

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.

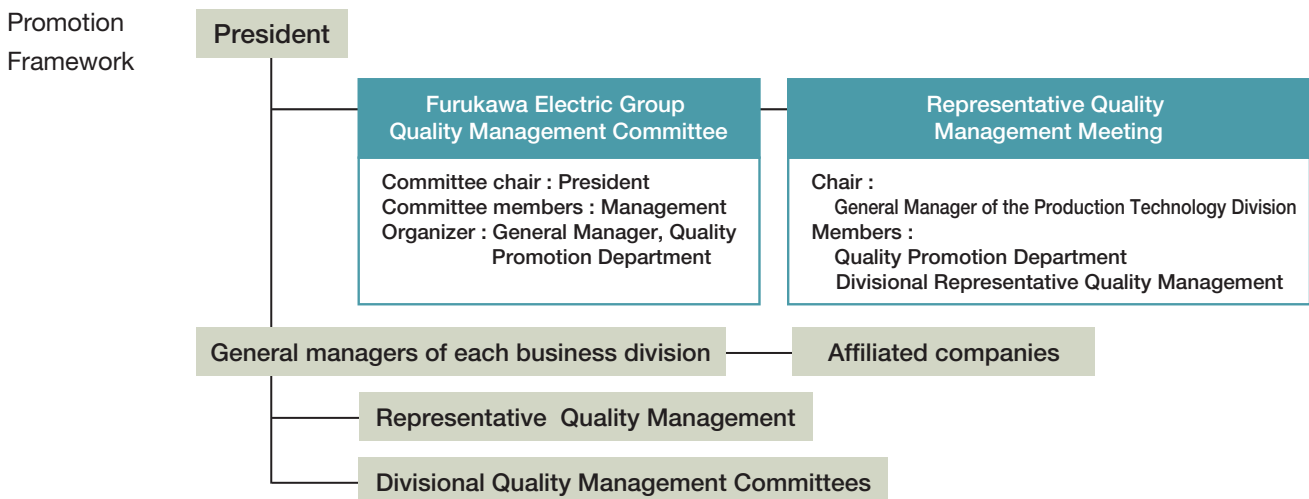
Going forward, we will continue endeavoring to further enhance “quality power” throughout Furukawa Electric Group by developing products that are attractive to our customers, based on a policy of Group-focused management.

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

FY2015		FY2016
Targets	Results / Achievement	Targets
Strengthening of fundamental Quality Power - Reduce “failure costs” by 10% from fiscal 2014	- Continued a Quality Strengthening Project to select and promote key themes from the quality improvement activities previously done by divisions.	☹ Not achieved Strengthening of fundamental Quality Power - Reduce “failure costs” by 10% from fiscal 2015

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 15 themes in fiscal 2015, with 28 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.



Challenges and Future Policy

In fiscal 2015, we engaged in strengthening our monozukuri (manufacturing) capability and set about reducing our Group-wide failure costs as a priority goal. Our fiscal 2015 objective was the assessment of Furukawa Electric's separate "failure costs" (= failure costs/sales ratio), but we did not achieve this objective.

Meanwhile, collating and studying the results of our Quality Strengthening Project activities has highlighted our shared weaknesses.

With the strengthening of these weaknesses in mind, we intend to continue our Quality Strengthening Project activities and subsequently develop a Group-wide plan (or concept) for resolving quality problems.

Message from the General Managers



Kazuhisa Kashihara

General Manager, Quality Promotion Department, Production Technology Division

In accordance with our basic policy on quality control, we promote a continuous factbased 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 checks at every process from product planning through to the point of sale.

Also, based on the results of analyses of our Quality Strengthening Project activities, we will promote "standardization" and "objective factual discussions and improvements" particularly, and strive to improve the manufacturing process itself.

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 2015, 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 (Subcontract Law).

Partners Meeting and Partner 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 2015, this meeting was held in June and was attended by 94 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.

