

# Initiatives for Society

## Relations with Our Customers

### Basic Approach

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

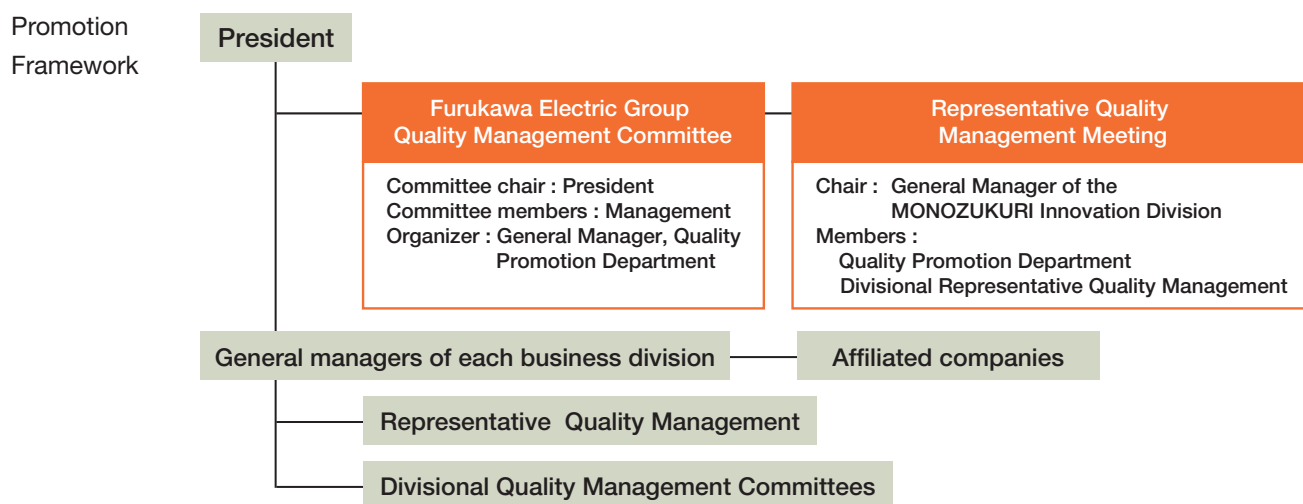
Going forward, we will continue endeavoring to further enhance “quality power” throughout Furukawa Electric Group by developing products that are attractive to our customers, based on a policy of Group-focused management.

### Quality Management Policy

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

### Organizations for Improving Quality

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



### Targets and Results (Quality)

😊 Achieved    😐 Partially achieved    ☹ Not achieved

FY2016			FY2017
Targets	Results	Achievement	Targets
<b>Strengthening of fundamental Quality Power</b> - Reduce “failure costs” by 10% from fiscal 2015	- Continued a Quality Strengthening Project to select and promote key themes from the quality improvement activities previously done by divisions.	😊	<b>Strengthening of fundamental Quality Power</b> - Reduce “failure costs” by 10% from fiscal 2016

## Efforts to Reduce Failure Costs

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

There were a total of 13 themes in fiscal 2016, with 20 events for executives held to promote activities.

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

As a result of theme activities for the “Quality Strengthening Project” as well as other theme activities within business divisions, we were able to achieve our targets for reducing failure costs in fiscal 2016.



## Challenges and Future Policy

By deploying the procedures (concepts) of theme activities using “Quality Strengthening Project” measures horizontally to other theme activities within business divisions, we will be able to obtain even greater results.

Requests and demands from our customers have become extremely complex in recent times, and in order to respond to them we have determined that it will be



## A Space for Giving Birth to New Innovations

Since our establishment in 1884, Furukawa Electric has produced a wide variety of innovations through continuous technological reform, drawing on more than a century of expertise in the development and fabrication of advanced materials.

Our new “Fun Lab” has been set up for the further evolution and acceleration of this background in innovation.

The logo starts with “F” for Furukawa and incorporates the meaning of creating innovation by making the viewer imagine fun future creation.



By creating open innovation with guests who visit it (COMPREHENSION) through mutual recognition of each other's strengths (COOPERATION) and sharing new senses of value utilizing each other's strengths (COLLABORATION), we will continually create new innovations to contribute to the achievement of a rich society.



