

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.

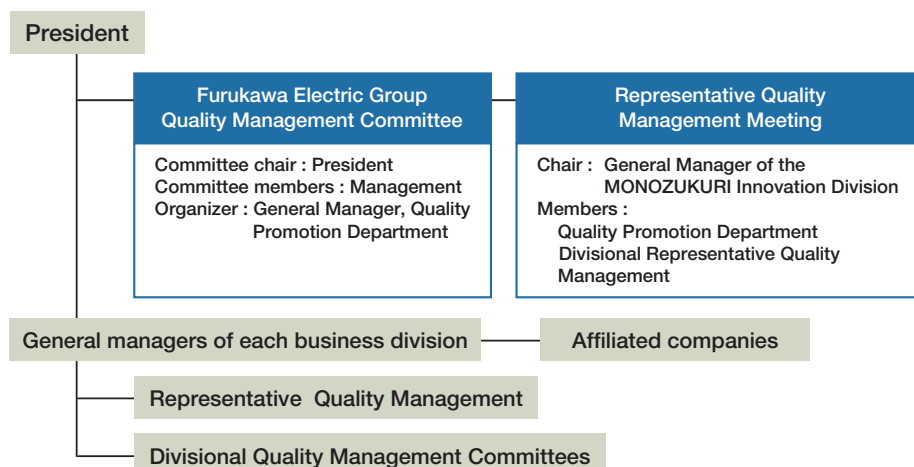
Quality Management Policy

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 Furukawa Electric 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.

Promotion Framework



Message from the General Managers



In order to firmly achieve “the next level quality”, we promote the strengthening of quality awareness and quality governance.




Kazuhisa Kashiara


General Manager, Quality Promotion Department,
MONOZUKURI Innovation Division

Based on the recent public information on many articles, causes and measures concerning quality fraud in other companies, we never consider it as the business of other company and we wish to learn from them and lead to improvements.

In fiscal 2018, along with continuation of the quality improvement measures including two projects that have been worked on, the quality awareness and the quality governance efforts will be further strengthened and promoted.

Targets and Results (Quality)

 Achieved
  Partially achieved
  Not achieved

FY 2017			FY 2018
Targets	Results	Achievement	Targets
Strengthening of fundamental Quality Power - Reduce “failure costs” by 10% from fiscal 2016	- In all 14 business divisions, the expansion of the Quality Strengthening Project activities within the divisions were conducted.		Strengthening of fundamental Quality Power - Reduce “failure costs” by 10% from fiscal 2017

Quality Strengthening Project

The “Quality Strengthening Project”, that has been underway for four years, sets the important themes related to the “failure costs” in each business division (including the supervisory affiliates) and the improvement is promoted by the team activities. In fiscal 2017, the promoting method was clarified based on the “Guideline” for problem solving process, and the expansion of the



autonomous activities was promoted in each division. At the end of the fiscal year, the meeting to report results was held and the improvement cases were shared.

Risk Free Design (RFD) Project

In the “RFD project”, the resource improvement which is “Reformation of the way of thinking” was started, based on the innovative change of consciousness of engineers involved in designing and development and of the people in charge. Also, the improvement of the process for design and development “Restructuring of the mechanism” was started.

In fiscal 2017, in “Reformation of the way of thinking”, the training has started for all the topics aiming for further improvement by fiscal 2020. In “Restructuring of the process”, the guidelines were created, and the operation started at the training implementation divisions.



TOPICS

50th anniversary of EFLEX

Our flexible underground cable protecting pipe “EFLEX” launched in 1967, celebrated its 50th anniversary in 2017. The corrugated HDPE pipe, with its light weight, long length and flexibility features were highly valued by the customers, and the cumulative shipment of the product reached approximately 520,000 km in fiscal 2017, which is equivalent to 13 circumferences of the earth in distance.



EFLEX Square Duct

The “EFLEX Square Duct” series was launched in February, 2018, responding to the market needs to support accelerating removing utility poles in Tokyo for the 2020 Tokyo Olympic Games.

We will continue to support and to respond to the needs for realizing a sustainable society.

Issues and the future policy

In order to achieve the next level quality, two projects will be continued.

As differences were shown in the procedures for the problem solving processes among the departments, the “Quality Strengthening Project” will continue to be the autonomous activities of change by each divisions. Also, in this activity, the key human resources for the quality improvement will be developed

In the “RFD Project”, the practical development of consciousness and knowledge obtained through the training will be promoted.