Furthermore, based on the results of the assessment and our own experiences during the suspended production that resulted from snow damage at Furukawa Electric's Nikko Works, we have asked some of our business partners for their ongoing cooperation with initiatives aimed at ensuring business continuation and stable supplies.

In fiscal 2015, we evaluated some 157 business partners and provided feedback to them.

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' meetings 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 2015, we held questionnaire surveys of 238 companies and placed the results we received from our business partners onto a database. In this way, we have rapidly identified suppliers with a strong likelihood of being affected by a 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 2015, in addition to carrying out ongoing surveys into the usage of conflict metals in mainstay products at Furukawa Electric and its 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 Technology 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 supply 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 supply chain. Internally, during group training 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

FY2015		FY2016
Targets	Results / Achievement	Targets
<p>Strengthen strategic relationships with partners (suppliers)</p> <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 suppliers - Examination and implementation of measures to strengthen the supply chain by utilizing BCM questionnaire surveys and site surveys results - Carry out conflict minerals survey (survey for the purposes of updating data) 	<ul style="list-style-type: none"> - Conducted partner evaluations of about 157 main partner companies, held partners meeting and provided feedback to them - Conducted CSR was provided to 238 our business partners - Reviewed and increased the number of procurement points (and sometimes recommended inventory) for principle products - Active promotion of conflict materials surveys (data renewal surveys) and procurement from smelters that have received accreditation under the EICC's Conflict-Free Smelter Program 	<p>Strengthen strategic relationships with partners</p> <ul style="list-style-type: none"> - Continue partner evaluation system and utilize feedback interviews - Continue to inform partners about CSR Implementation Deployment Guidelines - Communication with partners with a view to strengthening the supply chain based on the results of BCM questionnaire surveys - Conflict mineral survey (data update survey) - Activity promoted procurement from EICC permission smelters



Message from the General Managers



Satoshi Tosaka
General Manager, Procurement Department,
Finance & Procurement Division

Ever since its foundation, Furukawa Electric has stayed in business by supplying people with social infrastructure and contributing to society as a supplier 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 suppliers 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 supply chains further in order to continue contributing to society. We intend to use partners' meetings and partners' assessments to improve the mutual understanding we have with our suppliers, 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

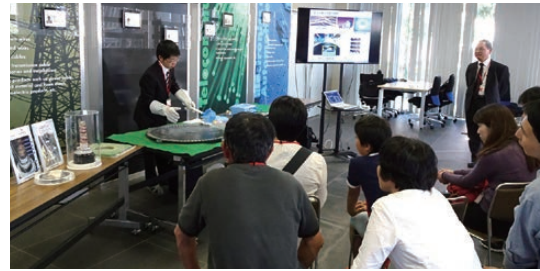
Relations with Individual Investors

In October 2015, we held our 8th plant tour for individual investors. Visitors were selected by lottery from among those who responded to an open invitation, with 150 people invited to attend out of the 416 who responded. During the tour, we offered participants a number of opportunities to get a feel for Furukawa



Optical fiber plant

Electric. We introduced our production processes for optical fiber cables in Mie Works and efforts of R&D in Yokohama Works.



Explanation on the phenomenon of superconductivity

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 a term-end dividend of 4 yen per share for the term ended March 2016, an increase of 1 yen compared to the previous year, to increase the return of profits to shareholders in consideration of factors such as the results for the term and the progress of reductions in the balance of consolidated interest-bearing debts.

With regard to dividends for the term ending March 2017, we are planning a dividend of 40 yen per share, the same level as that for the term ending March 2016,* in overall consideration of an anticipated results forecast equivalent to the previous term, future business development and the return of profits to shareholders.

* Based on a resolution of the 194th General Meeting of Shareholders held on June 27, 2016, we will carry out a reverse stock split at a ratio of 1 share for every 10 ordinary shares with an effective date of October 1, 2016. Supposing that this reverse stock split was not carried out, the term-end dividend for the term ending March 2017 would be 4 yen per share.

