

FURUKAWA  
ELECTRIC

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ELECTRIC GROUP

Furukawa Electric Group Integrated Report 2023

FURUKAWA ELECTRIC CO., LTD.

<https://www.furukawa.co.jp/en/>

2023

FURUKAWA ELECTRIC GROUP  
INTEGRATED REPORT

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## About the Furukawa Electric Group Integrated Report 2023

### 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 (The IFRS Foundation)
- SASB Standard (The IFRS Foundation)
- The Guidance for Collaborative Value Creation 2.0 (the Ministry of Economy, Trade and Industry)
- Guidance on Climate-related Financial Disclosure (TCFD) Guidance 2.0 (the Ministry of Economy, Trade and Industry)



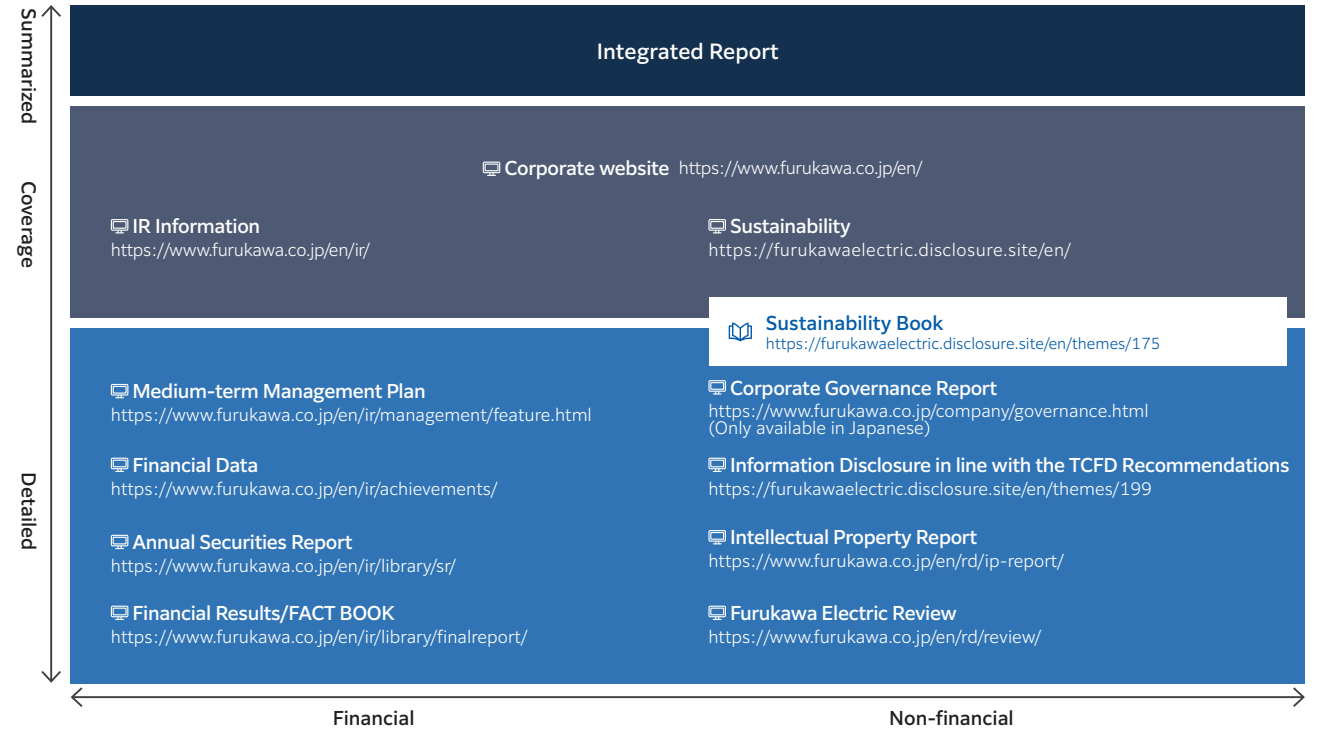
### Scope of This Report

Period Covered	Fiscal 2022, from April 1, 2022, to March 31, 2023 (Note) Includes selected information on past initiatives and activities during fiscal 2023.
Publication Timeframe	Publication date: October 31, 2023 Planned publication of next edition: October 2024
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

## The Founder's Thoughts

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

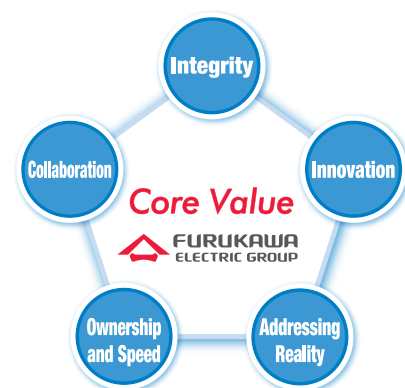
**“value employees,  
value customers,  
value new technology, and  
contribute to society.”**

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

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

## 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.

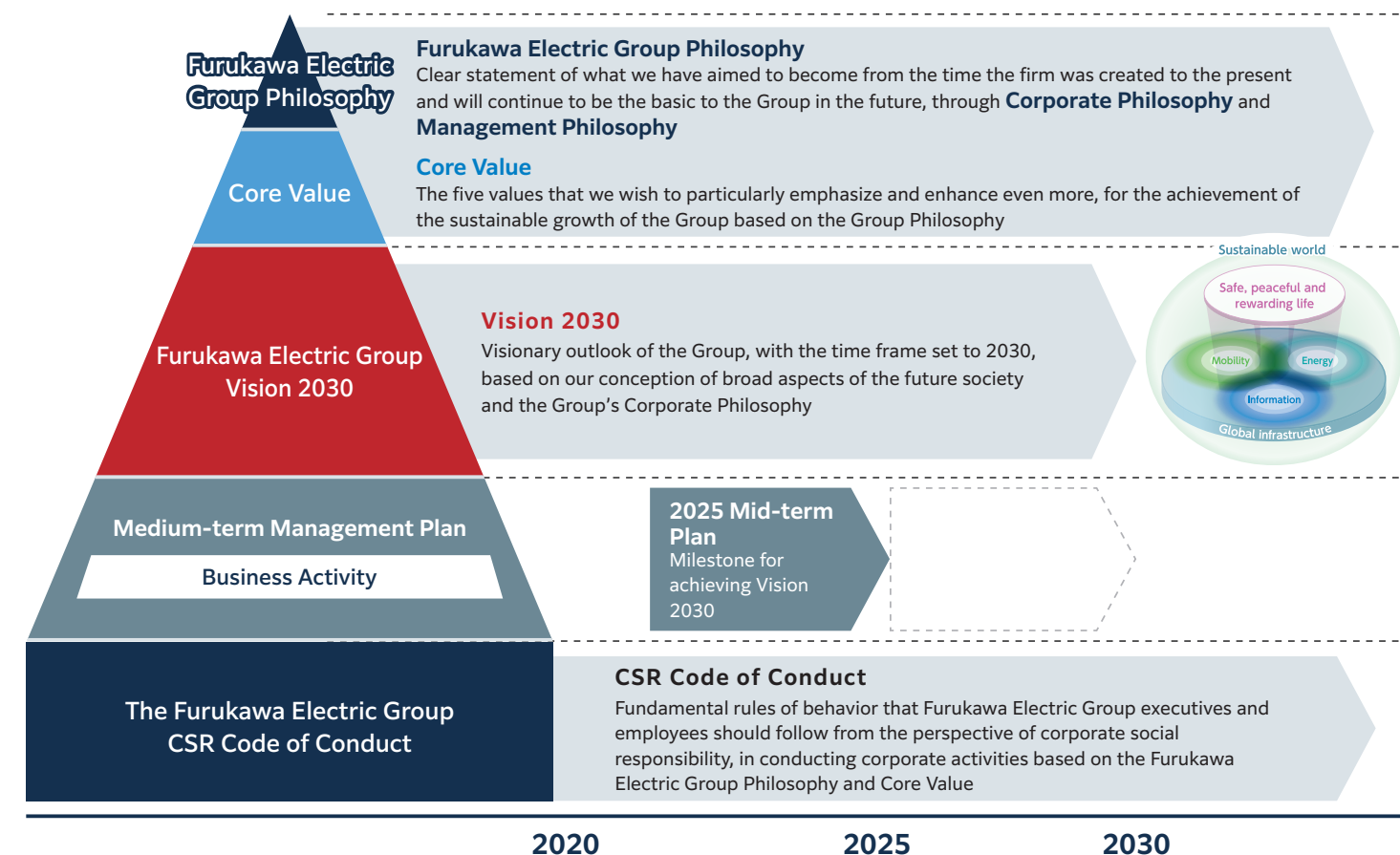


➤ For details, please see the “The Furukawa Electric Group CSR Code of Conduct” on Furukawa Electric’s website.  
<https://furukawaelectric.disclosure.site/en/themes/123>

## 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

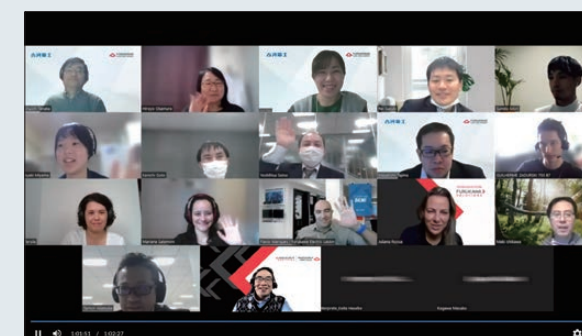
## Overall Concept of Furukawa Electric Group's Philosophy system



## TOPICS

## Efforts to Establish Our Purpose

In recent years, it has become increasingly important for companies to clarify their raison d'être. We believed that our Group's purpose was included in our corporate philosophy. At the same time, in addition to quick decision-making, in today's age of VUCA it is even more important to increase the unifying power and employee engagement of an organization. And to do this, we have come to believe that it is necessary for each and every employee to understand, empathize, and take pride in working for our Group, and that we must have a purpose that forms the basis of our organization's decisions.



Discussions with employees at overseas affiliates

Given this, in FY2022, our Group established a Purpose Establishment Project Team, with a focus on young employees, and began examining how to establish a purpose. Discussions were held a total of 30 times with more than 100 employees, not only in Japan but also at overseas affiliates (USA, Europe, South America, China, Southeast Asia).

Based on these discussions, we have established our Group's purpose and plan to disclose it to the public in or after FY2024.



Discussions within the Project Team



# 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 139 years.

## Trends in the net sales

■ Non-Consolidated  
■ Consolidated



1937

Laid the world's first nonloaded carrier submarine cable in the Tsushima Strait



1974

Established company in Brazil manufacturing and selling aluminum power cables



1915

Manufactured Japan's first submarine electric cable



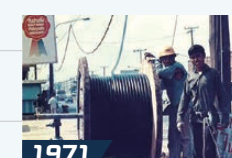
1974

World's first successful field trial of optical fiber cable



1897

Started manufacturing electric copper wires



1971

Installed a communications network in Bangkok, Thailand



1889

Started Japan's first electrodeposit copper trial operations



1964

Developed a fully automatic high-precision six-high rolling mill



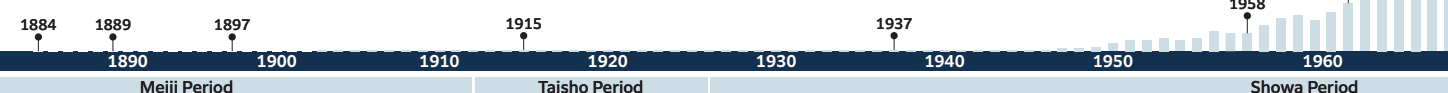
1884

Opened Honjo Copper Smeltery and Yamada Cable Works



1958

Installed an antenna and feed line on Tokyo Tower



2016

Newly established an open lab "Fun Lab" within Yokohama Works



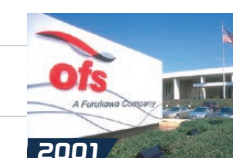
2011

Acquired SuperPower Inc., a high-temperature superconducting materials manufacturer in the US



2003

Received the Golden Hadron Award from CERN for superconducting wire materials



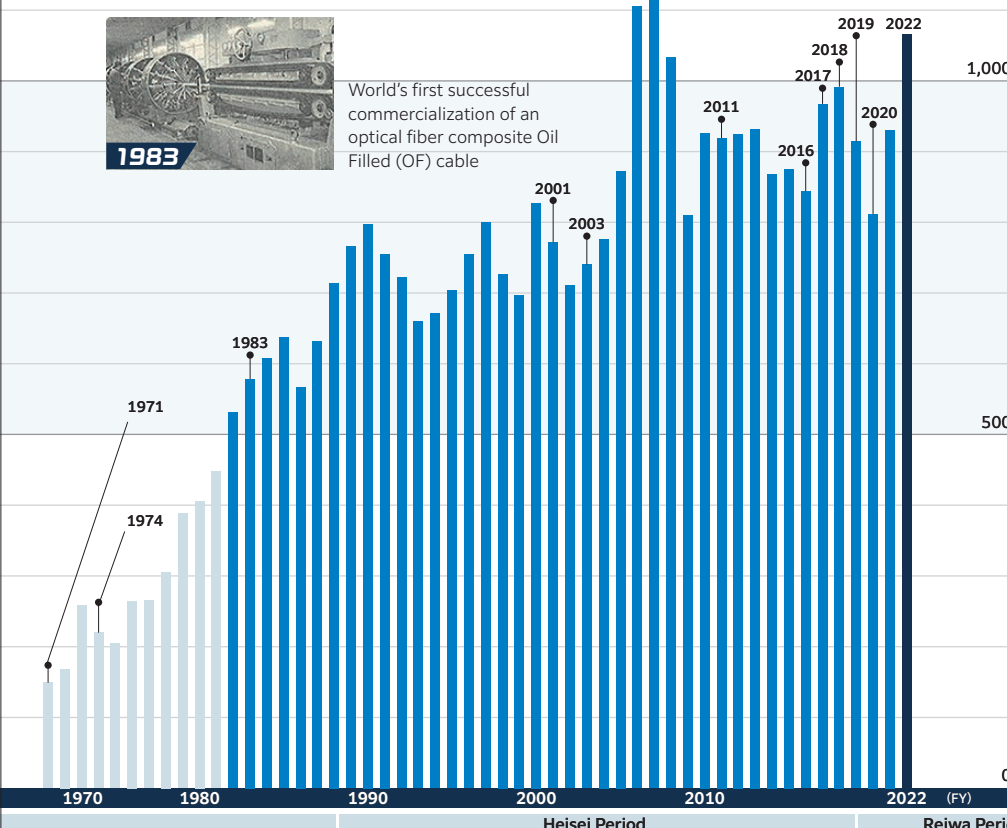
2001

Acquired Lucent Technologies' optical fiber division (US)



1983

World's first successful commercialization of an optical fiber composite Oil Filled (OF) cable



(Billions of yen)  
1,500

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



2022

Provided green LP gas from biogas, which was used as part of the fuel for the torch at the "Ichigo Ichie Tochigi National Sports Festival and National Sports Festival for People with an Impairment"



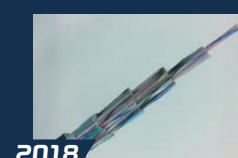
2020

Launching sales of the "BRACE" Blue-IR hybrid laser



2019

Award of contract for development of high voltage dynamic export submarine cable for floating offshore wind power plants



2018

Developing thin ultra-high count multi-core optical fiber cable with the world's highest core density



2017

Sampling of narrow linewidth & high output power micro ITLA for beyond-100Gbps optical digital coherent transmission

## 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.

## 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 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.



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

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 (Beyond 5G)\* 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.

\* B5G (Beyond 5G) is the next generation of mobile communication systems with such features as scalability (expansion of communication areas to sky, sea, and space), ultra-low power consumption, and ultra security and reliability, in addition to the further advancement of 5G's characteristic features (high speed and high capacity, low latency, and multiple simultaneous connections). It is also called 6G (the 6th generation mobile communication system).

The external environment is rapidly changing on many fronts, and although there is increasing risk that responding incorrectly may be fatal, the range of social issues Furukawa Electric Group can contribute to is growing

## Politics

- ▶ **Increased awareness of ESG/SDGs as a core pillar of corporate management**  
Accelerated initiatives for realizing a carbon neutral society
- ▶ **Globally increased political divisions**  
A growing impact of further confrontation between nations on global landscape  
Each country pursuing industrial policies that prioritize its own interests

## Society

- ▶ **New lifestyles**  
Work style reforms and 100-year life expectancy
- ▶ **More frequent natural disasters and increased damage**  
More severe natural disasters, and increased demand for renewing social capital
- ▶ **Changing concept of "mobility"**  
Changing concept of mobility for people, goods and information by evolution of digital technology

## Economy

- ▶ **Shrinking markets in Japan**  
Zero growth and shrinking labor market due to the aging and declining population
- ▶ **Growth in emerging markets such as Asia**  
Emerging countries will continue rapid growth, and the global south will rise
- ▶ **Rapid and substantial interest hikes in the U.S.**  
Stubbornly high inflation, high labor market, and destabilized financial system

## Technology

- ▶ **Rapid advances in DX**  
Level of engagement in DX will influence the competitive position of companies
- ▶ **Widespread implementation of 5G, and advances in CASE based on that foundation**  
Ultra-high speed telecommunications enabled by 5G, multiple simultaneous connections and ultra-low latency  
Increased demand for electric power, and expansion of operations beyond traditional industry borders

## Social Issues

### Realize a B5G society



### Become carbon neutral



### Realize next generation infrastructure that enjoys universal mobility



### Realize longer healthy life expectancy



Realize a circular economy



## At a Glance, Furukawa Electric Group

▶ Consolidated net sales	▶ Greenhouse gas emissions*1 (Scopes 1&2)
<b>1066.3</b> billion yen	<b>571</b> 10 <sup>3</sup> t-CO <sub>2</sub> e
▶ Consolidated operating profit	▶ Number of Group employees
<b>15.4</b> billion yen	<b>51,314</b>
▶ Profit attributable to owners of parent	▶ Number of Group companies*2
<b>17.9</b> billion yen	<b>127</b>

\*1. Combined total amount for Furukawa Electric, 31 domestic and 59 overseas group companies  
\*2. Combined total for Furukawa Electric, 111 consolidated subsidiaries and 15 equity-method affiliates

### South America, Europe, and others

Net sales	<b>91.9</b> billion yen
Greenhouse gas emissions	<b>15</b> 10 <sup>3</sup> t-CO <sub>2</sub> e
Group employees in total	<b>3,295</b>
Group companies in total	<b>20</b>

### North and Central America

Net sales	<b>127.8</b> billion yen
Greenhouse gas emissions	<b>74</b> 10 <sup>3</sup> t-CO <sub>2</sub> e
Group employees in total	<b>5,137</b>
Group companies in total	<b>13</b>

### China

Net sales	<b>104.3</b> billion yen
Greenhouse gas emissions	<b>104</b> 10 <sup>3</sup> t-CO <sub>2</sub> e
Group employees in total	<b>4,180</b>
Group companies in total	<b>19</b>

### Asia (ex. Japan and China)

Net sales	<b>224.9</b> billion yen
Greenhouse gas emissions	<b>122</b> 10 <sup>3</sup> t-CO <sub>2</sub> e
Group employees in total	<b>28,200</b>
Group companies in total	<b>34</b>

### Japan

Net sales	<b>517.4</b> billion yen
Greenhouse gas emissions	<b>255</b> 10 <sup>3</sup> t-CO <sub>2</sub> e
Group employees in total	<b>10,502</b>
Group companies in total	<b>41</b>

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



## As President and Representative Director

Furukawa Electric Co., Ltd. celebrates 139 years in business this year. And as part of this long history, I have been appointed as the 16th president.

At present, our Group is working to achieve the Furukawa Electric Group Vision 2030 and the 2025 Medium-term Management Plan (hereinafter, 25 MTP), which started last year. As a member of the management team involved in the formulation of Vision 2030 and 25 MTP, I believe it is necessary for our Group to promote these management policies with a sense of continuity.

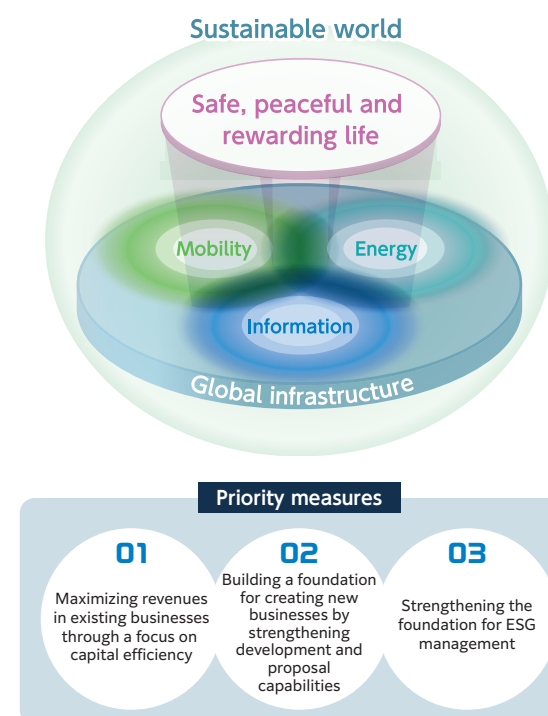
At the same time, we started to engage in the vision and plan with the intention that if changes in the external environment or other factors make it necessary to change the current management policies, we will actively change them. Looking at the current business environment, I feel that social issues have become increasingly diverse. It is also marked by changes in geopolitical risks such as escalating conflicts between countries, decoupling, and disputes. In light of these changes in the environment, it will be necessary to change our strategies going forward.

Our Group has set forth the goals of maximizing profits in existing businesses and building a foundation for creating new businesses in our 25 MTP, and as part of Vision 2030, we aim to become a corporate group that is indispensable to solving social issues. In order to achieve this, we must change our corporate structure to one that is flexible and responsive to changing and diversifying social issues. To do so, we will make management decisions quickly and establish a system that enables each organization to operate functionally and effectively. I believe it is important that each employee recognize what they need to do under such an organization and to exercise their potential in their respective positions so that we can become a strong corporate group that is more than the individual activities of individual employees. We will work on organizational change under the three concepts of taking action promptly, functionally, and effectively.

### Furukawa Electric Group Vision 2030 and 2025 Mid-term Plan

Vision 2030 aims to identify fields in which our Group can create value in areas of information, energy, and mobility, areas that combine them and peripheral areas, and contribute to solving social issues that arise there. Furthermore, the concept of Vision 2030 is to utilize the various resources of our Group to identify new areas where we can contribute to solving social issues, launch them as new businesses, and grow them. At the same time, we will improve our corporate structure and strengthen human resource development. The 25 MTP is a milestone for achieving Vision 2030. We started this in FY2022 with specific financial and sustainability targets.

### Furukawa Electric Group Vision 2030 and Priority measures of the 2025 Mid-term Plan



### Looking Back on the First Year of 2025 Mid-term Plan

In the first year of 25 MTP, we were unable to achieve our financial targets due to the impact of a tougher than expected external environment in the automotive industry and the semiconductor market. However, I feel that we have started in the right direction by steadily implementing various initiatives aimed at maximizing profits in existing businesses, building a foundation for creating new businesses, and strengthening the foundation for ESG management ahead of FY2025.

Our Group's business structure is characterized by numerous examples of large-scale manufacturing infrastructure. Although this has the advantage of a high barrier to entry, in recent years the challenge of increasing investment efficiency has become apparent. In order to resolve these issues, we are promoting management focused on capital efficiency in 25 MTP. We have introduced Furukawa Value Added (FVA), an indicator of capital efficiency, as a management indicator. This functions as a criterion for actively replacing our business portfolio after assessing the status of each business.

Using FVA over the past year, a change in internal consciousness has begun to emerge. Discussing from the perspective of what measures and initiatives will lead to the achievement of FVA targets, we have been able to construct a process for formulating and implementing various measures.

Specifically, by breaking down numerical targets for achieving FVA targets on a per-business basis, we can now identify actions that can be taken to improve

Meeting our 2025 Mid-term Plan, a milestone for achieving Vision 2030, we will work to realize an ideal Furukawa Electric Group.

Furukawa Electric Co., Ltd.  
President and Representative Director

*H. Moridaise*





capital efficiency before the business itself is selected. In addition, a process is being added where, if the FVA of a business that is determined to be in a revenue reaping phase is not higher than expected, the factors are analyzed from various angles, the optimal direction for the business is discussed between the headquarters and business unit, and a decision is made. We will continue to use FVA to discuss specific investment and withdrawal decisions and how to conduct individual businesses.

### Aiming for Sustainable Replacement in Our Business Portfolio

Regularly replacing our business portfolio by creating new businesses and downsizing or withdrawing from existing businesses that are reaching the end of their role has been a long-term challenge for our Group. Our stakeholders recognize that the Furukawa Electric Group is engaged in a wide variety of businesses, and our Group has the ability to take on new challenges and discover new businesses in new fields, as well as technological competitiveness in a wide range of fields. Looking back over the past 10 years, however, I believe developing newly established businesses into core Group businesses has proven difficult.

