chemicals in their production processes. We support corporate efforts to engage in product development and production that contributes to the reduction of their environmental burdens through the survey of hazardous chemical substances pertaining to green procurement. Because green procurement is directly connected to our customers' product development and production, we make it our mission to always provide prompt and accurate analysis.

In conjunction with the recent enactment of volatile organic compound emissions regulations we now actively support VOC measurement and analysis with a full lineup of measurement equipment to assist our customers in their product development activities.

Developing products using eco-friendly components can result in unexpected problems or the recurrence of problems previously solved. Our comprehensive services include responding to customer requests to quickly determine possible degradation in the bonding strength of lead-free solder using fault analysis tools such as a thermal shock tester and an electron microscope and surface rapping machine.

### Comprehensive Survey and Measures for Soil and Underground Water Contamination

Since the enactment of the law concerning soil contamination measures in February 2003, a voluntary soil and underground water contamination survey upon sale of real estate has become common practice along with the surveys required by laws and regulations. Also, the mandatory incorporation of debts from soil contamination measures into business accounting has increased the social need for our services.

To meet customer needs, we offer a full range of services, from materials research to on-site survey and purification measures, that we have nurtured through our long years of experience.

Phase 1

Materials Research

Phase 2

Detailed On-Site Survey

Phase 3

Purification Measures

### Analysis of Asbestos Concentration

Asbestos regulations were tightened on September 1, 2006 to increase the limit concentrations from 1% to 0.1%. The number of controlled substances increased from three to six on February 6, 2008 as well. We are fortifying our analytic capability to meet customer needs for faster and higher-precision analysis.



ICP Analytic Equipment



Thermal Shock Tester



Phase-Contrast Microscope for the Measurement of Asbestos



X-Ray Diffractometer

#### Business Activities

Environmental measurement and analysis/environmental assessment (analysis of air, water, noise, vibration, odor, soil, etc., and measurement of elements in the work environment)  
Survey and measures for soil and underground water contamination  
Analytic survey for the support of green procurement  
Materials analysis, reliability testing, measurement equipment calibration  
Measurement of sick house substances, measurement of VOC emissions  
Installation and management of environmental facilities

#### FUJIDENKA RESEARCH AND ANALYSIS CENTER CO., LTD.

Established on January 24, 1976  
Capital 70 million yen (wholly owned by FDK CORPORATION)  
Number of employees 45  
President & CEO Takeo Maeda  
Location (Headquarters) 2281 Washizu, Kosai City, Shizuoka Prefecture  
Phone +81-53-576-0841 Fax +81-53-576-5258  
<http://www.fdk.co.jp/service/index.html>

## Business Activities at FDK ECOTEC CO., LTD.

FDK ECOTEC CO., LTD. conducts recycling of information equipment including used PCs as a Chubu Area Recycling Center for Fujitsu Recycling System (FRS). We aim to support the establishment of a sustainable society by recycling recovered resources. We were one of the first companies to acquire ISO 14001 certification, international environmental certification for our industry in FY2002, and achieved zero waste emission in the handling of OA equipment in FY2003.

### Expansion of Our Customer Service and the Promotion of Recycling

In addition to increasing the number of items handled, such as fluorescent tubes and Styrofoam, we have been expanding the area of recovery and the transportation of those items. We aim at the effective utilization of resources by disassembling and separating recovered equipment for the purpose of reuse or recycling.

#### Our Characteristics

- Handling recycling through both FRS and FDK ECOTEC.
- Comprehensive handling from recovery/transportation to processing
- Recycling electronic equipment including information equipment
- Specialized in on-site disassembly and the removal of over-sized equipment
- Appropriate handling of hazardous substances contained inside electronic equipment

#### Example of Recycling



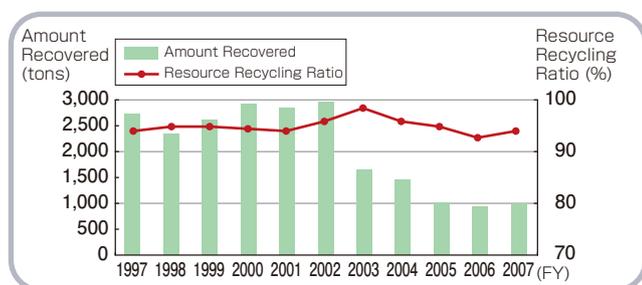
Disassembled and Separated ICs



Recycling (Precious Metals, etc.)

### Amount of Recovery and Resource Recycling Ratio

We recovered 964.5 tons of material in FY2007 and achieved a recycling ratio of 93.3%.



#### Items Handled

- PCs and peripherals
- Word processors, fax machines, copying machines
- Communication equipment
- Bank ATMs
- Telephones, cellular phones, telephone switchboards and POS terminals
- Magnetic tapes, cassette tapes, floppy disks, confidential documents and etc.
- Office desks and racks (excluding wooden items)

#### FDK ECOTEC CO., LTD.

Established on March 10, 1997  
 Capital 30 million yen (wholly owned by FDK CORPORATION)  
 Number of employees 15  
 President & CEO Masanori Nakazawa  
 Location Headquarters: 2281 Washizu, Kosai City, Shizuoka Prefecture  
 GIFU OFFICE: 478 Tsuchikura, Hirata-cho, Kaizu City, Gifu Prefecture  
 Phone +81-584-66-4781 Fax +81-584-66-4791

### Security Measures

In addition to performing various security measures according to Fujitsu Recycling Center processing standards, we are now working on establishing a system of traceability to allow tracing from the initial to final processing.