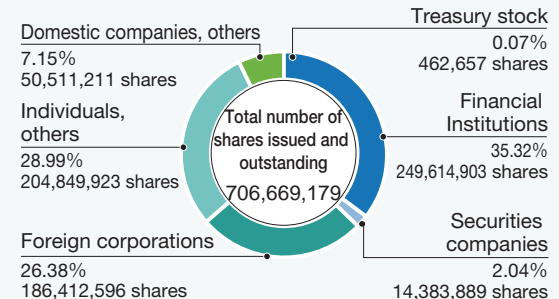
Stock Information and Dividends

General stock information (as of June 27, 2016)

Stock Code on the Tokyo Stock Exchange	5801	
Stock Exchange Listings	Tokyo Stock Exchange, First Section	
Number of shares authorized	Common Stock	2,500,000,000 shares
Common stock issued	Common Stock	706,669,179 shares
Minimum trading units	1,000 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	

* Based on a resolution of the 194th General Meeting of Shareholders held on June 27, 2016, we will change 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, 2016)



Cash dividends per common share (including forecast)

Fiscal year	2013/3	2014/3	2015/3	2016/3	2017/3
Interim dividend (Yen)	0.0	0.0	0.0	0.0	0.0
Year-end dividend (Yen)	3.0	3.0	3.0	4.0	40.0 (note)
Total dividend (Yen)	3.0	3.0	3.0	4.0	40.0 (note)

(note) Since we plan to conduct a one-for-ten reverse stock split of our company's common shares effective October 1, 2016, it is factored into the amount shown here. (The amount will be 4.0 yen if the reverse stock split is not conducted.)

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
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,552,000	5.18%
Japan Trustee Services Bank, Ltd. (Trust Account)	30,982,000	4.39%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	24,135,000	3.42%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	23,992,000	3.40%
Asahi Mutual Life Insurance Co.	13,650,500	1.93%
FURUKAWA CO., LTD.	13,290,455	1.88%
BBH BOSTON CUSTODIAN FOR JAPAN VALUE EQUITY CONCENTRATED FUND A SERIES OF 620135	12,595,000	1.78%
Fuji Electric Co., Ltd.	11,000,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	10,919,000	1.55%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	10,754,914	1.52%

(note) Since we plan to conduct a one-for-ten reverse stock split of our company's common shares effective October 1, 2016, it is factored into the amount shown here. (The amount will be 4.0 yen if the reverse stock split is not conducted.)

Message from the General Managers



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. Through more than 130 years, 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.

However, because we often work behind the scenes, shareholders and investors often tell us that they feel unfamiliar with the content of our business.

We renewed our website in June 2016 so that it was easier to understand and people could feel the business of the company more closely. We will make efforts to transmit appropriate information such as daily news releases and the like in future too, so please continue to support us.

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 24 for "Furukawa Electric Group Corporate Philosophy".

Challenges and Future Policy

In the 2020 Mid-term Management Plan, which started in fiscal 2016, 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 ^(note 1), 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

Main measures contributing to the Group's global management

Top management reinforcement measures

- 1 Review of our performance evaluation system and compensation structure (for executive and management levels)
- 2 Realizing succession plans and strategic personnel deployment in a way that makes use of human resources databases

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)

remuneration, and implement individual measures from the perspective of "developing skills" with a focus on 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

