

# Furukawa Electric Group Sustainability Report 2016



## Editorial Policy

This report aims to inform all stakeholders about the philosophy and measures of Furukawa Electric Group in relation to its business activities, management, the environment and its relationship with society. Our goal is to report on our CSR philosophy and efforts and gain the understanding of our stakeholders.

### Scope of This Report

#### Period Covered

Fiscal 2015, from April 1, 2015 to March 31, 2016

(note) Includes selected information on past initiatives and activities during fiscal 2016.

#### Organizations Covered

This report covers Furukawa Electric Co., Ltd. and group companies in Japan and overseas. Where activities are limited to specific regions or companies, this fact has been clearly indicated in the reporting.

#### Publication Timeframe

Publication date: September 14, 2016

Planned publication of next edition: September 2017

#### Editing and Publication

CSR Department, Administration & CSR Division,  
Furukawa Electric Co., Ltd.  
Marunouchi Nakadori Bldg., 2-3, Marunouchi 2-chome,  
Chiyoda-ku, Tokyo 100-8322, Japan

### Accuracy of the Data Disclosed in This Report

In order to maintain accuracy in data disclosure, the information provided in this report has been vetted by the divisions in charge of the relevant information, the Investor & Public Relations Department and the CSR Department, which is in charge of editing this report. We have also provided a third-party opinion so as to offer the point of view of an outside expert.

### Information Disclosure System

Furukawa Electric is fully aware that the timely and appropriate disclosure of corporate information to investors is essential to a healthy stock market. We take a serious approach to providing timely and appropriate corporate information to investors, including through the development of internal systems that allow us to disclose rapid, accurate and fair corporate information in a way that always keeps investors' perspective in mind.

Moreover, in order to increase the understanding of all stakeholders in respect to our company, we try to provide information through a variety of media, including non-financial information.

Non-financial	Financial
<ul style="list-style-type: none"><li>- CSR website</li><li>- Sustainability reports</li><li>- Corporate governance reports</li></ul>	<ul style="list-style-type: none"><li>- IR website</li><li>- Financial statements</li><li>- Securities reports/Quarterly reports</li><li>- Summary of accounts, etc.</li></ul>

Sustainability Report



<https://www.furukawa.co.jp/en/csr/report/>

## History of Furukawa Electric's CSR Activities

1972	Companywide Rules for Pollution Prevention formulated	2008	Furukawa Electric Basic Policy on Pandemic Influenza Preparedness formulated
1974	Environmental Control Department established Energy Conservation Team established		Compliance pledge introduced e-Friendly mark (environmentally harmonious product) certification system started
1989	Team for Reduction in Use of Specified CFCs established	2009	Furukawa Electric Group Green Procurement Activity Guidelines published
1992	Anti-Monopoly Act Guidelines issued		Basic Policy on BCM (Business Continuity Management) formulated
1993	Basic Framework for Protecting the Global Environment formulated (Furukawa Electric's voluntary environmental preservation plan)		Compliance awareness survey covering all employees conducted
1996	Use of specified CFCs and trichloroethane discontinued		A CSR award newly established as a part of the Outstanding Affiliated Company Awards
1997	Team for Promotion of Reduction in Industrial Waste established	2010	Medium-term management plan, New Frontier 2012, formulated
1998	Furukawa Electric Basic Environmental Policy formulated Acquisition of ISO 14001 certification commenced Companywide Regulations for Pollution Prevention revised to create the Companywide Regulations for Environmental Management		CSR Deployment Guideline for Business Partners issued "Heart-to-heart communication between president and employees" and "Compliance Roundtables" initiated
2000	First Environmental Report published		Compliance Months introduced
2001	Environmental accounting started Zero-emissions activities commenced	2011	Information security and personal information protection months introduced
2002	Anti-Monopoly Law manual published		Furukawa Electric Group Basic Policy on CSR revised
2003	Furukawa Survival Plan announced Executive Officer System introduced Furukawa Electric Basic Environmental Policy revised		¥250 million donated for reconstruction support for the region affected by the Great East Japan Earthquake (Groupwide)
2004	Company system and chief officer system introduced Furukawa Electric Group Action Guidelines formulated Furukawa New Leaf established as a special subsidiary offering employment to people with disabilities		Furukawa Electric Group CSR Code of Conduct revised, and Furukawa Electric Group Action Guidelines accordingly eliminated
2005	Internal reporting system introduced and internal and external reporting desks established Compliance Handbook published		Competition Laws Compliance Guide published
2006	Medium-term management plan Innovation 09 announced Report published under the revised title "Environmental and Social Report"	2012	BCAO Award 2011, the "Award for Practical Excellence", received from the Business Continuity Advancement Organization (BCAO)
2007	CSR Division established Chief Social Responsibility Officer (CSRO) appointed Report published under the revised title "CSR Report" Corporate philosophy and corporate message of the Furukawa Electric Group formulated		Report name revised to Sustainability Report and issued
2008	Furukawa Electric Basic Environmental Policy formulated Furukawa Electric Group Basic Policy on Social Contribution Activities formulated		Furukawa Electric Group Anti-Bribery Statement and Bribery Prevention Guide formulated
		2013	Medium-term management plan, Furukawa G Plan 2015, announced
			Transitioned from company system and chief officer system to a system of strategic business units and head office divisions
			Administration & CSR Division inaugurated
		2014	One domestic SBU conducted EICC audit
			Implementation of private sector training for public school teachers
			Jointly conducted employee awareness surveys with Group companies in Japan
			Published 2 <sup>nd</sup> edition of competition law compliance guide (Japanese, English and Chinese common edition)
			Began compliance education for local employees of Chinese affiliate companies
		2015	Visiting elementary school to give classes

## Contents

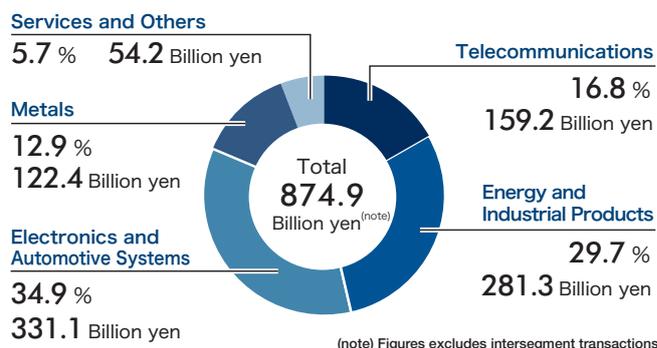
02	Editorial Policy	26	Stakeholder Relations
03	History of Furukawa Electric's CSR Activities	28	Risk Management
03	Contents	30	Compliance
04	Group Profile	32	<b>Initiatives for Society</b>
06	Top Message	32	Relations with Our Customers
08	<b>Special Feature 1</b> Laying the Foundation for the Future of Renewable Energy	34	Relations with Business Partners
10	<b>Special Feature 2</b> Contributing on a Global Scale with Furukawa Electric Group's Infrastructure Business and Green Products	36	Relations with Shareholders
12	Financial and Non-financial Highlights	38	Relations with Employees
14	<b>Business Report</b> Telecommunications / Energy and Industrial Products / Electronics and Automotive Systems / Metals / R&D	44	Relations with Communities
20	<b>Management</b>	48	<b>Initiatives for Environment</b>
20	Corporate Governance		Environmental Management / Material Flow/ Targets and Performance of Environmental/ Conservation Activities / Environmentally Friendly Products / Preventing Global Warming/Reducing Waste / Water Resources / Chemical Substance Management / Environmental Risk Management / Biodiversity Conservation
24	CSR Management	58	Third-Party Opinion
		59	List of all applicable companies

# Group Profile

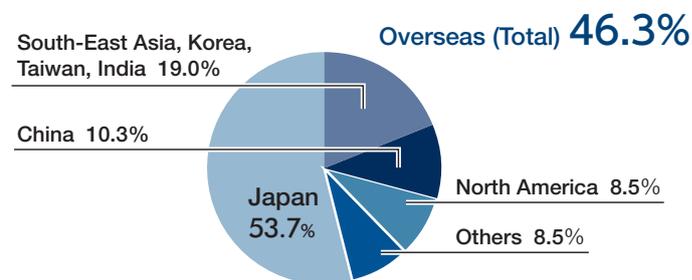
## Company Profile

Company Name	Furukawa Electric Co., Ltd.
President	Mitsuyoshi Shibata
Founded	1884
Established	1896
Paid-in Capital (As of March 31, 2016)	¥69,395 million
Net sales (Years ended March 31, 2016)	¥874,879 million (Consolidated) ¥398,851 million (Non-Consolidated)
Number of Employees (As of March 31, 2016)	49,826 (Consolidated) 3,232 (Non-Consolidated)
Head Office	Marunouchi Nakadori Bldg., 2-3, Marunouchi 2-chome, Chiyoda- ku, Tokyo 100-8322, Japan
TEL.	+81-3-3286-3001

## Percentage of net sales by segment



## Percentage of overseas sales



## Major Products and Services

### Telecommunications



Optical fiber cables / Metal communication cables / Semiconductor optical devices / Fusion Splicer / Electronic appliance wires / Optical components / Network equipment / Optical fiber cable accessories and installations / LAN Cable / LAN Solution Systems / CATV system / Radio products, etc.

### Energy and Industrial Products



Copper wires and Aluminum wires / Power transmission cable / Insulated wires / Power transmission cable accessories and installations / Cable conduits / Water-feeding pipe materials / Foam products / UV tapes for semiconductor manufacturing / Electrical Insulation Tape / Electric material products, etc.

### Electronics and Automotive Systems



Automotive components and wiring harness / Magnet wires / Electronic component materials / Heatsinks / Hard disc drive (HDD) aluminum substrates / Battery products, etc.

### Metals



Copper and copper alloy products (plates, strips, pipes, rods, foils, and wires) / Functional surface products (plating)/ Electrodeposited copper foil / Processed products for electronic parts / Superconducting products / Special metal materials (Shape-memory and super-elastic alloys), etc.

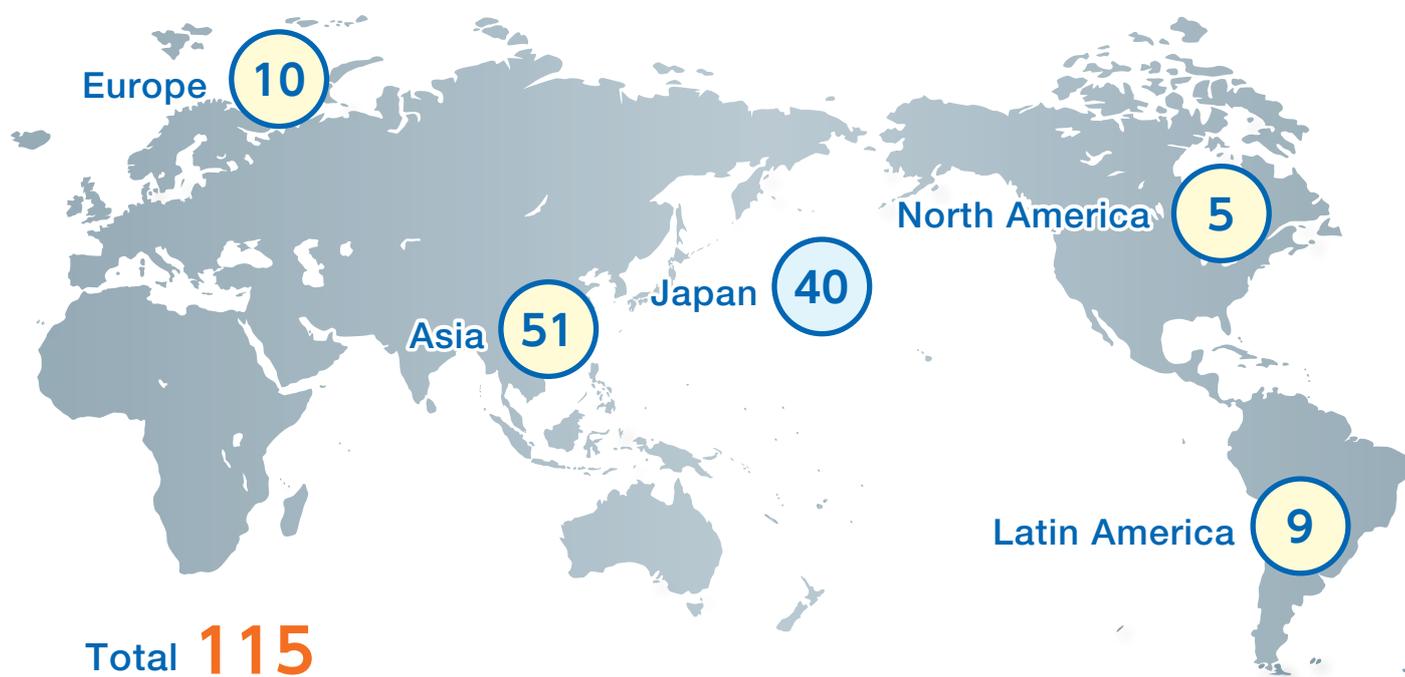
### Services and Others



Logistics / Information processing service / Software development / Service business (real-estate leasing, hydraulic power generation and so on) / R&D, etc.

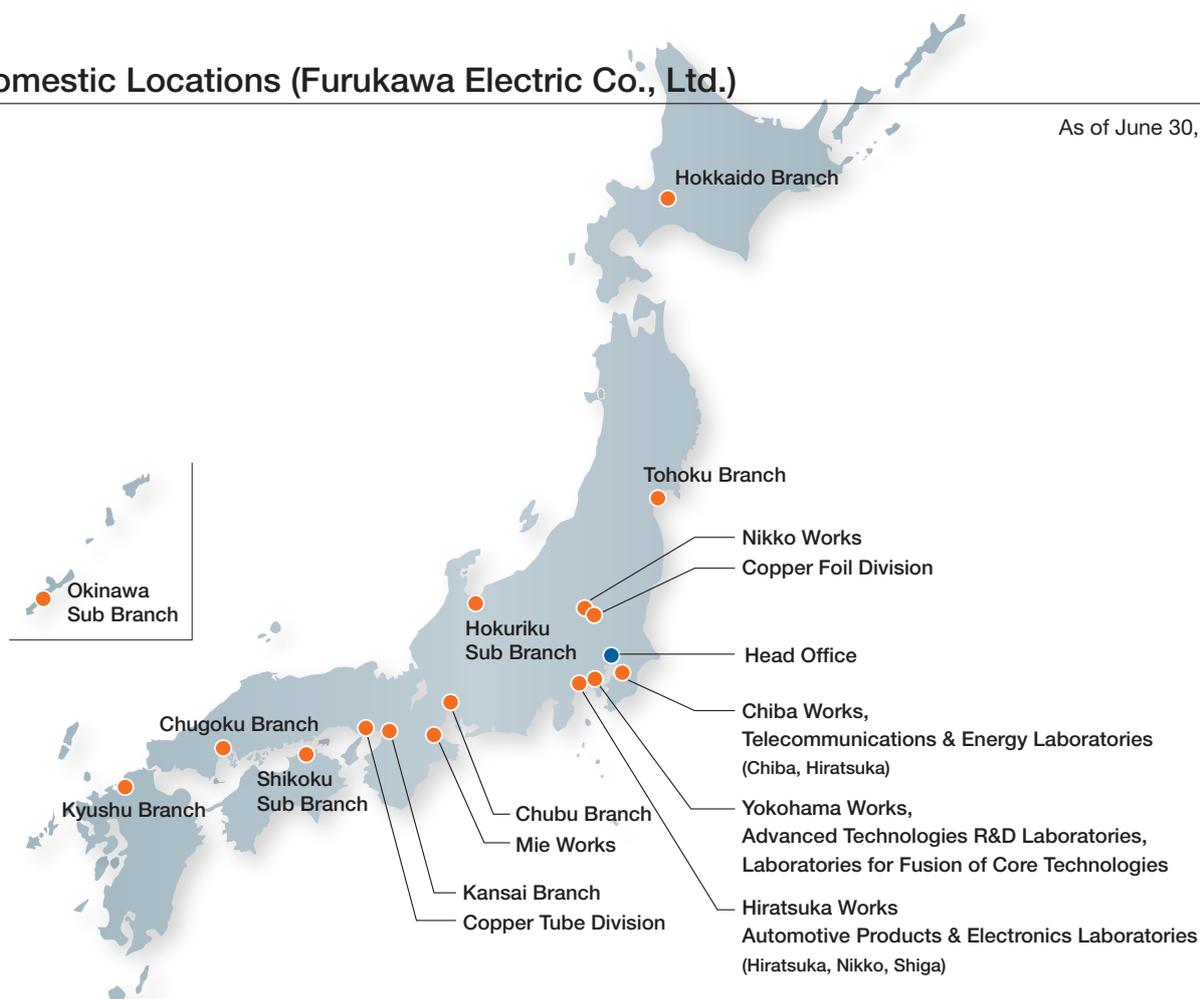
## Global Network

As of June 30, 2016



## Domestic Locations (Furukawa Electric Co., Ltd.)

As of June 30, 2016



# Delivering “sustained profitable growth” and contributing to the creation of a sustainable society



Mitsuyoshi Shibata  
President  
Furukawa Electric Co., Ltd.

- The title of the recently published briefing materials for the 2020 Mid-term Management Plan was “Delivering Sustained Profitable Growth”. Would it be correct to regard the meaning of the word “sustained” here as referring not only to the company’s results but also to “sustainability” in the sense of creating the potential for the company to remain in business by meeting its social responsibilities?

Yes, that’s correct. We have a responsibility to continue pursuing robust business activities and creating profits, not only so that we are able to contribute to our stakeholders, but also so that we can contribute to finding solutions in our areas of expertise that contribute to the sustainability of the natural environment and society on a global scale and help to build a better society. In order to achieve this, as part of the process of developing our business globally, in our day-to-day activities we adopt a global approach to the challenge of contributing to increasingly diverse stakeholders and to finding solutions that will contribute to sustainability.

- The following three initiatives are set out in the mid-term management plan as ways of achieving this growth: “Strengthen and reform businesses”; “Expand sales in the global market”; and “Step up efforts to tap into new markets”. Which of these initiatives are recognized as strong links with sustainability?

All of these initiatives have numerous services and products that are related to sustainability in

terms of both the natural environment and society. Let me tell you about some of the products from each of these initiatives. The “strengthen and reform businesses” initiative includes riser cables which support offshore floating wind power generation as part of smart infrastructure, and high-temperature superconducting magnets which support superconducting flywheel electricity storage systems. “Expand sales in the global market” includes active optical products which contribute to the IoT through the smartification of telecommunications infrastructure. “Step up efforts to tap into new markets” includes products such as aluminum wire harnesses which contribute to reductions in CO2 by reducing the weight of motor vehicles and increasing fuel efficiency. We are contributing to creating a sustainable society in our these and many other production field especially in infrastructure, automotive products & materials and functional products by utilizing the material technologies that is a particular strength of Furukawa Electric.

**- What areas have you strengthened as part of a management platform to support these initiatives? In recent years, it has been said that prioritizing ESG (Environment, Social, Governance) contributes to the sustained growth of companies. Could you please give us your opinion on this, including your perspective on ESG?**

As a first step, we have strengthened corporate governance, made ongoing improvements to the operation of the board of directors, and practiced governance in a way that balances offense and defense. What’s more, employees across the group have disseminated the Group Philosophy and acted in accordance with our shared values in order foster human resources capable of meeting the expectations and gaining the trust of society and our customers. Since last year, all employees, including myself, have started “Work Style Reform” activities, which aim to achieve sustainable growth for the company and more meaningful lives for

individual employees, by making autonomous efforts to reform our working styles and using this as a way of reforming our organizational culture. Furukawa Electric’s Management Philosophy sets out the following goal: “Nurture human resources at every level, so that we can become a more diverse and creative organization.” I believe it is essential that we promote Group Global management in a way that creates an environment and culture that allows diverse human resources to flourish, and I have been focusing on diversity management for a long time. We will be accelerating initiatives with defined quantitative targets, particularly in relation to the promotion of women’s careers.

**- Lastly, could you please give a message as President to the readers of this report?**

Furukawa Electric Group has set out the basic behavior expected of our officers and employees in the Furukawa Electric Group CSR Code of Conduct. Our officers and employees are required to increase their awareness of safety, quality and compliance, and to put this into practice. This is because it is the attitude of each and every employee in regard to safety, quality and compliance that provides the foundation for our business activities. Moving forward, we will continue to monitor from a global perspective the status of our organizational platform, including the implementation of our Code of Conduct, to contribute to solutions to global problems through our business activities, and to focus on our ability to create even more value for society. Lastly, I would ask as many people as possible to read this report in order to promote a greater understanding of Furukawa Electric.

**Thank you very much.**

# Laying the Foundation for the Future of Renewable Energy

Fukushima Offshore Wind Farm

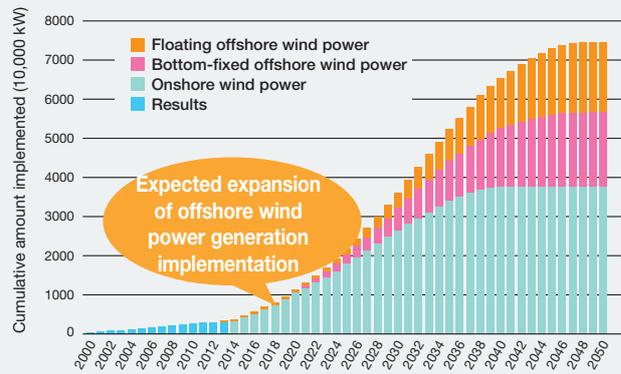
## Challenge to offshore wind power generation

Wind power generation is well-known as a clean source of energy that requires no fuel. Unfortunately, it is difficult in Japan to secure enough flat land for wind turbines, and thus little progress has been made. So stable wind power can be obtained even than land, ensure the location is also easy, offshore wind power generation has been attracting attention.

Furukawa Electric Group was one of the first to focus on the potential of offshore wind power generation, and it has already starting working toward realizing this promising technology.

### Major projects the Furukawa Electric in involved in

- METI Fukushima Restoration Floating Offshore Wind Farm Demonstration Research Project
- NEDO Kitakyushu bottom-fixed Offshore Wind Power Demonstration Experiment



Wind power generation implementation scenario in Japan (source: JWPA)

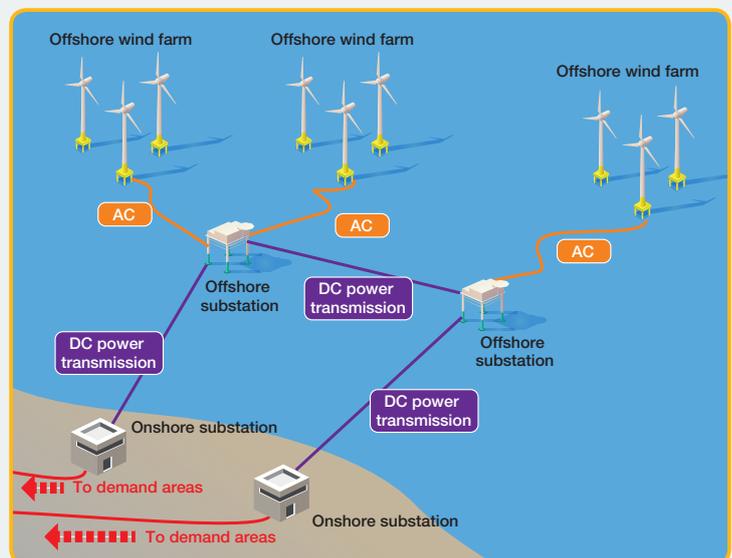
### Proud participants in the Next Generation Offshore DC Power Transmission System Development Project

In July 2015, Furukawa Electric was selected as a planned contractor for NEDO's "Next Generation Offshore DC Power Transmission System Development Project." Furukawa Electric and VISCAS Corporation will be responsible for developing the DC undersea cable systems for offshore multi-terminal DC power transmission systems that are compatible with offshore wind power (see figure on the right).

