



Furukawa Electric Co., Ltd.

ESG Briefing

March 13, 2023

[Number of Speakers] 3

Satoshi Miyamoto

Director, Corporate Executive Vice President,
and General Manager of Strategy Division

Akihiro Fukunaga

Director, Corporate Senior Vice President,
and General Manager of Finance and
Accounting Division

Toshio Yanagi

Corporate Vice President and General
Manager of Risk Management Division

ESG Briefing

ESG Initiatives Directed at Achieving Furukawa Electric Group Vision 2030

March 13, 2023
Furukawa Electric Co., Ltd.
Director, Corporate Executive Vice President, and
General Manager, Strategy Division
Satoshi Miyamoto

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Miyamoto: Greetings, I am Miyamoto, General Manager of the Strategy Division here at Furukawa Electric.

I appreciate you all attending the Furukawa Electric Group ESG Conference, the second one in two years. Today's presentation will focus on the progress of the Group's ESG commitment over the past two years.



Agenda

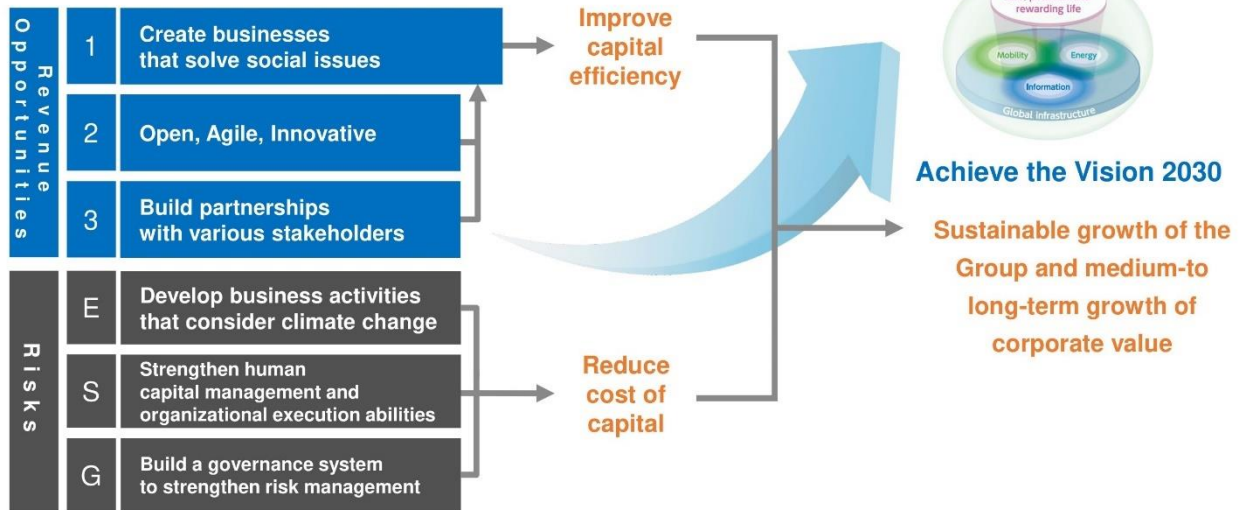
- 1. Overview of ESG Management and Positioning of the Medium-Term Management Plan**
- 2. Achieving Carbon Neutrality**
- 3. Strengthen human capital management and organizational execution abilities**
- 4. Establish governance structure to strengthen risk management**
- 5. Summary**

Appendix

Here is the agenda for this meeting.

Materiality and Enhancement of Corporate Value

Materiality : Important issues for achieving Vision 2030



To achieve this vision, we identified key management issues (materialities).

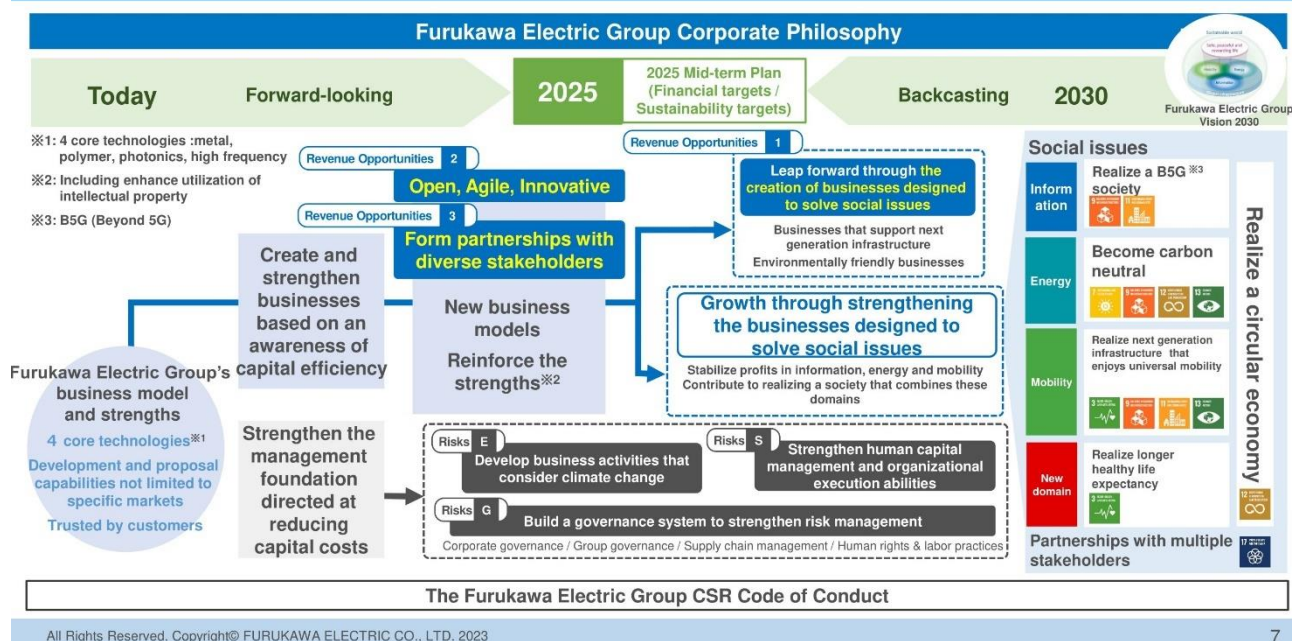
First, with the aim of improving the operational efficiency of the Company's capital, we will focus on revenue opportunities and seek to create businesses that solve social problems. We will achieve it by moving away from a traditional product-out orientation and stepping more towards an outside-in direction.

The Code of Conduct for this purpose includes not only open, agile, and innovative actions that lead us to an organization that transforms from within, but also the formation of partnerships with diverse stakeholders to break away from a self-reliant approach.

Next, with the aim of reducing the cost of capital, which represents risks, we will aim to deploy business activities that take into account climate change, which is an essential requirement for the survival of the Company.

In addition, the most important factor for corporate growth is the enhancement of human capital. In other words, the strengthening of human resources and organizational execution abilities. We are promoting the establishment of a governance system to strengthen risk management, which is the foundation of ESG management.

Value creation process directed at 2030



The 2025 Medium-Term Management Plan is positioned as a milestone toward achieving Vision 2030.

Therefore, we will design our vision for 2025 by backcasting the social issues of 2030 and the ideal state of our group, and then, we will start forward-looking toward this vision from the present.

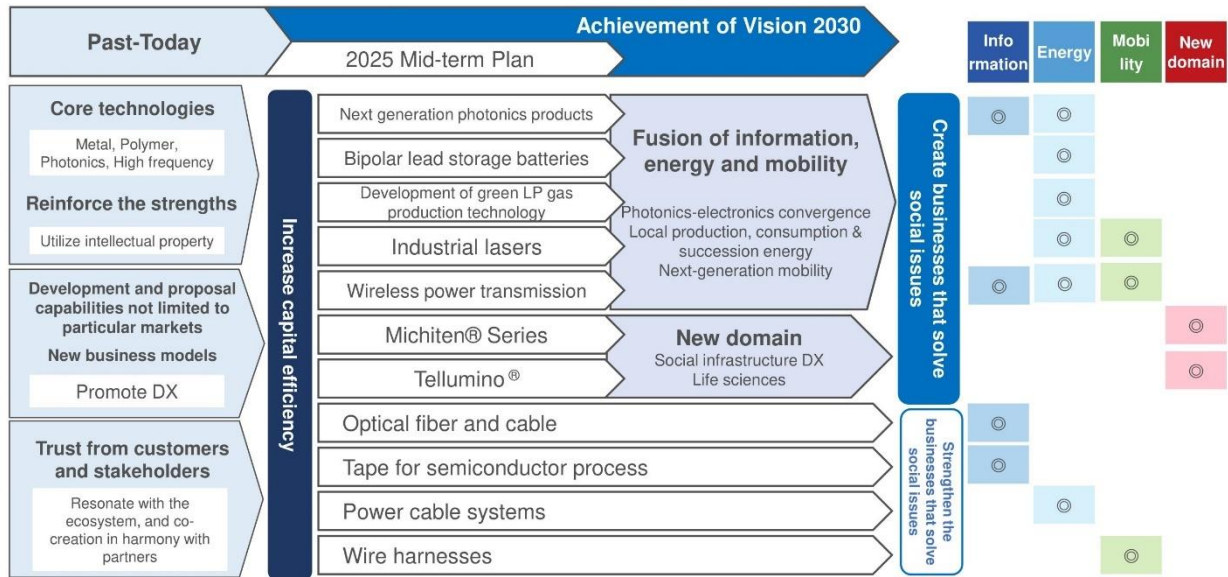
To achieve this 2025 vision, we will strengthen and create businesses with keen awareness of capital efficiency and profitability.