URL → <http://www.furukawa.co.jp/funlab/en/>

particularly necessary to further enhance design and development. Therefore, we will implement project activities to improve process and competence for design and development, in addition to the past “Quality Strengthening Project”.

We will move forward to achieve the next level of quality through these two project activities.

## Message from the General Managers



**To achieve “the next level of quality”, we will strive to strengthen our design and development processes even further.**

**Kazuhisa Kashiara**

General Manager, Quality Promotion Department,  
MONOZUKURI Innovation Division

In accordance with our basic policy on quality control, we promote a continuous fact-based management cycle at every stage from research and development to production, sales, service, and administrative work, in every division, and at every level, thereby maintaining and improving quality. To be able to create products that are attractive to customers, we make thorough improvement at every process from product planning through to the point of sale.

Starting from fiscal 2017, we launched projects to improve process and competence of design and development in

addition to the “Quality Strengthening Project” and will proceed with these two-pronged activities.

The “Quality Strengthening Project” activities will be carried out with a focus on further expanding the results which have been obtained up until fiscal 2016.

Project activities to improve process and competence of design and development will have the objective of improving process for design and development in each operational division, and improving the competence of designers and developers.

# 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 2016, 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 2016, this meeting was held in June and was attended by 57 main business partners.

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

In fiscal 2016, we evaluated some 196 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 trade partners, asking for their cooperation with our activities, and so on.

## Supply chain BCM (Business Continuity Management)

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

In fiscal 2016, 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 <sup>(note)</sup>

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 2016, 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 exercise held at the Procurement Department, we have held training and seminars on the handling of BCM in order to raise awareness among members of the department.

## Targets and Results (Procurement)

😊 Achieved    😐 Partially achieved    ☹ Not achieved

FY2016			FY2017
Targets	Results	Achievement	Targets
<b>Strengthen strategic relationships with partners</b> <ul style="list-style-type: none"> <li>- Ongoing implementation of the partner assessment system and utilization of feedback discussions</li> <li>- Promote awareness of CSR Deployment Guidelines among partners</li> <li>- Examination and implementation of measures to strengthen the value chain by utilizing BCM questionnaire surveys and site surveys results</li> <li>- Carry out conflict minerals survey (survey for the purposes of updating data)</li> </ul>	<ul style="list-style-type: none"> <li>- Conducted partner evaluations of about 196 main partner companies held partners meeting</li> <li>- Introduce our CSR Deployment Guideline by procurement system online</li> <li>- Reviewed and increased the number of procurement points (and sometimes recommended inventory) for principle products</li> <li>- A conflict materials surveys (data renewal surveys) was done</li> </ul>	😊	<b>Strengthen strategic relationships with partners</b> <ul style="list-style-type: none"> <li>- Continue partner evaluation system</li> <li>- Continue to inform partners about CSR Implementation Deployment Guidelines</li> <li>- Communication with partners with a view to strengthening the Value chain based on the results of BCM questionnaire surveys</li> <li>- Conflict mineral survey (data update survey)</li> </ul>

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

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

## Relations with Institutional Investors and Securities Analysts

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



Briefing for institutional investors

## Relations with Individual Investors

In September 2016, we held our 9th 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 127 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 that started from fiscal year 2016, we will apply management resources prioritizing facility investment and R&D for profit expansion in focus business areas (infrastructure / automobile markets) and the creation of new businesses, strengthen the earning capacity of our group and improve its financial structure, all of which will support the sustained growth of our group. With regard to returns to shareholders, we also positions the continuation of stable dividends as one of the most important issues of management.

We implemented an increase for the term-end dividend of the term ended March 2017, to increase the return of profits to shareholders as mentioned above in consideration of factors such as the results for the term. The term-end dividend was provided at a price of 55 yen per share. 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, and this term-end dividend based on conversion after the reverse stock split has increased by 15 yen compared to the previous term.

With regard to dividends for the term ending March 2018, we are planning a dividend of 60 yen per share, in overall consideration of an anticipated results forecast higher than the previous term, future business development, and the return of profits to shareholders.

