

Q&A Summary of the ESG Briefing for Institutional Investors and Analysts of Furukawa Electric Co., Ltd.

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

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Q: You have set a greenhouse gas (Scope 1, 2) reduction target of at least 42% in FY2030 compared to FY21, but how large of a reduction is this target when compared to the original baseline year of FY2017? Also, what makes you believe you will be able to achieve this target?

A: Originally, we were targeting a reduction of at least 46% compared to FY2017, but using the new reduction target, we are now targeting a reduction of 59% compared to FY2017. In terms of actual emissions, we emitted 900 thousand tons in FY2017 and 640 thousand tons in FY2021. We expect to reduce emissions to 370 thousand tons (original target was 480 thousand tons).

The introduction of renewable energy for Scope 2 emissions is progressing within the group, and we have come together with determination to further expand the use of renewable energy. The remaining emissions will ultimately be handled by procuring non-fossil fuel energy certificates, and we are currently considering internal rules for this. Concerning Scope 1 emissions, too, we will thoroughly work to reduce emissions by improving the products and promoting recycling.

Q: What measures have you implemented in order to increase the employee engagement scores?

A: The employee engagement survey is made up of 73 questions in 6 categories, including the vision, leadership, strategies and competitive superiority, and it is conducted to make the human capital management and organizational execution abilities within the group visible. The survey has already been expanded to include several of the group companies, and we will continue to expand the scope in the next fiscal year and onwards. The scores were relatively high in areas including the relationship between superiors and subordinates and

activities as a team, but there were also areas in which the results were not sufficient, including response to change, business management speed and agreement with the future targets and strategies. While implementing multi-layer improvement measures from the perspectives of executive management, organizations/ individuals and human resources initiatives, including enhancing communications and program utilization, we will continue to incorporate these initiatives into the daily work.

Q: Following the upward revision to the targets directed at achieving carbon neutrality, will anything extra arise due to the allocation of management resources, such as additional investments or in relation to technology?

A: Concerning the measures for the revised targets, we are allowing a certain leeway in our considerations, and we are not considering any immediate additional expenses following the change to the targets. Going forward, there may be additional investments and expenses, such as the procurement of non-fossil fuel energy certificates, but as of this time, we believe it will be possible to achieve the revised targets by carrying out the current initiatives. We are presently considering a transition plan that sets forth specific actions for climate change, and we will announce this plan at some point in the future.

Q: The KPI for human capital are mainly non-consolidated targets, but I think labor management, including securing a workforce, is primarily an issue at overseas locations. Do you think it is necessary to set targets and execute on a global scale for the growth of corporate value?

A: The engagement survey was conducted this time at 18 overseas locations. The sustainability targets start from a non-consolidated basis. However, efforts are underway to expand the activity itself globally, and targets as a group have been set for FY2030. As groupwide initiatives, we are sharing the Furukawa Electric Group People Vision and utilizing human resources guidelines. Concerning the individual initiatives, there are differences due to the unique circumstances in each country and at each company. Above all, we believe Furukawa Electric should be a place where employees throughout the world feel they are contributing to society and have work-related satisfaction. To achieve this, the concept has already been incorporated into the corporate philosophy, and we are considering the establishment of a new purpose to better enable employees to feel this concept during their daily work activities. Also, we are involving the overseas locations from the initial stages of the establishment process.

Q: In relation to the environment, how will you balance the situation when the activities that

contribute to society do not provide suitable economic value?

A: During the first year of the 2025 Mid-term Plan, we got off to a slightly challenging start in terms of the financial results due to the supply chain disruptions. On the other hand, as confirmed, we are making steady progress in the sustainability targets and ESG management initiatives aimed at solving the social issues. Essentially, ESG management mainly contributes to increasing medium-term corporate value and improving asset efficiency. It is difficult to quickly link this with single-year financial targets, and we believe the initiatives will be reflected as financial value during the time frame of the 2025 Mid-term Plan and Vision 2030. However, unlike CSR, it is important to conduct ESG management with a firm awareness of reflecting the results as financial value. In particular, we operate multiple businesses that contribute to the environment, and we are operating the businesses with a strong awareness of reflecting the business performance as the financial value.

Q: In terms of Scope 3 reductions, changing the raw material, for example, sometimes leads to increased costs. In such a case, how will you make the decision about how to proceed?

A: It depends in part on the relationship with the business partner, so it is difficult to make any uniform determinations. It is necessary to balance between the short-term perspective and medium-term perspective. The Scope 3 target will not be easy to achieve, and we grapple with this issue every day during the procurement activities and negotiations. Including the appropriate timeframe, we will consider more detailed measures for achieving the target.

Q: Please provide more information about the SAQ (Self-Assessment Questionnaire) for business partners.

A: Of the 109 SAQ questions (covering labor, health and safety, the environment, etc.), the questions concerning human rights target due diligence of human rights. The questionnaire covers a wide range of topics, including tough questions on forced labor and inappropriate restrictions on free movement, as well as questions on the frequency of management reviews and holding guideline presentations for business partners. Also, concerning the environment, there are questions on the formulation, execution and public announcement of plans for greenhouse gas reductions.

Q: I understand that the results of the engagement survey indicate the existence of issues in the ability to respond to change and resources for strategy execution, but from your long-standing perspective of "Obsession with winning and profitability", how will you change the corporate mindset?

A: We have learned from our inability during the recent supply chain disruptions to rapidly respond to the sudden changes in the business environment, such as reducing the cost of manufacturing and improving inventories, and conduct transactions at appropriate prices and proper assessment of our products. We have also renewed our awareness of the need to expand the sales territory and promote initiatives for new, combined domains in addition to executing the work at hand. This awareness is confirmed during the daily meetings and activities, and we will obsess with winning at the individual business and executive management levels and increasing earnings potential in the individual businesses.

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