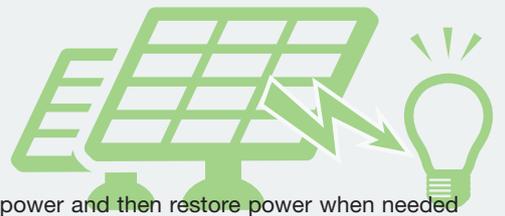
A major issue standing in the way of implementation is how to efficiently transmit power from offshore power plants located far away from large-scale demand areas. Furukawa Electric Group will establish the foundational technologies needed to accelerate the expansion and implementation of offshore power systems, making full use of the cable development technologies it has built up over the years.

#### Multi-terminal DC power transmission system

Power transmission system which collects powers from multiple wind farms, converts to transmission-efficient DC and transmits to multiple onshore substations.



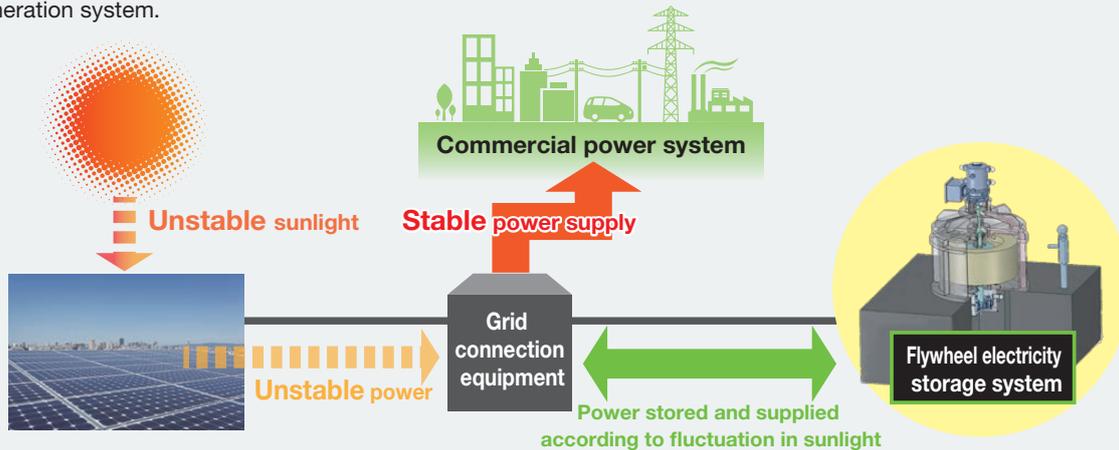
# Develop next generation power storage system



Due to the unstable nature of renewable energy, technologies that can store excess power and then restore power when needed for supply are becoming increasingly important in order to supply stable power from said energy sources. Furukawa Electric Group is also focused on developing next generation power storage systems that can store large amounts of power.

## Proud participants in NEDO's "Safe & Low-cost Large-scale Power Storage System Technology Development" project

Flywheel electricity storage systems store power as kinetic energy by rotating a large disk (called a flywheel) with a motor. Furukawa Electric has successfully lifted and rotated a 4 ton flywheel—contactlessly—by developing an superconducting magnetic bearing that combines a high temperature superconducting coil and high temperature superconducting bulk body. The completed demonstration equipment has an output of 300 kW and a storage capacity of 100 kWh—making it the world's largest flywheel power generation system.



# Promote hydroelectric power generation

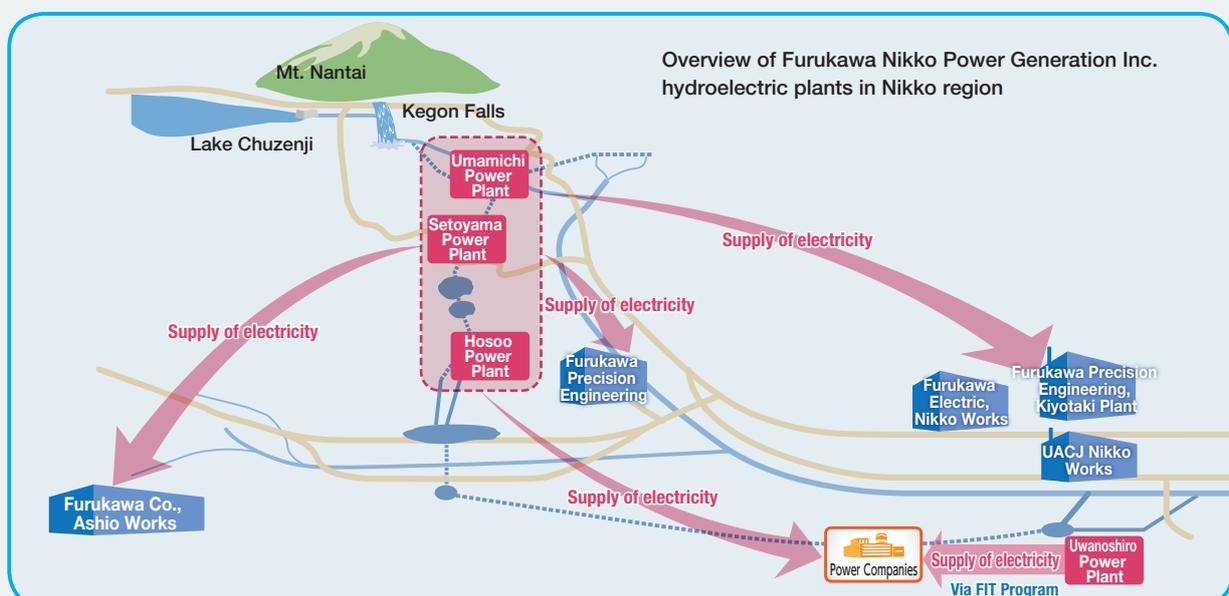


Uwanoshiro Power Plant

For over 100 years, the Furukawa Group has been involved in a project to generate hydroelectric power that takes advantage of the abundant and stable supply of water from Nikko's Lake Chuzenji and the steep terrain of the region. Most of the power supplied to the region is generated by the hydroelectric power generation site still located there.

## Hydroelectric plant upgrade completed

Furukawa Nikko Power Generation Inc. (Nikko, Tochigi Prefecture)—a member of Furukawa Electric Group—finished upgrading its Uwanoshiro Power Plant and began operating the generator in October 2015. The plant offers a total power generation capacity of 19,200 kW (normal output) or 30,110 kW (approved maximum output). Any power in excess of that supplied to Furukawa Electric Group is provided to other power companies under the renewable energy Feed-In Tariff (FIT) Program. Equipment at the Setoyama Power Plant has already been approved for FIT and the plant is to begin supplying energy to power companies in January 2017.



# Contributing on a Global Scale with Furukawa Electric Group's Infrastructure Business and Green Products

Furukawa Electric contributes to global society by leveraging the technological strengths it has developed over many years, making its environmental efforts, and by providing a lineup of unique products in such regions as Japan, Europe, the USA, and Asia.

## The United Kingdom

### The recycled plastic cable trough: Green Trough®

Green Trough is a cable trough made from recycled plastic made mostly from waste plastic. At only around 1/4th the weight of concrete products, Green Trough can help reduce work/construction periods. It offers excellent resistance to weather and corrosion. Recently, Green Trough was officially selected for a railway improvement project in the United Kingdom—the birthplace of commercial railway. The product continues to attract attention even from outside of Japan as a green product that can help contribute to a recycle-based society.



Green Trough



Production plant  
Hiratsuka Works

## Vietnam

### Aluminum wire harnesses

The use of aluminum wire harnesses has been attracting attention as manufacturers continue to make automobiles lighter—and due to the recent depletion and increasing costs of copper resources. Furukawa Electric Group has successfully developed the "α Terminal Series" of terminals, which offer the corrosion resistance that is so crucial to switching over to aluminum wire harnesses.

## Russia

### Expanded production of optical fiber cables

OFS Russia (Voronezh, Russian Federation) will double its production capacity for optical fiber cables in order to provide products within Russia and to strong European markets.



Production plant OFS Russia

# Canada

## OPGW (optical ground wire)

In recognition of the high quality of Furukawa Electric OPGW products, over 1,000 km of such wire was installed as part of a power transmission project between a hydroelectric plant and substation located amid cold environment conditions in the Newfoundland and Labrador Province in Canada. Furukawa Electric Group will continue to seek and meet power transmission infrastructure improvement demands.



OPGW



Production plant

Suzhou Furukawa Power Optic Cable Co., Ltd.

# USA

## URD cable (underground distribution cable)

Furukawa Electric Group ships 35 kV URD cable from its production site in China in response to the healthy demand for renewable energy projects in the USA. Since beginning in 2013, a cumulative total of over 2,800 km has been shipped.



URD cable



Production plant

Shenyang Furukawa Cable Co., Ltd.

# Peru

## OPGW (optical ground wire)

As investment in power infrastructures grows steadily in developing countries in Asia, Africa, and Latin America, Furukawa Electric Group has provided 980 km of OPGW (along with accessories) in the 500 kV power line segment. The advanced technological strength of the Furukawa Electric Group is highly regarded due to its ability to support routes even in severe conditions—such as the steep terrain found in Peru.



OPGW



Production plant

Suzhou Furukawa Power Optic Cable Co., Ltd.



Aluminum wire harnesses

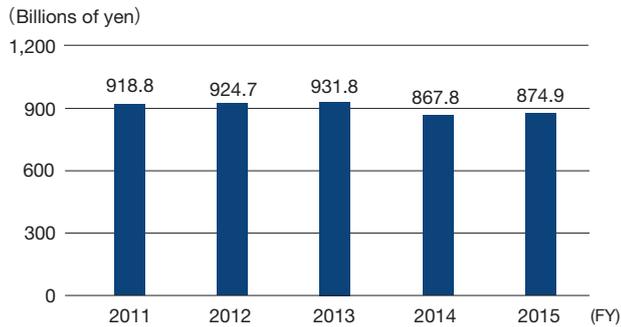


Production plant

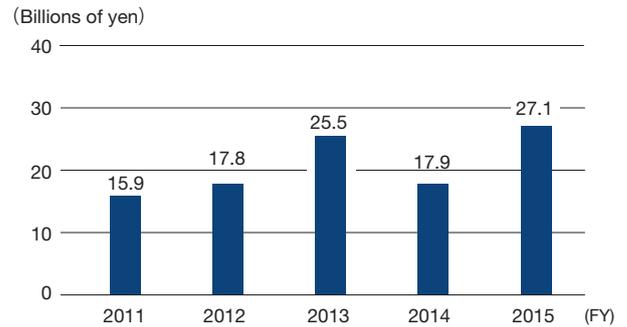
Furukawa Automotive Parts (Vietnam) Inc.

# Financial and Non-financial Highlights

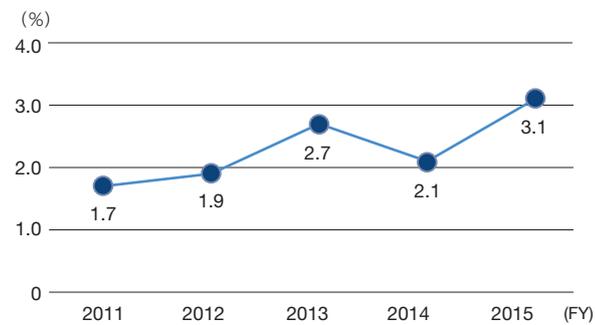
## Net sales



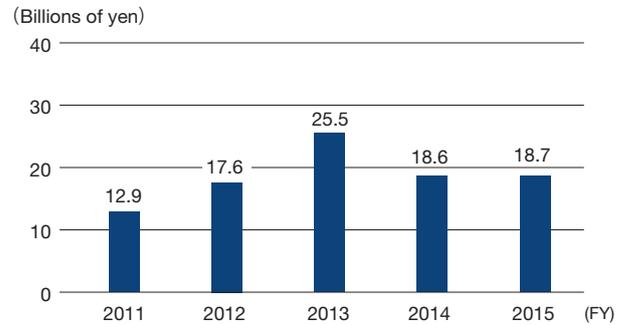
## Operating income



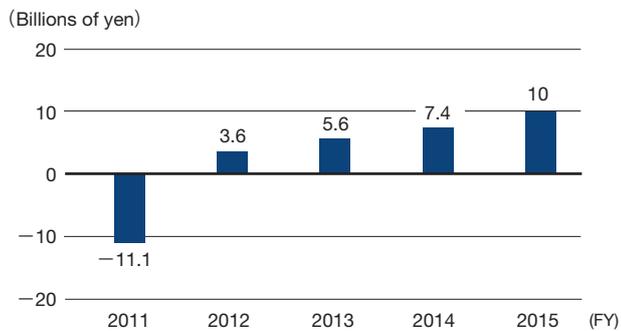
## Operating income (Ratio to net sales)



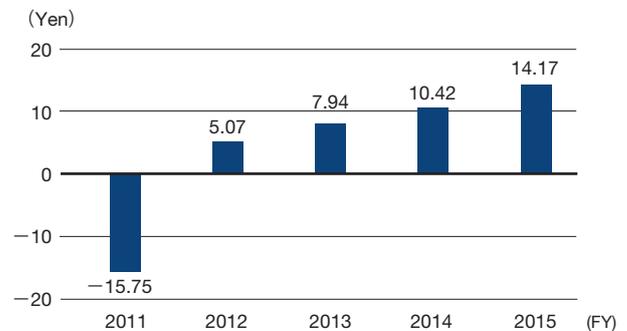
## Ordinary income



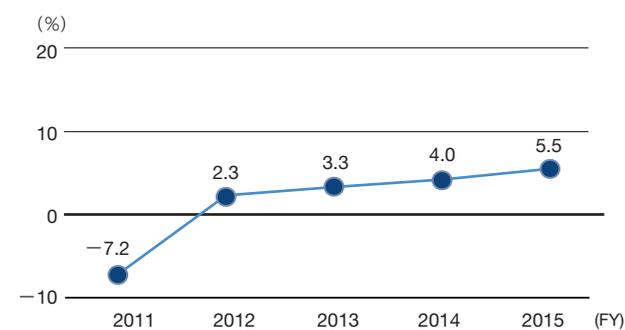
## Net income



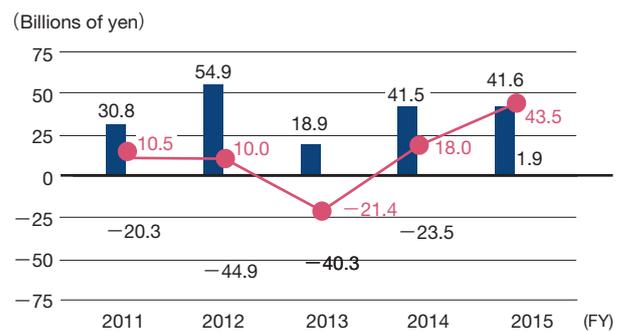
## Net income per common share



## Return on equity



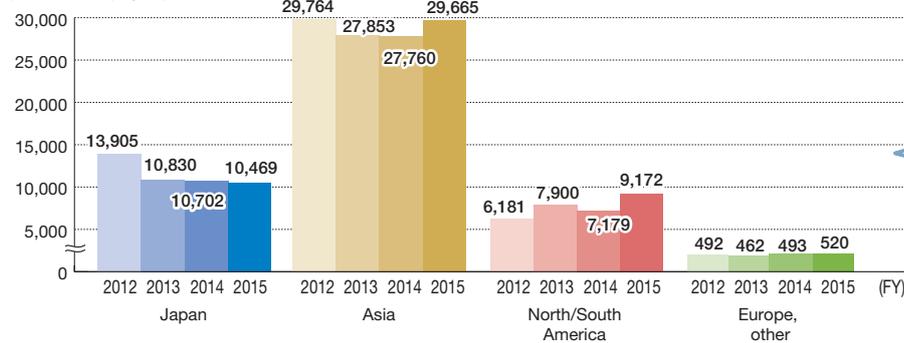
## Cash flows



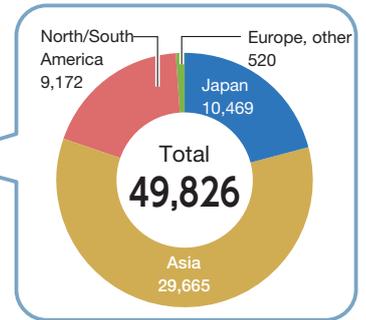
■ Cash flows from operating activities  
■ Cash flows from investment activities  
● Free cash flows

### Number of Group employees by region (Consolidated)

(Number of employees)

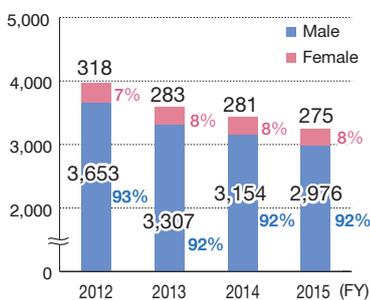


As of March 31, 2016



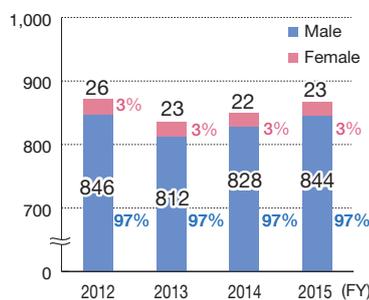
### Gender ratio of employees (Furukawa Electric)

(Number of employees)



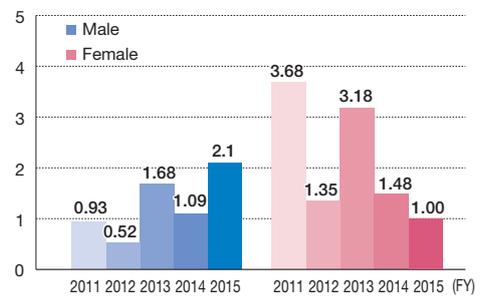
### Gender ratio of managers (Furukawa Electric)

(Number of managers)



### Employee turnover rate by gender (Furukawa Electric)

(%)



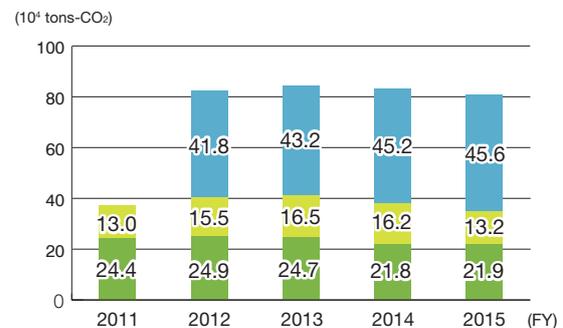
### Environmentally friendly products as a percentage of sales

- Cumulative number of registered items (Furukawa Electric)
- Cumulative number of registered items (Group Companies)
- Percentage of sales on a single-year basis (Furukawa Electric)
- Percentage of sales on a single-year basis (Consolidated)



### CO<sub>2</sub> emissions

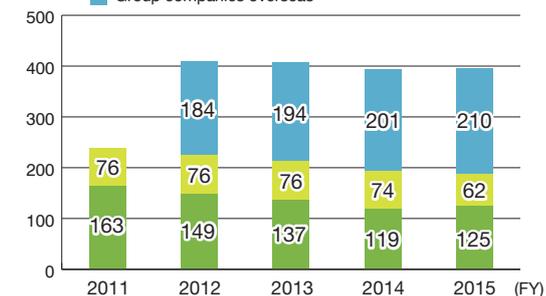
- Furukawa Electric
- Group companies in Japan
- Group companies overseas



(note) For the overseas CO<sub>2</sub> emission coefficient, the coefficient for each country under the GHG Protocol is used for purchased electricity, while the Japanese emission coefficient is used otherwise.

### Energy consumption

- Furukawa Electric
- Group companies in Japan
- Group companies overseas



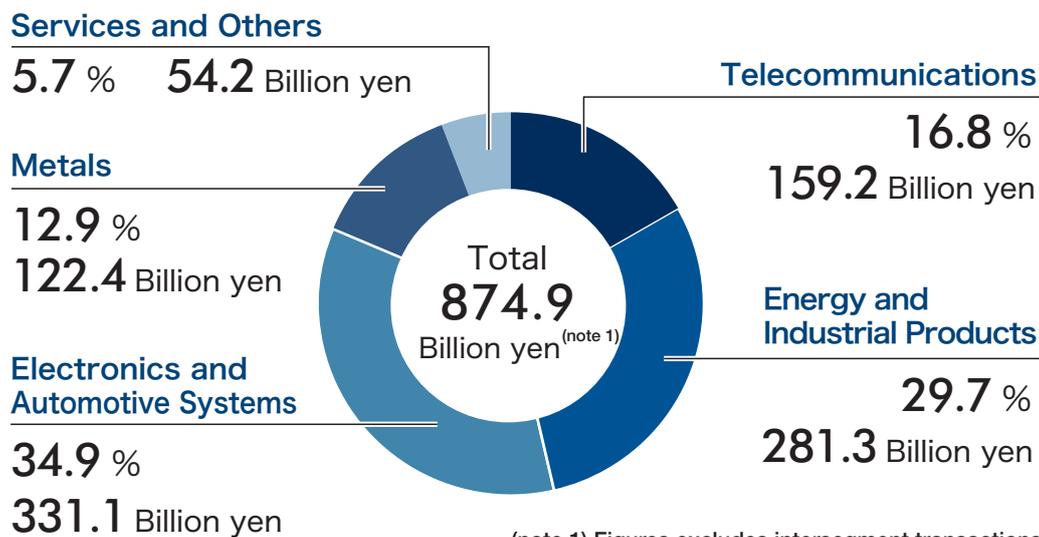
### Total amount of waste matter generated

- Furukawa Electric & Group companies in Japan
- Group companies overseas



(note) Valuable resources are included in total waste generated for Japan only.

## Percentage of net sales by segment (As of March 2016)



(note 1) Figures excludes intersegment transactions

### Net sales

(Billion yen)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Telecommunications	144.5	146.1	153.9	155.2	159.2
Energy and Industrial Products	272.2	265.7	298.9	293.2	281.3
Electronics and Automotive Systems	212.0	243.7	291.0	308.2	333.1
Metals	141.6	129.4	130.7	133.7	122.4
Light Metals (note 2)	195.6	185.0	96.6	0	0
Services and Others	36.5	37.0	44.1	53.5	54.2
Eliminations	-83.6	-82.3	-83.4	-76.0	-73.3
<b>Total</b>	<b>918.8</b>	<b>924.7</b>	<b>931.8</b>	<b>867.8</b>	<b>874.9</b>

### Operating income

(Billion yen)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Telecommunications	4.1	1.9	7.8	5.7	7.8
Energy and Industrial Products	-0.8	2.0	1.7	4.3	7.0
Electronics and Automotive Systems	5.1	9.3	14.0	12.9	12.9
Metals	-0	-1.3	-3.1	-4.9	-1.1
Light Metals (note 2)	5.7	4.4	4.4	0	0
Services and Others	1.7	1.5	0.4	-0.1	0.5
Eliminations	0.2	-0	0.2	0.1	0
<b>Total</b>	<b>15.9</b>	<b>17.8</b>	<b>25.5</b>	<b>17.9</b>	<b>27.1</b>

### Operating income (Ratio to net sales)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Telecommunications	2.8%	1.3%	5.1%	3.6%	4.9%
Energy and Industrial Products	-0.3%	0.7%	0.6%	1.5%	2.5%
Electronics and Automotive Systems	2.4%	3.8%	4.8%	4.2%	3.9%
Metals	0.0%	-1.0%	-2.3%	-3.7%	-0.9%
Light Metals (note 2)	2.9%	2.4%	4.6%	-	-
Services and Others	4.7%	4.1%	0.9%	-0.2%	0.9%
<b>Total</b>	<b>1.7%</b>	<b>1.9%</b>	<b>2.7%</b>	<b>2.1%</b>	<b>3.1%</b>

(note 2) Light Metals: Transferred to "profit/loss in equity method affiliates" under nonoperating income from the second half of FY2013 as a result of the inauguration of UACJ in October 2013.