To mitigate potential risk, we will strengthen our management base to reduce the cost of capital, thereby achieving the financial targets of the 2025 Medium-Term Management Plan and the non-financial and sustainability targets set for the first time this year.

In doing so, we will maintain and strengthen the trust of our customers, which has been fostered through the Group's strong performance to date, its four core technologies, and its development and proposal capabilities that are not limited to specific markets.

At the same time, we will also build new business models by strengthening open innovation, partnership formation, or utilization of intellectual assets.

Value creation story of Revenue Opportunities and 2025 Mid-term Plan



The value creation process mentioned earlier, regarding revenue opportunities, organizes the Group's specific products, services, and businesses.

We will discuss the main projects later, so we will not discuss them here.

New initiatives in the 25 Mid-term Plan ~Set sustainability indicators and targets~



Concept of sustainability indicators and targets

In order to increase corporate value from the perspective of both revenue opportunities and risks, set sustainability indicators (KPI) for the materiality and sustainability targets for FY2025

		FY2021 Actual	FY2022 Progress	FY2022 Target	FY2025 Target	
Revenue opportunities	Create businesses that solve social issues					
	Sales ratio of environmentally friendly products	Consolidated	61.9%	—	64%	70%
	Open, Agile, Innovative/ Build partnerships with various stakeholders					
	R&D expense growth rate for new businesses (compared to FY2021)	Consolidated	<100%>	—	115%	125%
	Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses	Consolidated	17%	30% or higher	30%	100%
Risks	Develop business activities that consider climate change					
	GHG emissions reduction rate (Scope 1, 2) (compared to FY2017)	Consolidated	(29.0%)	—	(17.7%)	(28.3%)
	Ratio of renewable energy use to total consumption	Consolidated	10.9%	13% or higher	11.5%	13%
	Strengthen human capital management and organizational execution abilities					
	Employee engagement scores	Non-consolidated	—	65	Start measuring	75 (new setting)
	Ratio of female managers	Non-consolidated	3.8%	—	4.5%	7%
	Ratio of career track hiring among total new staff hiring (Managers, career track employees, non-career track)	Non-consolidated	36%	45% (forecast)	30%	30%
	Build a governance system to strengthen risk management					
	Ratio of follow-up management activities for all risk domains	Consolidated	88%	—	93%	100%
	Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Consolidated	Non-consolidated 20%	Global 30% or higher Global implementation rate 100%	Global 20%	Global 100%
Implementation rate of human rights risk training for managerial positions	Consolidated	—	—	Start in Japan	Global 100%	

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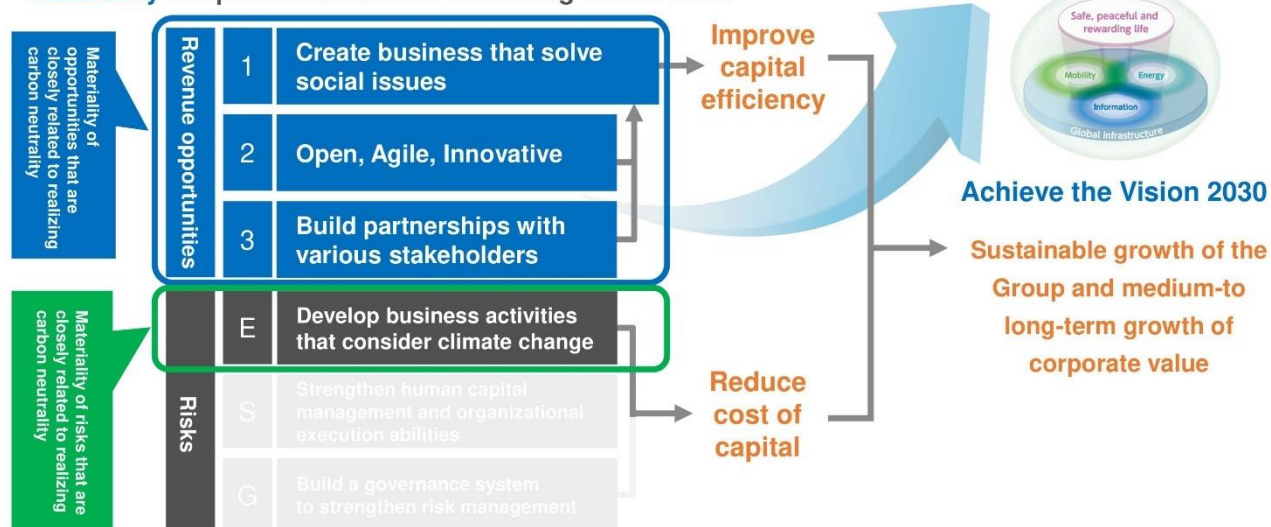
One of the major features of the 2025 Medium-Term Management Plan is that, for the first time in the Group's history, sustainability indicators and targets, which are non-financial indicators, have been set quantitatively in response to materiality, in addition to financial targets.

This means that specific milestones for achieving Vision 2030 have been included in the 2025 Medium-Term Management Plan for activities related to sustainability.

The respective sustainability goals and progress are shown here. There are some items for which progress for FY2022 has not yet been listed because they are still in the process of being compiled, but we expect to achieve FY2022 targets steadily for all targets, including those for this fiscal year.

Materiality closely related to “achieving carbon neutrality”

Materiality : Important issues for achieving Vision 2030



Here are some specific themes to start with.

The most important issue to be resolved, both for the world and for our Group, is without a doubt the achievement of carbon neutrality. We begin with this theme.

This section reiterates the key management issues (materialities) that are highly relevant to achieving carbon neutrality.

Regarding revenue opportunities, the main materiality is the creation of businesses to solve the social issue that associates with carbon neutrality. The risks are exactly that, but we are setting up the development of business activities that take climate change into account.

Impact of climate change on the group's businesses



In accordance with the TCFD recommendations, conducted analysis of a “2°C or lower scenario” and “4°C scenario” (※)
 Identified the climate change risks (transitional risks & physical risks) and opportunities, and evaluated the level of impact on the businesses

Impact on the businesses in 2030 (↑↑: Positive impact, ↓↓: Negative impact, →: Minimal impact)

Category	Individual climate change risks and opportunities		Impact on the businesses	
			2°C or lower	4°C
Items for which carbon neutral will have a significant impact on the businesses				
Opportunities	Markets	Increased sales and profits from accelerated implementation of 5G/5G following the boom in data traffic and shift to smart cities	↑↑	↑
		Increased sales and profits from higher demand for telecommunications, semiconductor memory and 5G/smartphone products	↑↑	↑
	Products and services	Increased sales and profits from higher demand for submarine power cable and enhanced main line networks following the increased installation of renewable energy	↑↑	↑
		Increased sales and profits from higher demand for vehicle electrification and lighter weight products	↑↑	↑
Risks	Policies / regulations	Carbon taxes on GHG emissions	↓↓	→
		Increased renewable energy procurement costs	↓↓	→
	Markets	Increased procurement costs due to carbon taxes levied on materials (copper, aluminum, resin)	↓↓	→
		Physical risk	Damage to buildings due to large-scale abnormal weather events (typhoon, heavy rain, heavy snow, lightning)	→
Acute	Supply chain disruptions of suppliers and customers due to climate related disasters		→	→
	Suspended operations due to flooding at coastal production sites		↓	↓↓
Chronic	Suspended operations due to drought	↓	↓↓	

※ Referenced multiple existing scenarios published by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC)

The impact of climate change on the Group's business is assessed in terms of both revenue opportunities and risks according to the scenario analysis provided by Task force on Climate-related Financial Disclosures, or TCFD.