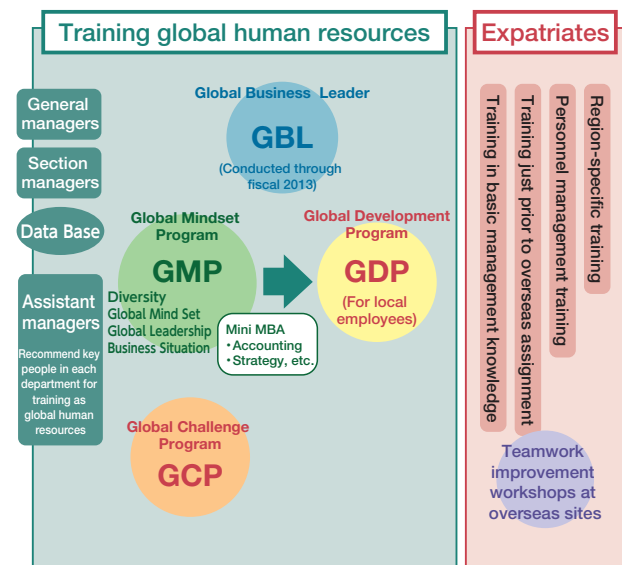
We are training human resources who can implement innovation that managements seek. Our aim is to develop "sensitive personnel who can think and act on their own initiative" as we maximize our organizational strength and spread our Group management thinking.

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 the human qualities, especially sensitivity, 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

Global Human Resources Training System



with the aim of strengthening links within the 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.

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, 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.

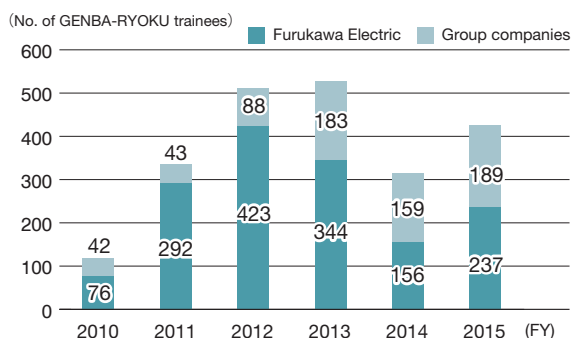


7th Training Session for Mid-level Workers - Nikko Area Participants

Monozukuri staff undergoing GENBA-RYOKU training

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. In fiscal 2015, 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.

Activities to Support the Success of Women in the Workplace

Since fiscal 2005, Furukawa Electric has promoted ongoing initiatives to develop our working environment for women and to promote work-life balance. In September 2014, we launched the “Furukawa “V” Challenge!!” as part of our activities to promote women’s careers. We have set out the following targets and promoted networking between female employees and women’s career-building with a view to establishing both “a better working environment” and “more job satisfaction”, and we have adopted a comprehensive approach to implementing initiatives aimed at improving the mindset of the organization as a whole. In addition to formulating a General Business Owner Action Plan under the Act concerning Promotion of Women’s Career Activities, which was enacted in April 2016, we have 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.



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

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

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 Osaka, 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)

		FY2012	FY2013	FY2014	FY2015	FY2016
Specialized staff	Male	48	26	21	28	45
	Female	11	6	5	8	15
	Total	59	32	26	36	60
	Foreign nationals	3	0	1	0	0
Professional staff	Male	2	0	0	0	0
	Female	0	0	0	0	0
	Total	2	0	0	0	0

Encouraging Employment of Disabled People

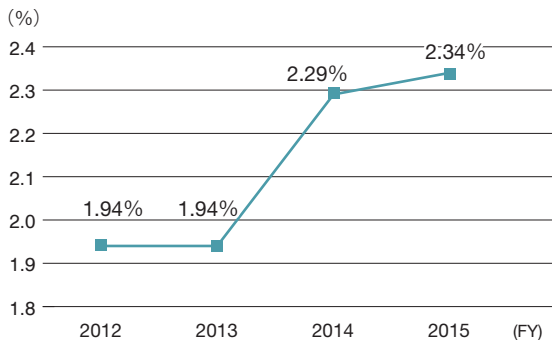
Furukawa Electric has established special subsidiary Furukawa New Leaf in fiscal 2004 for the purpose of improving our employment rate of disabled people. As of March 31st 2016, Furukawa New Leaf employs 40 people who are intellectually challenged, and Furukawa Electric has an overall disabled employment rate of 2.34%.