# Telecommunications

Optical Communication is an Advanced Technology that Meets the Needs of the Communication Age. Furukawa Electric Provides Diversified Support for Information-oriented Society.

## Fiscal 2015 Settlement of Accounts

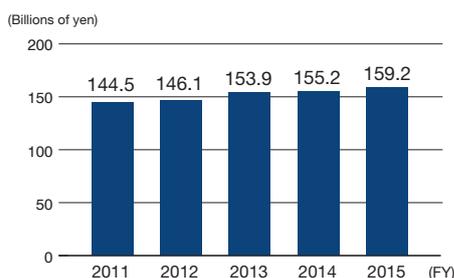
Consolidated sales  
159.2 billion yen (2.6% up year-on-year)

Consolidated operational profit  
7.8 billion yen (37.4% up year-on-year)

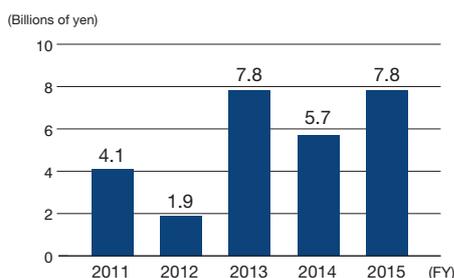
Excluding countries like Brazil that were affected by recession, sales of optical fiber cable increased against the backdrop of active demand, centered on North America, and network related business was also firm.

Apart from establishing an optical fiber cable manufacturing subsidiary in Morocco in September 2015, this division also established a subsidiary in Myanmar in December 2015 that carries out information communication network design and communication construction consultancy business. Furthermore, in the same month, the division also purchased a communications equipment manufacturing company in Brazil, aiming at the expansion of its LAN solutions system business in South America.

## Net sales



## Operating income



## Fiscal 2015 Main Topics

- Sep.
- ▶ Increase production of optical fiber in Brazil
  - ▶ Establish optical fiber cable plant in Morocco as our strategic base for the African market, forecast to grow rapidly in future  
(Operation due to launch at end of 2016)



Morocco Plant (Architectural rendering)

- ▶ Determine the establishment of a subsidiary in Myanmar



Grand Opening Ceremony in May, 2016

- Dec.
- ▶ Increase production of optical fiber in India
  - ▶ Acquisition of leading telecommunications equipment manufacturing company of Brazil

# Energy and Industrial Products

Using Total Technologies to Construct Advanced Power Networks while Meeting the Needs for Energy Saving and Environmental Preservation.

## Fiscal 2015 Settlement of Accounts

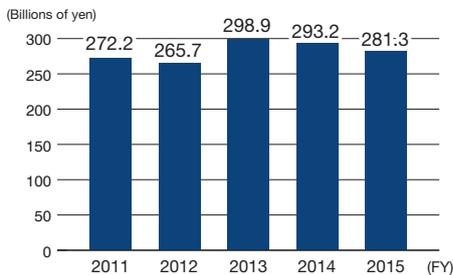
Consolidated sales  
281.3 billion yen (4.1% down year-on-year)

Consolidated operational profit  
7.0 billion yen (64.1% up year-on-year)

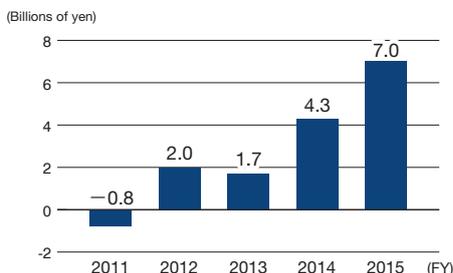
Sales of power cables stagnated due to the decline in product prices associated with the fall in the copper price and sluggish sales in China. However, apart from favorable sales of tape for the manufacture of semiconductors due to increased demand for semiconductors for smart phones, etc., sales of foam products grew in Europe. In addition, sales of electronic appliance wires & cables used in emergency electric cable were also good and contributed to an improvement in profit and loss.

In addition to receiving the transfer of the overseas divisions of Viscas's underground power transmission line and submarine power transmission line business in April 2015, the company also plans to receive transmission of the domestic Japanese divisions of this business around October 2016. In addition, the company is also making efforts to strengthen its business in overseas markets where demand for electrical power infrastructure will expand, including establishing a subsidiary in the business of parts for power transmission and distribution such as electrical components for transmission and transforming and for overhead distribution in Vietnam in November 2015 in a joint venture with a local company.

### Net sales



### Operating income



## Fiscal 2015 Main Topics

Apr.

- ▶ Take over the overseas commercial rights of underground and submarine power cables from VISCAS Corporation



Construction of submarine power transmission lines

Jul.

- ▶ Participation in Planning the Development of Next-generation Offshore DC Power Transmission Systems

\*Also see special feature "Laying the Foundation for the Future of Renewable Energy".

Oct.

- ▶ New Contract for one of the largest OPGW projects in Latin America



OPGW

\*Also see special feature "Contributing on a Global Scale with Furukawa Electric Group's Infrastructure Business and Green Products".

Nov.

- ▶ Power Transmission Components Joint Venture Established in Vietnam

- ▶ Recycled plastic cable trough has been officially approved by the UK railway network



Green Trough®

\*Also see special feature "Contributing on a Global Scale with Furukawa Electric Group's Infrastructure Business and Green Products".

Feb.

- ▶ Order Received for Underground Aluminum Power Transmission Cable, for Use with Japan's Largest Photovoltaic Power Plant

# Electronics and Automotive Systems

Themes Are Safety, Comfort, and Harmony with Environments. Furukawa Electric is Challenging Transportation Possibilities Using Total Technologies.

## Fiscal 2015 Settlement of Accounts

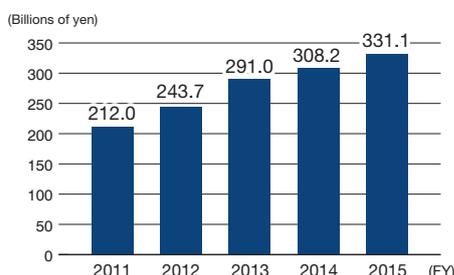
Consolidated sales  
331.1 billion yen (7.4% up year-on-year)

Consolidated operational profit  
12.9 billion yen (same level year-on-year)

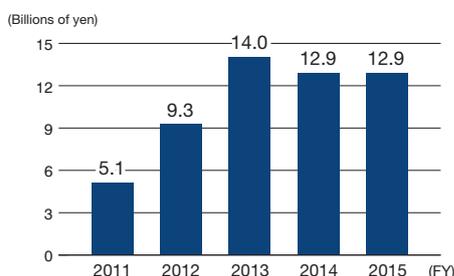
Sales expanded because of things like vigorous demand for heat dissipating parts such as heat sinks and strong sales of lead-acid storage batteries for hybrid cars and idling stop cars at the subsidiary Furukawa Battery. On the other hand, costs for wire harnesses for automobiles increased because of factors including increased import costs for products manufactured at overseas factories due to the weak yen, and confusion during the start of manufacturing of products for new vehicle models at overseas bases.

It should be noted that the company established a subsidiary carrying out sales and technical services for aluminum substrate materials used in hard disks in a joint venture with UACJ, an affiliated company by application of the equity method in April 2015.

## Net sales



## Operating income



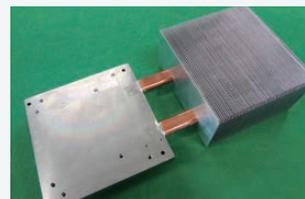
## Fiscal 2015 Main Topics

- Apr. ▶ Furukawa UACJ Memory Disk Co., Ltd. that conducts sales, technical service, and development management of blank material for aluminum memory disks used in hard disk drives launched operations



Memory disk

- Jun. ▶ Optimization of Thermal Transfer and Development of New Heat Pipe



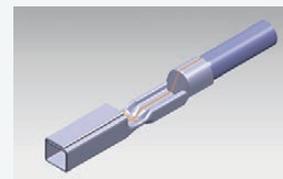
Example of a heat sink that uses the newly developed heat pipe

- Aug. ▶ Taking Cooperation with Jung Shing Wire Co., Ltd. (Taiwan) to the Next Level



Ribbon wire

- Sep. ▶ Develops Aluminum Harness Connection Technology for Use with Next-generation Vehicles



"α Terminal Series" corrosion-proof terminals

- Jan. ▶ Development Completed for World's Top Class Standard Heatsink Compatible with High Intensity 500W LEDs

# Metals

**Constant Challenges to Material Renovation and Development of New Materials are Facilitating Unlimited Extension of Applications in Every Industry.**

### Fiscal 2015 Settlement of Accounts

Consolidated sales  
122.4 billion yen (8.4% down year-on-year)

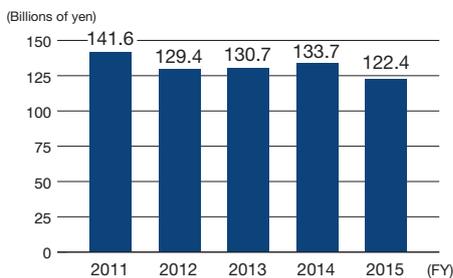
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Consolidated operational profit  
-1.1 billion yen (¥3.8 billion Improvement year-on-year)

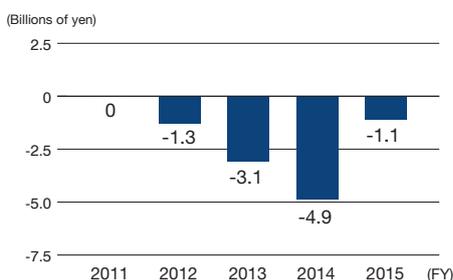
There was a complete recovery from the partial suspension of the copper strip manufacturing process due to heavy snow damage at Nikko Works in February 2014 and sales of those products largely achieved the quantities planned at the start of the term. However, the division's overall sales decreased due to the fall in product prices arising from the decline in the copper price, and the sluggish growth in demand for copper foil. In terms of profit and loss, in addition to the recovery of the copper business from the snow damage, the size of the deficit reduced due to the implementation of profit and loss improvement measures such as contracting domestic manufacturing capacity in copper foil business, whose competitiveness had declined in areas such as power costs, etc., and promoting the transfer of manufacturing to a Taiwanese subsidiary.

Furthermore, the company carried out an absorption-type split (simple split) in the precious metal plating business of its Copper & High Performance Material Products Division on October 1, 2015, making the wholly-owned subsidiary Furukawa Precision Engineering Co., Ltd. the successor company.

### Net sales



### Operating income



### Fiscal 2015 Main Topics

**Oct.** ▶ Begins Mass Production of High Performance Copper Alloy Strips



EFTEC®-550

**Mar.** ▶ Begins Supplying Aluminum Stabilization Superconductors to a National U.S. Laboratory

▶ Copper strip production has continued to improve favorably since integrated production was restarted in January 2015, and we achieved yearly production plan for the FY2015



Copper strip



New copper strip plant

## Services and Others

This segment provides support for the Group's business operations with logistics, information processing, software development, outsourcing, etc. The segment's other operations include real estate leasing, hydroelectric power generation, as well as research and development of new products.

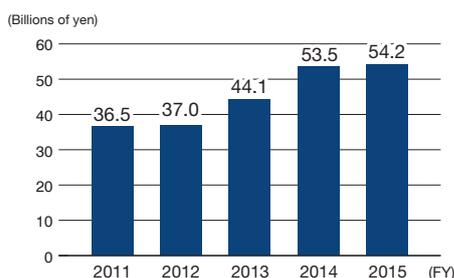
### Fiscal 2015 Settlement of Accounts

Consolidated sales  
54.2 billion yen (1.2% up year-on-year)

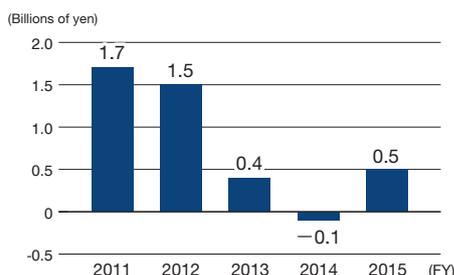
Consolidated operational profit  
0.5 billion yen (¥0.6 billion Improvement year-on-year)

This division established FF Laser, a company related to the manufacture of high output laser diode modules, a key part of the industrial optical fiber lasers used in the cutting and welding of metals, etc., in a joint venture with FANUC in July 2015. The new company is advancing the expansion of business in the area of industrial optical fiber lasers, whose diffusion is progressing rapidly.

### Net sales

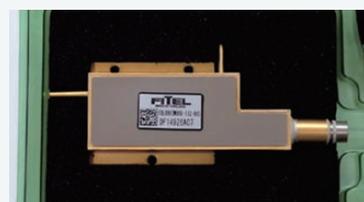


### Operating income



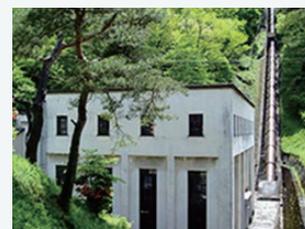
### Fiscal 2015 Main Topics

**Jul.** Established a high-power laser diode module joint venture company with Fanuc Corporation to develop and manufacture high-power laser diode modules, which are a key component in industrial optical fiber lasers



Laser diode module

Furukawa Nikko Power Generation Inc.  
Hydroelectric Plant Upgrades Complete



Uwanoshiro Power Plant

\*Also see special feature "Laying the Foundation for the Future of Renewable Energy"

## Corporate Governance

### Basic Views on Corporate Governance and Guideline on Corporate Governance

#### Basic Views on Corporate Governance

Based on the "Furukawa Electric Group Corporate Philosophy", Furukawa Electric Co., Ltd. and the Furukawa Electric Group secure the transparency and fairness and strive to enhance its performance by promptly responding to changes in the business environment and the market through efficient management based on prompt decision making. At the same time, we ensure sound management by developing and establishing an internal control system and applying it effectively. We uphold the basic policy of seeking to expand and develop our operations on a sustainable basis and to raise corporate value through these efforts. In accordance with the following views, we seek to strengthen and enhance our corporate governance.

- i. We secure the rights and equal treatment of shareholders.
- ii. We consider interests of stakeholders including shareholders, and cooperate appropriately with them.
- iii. We ensure appropriate information disclosure and transparency.
- iv. Given its fiduciary responsibility and accountability to shareholders, the board regards the roles of independent directors important and carries out effective oversight of operation from objective standpoint.
- v. We engage in constructive dialogue with shareholders who have investment policies in accordance with interests of mid- to long-term shareholders.

#### Guideline on Corporate Governance

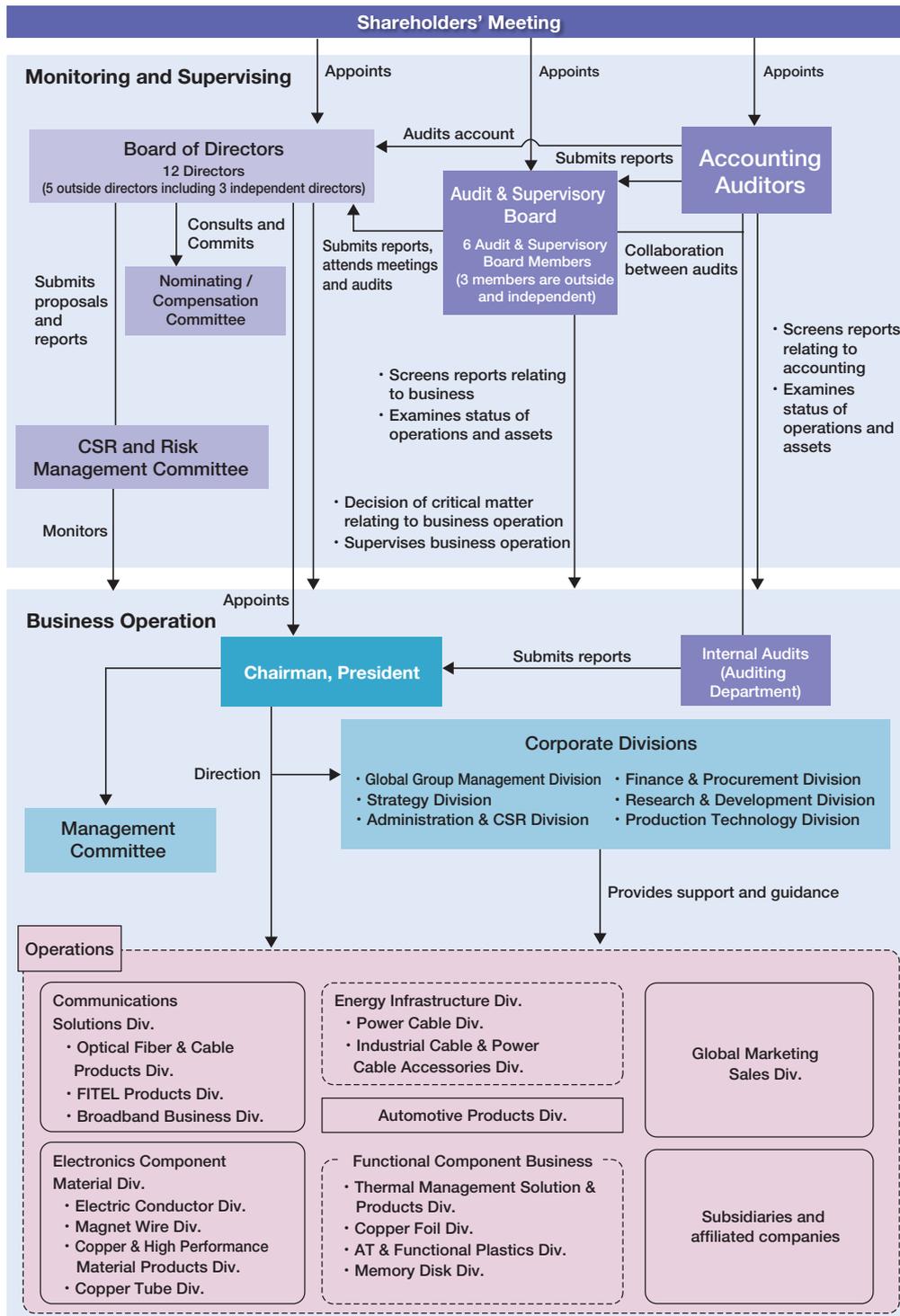
Based on "Basic Views on Corporate Governance", we adopted "Guidelines on Corporate Governance" as a policy for enhancing our corporate governance.

#### Overview of Corporate Governance System

We adopt the "Audit and Supervisory Board" type of governance organization under the Japanese Companies Act taking account of the importance of maintaining the independence of the statutory audit function. And we have a "Nominating/Compensation Committee", majority members of which are outside directors to complement oversight function of the board.



Corporate governance organization chart



As of June 27, 2016

## Oversight and Supervising

### ● Board of Directors

Given its fiduciary responsibility and accountability to shareholders, the board is responsible for promoting sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhancing earnings capability and capital efficiency. The

board oversees and determines the matters listed below:

1. Determination of corporate governance-related matters;
2. Establishment and amendment of business strategies and oversight of execution of such strategies and plans by management;
3. Setting capital allocation policy;

4. Appointment and dismissal of executives including representative director and corporate vice president, and determination of the remuneration of them (including delegating these to Nominating/Compensation Committee);
5. Establishment of an internal control system relating to compliance and financial reporting and risk management systems, and oversight of them;
6. Decision on important business matters;
7. Others prescribed by the applicable laws and regulations etc.

At present, the board consists of 12 directors with 5 outside directors including 3 independent directors in order to enhance transparency in decision-making and strengthen its oversight functions over the management taking outside directors' advice and opinion.

Outside directors have rich management experiences in financial institutions, trading companies or manufacturing companies, and expertise in the field of legal or industrial governmental policy etc., in addition to the knowledge of our business area. The board respects their views and opinions based on their variety of experiences in making its decision.

#### ● Nominating/Compensation Committee

We established the Nominating/Compensation Committee, replacing the former Compensation Committee in May 2015.

The committee's aim is to enhance our corporate governance securing the objectivity and transparency as to nominating and compensation for directors etc. The committee consists of 5 or more members, majority of which shall be outside directors, appointed from directors by board resolution.

At present, the committee consists of 6 members (4 outside directors).

#### ● Audit & Supervisory Board

Audit & Supervisory Board and each its member auditor collect information about management under statutory investigation authority and report and express their views to the board meetings and the management from an independent and objective standpoint as a fiduciary to shareholders.

Auditors ensure coordination with internal audit department through regular meetings, and report the

policy, plan and result of auditing to the board regularly.

Full-time auditors attend the meetings such as Management Committee which decides major business matters, and they report information obtained from these audit activities to the non-Full-time and outside auditors.

We strengthen our audit function by appointing an assistant staff to the auditors who is dependent of management.

At present, the Audit & Supervisory Board consists of 6 members (3 members are outside and independent).

#### Business Operation

President is responsible for management of our whole business operation as a chief executive under the board's oversight.

Our business consists of 14 business divisions, and General Managers of each division are responsible for leading each business operation including subsidiaries and affiliated companies management.

We also appoint General Managers of Communications Solutions Division, Energy Infrastructure Division and Electronics Component Material Division in order to supervise closely related business divisions. Furthermore, we appoint Advisors of Functional Components Business in order to assist President's supervising function over each business operations and to plan integrated business strategy for each business sector.

In addition, we appoint General Manager of Global Marketing Sales Division that are responsible for our group's sales and marketing entirely, and General Managers of Corporate Divisions that are responsible for planning group strategy and assisting operation.

These officers are members of the Management Committee, which is the highest decision-making body of business operation.

Management Committee, held 3 times a month basically, deliberates and determines major operational matters. Further, their business affairs and operation are quarterly reported to the Committee to foster common understanding of company business among them and integrated business operation as a whole.

These business affairs and operation are also quarterly reported to the board.

## Process of Determining Officers' Remuneration and Avoiding Conflict of Interests

At Furukawa Electric, the policy on officers' remuneration and details of each officer's remuneration are determined by the Nominating/Compensation Committee consisted the majority of the committee comprising outside directors, based on the delegation from the Board of Directors in order to ensure objectivity and transparency of the decision-making process.

In addition, in the case where Directors conduct transactions involving a conflict of interests, they must be based on approval at the Board of Directors' meeting as required by law.

### Remuneration policy of Company's officers

The remuneration of officers shall be determined in a way that encourages each officer to exert his/her abilities to the maximum level and proactively fulfill his/her duties, so that the Company Group will increase its corporate value and achieve sustainable growth while contributing to society through its business activities.