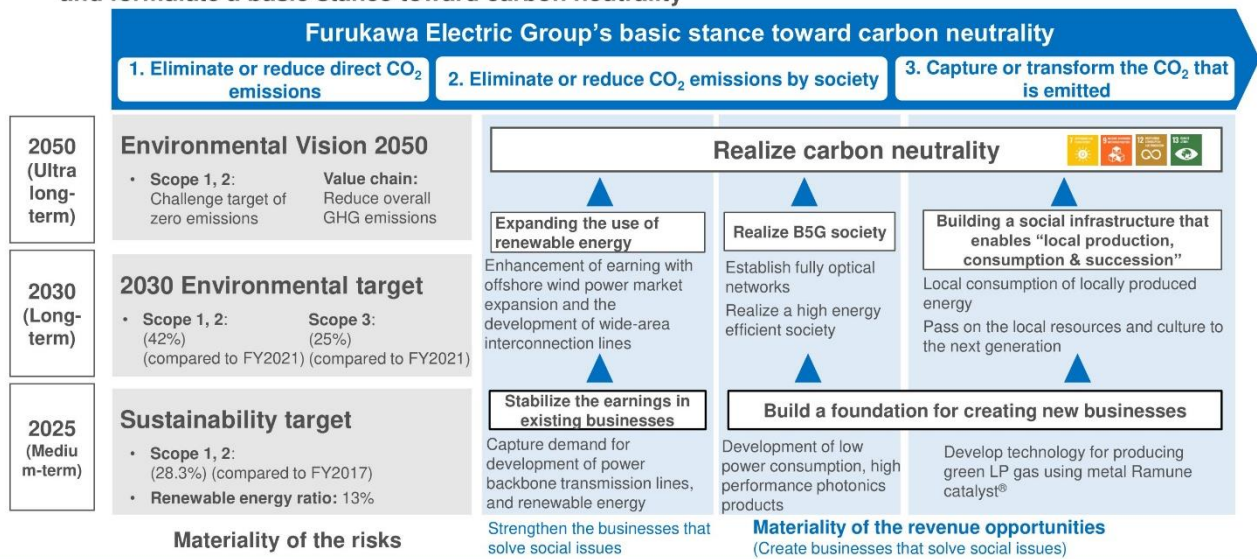
Specifically, opportunities include the expansion of the power cable business due to the wider application of renewable energy, or the increase in revenues in the information and telecommunications business due to the accelerated development of 5G and “Beyond 5G” technologies. Risks are assumed to include the impact of carbon taxes and other taxes on greenhouse gas emissions.

We have completed the TCFD analysis for all of our major businesses, and we will continue to update or refine it in the future. Of course, based on the results of our analysis, we would like to accelerate our carbon neutrality efforts.

Furukawa Electric Group initiatives directed achieving carbon neutrality



Refer to the items that will have a large impact on the businesses under the 2°C or lower scenario, and formulate a basic stance toward carbon neutrality



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The Group's approach to carbon neutrality is based on three basic concepts: eliminate or reduce direct CO₂ emissions, eliminate or reduce CO₂ emissions by society, and capture or transform the CO₂ that is emitted.

Revenue opportunities include efforts to eliminate or reduce CO₂ emissions by society and capture or transform the CO₂ that is emitted. Today, I would like to discuss the expansion of renewable energy through power cables as an example of the existing business. I would also like to discuss "Beyond 5G"-ready society, in regard to the new business opportunity in the information and telecommunications field. Finally, I would like to talk about building a social infrastructure that supports the framework of locally-grown-and-locally-consumed commodities, through the use of green LP Gas.

Potential risk includes the Company's efforts to eliminate or reduce direct CO₂ emissions. In the Environmental Vision 2050, we set a target of zero emissions for Scope 1 and Scope 2, and an emissions reduction target for the entire value chain for Scope 3. Back casting from these targets, we set the Environmental Target 2030 and the sustainability targets for the 2025 Medium-Term Management Plan.

We will discuss this initiative later.

Strengthening earnings by expanding the use of renewable energy sources

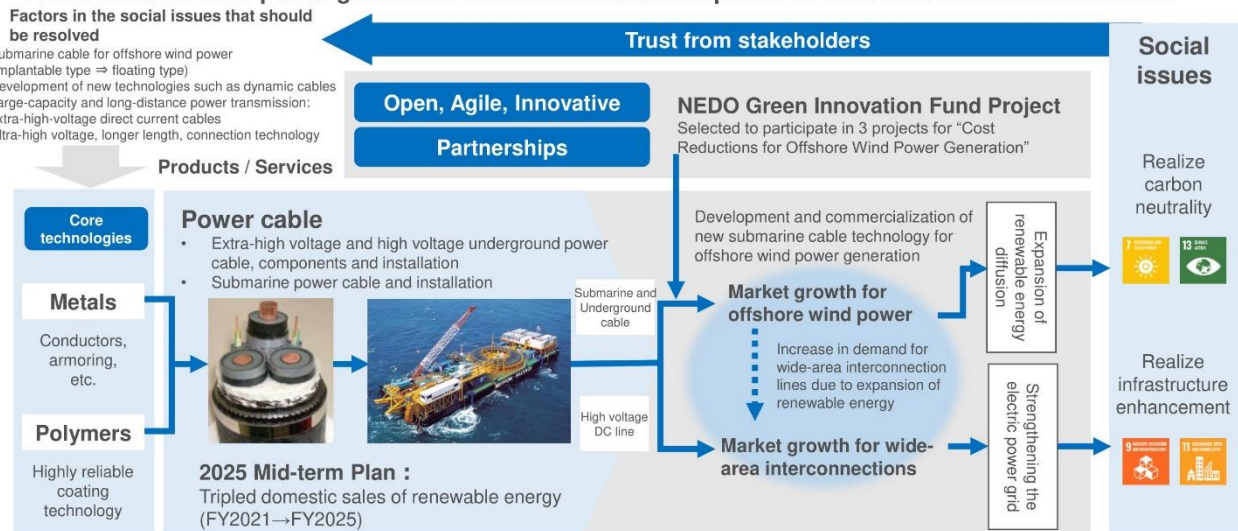
2. Eliminate or reduce CO2 emissions by society



Aiming for a virtuous cycle of carbon neutrality and enhanced profitability in anticipation of the expansion of the offshore wind power generation market and the development of wide-area interconnection lines

Factors in the social issues that should be resolved

- Submarine cable for offshore wind power (implantable type ⇒ floating type)
- Development of new technologies such as dynamic cables
- Large-capacity and long-distance power transmission: extra-high-voltage direct current cables
- Ultra-high voltage, longer length, connection technology



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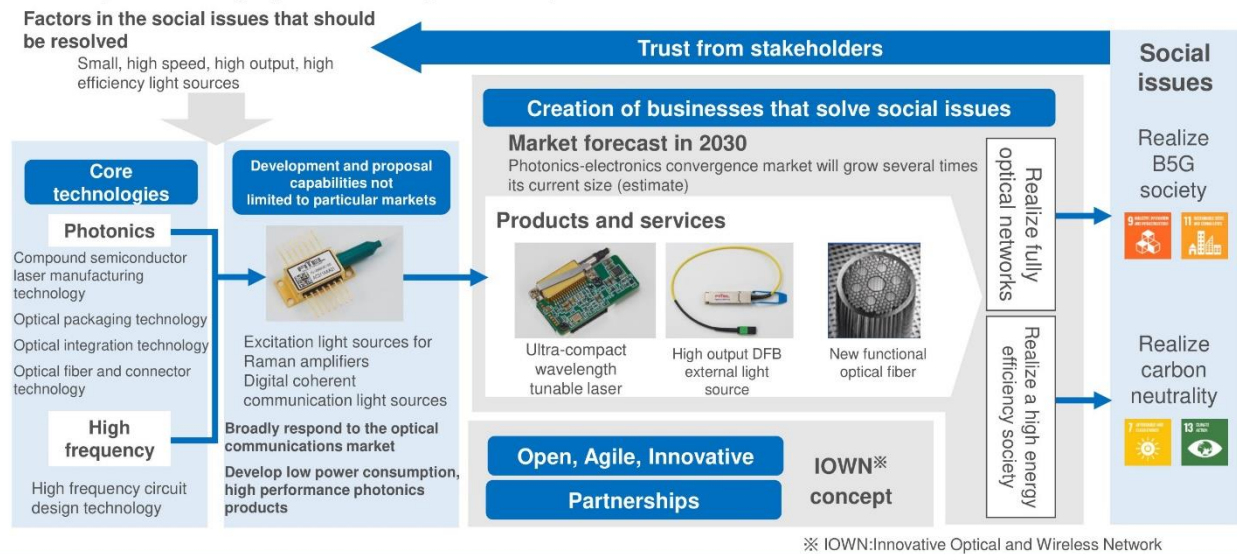
Let me now describe our efforts to capture revenue opportunities related to climate change.