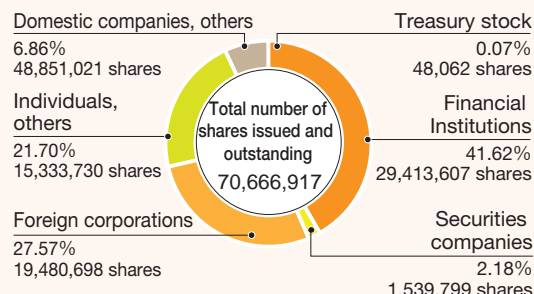
## Stock Information and Dividends

### General stock information (as of March 31, 2017)

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, 2017)



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

Fiscal year	2014/3	2015/3	2016/3	2017/3	2018/3
Interim dividend (Yen)	0.0	0.0	0.0	0.0	0.0
Year-end dividend (Yen)	3.0	3.0	4.0	55 (note)	60 (note)
Total dividend (Yen)	3.0	3.0	4.0	44 (note)	60 (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 60 yen → 6.0 yen.

(as of March 31, 2017)

### 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)	5,566,800	7.88%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,959,900	7.02%
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)	2,238,500	3.17%
BBH BOSTON CUSTODIAN FOR JAPAN VALUE EQUITY CONCENTRATED FUND A SERIES OF 620135	1,465,500	2.08%
Asahi Mutual Life Insurance Co.	1,365,050	1.93%
FURUKAWA CO., LTD.	1,329,045	1.88%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,289,900	1.83%
GOVERNMENT OF NORWAY	1,228,800	1.74%
Fuji Electric Co., Ltd.	1,100,000	1.56%

(note) 1. Shareholding ratio is calculated with the number which deducted 48,062 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.

4. In addition to the 1,329,045 shares mentioned above, FURUKAWA CO., LTD also has a further 1,091,900 shares in a retirement benefits trust.

## Message from the General Managers



We will focus on releasing information and providing explanations of our diverse business content for their understanding

**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.

In fiscal 2016, our company established new supervisory divisions which unify multiple businesses, with the goal of strengthening coordination between strongly-connected

businesses and consolidating common functions. Under this new system, we have reorganized our business segments into four divisions: "Infrastructure", "Electronics & Automotive Systems", "Functional Products", and "Service and Developments, etc." Based on these business segments, we will focus on releasing information and providing explanations of our diverse business content for their understanding by our shareholders and investors, and we hope to become a company that can receive their trust for many years to come.

# Relations with Employees

## Personnel Management

### Personnel Management Policy

Furukawa Electric Group's basic approach to human resources management is to utilize global and diverse human resources in order to become a corporate group that is creative and energetic, and to embody the Group Philosophy so that we can continue to produce human resources capable of contributing to our competitiveness. Please refer to page 26 for "Furukawa Electric Group Corporate Philosophy".

### Challenges and Future 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". As measures that contribute to Group Global management, we will focus on "measures that strengthen top management" and "bottom-up measures for reforming our organizational culture and human resources".

Specifically, we will enact the Group HR Vision <sup>(note 1)</sup>, which describes our standard value judgments for formulating personnel strategies and measures at group companies, increase the links between personnel systems for hiring, job placement, assessment and remuneration, and implement individual measures from the perspective of "developing skills" with a focus on

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

##### Top management reinforcement measures

- 1 Realizing succession plans and strategic personnel deployment in a way that makes use of human resources databases
- 2 Demonstration of leadership and activation of behavior change by action assessment

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

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

strengthening our cultivation of global human resources.  
(note 1) This is our vision for human resources at Furukawa Electric Group.