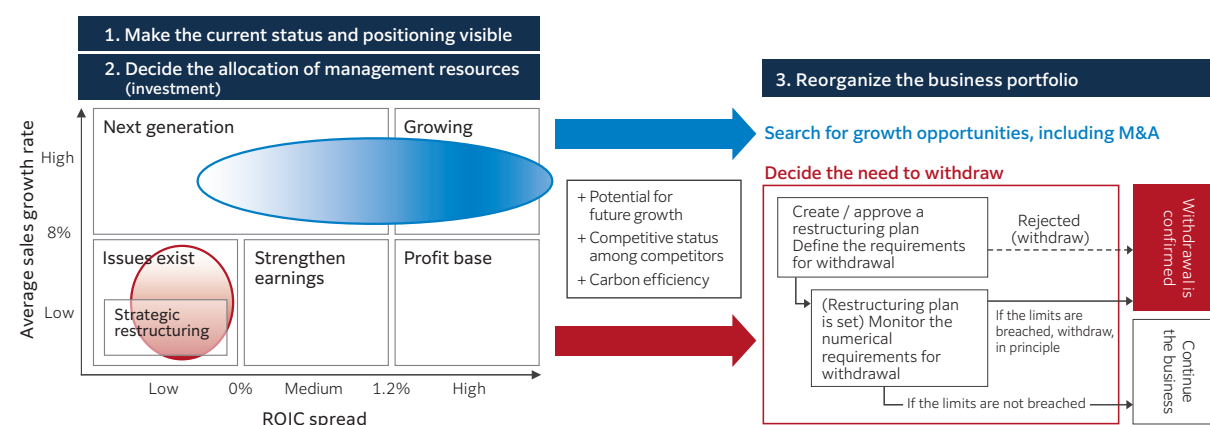
Our Group has a history of development in the fields of power infrastructure, communications, and automobiles, with a focus on materials technologies such as metal materials — mainly copper — and plastics, and optical, electrical, and wireless communications technologies. As mentioned above, we will continue to maximize profits in these existing businesses while focusing on improving capital efficiency. However, in addition to these fields, it is also necessary to identify areas in which we can utilize our strengths in response to needs from society and issues that demand solutions, and shift our focus to these areas. As a result of efforts to create new businesses by collecting and organizing the opinions of customers and wider society through concepts such as market orientation and kotozukuri (creation of an extra-alpha service), some new businesses are already moving toward practical use. As we begin to see a sense of direction for new business, we see the possibility of realizing sustainable replacement in our business portfolio.

### Strengthening Our System to Create New Businesses

In March 2021, we established the Social Design & New Business Development Dept., in which the R&D and marketing divisions are responsible for creating new businesses through co-creation activities. Traditionally, the R&D division was responsible for the creation of new businesses at our Group. However, in order to accelerate the creation of new businesses that meet the needs of customers and wider society, we have decided that it is more necessary than ever to use the capabilities of the marketing division, which functions as a point of contact with the outside world.

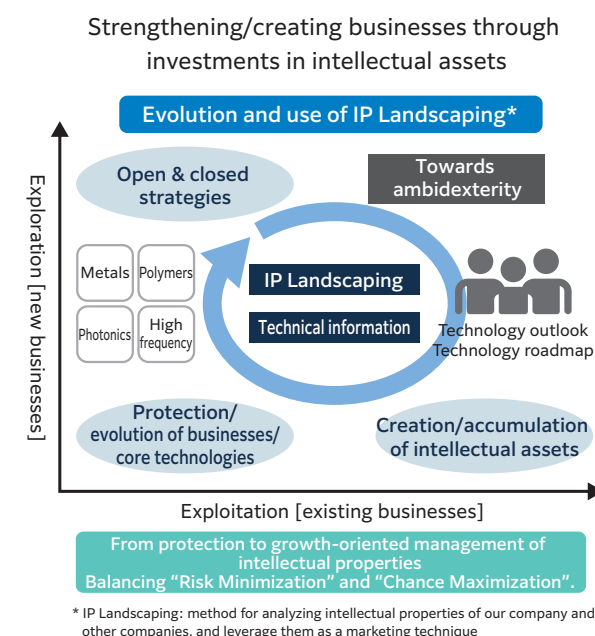
With the establishment of this function, the R&D division focuses on the development of new technologies and the enhancing of our technological foundation, and the Social Design & New Business Development Dept. identifies the needs of society where these technologies can contribute and searches for products and services that meet the needs of customers. We believe that we

Business portfolio optimization and allocation of management resources



can expect great results in the future by adopting a structure that promotes co-creation activities among divisions and systematically fosters new ideas for the creation of new businesses.

And by using IP Landscaping as a tool to link our Group's intellectual assets with the needs of society, we believe we can further accelerate the creation of new businesses. These intellectual property-related activities, in which the technical and business results created through corporate activities are clearly stated and established as rights in the form of intellectual property rights or industrial property rights, or they are kept undisclosed and used as expertise in our own businesses, form an important foundation for management.



### Stable Returns to Shareholders

Our Group has always maintained a basic policy of providing stable and ongoing shareholder returns based on the idea of balancing growth investment with shareholder returns. In addition, the 25 MTP establishes a new numerical standard with a dividend payout ratio of 30% of consolidated net income. We promise our shareholders that we will achieve sustainable growth as a corporate group by achieving both stable dividends as always and a payout ratio linked to business performance.

In FY2022, dividends were 80 yen per share based on the above policy. Dividends determined on the basis of the results of a single fiscal year are expected to fluctuate due to short-term changes in performance. In order to realize growth from a medium- to long-term perspective, we need to strike a balance between giving priority to shareholder returns in a given fiscal year and investing in internal growth. We hope to gain understanding by carefully explaining our dividend policy to shareholders for each fiscal year.

### Strengthen the Foundation for ESG Management

At this year's Annual Shareholders' Meeting, the majority of questions from shareholders concerned non-financial information. Going forward, it will be increasingly important for corporate management to disclose non-financial information that indicates ESG initiatives and their targets and results. Our Group has defined key management issues (material issues) for the implementation of 25 MTP, and we have disclosed sustainability indicators and targets that indicate progress both internally and externally. We believe that achieving our sustainability indicators and targets, as well as our financial targets, will bring us closer to what we want to achieve with Vision 2030.

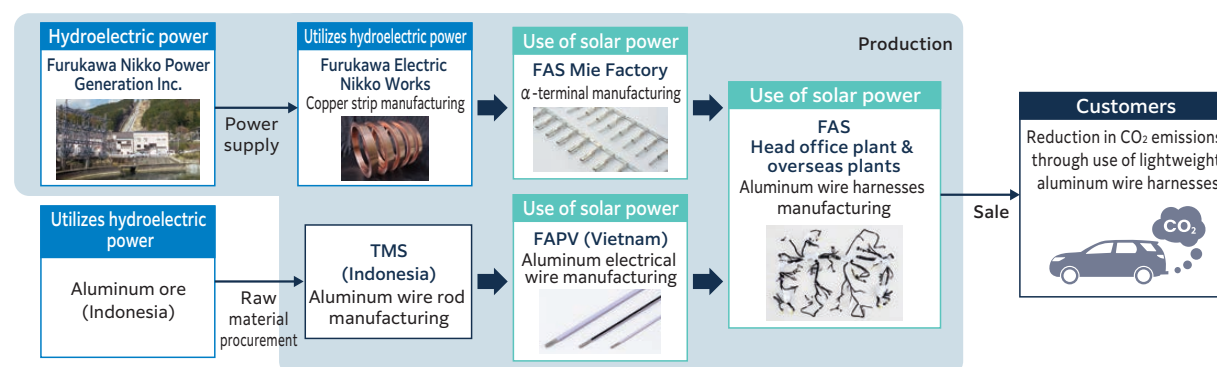
### Environment: Initiatives to Achieve Carbon Neutrality

In 2021, our Group formulated the Furukawa Electric Group Environmental Vision 2050. Our aim is to achieve carbon neutrality by 2050. In response to this challenge shared by humanity, our Group reviewed our targets for reducing greenhouse gas emissions produced by our operations. In July of this year, we obtained certification for the 1.5°C target of SBTi, an international environmental initiative.

At the same time, our Group's technologies can help reduce greenhouse gas emissions produced by society. We expect that new businesses that apply these technologies in order to contribute to collective carbon neutrality will be significant profit opportunities. For example, the development of technology for producing green LP gas with the Ramune Catalyst is progressing, and the direction in which to take the business is becoming more clear. In addition, we will appeal to customers and society that we use our own hydroelectric power in the manufacturing process, and encourage them to actively choose our Group's products. By doing this, we intend to turn various environmentally friendly products that help reduce greenhouse gas emissions into profit opportunities.

In the field of energy infrastructure, the electric cable system helps in the construction and strengthening of electric power grids that transmit electricity produced by renewable energy from solar power and offshore wind power. In the field of mobility, changing conductors in automotive wiring harnesses from copper to lighter aluminum reduces the weight of the automobile and helps improve fuel efficiency. We are contributing to the realization of carbon neutrality through the production and sale of aluminum wire harnesses, including by using harnesses made from aluminum produced using hydroelectric power. In this way, we aim to contribute

## Contributing to carbon neutrality throughout our value chain



to the carbon neutrality of society by actively providing our customers with elements that contribute to carbon neutrality, with a view to the entire value chain.

## Social: Initiatives to Strengthening Human Capital and Organizational Execution Abilities

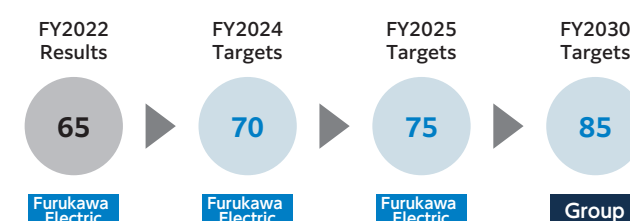
In order to strengthen human capital and organizational execution abilities, we need to embrace more diverse human resources. Furukawa Electric Group has employees from a wide variety of countries and regions, including at our global affiliates. We therefore believe that a challenge for management is to create comfortable working environments that maintain a good balance between the values that are rooted in the country or region and held by the diverse human resources and the values that are shared within the Group. Our goal is to become a corporate group where each and every one of our diverse employees can achieve their desired career move and where their dreams and aspirations are possible.

Furthermore, in order to achieve growth as a corporate group, we believe it is essential that we be an organization where every employee feels satisfied, motivated, and has a sense they are contributing in meaningful ways to the company. In order to develop an employment environment that fosters satisfaction, we will reform and enhance structures and systems — such as our recruitment process, remuneration, and education and training — from the perspective of employees.

In FY2022, we launched the Furukawa E-Survey, a survey for gauging employee engagement scores. The result of the first year of the 25 MTP is that we have developed a system to visualize the state of our Group's human resources and organization based on the survey results, and a system has been established to plan and implement necessary improvement measures. Improvement of organizational structures does not produce results in the short term. Although the results are not satisfactory at present, employee engagement scores are one of the sustainability indicators in 25 MTP. Therefore, we would like to develop an understanding

of the state of the organization through regular surveys on an ongoing basis in order to explore what human resources and the organization should be.

## Sustainability indicator: Employee engagement scores



We believe that it is necessary to take measures to improve the current status of female advancement. Looking at the ratio of male to female employees at our company, there are some age groups where the ratio of male employees is high due to past hiring trends. At the same time, the proportion of women among new hires has improved recently, and the proportion of women among younger employees has gradually increased.

If we focus on ability when hiring, placing, and promoting employees, we believe the proportion of men and women will naturally approach an even level. We will consciously increase opportunities for women to exercise their full potential — something that was insufficient in the past — and expand the opportunities they have to play active roles. And ultimately, we aim to implement a human resources strategy in which each individual is evaluated appropriately based on their abilities, where there is no need to intentionally use classification based on gender.

## Governance: Initiatives for Human Rights and Establishment of ESG-Linked Remuneration

Our Group began the implementation of human rights due diligence in FY2022. In order for this initiative to take root, we feel that it is necessary for each and every employee to specifically recognize what it means to be conscious of human rights and to share this within the

Group. It is natural to be aware of extreme human rights issues like harassment. However, it is necessary to have a common understanding that there are numerous other negative impacts on human rights (human rights risks).

Similarly, as we contribute through our businesses to a society in which people prosper, there should be no situation in which human rights issues arise at any point of the supply chain that our Group is involved in. We cannot continue our business activities knowing such issues are occurring. There is also a trend globally to refrain from procuring raw materials from suppliers with considerable human rights risks. By working with our suppliers to identify human rights risks, we will conduct business activities based on the premise of a supply chain free of human rights issues.

And by continuing our efforts to address human rights, we will enhance our human rights due diligence by accurately understanding the reality of human rights risks in our Group and proactively addressing any important issues that are discovered.

In FY2023, we established ESG-linked remuneration as a mechanism for management to engage in ESG management with clear responsibilities and contribute to initiatives. With regard to this, we first prioritized the introduction of the system and incorporated the reduction of greenhouse gas emissions (Scope 1, 2) indicator into remuneration. In order to include our Group's ESG management, we will consider adding indicators that can more strongly indicate the degree of contribution to the promotion of ESG management in the future. In addition, although there is currently a system to reflect the performance of indicators in short-term performance-linked remuneration, ESG is a medium- to long-term initiative, and we believe that there is room for improvement in how it is reflected in remuneration. We will further accelerate ESG initiatives by understanding ESG-linked remuneration as an important tool and making it a more effective system.

## Elements of the Company's remuneration for Directors, etc. (since July 2023)

Base salary
Short-term performance-linked remuneration (individual)
Short-term performance-linked remuneration (company level)
ESG-linked remuneration
Medium-to-long-term performance-linked remuneration

## Reviewing of the Establishment of Our Purpose

For our Group, which has a diverse range of businesses, I personally believe that it is a top priority for us to concisely indicate our raison d'être in conjunction



with our future aspirations and the direction in which we wish to move. Currently, we have established a Purpose Establishment Project Team, with a focus on young employees, and are examining how to establish a purpose. We are examining ways to organize our unique qualities and highly persuasive raison d'être both internally and externally so that we can announce this as our purpose.

## Future Aspirations

In order to achieve our Vision 2030, our immediate goal is to first achieve the milestone 25 MTP. Vision 2030 indicates the direction of our Group broadly. It aligns the steps of the Group as a whole and leads us in a united direction toward our goal. In addition, as a more concrete direction to accelerate efforts to achieve Vision 2030, we will further embody our Group's raison d'être, disseminate it internally and externally, and examine the optimal business and product portfolios in response to this. At the same time, by working on human resource development and promoting ESG management, we will secure and enhance the resources to realize these goals.

Our Group's ultimate goal is to be an indispensable part of society capable of contributing in a sustainable manner. In order to achieve this, we need to be financially sound and generate stable revenues on a continual basis. During my term as president, I would first like us to solve our financial issues as quickly as possible, facilitate the achievement of Vision 2030, and realize an ideal Furukawa Electric Group.

I look forward to your continued support.



## All members of the Group are determined to take on the challenge of enacting reforms to achieve the 2025 Mid-term Plan and Vision 2030.

Director and Corporate Executive Vice President  
General Manager, Strategy Division

Satoshi Miyamoto

### Progress and Issues With the 2025 Mid-term Plan

The first year of the Medium-term Management Plan 2022-2025 (hereinafter, 25 MTP) had a difficult start due to intense external environmental changes. Given this, in the short term, we believe that our top priority is to improve the profitability of our key businesses and recover our financial position. Our company has already introduced indicators such as return on invested capital (ROIC) and Furukawa Value Added (FVA) as an internal management indicator in order to consciously manage capital efficiency. At the same time, more important than the act of introducing these indicators is that they be fully understood and used internally. For this reason, we use an FVA tree to break down the elements for each business division and incorporate them into KPIs that are linked to daily on-site operations. In the first year of the Mid-term Plan, we introduced rules and systems for reviewing our business portfolio. Going forward, we will aim to improve earnings by thoroughly implementing these.

In the medium- to long-term, it is important to improve capital efficiency and reduce the cost of capital through sustainability initiatives. There was a time when sustainability was regarded as an external economy for companies and positioned as so-called corporate social responsibility (CSR). Today, however, it is incorporated into the foundation of corporate value creation, and sustainability forms the very foundation of our company's businesses. We believe that companies that do not focus on sustainability and ESG today and into the

future will not survive. Stakeholders such as employees, investors, and wider society are also keenly aware of a company's attitude toward sustainability. We believe that sustainability initiatives will contribute to enhancing our reputation as well as the satisfaction and pride employees feel.

Our company has defined important challenges for management (material issues) to achieve Vision 2030. In the 25 MTP, we introduced sustainability indicators in line with material issues so that we can make steady progress on our sustainability initiatives. Therefore, implementing initiatives to achieve these indicators will help us achieve Vision 2030 over the medium- to long-term. In FY2022, the first year of the 25 MTP, we were able to achieve the target values for all indicators. In addition to external disclosure indicators, we have also established internal sustainability indicators to ensure steady implementation and improve effectiveness.

In this way, we aim to achieve the financial targets of the 25 MTP without changing them from the initial figures and achieve Vision 2030 in the future by tackling the financial aspects in the short term and sustainability in the medium- to long-term.

### Business Portfolio Optimization

Looking back on the experience of reviewing our business portfolio in the 20 MTP, we can point out that the judgement criteria regarding the positions of businesses, investment and withdrawal, etc. were unclear, the

execution system was not always solid, and that the sense of urgency that the portfolio should be reviewed was lacking.

Based on these points of reflection, the Business Portfolio Review Committee, which began in FY2022, has clarified the judgement criteria that are the basis for reviews of our business portfolio. Due to the nature of the rearrangement of our business portfolio, it is difficult to say whether progress has been made at the discussion stage. However, since the start of the 25 MTP, the systems, including the judgement criteria, have been steadily adopted and become established.

The committee meets regularly three times a year — in June, November, and February — to determine the position of each business and assess individual recovery plans. In addition, meetings with individual departments are held from time to time when there are other subjects that need to be discussed. Initially, the Business Portfolio Review Committee was stumbling in the dark because of the highly complex matters it discussed. However, as the committee continued to convene, a common understanding emerged among the members of the committee regarding the matters to be discussed and the level of consideration. Discussions are now very active. In addition, I feel that the Business Portfolio Review Committee is working well, including improved preparations for committee meetings and follow-up.

The Business Portfolio Review Committee considers not only financial criteria such as profitability and continuity but also non-financial evaluation criteria such as carbon efficiency. ESG factors are also incorporated into the risk management of FVA, and the committee will continue to consider our business portfolio from multiple angles.

### Progress of Initiatives for “Developing Business Activities That Consider Climate Change”

#### Reduction of Greenhouse Gas Emissions (Scopes 1&2)

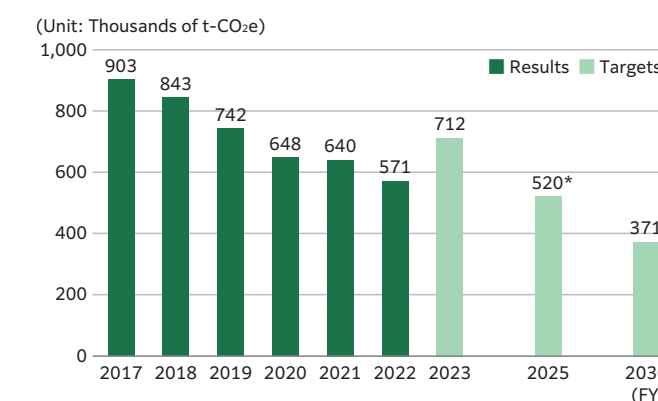
Achieving carbon neutrality is the most important social issue that needs to be resolved, both globally and for our Group. In 2021, our Group formulated the Furukawa Electric Group Environmental Vision 2050. This sets a challenge target of zero greenhouse gas emissions (Scopes 1&2) in its business activities in 2050. We have set the Environmental Targets 2030 as a milestone to achieve this challenge target. Furthermore, in the 25 MTP, we set the reduction rate of greenhouse gas emissions (Scopes 1&2) as a sustainability indicator and clarified milestones for advancing medium- to long-term initiatives.

In FY2022, the Environmental Targets 2030 was revised upward due to progress in reducing greenhouse gas emissions that exceeded the original plan. In addition, we applied for the SBT 1.5°C target in line with the revised targets, and for the TCFD scenario analysis, we began considering a 1.5°C scenario instead of the conventional



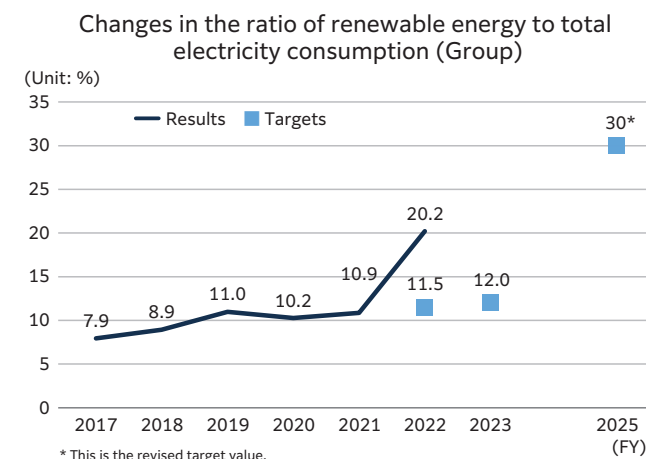
2°C or lower scenario. These measures have been praised by investors and analysts as being advanced within the industry.

#### Changes in greenhouse gas emissions (Scopes 1&2)



#### Utilization of Renewable Energy

Due to the nature of our businesses, scope 2 accounts for a high proportion of our greenhouse gas emissions, and our Group has set the ratio of renewable energy to total electricity consumption as a sustainability indicator to reduce such emissions. In FY2022, the FY2025 target was also raised to 30% due to significant progress in performance. Since our Group has hydroelectric power facilities — unusual in the domestic manufacturing industry — our ratio of renewable energy has always been relatively high. However, in recent years, we have been actively promoting the introduction of solar power facilities and the purchase of electricity derived from renewable energy sources in order to achieve our targets. In FY2022, the Imaichi East Plant of the Copper Foil Division and a plant in the Philippines switched to electricity derived from renewable energy. We are promoting the introduction of renewable energy not only in Japan but also globally to increase our ratio of renewable energy.



## Progress of Initiatives to “Strengthen Human Capital and Organizational Execution Abilities”

Strengthening human capital and organizational execution abilities is the most important subject in our Group’s material issue. Our Group has been implementing various measures based on the Furukawa Electric Group Vision for Our People. In FY2022, we reorganized our human resources strategy based on the four perspectives of “individuals,” “organization,” and “awareness/mindset/culture” (intangible) and “actions/systems” (tangible). Based on these perspectives, we established a framework that incorporates six elements; “engagement,” “leadership/team mindset,” “organizational culture/communication,” “abilities/skills,” “design of the organization/personnel composition,” and “flow of information, coordination and decision-making mechanism.”



### Employee Engagement

First, in order to visualize the current situation from these perspectives, we launched the Furukawa E-Survey, a survey to calculate employee engagement scores, in FY2022. As a result, the employee engagement scores — a result indicator that aggregates various important elements of human resources strategies — was 65 for our company alone, which falls below the standard value for Japanese companies. In particular, we found that they have a strong awareness of issues regarding satisfaction with goals and strategies for the future, the

speed of responses to management changes, and human resources and talent management. In this way, we use the Furukawa E-Survey to visualize employee perceptions, confirm whether the measures are sufficiently effective and implement improvement activities, and reconfirm the effectiveness of the measures in the following year’s survey, repeating this Plan-Do-See (PDS) cycle every year. By doing so, we will increase employee engagement. As a sustainability target, we aim to have employee engagement scores achieve a level (score 75) exceeding the standard value for Japanese companies in 2025. And we aim to achieve a level (score 85) for our entire Group exceeding the standard value for the global manufacturing industry in 2030. To reach these targets, we are moving forward with various measures.

At present, we are working to establish our Group’s purpose by incorporating the opinions of the entire global Group. We believe that establishing a purpose and having it adopted throughout the Group will help enhance employee engagement, including the process of establishing our purpose. We are reorganizing our Group’s purpose in words that allow all Group employees to feel a sense of contribution to society and a sense of satisfaction and pride in their work as they engage in their daily duties.