The first is to enhance earnings by expanding the use of renewable energy. In the power cable business, the expansion of the offshore wind power generation market is expected to increase demand for power cable systems. With this in mind, we aim to triple our sales from that of FY2021 in the domestic renewable energy sector in the 2025 Medium-Term Management Plan.

To achieve the target, we will thoroughly enhance our existing products by utilizing our core technologies for offshore wind submarine lines and large-capacity, long-distance power transmission. We will also promote the development of new technologies through the Green Innovation Funding Program led by the New Energy and Industrial Technology Development Organization, or NEDO.

With an eye on the expansion of the offshore wind power market and the development of wide-area interconnection lines beyond that, we will contribute to making renewable energy the main source of power as well as to achieving carbon neutrality.

Contributing to the realization of a fully optical network and a highly efficient energy society through the development of high-performance photonics products



Moving on to the next-generation photonics business, we will contribute to the advancement of an all-optical network and a highly efficient energy society through the development and provision of highly functional photonics products.

To date, we have developed and supplied a wide range of compact, high-speed, high-power, and high-efficiency telecommunications power supplies utilizing our core technologies. Going forward, we will leverage our strengths in the development of highly functional photonics products and our wide capacity of serving the optical communications market to supply products and services for the optoelectronic convergence market, which is expected to grow many times its current size by 2030.

In particular, we are a partner of the Innovative Optical and Wireless Network concept, or IOWN. We will be an important player in the achievement of an all-optical network and in the support of the “Beyond 5G”-ready society in which various things will simultaneously advance.

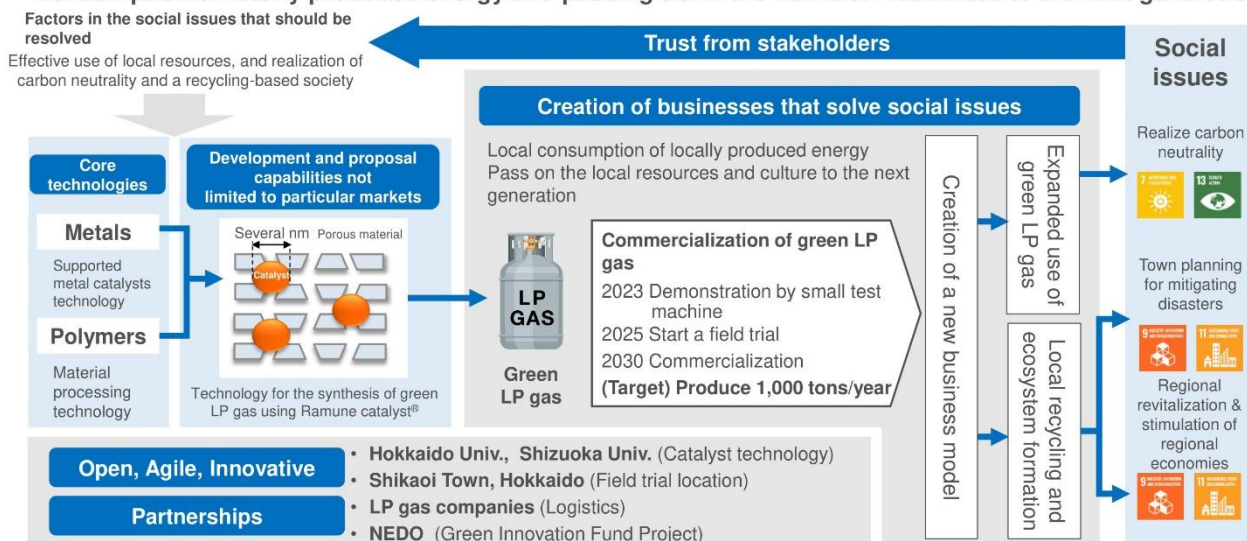
Low-power photonics products will also contribute to the rapid increase in power consumption in data centers, which is becoming increasingly severe with the irreversible increase in information and communication traffic.

Create a new business model through green LP gas

3. Capture or transform the CO2 that is emitted



Through the increased use of green LPG, establish social infrastructure that will enable the local consumption of locally produced energy and passing down the rich local resources to the next generation



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This page illustrates an example of new business creation: synthesis of green LP gas from bio-derived CO2 and methane using a rumen catalyst. Through the wider and increasingly expanding application of green LP gas, we will build this social infrastructure that supports locally producing and locally consuming energy. In other words, we will build a new business model around this local-centric resource production and consumption scheme, and at the same time, we contribute to the advancement of carbon neutrality for the world.

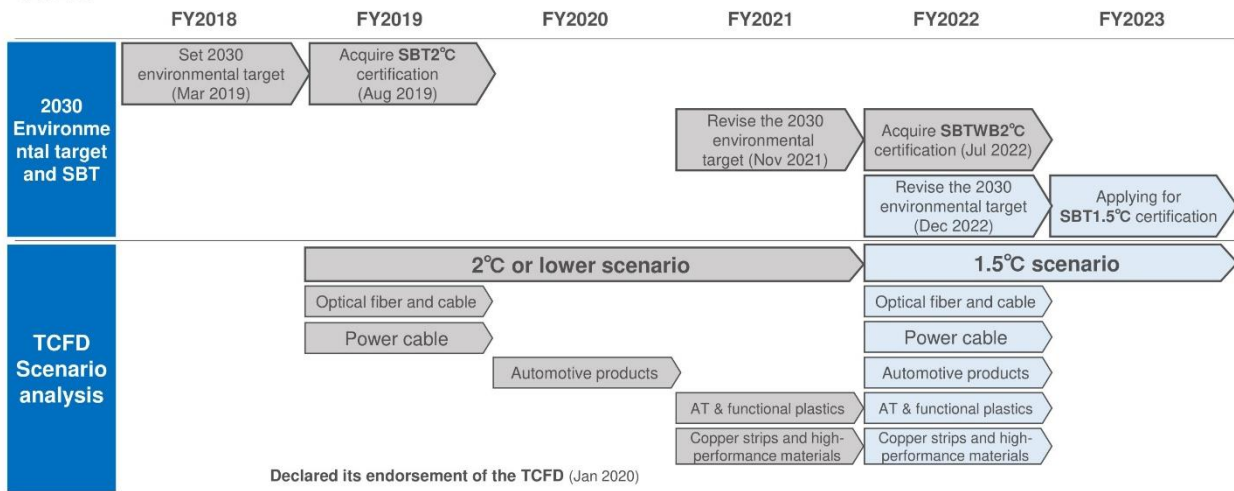
In FY2022, we were selected to enroll in the Green Innovation Funding Program led by NEDO. We are steadily laying the groundwork for practical application in collaboration with universities, local governments, and LP gas companies.

In FY2023, the demonstration test will begin with the goal of producing 1,000 tons of LP gas per year in FY2030.

Strengthen the initiatives for reducing GHG emissions



To accelerate carbon neutral efforts, revised 2030 Environmental Target (greenhouse gas emission reduction target) and applied for SBT 1.5°C certification. Also started to address the 1.5°C scenario of TCFD.



※ Disclosure of information in accordance with the TCFD recommendations <https://furukawaelectric.disclosure.site/en/themes/199>

I would like to move on to our initiatives related to risks.

Our group has established the Environmental Vision 2050 to achieve carbon neutrality. To accelerate this effort, as announced today, we are revising our Environmental Goal 2030 greenhouse gas emission reduction targets for a positive outcome, and we are also applying for Science Based Targets Certification of 1.5, instead of the previous certification of 2.0 or lower.

As a result, the TCFD is also considering changing its scenario analysis from the traditional 2.0 or less analysis to a 1.5 scenario analysis.