Furukawa New Leaf opened a new operating base in fiscal 2013 at Mie Works, in addition to those already at Hiratsuka Works and Chiba Works, to further increase our disabled employment rate.



Furukawa New Leaf employees at work

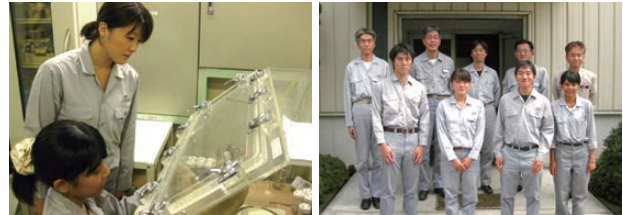
Ratio of employees with disabilities (Furukawa Electric)



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 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.



Internship training at Nikko Works

Reforms to ways of working

Furukawa Electric established a dedicated organization in May 2015 and launched activities to promote “reforms to ways of working” with the aim of achieving both sustained growth for the company and lifestyle (life) satisfaction for each individual working at the company. We have promoted activities in “Reforming working styles”, which aim to improve the productivity of internal departments and the job satisfaction of individual employees, and activities in “Reforming our organizational culture”, which aim to promote “innovation”, “autonomy and speed” and “collaboration” as the core values of Furukawa Electric Group. In fiscal 2016, in addition to holding more efficient meetings and simplifying meeting materials, we took on the challenge of implementing new initiatives, such as expanding the scope for working at home and promoting smart work using a Group Global information sharing platform (new groupware).

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 64 years from fiscal 1952. As of May 2016 we had held these briefings 127 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

FY2015		FY2016
Targets	Results / Achievement	Targets
Strengthening of global human resource training - Conduct Global Development Program (GDP) - Implement Global Challenge Program (GCP)	- Conducted GDP training - In GCP, assigned 4 people to One-Furukawa course and 1 person to Frontier course (Mexico)	Strengthening of global human resource training - Conduct GDP - Implement GCP
Reinforcement of monozukuri capability - Visualization of “essential skills” and “expected skills” by grade and job type - Expand GENBA-RYOKU training to affiliates	- Set out the skills that are an absolute requirement for each technician/staff member, as well as the skills that will be required in three to five years (expected skills), and clarify the targets for strengthening GENBA-RYOKU - At affiliated companies (FMGW Shirone ^(note 1) , create GENBA-RYOKU strengthening plans and implement GENBA-RYOKU training (basic program) for all employees	Reinforcement of monozukuri capability - Building an educational system to strengthen Monozukuri capabilities - Implementation of GENBA-RYOKU strengthening activities for affiliated companies (Japan and overseas)
Support for diverse work styles and work-life balance - Expansion in scope of acquisition for congratulatory leave in the event of a spouse giving birth - Reduction in number of employees taking an extremely low number of days of annual paid leave	- Expansion of days of congratulatory leave in the event of a spouse giving birth, from “up to five calendar days” to “five business days” - Drafting a list of work-life balance systems and promoting awareness of the list among the employees - The proportion of employees taking consecutive days of leave is above 90%	Support for diverse ways of working, and work-life balance - 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

(note 1) FMGW: Furukawa Magnet Wire Co., Ltd.

Message from the General Managers



Takashi Fukuda
 General Manager, HR & Administration Department, Administration & CSR Division

For the Furukawa Electric Group to survive and achieve continuous growth in the face of serious global competition, it is essential that all employees with diverse views, abilities, and backgrounds and regardless of characteristics such as age, gender or nationality, openly share their opinions and act with sincerity.

To strengthen our Group’s global management, the company set up a Diversity Promotion Section in April 2014 to engage more actively in diversity management. In particular, we see the pressing issue in supporting the success of women as a top priority, and have set ourselves quantitative targets.

