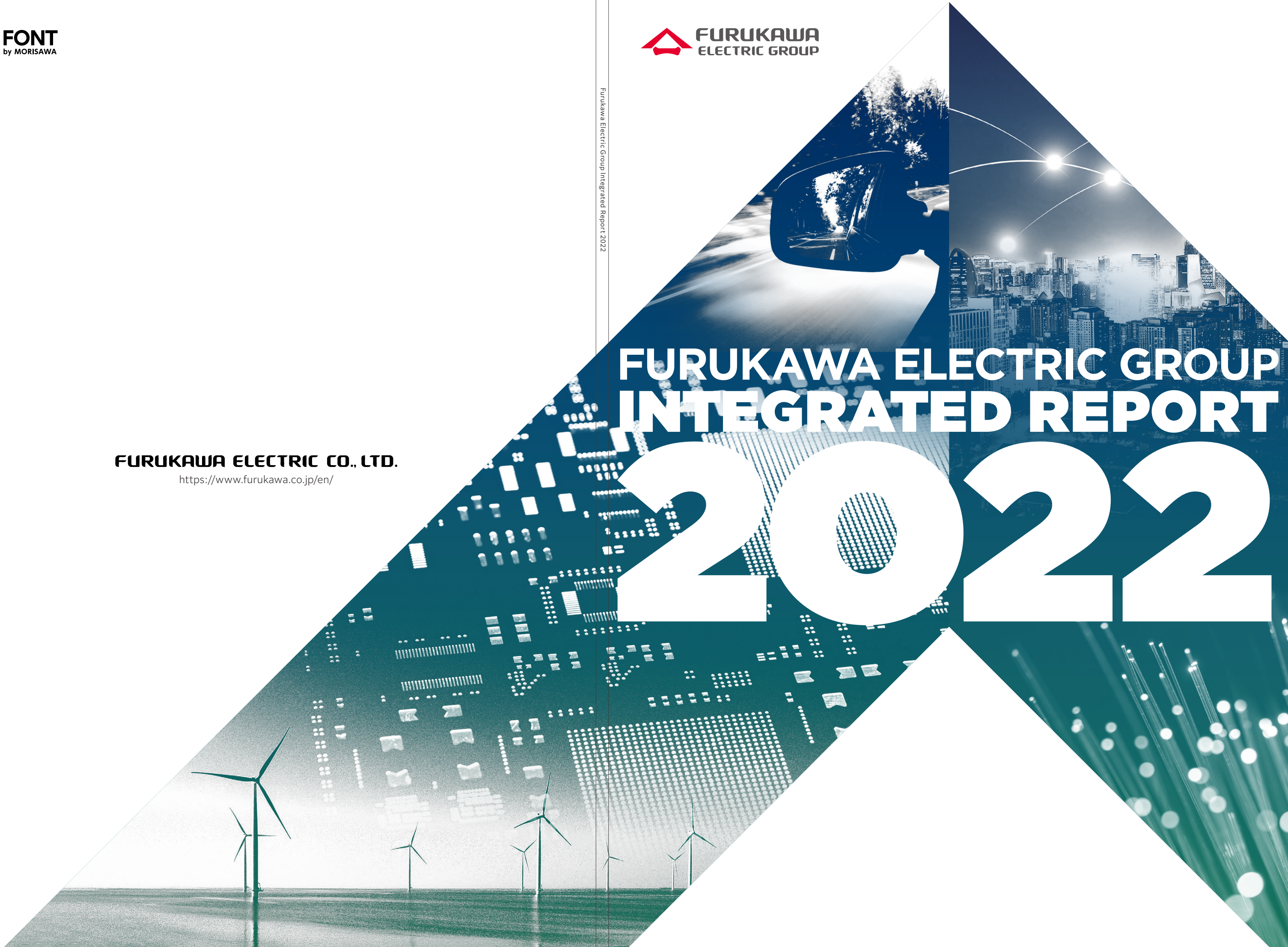


FURUKAWA ELECTRIC CO., LTD.
<https://www.furukawa.co.jp/en/>

FURUKAWA ELECTRIC GROUP INTEGRATED REPORT

2022





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About the Furukawa Electric Group Integrated Report 2022

Editorial Policy

Since fiscal 2012, Furukawa Electric Group has published its Sustainability Report, containing Environment, Social, Governance (ESG) and other non-financial information beside business results, strategies, and other financial information.

Since fiscal 2020, we have been publishing the Furukawa Electric Group's integrated report in order to help investors and other stakeholders better understand our Group's efforts and measures to improve corporate value over the medium- to long-term.

We sincerely hope that this report will help you understand our value creation process directed at achieving Furukawa Electric Group Vision 2030, as well as our efforts to strengthen the foundation of our ESG management. We have used the following guidelines for reference.

- International Integrated Reporting Framework (International Integrated Reporting Council (IIRC))
- The Guidance for Collaborative Value Creation (the Ministry of Economy, Trade and Industry)
- Guidance on Climate-related Financial Disclosure (TCFD) Guidance 2.0 (the Ministry of Economy, Trade and Industry)



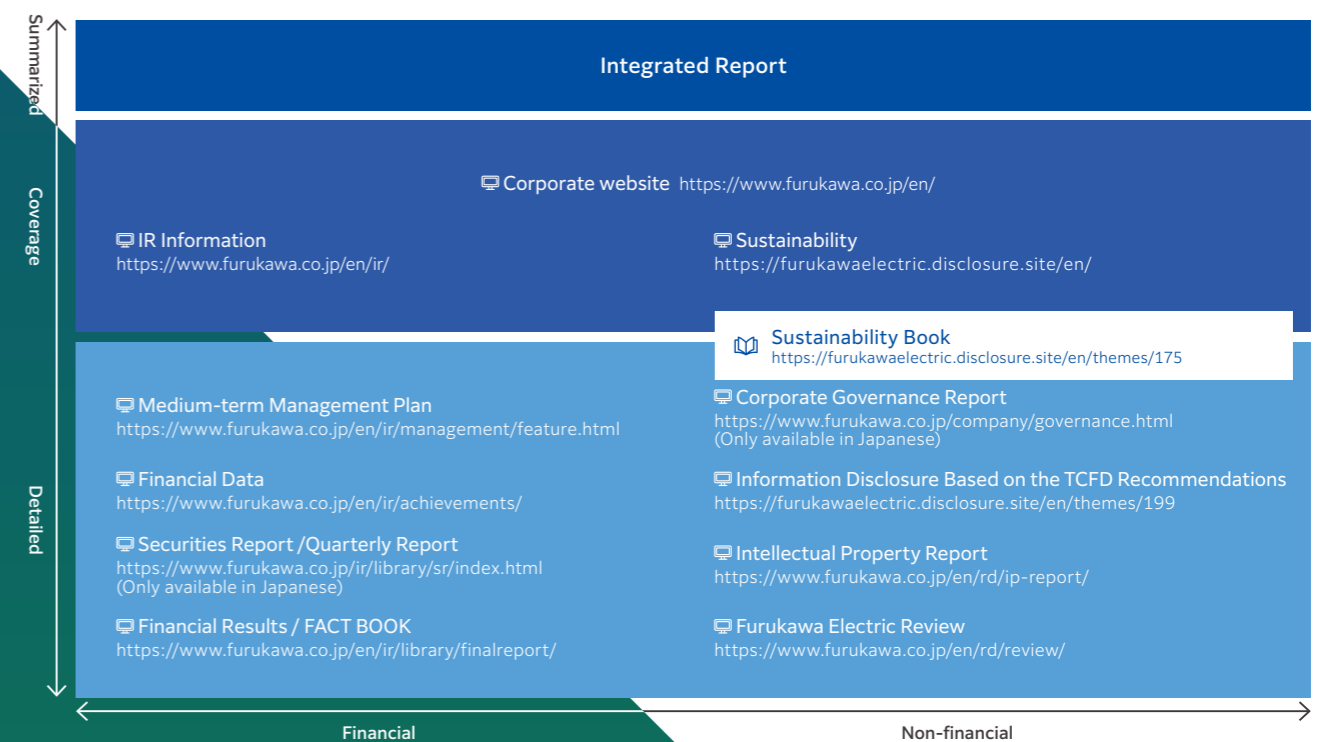
Scope of This Report

Period Covered	Fiscal 2021, from April 1, 2021, to March 31, 2022 (Note) Includes selected information on past initiatives and activities during fiscal 2022.
Publication Timeframe	Publication date: October 31, 2022 Planned publication of next edition: October 2023
Organizations covered	This report covers Furukawa Electric Co., Ltd. and group companies in Japan and overseas. Where activities are limited to specific regions or companies, this fact has been clearly indicated in the reporting.
Disclaimer Regarding Forecasts and Projections	This Integrated Report includes statements concerning the future strategies and earnings forecasts of Furukawa Electric Group. These forward-looking statements are based on information that is currently available to the Group. As it is subject to changes in the business environment surrounding the Group, the actual strategies and business may differ from those projected.

Information Disclosure System and Positioning of This Report

This Integrated Report has concisely stated important financial and non-financial information regarding Furukawa Electric Group with the aim of promoting a better understanding of our medium- to long-term initiatives and measures for the improvement of

corporate value by investors and other shareholders. Please also refer to Furukawa Electric's website and other reports, which post or publish other information not covered in this report or more detailed information.

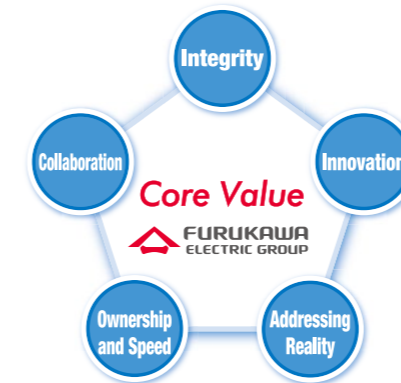


Furukawa Electric Group's Values

Furukawa Electric Group Philosophy

Corporate Philosophy	Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.
Management Philosophy	<p>With an eye to the future, the Furukawa Electric Group management team pledges to:</p> <ul style="list-style-type: none"> ● Live up to the expectations and trust invested in us by society, with fairness and integrity. ● Apply the sum total of our expertise to satisfy our customers and grow with them. ● Continuously strive to achieve world-class technological innovation, and transform ourselves in every area of endeavor. ● Nurture human resources at every level, so that we can become a more diverse and creative organization.

Core Value



Furukawa Electric Group, Vision 2030

In order to build a sustainable world and make people's life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility.



The Furukawa Electric Group CSR Code of Conduct

(items only) (Revised April, 2019)

- 1 Human rights
- 2 Labor practices
- 3 Environment
- 4 Products and services
- 5 International businesses and transactions
- 6 Fair competition
- 7 Relations with customers, partners, and society
- 8 Management and preservation of Company assets
- 9 Disclosure of information
- 10 Duties and obligations of senior management and employees

Overall Concept of Furukawa Electric Group's Value

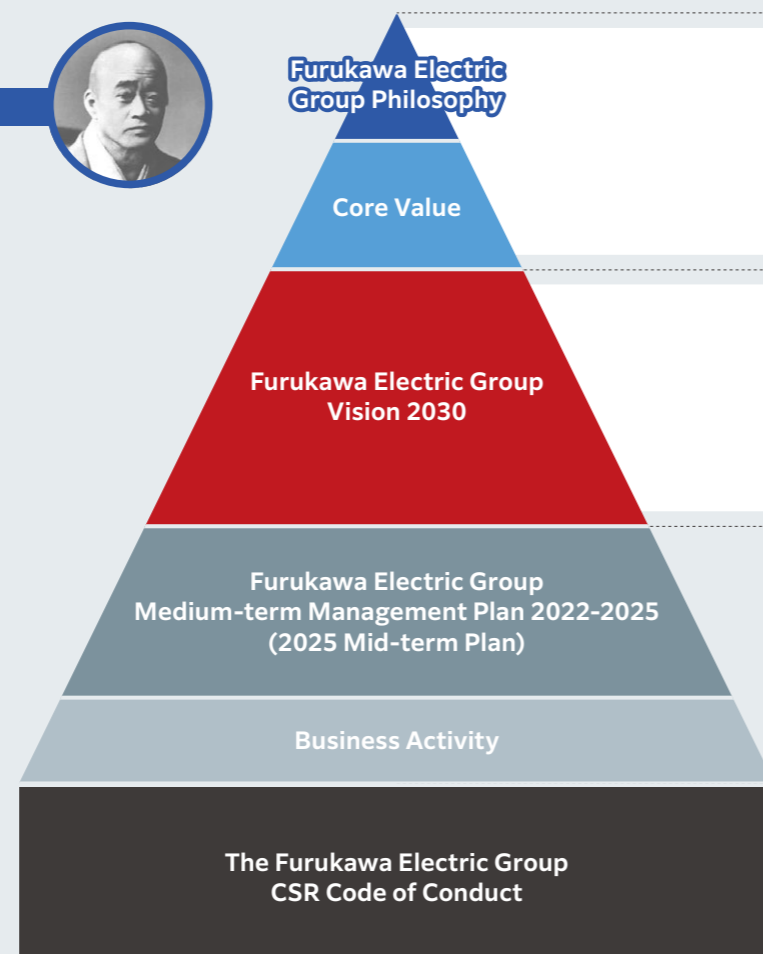
The Founder's Thoughts



Mr. Ichibei Furukawa, the founder of Furukawa Group, said, based on his wish to "brighten Japan," that we must

**"Value employees,
Value customers,
Value new technology, and
Contribute to society."**

Since its foundation in 1884, Furukawa Electric has inherited these words in its DNA and has grown. We are determined to receive and pass on these three valuable things and contribute to the realization of a sustainable society as members of society who forge the future.



Furukawa Electric Group Philosophy is a clear statement of what we have aimed to become from the time the firm was created to the present and will continue to be the basic to the Group in the future, through Corporate Philosophy and Management Philosophy.

For the achievement of the sustainable growth of the Group based on the Group Philosophy, the **Core Value** shows the five values that we wish to particularly emphasize and enhance even more.

Furukawa Electric Group Vision 2030 is a visionary outlook of the Group, with the time frame set to 2030, based on our conception of broad aspects of the future society and the Group's Corporate Philosophy.

2025 Mid-term Plan is a milestone for achieving Vision 2030.



In conducting corporate activities based on the Furukawa Electric Group Philosophy and Core Value, the **Furukawa Electric Group CSR Code of Conduct** defines fundamental rules of behavior that Furukawa Electric Group executives and employees should follow from the perspective of corporate social responsibility.

2020

2025

2030



Kei Kobayashi

Keiichi Kobayashi
President and Representative Director
Furukawa Electric Co., Ltd.

Aiming for a transformation into a company esteemed for solving social issues, we made ESG central to our implementing the 2025 Mid-term Plan.

Review of Fiscal 2021, “Fiscal year 0” of the 25 Mid-term Plan

In the last fiscal year ended March 31, 2022, which was positioned as the “fiscal year 0” of our 2025 Mid-term Plan (hereinafter, 25 MTP), we focused on winning rather than surviving and laid the groundwork for strengthening management through emphases on business transformation, the launch and development of new businesses, and capital efficiency. Until now, we have survived and at times thrived essentially by responding to the needs of our customers, but we recognize that we may not have made sufficient intentional efforts to manage the business toward what we wanted it to be. In order to leave that passive approach in the past and in its place survive and thrive, in the fiscal year 0 (FY0) of the 25 MTP we laid the groundwork for proactively striving to what we want to be.

During that year, supply chain disruptions due to the continued spread of COVID-19 and the fragmentation of the international community upset our plans and

defied our countermeasures but as a result, we believe that we have finally rid our system of all the weaknesses that plagued the Group. I am confident that we made the right decision to strengthen our corporate structure in order to resolve various issues and transform the corporate group so as to enable it to achieve the 25 MTP.

We reviewed the existing business portfolio and focused on launching and developing new businesses such as Michi-ten™ (an inspection system for lightpoles, traffic signals and other roadside structures), as an outcome of our business transformation efforts. I also feel that our work is helping the effort to resolve social issues such as those caused by demographic changes.

The various initiatives we pursued in FY0 were sometimes difficult to carry out, but by implementing the initiatives we improved the organizational capabilities to accomplish tasks as a team. I am hoping that this enables us to carry out the 25 MTP with confidence.

Achieving the Vision 2030 as well as the 2025 Mid-term Plan as milestones

The Furukawa Electric Group’s vision for 2030 is to become a Group that is indispensable to solving social issues. We believe that we have gained insight into how society in 2030 will be, and gained confidence that we can contribute to that future society – this is behind that vision. We have then concluded that the following social issues are relevant for us in the perspective of 2030: the realization of a Beyond 5G (B5G) society, carbon neutrality, next-generation infrastructure enabling us to enjoy freedom of movement, and extension of healthy life expectancy. We want to have a solid presence in these areas, and also to focus on the realization of a circular economy as a social issue that spans across these areas.

The 25 MTP is positioned as a milestone toward realizing the Vision 2030. It was formulated based the dual approach of backcasting from the Vision 2030 and forward-looking from the present. I am often asked why we use the term “forward-looking” instead of “forecasting,” which is the opposite of “backcasting.” I like using the term “forward-looking” because what we want to achieve toward the Vision 2030 has already been decided.

We believe that the value creation process is extremely important for achieving the Vision 2030 and the 25 MTP. Through repeated discussions among our partners, we have embodied the value creation process in our strategy for solving social issues from a long-term perspective that points toward the Vision 2030.

Since the 25 MTP has been clearly positioned as a milestone toward achieving the Vision 2030, the management team, including myself, is determined not

to present any situation threatening achievement of the 25 MTP. With this in mind, the main pillars of the 25 MTP we defined are “maximizing profits in existing businesses by focusing on capital efficiency” and “building a foundation for creating new businesses by strengthening development and proposal capabilities.” In promoting these initiatives, we will also focus on “strengthening the foundation for ESG management,” by placing ESG at the center of management. We are aware that if we fail to properly implement ESG management, we risk being cut loose from our mega value chain. We will therefore exert efforts to be deeply conscious of collaborating with our partners in executing the ESG initiatives.



Priority measures

- 01** Maximize profits in existing businesses through a focus on capital efficiency directed at a 2025 time horizon
- 02** Build a foundation for creating new businesses by strengthening development and proposal capabilities
- 03** Strengthen the foundation for ESG management



New targets set in the 2025 Mid-term Plan

In my view targets that objectively and calmly evaluate the progress of the plan are indispensable to steadily advance the 25 MTP. In FY0, when we sought to reinforce our corporate structure, we were able to have our Group evaluated by ROIC*1 and FVA*2. Using the current status as was thus defined as a foothold, we will work on maximizing profits in existing businesses under the 25 MTP.

Maximizing profits in existing businesses through a focus on capital efficiency with 2025 time horizon

One pillar of the 25 MTP is maximizing profits in existing businesses. Our Group has competitive products, but in the past, we commercialized some businesses based on the notion that “this is a good product,” rather than the perspective of “what is the added value” or “what customers want.” In some of these cases, a large capital investment was made when the business was growing steadily, but then when it started to fall, the factory’s operating rate dropped, but we kept running the factory even if the profit was lower, and the business ended up falling to a stalemated business.

In order to prevent such a recurrence, in addition to improving our products, we directed attention to the creation of *Koto*, an extra-alpha service based on the perspective of “what customers want.” We want to generate more cash by going beyond the functions of the product itself and shifting gears to enter this customers’

Utilizing ROIC and FVA to optimize the business portfolio

Adoption of the ROIC management may lead to a downsizing equilibrium trap, but in the years leading up to the launch of the 25 MTP, we focused on changing our mindset and moving into an ROIC management mode. This has led the existing businesses into a growth spiral, enabling us to objectively evaluate the business portfolio

The 25 MTP has also clearly identified non-financial elements as sustainability targets in addition to the conventional financial targets. We can put ESG at the very heart of our management by clarifying sustainability goals, such as related to carbon neutrality, human capital, and human rights. With regard to intellectual property, we have set the IP landscape implementation rate as a sustainability indicator for revenue opportunities (see P56-57 for details on IP landscape). In the past few years, the Group’s intellectual property has been highly evaluated by people in various fields. We will place more importance on intellectual property than ever before as it gives us strength from the viewpoint of carbon neutrality and the circular economy.

In terms of shareholder returns, despite the ups and downs of our business performance, we have traditionally tended to focus too much on stable dividends. Under the 25 MTP, we announced our cash allocation policy and set a numerical target for the dividend payout ratio of 30% for consolidated net income for the first time. During the 25 MTP period, we want to create a situation where we are constantly profitable with compounded interest and achieve stable shareholder returns through profit growth.

desiderata perspective.

Toward this end, we intend to thoroughly reorganize the portfolio of existing fields, identify businesses that shine when polished, and add more value to existing products to improve them.

Our approach to improve the product mix is to transform the large-scale, stalemated business into the specialized aggregated business, and not to enter the competition for market share in the fragmented businesses. For businesses that we need to expand in scale, we seek to earn profits while attaining target scale. In addition, with an eye on the creation of new businesses, we will monitor the ways we can earn an admirable ROIC of businesses that we deem necessary for the future of the Group, and be alert to issues, and then calmly make decisions and flexibly respond.

using the growth curve of the market as well as ROIC and FVA of each business. At present, if the ROIC spread is 1.0% or more, we consider it to be a business that can earn profit from compound interest.

Our Group’s businesses support social infrastructure and can be said to be B-to-B-to-C (with various C’s,

*1 ROIC: Return on invested capital
*2 FVA: Furukawa value added to invested capital

such as Customer and Citizen) business or B-to-G (Government) business. In order to support social infrastructure and constantly support the resolution of social issues, we ourselves need to continue growing. To this end, we are aiming to achieve an ROIC spread of 1.0%. Only when this is achieved, I believe that we can become a company that is truly trusted by society.

Until now, we have received proposals such as “If we

stop investing in this system, a billion yen of profits will be generated,” but with such a shrinking equilibrium approach, we cannot achieve the milestone set in the 25 MTP. I cannot live just for the present but, as the 15th president of Furukawa Electric that has a 140-year history, I believe that my mission is to firmly pass the baton to the next generation and help our Group move forward to the Vision 2030.

Build a foundation for creating new businesses by strengthening development and proposal capabilities

To create new businesses, we will thoroughly utilize our four core technologies and focus on contributing to the realization of the following three themes: (1) carbon neutrality, (2) adaptation to the declining labor force due to the declining birthrate and aging population, and (3) a society where various things can be simultaneously performed (such as being able to watch videos while the car drives itself=). We consider the third one to be the most important social challenge. Since our Group’s products are to support society, we believe that “supporting” and “being utilized” will undoubtedly be key words for us to tackle social issues.

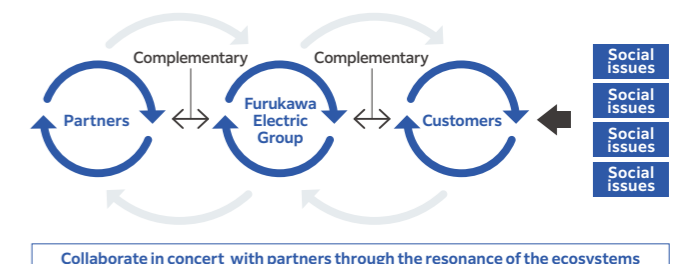
Another method we are using for the 25 MTP is to do the groundwork for the creation of new businesses. With regard to carbon neutrality, for example, bipolar lead storage batteries are being developed by the Group’s specialized team. As for projects which cannot be realized by the Group alone, such as the creation of green LP gas using our original catalyst (Ramune Catalyst™) technology, we are actively promoting co-creation with partners. Also, the Next-Generation Photonics Business Creation Project has been launched under the direct control of myself, with the aim of creating photonics products that in the coming years will show material results in playing a role in supporting and being utilized in a society.

In order to realize a circular economy, we believe it is important to promote business together with external partners. In conventional corporate management, each company focused most to enhance its strength and had its

own ecosystem. However, we have begun to learn that a company cannot complete a viable ecosystem by itself, and needs to cooperate with other companies to form a loop for running a circular economy. In other words, rather than competing, a company needs to resonate its ecosystem with the ecosystem of customers and partners, and collaborate, similar to the way that an orchestra’s musicians can make pleasing sounds together. We would like to co-create a high-quality ecosystem through the integration of technologies and resources with customers and partners.

In the creation of new businesses, intellectual property is important in improving the level of technology. We have had the idea of “defensive intellectual property” as a base for such creation, but from now on, I would like to also embrace the idea of “offensive intellectual property.” Based on the 2021 revision of the Japan’s Corporate Governance Code, we intend to create new value and lead to the creation of new businesses during the 25 MTP by strategically utilizing the Group’s intellectual property that we have cultivated over many years.

Realization of a circular economy in concert with others



Carbon neutrality is an important bundle of issues of risks and opportunities

The Group’s basic approach to carbon neutrality consists of three parts: (1) not to eliminate but to reduce direct CO₂ emissions (Scope 1 and 2), (2) not to eliminate but to reduce CO₂ emissions in society (Scope 3), and (3) to capture or transform the emitted CO₂. In particular, we intend to thoroughly work on our Scope 1 and 2 reduction efforts as they mean Scope 3 reduction for our customers. In order to ultimately achieve carbon neutrality by 2050, we are committed to steadily

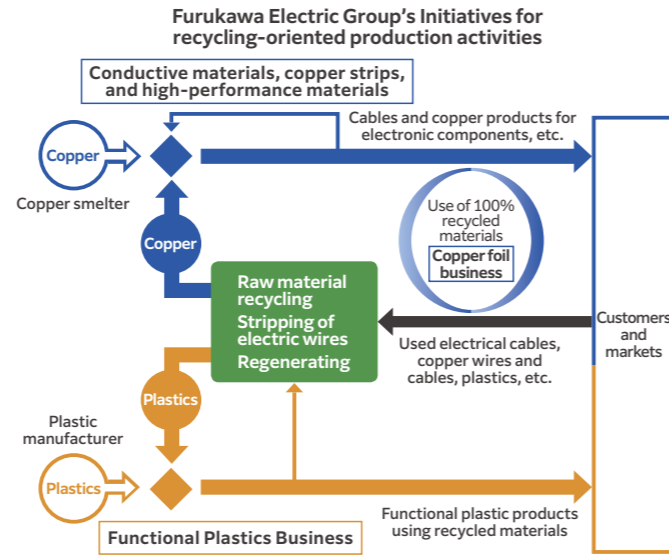
reducing CO₂ emissions and aim at achieving the revised Environmental Targets 2030 and the sustainability targets of the 25 MTP.

Our Group’s renewable energy usage rate was 17.1% in Japan and 10.9% overseas in fiscal 2021, which we recognize is the result of efforts made by our predecessors. For example, to make copper requires a large amount of electricity and we are proud to have been using hydroelectric power since 1906.

In addition, triggered by the shutdown of our copper electrolytic refining facilities in 1988, our Group has been continuing to use scrap metal returned from customers by placing them directly in a melting furnace for manufacturing. As a result, we have honed our high technical ability to reuse scrap metal in manufacturing. This is what we call closed-loop recycling. Furthermore, the production of electrolytic copper foil normally requires the use of pure metal materials, but we have the technology to produce electrolytic copper foil using 100% recycled copper, and we have completed to acquire the verification of UL2809 (Underwriters Laboratories' Recycled Content Validation Mark) for our products using 100% recycled copper. We are also promoting the use of recycled materials in the Functional Plastics business. Use of the recycling technology is enabling us to reduce CO₂ emissions over the entire product life cycle. It is an important initiative that can contribute to the reduction of Scope 3, including reduction for customers, and this has been realized thanks to our strength cultivated through the history of the Group.

Carbon neutrality is considered as an important business opportunity to achieve the Vision 2030, and we are actively

engaged in technological development and infrastructure development. A prime example is our technology for producing green LP gas with Ramune Catalyst™, an original catalyst that utilizes metals and polymers—our core technology. This technology can transform CO₂ emitted by society, and was used for the Torch*³ of this year's Ichigo Ichie Tochigi National Sports Festival.



A company cannot survive without securing human capital

“Strengthening human capital management and organizational execution abilities” has been identified as one of our materiality themes and is an important issue in management strategy. We believe that a company will not survive without securing human capital. Today’s young people tend to have a mental model of whether they can be engaged in solving social issues or improve their well-being when choosing a company to join. In the past, a company chose people to be employed. Now, we are entering an era in which young people, with such a mindset to solve social issues, choose a company to join.

By accurately understanding such a change, we have been able to consider what we could do to secure human capital, and formulated the Furukawa Electric Group Vision for Our People in 2018. This Vision provides a vision for individuals, defines the role of superiors, and defines the proper basic attitude toward people, while preserving the company’s DNA. The Vision is shared in-house and is used

to build a human capital management system. In part for the purpose of instilling the “ability to accomplish” by a team as part of our culture, we believe that all employees should take the development of the workforce as their major collective mission. This has been incorporated into the managers’ evaluation index to further improve it.

Managers are also reminded of the “Furukawa Seven” – seven principles for formation of the mindset and actions of supervisors in the workplace. As a neat measure to make it better known by employees, we have arranged a mechanism using a smartphone app that enables employees to share goals they want to be aware of, and share concerns over human capital development (among other subjects), and allows others to respond with advice in the comment section or by pushing a “like” button. Through such measures, we are advancing leadership reforms starting from the workplace.

We respond to human rights and ESG risks in the supply chain

As ways to strengthen our human rights and supply chain initiatives, we have formulated our Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights, and revised our CSR Procurement Guidelines. The materiality of governance already includes supply chain management as a sub-materiality. At the end of last fiscal year, we reviewed materiality and added human rights and

labor practices. In light of the current global situation, human rights can be a subject that can involve significant risk. If we take action without recognizing the negative impact on human rights, we may be excluded from the supply chain, products, services, or labor markets. With this in mind, we will continue to take various measures based on our Human Rights Policy and CSR Procurement Guidelines.

*3 The Torch is a symbol of the Sports Festival, similar to the Olympic flame.

How I see the current composition of the Board of Directors and what needs to be strengthened

From the perspective of governance, we have improved the independence of directors, the skill matrix, and changed both the length of service of directors, and the system to appoint the Chairman, who is not involved in business execution, to chair the Board of Directors, and now have five executive directors and five independent outside directors in the Board.

The current members of the Board of Directors including new directors are selected with an emphasis on the balance of skills matrix, and I find that we have

a good mix of people for the start of the 25 MTP. However, just as the skill matrix required is different in the phase to introduce ROIC management and the phase to actually promote it, the status of the skill matrix will change according to changes in the external environment and the level of management. We will therefore continue to consider at appropriate times the selection of directors with the skills needed for management and strengthening the Board of Directors.

Management aspirations for the next four years

The poster for the 25 MTP, “Road to Vision 2030,” expresses our strong commitment to transform and take on challenges toward achieving the Vision 2030. The next four years will be spent to build a solid foundation for the 25 MTP so as to transform us into a corporate group that is indispensable to solving social issues such as carbon neutrality by 2030.

The path depicted on this poster is clean and straight but, in reality, it would not be so easy. We are now

engaged in the struggle of blowing away various constraints using our “ability to accomplish” as a weapon. We have to break away from the conventional rigid mindset of how Furukawa Electric is supposed to be. With a mindset of integrated growth as Furukawa Electric Group, we will position ESG in the center of our management, and will continue to transform ourselves into a sustainable corporate group. We appreciate your continued support for Furukawa Electric Group.



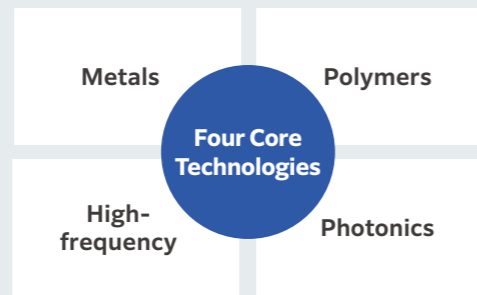
Innovation History of Furukawa Electric Group

Drawing on more than a century of expertise in the development and fabrication of advanced materials, Furukawa Electric Group has contributed to the realization of a sustainable society through continuous technological innovation since its foundation in 1884.

Furukawa Electric Group has supported the establishment of Japan's social infrastructure and contributed to the global sustainable development for 138 years.

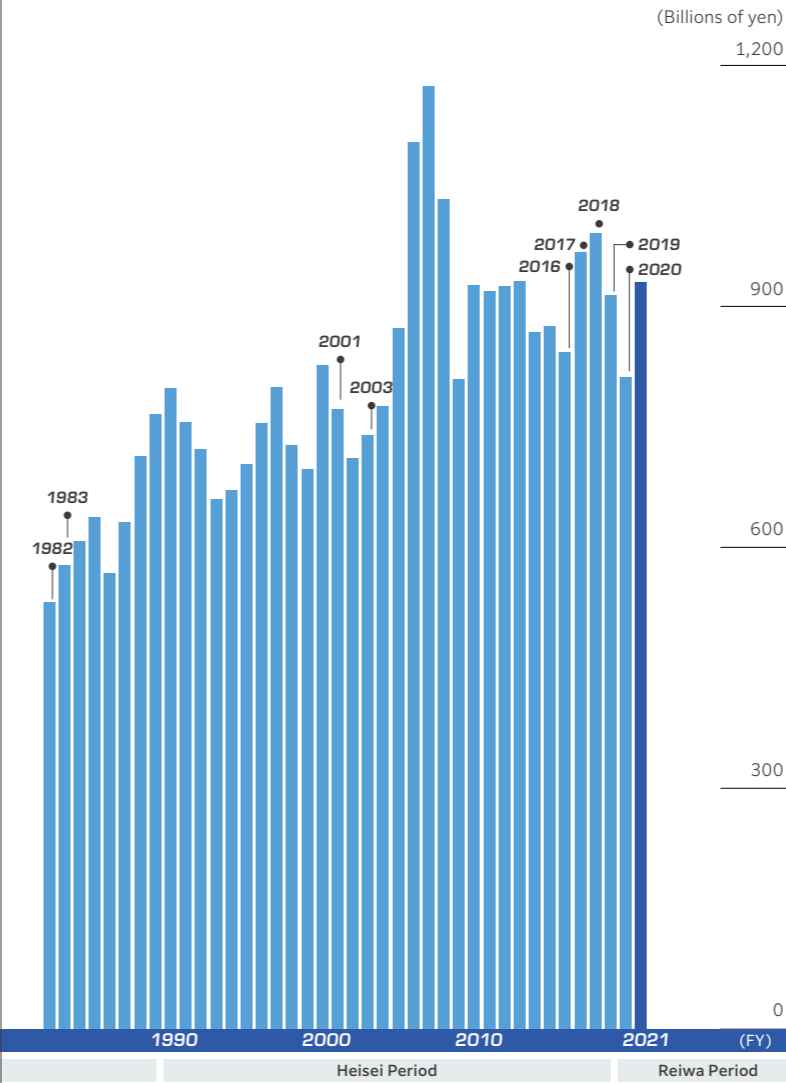
Four Core Technologies

Since Furukawa Electric's foundation in 1884, Furukawa Electric Group has accumulated material technologies by expanding from copper smelting and electrical cables to a wider range of areas. By adding high-frequency electronics technology to materials technology, we currently have four core technologies—metals, polymers, photonics and high-frequency.



Trends in the net sales

■ Non-Consolidated ■ Consolidated



<p>● 1884</p> <p>Opened Honjo Copper Smeltery and Yamada Cable Works</p>	<p>● 1889</p> <p>Started Japan's first electrodeposit copper trial operations</p>	<p>● 1897</p> <p>Started manufacturing electric copper wires</p>	<p>● 1915</p> <p>Manufactured Japan's first submarine electric cable</p>	<p>● 1937</p> <p>Laid the world's first non-loaded carrier submarine cable in the Tsushima Strait</p>
<p>● 1958</p> <p>Installed an antenna and feed line on Tokyo Tower</p>	<p>● 1964</p> <p>Developed a fully automatic high-precision six-high rolling mill</p>	<p>● 1971</p> <p>Installed a communications network in Bangkok, Thailand</p>	<p>● 1974</p> <p>World's first successful field trial of optical fiber cable</p>	<p>● 1974</p> <p>Established company in Brazil manufacturing and selling aluminum power cables</p>
<p>● 1982</p> <p>Completed large-scale power transmission line installation in Iran</p>	<p>● 1983</p> <p>World's first successful commercialization of an optical fiber composite Oil Filled (OF) cable</p>	<p>● 2001</p> <p>Acquired Lucent Technologies' optical fiber division (US)</p>	<p>● 2003</p> <p>Received the Golden Hadron Award from CERN for superconducting wire materials</p>	<p>● 2016</p> <p>Newly established an open lab "Fun Lab" within Yokohama Works</p>

Examples of the recent development of technology for solving the social issues

<p>● 2017</p> <p>Sampling of narrow linewidth & high output power micro ITLA for beyond-100Gbps optical digital coherent transmission</p>	<p>● 2018</p> <p>Developing thin ultra-high count multi-core optical fiber cable with the world's highest core density</p>
<p>● 2019</p> <p>Award of contract for development of high voltage dynamic export submarine cable for floating offshore wind power plants</p>	<p>● 2020</p> <p>Developing bipolar lead storage batteries that contribute to utilization of renewable energy and reduce the total cost to less than half that of lithium-ion storage batteries for power storage.</p>
<p>● 2020</p> <p>Launching sales of the "BRACE"™ Blue-IR hybrid laser</p>	<p>● 2020</p> <p>Developing technology for producing green LP gas with the Ramune Catalyst™</p>

1884-

Foundation & Dawning of a New Era

The origins of our company can be traced back to 1884, when Ichibei Furukawa first smelted copper in Honjo, Tokyo and Yamada Cable Works began manufacturing electrical cables in Takashima-cho, Yokohama.

1900-

Helping to Establish Japan's Social Infrastructure

Catering to demand for electricity and communications in the then undeveloped Japan, Furukawa Electric expanded production to include various rubber and cotton-covered wires, and in 1915 manufactured the nation's first submarine electric cable. The company continued to support the establishment of Japan's social infrastructure with its global quality technical capacity, such as by installing an antenna on Tokyo Tower, the country's largest radio tower at the time.

1960-

Expanding Overseas

From this period, Furukawa Electric launched its full-scale efforts to enter the global market with the hope of spreading its technical strength around the world. While building up a track record in the Middle East, Southeast Asia, and elsewhere, it established manufacturing plants from Southeast Asia all the way to Brazil, laying the foundations for today's globalization. In 1987, additionally, a new R&D laboratory was established at Yokohama, which is one of the funding places of Furukawa Electric. Since then, Yokohama R&D laboratory has created various new technologies and new products that lead the world.

2000-

Continuing to support people and society by our Group's versatile technologies

For the advancement of technology and the global environment changes such as climate change, Furukawa Electric Group have continued to support people and society by our Group's versatile technologies centered on four core technologies—metals, polymers, photonics and high-frequency.

2016-

Strengthening the development of new technologies and new services that solve the social issues

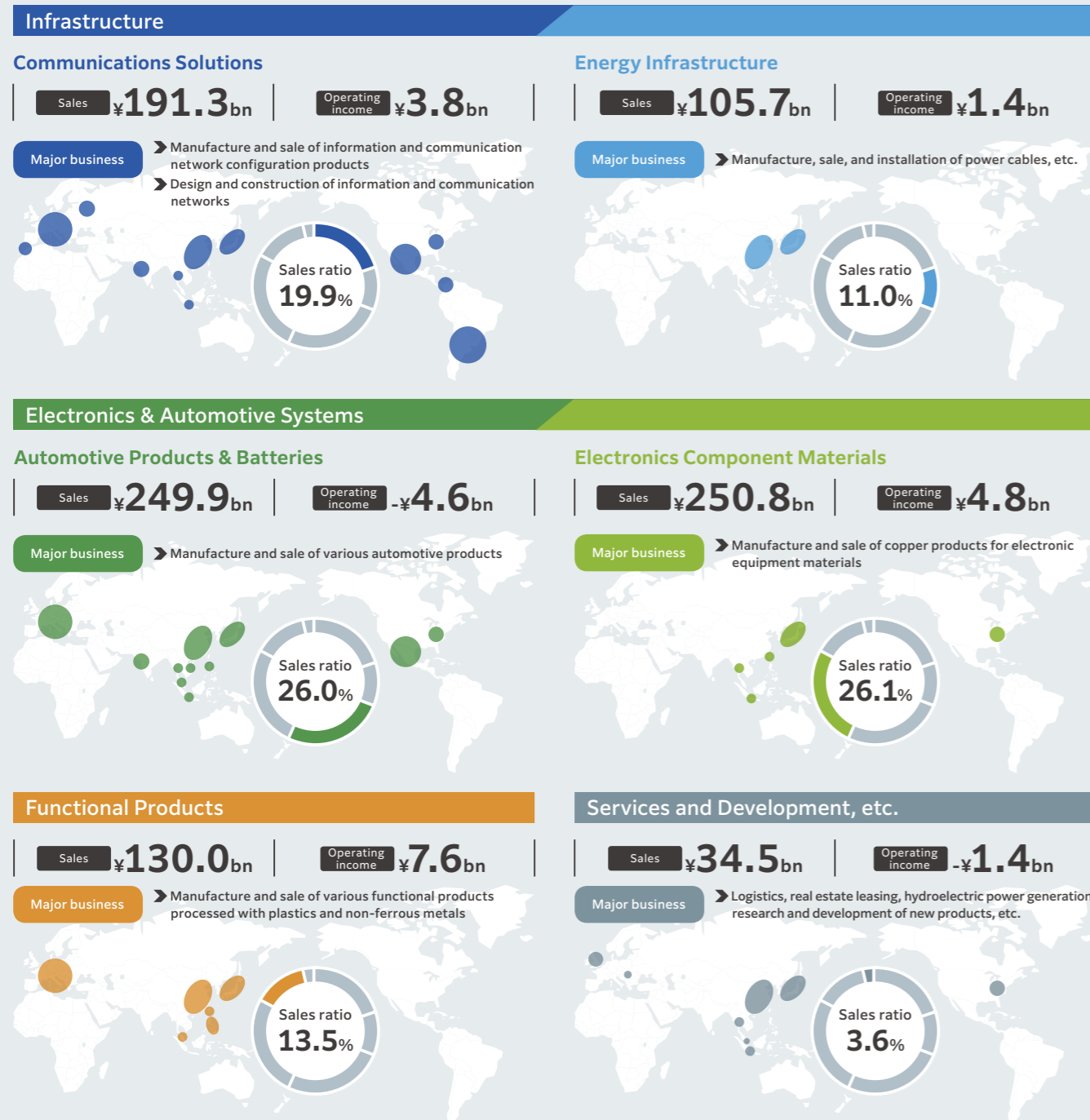
Toward solving various social issues, based on the Furukawa Electric Group Vision 2030, "In order to build a sustainable world and make people's life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility.", Furukawa Electric Group have carried out research and development through collaboration with various partners.