GHG emissions (Scope1, 2)

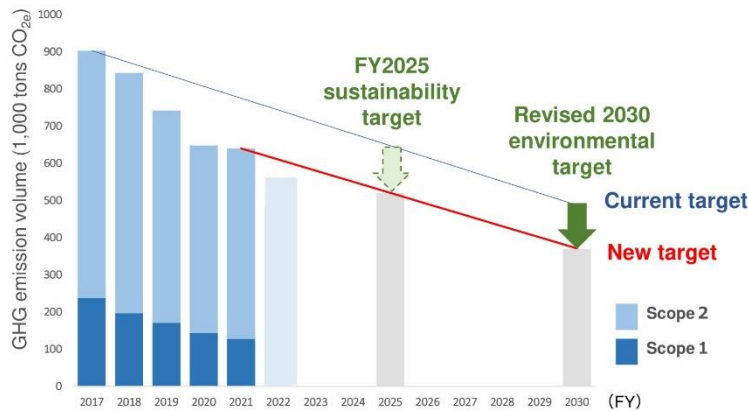
1. Eliminate or reduce direct CO₂ emissions



2030 Environmental target

GHG emissions from business activities (Scope 1, 2)
 (Current) Reduce by at least 46% compared to FY17 → **(Revised) Reduce by at least 42% compared to FY21**

Furukawa Electric Group total GHG emissions (Scope 1, 2)



Common initiatives for Scope1 & 2

- Conserve energy during manufacturing, increase efficiency and reduce the amount of energy used
- Revise the product designs, and reduce the product size and weight

Scope 1 initiatives

- Switch fuels (Shift to town gas & LNG, use heat as a source of electric power)

Scope 2 initiatives

- Continue to use hydroelectric power
- Install solar panels
- Use electric power generated from renewable energy

Specifically, with regard to greenhouse gas emissions under the Environmental Target 2030, the reduction rate for Scope 1 and Scope 2 will be revised from the current 46% or more reduction, compared to FY2017, to a more stringent new target of 42% or more reduction, compared to FY2021.

Sustainability targets related to greenhouse gases are also being considered for revision accordingly. In this graph, dark blue is Scope 1 and light blue is Scope 2. As you can see, the ratio of Scope 2 and electricity purchases is overwhelmingly high, so we consider these measures to be the most important.

This point is discussed next.

Expand introduction of renewable energy

1. Eliminate or reduce direct CO₂ emissions



Sustainability indicator

Ratio of renewable energy to electricity consumption

FY2025 sustainability target: 13%—Considering raising the target

Ratio of renewable energy to electricity consumption



●Install solar panels

- January 2022 Furukawa AS head office started generating solar power
- From FY2023 Start generating solar power at affiliated companies in Japan and overseas

●Use electric power generated from renewable energy

Shift to 100% green energy at the plants

- April 2022 Copper Foil Division (Imaichi East Plant)
- October 2022 Thermal Management Solution & Products Division (Philippines plant)
- October 2022 AT & Functional Plastics Division (Hiratsuka Plant)

- Installation of renewable energy has progressed since 2022, and it is expected to greatly exceed the FY2025 sustainability target
- Considering revising the FY2025 sustainability target

The Group holds a high percentage of renewable energy rate among other manufacturing companies, thanks to our hydroelectric power generation facilities in Nikko.

In addition, the last few years have seen an acceleration in the introduction of renewable energy sources. In FY2021, solar power generation facilities began operating at the Furukawa AS headquarters plant, and in FY2022, we will achieve 100% renewable energy at three sites by introducing electricity derived from renewable energy sources.

As a result of these efforts, the actual percentage of renewable energy in FY2022 is already expected to far exceed the Group's global sustainability target of 13% for FY2025, and we are considering an upward revision of the target.

GHG emissions (Scope3)

1. Eliminate or reduce direct CO₂ emissions

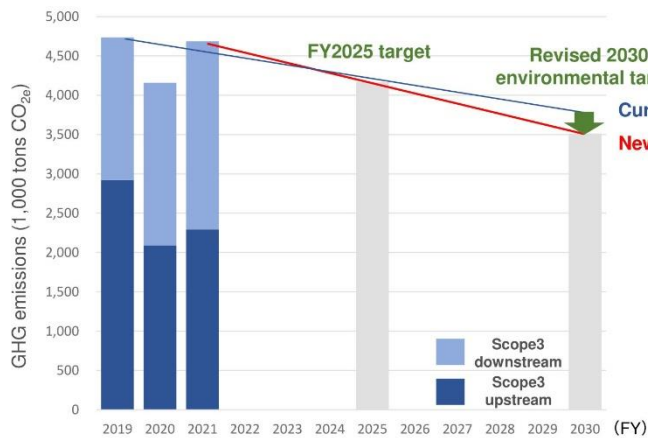
2. Eliminate or reduce CO₂ emissions by society



2030 Environmental target

GHG emissions in the value chain (Scope 3):
 (Current) Reduce by at least 20% compared to FY19 → (Revised) Reduce by at least **25%** compared to FY21

Furukawa Electric Group total GHG emissions (Scope 3)



Scope 3 Initiatives

- Joint procurement activities with partners
- Initiatives for recycling-based production activities
- Initiatives that contribute to reducing environmental impact through the products
- Revise the product design and increase yield

Information disclosure about Scope 3 emissions

- From FY2020, started disclosing information on GHG emissions by category

※ For details on GHG emissions by Scope 3 category, please refer to our website "Disclosure/Indicators and Targets in line with TCFD Recommendations".
<https://furukawaelectric.disclosure.site/en/themes/199>

Next, I would like to discuss Scope 3 initiatives. This is also a revision of the Environmental Target 2030 to a more stringent target of 25% or more reduction based on FY2021.

To achieve this goal, we have revised our CSR procurement guidelines and asked our partners to reduce greenhouse gas emissions at partners' meetings. We call our suppliers "partners" in the sense that we create value together with them.

In addition, we are actively working toward recycling-friendly production, such as using 100% recycled materials in copper foil production and manufacturing its products using recycled materials. In fact, we are increasingly being asked by our customers to cooperate in end-of-life product recycling activities.

In addition, our Group has many products that contribute to reducing environmental impact at the downstream end of the value chain, such as aluminum wire harnesses that improve the lead content of electric vehicles. We are also studying ways to make these contributions visible through Life Cycle Assessment.

Future actions to achieving carbon neutrality in 2050

Promote each initiative centered on the materiality of the revenue opportunities and risks

Revenue opportunities

- Acquire revenue opportunities related to climate change
 - Create and strengthen businesses that solve social issues

Risks

- GHG emission reductions
 - Further consider and install renewable energy
 - Strengthen the recycling-based production activities

Achieve Vision 2030



Realize carbon neutrality in 2050

2030 Environmental target

Indicator (★ : Sustainability indicator)	Scope	FY2021 Actual	FY2022 Interim	FY2022 Target	FY2025 Target	FY2030 New environmental target	FY2050 Challenge target
★ Sales ratio of environmentally friendly products	Consolidated	61.9%	—	64%	70%	—	—
★ GHG emissions reduction rate (Scope 1, 2)	Consolidated	(29.0%) <small>(compared to FY2017)</small>	—	(17.7%) <small>(compared to FY2017)</small>	(28.3%)* <small>(compared to FY2017)</small>	(42%) <small>(compared to FY2021)</small>	Zero emissions
★ Ratio of renewable energy to total consumption	Consolidated	11%	13% or higher	11.5%	13%* <small>(compared to FY2019)</small>	—	—
GHG emissions reduction rate (Scope 3)	Consolidated	(1%) <small>(compared to FY2019)</small>	—	(4%) <small>(compared to FY2019)</small>	(10%) <small>(compared to FY2019)</small>	(25%) <small>(compared to FY2021)</small>	—

*: Considering revising following the change to the FY30 target.

Our group will work to strengthen and create businesses that solve social issues in order to achieve carbon neutrality by 2050. Along with this target, we will achieve our Vision 2030 and Environmental Target 2030 through the further introduction of renewable energy, recycling-oriented production activities, and enhancement of the circular economy.

Progress will be steadily managed through sustainability indicators and appropriately disclosed.

Basic thinking on human capital

In order to strengthen human capital management directed at achieving Vision 2030, promote the materiality “Strengthen human capital management and organizational execution abilities”.

Basic policy toward achieving Vision 2030

Based on the Furukawa Electric Group People Vision,

- Secure diverse personnel and support the growth of the people who continually take on new challenges
- Aim to become a corporate group in which each employee plays a leading role and can work with a feeling of pride and excitement
- Create a culture of “carrying through to completion as a team” within the Furukawa Electric Group

Furukawa Electric Group People Vision

Basic thinking about the people working in the group



Human capital management strategy in the 2025 Mid-term Plan

- Realize the management strategy and business strategy, and Support increasing the execution ability of the organization and employees
- Strengthen governance together as a group

Classify into the following 4 perspectives and 6 elements, and implement measures

	Awareness / mindset / culture	Actions / systems
Individuals	Engagement	Abilities / Skills
Organization	Leadership / Team mindset	Design of the organization / Personnel composition
	Organizational culture / Communication	Flow of information, coordination and decision making mechanism

Next, I will discuss our approach to human resources and organizational viability, or in other words, the enhancement of human capital, which we recognize as the most important task in our group among the materialities of risk.

We have established People Vision, a common global approach to all things of human resources.