#### ● Preventing customer information security leaks

We follow our personal information protection policy to destroy or erase data in storage media.

#### ● Security measures at our facilities

Our measures include the installation of surveillance cameras and controlled access to locked areas.

#### ● Implementation of traceability

We have introduced the Fujitsu Integrated Recycling Information Management System to perform waste management on-line, and began the testing phase in FY2007 for the implementation of thorough traceability and security.



Integrated Recycling Information Management System

### Construction of Our Web Site

We established a web site in August 2007 to introduce our business activities pertaining to the realization of a sustainable society and to answer various inquiries.



Our Home Page

URL : <http://www.fdk-ecotech.com/index.html>

## KOSAI PLANT

|                      |  |           |     |
|----------------------|--|-----------|-----|
| Started operation in | June 1963  | Employees | 672 |
| Address              | 2281 Washizu, Kosai City, Shizuoka Prefecture 431-0495   |           |     |
| Phone                | +81-53-576-2151  |           |     |
| Products             | Switching power supplies, multilayer power inductors, RF multilayer components, and microwave components |           |     |

Located to the west of Lake Hamana, the KOSAI PLANT is the center of the FDK Group's research and development, and technological and administrative operations. Our environmental activities are roughly divided into two categories: company-wide operations that cover the entire Group, and KOSAI PLANT-specific operations.

The KOSAI PLANT's environmental management system obtained ISO 14001 certification in 1998 and completed the third assessment for certification renewal in 2007. In operating the system, we focus on six areas:

1. Green procurement
2. Enhancing risk management
3. Increasing product value
4. Preventing global warming
5. Green factory initiatives
6. Contributing to environmental conservation in the local community

We achieved all targets with the exception of

our target for energy savings, which we failed to reach due to an increase in production.

In developing and implementing our activities, we use care to ensure continual improvement. The recent training session for the internal audit staff included group exercises to allow the participants to better understand the system.

As the core site of the FDK Group, we will continue to develop activities that help build a sustainable society and preserve the global environment.



Osamu Akama, Plant Manager



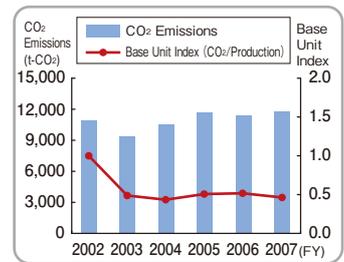
Assessment for ISO 14001 Certification Renewal



Training of Internal Audit Staff

| Waste                       |                             |  |
|-----------------------------|-----------------------------|--|
| Waste Emissions (t)         | Recycled Resources (t)      | Recycling Ratio (%)                      |
| 458                         | 387                         | 84                                       |
| Energy Consumption          |                             |  |
| Purchased Electricity (MWh) | City Gas (km <sup>3</sup> ) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |
| 19,878                      | 372                         | 11,912                                   |

Performance Data for FY2007



CO<sub>2</sub> Emissions

## SANYO PLANT

|                      |   |           |     |
|----------------------|---|-----------|-----|
| Started operation in | January 1970  | Employees | 145 |
| Address              | 5-ku, Honmachi, Sanyo Onoda City, Yamaguchi Prefecture 757-8585 |           |     |
| Phone                | +81-836-72-1311   |           |     |
| Products             | Piezoceramic products and multilayer power inductors            |           |     |

Situated in Asa, a town blessed with bountiful nature in the northern part of Sanyo Onoda City, Yamaguchi Prefecture, the SANYO PLANT serves as the main producer of FDK components and features outstanding materials technology. We produce electronic components for use in digital home appliances, automotive equipment, and communication systems. In FY2007, we began producing micro-inductors, components used in cellular phones. Our environmental activities for the fiscal year focused on three areas:

1. Eco-friendly product development
2. Reducing CO<sub>2</sub> emissions from energy consumption to prevent global warming
3. Reducing the use of chemicals and waste emissions

We not only introduced energy-saving air compressors and air-conditioning to reduce CO<sub>2</sub> emissions, but we also promoted the efficient use of wood chips and the reuse of packaging materials to reduce waste emissions. The shift from ferrite production to electronic module production in FY2003 re-

duced our CO<sub>2</sub> emissions substantially.

We also actively develop programs that promote exchange with the local people and social contribution activities. These include participation in the city's environmental council and greening council as well as cleaning projects at special nursing homes and in the area around the plant. All plant employees will continue to improve their operations on a daily basis and contribute to society through *monozukuri* (see footnote on page 3), environmental conservation, and volunteer activities.