At a Glance, Furukawa Electric Group

Overview of Furukawa Electric Group in Fiscal 2021

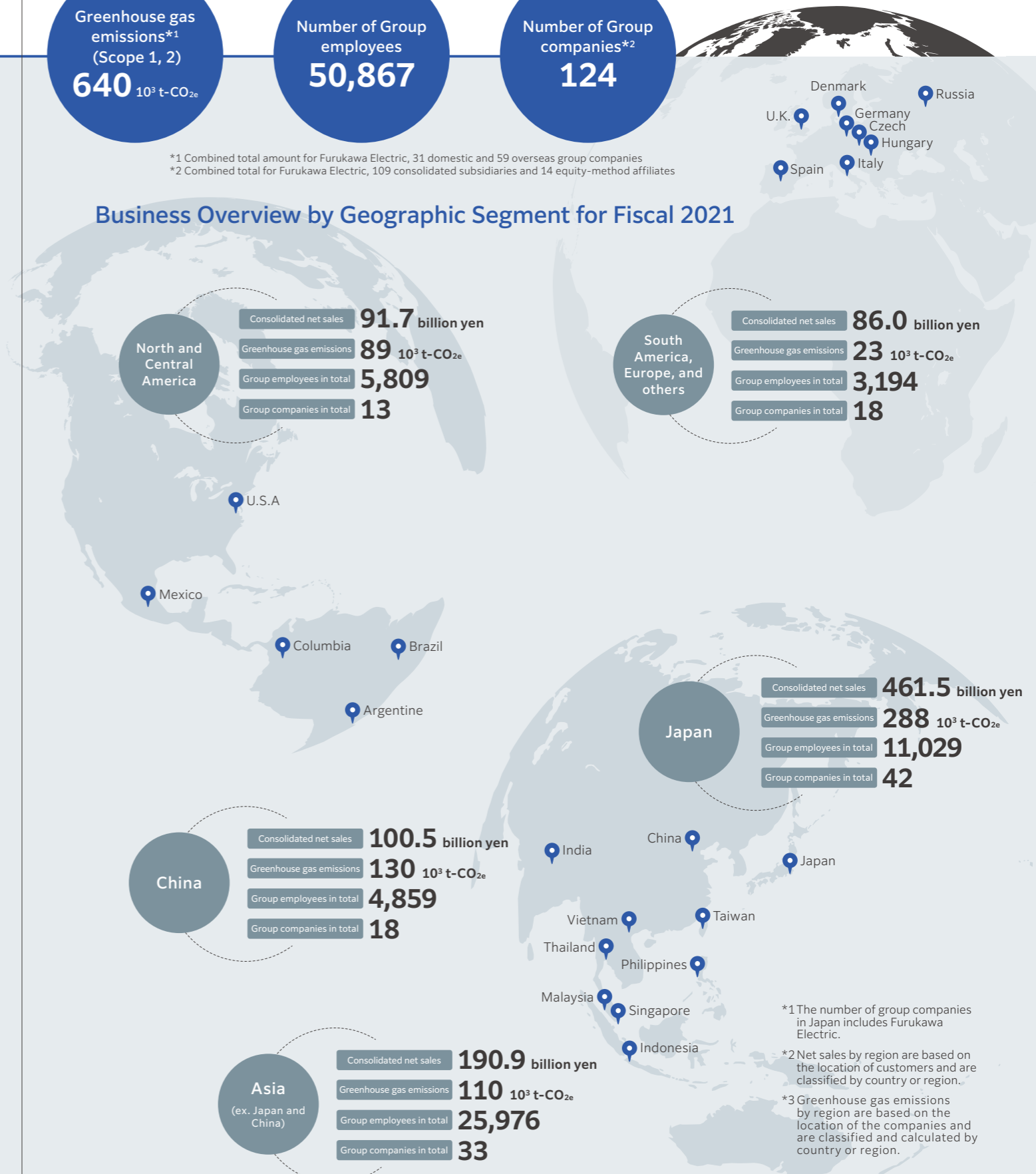


Business Overview by Segment for Fiscal 2021



*¹ Combined total amount for Furukawa Electric, 31 domestic and 59 overseas group companies
 *² Combined total for Furukawa Electric, 109 consolidated subsidiaries and 14 equity-method affiliates

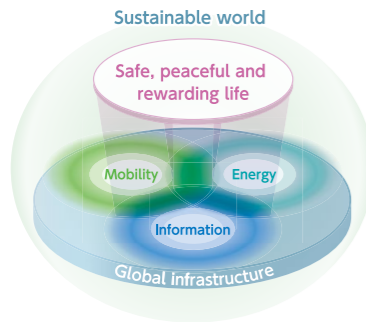
Business Overview by Geographic Segment for Fiscal 2021



*¹ The number of group companies in Japan includes Furukawa Electric.
 *² Net sales by region are based on the location of customers and are classified by country or region.
 *³ Greenhouse gas emissions by region are based on the location of the companies and are classified and calculated by country or region.

Changes in the external environments and the social issues surrounding Furukawa Electric Group

Furukawa Electric Group, Vision 2030

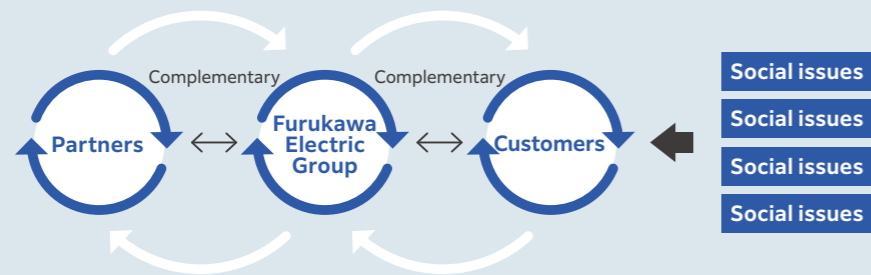


In order to build a sustainable world and make people's life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility.

Vision for 2030 in each domain

Information	Support through photonics technology and build social infrastructure		
	Revolutionary optical fiber	Fusion of photonics & electronics, quantum repeater	V2X, 5G-AP
Energy	Through our extensive experience and technological capability, make a tougher infrastructure and realize a recycling-based society		
	Extra-high voltage power cable	DC power cable	Bipolar lead storage batteries
Mobility	Realize safe, secure mobility through the provision of components, systems and applications		
	Lightweight aluminum	Peripheral monitoring radar	In-vehicle & infrastructure communications devices
New domain	Provide devices and services for life sciences and maintaining social infrastructure		
	Tellumino™	Non-invasive blood sugar measurement device	Michi-ten™

To solve social issues, Furukawa Electric Group's technologies, products and services support society and are utilized.



To create new value, collaborate in concert with partners through the resonance of the ecosystems

Changes in the external environments and the social issues

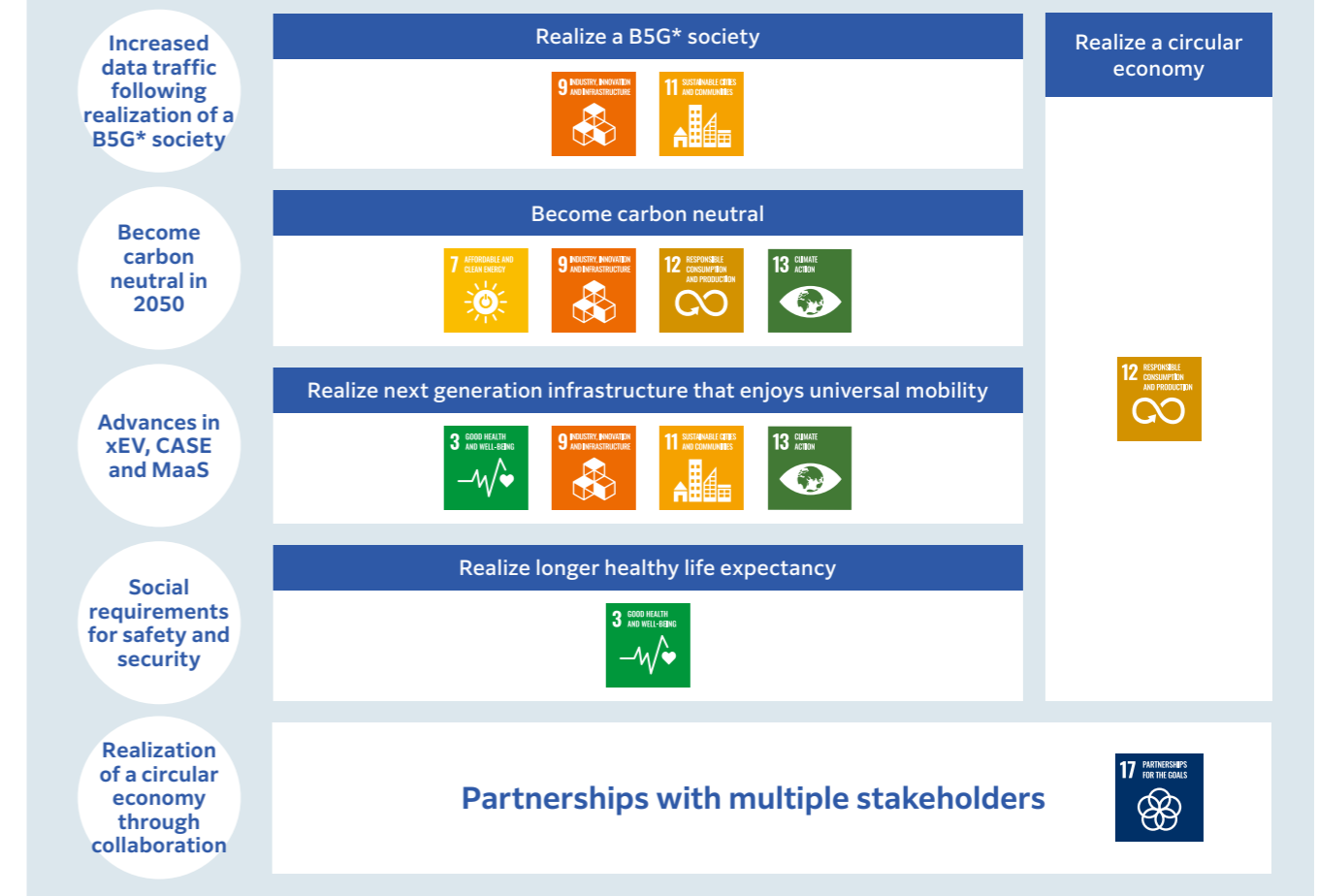
We consider that the business environment surrounding Furukawa Electric Group, which is a premise of the 2025 Mid-term Plan, will be changing in a discontinuous and irreversible manner. For example, expected changes include the following: ESG/SDGs will become a management challenge which is critical for the survival of companies; in the era of the 100-year life, a new lifestyle will emerge and become common; the domestic market

will shrink due to a declining and aging population; and we will see the rapid progress of digital transformation (DX).

In such an environment, there will be growing expectations for addressing social issues, including the realization of B5G* realization of carbon neutrality; realization of the next-generation infrastructure enabling free flow of people and goods in a safe, secure and comfortable manner; an increase in healthy life span; and the realization of the circular economy.

Politics	Economy
<p>Increased awareness of ESG/SDGs as a core pillar of corporate management Accelerated initiatives for realizing a carbon neutral society</p> <p>Globally increased political divisions Further confrontation between nations will have a major impact on global affairs</p>	<p>Shrinking markets in Japan Zero growth and shrinking labor market due to the aging and declining population</p> <p>Growth in emerging markets such as Asia Emerging countries will continue rapid growth, and some countries will face fiscal weakness</p> <p>Unwinding of extremely loose monetary policies Reversal of monetary policies in response to inflation, and rising interest rates</p>
Society	Technology
<p>New lifestyles Prolonged responses to COVID-19, work style reforms, 100-year life expectancy</p> <p>More frequent natural disasters and increased damage More severe natural disasters, and increased demand for renewing social capital</p> <p>Changing concept of "mobility" Evolution of digital technology, and changing concept of mobility for people, goods and information</p>	<p>Rapid advances in DX Level of engagement in DX will influence the competitive position of companies</p> <p>Widespread implementation of 5G, and advances in CASE based on that foundation Ultra-high speed telecommunications, multiple simultaneous connections and ultra-low latency Increased demand for electric power, and expansion of operations beyond traditional industry borders</p>

Social Issues



*B5G: Beyond 5G

Furukawa Electric Group's Sustainability

The Group's Basic Concept of Sustainability

The mission of Furukawa Electric Group is to "contribute to the realization of a sustainable society," as outlined in its Corporate Philosophy and we aim to ensure that the environment, society, and economy continue to sustain over the medium- to long-term, and that our Group will make sustainable growth.

In response to the recent rapid changes in the business environment surrounding our Group, we have established Furukawa Electric Group Basic Policy on Sustainability, as a basic idea for our Group to achieve sustainable growth.

Furukawa Electric Group Basic Policy on Sustainability (Established in August 2021)

Furukawa Electric Group will:

- in line with its mission of contributing to the realization of a truly affluent and sustainable society, tackle important management issues (materiality) from the perspectives of both revenue opportunities and risks, while focusing on the future of people and the planet.
- in order to have sustainable growth and contribute to the achievement of SDGs (sustainable development goals), strengthen and create businesses that solve social issues, while focusing on capital efficiency and continuing to transform its business through continuous technological innovation centered on material technologies and collaboration with various stakeholders.
- contribute to the sustainable development of society by maintaining and improving sound and positive relationships with all stakeholders through appropriate information disclosure and active communication, while complying with laws, regulations, social norms and ethics in Japan and overseas.

Sustainability Promotion Framework

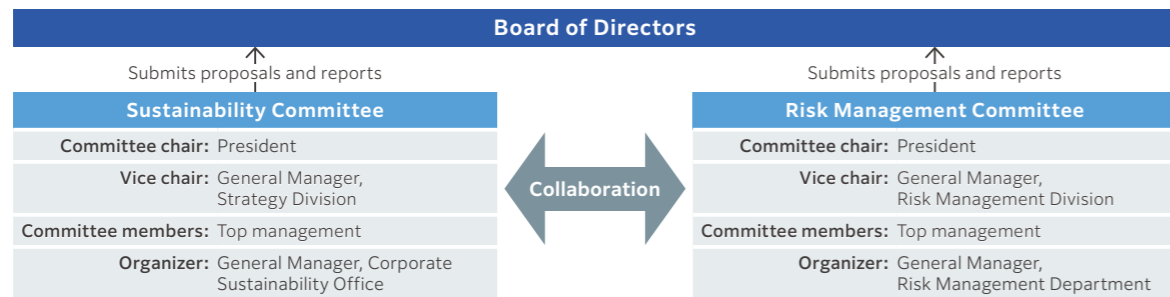
The "Furukawa Electric Group Sustainability Committee" (hereinafter, "Sustainability Committee") was established to consolidate discussions on sustainability within Furukawa Electric Group and further enhance the quality and speed of implementation thereof.

The committee is chaired by the President, vice-chaired by the General Manager of the Strategy Division, and composed of members of top management. It meets to discuss sustainability issues

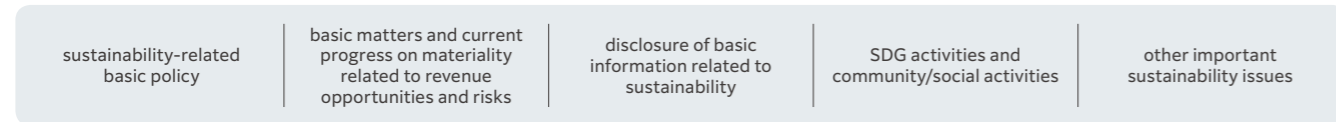
that concern Furukawa Electric Group and submits proposals and reports to the Board of Directors.

The Corporate Sustainability Office serves as the organizer, and the committee will generally meet twice a year.

Additionally, as risk materiality matters are closely related to management strategy risks of the Group, they are therefore handled in collaboration with the Risk Management Committee.



The sustainability Committee focuses on discussing the following items:



The first and second sustainability committees



Review of ESG Management and Sustainability

In order to achieve the Vision 2030, we are promoting ESG management, which aims sustainable growth of the Group and medium- to long-term improvement in corporate value. In addition, "Strengthen the Foundation

of ESG management" are listed in the important measures of the Medium-term Management Plan 2022-2025 "Road to Vision 2030 -Transform and Challenge-."

	~2016	2017	2018	2019	2020	2021	2022
ESG management in general							
Values	▶ Formulated the Furukawa Electric Group (FEG) Philosophy (2007)						
	▶ Formulated the Core Value (2015)						
	▶ Formulated the FEG Vision 2030						
Basic policy, Promotion Framework	▶ Revised the FEG CSR Code of Conduct (March, 2011) *1						
	▶ Signed the United Nations Global Compact						
	▶ Formulated the FEG Basic Policy on Sustainability						
Governance	▶ Established the Guideline on Corporate Governance (2015)						
	▶ Established the Independence Standards for the Outside Officers (2015)						
	▶ Introduced the executive officers system (2003)						
Separation of supervision and execution	▶ The Chairman became the Director without the representative right of the Board of Directors (2016-)*2						
	▶ Increased the number of the Outside Directors to five as at present (2016-)						
	▶ Strengthened the independency of Outside Directors						
Board of Directors, Audit & Supervisory Board	▶ A female Outside Director was appointed.						
	▶ A female outside Audit & Supervisory Board member was appointed.						
	▶ Reduced the number of the In-house Directors by 1						
Evaluation of the effectiveness of the Board of Directors	▶ Started the evaluation of the effectiveness of the Board of Directors from 2015, and the summary of the result was published every year.						
	▶ As a process to evaluate the effectiveness of the Board of Directors, the Chairman conducted the interviews every year.						
	▶ An outside director became the chair of the Nominating/Compensation Committee (2016-)						
Nominating/Compensation Committee	▶ Revised the directors' compensation scheme*3						
	▶ Partially revised the directors' compensation scheme*4						
	▶ Established the CSR Department (2007) and the Administration & CSR Division (2013)						
Risk management promotion framework	▶ Established the Risk Management Division and the Risk Management Department						
	▶ Established the CSR and Risk Management Committee (2007)						
	▶ Renamed the Risk Management Committee						
Supply Chain, human rights	▶ Formulated the Furukawa Electric CSR Deployment Guidelines for Business Partners (2010)						
	▶ Revised the FEG CSR Procurement Guideline 3rd edition						
	▶ Formulated the FEG Human Rights Policy						
Social	▶ Established the FEG Responsible Minerals Sourcing Policy.						
	▶ Formulated the FEG Vision for Our People						
	▶ Established the Work Style Reform Project Team(2015)						
Basic policy, Promotion Framework	▶ Reorganized the Organization & Work Style Reform Team						
	▶ Established the HR & Organizational Development Department						
	▶ Established the Diversity Promotion Section (2014)						
Human resource development, organizational execution abilities	▶ Started the global human resources training (2006-)						
	▶ Started the activities to transform leaderships "Furukawa Seven"						
	▶ Started "Furukawa E-Survey", a survey on human capital and organizational execution capabilities						
Diversity & inclusion	▶ Appointed two non-Japanese corporate vice presidents(CVPs) (2013), and increased the number of the non-Japanese CVPs to four (2016)						
	▶ Structured the non-Japanese CVPs to three						
	▶ Structured the non-Japanese CVPs to 2 people at present						
Environment	▶ Appointed a female-Japanese corporate vice president(CVP) (2015)						
	▶ Structured the female-Japanese CVP to two						
	▶ Structured the female-Japanese CVP to one at present						
Basic policy, Promotion Framework	▶ Announced the FEG Health Management Declaration						
	▶ Formulated the FEG Basic Environmental Policy (2008)						
	▶ Formulated the FEG Environmental Vision 2050						
Climate change, information disclosure	▶ Set the environmental targets 2030						
	▶ Revised the environmental targets 2030						
	▶ Established the FEG Environment Committee (2013)						
Climate change, information disclosure	▶ Established the Environment Department						
	▶ Acquired an SBT(2°C Targets) initiative certification						
	▶ Acquired an SBT(well-below 2°C Targets) initiative certification						
Climate change, information disclosure	▶ Expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)						

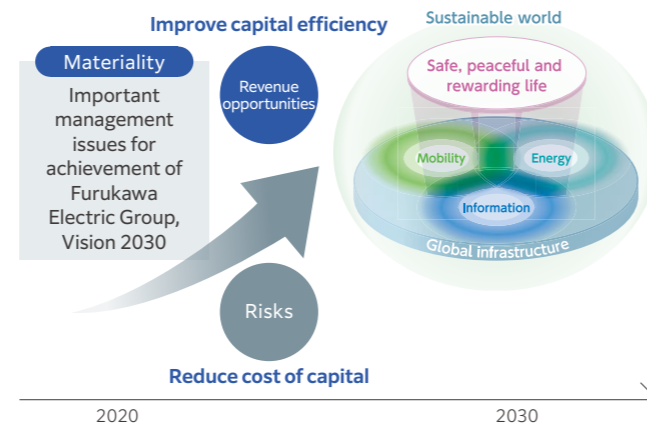
*1 Combined the FEG Action Guidelines (formulated in 2004) with the CSR Code of Conduct
 *2 Aimed for supervising execution by the management, including the President, from a non-executive position

*3 Consisted of the basic remuneration, short-term performance-linked remuneration, and medium- to long-term performance-linked remuneration
 *4 Aimed at strengthening incentives

Furukawa Electric Group's ESG Management and Materiality

In order to achieve the "Furukawa Electric Group Vision 2030," we are promoting ESG management, which aims sustainable growth of the Group and medium- to long-term growth of corporate value.

We have defined "materiality" as important management issues that the Group should address in order to achieve Vision 2030, and we defined materiality in terms of both revenue opportunities and risks, in accordance with the process of identifying important management issues. By working on the materiality, we will achieve Vision 2030 and contribute to the achievement of the SDGs.

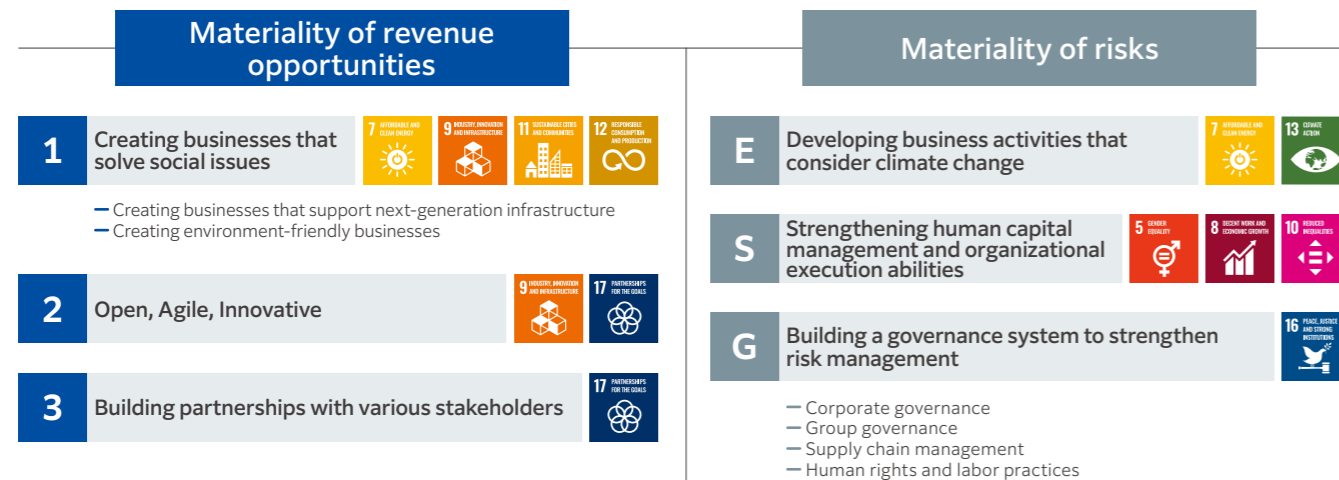


From the perspective of revenue opportunities, in order to help solve various social issues through the business activities of the Group, we found it indispensable to devise a transformation from the conventional "Product-Out" approach to "Outside-In" approach and identified the "creation of businesses that solve social issues" as materiality. Examples of these include the "creation of businesses that support the next generation infrastructure," which will serve as the foundation of the society anticipated in Vision 2030, and the "creation of environmentally friendly businesses," which contribute to the realization of a carbon-free society and a recycling-based society. We also accelerate the "creation of social issue-solving businesses" through the slogan "Open, Agile, Innovative," which reflects the desire to become a company that actively transforms itself, and the "Building partnerships with various stakeholders," focusing on co-creation with others. We will also work on improving

capital efficiency, including cost of capital

On the other hand, from a risk perspective, in order to achieve sustainable growth, it is essential that companies develop business activities that take into account climate change, and we see this as materiality. In addition, in order to become a company that actively transforms itself, we will strengthen the foundation of ESG management and reduce the cost of capital by focusing on the materiality of "strengthening human capital management and organizational execution abilities" and "building a governance system for strengthening risk management" including corporate governance.

In addition, based on the change of recent business environments and the increase in social requests, "human right and labor practices" was added as the fourth sub-materiality of "building a governance system to strengthen risk management" at FY 2021.



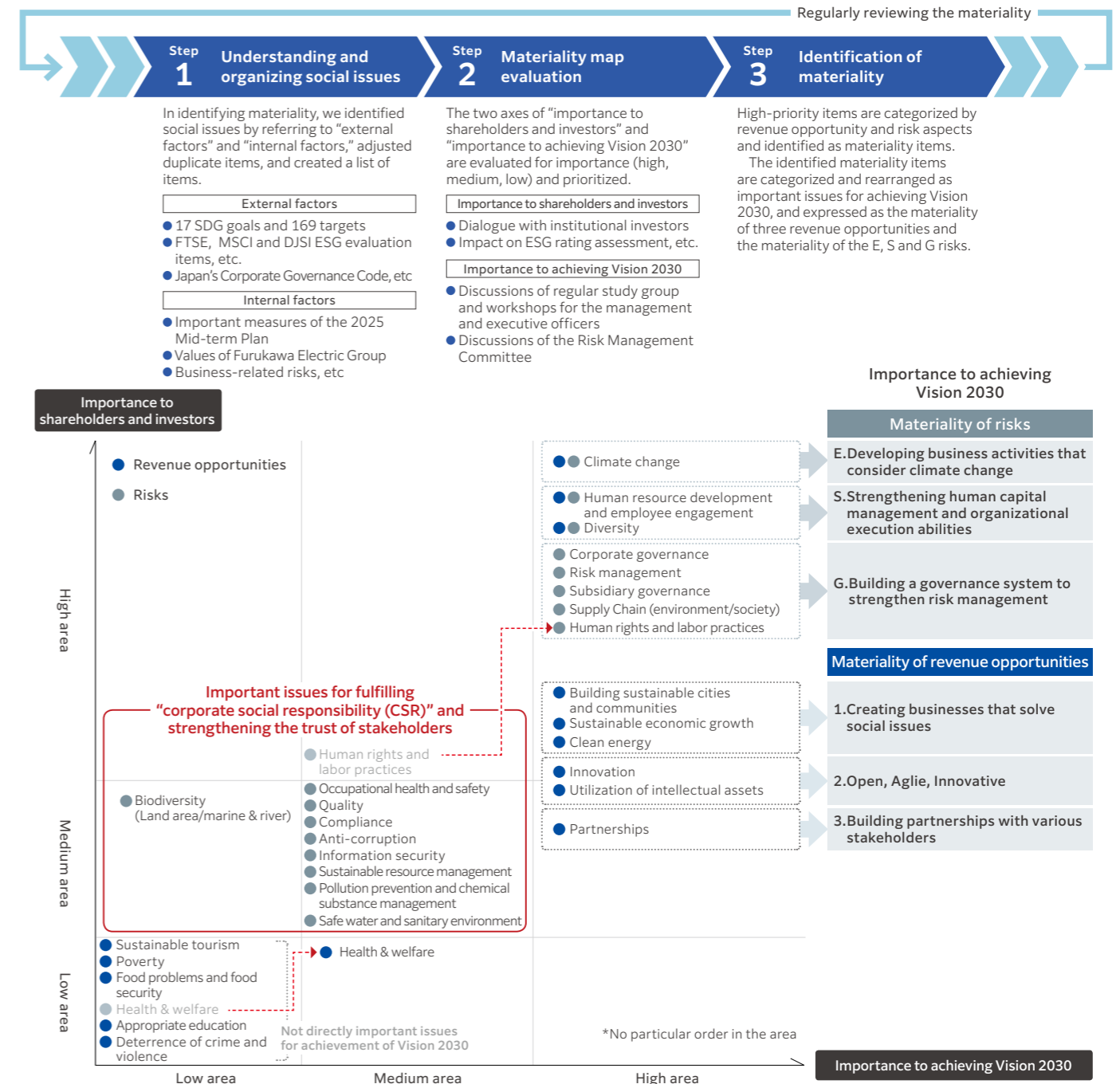
Process of Identifying Materiality

Regarding reviewing the materiality at FY 2021, Japan's Corporate Governance Code was added to one of the "External factors", and important measures of the 2025 Mid-term Plan and business-related Risks were added to one of the "Internal factors" in Step 1.

Concerning the "importance to achieving Vision 2030" in Step 2, based on the change of recent business environments and the increase in social requests, "human

right and labor practices" was moved to high area. We assume "realize longer healthy life expectancy" as one of the social issues we can contribute to, "health & welfare" was also moved to medium area.

Taking consistency with the measures of the 2025 Mid-term Plan, employee satisfaction and intangible assets were revised to "employee engagement" and "intellectual assets", respectively.



*With regard to materiality, we distinguish between important issues for achieving Vision 2030 and important issues for fulfilling corporate social responsibility and strengthening the trust of stakeholders.

Value Creation Process Directed at Achieving Vision 2030

The Medium-term Management Plan 2022-2025 (2025 Mid-term Plan) is positioned as a milestone toward realizing the Vision 2030.

We will surely execute the 2025 Mid-term Plan, which is formulated by the dual approach of backcasting from the Vision 2030 and forward-looking from the present.

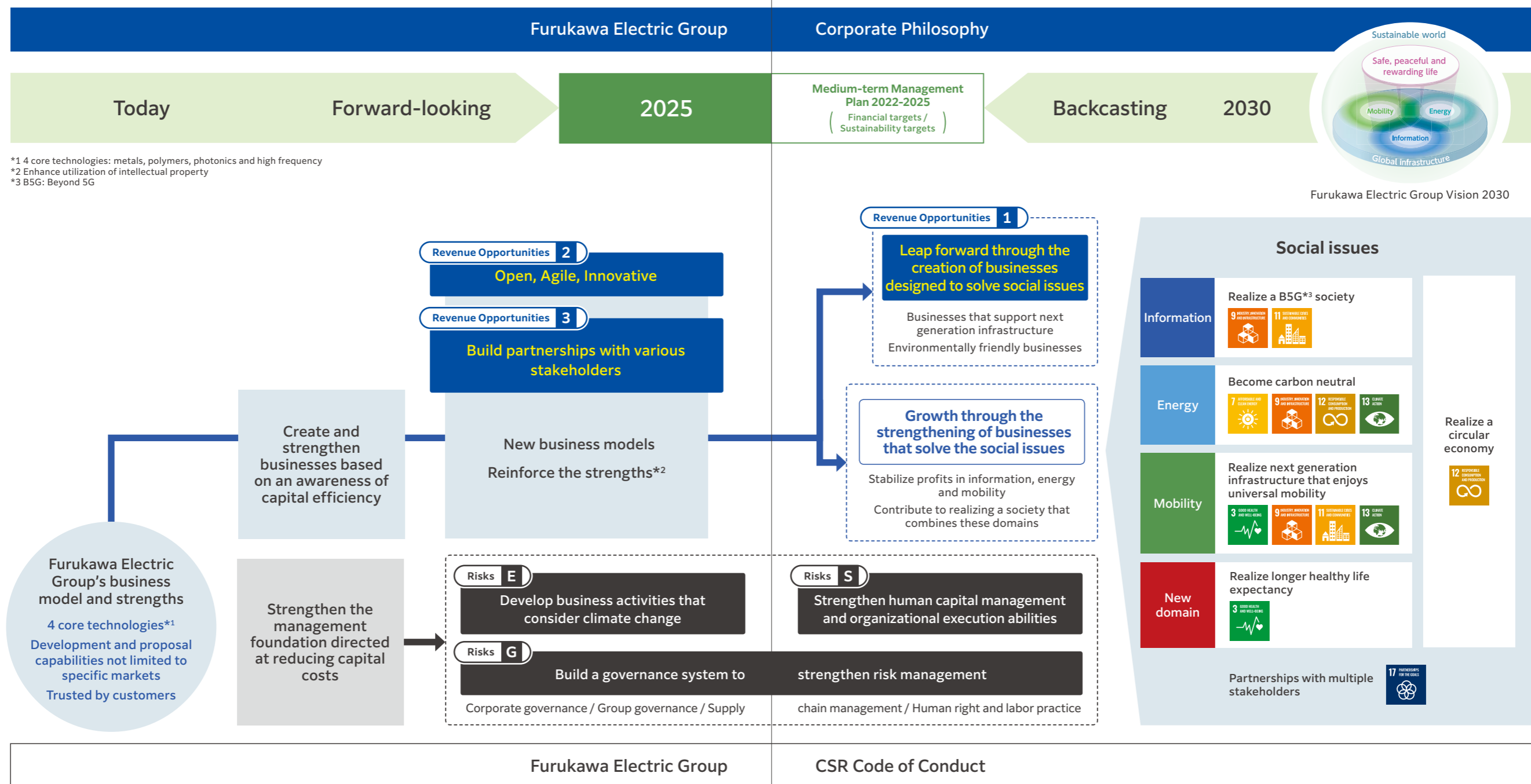
Furukawa Electric Group has developed capabilities for development and making proposals, without being limited to specific markets and with its four core technologies—metals, polymers, photonics and high-frequency—centered on capabilities to handle materials. Through these capabilities, we have gained the trust of customers.

For achieving the financial and sustainability targets set for 2025 Mid-term Plan, and for realizing sustainable growth of the Group and medium- to long-term growth of corporate value, we will strengthen and create businesses based on an awareness of capital efficiency, and we will strengthen the management foundation directed at reducing capital costs.

In addition, we will enhance our strengths, including utilization of intellectual property, and build a new business model through open innovation and cocreation with our partners. At 2025, we will stabilize earnings in information, energy and mobility sectors, and realize growth through the strengthening of businesses that solve the social issues. As a result, we will contribute to a changed information-, energy- and mobility-based society.

Toward 2030, we also realize leap through the creation of businesses that solve the social issues including the “creation of businesses that support the next generation infrastructure,” which would serve as the foundation of the integrated society of Vision 2030, and the “creation of environmentally friendly businesses,” which contributes to the realization of a carbon neutral society and a recycling-based society.

On the other hands, we will strengthen the management foundation directed at reducing capital costs, while we particularly recognize climate change, human capital management and organizational execution abilities, and building a governance system as materiality of risks.



*1 4 core technologies: metals, polymers, photonics and high frequency
 *2 Enhance utilization of intellectual property
 *3 B5G: Beyond 5G

Stakeholders and Materiality

Furukawa Electric Group aims at sustainable growth and increase in corporate value over the medium- to long-term by solving important management issues (materiality) with collaboration by various stakeholders, with the goal of achieving the Vision 2030.

The Group will contribute to the sustainable development of society by maintaining and improving sound and positive relationships with all stakeholders through appropriate information disclosure and active communication.

Customers

We contribute to solving customers' issues by developing business activities that leverage the strengths of the Group, in addition to maintaining and improving the quality of the products, operations and services we provide.

Relevant materiality
 Revenue opportunities ◆ Risks

- Creating businesses that solve social issues
- Building partnerships with various stakeholders

Solving issues through the main businesses

- ▶ Leveraging the strengths of the Group to solve customers' issues
- ▶ Realizing a circular economy

Main methods of communication

- ▶ Dialogue in everyday business
- ▶ Dialogue at technology and other exhibitions
- ▶ Dissemination of information through the website, the Sustainability Book, and other means

Partners*

In addition to building a sound supply chain that complies with laws and regulations, we promote businesses that realize the sustainability of the entire supply chain through co-creation with partners.

Relevant materiality
 Revenue opportunities ◆ Risks

- Building partnerships with various stakeholders
- ◆ Building a governance system to strengthen risk management / supply chain management, human rights and labor practices

Solving issues through the main businesses

- ▶ Reducing greenhouse gas emissions throughout the supply chain
- ▶ Human rights in the supply chain
- ▶ Responsible mineral sourcing
- ▶ Realizing a circular economy

Main methods of communication

- ▶ Dialogue in everyday business
- ▶ Partners Meeting
- ▶ SAQ (Self-Assessment Questionnaire) based on the CSR Procurement Guidelines
- ▶ Announcement of the Partnership Building Declaration

* Furukawa Electric Group calls those who do business with us "partners" who collaborate with us to create value.

Shareholders and Investors

We appropriately return profits to shareholders, disclose information to shareholders and investors, seek to achieve sustainable growth, and seek to increase corporate value over the medium- to long-term through our business.

Relevant materiality
 Revenue opportunities ◆ Risks

- ◆ Building a governance system to strengthen risk management / corporate governance

Solving issues through the main businesses

- ▶ Sustainable growth and improvement of corporate value over the medium- to long-term

Main methods of communication

- ▶ General Meeting of Shareholders
- ▶ Investor briefings
- ▶ Individual meetings
- ▶ Dissemination of information through the website, shareholder correspondence, and integrated report

Employees

We endeavor to fulfill our social responsibilities, such as respect for human rights, occupational health and safety, and compliance, and through employee engagement, we endeavor to strengthen human capital management and organizational execution abilities that lead to increased corporate value.

Relevant materiality
 Revenue opportunities ◆ Risks

- Open, Agile, Innovative
- ◆ Strengthening human capital management and organizational execution abilities

Solving issues through the main businesses

- ▶ Employee engagement
- ▶ Human capital development and fair evaluation and treatment
- ▶ Diversity & inclusion

Main methods of communication

- ▶ Company newsletters, Intranet
- ▶ Management briefing by labor and management
- ▶ "Dialogue with the President" at each business site
- ▶ "Furukawa E-Survey" on human capital and organizational execution capabilities

Central Government and Local Governments

In addition to fulfilling our social responsibilities such as compliance with laws and regulations and tax obligations, we contribute to solving issues facing international and local communities by developing business activities that leverage the strengths of the Group.

Relevant materiality
 Revenue opportunities ◆ Risks

- Creating businesses that solve social issues
- Open, Agile, Innovative
- Building partnerships with various stakeholders

Solving issues through the main businesses

- ▶ Solving issues facing international and local communities by leveraging the Group's strengths
- ▶ Achieving carbon neutrality
- ▶ Building a new social infrastructure in community
- ▶ Realizing a circular economy

Main methods of communication

- ▶ Dialogue through economic and industry organizations
- ▶ Cooperation regarding surveys and questionnaires of the government and local governments
- ▶ Participating in government-related projects
- ▶ Partnership agreements with local governments

Local Communities

We contribute to the development of local communities through social contribution activities related to fostering the next generation, promoting sports and culture, and coexistence with the natural environment and local communities.

Relevant materiality
 Revenue opportunities ◆ Risks

-

Solving issues through the main businesses

-

Main methods of communication

- ▶ Tours of worksites
- ▶ Cooperation and co-sponsorship of sports and traditional events
- ▶ Supporting and collaborating with local NPOs
- ▶ *Satoyama* (villages and mountain landscapes) conservation activities

Global Environment

We are pledged to fulfill our social responsibilities such as environmental conservation and compliance with environmental laws and regulations. We also promote business activities that recognize environmental issues including climate change, as revenue opportunities, and contribute to a sustainable global environment.

Relevant materiality
 Revenue opportunities ◆ Risks

- Creating businesses that solve social issues / creating environmentally-friendly businesses
- ◆ Developing business activities that consider climate change

Solving issues through the main businesses

- ▶ Mitigating and adapting to climate change
- ▶ Achieving carbon neutrality
- ▶ Realizing a resource-recycling society

Main methods of communication

- ▶ Environmental protection activities and climate change response throughout the value chain
- ▶ Participation in activities such as environmental NGOs, NPOs, and initiatives
- ▶ Cooperating with ESG activities, including the environment of our customers
- ▶ Use of renewable energy

All of us at Furukawa Electric Group will take on the challenge of transforming the Group so as to achieve the 2025 Mid-term Plan and the Vision 2030.

Positioning of the 2025 Mid-term Plan

The 2025 Mid-term Plan (hereinafter, 25 MTP) has three characteristics from the viewpoint of the relationship with the Group's Vision 2030.

First, the 25 MTP is positioned as a milestone toward achieving the Vision 2030. We first took up the concept of backcasting from our ideal state in 2030 and then built up measures to be implemented, to transfer to forward-looking with 2025 as the horizon.

A second characteristic is to show the value creation process. In our discussions of the 25 MTP we identified key issues as materiality, and made exhaustive consideration of the value creation process based on these issues. It is precisely because of this process that we have been able to clearly depict the value creation process toward 2030 for the first time in the 25 MTP.

Lastly, financial, non-financial, and sustainability aspects are all integrated. While the Vision 2030 is a declaration that the Group will engage in activities with ESG and sustainability at the core of its management, the MTP, which is its milestone, has identified social issues that the Group can contribute to solving in the years up to 2030, and has adopted the core strategy of strengthening and creating businesses to solve those issues. For this reason, sustainability indicators and targets have been set for the first time in parallel with financial indicators and targets, and specifically incorporated ESG and sustainability activities into the 25 MTP. In other words, we believe that we have completed drafting a strategy that integrates financial, non-financial, and sustainability aspects, which is so appropriate to be introduced in the Integrated Report.

ROIC and FVA in the 2025 Mid-term Plan

The 25 MTP introduced ROIC*¹ and FVA*² so as to advance management with greater awareness of capital efficiency and the cost of capital. The corporate-wide ROIC is targeted at 6% or more by fiscal 2025. From the perspective of using FVA as an internal management indicator, we will create an FVA tree for each business and incorporate its indicators into specific KPIs, so that we can thoroughly implement the concept and actions that emphasize capital efficiency in every corner of the Group.

ROIC and FVA will also be used to review the business portfolio. In the past, we adopted the perspective of capital efficiency as part of our follow-up efforts for low-profit businesses, but we recognize that the background to objectively manage the business portfolio was insufficient.