## Human Resources Development

### Enhancement of Education Program

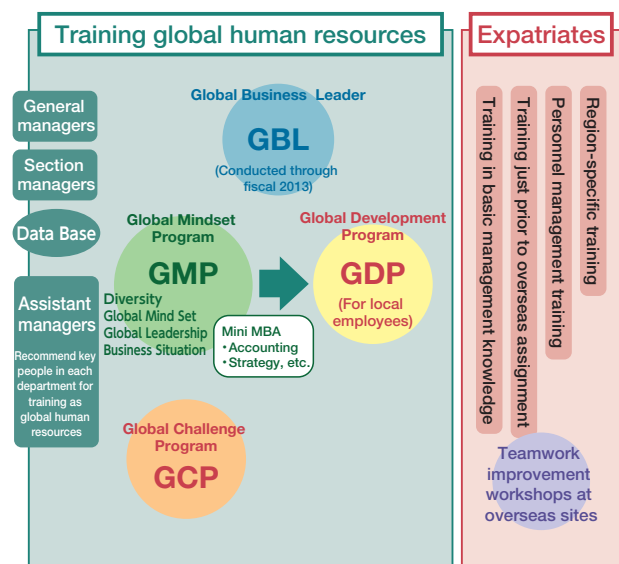
We are training human resources who have rich humanity and strong challenge spirit, for the sake of our group development. Our aim is to develop "sensitive personnel who can think and act on their own initiative" as we maximize our organizational strength and spread our Group management thinking.

The state of our leaders affects corporate culture and reflects in our business results, which is why we give training at each level to develop leadership, and 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 the Group, the curriculum being partly shared with the GMP. Furthermore, in fiscal

#### Global Human Resources Training System



2014 we launched the Global Challenge Program (GCP), which dispatches young employees to foreign countries. We are working to align these various programs to develop human resources who can play a dynamic role on the global stage.

### Project to Improve GENBA-RYOKU Capabilities

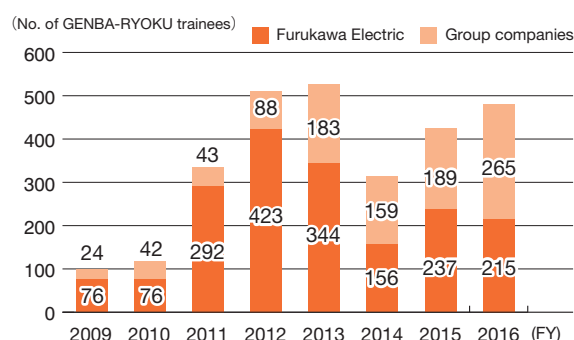
In fiscal 2009, we began GENBA-RYOKU training for all manufacturing on-site employees at our factories. To date, more than 2,500 workers have been trained. The training has consisted of foreman training, mid-level worker training, and basic program, with the aim of cultivating “GENBA-RYOKU”, the ability to think and act for oneself, and boosting the monozukuri capability of the workplace.



Upper left: 8<sup>th</sup> Training Session for Mid-level Workers - Hiratsuka Area Participants  
Upper right: Monozukuri staff undergoing GENBA-RYOKU group work training  
Left: Monozukuri staff undergoing GENBA-RYOKU group work presentation

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

### People Undergoing GENBA-RYOKU Reinforcement Training



### Using Diverse Human Resources

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

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

### Diversity & Inclusion Activities

In September 2014, Furukawa Electric launched our activities, “Furukawa ‘V’ Challenge!!”, to promote women’s careers. We have set out the following targets and promoted networking among female employees and women’s career-building, and we have adopted a comprehensive approach to improve the mindset of the organization as a whole.

In April 2016, we acquired Level Three (the highest level) of the “L-Mark”, which is an accreditation for outstanding companies in the implementation of initiatives related to the promotion of women’s careers. In the same year, we held e-learning courses for all managers to enhance their awareness of diversity and inclusion, and created pamphlets intended for female students, to strengthen our hiring activities.



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

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

Note) A summary of our company’s initiatives is available on the Ministry of Health, Labour and Welfare’s “Comprehensive Site for Supporting Women’s Activity and Work-Life Balance” (general business operator action plan announcement site).

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

### Diversity in Hiring

In order to respond to the global development of our business, Furukawa Electric Group has come together to implement a variety of initiatives with the aim of securing human resources. In addition to information exchanges to share know-how on hiring within the Group, we hold Furukawa Electric Group Forum held in Tokyo and Nagoya, at which we conduct briefings in conjunction with Group



affiliates, and work proactively demonstrate the appeal of Furukawa Electric Group to students.