Also, the enhancement activity on the “quality compliance” and the “quality governance” will be promoted, taking into account the recent quality frauds in the manufacturing industry in Japan.

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 2017, 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.

Partners Meeting and Partners 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 2017, this meeting was held in June and was attended by 55 main business partners.

We also evaluate main business partners on the basis of quality, technology, price, delivery system, degree of social contribution and credit condition, and then, we provide feedback on our findings, in partners meeting. In addition, we discuss the results of our evaluations with them to more closely align our awareness of procurement activities. As part of that, we accelerated the activities of Procurement Logistics in fiscal 2017. By collectively transporting purchased goods on our logistics, it will be leads to environmentally conscious effort such as CO₂ reduction, and it will also be an activity that leads to cost

reduction through efficient logistics.

In fiscal 2017, we evaluated some 199 business partners and provided feedback to them. Furthermore, based on the results of the assessment and our own experiences during the suspended production that resulted from snow damage at Our Nikko Works, we requested ongoing cooperation from certain business partners on business continuity and stable supply initiatives.

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 meeting by explaining the state of our efforts to our business partners, asking for their cooperation with our activities, and so on.

Value chain BCM (Business Continuity Management)

Furukawa Electric conducts regular questionnaire surveys on its main partners about their BCM measures.

In fiscal 2017, we held questionnaire surveys for main partners and placed the results we received from our business partners onto a database. In this way, we have become able to quickly identify which partners are mostly likely to be affected during a natural 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 2017, in addition to carrying out ongoing survey into the usage of conflict metals in mainstay products at Furukawa Electric and our 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 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 value 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 value chain. Internally, during group training held at the Procurement Department, we have held exercise and seminars on the handling of BCM in order to raise our awareness.

Targets and Results (Procurement)

😊 Achieved 😐 Partially achieved ☹ Not achieved

FY2017			FY2018
Targets	Results	Achievement	Targets
Strengthen strategic relationships with partners <ul style="list-style-type: none"> - Ongoing implementation of the partner assessment system and utilization of feedback discussions - Promote awareness of CSR Deployment Guidelines among partners - Examination and implementation of measures to strengthen the value chain by utilizing BCM questionnaire surveys and site surveys results - Carry out conflict minerals survey (data update survey) 	<ul style="list-style-type: none"> - Conducted partner evaluations of about 199 main partners and held partners meeting - Introduce our CSR Deployment Guideline by procurement system online - Reviewed and increased the number of supply points (and sometimes recommended to hold inventory) for important products - A conflict materials surveys (data update surveys) was done 	😊	Strengthen strategic relationships with partners <ul style="list-style-type: none"> - Continue partner evaluation system - Continue to inform partners about CSR Deployment Guidelines - Communication with partners with a view to strengthening the Value chain based on the results of BCM questionnaire surveys - Conflict minerals survey (data update survey)

Message from the General Managers



We will strive to achieve mutual understanding with our business partners and take further steps to strengthen our supply chain.

Kazuhiro Takamatsu

General Manager, Procurement Department,
Finance & Procurement Division

Ever since its foundation, Furukawa Electric has stayed in business by partners with social infrastructure and contributing to society as a partner 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 partners 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 value chains further in order to continue contributing to society. We intend to use a partners meeting and partners assessments to improve the mutual understanding we have with our partners, 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 Furukawa Electric 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 2017, we held our 10th plant tour for individual investors. Visitors were selected by lottery from among those who responded to an open invitation, with 50 people invited to attend out of the 150 who responded. During the tour, we offered participants a number of opportunities to get a feel for Furukawa Electric. We introduced our production processes for optical fiber cables and automotive components in Mie Works.



Optical fiber plant



Automotive components plant

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, 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.

Regarding the year-end dividend for the fiscal 2017 ended March 2018, based on the business result and others for the current fiscal year, the dividend was increased in order to increase the return of the profit to the shareholders, and 80 Yen per share was paid as a year-end dividend.

Regarding the dividend for the fiscal 2018 ended March 2019, based on the comprehensive consideration on the future business development and the return of the profit to the shareholders, we plan to pay a year-end dividend of 80 Yen per share which is equal to the current term.