Specifically, we have introduced a system to evaluate the business portfolio using financial indicators such as ROIC and FVA applied to past performance and future business plans, and to optimize investment allocation based on clearly defined business positioning. The evaluation criterion of the portfolio is based on financial indicators related to profitability and future growth, such as ROIC spreads, but also incorporates ESG factors such as carbon efficiency. By using this new evaluation system, we hope to effectively review the progress of the plan every year and boldly review the business portfolio during the 25 MTP period.

*1 ROIC: Return on invested capital
*2 FVA: Furukawa value added to invested capital

Satoshi Miyamoto

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



Setting of sustainability indicators in the 2025 Mid-term Plan

In order to enhance corporate value and reduce capital costs over the medium- to long-term, non-financial elements need to be managed in conjunction with financial indicators. The 25 MTP has therefore set sustainability indicators to monitor progress of material issues (materiality), which consist of both revenue opportunities and risks. We plan to implement the PDCA (Plan-Do-Check-Act) evaluation cycle, establish a system to steadily implement measures, verify annual progress, and follow up.

In addition, as companies nowadays are strongly required to contribute to ESG and the SDGs, we intend to disclose the progress of these sustainability goals to clearly disclose the Group's stance toward ESG management.

Information area: Vision and strategy for 2030

In today's world of digital information, such as artificial intelligence, autonomous driving, and metaverse, the realization of a B5G*3 society requires processing of massive data traffic at higher speed in all places. In light of the ongoing changes in the social environment, our vision for 2030 in the information area is intended to stably support the "realization of a B5G society" by building a stable digital information platform using photonics and other core technologies and contributing to the resolution of the social issue of facilitating increasing information traffic.

Toward 2025, the milestone on the road to 2030, we intend to strengthen existing businesses such as optical fiber cables and semiconductor lasers for optical communications. In particular, demand for optical fiber cables is expected to grow steadily as

information traffic in overall society increases. Our focus will be on high-value-added products such as rollable ribbon cables and special fibers, and on selling solutions and complete systems, not just products.

The Group's business that can contribute to B5G society is not only Communications Solutions Business. Semiconductors are the most important components that support communication infrastructure, and tapes used for production of semiconductors, which is one of our core products, are indispensable. In order to respond to the growing demand and cutting-edge needs of the semiconductor market, we will start construction of a new manufacturing plant for semiconductor tapes this year, and plan to increase production capacity and introduce the latest equipment to produce differentiated, high-performance products.

The 25 MTP is not only intended to strengthen existing businesses, but also to work on building a foundation for new businesses to flourish in 2030 and beyond. One of these is the development of infrastructure for the creation of the next-generation photonics business. Samples of external light sources for CPO (Co-Packaged Optics), which is the initial phase of photonics-electronics convergence using our photonics technology, have already been shipped. Although the ultimate goal of CPO is to be used in society after 2030, the creation of new businesses is by no means a dream, and we are steadily advancing the efforts.

Energy area: Vision and strategy for 2030

Achieving carbon neutrality is undoubtedly one of the most important issues for the entire world. In the Vision 2030, we have identified "achieving carbon neutrality" in the energy area as one of the social issues to be solved. With this aim in mind, we intend to contribute to the resilience of energy infrastructure and the realization of a resource-recycling society, utilizing the experience and technological capabilities we have cultivated in the electric power sector.

Complying with the 25 MTP, our basic stance is to "thoroughly strengthen" the energy infrastructure business, an existing business that handles power cable systems and other products. Specifically, we plan to maximize profits by targeting ultra-high voltage underground transmission cables in Japan, power cables for renewable energy generation, and submarine power cables in Asia. In the renewable energy market in particular, we will steadily implement existing and approved offshore wind power projects, and will seek to book orders for solar and onshore wind power projects.

Looking ahead to 2026 and beyond, we are enhancing our technological development

*3 B5G: Beyond 5G

capabilities in the field of undersea power transmission systems for next-generation floating offshore wind power generation. This has been adopted as a Green Innovation Fund project by NEDO*4, which has accelerated its development.

A common issue with renewable energy such as solar and wind power, is fluctuations in the amount of power generation. The efficient use of these types of energy requires power storage. Furukawa Electric together with Furukawa Battery, the Group company, is developing bipolar lead storage batteries which are safe, low in cost, and recyclable with a long product life. Demonstration experiments have already begun, and we will cooperate, with bipolar lead storage batteries, with a project through a collaborative arrangement with the government of Kamimine-cho (Saga Prefecture) and the Kyushu Electric Power Group. In pursuit of commercialization and mass production of the batteries, we recognize that we need to expand business by emphasizing "soft" aspects such as related system construction, maintenance, and service businesses, on top of providing products, or "goods".

Similar to the information area mentioned above, we are working to build a foundation for new businesses in the energy area in anticipation of 2030 and beyond. One of these technologies is our proprietary Ramune Catalytic™ technology, which generates green LP gas from raw materials that are not dependent on fossil fuel. This project has also been adopted by the NEDO Green Innovation Fund. Going forward, we aim to conduct a demonstration using a small test machine in 2023 and follow that with a field demonstration test in 2025, with the target of commercializing the technology by 2030. Currently, we are conducting joint tests and field trials with universities, local governments, and partners for distribution and sales. This can be said to be a representative example of our efforts to "build partnerships with various stakeholders" under the 25 MTP.

Mobility area: Vision and strategy for 2030

We see that the needs and attitudes relating to mobility are changing drastically with the penetration of ESG concepts and changes in lifestyles. We recognize that the realization of next-generation infrastructure in line with these changes is the ideal way to solve social issues by businesses in the mobility area. We aim to contribute to the realization of next-generation infrastructure by providing components, systems, and applications that meet the social issues envisioned in the Vision 2030, such as the promotion of xEV, CASE and MaaS.

With regard to existing businesses, we intend

*4 NEDO (New Energy and Industrial Technology Development Organization) is a national research and development agency in Japan.



to thoroughly strengthen wiring harnesses in the Automotive Products Business. In particular, aluminum wire harnesses are products that integrate the Group's core technologies. We have integrated manufacturing of products, from aluminum rough wire to aluminum fine wire. The Alpha Terminal, which has excellent anti-corrosion properties, uses the Group's original alloy. In addition, the aluminum wire and the alpha terminal are welded for connection by using the Group's fiber laser.

Since the use of aluminum wire harnesses leads to reduction in vehicle weight, we have the advantage of contributing to carbon neutrality by curbing energy consumption by end products. In manufacturing these products, we use recycled materials and renewable energy. In addition to reducing the Group's CO₂ emissions (Scope 1 and Scope 2), we also contribute to the reduction of Scope 3, in other words, the reduction of CO₂ emissions by customers who use our products.

In the mobility area, a next-generation infrastructure business which integrates information, energy, and mobility areas, can be a new business opportunity for infrastructure development during the 25 MTP period. This is a business that goes beyond the conventional provision of "goods." A prime example is "next-generation urban development" that utilizes ICT. Furukawa Electric's Hiratsuka Works started a demonstration test using our proprietary Intelligent sidewalk™ technologies and traffic monitoring radar in fiscal 2021. On top of utilizing our technologies that have been used and improved over the years, we are collaborating with various partners in the sensor technology and ICT service business in the test. Here again, "building partnerships with various stakeholders," stated in the 25 MTP, has been materialized.



New areas: Vision and strategy for 2030

We are constantly searching for new social issues that can be solved by using the Group's technologies and businesses. This means acquiring profit opportunities in new areas. In the meantime, we also feel we should not overextend the scope of business. Our criteria for determining whether or not to engage in a new business are the capital efficiency and the affinity with the Vision 2030. What we want to emphasize in a new business is that the Group's technology and experience are highly regarded as indispensable, and that we can act as a main player in the ecosystem surrounding the business.

Based on these perspectives, we believe that we should focus on the life sciences and social infrastructure DX areas as new fields. In terms of resolving the issue of the aging of people and social infrastructure, these areas have a high affinity with the elements of the Vision 2030—to "Build a sustainable world and make people's life safe, peaceful and rewarding." Further, we can take advantage of our strengths in the four core technologies and ability to develop and make proposals in new markets.

Noteworthy is the Michi-ten™ series, a new business in the social infrastructure DX area, which was already commercialized in 2021. It is expected to expand the market horizontally to infrastructure such as railways, as more efficient maintenance and management of social infrastructure is certain to be required in the future. Tellumino™ is another new business in the life science area and is targeted for commercialization in 2023.

Developing business activities that consider climate change

Furukawa Electric Group is committed to carbon neutrality not only from the perspective of profit opportunities but also from the perspective of risks. In 2021, we formulated the Furukawa Electric Group Environmental Vision 2050. In order to achieve carbon neutrality by 2050, as declared in the Vision, we have revised the Environmental Targets 2030, and also obtained WB2°C (well-below 2°C) certification from Science based Targets (SBT). Going forward, our challenge will be how to achieve these goals.

First, with respect to Scope 1 and 2, in addition to continuing energy-saving activities and the use of electricity generated by the Nikko hydroelectric power station, we are introducing solar power generation facilities at each of our major production sites and affiliates. We are also working on switching to electricity derived from renewable energy. In particular, in the copper foil business, which consumes a large amount of electricity, we have switched all of the electricity purchased at our domestic plants to

electricity derived from renewable energy.

We are also striving to reduce GHG emissions throughout the value chain (Scope 3). It is difficult to quantify CO₂ emissions, including Scope 3, but from this fiscal year, we began full-scale analysis of the carbon footprint of our major products. We will continue to work on reducing CO₂ emissions throughout the value chain through co-creation with customers and partners.

Strengthening human capital management and organizational execution abilities

Human capital is our most precious asset. Based on this recognition, we have identified "strengthening human capital management and organizational execution abilities" as our materiality in the Vision 2030. As a basic approach to human capital management, we have formulated the People Vision, which summarizes the ideal profile of employees and the approach to personnel development. The People Vision consists of three ways of thinking: (1) improving employee satisfaction and autonomy and having each deliver the best of their capabilities; (2) enhancing team strength through leadership development and organizational culture reform; and (3) strengthening human capital and organizational execution by improving systems such as evaluation, compensation, hiring, and rotation.

Concerning the first point of making individuals deliver the best of their capabilities, we started the Furukawa E-Survey, a survey of human capital and organizational execution capabilities, including elements of employee engagement, targeting the entire Group from this fiscal year. With the aim of visualizing the status of personnel and organizations, we survey the degree of empathy for the Vision, the degree of satisfaction with the system and treatment, the state of organizational management, motivation for work, and human relationships. Based on the results, we plan to formulate and implement personnel measures. The Employee Engagement Score has also been set as a sustainability indicator. We will make a target for fiscal 2025 by next fiscal year and steadily implement personnel measures.

Moving on to the second point of viewing the leadership, we have established the Furukawa Seven*⁵, which consists of a basic mindset as a leader and six action principles. This was launched in fiscal 2020 for general managers and above, including executives. Currently, about 1,300 managers, including managers, are engaged in this activity, and I feel that the Furukawa Seven activities are beginning to permeate but there is still room for improvement in terms of whether this approach is being put into practice in our daily work. We will therefore continue the efforts.

Concerning the third point of strengthening the human capital base, we believe that it is important to ensure

*5 Furukawa Seven: Seven Principles for Leaders

diversity along with the compensation system. Although the shares of women in new graduates and managers are high compared to the industry average, we feel further efforts are needed relative to the domestic average. Based on this recognition, we have set our target for the share of women in managers in 2025 and 2030, which are also set as sustainability indicators in the 25 MTP.

One of the challenges we face in achieving our goals for female managers is a very limited pool of female employees. In order to overcome this situation, we need to actively recruit new female graduates from a medium- to long-term perspective and make mid-career hiring of women in the short-term, to expand the pool of female candidates for management positions. We also recognize the need to actively expand positions that they can fill. In addition, from the perspective of changing the mindset of female employees so as to be more constructive about their career advancement, we are promoting individual development and active promotion of management-level candidates. We also want to accelerate the improvement of various systems, such as support for balancing life events and work, and creating a rewarding work environment.

Human rights, labor practices and supply chain management

The Group's human rights initiatives are based on the three requirements of the United Nations Guiding Principles on Business and Human Rights: Establishment of human rights policy; implementation of human rights due diligence; and establishment of remedy mechanism.

Starting with the establishment of human rights policy, the Furukawa Electric Group CSR Code of Conduct was revised in 2019, the Human Rights Policy was established in 2020, and the CSR Procurement Guidelines based on these were revised in 2021.

Next, with regard to the implementation of human rights due diligence, we have distributed SAQ*⁶ based on the revised CSR Procurement Guidelines since last fiscal year, and conducted surveys and analysis for our domestic Group companies and partners. Recognizing the importance of this SAQ, we incorporated the SAQ implementation rate into the sustainability indicators of the 25 MTP in order to include key partners of Group companies, including overseas ones. We were relieved not to find any major problems in the supply chain according to the results of the SAQ assessment last year. In case a problem is discovered, we will take prompt action to resolve them.

With regard to the establishment of a remedy mechanism, we already have the mechanism but recognize that there is room for improvement. So we will proceed to establish a more effective system during this fiscal year.

Toward the start of the 2025 Mid-term Plan

The 25 MTP is positioned as a milestone toward achieving the Vision 2030. In other words, unless the MTP strategies are steadily implemented, we will not know whether we can survive and thrive in 2030 and beyond. With this determination, all of us in the Group are determined to take on the challenge of transforming the Group to achieve the 25 MTP and Vision 2030. The new 25 MTP incorporates social issues and materiality that we want to resolve in 2030, as well as discussions on the value creation process based on these issues, so I am confident that the direction of the 25 MTP will not be shaken. If the pace of change in society and the economy increases rapidly, and the impact of the risks posed by the change increases, we intend to be agile in reviewing individual strategies and measures while maintaining the plan's direction. We will make our best efforts to make the 25 MTP keep evolving in response to changes in the external environment.

*6 SAQ: Self-Assessment Questionnaire



Furukawa Electric Group Medium-term Management Plan 2022-2025 (2025 Mid-term Plan)

Basic Concept

Backcasting from the ideal state articulated in Vision 2030, we defined the target state in 2025 which is a halfway point as a milestone. To achieve it, we formulated

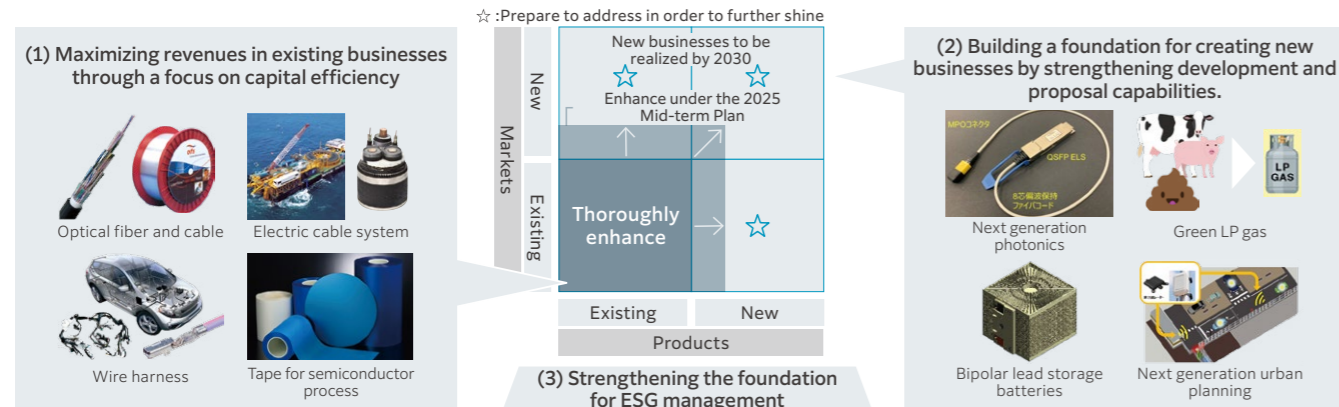
a new Medium-term Management Plan "Road to Vision 2030 -Transform and Challenge-" for 4 years ending in fiscal 2025.



Issues to be addressed (Priority measures)

Under the 2025 Mid-term Plan, we place an emphasis on enhancing/creating businesses that solve social issues in each or combination of Information, Energy and Mobility areas; and, as measures to increase revenue, we will work on "Maximizing revenues in existing businesses

through a focus on capital efficiency" and "Building a foundation for creating new businesses by strengthening development and proposal capabilities." We will also work on "Strengthening the foundation for ESG management" to support the above-mentioned priority measures.



Numerical management targets

To strengthen and create businesses through a focus on capital efficiency, we introduce ROIC*1 and FVA*2 as management indicators, and set financial targets for fiscal 2025, it sets sustainability targets (non-financial targets) for FY2025 in response to the important management issues (materiality)

directed at achieving Vision 2030. We have worked to integrate the financial and non-financial/ sustainability strategies, as well as enhance the disclosure of information concerning climate change (carbon neutral), human capital, intellectual property, supply chains and human rights

*1 ROIC: Return on invested capital *2:FVA: Furukawa Value Added to invested capital. FVA is introduced as an internal management indicator from fiscal 2022

Financial targets

	FY2021 result	FY2022 forecast	FY2025 target
ROIC (after tax)	2.5%	3%	6% or more
ROE	3.7%	5%	11% or more
Net D/E ratio	1.0	1.0	0.8 or less
Equity capital ratio	29.8%	30%	35% or more
Net sales	930.5 billion yen	1,050 billion yen	1,100 billion yen or more
Operating income	11.4 billion yen	22.5 billion yen	58.0 billion yen or more
Net income attributable to owners of the parent company	10.1 billion yen	14.0 billion yen	37.0 billion yen or more
Average copper price (JPY/Kg)	1,136	1,260	1,085
Average exchange rate (JPY/USD)	112	120	110

Sustainability targets

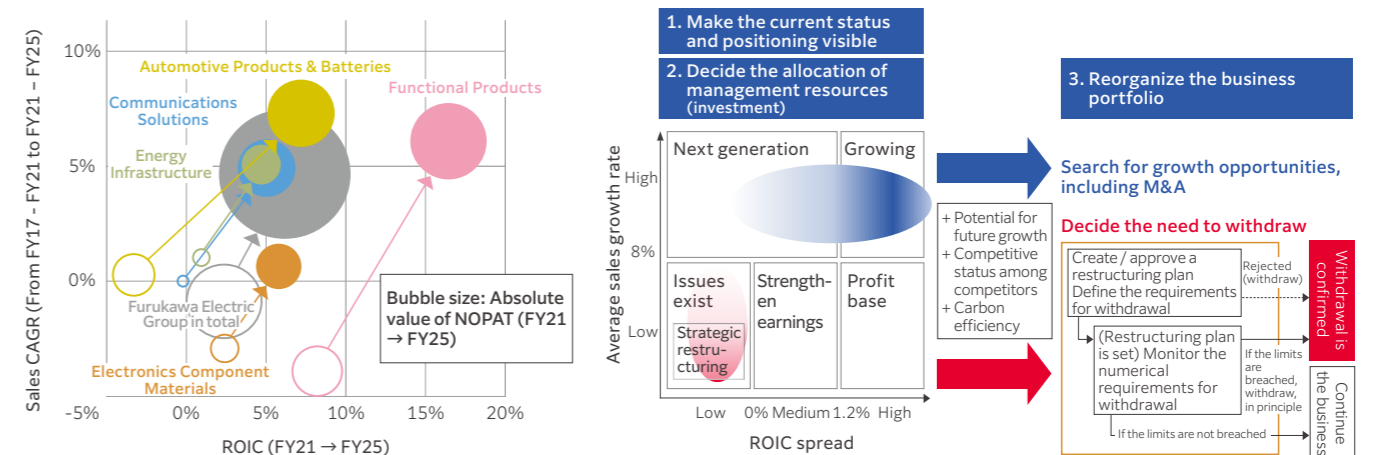
Materiality				
Sustainability indicators	Scope	FY2021 result	FY2022 target	FY2025 target
Creating businesses that solve the social issues				
Sales ratio of environmentally friendly products	Group	61.9%	64%	70%
Open, Agile, Innovative/ Building partnerships with various stakeholders				
R&D expense growth rate for new businesses (compared to FY21)	Group	(100%)	115%	125%
Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses	Group	17%	30%	100%
Developing business activities that consider E climate change				
Reduction rate for GHG emissions (Scope1,2) (compared to FY17)	Group	▲29.0%	▲17.7%	▲28.3%
Ratio of renewable energy to electricity consumption	Group	10.9%	11.5%	13%
Strengthening human capital management and organizational execution abilities				
Employee engagement scores	Furukawa Electric	—	Start measuring	FY2023 Set targets
Share of women in managers	Furukawa Electric	3.8%	4.5%	7%
Share of career track hires in total new hires (including new graduates and mid-career hires, for management, career track, and clerical positions)	Furukawa Electric	36%	30%	30%
Building a governance system to strengthen risk management				
Ratio of follow-up on risk management activities for all risk domains	Group	88%	93%	100%
Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Group	Furukawa Electric 20%	Global 20%	Global 100%
Implementation rate of human rights training for managerial positions	Group	—	Start in Japan	Global 100%

Business portfolio optimization and allocation of management resources

We steadily optimize the business portfolio and aim to achieve ROIC of at least 6% by fiscal 2025.

First, we make the current position of each business visible toward optimizing the business portfolio. From the viewpoint of growth (Average sales growth rate) and profitability (ROIC spread), specifically, each business is clearly classified by the business position divided into six classification such as next generation, growing, issues exist, strategic restructuring, strengthen earnings and profit base.

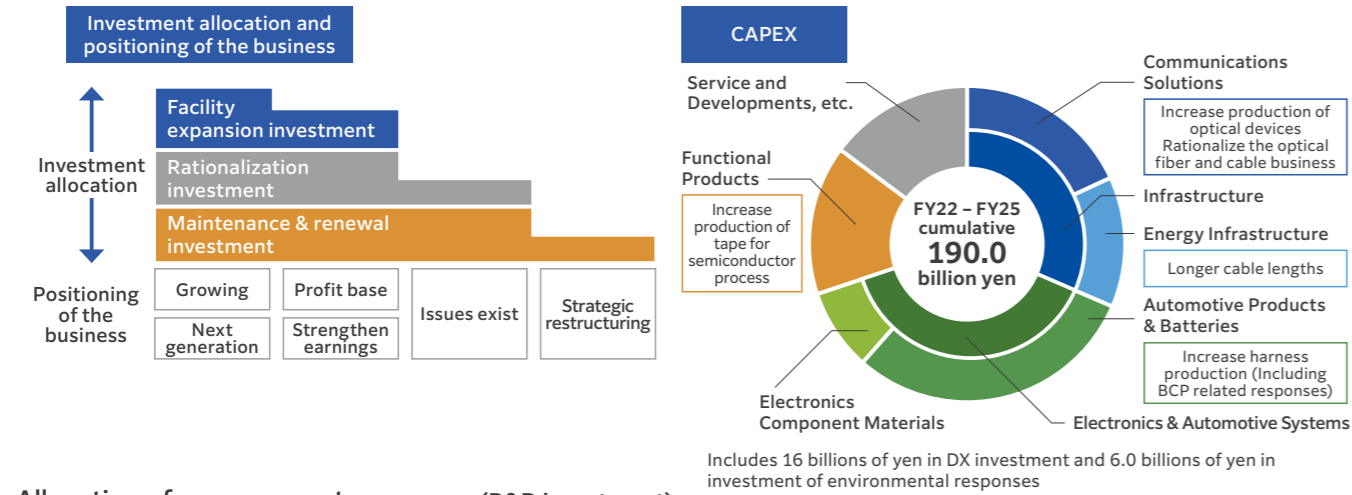
Based on that, we decide the allocation of investment.. In addition to the current position of each business, we refer to potential for future growth, competitive status among competitors and carbon efficiency. And then, we promptly take necessary actions. For example, businesses located at a right-upper bubble area make a search for growth opportunities including M&A, and businesses located at the left-lower red area decides the need to withdraw.



Allocation of management resources (CAPEX / strategic investment)

During the 2025 Mid-term Plan, capital expenditure is estimated to be 190 billions of yen. We implement well-defined investments and controlled execution by investment allocation based on the current position of

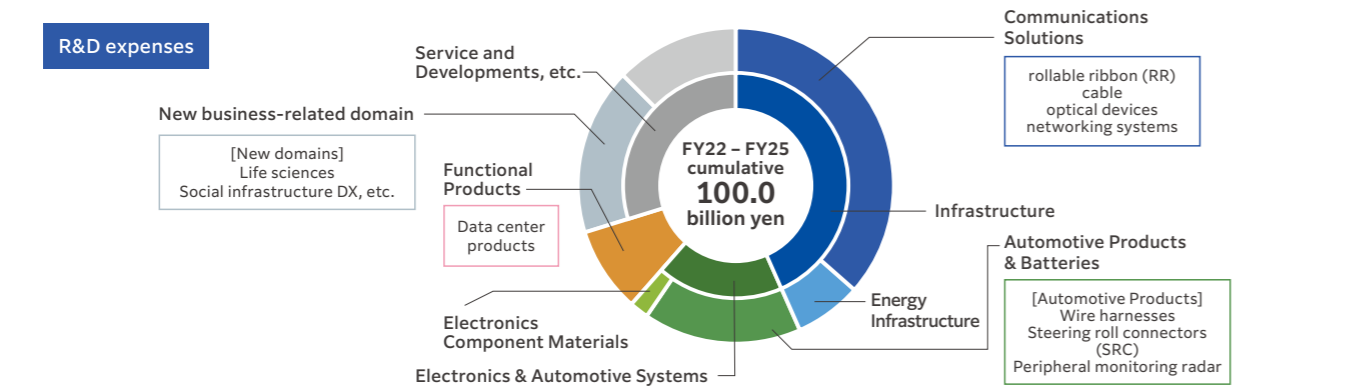
each business. In addition to CAPEX, it sets strategic investments of 50.0 billions of yen in the 2025 Mid-term Plan. For the purpose of the Group's growth, we implement flexible investments including M&A.



Allocation of management resources (R&D investment)

With an emphasis on profit creation during the 2025 Mid-term Plan, we implement R&D investments to increase profits in new businesses that is anticipated to grow toward 2030. We set the priority domain of each business, particularly, for Communications Solutions,

Automotive Products and Functional Products. We also allocate R&D investments for new businesses including both new domains, such as life science and social infrastructure, and the domains that combine information, energy and mobility.



Timing of profit contribution

Priority domains	FY2021	...	FY2025	...	FY2030
Communications Solutions	RR cable, optical devices, networking systems				
Automotive Products	Wire harnesses, SRC, peripheral monitoring radar				
Functional Products	Data center products				

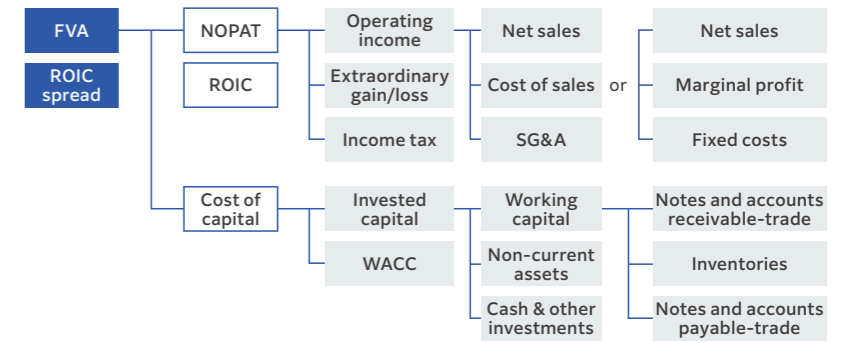
Indicator and target

Materiality Open, Agile, Innovative/ Building partnerships with various stakeholders

Indicator	Result	Target
★ Sustainability indicator	FY2021	FY2022
Group ★ R&D expense growth rate for new businesses (compared to FY21)	(100%)	115%

Business Management using ROIC and FVA

To disseminate ROIC/FVA throughout the Group and connect concrete improvement activities with the ROIC/FVA for each business, we create an FVA/ROIC tree subdivided into action items and numerical targets to improve the ROIC/FVA. Like this, by visualizing improvement goals as an FVA tree diagram for each business and introducing a system to implement the PDCA (Plan-Do-Check-Act) evaluation cycle, we will improve the corporate-wide ROIC/FVA.

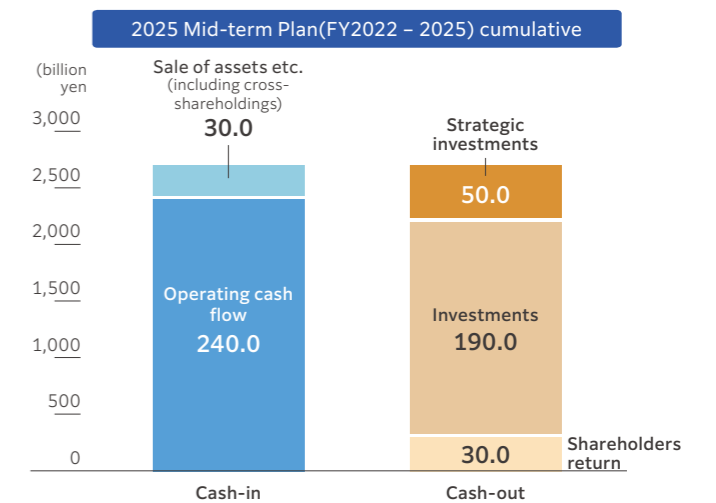


Capital and cash allocation policy

"Well-defined investments and controlled execution", "Secure a healthy financial foundation" and "Clarify the policy for shareholder returns (payout ratio of 30%)" are a basic concept of capital policy in the 2025 Mid-

term Plan. Through investment in growth domains and securing a financial foundation for achieving growth, we aim to sustainably increase corporate value.

- Well-defined investments and controlled execution**
 - CAPEX allocation based on the positioning of the business
 - Actively invest in businesses that will drive growth
 - Transform the business structure of the overall group
 - Set a framework for strategic investments
- Secure a healthy financial foundation**
 - Management focused on capital efficiency
 - Stabilize financial health
 - Maintain and improve the credit rating
 - Healthy capital / debt structure
 - Procure capital through interest-bearing debt based on consideration for the balance with earnings capability (EBITDA)
- Clarify the policy for shareholder returns**
 - Set a quantitative target for the dividend payout ratio
 - Payout ratio of 30%



Shareholder returns

During the 2025 Mid-term Plan (fiscal year ending March 2023 - March 2026), along with working to increase corporate value through profit growth and focused investments in growth domains, Furukawa Electric has

designated stable and ongoing shareholder returns as a basic policy and will issue a performance linked dividend based on a payout ratio of about 30% of consolidated net income attributable to owners of the parent company.

Annual dividend per share (yen)

	60	60	60	
	FY2020	FY2021	FY2022(forecast)	FY2025(forecast)
	FY2020	FY2021(result)	FY2022(forecast)	FY2025(forecast)
Consolidated net income attributable to owners of the parent company	10.0 billion yen	10.1 billion yen	14.0 billion yen	37.0 billion yen or more
Dividends payout ratio	42.3%	41.8%	30.2%	30%



We will improve capital efficiency and cash generation capabilities of the businesses, and increase corporate value

Optimum allocation of investment

Akihiro Fukunaga

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

Review of fiscal 2021 results

We made a good start of the fiscal year, by recovering from the impact of COVID-19 in the previous year. However, the semiconductor shortage and other issues of supply and procurement of raw materials as well as supply chain disruptions, the increase in manufacturing and transportation costs caused by the spread of COVID-19 in Southeast Asia, and other factors, severely affected our business from the third quarter. Despite that volatile environment, we managed to improve operating income from 8.4 billion yen in fiscal 2020 to 11.4 billion yen in fiscal 2021. Extraordinary income decreased from the previous year but we secured net income of 10.1 billion yen, a similar level to that of fiscal 2020, with

a contribution by the improvement in profit in equity method affiliates and a decrease in extraordinary losses.

Concerning the balance sheet, rising copper prices and the depreciation of the yen in foreign currency translation contributed to boost total assets. Noteworthy points include an increase in inventories, including portions that are strategically secured to cope with prolonged lead times, thus being necessitated by rapid fluctuations in customer production plans, the operational impact of lockdowns, and supply chain disruptions. The increased inventories also led to an increase in interest-bearing debt.

In fiscal 2021, we also consistently adhered to efforts on behalf of capital efficiency and reduced the amount of capital investments by reviewing the implementation timing based on demand trends and reexamining the

details of the investments. With regard to inventories, we flexibly responded to changes in customers' production plans and prolonged transport lead times, and tightly managed inventories. These efforts which create some positive outcomes. While we had a tough time in regard to financial and performance aspects, we made steady progress in implementing measures including necessary investments in line with the milestones toward achieving the Vision 2030.

Although revenue, financial indicators, and cash flows were by no means satisfactory, we believe that we laid a good groundwork in fiscal 2021 for the 2025 Mid-term Plan (25 MTP).

Use of ROIC and FVA in executing the business portfolio strategy

Under the 25MTP, which started in the current fiscal 2022, we have revised our approach to allocating investment to each business. In the past, the so-called "build-up method" was used to estimate and assess the amount of investment required for each business to achieve the plan. We now have introduced the "cash allocation" method in which we formulate cash flows that can be earned during the 25 MTP, and then use that as the basis to make optimum investment allocation. We have also adopted ROIC (return on invested capital) and FVA (Furukawa value added to invested capital) as management indicators for evaluating various businesses in order to effectively allocate investment based on the positioning of each business. This is a key point and is intended (1) for efficient investment allocation to establish a foundation for creating new businesses that will be realized by 2030 and (2) for maximizing profits of existing businesses and revitalizing the business portfolio with a focus on capital efficiency toward achieving the Vision 2030.

The cumulative investments of the 25 MTP (fiscal 2022-2025) are roughly planned to be capital expenditures of 190 billion yen, R&D investments of 100 billion yen, and additional strategic investments of 50 billion yen.

Although we have not decided where strategic investment funds will be allocated, we have secured them for funding M&As or large-scale independent investments, particularly in new business areas. As for R&D investments, we have continued investing more than 20 billion yen per year since fiscal 2018. While we have had a difficult time in terms of financial performance, we strongly believe that R&D related to new businesses and particularly cutting-edge technologies should be continued in order to achieve the Vision 2030 and pass on achievements to the Group's business beyond that. That is why we have strategically allocated money in R&D in the 25 MTP.

In the previous mid-term plan (20 MTP), in order to promote capital efficiency management, we used "return on operating assets" as a management indicator to follow low-margin business. This indicates how much operating income is generated from important operating assets (inventories + tangible and intangible fixed assets). The use of this indicator has led to improved capital efficiency through business restructuring, business transfer, and business downsizing and withdrawal. In fiscal 2020, Rating and Investment Information, Inc. (R&I) upgraded Furukawa Electric from B rating to A rating for the first time in 19 years. However, the return on operating assets was not sufficiently relevant to compare to the cost of capital and improve corporate value, or to motivate the transformation of our business portfolio.

Therefore, in the 25 MTP, we are adopting FVA as an internal management indicator to prevent the business from falling into a shrinking equilibrium trap due to the pursuit of ROIC and ratios. We will establish a scheme to use FVA so as to create corporate value that exceeds capital costs and to continuously improve corporate value.

Let me explain FVA a little more specifically. We will classify our businesses into 28 categories and set WACC (weighted average cost of capital) for each business category to ensure that each business has ROIC that exceeds WACC. At the same time, we also aim for an "amount" of increase in corporate value. In setting the WACC for each category, we have incorporated ESG factors in addition to factors such as profitability and growth potential, and we believe that a distinctive feature of this scheme is the orientation for ESG management at the business level.



Based on these new indicators, including ROIC and FVA, we will sharpen the investment selection, be conscious of what to stop in addition to what to grow, decisively move forward with the transformation of the business portfolio, and induce both appropriate allocation of management resources and evaluation of departmental performance. We will thereby focus on capital efficiency while maintaining an awareness of capital costs and promoting business management that enhances corporate value.

With the introduction of ROIC and FVA, we refer to both indicators more commonly in management discussions, and I feel a real change in our mindset, through greater consciousness of the cost of capital. I believe that this mindset needs to be further instilled within the Group. The FVA value driver tree clarifies the link between activity indicators of each division and the improvement in corporate value, and we are promoting activities to incorporate these indicators into KPIs for each division. We will also enhance educational programs so that people in charge of each business unit or division can become aware of the linkage between their work and the corporate-wide FVA.

From the current fiscal 2022, a new committee to consider portfolio management, chaired by the General Manager of the Strategy Division, has been established. I myself, as vice chair, will make efforts to enhance the effectiveness of this committee.

Furthermore, in evaluating the business portfolio, we consider not only growth potential and marketability, but also environmental considerations such as carbon efficiency and contribution to sustainability indicators, as important factors. Our Group places ESG as the cornerstone of management. We believe that finance and sustainability are two sides of the one coin, and by incorporating them into investment decisions, we will advance ESG management and achieve the Vision 2030.

Generate cash and establish a sound financial base

Under the 25 MTP, we aim to build a sound and robust financial base with a goal of achieving a net D/E ratio of 0.8 or less. The Group has received an "A-" rating from the Rating and Investment Information, Inc. (R&I). Considering the current and future economic and financial conditions, we need to further evolve and enhance our financial position.

In particular, Europe and the United States have begun a greater shift from zero interest rates. Their monetary policy changes have started to show effects, and the interest burden on foreign currencies is expected to become even heavier in the future. The similar scenario may need to be assumed for Japan as well. Even in such an environment, it is essential to maintain and further

improve a stable financial standing in order to procure funds in a stable manner—and at the right time and at the right cost, and to make flexible investments at the right time without missing an opportunity. We will continue financial management with a mindset to not merely maintain but improve our credit rating.

Although it is extremely difficult to achieve both investment for growth and improvement of financial standing, the capital and liability composition of the 25 MTP has been determined based on simulations that take into account risk factors based on future investment and profit plans. We believe that we can promote the 25 MTP and at the same time maintain R&I's Issuer Rating of A. As CFO, I will be insistent on achieving both. As we move forward on our growth path, I will step on the accelerator as needed, and step on the brake appropriately. This will be my way to fulfill my role for achieving both.

We do not plan to have a cash inflow from interest-bearing debt under the 25 MTP, as we aim at maintaining and further improving our sound financial base. We have always maintained a strong commitment to cash generation, and we believe that if we do not allocate the use of cash within the scope of the cash generated through our business activities, corporate financial discipline will be hurt. Under the 25 MTP, we will further emphasize this commitment, and cherish our policy of allocating cash to investments and shareholder returns within the range of cash earned through business and cash proceeds from asset sales, including reduction of cross-shareholdings. We will thus stick to a policy of not increasing interest-bearing debt.

With regard to shareholder returns, we have been able to set an explicit numerical target of a dividend payout ratio of 30% in the 25 MTP. In the past, there was the risk of extraordinary losses arising from compliance violations and quality issues such as recalls, and there was also the challenge of not having stable "profit attributable to shareholders." To this end, our basic policy has been to manage the company with a focus on capital efficiency and to maintain a balance between providing shareholder returns and making strategic growth investments, fostering next generation new businesses, and improving financial health. And we paid stable dividends.

Now we have thoroughly instilled awareness of compliance and quality within the Group through education to prevent recurrence, and have continued to develop a corporate-wide risk management system, which has eliminated these issues. As we have eliminated the uncertainty of extraordinary losses on future profits and have increased the certainty of future profits, I am pleased that we can clearly present our shareholder return policy in the 25 MTP.



Toward the start of the 2025 Mid-term Plan

In order for Furukawa Electric Group to survive and thrive, we must become a company that can earn through compound interest by constantly securing an ROIC spread of 1% or more and a stable ROE of 11% or more, and become a company that can live strongly on its own. Until now, we have worked hard to create a scheme using ROIC and FVA in order to be profitable by ourselves. During the 25 MTP period, we are using these metrics as our weapon and improve business portfolio management. We thereby aim to establish a growth trajectory and thrive along a growth curve. In the meantime, VUCA (volatility, uncertainty, complexity, and ambiguity) is becoming more and more evident in the external environment, resulting in heightened risks including geopolitical division among nations, intensifying natural disasters, and the COVID-19 and other epidemics. Even if a certain risk is assumed in

advance, the situation can change suddenly in just one day, and it is not known when, where, and what kind of risk will occur. It is therefore important to anticipate and carefully prepare for various risks.

In the wake of the recent spread of COVID-19 and supply chain disruptions, major issues that the Group must address have already been identified. Currently, we are responding to these issues in line with the "pre-mortem thinking" that assumes the future situation and then works backward to prepare for it.

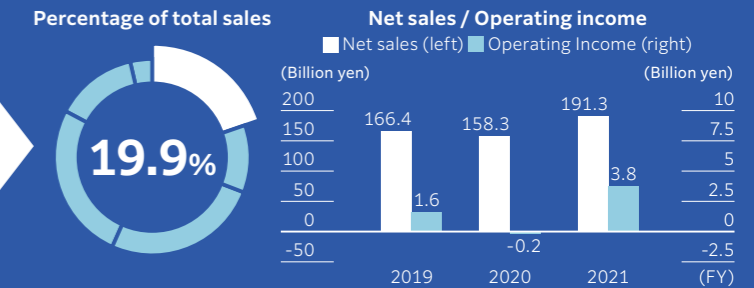
The 25 MTP was formulated based on the idea of backcasting from the Vision 2030, and then forward-looking from the current state as a milestone. As CFO, I will be Open, Agile, and Innovative in keeping with the pre-mortem thinking, even in a rapidly changing environment. We are committed to steadily achieving profit targets and the financial targets set as milestones each year. We will make sure to implement the 25 MTP so as to earn the trust of our stakeholders.

Business Overview / Review of Fiscal 2021



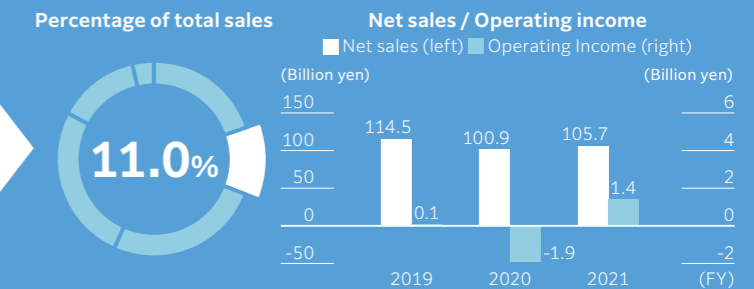
Infrastructure Communications Solutions

The subsidiary in North America made efforts to improve plant productivity of optical fiber cables and to expand sales of special fibers and other value-added products. In South America, sales of products for FTTH and LAN solutions increased, while in Japan, sales of network-related products remained firm. In addition, demand for digital coherent-related products recovered, resulting in increases in both sales and profit for this entire sub-segment. However, partly due to delays in improving productivity and a surge in raw material prices and transportation costs, profits recovered from the depressed level due to the impact of COVID-19 but did not recover to the level before the COVID-19 pandemic.