#### Recruitment figures by gender (Number of employees)

		FY2013	FY2014	FY2015	FY2016	FY2017
Specialized staff	Male	26	21	28	45	61
	Female	6	5	8	15	31
	<b>Total</b>	<b>32</b>	<b>26</b>	<b>36</b>	<b>60</b>	<b>92</b>
	Foreign nationals	0	1	0	0	1
Professional staff	Male	0	0	0	0	15
	Female	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>

### Encouraging Employment of Disabled People

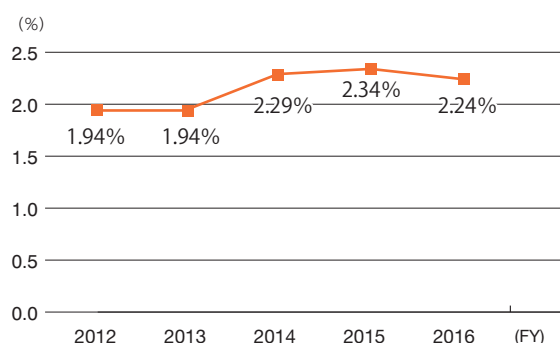
Furukawa Electric has established special subsidiary Furukawa New Leaf in fiscal 2004 for the purpose of improving our employment rate of disabled people. As of March 31st 2017, Furukawa New Leaf employs 40 people who are intellectually challenged. As of March 15th 2017, Furukawa Electric has an overall disabled employment rate of 2.24%.

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



Furukawa New Leaf employees at work

#### Ratio of employees with disabilities (Furukawa Electric)



### Internships

Ever since the Japanese government introduced a system of internships in 1997 as part of an industry-academia-government collaboration, in our role as a manufacturer Furukawa Electric has taken on numerous science and engineering interns with the aim of



Internship training

contributing to the fostering of Japanese technicians of the future. We have already taken on more than 200 students across our various workplaces. In recent years, we have also actively sought to accept students from overseas universities in addition to Japanese universities.

### Work style reform

Furukawa Electric established a dedicated organization in May 2015 and launched activities to promote “Reforming working styles” and “Reforming our organizational culture” with the aim of achieving both sustained growth for the company and lifestyle (life) satisfaction for each individual working at the company. In fiscal 2016, in addition to holding more efficient meetings and simplifying meeting materials, we introduced a “telework system” after a trial operation period. In fiscal 2017, we will advance these activities and further raise the effectiveness of each initiative.

### 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 65 years from fiscal 1952. As of May 2017 we had held these briefings 129 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

FY2016			FY2017
Targets	Results	Achievement	Targets
<b>Strengthening of global human resource training</b> <ul style="list-style-type: none"> <li>- Conduct GDP</li> <li>- Implement GCP</li> </ul>	<ul style="list-style-type: none"> <li>- In GDP, 14 participation of the countries 29 people from August 22 to 27</li> <li>- In GCP, assigned 2 people to OneFurukawa course (belonging to Intellectual Property Dep., Broad Band Sec. (changed to Material Dep.))</li> </ul>	😊	<ul style="list-style-type: none"> <li>- Training menu is to be revised for the penetration of "OneFurukawa Mind" and the awareness of "Core Valu"</li> <li>- Continuous implementation of GCP</li> </ul>
<b>Reinforcement of Monozukuri capability</b> <ul style="list-style-type: none"> <li>- Building an educational system to strengthen Monozukuri capabilities</li> <li>- Implementation of GENBARYOKU strengthening activities for affiliated companies (Japan and overseas)</li> </ul>	<ul style="list-style-type: none"> <li>- Department in charge started discussion of building an educational system to strengthen Monozukuri capabilities</li> <li>- GENBA-RYOKU training, basic program for all employees in two affiliated companies was implemented</li> </ul>	😊	<ul style="list-style-type: none"> <li>- Building an educational system to strengthen Monozukuri capabilities</li> <li>- Implementation of GENBARYOKU strengthening activities for affiliated companies (Japan and overseas) (ongoing)</li> </ul>
<b>Support for diverse ways of working, and work-life balance</b> <ul style="list-style-type: none"> <li>- Reduction in number of employees taking an extremely low number of days of annual paid leave (ongoing); expansion in scope of the work-from-home system</li> </ul>	<ul style="list-style-type: none"> <li>- The rate of employees who got the number of days of annual paid leave is under 5 days was 1.4%</li> <li>- The work-from-home system for purposes other than child care or nursing has been introduced</li> </ul>	😊	<b>Support for diverse ways of working, and work-life balance</b> <ul style="list-style-type: none"> <li>- Promotion of birth and child care participation of father, awareness of our system, support for infertility treatment hour</li> </ul>