Masanori Kasagi, Plant Manager



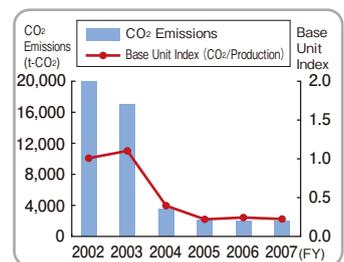
Cleaning Up the Area around the Plant



The Micro-Inductor Production Line

| Waste                       |  |                     |
|-----------------------------|--|---------------------|
| Waste Emissions (t)         | Recycled Resources (t)                   | Recycling Ratio (%) |
| 122                         | 122                                      | 100                 |
| Energy Consumption          |  |                     |
| Purchased Electricity (MWh) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |                     |
| 3,319                       | 1,842                                    |                     |

Performance Data for FY2007



CO<sub>2</sub> Emissions

\*The base unit index shown in the CO<sub>2</sub> emissions graph is based on the figures for FY2002. The CO<sub>2</sub>-equivalent figures shown for domestic sites in previous reports have been revised due to the fact that, starting from this edition, the coefficient of electric energy-CO<sub>2</sub> conversion is assumed to be 0.555t-CO<sub>2</sub>/MWh.

## FDK MODULE SYSTEM TECHNOLOGY CORPORATION, IWAKI PLANT

**Started operation in** April 2008 (when the IWAKI PLANT became independent. The former IWAKI ELECTRONICS was founded in 1966.) **Employees** 418  
**Address** 1 Kamanomae, Joban-kamiyunagaya-machi, Iwaki City, Fukushima Prefecture 972-8322  
**Phone** +81-246-43-4161  
**Business activities** The design, manufacturing, and sales of electronic module system products

Becoming independent from FDK in April of 2008, FDK MODULE SYSTEM TECHNOLOGY is now an autonomous company that designs, manufactures, and markets module systems. Situated in the southeast corner of Fukushima Prefecture and facing the Pacific to the east, the IWAKI PLANT is blessed with a mild climate that has relatively small differences between highs and lows throughout the year. Our major environmental activities in FY2007 included:

- Promoting environmental management:** To promote environmental activities directly linked to our main operations, we enhanced our educational program by, for example, holding briefing sessions. As far as internal environmental audits are concerned, we held monthly study meetings to raise the knowledge and skills of our internal audit staff.
- Energy savings:** We introduced new energy-saving air-conditioning and lighting. As far as the main operations are concerned, the Toyota Production System was developed further for energy savings within the framework of the business reform initiative. Reviewing production

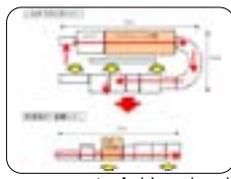
lines and increasing space efficiency reduced our overall power consumption. In addition, an increase in productivity resulted in a reduction in power consumption per product.

- Reducing the use of hazardous chemicals:** Our VOC (volatile organic compound) emissions were reduced by some 74% between FY2000 and FY2007. The washing process, a process that includes VOCs, was improved to reduce use and emissions of these chemicals.

We also develop risk management activities such as earthquake drills.



Naoki Shudo, Plant Manager

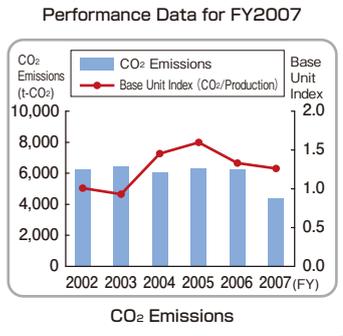


Improvements Achieved under the Business Reform Initiative



Earthquake Drills

| Waste                       |                        |  |
|-----------------------------|------------------------|--|
| Waste Emissions (t)         | Recycled Resources (t) | Recycling Ratio (%)                      |
| 214                         | 205                    | 96                                       |
| Energy Consumption          |                        |  |
| Purchased Electricity (MWh) | LPG (t)                | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |
| 7,694                       | 34                     | 4,372                                    |



## FDK ENERGY CO., LTD.

**Started operation in** August 2002 (with the spin-off of the battery manufacturing function from FDK. The former WASHIZU PLANT was founded in February 1950.) **Employees** 168  
**Address** 614 Washizu, Kosai City, Shizuoka Prefecture 431-0431  
**Phone** +81-53-576-2111  
**Business activities** The manufacture and sales of alkaline and lithium batteries

FDK ENERGY is the FDK Group center for the development and manufacture of alkaline and lithium batteries. In FY2007, we focused on environmental conservation in three areas:

- Energy-saving measures to reduce CO<sub>2</sub> emissions**  
 These measures included shortening the use of the air-conditioning system and introducing energy-saving air-conditioners. In addition, the heat radiation from steam lines was reduced to save heavy oil. As a result, our overall CO<sub>2</sub> emissions were 3% lower than in FY2006.
- Reducing waste emissions**  
 A pallet recycling stock yard was reserved within the company to promote the effective use of unwanted pallets. Finer sorting in the recycling process made it possible to reuse more waste metal as a valuable resource. These measures reduced our waste emissions by 27% compared with FY2006.
- Reducing the use of VOCs (volatile organic components)**  
 We have started a project aimed at reducing

methyl ethyl ketone use by considering the possibility of improvement by redesigning the relevant processes. The study is still under way.