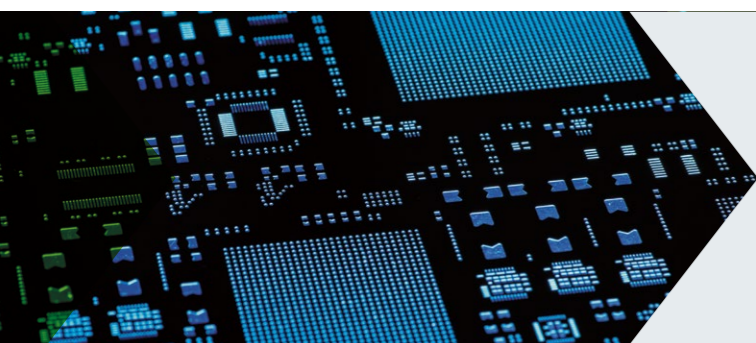
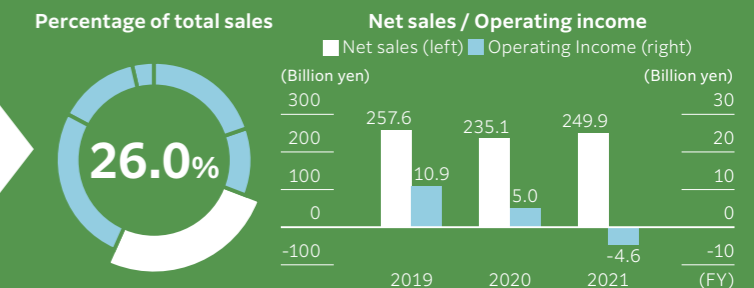
Infrastructure Energy Infrastructure

In the Power Cable Division, the domestic underground cable business, including renewable energy-related business, performed well, and the Industrial Cable & Power Cable Accessories Division increased both sales and profit, reflecting a recovery from the impact of COVID-19 in the previous fiscal year.



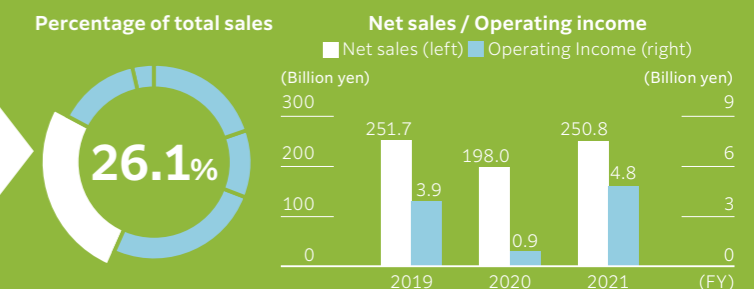
Electronics & Automotive Systems Automotive Products & Batteries

The Automotive Products Division achieved a recovery in sales, as sales of wire harnesses were firm, despite the impact of global automobile production cuts due to shortages of semiconductors and plastics, while the adoption of aluminum wire harnesses in new models, which contribute to the reduction of vehicle weight and environmental impact, also progressed. Profits, however, decreased from the previous year due to the lockdowns caused by the impact of COVID-19 at some locations in Southeast Asia in the first half of fiscal 2021, a drop in factory operating rates, prompted by the resurgence of COVID-19 since the fall of 2021, and increased expenses, arising from urgent transportation of products to customers to fulfill our product supply responsibility to customers.



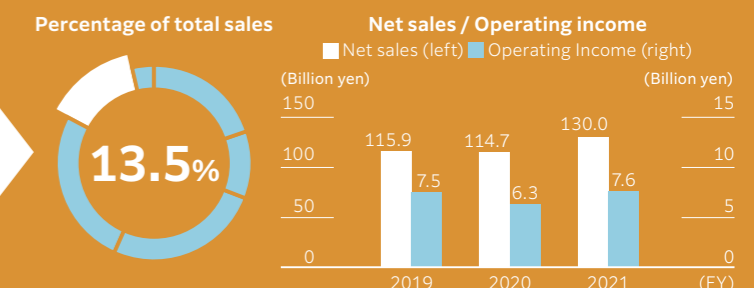
Electronics & Automotive Systems Electronics & Component Materials

Sales and operating income increased mainly due to strong demand for automotive and electronics-related products, an improvement in the product mix and productivity, driven by expanded sales of high value-added products, and the impact of soaring copper ingot prices.



Functional Products

In the AT (Advanced Technology Tape) & Functional Plastics Division, the Thermal Management Solution & Products Division, and the Memory Disk Division, sales of data center-related products were firm in the first half, but demand decreased in the second half due to a shortage of semiconductors among customers. In the Copper Foil Division, orders for copper foil for circuits increased after a fire at a Taiwanese subsidiary's plant in 2019, and demand for copper foil for batteries steadily recovered. The overall segment increased sales and profit despite the impact of a surge in some transportation costs and raw material prices.



Infrastructure

Communications Solutions

Environmental analysis of the information and communications solutions business

Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> ▶ Increase in global communications traffic (High speed, large capacity, low latency, low power consumption) ▶ IoT progress, 5G/B5G/6G ▶ Changing workstyles and lifestyles 	Strengths of the Division	<ul style="list-style-type: none"> ▶ Global production bases that extend into the growing markets ▶ Differentiation by utilizing high-performance products and technologies (optical fiber, cable, digital coherent related, network technologies, etc.)
Major risks and threats	<ul style="list-style-type: none"> ▶ Russia-Ukraine situation, US-China relations ▶ Global supply chain issues ▶ Rising energy and raw material costs ▶ Global semiconductor shortage 	Challenges of the Division	<ul style="list-style-type: none"> ▶ Provision of optimal solutions to the market by making the most effective use of our global production bases while taking into consideration the business environment shown on the left

Business Overview / Products and Services

The Communications Solutions Division is made up of the Optical Fiber and Cable products Division, FITELE products Division and Broadband Solutions Business Division, and it is involved in the manufacture and sale of products for telecommunications infrastructure and the design, installation and service of telecommunications networks.

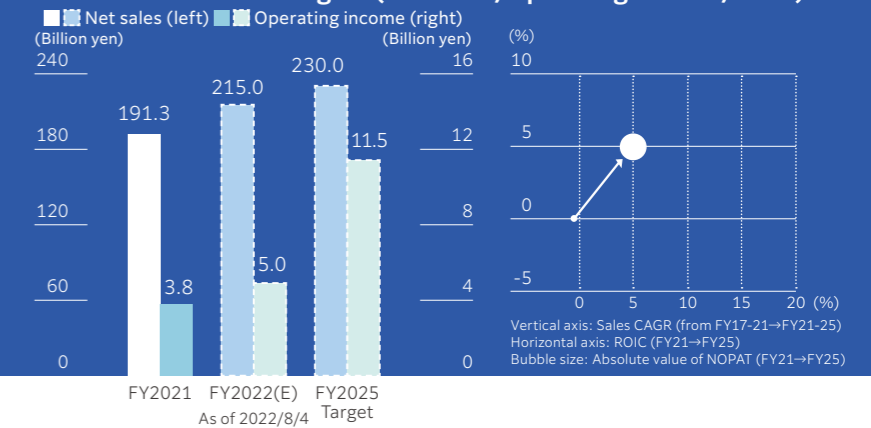
	Optical Fiber and Cable Products	FITELE Products	Broadband Solutions Business			
5G/B5G	●	●	●			
Resilient infrastructure	●	●	●			
Carbon neutral	●	●	●			
Main products	<ul style="list-style-type: none"> ● Low loss fibers ● Low bending loss fibers for building/residential applications ● Special fibers 	<ul style="list-style-type: none"> ● Optical cables in general (including rollable ribbon cables) ● Optical connection products 	<ul style="list-style-type: none"> ● Variable wavelength laser modules (ITLA*) ● Laser module for excitation 	<ul style="list-style-type: none"> ● FTTH system devices (including high definition images and low-latency transmission systems) ● Radio system 	<ul style="list-style-type: none"> ● Network routers 	
Main applications	<ul style="list-style-type: none"> ● Telecommunications ● Video broadcasts ● Data centers 	<ul style="list-style-type: none"> ● Telecommunications ● Video broadcasts ● Data centers 	<ul style="list-style-type: none"> ● Digital coherent Signal light sources ● Excitation light sources for signal optical amplification 	<ul style="list-style-type: none"> ● Metal cutting, welding, etc. 	<ul style="list-style-type: none"> ● Telecommunication and broadcast services ● Video transmission ● Wireless infrastructure 	<ul style="list-style-type: none"> ● High speed, high capacity telecommunications service ● VPN construction
Main customers	<ul style="list-style-type: none"> ● Telecommunications providers ● OTT ● Telecom construction companies 	<ul style="list-style-type: none"> ● System vendors ● Transmission device manufacturers 	<ul style="list-style-type: none"> ● Manufacturers of processing machines, etc. 	<ul style="list-style-type: none"> ● Telecommunications providers (CATV providers) ● Municipalities 	<ul style="list-style-type: none"> ● Telecommunication providers ● General companies 	

* ITLA: Integrable Tunable Laser Assembly



Hideya Moridaira
Director, Corporate Senior Vice President and General Manager of Communications Solutions Division

2025 Mid-term Plan Targets (Net sales, Operating income, ROIC)



Basic Policy in the 2025 Mid-term Plan "Road to Vision 2030-Transform and Challenge"

The Communications Solutions Division will further evolve its long-cultivated communication element technology and create solutions to contribute to the "creation of a social infrastructure that integrates information, energy, and mobility," as set forth in Vision 2030.

Main Strategies to Achieve the 2025 Mid-term Plan

Communications	Provide high-value-added product solutions that contribute to "power saving" of information transmission by standing in a key position in the supply chain.
Non-telecommunications	Provide high-value-added products and services that contribute to the generation, transmission, and detection of information and energy that lead to the improvement of safety and affluence in daily life <ul style="list-style-type: none"> ▶ Increase sales of high-value-added optical fiber and cable products and accelerate expansion of the networking system business ▶ Contribute to the realization of the IOWN concept and the construction of an integrated information infrastructure through semiconductor lasers, optical fibers, and IP network devices and systems

Key Measures in the 2025 Mid-term Plan: Maximize profits in existing businesses through a focus on capital efficiency directed at 2025

Optical fiber and cable

Increase sales of high value added products and accelerate the expansion of the networking systems business

Business environment	Business strategy	Initiatives for realizing the strategy
<p>Medium- to long-term growth of optical fiber demand</p> <ul style="list-style-type: none"> ● CAGR +5% (Estimate by Furukawa Electric) ● Continued global expansion of FTTH/5G ● Continued infrastructure investment in North America ● Improved supply / demand balance 	<p>Growth markets and strengths of the products / technology</p> <p>⇒ Increase sales of high value added products</p> <p>Triple sales of rollable ribbon cable</p> <p>North America optical cable sales</p> <p>Strengths of the business model developed in Central & South America</p> <p>⇒ Expand the networking systems business</p> <p>Focus on America, Europe and Asia, and increase sales by 30%</p>	<p>Continue to increase productivity and reduce costs</p> <p>Respond to growing demand in North America and Europe markets</p> <p>Increase sales of specialty fibers</p> <p>Enhance R&D and partnerships</p> <ul style="list-style-type: none"> ● For submarine cable ● Non-telecommunications fields (Energy transmission, sensing, aerospace and medical) <p>Strengthen cooperation within the group</p> <ul style="list-style-type: none"> ● Unify and promote the brands ● Consolidate/expand the product portfolio ● Strengthen sales and marketing <p>"Laserway Solution" : Solutions for realizing a complete transition to optical LAN networks</p>
<p>Diversifying customer requirements</p> <ul style="list-style-type: none"> ● Low cost, energy saving ● Multi-core, high fiber count ● Easy installation and design flexibility ● Short delivery lead times, improved customer service 	<p>Low unemployment rate and rising wages (North America)</p>	



Infrastructure Energy Infrastructure

Environmental analysis of the energy infrastructure business

Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> Rapid expansion in demand, particularly for renewable energy projects Increase in demand for products that are easy to install due to labor shortage 	Strengths of the Division	<ul style="list-style-type: none"> An abundant track record of ultra-high-voltage lines and submarine cables in Japan and overseas Technology development centered on the submarine cables High-value-added power cables utilizing development technology of polymer and metal materials
Major risks and threats	<ul style="list-style-type: none"> Delay in securing personnel necessary for business expansion Change in customers' timing of implementation of largescale projects Supply disruption of major materials 	Challenges of the Division	<ul style="list-style-type: none"> Steady order receipt for renewable energy (offshore wind power) projects, and securing of manufacturing capacity Profit improvement in the low- to medium-voltage power cable business Strengthening of sale of product with services for the development of DC (wide-area interconnection) business

Business Overview / Products and Services

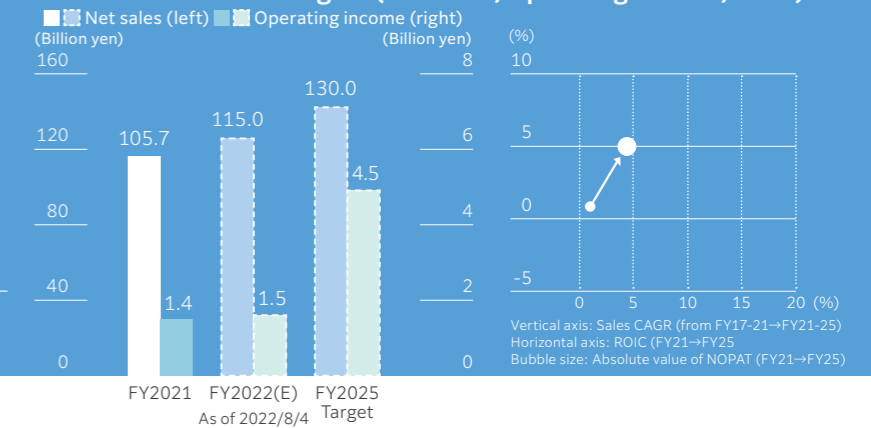
The Energy Infrastructure Division is made up of the Power Cable Division and Industrial Cable & energy mix conversion. Power Cable Accessories Division, and it is involved in the manufacture, sale and installation of ultra-high voltage, high voltage and medium to low voltage power cable and equipment. The Power Cable Division was newly established following the reorganization in October 2016 and has steadily been developing its business base

	Electric Power	Industrial Wires and Equipment
Social infrastructure	●	●
Renewable energy	●	●
Disaster prevention and mitigation		● (Water pipes)
Next-generation infrastructure		●
Main products	<ul style="list-style-type: none"> High voltage/high voltage underground lines (cables, parts, installation work) 	<ul style="list-style-type: none"> Undersea lines (cables, parts, and installation work) Water pipes (including installation work)
Main applications	<ul style="list-style-type: none"> Development of backbone electric power networks Large plants Renewable energy (onshore wind, solar, offshore wind private cables) 	<ul style="list-style-type: none"> Offshore wind submarine lines Water pipes for remote islands
Main customers	<ul style="list-style-type: none"> Power (transmission) company Renewable energy power generation SPCs and EPCs 	<ul style="list-style-type: none"> Renewable energy power generation SPCs and EPCs Local governments



Corporate Executive Vice President and General Manager of Energy Infrastructure Division
Takamitsu Kozuka

2025 Mid-term Plan Targets (Net sales, Operating income, ROIC)



Basic Policy in the 2025 Mid-term Plan "Road to Vision 2030-Transform and Challenge"

Expand business by contributing to the construction of secure, safe, and comfortable social infrastructure with unique technologies and products

- Security**
Carbon neutrality by 2050
- Safety**
Disaster prevention and mitigation (disaster-resilient community development)
- Comfort**
Building next-generation infrastructure to cope with declining birthrate and aging population (comfortable community development)

Main Strategies to Achieve the 2025 Mid-term Plan

Strategic investments for growth in target segments to achieve both business expansion and capital efficiency management

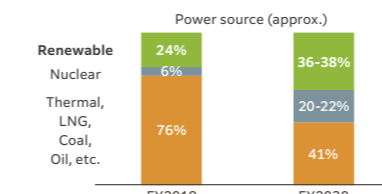
Electric power business	Target segment Ultra-high voltage underground lines in Japan / Renewable energy in Japan (submarine and underground lines) / Overseas submarine lines (Asia)
Industrial wire and equipment business	Target segment Social infrastructure / Renewable energy in Japan / Disaster prevention and mitigation / Next-generation infrastructure

Key Measures in the 2025 Mid-term Plan: Maximize profits in existing businesses through a focus on capital efficiency directed at 2025

Power cable systems

Leverage the group's strengths to secure profit growth and medium- to long-term business growth

Business environment	Business strategy	Initiatives for realizing the strategy
Medium- to long-term market growth in Japan <ul style="list-style-type: none"> Carbon neutral by 2050 Launch of offshore wind projects Start of wide-area DC interconnection projects Increase resilience of the power grid Continued trunk line renewal 	Insufficient installation capacity at the market ⇒ Leverage the strengths to grow profits Japan extra-high voltage underground cable — Increase grid resilience, secure stable electricity supply Renewable energy (submarine / underground cable) — Extensive experience and technological capability Overseas (Asia) submarine cable — Respond to demand for high quality infrastructure Respond to offshore wind power and wide-area interconnections ⇒ Secure medium- to long-term business growth Triple sales in FY2025, and achieve 2021 further growth in 2030 Further installation of offshore wind power Strengthen wide-area interconnections (Install a submarine DC cable network) Increase sales 300%	Secure orders and profits in the target domains Increase cable manufacturing capacity Double capacity in FY2025 (compared to FY2017) Increase installation capacity Double capacity in FY2025 (compared to FY2017) Promote technology development <ul style="list-style-type: none"> DC / extra-high voltage cable and components NEDO / GI Fund projects (high voltage dynamic cable, TLP floating structures, submarine cable laying vessels) Strengthen the renewable energy / DC business Intangible sales: Provide project support services (planning, operation, maintenance)



Source: Review of energy supply and demand in FY2030 (related document) Issued in October 2021 by the Agency for Natural Resources and Energy

Insufficient installation capacity at the market

Electronics & Automotive Systems

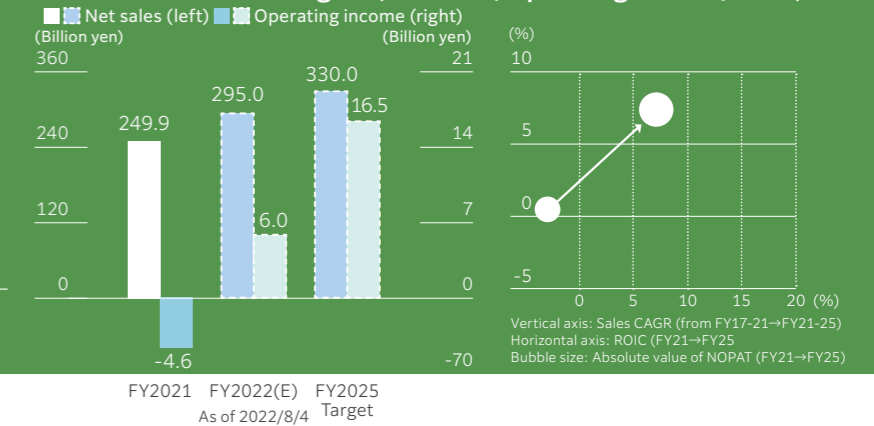
Automotive Products & Batteries



Corporate Senior Vice President and General Manager of Automotive Products Division

Shigenobu Abe

2025 Mid-term Plan Targets (Net sales, Operating income, ROIC)



Environmental analysis of the automotive products business

Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> New opportunities to respond to requests for multifunctionality and modularization of vehicles for CASE promotion such as xEV and MaaS Expand products for eco-friendly future wiring systems for safe vehicles as electrification accelerates toward carbon neutrality 	Strengths of the Division	<ul style="list-style-type: none"> Technological capabilities for commercialization by integrating the Group's accumulated core technologies and in-vehicle technologies Eco-friendly product capabilities to contribute to vehicle weight reduction with aluminum harnesses (α terminals) that utilize green energy and to power source management, for the expansion of electrification for carbon neutrality
Major risks and threats	<ul style="list-style-type: none"> Sharp fluctuations in customer production due to semiconductor shortage Supply chain disruption caused by COVID-19 Raw material price hikes, logistics disruption, and container price hikes 	Challenges of the Division	<ul style="list-style-type: none"> Create next-generation products in the convergence of information, energy, and mobility through co-creation and development with partners Promote automation to strengthen BCM compliance and ensure stable supply of high-quality products

Business Overview / Products and Services

The Automotive Products & Batteries Division is comprised of the wire harness business, the automotive products business (e.g., steering roll connectors, lead battery state detection sensors), and the battery business conducted by the listed subsidiary Furukawa Battery Co.

	Energy Infrastructure					
Safety	●	●	●	●	●	●
Light weight			●	●	●	●
Electrification			●	●	●	●
CN	●	●	●	●	●	●
Key products	● Quasi-millimeter wave radar	● Steering roll connector (SRC)	● Lead battery state detection sensor (BSS)	● Products using flat cable	● Aluminum harnesses ● Corrosion-proof terminal (α terminal)	● High voltage products
Main applications	● Advanced driver assistance systems (ADAS)	● Connector for airbags	● Vehicle power source management	● Electricity supply and signal transmission for sliding doors and long slide seats	● Reduce the weight of vehicle wiring (W/H)	● Wiring for electric vehicles
Main customers	● Japanese automobile manufacturers	● Tier1	● Japanese automobile manufacturers	● Automobile manufacturers	● Japanese automobile manufacturers	● Japanese automobile manufacturers

Basic Policy in the 2025 Mid-term Plan "Road to Vision 2030-Transform and Challenge"

As decarbonization accelerates toward carbon neutrality, we will evolve existing products and create new businesses in response to demands for global environmental consideration and safety, and contribute to power management, vehicle weight reduction, safety, and electrification.

Main Strategies to Achieve the 2025 Mid-term Plan

Wire harnesses	Increase adoption and promote weight reduction due to superiority and reliability of a terminals / Respond to next-generation wiring systems through differentiation based on software scalability
SRC	Develop SRC in response to high-speed communication and the evolution of cars
BSS	Improve fuel efficiency and power costs, and secure power supply reliability
Radar	Expand high-performance next-generation products (respond to cybersecurity as well) for automotive applications / Enter new markets such as construction and agricultural machinery, forklifts, and transportation infrastructure
High voltage products	Develop products adapted to higher voltage, higher current and market expansion

Key Measures in the 2025 Mid-term Plan: Maximize profits in existing businesses through a focus on capital efficiency directed at 2025

Bipolar lead storage batteries

Contribute through safe, long-life, low cost, recyclable batteries

Business environment	Business strategy	Initiatives for realizing the strategy
<p>Increased customer needs for lighter weight</p> <ul style="list-style-type: none"> Accelerated shift to EV in response to the trend toward carbon neutral 	<p>Maintain superiority in aluminum harnesses ⇒ Expand the harness business and increase profitability</p> <p>Reap the benefits from the investments in increased production</p> <p>Aluminum wire harness use Expand from 56 models of 6 manufacturers in the end of FY21 to 100 models of 8 manufacturers in FY25</p> <p>Wire Harness sales revenue</p> <p>Demand assumption: CAGR of +4 - 5% (Estimate by Furukawa Electric)</p> <ul style="list-style-type: none"> Impact of the semiconductor shortage is expected to remain ongoing until FY23 	<p>Secure orders and make α terminals the defacto standard</p> <p>Promote awareness of the superiority and reliability</p> <ul style="list-style-type: none"> Integrated production from the aluminum casting to cable manufacturing and laser machining of the terminals High corrosion resistance of the α terminals
<p>Continued supply chain issues</p> <ul style="list-style-type: none"> Further BCM related requirements from customers Soaring transportation expenses will remain prolonged 	<p>Promote redundancies/ resilience in the supply chain</p> <p>Enhance the supplemental production systems at multiple sites</p> <p>Bridge production, optimized production network Secure "strategic space"</p> <p>Reduce required manpower and space through automation</p>	<p>Prepare a response for next generation wiring systems (from FY25)</p> <p>Strengthen cooperation within the group</p> <ul style="list-style-type: none"> Unify and promote the brands Consolidate / expand the product portfolio Strengthen sales and marketing

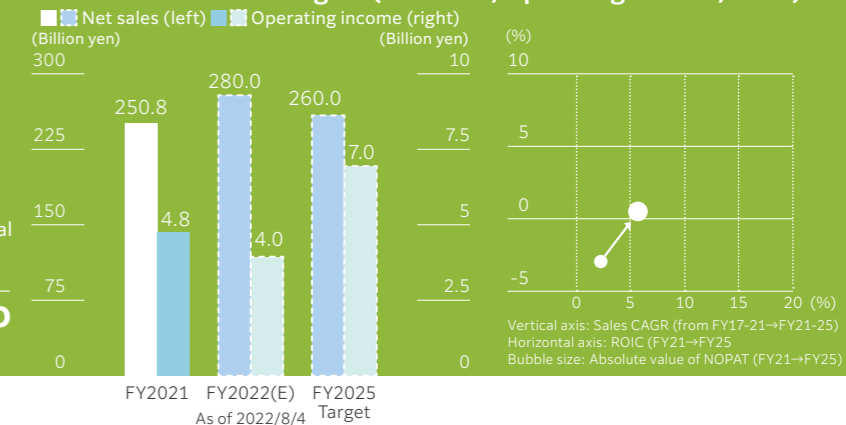
Electronics & Automotive Systems

Electronics Component Materials



Corporate Vice President and General Manager of Electronics Component Materials Division
Takashi Yamamoto

2025 Mid-term Plan Targets (Net sales, Operating income, ROIC)



Environmental analysis of the electronics component materials business

Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> Increase in demand that stems from vehicle electrification and automatic driving Increased requirement for non-magnetic and heat dissipation characteristics to satisfy increased data traffic Increased needs in minimally invasive medical treatment 	Strengths of the Division	<ul style="list-style-type: none"> Material development and proposal capabilities tailored to customer needs Provision of high-performance, high-quality, oxygen-free copper and copper alloy products Production system for copper strip products using renewable energy from hydroelectric power generation
Major risks and threats	<ul style="list-style-type: none"> Needs for alternative materials due to rising prices of raw materials Supply chain disruption due to geopolitical risks and natural disasters 	Challenges of the Division	<ul style="list-style-type: none"> Raise presence in key markets by strengthening marketing capabilities Shift to low environmental impact manufacturing processes and contribute to carbon neutrality in the value chain

Business Overview / Products and Services

The Electronics Component Materials Division handles electric conductors, magnet wires, and copper & high performance material products and is mainly engaged in the manufacture and sale of wires, automotive parts, and copper products for electronics device materials.

	Electric Conductors (Magnet Wires)			Copper Strips		
Electrification (case)	●	●	●	●	●	●
Carbon neutral	●	●	●	●	●	●
5G/BSG	●		●	●	●	
Healthcare						●
Main products	Copper wires, aluminum wires	Oxygen-free copper wires	Fine wires	Copper alloy strips and thin plates	Oxygen-free copper GOFC	Ni-Ti alloy (wire tubes)
Main applications	<ul style="list-style-type: none"> Various cables Wire harness 	<ul style="list-style-type: none"> Magnet wires for alternators Magnet wires for EV motors 	<ul style="list-style-type: none"> Mobile phone inductors Relays (general use, for automobiles) 	<ul style="list-style-type: none"> Mobile phone terminals Anti-corrosion terminals for automobiles Semiconductor lead frames 	<ul style="list-style-type: none"> Shielding strips Substrates for heat dissipation 	<ul style="list-style-type: none"> Stent guide wires
Main customers	Electrical cable makers (internal-use)	Electrical wire makers Motor makers	Electronics component makers	Terminal makers Semiconductor component makers (internal-use)	Electrical cable makers Heat pipe makers (internal-use)	Medical product manufacturers

Basic Policy in the 2025 Mid-term Plan “Road to Vision 2030-Transform and Challenge”

We will contribute to solving social issues by developing materials and providing products with characteristics that meet customer needs in the automotive and information communication/electronics markets, and via clean manufacturing.

Main Strategies to Achieve the 2025 Mid-term Plan

Contribute to the realization of a sustainable society in the overall value chain through recycling-oriented production activities

- Contribute to vehicle electrification by expanding sales of oxygen-free copper and copper alloy products
- Contribute to the growing electronic component market by increasing production capacity of enamel wires
- Increase added value by expanding copper alloys and plating products and improving product mix
- Contribute to advanced medical care by increasing production capacity of nickel-titanium alloy products and developing new products

Key Measures in the 2025 Mid-term Plan: Maximize profits in existing businesses through a focus on capital efficiency directed at 2025

Copper and high-performance materials

Develop high-performance materials with characteristics that meet customer needs and improve profitability through clean manufacturing

Business environment	Business strategy	Initiatives for realizing the strategy
<p>Vehicle electrification and autonomous driving</p> <p>As automobiles become more electronic, the market for high-performance communication devices, sensors, control devices and passive components has expanded</p> <p>Greater demand for high-performance products due to increased data traffic</p> <p>⇒ Increased demand for copper products with conductive, thermal and non-magnetic properties</p> <p>Difficulty in procuring various metal materials due to supply chain disruptions caused by geopolitical risks and natural disasters</p>	<p>Development of high-function materials with characteristics that meet customer needs</p> <ul style="list-style-type: none"> Reduce device heat generation Reduce malfunction of electronic components <p>5x increase in GOFCTM volume</p> <p>Power semiconductors (Image)</p> <p>Clean manufacturing</p> <ul style="list-style-type: none"> Production using carbon-neutral energy such as hydroelectric power More recycling for resource conservation <p>Furukawa Nikko Power Generation hydroelectric power generation</p>	<p>Maximize profits with limited manufacturing capabilities</p> <p>Product mix restructuring</p> <ul style="list-style-type: none"> Expand sales and establish a production system for optical submarine cables that support the global network, power semiconductors, and oxygen-free copper strips (including GOFCTM heat-resistant oxygen-free copper strips) for heat dissipation components Expand sales of original alloys for high-speed communications-compatible electronic devices (EFHD, high-resistance materials)

Functional Products

Environmental analysis of the functional products business

Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> ▶ Further increase in demand for communications and social infrastructure, driven by growth in data traffic and the proliferation of 5G ▶ Solving SDGs, carbon neutrality and other social issues 	Strengths of the Division	<ul style="list-style-type: none"> ▶ Differentiated, advanced technology development capability and patents ▶ Fast, detailed, integrated services of technology and sales
Major risks and threats	<ul style="list-style-type: none"> ▶ Supply chain insecurity (including geopolitical risks, wars) ▶ Semiconductor supply uncertainties, raw material price hikes, etc. 	Challenges of the Division	<ul style="list-style-type: none"> ▶ To sustain and improve design and development capabilities that continue to create technological differentiation ▶ Further promote advanced BCP through optimization of bases, etc., and initiatives to reduce environmental impact such as carbon neutrality

Business Overview / Products and Services

The Functional Products Division is made up of the AT (Advanced Technology Tape) & Functional Plastics Division, Thermal Management Solution & Products Division, Memory Disk Division and Copper Foil Division, and it is involved in the manufacture and sale of functional products made from plastics and nonferrous metals.

	AT & Functional Plastics	Thermal Management Solution & Products	Memory Disk	Copper Foil	
Renewable energy		●			
Communication infrastructure	●	●	●	●	
Disaster prevention and reduction		●		●	
Main products	<ul style="list-style-type: none"> ● Tape for semiconductor process 	<ul style="list-style-type: none"> ● Cable protective pipes ● Troughs made from recycled materials ● Insulation materials 	<ul style="list-style-type: none"> ● Copper, etc. including heat sinks and heat pipes 	<ul style="list-style-type: none"> ● Aluminum blanks for HDD 	<ul style="list-style-type: none"> ● Electrolytic copper foil for printed wiring boards ● Electrolytic copper foil for batteries
Main applications	<ul style="list-style-type: none"> ● Surface protection, immobilizing, etc. during semiconductor wafer processing ● Insulation for air conditioning ducts 	<ul style="list-style-type: none"> ● Protective pipes for underground cable ● Troughs for holding cables ● Insulation for air conditioning ducts 	<ul style="list-style-type: none"> ● Heat dissipation and cooling of CPUs and power semiconductors, electronics components, high output LED lighting, etc. 	<ul style="list-style-type: none"> ● HDD for use in data centers, desktop PCs and monitoring cameras 	<ul style="list-style-type: none"> ● Circuit boards for communication devices and electronic ● Negative electrode materials for lithium ion batteries used for EVs, mobile phones, power tools, etc.
Main customers	<ul style="list-style-type: none"> ● Semiconductor manufacturers ● Foundry manufacturers 	<ul style="list-style-type: none"> ● General construction companies and subcontractors ● Railroads ● Highway public corporations and road subcontractors ● Air conditioning duct manufacturers 	<ul style="list-style-type: none"> ● Data center operators ● Telecommunications base station operators ● Smartphone, PC manufacturers ● Manufacturers of power conditioners for railroads and solar power ● Lighting equipment manufacturers, etc. 	<ul style="list-style-type: none"> ● HDD substrate manufacturers 	<ul style="list-style-type: none"> ● Circuit board material makers ● Lithium ion battery makers

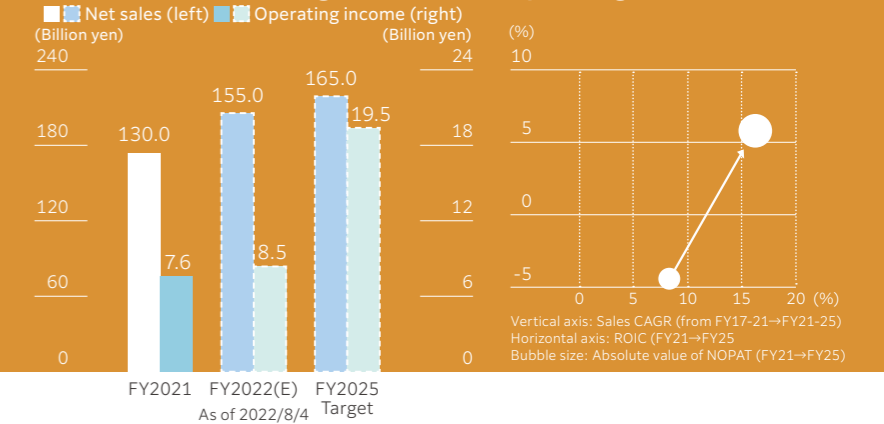
*AT : Advanced Technology Tape



Corporate Senior Vice President and General Manager of Functional Products Division

Ryoji Ono

2025 Mid-term Plan Targets (Net sales, Operating income, ROIC)



Basic Policy in the 2025 Mid-term Plan “Road to Vision 2030-Transform and Challenge”

Provide solutions through co-creation with customers:

To support the expanding telecommunications and social infrastructure market, based on our strengths in proposing and developing new products that meet customer needs

Main Strategies to Achieve the 2025 Mid-term Plan

Continue to develop products that respond swiftly to changes in customer needs, and to provide electronics products with high-functionality or differentiation in the expanding market to support the telecommunications and social infrastructure markets.

Contribute to the realization of a sustainable society and establish a next-generation profit base with our products for Society 5.0 for SDGs and differentiating strength to solve social issues to create a mechanism for carbon neutrality

Advanced technology tapes (AT)	Solve issues related to semiconductor manufacturing processes and thermal issues associated with high-speed communications and increased information capacity
Functional plastics	Contribute to national resilience and disaster prevention and mitigation through hard infrastructure, products for disaster prevention and mitigation, and high-performance foaming products
Thermal management solutions and products	Deliver differentiated thermal solutions that push semiconductor capabilities to their limits
Memory disks	Continue to provide high-function materials based on our long-cultivated technological capabilities
Copper foil	Contribute to high-speed communication through stable supply of reliable copper foil with low environmental impact

Key Measures in the 2025 Mid-term Plan: Maximize profits in existing businesses through a focus on capital efficiency directed at 2025

Tape for semiconductor process

Secure a stable supply network and continue to provide high performance/ well differentiated products and improve profitability through clean manufacturing

Business environment	Business strategy	Initiatives for realizing the strategy
<p>Medium- to long-term demand growth in the semiconductor market</p> <p>Increased requirements for lower environmental impact</p> <p>Global semiconductor market</p> <p>Market changes and technology issues</p> <ul style="list-style-type: none"> ● More heat generated from the wiring due to higher densities ● Thinner wafers as a result of 3D stacking in response to increased data volume 	<p>Continued semiconductor demand growth</p> <p>⇒ Secure a stable supply network</p> <p>Increase sales 1.8 times</p> <p>Device & process advancements</p> <p>Enhance the strengths in technology & MONOZUKURI</p> <p>⇒ Continue to provide high performance / well differentiated products</p> <p>Adhesive, thermal conduction, base film design</p>	<p>Expand production capacity</p> <p>CAPEX: Approx. JPY 7.0 bil. (FY22-FY25)</p> <p>Start construction in Sept. 2022 with mass production planned to start in April 2025</p> <p>*Implement measures to reduce environmental impact</p> <ul style="list-style-type: none"> ● Waste heat collection ● Solar power <p>New building and manufacturing line at the Mie Works</p> <p>Response to technology issues</p> <p>Response to heat generation</p> <ul style="list-style-type: none"> ● Increase heat dissipation using adhesive film with high thermal conductivity <p>Response to thinner wafers</p> <ul style="list-style-type: none"> ● Optimize through the base film and adhesion control

Creating businesses that solve social issues

Furukawa Electric Group will leverage its four core technologies of metals, polymers, photonics and high-frequency, which have been cultivated over many years with a focus on materials capabilities, to create businesses that solve social issues through open innovation and co-creation with diverse stakeholders, thereby making great strides forward. In this section, we will explain our efforts to create businesses that solve social issues by utilizing the Group's technologies in each of the four areas (information, energy, mobility, and new areas) that we have specifically envisioned based on the Vision 2030.

Information

Creation of photonics products to solve social issues in 2030

Based on its core technologies, the Group has the important task of contributing to the realization of next-generation networks as a partner in the IOWN concept*1. Toward the year 2030, we aim to create photonics products that will play a role in supporting and being utilized in a society in which various things are "simultaneously realized" through the use of photonics and wireless technologies. To this end, in fiscal 2022, we launched the "Next Generation Photonics Business Creation Project Team" under the direct control of the President.

In fiscal 2021, we developed the world's first External Light Source (ELS) for Co-Packaged Optics (CPO), which

will be introduced into next-generation network switch equipment in data centers, by utilizing our photonics technology of high-power compound semiconductor lasers and optical packaging technology, and sample shipments will begin in fiscal 2022. Through the provision of ELS for CPO, we will contribute to the realization of a high-capacity information and communication and high-efficiency energy society.

Our mission is to create photonics products that will solve social issues in 2030 by steadily advancing other product groups from the ground up.



*1. IOWN concept: An abbreviation for "Innovative Optical and Wireless Network." The concept of a network and information processing infrastructure including terminals that can provide high-speed, large-capacity communications and vast computing resources beyond the limits of conventional infrastructure by utilizing innovative technologies centered on optics.

Achievements of initiatives in FY2021 onward

■ **Exhibiting an External Laser Source for Co-Packaged Optics at OFC2022**
Contributing to the realization of next-generation network switch servers in data centers
https://www.furukawa.co.jp/en/release/2022/comm_20220307.html

■ **Laser Light Sources to enable ultra-wide spectral bandwidth for Optical Communications**
Increasing capacity of Metro and Long-haul optical communication networks for 5G and beyond
https://www.furukawa.co.jp/en/release/2021/comm_20210607.html

Energy

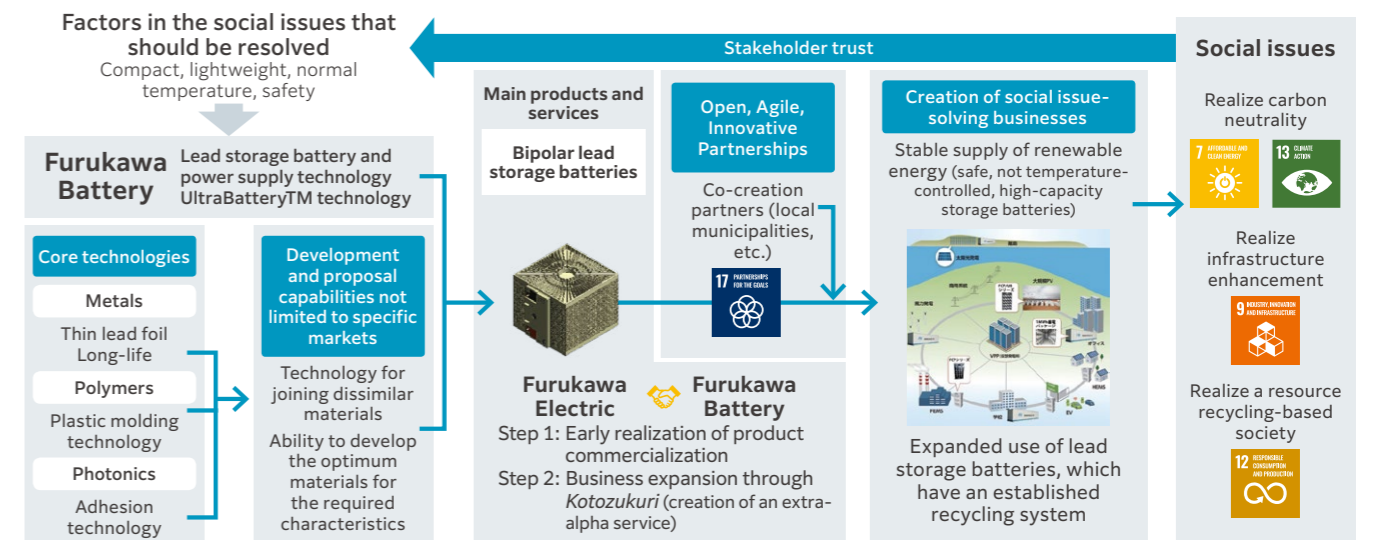
Development of bipolar lead storage batteries that contribute to utilization of renewable energy

We are jointly developing bipolar lead storage batteries, a next-generation type of storage battery that has been considered difficult to put to practical use, by combining the metal and polymer technologies we have cultivated over many years with the battery technology of The Furukawa Battery Co.