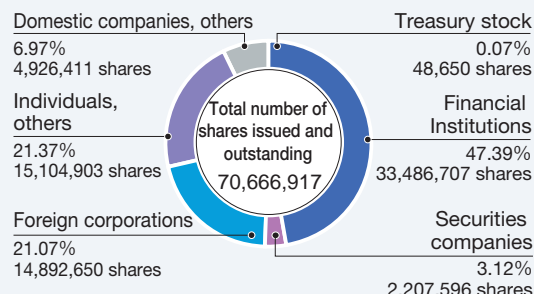
Stock Information and Dividends

General stock information (as of March 31, 2018)

Stock Code on the Tokyo Stock Exchange	5801
Stock Exchange Listings	Tokyo Stock Exchange, First Section
Number of shares authorized	Common Stock 250,000,000 shares
Common stock issued	Common Stock 70,666,917 shares
Minimum trading units	100 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

* We changed 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, 2018)



Cash dividends per common share (including forecast)

Fiscal year	2015/3	2016/3	2017/3	2018/3	2019/3
Interim dividend (Yen)	0.0	0.0	0.0	0.0	0.0
Year-end dividend (Yen)	3.0	4.0	55 (note)	80 (note)	80 (note)
Total dividend (Yen)	3.0	4.0	55 (note)	80 (note)	80 (note)

(note) We have carried out a reverse stock split at a ratio of 1 share for every 10 ordinary shares with an effective date of October 1, 2016. The amounts if the reverse stock split is not conducted will be, respectively: 55 yen → 5.5 yen, and 80 yen → 8.0 yen.

(as of March 31, 2018)

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
Japan Trustee Services Bank, Ltd. (Trust Account)	8,404,900	11.90%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,741,100	8.13%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	2,413,500	3.42%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,304,800	3.26%
Asahi Mutual Life Insurance Company	1,365,050	1.93%
FURUKAWA CO., LTD.	1,329,045	1.88%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,257,600	1.78%
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	1,127,210	1.60%
Fuji Electric Co., Ltd.	1,100,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1,091,900	1.55%

(note) 1. Shareholding ratio is calculated with the number which deducted 48,650 shares of the Company's treasury stock.

2. Mizuho Bank, Ltd. holds 173 shares separate from the 2,413,500 shares indicated above which have been set by Mizuho as a retirement benefits trust.

3. In addition to the JPY 1,365,050 shares mentioned above, Asahi Mutual Life Insurance Co. also has a further 1,050,000 shares in a retirement benefits trust.

Message from the General Managers



We will make efforts to disclose and provide explanations of our diverse businesses for understanding of our shareholders and investors.

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. 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.

Based on the four business segments of "Infrastructure", "Electronics & Automotive Systems", "Functional Products" and "Service and Developments", covering our

diverse businesses, we will make efforts to disclose and explain information in order to gain understanding from our shareholders and investors.

You may have a less chance to see our web site "Furukawa Here and There" where our products supporting daily life are introduced and where are receiving good reviews. We aim to be a company being trusted into the future.

Relations with Employees

Personnel Management

Personnel Management Policy

We aim to be a creative and dynamic corporate group by utilizing diverse human resources globally. It is fundamental to human resource management to continuously create personnel who can embody Furukawa Electric group philosophy, core value and contribute to strengthening competitiveness.

Please refer to page 20 for “Furukawa Electric Group Corporate Philosophy”.

Medium term policy

In the 2020 Mid-term Management Plan, 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”.

We will implement human resource management to support Furukawa Electric group’s growth strategy through penetration of “Group HR Vision”^(note), development of management human resources, enhancement of HR function in group and global, fostering an employee’s autonomous career awareness and improving willingness to develop capabilities toward realization of career.

(note) This is our vision for human resources at Furukawa Electric Group.

Main measures contributing to the Group’s global management

- 1 Realization of “Successor Training Plan” and strategic placement in important position within group
- 2 Early selection of candidates and systematic development and arrangement, for the training of the next generation of managers
- 3 Establishment and penetration of “Group HR Vision”, promotion of career development support and improvement of personnel system for that purpose
- 4 Improvement of training curriculum and promotion of human resources exchange, overseas dispatch of young employees
- 5 Acceleration of diversity management efforts
- 6 Promotion of productivity improvement and flexible working way through “work style reform”