As part of our efforts to strengthen communication with the local community, we conduct plant tours for elementary school pupils in the city. Engineers show and explain the dry battery production processes and answer questions from the children in the hope of helping them to better understand the company and its dry battery technology.



Isamu Hikida, Senior Managing Director

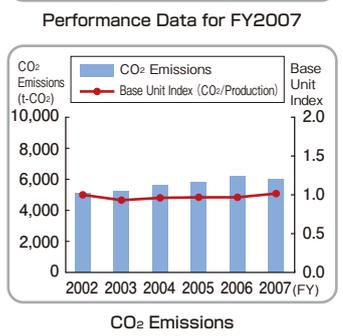


The Pallet Recycling Stock Yard



Elementary School Pupils on a Tour of the Plant

| Waste                       |   |  |
|-----------------------------|---|--|
| Waste Emissions (t)         | Recycled Resources (t)                                | Recycling Ratio (%)                      |
| 666                         | 626   | 94                                       |
| Energy Consumption          |   |  |
| Purchased Electricity (MWh) | A Heavy Oil (Class 1 Heavy Oil Specified in JIS) (kℓ) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |
| 10,397                      | 86  | 6,003                                    |



## FDK MECHATRONICS CO., LTD.

Started operation in November 1, 1989  
 Address 2281 Washizu, Kosai City, Shizuoka Prefecture 431-0431  
 Phone +81-53-575-3011  
 Business activities The manufacture and sales of stepper motors

Employees 57

FDK MECHATRONICS promotes and controls the Group's overall motor business. Our operations range from the design and manufacture of stepper motors to the marketing of products and the provision of support in mass-production outside Japan.

In motor design and development, we focus on avoiding the use of hazardous chemicals, and define reductions in power and resource consumption and motor size as key criteria for our design reviews. In FY2006, we were the first manufacturer in the industry to develop a rice grain-sized stepper motor – the world's smallest.

By offering environmentally-friendly products that satisfy our customers, FDK MECHATRONICS aims to make social contributions and develop its business further.

In FY2007, we continued to investigate hazardous chemicals in all components of our motors, while strengthening our own acceptance inspection and component control. In addition, we clarified the share of responsibilities among chemical-controlling organizations and updated our information about hazardous chemicals for individual product categories. Through these activities, we have been building a framework that prevents the purchase of components containing hazardous chemicals

and the shipment of products that include such components.

Our response to the RoHS directive has completed its first phase, and the survey of PFOS content in products and the move to establish regulations are now under way. The legal regulations and requirements for these chemicals are becoming increasingly diversified.

We will continue to upgrade our employee education on chemical substances to increase their skills and knowledge and strengthen our control and assurance system for hazardous chemicals contained in products. We commit ourselves to providing even more environmentally-friendly and even higher-value products.



Kuniaki Muramatsu, President



Design Review Meeting



Design for Environment



Rice Grain-Sized Micro-Motor

Waste, energy consumption, and CO<sub>2</sub> emissions are included in the figures for the KOSAI PLANT.

### Performance Data

## FDK ENGINEERING CO., LTD.

Started operation in September 1990 (with the spin-off of the machinery business function from FDK. The former HOSOE PLANT, started operation in November 1963.)  
 Address 281 Hirooka, Hosoe-cho, Kita-ku, Hamamatsu City, Shizuoka Prefecture 431-1302  
 Phone +81-53-522-5280  
 Business activities The design, manufacture and sales of various manufacturing equipment

Employees 76

FDK ENGINEERING designs and manufactures manufacturing equipment. In recent years, equipment for assembling automotive components accounts for 70% of our net sales. Demand for automotive manufacturing equipment that helps reduce vehicle fuel consumption is on the increase as automotive manufacturers are now required to make their vehicle more fuel-efficient, a requirement that stems from soaring oil prices and the increasing need to curb global warming.

In 2007 we replaced employee work uniforms with a new design showing the FDK ENGINEERING name. We hope that the new work uniform will help improve employee motivation and that this will in turn improve our social contribution through *monozukuri* (see footnote on page 3). In FY2008, we will build a new plant and ensure that we can supply our products in a more stable fashion. The aim is to meet our customers' needs and expectations.

In environmental activities, we focus on two areas. Our "Design for Environment" measures include reducing the power consumption of the equipment we produce, eliminating the use of PVC and lead solder, and downsizing. The "Green factory" initiative is aimed at

reducing the environmental impact of our production. The latter initiative includes reducing the power consumption of the plant, reducing waste, and promoting recycling.

The company's programs for exchange with the local community include participation in local clean-up campaigns and the "Himesama Dochu" (princesses' procession) festival, based on a local legend that dates back to the Edo era. In FY2007, some of our workers visited the Skill Olympics held in Numazu City.

Watching the competition, a competition aimed at improving machinery assembly skills, allowed our employees to realize the high standards of world-class operators.