To raise the overall strength of the Group, we are developing tough human resource and a more collaborative environment by making career formation and human resources more fluid through planned allocation. We have done this with the introduction of 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, and the Global Challenge Program (GCP) that aims to give overseas experience to young employees.

We will continue to actively take the above and other measures in 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.

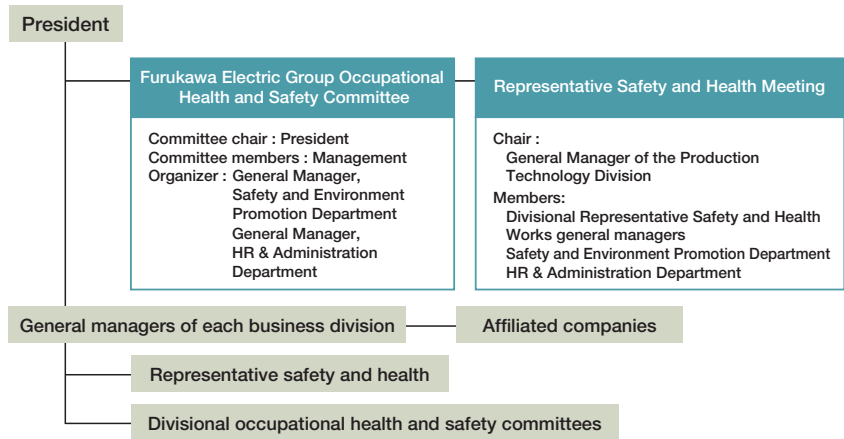
Basic policy on health and safety management

- Endeavor to eradicate accidents in accordance with the objectives of the Industrial Safety and Health Act.
- Reduce accident risks by realizing “fundamental safety”.
- Develop “safety conscious person” through communications and using the 5S.
- Make self-management by building safety and health management systems.
- Practice Group health management activities through mental and physical health improvement.

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 2015, twelve teams were selected from the SBUs (including four teams from group companies) to give presentations and receive awards from the president.



FACE (Czech Republic) 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 FAPH (China)

hard to prevent any recurrences. Since fiscal 2015, they have visited overseas group companies and exchange opinions with ten of these companies.

Targets and Results (Accidents)

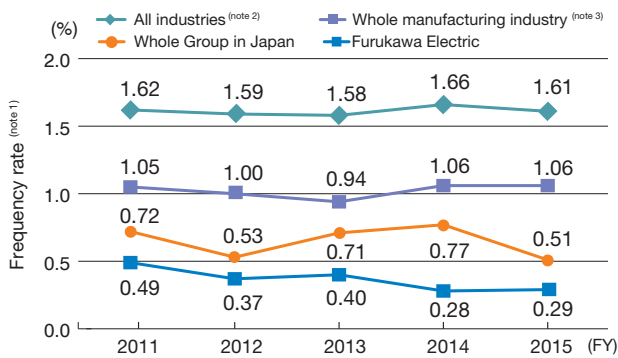
😊 Achieved 😐 Partially achieved 😞 Not achieved

FY2015			FY2016
Targets	Results / Achievement		Targets
One or less “accidents with working loss days”	Two “accidents with working loss days”	😞	One or less “accidents with working loss days”

Work Accident Occurrence Status

In terms of its performance in fiscal 2015, 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^(note 1) at Furukawa Electric Co., Ltd. stayed almost unchanged at 0.29, whereas the rate for the domestic group as a whole^(note 2) fell to 0.51.

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 2015 covered full-time employees and temporary staff at Furukawa Electric and 37 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 2015 accident frequency rate for the whole Group including overseas Group companies was 1.23. 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

Chairman’s Award received from the Japan Industrial Safety & Health Association

Furukawa Electric Co., Ltd. received the FY 2015 Chairman’s Award and a certificate of commendation from the Japan Industrial Safety & Health Association. The entire Furukawa Electric Group was highly praised for promoting health and safety activities over many years based on its “Safety First” philosophy and for its outstanding results, which serve as a model for other companies.