Human Resources Development

Enhancement of Education Program

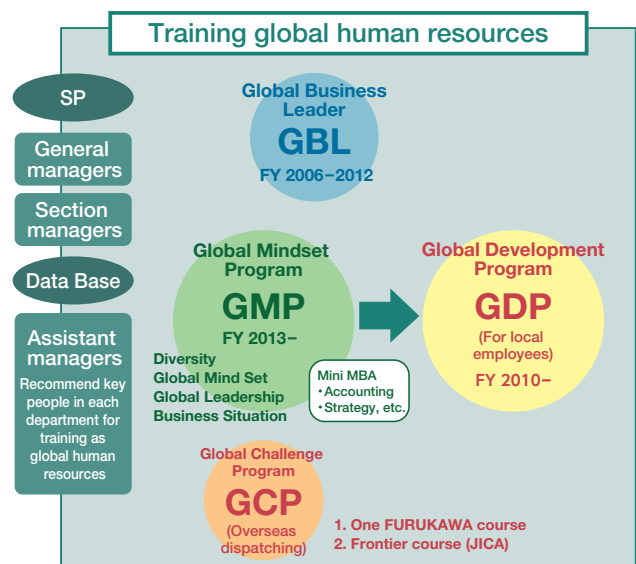
We are training human resources who have rich humanity and strong challenge spirit, for the sake of our group development.

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 construct relationships between people by “dialogue” 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 with the aim of strengthening links within Furukawa Electric 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.

Global Human Resources Training System



Project to Improve GENBA-RYOKU Capabilities

From fiscal 2009, the training targeted for the employees in MONOZUKURI (manufacturing) site is carried out at each of our Plants. In fiscal 2017, was reopened the freshman training targeting the novice technicians. And, the “Workplace Leader Training” targeting forepersons was opened, and the consistent training plans from novices to veterans were prepared. The site staffs from 21 domestic Group companies participating in the MONOZUKURI training. In addition, The “all employees participating special programs” are opened at the major plants in many companies in Furukawa Electric Group. More than 3,100 trainees participated in the site strength training and the activation of the “MONOZUKURI power” in the workplaces is strived by taking advantage of the “sight strength” in which each person takes action based on their own consideration.



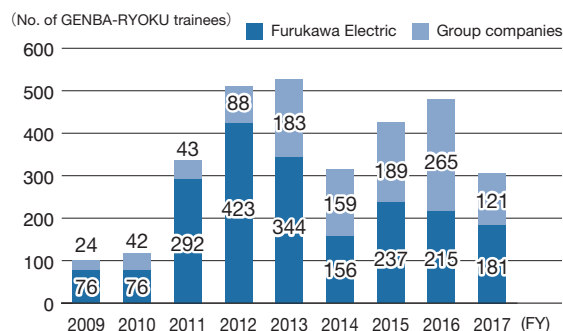
Training for novice technicians.
Exercise in safety by pointing out and giving voice.



Lecture on MONOZUKURI staffs training for the sight strength.

We are promoting to create a culture which carries out the operation with the common language of “strengthening the GEMBARYOKU”. 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, and are working on various measures such as organizational mind fostering, women’s career formation support, autonomous work-life management, etc., aiming at building an environment where diverse human resources can be active.

Diversity & Inclusion Activities

In fiscal 2017, we strengthened the transmission from the top management such as an accession to “Iku-Boss Enterprise Alliance”, and support for “Declaration on Action by A Group of Male Leaders Who will Create a Society in Which Women Shine.”.

We worked on individual fostering of female managers, created child care brochure for men and held a seminar on compatibility between work and nursing care.

These efforts were evaluated, and in March 2018, we were selected as “Nadeshiko Brand” as a listed company of nonferrous metals with excellent women’s success.

[Objectives related to support the success of women in the workplace] (Set new target value in fiscal 2018)

- (1) We aim for 7% of females in managerial positions by fiscal 2025.
- (2) We aim for 15% of females in chief positions by fiscal 2025.
- (3) We aim for 40% of females in university graduates recruits by fiscal 2025.

(note) A summary of our company’s initiatives is available on the Ministry of Health, Labour and Welfare’s “Enterprise database promoting women’s success”.

<http://www.positive-ryouritsu.jp/positivedb/detail?id=529>



Iku-Boss enterprise alliance



“Male Leaders’ Association
Accelerating the Activity of “Shining Women”



“Nadeshiko Brand” logo

Work style reform

From both aspects of “work style change” and “organizational culture reform”, we are promoting activities aiming at balancing “sustainable growth of the company” and “enhancement of individual lifestyles (life)”. In fiscal 2017, in addition to encouraging executive officers and department heads to take the initiative, we implemented a campaign called “Working Style Reform Challenge Month” and accelerated efforts in each department.

Furthermore, in order to achieve results, we believe that it is important to work together on a team as “an organization where everyone can share own ideas openly”. We conducted a “dialogue party” between the president and the department/section managers at eight locations nationwide to deepen their understanding of the importance of interactive leadership.

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 Furukawa Electric Group, we held Furukawa Electric Group Forum in Tokyo, at which actively appealed our attractiveness to students.