Kazuhiko Hironaka, President



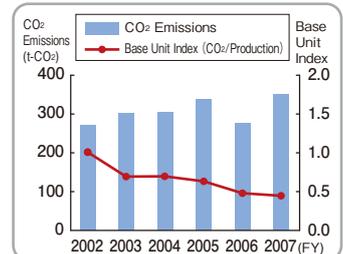
Local Clean-Up Campaign



Visit to the Skill Olympics

| Waste                       |  |                     |
|-----------------------------|--|---------------------|
| Waste Emissions (t)         | Recycled Resources (t)                   | Recycling Ratio (%) |
| 29                          | 28                                       | 96                  |
| Energy Consumption          |  |                     |
| Purchased Electricity (MWh) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |                     |
| 633                         | 351                                      |                     |

### Performance Data for FY2007



CO<sub>2</sub> Emissions

## FDK LIFETEC CORPORATION

Started operation in May 1, 1971 Employees 63

Address 2281 Washizu, Kosai City, Shizuoka Prefecture 431-0431

Phone +81-53-576-3121

Business activities Welfare activities for FDK Group employees, life insurance, and sales of green tea and other products

Initially founded as an outsourcing company responsible for welfare activities concerning the employees of FDK CORPORATION, FDK LIFETEC operates at three offices; the Headquarters in Kosai City, Shizuoka Prefecture, the IWAKI OFFICE and the Sanyo Office.

As a member of the FDK Group, we implement our environmental activities within the framework of ISO 14001 environmental management. In FY2007, each workplace held eco-driving training sessions.

In terms of social contribution, the installation of a vending machine that features a donation function at the IWAKI OFFICE was followed by the installation of another charitable vending machine at the KOSAI PLANT. The nonprofit Heartful Welfare Fund-raising organization donates the collected funds to various institutions for the purchase of wheelchairs and mobile bathtubs.

At the company dormitory canteen, as one of our employee welfare activities, nutritionists develop healthy low-salt recipes for residents. To raise resident awareness about energy sav-

ing, a graph comparing monthly power consumption for the current and previous year is posted in the dormitory. In addition, the dormitory manager performs energy-saving checks in and around the building.

In the Kosai region, "Bits of Knowledge" plaques showing useful knowledge about diet and health are posted to help employees maintain good health. As part of our social contribution activities, we will continue providing comprehensive lifestyle services covering the areas of health care, welfare, environmental protection, and culture.



Osamu Akama, President



Vending Machine with a Donation Function



Cooking Food in the Kitchen of the Fuyo Employee Dormitory

The data on waste, energy consumption, and CO<sub>2</sub> emissions for the Headquarters, Sanyo Office, and the IWAKI OFFICE are included, respectively, in the data for the KOSAI PLANT, the SANYO PLANT, and FDK MODULE SYSTEM TECHNOLOGY CORPORATION, IWAKI PLANT.

### Performance Data

FDK LIFETEC's unique technology has made it possible to develop these products by powdering tealeaves produced in Shizuoka Prefecture.



The "Run-Run Sabo" Series

## FUCHI ELECTRONICS CO., LTD. (Taiwan)

Established in January 1981 Employees 815

Address No.355, Section 2, Nankan Road, Rutsu Shan, Tao Yuan, Taiwan

Phone +886 3 322 2124

Business activities The manufacture and sales of signal processing modules for LDC displays and backlight units

FUCHI ELECTRONICS started designing and developing LCD backlight inverter modules in FY2006 and initiated mass production in FY2007. We perform a lifecycle assessment of these products in the design phase. Evaluating their environmental impact helps us create designs that reduce the product energy and resource consumption. Our environmental conservation activities for FY2007 include:

1. Promoting resource recycling by reducing waste  
The ratio of recycled packaging materials was increased to 85%.
2. Product lifecycle assessment for the development of eco-friendly products  
An example of one such eco-friendly product is, a redesigned two-in-one inverter substrate that was introduced to reduce the use of product materials.
3. Halogen-free products  
Following our decision to replace all solder and subsidiary materials by halogen-free alternatives in June 2008, we held a briefing session for relevant business partners.

We have introduced a unique *Green Partner* system to promote green procurement and shift to halogen-free products in collaboration with our business partners. In regard to safety and health, we have introduced the OHSAS 18001 system to provide a pleasant and safe working environment.

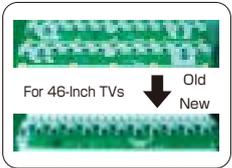
FUCHI ELECTRONICS commits itself to providing products that meet the requirements of its customers and to fulfilling its corporate responsibility for the sake of its employees and their family members as well as for future generations.



Atsushi Suzuki, President



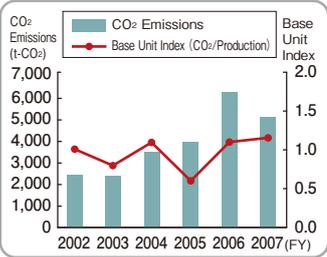
Education and Training in Environmental Protection and Occupational Safety



Redesigned Two-in-One Inverter Substrate

| Waste                       |  |                     |
|-----------------------------|--|---------------------|
| Waste Emissions (t)         | Recycled Resources (t)                   | Recycling Ratio (%) |
| 421                         | 285                                      | 68                  |
| Energy Consumption          |  |                     |
| Purchased Electricity (MWh) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |                     |
| 8,541                       | 5,449                                    |                     |