As our aspirations for 2030, we are working to reinforce our human resources and organizational execution capabilities with the following goals in mind: secure a diverse workforce and support those who take on challenges; ensure every employee engages in driving a result and is excited to work; and foster an organizational culture where teams work through challenges.

We have organized and articulated concrete measures to thoroughly examine all activities that are necessary to carry through our ideal vision, without gaps or duplicates, around the Four Perspectives and Six Elements concept.

Overall image of “Strengthen human capital management and organizational execution abilities”



Directed at promoting the human capital management initiatives, establish a framework made up of 4 perspectives and 6 elements, and grasp the overall image of the activities.
Start to revise the indicators and targets.

Focus points for this briefing

Perspective		Element	FY2022 activities	Indicators	
Individuals Organization	Awareness / mindset / culture	Engagement	<ul style="list-style-type: none"> Conduct a Furukawa E-survey and establish a framework for improvement activities 	<ul style="list-style-type: none"> Engagement score (Result of Furukawa E-survey) Turnover ratio Male / female ratio (employees, managers, etc.) Number of people with a disability and employment ratio 	
		Leadership / Team mindset	<ul style="list-style-type: none"> Leadership transformation activity (Furukawa Seven) Promote the advancement of female employees and hiring of persons with a disability 		
		Organizational culture / Communication	<ul style="list-style-type: none"> Promote “work style reform” aimed at increasing productivity and work-related satisfaction Start to strengthen the framework for health-oriented management 		
Individuals Organization	Actions / systems	Abilities / Skills	<ul style="list-style-type: none"> Expand the programs for improving execution ability groupwide Enhance career training and establish a system for consultations on career formation 		
		Design of the organization / Personnel composition	<ul style="list-style-type: none"> Expand the succession plan to division managers Enhance career track hiring activities 		<ul style="list-style-type: none"> Ratio of career track hiring
		Flow of information, coordination and decision making mechanism	<ul style="list-style-type: none"> Promote feedback through the revision of the target management system 		

The following is a summary of the efforts implemented in FY2022 to reinforce human resources and organizational execution capability, organized by the Four Perspectives and Six Elements.

I don't have time to go into every details, so today I will focus on three areas: our new engagement survey called the Furukawa e-survey; our accelerated organizational culture reform efforts, specifically our diversity and inclusion initiatives; Succession Plan, which is the backbone of all our activities. I will focus on three areas of HR Business Partner initiatives.

Each of these activities also sets indicators and targets to promote progress, supported by the Plan-Do-See, or PDS, cycle.

Conduct the “Furukawa E-Survey” on human capital management and organizational execution abilities, including employee engagement elements.

Make the current status of employees and the organization visible, and formulate and execute improvement measures based on the results of the survey.

Employee engagement

Employee engagement is one of the six elements involved in the human capital management strategy.

All six of the elements are strongly interrelated, so within the business activities, aim to increase employee engagement by conducting the PDS* cycle with an awareness of these six elements.

- Set “Employee engagement scores” as a sustainability indicator in the 2025 mid-term plan
- As the target for 2030, aim to achieve high employee engagement groupwide



Indicators and targets

Sustainability indicator: Employee engagement scores



First, let's talk about employee engagement. This year, for the first time, we conducted the Furukawa e-survey, an employee survey covering the Four Perspectives and Six Elements of human resources and organizational viability, including employee engagement.

The Furukawa e-survey conceptualizes our group's human resources and organizational execution capabilities. We were able to identify issues and implement further improvement activities. The effectiveness of the program will be verified in the next and subsequent years' surveys, and the PDS cycle will be followed.

The quantified result of the e-survey was established as the Employee Engagement Score in the 2025 Medium-Term Management Plan, as a part of the sustainability indicator. Unfortunately, due to the fact that this was the first time the survey was conducted, the score was 65 and fell below the threshold of domestic companies.

For this reason, we have set our sustainability indexes target to 75 in FY2025, which is higher than the domestic threshold, and 85 in FY2030, which is higher than the standard value for a group global company on a group global basis, and realize them. We also aim to achieve a high level of employee engagement not only on a stand-alone basis, but throughout the Group as a whole.

[Organization× Awareness / mindset / culture] Organizational culture

Through the promotion of diversity and inclusion (D&I) and changes in the organizational culture, including transforming leadership, create an organization in which diverse “individuals” are accepted and can succeed.

Promote diversity and inclusion (D&I)

As the foundation for corporate growth, aim to expand diversity

Women	<ul style="list-style-type: none"> Position the low number of female employees as the most important issue, and work to enhance the pipeline from hiring through the training of core personnel
Persons with a disability	<ul style="list-style-type: none"> Stably achieve the statutory employment rate, and along with fulfilling the social responsibility, actively promote such employment including from the perspectives of D&I through employment and contributing to society
Work style reform	<ul style="list-style-type: none"> As the organizational foundation for accepting and utilizing diverse personnel, create a workplace environment that offers a feeling of work-related satisfaction and good balance with life events

Indicators and targets

Sustainability indicator: Ratio of female managers



Employment ratio of persons with a disability
(As of June 1 every year)



*: Revision is under consideration due to the change in the statutory employment rate.

Next is the organizational culture. We promote diversity and inclusion, leadership transformation, and the creation of an organization that accepts and makes the most of diverse individuals. In these uncertain times, a diverse workforce is essential for a company to survive and grow.

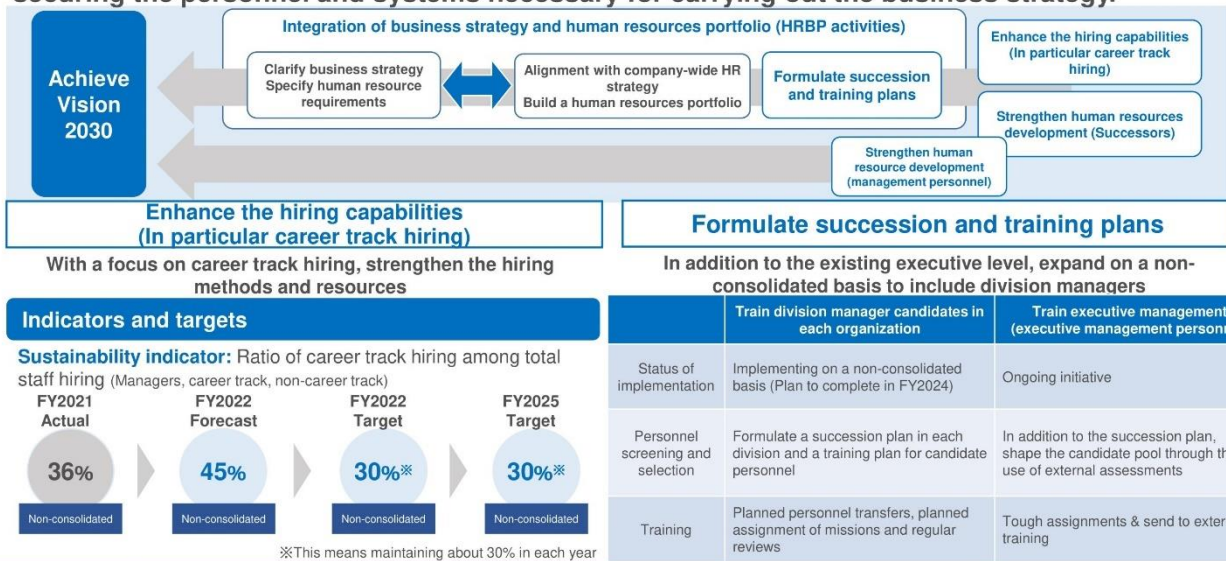
First, with regard to the advancement of women, the biggest challenge is the lack of female employees. We are working to enhance our human resource capital, from recruitment to personnel management. In the 2025 Medium-Term Management Plan, we set the sustainability targets for the ratio of women in management positions at 7% in FY2025 and 15% in FY2030.

With regard to people with disabilities, we will not only achieve the legally mandated employment ratio, but also actively engage in hiring people with disabilities from the perspective of social responsibility and contribution to the achievement of the SDGs. We have also set a target for the net count of employed people with disabilities for FY2025 and FY2030, which may change in the future in the event of a statutory employment rate change.

Furthermore, work style transformation has accelerated since the COVID-19 outbreak. We pour more support for the employees to find work and life balance, we work toward bringing force more rewarding workplace, and we also promote remote working. In addition, the Company has been focusing on employee health management initiatives. Our stock was nominated for Healthy Workplace Stock, and our Company received the 2022 Health and Productivity Management Award -- White 500.

[Organization x Actions/ systems]
Design of the organization / Personnel composition

Directed at achieving Vision 2030, broadly expand personnel training and hiring with the aim of securing the personnel and systems necessary for carrying out the business strategy.