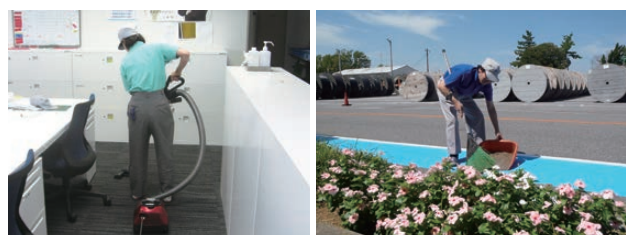
Recruitment figures by gender (Number of employees)

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Specialized staff	Male	21	28	45	61	73
	Female	5	8	15	31	31
	Total	26	36	60	92	104
	Foreign nationals	1	0	0	1	0
Professional staff	Male	0	0	0	15	46
	Female	0	0	0	0	0
	Total	0	0	0	15	46

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 2018, Furukawa New Leaf employs 41 people who are intellectually challenged. As of March 15th 2018, Furukawa Electric has an overall disabled employment rate of 2.13%.

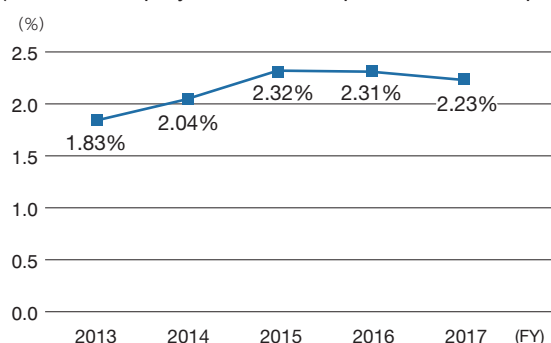
Furukawa New Leaf is doing its business at Hiratsuka Works, Chiba Works and Mie Works, to further increase our disabled employment rate.



Furukawa New Leaf employees at work

Real employment rate

(From our employment status report on disabled persons)



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.



Internship training

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 66 years from fiscal 1952. As of May 2018 we had held these briefings 131 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

FY 2017			FY 2018
Targets	Results	Achievement	Targets
Strengthening of global human <ul style="list-style-type: none"> - Training menu is to be revised for the penetration of "One Furukawa Mind" and the awareness of "Core Value" - Continuous implementation of GCP 	<ul style="list-style-type: none"> - 30 participants from 15 countries participated from 8/28 to 9/2 Implemented GDP - Review the content of the training, based on Core Value after reviewing their thoughts and actions, formulating action plan - One participant in the GCP-One-Furukawa course Addition (dispatch from the Legal Department to OFS for 3 months) 		Strengthening of global human <ul style="list-style-type: none"> - Implementation of OneFurukawa Mind Penetration and "Core Value" conscious GDP training - Continued dispatch of GCP
Reinforcement of Monozukuri capability <ul style="list-style-type: none"> - Building an educational system to strengthen "Monozukuri capabilities" - Implementation of GENBARYOKU strengthening activities for affiliated companies (Japan and overseas) (ongoing) 	<ul style="list-style-type: none"> - Monozukuri education system created - As a support for strengthening "Monozukuri capabilities" of affiliated companies, local on-site field training was conducted at affiliated companies in Japan (KANZACC Co., Ltd.) 		Reinforcement of Monozukuri capability <ul style="list-style-type: none"> - Implementation of "Monozukuri capabilities" Education - Continue to strengthen "Monozukuri capabilities" of affiliated companies (Japan and overseas) (ongoing)
Support for diverse ways of working, and work-life balance <ul style="list-style-type: none"> - Promotion of birth and child care participation of father, awareness of our system, support for infertility treatment hour 	<ul style="list-style-type: none"> - 27 people with male childcare leave, Increased by 20 people over the previous year - Updated in-house site to inform work-life balance related system and published guidebook for male childcare participation - Introduction of leave system for infertility treatment 		Support for diverse ways of working, and work-life balance <ul style="list-style-type: none"> - The number of people with annual regular vacation acquisition less than 5 days shall be zero - Introduce a seminar as a career development support to parents who take childcare leave

Message from the General Managers



Continue to challenge change based on "Carefully take advantage of the people"

Masako Tanaka

Corporate Vice President, Deputy General Manager, Strategy Division and General Manager, Human Resources Department

Challenges for the Human resources Dept. are getting more sophisticated, such as the rapidly progressing low birthrate and the aging population, the diversification of work and work styles based on the technological innovation and the lack of human resources to support the global business development. It is not an exaggeration to say that "the strategy of the human resources and the organization" is the most important factor affecting the competitiveness of the company and for the business continuity.