### Promotion of Diversity and Inclusion

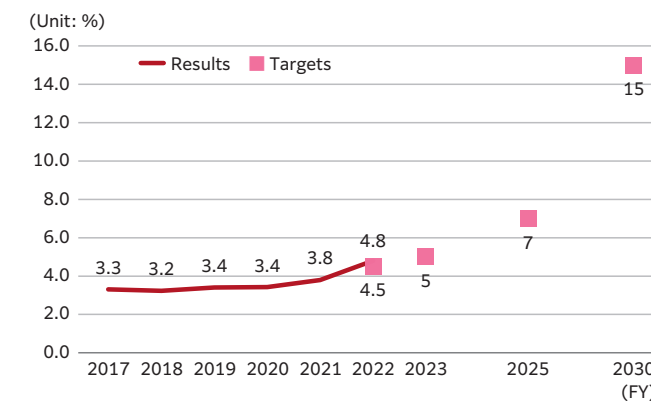
Our company has a large percentage of men and is a highly homogeneous company in terms of employee nationality and experience. We believe that highly diverse organizations are better able to react to intense changes in the external environment, and our company recognizes that we should work to further improve diversity and inclusion.

In particular, we must focus on addressing gender issues. The ratio of female managers in our company is high compared to other companies in the industry but low among all industries. Therefore, with the ratio of female managers a sustainability indicator, we aim to have women make up 7% of managers in 2025 and 15% in 2030. We are making steady progress with this initiative, and momentum for women’s advancement is growing within the Group. At the same time, given the Japanese government’s stated goal of increasing the percentage of female executives to 30% or more by 2030, we will aim to exceed the current sustainability target in the future.

In order to increase the number of female managers, we must first increase the number of women in our talent pipeline. We are therefore strengthening the recruitment of women through both new graduates and mid-career hiring. In addition, it is important to develop and promote employees appropriately after the hiring process, so we are considering staffing and development plans through concrete discussions with individual departments. These initiatives will form the basis for the promotion of diversity and inclusion.

In addition, in order to foster a mindset in each employee that encourages the desire to play an active

## Trends in the ratio of female managers (Furukawa Electric)



role in managerial roles, we provide opportunities for training and exchanges with outside parties. We are continuously working to improve systems and create an atmosphere so that life events do not negatively impact evaluations and treatment.

## Initiatives Regarding “Human Rights and Labor Practices” and “Supply Chain Management”

We are not aware of any significant negative impacts on human rights currently occurring within our Group. Because of this, however, it may be difficult for many employees to have a strong awareness of human rights issues. For this reason, we believe it is important to re-evaluate what kind of initiatives and attitudes regarding human rights issues are necessary. We have reorganized our human rights policy based on the three requirements of the United Nations’ Guiding Principles on Business and Human Rights (establishment of a human rights policy, implementation of human rights due diligence, and establishment of a remedy mechanism).

As part of our efforts to raise awareness of human rights issues, we have established the implementation rate of human rights risk training for managerial positions as a sustainability target. And by stipulating this level of understanding as an internal management indicator, we are focusing on instilling an awareness of human rights throughout the Group. In addition, there is a strong need for corporate responsibility regarding human rights not only within the Group but also across the supply chain. We have begun human rights due diligence for our partners.\* In specific terms, we aim to achieve a 100% SAQ (self-assessment questionnaire) rate based on CSR procurement guidelines for our major partners (major suppliers) among domestic and overseas Group companies by 2025. So far, no significant negative impacts on human rights have been discovered. However, if any problematic cases are found in the future, we will take strict measures immediately.

\* Our Group calls suppliers who do business with us “partners” who collaborate with us to create value.



## Finally

Achieving Vision 2030 is a prerequisite for our Group’s survival in the future. By achieving this goal, we must become an organization where all employees of our Group can feel that they are contributing to society and have a sense of satisfaction.

It is therefore important to maintain a strong sense of urgency that our group will not survive unless Vision 2030 is achieved, and to carry out reforms without hesitation that take into account the changing times and future environment. First of all, it is necessary for the Business Portfolio Review Committee and the Management Committee to take the lead in pushing forward the review of our business portfolio. I believe that we must become a company that undergoes self-driven transformation, that considers daily the review of the natural or obvious, where before we know it, half of our business has been reorganized.

Our Group also uses the phrase “One FURUKAWA,” and while we aim to promote business in an integrated manner as a Group, there is still much room for improvement. Going forward, we believe that our corporate value will be further enhanced by further instilling common principles such as our purpose and core values throughout the Group, effectively utilizing people, money, technology, know-how, and other resources across the Group, and advancing a comprehensive business strategy.

The 25 MTP has incorporated various mechanisms, such as FVA indicators and the Business Portfolio Review Committee, as the basis for transformation. Going forward, we aim to make the most of these efforts in order to produce solid results early on. It is also important that we enhance the effectiveness of individual measures by flexibly reviewing them as necessary. Once we are able to meet these challenges, we are confident that we will achieve the goals of Vision 2030.



## Improving Capital Efficiency and Cash Generation Capabilities of Our Businesses and Increasing Corporate Value:

Understanding the Present to Create the Future

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

Akihiro Fukunaga

### Review of FY2022 Financial Results

FY2022 was a year marked by the impacts of the global economic stagnation, although we saw a recovery from the impacts of the COVID-19 pandemic in the previous year. Demand fluctuations and instability caused mainly by the shortage of semiconductors delayed the recovery of production volume and improvements in production efficiency, particularly in our automotive-related business. And high costs continued, making it difficult for us to generate profits. Another factor contributing to high costs was the rapid increase in energy prices due to the Russian invasion of Ukraine and global economic inflation, resulting in a continued surge in raw material prices. In addition, our businesses' performance was affected by intense environmental changes after the third quarter, when demand slowed sharply due to inventory adjustments in the supply chain, mainly in electronics markets.

Although it was a difficult year with many negative changes in the business environment, we achieved

net sales of 1.0663 trillion yen and operating profit of 15.4 billion yen in FY2022, both of which were higher than the previous fiscal year, thanks to our self-driven efforts to improve productivity, price optimization, and our product mix. This result was attributable to the fact that productivity improvements at each of our global sites, including our North American sites in the Communications Solutions Business, which had been an issue for several years, produced results, and our Group as a whole steadily improved. In addition, in response to rising raw material and energy prices and logistics costs, we passed on higher costs and promoted price optimization by appealing to customers with the added value of our company's products and services and gaining customer understanding. Profit attributable to owners of parent increased to 17.9 billion yen from the previous fiscal year due to extraordinary income gains from the sale of consolidated subsidiary equity and policy-holding shares in order to strengthen governance.

Concerning the balance sheet, despite external factors such as rising copper prices and a significant increase

in asset valuation due to the ongoing depreciation of the yen, total assets remained at the same level as the previous year at 934.8 billion yen due to a reduction in investment securities resulting from the sale of consolidated subsidiary equity and policy-holding shares and a reduction in cash and deposits levels due to a decline in financing risk observed during the COVID-19 pandemic. Inventories have also been maintained at an appropriate level by thoroughly controlling manageable assets while securing a certain amount of strategically necessary assets that take into account procurement risks in the supply chain. With regard to fixed assets, we have reviewed the timing of investments, including the launch of new businesses, and have controlled the amount of investment based on economic fluctuations.

In terms of cash flow, free cash flow was negative for two consecutive years through FY2021 due to the impact of COVID-19. However, in FY2022, the net result was a positive figure of 14.8 billion yen due to improved earnings and improved capital efficiency resulting from the sale of investment securities. Indicators of our financial position have improved, and we have been able to stop the trend of deterioration. This indicates that the capital efficiency management using the return on invested capital (ROIC) and the Furukawa Value Added (FVA\*) adopted in the 25 MTP has become an impetus to improve financial performance.

To summarize the past year, despite an increase in sales and profit in FY2022 from the previous fiscal year, these figures were lower than originally planned due to the challenging business environment. However, the timing of market growth and expansion for our company's products and services, which contribute to the realization of a Beyond 5G (B5G) society and carbon neutrality, will surely come. From a medium- to long-term perspective toward achieving the 25 MTP and then Vision 2030, we believe that it has been a year in which we have been able to make steady progress in line with milestones for measures that need to be implemented even in tough environments.

\* Furukawa Value Added (FVA): Furukawa value added to invested capital. EVA was customized for our company and introduced as an internal management indicator in FY2022.

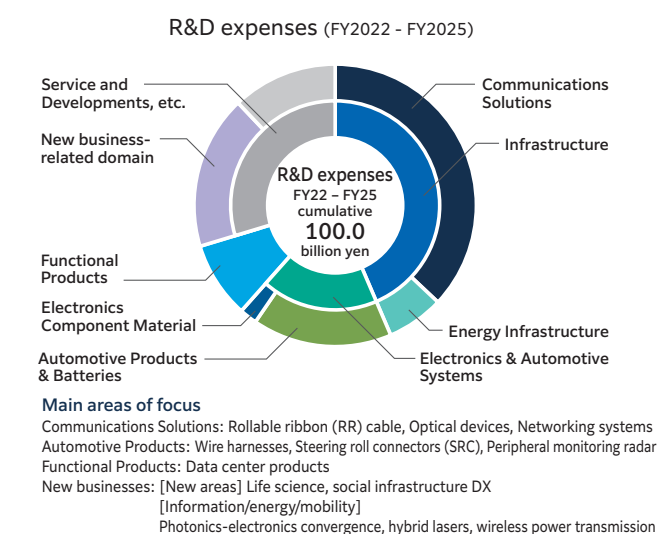
### Investment Control for R&D Investment and Capital Investment

We believe that R&D investment in the 25 MTP will be the backbone of the Furukawa Electric Group in the future. Without substantial R&D investment, new businesses that will support the future will not be created and corporate growth cannot be sustained. Although the current business environment is difficult, we intend to



continue investing in advanced technologies as we look to the future. Doing so, we will ensure that we achieve the targets of the 25 MTP, a milestone for achieving Vision 2030.

In FY2023, in order to strengthen the creation of new businesses, we plan to increase investment by 3.7 billion yen compared to the previous fiscal year to approximately 27 billion yen, totaling 100 billion yen over the four years of the 25 MTP. By efficiently and effectively expanding existing businesses related to B5G, CASE, and carbon neutrality, and investing in new businesses such as social infrastructure maintenance and management and other DX-related businesses, life science businesses, and space-related businesses, our policy is to ensure that this will lead to future business profits.

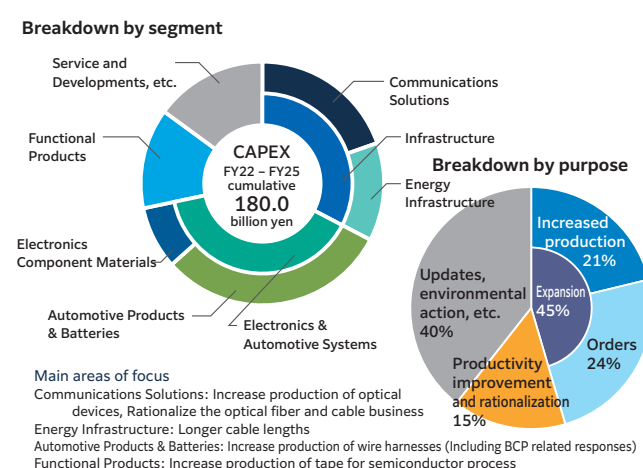


Capital expenditures in FY2022 were reduced by 3.2 billion yen to 43.8 billion yen, compared to the initial plan

of 47 billion yen. We control the amount of investment by adjusting the timing of investment in areas that are strongly affected by market conditions, and by making design changes in response to soaring material prices. At the same time, we are continuing to invest as planned in high priority areas such as the environment and safety, including the maintenance and updating of facilities.

In addition, CAPEX over the four years of the 25 MTP was reduced by 10 billion yen from 190 billion yen to 180 billion yen. This is due to the fact that in FY2022 and FY2023, we revised the timing and scale of investment and design specifications in line with market trends and reined in spending.

Capital Expenditures (CAPEX) (FY2022 - FY2025)

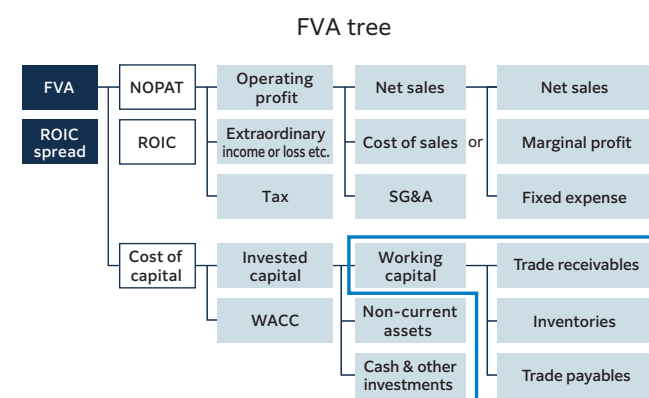


## Implementation of Business Portfolio Strategies Using ROIC and FVA

Our Group has identified two major financial issues: improving capital efficiency and improving our financial position. To this end, the 25 MTP introduces the concept of cash allocation, in which a well-defined allocation of investments is made using cash flows that our Group can earn.

In implementing management that emphasizes capital efficiency, we have introduced ROIC and FVA as management indicators to evaluate various businesses and allocate management resources appropriately and effectively according to the position of each business in order to maximize profits in existing businesses and revitalizing our business portfolio with the aim of achieving Vision 2030. By using these new indicators as evaluation criteria to better define our investments, we will shift our business portfolio decisively, focusing not only on what to grow but also on what to stop. In addition, by breaking down the FVA into trees and deploying them internally, we have clarified the connection between the activity indicators at the business level and the improvement of corporate value,

and incorporated them into the business activities of each department as KPIs. By incorporating these indicators in the evaluation of department performance, we will improve capital efficiency by keeping in mind the cost of capital and implement management that leads to an increase in corporate value.



## Generating Cash and Establishing a Sound Financial Foundation

To improve our financial position, we set and manage the Net D/E ratio and the equity capital ratio as KPIs, which indicate our financial position. In FY2022, our equity capital ratio rose to 32.5% and the Net D/E ratio improved to 0.9 as a result of the sale of investment securities, including consolidated subsidiary equity and policy-holding shares, in addition to profits generated from our businesses. We will continue to work toward the end targets in the 25 MTP of an equity capital ratio of 35% or higher and a net D/E ratio of 0.8 or lower.

In order to generate cash in a stable manner and maintain a sound financial structure, we place importance on working capital (= cash conversion cycle (CCC)) when deploying FVA trees in individual businesses. For example, for inventories, an element of the CCC, we set targets for each business on where, in what form, and at what level inventory is held. Even if there is a sudden change in sales that exceeds expectations, the impact on cash flow will be limited by leveling inventory in a timely manner. Progress has been made with cash generation by reviewing and shortening accounts receivable to an appropriate collection period. Through these efforts, we will improve our CCC and generate cash even in the face of difficult business environments.

## Shareholder Returns and Cash Allocation Policy

In the 25 MTP, we set a quantitative target of a consolidated payout ratio of 30%. There will be no change to our existing policy of maintaining stable dividends while maintaining a balance between “sustainable business growth and increased profits”



and “returns to investors and shareholders,” and we will continue to deliver returns to shareholders while improving our financial position. Prior to the period before the previous mid-term plan, extraordinary losses sometimes had a significant impact on profit attributable to owners of parent. However, with the 25 MTP, we have determined that we are now in a position where we can pay stable dividends based on business profits, and we have added a target payout ratio.

Generally, we generate cash by improving operating cash flow with a focus on stable business profits and the cash conversion cycle (CCC). At the same time, we will continue to streamline our assets, including policy-holding shares and real estate.

With these resources, we plan to allocate cash in consideration of the balance between future growth investments and returns to shareholders and investors, achieving a consolidated payout ratio of 30% while providing stable returns to shareholders. Regarding cash allocation and financing, we will proceed in accordance with our basic policy of financial discipline, which is to control cash outflows within the scope of cash generated from our businesses.

## Toward Achieving the 2025 Mid-term Plan

As the General Manager of the Finance & Accounting Division, an important role is to financially support the resolution of management issues in order to achieve the goals of the 25 MTP and Vision 2030, and to promote management with an awareness of capital efficiency. Another is to accurately recognize current business issues through the advancement of management accounting, and provide feedback to management to guide implementation.

The concept of Financial Planning & Analysis (FP&A) is important for the advancement of management accounting. We say “Understand the present to create the future” to express the need to communicate and deepen internal understanding of FP&A. As expressed by this phrase, in an environment of rapid change, it is essential that each and every person in charge of business promotion, including management, understand the current situation, formulate a hypothesis for the future, and take action quickly and repeatedly. If we get stuck in the same mindset as in the past, there is a concern that our organization or strategy will not work. We need to act swiftly to notice, communicate, and take action through the PDS (Plan, Do, See) cycle and the OODA (Observe, Orient, Decide, Act) loop. We must foster a corporate culture that embraces and delivers change.

FP&A itself is a topic that we have been working on for some time. But we feel that the direction and awareness within the company have finally come together due to the drastic changes in the business environment.

We are proceeding simultaneously with two main themes — the promotion of management with an awareness of capital efficiency, and the advancement of management accounting. The FVA tree for improving capital efficiency is management accounting itself, and they have a mutually complementary relationship. We are working to ensure there is a full and thorough understanding of this relationship within our company.

We will continue to achieve our annual profit targets and ensure that we reach the financial targets we have set as milestones. Doing so, we ensure that our stakeholders can trust us by implementing the 25 MTP as we look to achieve Vision 2030.



# 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.

## Sustainability Promotion Framework

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

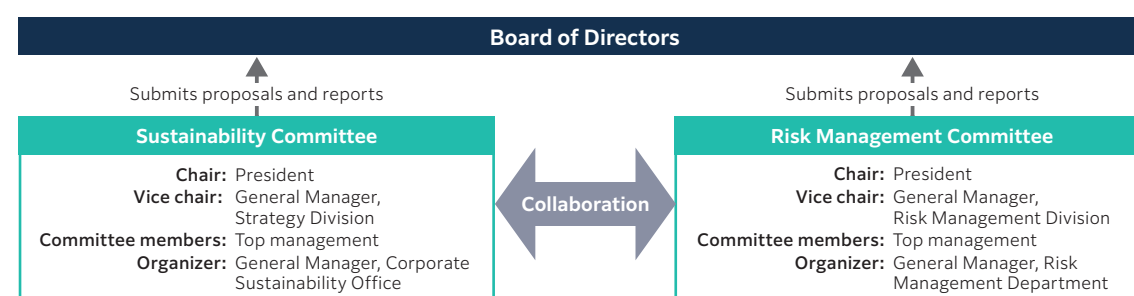
The committee is chaired by the President, vice-chaired by the General Manager of the Strategy Division, and composed of members of top management, deliberates on issues on sustainability within Furukawa Electric Group, including sustainability-related basic policy, basic matters on material issues related to revenue opportunities and

### 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 (material issues) 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.

risks, and disclosure of basic information related to sustainability; checks on progress on such matters; 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 matters regarding material issues of risks are closely related to management perspective risks of the Group, they are therefore handled in collaboration with the Risk Management Committee.



The sustainability Committee focuses on discussing the following items:

- sustainability-related basic policy
- basic matters and current progress on material issues related to revenue opportunities and risks
- disclosure of basic information related to sustainability
- SDGs activities and community/social activities
- other important sustainability issues

The Group has accelerated its ESG management since FY2018 and has expanded discussions on sustainability including climate change and human capital at the management committee and the sustainability committee. These committees also submit proposals and share the progress on sustainability including climate

change and human capital with the board of directors every quarter.

The Board of Directors and the Management Committee have conducted the following discussions since FY2018.

### Board of Directors (since FY2018)

#### Sustainability in general

- Formulated the Furukawa Electric Group (FEG) Vision 2030
- Identified and reviewed material issues
- Revised the FEG CSR Code of Conduct
- Formulated the FEG Basic Policy on Sustainability
- Set and revised sustainability indicators and targets
- Disclosed "approach and initiatives toward sustainability" in Annual Securities Report
- Status of efforts to establish our purpose

#### Climate change

- Formulated the FEG Environmental Vision 2050

#### Human capital

- Formulated the FEG Vision for Our People; medium-term measures of HR Management Dept.
- Status and direction of personnel measures in the 2025 Medium-term Management Plan

### Management Committee (since FY2018)

#### Sustainability in general

- Formulated the Furukawa Electric Group (FEG) Vision 2030
- Identified, reviewed, and disclosed material issues
- Revised the FEG CSR Code of Conduct
- Formulated the FEG Basic Policy on Sustainability
- Signed the United Nations Global Compact
- Formulated the FEG Human Rights Policy
- Set and revised sustainability indicators and targets
- Disclosed "approach and initiatives toward sustainability" in Annual Securities Report

#### Climate change

- Formulated the FEG Environmental Vision 2050
- Expressed support for the recommendations of TCFD
- Set and Revised the Environmental Targets 2030
- Applied for an SBT (2°C, WB2°C, and 1.5°C Targets) initiative certification

#### Human capital

- Formulated the FEG Vision for Our People; medium-term measures of HR Management Dept.
- Direction of personnel measures based on the concept of human capital management
- Activities to reinforce human capital and organizational execution abilities; disclosed human capital indicators

The Sustainability Committee (the 3rd meeting was held on March 22, 2023 and the 4th on September 12, 2023) discussed and reported to the Board of Directors on the status of sustainability initiatives in terms of risks and revenue opportunities, the results of sustainability indicators in FY2022 and the revision of sustainability targets, and the status of efforts to establish our purpose, based on the results of the Board of Directors' evaluation of the effectiveness in FY2022.

#### 3rd Sustainability Committee Meeting (held March 22, 2023)

- Status of efforts to establish our purpose
- Reporting and disclosure of FY2022 results for sustainability indicators
- Partial revision of sustainability targets for FY2025
- Progress with supply chain management (CSR procurement)
- Feedback from shareholders and institutional investors

#### 4th Sustainability Committee Meeting (held September 12, 2023)

- Status of efforts to establish our purpose
- Review of material issues
- Finalization of FY2022 results for sustainability indicators and partial revision of FY2023 and FY2024 targets
- Creation and publication of Integrated Report 2023
- Carbon neutral strategy

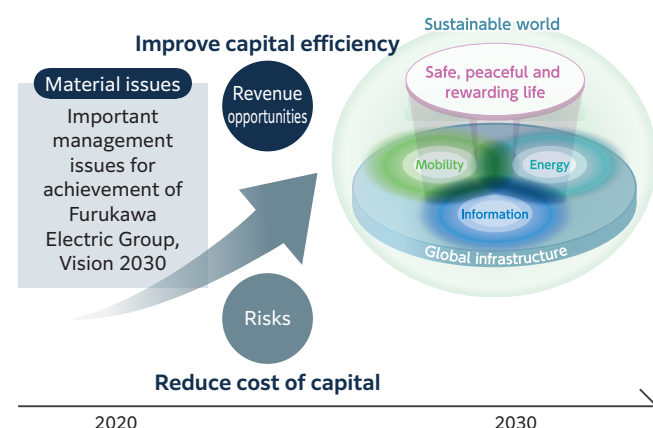
\* Please refer to page 66 for the results of the evaluation of the effectiveness by the Board of Directors and future initiatives based on the results.

Additionally, in order to strengthen and create businesses that solve social issues, we established the Business Portfolio Review Committee in FY2022 with the aim of promoting business portfolio transformation with an emphasis on capital efficiency. The Business Portfolio Review Committee, with the General Manager of the Strategy Division as chair and the General Manager of the Finance & Accounting Division as vice chair, deliberates on important matters related to business portfolio transformation, such as the positioning of each business in the Medium-term Management Plan, and makes proposals and reports to the Management Committee. The General Manager of the Corporate Planning Department is in charge of the secretariat, and it is held three times a year in principle.

In FY2023, we will start examining our desired business portfolio to achieve Vision 2030, and we will continue to work to materialize Vision 2030.

## Furukawa Electric Group's ESG Management and Material Issues

In order to achieve 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 "material issues"\* as important management issues that the Group should address in order to achieve Vision 2030, and we defined material issues in terms of both revenue opportunities and risks, in accordance with the process of identifying important management issues as mentioned below. We aim to achieve Vision 2030 by working on the material issues we have identified, considering that addressing the material issues on revenue opportunities help improve capital efficiency whereas addressing the material issues on risks help reduce the cost of capital. We will also contribute to the achievement of the SDGs, which are closely related to the material issues.