## Reinforcing Internal Controls

Furukawa Electric establishes, develops and operates its internal controls based on the following principles:

### 1) Efficient Execution of Responsibilities

After setting concrete management goals for the Medium-Term Management Plan and over the course of the fiscal year, all those responsible for operational performance execute their responsibilities toward achieving these goals and regularly report their progress to the Board of Directors.

### 2) Compliance System

Upholding the basic philosophy of compliance with ethics and prevailing laws as laid out in the "Furukawa Electric Group Philosophy" and the "Furukawa Electric Group CSR Code of Conduct", we, with the President assuming the highest responsibility, promote compliance activities including in-house education and efforts to prevent and detect legal violations through our CSR and Risk Management Committee, which is under the immediate control of the Board of Directors, and the Administration & CSR Division. We also have an Internal Reporting System for the early detection and correction

of compliance violations, and establish a system not to treat the person unfavorably because of reporting.

### 3) Risk Management System

We have established our risk management system and management method in the "Basic Regulations on Risk Management and Internal Control". In addition, we have established a system in which the CSR and Risk Management Committee, chaired by the President, grasps an overall picture of the risks associated with the business operations of Furukawa Electric Group and determines effective methods for evaluating and managing these risks.

### 4) Information Management System

We appropriately manage and store records and documents related to important decisions, in compliance with prevailing laws and internal rules. With respect to other information related to our operations, the Information Security Committee establishes uniform standards and operates an information management system.

### 5) Group Company Management

In accordance with the "Regulations on Group Management Control", administrative managers of individual subsidiaries shall be appointed, and they shall require own subsidiaries reporting subsidiaries' business conditions on a regular basis, and offer management guidance to subsidiaries. Predetermined matters shall require approval of us. We also carry out a mid-term management plan and budgets for single fiscal years, risk management, and compliance as Furukawa Electric Group.

### 6) Securing Appropriateness of Financial Reporting

Based on the "Basic Regulations on Risk Management and Internal Control", we will establish the "Furukawa Electric Group Basic Philosophy for the development and evaluation of an internal control system, to ensure the appropriateness of financial reporting (J-SOX Core Policies)". At the same time, the system and responsibilities shall be clarified for the system's construction, development, operation, and monitoring.

Corporate governance

 <http://www.furukawa.co.jp/en/company/governance.html>

# CSR Management

## Group Philosophy

Since our founding in 1884, we have worked to create the technologies and products that society requires. We consider it our mission to contribute to the realization of a sustainable society. We will continue to keep our eyes on the future as we work to live up to the expectations and trust invested in us by society.

### CORPORATE PHILOSOPHY

Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.

### MANAGEMENT PHILOSOPHY

With an eye to the future, the Furukawa Electric Group management team pledges to:

- Live up to the expectations and trust invested in us by society, with fairness and integrity.
- Apply the sum total of our expertise to satisfy our customers and grow with them.
- Continuously strive to achieve world-class technological innovation, and transform ourselves in every area of endeavor.
- Nurture human resources at every level, so that we can become a more diverse and creative organization.

### CREDO

1. Maintain high ethical standards, and value honesty and integrity above all.
2. Continually improve, innovate, and lead, in every area of endeavor.
3. Take a hands-on approach that addresses the reality of every situation — in the office, at the factory, and on site.
4. Be proactive — take the initiative and work with others, persevering until a solution is found.
5. Maintain open channels of communication between departments and divisions, so that we can share ideals and help each other grow.

## Basic Policy and CSR Code of Conduct

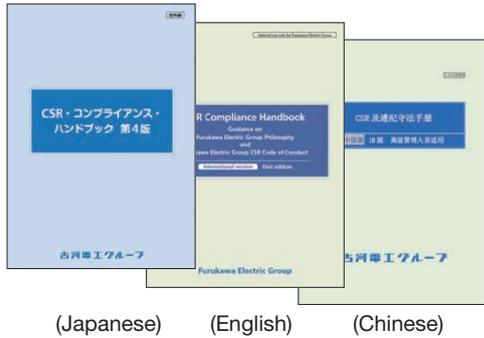
Each of the companies in Furukawa Electric Group develops CSR activities in line with the following Group basic policy.

### Furukawa Electric Group Basic Policy on CSR (Revised March, 2011)

Based on the Furukawa Electric Group Corporate Philosophy,

- We will operate our businesses in harmony with society and the environment and endeavor to create social value through technological innovation, complying with laws, social norms, and ethics as a member of the international community.
- We will strive to maintain and build sound and friendly relationships with all of our stakeholders and contribute to the sustainable development of society.

The CSR Code of Conduct defines fundamental rules of behavior for Furukawa Electric Group executives and employees to follow in conducting corporate activities based on the Group philosophy and from the perspective of corporate social responsibility.



CSR Compliance Handbook

**The Furukawa Electric Group CSR Code of Conduct (Revised March, 2011)**

1. Human rights
2. Working conditions and environment
3. Environment
4. Products and services
5. International businesses and transactions
6. Fair competition
7. Relations with customers, partners, and society
8. Management and preservation of Company assets
9. Disclosure of information
10. Duties and obligations of senior management and employees

CSR

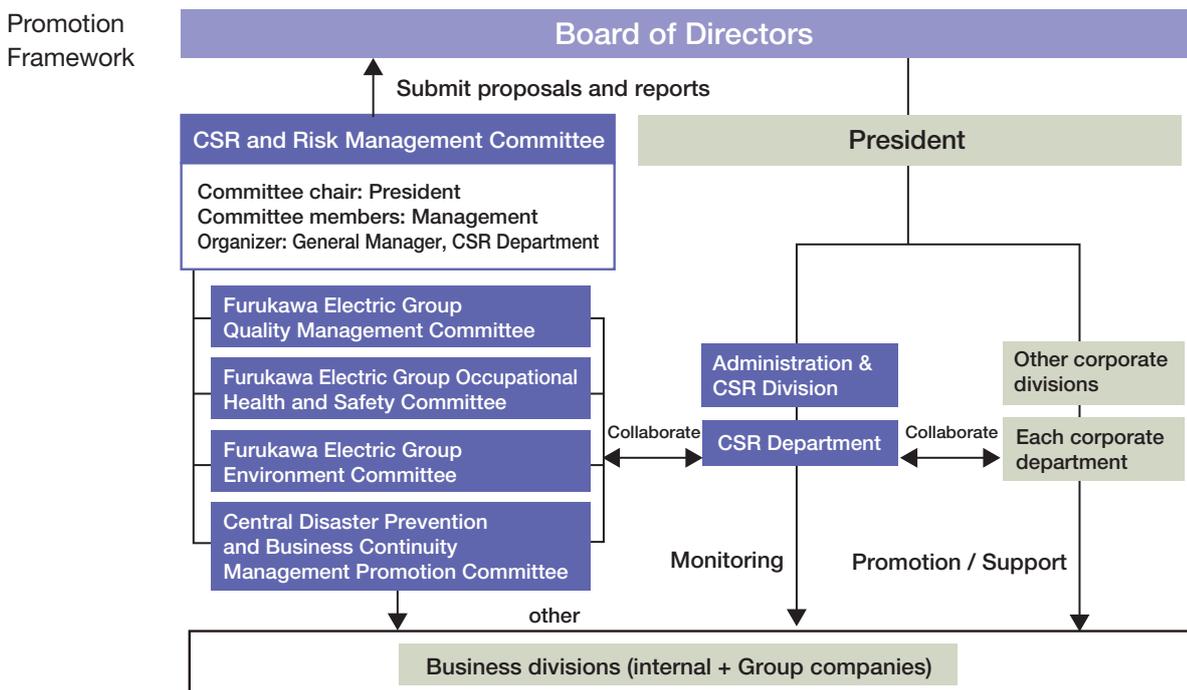
<http://www.furukawa.co.jp/en/csr/guideline/>

**Basic Approach**

In order to contribute to the realization of a truly rich and sustainable society, we need to understand the social responsibilities of Furukawa Electric Group and implement policies in line with the Basic CSR Policy. We will promote CSR initiatives alongside our business activities so that each and every Group employee is able to take the lead in putting CSR initiatives into practice.

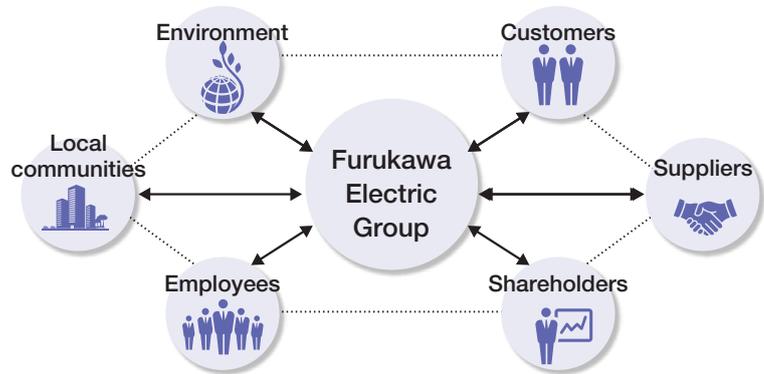
**CSR Promotion Framework**

Furukawa Electric Group has established the CSR and Risk Management Committee, which comprises members of management, as the structure for supervising and promoting CSR activities throughout the Group, including risk management, internal control, compliance and social contribution. We have set up the CSR Department within our Administration & CSR Division. This department promotes CSR by facilitating communication among various committees and corporate departments.



## Stakeholder Relations

Furukawa Electric Group properly monitors our business practices and endeavors to establish structures for improving them even more, so as to steadily meet our responsibilities to our various stakeholders, who view us from differing perspectives.



Main Stakeholders	Main Responsibilities	Means of Communication
<b>Environment</b> 	<ul style="list-style-type: none"> <li>- Reduce emission of gases that contribute to global warming</li> <li>- Promote energy conservation and recycling</li> <li>- Protect biodiversity</li> <li>- Curtail industrial waste</li> <li>- Manage and reduce harmful chemical substances</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with laws and regulations</li> <li>- Compliance with the Kyoto Protocol and the Nagoya Protocol on biodiversity</li> <li>- Response to environmental activities of the Ministry of the Environment and other government organs</li> <li>- Research and information exchange on biodiversity preservation through JBIB (note 1)</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>- Maintain and improve the quality of products, operations and services</li> <li>- Offer products and services that are useful to society</li> <li>- Provide solutions to issues confronting customers through a broad array of technologies and know-how</li> </ul>	<ul style="list-style-type: none"> <li>- Dialogue through regular business</li> <li>- Website, Sustainability Reports</li> <li>- Dialogue at technology exhibitions, trade shows</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>- Establish a sound relationship founded on fair trading in compliance with laws and regulations</li> <li>- Realize CSR throughout the supply chain by implementing CSR Deployment Guideline for Business Partners</li> </ul>	<ul style="list-style-type: none"> <li>- Partner Meetings</li> <li>- Dialogue through regular business</li> <li>- CSR surveys</li> <li>- Feedback interviews on results of partner evaluations</li> </ul>
<b>Shareholders</b> 	<ul style="list-style-type: none"> <li>- Provide appropriate returns</li> <li>- Ensure timely and appropriate disclosure</li> <li>- Enhance corporate value</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainability Reports</li> <li>- General meetings of shareholders, shareholder reports</li> <li>- Management briefings and results presentations</li> <li>- Investor visits</li> <li>- Shareholder plant tours</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>- Respect human rights</li> <li>- Cultivate and appropriately value and reward human resources</li> <li>- Promote health, including occupational health and safety, as well as mental health</li> <li>- Support diverse workstyles and work/life balance</li> </ul>	<ul style="list-style-type: none"> <li>- Internal newsletter, intranet</li> <li>- Management briefings</li> </ul>
<b>Local communities</b> 	<ul style="list-style-type: none"> <li>- Nurture future generation</li> <li>- Promote sporting and cultural activities</li> <li>- Live in harmony with the natural environment and local communities</li> </ul>	<ul style="list-style-type: none"> <li>- Factory tours</li> <li>- Cooperate with and sponsor sports and traditional events</li> <li>- Support the activities of and collaborate with local NPOs</li> <li>- Preserve the Satoyama Environment</li> </ul>

(note 1) JBIB: Japan Business Initiative for Biodiversity. Founded in 2008, the JBIB is a joint effort by Japanese companies to act on behalf of biodiversity preservation.

**Targets and Results (Risk Management / Internal Controls / Compliance)**

😊 Achieved    😐 Partially achieved    ☹ Not achieved

FY2015		FY2016	
Targets	Results / Achievement	Targets	Results / Achievement
<p><b>Develop a system for the globalization of legal and compliance functions</b></p> <ul style="list-style-type: none"> <li>- Review and implement compliance education in China and Southeast Asia</li> </ul>	<ul style="list-style-type: none"> <li>- Conducted compliance education for group companies in China (Shanghai)</li> <li>- Conducted risk surveys of group companies in China (Tianjin)</li> </ul>	<p><b>Develop a system for the globalization of legal and compliance functions</b></p> <ul style="list-style-type: none"> <li>- Examination and implementation of compliance education in China and Southeast Asia</li> </ul>	😊
<p><b>Reconstruct business continuity management (BCM)</b></p> <ul style="list-style-type: none"> <li>- Support the construction of a business environment-based practical structure</li> </ul>	<ul style="list-style-type: none"> <li>- Supporting construction of BCM mechanisms for Japanese group companies</li> </ul>	<p><b>Expansion of the introduction of internal reporting systems to overseas group companies</b></p> <ul style="list-style-type: none"> <li>- Major expansion in the scope of companies where an internal reporting system has been introduced, to include regions such as China and Southeast Asia</li> </ul>	😊
<p><b>Support the improved effectiveness of internal control in overseas affiliates</b></p> <ul style="list-style-type: none"> <li>- Implement J-SOX re-education and help to set up effective internal control in Southeast Asia</li> </ul>	<ul style="list-style-type: none"> <li>- Conducted education of group companies in Malaysia</li> <li>- Supporting the introduction of IT controls for group companies in Indonesia</li> </ul>	<p><b>Strengthening the development of cyber security measures</b></p> <ul style="list-style-type: none"> <li>- Development of measures in accordance with the Ministry of Economy, Trade and Industry's "Cybersecurity Management Guidelines"</li> </ul>	😊

**Message from the General Managers**



**Yasuhiro Yonezawa**  
General Manager, CSR Department,  
Administration & CSR Division

Nowadays, companies are required to respond to a rapidly changing world with a variety of stakeholders in mind. As Furukawa Electric Group sets about this task, CSR activities are an essential part of our survival as a business. Furukawa Electric Group has set out a basic policy and code of conduct for CSR in accordance with a group philosophy that seeks to meet the expectations of our founder, in addition to developing a variety of related systems and mechanisms. In addition to confirming the effective functioning of measures in the workplace, we will continue to support improvements in the handling of operational challenges.

# Risk Management

## Overview of the Risk Management Structure

Our CSR and Risk Management Committee conducts regular risk assessments to determine what risks exist, define important risks that require a companywide response and prioritize measures to counter these risks. Through specialized committee activities in segment-specific areas—environment, quality, safety, disaster prevention—we are working to manage the risks that relate to our business activities.

### Important Companywide Risks

- Compliance
- Quality control
- Large-scale disasters, such as earthquakes
- Information security
- Affiliated company controls

In the event a large-scale disaster occurs or other such risk materializes, the Group will establish Emergency Response Headquarters, headed by the president, and Site Response Headquarters that defines each department's roles and clarifies them ahead of time. We also conduct regular exercises on preparing initial action manuals, stockpiling necessary supplies, and setting up communication structures and systems to confirm people's safety.

## BCM (Business Continuity Management)

### [Business continuity ISO]

In fiscal 2015 the Electric Conductor Division received BCMS ISO standard (ISO22301) certification in the “manufacture of copper wire products”. Copper wire is a material product used in Furukawa Electric Group’s leading products, such as electric wires and cables, and a steady supply of copper wire is always needed. ISO22301 certification was achieved thanks to the desire of the manufacturing workplace to build a BCM system ahead of the other divisions, based on its sense of responsibility as the highest upstream process both at the company and elsewhere.



Accreditation for business continuity ISO (ISO22301)

### [Emergency headquarters training]

As part of emergency headquarters training for fiscal 2015, we considered the scenario of a large earthquake hitting Furukawa Electric’s Nikko Works. We shared views on what support the affected works would expect from the headquarters and what support could be given by the headquarters to the affected works. We also confirmed

### Emergency headquarters training



Organizing the results of the investigation

the expected roles of each participant in the event of a disaster. The President said “In a real disaster, you need to tackle each and every task under extreme pressure. I want you to make full use of the experience we gained from the Nikko Works snow damage and use this type of training to make thorough mental preparations for any future disasters.”



President’s message

### [Disaster headquarters training at the Head Office]

As part of disaster headquarters training at the Head Office, we carried out training in which the employees actually walked home along the routes on the maps. Training was carried out on the assumption of a real

emergency, and the participants carried two liters of water and three meals. They walked for approximately two hours, checking for potential evacuation shelters and high risk locations on the route. As well as confirming just how difficult it would be if they actually had to walk home, the participants learned the importance of leaving a large bag or daypack in the office, and the need for sneakers or similar comfortable walking shoes, but not leather shoes. It was an extremely valuable experience.

### Information Security

Information security is considered one of the highest-priority risks the Group has to handle. Therefore we promote various countermeasures through intergroup collaboration by exchanging information among the related divisions, from the perspectives of protecting information systems and intellectual property as well as information management. We continue our efforts to prevent information leaks by focusing on the management of hardware (mainly mobile devices) taken outside the office and to manage IT assets through such measures as software license management. We provide Furukawa Electric Group with educational materials and information on the revisions of information security-related laws such as the Act on Prohibition of Unauthorized Computer Access, the Unfair Competition Prevention Act and the Act on the Protection of Personal Information. In our aim for ongoing improvement, we get feedback from divisions promoting these activities.

The numerous cases of phishing fraud seen in recent years are a threat to companies, and in fiscal 2015 Furukawa Electric discovered a fraudulent e-mail using the accounting department name. In view of this situation, we carried out e-mail fraud simulation training for group companies, both in Japan and overseas. The participants were sent fake e-mails and if they carelessly opened the attachments they were sent warnings and informed about

the real purpose of the e-mail. Some people opened the attachments without checking, and this reconfirmed the risks of e-mail fraud. Moving forward, we make efforts to raise awareness of increasing cyber risks, including new tricks, and to strengthen the security of our IT environment.

### Protection of Intellectual Property

Furukawa Electric conducts strategic and efficient intellectual activities in line with our business and development strategies. As well as strategically developing intellectual property rights based on patent portfolio management that recognizes trends among rival companies, we also encourage risk hedging such as preventing technical leaks by technology confidentiality and protecting our prior user rights. We are also extending our intellectual property activities worldwide, promoting intellectual property awareness within the Group through education on intellectual property rights and information on intellectual property risks.

### Challenges and Future Policy

Following our international business development, risks that Furukawa Electric Group faces are becoming more diversified and complicated each year. We particularly recognize that risks inherent in overseas operations—mainly in emerging countries—and risks from the supply chain standpoint are our top priority issues, and we will be strengthening our countermeasures against them. For example, our Global Group Management Division provides support and information for Group companies including creating the Furukawa Electric Group Business Management Handbook for them in order to reinforce global risk management.

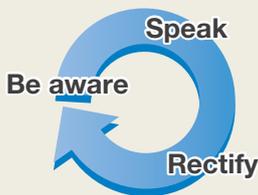


# Compliance

## Basic Approach

Furukawa Electric Group regards compliance as “not only observing laws and regulations, but also as acting in accordance with the values and ethics required of the company and its employees as responsible members of society”. Each and every employee is encouraged to perform day-to-day compliance activities in line with our three musts for compliance activities: to “be aware”, “speak” and “rectify”.

### Three Musts for Compliance Activities



#### 1) Be aware

- Is this in line with the philosophy and CSR Code of Conduct?
- Is this an improper practice?
- Does this run counter to society's requirements and expectations?

#### 2) Speak

- Do not neglect it.
- Talk about it openly.
- If still not sure, take it to your boss.

#### 3) Rectify

- As soon as you become aware of it, fix it.
- Always improve.

## Training and Raising Awareness among Employees

We conduct a host of training and awareness activities in the aim of instilling compliance awareness among all employees.

### Compliance Education

Our primary shared educational materials are the Furukawa Electric Group CSR Code of Conduct and its corresponding Furukawa Electric Group CSR Compliance Handbook. We distribute this handbook to Furukawa

Electric Group employees and take many opportunities to make use of it. We conduct compliance education for employees at every level of the Company, from new recruits to directors. At the same time, we hold theme-based group training and e-learning courses, and conduct groupwide compliance education.

### Education Results (fiscal 2015)

	Course Name	Target	Participants
Hierarchy-based education (note 1)	Training for executives	Newly appointed executives	23
	Training for managers	Newly appointed managers	42
	Training for managers and assistant managers	Newly appointed managers and assistant managers	43
	Training for new employees	New employees	36 (note 2)
Theme-specific education	Competition laws and anti-bribery regulations		261
	Subcontractor Law		505
	Security trade control		594

(note 1) In hierarchy-based education, manager training and new employee training includes education on human rights.

(note 2) Figures apply to Furukawa Electric only.

## Initiatives in Compliance Months

Furukawa Electric Group has designated October and November as Compliance Months, during which we implement measures aimed at tackling the variety of compliance issues faced by companies across our Group.

### Principal Initiatives during Fiscal 2015 Compliance Months

#### Main Initiatives at Furukawa Electric

#### 1 Conduct workplace self-checks according to section-specific checklist

##### <Section-Specific Checklist>

- 1) Anti- Monopoly Act, 2) Worker Dispatching Act
- 3) Subcontracting transactions, 4) Occupational safety
- 5) Asset protection, 6) Information security

#### 2 Conduct workplace meetings

#### 3 Courses on competition laws and anti-bribery regulations

#### 4 Submission of Compliance Pledge (for assistant managers, managers and above)

## Employee Compliance Awareness Surveys

We have biannually continued to implement compliance awareness surveys at Furukawa Electric and affiliates in Japan. Designed to gauge employee awareness and understanding of compliance, these surveys aim to encourage recognition of compliance. Feedback is given on the results of the survey to our Group companies and Furukawa Electric divisions, and the results are used to make proposals for compliance measures at each organization. In fiscal 2014, we made improvements such as adding questions related to personnel measures and conducted the survey as an “employee survey”. In fiscal 2016, we will conduct compliance awareness survey.

## Internal Reporting System

Furukawa Electric Group has introduced an internal reporting system to earlier detect and correct illegal acts. The Company has in place an internal reporting desk as well as an external reporting desk that makes use of outside third-party institutions (the Furukawa Electric Group Hotline), both of which allow employees to make reports anonymously. An internal reporting secretariat manages the content of such reports stringently, taking ample care to prevent people making such reports from suffering any negative impacts, looking into issues swiftly and taking appropriate action.

## Security Trade Control

Furukawa Electric Group considers security trade control to be one of its most important responsibilities as a company with global business operations. In accordance with the laws and regulations that make up the international framework on security trade control (the export control regime), we have improved and strengthened our management systems for cargoes and technologies that can be converted to weapons or military uses. In exporting products and providing technology, we conduct transaction screenings based on our Security Trade Control Regulations to ensure compliance with relevant legislation and are careful to prevent circumvent to countries of concern.

## Anti-Bribery

Furukawa Electric Group formulated the Furukawa Electric Group Anti-Bribery Statement in April 2012. In December, we published the Furukawa Electric Group Anti-Bribery Guide, and we are promoting activities toward creating a groupwide bribery risk management system.