Bipolar lead storage batteries have a simple structure that enables high battery capacity, and they also do not require temperature control when operating, making them highly economical and reducing the total cost to less than half that of lithium-ion storage batteries. This product can contribute to the stable supply of power

generated by renewable energy.

In fiscal 2021, we undertook activities in cooperation with our partners, including the announcement of cooperation based on this product in a municipality project. Furthermore, in fiscal 2022, we shipped the first sample to the municipality. We will work on mass production, mainly in the field of power storage in the renewable energy market, which is expected to expand in the future, in order to achieve our sales target of ¥3 billion for fiscal 2025. Through the launch of this product and partnerships, we aim to achieve carbon neutrality, infrastructure enhancement, and a resource-recycling society.



Commercialization and Practical Application Roadmap Aimed at Creation of Businesses that Solve Social Issues

Products and services	FY2021	FY2022	FY2023	FY2024	FY2025	...	FY2030
Bipolar lead storage battery		Started sample shipments, plan to start product supply			Sales on scale of ¥3 billion		Business expansion through Kotozukuri

Achievements of initiatives in FY2021 onward

■ **Supplied bipolar lead storage battery to the EV Urban Development Project**
Contributed to EV-centered urban development and strengthening electric power resilience
https://www.furukawa.co.jp/release/2021/kenkai_20211224.html
(Only available in Japanese)

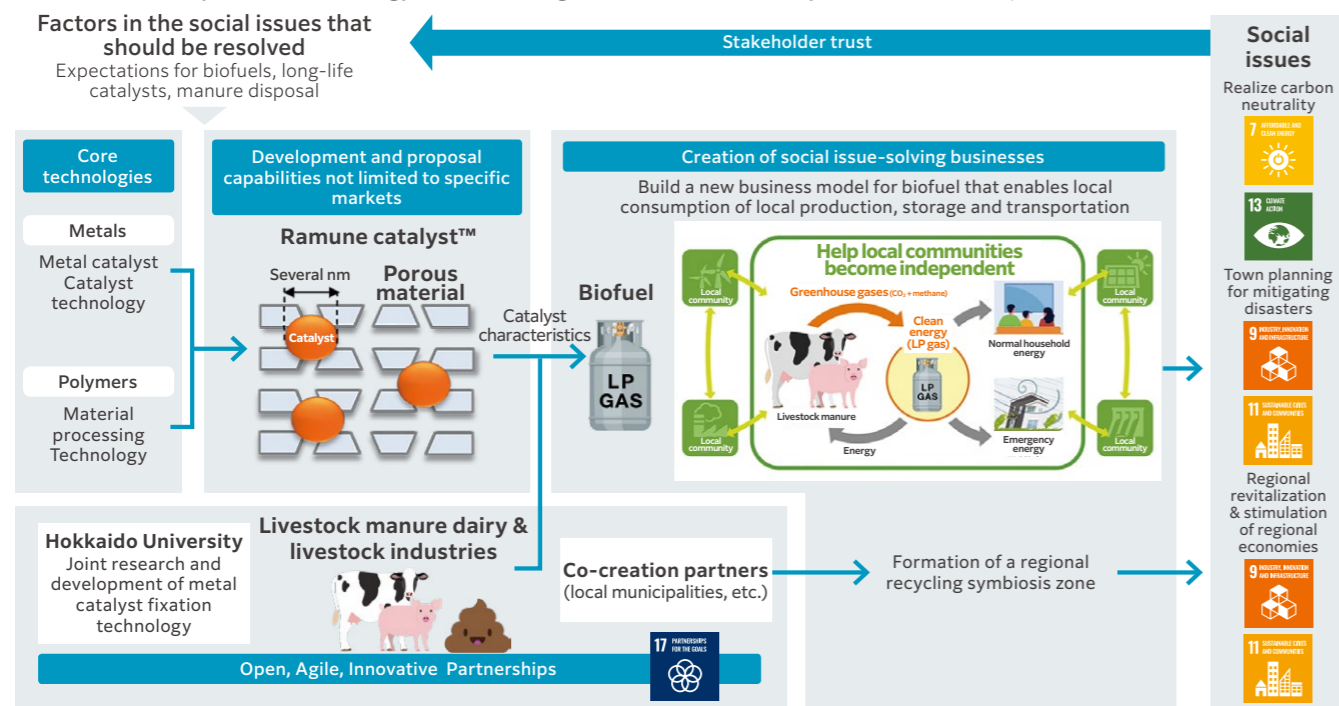
■ **Bipolar lead battery demonstration test started in off-grid power supply system for Ogi City Hall in Saga Prefecture**
<https://corp.furukawadenchi.co.jp/ja/news/news-20220914.html>
(Only available in Japanese)

Energy

Technology for Producing Green LP Gas with Ramune Catalyst™*1

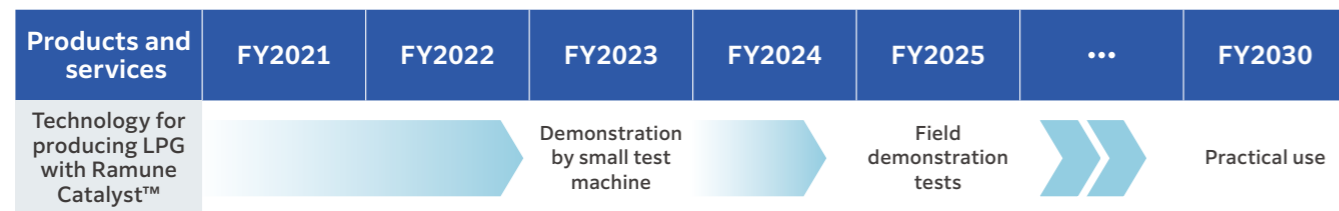
In addition to contributing to carbon neutrality by 2050, we are developing catalyst technology to convert greenhouse gases such as carbon dioxide and methane into LP gas as a raw material, with the aim of contributing to the establishment of social infrastructure that enables local production for local consumption of energy and “grow local, continue local”*2 for rich local resources. In fiscal 2022, our “development and demonstration of green LP gas synthesis technology by innovative catalysts and processes” was selected for the “Development of Fuel Production Technology Using CO₂, etc. Project: Development of Green LP Gas Synthesis Technology Without Using Fossil

Fuels,” a Green Innovation Fund (GI Fund) project of the New Energy and Industrial Technology Development Organization (NEDO), a national research and development corporation. In addition, green LP gas made from biogas derived from cow manure in Tochigi Prefecture was also provided as part of the fuel for the torch*3 of the “Ichigo Ichigo-kai Chigi National Athletic Meet and Tochigi Games.” We will continue to contribute to the realization of carbon neutrality and the building of new social infrastructure in communities through co-creation with a wide range of stakeholders, including Hokkaido University and local municipalities.



*1. Ramune catalyst™: Furukawa Electric has succeeded in fixing a metal catalyst inside a porous material. This catalyst has flocculation and coking resistance, which has been an issue with conventional catalysts, and is highly active and long-lived in dry reforming reactions where synthesis gas is obtained from biogas. We named the catalyst Ramune Catalyst™ because the way the catalyst is fixed inside the porous material resembles a bottle of ramune (a Japanese carbonated soft drink).
 *2. Grow local, continue local: This expresses in addition to local production for local consumption, passing on regional resources and cultures to the next generation.
 *3. Torch: The Torch is a symbol of the Sports Festival, similar to the Olympic flame.

Commercialization and Practical Application Roadmap Aimed at Creation of Businesses that Solve Social Issues



Achievements of initiatives in FY2021 onward

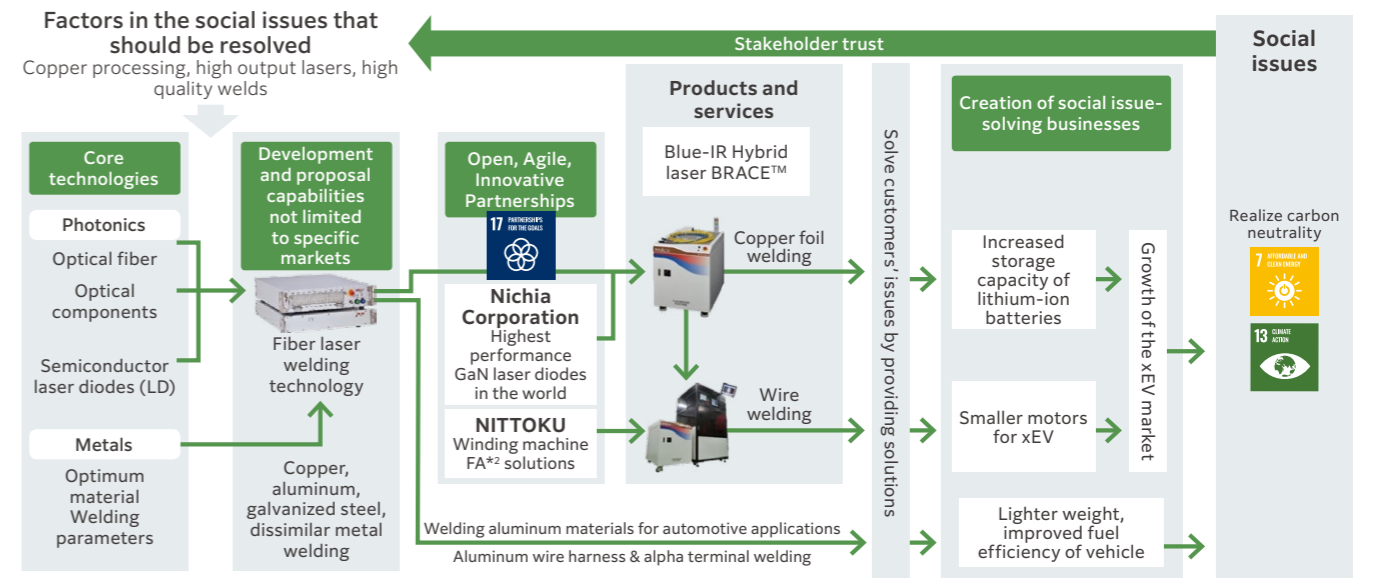
- Adopted in “Development of Green LP Gas Synthesis Technology,” a NEDO Green Innovation Fund project Toward the realization of sustainable green LP gas without relying on fossil fuels https://www.furukawa.co.jp/release/2022/kenkai_20220523-2.html (Only available in Japanese)
- Furukawa Electric and Shikaoi Town, Hokkaido Sign Comprehensive Collaboration Agreement Toward the Realization of a carbon-free and Recycling-Oriented Society that Maximizes the Utilization of Local Resources https://www.furukawa.co.jp/release/2022/kenkai_20220818.html (Only available in Japanese)
- Green LP gas supplied for torch fuel as the official supplier of the Ichigo Ichie Tochigi National Sports Festival. Succeeded in synthesizing green LP gas from biogas, a world first https://www.furukawa.co.jp/release/2022/kenkai_20220523.html (Only available in Japanese)
- Furukawa Electric and Hokkaido University established an endowment field Collaboration aimed at the realization of a carbon-free society and a recycling-oriented society https://www.furukawa.co.jp/release/2022/kenkai_20220819.html (Only available in Japanese)

Mobility

Development of Blue-IR hybrid laser “BRACE™” that contributes to the electrification of mobility

As the move toward carbon neutrality is accelerating globally, demand for the electrification of mobility is expected to grow further. Furukawa Electric has developed the Blue-IR Hybrid laser*1 BRACE™ equipped with a high-brightness blue laser diode module jointly with Nichia Corporation. This product can contribute to the improvement of productivity (quality and processing speed) in the process of welding copper, which is a conductor in lithium-ion batteries, motors, inverters, and other components that are key components for electric mobility, as well as labor saving in

the manufacturing process. Furthermore, in response to the issues of the amount of spatter during processing and the narrow application area for weldable thickness, the BRACE™X, which we launched in fiscal 2021, has been able to cover the main areas for copper materials used in xEV powertrains by further increasing the output of the blue laser. We will continue to provide new copper processing solutions to solve our customers’ challenges and contribute to the expansion of demand for electric mobility based on the acceleration of carbon neutrality.



*1. Blue-IR Hybrid Laser: A hybrid laser combining a high-power blue oscillator featuring the world’s highest-performance GaN laser diode (LD) from Nichia Corporation with a high-brightness blue laser diode module that combines Furukawa Electric’s laser module assembly technology with a near-infrared (IR) single-mode fiber laser
 *2. FA: Factory automation

Commercialization and Practical Application Roadmap Aimed at Creation of Businesses that Solve Social Issues

Products and services	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Blue-IR hybrid laser BRACE™		BRACE™I commercialized	BRACE™X commercialized	Further advancement		Sales target: At least ¥10bn

Achievements of initiatives in FY2021 onward

- Furukawa Electric and Nichia Form a Business Alliance in Core Technology (Laser Processing) Supporting the Production of Mobility Electrification Deepening market exploration and co-creation by integrating production bases for blue laser diode modules and opening joint operation labs for laser processing https://www.furukawa.co.jp/en/release/2021/kei_20210426.html
- Starting Sales of the “BRACE™ X” Blue-IR Hybrid Laser with a 1kW blue laser The blue laser output is 7 times higher than the current model, and it will reduce power consumption when welding by at least 30% compared to the company’s other products https://www.furukawa.co.jp/en/release/2021/kenkai_20211124.html

For details, please see our website page “Industrial Lasers.” <https://www.furukawa.co.jp/fiber-laser/en/>

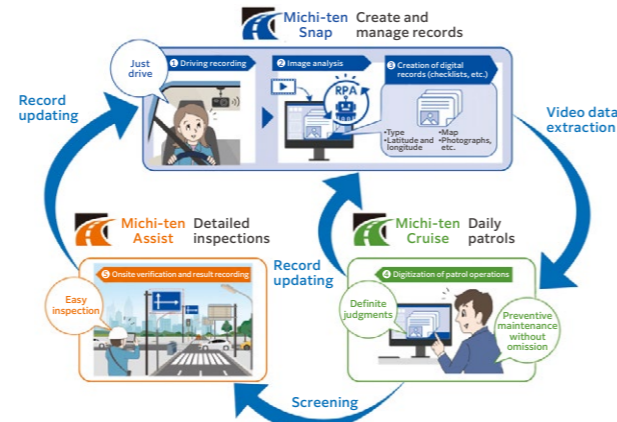
New areas

Michi-ten™ series of maintenance and management solutions for roadside fixtures

Accidents due to aging road fixtures (road signs, road lighting, guardrails, etc.) are occurring throughout Japan. Although systematic maintenance and management of facilities is important to prevent accidents from occurring, many municipalities and road administrators are expected to find it difficult to sustain inspection and maintenance work on a vast number of road fixtures due to labor shortages and financial challenges caused by the advent of a society with a shrinking population.

Consequently, Furukawa Electric has developed proprietary digital transformation (DX) technology and is providing the Michi-ten™ series of maintenance and management solutions for roadside fixtures to realize new maintenance cycles. This enables highly accurate and efficient inspection and maintenance of road fixtures, which were previously handled only manually. The Michi-ten™ series has started being introduced at many municipalities and road administrators already. Moreover, with the aim of achieving even more advanced technology, we are conducting demonstration tests in cooperation with municipalities and road administrators.

We will continue to provide services based on DX solutions to solve infrastructure maintenance issues facing Japanese society and contribute to "safe, secure, and comfortable living".



Achievements of initiatives in FY2021 onward

■ **Completed the "Demonstration Experiment for Efficient Implementation of Inspection Work for Small Road Fixtures" with Utsunomiya City**
https://www.furukawa.co.jp/release/2022/kenkai_20220428.html
 (Only available in Japanese)

■ **Completed the "Road Sign Maintenance DX Project," a demonstration experiment with the City of Nagoya**
 Using proprietary RPA and drive recorders, we contribute to the efficiency of inspection work as stipulated by the Ministry of Land, Infrastructure, Transport and Tourism
https://www.furukawa.co.jp/release/2022/kenkai_20220516.html
 (Only available in Japanese)

For details, please see our website page "Maintenance and management solutions for roadside fixtures."
<https://www.furukawa.co.jp/en/product/development/infra/maintenance.html>

Development of Tellumino™, a technology that enables visual confirmation of the location of implantable medical devices from outside the body

In recent years, advanced medical technology has enabled a wider use of minimally invasive treatments using implantable medical devices*1.

Subcutaneous implantable ports for drug infusion (CV ports)*2 are widely used around the world for therapeutic applications involving drugs as effective implantable medical devices that reduce the burden on patients and labor on the part of healthcare professionals. However, the act of inserting a dedicated needle to inject a drug into a CV port (puncture) requires indirect confirmation of the CV port's implantation position by palpation, and accurate confirmation of the position requires appropriate training and skill of the puncturer. This can cause stress on both the puncturer and the patient at the time of puncture.

Tellumino™, developed by Furukawa Electric, is a medical solution technology that uses a mechanism allowing multiple LED light sources to be mounted on the CV port by turning on the LED light sources without contact and making the location of the CV port easily visible from outside the body. The position of the CV port can be seen with the naked eye without the use of special equipment or drugs such as X-rays or contrast media, allowing medical personnel to puncture the CV port more reliably in a short time and reducing the mental and physical burden on the patient caused by the use of equipment or drugs.

In the future, we will improve the design of CV ports

equipped with Tellumino™ to further reduce the burden on patients, contributing to the development of implantable medical devices such as CV ports.



*1. Implantable medical devices, such as cardiac pacemakers and artificial joints are devices implanted in the body.
 *2. Subcutaneous implantable port (CV port) is implanted under the skin and used to administer drugs.

Achievements of initiatives in FY2021 onward

■ **Expansion into Life Sciences as a New Business Sector**
 Established a joint development agreement with Atonarp Inc., the developer of an advanced optical measurement platform
https://www.furukawa.co.jp/en/release/2021/kei_20210524.html

■ **Developed technology to visually confirm the location of implantable medical devices from outside the body**
 The turning on of the light indicates the location of the port for drug injection, reducing the burden on patients and healthcare professionals
https://www.furukawa.co.jp/release/2021/kenkai_20210927.html
 (Only available in Japanese)

For details, please see our website page "Internal medical device location detection solutions."
<https://www.furukawa.co.jp/tellumino/>
 (Only available in Japanese)

Environmentally Friendly Products

Environmentally friendly products and "e-Friendly" accreditation system

Since 2008, Furukawa Electric Group has comprehensively evaluated products (including services) for their entire product lifecycle and defined those that contribute to a reduction in environmental impact or have a positive environmental impact as environmentally friendly products. We strive to raise the proportion of these products. The "e-Friendly" mark, an environmental mark indicating that the product is an environmentally friendly product, is displayed on the exterior and in catalogs for applicable products.



e-Friendly mark

Categories of environmentally friendly products

The Group's environmentally friendly products fall under one of the following four categories.

Category	Description
Prevention of global warming	Products that have the function of reducing greenhouse gas emissions or contributing to their absorption or fixation
Zero emissions	Products using recycled materials, products designed to facilitate recycling of components, products that reduce the amount of waste by using materials and designs that facilitate volume reduction, and products with common designs for components and products
Environmentally sensitive substance-free	Products that do not increase the use of ozone-depleting substances in the manufacturing process, that contain hazardous substances in the product below the specified value, and that do not generate hazardous substances above the specified value during use and disposal
Saving of resources	A product that is resource-saving overall due to reduced use of raw materials and parts, reduced use of scarce resources, improved product life, easier maintenance of parts and products, and reduced use of resources for packaging materials

In fiscal 2021, we positioned the "Sales ratio of environmentally friendly products" as a sustainability indicator for the revenue opportunity materiality of the "creation of social issue-solving businesses and creation of environment-friendly businesses." We aim to achieve our sustainability target of "a ratio of 70% of environment-conscious product sales" in fiscal 2025.

In addition, we have set the "ratio of renewable energy to electricity consumption" as a sustainability indicator for the risk materiality "development of business activities that consider climate change*." For more than a century, the Group company Furukawa Nikko Power Generation Inc. has been generating hydroelectric power using water

from Lake Chuzenji in Nikko, famous for the Kegon Falls. Most of the power required at Furukawa Electric's Nikko Works is provided by this hydroelectric power generation. Copper products and superconductive products are registered as certified environmentally friendly products of Furukawa Electric Group because the electricity used in the manufacturing process at the Nikko Works is supplied by renewable energy (hydroelectric power generation).



Furukawa Nikko Power Generation Inc.'s hydroelectric power generation

*For details, please see "Efforts to reduce greenhouse gas (GHG) emissions: Use of renewable energy" on page 79 of this report.

Indicators and targets

Materiality "Creating businesses that solve social issues / Creating environment-friendly businesses"

Group	Indicator	Result		Target	
		FY2021	FY2022	FY2022	FY2025
	(★ : Sustainability indicator)				
Group	★ Sales ratio of environmentally friendly products	61.9%	64%		70%

Environmentally friendly product data

		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Furukawa Electric	Cumulative no. of cases of environmentally friendly products recorded	Cases	116	121	126	130	131
	Environmentally friendly product sales ratio	%	51.1	64.8	66.4	68.4	74.3
Group	Cumulative no. of cases of environmentally friendly products recorded	Cases	92	105	137	149	156
	Environmentally friendly product sales ratio	%	32.6	40.5	56.2	58.2	61.9

For details, please see our website page "Environmentally Friendly Products"
<https://furukawaelectric.disclosure.site/en/themes/102>

Intellectual Property

Intellectual Property Strategy of Furukawa Electric Group

Our Group's basic policy is to consider intellectual property an important management resource and to make use of it. We promote group and global intellectual property activities by integrating business, R&D, and intellectual property.

The basic policy consists of the following three pillars:

(1) IP Landscaping to strengthen management and business strategy planning capabilities	Strengthen management and business strategy planning capabilities by using IP Landscaping, which analyzes and utilizes intellectual property information by incorporating it into strategy planning processes.
(2) Open & Closed strategies for utilizing intellectual property	Run a cycle (analysis ⇄ utilization, creation, and then protection)* that starts with analysis ⇄ utilization of intellectual property, and formulate and implement Open and Closed strategies to enhance business competitiveness.
(3) Reduction of intellectual property risks to ensure stable business execution	Recognize infringement risk, technology outflow risk, contract risk, and counterfeit risk, as four frequent risks with a significant impact, and continuously reduce such risks to ensure stable business execution.

* Basic concept of promoting intellectual property management: In order to enhance our business, we implement intellectual property strategies for our unique differentiating technologies and run a cycle starting with analysis ⇄ utilization of intellectual property.

Based on (1) to (3) above, we are working from the two major perspectives of risk minimization and chance maximization to realize the Furukawa Electric Group Vision 2030 and achieve the SDGs.

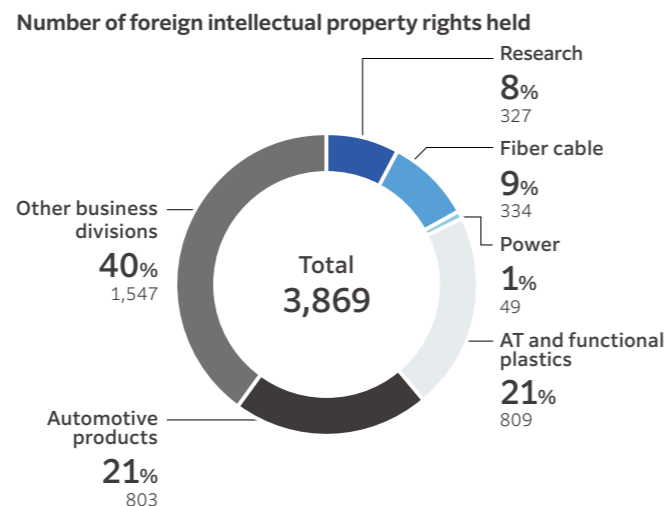
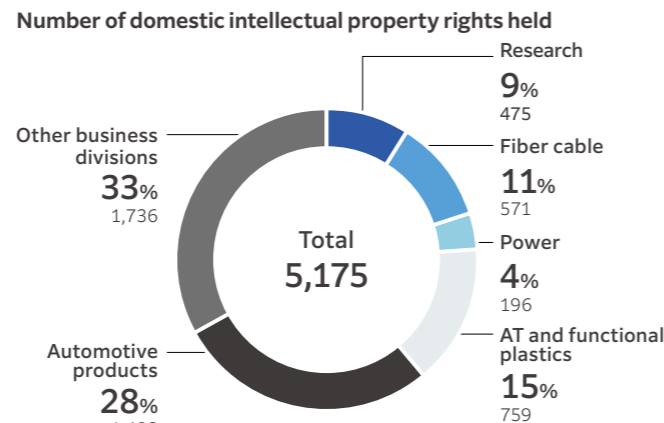
1 Risk minimization

We minimize business risks by protecting our unique technologies that differentiate our products from others with intellectual property rights and technical know-how.

In the areas of information, energy, and mobility, we develop and thoroughly use the intellectual property portfolio on the basis of detailed competitor analysis in order to grow by enhancing businesses that solve social issues. We also support maximizing the revenue of existing businesses with a focus on capital efficiency toward 2025.

Expand the intellectual property portfolio

Approximately half of the intellectual property rights (patent rights, utility model rights, design rights, and trademark rights) held by the Company comprises a portfolio of optical fiber cables (Optical Fiber and Cable Products Div.), power cable systems (Power Cable Div.), wire harnesses (Automotive Products Div.), and tape for semiconductor manufacturing (AT and Functional Plastics Div.). In these businesses, we will utilize intellectual property through the Open and Close strategy and stabilize business execution by reducing intellectual property risks.



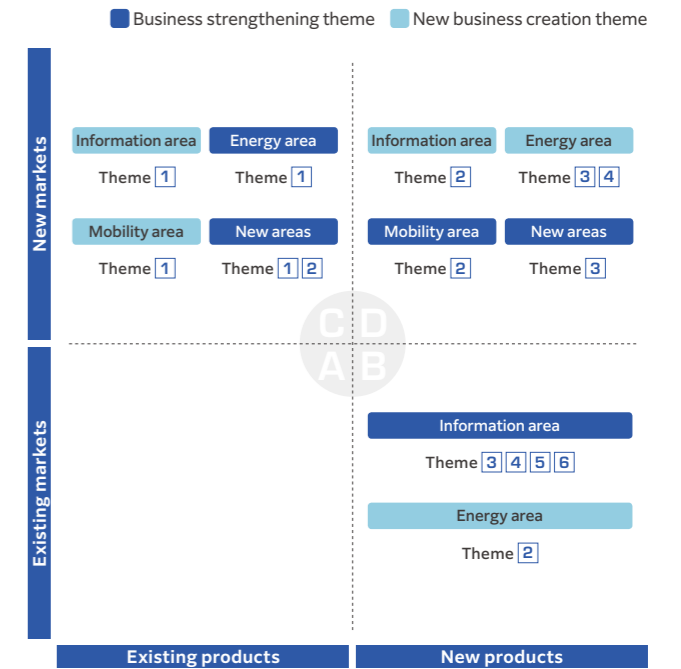
2 Chance maximization

We seek new business fields and business models through IP Landscaping, which analyzes the competitive environment and market environment including intellectual property information of our own and other companies.

In order to realize a leap forward through the creation of businesses that solve social issues, we will promote the use of IP landscapes in businesses that support next-generation infrastructure and environmentally friendly businesses while supporting the development of foundations for the creation of new businesses toward 2030.

Implementation of IP landscaping

In the Ansoff Growth Matrix (see right), we have so far expanded our intellectual property portfolio and reduced business risks for existing products in existing markets. Going forward, we will focus on business enhancement and new business creation themes in the other three domains, and by strengthening our ability to formulate management and business strategies through the use of IP landscapes, we will support creating new value and acquiring revenue opportunities.



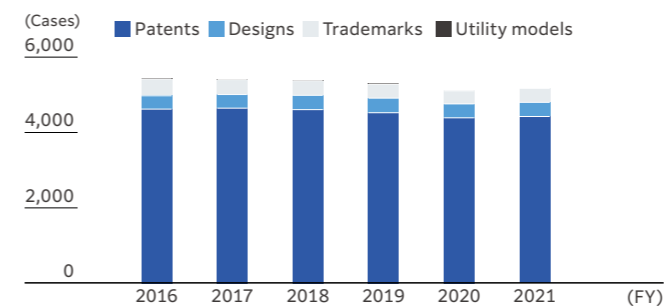
Indicators and Targets

Materiality "Open, Agile, Innovative" and "Building partnerships with various stakeholders"

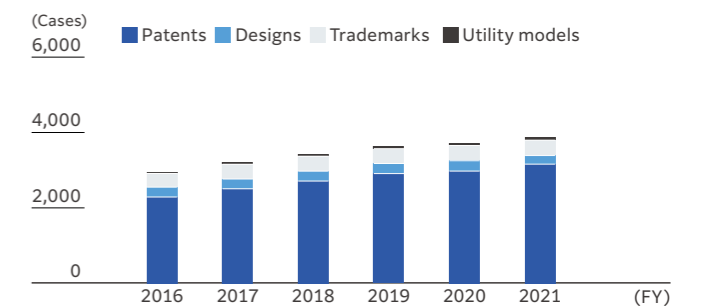
Indicator	Result	Target	
	FY2021	FY2022	FY2025
(★ Sustainability indicator) ★ IP landscape implementation rate for business enhancement and new business creation themes*1	17%	30%	100%**2

*1 The business enhancement and new business creation themes include "maximizing the profitability of existing businesses with a focus on capital efficiency toward 2025" (e.g. fiber optic cables, power cable systems) and "establishing foundations for creating new businesses by 2030" (e.g. bipolar lead storage batteries).
*2 This means that all projects have been implemented with respect to the business enhancement and new business creation themes set as of 2022.

Number of rights held in Japan



Number of foreign rights held



Intellectual property (patent) data

	Patents	FY2017	FY2018	FY2019	FY2020	FY2021	
Furukawa Electric	Number of patents held in Japan	Cases	4,644	4,605	4,523	4,388	4,423
	Number of foreign patents held	Cases	2,507	2,712	2,910	2,976	3,160

* The increase or decrease in the number of patents includes the results of periodic update of inventories of patents held.

For details, please see the "Intellectual Property Report" on Furukawa Electric's website.
<https://www.furukawa.co.jp/en/rd/ip-report/>

Digital Transformation (DX) of Furukawa Electric Group

The Basic Concept of the Digital Transformation (DX) Strategy

Furukawa Electric Group will plan and formulate a DX strategy based on the following ideas, referring to the Ministry of Economy, Trade and Industry's Furukawa Electric Group will plan and formulate a DX strategy based on the following ideas, referring to the Ministry of Economy, Trade and Industry's.

1	Position DX as a top-down management strategy in the medium-term plan, and create and share the vision and policy across the entire company.
2	Provide an overall picture of the target areas, and for each area, organize and present targets for achieving a competitive advantage by 2030.
3	Formulate a plan for human resource development and recruitment by clarifying the image and goals of the required human resources.
4	In order to optimize the entire process using digital technology, develop data infrastructure that spans the entire process, as well as data infrastructure that spans manufacturing, sales, and logistics by product unit.

Materiality: "Open, Agile, Innovative", "Creating businesses that solve social issues"

Digital Innovation Center: Establishment and activities

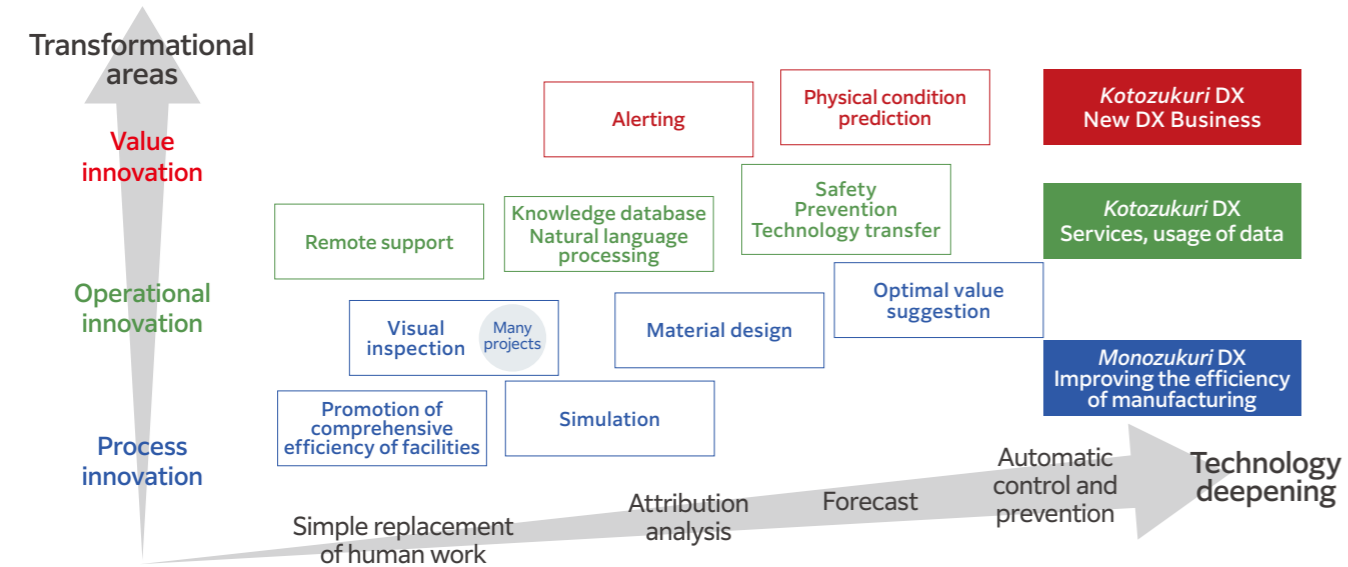
As part of our commitment to quality and reliability, we have been working on statistical analysis technology for a long time, and in the 2010s, we also introduced technologies such as big data analysis and deep learning. With these technologies as elemental technologies, we set up the Digital Innovation Center within the Research & Development Division in April 2020 in order to establish digital technologies, represented by AI/IoT, as fundamental technologies that support the entire company.

The Digital Innovation Center serves as the core of our group, with the aim of strengthening digital technology to achieve the SDGs and solve social issues. We are working to create high added value by leveraging AI and manufacturing innovation based on digital technology. As a core organization for digital technology that is developed and used throughout the company, we are promoting the development of digital software infrastructure through activities that integrate R&D, manufacturing, ICT, and

marketing. With the aim of reinforcing corporate-wide DX promotion, the Digital Innovation Center was transferred within the Strategy Division in April 2022, to enhance DX planning and drafting, and build a stronger DX workforce. The Digital Innovation Center's activities can be looked at as having two axes: "deepening of technology" and "transformational areas." On the technology axis, we are keen to deepen tasks by advancing from 1) simple replacement of human work to 2) construction of data analysis infrastructure, and then to 3) attribution analysis and forecast, and further to 4) automatic control and prevention. In terms of transformational areas, we consider all three areas of DX: (1) *Monozukuri**1 DX: Process Innovation; (2) *Kotozukuri**2 DX: Operational Innovation; and (3) *Kotozukuri* DX: New DX Business. We are increasing the number of DX projects in both *Monozukuri* and *Kotozukuri*. As our Group receives requests for work for process innovation, we will develop capability from activities in this field.

*1: Monozukuri means 'production' or 'making of things' in Japanese.
*2: Kotozukuri means "creation of an extra-alpha service" in Japanese.

Pursuit by digital twins and deepening of technology to realize it



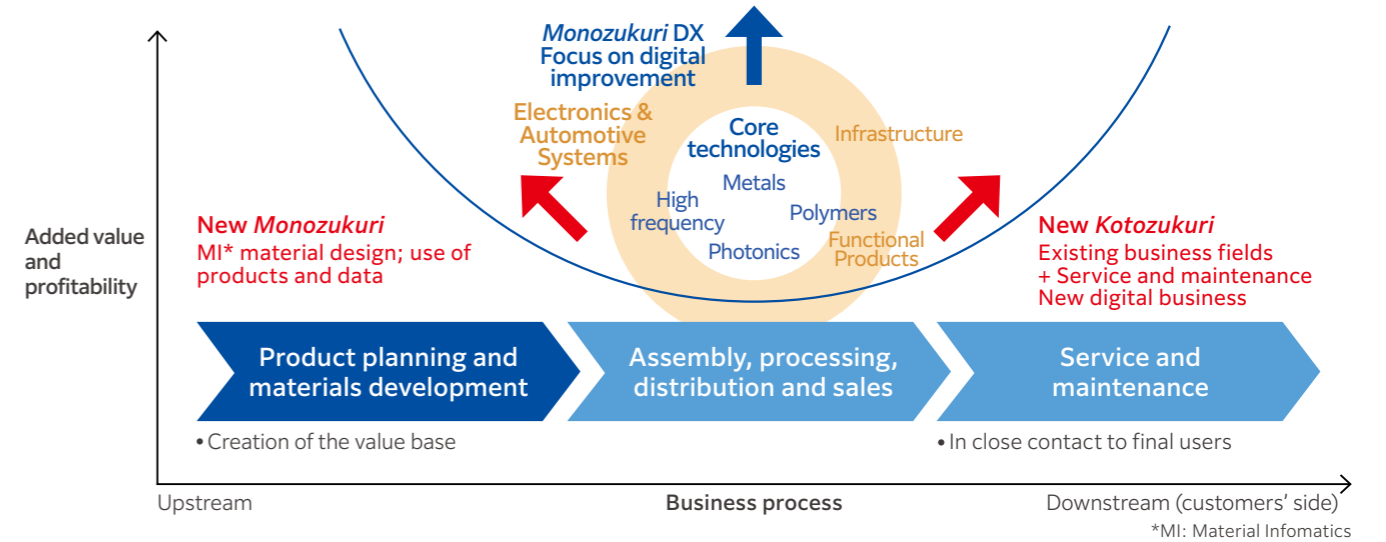
Taking up the *Monozukuri* DX and the *Kotozukuri* DX from the viewpoint of a value chain, the *Monozukuri* DX helps improve the quality, productivity, and maintenance of factories, mainly by digital improvement, and contributes to raising profitability. AI-driven automated manufacturing and visual inspection with support from AI are highly expected internally and many projects are under way. Some of them are already adopted and are being operated at mass production plants.

In the meantime, planning of new products and development of new materials by use of AI functions are also within the scope of the *Monozukuri* DX but can be considered as providing the entry to the upstream of the value chain. In order to advance product design and

material design, we are working on Materials Informatics using AI and accelerating development of new materials. Moreover, with the aim of expanding into services and maintenance by use of technology, we put efforts to development of DX technology for detection of the location and movement of wild animals and the DX for the primary industry (AI dairy farming) as new DX business of *Kotozukuri*. We are looking forward to additional cases of expanded use of technology.

As such, we are working to go beyond smiling-face curve status with margins being higher toward the upstream end and a downstream end, and to take a wider view of the value chain as our business field.

DX2.0 digitalization enables a move of the smiling-face curve to upstream and downstream



Materiality: "Strengthening human capital management and organizational execution abilities"

Development and strengthening of in-house digital human capital

As part of efforts to strengthen digital-savvy personnel, we are strengthening recruitment of new graduates and increasing those on a career track. For recruitment of new graduates, we are increasing our contacts with information-related departments of universities that we have had little contact with so far. One of such examples is participation in a social collaboration course of the Department of Computer Science of the Tokyo Institute of Technology. For career-track hiring, we are working to make our DX initiatives more widely known. Nevertheless, digital talent is short in supply across the entire industry, and there is a limit to enhancing our digital workforce by hiring people. So, we are also developing digital-savvy personnel in-house. Our research department has been using the e-learning programs of Aidemy, Inc. since 2018. In addition to the ease of use of its e-learning capability and its technology that covers system development, Aidemy's vision (economic implementation

of AI and support for in-house production of companies) and the activity concept of the Digital Innovation Center resonated. So, we entered into a capital and business alliance with Aidemy in June 2021.

We have defined our digital human capital as being made up of three types—DX planners, digital technology specialists, and digital users—and have set the recommended content for each. As for DX planners, key people must be developed on the business side, so on-the-job training in a DX promotion project and e-learning are combined to train them. As digital technology specialists, AI engineers and software engineers in the Digital Innovation Center are being trained in greater number and in terms of greater depth, in order to accelerate AI/IoT in-house implementation. The target for digital users is all employees, whose digital literacy will be improved by digital introduction and utilization seminars, and e-learning being offered to them.