For its history of more than 130 years, "Carefully take advantage of the people" has been the DNA of Furukawa

Electric Group. As a person in charge of Human Resources Dept. I am dedicating with courage more efforts for the new challenges by taking heed of its origin, in order to survive this era, and by changing Human Resources Dept. itself.

"A new value is created by a cooperation and by the diversity of human resources taking the advantages of the individual strengths", "To grow individuals and enrich their lives autonomously, it is also essential for the growth of a company", I would like to sympathize with these ideas, and increase the people who make consideration and practice together.

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.

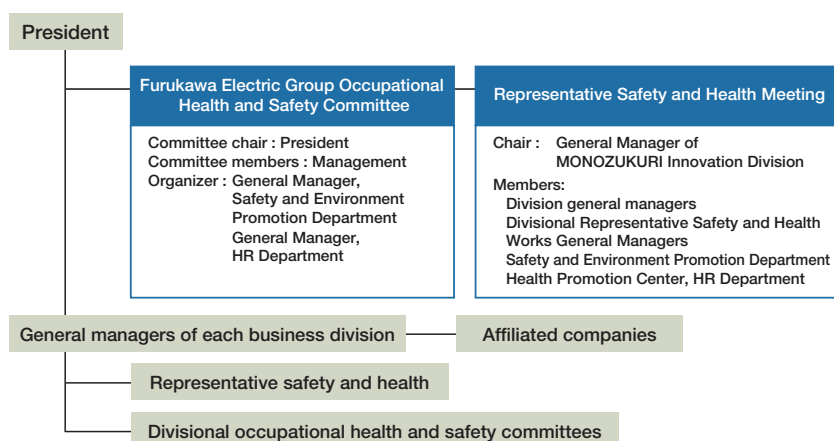
Basic policy on health and safety management

- Endeavor to eradicate accidents by inspections and management in accordance with the Industrial Safety and Health Act.
- Promote the realization of “fundamental safety” with a goal of achieving Stage III or higher in separating pedestrians and vehicles and separating people and equipment.
- Improve “safety consciousness” through practical education and risk prediction to encourage employees to become safety conscious person. (* “Safety consciousness”: (1) Ability to identify points of risk (2) Ability to propose improvements)
- Improve Safety and health management systems with a medium-term goal of achieving Stage IV or higher.
- Promote mental and physical health improvement by Furukawa Electric group’s health management activities.

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 Furukawa Electric 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 Furukawa Electric Group’s safety and health activities and awarding the best with commendations. In fiscal 2017, fourteen teams were selected from the SBUs (including five teams from group companies) to give presentations and receive awards from the president.



Furukawa Magnet Wire (Japan) 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 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



Site inspections by officers at Yokohama Drum Manufacturing (Japan)

Targets and Results (Accidents)

😊 Achieved 😞 Partially achieved ☹️ Not achieved

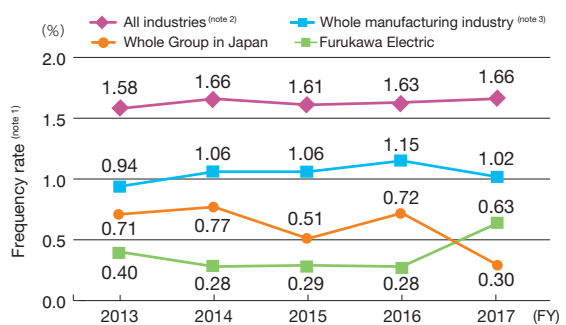
FY 2017			FY 2018
Targets	Results	Achievement	Targets
Zero “accidents with working loss days”	Five “accidents with working loss days”	☹️	Zero “accidents with working loss days”

hard to prevent any recurrences. They also conduct visits to domestic and overseas group companies, and exchanged opinions with 10 companies in fiscal 2017.

Work Accident Occurrence Status

In terms of its performance in fiscal 2017, Furukawa Electric recorded five “accidents with working loss days”, and failed to meet its target of “zero accidents with working loss days”. The frequency rate of accidents resulting in time off work ^(note 1) increased to 0.63 in Furukawa Electric only but decreased to 0.3 among all Group companies in Japan ^(note 2).

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 2017 covered full-time employees and temporary staff at Furukawa Electric and 36 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 2017 accident frequency rate for the whole Group including overseas Group companies was 0.8. 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 improve their ability to respond to various changes. In fiscal 2016 or later, in addition to continuing to implement these trainings, we will introduce a stress check system in accordance with legal revisions.