Performance Data for FY2007



## PT FDK INDONESIA (Indonesia)

Established in August 1989

Employees 995

Address Kawasan Industri MM2100, Blok MM-1 Jatiwangi Cikarang Barat, Bekasi 17520 Jawa Barat, Indonesia

Phone +62 21 89982111

Business activities The manufacture and sales of alkaline and lithium batteries

Since receiving ISO 14001 certification in June of 2003, PT FDK INDONESIA has proactively developed environmental conservation activities to reduce various aspects of its operations that have an environmental impact. In August of 2007, we revised our environmental policy to further strengthen our environmental activities. Since then, we have followed this new environmental policy to promote various projects aimed at making us an eco-friendly company. We place particular emphasis on activity in six areas:

1. Reducing waste and promoting recycling
2. Proper control and reduction of hazardous chemicals
3. Improving energy efficiency and promoting energy savings (with a focus on reducing power consumption)
4. Improving the standard of control for drainage from the plant and establishing more stringent internal drainage control standards
5. Increasing the greenery in and around the plant
6. Preventing pollution

In FY2007, we revised our voluntary internal environmental limits for more stringent control. These included limits on noise in the work area, gas emitted from the dust collecting equip-

ment and outlet ducts, odor of organic solvents, and exhaust emissions from fork lifts. Regarding drainage water from the plant, we follow the standards stipulated by the industrial complex and address 31 parameters.

As far as education is concerned, we ask for assistance in environmental conservation from not only our employees, but outsiders as well. To this end, we communicate our internal environmental rules to visitors to help prevent environmental pollution and ensure safety at work. Aiming to become a true eco-friendly company, PT FDK INDONESIA will continue to develop its environmental conservation activities.



Kuniyoshi Nishida, President



Air Measurement and Control

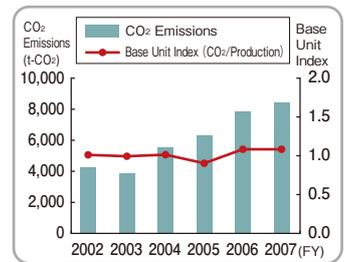


Firefighting Training under the Instruction of the Local Fire Department

※The recycled resources cell is empty because the amount of resources recycled by outside specialists is not documented. The CO<sub>2</sub> emissions are calculated using the conversion factor used in Japan.

| Waste                       |  |                     |         |                |  |
|-----------------------------|--|---------------------|---------|----------------|--|
| Waste Emissions (t)         | Recycled Resources (t)                               | Recycling Ratio (%) |         |                |  |
| 466                         | ※  | ※                   |         |                |  |
| Energy Consumption          |  |                     |         |                |  |
| Purchased Electricity (MWh) | A Heavy Oil (Class 1 Heavy Oil Specified in JS) (kℓ) | Kerosene (kℓ)       | LPG (t) | Light Oil (kℓ) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |
| 13,889                      | 1  | 10                  | 50      | 200            | 8,411                                    |

Performance Data for FY2007



CO<sub>2</sub> Emissions

## FDK LANKA (PVT) LTD. (Sri Lanka)

Established in November 1990

Employees 1,825

Address Ring Road 3, Phase II E. P. Z. Katunayake, Sri Lanka

Phone +94 11 225 3492

Business activities The manufacture and sales of optical devices and rotary transformers

After becoming ISO 14001 compliant in 2003, FDK LANKA successfully completed the transfer to ISO 14001: 2004 in February of 2006. We promoted the following activities to achieve targets defined in our two-year plan from April 2006 to March 2008:

1. Reducing CO<sub>2</sub> emissions per product by 5%
2. Reducing waste emissions per product by 5%
3. Reducing the use of chemical substances per product by 5%
4. Reducing water consumption by promoting the reuse and recycling of plant drainage

In addition to the traditional reduction of power consumption for air-conditioning, the energy-saving measures for FY2007 included using efficient fluorescent ballast, installing reflector panels on fluorescent lamps, replacing outside lighting by more efficient products, and making effective use of cool air by directing them to Fan Filter Unit instead of directing them open space over the ceiling.

In reducing waste emissions, we focused on reducing raw material input, for example by increasing yield. Another project aimed at increasing the use of electronic data to reduce the consumption of paper.

In reducing the use of chemicals, we considered the feasibility of eliminating the processes that use them. Activities for water reuse and recycling included the introduction of a water treatment system.

As a result, we were able to achieve all of our targets.

With the slogan, "FDK Group Loves Nature for the Future of the Earth," FDK LANKA will continue its environmental activities to ensure that the beautiful land of Sri Lanka will remain intact for future generations and that the company will achieve sustainable growth.