### China compliance seminar

In fiscal 2014, we conducted group-type compliance seminar taking account of local laws and customs. In fiscal 2015, we held a seminar on competition law and anti-bribery regulation at Shanghai in March, 2016. About 30 staff, mainly Chinese, attended lectures by a lawyer in Chinese and Japanese and took part in discussions on compliance.

## Challenges and Future Policy

Regarding the various legal compliance measures we have taken to date, we recognize as a Group that our task is to expand the scope of participation of Group companies. To this end, we will try to raise compliance awareness by focusing on more effective education content with a Group perspective and enhancing its global implementation system. We will also hold more compliance seminars taking account of local laws, languages and customs, encouraging individual initiative under the slogan “Think and conduct compliance together”.

## Relations with Our Customers

### Basic Approach

Each of the Company's divisions has acquired ISO 9001 certification. Through initiatives such as these to standardize our operations and work consistently to improve quality, we are striving to contribute to society by providing excellent-quality products and services from a customer perspective.

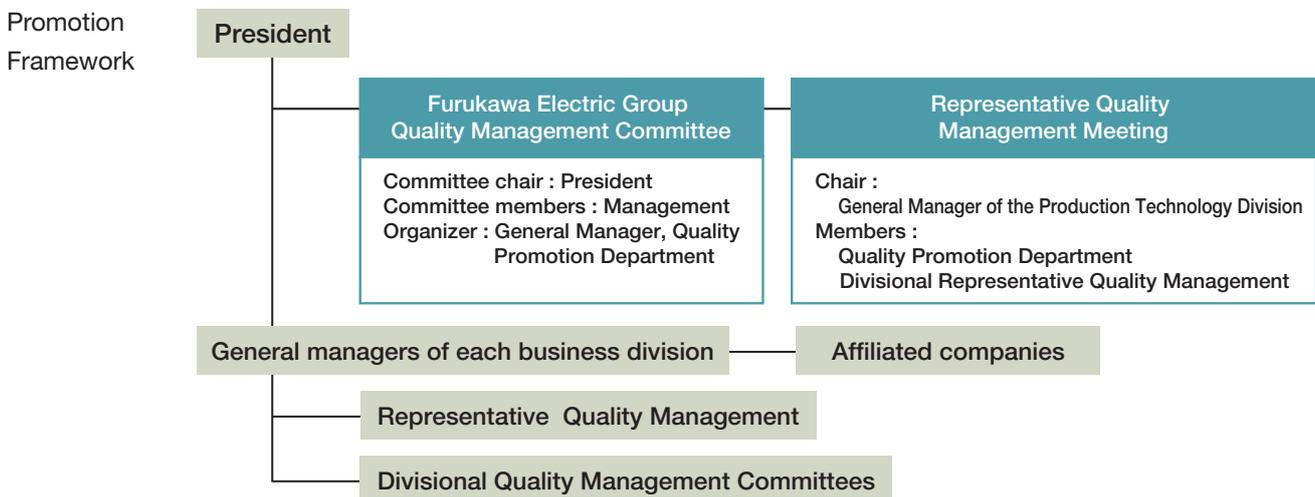
Going forward, we will continue endeavoring to further enhance “quality power” throughout Furukawa Electric Group by developing products that are attractive to our customers, based on a policy of Group-focused management.

### Quality Management Policy

At every stage of our operations, from research and development to manufacturing, sales, customer service and management, in all sections and all hierarchies, we always strive to adhere to a PDCA management cycle based on actual facts, maintain and improve our products, customer services and the quality of our operations and put our management policies into practice.

### Organizations for Improving Quality

Furukawa Electric has established Furukawa Electric Group Quality Management Committee, which is chaired by the president, as the topmost body for promoting quality management at the Group level. Directed by this committee, Divisional Quality Management Committees led by divisional heads promote ongoing efforts to maintain or improve the quality of our products, customer services and operations.



### Targets and Results (Quality)

😊 Achieved    😐 Partially achieved    ☹ Not achieved

FY2015		FY2016
Targets	Results / Achievement	Targets
<b>Strengthening of fundamental Quality Power</b> - Reduce “failure costs” by 10% from fiscal 2014	- Continued a Quality Strengthening Project to select and promote key themes from the quality improvement activities previously done by divisions.	<b>Strengthening of fundamental Quality Power</b> - Reduce “failure costs” by 10% from fiscal 2015

## Efforts to Reduce Failure Costs

The Quality Strengthening Project activities started in fiscal 2014 are team activities conducted on key themes related to failure costs selected by divisions and the Quality Promotion Department.

There were a total of 15 themes in fiscal 2015, with 28 events for executives held to promote activities.

At the end of the fiscal year, we also held a fact-finding presentation event in Quality Strengthening Projects in order to share examples of improvements within the whole Group, including our affiliated companies.



## Challenges and Future Policy

In fiscal 2015, we engaged in strengthening our monozukuri (manufacturing) capability and set about reducing our Group-wide failure costs as a priority goal. Our fiscal 2015 objective was the assessment of Furukawa Electric's separate "failure costs" (= failure costs/sales ratio), but we did not achieve this objective.

Meanwhile, collating and studying the results of our Quality Strengthening Project activities has highlighted our shared weaknesses.

With the strengthening of these weaknesses in mind, we intend to continue our Quality Strengthening Project activities and subsequently develop a Group-wide plan (or concept) for resolving quality problems.

### Message from the General Managers



**Kazuhisa Kashihara**

General Manager, Quality Promotion Department, Production Technology Division

In accordance with our basic policy on quality control, we promote a continuous factbased management cycle at every stage from research and development to production, sales, service, and administrative work, in every division, and at every level, thereby maintaining and improving quality.

To be able to create products that are attractive to customers, we make thorough checks at every process from product planning through to the point of sale.

Also, based on the results of analyses of our Quality Strengthening Project activities, we will promote "standardization" and "objective factual discussions and improvements" particularly, and strive to improve the manufacturing process itself.

## Relations with Business Partners

### Optimum Purchasing on a Steady, Ongoing Basis

Furukawa Electric Group procurement policy is to establish strategic relationships with business partners to ensure optimum purchasing on a steady, ongoing basis.

#### Furukawa Electric Group Procurement Policy

We will realize the optimal procurement for Furukawa Electric Group through global partnerships by:

1. Conducting CSR activities and full compliance in purchasing
2. Building strategic relationships with business partners aimed at stable and continuous optimum purchasing
3. Expanding Group and global procurement
4. Constructing BCM for stable procurement and purchasing of raw materials, materials and parts
5. Promoting continuous cost reduction activities in line with business strategy

### Conducting Training on Subcontracting Transactions

In order to forge sound relationships with business partners through fair transactions that comply with rules and regulations, Furukawa Electric Group provides training for employees on subcontracting transactions. In fiscal 2015, in addition to continuing with the courses we have conducted to date, we sought to ensure thorough awareness of the content of the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors (Subcontract Law).

### Partners Meeting and Partner Evaluation Scheme



Furukawa Electric seeks to deepen awareness among our business partners through regularly held Partners Meeting, where we explain the state of the Company, our procurement policy and individual company management strategies. For fiscal 2015, this meeting was held in June and was attended by 94 main business partners.

We also evaluate main business partners on the basis of quality, technology, price, delivery system, degree of social contribution and financial condition, and then hold meetings to provide feedback on our findings. In addition, we discuss the results of our evaluations with them to more closely align our awareness of

procurement activities.

Furthermore, based on the results of the assessment and our own experiences during the suspended production that resulted from snow damage at Furukawa Electric's Nikko Works, we have asked some of our business partners for their ongoing cooperation with initiatives aimed at ensuring business continuation and stable supplies.

In fiscal 2015, we evaluated some 157 business partners and provided feedback to them.

### Promoting CSR in Procurement Activities

Based on our CSR Deployment Guideline for Business Partners, we engage in procurement activities with "full legal compliance and fair trading practices" and "consideration for human rights, safety and the environment". We are also continually providing encouragement at partners' meetings by explaining the state of our efforts to our trade partners, asking for their cooperation with our activities, and so on.

### Supply Chain BCM (Business Continuity Management)

Furukawa Electric conducts regular questionnaire surveys on its main partners about their BCM measures. In fiscal 2015, we held questionnaire surveys of 238 companies and placed the results we received from our business partners onto a database. In this way, we have rapidly identified suppliers with a strong likelihood of being affected by a disaster.

**Conflict Minerals** (note)

Regarding the handling of conflict minerals, our approach to responsible mineral procurement has been to comply with the code of conduct of the EICC (Electronics Industry Citizenship Coalition), including setting a Group policy and informing other Group companies and partners.

In fiscal 2015, in addition to carrying out ongoing surveys into the usage of conflict metals in mainstay products at Furukawa Electric and its group companies, we have actively promoted procurement from smelters that have received accreditation under the EICC's Conflict-Free Smelter Program. Going forward, in addition to requesting the cooperation of Group companies and our business partners in the responsible sourcing of minerals, we will work with the Japan Electronics and Information Technology Industries Association (JEITA), an industry organization, on

initiatives targeting the responsible sourcing of minerals.

(note) Defined as minerals (tantalum, tin, gold, tungsten or their derivatives) that originate in or near the Democratic Republic of the Congo that may help to finance armed conflict.

**Challenges and Future Policy**

We want to fully grasp the state of our CSR activities along the supply chain by regularly asking our partners to complete a questionnaire on their understanding of our CSR Deployment Guideline for Business Partners. We will also seek to deepen BCM by giving encouragement to partners based on the results of our BCM questionnaire and manufacturing site survey, with the aim of improving crisis response levels along the entire supply chain. Internally, during group training held at the Procurement Department, we have held training and seminars on the handling of BCM in order to raise awareness among members of the department.

**Targets and Results (Procurement)**

😊 Achieved    😊 Partially achieved    ☹ Not achieved

FY2015		FY2016
Targets	Results / Achievement	Targets
<p><b>Strengthen strategic relationships with partners (suppliers)</b></p> <ul style="list-style-type: none"> <li>- Ongoing implementation of the partner assessment system and utilization of feedback discussions</li> <li>- Promote awareness of CSR Deployment Guidelines among suppliers</li> <li>- Examination and implementation of measures to strengthen the supply chain by utilizing BCM questionnaire surveys and site surveys results</li> <li>- Carry out conflict minerals survey (survey for the purposes of updating data)</li> </ul>	<ul style="list-style-type: none"> <li>- Conducted partner evaluations of about 157 main partner companies, held partners meeting and provided feedback to them</li> <li>- Conducted CSR was provided to 238 our business partners</li> <li>- Reviewed and increased the number of procurement points (and sometimes recommended inventory) for principle products</li> <li>- Active promotion of conflict materials surveys (data renewal surveys) and procurement from smelters that have received accreditation under the EICC's Conflict-Free Smelter Program</li> </ul>	<p><b>Strengthen strategic relationships with partners</b></p> <ul style="list-style-type: none"> <li>- Continue partner evaluation system and utilize feedback interviews</li> <li>- Continue to inform partners about CSR Implementation Deployment Guidelines</li> <li>- Communication with partners with a view to strengthening the supply chain based on the results of BCM questionnaire surveys</li> <li>- Conflict mineral survey (data update survey)</li> <li>- Activity promoted procurement from EICC permission smelters</li> </ul>



**Message from the General Managers**



**Satoshi Tosaka**  
General Manager, Procurement Department,  
Finance & Procurement Division

Ever since its foundation, Furukawa Electric has stayed in business by supplying people with social infrastructure and contributing to society as a supplier of products. However, our success is not just the result of hard works at our company. It is also thanks to the steady delivery by our suppliers of the raw materials we use to create products.

In the future, our business environment is likely to change even more rapidly. Under these circumstances, we will need to strengthen our supply chains further in order to continue contributing to society. We intend to use partners' meetings and partners' assessments to improve the mutual understanding we have with our suppliers, and to continue contributing to society through measures such as the promotion of CSR activities and strengthening of BCM.

## Relations with Shareholders

### Information Disclosure Policy and IR Framework

Furukawa Electric Group Basic Policy on CSR requires that the Group seeks to improve upon the sound, friendly relationships we maintain with all of our stakeholders. Our Own Regulations on the Timely Disclosure of Corporate Information meanwhile set out a framework for the disclosure of appropriate information at the appropriate time.

Based on this policy, all IR activities are conducted by the Investor & Public Relations Department and overseen by the director in charge of IR, who is General Manager of the Finance & Procurement Division.

### Relations with Institutional Investors and Securities Analysts

In addition to holding management briefings (covering interim and year-end results and mid-term plans when announced) for institutional investors and securities analysts, we actively encourage communication all year round.



Briefing for institutional investors

### Relations with Individual Investors

In October 2015, we held our 8th plant tour for individual investors. Visitors were selected by lottery from among those who responded to an open invitation, with 150 people invited to attend out of the 416 who responded. During the tour, we offered participants a number of opportunities to get a feel for Furukawa



Optical fiber plant

Electric. We introduced our production processes for optical fiber cables in Mie Works and efforts of R&D in Yokohama Works.



Explanation on the phenomenon of superconductivity

### Returning Profits to Shareholders

Furukawa Electric aims for management emphasizing capital efficiency and has made the basic policy of its capitalization strategy to balance strategic investment for growth, the cultivation of the next generation of new businesses, the improvement of the financial structure and returns to shareholders.

Under this basic policy, in the “Furukawa G Plan 2020,” the new medium-term management plan that started from fiscal year 2016, we will apply management resources prioritizing facility investment and R&D for profit expansion in focus business areas (infrastructure / automobile markets) and the creation of new businesses, strengthen the earning capacity of our group and improve its financial structure, all of which will support the sustained growth of our group. With regard to returns to shareholders, we also positions the continuation of stable dividends as one of the most important issues of management.

We implemented a term-end dividend of 4 yen per share for the term ended March 2016, an increase of 1 yen compared to the previous year, to increase the return of profits to shareholders in consideration of factors such as the results for the term and the progress of reductions in the balance of consolidated interest-bearing debts.

With regard to dividends for the term ending March 2017, we are planning a dividend of 40 yen per share, the same level as that for the term ending March 2016,\* in overall consideration of an anticipated results forecast equivalent to the previous term, future business development and the return of profits to shareholders.

\* Based on a resolution of the 194th General Meeting of Shareholders held on June 27, 2016, we will carry out a reverse stock split at a ratio of 1 share for every 10 ordinary shares with an effective date of October 1, 2016. Supposing that this reverse stock split was not carried out, the term-end dividend for the term ending March 2017 would be 4 yen per share.

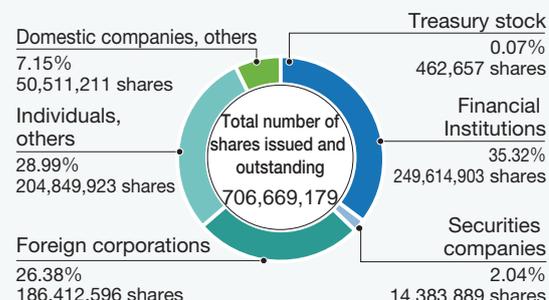
## Stock Information and Dividends

### General stock information (as of June 27, 2016)

Stock Code on the Tokyo Stock Exchange	5801	
Stock Exchange Listings	Tokyo Stock Exchange, First Section	
Number of shares authorized	Common Stock	2,500,000,000 shares
Common stock issued	Common Stock	706,669,179 shares
Minimum trading units	1,000 shares *	
Shareholder register agent	2-1 Yaesu 1-chome, Chuo-ku, Tokyo, Japan Mizuho Trust & Banking Co., Ltd.	
Fiscal year	From April 1 to March 31	
Shareholders' meeting	June each year	

\* Based on a resolution of the 194th General Meeting of Shareholders held on June 27, 2016, we will change the number of shares in a unit of the company's ordinary shares from the current 1,000 shares to 100 shares with an effective date of October 1, 2016.

### Distribution of ordinary stock among shareholders (as of March 31, 2016)



### Cash dividends per common share (including forecast)

Fiscal year	2013/3	2014/3	2015/3	2016/3	2017/3
Interim dividend (Yen)	0.0	0.0	0.0	0.0	0.0
Year-end dividend (Yen)	3.0	3.0	3.0	4.0	40.0 (note)
Total dividend (Yen)	3.0	3.0	3.0	4.0	40.0 (note)

(note) Since we plan to conduct a one-for-ten reverse stock split of our company's common shares effective October 1, 2016, it is factored into the amount shown here. (The amount will be 4.0 yen if the reverse stock split is not conducted.)

### Major top 10 shareholders of the Company and the Company's capital contributions to such shareholders

Name of major shareholders	Number of shares	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,552,000	5.18%
Japan Trustee Services Bank, Ltd. (Trust Account)	30,982,000	4.39%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	24,135,000	3.42%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	23,992,000	3.40%
Asahi Mutual Life Insurance Co.	13,650,500	1.93%
FURUKAWA CO., LTD.	13,290,455	1.88%
BBH BOSTON CUSTODIAN FOR JAPAN VALUE EQUITY CONCENTRATED FUND A SERIES OF 620135	12,595,000	1.78%
Fuji Electric Co., Ltd.	11,000,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	10,919,000	1.55%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	10,754,914	1.52%

(note) 1. Shareholding ratio above is calculated with the number which deducted 462,657 shares of the Company's treasury stock.

2. Although not mentioned in the above table, Asahi Mutual Life Insurance Co. has placed 10,500,000 shares in a retirement benefits trust.

### Message from the General Managers



**Mami Masuda**

General Manager, Investor & Public Relations Department, Finance & Procurement Division

Furukawa Electric's business began with copper smelting and the manufacture of electric wires. Through more than 130 years, the numerous products that we manufacture based on our materials technology support the lives of people around the world in a wide variety of fields, including telecommunications, electric power infrastructure and automobile.

However, because we often work behind the scenes, shareholders and investors often tell us that they feel unfamiliar with the content of our business.

We renewed our website in June 2016 so that it was easier to understand and people could feel the business of the company more closely. We will make efforts to transmit appropriate information such as daily news releases and the like in future too, so please continue to support us.

# Relations with Employees

## Personnel Management

### Personnel Management Policy

Furukawa Electric Group's basic approach to human resources management is to utilize global and diverse human resources in order to become a corporate group that is creative and energetic, and to embody the Group Philosophy so that we can continue to produce human resources capable of contributing to our competitiveness. Please refer to page 24 for "Furukawa Electric Group Corporate Philosophy".

### Challenges and Future Policy

In the 2020 Mid-term Management Plan, which started in fiscal 2016, we set a mission of pursuing diversity and autonomy in order to continue growing on global markets, improving our ability to respond to changes in the business environment, and realizing greater creativity and practical capabilities in our "people" and "organizations". As measures that contribute to Group Global management, we will focus on "measures that strengthen top management" and "bottom-up measures for reforming our organizational culture and human resources".

Specifically, we will enact the Group HR Vision <sup>(note 1)</sup>, which describes our standard value judgments for formulating personnel strategies and measures at group companies, increase the links between personnel systems for hiring, job placement, assessment and

#### Main measures contributing to the Group's global management

##### Top management reinforcement measures

- 1 Review of our performance evaluation system and compensation structure (for executive and management levels)
- 2 Realizing succession plans and strategic personnel deployment in a way that makes use of human resources databases

##### Corporate culture reform and personnel bottom-up measures

- 1 Enactment of the Group HR Vision, establishment and dissemination of FM-Career Design (new deployment criteria), and promotion of support for career development
- 2 Development of the training curriculum, as well as promotion of two-way human resources exchanges through the overseas dispatch of junior employees, etc.
- 3 Acceleration of efforts in diversity management (measures to promote women's careers)

remuneration, and implement individual measures from the perspective of "developing skills" with a focus on strengthening our cultivation of global human resources. (note 1) This is our vision for human resources at Furukawa Electric Group.

## Human Resources Development

### Enhancement of Education Program

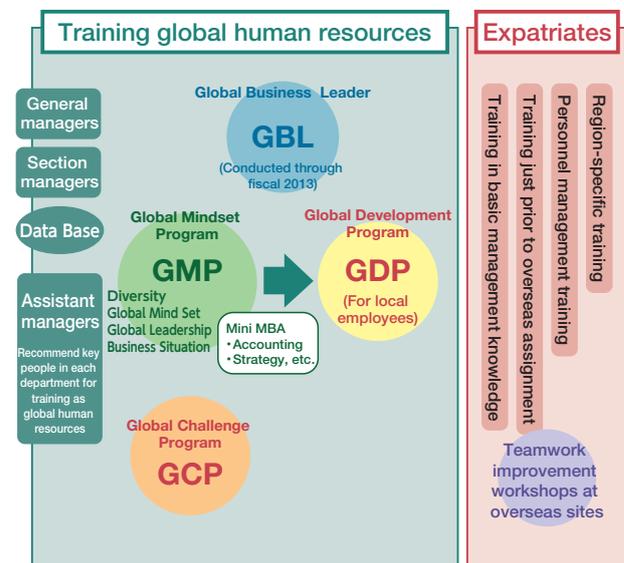
We are training human resources who can implement innovation that managements seek. Our aim is to develop "sensitive personnel who can think and act on their own initiative" as we maximize our organizational strength and spread our Group management thinking.

The state of our leaders affects corporate culture and reflects in our business results, which is why we give training at each level to develop leadership and the human qualities, especially sensitivity, among all our employees. We work hard to cultivate an interest in people and a sense of respect for others.

### Nurturing Leaders Adapted to the Global Scene

We started our Global Business Leader (GBL) training in 2006 in order to develop personnel who will take on the role of management in the future. Since fiscal 2013 this has been reformed to Global Mindset Program (GMP), with its extra emphasis on global human resource education. We have also operated a Global Development Program (GDP) for overseas local employees since 2010

#### Global Human Resources Training System



with the aim of strengthening links within the Group, the curriculum being partly shared with the GMP. Furthermore, in fiscal 2014 we launched the Global Challenge Program (GCP), which dispatches young employees to foreign countries. We are working to align these various programs to develop human resources who can play a dynamic role on the global stage.

### Project to Improve GENBA-RYOKU Capabilities

In fiscal 2009, we began GENBA-RYOKU training for all manufacturing on-site employees at our factories. To date, the training has consisted of foreman training, mid-level worker training, and basic program, with the aim of cultivating “GENBA-RYOKU”, the ability to think and act for oneself, and boosting the monozukuri capability of the workplace.

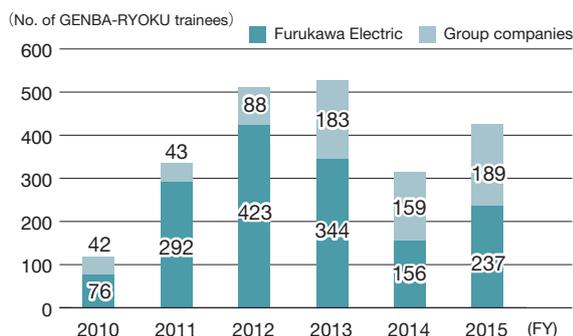


7<sup>th</sup> Training Session for Mid-level Workers - Nikko Area Participants

Monozukuri staff undergoing GENBA-RYOKU training

In fiscal 2013, we launched GENBA-RYOKU (on-site capabilities) training for Monozukuri staff (production division employees providing on-site support). More than 20 group companies took part in training in fiscal 2014. In fiscal 2015, we launched a special program for all employees to take part in at the base factories of several group companies. We will promote a manufacturing workplace culture and staff culture that encourages the common language of “strengthening our GENBA-RYOKU”. What’s more, we will strengthen our “Monozukuri capabilities” by working together as a united Furukawa Electric Group both in Japan and overseas.