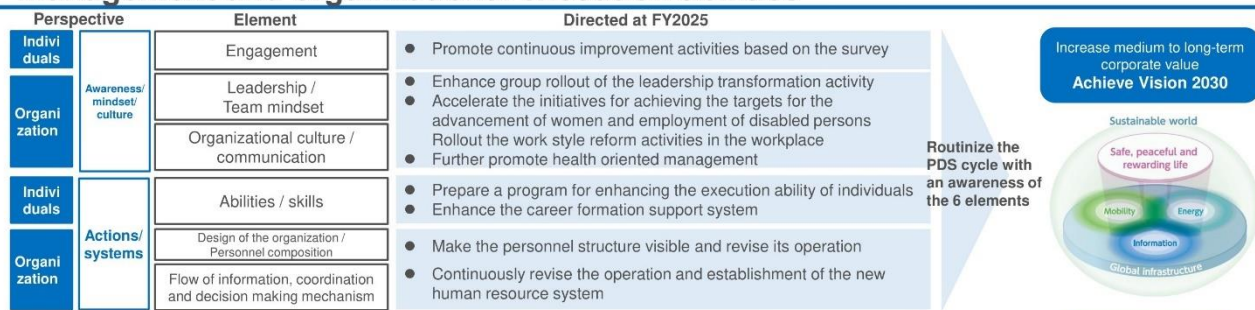
Next is the organizational structure design and staffing. To achieve Vision 2030, we will vigorously engage in the activities of so-called HR business partners, who will institutionally build business strategies and human resource portfolios.

Specifically, through dialogue between the business and human resource departments, we will develop a medium-term succession plan and human resource development plan, and promote the enhancement of human resource development, which will strengthen our ability to respond to the challenges of achieving these goals.

In reinforcing our recruiting capabilities, we are promoting diversification of recruiting methods and a higher retention rate, with a particular focus on career recruiting. During the period allocated in the 2025 Medium-Term Management Plan, we have set a sustainability target of at least 30% career hires, and are actively working to acquire human resources. We already achieved 36% last fiscal year and expect to exceed our target of 45% this fiscal year.

In the area of human resource development, for example, we will increase the variety of opportunities to develop individuals by training them in multiple business departments, giving them challenging assignments or reskilling opportunity, or transferring them to other organizations, including those outside the Company.

Future responses toward strengthening “human capital management and organizational execution abilities”

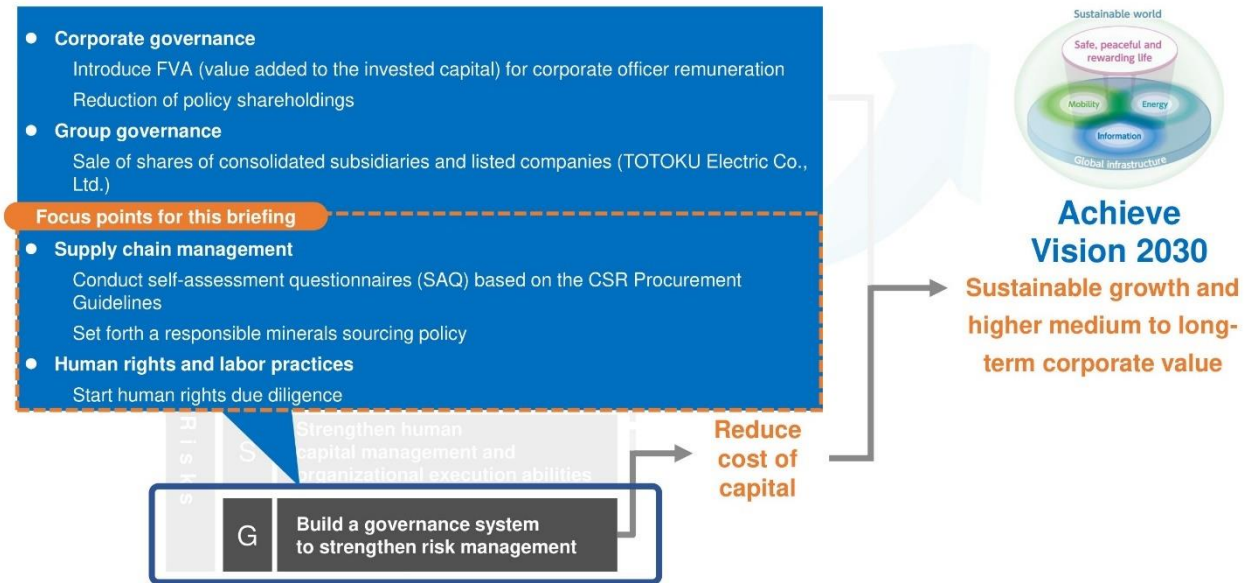


Indicator (★: Sustainability indicator)	Extent	FY2021 Actual	FY2022 Interim	FY2022 Target	FY2025 Target	FY2030 Target
★ Employee engagement scores	Non-consolidated Consolidated	—	65 Actual (Non-consolidated)	Start measuring	75 (Non-consolidated)	85 (Group)
★ Ratio of female managers	Non-consolidated	3.8%	—	4.5%	7%	15%
Ratio of female manager candidates (equivalent to team leaders)	Non-consolidated	11%	—	—	15%	20%
Ratio of female new hires	Non-consolidated	20%	—	—	40%	40%
Employment ratio of persons with a disability	Non-consolidated	2.32%	2.85% Actual	—	2.40%※1	2.65%※1
★ Ratio of career track hiring among total new staff hiring (Management, career track, non-career track)	Non-consolidated	36%	45% Forecast	30%※2	30%※2	—

※1 Revisions are under consideration due to changes in the statutory employment rate. ※2 Means maintaining about 30% in each year

Summary of human resources and organizational execution capabilities. We are on track to achieve Vision 2030 by comprehending and examining the entire range of activities on the axis of the Four Perspectives and Six Elements, routinely rotating the PDS cycle, and setting and managing progress toward FY2025 and FY2030.

Summary of the progress in FY22 for the materiality of governance



Finally, I would like to discuss the materiality of governance.

The Group has established four sub-materialities for governance.

First, in corporate governance, FVA and the value added to invested capital, which were introduced in FY2022 as internal management indicators for the 2025 Medium-Term Management Plan, were introduced into the performance evaluation of the executive compensation system. Some consideration has already been given to linking ESG activities to executive compensation, as ESG items are incorporated into the WACC calculation for this FVA calculation, and we are considering introducing a mechanism to clearly link greenhouse gas emissions and executive compensation in the next fiscal year. The Company is also continuing to reduce its policy shareholdings.

Regarding Group governance, last December we sold all shares of TOTOKU ELECTRIC CO., LTD. a consolidated subsidiary, and listed company.

Supply chain management, human rights, and labor practices will be discussed together later in this section.

Basic thinking on human rights

Promote human rights management based on the 3 requirements of companies indicated in the UN Guiding Principles on Business and Human Rights.

Set forth a human rights policy	<ul style="list-style-type: none">● Set forth the "Furukawa Electric Group Human Rights Policy" (Jan. 27, 2020)● Communicate within the group "Human rights day, human rights week and message from the Strategy Division General Manager" in line with the international Human Rights Day (Dec. 10)● Use the intranet to start to more firmly establish the "human rights initiatives" within the group (from FY2022)
Focus points for this briefing	
Implement human rights due diligence	<ul style="list-style-type: none">● Reported the "Envisioned human rights issues" at the Sustainability Committee meeting (Mar. 7, 2022)● Designated "employees" and "business partners (customers)" as the priority stakeholders for human rights due diligence
Establish a mechanism for remedy	<ul style="list-style-type: none">● Joined JaCER (Japan Center for Engagement and Remedy on Business and Human Rights) as a regular corporate member● Established a link to the "Human rights complaint desk (JaCER complaint desk)" on the company's homepage (also establishing at group companies)

First of all, with regard to human rights, demands from the international community and from our business partners are rapidly increasing due to factors such as the growing geopolitical risks.

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Group promotes three basic policies that companies should address: establishing a corporate policy on human rights, conducting human rights due diligence, and establishing a remedy mechanism.

Today, we will focus on the implementation of human rights due diligence, which has made particular progress recently.