Norio Takaba, President



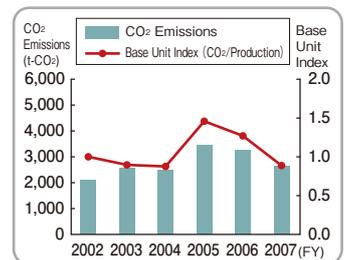
Reflector Panel on a Fluorescent Lamp



Energy-Saving Duct for the Firing Furnace

| Waste                       |                        |                     |  |
|-----------------------------|------------------------|---------------------|--|
| Waste Emissions (t)         | Recycled Resources (t) | Recycling Ratio (%) |  |
| 166                         | 78                     | 47                  |  |
| Energy Consumption          |                        |                     |  |
| Purchased Electricity (MWh) | LPG (t)                | Light Oil (kℓ)      | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |
| 8,965                       | 8                      | 57                  | 2,645                                    |

Performance Data for FY2007



CO<sub>2</sub> Emissions

## XIAMEN FDK CORPORATION (China)

Established in March 1994 Employees 2,801  
 Address No.16, Malong Road, Huli District, Xiamen, Fujian, China  
 Phone +86 592 603 0576  
 Business activities The manufacture and sales of LCD backlight inverter modules, switching power supplies, and stepper motors

By developing environmental activities involving all of its employees, XIAMEN FDK received ISO 14001 certification in December 1988. We contribute to preserving the global environment by following the relevant laws and regulations and by implementing our environmental policy. Our major activities for FY2007 included the following:

1. We strengthened our control and management of hazardous chemicals in products. A new database was built and a website on the control of hazardous chemicals contained in products was opened in order to share and efficiently use information about such chemicals, relevant laws and regulations, and customer requirements.
2. To ensure continual improvement, every year we hold educational sessions on chemicals, waste, energy savings, and hazardous chemicals in products. New employees are provided with a handbook to help them better understand the environmental management system. In April of every year, which is the company-designated "Environmental Month," illuminative sessions and other activities are conducted for all employees to raise their environmental

- awareness.
3. Every year, we conduct social contribution activities such as cleaning and weeding mountainforests. As part of our social contribution activities for FY2007, volunteers from XIAMEN FDK provided road safety instructions on the street.

XIAMEN FDK won the "Xiamen High-Tech Zone Award for Advanced Safety Production Control 2007." At the same time, Huang Huang, Director of the Administration Department, was honored with the "Individual of Advanced Safety Manufacturing Practice" Award.



Tadao Ishida, President



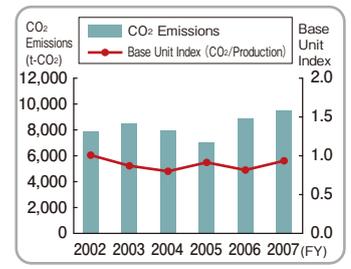
The Advanced Safety Production Control Award Certificate



The Individual of Advanced Safety Manufacturing Practice Award Certificate

| Waste                       |  |                     |
|-----------------------------|--|---------------------|
| Waste Emissions (t)         | Recycled Resources (t)                   | Recycling Ratio (%) |
| 419                         | 361                                      | 86                  |
| Energy Consumption          |  |                     |
| Purchased Electricity (MWh) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |                     |
| 10,130                      | 9,522                                    |                     |

Performance Data for FY2007



CO<sub>2</sub> Emissions

## SHANGHAI FDK CORPORATION (China)

Established in August 1995 Employees 1,822  
 Address 499 Dong Qu Road, Songjiang Industrial Zone, Shanghai, China  
 Phone +86 21 5774 2028  
 Business activities The manufacture and sales of signal processing modules for LCD display and coil devices

With a business philosophy of "contributing to society through corporate development and an action guideline of *monozukuri* (see footnote on page 3) in a symbiotic relationship with nature," SHANGHAI FDK unites the efforts of all its employees to implement the three pillars of the environmental policy: "compliance with laws and regulations," "prevention of pollution and protection of the environment," and "provision of green products." Our major activities for FY2007 included the following:

1. In controlling hazardous chemical substances, we continued to audit our suppliers to verify that they have an appropriate system for the control of any such substances contained in their products. An X-ray fluorescence instrument was introduced to check the solder used in the company for lead content.
2. In reducing energy and water consumption, we have continued our efforts in employee education. CO<sub>2</sub> emissions have been significantly reduced since ferrite production was transferred to NANJING FDK in October of 2004.
3. As part of our social safety activities, we provide a monthly educational session for the in-house fire fighters and training on the use of fire-fighting equipment. We also

audit the 5S activities (Sort, Straighten, Shine, Standardize, and Sustain) of our workplaces and develop measures for improvement. In FY2007, we worked with the Songjiang Transport Bureau and the Songjiang Industrial Zone to provide road safety instructions for people commuting to companies in the industrial zone.

4. Special activities take place on the annual company-designated Environment Day. In FY2007, we cleaned up the area around the company.

SHANGHAI FDK will continue to develop its environmental activities further to help preserve the environment of our planet.