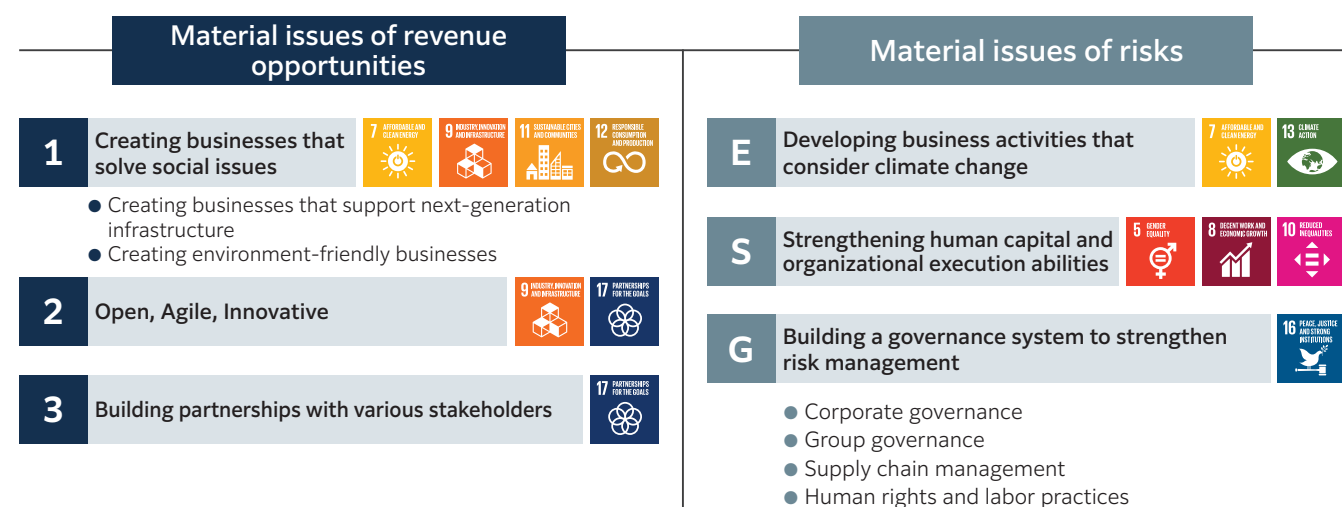
\* In the Group's ESG management, "material issues" are defined as important management issues that the Group must address in order to achieve Vision 2030, and are used as a term with a meaning different from those used in the finance and accounting context, which are issues that may have an impact on business performance, financial position, etc.

## Identifying and Reviewing Material Issues

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 a material issue. 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 environment-friendly businesses," which contribute to the realization of carbon neutrality and circular economy. 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 the 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 a material issue for environment (E) risks. In addition, in order to become a company that actively transforms itself, we set the "strengthening of human capital and organizational execution abilities" as a material issue for social (S) risks. As for a material issue of governance (G) risks, we focus on "building a governance system for strengthening risk management" including corporate governance, group governance and supply chain management as sub-material issues. We will strengthen the foundation of ESG management and reduce the cost of capital.

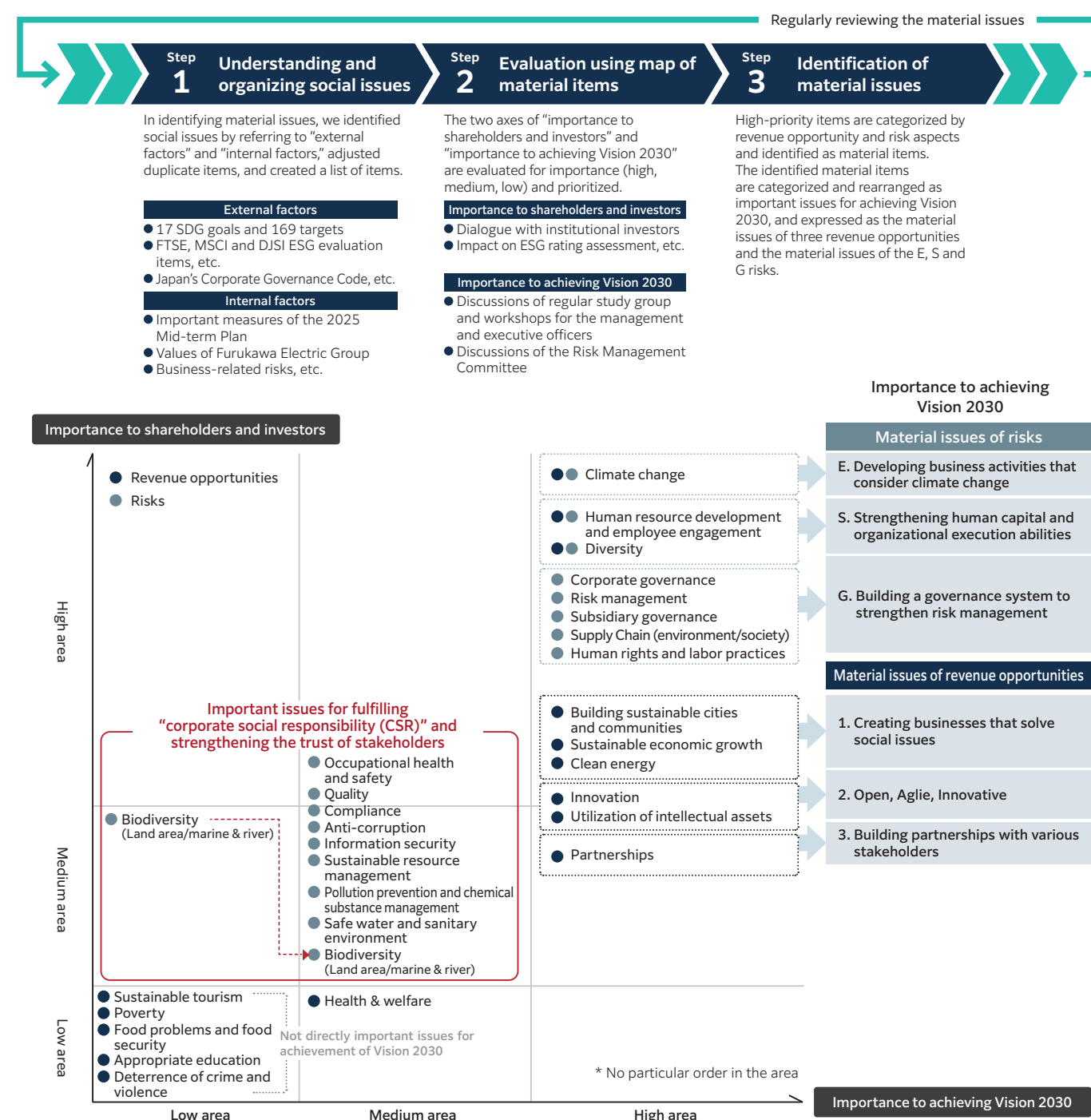


## Process of Identifying Material Issues

Identification and review of material issues was conducted through a process of Step 1 through Step 3. First, in Step 1, we identified social issues by referring to "external factors" and "internal factors," adjusted duplicate items, and created a list of items (currently organized into 29 items). In Step 2, the two axes of "importance to shareholders and investors" and "importance to achieving Vision 2030" are evaluated for importance (high, medium, low) and prioritized. In Step 3, high-priority items are identified as material issues. The identified material issues are categorized by revenue

opportunity and risk aspects and rearranged as important issues for achieving Vision 2030, and expressed as the material issues in terms of revenue opportunities and the material issues in terms of the E (Environmental), S (Social) and G (Governance) risks.

In the FY2023 material issues review, "biodiversity (land area/marine and river)" was re-evaluated as a medium area of "importance to achieving Vision 2030" in response to the increasing social demands for biodiversity and natural capital in recent years.



\* With regard to material issues, 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. In the 2025 Mid-term Plan, we defined the ideal state in FY2025 for each identified material issues, formulated measures to realize them, and set sustainability indicators/targets to measure the progress.

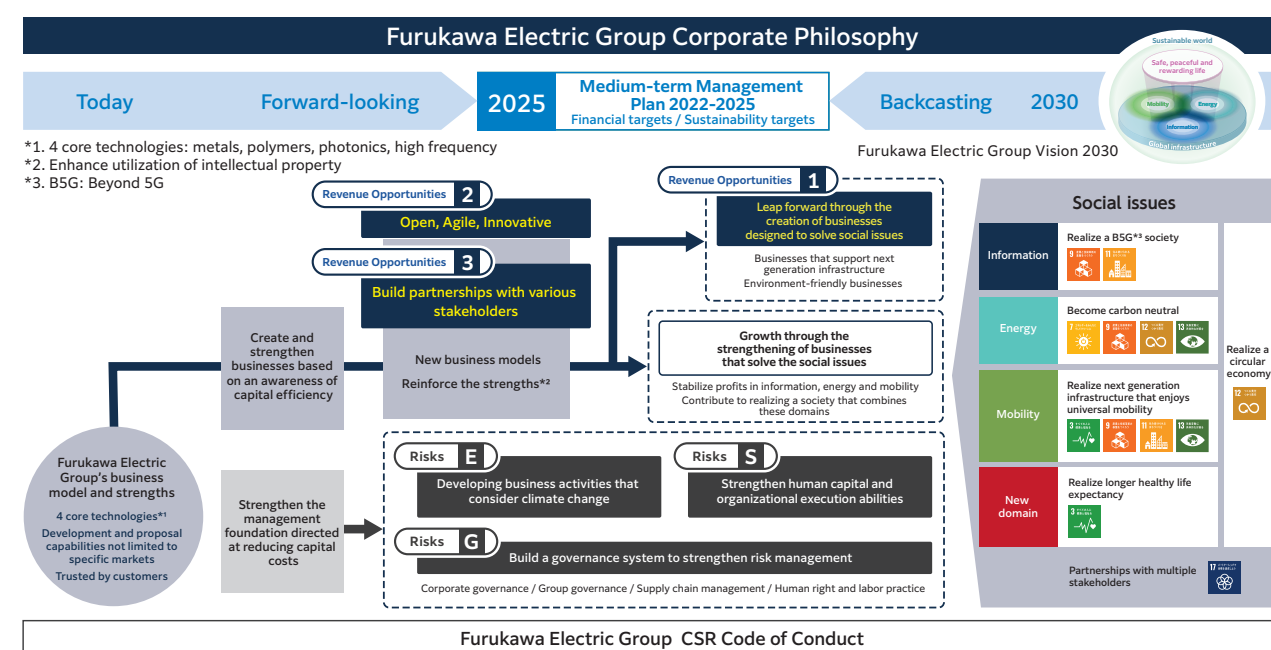
Furukawa Electric Group has developed capabilities for development and making proposals, without being limited to specific markets and with its four core technologies — metals, polymers, photonics and high-frequency — centered on capabilities to handle materials. Through these capabilities, we have gained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

For achieving the financial and sustainability targets set for 2025 Mid-term Plan, and for realizing sustainable growth of Furukawa Electric Group and medium- to long-term growth of corporate value, we will strengthen and create businesses mindful of capital efficiency. In addition, we will build a new business model by enhancing our strengths through open innovation and cocreation with our partners, as well as utilization of intellectual property. Toward 2025, we will stabilize earnings in information, energy and mobility sectors, and realize growth through the strengthening of businesses that solve the social issues, whereby contributing to building a society with infrastructure integrating information, energy and mobility. 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 environment-friendly businesses,” which contributes to the realization of carbon neutrality and a circular economy.

As for the strengthening of the existing businesses, we will capture increased demand for optical fibers, etc., and strive for increasing sales of such high-value added products as rollable ribbon cables, for which we have worked on sales expansion. We will also expand the networking system business globally, taking advantage of the strength of the business model developed in Latin America. As for power cable system, we will achieve sales growth by enhancing our production capacity and construction capacity, and establishing a business foundation mainly focusing on submarine and underground cables for ensuring resilience of power networks in Japan and for renewable energy. To address the need for reducing vehicle weight alongside the shift to EV, we will take advantage of the superiority of aluminum wire harnesses, with which new types of vehicles are increasingly equipped, thus expanding the business and improving the profitability. Furthermore, since it is expected that demand for semiconductors will increase in the medium- to longterm, we started the construction of a new plant to begin commercial production of tapes for manufacturing semiconductors in FY2025, and aim at expanding sales by ensuring stable supply as a result of increased production capability and providing sophisticated high-quality products.

As for the creation of new businesses, while communication traffic volume is expected to increase towards a Beyond 5G society, we will take advantage of our capability to develop photonics products with high



functionality by using the Company's core technologies, namely, photonics technology and high-frequency technology, along with our broad readiness to the optical communication market, thus contributing to realizing the all-optical network and a society with highly efficient energy. Furthermore, in order to become carbon neutral in 2050, we will advance the development and production of green LP gas which does not rely on fossil resources. We also develop and produce high-temperature superconducting materials for nuclear fusion, which is expected to be a next-generation energy source, thus contributing to the supply of environment-friendly clean electric power.

In order for Furukawa Electric Group to realize sustainable growth and increased corporate value over the medium- to long-term, we will strengthen the management foundation directed at reducing capital costs, while particularly recognizing climate change, human capital and organizational execution abilities, and building a governance system as material issues on risks.

In order to conduct business activities taking into account climate change that is mandatory for the transformation to a sustainable company, we will accelerate our efforts to become carbon neutral. In order to strengthen human capital, based on “Furukawa Electric Group Vision for Our People” which is shared

beliefs on human capital at both Group and global levels, we will strive to strengthen “human capital and organizational execution abilities.” Specifically, we conducted a survey on human capital and organizational execution abilities, including elements related to employee engagement; and by using it as a monitoring tool, we will strengthen our efforts of human capital management, including the promotion of diversity & inclusion, leadership transformation activities, and measures for hiring, assigning, and developing people who contribute to carrying out management/business strategies. With respect to human rights management, we will proceed in accordance with three requirements in the UN's Guiding Principles on Business and Human Rights. As for “human rights due diligence” among those requirements, we regard employees and partners\* as primary stakeholders, identify presumed human rights issues for each of them, and take measures to solve and/or prevent such issues. Furthermore, in order to realize CSR procurement, including the element of human rights in the supply chain, we will expand the scope of the Self-Assessment Questionnaire (SAQ) based on the Furukawa Electric Group CSR Procurement Guidelines from major suppliers of the Company to major suppliers of the Group companies in Japan and abroad in a phased manner.

\* Furukawa Electric Group calls suppliers who do business with us “partners” who collaborate with us to create value.

## Sustainability Indicators and Targets

In the 2025 Mid-term Plan, we have set sustainability indicators (KPIs) and sustainability targets for FY2025 to realize our ideal state in FY2025 in each material issue. We will strive to enhance corporate value in terms of

both revenue opportunities and risks.

In FY2022, we achieved our FY2022 targets in all sustainability indicators. We continue our efforts to achieve our targets for FY 2023.

	Material issue	Sustainability indicator	Scope	Result	Target (Reference value)		
				FY2022	FY2022	FY2023	FY2025
Revenue opportunity	Creating businesses that solve the social issues	Sales ratio of environment-friendly products	Group	65.0%	64%	66%	70%
	Open, Agile, Innovative/ Building partnerships with various stakeholders	R&D expense growth rate for new businesses (compared to FY2021)	Group	116%	115%	125%	125%
		Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses	Group	40%	30%	45%	100%*1
Risk	Developing business activities that consider the climate change	GHG emissions reduction rate (Scopes 1&2) (compared to FY2017)	Group	-36.8%	-17.7%	-21.2%	(-42%)*2
		Ratio of renewable energy total electricity consumption	Group	20.2%	11.5%	12.0%	30%*3
	Strengthening human capital and organizational execution abilities	Employee engagement scores	Furukawa Electric	65	Start measuring	65*4	75*4
		Ratio of female managers	Furukawa Electric	4.8%	4.5%	5%	7%
		Ratio of mid-career hires in total new hires*5	Furukawa Electric	45.7%	30%*6	30%*6	30%*6
	Building a governance system to strengthen risk management	Ratio of follow-up on risk management activities for all risk domains	Group	100%	93%	100%	100%
		Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Group	Global 34%	Global 20%	Global 40%	Global 100%
		Implementation rate of human rights training for managerial positions	Group	Global 100%	Start measuring in Japan	Global 100%*7	Global 100%*7

\*1. This means that all projects have been implemented with respect to the business enhancement and new business creation themes set as of 2022.

\*2. Base year was updated to FY2021 upon the revision of Environmental Targets 2030; the reduction target value when applied to the former base year of FY2017 is also shown for reference.

\*3. Target value for FY2025 was updated upon the revision of Environmental Targets 2030.

\*4. Target value for FY2025 was newly set in FY2022.

\*5. New hires represent new graduates and mid-career hires, covering management, career-track, and clerical positions.

\*6. This means that about 30% will be maintained in each fiscal year.

\*7. This means that 100% globally for each fiscal year will be continued.

# Stakeholders and Material Issues

Furukawa Electric Group aims at sustainable growth and increase in corporate value over the medium- to long-term by solving important management issues (material issues) 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.

<b>Relevant material issues</b> Revenue opportunities Risks	Creating businesses that solve social issues Building partnerships with diverse stakeholders
<b>Solving issues through the main businesses</b>	<b>Main methods of communication</b>
▶ Leveraging the strengths of the Group to solve customers' issues ▶ Realizing a circular economy	▶ Dialogue in everyday business ▶ Dialogue at technology and other exhibitions ▶ Dissemination of information through the website, the Sustainability Book, and other means

## Partners\*1

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.

<b>Relevant material issues</b> Revenue opportunities Risks	Building partnerships with various stakeholders Building a governance system to strengthen risk management/supply chain management, human rights and labor practices
<b>Solving issues through the main businesses</b>	<b>Main methods of communication</b>
▶ Reducing greenhouse gas emissions throughout the supply chain ▶ Human rights in the supply chain ▶ Responsible minerals sourcing ▶ Realizing a circular economy	▶ Dialogue in everyday business ▶ Partners Meeting ▶ SAQ*2 based on the CSR Procurement Guidelines ▶ Announcement of the Partnership Building Declaration

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

\*2. SAQ: Self-Assessment Questionnaire

## 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.

<b>Relevant material issues</b> Revenue opportunities Risks	Building a governance system to strengthen risk management/corporate governance
<b>Solving issues through the main businesses</b>	<b>Main methods of communication</b>
▶ Sustainable growth and improvement of corporate value over the medium- to long-term	▶ 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 and organizational execution abilities that lead to increased corporate value.

<b>Relevant material issues</b> Revenue opportunities Risks	Open, Agile, Innovative Strengthening human capital and organizational execution abilities
<b>Solving issues through the main businesses</b>	<b>Main methods of communication</b>
▶ Employee engagement ▶ Human capital development and fair evaluation and treatment ▶ Diversity & inclusion	▶ 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 abilities

## Central Government, Local Governments and Local Communities

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.

<b>Relevant material issues</b> Revenue opportunities Risks	Creating businesses that solve social issues Open, Agile, Innovative Building partnerships with various stakeholders
<b>Solving issues through the main businesses</b>	<b>Main methods of communication</b>
▶ 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	▶ 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

## 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.

<b>Relevant material issues</b> Revenue opportunities Risks	Creating businesses that solve social issues/creating environment-friendly businesses Developing business activities that consider climate change
<b>Solving issues through the main businesses</b>	<b>Main methods of communication</b>
▶ Mitigating and adapting to climate change ▶ Achieving carbon neutrality ▶ Realizing a circular economy	▶ 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

## TOPICS

### Holding ESG Briefings

Our company is committed to enhancing corporate value through dialogue with shareholders and investors.

In FY2022, the 2nd ESG briefing was held online for the first time in two years to facilitate a better understanding of ESG initiatives aimed at achieving Vision 2030. Many questions and opinions from shareholders and investors were reported at the Sustainability Committee, which leads to improvements in ESG management initiatives.

We will continue to enhance the disclosure of information to shareholders and investors and improve transparency.



2nd ESG Briefing (held on March 13, 2023)



# 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 as a milestone. To achieve it, we are promoting our new Medium-term

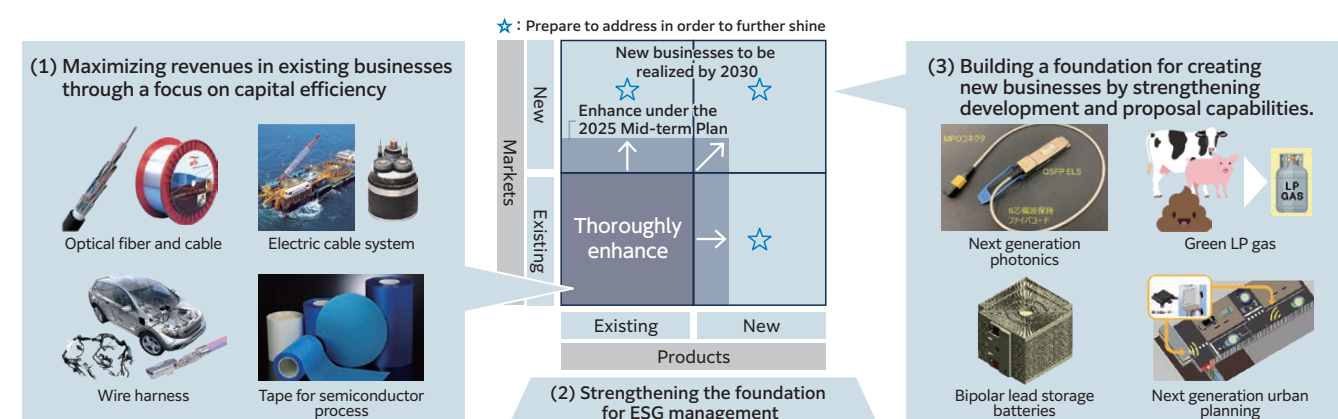
Management Plan “Road to Vision 2030 -Transform and Challenge-” (2025 Mid-term Plan) for 4 years ending in FY2025.



## Issues to be Addressed (Priority Measures) and Progress

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 are working 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 are also working on “Strengthening the foundation for ESG management” to support the above-mentioned priority measures. Although the results of the first fiscal year, FY2022, were more difficult than those at the time of the announcement of the mid-term plan, we have made steady progress in all of these efforts ahead of FY2025.



## Numerical Management Targets

In order to strengthen and create businesses with greater emphasis on capital efficiency, we have introduced ROIC\*1 and FVA\*2 as management indicators and set financial targets for FY2025. In addition, we have set targets while establishing sustainability indicators to achieve the ideal state in FY2025 for each material

### (Progress in FY2022)

Regarding financial targets, operating income was lower than expected in FY2022 due to the challenging business environment, but other items were higher than expected. Although the business environment will continue to be difficult in FY2023, we have not changed our FY2025 targets in anticipation of a full-scale recovery beginning in FY2024.

issue, and we are implementing initiatives to enhance corporate value from both a revenue opportunity and risk perspective.

\*1. ROIC: Return on invested capital

\*2. Furukawa Value Added (FVA): Furukawa value added to invested capital. EVA was customized for our company and introduced as an internal management indicator in FY2022.

In terms of sustainability indicators, we achieved our target values for all nine items set as FY2022 targets. In addition, in light of the revision of the Environmental Targets 2030, we have revised upward our FY2025 target values for the two indicators related to “E Developing business activities that consider climate change.”

## Management Numerical Targets (Financial Targets)

	FY2022 forecast	FY2022 results	FY2023 forecast	FY2025 targets
ROIC (after tax)	3%	3.7%	3%	6% or more
ROE	5%	6.1%	4%	11% or more
Net D/E ratio	1.0	0.9	1.0	0.8 or less
Equity capital ratio	30%	32.5%	33%	35% or more
Net sales	1,050 billion yen	1,066.3 billion yen	1,100 billion yen	1,100 billion yen or more
Operating income	22.5 billion yen	15.4 billion yen	24.0 billion yen	58.0 billion yen or more
Net income attributable to owners of the parent company	14.0 billion yen	17.9 billion yen	13.0 billion yen	37.0 billion yen or more
Average copper price (JPY/Kg)	1,260	1,209	1,180	1,085
Average exchange rate (JPY/USD)	120	135	130	110

## Management Numerical Targets (Sustainability Indicators and Targets)

	Scope	FY2022 targets	FY2021 results	FY2023 targets	FY2025 targets	
Revenue opportunity	Creating businesses that solve the social issues					
	Sales ratio of environment-friendly products	Group	64%	65.0%	66%	70%
	Open, Agile, Innovative/Building partnerships with various stakeholders					
	R&D expense growth rate for new businesses (compared to FY2021)	Group	115%	116%	125%	125%
	Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses	Group	30%	40%	45%	100%*1
Risk	E Developing business activities that consider climate change					Revised upward
	GHG emissions reduction rate (Scopes 1&2) (compared to FY2017)	Group	-17.7%	-36.8%	-21.2%	Compared to FY2021 -18.7%
	Ratio of renewable energy use to total electricity consumption	Group	11.5%	20.2%	12%	30%
	S Strengthening human capital and organizational execution abilities					Newly set
	Employee engagement scores	Furukawa Electric	Start measuring	65	65*2	75
	Ratio of female managers	Furukawa Electric	4.5%	4.8%	5.0%	7%
	Ratio of mid-career hires in total new hires*4	Furukawa Electric	30%	45.7%	30%	30%*3
	G Building a governance system to strengthen risk management					
	Ratio of follow-up on risk management activities for all risk domains	Group	93%	100%	100%	100%
	Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Group	Global 20%	Global 34%	Global 40%	Global 100%
	Implementation rate of human rights training for managerial positions	Group	Start measuring in Japan	Global 100%	Global 100%	Global 100%

\*1. Implementation of all projects for the themes established in FY2022 \*2. Expanding measurement subjects \*3. Maintaining approximately 30% each fiscal year  
\*4. New hires represent new graduates and mid-career hires, covering management, career-track, and clerical positions.