Strengthening Smoking Measures

Since fiscal 2003, the Company have been making the full-scale efforts on smoke curbing and implementing the actions for the prevention of secondhand smoke and non-smoking promotion. As a result of these activities, the smoking rate of the employees (male) has decreased from 53.3% in 2002 to 28.9% in 2017, and in fiscal 2017, non-smoking within working hours was achieved. In order to achieve the full non-smoking all over the Company, under the slogan of “The Company will welcome the 2020 Tokyo Olympic with full non-smoking!!”, we will continue the multidirectional efforts of the triad (information provision, non-smoking support, non-smoking environment maintaining).



Non-smoking poster

Measures to Prevent Falling Accidents

The falling accident increases with age, even in the Company, as its members are aging, as the increase of falling accident (including commuting injuries during walking) is a serious concern, the preventive education for the falling accidents and fitness exercises (muscle training) were introduced from fiscal 2016. In addition, in fiscal 2016 the physical function check-ups has been implemented for employees over 50s, and from fiscal 2017, it was expanded to over 40s.

The Health management declaration and certificated as the Health management superior corporation 2018

The Company was certified for two consecutive years as a “Health management superior corporation 2018 (White 500)” which is practicing excellent health management, by the Health Management superior corporation certification system of the Ministry of Economy, Trade and Industry.



White 500 certificate

In addition, on May 15, 2017, from the managerial view point, “Furukawa Electric Group Health Management Declaration” was enacted, in order to promote “Health Management” which strategically strives for the health management and the health promotion of the employees. In order to “aim to become a creative and full of vitality corporate group by taking advantage of the diverse human resources”, we will keep making “a company where everyone works vigorously, keeps growing and is proud” by prioritizing safety and health to everything, promoting various activities mindful of health management throughout the Company.

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.

Efforts of career education “Hamakko Future Supporter” in Yokohama city

The Company participates in the efforts of “Self-Development Education” promoted by Yokohama city, and carrying out the work experience learning and the delivery classes for elementary and junior high school students.

At Yokohama Works in fiscal 2017, in order to convey the excitement of the basic research, a group work on the world in the next 100 years and conducted a simulated running experiment of a linear motor car using the superconductive technology. From the participated junior high school students, we received a comment “What kind of society will be in the future, I am looking forward to creating it together.”

As a friendly Furukawa Electric and as a dream inspiring Furukawa Electric, we will continue to work closely and to contribute to the local community.



Work experience learning by junior high school students at Yokohama Works

Implementation of the private companies training for teachers.

From 1st to 3rd August, hosted by the general incorporation foundation of Keizai Koho Center (Japan Institute for Social and Economic Affairs) the private companies training was conducted for teachers, and 10 teachers from elementary schools and junior high schools in Chuo-ku and Shinjyuku-ku participated. While valuing the pleasure of awareness and the sense of accomplishment with the themes of “Social responsibility of schools and corporates”, “Safety and environmental activities” and “What is human resources development”, we learned together through the exercises, factory tours and companies training.



Group exercise



Practicing at “Anzen Dojo”

CSR Awards

Ninth CSR Awards

The Company established the CSR Awards to make honorable recognition of the outstanding social contribution activities and the environmental preservation activities of Furukawa Electric group companies. The CSR Award winning companies are devising their activities and continuously contributing to society every day.

Social Contribution Award

Furukawa New Leaf Co., Ltd.

Furukawa New Leaf Co., Ltd. Hiratsuka Branch office provides the opportunities for employment experiences for students in the neighboring school for handicapped person and support education school. Focusing on high school second and third graders, we enroll one student for one to two weeks. The student engages in cleanup activities with our employees, while communicating with seniors employed from the school and receiving guidance on the work methods. Thus, a place to actually experience the daily life as a social occupant is provided.

In the six years, from fiscal 2012 to fiscal 2017, total 46 students had the experience.

In the first work experience, spending time with people in different ages is accompanied by huge anxiety and stress, it is a valuable experience for the students aiming to work.



Work experience of cleaning activities

Environmental Preservation Award

The Furukawa Battery Co., Ltd.

With the global consensus on the climate change measures and the goal setting, the interest in the global environment is increasing more and more. The storage batteries are indispensable for the environmentally friendly vehicles. The Furukawa Battery Co., Ltd. co-sponsors World Econo Move (WEM), which is an energy saving race for the electric vehicles, as a part of efforts towards the environmental activities.