## Message from the General Managers



**We will accelerate our measures to build environments and cultures which allow diverse personnel to be active.**

**Takashi Fukuda**

General Manager, HR & Administration Department, Strategy Division

In order for the Furukawa Electric Group to achieve continuous growth in the global market, it will be extremely important to pursue diversity and autonomy, raise our adaptability to business environments, and develop people and organizations with strong innovation and capabilities to take action. To accomplish these goals, it is essential that all employees with diverse views, abilities, and backgrounds and regardless of characteristics such as age, gender or nationality behave with integrity, aim for innovation, be aware of addressing reality, act with autonomy and speed, and always be conscious of collaboration.

We are engaging even more actively in diversity management, such as by establishing the special subsidiary Furukawa New Leaf in fiscal 2004 to improve our employment rate of disabled people, and creating a Diversity Promotion Section in fiscal 2014. To carry out human resources development from a global perspective,

we introduced "Global Business Leader (GBL) Training", the "Global Mindset Program (GMP)", and the "Global Challenge Program (GCP)", working to "develop human resources able to clear new paths and carry out tasks to completion", as well as "building collaborative environments".

Meanwhile, to exemplify our sense of autonomy, we have introduced and are operating FM Career Design, a personnel system that stimulates the ability and desire to face challenges in individuals and the generation of innovative ideas in organizations. This will allow us to make career formation and human resources more fluid through planned allocation.

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

## Occupational Health and Safety

### Basic approach to occupational health and safety management

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

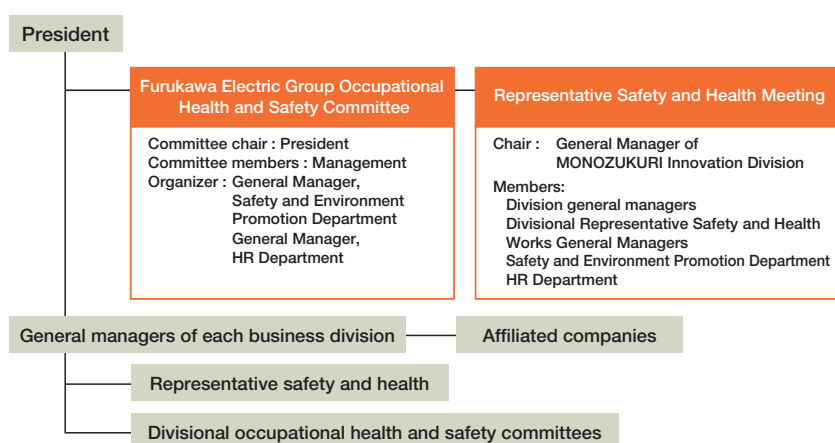
#### Basic policy on health and safety management

- Endeavor to eradicate accidents by inspections and management in accordance with the industrial Safety and Health Act.
- Promote the realization of “fundamental safety” with a medium-term goal of achieving Stage III or higher in separating pedestrians and vehicles and separating people and equipment.
- Develop “safety conscious person” through communications, the 5S and education (experience and practice).
- Improve Safety and health management systems with a medium-term goal of achieving Stage IV or higher.
- Promote mental and physical health improvement by the 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 the group as a whole in respect to policies and initiatives in health and safety.

#### Promotion Framework



### Safety and Health Activities Presentation Meetings

We have been holding presentation meetings on the Group's safety and health activities and awarding the best with commendations. In fiscal 2016, fifteen teams were selected from the SBUs (including five teams from group companies) to give presentations and receive awards from the president.