## 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.

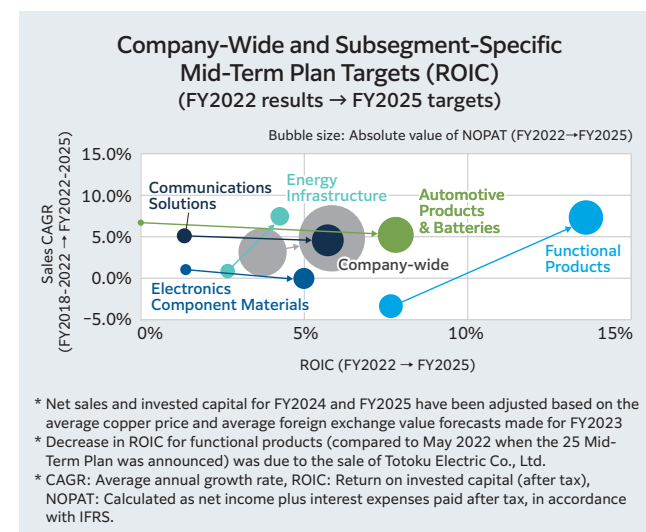
First, we make the current position of each business visible toward optimizing the business portfolio. From the viewpoint of growth (Average sales growth rate) and profitability (ROIC spread), specifically, each business is clearly classified by the business position divided into six classification such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

strategic restructuring, strengthen earnings and profit base. Based on that, we decide the allocation of investment.

Taking into account our current position, our potential for future growth, our competitive status among competitors, and our carbon efficiency, we will swiftly take the necessary actions, such as exploring growth opportunities (including M&A) and determining whether or not to withdraw from certain businesses.

## (Progress in FY2022)

In FY2022, we focused on activities to promote the penetration and establishment of these evaluation criteria and decision-making processes. The Business Portfolio Review Committee, chaired by the General Manager of the Strategy Division, was established and convenes three times a year to regularly discuss the positioning of each business and business revitalization plans based on the evaluation criteria that form the basis for reviewing our business portfolio. In addition, when there are more specific topics to be discussed, meetings between



## Management Through ROIC and FVA

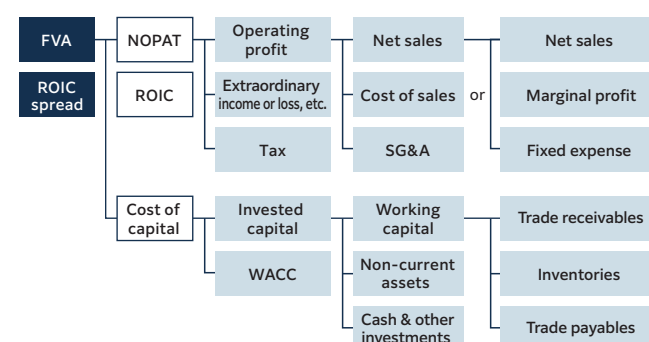
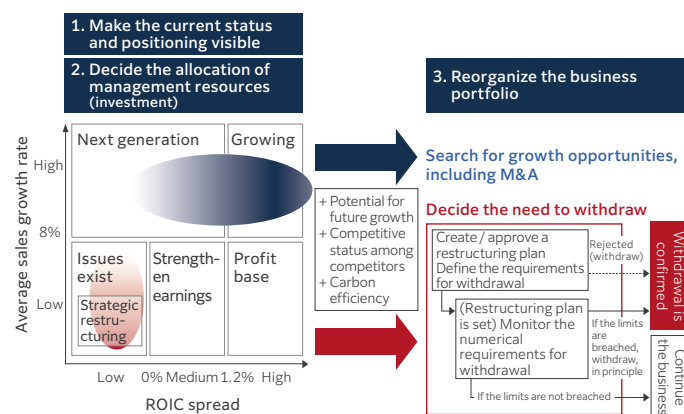
In order to promulgate ROIC and FVA at business sites and lead to specific improvement activities, we have formulated an FVA/ROIC trees that subdivide items and numerical targets that will lead to ROIC and FVA improvements in each business. In this way, we breakdown FVA, visualize improvement targets in the form of a tree, and introduce a mechanism that implements the PDS cycle to make improvements.

## (Progress in FY2022)

In addition to continuing to conduct briefings and study sessions on ROIC and FVA to deepen internal understanding, we have started to incorporate KPIs into progress reports and performance evaluations of

committee members and individual departments are held from time to time to deepen discussions and develop common understanding.

Going forward, we will continue to further evolve these initiatives and transform our business portfolio into an ideal form, while maintaining an optimal balance between selection and concentration and the positive aspects of a multi-portfolio strategy in order to achieve Vision 2030.



business activities in each department.

We will take necessary actions to improve capital efficiency, make decisions on investment and withdrawal, and discuss the nature of each business.

## Management Resource Allocation (CAPEX, R&D Investment, and Strategic Investment)

Based on our policy of investing profits toward future growth while maintaining financial discipline and ensuring financial soundness, we will conduct well-defined investment control by allocating investments based on the current position of our businesses.

In R&D investment, we will focus on profit generation during the 2025 Mid-term Plan period and set priority areas to focus on — mainly communications solutions,

automotive products, and functional products — focusing on those that will lead to profit expansion in new businesses that are expected to grow as we look to 2030. We will also allocate development investment to new businesses, including new areas such as life sciences and social infrastructure DX, and areas that integrate information, energy, and mobility.

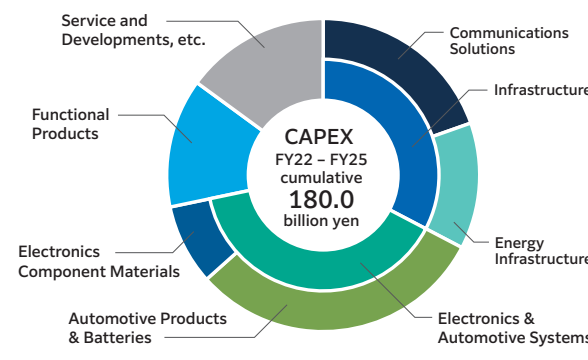
## (Progress in FY2022)

Capital Expenditures (CAPEX) in FY2022 was 43.8 billion yen and depreciation expenses were 39.1 billion yen. We reduced spending by making investments at appropriate times in line with market trends and by reviewing design specifications.

We will continue to control spending based on current business conditions. As for the amount of CAPEX, we will reduce the amount of investment assumed at the time of

## Capital Expenditures (CAPEX) and R&D Expenses

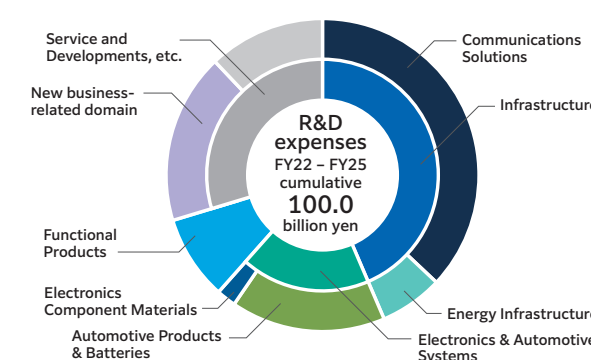
(FY2022–FY2025 Cumulative Total)



### Main areas of focus

Communications Solutions : Increase production of optical devices, Rationalize the optical fiber and cable business  
Longer cable lengths  
Energy Infrastructure : Increase production of wire harnesses (Including BCP related responses)  
Automotive Products & Batteries : Increase production of tape for semiconductor process  
Functional Products :

formulating the 2025 Mid-term Plan (from 190 billion yen to 180 billion yen). At the same time, we will maintain the amount of R&D investment and the strategic investment limit (planned to be 50 billion yen for the 2025 Mid-term Plan period) aimed at medium- to long-term growth of the Group as a whole. We will also prepare for flexible investment, including M&A investment.



### Main areas of focus

Communications Solutions : Rollable ribbon (RR) cable, Optical devices, Networking systems  
Automotive Products : Wire harnesses, Steering roll connectors(SRC), Peripheral monitoring radar  
Functional Products : Data center products  
New businesses : [New areas] Life science, social infrastructure DX [Information/energy/mobility] Photonics-electronics convergence, hybrid lasers, wireless power transmission

## Capital Policy and Cash Allocation Policy

In the 2025 Mid-term Plan, our basic capital policies are to implement well-defined investment control, ensure the soundness of our financial base, and clarify our shareholder return policy (ensuring a payout ratio of 30%). We aim to increase our corporate value in a

sustainable manner by investing in growth areas and securing a financial base that enables growth. To do so, we will determine cash allocation while balancing investment in our businesses, shareholder returns, and our financial structure.

## Shareholder Return Policy

During the 2025 Mid-term Plan period (fiscal year ending March 2023–fiscal year ending March 2026), along with working to increase corporate value through profit growth and focused investments in growth domains, we have 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 profit attributable to owners of parent.

Annual dividends per share in FY2022 were 80 yen, with a payout ratio of 31.4%.

## Annual dividend per share (yen)

	60	80	60	
	FY2021	FY2022	FY2023 (forecast)	FY2025 (forecast)
	FY2021	FY2022	FY2023 (forecast)	FY2025 (forecast)
Profit attributable to owners of parent	10.1 billion yen	17.9 billion yen	13.0 billion yen	37.0 billion yen or more
Payout ratio	41.8%	31.4%	32.5%	30%



## Business Overview/Review of Fiscal 2022

## Communications Solutions

Infrastructure

Communications Solutions business recorded an increase in net sales due to strong demand for optical fibers, etc. in North America as well as improved plant productivity, despite certain impact of sales decrease in network-related products in Japan due to reduced production as a result of difficulty in procuring semiconductors, and sales decrease associated with the Russia-Ukraine situation. Despite continued increases in raw material and fuel prices, profit also increased due to the progress in cost pass-through to cover increased costs, improved product mix, and foreign exchange impacts.

## Energy Infrastructure

Infrastructure

As for Energy Infrastructure business, although the sales from Chinese subsidiary declined due to the impact of delay in construction for clients because of the spread of COVID-19 in China, both net sales and profit increased as a result of strong sales of underground cables in Japan, smooth recording of sales from shipment/installation of cables for the submarine cables/water pipe project, and progress in cost pass-through to cover increased raw material and fuel costs.

## Automotive Products &amp; Batteries

Electronics &amp; Automotive Systems

With respect to Automotive Products business, despite continued increase in prices of raw materials and fuel, and increase in labor costs due to the lockdown to contain the spread of COVID-19 in China and changes of clients' production plans, both net sales and profit increased due to the following factors: strengthening sales of aluminum wire harness, which is an environment-friendly product because renewable energy is used in the manufacturing process and its weight-saving contributes to reducing CO<sub>2</sub> emissions; progress in cost pass-through to cover increased raw material and fuel costs; and reduction in emergency transportation costs associated with lockdown of some production sites in Southeast Asia, which incurred in FY2021.

## Electronics Component Materials

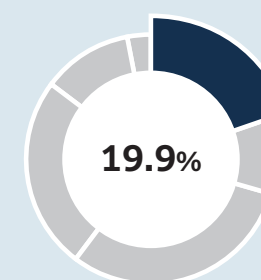
Electronics &amp; Automotive Systems

Electronics Component Materials business saw an increase in net sales, because we captured strong demand for products related to communications infrastructure and products for power semiconductors, and copper bullion prices increased. However, profit decreased, affected by continued increase in prices of raw materials and fuel as well as a decline in demand for auto components and electronics-related products in the second half of the year.

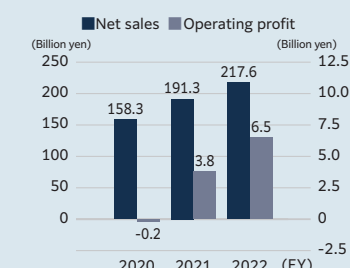
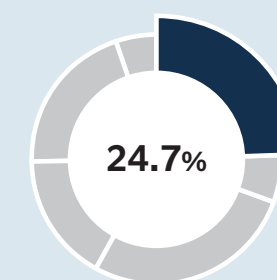
## Functional Products

With respect to the Functional Products business, despite the progress of cost pass-through due to increases in raw material and fuel prices, both net sales and profit declined, because sales of tapes for semiconductor production, aluminum blank material for hard disk drives, and electrolytic copper foils were adversely affected by inventory adjustments in the supply chain associated with a decline in global demand for smartphones, personal computers, and data centers since the second half of the year.

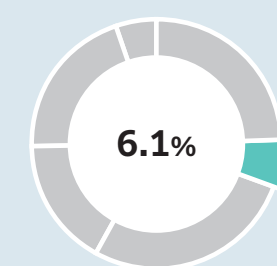
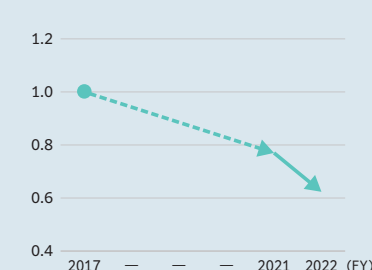
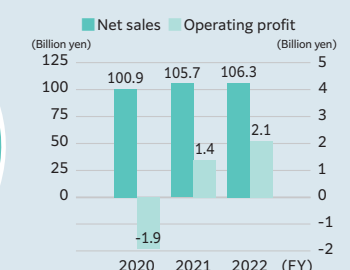
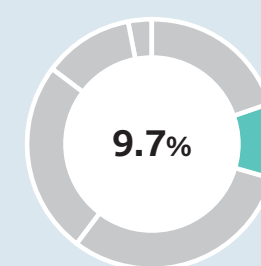
Percentage of total sales



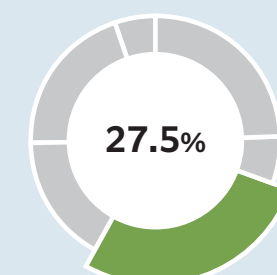
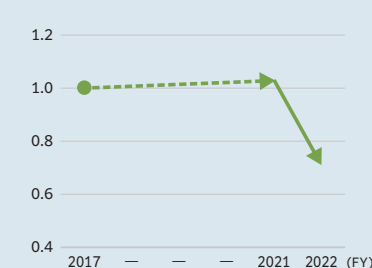
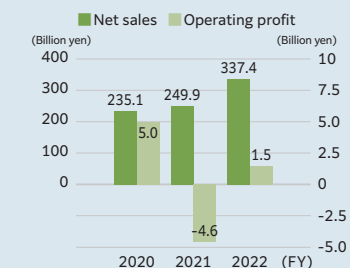
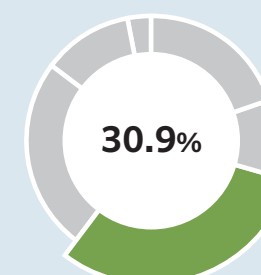
Net sales/Operating profit

Changes in carbon efficiency  
(compared to FY2017)Percentage of CO<sub>2</sub> emissions  
(SF<sub>6</sub> is excluded.)

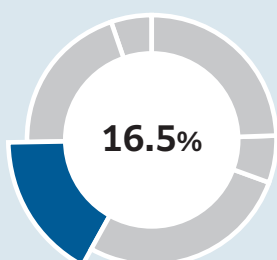
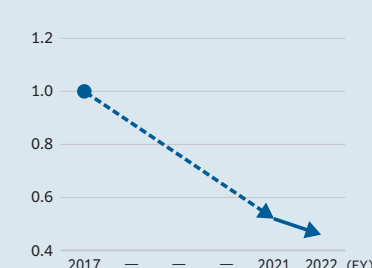
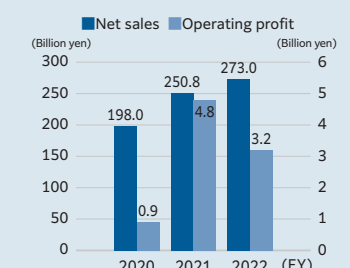
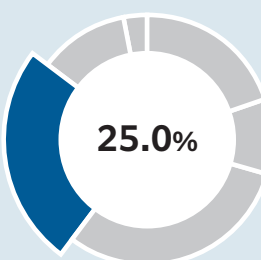
9.7%



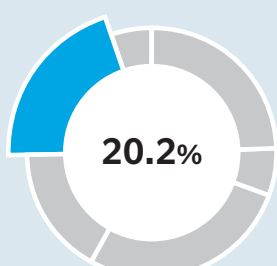
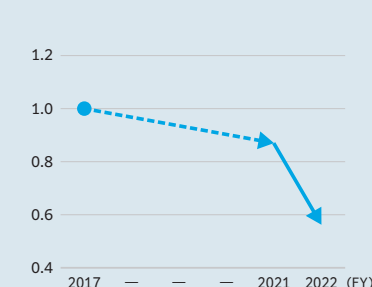
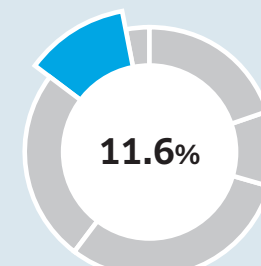
30.9%



25.0%



11.6%





# Communications Solutions

## Infrastructure

Corporate Senior Vice President  
and General Manager of  
Communications Solutions Division

**Toshihiko Ota**

### Environmental Analysis of the Communications Solutions Business

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

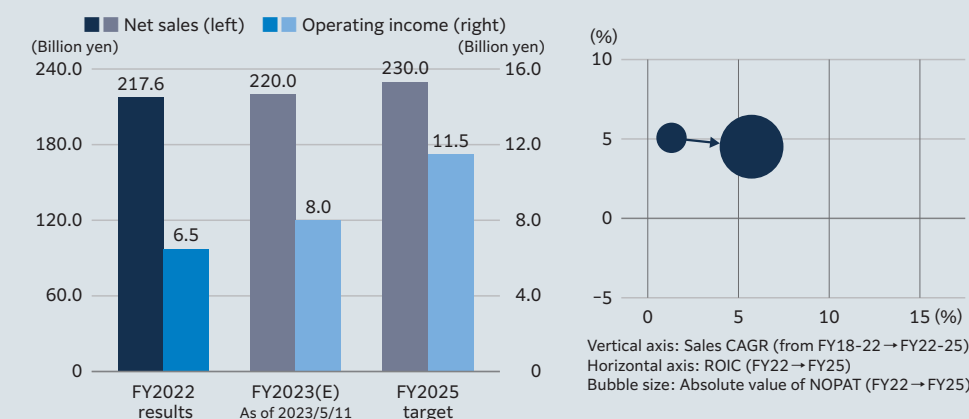
### Business Overview/Products and Services

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

\* ITLA: Integrable Tunable Laser Assembly

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



\* Net sales and invested capital for FY2024 and FY2025 have been adjusted based on the average copper price and average foreign exchange value forecasts made for FY2023  
\* CAGR: Compound annual growth rate  
\* ROIC: Return on invested capital (after tax)  
\* NOPAT: Calculated as net income plus interest expenses paid after tax in accordance with IFRS

	(FY)		
	2022	2023	2025 target
Average copper price (JPY/kg)	1,209	1,180	1,085
Average exchange rate (JPY/USD)	135	130	110

### 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 communications** 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
- ▶ Increase sales of high-value-added optical fiber and cable products and accelerate expansion of the networking system business
  - ▶ Contribute to the realization of next-generation networks as a partner of the IOWN initiative with semiconductor lasers, optical fibers, and network equipment technologies, products and more
  - ▶ Contribute to the building of integrated information infrastructure through next-generation PON and virtualized routers

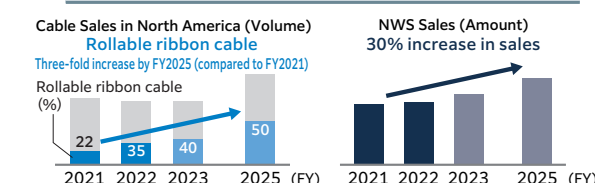
### Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

#### Optical fiber and cable

	FY2022 (First year of the 2025 Mid-term Plan)	FY2023
Business environment	<ul style="list-style-type: none"> <li>● Strong demand continued in the key markets of the Americas</li> </ul>	<ul style="list-style-type: none"> <li>● Rapid decline in demand in the Americas (Customer inventory overload, construction delays, and curbing of investments by customers)</li> </ul>
Efforts	<ul style="list-style-type: none"> <li>● Productivity in North America improved</li> <li>● Strong performance due to the full-scale start of collaboration undertaken within the Group when it comes to networking system business (NWS) [integration of the promotion systems, product portfolios, and brands]</li> <li>● Underlying trend of growth in terms of high value-added products</li> </ul>	<ul style="list-style-type: none"> <li>● Reduction of fixed expenses</li> <li>● Deployment of personnel in line with operations</li> <li>● Development of a system for prompt responses when demand recovers</li> <li>● Enhancing the lineup of high value-added products and expanding our customer base</li> <li>● Optimization of inventory levels and sale prices</li> </ul>

#### Toward FY2025

- Medium- to long-term expansion of demand for optical fibers
  - CAGR of 5%: Estimate by our company
  - Continued global expansion of FTTH/5G
  - Continued infrastructure investment in North America
  - Improvement of balance in terms of supply and demand
- Diversifying customer requirements
  - Low cost, energy saving
  - Multi-core high density
  - Easy installation and design flexibility
  - Short turnaround time and improved service
- Low unemployment rate and rising wages (North America)
- Continued improvement of productivity (DX utilization, etc.)
- Continued expansion of lineups of high value-added products
- Progress in terms of the global expansion of NWS (full-scale expansion in the U.S., Europe, and Asia with a focus on Central/South America)





# Energy Infrastructure

## Infrastructure

Corporate Vice President and  
General Manager of Energy  
Infrastructure Division





**Eiichi Nishimura**

### Environmental Analysis of the Energy Infrastructure Business

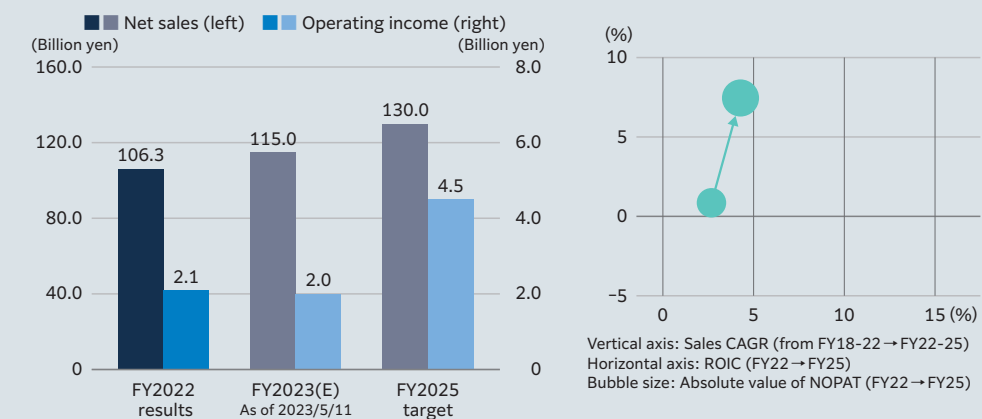
Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> <li>▶ Rapid expansion in demand, particularly for renewable energy projects</li> <li>▶ Increase in demand for products that are easy to install due to labor shortage</li> </ul>	Strengths of the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

### Business Overview/Products and Services

Energy Infrastructure business consists of Power Cable business and Industrial Cable & Power Cable Accessories business. These are engaged in the manufacture, sale and installation of ultra-high voltage, high-voltage, medium-voltage and low-voltage cables and equipment.