At the award ceremony



The certificate and trophy

improve their ability to respond to various changes. In fiscal 2016, in addition to continuing to implement these trainings, we will introduce a stress check system in accordance with legal revisions.

Strengthening Smoking Measures

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 at the latest, 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.

Responding to Asbestos-Related Health Issues

During the period from fiscal 2005 to 2006, we once again investigated workplaces that previously handled asbestos products and we organized medical examinations focused on asbestos for all relevant employees. We also sent out notices urging retired employees who worked at the relevant sites to undergo medical examinations.

As of March 31, 2015, four people have been confirmed as being involved in industrial accidents (of which three persons died), and symptoms have been detected in nine (all retired).

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.

Implementation of Private Sector Training for Teachers ^(note)

In fiscal 2015, we continued the program from fiscal 2014 and held private sector training for nine elementary school teachers from Shinagawa Ward in Tokyo from July 28 to 30, 2015. Over the three days, the participants learned through seminars, factory visits, and internal education and training experiences. Priority was given to the joy of making new discoveries and gaining a sense of achievement by studying the social responsibilities of schools and companies, as well as to carrying out safety and environmental activities, and thinking about the meaning of human resources training. (note) Sponsored by the Japan Institute for Social and Economic Affairs.



Training at Furukawa Electric

Visiting elementary schools to give classes

On February 12, 2016, we visited Ichihara Municipal Elementary School in Chiba Prefecture to give a class. The theme of the class was “Electromagnets and Technology to Build the Future”. The aims of the class were for students to increase their interest in studying science and to learn about the links between studying science and cutting-edge scientific technology, as well as the connections between everyday life and scientific technology, by carrying out experiments with electromagnets. The children were amazed to see the demonstration experiments using superconducting materials.



Giving a class at Ichihara Municipal Elementary School

CSR Awards

Seventh CSR Awards

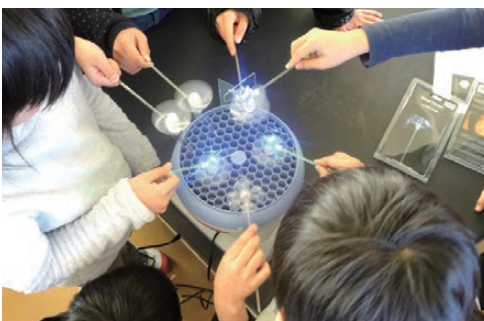
Furukawa Electric established the CSR Awards to recognize the social contribution or environmental preservation efforts of our subsidiaries that notably exceed their regular business. CSR Award-winning companies work on a daily basis to continue contributing to society through these activities.

Social Contribution Award

The Furukawa Battery Co., Ltd.

Since fiscal 2012, Furukawa Battery Co., Ltd. has visited elementary schools to give classes on the environment. The theme of the classes is “Future ways of using renewable energy”. The classes have given opportunities for students to get a real sense of the electricity use of the future.

Furthermore, in fiscal 2015, a scientific experience program was added to the program called “Manufacturing and the Environment”. Students made the MgBox (one of Furukawa Battery Co., Ltd.’s latest products) out of everyday milk cartons. This helped to stimulate their interest in science and gave them an opportunity to think about environmental conservation. Since the program was launched, approximately 700 students at a total of 14 schools have been taught over a four-year period. However, the scale of the activities is still small, and the aim is to visit even more elementary schools in the future to give environmental education classes.



Visiting an elementary school to give an environment class

Environmental Preservation Award

Furukawa Electric Industrial Cable Co., Ltd.