FPT (Thailand) 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 hard to prevent any recurrences. They also conduct visits



Site inspections by officers at OFS (the United States)

#### Targets and Results (Accidents)



Achieved



Partially achieved



Not achieved

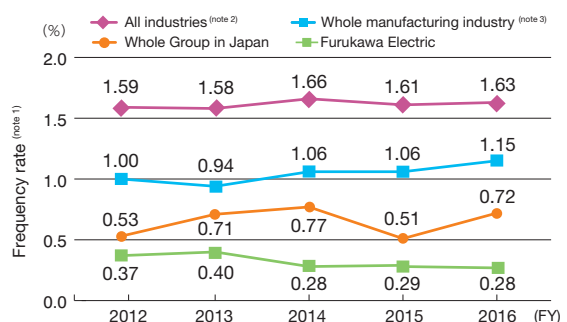
FY2016			FY2017
Targets	Results	Achievement	Targets
One or less “accidents with working loss days”	Two “accidents with working loss days”		Zero “accidents with working loss days”

to domestic and overseas group companies, and exchanged opinions with 17 companies in fiscal 2016.

## Work Accident Occurrence Status

In terms of its performance in fiscal 2016, Furukawa Electric recorded two “accidents with working loss days”, and failed to meet its target of “one or less accidents with working loss days”. Frequency rate of accidents resulting in time off work <sup>(note 1)</sup> at Furukawa Electric Co., Ltd. stayed almost unchanged at 0.28, whereas the rate for the domestic group as a whole <sup>(note 2)</sup> rose to 0.72.

### 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 2016 covered full-time employees and temporary staff at Furukawa Electric and 36 Group companies in Japan. See page 61 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 2016 accident frequency rate for the whole Group including overseas Group companies was 1.28. 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



Non-smoking poster

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

## Measures to Prevent Falling Accidents

Since the frequency of accidents which involve falls increases with age, the advancing age of personnel even at Furukawa Electric means there is a growing risk of falling accidents to occur (including falls which occur while walking during travel to work). Therefore, from fiscal 2016 we have introduced educational programs and physical exercises (muscle training) to prevent falls. We have also been holding physical capability checks for our employees 50 years of age and older, which was extended to even those 40 years of age and older from fiscal 2017.

## Certification as a 2017 Certified Health and Productivity Management Organization (White 500)



White 500 certificate outstanding health and productivity management under the Ministry of Economy, Trade and Industry's Certified Health and Productivity Management Organization Recognition Program. This can be seen as a high commendation of our activities for “Building a Healthy Mind and Body”, which have been implemented steadily based on our Basic Health Management Policy specified each year. This certification will serve as even greater encouragement to once again promote our health and productivity management practices.

Furukawa Electric has been recognized and provided with a certificate as a 2017 Certified Health and Productivity Management Organization (White 500), indicating that we are a company practicing



# 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.

## Support for Areas Struck by the Kumamoto Earthquakes

Immediately after the Kumamoto Earthquakes occurred, Furukawa Electric Group delivered our products to afflicted municipalities at no charge, for use at evacuation shelters. We also donated support funds through the Central Community Chest of Japan, to be utilized as activity funds for groups and volunteer organizations engaged in activities to support disaster areas.

Furthermore, we collected individual contributions from our Group company employees for our two Group companies affected by the disaster, and provided them with our sincere wishes for a quick recovery.



Portable emergency power supply MgBOX, which can be used to generate electricity in disaster situations simply by filling it with water or other fluids, and can be disposed of after use by standard garbage disposal procedures.

(Provided by The Furukawa Battery CO., LTD.)

## Recovery Support by the “Fukushima Support Company Network”

Furukawa Electric joined the “Fukushima Support Company Network”, a membership-based organization formed by companies that are willing to promote purchases of products from Fukushima Prefecture as well as use of tourist facilities in the prefecture in order to dispel harmful rumors about Fukushima due to the nuclear accident. In fiscal 2016, we held a highly-successful sales event of special goods, fruits, and Japanese sake produced in Fukushima in the form of a company marché, at the Head Office, Chiba Works, and Hiratsuka Works.



Scenes from company marché  
(upper: Head Office, lower: Hiratsuka Works)

## CSR Awards

### Eighth CSR Awards

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

#### Social Contribution Award

##### FURUKAWA MEXICO, S. A. DE C. V.

Our overseas Group company FURUKAWA MEXICO, S.A. DE C.V. (abbrev. FURMEX), under the jurisdiction of our Automotive Products Div., has since its establishment placed special emphasis on providing educational support to regional societies. Mexico is faced with serious issues such as drug problems, domestic violence, and poverty, and so this company is engaged in various activities in coordination with local Mexicali City and other institutions, for the primary goal of easing these problems by any amount possible. Examples of its activities include factory tours and workplace experience activities offered to local high school and university students. Experimental facilities in the company are also opened to local universities and made available for their use. This spring, the company acquired measuring equipment including electron microscopes and elemental analysis devices, as well as CNC machining equipment, and hopes to be able to contribute even more to practical training for university students and graduate students. From here on, it will proceed with activities in close coordination with local cities and states, to make valuable contributions to regional societies.