#### People Undergoing GENBA-RYOKU Reinforcement Training



### Using Diverse Human Resources

One of our Group’s management philosophy is to “nurture human resources at every level, so that we can become a more diverse and creative organization”. It is essential for the progress of our Group’s global management to create a corporate culture in which more diverse personnel can succeed.

In April 2014, we set up a Diversity Promotion Section to accelerate the creation of a work environment that gives a greater active role to more diverse personnel.

### Activities to Support the Success of Women in the Workplace

Since fiscal 2005, Furukawa Electric has promoted ongoing initiatives to develop our working environment for women and to promote work-life balance. In September 2014, we launched the “Furukawa “V” Challenge!!” as part of our activities to promote women’s careers. We have set out the following targets and promoted networking between female employees and women’s career-building with a view to establishing both “a better working environment” and “more job satisfaction”, and we have adopted a comprehensive approach to implementing initiatives aimed at improving the mindset of the organization as a whole. In addition to formulating a General Business Owner Action Plan under the Act concerning Promotion of Women’s Career Activities, which was enacted in April 2016, we have acquired Level Three (the highest level) of the “L-Mark”, which is an accreditation for outstanding companies in the implementation of initiatives related to the promotion of women’s careers.



#### [Objectives related to support the success of women in the workplace]

- (1) We aim to double the number of female in the managerial posts by 2018.
- (2) We aim to double the proportion of females hired by 2018.

### Diversity in Hiring

In order to respond to the global development of our business, Furukawa Electric Group has come together to implement a variety of initiatives with the aim of securing human resources. In addition to information exchanges to share know-how on hiring within the Group, we hold

Furukawa Electric Group Forum held in Tokyo and Osaka, at which we conduct briefings in conjunction with Group affiliates, and work proactively demonstrate the appeal of Furukawa Electric Group to students.

Recruitment figures by gender (Number of employees)

		FY2012	FY2013	FY2014	FY2015	FY2016
Specialized staff	Male	48	26	21	28	45
	Female	11	6	5	8	15
	<b>Total</b>	<b>59</b>	<b>32</b>	<b>26</b>	<b>36</b>	<b>60</b>
	Foreign nationals	3	0	1	0	0
Professional staff	Male	2	0	0	0	0
	Female	0	0	0	0	0
	<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Encouraging Employment of Disabled People

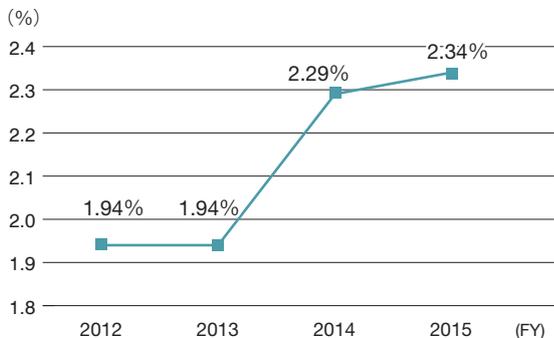
Furukawa Electric has established special subsidiary Furukawa New Leaf in fiscal 2004 for the purpose of improving our employment rate of disabled people. As of March 31st 2016, Furukawa New Leaf employs 40 people who are intellectually challenged, and Furukawa Electric has an overall disabled employment rate of 2.34%.

Furukawa New Leaf opened a new operating base in fiscal 2013 at Mie Works, in addition to those already at Hiratsuka Works and Chiba Works, to further increase our disabled employment rate.



Furukawa New Leaf employees at work

Ratio of employees with disabilities (Furukawa Electric)



### Internships

Ever since the Japanese government introduced a system of internships in 1997 as part of an industry-

academia-government collaboration, in our role as a manufacturer Furukawa Electric has taken on numerous science and engineering interns with the aim of contributing to the fostering of Japanese technicians of the future. We have already taken on more than 200 students across our various workplaces. In recent years, we have also actively sought to accept students from overseas universities in addition to Japanese universities.



Internship training at Nikko Works

### Reforms to ways of working

Furukawa Electric established a dedicated organization in May 2015 and launched activities to promote “reforms to ways of working” with the aim of achieving both sustained growth for the company and lifestyle (life) satisfaction for each individual working at the company. We have promoted activities in “Reforming working styles”, which aim to improve the productivity of internal departments and the job satisfaction of individual employees, and activities in “Reforming our organizational culture”, which aim to promote “innovation”, “autonomy and speed” and “collaboration” as the core values of Furukawa Electric Group. In fiscal 2016, in addition to holding more efficient meetings and simplifying meeting materials, we took on the challenge of implementing new initiatives, such as expanding the scope for working at home and promoting smart work using a Group Global information sharing platform (new groupware).

### Improving the Working Environment through Labor-Management Opinion Exchanges

Furukawa Electric maintains a basic position that both labor and management should endeavor to engage in sincere discussions, and therefore we focus on issue resolution and deepening mutual understanding.

We hold our Central Management Briefings twice annually for public exchanges of opinion between labor and management. We have conducted such meetings for 64 years from fiscal 1952. As of May 2016 we had held these briefings 127 times. Representatives from

labor and management exchange frank opinions and share information about a broad spectrum of items at these briefings, such as the business environment, management, and topical matters.

We also have in place various committees such as the Personnel System Exploratory Committee and the Committee for Studying Shorter Hours that are designed to improve the working environment, which management and labor discuss on a daily basis. These discussions lead to improvements in various systems and strengthen monitoring functions, such as

compliance response and the implementation status of other CSR activities.

### Employee Data Book

Please see the URL below for Employee Data Book.

CSR

 <http://www.furukawa.co.jp/en/csr/report/>

### Targets and Results (Personnel Development and Working Environment)

 Achieved       Partially achieved  
 Not achieved

FY2015		FY2016
Targets	Results / Achievement	Targets
<b>Strengthening of global human resource training</b> - Conduct Global Development Program (GDP) - Implement Global Challenge Program (GCP)	- Conducted GDP training - In GCP, assigned 4 people to One-Furukawa course and 1 person to Frontier course (Mexico)	<b>Strengthening of global human resource training</b> - Conduct GDP - Implement GCP
<b>Reinforcement of monozukuri capability</b> - Visualization of “essential skills” and “expected skills” by grade and job type - Expand GENBA-RYOKU training to affiliates	- Set out the skills that are an absolute requirement for each technician/staff member, as well as the skills that will be required in three to five years (expected skills), and clarify the targets for strengthening GENBA-RYOKU - At affiliated companies (FMGW Shirone <sup>(note 1)</sup> , create GENBA-RYOKU strengthening plans and implement GENBA-RYOKU training (basic program) for all employees	<b>Reinforcement of monozukuri capability</b> - Building an educational system to strengthen Monozukuri capabilities - Implementation of GENBA-RYOKU strengthening activities for affiliated companies (Japan and overseas)
<b>Support for diverse work styles and work-life balance</b> - Expansion in scope of acquisition for congratulatory leave in the event of a spouse giving birth - Reduction in number of employees taking an extremely low number of days of annual paid leave	- Expansion of days of congratulatory leave in the event of a spouse giving birth, from “up to five calendar days” to “five business days” - Drafting a list of work-life balance systems and promoting awareness of the list among the employees - The proportion of employees taking consecutive days of leave is above 90%	<b>Support for diverse ways of working, and work-life balance</b> - Reduction in number of employees taking an extremely low number of days of annual paid leave (ongoing); expansion in scope of the work-from-home system

(note 1) FMGW: Furukawa Magnet Wire Co., Ltd.

### Message from the General Managers



**Takashi Fukuda**  
 General Manager, HR & Administration Department, Administration & CSR Division

For the Furukawa Electric Group to survive and achieve continuous growth in the face of serious global competition, it is essential that all employees with diverse views, abilities, and backgrounds and regardless of characteristics such as age, gender or nationality, openly share their opinions and act with sincerity.

To strengthen our Group’s global management, the company set up a Diversity Promotion Section in April 2014 to engage more actively in diversity management. In particular, we see the pressing issue in supporting the success of women as a top priority, and have set ourselves quantitative targets.

To raise the overall strength of the Group, we are developing tough human resource and a more collaborative environment by making career formation and human resources more fluid through planned allocation. We have done this with the introduction of FM Career Design, a personnel system that stimulates the ability and desire to face challenges in individuals and the generation of innovative ideas in organizations, and the Global Challenge Program (GCP) that aims to give overseas experience to young employees.

We will continue to actively take the above and other measures in future in order to accelerate the creation of an environment and corporate culture where more diverse human resources play an active role.

## Occupational Health and Safety

### Basic approach to occupational health and safety management

In addition to basic legal compliance, Furukawa Electric Group prioritizes initiatives that promote “becoming a safety conscious person” and “realizing fundamental safety”. Our basic approach is to aim for zero accidents and zero illness.

#### Basic policy on health and safety management

- Endeavor to eradicate accidents in accordance with the objectives of the Industrial Safety and Health Act.
- Reduce accident risks by realizing “fundamental safety”.
- Develop “safety conscious person” through communications and using the 5S.
- Make self-management by building safety and health management systems.
- Practice Group health management activities through mental and physical health improvement.

### Promotion System

Furukawa Electric Group has established the Furukawa Electric Group Occupational Health & Safety Committee (on which the President serves as committee chairman) as the highest body for promoting occupational health and safety at a group level. The committee membership is composed of executives, and carries out deliberation, decision-making and follow-up activities for the group as a whole in respect to policies and initiatives in health and safety.

#### Promotion Framework



### Safety and Health Activities Presentation Meetings

We have been holding presentation meetings on the Group's safety and health activities and awarding the best with commendations. In fiscal 2015, twelve teams were selected from the SBUs (including four teams from group companies) to give presentations and receive awards from the president.



FACE (Czech Republic) giving a presentation

### Site inspections by officers

Furukawa Electric's safety officers make site inspections at Furukawa Electric Co., Ltd. and group companies whenever an accident occurs and in accordance



Site inspections by officers at FAPH (China)

with performance in the previous fiscal year. They confirm how appropriate the safety measures are, and check the extent to which these measures have become firmly established. In addition, they exchange opinions with a view to achieving fundamental safety, and work

hard to prevent any recurrences. Since fiscal 2015, they have visited overseas group companies and exchange opinions with ten of these companies.

#### Targets and Results (Accidents)

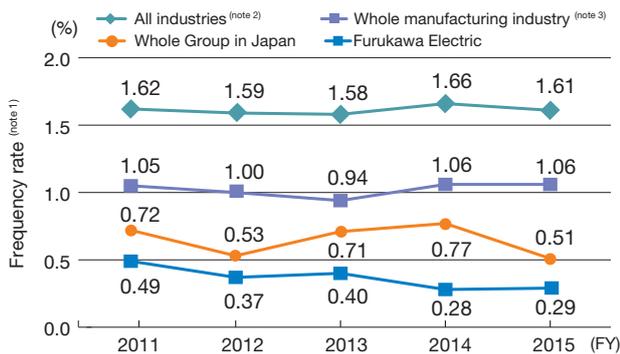
😊 Achieved    😐 Partially achieved    😞 Not achieved

FY2015			FY2016
Targets	Results / Achievement		Targets
One or less “accidents with working loss days”	Two “accidents with working loss days”	😞	One or less “accidents with working loss days”

## Work Accident Occurrence Status

In terms of its performance in fiscal 2015, Furukawa Electric recorded two “accidents with working loss days”, and failed to meet its target of “one or less accidents with working loss days”. Frequency rate of accidents resulting in time off work<sup>(note 1)</sup> at Furukawa Electric Co., Ltd. stayed almost unchanged at 0.29, whereas the rate for the domestic group as a whole<sup>(note 2)</sup> fell to 0.51.

### Frequency rate of accidents resulting in time off work



(note 1) Frequency rate = (No. of casualties / Total actual work hours) x 1,000,000  
 (note 2) The calculation for fiscal 2015 covered full-time employees and temporary staff at Furukawa Electric and 37 Group companies in Japan. See page 59 for companies included in the calculation.  
 (note 3) Data on all industries and the whole manufacturing industry is from Ministry of Health, Labor and Welfare survey results

Meanwhile, the 2015 accident frequency rate for the whole Group including overseas Group companies was 1.23. This included accidents both resulting in and not resulting in time off work.

## Healthcare for Employees Working Long Hours

In accordance with the Guidelines issued by the Labor Standards Bureau entitled “Measures to be Taken by Employers to Prevent Health Impairment Due to Overwork”, we strive to manage the health of employees who work long hours by implementing strict limitations on working hours based on the results of health checkups and by arranging consultations for such workers with industrial physicians.

## Mental Health Education

We began conducting mental health measures in fiscal 2002. In the past, stress control training, workplace mental health training with a focus on Work Engagement, and Pleasant Workplace Discussion Sessions aimed at improving the workplace environment have been implemented across the company.

In fiscal 2014 and fiscal 2015, we promoted self-care training and line care training for all employees in their early 40s and all middle-ranking managers in order to

## Chairman’s Award received from the Japan Industrial Safety & Health Association

Furukawa Electric Co., Ltd. received the FY 2015 Chairman’s Award and a certificate of commendation from the Japan Industrial Safety & Health Association. The entire Furukawa Electric Group was highly praised for promoting health and safety activities over many years based on its “Safety First” philosophy and for its outstanding results, which serve as a model for other companies.



At the award ceremony



The certificate and trophy

improve their ability to respond to various changes. In fiscal 2016, in addition to continuing to implement these trainings, we will introduce a stress check system in accordance with legal revisions.

## Strengthening Smoking Measures

In fiscal 2003, we commenced measures to counter smoking in earnest, introducing programs to prevent exposure to passive smoke and encourage quitting smoking. As a result of such activities, the percentage of smokers among male employees has fallen by approximately 20 percentage points over 10 years. We aim to switch to a smoking ban during working hours in fiscal 2017 and to an entirely smoke-free workplace by fiscal 2020 at the latest, and have continued to adopt a multifaceted approach with the following three main approaches: sharing information, supporting efforts to quit smoking and creating a smoke-free environment.

## Responding to Asbestos-Related Health Issues

During the period from fiscal 2005 to 2006, we once again investigated workplaces that previously handled asbestos products and we organized medical examinations focused on asbestos for all relevant employees. We also sent out notices urging retired employees who worked at the relevant sites to undergo medical examinations.

As of March 31, 2015, four people have been confirmed as being involved in industrial accidents (of which three persons died), and symptoms have been detected in nine (all retired).

## Relations with Communities

### Basic Policy

Furukawa Electric Group has continued to conduct social contribution activities that are rooted in the local community. Going forward, we will strengthen these actions further along the three dimensions of nurturing future generations, promoting sport and culture, and living in harmony with the natural environment and local communities.

#### Furukawa Electric Group Basic Policy on Social Contribution Activities (Revised March, 2011)

Furukawa Electric Group will continuously undertake social contribution activities focusing on nurturing future generations, promoting sport and culture, and living in harmony with the natural environment and local communities, in addition to its business-related activities, in order to maintain and strengthen community ties built over centuries and create a better tomorrow for future generations.

### Implementation of Private Sector Training for Teachers <sup>(note)</sup>

In fiscal 2015, we continued the program from fiscal 2014 and held private sector training for nine elementary school teachers from Shinagawa Ward in Tokyo from July 28 to 30, 2015. Over the three days, the participants learned through seminars, factory visits, and internal education and training experiences. Priority was given to the joy of making new discoveries and gaining a sense of achievement by studying the social responsibilities of schools and companies, as well as to carrying out safety and environmental activities, and thinking about the meaning of human resources training. (note) Sponsored by the Japan Institute for Social and Economic Affairs.



Training at Furukawa Electric

### Visiting elementary schools to give classes

On February 12, 2016, we visited Ichihara Municipal Elementary School in Chiba Prefecture to give a class. The theme of the class was “Electromagnets and Technology to Build the Future”. The aims of the class were for students to increase their interest in studying science and to learn about the links between studying science and cutting-edge scientific technology, as well as the connections between everyday life and scientific technology, by carrying out experiments with electromagnets. The children were amazed to see the demonstration experiments using superconducting materials.



Giving a class at Ichihara Municipal Elementary School

## CSR Awards

### Seventh CSR Awards

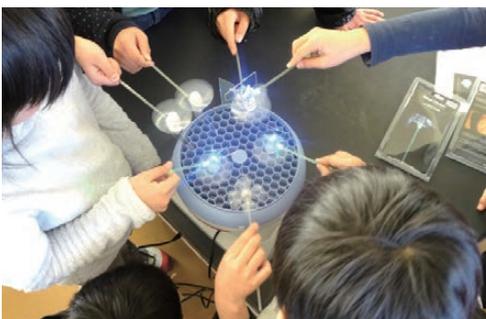
Furukawa Electric established the CSR Awards to recognize the social contribution or environmental preservation efforts of our subsidiaries that notably exceed their regular business. CSR Award-winning companies work on a daily basis to continue contributing to society through these activities.

#### Social Contribution Award

#### The Furukawa Battery Co., Ltd.

Since fiscal 2012, Furukawa Battery Co., Ltd. has visited elementary schools to give classes on the environment. The theme of the classes is “Future ways of using renewable energy”. The classes have given opportunities for students to get a real sense of the electricity use of the future.

Furthermore, in fiscal 2015, a scientific experience program was added to the program called “Manufacturing and the Environment”. Students made the MgBox (one of Furukawa Battery Co., Ltd.’s latest products) out of everyday milk cartons. This helped to stimulate their interest in science and gave them an opportunity to think about environmental conservation. Since the program was launched, approximately 700 students at a total of 14 schools have been taught over a four-year period. However, the scale of the activities is still small, and the aim is to visit even more elementary schools in the future to give environmental education classes.



Visiting an elementary school to give an environment class

#### Environmental Preservation Award

#### Furukawa Electric Industrial Cable Co., Ltd.

The Kyushu Plant of Furukawa Electric Industrial Cable Co., Ltd. was facing a major problem in respect to an increase in industrial waste and rising disposal costs brought about by a rapid increase in its production volume. It was already implementing environmental control activities, but these activities were carried out at individual departments and their effectiveness across the plant as a whole was limited. It was decided to improve the attitudes of all employees based on the concept of “reducing industrial waste = improved quality = better financial results”, and to improve the facilities by introducing cross-linked molten salt condensation equipment and other measures. Group companies located within the premises were also asked to cooperate, and implementing an open innovation made a major contribution to reducing industrial waste. Furthermore, these activities were recognized by the City of Kitakyushu Environment Bureau, which presented Furukawa Electric Industrial Cable Co., Ltd with the “Award for Outstanding Business in the Field of Recycling and Reduction” and accredited the company as an “Outstanding Business in the Handling of Industrial Waste”. Furukawa Electric Industrial Cable Co., Ltd will work hard to live up to the award by continuing to promote activities, as well as pursuing horizontal development of these activities at other plants.



Receiving a certificate as an accredited company

# Activities in each region

Activity topics

Furukawa Electric Group conducts various activities in each region.

## Nuturing future generations

### ● Supported and cooperated on work experience for schoolchildren of all ages

- Furukawa Electric (Chiba Works, Nikko Works) • The Furukawa Battery
- Furukawa Electric Power Systems • Furukawa Logistics



Factory tour by the local elementary school (Chiba Works, Furukawa Electric, Furukawa Logistics)

### ● Imprementation of private sector training <sup>(note)</sup> for teachers

- Furukawa Electric (Head Office, Hiratsuka Works)
- (note) Sponsored by the Japan Institute for Social and Economic Attains

## Promotion sports and culture

### ● Participated in, sponsored, and provided a venue for sporting events

- Furukawa Electric (Nikko Works, Hiratsuka Works, Mie Works)
- The Furukawa Battery • Foam Kasei

### ● Hosted, participated in, and supported festivals



At Yawata Seaside Festival (Chiba Works, Furukawa Electric)

- Furukawa Electric (Chiba Works, Nikko Works, Hiratsuka Works, Mie Works)
- The Furukawa Battery
- Miharu Communications
- Furukawa Precision Engineering
- Furukawa Electric Power Systems
- NTEC
- Furukawa Nikko Power Generation
- Furukawa Magnet Wire

## Living in harmony with the natural environment

### ● Participated in local environment beautification campaign

- Furukawa Electric (Chiba Works, Copper Foil Division, Hiratsuka Works, Mie Works)
- Furukawa Sangyo Kaisha
- The Furukawa Battery • Riken Electric Wire
- Okano Electric Wire • Furukawa Techno Material
- Furukawa Automotive Systems
- Furukawa Electric Industrial Cable
- KANZACC • Furukawa Electric Ecotec
- Furukawa Logistics • Shodensha
- Furukawa Nikko Power Generation
- Furukawa Magnet Wire • Yokohama Drum Manufacturing



River cleanup activities by the "Yamato-shi Environment Improvement Society" (Okano Electric Wire)



Cleaning activities as Shinmoji Seaside Park (Furukawa Logistics, Yokohama Drum Manufacturing)

### ● Conducted beautification activities outside premises

- Furukawa Electric (Chiba Works, Nikko Works, Copper Foil Division, Hiratsuka Works, Mie Works, Copper Tube Division)
- Okano Electric Wire
- Furukawa Automotive Systems
- Furukawa Electric Industrial Cable
- Furukawa Electric Ecotec
- Furukawa Logistics • Furukawa C&B
- NTEC • Furukawa Magnet Wire



Off-site cleanup activities (Furukawa Electric Ecotec)

## Living side by side with local communities

- Supporting and working with NPOs and special-needs schools

- Furukawa Electric (Nikko Works, Copper Foil Division)
- Furukawa Nikko Power Generation



Athletic festival of Imaichi special-needs school (Copper Foil Division, Furukawa Electric)

- Participated in regional exhibition

- Furukawa Electric (Chiba Works)

## Other activities

- Donated and raised funds for charities

- Furukawa Electric (Yokohama Works)
- The Furukawa Battery • KANZACC
- Miharu Communications • Furukawa Nikko Power Generation



Installing vending machines to collect for the Red Feather Community Chest Movement (Yokohama Works, Furukawa Electric)

- Donated blood

- Furukawa Electric (Copper Foil Division, Yokohama Works, Hiratsuka Works)
- The Furukawa Battery • Furukawa Precision Engineering

- Conducted factory tours for employees' families

- Furukawa Electric (Chiba Works, Hiratsuka Works)

- Supported the restoration of the Tohoku region

- Furukawa Electric (Chiba Works, Hiratsuka Works)
- Furukawa Sangyo Kaisha



At a Fukushima regional produce sales event jointly hosted with VISCAS Corporation (Chiba Works, Hiratsuka Works, Furukawa Electric)



Volunteer activities at the "Millennium Hope Hills" in the Ainokama Area of Miyagi Prefecture (Furukawa Sangyo Kaisha)

## Challenges and Future Policy

Alongside our Group's basic social contribution policy, Furukawa Electric has given much consideration to programs that take advantage of our uniqueness, on themes that are of deep concern to our employees.

As well as various ingenious community-based activities by our Group companies and Furukawa Electric's various works, research laboratories, and branches, in fiscal 2014 we implemented private sector training for public school teachers. What's more, in fiscal 2015, Furukawa Electric implemented an educational program in which we used our unique technology as an educational resource to give science classes at schools.