WEM is a competition being held since 1995. It is an energy conservation race competing for a driving distance within a certain time using the same battery for the convention (made by Furukawa Battery) supplied by the host. Through this co-sponsorship, we wish the people in wide range of generation to be continuously interested in the global environment.



Thailand Competition
(August 2007 in
Bangkok)

Start in Chiba
Competition (Nihon
Automobile College,
October 2010 in Narita)



Awards ceremony
in Akita competition
(May 2017 in Ogata
Village)

Furukawa Battery
members in Indonesia
team (May 2018 in
Ogata Village)



Activities in each region

Activity topics

Furukawa Electric Group conducts various activities in each region.

Nurturing future generations

■ Supported and cooperated on work experience for schoolchildren of all ages

- Furukawa Electric (Chiba Works, Nikko Works, Yokohama Works)
- Furukawa Sangyo Kaisha
- Furukawa Electric Power Systems
- Furukawa Logistics



Social experience learning by Nikko Junior High school (Nikko Works, Furukawa Electric)



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

■ Supported private sector training for teachers

- Furukawa Electric (Hiratsuka Works)

Living in harmony with the natural environment

■ Participated in local environment beautification campaign

- Furukawa Electric (Chiba Works, Nikko Works, Hiratsuka Works, Mie Works, Copper Tube Division, Copper Foil Division)
- NTEC ● Okano Electric Wire ● TOTOKU Electric
- Furukawa Automotive Systems ● Furukawa Sangyo Kaisha
- Furukawa Precision Engineering ● Furukawa Techno Material
- Furukawa Electric Ecotec ● Furukawa Electric Industrial Cable
- Furukawa Logistics ● Furukawa Magnet Wire
- Riken Electric Wire ● Furukawa Nikko Power Generation

Living side by side with local communities

■ Supporting and working with NPOs and special-needs schools

- Furukawa Electric (Nikko Works, Copper Foil Division)
- Furukawa Sangyo Kaisha



Regional exchange volunteer meeting with NPO Habataki (Copper Foil Division, Furukawa Electric)

■ Cooperated with the patrol in the region

- Furukawa Electric Power Systems
- Furukawa Logistics

■ Held a fishing event

- Furukawa Nikko Power Generation

Promotion sports and culture

■ Participated in, sponsored, and provided a venue for sporting events

- Furukawa Electric (Nikko Works, Hiratsuka Works, Mie Works, Copper Tube Division)
- Furukawa Automotive Systems ● Furukawa Sangyo Kaisha
- Furukawa Electric Power Systems
- Foam Kasei ● Furukawa Nikko Power Generation

■ Hosted, participated in, and supported festivals

- Furukawa Electric (Nikko Works, Hiratsuka Works, Mie Works, Copper Foil Division)
- NTEC ● Furukawa Precision Engineering
- Furukawa Electric Power Systems
- Furukawa Magnet Wire ● Miharu Communications
- Furukawa Nikko Power Generation



Watarase drainage basin "Clean Operation" (Furukawa Logistics)



Miho pond parkland "Removal of *Sicyos angulatus*" (TOTOKU Electric)



Cutting grass in neighboring children's playground together with Hosoo Resident's Association (Furukawa Precision Engineering)

Conducted beautification activities outside premises

- Furukawa Electric (Chiba Works, Nikko Works, Hiratsuka Works, Mie Works, Yokohama Works, Copper Tube Division, Copper Foil Division)
- NTEC ● TOTOKU Electric
- Furukawa Automotive Systems
- Furukawa Electric Industrial Cable
- Furukawa Logistics ● Furukawa Magnet Wire

Other activities

Donation to the Kumamoto earthquake

- Furukawa Electric (Yokohama Works)

Donated and raised funds for charities

- Furukawa Electric (Nikko Works, Yokohama Works)
- Miharu Communications
- Furukawa Nikko Power Generation

Donated blood

- Furukawa Electric (Chiba Works, Hiratsuka Works, Yokohama Works, Copper Foil Division)
- Furukawa Precision Engineering
- Furukawa Logistics ● Furukawa Magnet Wire

Conducted factory tours for employees' families

- Furukawa Electric (Hiratsuka Works)
- Furukawa Automotive Systems



"Open Office" for employee families (Furukawa Automotive Systems)

Supported the restoration of the Tohoku region

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

Challenges and Future Policy

Furukawa Electric's works, branch offices, and Group companies are implementing community-based activities with ingenuity. We will continue investigating programs and other measures which can apply our unique company characteristics in accordance with the Furukawa Electric Group Basic Policy on Social Contribution Activities.