	Power Cable		Industrial Cable & Power Cable Accessories	
				
Social infrastructure	●		●	●
Renewable energy	●		●	●
Disaster prevention and mitigation		● (Water pipes)		●
Next-generation infrastructure			●	●
Main products	<ul style="list-style-type: none"> <li>● Ultra-high-voltage/high-voltage underground lines (cables, parts, installation work)</li> </ul>	<ul style="list-style-type: none"> <li>● Submarine cables (cables, parts, and installation work)</li> <li>● Water pipes (including installation work)</li> </ul>	<ul style="list-style-type: none"> <li>● Industrial wires</li> </ul>	<ul style="list-style-type: none"> <li>● Overhead power transmission parts</li> <li>● Power distribution parts</li> <li>● Other functional products</li> </ul>
Main applications	<ul style="list-style-type: none"> <li>● Development of backbone electric power networks</li> <li>● Large plants</li> <li>● Renewable energy (onshore wind, solar, offshore wind private cables)</li> </ul>	<ul style="list-style-type: none"> <li>● Offshore wind submarine cables</li> <li>● Water pipes for remote islands</li> </ul>	<ul style="list-style-type: none"> <li>● Solar power generation systems</li> <li>● Indoor wiring for factories, buildings, etc.</li> <li>● Wiring of factory equipment/switchboards/control panels</li> <li>● Wiring of moving machines</li> <li>● Wiring for onboard electrical equipment</li> </ul>	<ul style="list-style-type: none"> <li>● Electrical materials for transmission/distribution lines</li> <li>● Direct and branch cable connections</li> <li>● Insulation and protection for connectors</li> <li>● Heat dissipation for industrial equipment and information equipment</li> <li>● Welding for automobile bodies, railway tracks, etc.</li> </ul>
Main customers	<ul style="list-style-type: none"> <li>● Power (transmission) companies</li> <li>● Renewable energy power generation SPCs and EPCs</li> </ul>	<ul style="list-style-type: none"> <li>● Renewable energy power generation SPCs and EPCs</li> <li>● Local governments</li> </ul>	<ul style="list-style-type: none"> <li>● Construction contractors</li> <li>● Electronic appliance manufacturers</li> <li>● Railroad companies</li> <li>● Shipbuilding companies</li> </ul>	<ul style="list-style-type: none"> <li>● Electric power companies</li> <li>● Railroad companies</li> <li>● Construction contractors</li> </ul>

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



\* Net sales and invested capital for FY2024 and FY2025 have been adjusted based on the average copper price and average foreign exchange value forecasts made for FY2023  
\* CAGR: Compound annual growth rate  
\* ROIC: Return on invested capital (after tax)  
\* NOPAT: Calculated as net income plus interest expenses paid after tax in accordance with IFRS

	2022	2023	2025 target
Average copper price (JPY/kg)	1,209	1,180	1,085
Average exchange rate (JPY/USD)	135	130	110

### 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

- 1 **Security** : Carbon neutrality by 2050
- 2 **Safety** : Disaster prevention and mitigation (disaster-resilient community development)
- 3 **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

Power Cable business	Target segments	Ultra-high voltage underground cables in Japan/Renewable energy in Japan (submarine and underground cables)/Overseas submarine cables (Asia)
Industrial Cable & Power Cable Accessories business	Target segments	Social infrastructure/Renewable energy in Japan/Disaster prevention and mitigation/Next-generation infrastructure

### Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

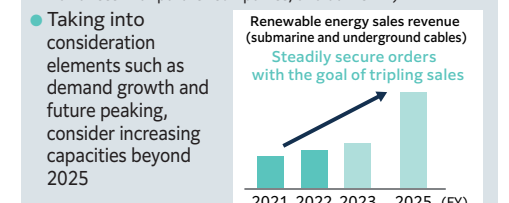
#### Power cable systems

	FY2022 (First year of the 2025 Mid-term Plan)	FY2023
Business environment	<ul style="list-style-type: none"> <li>● Demand for trunk line renewal steady due to the strengthening of the domestic power grid</li> <li>● Postponing of customer construction projects due to COVID-19 in China</li> </ul>	<ul style="list-style-type: none"> <li>● Projects received in terms of overseas submarine and ultra-high voltage underground cables in Japan more concentrated within the second half of the year than usual</li> <li>● Despite the continued postponement of customer construction due to the slowdown of the economic recovery in China, construction activities picking up moderately starting in the second half of the year</li> </ul>
Efforts	<ul style="list-style-type: none"> <li>● Elimination of past projects involving low returns</li> <li>● The effects of the shifting of rising raw material costs onto prices</li> <li>● Enhancement of manufacturing facilities and construction work capacities (Installation of large turntables for undersea cables, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>● Continue acceptance of profit-oriented orders</li> <li>● Strengthening of project management (Certain implementation of renewable energy projects)</li> <li>● Continue reinforcement of manufacturing facilities and construction work capacities with the aim of expanding operations</li> <li>● Enhancement of profitability at Chinese subsidiary companies</li> </ul>

#### Toward FY2025

- Accelerated expansion of domestic carbon neutral-related markets (Increase in offshore wind projects and Start of wide-area DC interconnection projects)
- Progress when it comes to insufficient construction work capacities in the market (Application of the Labor Standards Act when it comes to the construction industry: Start in FY2024)

- Continue to secure orders and revenue in target segments\*  
\* Japan: Ultra-high pressure underground cables and renewable energy (submarine/underground cables); Asia: Submarine cables
- Continue with the enhancement of manufacturing facilities and construction work capacities  
\* Double in FY2025 when compared with FY2017 (Increase personnel for directly-managed groups, expand alliances with partner companies, and utilize DX)





# Automotive Products & Batteries

## Electronics & Automotive Systems

Corporate Senior Vice President  
and General Manager of Automotive  
Products Division







**Shigenobu Abe**

### Environmental Analysis of the Automotive Products Business

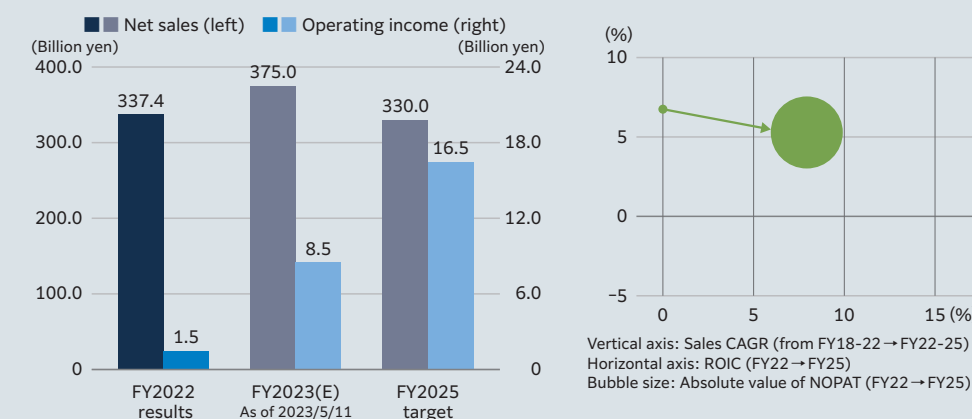
Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> <li>▶ New opportunities to respond to requests for multifunctionality and modularization of vehicles for CASE promotion such as xEV and MaaS</li> <li>▶ Expand products for eco-friendly future wiring systems for safe vehicles as electrification accelerates toward carbon neutrality</li> </ul>	Strengths of the Division	<ul style="list-style-type: none"> <li>▶ Technological capabilities for commercialization by integrating the Group's accumulated core technologies and in-vehicle technologies</li> <li>▶ 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</li> </ul>
Major risks and threats	<ul style="list-style-type: none"> <li>▶ Growing geopolitical risks</li> <li>▶ Response to the promotion of automation and personnel reductions</li> <li>▶ Sharp fluctuations in customer production due to semiconductor shortage</li> <li>▶ Rising prices when it comes to raw materials, energy prices, labor costs, etc.</li> </ul>	Challenges of the Division	<ul style="list-style-type: none"> <li>▶ Create next-generation products in the convergence of energy, information, and mobility through co-creation and development with partners</li> <li>▶ Promote automation to strengthen BCM compliance and ensure stable supply of high quality products</li> </ul>

### Business Overview/Products and Services

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

		Automotive Products					
		Wiring Systems			Functional Products		
							
Safety							
Carbon neutral	Light weight	●	●	●	●	●	●
	Electrification	●	●		●	●	
Main products		<ul style="list-style-type: none"> <li>● Aluminum wire harnesses</li> <li>● Corrosion-proof terminal (α terminal)</li> <li>● High-voltage wire harness for xEV</li> </ul>	<ul style="list-style-type: none"> <li>● Low/high-voltage junction box</li> <li>● High-voltage terminal blocks</li> <li>● Connector</li> <li>● Bus bar modules</li> </ul>	<ul style="list-style-type: none"> <li>● Products using flat cables</li> </ul>	<ul style="list-style-type: none"> <li>● SRC (Steering roll connector)</li> </ul>	<ul style="list-style-type: none"> <li>● BSS (Lead battery state detection sensor)</li> </ul>	<ul style="list-style-type: none"> <li>● Peripheral monitoring radar</li> </ul>
Main applications		<ul style="list-style-type: none"> <li>● Low-voltage harness</li> <li>● High-voltage harness</li> </ul>	<ul style="list-style-type: none"> <li>● Connecting of circuits and wires</li> <li>● Control of auxiliary equipment signals</li> <li>● Distribution of power to auxiliary equipment</li> <li>● High-voltage circuit connection for xEV</li> </ul>	<ul style="list-style-type: none"> <li>● Supply of power to sliding doors and signal transmission</li> <li>● Wiring going to narrow parts such as roofs</li> </ul>	<ul style="list-style-type: none"> <li>● Rotating connectors for air bags</li> <li>● Handle multifunctionality</li> </ul>	<ul style="list-style-type: none"> <li>● Vehicle power source management</li> <li>● xEV power checks</li> </ul>	<ul style="list-style-type: none"> <li>● Advanced driver assistance systems (ADAS)</li> </ul>
Main customers		<ul style="list-style-type: none"> <li>● Japanese automobile manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese automobile manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>● Automobile manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>● Automobile manufacturers</li> <li>● Tier1</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese automobile manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese automobile manufacturers</li> </ul>

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



\* Net sales and invested capital for FY2024 and FY2025 have been adjusted based on the average copper price and average foreign exchange value forecasts made for FY2023  
\* CAGR: Compound annual growth rate  
\* ROIC: Return on invested capital (after tax)  
\* NOPAT: Calculated as net income plus interest expenses paid after tax in accordance with IFRS

	(FY)	2022	2023	2025 target
Average copper price (JPY/kg)		1,209	1,180	1,085
Average exchange rate (JPY/USD)		135	130	110

### 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 α terminal
SRC	Development in response to high-speed communication and the evolution of car
BSS	Improve fuel efficiency and power costs, and secure power supply reliability
Radar	Expansion of high-performance, next-generation products (also addressing cybersecurity) for vehicles and entry into new markets, such as those involving construction equipment, industrial vehicles, and transportation infrastructure
High voltage products	Leveraging our strengths and techniques (processing techniques and material-related prowess), we will respond to the increasing number of high voltage products emerging due to changes in vehicle systems resulting from the move to higher voltages, larger amounts of currents, and the move to EVs

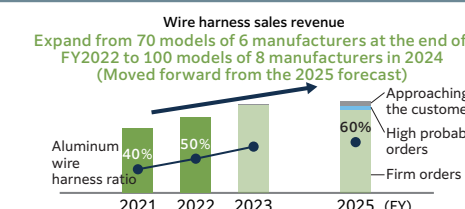
### Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

#### Wire harness

	FY2022 (First year of the 2025 Mid-term Plan)	FY2023
Business environment	<ul style="list-style-type: none"> <li>● Changes in production plans of customers due to shortages of semiconductors</li> <li>● Lockdowns occurring in China amid COVID-19</li> <li>● Soaring logistics expenses and raw material and fuel prices</li> </ul>	<ul style="list-style-type: none"> <li>● Easing the effects of the COVID-19 and the shortage of semiconductors seen among customers</li> <li>● Increasing of production by customers and the stabilization of plans</li> </ul>
Efforts	<ul style="list-style-type: none"> <li>● Promoting the shifting of logistics and raw material and fuel costs onto sales prices and the recovery of costs</li> <li>● Responding to the deterioration of productivity due to fluctuations in terms of orders received</li> </ul>	<ul style="list-style-type: none"> <li>● Continue optimization of sales prices</li> <li>● Equalization of production through the anticipation of information in terms of customer production plan</li> <li>● Holding of strategic inventory for changes in customer production and transportation lead times</li> </ul>

#### Toward FY2025

- Increasing of needs for reduced weight products as the adoptions of EVs accelerate
- Increasing demand for BCM for production and supply systems
- Optimization of sales price
- Improved cost ratios and reduced logistics costs due to the stabilization of orders
- Promotion of multi-site production (Sharing and automation of production lines achieved through simple, new structural design)
- Increase in orders received for models equipped with aluminum wire harnesses





# Electronics Component Materials

## Electronics & Automotive Systems

Corporate Senior Vice President and  
General Manager of Electronics Component  
Materials Division




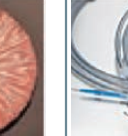






**Takashi Yamamoto**

### Environmental Analysis of the Electronics Component Materials Business

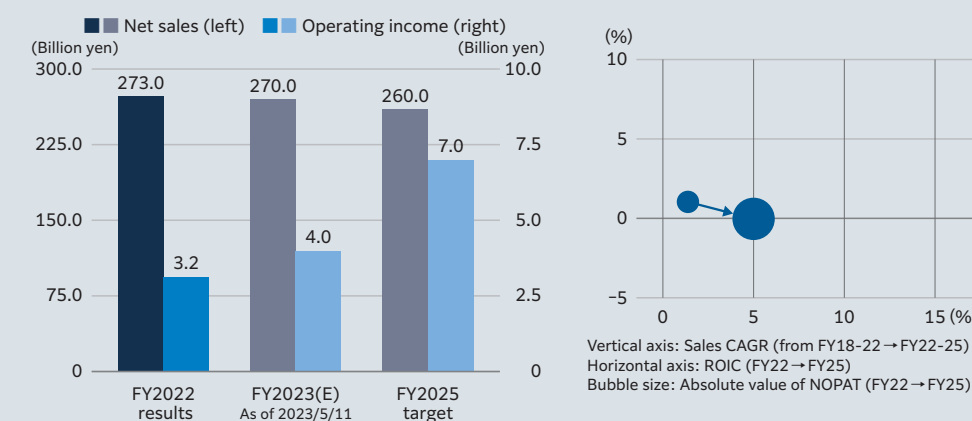
Business environment		Strengths and challenges	
Key revenue opportunities	<ul style="list-style-type: none"> <li>▶ Increase in demand that stems from vehicle electrification and automatic driving</li> <li>▶ Increased requirement for non-magnetic and heat dissipation characteristics to satisfy increased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

### Business Overview/Products and Services

The Electronics Component Materials business 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			Copper & High Performance Material		
						
Electrification (CASE)	●	●	●	●	●	
Carbon neutral	●	●		●	●	
5G/B5G			●	●	●	
Healthcare						●
Main products	● Copper wires, aluminum wires	● Oxygen-free copper wires	● Fine magnet wires	● Copper alloy strips and thin plates	● Oxygen-free copper ● GOFC	● Ni-Ti alloy (wire and tube)
Main applications	<ul style="list-style-type: none"> <li>● Various cables</li> <li>● Wire harness</li> </ul> 	<ul style="list-style-type: none"> <li>● Magnet wires for alternators</li> <li>● Magnet wires for EV motors</li> </ul>	<ul style="list-style-type: none"> <li>● Mobile phone terminals</li> <li>● Anti-corrosion terminals for automobiles</li> <li>● Semiconductor lead frames</li> </ul> 	<ul style="list-style-type: none"> <li>● Shielding strips</li> <li>● Substrates for heat dissipation</li> </ul> 	<ul style="list-style-type: none"> <li>● Stent guide wires</li> </ul> 	
Main customers	● Electronics component manufactures	● Magnet wire manufactures ● Motor manufactures	● Electronics component manufactures	● Terminal manufactures ● Semiconductor component manufactures	● Electrical cable manufactures ● Power semiconductor manufactures	● Medical product manufactures

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



\* Net sales and invested capital for FY2024 and FY2025 have been adjusted based on the average copper price and average foreign exchange value forecasts made for FY2023  
\* CAGR: Compound annual growth rate  
\* ROIC: Return on invested capital (after tax)  
\* NOPAT: Calculated as net income plus interest expenses paid after tax in accordance with IFRS

	(FY)	2022	2023	2025 target
Average copper price (JPY/kg)		1,209	1,180	1,085
Average exchange rate (JPY/USD)		135	130	110

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

We will contribute to solving social issues by developing and providing products that meet customer needs in the automotive and communications/electronics markets while simultaneously engaging in green manufacturing.

### Main Strategies to Achieve the 2025 Mid-term Plan

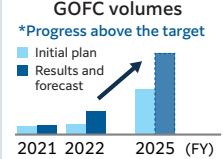
#### Contributing to the realization of a sustainable society through the development of highly functional materials and clean manufacturing

- ▶ 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 NT\* alloy products and developing new products

\* NT: Nickel-titanium alloy

### Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

#### Copper strip and high-performance materials

	FY2022 (First year of the 2025 Mid-term Plan)	FY2023	Toward FY2025
Business environment	<ul style="list-style-type: none"> <li>● Continued consideration of materials and devices responding to vehicle “electrification” and “automatic driving,” reduced production of automobiles owing to shortages of semiconductors, and reduced demand for existing products in terms of electronics</li> <li>● Customer inventory adjustments also taking place when it comes to electronics-related products</li> <li>● Increase in prices when it comes to power costs, auxiliary materials</li> </ul>	<ul style="list-style-type: none"> <li>● Continued consideration and adoption of materials and devices responding to vehicle “electrification” and “automatic driving,” and demand for automotive products recovering moderately starting in the second half of the year</li> <li>● Delays in the recovery of demand for electronics-related products</li> <li>● Prices remaining high when it comes to power costs, auxiliary materials</li> </ul>	<ul style="list-style-type: none"> <li>● Growing demand for materials and devices responding to vehicle “electrification” and “automatic driving”</li> <li>● Shift to highly reliable and functional products by increasing data traffic</li> <li>● Growing demand by society when it comes to the environment (Reduction of CO<sub>2</sub> emissions, recycling of copper and precious metals, etc.)</li> <li>● Development and stable supply of highly functional materials featuring characteristics that are tailored to customer needs <ul style="list-style-type: none"> <li>■ Realization of advanced thermal management</li> <li>■ Ensure the curbing of electronic component malfunctions</li> </ul> </li> </ul>
Efforts	<ul style="list-style-type: none"> <li>● Improvement of product mix through the expansion of sales for high value-added products</li> <li>● Optimization of sales prices</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to improve our product mix through new development and the expansion of sales when it comes to high value-added products (meaning the expanding sales of heat-resistant, oxygen-free copper strips for power semiconductors and heat dissipation products, and the development of products serving to support advanced functionality of electronic equipment)</li> <li>● Optimization of sales prices</li> <li>● Development of copper and precious metal recycling technologies</li> </ul>	<p><b>GOFC volumes</b></p> <p>*Progress above the target</p>  <ul style="list-style-type: none"> <li>● Green manufacturing <ul style="list-style-type: none"> <li>■ Contribution to a decarbonized society through hydroelectric power</li> <li>■ Move toward the saving of resources through improved copper and precious metal recycling technologies</li> </ul> </li> </ul>



# Functional Products

Corporate Senior Vice President  
and General Manager of Functional  
Products Division

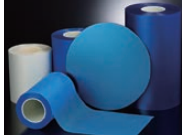
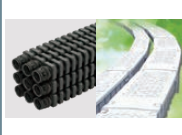




Ryoji Ono

## Environmental Analysis of the Functional Products Business

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

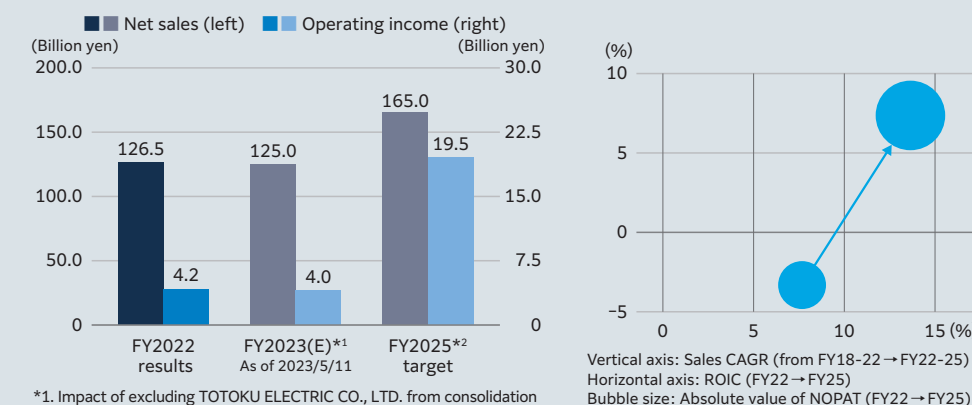
## Business Overview/Products and Services

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

	AT* & Functional Plastics		Thermal Management Solution & Products	Memory Disk	Copper Foil	
						
Renewable energy		●	●			
Communication infrastructure	●	●	●	●	●	●
Mobility		●	●			●
Main products	● Tape for semiconductor process	<ul style="list-style-type: none"> <li>● Cable protective pipes</li> <li>● Troughs made from recycled materials</li> <li>● Insulation materials</li> </ul>	<ul style="list-style-type: none"> <li>● Heat dissipation products such as high-performance heat sinks and heat pipes, and 3D vapor chambers</li> </ul>	● Aluminum blanks for HDD	● Electrolytic copper foil for circuit boards	● Electrolytic copper foil for batteries
Main applications	● Surface protection, immobilizing, etc. during semiconductor wafer processing	<ul style="list-style-type: none"> <li>● Protective pipes for underground cable</li> <li>● Troughs for holding cables</li> <li>● Insulation for air conditioning ducts</li> </ul>	<ul style="list-style-type: none"> <li>● Heat dissipation, such as for CPUs and GPUs used for data center servers</li> <li>● Heat dissipation for power semiconductors used in railways and for renewable energy</li> </ul>	● HDD for use in data centers, desktop PCs and monitoring cameras	● Circuit boards for communication and electronic devices	● Negative electrode materials for lithium ion batteries used for EVs, mobile phones, power tools, etc.
Main customers	<ul style="list-style-type: none"> <li>● Semiconductor manufacturers</li> <li>● Foundry manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>● General construction companies and subcontractors</li> <li>● Railroad companies</li> <li>● Highway public corporations and road subcontractors</li> <li>● Air conditioning duct manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>● Data center and telecommunications base station operators</li> <li>● Manufacturers of railways and power conditioners</li> <li>● PC and healthcare device manufacturers</li> </ul>	● HDD substrate manufacturers	<ul style="list-style-type: none"> <li>● Circuit board material manufacturers</li> <li>● Lithium ion battery manufacturers</li> </ul>	

\*AT: Advanced Technology Tape

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



\* Net sales and invested capital for FY2024 and FY2025 have been adjusted based on the average copper price and average foreign exchange value forecasts made for FY2023  
\* CAGR: Compound annual growth rate  
ROIC: Return on invested capital (after tax)  
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	(FY)		
	2022	2023	2025 target
Average copper price (JPY/kg)	1,209	1,180	1,085
Average exchange rate (JPY/USD)	135	130	110

## 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

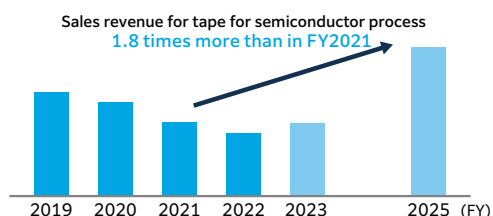
Continue to develop products that respond swiftly to changes in customer needs, and to provide electronics products with high-functionality or differentiation in the expanding market to support the telecommunications and social infrastructure markets.

