

Finance / ESG

Financial policy

- Emphasis on ROE (target: 8% or more) as a management index, pursue enhanced invested capital efficiency
- Achieve total payout ratio (before amortization of goodwill) of 30% or more (achieve stable dividend payments to shareholders and enhance capital efficiency)

*1 Interest-bearing debts (including lease obligations)/Operating cash flow
 *2 The total payout ratio is before amortization of goodwill

FY2022 targets (Apr. 2022–Mar. 2023)

Interest-bearing debt to cash flow ratio*1	Less than 3 years
Total payout ratio*2	30% or more
Equity ratio	Maintain at 45% or more

ESG targets and progress

	Tasks for sustainable growth	Activities and targets	FY2019 status
E	Environment: Contribute to sustainability of the global environment as an energy device company		
	<ul style="list-style-type: none"> ■ Development and global sales of environmentally considered products ■ Reduction of environmental burden of business activities 	<ul style="list-style-type: none"> ■ Ratio of environmentally considered products to overall sales: 35% (2021) ■ Group-wide CO₂ emission reduction target: 6%/3 years ■ Group-wide water use reduction target: 8%/3 years 	<ul style="list-style-type: none"> ■ Improvement in ratio of environmentally considered products through active capturing of demand for ISS batteries, where overall demand is growing ■ Reductions in power use at some overseas production sites through deployment of photovoltaic power systems (reduction in CO₂ emissions) ■ Recycling of water used at charging facilities (reduction in water use)
S	Social: Respect for human rights and contribution to society		
	<ul style="list-style-type: none"> ■ Respect for human rights ■ Enhancement of productivity and motivation through human resources development ■ Enhancement of work environments and occupational health and safety ■ Products and information sharing that is reassuring to consumers ■ Contribution to the addressing of societal issues with CSR procurement and reduction of procurement risks 	<ul style="list-style-type: none"> ■ Enhance human rights education and risk management ■ Nurture autonomous-minded human resources and establish groundwork for utilizing diverse human resources ■ Promote measures to improve work-life balance ■ Achieve group-wide quality improvement 	<ul style="list-style-type: none"> ■ Meetings regarding respect for human rights held at all workplaces ■ Stratified training and quality education conducted based on annual plans ■ Compulsory requirement to take at least 10 days of annual paid leave expanded to include those in management and fixed-term employees ■ Systematic activities based on an emphasis on quality as a management fundamental
G	Governance: Promotion of fair, transparent, and swift group-wide governance		
	<ul style="list-style-type: none"> ■ Respect for international norms and compliance with laws of respective countries ■ Protection of intellectual property ■ Thorough management of confidential information ■ Swift and appropriate management decision-making 	<ul style="list-style-type: none"> ■ Promote compliance education, preparation of legal information ■ Contribute to elimination of counterfeit goods and bolster patent infringement prevention activities ■ Management that is mindful of the corporate governance code 	<ul style="list-style-type: none"> ■ Used compliance awareness information to familiarize employees with legal information ■ Won trademark infringement litigation in China. Final ruling in favor of lawsuit calling for cancellation of a similar trade name in Hong Kong ■ Appointment of a female outside director →Outside directors exceed one-third →Ensures diversity

Refer to the ESG section starting on P. 60 for information on ESG initiatives and progress.

Review of FY2019 (fiscal year ended March 31, 2020)

The first year of the Fifth Mid-Term Management Plan proceeded largely according to plan. In Tianjin, China, final stage investments were completed for a new plant to produce automotive lead-acid batteries; investment also went to boosting production of lithium-ion batteries for HEVs. We also moved forward with construction of a new plant in Hungary to produce 12V lithium-ion batteries, and

continued purchases of treasury stock. Note that given the impact of the novel coronavirus pandemic, fiscal 2020 will be excluded from inclusion in the current Mid-Term Management Plan, the final year of which will now be fiscal 2022; target numbers will not change.