The Kyushu Plant of Furukawa Electric Industrial Cable Co., Ltd. was facing a major problem in respect to an increase in industrial waste and rising disposal costs brought about by a rapid increase in its production volume. It was already implementing environmental control activities, but these activities were carried out at individual departments and their effectiveness across the plant as a whole was limited. It was decided to improve the attitudes of all employees based on the concept of “reducing industrial waste = improved quality = better financial results”, and to improve the facilities by introducing cross-linked molten salt condensation equipment and other measures. Group companies located within the premises were also asked to cooperate, and implementing an open innovation made a major contribution to reducing industrial waste. Furthermore, these activities were recognized by the City of Kitakyushu Environment Bureau, which presented Furukawa Electric Industrial Cable Co., Ltd with the “Award for Outstanding Business in the Field of Recycling and Reduction” and accredited the company as an “Outstanding Business in the Handling of Industrial Waste”. Furukawa Electric Industrial Cable Co., Ltd will work hard to live up to the award by continuing to promote activities, as well as pursuing horizontal development of these activities at other plants.



Receiving a certificate as an accredited company

Activities in each region

Activity topics

Furukawa Electric Group conducts various activities in each region.

Nuturing future generations

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

- Furukawa Electric (Chiba Works, Nikko Works) • The Furukawa Battery
- Furukawa Electric Power Systems • Furukawa Logistics



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

● Imprementation of private sector training ^(note) for teachers

- Furukawa Electric (Head Office, Hiratsuka Works)
- (note) Sponsored by the Japan Institute for Social and Economic Attains

Promotion sports and culture

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

- Furukawa Electric (Nikko Works, Hiratsuka Works, Mie Works)
- The Furukawa Battery • Foam Kasei

● Hosted, participated in, and supported festivals



At Yawata Seaside Festival (Chiba Works, Furukawa Electric)

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

Living in harmony with the natural environment

● Participated in local environment beautification campaign

- Furukawa Electric (Chiba Works, Copper Foil Division, Hiratsuka Works, Mie Works)
- Furukawa Sangyo Kaisha
- The Furukawa Battery • Riken Electric Wire
- Okano Electric Wire • Furukawa Techno Material
- Furukawa Automotive Systems
- Furukawa Electric Industrial Cable
- KANZACC • Furukawa Electric Ecotec
- Furukawa Logistics • Shodensha
- Furukawa Nikko Power Generation
- Furukawa Magnet Wire • Yokohama Drum Manufacturing



River cleanup activities by the "Yamato-shi Environment Improvement Society" (Okano Electric Wire)



Cleaning activities as Shinmoji Seaside Park (Furukawa Logistics, Yokohama Drum Manufacturing)

● Conducted beautification activities outside premises

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



Off-site cleanup activities (Furukawa Electric Ecotec)

Living side by side with local communities

- Supporting and working with NPOs and special-needs schools

- Furukawa Electric (Nikko Works, Copper Foil Division)
- Furukawa Nikko Power Generation



Athletic festival of Imaichi special-needs school (Copper Foil Division, Furukawa Electric)

- Participated in regional exhibition

- Furukawa Electric (Chiba Works)

Other activities

- Donated and raised funds for charities

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



Installing vending machines to collect for the Red Feather Community Chest Movement (Yokohama Works, Furukawa Electric)

- Donated blood

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

- Conducted factory tours for employees' families

- Furukawa Electric (Chiba Works, Hiratsuka Works)

- Supported the restoration of the Tohoku region

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



At a Fukushima regional produce sales event jointly hosted with VISCAS Corporation (Chiba Works, Hiratsuka Works, Furukawa Electric)



Volunteer activities at the "Millennium Hope Hills" in the Ainokama Area of Miyagi Prefecture (Furukawa Sangyo Kaisha)

Challenges and Future Policy

Alongside our Group's basic social contribution policy, Furukawa Electric has given much consideration to programs that take advantage of our uniqueness, on themes that are of deep concern to our employees.

As well as various ingenious community-based activities by our Group companies and Furukawa Electric's various works, research laboratories, and branches, in fiscal 2014 we implemented private sector training for public school teachers. What's more, in fiscal 2015, Furukawa Electric implemented an educational program in which we used our unique technology as an educational resource to give science classes at schools.