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

## Priority 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

	FY2022 (First year of the 2025 Mid-term Plan)	FY2023	Toward FY2025
Business environment	<ul style="list-style-type: none"> <li>● Global decline in demand for smartphones and other products and rapid customer inventory adjustments manifesting during the second half of the year</li> </ul>	<ul style="list-style-type: none"> <li>● Market slump continuing due to decline in global demand for smartphones, personal computers, and other such products</li> <li>● Inventory adjustments, which rapidly took place due to overstocking in the supply chain, beginning to gradually optimize in the second half of the year</li> </ul>	<ul style="list-style-type: none"> <li>● Medium- to long-term growth in terms of demand in the semiconductor market</li> <li>● Advances taking place in terms of semiconductor performance and technological innovation</li> </ul>
Efforts	<ul style="list-style-type: none"> <li>● Preparations to secure a stable supply system by increasing production capacity (construction of a new building started in September of 2022)</li> </ul>  <p>New building being built at Mie Works: CAPEX of 7.0 billion yen between FY2022 and FY2025</p>	<ul style="list-style-type: none"> <li>● Expansion of features of specifications for advanced semiconductor manufacturing processes and active development of next-generation technologies</li> <li>● Development of a system for prompt responses when demand recovers</li> </ul>	<ul style="list-style-type: none"> <li>● Establishment of a stable supply system aimed at market recovery and growth in demand (Mass production to start in April 2025)</li> <li>● Preemptive response to technological issues and continued provision of highly functional and differentiated products</li> </ul>





# 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.

## Information

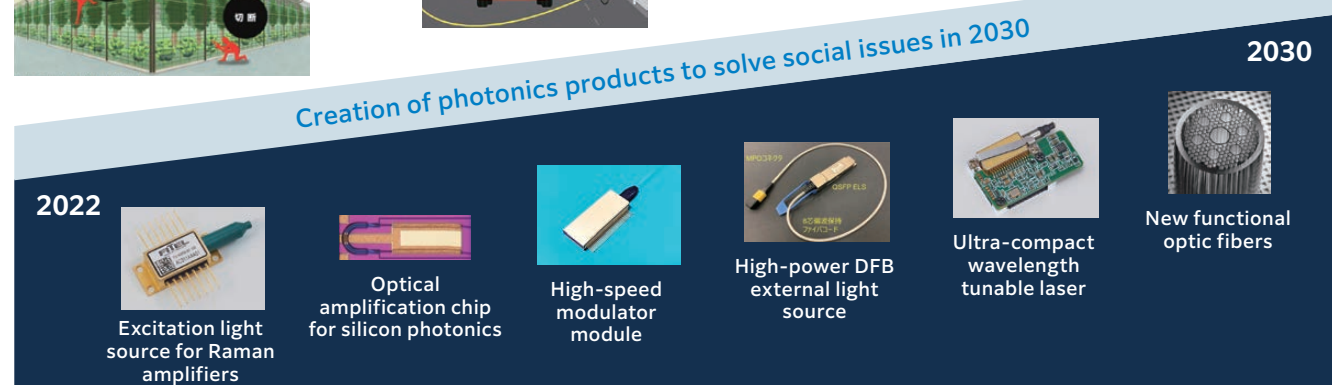
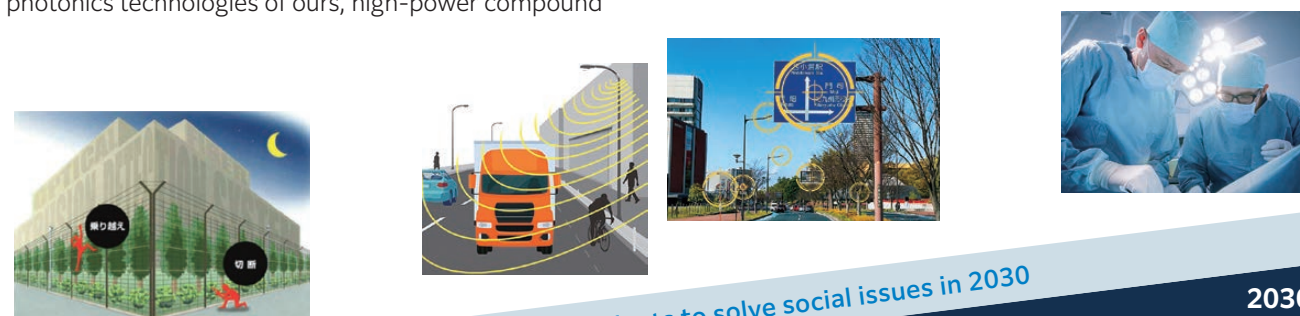
### Creation of photonics products to solve social issues in 2030

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. In FY2022, we launched the “Next Generation Photonics Business Innovation Project Team” under the direct control of the President. Toward the year 2030, we aim to create photonics products that will play a role in supporting and which will be utilized in a society in which various things are “simultaneously realized” through the use of photonics and wireless technologies.

In FY2021, 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 means of utilizing a photonics technologies of ours, high-power compound

semiconductor lasers, as well as optical packaging technologies, with sample shipments beginning in FY2022. In addition, we have developed an optical semiconductor forward-excitation Raman unit with excellent low-noise performance for the kind of transmission systems required when it comes to the expansion of communication capacities in terms of next-generation long-distance transmission. In FY2023, we started shipping samples. Through these new products, we will contribute to the realization of a high-capacity information communications and a 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.

For details, please see our website.  
 “Optical active devices” <https://www.furukawa.co.jp/optical-components/en/>  
 “Photoelectric Fusion Technology to Support Next-Generation Data Centers” <https://www.furukawa.co.jp/rd/theme/10data-center.html>  
 (Only available in Japanese)

**Furukawa Electric CPO ELS Wins the Best Paper Award from ICSJ2022**  
 Contributing to the realization of next-generation network switch servers in data centers  
[https://www.furukawa.co.jp/en/release/2022/comm\\_20221031.html](https://www.furukawa.co.jp/en/release/2022/comm_20221031.html)

**Development of the Forward Raman Unit for low noise signal transmission**  
 Incoherent light generated by optical semiconductors enable longer distance and higher signal transmission  
[https://www.furukawa.co.jp/en/release/2023/comm\\_20230227.html](https://www.furukawa.co.jp/en/release/2023/comm_20230227.html)

**Furukawa Electric Group to exhibit next generation technologies at OFC 2023 (#3229)**  
 Introducing the latest optical communication technologies, such as high-performance connector and laser products, and forward-excitation Raman units  
[https://www.furukawa.co.jp/en/release/2023/comm\\_20230303.html](https://www.furukawa.co.jp/en/release/2023/comm_20230303.html)

## Energy

### Technology for Producing Green LP Gas\*2 with Ramune Catalyst\*1

In addition to contributing to going carbon neutral by 2050, our company aims to contribute to the establishment of global infrastructure that enables the local production and local consumption of energy along with the succession of local resources and local culture for the future\*3.

In FY2022, we established the “Sustainable Energy Succession Project Team” under the direct control of the President to develop new technologies based on the concept of Succession Booster\*4 to solve local social issues.

One example of this, is our current development of a technology serving to create green LP gas from biogas-derived carbon dioxide and methane using Ramune Catalytic technology (with a focus on livestock manure). In addition to reducing greenhouse gases through the

recycling of greenhouse gases, we will create new vitality within local communities by facilitating the achievement of local production and local consumption of energy, thereby contributing to the succession of local resources and local culture for the future.

Going forward, our company will continue to contribute to the realization of carbon neutrality and the building of new social infrastructure in local communities through co-creation initiatives undertaken with a wide range of stakeholders, including local governments, which will involve marketing, sales, research and development, and manufacturing all working together as one.



\*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. Green LP gas: LP gas produced from biogas (a mixture of methane gas and carbon dioxide produced when livestock waste or garbage is fermented)  
 \*3. Succession of local resources and local culture for the future: The passing on of local resources and culture to the next generation  
 \*4. Succession Booster: This is the brand logo for our green LP gas technology. It shows spheres which conceptualize local resources that are transformed into a more usable form by passing through a ring representing our company's products and services. The concept being expressed is the solving of local social issues through the deployment of our company's products and services so as to subsequently facilitate the passing on of local resources to the future as those products and services become more popularized.

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

Products and services	FY2021	FY2022	FY2023	...	FY2026	...	FY2030
Technology for producing green LP gas with Ramune Catalyst™			Demonstration by small test machine		Field demonstration tests		Practical use

For details, please see our website “Sustainable Energy Succession Project Team.”  
<https://www.furukawa.co.jp/rd/theme/01pgas.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](https://www.furukawa.co.jp/release/2022/kenkai_20220523.html)  
 (Only available in Japanese)

**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](https://www.furukawa.co.jp/release/2022/kenkai_20220523-2.html)  
 (Only available in Japanese)  
 (Note) NEDO (New Energy and Industrial Technology Development Organization):  
 A national research and development agency in Japan.

**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](https://www.furukawa.co.jp/release/2022/kenkai_20220818.html)  
 (Only available in Japanese)

**Established a new organization for the practical use of LP gas to contribute to the realization of a decarbonized society, called the “Sustainable Energy Succession Project Team”**  
[https://www.furukawa.co.jp/release/2022/kei\\_20220915.html](https://www.furukawa.co.jp/release/2022/kei_20220915.html)  
 (Only available in Japanese)



Torch for the Ichigo Ichie Tochigi National Sports Festival

## High-temperature superconducting wire material for advanced fusion prototype reactors

In the 1960s, our Group began research and development on metal-type superconducting wires (low-temperature superconductivity). Since then, we have been developing technologies not only for metal-type wires, but also for wires made from oxide superconductors (high-temperature superconductivity), which were discovered in 1986. With regard to nuclear fusion, which is expected to be a stable and sustainable new energy source to take the place of fossil fuels, we have continued to develop technology and provide products for superconducting wires used for plasma generation, which are indispensable for fusion reactors.

In FY2022, we signed a contract with Tokamak Energy in the United Kingdom for the supply of superconducting wires, and began supplying high-temperature superconducting wires for use in the ST80-HTS, the world's first high field spherical tokamak fusion reactor using high temperature superconducting (HTS) magnets, at scale.



Manufacture of ST-80 magnet coils

**Tokamak Energy and Furukawa Electric Group Strengthen Relationship to Progress Commercial Fusion Energy**  
[https://www.furukawa.co.jp/en/release/2023/kenkai\\_20230112.html](https://www.furukawa.co.jp/en/release/2023/kenkai_20230112.html)

## Mobility

### Development of Blue-IR hybrid laser "BRACE™" to contribute 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 I equipped with a high-brightness blue laser diode module developed 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 to 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, BRACE X, which we launched in FY2021, has been able to cover the main areas for copper materials used in xEV powertrains by further increasing the output of the blue laser.

In FY2022, we established a laser application lab called "CALL"\*2 at the Furukawa Electric Toyota Technical Center (Toyota City, Aichi Prefecture) as a site for co-creation to be undertaken with partners based in the Chubu region. The laser application lab is equipped with BRACE, allowing for the performing of test processing on samples brought in by partners.

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.



A view inside CALL

\*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. CALL: Chubu Advanced Laser processing Laboratory. With this name, we are expressing our strong desire to go approach (CALL) partners and work together to generate processes for processing all kinds of things together (Co-creation + ALL).

### 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			Introduction of electric mobility mass-production line

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

- Laser application lab established in Toyota City, Aichi Prefecture**  
 Contribution to the accelerated development of electrification parts through new co-creation sites  
[https://www.furukawa.co.jp/release/2022/comm\\_20221125.html](https://www.furukawa.co.jp/release/2022/comm_20221125.html) (Only available in Japanese)
- Strengthening our lineup of BRACE™ Series products**  
 Providing new copper processing solutions that contribute to the electrification of mobility  
[https://www.furukawa.co.jp/release/2023/comm\\_20230926.html](https://www.furukawa.co.jp/release/2023/comm_20230926.html) (Only available in Japanese)

## New areas

### Maintenance/Inspection Support Solution for Roadside Equipment

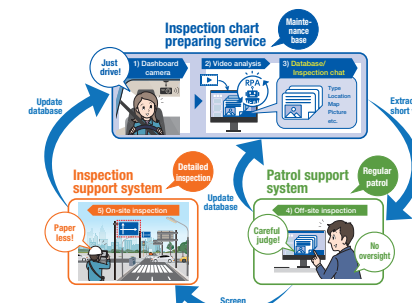
Accidents due to aging road fixtures (road signs, road lighting, guardrails, etc.) are occurring throughout Japan. Although systematic maintenance and management of facilities is important to prevent accidents from occurring, many municipalities and road administrators are expected to find it difficult 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.

Therefore, our company has developed Maintenance/inspection support solution for roadside equipment for roadside fixtures to facilitate the realization of new maintenance cycles using our own DX technology. This makes it possible to carry out the inspection and maintenance of roadside fixtures with high accuracy

and efficiency, something which has been traditionally handled only by personnel. Many municipalities and road administrators

have already adopted the Michi-ten series. We are also working on demonstration experiments in cooperation with municipalities and road administrators with the aim of facilitating further sophistication.

For details, please see our website page "Maintenance/Inspection Support Solution for Roadside Equipment."  
<https://www.furukawa.co.jp/en/product/development/infra/maintenance.html>



### Infrastructure Laser™, a surface treatment solution for infrastructure structures

Infrastructure Laser™ is a surface treatment solution for infrastructure structures that combines digital technology with laser technology cultivated in the area of industrial lasers. In contrast to conventional methods, the use of lasers means that grinding materials and other materials are not discharged. With this, our aim is to reduce environmental impacts and improve occupational health, thereby improving the efficiency of infrastructure maintenance work.

For details, please refer to our company website "Surface Treatment Solutions for Infrastructure Structures."  
<https://www.furukawa.co.jp/infra-laser/> (Only available in Japanese)



Infrastructure Laser Lab experiment space

**Launched Infrastructure Laser™, a new brand for our business involving surface treatment solutions for infrastructure structures**  
 Contribution to measures against the aging of infrastructure structures through the application of technology cultivated for industrial lasers  
[https://www.furukawa.co.jp/release/2022/kenkai\\_20221130.html](https://www.furukawa.co.jp/release/2022/kenkai_20221130.html) (Only available in Japanese)

**Infrastructure Laser Lab established as a base for the co-creation of surface treatment solutions for infrastructure structures**  
 Contribution to the increased efficiency of infrastructure maintenance operations through new co-creation sites  
[https://www.furukawa.co.jp/release/2023/dev\\_20230126.html](https://www.furukawa.co.jp/release/2023/dev_20230126.html) (Only available in Japanese)

### Tellumino, a detection solutions for internal medical devices

In the life sciences field, our company is developing new solutions using optical (Photonics) technology based on the key phrase "find with light, measure with light, and heat with light."

For example, "Tellumino" is a new technology that enables users to visually confirm the location of implantable medical devices from outside the body. Combined with existing medical device manufacturers' CV ports, usage is safer than ever with safety and security provided for both patients and healthcare professionals by "Luminous CV ports."

For details, please see our website page "Detection solutions for internal medical devices."  
<https://www.furukawa.co.jp/en/product/development/lifescience/tellumino.html>



Luminous CV port



### New solutions in the space sector

In terms of new business areas, we are currently driving further forward with our expansion into the space sector. Utilizing Photonics technologies such as optical fiber cables and fiber lasers, heat dissipation technologies such as heat pipes, power supply technologies, and comprehensive technologies related to design and manufacturing (which we have cultivated over many years

of research and development), we are working to provide new solutions for the miniaturization of equipment in the space sector, as well as for increased speeds and higher capacities when it comes to communications.

**Societal collaboration lectures and joint research conducted in the space sector by Furukawa Electric and the University of Tokyo**  
 "Creating a Business Ecosystem for Small and Micro Satellites" (Course Chair: Professor Shinichi Nakasuka)  
[https://www.furukawa.co.jp/release/2023/dev\\_20230315.html](https://www.furukawa.co.jp/release/2023/dev_20230315.html) (Only available in Japanese)



## R&D and new business creation activities

Our group currently operates research laboratories in Japan and overseas. Our overseas facilities include OFS Laboratories, LLC, Furukawa Electric Institute of Technology Ltd. (FETI), SuperPower Inc. and Silicon Valley Innovation Laboratories, Furukawa Electric (SVIL). Along with advancing digitalization through the Digital

Transformation & Innovation Center, we are working to strengthen the marketing and incubation functions through the Social Design & New Business Development Department and are actively promoting the creation of new businesses.

» For details, please see the “R&D Laboratories” on Furukawa Electric’s website. <https://www.furukawa.co.jp/en/rd/profile/>



## TOPICS

### Reorganization of Laboratories

In order to accelerate research and development in the converging areas of information, energy and mobility as outlined in Vision 2030, we reorganized our laboratories effective as of April 1, 2023. With the goal of contributing to business and creating new businesses through the further deepening and leveraging of our core technologies, and to further strengthen our efforts when it comes to addressing social issues such as carbon neutrality, we have made changes to our research organizations, going from an arrangement where our research organizations correspond to our existing business segments, to

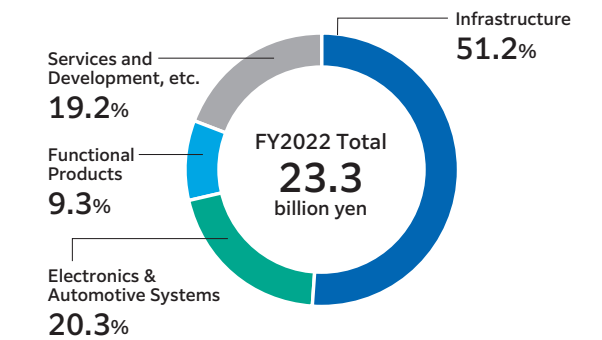
an arrangement where our research organizations correspond to our technical fields. This reorganization has resulted in an arrangement comprised of four laboratories, which includes our newly established Material Laboratory (which consolidates functions related to metals and polymers, our core technologies), along with the Sustainable Technology Laboratory, the Electronics Laboratory, and the Photonics Laboratory. We will accelerate business growth and new business creation by developing technologies that are essential to achieving Vision 2030.

## R&D Investment

We set the “R&D expense growth rate for new businesses (compared to FY2021)” as a sustainability indicator when it comes to the items “Open, Agile, Innovative” and “Building partnerships with various stakeholders,” which constitute material issues of revenue opportunities aimed at creating businesses that solve social issues. Having done that, we are aiming for a sustainability target of 125% for FY2025.

In FY2022, R&D expenses increased 12.3% from the previous year to 23,324 million yen, with new products and businesses being developed in each segment. In FY2022, the R&D expense growth rate for new businesses (compared to FY2021) was 116%, meaning that we achieved our target of 115%.

### Ratio of R&D Investment by Our Group Segment



» For details on R&D activities by segment, please refer to the section titled “6 [Research and Development Activities]” on pages 50-53 of the 201st Annual Securities Report. [https://www.furukawa.co.jp/en/ir/library/sr/pdf/20230828\\_annual-securities-report.pdf](https://www.furukawa.co.jp/en/ir/library/sr/pdf/20230828_annual-securities-report.pdf)

**Indicators and targets** **Material issues** “Open, Agile, Innovative” and “Building partnerships with various stakeholders”

	Indicator	Result		Target		
		FY2021	FY2022	FY2022	FY2023	FY2025
Group	★: Sustainability Indicator					
★	R&D expense growth rate for new businesses (compared to FY2021)	(100%)	116%	115%	125%	125%

## Environmentally friendly products

### Environmentally friendly products and “e-Friendly” accreditation system

Our Group defines environmentally friendly products as products (and services) that contribute to reducing environmental impacts or which have positive effects on the environment throughout the entire product lifecycle. The “e-Friendly” environmental mark is displayed on product exteriors and in catalogs to indicate that the products in question are environmentally friendly products.



### Categories of environmentally friendly products

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

Category	Description
<b>Prevention of global warming</b>	Products that have the function of reducing greenhouse gas emissions or contributing to their absorption or fixation
<b>Zero emissions</b>	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
<b>Environmentally sensitive substance-free</b>	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
<b>Saving of resources</b>	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

» For details, please see our website page “Environmentally friendly products” <https://furukawaelectric.disclosure.site/en/themes/102>

We set the “sales ratio of environmental-friendly products” as a sustainability indicator for the material issues of revenue opportunities of “Creating businesses that solve social issues and Creating environmental-

friendly products businesses.” We are aiming for a sustainability target of 70% for FY2025. In terms of FY2022 results, that figure was at 65.0%, meaning that we achieved our target of 64%.

**Indicators and targets** **Material issues** “Creating businesses that solve social issues/Creating environment-friendly businesses”

	Indicator	Result		Target		
		FY2021	FY2022	FY2022	FY2023	FY2025
Group	★: Sustainability Indicator					
★	Sales ratio of environmental-friendly products	61.9%	65.0%	64%	66%	70%

# Intellectual Property

## Intellectual Property Strategy of Furukawa Electric Group

Furukawa Electric Group has positioned intellectual property such as patent and know-how, and intellectual assets that are our strengths including human assets, organizational capabilities and customer network, as important management resources. To enhance utilization

of them, we have formulated our Group's basic policy with the following three pillars. We promote group and global intellectual property activities by integrating business, R&D, and intellectual property.

Our basic policy consists of the following three pillars:

1	<b>Reinforcing management and business strategy planning capabilities by IP Landscaping</b>	Reinforce management and business strategy planning capabilities by IP Landscaping that incorporates, analyses and utilizes intellectual property information into strategy planning processes.
2	<b>Utilizing intellectual assets with Open &amp; Closed strategies</b>	Run a cycle*1 that starts from analysis utilization of intellectual property (analysis <--> utilization -> creation -> protection), and formulate/implement Open and Closed strategies to reinforce business strategies.
3	<b>Stabilizing business by reducing intellectual property risks</b>	Identify four categories of risks, which are infringement risk, technology outflow risk, contract risk, and counterfeit risk, as frequent risks with a significant impact, and continuously reduce such risks to stabilize business.

\*1. The 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 from the utilization of intellectual property.

Based on (1) to (3) above, we are working from the two major perspectives of risk minimization and chance

### (i) 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.

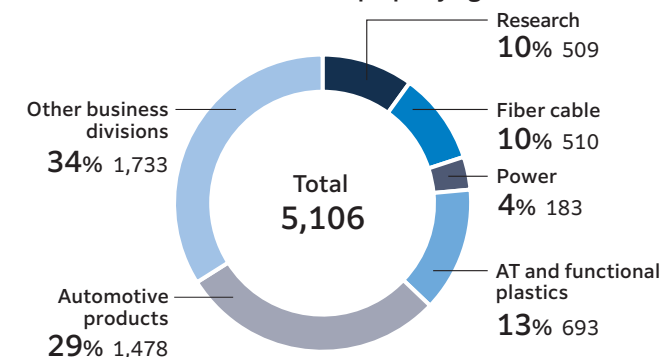
In the areas of information, energy, and mobility, we develop and thoroughly use the intellectual property portfolio on the basis of detailed competitor analysis in order to grow by enhancing businesses that solve social issues. We also support maximizing the revenue of existing businesses with a focus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

### Expand the intellectual property portfolio

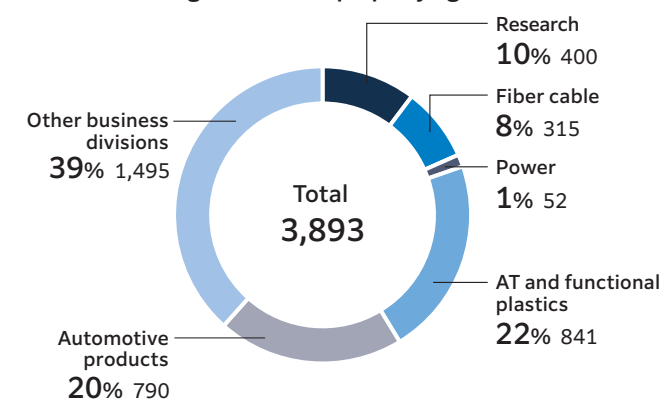
Approximately half of the intellectual property rights (patent rights, utility model rights, design rights, and trademark rights) held by the Company comprises a portfolio of optical fiber cables (Optical Fiber and Cable Products Div.), power cable systems (Power Cable Div.), wire harnesses (Automotive Products Div.), and tape for semiconductor manufacturing (AT & 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.

maximization to realize the Furukawa Electric Group Vision 2030 and achieve the SDGs.

### Number of domestic intellectual property rights held



### Number of foreign intellectual property rights held



### (ii) Activities for Chance Maximization

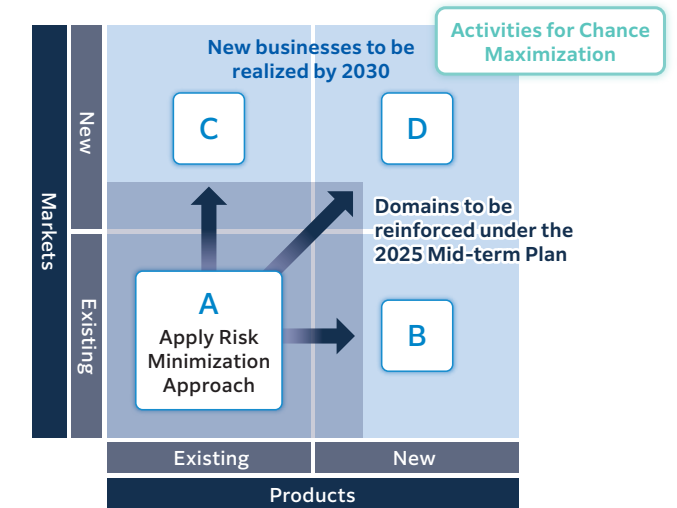
We seek new business fields and business models through IP Landscaping, which analyzes the competitive environment and market environment including intellectual property information of our own and other companies.

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

We have been expanding our intellectual property portfolio and reducing business risks in domain A of Ansoff's growth matrix. Going forward, we will put more focus on business reinforcing and/or new business creating themes in the other three domains B to D. We will use IP landscaping to reinforce our ability to formulate management and business strategies to create new value and acquire revenue opportunities.