Achievements of initiatives in FY2021 onward

- **Furukawa Electric and Aidemy Conclude Capital and Business Alliance**
Joint realization spanning DX human resource development to new business development
https://www.furukawa.co.jp/release/2021/kei_20210622.html
(Only available in Japanese)

For details, please see our website page "Digital Innovation Center"
<https://www.furukawa.co.jp/en/rd/profile/digital.html>

Directors and Audit & Supervisory Board Members (as of June 23, 2022)

Directors



Mitsuyoshi Shibata

Chairman of the Board
Director
• Tenure as Director: 12 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Nominating / Compensation
Committee: 100% (8/8)



Keiichi Kobayashi

President
Representative Director
• Tenure as Director: 7 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Nominating / Compensation
Committee: 100% (8/8)



Osamu Tsukamoto

Director (Outside, part-time)
• Tenure as Director: 9 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Nominating / Compensation
Committee: 100% (8/8)



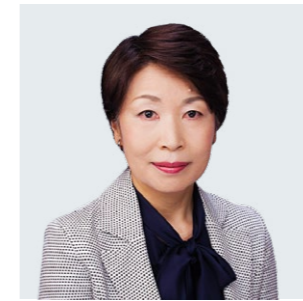
Takashi Tsukamoto

Director (Outside, part-time)
• Tenure as Director: 1 years
• Meeting attendance (FY2021)
Board of Directors: 100% (12/12)
Nominating / Compensation
Committee: 100% (7/7)



Yoshiro Miyokawa

Director (Outside, part-time)
• Tenure as Director: 3 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Nominating / Compensation
Committee: 100% (8/8)



Yukiko Yabu

Director (Outside, part-time)
• Tenure as Director: 3 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Nominating / Compensation
Committee: 100% (8/8)



Tamotsu Saito

Director (Outside, part-time)
• Tenure as Director: 1 year
• Meeting attendance (FY2021)
Board of Directors: 100% (12/12)
Nominating / Compensation
Committee: 100% (7/7)



Satoshi Miyamoto

Director
Corporate Executive Vice
President,
General Manager, Strategy Division
• Tenure as Director: 3 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)



Akihiro Fukunaga

Director
Corporate Senior Vice President,
General Manager, Finance &
Accounting Division
• Tenure as Director: 3 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)



Hideya Moridaira

Director
Corporate Senior Vice President,
General Manager, Communications
Solutions Division
• Tenure as Director: New
• Meeting attendance (FY2021)
Board of Directors: -



Yoshio Masutani

Director
Corporate Senior Vice President,
General Manager, Global Marketing
Sales Division
• Tenure as Director: New
• Meeting attendance (FY2021)
Board of Directors: -

Audit & Supervisory Board Members



Nozomu Amano

Audit & Supervisory Board
Member (Full-time)
• Tenure as Audit & Supervisory
Board Member: 4 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Audit & Supervisory Board
Meeting: 100% (8/8)



Yoshiaki Mizota

Audit & Supervisory Board
Member (Full-time)
• Tenure as Audit & Supervisory
Board Member: 3 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Audit & Supervisory Board
Meeting: 100% (8/8)



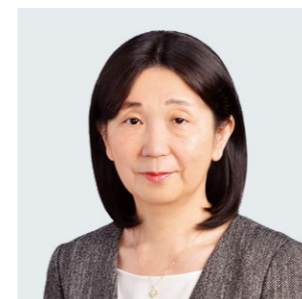
Masao Terauchi

Audit & Supervisory Board
Member (Full-time)
• Tenure as Audit & Supervisory
Board Member: New
• Meeting attendance (FY2021)
Board of Directors: -
Audit & Supervisory Board
Meeting: -



Kunihiko Sakai

Audit & Supervisory Board
Member (Outside, part-time)
• Tenure as Audit & Supervisory
Board Member: 4 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Audit & Supervisory Board
Meeting: 100% (8/8)



Sayaka Sumida

Audit & Supervisory Board
Member (Outside, part-time)
• Tenure as Audit & Supervisory
Board Member: 2 years
• Meeting attendance (FY2021)
Board of Directors: 100% (16/16)
Audit & Supervisory Board
Meeting: 100% (8/8)



Takao Shiomi

Audit & Supervisory Board
Member (Outside, part-time)
• Tenure as Audit & Supervisory
Board Member: 1 year
• Meeting attendance (FY2021)
Board of Directors: 100% (12/12)
Audit & Supervisory Board
Meeting: 100% (7/7)

Corporate Vice Presidents who are not Directors, and Senior Fellows

(as of September 16, 2022)

Corporate Senior Executive Vice President

Hiroyuki
Ogiwara

Corporate Executive Vice President

Takamitsu
Kozuka General Manager, Energy Infrastructure Division

Corporate Senior Vice Presidents

Foad
Shaikhzadeh President, Furukawa Electric LatAm S.A (Brazil)

Ryoji Ono General Manager, Functional Products Division

Shigenobu Abe General Manager, Automotive Products Division

Corporate Vice Presidents

Jun Goto Managing Director, Furukawa (Thailand) Co., Ltd.

Gyula
Besztercey President, Furukawa Electric Institute of Technology Ltd. (Hungary)

Toru Fukushima General Manager, Sustainable Energy Succession Project Team and
Deputy General Manager, Research & Development Division

Keiichiro
Urakami General Manager, Chubu Branch, Global Marketing Sales Division

Teruyoshi
Uchida General Manager, MONOZUKURI Innovation Division

Michihiro
Shimada General Manager, Incubator Department, Research & Development
Division

Toshio Yanagi General Manager, Risk Management Division

Eiichi Nishimura General Manager, Power Cable Division, Energy Infrastructure
Division

Toshihiko Ota General Manager, Next Generation Photonics Business Innovation
Project

Takashi
Yamamoto General Manager, Electronics Component Materials Division

Mami Masuda General Manager, Investor Relations Department, Finance &
Accounting Division and General Manager, Public Relations
Department, Strategy Division

Kazunori Saka Deputy General Manager, Global Marketing Sales Division

Akira Fujisaki General Manager, Research & Development Division

Katashi Hanaya General Manager, Business Transformation Team

Shozo Yano General Manager, AT & Functional Plastics Division, Functional
Products Division

Takaaki Sugii Deputy General Manager, Strategy Division

Senior Fellows

Akihiko
Kasukawa Senior Fellow, Telecommunications & Energy Laboratories,
Research & Development Division

Michio Okubo General Manager, Intellectual Property Department, Research &
Development Division

Hiroshi Ohashi Deputy General Manager, Next Generation Photonics Business
Innovation Project

(Note) Meeting attendance (FY2021)

In fiscal 2021, 16 Board of Directors meetings and eight Audit & Supervisory Board meetings were held. In fiscal 2021, The Nominating/Compensation Committee consists of five or more members selected from among the Directors by the Board of Directors. In addition, we have a "Nominating/Compensation Committee" with a majority of the members being Outside Directors to ensure objectivity and transparency regarding deliberation and decision procedure of nomination/compensation for directors and officers. In fiscal 2021, eight Committee meetings were held.

Mr. Takashi Tsukamoto (Outside Director), Mr. Tamotsu Saito (Outside Director) and Mr. Takao Shiomi (Outside Audit & Supervisory Board Member) were newly elected at the 199th Annual Shareholders Meeting held on June 24, 2021. Therefore, their meeting attendance numbers differ from those of other Outside Directors or Outside Audit & Supervisory Board Members.



Message from Outside Directors

We will advance the monitoring of Furukawa's aggressive and future-oriented 2025 Mid-term Plan and support the sustainable growth of Furukawa Electric Group

Key points of the 2025 Mid-term Plan taken up by outside directors

Takashi Tsukamoto The 2025 Mid-term Plan (25 MTP) was announced in May 2022, one year later than initially planned. Since February 2020, the Board of Directors had discussed it ten times, and each time the meeting was prolonged due to intense heated discussions. We discussed the value creation story—a growth scenario for achieving the Furukawa Electric Group Vision 2030, and had in-depth discussions on what should be achieved in the 25 MTP, which ends at the halfway point of the Vision 2030. The main focus of the discussion was how to solve social issues by leveraging the strengths of our business, and we reaffirmed that the sustainability of society (resolution of social issues) and the sustainability of the Group are two sides of the same coin. Therefore, in addition to our existing financial targets, we have set new

non-financial targets (sustainability targets) under the 25 MTP. I find this to be an important point.

Osamu Tsukamoto I myself have focused on identifying the premise of the 25 MTP, which are changes in the business environment that are significant in magnitude to the corporate management. The broadening of global political divisions, the expansion of new lifestyles in an era where many people live to be 100, and other factors could be risks to Furukawa Electric Group but we had to identify social issues that our Group could contribute to solving through our businesses. In this regard, I believe that we, the outside directors with experience and knowledge in a wide range of fields, have played a significant role.

Yabu As Director Osamu Tsukamoto mentioned, I was very grateful for outside directors with respective perspectives and experiences, including myself, for the opportunity to discuss the medium-term plan with executives from a higher perspective. I took part in the

discussion, paying attention to how to advance the management processes with what kind of a medium- to long-term vision, in order for our Group to grow sustainably and continue to be a presence needed by society.

Optimize a business portfolio by making full use of ROIC and FVA

Yabu I recognize that Furukawa Electric's strength is competitive products that leverage Furukawa's expertise in advanced materials. At the same time, however, I feel that there are challenges in improving the profitability of existing main businesses. The 25 MTP has introduced ROIC*1 and FVA*2 as evaluation tools, and we began restructuring and rebuilding of the business portfolio. This is a very important initiative for us as we aim at sustainable growth, and I believe that we must accelerate our efforts.

Also, one of the main pillars of the 25 MTP is to "build a foundation for creating new businesses." Here we need to evaluate new businesses over the medium- to long-term. I think it may require a system for positively valuing bold challenges through methods other than ROIC and FVA.

Osamu Tsukamoto Many of the new businesses that you, Director Yabu, talked about are moving from the R&D stage to the social implementation phase, but it takes time to earn profit from them. That is why we have reached the conclusion that, in order to advance the challenge of creating new businesses, we need to be strongly conscious of maximizing earnings of the existing businesses with an emphasis on capital efficiency under the 25 MTP.

Takashi Tsukamoto ROIC and FVA are effective evaluation tools, but what counts is to make full use of these tools and build an optimal business portfolio. Our business is diverse, and in order to make appropriate management decisions, we need to constantly review the business portfolio by using certain measurements that cover diverse businesses. I believe that we made a significant advance by making use of ROIC and FVA, visualizing the positioning of the businesses, writing "prescriptions" for each business based on its characteristics, and taking a step forward toward making optimal allocation of management resources.

Develop new businesses based on core technologies and through co-creation with various stakeholders

Osamu Tsukamoto Responding to market needs in a timely manner is critical to the advancement of new businesses. To this end, we need to break away from being limited by the principle of self-sufficiency and promote co-creation with external partners beyond the boundaries of the Group. In

the discussion of the 25 MTP, both internal executive officers and outside directors expressed opinions on this point and reaffirmed its importance. Successful examples of co-creation with specific partners include a new industrial laser business that combines our optical laser technology with the technology of a welding processing manufacturer.

Takashi Tsukamoto Recently, the term "social problem-solving business" is becoming a buzzword in the business world, but saying this word 100 times would not create a new business. It is extremely important to think from the bottom up about what kind of social issues we can solve based on our businesses and technologies. I believe that we should start from social issues that we can and want to solve using our technology, dig deeper based on our own foundation, and then produce a variety of new ideas.

Yabu With regard to "bottom-up", given the fact that approximately 70% of Furukawa Electric's employees in the main career track are engineers (technical graduates), I am hoping that these engineers themselves reflect on the themes needed for society based on our technologies, discover new business opportunities from the frontlines, and strengthen efforts to commercialize and earn profit from them. To this end, our workforce needs to communicate with various external stakeholders and enhance their ability to act, execute, and make proposals with an open mind. This is indeed what President Kobayashi has been advocating: a continuous practice of "Open, Agile, and Innovative."



The challenge is how to make decisive decisions to optimize the business portfolio by making full use of ROIC and FVA

Takashi Tsukamoto, Outside Director

He joined the Dai-ichi Kangyo Bank (now Mizuho Bank) in 1974. He has served as Executive Officer in charge of Financials and Representative Director of Mizuho Financial Group and has provided useful recommendations based on his abundant experience and advanced knowledge in overall corporate management, including finance and accounting. He has served as Outside Audit & Supervisory Board Member of the Company since 2017 and as Outside Director of the Company since 2021.

*1 ROIC (Return on invested capital) *2 FVA (Furukawa value added): Value added to invested capital

Great potential for contributing to carbon neutrality

Yabu I recognize that carbon neutrality is an important topic for our Group in terms of solving social issues through technology. The Group's basic approach is clarified through the following three approaches. First is not to produce but to reduce CO₂ emissions. This is the so-called Scope 1 and 2 reductions. We set a target to reduce CO₂ emissions by 28% by fiscal 2025 and by 46% reduction by fiscal 2030 (compared to fiscal 2017), and we believe that while achieving this we can continue to be the supplier selected by our customers. Next is a Scope 3 initiative of "reducing or not emitting CO₂ from society," that is, "reducing emissions throughout the value chain for products." Our third approach is to place importance on storing or transforming the emitted CO₂. I feel that our Group's products and technologies can make a significant contribution to the last two initiatives, and I think we should appeal this more to our stakeholders.

Takashi Tsukamoto We contribute to the reduction of CO₂ emissions in society by utilizing our technologies and expertise in materials. This is a unique approach of Furukawa Electric to carbon neutrality, which I highly value.

Osamu Tsukamoto One of the technologies where I personally see great potential is bipolar lead storage batteries. Compared to lithium-ion batteries, the cost is relatively low, the risk of fires and explosion is extremely low, and



Toward achieving carbon neutrality, Furukawa Electric has great potential with its technologies and products that symbolize its uniqueness

Osamu Tsukamoto, Outside Director

He joined the Ministry of International Trade & Industry (now the Ministry of Economy, Trade & Industry) in 1977. He has made useful recommendations based on his long-standing involvement in industrial policy at the Ministry and particularly his extensive knowledge in the field of environment and energy. He has been an Outside Director of the Company since 2013.

these batteries would be recyclable, environmentally friendly, and suitable for decentralization. At present, development is progressing one step short of market launch, and I hear that various business negotiations are underway. This is an initiative that symbolizes our uniqueness as a company that contributes to "reducing and not emitting CO₂ in society."

The green LP gas generation technology using Ramune Catalyst™ is another proprietary technology that converts methane gas generated from livestock excreta into green LP gas. It has been adopted as a project by the NEDO Green Innovation Fund and targets to be implemented in society. This is also used in projects that form a Regional Circular and Ecological Sphere (Regional CES; created by the Japanese Government in 2018). By promoting initiatives in cooperation with local governments, we will ultimately be better known in society.

Actively promote diversity & inclusion

Yabu I regard human resources as non-financing capital that leads to the creation of future financial value. In particular, "diversity & inclusion" is an extremely important management strategy issue for the Group, which has a diverse business portfolio and aims to be a business that solves social issues. Management also wants to respond to this challenge with a sense of crisis. That is why we have set a goal of nearly doubling the ratio of women in managers to 7% by 2025, as one of the sustainability indicators in the 25 MTP. Diversity is also indispensable for innovation. New businesses and products are created only when different values collide with each other. I intend to provide advice and support concerning workstyles and management based on my own business experience and initiatives at other companies in which I was involved as an officer.

Osamu Tsukamoto Outside directors, including myself, have constantly sought promotion of female employees, including promotion to executive candidate status. We hear from the executives, nevertheless, that female employees of the target age group have not increased. Nonetheless, I am expecting that we will continue to make efforts.

Takashi Tsukamoto Furukawa Electric Group has a long history and a warm, wonderful corporate culture, but I sense that it may create a homogeneous environment. Diversity & inclusion is considered as an important theme to break away from the limitations imposed by such an environment, and as Director Osamu Tsukamoto mentioned, outside directors have been repeatedly

asking, "can we speed up the efforts?" and "can we set more aggressive numerical targets?" I understand that it cannot be achieved overnight, but I really feel the need to transform corporate-wide management to incorporate opinions of not only all genders but also non-Japanese employees.

Visualize the business status of each region to raise responsiveness to risks

Takashi Tsukamoto With regard to group governance, I felt that the remaining challenge was that area strategies in each region were not necessarily optimized from a global perspective. However, the COVID-19 pandemic resulted in surfacing of supply chain problems. Meanwhile, in order to deal with the problems that have emerged, an emergency management team was tentatively set up and functioned for about 10 months from the COVID-19 outbreak to March 2021, and executives and employees of each business unit and headquarters held online meetings, sharing information digitally, and exchanged information every week. This was an epoch-making effort. Although this initiative itself was completed in March last year, this cross-sectional framework sustains and is still being used for group governance.

Osamu Tsukamoto I also recognize that a global risk management system has been developed. However, given the increasing unpredictability of political risks and other factors which are emerging as risks, such as increased transportation costs, I believe that we need to implement more detailed risk management on a global basis.

Yabu In the so-called age of VUCA (volatility, uncertainty, complexity, ambiguity), we must speedily understand the situation that we are in and promptly take action. In addition to the previous discussions, the Board of Directors needs to more closely and continuously monitor various issues, such as strategies and governance related to intellectual property, and the state of the supply chain, including human rights issues, as Director Osamu Tsukamoto said.

We will fulfill our role to monitor the progress of the 2025 Mid-term Plan

Takashi Tsukamoto I highly evaluate the 25 MTP as an aggressive and future-oriented medium-term management plan. In addition to monitoring the executive side to clear the milestones, I would like to be a part of the plan's driving force by adding pressure on the accelerator to increase the growth of the Group.



Human resources are important non-financial capital. Diversity & inclusion is an extremely important management strategy issue

Yukiko Yabu, Outside Director

She joined Matsushita Electric Industrial Co. (now Panasonic Corporation) in 1981. She provides useful recommendations based on her extensive experience and advanced knowledge in marketing and product development from the customer perspective cultivated at the company. She has been an Outside Director of the Company since 2019.

Yabu As an outside director, I will fulfill the role of monitoring while being conscious of the weight of responsibility, I felt during my involvement with the 25 MTP. I am also determined to be mindful of our diverse stakeholders, including shareholders, promptly give candid opinions as necessary, and support the sustainable growth of the Group.

Osamu Tsukamoto As Director Takashi Tsukamoto and Director Yabu mentioned, I also recognize that it is extremely important to monitor the progress of the 25 MTP and provide appropriate advice. At present, the executive side and the outside directors are engaged in free and vigorous discussions. The executive side sincerely takes our advice and comments, and seriously respond to them. Appropriate tensions and relationships of trust have been established, and I am all for this relationship to be further evolved.

Corporate Governance

Basic Views on Corporate Governance

Based on the “Furukawa Electric Group Philosophy”, Furukawa Electric Co., Ltd. and Furukawa Electric Group secure the transparency and fairness and strive to enhance its performance by promptly responding to changes in the business environment and the market through efficient management based on prompt decision making. At the same time, we ensure sound management by establishing and strengthening an internal control system and applying it effectively. We uphold the basic policy of seeking to expand and develop our operations on a sustainable basis and to raise corporate value through these efforts. In accordance with the following views, we seek to strengthen and enhance our corporate governance.

- 1 We secure the rights and equal treatment of shareholders.
- 2 We consider interests of stakeholders including shareholders, and cooperate appropriately with them.
- 3 We ensure appropriate information disclosure and transparency.
- 4 Given its fiduciary responsibility and accountability to shareholders, the board of directors carries out effective oversight of management from objective standpoint, respecting the independent directors’ role for the oversight.
- 5 We engage in constructive dialogue with shareholders who have investment policies in accordance with interests of mid- to long-term shareholders.

Guideline on Corporate Governance

Based on the “Basic Views on Corporate Governance,” we adopted the “Guidelines on Corporate Governance” as a policy to enhance corporate governance.

For further details, please see our corporate website. <https://www.furukawa.co.jp/company/pdf/policy.pdf> (Only available in Japanese)

Corporate Governance System

We consider that the effectiveness of the audit on the execution of the duties by the Directors is secured, based on the coordination with the accounting auditors and the internal auditing department, while maintaining the institutional independence of the Audit & Supervisory Board Members and of the Audit & Supervisory Board from the Board of Directors. We have therefore adopted the current “Audit & Supervisory Board” type of the corporate governance structure.

In addition, we have a “Nominating/Compensation Committee” to complement oversight function of the Board. The Nominating/Compensation Committee consists of five or more members selected from among the Directors by the Board of Directors, with a majority of the members being Outside Directors. The chair of the Nominating/Compensation Committee is selected from among the Committee members, generally from among Outside Directors.

Board of Directors

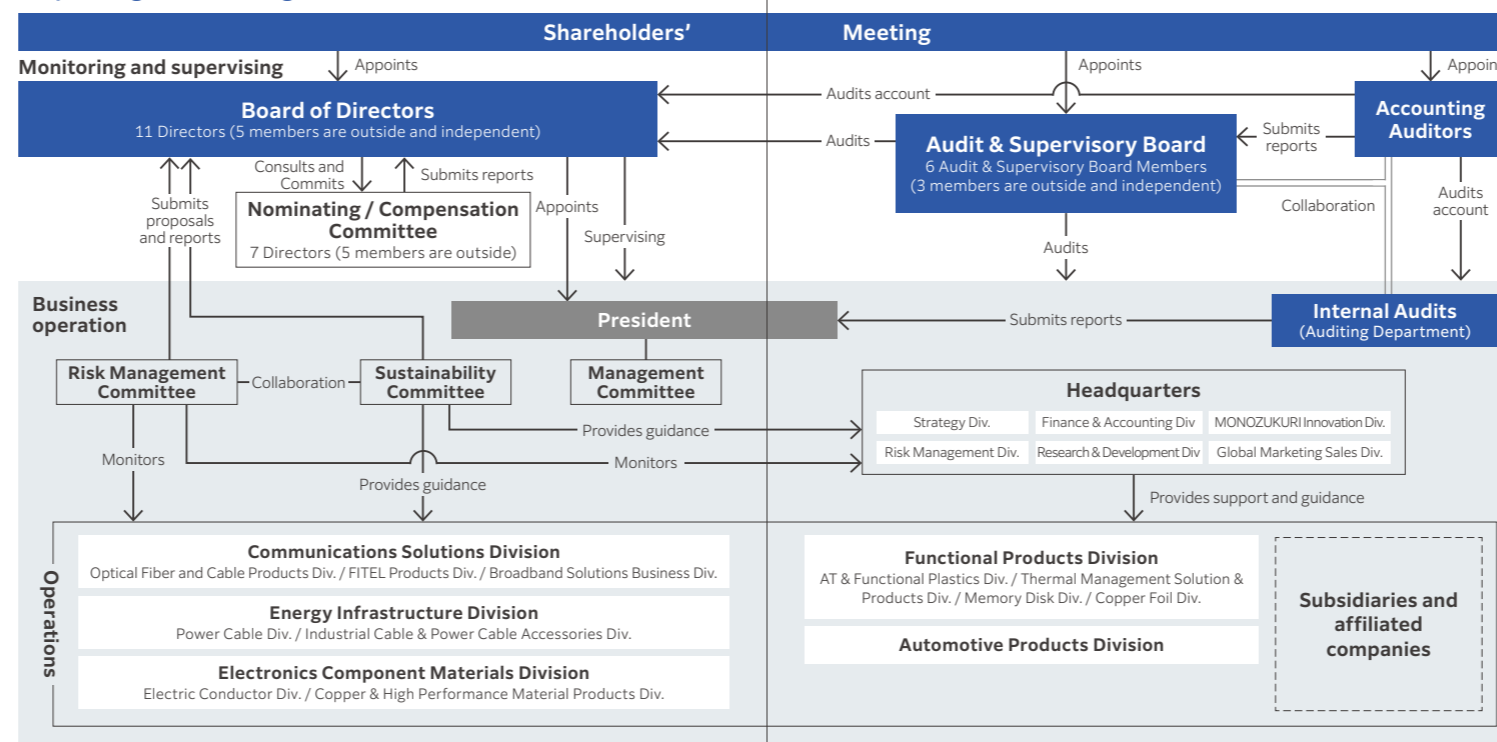
Given its fiduciary responsibility and accountability to shareholders, the board is responsible for promoting sustainable corporate growth and the increase of corporate value over the medium- to long-term and enhancing earnings capability and capital efficiency. The board oversees and determines the matters listed below:

- 1 Determination of corporate governance-related matters.
- 2 Establishment and amendment of business strategies and oversight of execution of such strategies and plans by management.
- 3 Setting capital allocation policy.
- 4 Appointment and dismissal of executives including representative director and corporate vice president, and determination of the compensation of them (including delegating these to Nominating/Compensation Committee).
- 5 Establishment of an internal control system relating to compliance and financial reporting and risk management systems, and oversight of them.
- 6 Decision on important business matters.
- 7 Others prescribed by the applicable laws and regulations etc.

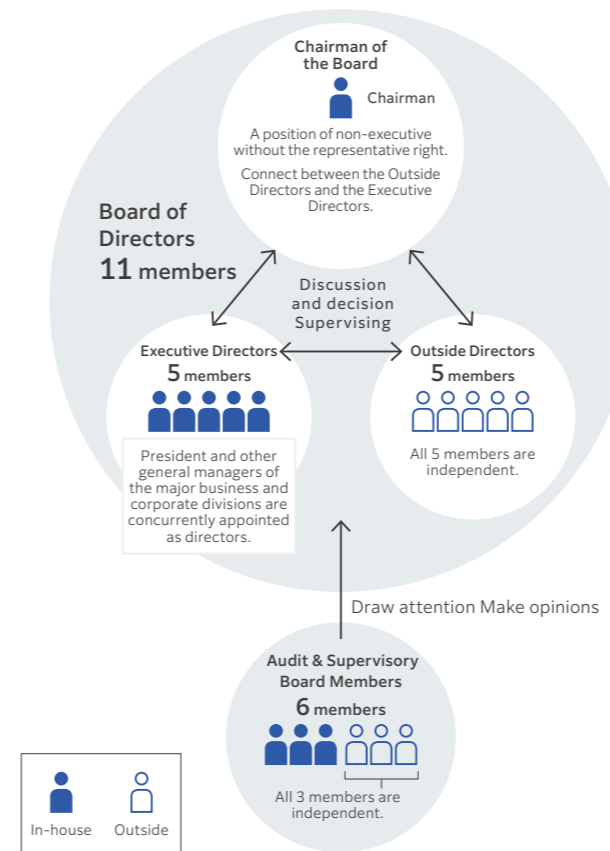
At present, Furukawa Electric’s Board of Directors consists of 11 Directors, five of whom are Outside Directors (all independent officers). The Board is chaired by the Chairman, who is a non-executive director without the representative right of the Board of Directors.

In fiscal 2021, 16 Board of Directors meetings were held and the Directors made important decisions on the execution of operations, checked the progress of the medium-term management plan and the management goals, such as the annual budget, and deliberated corporate governance and other basic management matters.

Corporate governance organization chart (As of June 23, 2022)



Board of Directors and Audit & Supervisory Board (As of June 23, 2022)



Audit & Supervisory Board

Audit & Supervisory Board and each its member auditor collect information about management under statutory investigation authority and report and express their views to the board meetings and the management from an independent and objective standpoint as a fiduciary to shareholders. Auditors ensure coordination with internal audit department through regular meetings, and report the policy, plan and result of auditing to the board regularly.

Full-time auditors attend the meetings such as Management Committee which decides major business matters, and they report information obtained from these audit activities to the part-time and outside auditors. We strengthen our audit function by appointing an assistant staff to the auditors who is dependent of management.

At present, the Audit & Supervisory Board consists of 6 members (3 members are outside and independent).

In fiscal 2021, eight Audit & Supervisory Board meetings were held.

Nominating/Compensation Committee

The Nominating/Compensation Committee consists of five or more members selected from among the Directors by the Board of Directors, with a majority of the members being Outside Directors. The committee deliberates succession plans for officers and the president/CEO, officer compensation and other matters, aiming to ensure objectivity and transparency regarding these matters and to enhance corporate governance.

At present, the Nominating/Compensation Committee consists of seven members, five of whom, including the Committee Chair, are Outside Directors. Committee consists of seven members, five of whom, including the Committee Chair, are Outside Directors.

In fiscal 2021, eight Committee meetings were held. The committee members deliberate upon the next management team and directors’ compensation, etc.

Nominating/Compensation Committee (As of June 23, 2022)



View Concerning Candidates for Members of the Board of Directors

Policy on Nominating Candidates for Directors

With respect to board members (Directors and Audit & Supervisory Board Members), the Company believes that their skills, knowledge and experience, as well as multiple views from diverse board members, in terms of gender

and international experience, contribute to the Group's global business operations and appropriate oversight/auditing. Based on this perception, the Company selects candidates for board members as follows:

▶ Candidates for Outside Director

The Group should select a well-balanced mix of people with various skills and backgrounds, such as persons with experience in corporate management and public policy, engineers with technological expertise, and experts in law, accounting, or other areas.

▶ Candidates for Outside Director

The Group should select a well-balanced mix of people with various skills and backgrounds, such as persons with experience in corporate management and public policy, engineers with technological expertise, and experts in law, accounting, or other areas. Candidates for Director: In light of the consideration of the Furukawa Electric Group's business of having many affiliates around the globe and various business lines, the Group should select persons who have a sufficient skill set, knowledge and experience so that they will contribute to improving the Furukawa Electric Group's corporate value.

Skill matrix for Directors and Audit & Supervisory Board Members

Taking into account expected roles and responsibilities of the Board of Directors (i.e. (1) establishing corporate philosophy/business principles and setting strategic direction; (2) establishing an environment that supports appropriate risk-taking; and (3) effectively overseeing the management from an independent and objective standpoint), and toward realizing new Medium-term Management Plan "Road to Vision 2030" which covers a period ending in fiscal year 2025 as well as "Furukawa Electric Group Vision 2030", the Company identified the following 7 key areas of experience and expertise the Company expects from Directors and Audit & Supervisory Board Members: corporate management, finance/accounting, legal affairs/compliance, environment/energy, technology/IT, sales/marketing, and international experience/knowledge.

The Company will review and update these key areas, as necessary, in response to changes in the external environment/business environment, etc.

The following skill matrix shows current skills of Directors and Audit & Supervisory Board Members.

The Company selected Directors and Audit & Supervisory Board Members by ensuring the balance between areas of expertise and experience.

Details of skillsets

Corporate management	Have experience in serving as Representative Director or equivalent (i.e. an officer with a broad scope of responsibilities that are similar to that of an officer)
Finance/accounting	Have experience/expertise in finance/accounting; have significant experience as the person in charge of finance/accounting division
Legal affairs/compliance	Have experience/expertise in establishing legal/compliance system, etc.; have significant experience as the person in charge of legal affairs/compliance division
Environment/energy	Have extensive experience, expertise and/or network in the area of environment/energy
Technology/IT	Have experience/expertise in R&D, IT, DX, etc.; have significant experience as the person in charge of technology/IT division
Sales/marketing	Have experience/expertise in sales/marketing; have significant experience as the person in charge of sales/marketing division
International experience/knowledge	Have experience in running a company abroad or have international knowledge of international trade or a relevant specialized area

		Name	Independent Officer	Position in Furukawa Electric	Company Management	Finance/Accounting	Legal Affairs/Compliance	Environment/Energy	Technology/IT	Sales/Marketing	International Experiences and Knowledge
Directors		Mitsuyoshi Shibata		Chairman of the Board and Director	●				●		
		Keiichi Kobayashi		President and Representative Director	●				●	●	
		Osamu Tsukamoto	●	Director (Outside, part-time)				●	●		
		Takashi Tsukamoto	●	Director (Outside, part-time)	●	●					●
		Yoshiro Miyokawa	●	Director (Outside, part-time)	●		●				
		Yukiko Yabu	●	Director (Outside, part-time)					●	●	
		Tamotsu Saito	●	Director (Outside, part-time)	●				●		
		Satoshi Miyamoto		Director and Corporate Executive Vice President			●				●
		Akihiro Fukunaga		Director and Corporate Senior Vice President		●					●
		Hideya Moridaira		Director and Corporate Senior Vice President					●		●
Audit & Supervisory Board Members		Yoshio Masutani		Director and Corporate Senior Vice President						●	●
		Nozomu Amano		Audit & Supervisory Board Member (Full-time)		●	●				
		Yoshiaki Mizota		Audit & Supervisory Board Member (Full-time)					●		●
		Masao Terauchi		Audit & Supervisory Board Member (Full-time)	●						●
		Kunihiko Sakai	●	Audit & Supervisory Board Member (Outside, part-time)			●				●
		Sayaka Sumida	●	Audit & Supervisory Board Member (Outside, part-time)		●					●
		Takao Shiomi	●	Audit & Supervisory Board Member (Outside, part-time)	●	●					●

Outside Directors' Expertise and Principal Activities

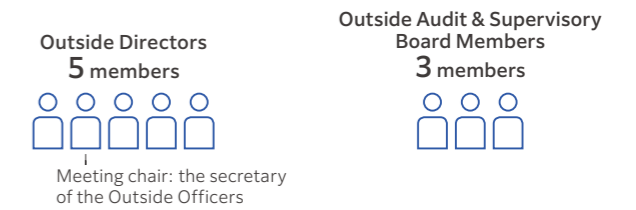
Outside Directors have extensive experience at financial institutions, trading companies, or operating companies, and expert knowledge/experience regarding laws, financials, accounting, industrial policies, and other areas. The Board of Directors makes decisions by respecting Outside Directors' opinions and comments from diverse perspectives based on their extensive experiences.

The Outside Officers' meetings are regularly conducted so that Outside Officers can exchange opinions while establishing a shared understanding of the Company from an objective viewpoint and submit the resulting opinions to the Board of Directors if necessary. The Outside Officers' meeting consists of Outside Directors and Outside Audit & Supervisory Board Members and the secretary of Outside

Officers* is selected from among Independent Outside Directors.

In fiscal 2021, four Outside Officers' meetings were held.

Outside Officers' Meeting(As of June 23, 2022)



* Secretary of Outside Officers serves as the chair of Outside Officers Meeting, reports what was discussed at the Outside Officers Meeting to the Board of Directors and management as needed, and acts as a liaison of outside directors to cooperate with the management team or the Audit & Supervisory Board (meeting).

(Note) The above table does not list all of the areas of experience or expertise each person has but shows the areas the Company highly expects in particular.

Implementation Procedure for the Evaluation of the Effectiveness of the Board of Directors

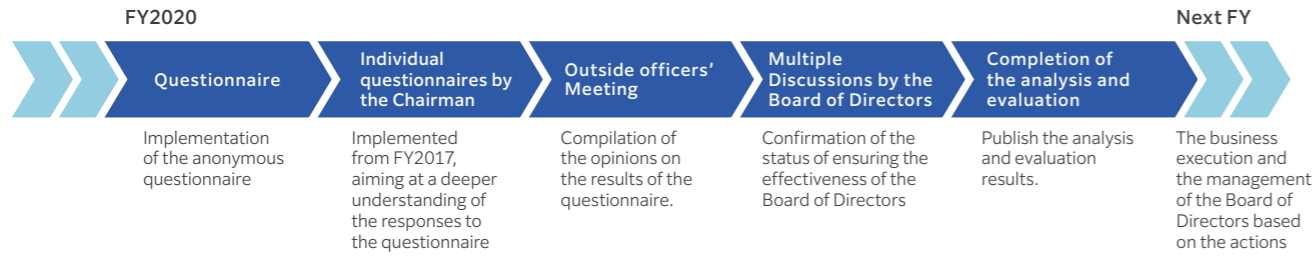
For the purpose of improving the function of the Board of Directors, we have been working on analyzing and evaluating the effectiveness of the Board of Directors every year since fiscal 2015. Through this continuous process, necessary measures are taken in order to improve issues or further reinforce strengths reported through the verification of the suitability of the Board of Directors' functions.

Since fiscal 2017, in addition to having a questionnaire filled in by all members of the Board of Directors and the Audit & Supervisory Board Members, an individual interview has been conducted by the Chair of the Board (an interview with the Chairman is conducted by an Outside Officer other than the Chair), for the purpose of providing a deeper understanding of the responses to the questionnaires. More substantive analysis and evaluation have thus been implemented.

Evaluation Items on the Effectiveness of the Board of Directors

Effectiveness of the Board of Directors
Management of the Board of Directors
System related to support and cooperation with the Outside Officers
Roles and expectation for the Audit & Supervisory Board Members
Relationship with the shareholders and other stakeholders
Others (The Board of Directors in general, individual and peer evaluation)

Flow of the Board of Directors Effectiveness Evaluation



Results of the Evaluation of the Effectiveness of the Board of Directors and Future Initiatives

Given the results of the effectiveness evaluation of the previous year, the Board of Directors continued to implement measures to further improve its effectiveness and worked on analyzing and evaluating it again in fiscal

2020. As a result of discussion with due consideration to many proposals and opinions from Directors and Audit & Supervisory Board Members, we have decided to make further improvements regarding the following items.

Item	Future initiatives based on the results of analysis and evaluation for FY2021
Medium-term management plan, business portfolio review, group and global management	In reporting the formulation and the progress of the medium-term management plan to the Board of Directors, enhance discussions on reviews of business portfolio, allocation of management resources and important issues on group and global management. In addition, continue to establish a detailed plan for the annual agenda and ensure sufficient time for deliberation of important agenda items, to further enhance discussions.
Provision of information to outside officers	In order to obtain appropriate involvement and advice of outside officers on the Board of Directors, take advantage of opportunities to deepen understanding of each agenda item of the Board in advance, such as pre-briefing sessions of the Board for outside officers, and continue to provide invitation and information of internal events to help outside officers understand the Company and the Group. In addition, appropriately set opportunities for communication among outside officers to deepen discussions among outside directors and exchange outside directors' opinions freely.
Sustainability related (including ESG and SDGs)	Discuss countermeasures for important management issues directed at achieving "Furukawa Electric Group, Vision 2030" in the process of formulating the medium-term management plan.
Risk management related	Increase awareness of companywide risks and enhance countermeasures suitable for the priority of risks.
Dialogues with stakeholders	Continue dialogues with shareholders and investors and reports on their opinions to the Board of Directors. In addition, enhance reports to the Board and discussions on opinions of all non-shareholder stakeholders, including employees.

For details, please see our website page "Corporate Governance" <https://www.furukawa.co.jp/company/governance.html> (Only available in Japanese)



Design of Programs for Directors' and Officers' Remuneration

Policy for Directors' and Officers' Remuneration

The Company has the following policy for the directors' and officers' remuneration, which is determined by the Nomination/Compensation Committee.

The remuneration of directors and officers shall be determined in a way that encourages each officer to exert his/her abilities to the maximum level and proactively fulfill his/her duties, so that the Company Group will increase its corporate value and achieve sustainable growth while contributing to society through its business activities.

Based on the policy, the committee confirms validity, effectiveness and appropriateness of plan design and level of remuneration every year, by means of outside survey that is comparing the Company's remuneration level with those of other similar size 30 manufacturing companies.

Outline of the Directors' and Officers' Remuneration

The remuneration of the Company's directors and officers is comprised of basic remuneration, short-term performance-linked remuneration and medium- to long-term performance-linked remuneration.

Policy Regarding the Determination of Individual Remuneration for Each Remuneration System

Remuneration item	Summary	Recipients			
		Directors, excluding Outside Directors	Outside Directors	Corporate Vice Presidents who are not Directors, and Senior Fellows	Audit & Supervisory Board Members
Basic remuneration	Basic remuneration is paid in cash in a fixed amount every month. The amount paid to each person differs depending on their role, i.e., management supervision role or business execution role, and position.	●	●	●	●
Short-term performance-linked remuneration (individual) (Payment ratio: 0~200%)	This remuneration is paid to each officer. The remuneration amount for each person is determined by the Nominating/ Compensation Committee after evaluating their actual performance versus the business plan*1 of the division in charge and the progress of implementing measures during the previous fiscal year. The determined amount is paid in cash every month.	●	—	●	—
Short-term performance-linked remuneration (entire Company) (Payment ratio: 0~200%)	The remuneration amount, which is paid in cash once a year, is determined by the Nominating/ Compensation Committee, using consolidated operating income as the base*2 for evaluation.	●	—	●	—
Medium- to long-term performance-linked remuneration (Payment ratio: 0~130%)	This remuneration is under the stock remuneration program ("the Program" in this column). Under the Program, the Company's stocks, funded by the Company and acquired through the Trust, are granted. In the Program, three fiscal years constitute a performance period, and the Company contributes funds up to a maximum amount of 450 million yen per performance period to the Trust as remuneration for Directors and Officers. Directors and Officers are granted a pre-determined number of points depending on their titles/positions every year as the basis of their rights to receive the Company's stocks*3. After the end of each performance period, the number of points qualifying Directors and Officers to receive the Company's stocks are finalized after an adjustment for certain cases*4, according to the criteria for comparing changes in the Company's stock price with that of the TOPIX during the period. If any Directors and Officers retire from their positions during the period, an adjustment is to be made in a similar manner. In principle, upon their retirement, Directors and Officers receive the Company's stocks from the Trust, and the number of such stocks corresponds to the number of points finalized during their term of office.*5	●	—	●	—

*1. With the aim of comprehensively evaluating the achievement of individual divisions, the actual performance versus the plan for operating profit and inventory reduction, the achievement of the goals for safety and quality, and the readiness for risk are scored and evaluated as total points.

*2. In order to properly and clearly reflect the Company's performance in the fiscal year, consolidated operating income (11,428 million yen in fiscal 2021) is adopted as an indicator. The correspondence table between consolidated operating income, which is an evaluation standard, and the amount paid by the rank of each position, is regularly reviewed by the Nominating/Compensation Committee to ensure that the level is appropriate, taking into account the consolidated operating income of the past few years. The correspondence table between consolidated operating income and the amount paid by the rank of each position was revised at the Board of Directors meeting held on April 28, 2022. The revised correspondence table is shown as below.

(Unit: JPY thousand)

Officer classification	Consolidated Operating Income						
	650- (JPY 100 million)	550-650 (JPY 100 million)	450-550 (JPY 100 million)	350-450 (JPY 100 million)	250-350 (JPY 100 million)	150-250 (JPY 100 million)	<150 (JPY 100 million)
Chairman of the Board	19,500	16,088	12,675	9,750	7,800	4,875	—
President (Representative)	34,000	28,050	22,100	17,000	13,600	8,500	—
Corporate Senior Executive Vice President	20,800	17,160	13,520	10,400	8,320	5,200	—
Corporate Executive Vice President	16,500	13,613	10,725	8,250	6,600	4,125	—
Corporate Senior Vice President	10,000	8,250	6,500	5,000	4,000	2,500	—
Corporate Vice Presidents / Senior Fellows	5,400	4,455	3,510	2,700	2,160	1,350	—

*3. The total points granted to Directors and Officers during each period is limited to 180,000 points, and 1 point corresponds to 1 share of the Company's common stock. After determination and approval at the Board of Directors meeting held on April 28, 2022, points granted to each position during the period from April 1, 2022 to March 31, 2025 are shown in the table below.

Officer classification	Number of points granted	Maximum number of shares (per eligible period)
Chairman of the Board	7,640	29,796
President (Representative)	9,340	36,426
Director and Corporate Senior Executive Vice President	4,800	18,720
Corporate Senior Executive Vice President	3,930	15,327
Director and Corporate Executive Vice President	3,930	15,327
Corporate Executive Vice President	3,060	11,934
Director and Corporate Senior Vice President	2,190	8,541
Corporate Senior Vice President	1,310	5,109
Director and Corporate Vice President	1,310	5,109
Corporate Vice President / Senior Fellows	660	2,574

*4 In order to appropriately reflect increase in corporate value to the remuneration amount, and to share the incentive for increasing corporate value with shareholders, we adopted the Company's stock price as the performance indicator. The specific number of points to be granted (finalized points) is calculated by multiplying the cumulative total points granted in the evaluation period by the payout ratio which is determined on the basis of the degree of divergence between the volatility of the Company's stock price and the volatility of TOPIX (Tokyo Stock Price Index).

Formula for calculating the degree of divergence

Degree of divergence = Volatility of the Company's stock price / Volatility of TOPIX
 Volatility of the Company's stock price = Average stock price of the Company in the final year of the evaluation period / Average stock price of the Company in the year prior to the start of the evaluation period
 Volatility of TOPIX = Average TOPIX in the final year of the evaluation period / Average TOPIX in the year prior to the start of the evaluation period.

Actual degree of divergence

0.59

Rate correspondence table for each degree of deviation

Deviation (Scope)	X≥1.3	1.3>X≥1.2	1.2>X≥1.1	1.1>X≥0.95	0.95>X≥0.85	0.85>X≥0.75	0.75>X≥0.65	0.65>X≥0.55	0.55>X≥0.2	0.2>X
Payout Rate (%)	130	120	110	100	90	80	70	60	50	0

Formula for calculating each officer's points during the evaluation period

Finalized points = (Cumulative total points granted to each officer during the evaluation period) x (Payout ratio for the evaluation period)
 "Payout ratio" represents the percentage of change in the actual remuneration amount as a result of performance evaluation, where the standard amount of the medium- to long-term performance-linked remuneration is 100%.