Atsunori Matsumoto, President



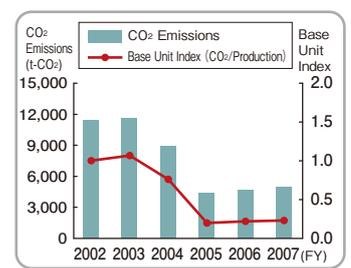
Providing Road Safety Instructions for Commuters



Cleaning Activity on Environment Day

| Waste                       |  |                     |
|-----------------------------|--|---------------------|
| Waste Emissions (t)         | Recycled Resources (t)                   | Recycling Ratio (%) |
| 141                         | 64                                       | 45                  |
| Energy Consumption          |  |                     |
| Purchased Electricity (MWh) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |                     |
| 5,025                       | 4,940                                    |                     |

Performance Data for FY2007



CO<sub>2</sub> Emissions

## SUZHOU FDK CO., LTD. (China)

Established in June 2001

Employees 1,650

Address 43 Building Fengqiao Industrial Park 158-88 Huashan Road, Suzhou New District Jiangsu, China

Phone +86 512 66619392

Business activities The manufacture and sales of signal processing modules for LCD displays

SUZHOU FDK, which gained ISO 14001 certification in December of 2004, develops environmental conservation activities involving all its employees. In January of 2008, we introduced OHSAS 18001, the international occupational health and safety assessment standards, in our operations to control and improve employee health and safety. Our major activities for FY2007 included the following:

1. We strengthened our survey and control of hazardous chemicals in products to better enable our company to supply green products. Following the elimination of lead from all processes in the previous year, we promoted measures to make our production halogen-free.
2. We have set numerical targets for reductions in the consumption of resources and energy. Despite our efforts to reduce air-conditioner power consumption, we ended up in increasing power consumption and waste emissions compared with the previous year due to an increase in production. The use of paper was successfully reduced from the previous year by promoting the use of alternative media.

3. In education, we hold evacuation and fire drills on a regular basis. Additional projects included educational sessions on laws and regulations, other requirements, the classification of hazardous materials and waste, resources/energy saving, and basics about chemicals.

Our social contribution and exchange programs include an exchange with the Social Welfare Institution in Suzhou City and fund-raising activity to provide support for physically handicapped individuals. SUZHOU FDK will continue its environmental conservation activities by offering environment-friendly products.



Tatsuo Nakano, President



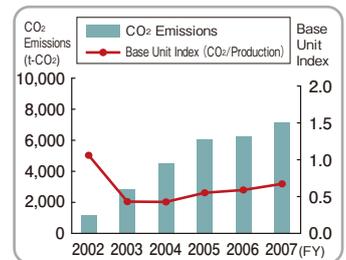
Disaster and Fire Prevention Education



Fire Drill

| Waste                       |  |                     |
|-----------------------------|--|---------------------|
| Waste Emissions (t)         | Recycled Resources (t)                   | Recycling Ratio (%) |
| 222                         | 112                                      | 50                  |
| Energy Consumption          |  |                     |
| Purchased Electricity (MWh) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |                     |
| 7,531                       | 7,095                                    |                     |

Performance Data for FY2007



CO<sub>2</sub> Emissions

## FDK (THAILAND) CO., LTD. (Thailand)

Established in December 2001

Employees 606

Address 60/118 [Navanakorn Industrial Estate Zone 3] Moo 19, Phaholyothin Road, Tambon Klongnug, Amphur Klongluang, Pathumthani 12120, Thailand

Phone +66 2529 4930

Business activities The manufacture and sales of stepper motors

FDK (THAILAND) celebrated its seventh anniversary engaged in the manufacture and sales of stepper motors for office automation and automotive equipment. In reality, however, the company has been in business for 19 years, operating as FUJITSU (THAILAND) before evolving into its present form. We maintain the following environmental policy:

1. We abide by the environmental laws and regulations of the Kingdom of Thailand and in the countries where our customers are headquartered.
2. We continually improve our systems, prevent pollution arising from our business activities, and minimize the impact of our operations on water, soil, and air by the effective use of waste.
3. We utilize resources effectively and promote activities for protecting and saving energy resources.
4. We improve the consciousness of all our employees about environmental protection.

tion included introducing energy-saving compressors, implementing heat insulation measures in equipment, and recycling used fluorescent lamps. For the control of hazardous chemical substances contained in products, we audited our suppliers as we did in the previous year in order to ensure proper control in the production of materials and components and comply with the RoHS directive. Aiming to achieve sustainable growth, FDK (THAILAND) will continue to act as a single unit to continually reduce its environmental impact and provide earth-friendly products.



Yasunobu Nakagiri, President



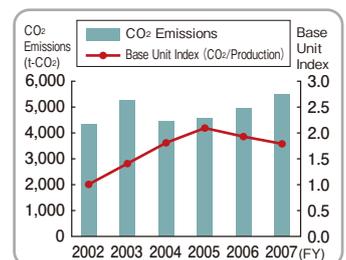
Energy-Saving Heat Insulation for the Equipment



Containers for Collecting Used Fluorescent Lamps

| Waste                       |  |                     |
|-----------------------------|--|---------------------|
| Waste Emissions (t)         | Recycled Resources (t)                   | Recycling Ratio (%) |
| 588                         | 550                                      | 94                  |
| Energy Consumption          |  |                     |
| Purchased Electricity (MWh) | CO <sub>2</sub> eq. (t-CO <sub>2</sub> ) |                     |
| 5,496                       | 5,496                                    |                     |

Performance Data for FY2007



CO<sub>2</sub> Emissions

In FY2007, our efforts to reduce energy consump-



# FDK CORPORATION

**FDK Group Loves Nature for the Future of the Earth**



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