

Q&A Summary of the (Online) Meeting for Institutional Investors and Analysts of Furukawa Electric Co., Ltd.

Date: March 4, 2021 (Thursday) 14:00 – 15:00

Contents: ESG initiatives directed at achieving Furukawa Electric Group Vision 2030

Speaker: **Satoshi Miyamoto**, Director, Corporate Senior Vice President, and General Manager of the Administration & CSR Division

Q: I understand that responding to the environment will result in both opportunities (returns) and risks, but do you have a quantitative image of which will be larger?

A: Earnings opportunities include the technology for producing LPG with metal encapsulated zeolite, other CO₂ capture technology, the existing aluminum wire harness, industrial laser businesses and the business involved in renewable energy, and we will work to offset the cost of responding to the environment through these opportunities. Concerning the overall balance between risks and opportunities, we will move forward with the scenario analysis under TCFD.

Q: What specific measures will you take to reduce CO₂?

A: We will work to ①Install solar power generation systems, ②Switch electric power purchases to renewable energy and ③Utilize in-house technology related to CO₂ fixation. If this is not sufficient, it will be necessary to consider purchasing renewable energy certificates (green energy certificates).

Q: (You are active in a wide range of business domains and) although you are narrowing down the businesses, you are also working to create multiple new businesses directed at solving the social issues. I feel these actions are partially in conflict with improving capital efficiency, but what are your thoughts?

A: We view capital efficiency to be the primary rule, and this perspective will be an underlying requirement when forming new businesses. In the next 2025 Mid-term Management Plan, we are considering measures for shifting to management that is even more focused on capital efficiency.

Q: What is your thinking in regards to safety, and are there any management indicators? Accidents seem to occur more frequently at Furukawa Electric compared to other companies.

A: We are working to strengthen the risk assessment system, including natural disasters, at

all of the locations throughout the group. Also, in terms of safety, we are managing the situation using target figures for industrial accidents. Executive management also has a strong awareness based on the concept that safety is the foundation for everything, and when an accident occurs, the cause is thoroughly investigated and a report is made at the management meeting.

Q: Based on your business details, I have the impression that responding to the environment will not present any major risks. Do you feel that the earnings opportunities outweigh the risks and that there are no severe risks?

A: We are operating with an awareness that there is a risk we will be excluded from the supply chain in the event our environment response, including CO₂ reductions, is insufficient, and we are proactively addressing this situation, such as the formulation of the Environmental Vision 2050. Some of our businesses use a large amount of electric power, and we will implement solid measures.

Q: You introduced "Furukawa Seven" as an initiative to transform employee awareness, but do you have any activities aimed at globally sharing and combining the cultures that exist in Japan and overseas?

A: "Furukawa Electric Group Vision for Our People" is a bible that shares the basic thinking regarding organizations and human resources at the entire group around the world. The individual human resources policies are being executed based on this vision and with consideration for the local culture, situation and other factors. Also, opportunities are being created to share the different ways of thinking, such as group training that involves employees from Japan and other countries.

Q: Concerning the details of the discussions at the Board of Directors Meetings, have there been any changes or shifts?

A: The large number and significance of the agenda items has been pointed out, and efforts have been made to narrow down the items to important matters and greatly reduce the number of agenda items. There continue to be issues in regards to whether or not the details of the matters for resolution and speed of execution are sufficient, and responses will be implemented going forward.

Q: What is the breakdown of the greenhouse gas emissions indicated on p. 38? Also, how will these emissions be reduced in the future?

A : The business that use a large amount of electric power include the electrolytic copper foil and optical fiber businesses. As I mentioned earlier, the efforts to reduce emission will include ①Installing solar power generation systems, ②Switching electric power purchases to renewable energy and ③Utilizing in-house technology related to CO₂ fixation.

Q : Concerning the renewable energy ratio on p. 33, is it the ratio for the group as a whole? Also, how large is Furukawa Nikko Power Generation's contribution within this ratio?

A : The ratio of 11.0% in FY2019 is for the entire group. Furukawa Nikko Power Generation accounts for about 8-9% of this ratio.

Q : This is not limited only to Furukawa Electric, but the target of "challenge zero" set forth in the Environmental Vision 2050 tends to look simply like a slogan. You have indicated milestone targets for 2025 and 2030, but I feel there should also be KPI for matters in addition to greenhouse gas emissions. What are your thoughts?

A : We are considering setting non-financial targets as KPI in the next Mid-term Management Plan.

Q : Concerning bipolar storage batteries, what markets are you targeting and what is the status of progress directed at establishing a business?

A : We have not yet reached a point at which I can comment specifically on matters such as markets or supply chains.

Q : What is your outlook concerning listed subsidiaries?

A : The Ministry of Economy, Trade and Industry has issued guidelines, and we will consider the issue from the perspective of maximizing the Furukawa Electric Group corporate value, cost of having such subsidiaries and governance of listed subsidiaries. However, we do not think there are any problems in terms of governance because the listed subsidiaries have established an independent compensation committee and at least 1/3 of the appointed executive officers have a high level of independence.

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