Overall image of human rights due diligence

Designated “Employees” and “Business partners (customers)” as the priority stakeholders for human rights due diligence

	Envisioned human rights issues	Main initiatives	Progress in FY2021-FY2022	Sustainability indicator: FY2025 Target
Employees	<ul style="list-style-type: none"> Discrimination and harassment in the workplace 	<ul style="list-style-type: none"> Investigate human rights risks through whistleblower reports and compliance awareness surveys Provide education on human rights risks targeting managers at Furukawa Electric and group companies in Japan and overseas 	<ul style="list-style-type: none"> Identified the issues based on survey results, etc., and implement remedial measures FY2022 education theme is discrimination / harassment. 100% global implementation 	Implementation rate of human rights training for managerial positions: 100% (Global)
Business Partners	<ul style="list-style-type: none"> Insufficient understanding of the human rights risks in the supply chain Human rights risks related to responsible minerals sourcing 	<ul style="list-style-type: none"> Conduct self-assessment questionnaires (SAQ) based on the CSR Procurement Guidelines (3rd Edition) 	<ul style="list-style-type: none"> FY2021: Conducted for 79 group companies in Japan and overseas and 56 major business partners. Confirmed there are no severe negative impacts on human rights. FY2022: Conduct for approx. 500 major business partners of Furukawa Electric and group companies in Japan and overseas 	Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers: 100% (Global)

The overall human rights due diligence process of the Group begins by identifying employees and partners to be addressed as priority stakeholders. Then, we identify potential human rights issues for each stakeholder, examine the current situation, and implement remedial measures to address the issues.

【Employees】 Initiatives for minimizing the negative impacts on human rights

Response to discrimination and harassment

Request improvement to each division and group company

FY2021

- Conducted a compliance awareness survey
- Identified the issues based on survey results, etc., and implement remedial measures

FY2022

- Head of each division and group company is holding discussions with the Human Rights WG secretariat with the aim of promoting improvement and responses to the issues identified
- Messages from division heads and company presidents are being sent out and educational measures are being developed with the intention of encouraging learning and awareness of the issues identified

FY2023

- Plan to verify the improvement and benefits through compliance awareness surveys and other means.

Conduct education and training

FY2022

- By linking with the initiatives carried out during the annual compliance month, aim to further establish among all employees and the organization.
- Implement "discrimination & harassment" e-learning targeting managers at group companies in Japan and overseas. 100% global implementation rate.

Course begins with a message from the president (in Japanese, English or Chinese)



FY2023

- Plan to continue the e-learning.

This page is about our employee human rights initiative. Beginning FY2022, discrimination and harassment are identified as human rights violations based on the compliance awareness survey we conducted last year, as well as on our internal reporting system.

We then enhanced dialogue within the top management of the division of the headquarters and officers of the Group companies to share key take-away about the human rights issues identified in the survey. We disseminated messages and learnings from the top management. The results will then be verified again in next year's compliance awareness survey and other surveys.

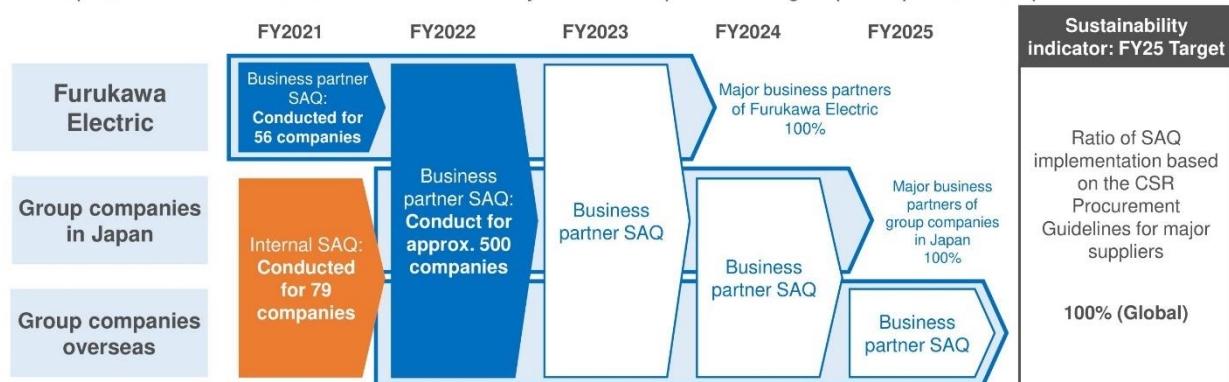
In addition, we set October and November as Compliance Month each year, and in conjunction with these months, we conducted an e-learning course on discrimination and harassment for managers of domestic and overseas Group companies. The Group's global implementation is already 100%. In order to firmly establish this initiative, we will ensure that the sustainability target of 100% implementation rate is maintained in the next fiscal year and beyond.

【Business Partners】 Initiative for minimizing the negative impacts on human rights

Evaluate the human rights risks at the business partners of Furukawa Electric Group through self-assessment questionnaires (SAQ) based on the Furukawa Electric Group CSR Procurement Guidelines (3rd Edition) set forth in accordance with RBA Ver.7

Framework for expanding the scope of the subject business partners

- Phased implementation and expansion to the major business partners.
- Expand from a non-consolidated basis to major business partners of group companies in Japan and overseas



Next, we will discuss initiatives related to partners. Furukawa Electric Group has established the Furukawa Electric Group CSR Procurement Guidelines with reference to the latest code of conduct stipulated by the Responsible Business Alliance, and evaluates the human rights risks of its partners through Self Assessments Questionnaire, or SAQ, based on these guidelines.

Since the range of partners is extensive, the program will be implemented in a systematic manner so that, in principle, a cycle of key partners will be completed in three years. Similarly, we will start with stand-alone partners and gradually and systematically expand to partners of domestic Group companies and overseas Group companies.

Last fiscal year, the program was implemented at non-consolidated partners of 56 companies, 79 domestic and overseas Group companies, and has already been implemented at approximately 500 partners of non-consolidated and, domestic and overseas Group companies this fiscal year.

We have set a sustainability goal of 100% implementation at every organization of the global Group by FY2025, and will continue to work aggressively toward this goal in the next fiscal year and beyond.

Strengthen supply chain management

Furukawa Electric Group Procurement Policy	
1	Fairness and Integrity We are open to any and all business partners in accordance with the principle of free competition and we all act with fairness and integrity.
2	Compliance with Laws and Regulations and CSR Procurement Toward the realization of a sustainable society, we conduct our procurement activities considering environment preservation and safe operation in compliance with all applicable laws and regulations and we do fulfill our Corporate Social Responsibility.
3	Partnership We always value relationships of mutual trust with our business partners to create new value by collaboration. We pursue to optimize our procurement conditions from the viewpoint of quality, cost, delivery, technological capabilities and CSR activities.

Furukawa Electric Group Responsible Minerals Sourcing Policy	
Furukawa Electric Group shall not procure tantalum, tin, tungsten, gold, and other minerals associated with human rights violations, environmental degradation, corruption, conflicts and other incidents in conflict-affected and high-risk areas. We will work to correct any concerns about risks that may arise in our supply chain and engage in responsible minerals sourcing throughout the entire supply chain.	

- Expand the SAQ based on the CSR Procurement Guidelines.
- Steadily implement CSR procurement through dialogue with business partners.
- Enhance and promote the initiatives involving the supply chain that are being conducted for the environment and carbon neutrality in particular.



- Set forth the Furukawa Electric Group Responsible Minerals Sourcing Policy. (Sept. 13, 2022)
- Currently considering the enhancement of the internal structure for minerals procurement.

With regard to the strengthening of supply chain management, we have set forth the Furukawa Electric Group Procurement Policy, and we will work according to the CSR Procurement Guideline.

In particular, with regard to carbon neutrality, as with human rights, through SAQs and meetings with partners, we will monitor the status of our partners' efforts to reduce greenhouse gas emissions and, if necessary, engage in dialogue, request corrective action, and make improvements. In this way, we are strengthening efforts involving the entire value chain.

We have also established a Group policy on responsible mineral procurement and are working to strengthen our response.

Overall ESG

- Status of progress of the sustainability indicators in FY22

Environment

- Initiatives for realizing carbon neutrality
- Revised Environmental Targets 2030

Social

- Status of implementing the Furukawa E-Survey, including employee engagement
- Promotion of diversity and inclusion (D&I)
- Status of progress of enhancing the hiring capabilities and formulating succession and training plans

Governance

- Status of human rights due diligence and conducting SAQ based on the CSR Procurement Guidelines
- Initiatives directed at expanding the scope of the subject business partners
- Set forth a responsible minerals sourcing policy

Today's summary. This concludes our explanation of the Group's ESG management. Once again, these are the topics we have discussed today.

I hope that today's conference helps you grasp our active engagement in promoting ESG over the past two years, which continued from the last ESG presentation. We will continue to strongly promote our commitment to ESG to help solve social issues and achieve sustainable growth for our group and increase our corporate value over the medium to long term.

Thank you for your attention.