## Environmental Management

### Furukawa Electric Group Basic Environmental Policy

#### Basic Philosophy

We, the employees of the Furukawa Electric Group, recognize that conservation of the global environment is a serious issue confronting the international community, and we pledge to contribute to a sustainable future for the world through technological innovation that utilizes our strength in advanced materials.

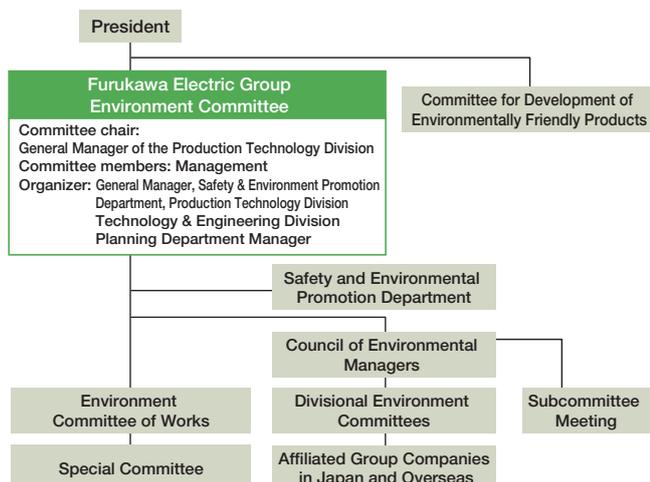
#### Action Guidelines

1. We shall comply with environmental laws and regulations as well as the demands of our customers and others, setting ever higher environmental targets as we continuously improve our global environmental conservation efforts.
2. We shall strive to develop products that are friendly to the Earth, and create new environmental businesses.
3. We shall strive to reduce environmental risk by incorporating anti-climate change and resource conservation/recycling considerations, as well as a reduction in the use of environmental impact-causing substances, across the entire product lifecycle.
4. We shall evaluate the ecological impact of all of our businesses, and strive for the conservation of biodiversity and sustainable use of resources.
5. We will seek harmony with the natural environment and local communities through dialogue with our stakeholders.

### Environmental Management Organization

In April 2013, we underwent organizational restructuring, transitioning to a strategic business unit system. We also renamed our highest-level advisory body related to environmental management the Furukawa Electric Group Environment Committee and promoted environmental management under a new structure. The “Council of Environmental Managers” was set up under the Committee in order to promote the smooth development of environmental management decision-making, and a variety of special committees were consolidated and merged.

#### Promotion Framework



### Environmental Education

#### Environmental Education System and Environmental Education Programs

Furukawa Electric Group is engaged in a variety of environmental education activities in order to raise environmental awareness among its employees and help them to gain information necessary to conduct the environmental activities of the Group.

In fiscal 2015, a total of 54 employees undertook ISO14001 internal environmental auditor training, 18 employees took FGMS <sup>(note 1)</sup> auditor training, and 35 managers and environmental supervisors from Furukawa Electric Group took supplementary training in relation to ISO14001: 2015. Environmental training is also implemented on an ongoing basis as part of training for staff, such as newly-appointed section managers and middle-ranking Monozukuri staff.

(note 1) Furukawa branding Green products Management System

#### Environmental activity award system

From fiscal 2010, Furukawa Electric presented environmental activities awards in the following three fields with the aims of improving environmental awareness and raising the level of environmental activities: “sales promotion activities for environmentally friendly products”; “global warming prevention activities”;

and “Group activities”. However, the award system was combined into a single category in fiscal 2014 under the “environmental contribution awards”. Furthermore, in order to promote the horizontal development of environmental initiatives, a presentation meeting is held once a year to showcase outstanding examples of environmental activities.

### Environmental Accounting

Furukawa Electric Group has introduced environmental accounting and works hard to promote efficient and effective environmental activities through the quantitative identification of environmental conservation costs and effects.

Collation is implemented in reference to the Ministry of the Environment’s “Environmental Accounting Guidelines

2005” and covers Furukawa Electric Co., Ltd. and 24 domestic group companies.

The costs of environmental conservation activities in fiscal 2015 were 3.1 billion yen in expenses and 1.0 billion yen in investments. This represents a 0.3 billion yen fall in expenses and a 0.3 billion yen increase in investments against the previous fiscal year. Energy costs fell by 1.5 billion yen as a result of consolidating our manufacturing bases through reforms of the business structure.

Please see P.59 for details of the companies included in the scope of data collation. Please see below for the collated results of environmental accounting.

CSR

 <http://www.furukawa.co.jp/en/csr/>

### Environmental education programs

Category of educational training	Content	New recruits	General employees	Mid-career employees	Newly appointed section managers	Management
Education for new recruits (once a year, mandatory)	General environmental conservation activities	Training for new recruits				
EMS activities (as needed, mandatory)	Environmental Policy and purpose, goals and general knowledge pertaining to the environment					
ISO14001-related education (two-day course)(twice a year, voluntary)	Requirements of ISO standards, environment regulations, procedures for internal environment audits, various drills					
One-day brushup course (once a year, voluntary)	Trends in environmental regulations, various drills to brush up auditing skills					
Environmental subjects (as needed, voluntary)	Environmentally considerate design					
	Environmental regulations					
	Control of chemical substances contained in products					
Consolidated environmental management seminars	Seminars by experts on priority issues					

### Message from the General Managers



**Hisashi Iwama**

General Manager, Safety & Environment Promotion Department, Production Technology Division

In respect to environmental activities, we have promoted environmental conservation activities in cooperation with our colleagues around the world in accordance with the group management policy. Regarding environmental activities in fiscal 2015, we discussed our medium to long-term targets in anticipation of COP21 and promoted the following three priority policies: I. Resource conservation (energy conservation); II. Social contribution; and III. Prevention of pollution. It is the social responsibility of manufacturers to ensure that customers can use their products and services in safety and with peace of mind. What’s more, we want our products and services to help society as a whole become “bright and fun”, and our business activities to contribute to the conservation of the global environment. Accordingly, the first thing we need to do is efficiently use limited resources and energy during manufacturing in order to achieve reductions in greenhouse gases (GHG). At Nikko Works, we have increased the production of products carried out using hydroelectric power. Secondly, in our production development and production activities, we need to prevent pollution, including the appropriate management of chemical substances etc., and to give consideration to biodiversity. At Yokohama Works, we have launched initiatives to cultivate endangered species of flowers that once flourished. We will continue to promote environmental management activities that allow us to contribute to the realization of a truly rich society, while leaving behind a beautiful natural environment for future generations.

## Material Flow

### Environmental Impact of the Furukawa Electric Group in Fiscal 2015

We tallied data for Furukawa Electric, 33 Group companies in Japan, and 54 Group companies overseas—a total of 88 companies.

Please refer to page 59 for a list of all applicable companies.

## INPUT

Category	Domestic	Overseas	Unit
<b>Raw materials</b>			
Copper	165,182	168,166	t
Aluminum	7,059	26,455	t
Iron	2,259	7,618	t
Nickel	534	—	t
Chromium	22	—	t
Manganese	8	—	t
Magnesium	0	—	t
Other metals	3,658	34	t
Rubber	0	—	t
Glass	0	3,038	t
Plastic	31,182	40,119	t
<b>Energy</b>			
	<b>7,393</b>	<b>8,155</b>	TJ
Electricity (purchased electricity)	496,255	682,749	MWh
Electricity (hydroelectric electricity)	86,640	—	MWh
Electricity (solar electricity)	8	—	MWh
City gas	5,515	8,361	1000 m <sup>3</sup>
LPG	16,996	2,251	t
Heavy fuel oil A	8,313	7	kl
Kerosene	1,729	233	kl
Light oil	223	47	kl
<b>Water</b>			
	<b>19,887</b>	<b>2,649</b>	1000 m <sup>3</sup>
Industrial water	16,272	42	1000 m <sup>3</sup>
Groundwater	2,881	309	1000 m <sup>3</sup>
Tap water	734	2,297	1000 m <sup>3</sup>
<b>Chemical substances</b>			
Volume handled (note 1)	50,373	—	t
<b>Packaging (note 2)</b>			
Cardboard	698	1,463	t
Wood	1,161	1,923	t
Plastic	85	570	t
Paper	49	—	t
<b>Paper</b>			
	47	—	t

Furukawa Electric  
7 works,  
33 Group companies  
in Japan  
and  
54 Group companies  
overseas



## OUTPUT

Category	Domestic	Overseas	Unit
<b>Waste (note 3)</b>			
Total waste generated (note 4)	33,571	18,341	t
Final waste disposal	241	10,289	t
Recycling amount	32,180	8,087	t
<b>Atmospheric emissions</b>			
CO <sub>2</sub>	350,740	456,388	t-CO <sub>2</sub>
SOx	46	—	t
NOx	222	—	t
Soot	10	—	t
<b>Chemical substances</b>			
Volume emitted	168	—	t
Volume transferred	146	—	t
<b>Wastewater</b>			
	<b>16,920</b>	<b>1,654</b>	1000 m <sup>3</sup>
Public waterways	16,451	475	1000 m <sup>3</sup>
Rivers	15,248	243	1000 m <sup>3</sup>
Sea	1,185	0	1000 m <sup>3</sup>
Other	18	232	1000 m <sup>3</sup>
Sewer	469	1,179	1000 m <sup>3</sup>
<b>BOD</b>			
	40	—	t
<b>COD</b>			
	34	—	t
<b>SS</b>			
	22	—	t
<b>Product shipping volume</b>			
	<b>306,005</b>	—	t
<b>Product collection volume</b>			
	<b>10,159</b>	—	t
Type of cable	579	—	t
Plastics	0	—	t
Metals	325	—	t
Other	595	—	t
<b>Volume of water recycled and reused</b>			
	<b>1,121</b>	<b>99,886</b>	1000 m <sup>3</sup>

(note 1) PRTR-listed substances

(note 2) Cardboard, wood, plastic, and paper used in product shipping

(note 3) Including valuable resources (Japan)

(note 4) Emissions off-site

## Targets and Performance of Environmental Conservation Activities

 Achieved
  Partially achieved
  Not achieved

Activity		Furukawa Electric Group (Japan)			
		Fiscal 2015 activity goal	Fiscal 2015 results	Evaluation	Fiscal 2016 environmental conservation activity goals
Waste reduction activities	Reduction of absolute amount of waste	3% reduction from fiscal 2012	0.8% reduction		1% decrease from fiscal 2015 (Specific consumption)
	Decrease zero emissions rate	0.3% or less	0.07% (achieved)		Zero emissions rate of 0.3% or less
Efficient utilization of water	Reduction of water consumption	2% decrease from fiscal 2013 in specific consumption	3.6% increase		1% decrease from fiscal 2015 (Specific consumption)
Activities for the prevention of global warming	Greenhouse gas emissions	3% reduction from fiscal 2012	16.1% reduction		3% reduction from fiscal 2013
	Energy consumption	3% reduction from fiscal 2012	16.5% reduction		–
	Energy consumption rate during production (sales)	6% decrease from fiscal 2012	18.5% reduction		6% decrease from fiscal 2013 (Specific consumption)
	Energy consumption rate during transport	3% reduction from fiscal 2012	17% increase		1% reduction from fiscal 2015 (Specific consumption)
	Energy consumption rate in offices	3% reduction from fiscal 2012	4.3% reduction		1% decrease from fiscal 2015 (Specific consumption)
Conservation of biodiversity		Participation in regional biodiversity conservation	Implemented		Protecting biodiversity and using sustainable resources to contribute to society
Environmentally friendly design activities		Sales ratio of environmentally friendly products 30% or higher	30.6%		Sales ratio of environmentally friendly products 35% or higher
		Contribution to reducing environmental burden CO <sub>2</sub> reduction of 50,000 tons or higher	74,000 tons		Contribution to reducing environmental burden CO <sub>2</sub> reduction of 60,000 tons or higher
Activities for the management of chemical substances	VOC emissions	3% reduction from fiscal 2012	9.9% reduction		Reducing environmental risk at all stages of a product's lifecycle
	Products containing chemical substances	Suitable management	No abnormalities		
No. of environmental accidents/abnormal incidents		0 accidents, 3 or less abnormal incidents	accidents 3 abnormal 4		0 accidents, 3 or less abnormal incidents

30 of our overseas Group companies have already obtained ISO14001 certification. These companies have set goals according to their unique circumstances for five shared environmental conservation activities for fiscal 2014 (reduced waste, reduced water consumption, reduced greenhouse gas emissions, reduced energy consumption rates, and management of chemical substances), and are working toward achieving these goals.

### Activities Targets and Performance in Fiscal 2015

Furukawa Electric Group sets out environmental conservation activities targets for each fiscal year in accordance with the three-yearly mid-term environmental targets. As the last year of the three-year plan measure against fiscal 2012, in fiscal 2015 we have worked as an entire group with the goal of achieving these targets.

We achieved our group target in greenhouse gas emissions as part of our activities aimed at helping to prevent global warming. This included the concentration of our manufacturing bases for a number of products, as part of our business structure reforms. In respect to energy consumption, both Furukawa Electric Co., Ltd. and its group companies achieved their targets.

### Activity Targets in Fiscal 2016

Fiscal 2016 is the first year of the three-year plan to

fiscal 2018, and we will implement thorough measures across the group with a view to achieving our targets.

For overseas group companies, we have set a numerical target of a 1% reduction against fiscal 2015 (base units) in respect to the three common targets (water usage, greenhouse gas emissions and energy consumption) set as standard objectives across the group, both in Japan and overseas.

### Medium and long term targets

Furukawa Electric Group has identified three “materialities” (greenhouse gas measures, effective use of resources, and conservation of biodiversity), and set medium to long-term targets by 2020. Regarding the medium-term target for greenhouse gases, we aim to reduce CO<sub>2</sub> emissions by at least 26% by 2030 against 2013 levels, based on the Japanese draft pledge. The long-term target is for reductions of at least 50% in CO<sub>2</sub> emissions by 2050, in reference to IPCC AR5.

## Environmentally Friendly Products

### Environmentally Friendly Products and the e-Friendly Accreditation System

Furukawa Electric Group certifies and registers as environmentally friendly products those products with improved performance compared to existing products in the categories of materials and parts purchasing and manufacture, use, distribution and disposal.



We have created the “e-Friendly” environmental mark to identify such environmentally friendly products. This mark is placed on those products.

### Categories of Environmentally Friendly Products

The Group's environmentally friendly products belong to one of four categories described below.

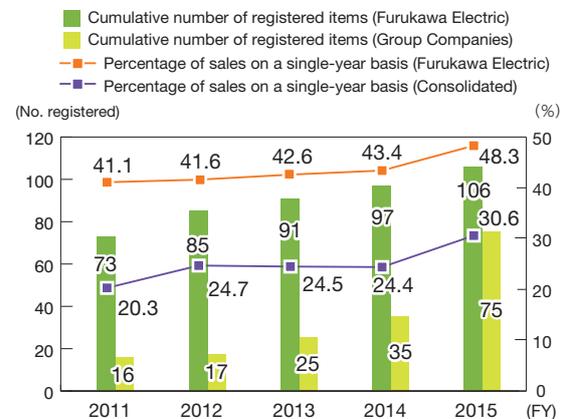
#### Environmentally friendly product categories

Category	Content
Prevention of global warming	Products with functions that help in the reduction of emissions as well as the absorption and stabilizing of greenhouse gases.
Zero emission	Products made from recycled materials, products designed with easy-to-recycle components, products made from materials or with design facilitating volume reduction for lowering waste volume, products designed to share common components with other products or products designed as common components.
Elimination of materials that have an impact on the environment	Products that do not lead to an increase in the use of ozone-depletive substances during the manufacturing process, do not contain harmful substances above regulatory limits and do not generate harmful substances above these limits during use or disposal.
Resource savings	Products that result in overall energy savings by such means as reducing the use of raw materials and components as well as scarce resources, featuring enhanced longevity, allowing easier product and component maintenance, and reducing the use for resources in packaging.

### Expanding Environmentally Friendly Products

We are working to increase our overall percentage of environmentally friendly products. We set targets based on percentage of sales, and confirm our progress and success on this basis.

### Environmentally friendly products as a percentage of sales



### Environmental Performance Indicator “Visualization”

As part of its efforts to create (visualize) indices for environmental performance, Furukawa Electric Group has promoted “visualization” of CO<sub>2</sub> emissions by using life cycle assessments (LCA).

We set a target of promoting LCA calculations at group companies from fiscal 2013 based on the CO<sub>2</sub> emissions base units for each product that were established by fiscal 2012. By fiscal 2015, we had carried out LCA calculations for leading products at 21 companies. The results of the calculations will be used to promote the GHG Protocol <sup>(note 1)</sup>, as well as in technical materials and sales promotion pamphlets, and in research and development for the environmentally-friendly products of the future.

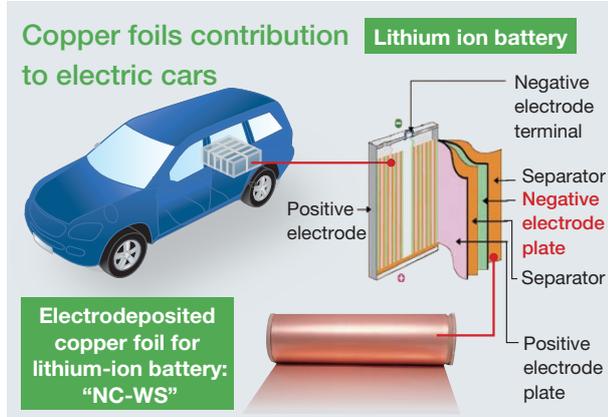
(note) GHG Protocol: An international guidelines for the method of calculating corporate greenhouse gas emissions

### Initiatives to Reduce CO<sub>2</sub> Emissions from Products during Use

Based on its track record in environmental performance indexing, we are working to visualize the reduction of CO<sub>2</sub> which is emitted when our products are at the stage of being used. According to the estimate for fiscal 2015, total emission volume in the domestic market of our mainstay products, copper foil, rectangular magnet wire and semiconductor laser, amounted to 74,000 tons - CO<sub>2</sub>/year. Going forward, we will try to expand sales of each product category and increase the number of contributing products, so that we can develop our activities to tackle environmental issues through our products.

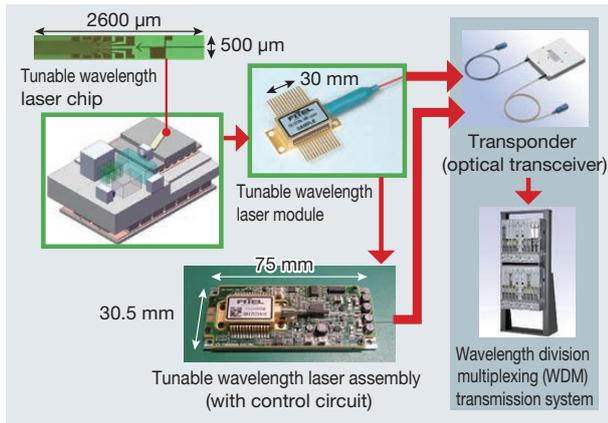
### Reduction of CO<sub>2</sub> emissions through copper foil for electric car batteries

Copper foil for electrode material of lithium-ion batteries



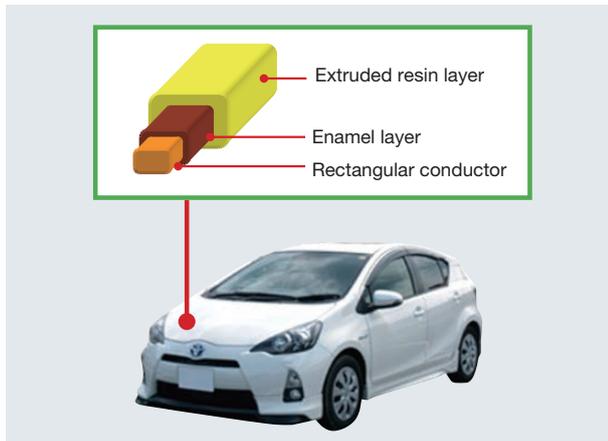
### CO<sub>2</sub> reduction of semiconductor lasers

Narrow-bandwidth-FBT (tunable wavelength laser)



### CO<sub>2</sub> reduction of enameled extruded rectangular wire

Rectangular wire for HV motors



## Preventing Global Warming

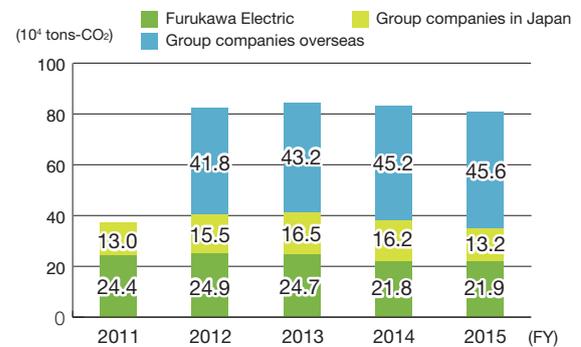
### Reducing CO<sub>2</sub> Emissions

#### Measures at our factories

The main greenhouse gas emitted by Furukawa Electric Group is CO<sub>2</sub> that arises from the consumption of energy sources, such as electricity and fuel. In order to achieve emissions reductions particularly in our manufacturing processes, which account for a large percentage of our emissions, we have implemented energy-saving measures such as streamlining of the manufacturing process, switching fuels, upgrading to highly efficient equipment, and insulating high temperature parts of equipment.

CO<sub>2</sub> emissions for the domestic group in fiscal 2015 were 351,000 MT/year, which was a 20.1% reduction against fiscal 2000. CO<sub>2</sub> emissions for the overseas group were 456,000 MT/year. We will continue to work hard as a group to promote activities that reduce emissions.

#### CO<sub>2</sub> emissions



(note) For the overseas CO<sub>2</sub> emission coefficient, the coefficient for each country under the GHG Protocol is used for purchased electricity, while the Japanese emission coefficient is used otherwise.

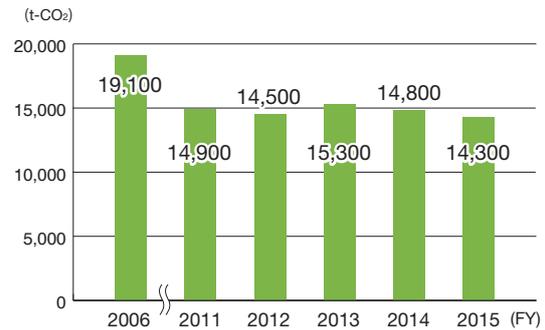
#### CO<sub>2</sub> emissions (Scope 1, Scope 2) (Domestic)



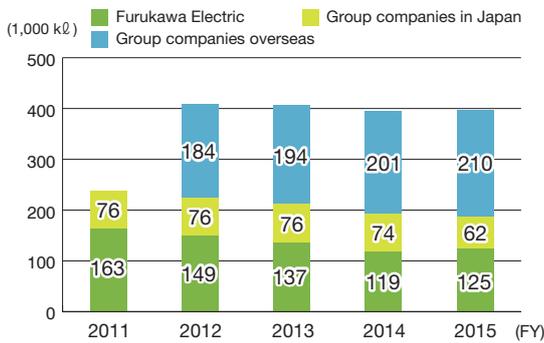
CO<sub>2</sub> emissions (Scope 1, Scope 2) (Overseas)



CO<sub>2</sub> emissions related to transportation (Furukawa Electric)



Energy consumption



Measures to disclose environmental information

Furukawa Electric Group responds to requests from external organizations to provide environmental information. Since fiscal 2008, we have answered enquiries from CDP (note 1), which is the largest organization of its kind in the world. Since fiscal 2013, we have handled supply chain program requests from customers in the communications and automotive fields. Since fiscal 2014, we have calculated emissions scopes 1, 2 and 3 (note 2), increased the volume of information we collect, and strengthened our environmental information management system with the aim of disclosing environmental information at a global level.