Factory tour for local high school students



Ceremony to commemorate the opening of research facilities, with university-related staff invited

#### Environmental Preservation Award

##### FURUKAWA Research Inc.

In June 2015, Furukawa Research Inc. launched activities as part of its initiatives for biodiversity conservation to cultivate the flower *Pulsatilla cernua*, which has been designated on the Red List of the Ministry of Environment as a Vulnerable (VN) (a category of species for which the danger of extinction is becoming more serious).

After seedlings were transplanted to a corner of Furukawa Electric's Yokohama Works, all employees participated in daily team activities, which included watering the plants, pulling weeds, catching and removing insects, and keeping daily observation journals. In spring of 2017, roughly 40 *Pulsatilla cernua* plants had been cultivated, with 150 flowers in bloom. The company is also planning for further cultivation by collecting and planting seeds as environmental activities for the entire the Yokohama Works, as well as giving seeds to applicants who request them. In this third year, the company intends to expand beyond the Yokohama Works itself and proceed with activities to provide returns to the regional society.

Since 2016, *Pulsatilla cernua* cultivation activities have also been started at the Hiratsuka Works and the Chiba Works in addition to the Yokohama Works, as activities undertaken by the Furukawa Electric Group.



Cultivated *Pulsatilla cernua* flowers



Planting *Pulsatilla cernua* seeds



# 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)
- Furukawa Electric Power Systems
- The Furukawa Battery
- Furukawa Logistics

Factory tour by Yonezawa Technical High school (Furukawa Electric Power Systems)



Special classes at Ohara primary school in Taketomi Town (Furukawa Electric)

## 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 Sangyo Kaisha • Furukawa Electric Power Systems
- The Furukawa Battery • Furukawa Nikko Power Generation

Iwaki Sunshine Marathon (The Furukawa Battery)



## Living in harmony with the natural environment

### ► Participated in local environment beautification campaign

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



Mission uchimizu in Amagasaki 2016 (Copper Tube Division, Furukawa Electric)



Shonan Coast Cleanup Campaign run by the Labor Union Young (Hiratsuka Works, Furukawa Electric)



At the 3rd "Forest of Furukawa" tree planting activity Tochigi Furukawa Association (note) (Furukawa Precision Engineering)

(note)  
Environmental conservation activities of Furukawa Group, Tochigi Prefecture  
From Furukawa Electric Group

- Furukawa Electric (Nikko Works, Copper Foil Division)
- Okumura Metals • Furukawa Precision Engineering
- The Furukawa Battery
- Furukawa Nikko Power Generation

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

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

### ▶ Conducted beautification activities outside premises

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

## Other activities

### ▶ Donation to the Kumamoto earthquake

- Furukawa Electric (Yokohama Works) • NTEC
- Furukawa Electric Power Systems
- Furukawa Nikko Power Generation

### ▶ Donated and raised funds for charities

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

### ▶ Donated blood

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



Blood donation  
(Chiba Works, Furukawa Electric)

## Living side by side with local communities

### ▶ Supporting and working with NPOs and special-needs schools

- Furukawa Electric (Nikko Works, Copper Foil Division)

### ▶ Held a fishing event

- Furukawa Nikko Power Generation



Trout fishing event for local residents, held at a retention basin (Furukawa Nikko Power Generation)

### ▶ Conducted factory tours for employees' families

- Furukawa Electric (Hiratsuka Works, Copper Tube Division)



Factory tour for Employees' families (Hiratsuka Works, Furukawa Electric)

### ▶ Supported the restoration of the Tohoku region

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

## Challenges and Future Policy

In addition to community-based activities applying the ingenuity of Furukawa Electric's works, branch offices, and Group companies, we also held private sector training for public school teachers and other events. From here on as well, 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.