*5 At the time of their retirement, Directors and Officers receive the Company's stocks and money calculated by the following formula (1) and (2) as the medium- to long-term performance-linked remuneration. The "number of points convertible into share units" of the calculation formula 1) and 2) shall be (Cumulative total points as of the vesting date x Payout ratio - Number of points corresponding to a fraction of shares). The vesting date is defined as the first end date of June after the retirement of Director or Officer, and after the closing of the last fiscal year, in which he/she is eligible for receiving points.

- Number of the Company's shares to be granted = (Number of points convertible into share units) x 0.7
 If there is a fraction of shares of the Company upon calculation by the above formula, such shares will be disregarded.
- Amount of money to be paid = (Number of points convertible into share units x 0.3 + Number of points corresponding to a fraction of shares) x Market value of the Company's stock as of the vesting date
 If there are any points corresponding to a fraction of shares upon calculation by the formula "the number of points convertible into share units x 0.3," such a fraction will be rounded up to a share unit and added to the number of share units.

Policy Regarding the Determination of the Percentage of Individual Remuneration for Each Remuneration System

As for the percentage of each component of remuneration, it is designed that the higher the officer's rank, the larger the percentage of performance-linked remuneration. When the aggregate total of the standard percentage of each component is 100%, the percentage of each component is shown below:

Officer classification	Basic remuneration	Short-term performance-linked remuneration (individual)	Short-term performance-linked remuneration (entire Company)	Medium- to long-term performance-linked remuneration	Total
Chairman of the Board	55%	12%	12%	21%	100%
President (Representative)	51%	15%	15%	19%	100%
Director and Corporate Senior Executive Vice President	55%	15%	15%	15%	100%
Director and Corporate Executive Vice President	58%	14%	14%	14%	100%
Director and Corporate Senior Vice President	68%	11%	11%	11%	100%
Corporate Senior Executive Vice President	54%	16%	16%	14%	100%
Corporate Executive Vice President	56%	15%	15%	14%	100%
Corporate Senior Vice President	67%	13%	13%	8%	100%
Corporate Vice President / Senior Fellows	71%	16%	8%	5%	100%

(Note) "Policy Regarding the Determination of the Percentage of Individual Remuneration for Each Remuneration System" was revised at the Board of Directors meeting held on April 28, 2022.

Remuneration for Directors and Audit & Supervisory Board Members for Fiscal 2021

Officer classification	Total remuneration (JPY millions)	Total remuneration by type (JPY millions)			Number of subject officers (persons)
		Basic remuneration	Short-term performance-linked remuneration (individual)	Short-term performance-linked remuneration (entire Company)	
Directors (excluding Outside directors)	340	248	36	-	7
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	91	91	-	-	3
Outside Officers	110	110	-	-	11
Outside Directors	74	74	-	-	7
Outside Audit & Supervisory Board Members	36	36	-	-	4

- The amounts and numbers of officers in the above table include three Directors and one Audit & Supervisory Board Member who retired from the positions due to the expiry of their terms at the end of the 199th Annual Shareholders Meeting held on June 24, 2021 as well as amounts of their remuneration. As for Mr. Takashi Tsukamoto, who retired from the position of Audit & Supervisory Board Member due to the expiry of his term at the end of the above-mentioned Shareholders Meeting, and was appointed as Outside Director at the above-mentioned Shareholders Meeting, the above table includes amounts of his remuneration during his term as Audit & Supervisory Board Member and during his term as Director separately in the respective columns.
- Short-term performance linked remuneration (the entire Company) refers to the remuneration to be paid to seven Directors (excluding Outside Directors). For fiscal 2021, this remuneration was not paid because the performance did not meet the qualified level for payment.
- The amount of medium- to long-term performance-linked remuneration is calculated by deeming the number of shares equivalent to the points granted for the current fiscal year under the Stock Remuneration Plan as the remuneration for fiscal 2021.

Succession Plan

The Nominating/Compensation Committee checks an update of the succession plan for the CEO and the development of the next generation of managers, and deliberates such matters as the selection of candidates for the next generation of managers and the effectiveness of their development process.

Furukawa Electric Co. Ltd.
Guideline on Corporate Governance (extract)
 Chapter 3 Corporate Governance System
 Section 3 Nominating/Compensation Committee

3. Succession Plan

- Based on the Furukawa Electric Group Philosophy and a concrete management strategy, a succession plan for the President/CEO is deliberated and determined by the Nominating/Compensation Committee, are annually reviewed by the Committee.
- Each Succession plan for Corporate Vice Presidents is annually reviewed and submitted to the Nominating/Compensation Committee, then the Committee checks an update of the succession plans for Corporate Vice Presidents.
- The Company makes efforts to systematically develop the next generation of executives. Candidates of prospective president and corporate vice presidents selected by succession plans obtain advice from outside consultants, take training for the development of executives, and transfer to a different division to acquire necessary experience.

Policy-holding Shares

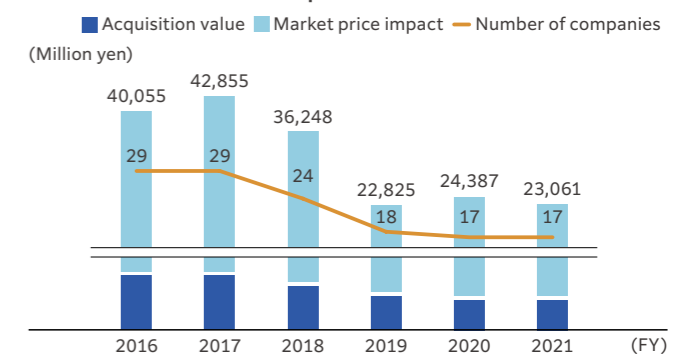
Each year, the Board of Directors verifies the validity of all listed shares of the policy-holding shares, and decides to continue holding some of the shares from the viewpoint of their relationship with the Company and of the cooperative relationship. We intend to reduce the shares deemed unsuitable for holding.

The Board of Directors most recently examined the appropriateness of the policy-holding shares at a meeting held in December 2021. As a result of the verification, we reduced some policy-holding shares, including one listed stock (435 million yen). Our policy-holding shares as of March 31, 2022 include 17 listed shares (23,061 million yen).

Policy on Policy-holding Shares

We will hold the shares if they are deemed to be significant from the viewpoint of improving capital efficiency or from need for the Company's business activities, and will reduce the shares if they are deemed to be unsuitable for holding. Each year, the Board of Directors shall conduct a verification of the validity of all listed shares of the policy-holding shares. The verification shall be conducted from a comprehensive perspective, including the creation of business opportunities, the maintenance and strengthening of business relationships and cooperative business relationships, as well as the comparison of quantitative benefits derived from the holdings of shares with the cost of ownership calculated by the market value and capital cost of the shares.

Policy-holding Shares Recorded on the Balance Sheet and the Number of Companies



* Policy-holding shares are defined as the shares subject to "investment shares held for other than purely investment purposes" in the Securities Report.

Group Governance

While respecting the independence of each affiliated company's management, Furukawa Electric shall understand the overall status of its management, including compliance and risk management, and provide appropriate management guidance, including advice and support on the establishment of each company's legal and internal control systems. That is how we ensure the soundness of each company's management, and we also strive to strengthen the entire Group's management structure and to increase corporate value.

Furukawa Battery Co. and Totoku Electric Co.— our subsidiaries — are listed on the Tokyo Stock Exchange. With the aim of maximizing corporate value as a group, we will continue to analyze the significance of the holding of listed subsidiaries in light of the proper allocation of management resources across the entire Group.

Given the fact that there is a structural conflict of

interest risk between the Company and minority shareholders of its listed subsidiary, we have taken measures to secure the interests of minority shareholders of the listed subsidiaries. Specifically, the ratio of independent outside directors (outside directors who report to the Tokyo Stock Exchange as independent directors) at their Board of Directors has been increased to represent more than a third. In addition, both Furukawa Battery Co. and Totoku Electric Co. have established a Conflict of Interest Management Committee as an organization to examine the rationality and fairness of transactions with their parent company. Independent outside directors represent a majority of the Committee at both companies. We will continue to work with the listed subsidiaries to establish and strengthen an effective governance system that effectively utilizes independent outside directors.

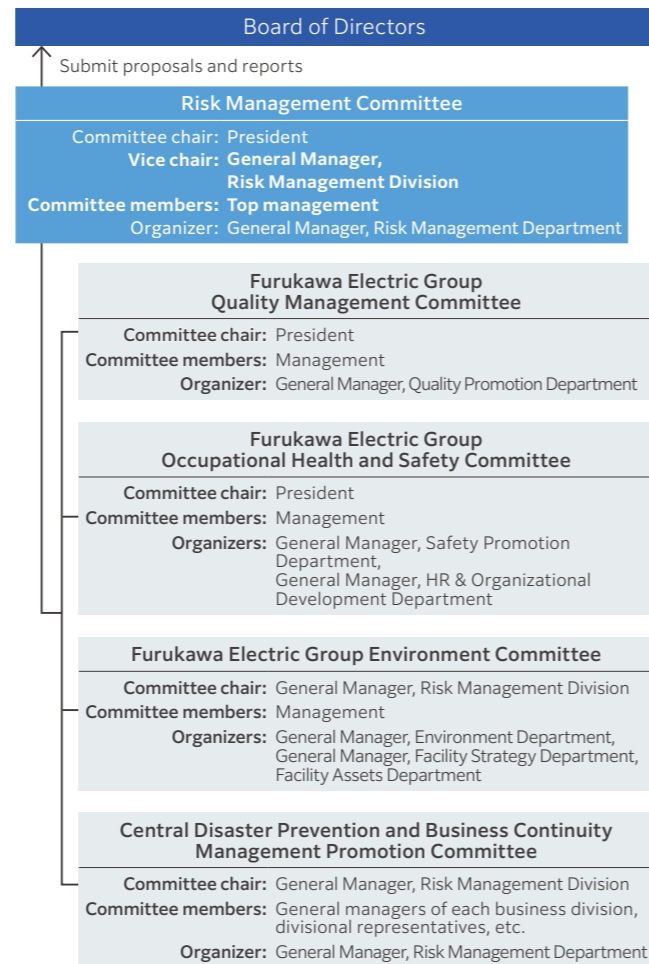
Risk Management

Overview of Risk Management and System

Furukawa Electric Group has established the Risk Management Committee, which comprises management as members, with the President as chair and the General Manager of the Risk Management Division as vice chair. The committee is structured to supervise and promote risk management, internal control and compliance.

Furukawa Electric Group Risk Management Committee conducts regular risk assessment to determine what risks exist, define important risks that require a companywide response, and prioritize measures to counter these risks. Through specialized committee activities in segment-specific areas— occupational health and safety, quality control, the environment, and disaster prevention and business continuity management—we are enhancing our system to manage risks related to our business activities. In addition to this system, important decision making is conducted by the Board of Directors and the Management Committee or through the approval processing system, after the expected risks based on each case have been clearly presented and acknowledged.

Risk Management Promotion Framework



Business-Related Risks

The Furukawa Electric Group's financial results and financial situation are affected by the economic conditions in the various markets in which the group sells its products and provides services.

The important risks that have the potential to affect the financial results and financial situation are listed, as shown on the right. Based on how the risks are perceived, they have been divided into "Management strategy risks" and "Operational risks". When implementing responses to each risk, particularly for the management strategy risks, rather than being independent risks, they are recognized to be mutually related.

Business-related Risks (classification and risk item)

Management strategy risks		
Business portfolio	Regional strategy and international political economics	Impact of disasters or infectious disease
Human resources and organizations	Human rights	
Climate change (carbon neutral)	Governance	

Operational risks		
Employee health and safety	Raw material and fuel price fluctuations	Inventory valuation
Quality (product defects)	Information systems and information security	Exchange rate, interest rate and share price fluctuations
Creation of new businesses	Environmental pollution and environmental regulations	Capital procurement
Credit management	Legal violations	Tax compliance
Deteriorated construction project profitability	Asset impairment	Research & development and intellectual property
Raw material procurement	Investment in non-current assets	

See details on our corporate website for "Business-related risks".
<https://www.furukawa.co.jp/en/ir/management/risk.html>

Efforts to risk management activity

For the purpose of continually enhancing and deepening an activity on the risk control of Furukawa Electric Group, we have assessed the control activity on each item of the "business-related risks." Those results are totalized and summarized, and then the overall assessment of the risk control activity is annually and regularly reported to Risk Management Committee.

In addition, "the Ratio of follow-up on risk management activities for all risk domains," that contains items of the business-related risk, has been assigned as a sustainability indicator. Then, its indicator has been monitored to enhance the improvement of the control activity.

Furukawa Electric Group's risk domains

Management strategy	Intellectual property and brand	Marketing, sales and orders
Disclosure and brand	Information systems and information security	Procurement
Personnel and labor	Environment	Manufacturing
Accounting/financial and tax matters	Tangible assets	Delivery, distribution and inventory assets
Legal and compliance	Quality	Accident and disaster
	Research & development	

Metrics and Targets

Materiality "Build a governance system to strengthen risk management/Group Governance"

	Indicators	Result	Target	
	(★ : Sustainability Indicator)	FY2021	FY2022	FY2025
CONSOLIDATED	★Ratio of follow-up on risk management activities for all risk domains	88%	93%	100%

Supply Chain Management

Basic Policy on Procurement

In accordance with the Furukawa Electric Group Procurement Policy, we undertake procurement activities with fairness and integrity, and are fully considerate of corporate social responsibilities toward

realizing a truly rich, sustainable society. We also contribute to creating global infrastructure combining information, energy, and mobility by collaboration with partners*1 based on relationships of trust with them.

*1: Furukawa Electric Group calls those who do business with us "partners" who collaborate with us to create value.

Furukawa Electric Group Procurement Policy

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

CSR Procurement Activities

As part of activities in keeping with the best interests of the environment and society in general, Furukawa Electric, in its procurement activities, conforms to various CSR practices and standards. The implementation rate of a self-assessment questionnaire (SAQ) survey, based on the Furukawa Electric Group CSR Procurement Guidelines

(3rd Edition), revised in fiscal 2021, has been adopted as a sustainability indicator, and the SAQ survey was conducted to 56 major partners. We will expand the SAQ target to the partners of our Group companies to achieve the fiscal 2025 target of 100% implementation, and better understand and reduce risks in the supply chain.

Responsible Mineral Procurement Efforts

The Group policy on responsible minerals procurement is clearly stated in our CSR Procurement Guidelines and is made known by our Group companies and partners. Given the recent changing trend toward mineral

procurement and the heightened demand in society, we have established the Furukawa Electric Group Responsible Minerals Sourcing Policy.

Furukawa Electric Group Responsible Minerals Sourcing Policy <small>(established on September 12, 2022)</small>	Furukawa Electric Group shall not procure tantalum, tin, tungsten, gold, and other minerals associated with human rights violations, environmental degradation, corruption, conflicts, and other incidents in conflict-affected and high-risk areas. We will work to correct any concerns about risks that arise in our supply chain and engage in responsible minerals sourcing throughout the entire supply chain.
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Collaboration with external organizations

In order to prevent or mitigate the adverse effects associated with mining of minerals in conflict- or high-risk areas, we have joined the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries

Association (JEITA) in addition to making our own efforts, and are working to resolve issues related to conflict minerals around the world and to improve our supply chain conflict minerals research activities through intra-industry collaboration.

Indicators and targets

Materiality Building a governance system to strengthen risk management / Supply chain management

	Indicator	Result		Target	
		FY2021	FY2022	FY2022	FY2025
	(★ : Sustainability indicator)				
Group	★ SAQ implementation rate based on the CSR Procurement Guidelines	Furukawa Electric 20%	Global 20%	Global 20%	Global 100%

Human Rights & Labor Practices

Basic Policy on Human Rights

Under Furukawa Electric Group Philosophy, the Group understands that the human rights of everyone affected by its globally expanding business activities must be respected. The Group respects human dignity and all human rights that are recognized internationally. We are

promoting initiatives to respect human rights along with expectations for companies by the United Nations Guiding Principles on Human and Business Rights: Establishment of human rights policy; implementation of human rights due diligence; and establishment of remedy mechanism.

Establishment of Human Rights Policy

In accordance with the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Civil and Political Rights), International Labour Organization's (ILO) Fundamental Rights at Work, and the United Nation's Guiding Principles on Human and Business Rights, the Group has established Furukawa Electric Group Human Rights Policy.

Furukawa Electric Group Human Rights Policy (items only) (established on January 27, 2020)

1	Positioning	6	Training
2	Scope	7	Compliance with applicable laws and regulations
3	Responsibility to respect human rights	8	Dialogue and consultation
4	Human Rights Due Diligence	9	Information disclosure
5	Remedy		

For details, please see the "Human Rights" on Furukawa Electric's website.
<https://furukawaelectric.disclosure.site/en/themes/95>



Implementation of human rights due diligence

In response to changes in social demands for human rights, such as forced labor, child labor, and discrimination, and increased interest in human rights throughout the supply chain, Furukawa Electric Group began implementing human rights due diligence in fiscal 2021. In fiscal 2021, we conducted a self-assessment questionnaire (SAQ) based on the Furukawa Electric Group CSR Procurement Guidelines (3rd edition) for 79 of our group companies in Japan and overseas and 56 of our major partners to evaluate human rights. As a result of the SAQ, no significant negative human rights impacts were found, but we still plan to take necessary corrective actions as may be called for in conjunction

with the results of the Compliance Awareness Survey of employees that is conducted separately.

In addition, as part of our human rights due diligence, in fiscal 2022 we started providing Group managers with education on the negative impacts on human rights (human rights risks) that may be involved in our business activities. This initiative has been assigned a sustainability indicator, "the rate of implementation of education on human rights risks for managers," and we target 100% implementation of the training for global managers by fiscal 2025. The education program will be gradually expanded from Group companies in Japan to overseas to prevent and mitigate human rights risks.

Establishment of remedy mechanism

As a point of contact for reporting adverse impacts on human rights, we are establishing for employees an internal whistle-blowing system involving third parties. Further, for stakeholders other than employees, the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), established mainly by the

CSR Committee of the Japan Electronics and Information Technology Industries Association (JEITA), is utilized. We will respond with objectivity and transparency so that our mechanism will be similar to a grievance mechanism that ensures the effectiveness required by the UN Guiding Principles on Business and Human Rights.

Indicators and targets

Materiality Building a governance system to strengthen risk management / Human rights and labor practices

	Indicator	Result		Target	
		FY2021	FY2022	FY2022	FY2025
	(★ : Sustainability indicator)				
Group	★ Implementation rate of human rights training for managerial positions	—	Started from Group companies in Japan	Global 100%	Global 100%

Development of Business Activities that Consider Climate Change

Furukawa Electric Group Basic Environmental Policy (Formulated in 2008, revised in April, 2011)

Basic Philosophy	We, the employees of the Furukawa Electric Group, recognize that conservation of the global environment is a serious issue confronting the international community, and we pledge to contribute to a sustainable future for the world through technological innovation that utilizes our strength in advanced materials.
Action Guidelines	1 We shall comply with environmental laws and regulations as well as the demands of our customers and others, setting ever higher environmental targets as we continuously improve our global environmental conservation efforts.
	2 We shall strive to develop products that are friendly to the Earth, and create new environmental businesses.
	3 We shall strive to reduce environmental risk by incorporating anti-climate change and resource conservation/recycling considerations, as well as a reduction in the use of environmental impact causing substances, across the entire product lifecycle.
	4 We shall evaluate the ecological impact of all of our businesses, and strive for the conservation of biodiversity and sustainable use of resources.
	5 We will seek harmony with the natural environment and local communities through dialogue with our stakeholders.

Furukawa Electric Group Environmental Vision 2050 (Formulated in March, 2021)

Through the provision of environmentally friendly products and services and recycling-based production activities, contribute to the realization of a sustainable society throughout the value chain

1	Contribute to a carbon-free society Aim to reduce greenhouse gas emissions throughout the value chain (Greenhouse gas emissions from business activities (Scope 1 & 2): Challenge target of zero emissions in 2050)
2	Contribute to realizing a recycling-based society for water & resources Minimize water usage, and promote the use of recycled materials, including waste plastic, throughout the value chain
3	Contribute to society in harmony with nature Minimize the impact on ecosystems through value chain management that includes raw materials

Scope 1: Direct emissions from the company's plants and offices
Scope 2: Indirect emissions from the electrical power and heat paid by the company

Environmental Targets 2030 (Formulated in March, 2019, revised in February, 2022)

1	Contribute to a carbon-free society (1) Greenhouse gas emissions from business activities (Scope 1 & Scope 2): Reduce by at least 46% compared to FY2017 (2) Greenhouse gas emissions in the value chain (Scope 3): Reduce by at least 20% compared to FY2019
2	Contribute to realizing a recycling-based society for water and resources / Contribute to society in harmony with nature (1) Efficient use of water resource • Water consumption: Reduce by at least 10% compared to FY2020 (per unit of net sales) (2) Efficient use of metals and plastics • New material*1 consumption: Reduce by at least 10% compared to FY2020 (per unit of net sales) • Single-use plastic*2 consumption: Reduce by at least 25% compared to FY2020 (total volume).

The Group obtained SBT*3 WB2°C (well-below 2°C) certification from SBTi (Science Based Targets Initiative) for the company's greenhouse gas reduction targets in July 2022.
*1 New material: virgin materials for electrolytic copper, new aluminum ingots, and plastics, etc.
*2 Single-use plastic: disposable plastics used in containers, plastic bags, etc.
*3 SBT: Science Based Target.

Furukawa Electric Group's Basic Policy for Carbon Neutrality

Three Carbon Neutrality Initiatives	Materiality	Specific Measures and Examples of Technology Development
1 Eliminate or reduce direct CO ₂ emissions	(Risk) Development of business activities that consider climate change	<ul style="list-style-type: none"> Energy saving, fuel conversion, and recycling rate improvement Use of renewable energy > P.79
2 Eliminate or reduce CO ₂ emissions by society	(Revenue opportunities) Creation of social issue-solving businesses and creation of environment-friendly businesses	<ul style="list-style-type: none"> Reduce GHG emissions throughout the value chain > P.79 Development of bipolar lead storage batteries > P.51 Development of the Blue-IR hybrid laser BRACE™ > P.53
3 Capture or transform the CO ₂ that is emitted	Formation of partnerships with diverse stakeholders	<ul style="list-style-type: none"> Development of technology for producing LPG with metal encapsulated zeolite > P.52

Efforts to Reduce Greenhouse Gas (GHG) Emissions: Use of Renewable Energy

In our efforts to reduce Greenhouse Gas (GHG) emissions in business activities, we are promoting energy saving and fuel conversion at our factories, and the use of renewable energy throughout our domestic and overseas Group companies.

In fiscal 2021, "Ratio of renewable energy use to total consumption" are assigned as a sustainability indicator, and we will improve renewable energy use to achieve the fiscal 2025 target of 13%.

Usage of hydroelectric power and solar power:

The subsidiary of the Company Furukawa Nikko Power Generation Inc. owns four power plants and supplies electricity generated by hydroelectric power. It covers 100% of the electricity for Nikko Works, and copper strip products are produced using hydroelectric power. In addition, solar power systems are installed for utilization in Copper Foil Div., Mie Works, domestic Group companies Totoku Electric Co., Ltd., Furukawa Automotive Systems Inc., and production sites at overseas Group companies in Mexico, China, and India. We will continuously move ahead on the installation of the solar power system.



Solar power generation panels installed at the Headquarters of Furukawa Automotive Systems Inc. (operation start, January 2022)

Introduction of electricity derived from renewable energy:

At overseas group companies, electricity derived from renewable energy is used at production sites in Germany, Italy, Hungary, and the Philippines. Also in Japan, from April 2021, at Hiratsuka Works, from April 2022 onwards at domestic production sites in Copper Foil Div., Chiba Works, and Mie Works have partially started introducing electricity derived from renewable energy. Since July 2021, the headquarters of Furukawa Electric has been located in Tokiwabashi Tower, and all electricity used at Tokiwabashi Tower building is derived from renewable energy.



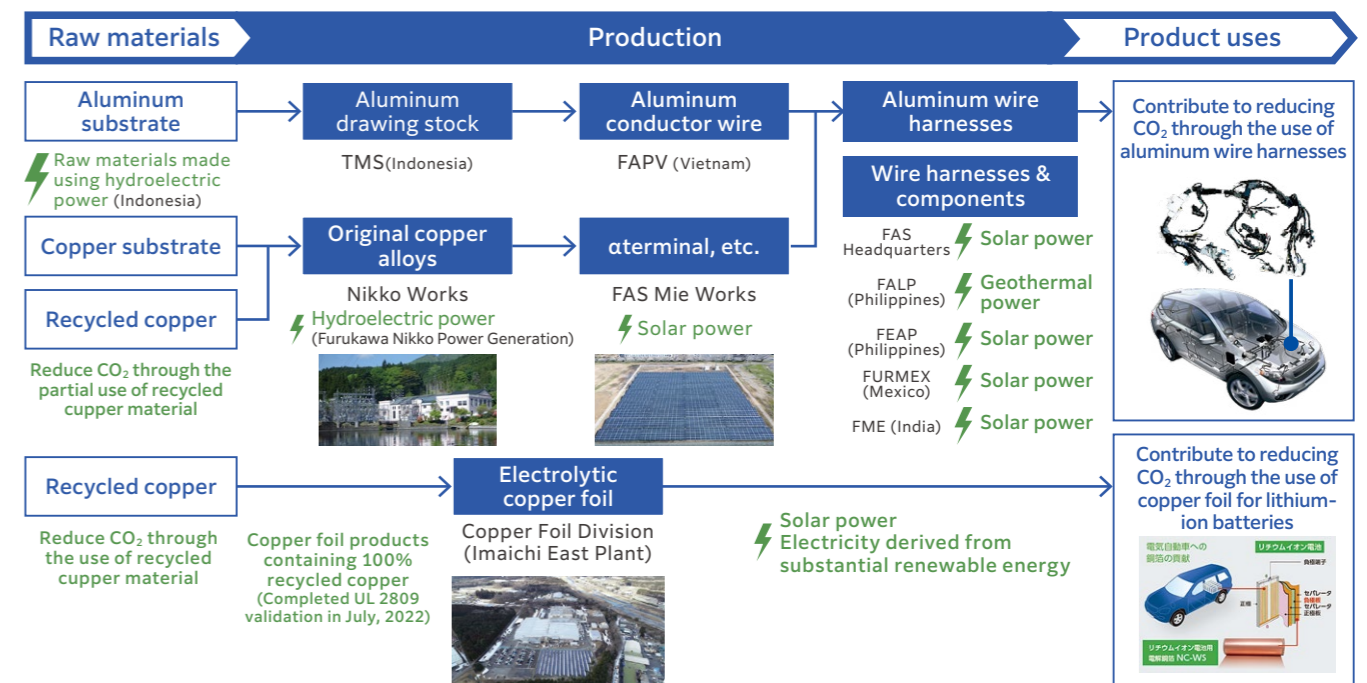
Solar power generation panels installed at the Imaichi East Plant of the Copper Foil Division (operation start, February 2019), and introduction of electricity derived from renewable energy (operation start, April 2022)

Efforts to Reduce GHG Emissions Throughout the Value Chain

We are working on reducing GHG emissions in the upstream operation of the value chain: use of aluminum bare metal, manufactured by hydroelectric power, to make aluminum wire rods—the material of aluminum wiring harnesses; and use of recycled copper to make copper foil raw materials. In the downstream operation of the value chain, we adopt Life Cycle Assessment to

make visible the reduction of GHG emissions from our core products, such as aluminum wiring harnesses and copper foil, when used in customers' products.

We thus promote GHG emissions reduction across the upstream and downstream operations of value chain, in addition to reducing GHG emissions from business activities.



Information Disclosure Based on TCFD Recommendations

In January 2020, recognizing that climate-related risks and opportunities are an important management issue, Furukawa Electric Group declared its endorsement of the Climate-related Financial Information Disclosure Task Force (TCFD). At the same time, we participated in the "Climate-related risks and opportunities scenario analysis support program in line with the TCFD," implemented by the Ministry of the Environment. In order to realize a sustainable society, we will continue to use TCFD to strengthen our relationships of trust with our stakeholders. Seeking to contribute to the realization

of a sustainable society, we will continue to use TCFD to strengthen our trust relationships with our stakeholders. The status of the Furukawa Electric Group's responses since fiscal 2021 is as follows:



For details, please see the "Information Disclosure Based on TCFD Recommendations" on Furukawa Electric's website. <https://furukawaelectric.disclosure.site/en/themes/199>



Governance

Recognizing that climate-related risks and opportunities are important management issues (materiality), the Board of Directors and the Management Committee conducted the following discussions related to climate change. The Board of Directors also reports and shares quarterly progress related to climate change.

Board of Directors	May 2022	Formulated sustainability indicators and targets
Management Committee	Nov. 2021-Feb. 2022	Revised the Environmental Targets 2030 and applied for SBT certification
Sustainability Committee	March 2022	Formulated sustainability indicators and targets

Strategy

Furukawa Electric Group's definition of the period to consider climate-related risks (transition risks and physical risks) and opportunities

Medium-term	Up to fiscal 2025	Period up to achieving the 2025 Mid-term Plan and sustainability targets
Long-term	Up to fiscal 2030	Period up to achieving the Vision 2030 and the Environmental Targets 2030
Super-long-term	Up to fiscal 2050	Period up to achieving the Environmental Vision 2050

Scenario Analysis

- In fiscal 2019, we participated in the Scenario Analysis Support Project for Climate-related risks and opportunities in line with the TCFD, conducted by the Ministry of the Environment. We identified climate-related risks (transition risks and physical risks) and opportunities and conducted scenario analysis for the infrastructure businesses (optical fiber and cable products of the Communications Solutions Business and power cables of the Energy Infrastructure Business). We then identified climate-related risks and opportunities and conducted a scenario analysis for the automotive products business in fiscal 2020 and for the AT & functional plastics business and the copper & high-performance material products business in fiscal 2021. We are progressing step-by-step for each business field.
- In examining the "different climate-related scenarios, including a 2°C or lower scenario" recommended by the TCFD, we examined a "2°C or lower scenario" and a "4°C scenarios" by referring to several existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).
- Assessment of impact on business in 2030 (↓ - negative impact, ↑ - positive impact, → - minor impact)

Category	Identified climate related risks and opportunities	Business impact		
		2°C or less	4°C	
Risks	Transition risks Policies and regulations Carbon tax on GHG emissions	↓↓	→	
	Markets Increase in renewable energy procurement costs			
	Markets Increase in procurement costs of materials (copper, aluminum, plastics) due to carbon tax	↓↓	→	
	Physical risks Acute	Damage to buildings due to large-scale disasters (large typhoons, heavy rains, heavy snow, lightning strikes) caused by abnormal weather	→	→
		Supply chain disruption of customers or suppliers caused by weather disaster		
		Shut down of coastal factories caused by flooding	↓	↓↓
Chronic	Operation suspension caused by drought	↓	↓↓	
Opportunities	Markets Increase in revenue and profit from accelerating development of 5G/B5G*1 along with the construction of smart cities and the surge of communications traffic			
	Markets Increase in revenue and profit from demand growth for products related to telecommunications, semiconductor memory, 5G and smartphones			
	Markets Increase in revenue and profit from demand growth for submarine cables and the enhanced core transmission network along with the increase in renewable energy generation	↑↑	↑	
	Markets Increase in revenue and profit from demand growth for products along with automotive electrification and weight reduction			
Products and services	Increase in sales from demand growth for low-carbon and carbon-free products and recycled products in response to requests for CN*2 and CE*3	↑↑	↑	

*1: B5G: Beyond 5G *2: CN: Carbon Neutrality *3: CE: Circular Economy

Risk management

The Group's overall risk management

- The Risk Management Committee has the function of supervising and promoting risk management. The Committee meets every six months to discuss issues such as risk management, internal control, and compliance. Subcommittees are established for each risk of high importance, such as environmental risk.
- In fiscal 2021, we categorized risk items into management strategy risks and operational risks, based mainly on the perspective to recognize the risk. We then recognized "climate change (carbon neutrality)" and "impact of disasters, infectious diseases, etc." as management strategy risks.

For details, please see the "Business-Related Risks" on Furukawa Electric's website. <https://www.furukawa.co.jp/en/ir/management/risk.html>

Climate change (carbon neutrality)

- Climate-related risks are considered as the priority issue for environmental risk, and are of direct concern to general managers of each business division and divisional representatives, who are members of a special committee, Furukawa Electric Group Environmental Committee. The Committee meets every three months, examines climate-related risks, and reports and proposes on the monitoring status of climate-related risks and environmental issues to the Management Committee and the Board of Directors.
- In fiscal 2021, we discussed whether to raise the 2030 environmental target for reducing greenhouse gas emissions (Scope 1 and 2) to a level that is consistent with our aim to become carbon neutral in 2050.
- Internal carbon pricing (using a shadow price) has been calculated since fiscal 2019. By visualizing carbon prices for each business unit, we encourage the units to be prepared to avoid climate change risks for decarbonization. Based on the quarterly evaluation and posting effects of the Environmental Committee, a renewable energy introduction plan is being promoted for any unit that does not meet the target.

Impact of disasters, infectious diseases, etc.

- For risks related to the impact of natural and other disasters, infectious diseases, etc., the Central Disaster Prevention and BCM Promotion Committee meets every three months to establish Business Continuity Management (BCM), identify business continuity risks, including natural disasters, and promote and manage the identification process.

Metrics and Targets

Formulation of sustainability indicators and targets

- In fiscal 2021, we set the reduction rate for GHG emissions (Scope 1 and 2) and the ratio of renewable energy to total electricity consumption as sustainability indicators to measure the progress of our materiality "developing business activities that take into account climate change." Our aim is to achieve our 2025 sustainability targets.

Materiality

Developing business activities that consider climate change

Indicator	Base year	Result	Target		Environmental target	Challenge target
			FY 2021	FY 2022		
(★ : Sustainability indicators)						
★ Reduction rate for GHG emissions (Scope 1, 2)	2017	-29.0%	-17.7%	-28.3%	-46%	Zero emission
★ Ratio of renewable energy to electricity consumption	—	10.9%	11.5%	13%	—	—
Group Reduction rate for GHG emissions (Scope 3)	2019	-1.0%	-4%	-10%	-20%	—
Water usage (per unit)	2020	-9.7%	-2%	-5%	-10%	—
Usage of new materials (per unit)	2020	—	—	—	-10%	—
Usage of one-way plastics (total amount)	2020	—	—	—	-25%	—

For details of Scope 1, Scope 2, and Scope 3 by category, please see the "Information Disclosure Based on TCFD Recommendations; Metrics and Targets" on Furukawa Electric's website. <https://furukawaelectric.disclosure.site/en/themes/199>

Future responses

In fiscal 2021, we included the AT & functional plastics business and the copper & high-performance material products business in our scenario analysis. As a result, items common to the entire company regarding climate risks and opportunities, as well as items characteristic of each business, have become more visible. The issue that remains is to deepen each scenario analysis and integrate them. In order to achieve the Vision 2030 and the Environmental Vision 2050, we will conduct business impact assessments and take countermeasures, and actively disclose information to strengthen relationships of trust with our stakeholders.

Strengthening Human Capital Management and Organizational Execution Abilities

Human Resource Management Policy

Furukawa Electric Group maintains a basic policy of securing diverse human resources and supporting the growth of people who continue to take on challenges, and believes that strengthening human capital management and organizational execution abilities is the most important challenge (material issue) the group faces for the realization of the Furukawa Electric Group Vision 2030.

Based on the Furukawa Electric Group Vision for Our People, the group strives to share an ideal of human resources within the group, construct a personnel management system based on common guidelines, and take individual measures (i.e., training systems, consultation systems, and compensation and benefit plans) to ensure that diverse human resources are able to work autonomously and successfully.

Furukawa Electric Group Vision for Our People



Role of the Individual

- Each individual proactively and continuously develop and deliver the best of their skills and competencies through engagement and collaboration.
- As a member of both Furukawa Electric Group and the global community, each individual must work with ethics and integrity in mind, and put their effort towards making the world a better place.

Role of the Leader

- Leaders encourage the engagement of all people while supporting the growth of the individual.
- Leaders facilitate the transformation of the individual's skills and competencies to deliver successful organizational accomplishments.
- Leaders demonstrate behaviors that support a creative and positive organizational culture through teamwork and collaboration.

Principles of Human Resources

- All human resource policies, procedures and systems will reflect fairness, support diversity and encourage all of our talent to proactively challenge and develop themselves.
- By fostering on organizational culture which value people, Furukawa Electric Group will nurture each individual's confidence in the company.

Overall Image of the Initiatives for "Strengthening Human Capital Management and Organizational Execution Abilities"

We break down the "Role of the Individual, Role of the Leader and Principles of Human Resources," expressed the Furukawa Electric Group Vision for Our People, into

the main initiatives and future direction for strengthening human capital management and organizational execution abilities, as shown below.

Furukawa Electric Group Vision for Our People		Materiality "Strengthening human capital management and organizational execution abilities"	
Target	Category	Main initiatives and future direction	
Individual	Increase satisfaction at work and engagement Become more independent Expand individual capabilities	<ul style="list-style-type: none"> ● Work style reforms ● Career design training ● Job rotation program ● In-house secondary job system ● Professional program ● Train management personnel 	<ul style="list-style-type: none"> ▶ Realize work styles not limited to particular workplaces ▶ Increase the desire for independent career formation ▶ Capability development through training and planned assignments
Superiors	Support the growth of each employee Build good teams Achieve results as a team	<ul style="list-style-type: none"> ● Formulate and implement "Furukawa Seven" ● Promote 1on1 ● Measure the Human Capital management and organizational execution abilities ● Advance the behavior reform program 	<ul style="list-style-type: none"> ▶ Transform leadership ▶ Accelerate the changes to the organizational culture
Basic stance	Secure diversity Promote new challenges Implement fair, open systems that are trusted by employees	<ul style="list-style-type: none"> ● Promote diversity ● Target management system ● Various interview systems ● Establish and brush up the new personnel compensation system 	<ul style="list-style-type: none"> ▶ Utilize career-track hiring, and promote diverse personnel in the workplace ▶ Realize a culture that promotes new challenges in both dialogue (feedback and career interviews) and systems (side job in the company, clearly defined compensation)

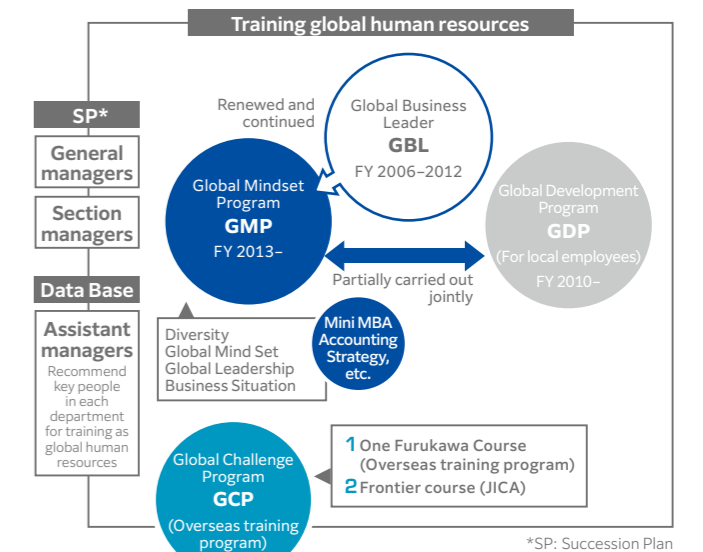
Role of the Individual

Development of global human resources

In accordance with "Furukawa Electric Group Vision for Our People", we are training human resources who have rich humanity and strong challenge spirit, for the sake of our group development. The state of our leaders affects corporate culture and reflects in our business results, which is why we give training at each level to develop leadership, and construct relationships between people by "dialogue" among all our employees. We work hard to instill a mind that is interested in people and respects others.

We started our Global Business Leader (GBL) training in 2006 in order to develop personnel who will take on the role of management in the future. Since fiscal 2013 this has been reformed to Global Mindset Program (GMP), with its extra emphasis on global human resource education. We have also operated a Global Development Program (GDP) for overseas local employees since 2010 with the aim of strengthening links within Furukawa Electric Group, the curriculum being partly shared with the GMP. Furthermore, in fiscal 2014 we launched the Global Challenge Program (GCP), which dispatches young employees to foreign countries. We are working to align these various programs to develop human resources who can play a dynamic role on the global stage.

Global Human Resource Training System



Development of management personnel (succession planning)

Furukawa Electric's management personnel development system ensures that candidate human resources are selected and given opportunities to develop in the following two tiers:

- 1) The manager and pre-manager tier
- 2) The general manager tier for corporate vice president candidates

Selection is based on internal and external assessments. To help candidates develop, we provide individual internal training programs and personnel transfer plans and promote their participation in

external training. We also prepare succession plans for important positions within Furukawa Electric Group and supervise successor development and preparation. We systematically position human resources in coordination with management personnel development plans.

Regarding the succession plan, the Nominating/Compensation Committee, mainly consisting of outside directors, monitors the appropriateness and the operations of the management personnel development system. The committee also discusses the appointments of corporate vice presidents and selects personnel for the CEO succession plan, and systematically implements initiatives over a multi-year period.



Roles of Leaders

Driving Leadership Transformation: Furukawa Electric's Seven Principles for Leaders

In order to continue generating corporate value in a fast-changing, uncertain environment, a working team can deliver results only when the psychological safety of its members is ensured. For this reason, we have adopted established the Seven Principles for Leaders (Furukawa Seven), which consists of one basic mindset and six action principles for a leader to build a good working team. To put these to work, at the start of every day our officers and executives, and department and section managers recitedeclare these principles and act according to themly every day. Our efforts at on leadership transformation also include use of behavior retention tools such as special mobile apps, and 360° feedback surveys of the target personnel.

Adherence to the Furukawa Seven has been practiced by about 500 officers and general managers of Furukawa Electric and Group companies in Japan since fiscal 2020, and by a total of about 1,300 employees including managers since fiscal 2021. In addition, we ask other regular employees to make efforts similar to those of their leaders, as they are pre-positioned to understand the leader's efforts, and support and cooperate with them. We also make various efforts to work together as

openly as possible and encourage each other, under the concept of enjoying change, taking on challenges, and accomplishing them.