Initiatives in Logistics

The entire Furukawa Electric Group transported 213,000,000 ton-kilometers during fiscal 2015—a decrease of 5.9% from fiscal 2014. Of this, Furukawa Electric itself transported 119,000,000 ton-kilometers, which was a decrease of 8.4% from fiscal 2014. As a result, we were able to keep CO<sub>2</sub> emissions down to 14,300 tons—3.8% down from fiscal 2014. Unfortunately, our output rate rose 8.0% since fiscal 2012, our base year for this goal. We will continue with initiatives to promote modal shift, increase loading rates and encourage joint shipping.

Greenhouse emission burden for CDP disclosure (1,000 t-CO<sub>2</sub>e/year)

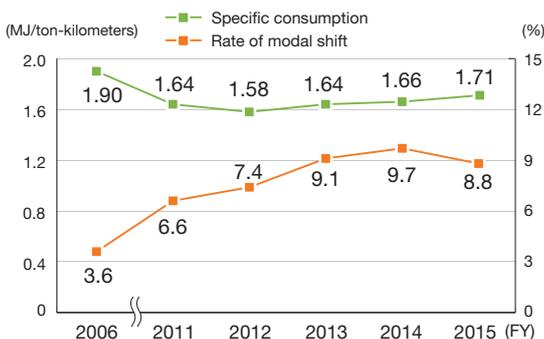
	FY2015
Scope 1 (direct emissions)	150
Scope 2 (indirect emissions)	657
Scope 3 (other)	1,949

(note 1) CDP: CDP is an organization formed from institutional investors for the purpose of managing a project requiring companies to disclose their strategies for climate change and the specific amount of greenhouse gases they generate.

(note 2) Scopes 1, 2, and 3

- Scope 1: Direct emissions from offices caused by the use of fossil fuels, etc.
- Scope 2: Indirect emissions from outside offices caused by the use of electricity, steam and heat
- Scope 3: As other emissions, Indirect emissions from purchased product services, business trips, commuting, and upstream shipping, etc.

Modal shift (note 1) and specific consumption (note 2) (Furukawa Electric)



(note 1) Modal shift rate: percentage of total transportation using railways or shipping  
 (note 2) Base unit: Energy consumption per transportation unit (MJ/t-km)

Reducing Waste

Waste Reduction Initiatives

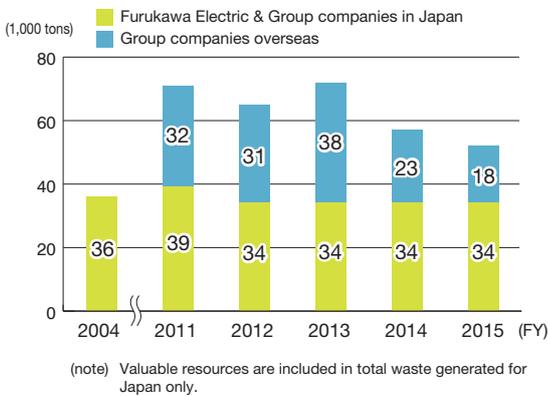
In 1993 Furukawa Electric Group began its efforts to increase waste recycling, and since fiscal 2001 has

continued its zero emissions activities with the goal of reducing total emissions of industrial waste disposed in landfills to less than 0.3% (the base value was cut in fiscal 2014 from 1% to 0.3%).

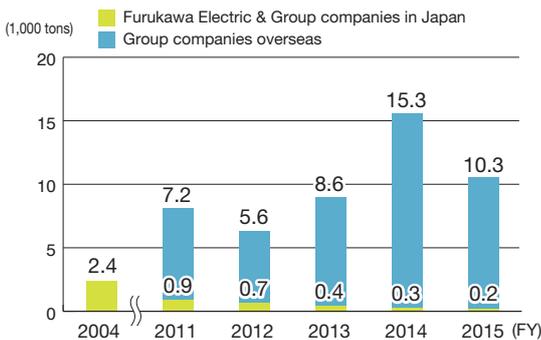
Due to our efforts to thoroughly separate garbage and promote recycling, the entire Japanese Group reduced its amount of non-recycled waste to 1,170 tons in fiscal 2015, an 88% reduction from fiscal 2004. The entire Japanese Group also reduced the amount of waste disposed in landfills to 20 tons, a 99% reduction from fiscal 2004 (this excludes waste disposal companies within the Group).

In fiscal 2014, we launched activities aimed at reducing our total waste output, including valuable resources. However, the impact of restructuring meant that we only achieved a reduction of 0.8% against a targeted reduction of 3% against fiscal 2012 for the Japanese group (there was an increase in waste of 0.6% at group companies and a reduction of 1.5% at Furukawa Electric Co., Ltd.). Unfortunately, this meant that we failed to meet our target (with the exception of waste disposal companies within the group).

### Total amount of waste matter generated



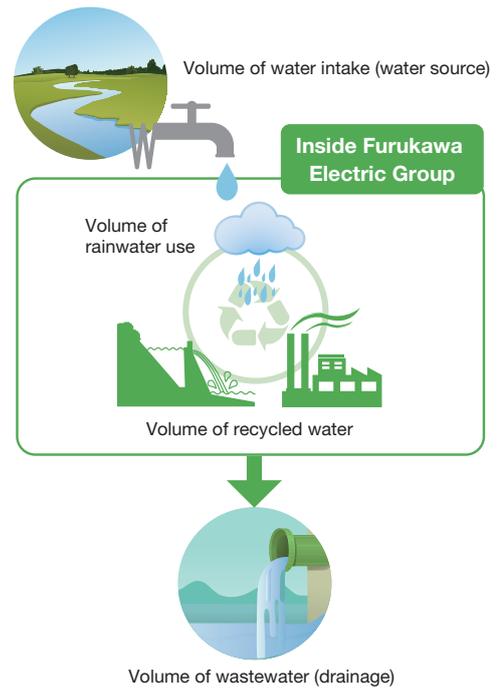
### Direct landfill disposal



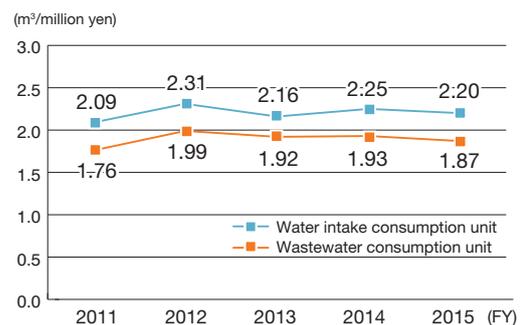
## Water Resources

### Effective Utilization of Water

Since fiscal 2013, Furukawa Electric Group has promoted effective water use as one of its activities targets, and identified water intake and wastewater at each base. It has also set targeted reductions in base units versus fiscal 2015 sales. Water intake at Furukawa Electric Group in fiscal 2015 was 2,200 m<sup>3</sup>/100 million yen, which was a 1.7% increase against fiscal 2013. Wastewater was 1,700 m<sup>3</sup>/100 million yen, which was a 2.9% decrease against fiscal 2013. Furukawa Electric will continue working hard to save and recycle water, and to manage water quality and wastewater volumes. Furthermore, at Nikko Works, we have launched an initiative to identify actual usage of water resources from each individual facility.



### Consumption unit of water intake and wastewater



## Chemical Substance Management

### Green Activities

#### Response to Customer Requests

When Furukawa Electric Group receives a request from a customer for information concerning chemical substances in our products, it conducts a thorough environmental examination. We also monitor trends in laws and regulations covering the chemical substances contained in products and compile and update data as it becomes available, allowing us to respond promptly to customer requests. Furthermore, by collecting information from industrial organizations and conducting seminars, as well as participating in research groups, we can monitor environmental regulations and standards and social issues/items of concern. This enables us to incorporate customer needs in our environmental conservation targets.

#### Response to overseas regulations and management of chemical substances contained in products

Furukawa Electric Group establishes a management system for chemical substances contained in products for major operational bases and affiliated companies, strengthens the environmental product regulations and grasps the environmental risk that should be lowered, and implements measures depending on their importance. Each time a new SVHC (Substance of Very High Concern) (note 1) is added to the candidate list of an environmental product regulation named the EU REACH regulation, we investigate the status of its usage. In fiscal 2015, we conducted an environmental inspection on 168 substances, covering up to the 14th SVHC list of the REACH regulations.

(note 1) Substance of Very High Concern: Use or marketing of SVHCs requires approval, and manufacturers are liable to submit notification if an SVHC exceeds 0.1% weight content.

#### Expansion of Green Procurement (General-Purpose Products) to Group Companies

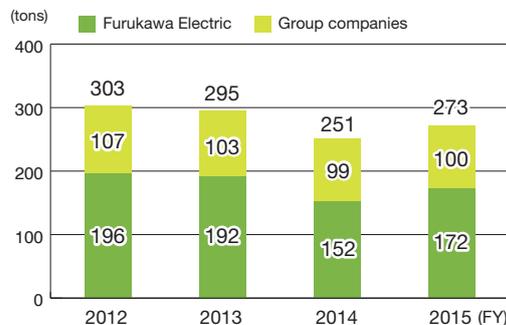
Furukawa Electric encourage the purchasing of OA equipment, office supplies and other items that conform to the Green Purchasing Law. In an effort to spread these activities within the Group, 17 affiliated companies designated conforming items in fiscal 2015 and purchased them. Also, items that will be used in our products are purchased adequately based on the Green Procurement Guidelines of our operational division, by evaluating the suppliers' system on the management of

chemical substances contained in products and its management status as well as by confirming the data of chemical substances contained in products.

### Chemical Substance Management Activities

Furukawa Electric Group undertakes voluntary initiatives to reduce emissions of harmful chemical substances. In particular, we make every effort to actively reduce emissions of volatile organic compounds (VOC), one cause of photochemical smog. In fiscal 2015 we achieved a reduction of 9.9%—far surpassing our goal of a 3% reduction from fiscal 2012.

#### Emissions of volatile organic compounds (Group Companies in Japan)



(note) Volatile organic compounds are the 118 substances specified by The Japanese Electric Wire & Cable Makers' Association (January 2012 edition).

#### Appropriate Management of Chemical Substances

At Furukawa Electric Group, we confirm the properties and applicable laws and regulations regarding all chemical substances we use during the manufacturing process on their Safety Data Sheets (SDSs) and administrate them. We also monitor the usage volume of chemical substances listed in the PRTR Law (note 2).

(note 2) Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

## Environmental Risk Management

### Preventing Soil and Groundwater Pollution

Furukawa Electric Group conducts regular inspections of facilities and equipment that handle specific toxic substances to prevent the pollution of soil and groundwater. We reduce the risk of pollution through measures to prevent leaks of specific toxic substances and underground seepage, as well as through ongoing

efforts to switch to substitute substances.

## PCB Management

Furukawa Electric Group identifies the volume of high-concentration PCB-containing equipment at Furukawa Electric Co., Ltd.'s works and at the bases of our group companies, and carries out appropriate storage and management. We have been gradually disposing of this equipment in accordance with a plan set out by the Japan Environmental Storage & Safety Corporation, and such equipment now remains in just a few areas. We have carried out analysis and surveys of equipment that has the potential to contain low concentration PCB, and we have started disposing of some of this equipment. We will continue to dispose of such equipment in a systematic way.

## Compliance with Environmental Laws and Other Regulations

Furukawa Electric Group regularly confirms environmental laws and other regulations to determine items requiring compliance. We ensure compliance in a number of ways, such as by conducting on-site patrols to check the state of compliance. We follow official journals and other sources of information to stay updated on revisions to environmental legislation and ensure that our response is thorough.

We maintain voluntary control limits and manage operations appropriately to ensure compliance with the Air Pollution Control Law and the Water Pollution Control Law.

In fiscal 2015, we carried out site inspections at ten bases of Furukawa Electric Co., Ltd. and Japanese group companies in accordance with the Poisonous and Deleterious Substances Control Act. We will continue to carry out appropriate management of harmful chemical substances, including poisonous substances.

We also conduct annual checks for conceivable, clear environmental impact to prevent environmental accidents or prevent widespread impact in the event of an accident. According to our survey on the status of our regulatory compliance, we were not in material violation of any regulations.

Please see the URL below for our response to the asbestos problem, and a list of PRTR compatible materials.

CSR

<http://www.furukawa.co.jp/en/csr/risk/>

## Biodiversity Conservation

### Biodiversity Conservation Initiatives

In fiscal 2011, Furukawa Electric Group included biodiversity conservation measures in our Basic Environment Policy. In fiscal 2014, we formulated comprehensive guidelines in relation to initiatives aimed at protecting biodiversity.

In fiscal 2015, as part of its efforts to contribute to regional society, Furukawa Research Inc. launched activities to cultivate within the grounds of Furukawa Electric Co. Ltd.'s Yokohama Works the flower *Pulsatilla cernua*, which has been designated as an Endangered Species II <sup>(note 1)</sup>.

(note 1) Endangered Species II is a category of species for which the danger of extinction is becoming more serious.



Evocation of *Pulsatilla cernua* development activities poster



### Furukawa Electric Group Biodiversity Conservation Guidelines

1. Evaluate the effects that our business activities have on the ecosystem, and minimize the harmful effects while maximizing the beneficial ones
2. To sustainably use resources and conserve biodiversity, consider more than ever the need to carry out measures against climate change, conserve resources, recycle and reduce environmentally hazardous substances
3. Carry out activities in collaboration with local communities to conserve biodiversity

## ● Third-Party Opinion



### Hiroji Tanaka

**Director and Chief Researcher at the Business Ethics Research Center  
Professor Emeritus at the Tokyo College of Transport Studies**

Following a career at the Bank of Japan and other organization, held professorships at Rikkyo University Graduate School from 2002 to 2006, President and professor of Tokyo College of Transport Studies from 2006 to 2013.

A former member of the Ministry of Economy, Trade and Industry's Japanese National Committee for ISO on Social Responsibility and other committees.

Has authored numerous books such as "Compliance Management".

Furukawa Electric Group has published in this report a simple summary of the activities it is involved in around the world as part of its efforts to contribute to its shareholders and overcome the challenges needed to achieve sustainability under the slogan - "Delivering Sustained Profitable Growth".

#### Outstanding features of the report

First, in the Top Message, the three policies of the 2020 Mid-term Management Plan set out for people both at and outside the company a path to "Delivering Sustained Profitable Growth" based on the corporate philosophy of "Contributing to the Realization of a Sustainable Society".

Second, Furukawa Electric Group uses diagrams and photographs of specific workplaces and people, etc. in the report to provide more detailed explanations of the environmental, social and governance (ESG) issues that are an essential part of creating sustainable growth. In this way, Furukawa Electric meets its responsibilities to diverse stakeholders.

Third, the management report, which provides a platform for a company, gives thorough explanations of Furukawa Electric's basic philosophy, systems and specific activities in respect to corporate governance, CSR management, relationships with stakeholders, risk management and compliance. This is likely to result in more autonomous and appropriate behavior and attitudes among the employees and an increase in the trust placed in the company by society.

Fourth, the two special features, the Financial and Non-financial Highlights, the Business Report, Initiatives for Society and the Initiatives for

Environment provide a clear and simple summary of how Furukawa Electric Group is contributing to global society through the technological capabilities it has accumulated and through the pursuit of environmental initiatives. The result is a multifaceted and outstanding sustainability report.

#### Future challenges

Furukawa Electric Group has contributed to society at a global level. One suggestion would be to arrange its CSR activities into seven core subjects of social responsibility based on international standard ISO26000. I believe that the motivation of employees towards CSR activities could be improved even further by presenting awards such as a CSR Grand Prize or CSR Outstanding Prize based on the results of these efforts.

What's more, the concept of Furukawa Electric Group's 2020 Mid-term Management Plan is "Taking the Group to New Heights". As Furukawa Electric Group works on implementing these three policies, it is my sincere hope that it makes the most of its strengths, meets its responsibilities to diverse stakeholders, and that all of its employees make a large contribution to the creation of a sustainable society in accordance with the sentiments of the Top Message.

## List of all applicable companies

Page. 43 Occupational Health and Safety Scope of the frequency rate of accidents resulting in time off work

### 37 Group companies in Japan

1 NTEC Ltd.	14 Furukawa Elecom Co., Ltd.	26 Furukawa Nikko Power Generation Inc.
2 FCM Co., Ltd.	15 Furukawa Sangyo Kaisha, Ltd.	27 Furukawa New Leaf Co., Ltd.
3 Okano Electric Wire Co., Ltd.	16 Furukawa Communication and Broadcasting Co., Ltd.	28 Furukawa Network Solution Corp.
4 Okumura Metals Co., Ltd.	17 Furukawa Industrial Plastics Co., Ltd.	29 The Furukawa Finance and Business Support Co., Ltd.
5 KANZCC Co., Ltd.	18 Furukawa Precision Engineering Co., Ltd.	30 Furukawa Logistics Corp.
6 Shodensha Co., Ltd.	19 Furukawa Techno Material Co., Ltd.	31 Furukawa Magnet Wire Co., Ltd.
7 Seiwa Giken Inc.	20 Furukawa Research Inc.	32 Furukawa UACJ Memory Disk Co., Ltd.
8 TOTOKU Electric Co., Ltd.	21 Furukawa Electric Advanced Engineering Co., Ltd.	33 Furukawa Life Service Inc.
9 VISCAS Corp.	22 Furukawa Electric Ecotec Co., Ltd.	34 Miharū Communications Inc.
10 Foam Kasei Co., Ltd.	23 Furukawa Electric Industrial Cable Co., Ltd.	35 Myojodenki Co., Ltd.
11 FITEC Corp.	24 Furukawa Electric Power Systems Co., Ltd.	36 Yokohama Drum Manufacturing Co., Ltd.
12 Furukawa Automotive Systems Inc.	25 The Furukawa Battery Co., Ltd.	37 Riken Electric Wire Co., Ltd.

Page. 48 Environmental Management Scope of the environmental management

### 33 Group companies in Japan

1 NTEC Ltd.	12 Furukawa Communication and Broadcasting Co., Ltd.	23 Furukawa Life Service Inc.
2 FCM Co., Ltd.	13 Furukawa Industrial Plastics Co., Ltd.	24 Miharū Communications Inc.
3 Okano Electric Wire Co., Ltd.	14 Furukawa Precision Engineering Co., Ltd.	25 Riken Electric Wire Co., Ltd.
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11 Furukawa Sangyo Kaisha, Ltd.	22 Furukawa Magnet Wire Co., Ltd.	33. Myojodenki Co., Ltd.

### 54 Group companies overseas

1 SHENYANG FURUKAWA CABLE CO., LTD.	30 Permintex Furukawa Autoparts Malaysia Sdn. Bhd.
2 Suzhou Furukawa Power Optic Cable Co., Ltd.	31 Furukawa Automotive Systems Lima Philippines, Inc.
3 P. T. Tembaga Mulia Semanan	32 Furukawa Mexico S. A. De C.V.
4 Trocellen GmbH	33 American Furukawa, Inc.
5 POLIFOAM Plastic Processing Co., Ltd.	34 Furukawa Automotive Systems (Thailand) Co., Ltd.
6 Trocellen Italia Holding S. r. l.	35 Furukawa Electric (Shenzhen) Co., Ltd.
7 Trocellen Italy S. p. A.	36 Furukawa Wiring Systems Mexico S. A. De C. V.
8 Trocellen S. E. A. Sdn Bhd	37 Furukawa Electric Autoparts (Philippines) Inc.
9 Furukawa Industrial S. A. Produtos Eletricos	38 Furukawa Auto Parts (Huizhou) Ltd.
10 Furukawa Industrial S. A. Sucursal Argentina	39 Tianjin Jinhe Electric Engineering Co., Ltd.
11 Furukawa Cabos e Acessorios Ltda.	40 Changchun Furukawa Automobil Harness Co., Ltd.
12 OFS FITEC, LLC	41 Furukawa Electric Autoparts Central Europe, s. r. o.
13 OFS Fitec Denmark Aps	42 P. T. Furukawa Automotive Systems Indonesia
14 OFS Fitec Deutschland GmbH	43 Furukawa Precision (Thailand) Co., Ltd.
15 Thai Fiber Optics Co., Ltd.	44 Xin Furukawa Metal (Wuxi) Co., Ltd.
16 Bangkok Telecom Co., Ltd.	45 Furukawa Metal (Thailand) Public Co., Ltd.
17 P. T. Furukawa Optical Solutions Indonesia	46 Furukawa Electric Copper Foil Taiwan Co., Ltd.
18 Furukawa FITEC (Thailand) Co., Ltd.	47 Furukawa Circuit Foil Taiwan Corporation
19 Furukawa Fitec Optical Products (Shanghai) Co., Ltd.	48 Furukawa Electric Institute of Technology Ltd.
20 DONGGUAN FURUKAWA TOTOKU OPT ELECTRONICS CO., LTD.	49 SuperPower Inc.
21 FURUKAWA TOTOKU (HONG KONG) LIMITED	50 Furukawa Electric Europe Ltd
22 Thai Furukawa Unicomm Engineering Co., Ltd.	51 Furukawa Electric Singapore Pte. Ltd.
23 FE Magnet Wire (Malaysia) Sdn. Bhd.	52 FURUKAWA SHANGHAI, LTD.
24 Taiwan Furukawa Magnet Wire Co., Ltd.	53 Furukawa (Thailand) Co., Ltd.
25 Taiwan Furukawa Electric Co., Ltd.	54 Furukawa Electric Hong Kong Ltd.
26 FURUKAWA AVC ELECTRONICS (SUZHOU) CO., LTD.	
27 Furukawa Automotive Parts (Vietnam) Inc.	
28 FURUKAWA AUTOMOTIVE PARTS (DONG GUAN) LTD.	
29 FURUKAWA AUTOMOTIVE SYSTEMS VIETNAM INC.	

Furukawa Electric and the Group companies in Japan engaged in the production activities acquired ISO14001 certification pertaining to environmental management. We are also working to establish an environmental management structure that meets the requirement of ISO 14001, etc., at overseas, and about 70% of Group companies overseas acquired the said certification.

Page. 49 Environmental Management Scope of the environmental accounting

### 24 Group companies in Japan

1 NTEC Ltd.	10 Furukawa Sangyo Kaisha, Ltd.	17 Furukawa Electric Industrial Cable Co., Ltd.
2 Okano Electric Wire Co., Ltd.	11 Furukawa Communication and Broadcasting Co., Ltd.	18 Furukawa Electric Power Systems Co., Ltd.
3 Okumura Metals Co., Ltd.	12 Furukawa Industrial Plastics Co., Ltd.	19 The Furukawa Battery Co., Ltd.
4 KANZCC Co., Ltd.	13 Furukawa Precision Engineering Co., Ltd.	20 Furukawa Magnet Wire Co., Ltd.
5 Shodensha Co., Ltd.	14 Furukawa Techno Material Co., Ltd.	21 Miharū Communications Inc.
6 Seiwa Giken Inc.	15 Furukawa Electric Advanced Engineering Co., Ltd.	22 Riken Electric Wire Co., Ltd.
7 TOTOKU Electric Co, Ltd.	16 Furukawa Electric Ecotec Co., Ltd.	23 Foam Kasei Co., Ltd.
8 FITEC Corp.		24 Furukawa Nikko Power Generation Inc.
9 Furukawa Automotive Systems Inc.		

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