Two years passed since the start and we have begun to see changes in leaders' attitudes and behavior. However, we will still have a long way to go to see positive impacts on members, realize good team cycles, and bring about results. We aim to achieve "results as a team" by 2025.



Employee Engagement

In fiscal 2021, we included the Employee Engagement Score as a sustainability indicator in the 2025 Mid-term Plan, and plan to set a sustainability target for fiscal 2025 in fiscal 2023. In fiscal 2022, we launched the Furukawa

E-Survey, a survey on human capital and organizational execution capabilities, including elements of employee engagement, for the entire Group.

Indicators and Targets

Materiality Strengthening human capital management and organizational execution abilities				
Indicator	Result	Target		
		FY2021	FY2022	FY2025
Furukawa Electric ★ Employee Engagement Score	-	Start measurement	Setting in FY2023	



Basic Approach to Human Capital

Using Diverse Human Resources

One of our Group's management philosophies is to "nurture human resources at every level, so that we can become a more diverse and creative organization". It is essential for the progress of our Group's global management to create a corporate culture in which more diverse personnel can succeed. In April 2014, we

set up a Diversity Promotion Section, and are working on various measures such as organizational mind fostering, women's career formation support, promotion of autonomous work-life management, etc., aiming at building an environment where diverse human resources can be active.

Basic Policy on Diversity & Inclusion

Women	Taking discussions and the impact on decision-making into account, we set a target share of women in managers at 30%, a level which is generally said to have an impact on decision-making. Keeping the target in mind, we will strive to enhance our human capital pipeline starting from the hiring phase and onward, to developing core human capital.
Disabled people	While anticipating an increase in the statutory employment rate in Japan, we aim to steadily achieve the statutory employment rate.
Non-Japanese	We will assign the right person in the right position from a global perspective, based on the need to meet each business strategy and from the viewpoint of strengthening management capabilities.
Mid-career hiring	With the intention of accelerating the strengthening of expertise and diversification of perspectives, we will actively promote mid-career hiring of diverse human resources.

The Activity to Promote Women's Careers

In April 2016, we acquired recognition of Level Three status of the "L-Mark", which is an accreditation for outstanding companies in the implementation of initiatives related to the promotion of women's careers. Since fiscal 2018, we have developed new targets and action plans.

Objectives related to support the success of women in the workplace

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

*A summary of our company's initiatives is available on the Ministry of Health, Labour and Welfare's "Enterprise database promoting women's success". <https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=529> (Only available in Japanese)

Promotion of the Employment of People with Disabilities

Furukawa Electric established special subsidiary Furukawa New Leaf in fiscal 2004 to create an environment where more people with disabilities are able to work in a better setting, provide a place for them in society so that they are able secure stability and peace of mind, and develop independent workers who abide by rules and actively participate in society.

The subsidiary employs 52 people with disabilities at three locations (Hiratsuka, Chiba and Mie). They are engaged in cleaning and electric wire disassembly. Furukawa New Leaf is proactively contributing to the community, focusing on recruitment and training and increasing the number of jobs it provides by including positions for workers with disabilities when we start new businesses.

Promoting Mid-Career Hiring

With the intention of accelerating the strengthening of expertise and diversification of perspectives, we actively promote mid-career hiring of diverse human resources. In

fiscal 2021, we made the ratio of career track hiring among total new staff hiring as a sustainability indicator, and aim to maintain the ratio at 30% every year.

Indicators and Targets

Materiality Strengthening human capital management and organizational execution abilities				
Indicator	Actual result	Target		
		FY2021	FY2022	FY2025
★ Share of women in managers*1	3.8%	4.5%	7%	15%
Share of women in manager candidates*1	11%	-	15%	20%
Share of women in new hires*2	20%	-	40%	40%
Employment rate of people with disabilities*3	2.32%	-	2.40%	2.65%
★ Share of career track hires in total new hires*4	36%	30%	30%	-

*1 As of March 31, the end of fiscal year *2 New hires (both career track and clerical positions) as of April 1 of fiscal year *3 As of June 1 of fiscal year *4 New hires include new graduates and mid-career hires, for management, career track, and clerical positions

Management Analysis of Operating Results and Financial Position

Overall Business Condition and Business Results

In fiscal 2021, the global economy continued to recover as restrictions on socioeconomic activities were gradually eased due to progress in infectious disease countermeasures and vaccinations in various countries in response to the COVID-19 pandemic. However, since the end of 2020, the pace of economic recovery has slowed due to the resurgence of COVID-19 infections caused by new variants and other factors. In addition, since February 2022, concerns have been evident regarding the impact of the unstable supply and price surge of crude oil, natural gas, and various raw materials caused by the situation in Russia and Ukraine, as well as the impact of economic sanctions against Russia and the implementation of countermeasures by Russia.

In the United States, the economy remained firm due to an increase in personal consumption and a recovery in capital expenditures against the backdrop of economic stimulus measures and improvement in the employment and income environment. In Europe, the economy continued to recover, supported by a recovery in personal consumption, despite the impact of the resurgence of COVID-19 in winter. In China, the pace of economic recovery was moderate due to a local containment policy against COVID-19, which restrained personal consumption, and a decrease in investment in infrastructure and real estate development due to government investment restraint measures.

In Japan, the economy was generally stagnant in the first half of the fiscal year, and the recovery in the employment environment and personal consumption was moderate as a state of emergency was declared and priority measures to prevent the spread of COVID-19 were implemented. In the second half of the year, capital investment and personal consumption traced a recovery trend against the backdrop of relaxation of restrictions on socio-economic activities. However, the economy did not fully recover due to the impact of supply constraints on semiconductors and other products that have continued since 2021 and the resurgence of COVID-19 driven by new variants since January 2022.

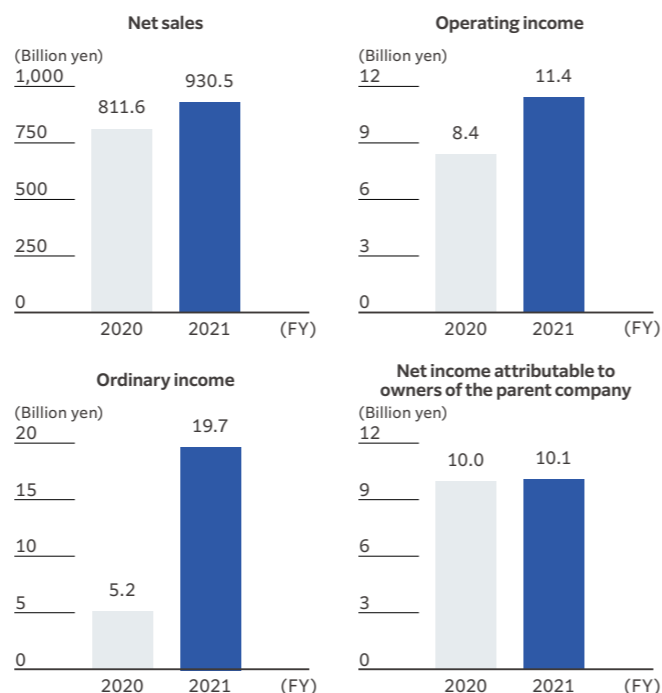
In this environment, Furukawa Electric Group has continued to implement various measures to strengthen its core businesses, such as communications, energy, and automotive products. In particular, in order to cope with the surge in raw material prices and transportation costs, we have been working at improving productivity and reducing costs in North America in the communications sector, promoting order-taking activities that emphasize securing profits in the energy sector, and taking measures to deal with the decline in factory utilization rates due to COVID-19 in the automotive sector.

Toward achieving the Furukawa Electric Group (FEG) Vision 2030, we pursued ESG management, and to lay the foundation

for the implementation of a new medium-term management plan, we have made efforts to reform our business in anticipation of environmental changes, to launch and nurture new businesses, and to strengthen management with an emphasis on capital efficiency.

As measures to promote ESG management, in order to achieve the FEG Environmental Vision 2050, which sets the challenging goal of reducing greenhouse gas emissions to zero in business activities by 2050, we revised the FEG Environmental Targets 2030, which sets new targets such as higher reduction of greenhouse gas emissions and reduction of water usage. We have also promoted organizational culture reform through initiatives to build successful teams and training employees to acquire the skills necessary to promote and sustain reforms. In addition, in order to promote CSR activities, including human rights-related measures throughout the supply chain, we have been taking measures according to the FEG CSR Procurement Guidelines for Group companies in Japan and overseas as well as our major suppliers. As part of business transformation that anticipates changes in the environment, we have built a framework for reviewing the business portfolio. In addition to creating new businesses throughout the Group, we have promoted a shift to target management with a greater awareness of capital costs in order to strengthen management with an emphasis on capital efficiency.

Sales of the Group as a whole increased in fiscal 2021 due to (1) a recovery of the Communications Solutions segment from the decline in fiscal 2020, with a contribution by an increase in sales of optical fiber cables in North America, (2) steady capturing of robust demand for automotive and electronics-



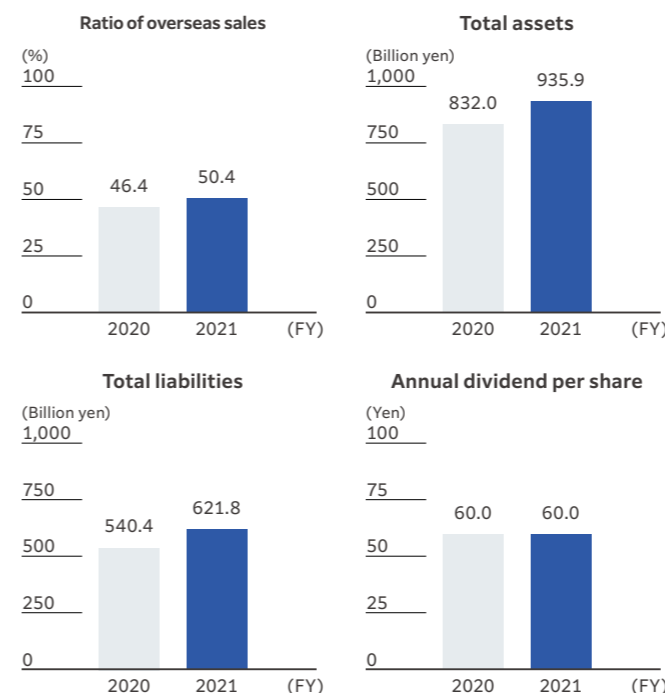
related products in the Electronics Component Materials segment, and (3) the impact of soaring copper ingot prices. Profits improved from fiscal 2020 but only marginally, due in part to soaring raw material prices and transportation costs, despite our efforts to improve productivity and the product mix, including expansion of sales of strategic products.

As a result, net sales were 930.5 billion yen (up 14.6% from the previous year), operating income was 11.4 billion yen (up 35.6%), and ordinary income was 19.7 billion yen (up 279.0%) on a consolidated basis. Net income attributable to owners of the parent company was 10.1 billion yen (up 0.9%) due to extraordinary income (including gain on disposal of non-current assets) of 9.6 billion yen and extraordinary losses (including impairment loss) of 8.8 billion yen. Overseas sales were 469.0 billion yen (up 24.6% year-on-year), and the ratio of overseas sales was 50.4% (up 4.0 percentage points from the previous year).

Financial Position

Total assets at the end of fiscal 2021 increased 103.8 billion yen from the end of fiscal 2020 to 935.9 billion yen. Inventories increased 43.3 billion yen, notes and accounts receivable-trade and contract assets increased 38.4 billion yen, securities increased 15.1 billion yen, and property, plant and equipment increased 13.4 billion yen. Cash and deposits decreased 19.2 billion yen. Working capital, which is current assets less current liabilities, increased 8.6 billion yen from the end of fiscal 2020 to 123.2 billion yen.

Details of property, plant and equipment and intangible assets



fluctuated due to an increase in 38.1 billion yen for capital expenditures, a decrease in 33.7 billion yen for depreciation, and a decrease due to disposals and sales.

Total liabilities increased 81.4 billion yen from the end of fiscal 2020 to 621.8 billion yen. Interest-bearing debt, including debts, corporate bonds and commercial paper, increased 51.5 billion yen compared to the end of fiscal 2020 to 342.1 billion yen.

Net assets increased 22.4 billion yen from the end of fiscal 2020 to 314.1 billion yen. Retained earnings increased 5.8 billion yen due to an increase in profit attributable to owners of the parent company and other factors, and total accumulated other comprehensive income increased 13.7 billion yen. The equity capital ratio fell 1.4 percentage points from the end of fiscal 2019 to 29.8%.

Cash Flows

Cash and cash equivalents at the end of fiscal 2021 were 67.6 billion yen (19.6 billion yen less compared to the end of fiscal 2020). Net cash flow from operating activities decreased by 13.3 billion yen (12.8 billion yen less than in fiscal 2020) due to a decrease of 36.0 billion yen in inventories and a decrease of 28.2 billion yen in notes and accounts receivables-trade and contract assets, etc., despite an increase of 20.4 billion yen in profit before income taxes and an increase of 33.7 billion yen in depreciation. Net cash flow from investment activities decreased 40.1 billion yen (38.2 billion yen less than in fiscal 2020) mainly due to purchase of property, plant and equipment of 36.5 billion yen and purchase of intangible assets of 3.5 billion yen. Net cash flow from financing activities increased 35.0 billion yen (0.1 billion yen less than in fiscal 2020) mainly due to net increase in commercial paper of 24.0 billion yen, proceeds from long-term loans payable of 16.0 billion yen, and cash dividends paid of 4.2 billion yen.

Basic Policy on Profit Distribution and Dividends

We aim to manage the company with a focus on capital efficiency and have set forth a basic policy of balancing between providing shareholder returns and making strategic growth investments, fostering next generation new businesses, and improving financial health.

Under this basic policy, we focus on expanding profits in key business areas (infrastructure/automotive markets) that support the Group's sustainable growth, and prioritize capital investment and R&D for the creation of new businesses, thereby strengthening the Group's profitability and continuing to improve its financial structure. We have adopted return to shareholders as one of the priorities of management and continue our stable dividend payment.

For fiscal 2021, we paid annual dividends of 60 yen per share, in view of the financial results of the year.

Financial and Non-Financial Data

Medium-term management plan		New Frontier 2012 Furukawa G		Furukawa G Plan 2015		Furukawa G Plan 2020						
(Millions of yen)		FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Operating results (fiscal year)	Net sales	918,808	924,717	931,781	867,817	874,879	843,344	967,333	991,590	914,439	811,600	930,496
	Operating income	15,947	17,763	25,456	17,873	27,116	38,623	44,804	40,842	23,565	8,429	11,428
	Ordinary income	12,872	17,612	25,532	18,598	18,710	36,024	46,908	39,078	22,771	5,189	19,666
	Net income attributable to owners of the parent company	△ 11,123	3,576	5,608	7,355	10,007	17,570	28,547	29,108	17,639	10,001	10,093
	Capital investments (CAPEX)	33,581	47,772	37,436	30,674	25,687	31,584	38,539	50,036	53,144	39,963	38,144
	Depreciation	39,216	35,347	28,106	22,508	23,235	23,307	25,106	26,271	29,423	32,163	33,721
	Research and development expenses	18,949	20,210	17,461	16,599	16,845	17,454	19,532	21,141	21,650	20,217	20,761
Financial position (at the end of fiscal year)	Net assets	197,569	222,843	199,733	214,743	198,587	237,051	272,071	279,911	273,030	291,617	314,062
	Total assets	790,114	819,702	714,845	734,125	705,725	750,126	808,632	818,021	794,616	832,044	935,876
	Equity capital	144,694	165,739	177,237	190,741	173,163	206,712	236,518	247,659	240,280	259,870	279,219
	Operating assets ¹	370,989	396,951	294,333	307,688	298,228	319,588	341,825	364,456	386,176	387,832	444,800
	Balance of inventory assets	94,888	104,249	93,668	99,443	93,167	104,355	113,792	122,890	115,862	120,836	164,116
Cash flows (fiscal year)	Cash flows from operating activities	30,774	54,947	18,912	41,489	41,569	40,402	38,429	46,460	41,942	△ 479	△ 13,269
	Cash flows from investing activities	△ 20,252	△ 44,939	△ 40,290	△ 23,533	1,947	△ 36,361	△ 34,319	△ 31,042	△ 33,119	△ 1,908	△ 40,074
	Cash flows from financing activities	△ 22,845	△ 11,402	29,917	△ 15,537	△ 20,942	△ 10,378	△ 1,943	△ 19,414	△ 171	35,140	35,020
Per share data* ² (fiscal year)	Net income per share (Yen)	△ 15.75	5.07	7.94	10.42	14.17	249.17	405.05	412.98	250.20	141.88	143.40
	Net asset per share (Yen)	204.9	234.7	251.0	270.2	2,452.6	2,933.2	3,355.8	3,513.6	3,408.9	3,686.4	3,967.1
Ratios	Operating income margin on sales (%)	1.74	1.92	2.73	2.06	3.10	4.58	4.63	4.12	2.58	1.04	1.23
	Equity capital ratio (%)	18.3	20.2	24.8	26.0	24.5	27.6	29.2	30.3	30.2	31.2	29.8
	Return on operating assets (%) ³	4.3	4.5	8.6	5.8	9.1	12.1	13.1	11.2	6.1	2.2	2.6
	ROE (%)	△ 7.2	2.3	3.3	4.0	5.5	9.3	12.9	12.0	7.2	4.0	3.7
	ROA (%)	1.6	2.2	3.3	2.6	2.6	4.9	6.0	4.8	2.8	0.6	2.2
Total asset turnover ratio (times)	1.14	1.15	1.21	1.20	1.22	1.16	1.24	1.21	1.13	1.00	1.05	

Figures are rounded down to the nearest one million yen. Other figures of financial data and non-financial data are round to the nearest value.

*1 Operating Assets are the total of inventory and tangible and intangible fixed assets.
*3 Return on operating assets is the ratio of the operating income over operating assets.

*2 We conducted a one-for-ten reverse stock split of our company's common shares effective October 1, 2016

Climate change data		Unit	2017	2018	2019	2020	2021	(FY)	Human capital and organizational data		Unit	2017	2018	2019	2020	2021	(FY)	Executives data		Unit	2017	2018	2019	2020	2021	2022	(FY)
Furukawa Electric + Domestic and overseas group companies	Greenhouse gas emissions (Scope1,2)	10 ³ t-CO _{2e}	903	843	742	648	640		Group	Employees in total* ¹	Persons	51,925	52,215	50,232	48,449	50,867		Furukawa Electric	Directors* ¹	Persons	12	12	12	12	11	11	
	Greenhouse gas emissions (Scope3)	10 ³ t-CO _{2e}	1,636	1,689	4,736	4,160	4,687			Employees in total* ¹	Persons	3,704	3,816	3,925	4,084	4,201			Outside directors	Persons	5	5	5	5	5	5	
	Energy consumption	1,000 kℓ	419	424	396	351	372			Share of women in employees	%	9.1	9.2	10	12	12			Independent directors	Persons	3	3	5	5	5	5	
	Total electric power consumption	GWh	1,387	1,379	1,293	1,179	1,242			Employees' average age* ¹	Years old	44.5	44.2	44.1	43.8	43.8			Female directors	Persons	0	0	1	1	1	1	
	Renewable energy	GWh	110	123	142	121	135			Employees' average length of service* ¹	Years	20.0	19.6	19.4	18.8	18.4			Audit & Supervisory Board members* ¹	Persons	6	6	6	6	6	6	
	Renewable energy ratio to electric power consumption	%	7.9	8.9	11.0	10.3	10.9			Employees' average annual salary* ¹	Yen	7,391,204	7,350,787	7,207,737	6,915,840	6,961,974			Outside members	Persons	3	3	3	3	3	3	
Furukawa Electric + Domestic group companies	Greenhouse gas emissions (Scope1,2)	10 ³ t-CO _{2e}	443	387	342	316	288		Group	New hires in total* ²	Persons	92	104	111	119	119		Furukawa Electric	Independent members	Persons	3	3	3	3	3	3	
	Energy consumption	1,000 kℓ	198	198	191	176	181			Share of women in new hires	%	34	30	28	28	20			Female members	Persons	0	0	0	1	1	1	
	Total electric power consumption	GWh	644	643	613	569	579			Manager candidates in total* ¹	Persons	515	507	502	520	522			Executive officers* ²	Persons	25	26	25	27	27	25	
	Renewable energy	GWh	110	109	113	94	99			Share of women in manager candidates	%	7.0	7.1	8.8	10	11			Female executive officers	Persons	1	1	1	1	2	1	
	Renewable energy ratio to electric power consumption	%	17.1	17.0	18.5	16.5	17.1			Managers in total* ¹	Persons	936	960	940	964	1053			Foreign executive officers	Persons	4	4	3	3	3	2	
										Share of women in managers	%	3.3	3.2	3.4	3.4	3.8			Senior Fellows* ²	Persons	2	2	2	1	1	3	
								Employment rate of people with disabilities* ³	%	2.23	2.12	2.14	2.09	2.32													
								Share of career track hires in total new hires* ⁴	%	19	18	26	23	36													

For details of Scope 1, Scope 2, and Scope 3 by category, please see the "Information Disclosure Based on TCFD Recommendations; Metrics and Targets" on Furukawa Electric's website.
<https://furukawaelectric.disclosure.site/en/themes/199>

*1 As of March 31, the end of fiscal year
*3 As of June 1 of fiscal year

*2 New hires (both career track and clerical positions) as of April 1 of fiscal year
*4 New hires include new graduates and mid-career hires, for management, career track, and clerical positions

*1 Numbers of directors and Audit & Supervisory Board members are as of the end of fiscal year, but are as of June 23 for fiscal 2022.
*2 Numbers of executive officers and Senior Fellows are as of April 1.

Consolidated Financial Statements

Consolidated Balance Sheet (Millions of yen)

Assets	As of March 31, 2021	As of March 31, 2022
Current assets		
Cash and deposits	84,362	65,153
Notes and accounts receivable-trade	191,930	—
Notes, accounts receivable-trade and contract assets	—	230,326
Securities	2,923	3,257
Merchandise and finished goods	38,210	59,932
Work in process	34,512	40,116
Raw materials and supplies	48,114	64,067
Other	30,653	41,157
Allowance for doubtful accounts	△894	△1,048
Total; Current assets	429,812	502,963
Non-current assets		
Property, plant and equipment		
Buildings and structures	235,399	246,887
Machinery and delivery equipment	446,936	475,919
Tools, furniture and fixtures	74,520	75,229
Land	35,127	35,935
Leased assets	1,257	1,273
Right-of-use assets	11,390	15,078
Construction in progress	27,108	20,074
Accumulated depreciation	△584,996	△610,235
Total; Property, plant and equipment	246,744	260,163
Intangible assets		
Goodwill	1,450	573
Other	18,799	19,947
Total; Intangible assets	20,250	20,520
Investments and other assets		
Investment securities	101,708	116,767
Investments in capital	8,965	6,082
Deferred tax assets	6,948	7,899
Net defined benefit asset	6,859	8,127
Other	11,788	14,264
Allowance for doubtful accounts	△1,034	△912
Total; Investments and other assets	135,236	152,228
Total; Non-current assets	402,231	432,912
Total; Assets	832,044	935,876

Liabilities	As of March 31, 2021	As of March 31, 2022
Current liabilities		
Notes and accounts payable - trade	115,502	127,988
Short-term debt	103,523	115,000
Commercial paper	30,000	54,000
Income taxes payable	2,033	2,649
Provision for product defect compensation	4,022	3,045
Other	60,121	77,033
Total; Current liabilities	315,204	379,716
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term debt	127,094	133,120
Provision for environmental measures	10,229	9,343
Net defined benefit liability	44,514	43,806
Asset retirement obligations	1,323	1,485
Other	12,061	14,340
Total; Non-current liabilities	225,222	242,097
Total; Liabilities	540,426	621,813

Net assets	As of March 31, 2021	As of March 31, 2022
Shareholders' equity		
Capital stock	69,395	69,395
Other capital surplus	23,028	23,178
Retained earnings	168,542	174,346
Treasury shares	△576	△901
Total; shareholders' equity	260,388	266,018
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,929	12,446
Deferred gains or losses on hedges	2,677	2,963
Foreign currency translation adjustment	△13,295	817
Remeasurements of defined benefit plans	△3,829	△3,024
Total; Accumulated other comprehensive income	△518	13,201
Non-controlling interests	31,747	34,843
Total; Net assets	291,617	314,062
Total; Liabilities and net assets	832,044	935,876

Consolidated Statement of income (Millions of yen)

	for the Fiscal Year Ended March 31, 2021	for the Fiscal Year Ended March 31, 2022
Net sales	811,600	930,496
Cost of sales	682,288	791,804
Gross profit	129,311	138,691
SG&A		
Selling expenses	34,621	38,850
G&A expenses	86,260	88,413
Total; SG&A	120,881	127,263
Operating income	8,429	11,428
Non-operating income		
Interest income	611	549
Dividend income	1,690	1,611
Profit in equity method affiliates	—	9,045
Foreign exchange gains	502	1,496
Gains on valuation of derivatives	—	72
Other	1,918	1,735
Total; Non-operating income	4,723	14,510
Non-operating expenses		
Interest expenses	3,586	3,375
Loss in equity method affiliates	893	—
Loss on valuation of derivatives	1,167	—
Other	2,316	2,897
Total; Non-operating expenses	7,963	6,272
Ordinary income	5,189	19,666
Extraordinary income		
Gain on disposal of non-current assets	22,144	2,082
Gain on sales of investment securities	9,521	1,859
Insurance claim income	1,281	2,051
Reimbursement of social contributions for the prior year	—	2,722
Other	482	864
Total; Ordinary income	33,430	9,580
Extraordinary losses		
Loss on disposal of non-current assets	1,303	1,296
Impairment loss	2,542	1,489
Business restructuring expenses	—	2,303
Provision for product defect compensation	4,820	703
Loss on transfer of business	3,770	120
Loss on COVID-19	1,385	780
Other	3,481	2,123
Total; Extraordinary losses	17,303	8,816
Profit before income taxes	21,316	20,430
Income taxes-current	6,047	5,673
Income taxes-deferred	3,171	1,517
Total; Income taxes	9,219	7,190
Net income	12,097	13,239
Net income attributable to non-controlling interests	2,095	3,145
Net income attributable to owners of the parent company	10,001	10,093

Consolidated Statement of Comprehensive income (Millions of yen)

	for the Fiscal Year Ended March 31, 2021	for the Fiscal Year Ended March 31, 2022
Net income	12,097	13,239
Other comprehensive income		
Valuation difference on available-for-sale securities	2,945	△1,853
Deferred gains or losses on hedges	4,235	△205
Foreign currency translation adjustment	244	10,876
Remeasurements of defined benefit plans, net of tax	8,124	638
Share of other comprehensive income of entities accounted for using equity method	294	5,065
Total; Other comprehensive income	15,844	14,521
Comprehensive income	27,941	27,760
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,888	23,814
Comprehensive income attributable to non-controlling interests	2,053	3,946

Consolidated Statement of Cash Flows (Millions of yen)

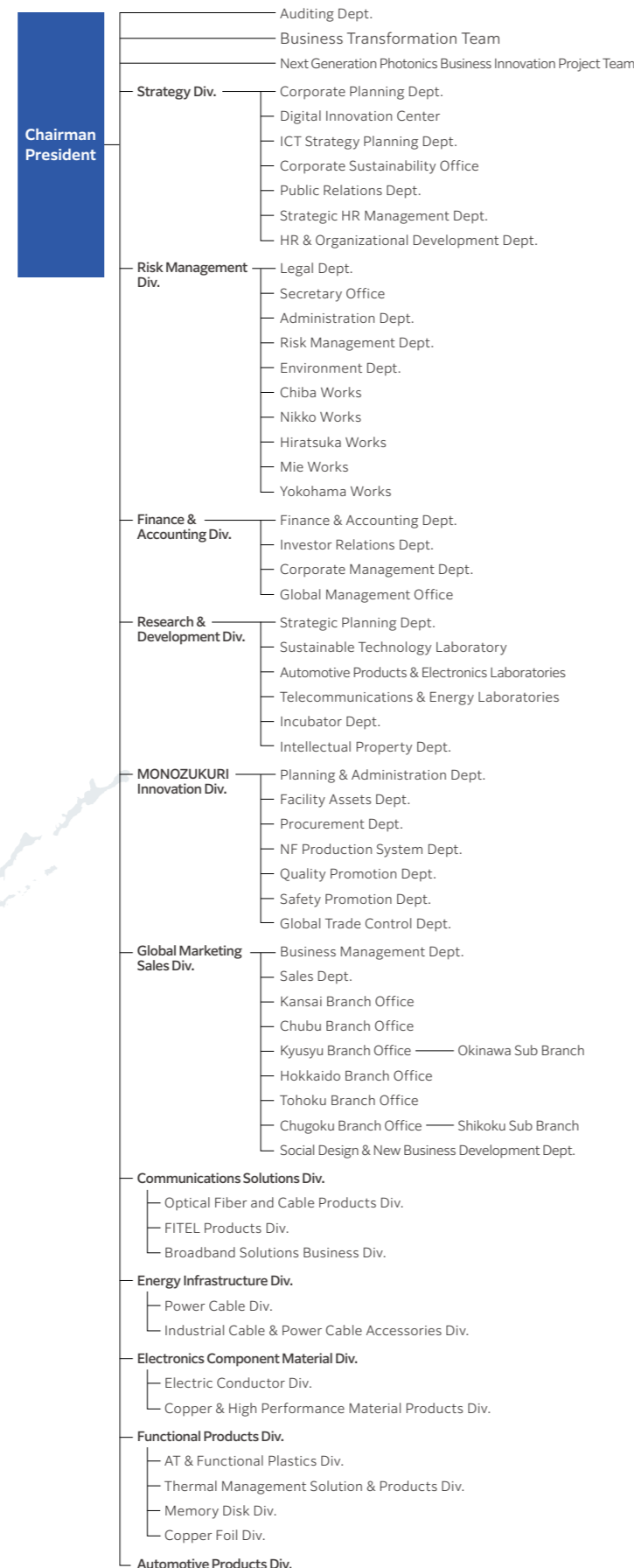
	for the Fiscal Year Ended March 31, 2021	for the Fiscal Year Ended March 31, 2022
Cash flows from operating activities		
Profit/Loss before income taxes	21,316	20,430
Depreciation	32,163	33,721
Interest and dividend income	△2,302	△2,160
Interest expenses	3,586	3,375
Loss (Profit;△) in equity method affiliates	893	△9,045
Foreign exchange losses(gains;△)	338	1,309
Loss (gain;△) on disposal of non-current assets	△20,840	△786
Loss (gain;△) in sales of marketable securities and investment securities	△9,166	△1,513
Insurance claim income	△1,281	△2,051
Reimbursement of social contributions for the prior year	—	△2,722
Impairment loss	2,542	1,489
Loss on valuation of inventories	1,246	373
Business restructuring expenses	—	2,303
Loss (gain;△) on sale of businesses	3,770	120
Loss on COVID-19	1,385	780
Decrease (increase;△) in notes and accounts receivable - trade	△13,788	—
Decrease (increase;△) in notes, accounts receivable - trade and contract assets	—	△28,208
Decrease (increase;△) in inventories	△13,770	△36,005
Increase (decrease;△) in notes and accounts payable - trade	12,161	11,922
Increase (decrease;△) in liability for retirement benefits	1,059	△1,049
Increase (decrease;△) in provision for product defect compensation	△13,706	△796
Other	2,246	3,333
Subtotal	7,852	△5,179
Interest and dividend income received	3,287	2,473
Interest expenses paid	△3,603	△3,429
Income taxes (paid;△) refund	△8,209	△6,867
Insurance claims received	1,281	2,051
Business restructuring expenses paid	—	△1,563
Loss on COVID-19 paid	△1,088	△755
Cash flows from operating activities	△479	△13,269
Cash flows from investing activities		
Decrease (increase;△) in time deposits	4	△645
Purchase of investment securities	△2,112	△2,353
Proceeds from sales and redemption of investment securities	14,804	2,462
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	2,306	595
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	△266
Purchase of property, plant and equipment	△33,386	△36,493
Purchase of intangible assets	△7,325	△3,521
Proceeds from sales of non-current assets	22,370	2,220
Decrease (increase;△) in short-term loans receivable	3,540	72
Other	△2,110	△2,144
Cash flows from investing activities	△1,908	△40,074
Cash flows from financing activities		
Net increase (decrease;△) in short-term loans payable	2,008	17,085
Net increase (decrease;△) in commercial papers	15,000	24,000
Proceeds from long-term loans payable	55,965	16,049
Repayments of long-term loans payable	△30,100	△24,776
Proceeds from issuance of bonds	—	10,000
Proceeds from non-controlling shareholders	452	—
Payment for purchase of common treasury stock	△9	△359
Cash dividends paid	△6,001	△4,240
Cash dividends paid to non-controlling shareholders	△521	△825
Other	△1,651	△1,912
Cash flows from financing activities	35,140	35,020
Effect of exchange rate change on cash and cash equivalents	△594	△1,815
Net increase (decrease;△) in cash and cash equivalents	32,158	△20,139
Cash and cash equivalents at beginning of the year		87,189
Increase in cash and cash equivalents from newly consolidated subsidiary		582
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		—
Increase in cash and cash equivalents resulting from merger		—
Cash and cash equivalents at end of the year	87,189	67,632

Company Profile and Stock / Dividends Information

Company Profile

Company name	Furukawa Electric Co., Ltd.
President	Keiichi Kobayashi
Founded	1884
Established	June 25, 1896
Paid-in capital (As of March 31, 2022)	¥69,395 million
Net sales (Years ended March 31, 2022)	¥930,496 million (consol.) ¥292,424 million (non-consol.)
Number of employees (As of March 31, 2022)	50,867 (consol.) 4,201 (non-consol.)
Head office	Tokiwabashi Tower, 6-4 Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8322, Japan
TEL.	+81-3-6281-8500
Website	https://www.furukawa.co.jp/en/
Consol. Subsidiaries (As of March 31, 2022)	109
Equity-method affiliates (As of March 31, 2022)	14

Furukawa Electric Co., Ltd. Organization Chart (As of Apr.1, 2022)



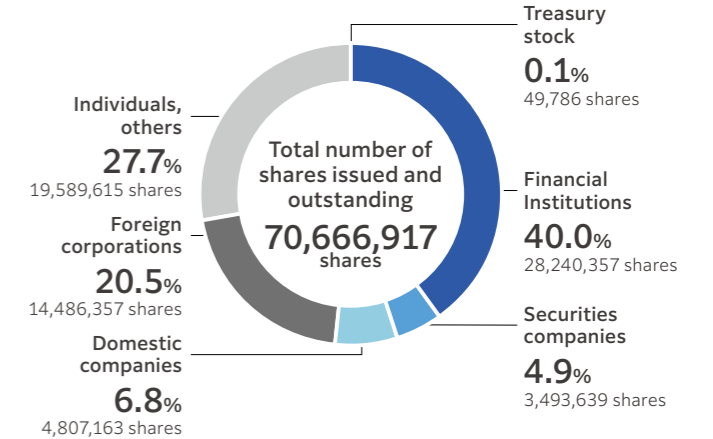
Domestic Locations (Furukawa Electric Co., Ltd.) (As of April 1, 2022)



General Stock Information (As of March 31, 2022)

Stock code on the Tokyo Stock Exchange	5801
Stock exchange listings	Tokyo Stock Exchange, Prime Market (from April 4, 2022)
Number of shares authorized	Common Stock 250,000,000 shares
Common stock issued	Common Stock 70,666,917 shares
Number of shareholders	Common Stock 49,322 persons
Minimum trading units	100 shares
Shareholder register agent	3-3 Marunoichi 1-chome, Chuo-ku, Tokyo, Japan Mizuho Trust & Banking Co., Ltd.
Fiscal year	From April 1 to March 31
Shareholders' meeting	June each year
Accounting auditor	Deloitte Touch Tohmatu LLC

Distribution of Ordinary Stock Among Shareholders (As of March 31, 2022)



Major Top 10 Shareholders of The Company and the Company's Capital Contributions to Such Shareholders (As of March 31, 2022)

Name of major shareholders	Number of shares	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,103,100	15.72
Custody Bank of Japan, Ltd. (Trust Account)	3,999,200	5.66
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	2,413,500	3.42
Custody Bank of Japan, Ltd. (Trust Account 4)	2,278,000	3.23
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	1,699,900	2.41
Asahi Mutual Life Insurance Company	1,365,050	1.93
FURUKAWA CO., LTD.	1,329,045	1.88
DFA INTL SMALL CAP VALUE PORTFOLIO	1,269,310	1.80
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1,091,900	1.55
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1,050,000	1.49

1. Shareholding ratio is calculated with the number which deducted 49,786 shares of the Company's treasury stock.
2. In addition to the 2,413,500 shares in a retirement benefits trust mentioned above, Mizuho Bank, Ltd. has a further 173 shares in the Company.

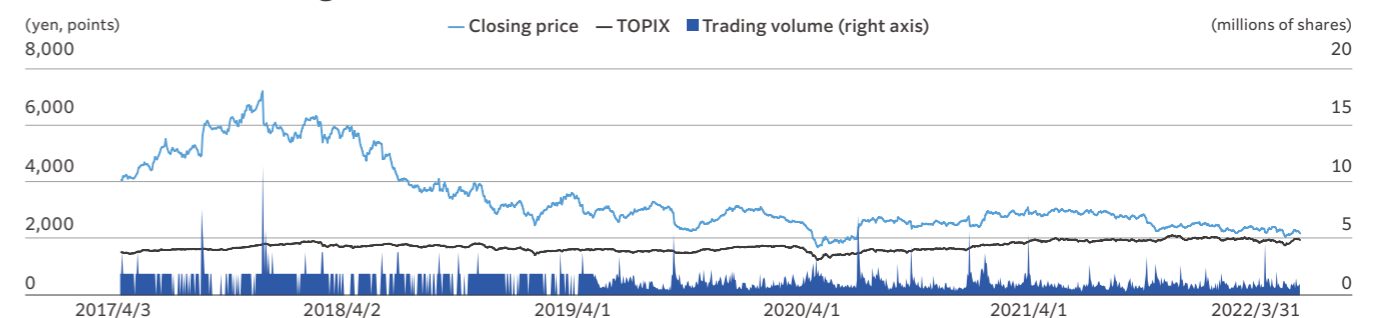
Cash Dividends per Common Share

Fiscal year	2017	2018	2019	2020	2021
Interim dividend (yen)	0	0	0	0	0
Year-end dividend (yen)	80	85	85	60	60
Total dividend (yen)	80	85	85	60	60

Total Shareholder Return (TSR)

Fiscal year	2017	2018	2019	2020	2021
TSR (%)	144.8	73.9	55.4	82.0	63.7
(TOPIX)(%)	(113.5)	(113.5)	(113.5)	(113.5)	(113.5)
High (yen)	7,230	5,760	3,305	3,115	3,110
Low (yen)	3,985	2,453	1,620	1,746	2,050

Stock Price and Trading Volume



External Evaluation

Furukawa Electric became a constituent of the following ESG-related indices, and received external evaluation and certifications as follows during a period from April 1, 2021 to July 31, 2022.

FTSE4Good Index Series/FTSE Blossom Japan Index Series



Furukawa Electric was selected as a constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index Series of FTSE Russell (June 2022).

FTSE4Good Index Series
<https://www.ftserussell.com/products/indices/ftse4good>
 FTSE Blossom Japan Index Series
<https://www.ftserussell.com/products/indices/blossom-japan>

S&P/JPX Carbon Efficient Index



Furukawa Electric was selected as a constituent of the S&P/JPX Carbon Efficient Index, within the "Capital Goods" industry group, with decile classification "8" and carbon disclosure status as "disclosed" (March 2022).

CDP



Furukawa Electric received an "A: Leadership Level" evaluation for "Climate Change" of the CDP in 2021, and was also selected as a "Supplier Engagement Leader" in the CDP Supplier Engagement Rating (SER) (February 2022).

MSCI Japan Empowering Women Index (WIN)

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Furukawa Electric was selected as a constituent of the MSCI Japan Empowering Women Index (WIN) (June 2022).

THE INCLUSION OF Furukawa Electric Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Furukawa Electric Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

SBT (Science Based Targets)



The Furukawa Electric Group's targets for reducing greenhouse gas emissions by 2030 were certified by the SBT (well-below 2°C) (July 2022).

MSCI ESG Rating



Furukawa Electric received a "BBB" evaluation for the MSCI ESG Rating (February 2022).

Participation in Initiatives

Furukawa Electric participates in the following ESG-related initiatives.

United Nations Global Compact

Furukawa Electric has been involved in the United Nations Global Compact since February 24, 2020.



Task Force on Climate-related Financial Disclosures

Furukawa Electric expressed approval of the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) in January 2020.



For details, please see Furukawa Electric's website.

External evaluation <https://furukawaelectric.disclosure.site/en/themes/109>
 Participation in initiatives <https://furukawaelectric.disclosure.site/en/themes/110>



Background for the Furukawa Electric Group Integrated Report 2022

I would like to say a few words on this occasion of issuing the Furukawa Electric Group Integrated Report 2022.

The Corporate Sustainability Office, which edits and publishes integrated reports, was established in April 2019 to assist the Group's ESG management and SDGs initiatives. This fiscal year marks its fourth year. During this period, we have elaborated the Guidance for Collaborative Value Creation in our own way, incorporated ESG and sustainability into management strategies and underlying policies and conditions in order to achieve the Vision 2030, and on numerous occasions checked on the consistency of the story while building the "value creation process directed at achieving Vision 2030". We published our first Integrated Report, for 2020, where we disclosed material management issues (materiality) requiring attention on the path toward achieving the Vision 2030. In the Integrated Report 2021, while the formulation of a medium-term management plan was postponed for one year, we presented our approach to the value creation process and disclosed the status of initiatives for each materiality.

And, this fiscal year we were able to include the value creation process, which incorporates the Medium-term Management Plan 2022-2025 (2025 Mid-term Plan) announced in May 2022, in this Integrated Report 2022. In addition to messages from the President and the General Manager of the Finance & Accounting Division, the General Manager of the Strategy Division

explained the 2025 Mid-term Plan, which is positioned as a milestone in progressing toward the Vision 2030, and the three Outside Directors' dialogue concerning this is presented in this Report. We hope you will take this opportunity to deepen your understanding of the Group's value creation process toward 2030 and the 2025 Mid-term Plan.

We are committed to further improving the quality of integrated reports, enhancing information disclosure and transparency, and promoting dialogue with stakeholders. We would appreciate hearing your unrestrained comments or requests in this regard.



October 2022
Shuichi Tanaka
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Inquiry form

<https://www.furukawa.co.jp/srm/form/index.php?id=enir>