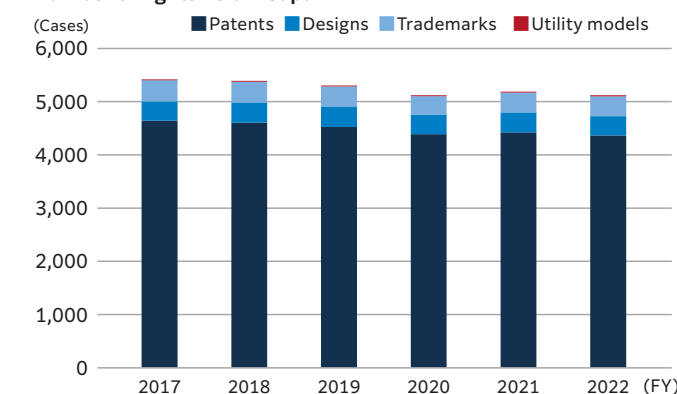
### Indicators and targets

**Material issues** "Open, Agile, Innovative" and "Building partnerships with various stakeholders"

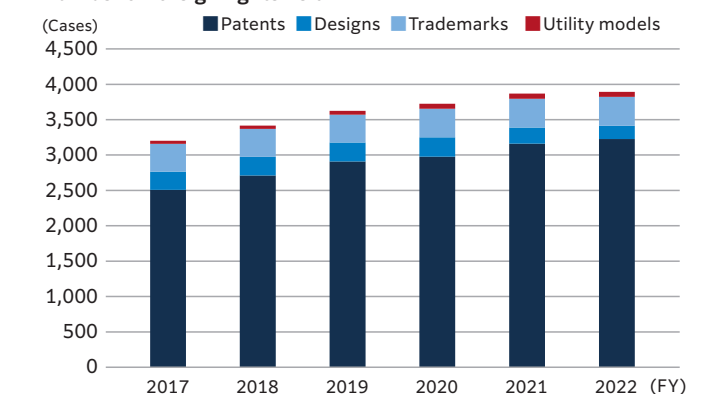
Group	Indicator	Result		Target		
		FY2021	FY2022	FY2022	FY2023	FY2025
★ Sustainability Indicator						
★ IP landscape implementation rate for business enhancement and new business creation themes*1		17%	40%	30%	45%	100%*2

\*1. The business reinforcing and new business creating themes include: i) maximizing the profitability of existing business (e.g., fiber optic cables, power cable systems) with a focus on capital efficiency toward 2025; and ii) establishing a foundation for creating new business (e.g., green LP gas) by 2030.  
\*2. This means that all projects with respect to the business reinforcing and/or new business creating themes set as of 2022 have been implemented.

### Number of rights held in Japan



### Number of foreign rights held



### Intellectual property (patent) data

Furukawa Electric		Units	FY2018	FY2019	FY2020	FY2021	FY2022
	Number of patents held in Japan	Patents	4,605	4,523	4,388	4,423	4,364
	Number of foreign patents held	Patents	2,712	2,910	2,976	3,160	3,225

\* 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

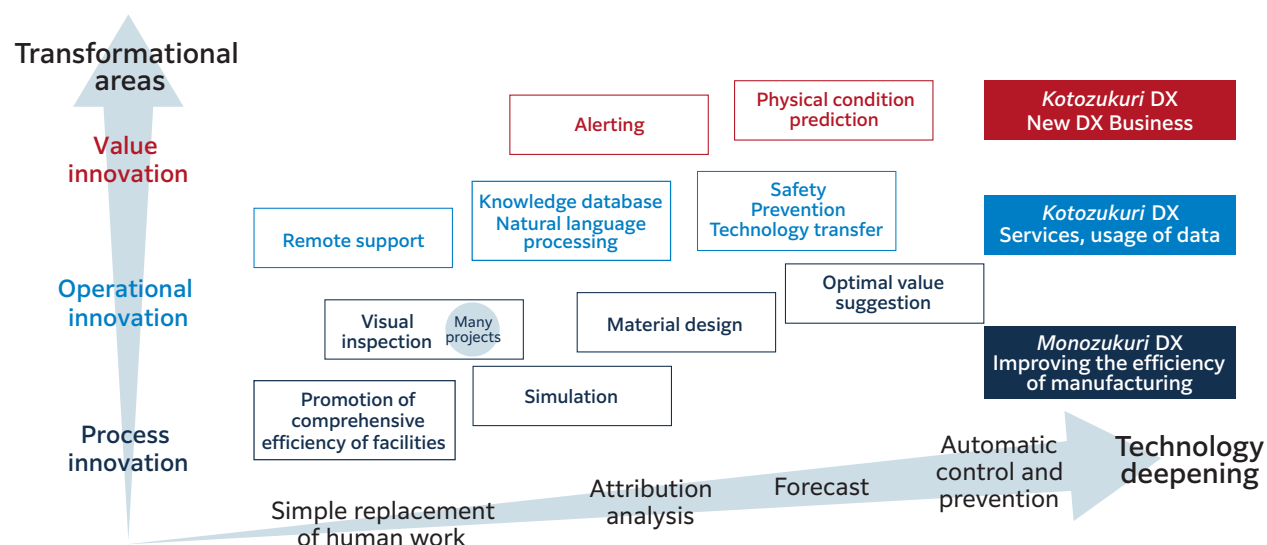
## Furukawa Electric's DX Vision

In anticipation of the societal changes leading up to 2030, we are committed to enhancing our corporate value by leveraging digital technologies to revolutionize our business operations and work practices.

### ■To Go about Increasing Our Corporate Value...

- We will go beyond the “smiling-face curve” phenomenon and take a wider view of the value chain.
- We will, based on the digitalization and data conversion taking place at factories, promote company-wide data sharing and go about working to ensure greater sophistication when it comes to Monozukuri DX (in terms of improvements to quality, productivity, maintainability, etc.) and when it comes to factory management.
- We will accelerate the development of new materials using AI.
- We will pursue a New DX Business for Kotozukuri (involving the identification of what customers actually want to do with their products) as we take aim at advancement into service and maintenance.

Pursuit by digital twins and deepening of technology to realize it



### ■Make Full Use of Digital Technologies to Transform Businesses and Work Styles

In order to strengthen functions serving as core of promotion of DX in our Group, we established the Digital Transformation & Innovation Center (DXIC) through the integration of the existing Digital Innovation Center and the ICT Strategy Planning Department. We are undertaking the integration of the planning and drafting of AI and IoT solutions, planning and drafting when it comes to Monozukuri DX, and the planning, implementation, and operation of IT infrastructure, core

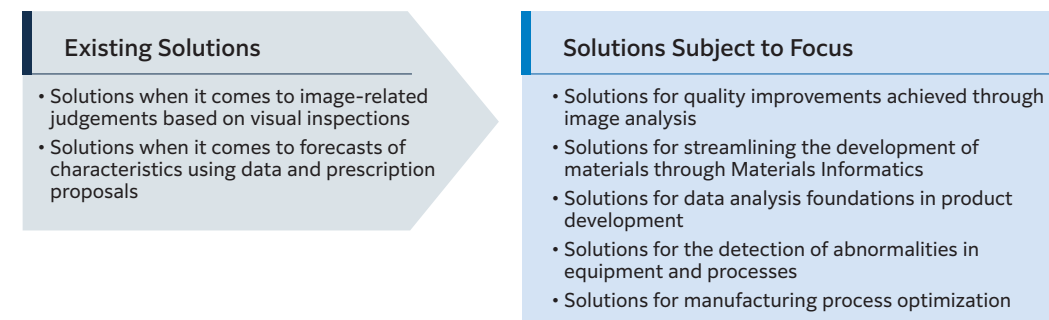
systems, and business systems.

When it comes to strengthening AI and IoT solutions, we have implemented the following initiatives. When it comes to important solutions, we will establish “digital solution models” involving the bringing together of the elements of data collection, storage, processing and utilization and will go about making quick delivery to business units a reality.

- Creation of solutions which involve the improvement of characteristics through AI image inspections and data analysis (some introduced for mass production)
- Building of database infrastructure relating to research data and manufacturing data
- Detection of abnormalities in equipment and processes and manufacturing process optimization
- Streamlining of the development of materials through Materials Informatics

Develop Digital Core Technologies which Contribute to the Solving of Business Challenges and Provide Solutions in a Timely Manner

To Meet Growing Needs when it Comes to Solving Business Challenges

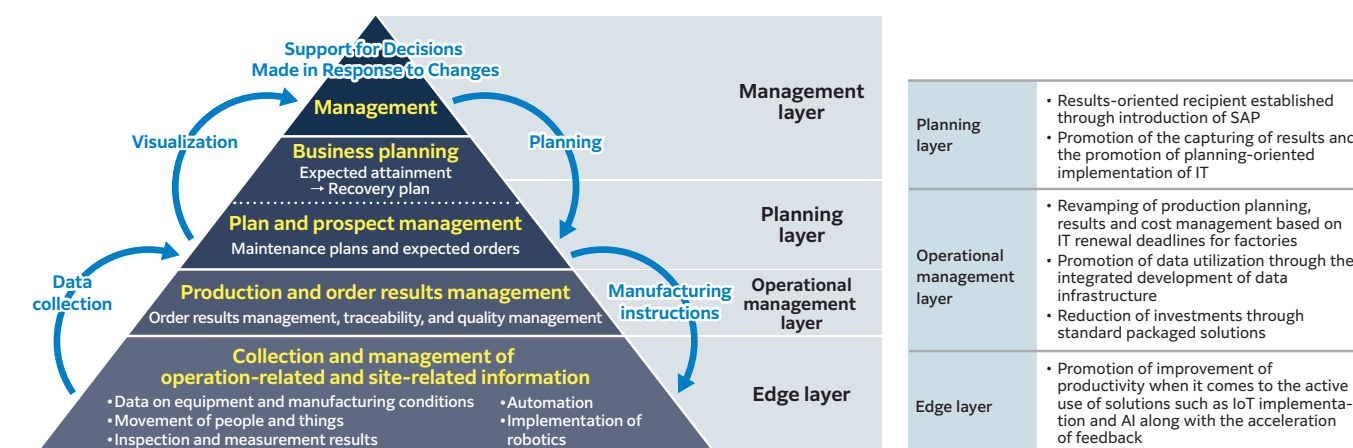


With regard to business transformation, we will aim to improve upon business management abilities (management abilities) marked by adaptability when it comes to environmental changes and work to ensure digitalization within each layer of our hierarchy so that we can make the acceleration of management decisions a reality when it comes to the entirety of our business. When it comes to promoting this kind of data utilization, it is essential for us to establish data and environments serving as the foundation for that. Since the introduction of SAP, we have seen the quality and quantity of data increasing as production planning and management systems have been updated and as data acquisition has been expanded through SCADA. However, we are still unable to say that sharing and daily utilization taking

place across sites and organizations are at sufficient levels. We have established a “foundation for data integration” which serves to centrally manage the accumulation and analysis of data collected in each area throughout the entire company. In doing this, we are working to ensure that the consolidation of data therein and its utilization take root throughout the company.

In order to keep pace with the trend of accelerating the development and business use of AI, we will strengthen the capabilities of our specialized units, strengthen our efforts to raise digital user literacy throughout the company, and accelerate human resource development serving to embody AI and data utilization (meaning raising the level of all staff).

Acceleration of Cycles whereby Business Decision-making Takes Place Based on the Ascertaining of Results and Forecasts



## TOPICS

Recognized as a DX-certified operator by the Ministry of Economy, Trade and Industry

- Received positive assessment for the development of a system based on a DX Vision, the leveraging of digital technologies, and other elements -





[https://www.furukawa.co.jp/release/2023/kei\\_20230613.html](https://www.furukawa.co.jp/release/2023/kei_20230613.html)  
(Only available in Japanese)






# Furukawa Electric's Directors and other officers

## Directors (as of June 23, 2023)

<div>Keiichi Kobayashi</div> <div><div></div><div>Chairman of the Board Director <b>Tenure as Director: 8 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17) Nominating/Compensation Committee: 88.9% (8/9)</div></div>	<div>April 1985 April 2014 April 2015 June 2015 April 2016</div> <div>Joined Furukawa Electric Co., Ltd. Corporate Vice President and General Manager of Copper &amp; High Performance Material Products Division Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper &amp; High Performance Material Products Division Director and Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper &amp; High Performance Material Products Division Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division</div>	<div>April 2017 April 2023</div> <div>President and Representative Director Chairman and Director (present post)</div>
<div>Hideya Moridaira</div> <div><div></div><div>President Representative Director <b>Tenure as Director: 1 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (13/13)</div></div>	<div>April 1990 March2011 April 2013 April 2014 April 2016 April 2017 Feb. 2020</div> <div>Joined Furukawa Electric Co., Ltd. Manager of Strategic Planning Group, Intellectual Property Department Assistant Section Chief of Corporate Planning Section, Strategy Division Section Chief of Corporate Planning Section, Strategy Division General Manager of Planning &amp; Administration Department, Communications Solutions Division Deputy General Manager of Communications Solutions Division, General Manager of Planning &amp; Administration Department (concurrent posts) General Manager of Optical Fiber &amp; Cable Products Division in Communications Solutions Division</div>	<div>April 2020 April 2021 May 2021 April 2022 June 2022 April 2023</div> <div>Corporate Vice President, General Manager of Optical Fiber &amp; Cable Products Division in Communications Solutions Division Corporate Vice President, General Manager of Communications Solutions Division, General Manager of Optical Fiber &amp; Cable Products Division (concurrent posts) Corporate Vice President, General Manager of Communications Solutions Division Corporate Senior Vice President, General Manager of Communications Solutions Division Director and Corporate Senior Vice President, General Manager of Communications Solutions Division President and Representative Director (present post)</div>
<div>Osamu Tsukamoto</div> <div><div></div><div>Director (Outside, part-time) <b>Tenure as Director: 10 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17) Nominating/Compensation Committee: 100% (9/9)</div></div>	<div>April 1977 July 2003 June 2004 July 2006 July 2008 July 2009</div> <div>Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Deputy Director-General for Regional Economic and Industrial Policy Group, and Agency for Natural Resources and Energy Director-General for Manufacturing Industries Bureau Deputy Director-General for Technology Policy Coordination Director-General, Kanto Bureau for Economy, Trade and Industry Director-General for Regional Economic and Industrial Policy</div>	<div>July 2010 Oct. 2010 June 2013 March2014 June 2014</div> <div>Retire from office Distinguished Professor of Tokyo University of Science Advisor of Furukawa Electric Co., Ltd. (part-time) Director (Outside) of Furukawa Electric Co., Ltd. (present post) Retire from Distinguished Professor of Tokyo University of Science President of Japan Coal Energy Center (currently JAPAN CARBON FRONTIER ORGANIZATION, present post)</div>
<div>Takashi Tsukamoto</div> <div><div></div><div>Director (Outside, part-time) <b>Tenure as Director: 2 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17) Nominating/Compensation Committee: 100% (9/9)</div></div>	<div>April 1974 April 2002 March2003 April 2004 March2006 April 2007 April 2008</div> <div>Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.) Executive Officer/General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) Managing Executive Officer/Head of Risk Management Group and Head of Human Resources Group of Mizuho Financial Group, Inc. Managing Executive Officer/Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd. Managing Director/Chief Strategy Officer and Chief Financial Officer of Mizuho Corporate Bank, Ltd. Deputy President of Mizuho Corporate Bank, Ltd. Deputy President-Executive Officer/Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.</div>	<div>June 2008 April 2009 June 2011 July 2013 Nov. 2013 April 2014 April 2017 June 2017 June 2021 July 2023</div> <div>Deputy President/Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc. President &amp; CEO of Mizuho Financial Group, Inc. Chairman of Mizuho Financial Group, Inc. and President &amp; CEO of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc. and Chairman of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc. Senior Advisor of Mizuho Financial Group Honorary Advisor of Mizuho Financial Group Outside Audit &amp; Supervisory Board Member of Furukawa Electric Co., Ltd. Director (Outside) of Furukawa Electric Co., Ltd. (present post) Senior Advisor of Mizuho Financial Group, Inc. (present post)</div>
<div>Yoshiro Miyokawa</div> <div><div></div><div>Director (Outside, part-time) <b>Tenure as Director: 4 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17) Nominating/Compensation Committee: 100% (9/9)</div></div>	<div>April 1975 Jan. 2003 Sept. 2004 April 2005 Sept. 2005 April 2006</div> <div>Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) General Manager, Business Process Innovation Promotion Department, Yamanouchi Pharmaceutical Leader, Integration Secretariat, Merger Preparatory Committee, Group Strategy Planning Department, Yamanouchi Pharmaceutical General Manager, Integration Promotion Department, Astellas Pharma Inc. Executive Officer and General Manager, Business Innovation Department, Astellas Pharma Inc. Executive Officer and General Manager, Human Resources Department, Astellas Pharma Inc.</div>	<div>April 2008 June 2008 June 2011 June 2013 June 2017 June 2019</div> <div>Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Senior Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Vice President, Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Representative Director &amp; Vice President, Chief Administrative Officer, and Chief Compliance Officer, Astellas Pharma Inc. Retired from Astellas Pharma Inc. Director (Outside) of Furukawa Electric Co., Ltd. (present post)</div>
<div>Yukiko Yabu</div> <div><div></div><div>Director (Outside, part-time) <b>Tenure as Director: 4 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 94.1% (16/17) Nominating/Compensation Committee: 100% (9/9)</div></div>	<div>April 1981 Jan. 2006 Jan. 2011 April 2012 April 2013</div> <div>Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation) Director of Lifestyle Value Research Laboratory, R&amp;D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd. Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Holdings Corporation Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Holdings Corporation Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Holdings Corporation</div>	<div>March2014 June 2014 June 2015 June 2016 June 2019 June 2021</div> <div>Retired from Panasonic Holdings Corporation Director (Outside) of DUSKIN CO., LTD. Director (Outside) of TAKARA HOLDINGS INC. Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD. (present post) Director (Outside) of Furukawa Electric Co., Ltd. (present post) Director (Outside), Audit &amp; Supervisory Committee Member of IBIDEN CO., LTD. (present post)</div>
<div>Tamotsu Saito</div> <div><div></div><div>Director (Outside, part-time) <b>Tenure as Director: 2 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17) Nominating/Compensation Committee: 100% (9/9)</div></div>	<div>April 1975 June 2006 Jan. 2008 April 2008 April 2009 April 2011</div> <div>Joined Ishikawajima-Harima Heavy Industries Co., Ltd (currently IHI Corporation) Executive Officer, Vice President of Aero-Engine &amp; Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd. Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation Director, Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation Director, Managing Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation Executive Vice President of IHI Corporation</div>	<div>April 2012 April 2016 April 2017 April 2020 June 2020 June 2021</div> <div>President, Chief Executive Officer of IHI Corporation Chairman of the Board, Chief Executive Officer of IHI Corporation Chairman of the Board of IHI Corporation Director of IHI Corporation Senior Counselor of IHI Corporation (present post) Director (Outside) of Furukawa Electric Co., Ltd. (present post)</div>

<div>Satoshi Miyamoto</div> <div><div></div><div>Director Corporate Executive Vice President, General Manager, Strategy Division <b>Tenure as Director: 4 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17)</div></div>	<div>April 1984 July 1999 June 2001 June 2004 April 2006 June 2010 April 2011 Feb. 2012</div> <div>Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of International Trade and Industry Deputy Director, Japan External Trade Organization (JETRO) New York Center Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry CANON INC. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises) Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry</div>	<div>June 2013 Oct. 2015 June 2016 July 2017 Nov. 2017 April 2018 April 2019 June 2019 April 2021 April 2022</div> <div>Trade and Industry (Manufacturing Industries Bureau) Deputy Chairman, JETRO Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry Retired from Ministry of Economy, Trade and Industry Advisor (full-time), Furukawa Electric Co., Ltd. Corporate Vice President, and General Manager of Administration &amp; CSR Division Corporate Senior Vice President, and General Manager of Administration &amp; CSR Division Director and Corporate Senior Vice President, and General Manager of Administration &amp; CSR Division Director and Corporate Senior Vice President, and General Manager of Business Basis Transformation Division Director and Corporate Executive Vice President, and General Manager of Strategy Division (present post)</div>
<div>Akihiro Fukunaga</div> <div><div></div><div>Director Corporate Senior Vice President, General Manager, Finance &amp; Accounting Division <b>Tenure as Director: 4 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17)</div></div>	<div>April 1986 Nov. 2005 Aug. 2009 Aug. 2011 June 2013 Nov. 2013</div> <div>Joined Furukawa Electric Co., Ltd. Senior Vice President and Chief Financial Officer of OFS Fitel, LLC Manager of Corporate Tax Section, Finance &amp; Accounting Department Manager of Corporate Accounting Section, Finance &amp; Accounting Department Manager of Corporate Accounting and Tax Section, Finance &amp; Accounting Department, Finance &amp; Procurement Division General Manager of Global Group Management Office, Global Group Management Division</div>	<div>April 2016 April 2018 April 2019 June 2019 April 2021 April 2022</div> <div>General Manager of Finance &amp; Accounting Department, Finance &amp; Procurement Division Corporate Vice President and General Manager of Global Management Division Corporate Vice President and General Manager of Finance &amp; Global Management Division Director and Corporate Vice President and General Manager of Finance &amp; Global Management Division Director and Corporate Senior Vice President and General Manager of Finance &amp; Accounting Division (present post)</div>
<div>Yoshio Masutani</div> <div><div></div><div>Director Corporate Senior Vice President, General Manager, Global Marketing Sales Division <b>Tenure as Director: 1 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (13/13)</div></div>	<div>April 1989 July 1993 Oct. 1998 April 2011 April 2013 April 2015 July 2015</div> <div>Joined Okura &amp; Co., Ltd. Okura &amp; Co. UK Ltd. Joined Furukawa Electric Co., Ltd. General Manager of Overseas Sales Department, Communications Company General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division General Manager of Overseas Sales Department, Global Business Division, and General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division Deputy General Manager of Copper Foil Division, and General Manager of Sales Department, Copper Foil Division</div>	<div>April 2017 April 2018 April 2020 April 2021 April 2022 June 2022</div> <div>General Manager of Planning &amp; Administration Department, Global Marketing Sales Division General Manager of Group Marketing Department, Global Marketing Sales Division Corporate Vice President, General Manager of Business Innovation Design Department, Global Marketing Sales Division Corporate Vice President, Deputy General Manager of Corporate Strategy &amp; Direction Division, General Manager of Social Design &amp; New Business Development Department, General Manager of OneF Mobility Business Development Team Corporate Senior Vice President, General Manager of Global Marketing Sales Division Director and Corporate Senior Vice President, General Manager of Global Marketing Sales Division (present post)</div>
<div>Toshio Yanagi</div> <div><div></div><div>Director Corporate Vice President, General Manager, Risk Management Division <b>Tenure as Director: —</b> <b>Meeting attendance (FY2022)</b> Board of Directors: —</div></div>	<div>April 1988 April 2003 Feb. 2008 April 2013 April 2016 April 2018 April 2020</div> <div>Joined Furukawa Electric Co., Ltd. Manager of Planning &amp; Administration Unit, FITEL Products Division Assistant Manager of Corporate Planning Department Senior Manager of Planning Unit, Copper Foil Division General Manager of Corporate Planning Department, Strategy Division General Manager of Corporate Planning Department, Strategy Division Corporate Vice President, General Manager of Copper Foil Division, Functional Products Division</div>	<div>April 2021 June 2023</div> <div>Corporate Vice President, General Manager of Risk Management Division Director and Corporate Vice President, General Manager of Risk Management Division (present post)</div>

## Audit & Supervisory Board Members (as of June 23, 2023)

<div>Nozomu Amano</div> <div><div></div><div>Audit &amp; Supervisory Board Member (Full-time) <b>Tenure as Audit &amp; Supervisory Board Member: 5 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (17/17) Audit &amp; Supervisory Board Meeting: 100% (9/9)</div></div>	<div>April 1980 June 2004 June 2008 March2009 June 2010 April 2012 April 2013 April 2014</div> <div>Joined Furukawa Electric Co., Ltd. General Manager of Legal Department General Manager of HR &amp; Administration Department General Manager of HR &amp; Administration Department and General Manager of Corporate Business Research Department Director and Corporate Vice President, CSO Director and Corporate Vice President, CSRO Director and Corporate Vice President, General Manager of Administration &amp; CSR Division Director and Corporate Senior Vice President, General Manager of Administration &amp; CSR Division</div>	<div>April 2018 June 2018</div> <div>Director Audit &amp; Supervisory Board Member (present post)</div>
<div>Masao Terauchi</div> <div><div></div><div>Audit &amp; Supervisory Board Member (Full-time) <b>Tenure as Audit &amp; Supervisory Board Member: 1 years</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (13/13) Audit &amp; Supervisory Board Meeting: 100% (7/7)</div></div>	<div>April 1984 Oct. 2006 May 2009 June 2009 April 2013 June 2013 April 2017</div> <div>Joined Furukawa Electric Co., Ltd. Production Control Group Manager of Semiconductor Devices Department, FITEL Products Division, Communications Company Assistant Manager of Procurement Department General Manager of Procurement Department Assistant Manager of Planning Unit, Electric Conductor Division President of PT Tembaga Mulia Semanan Tbk Corporate Vice President, President of PT Tembaga Mulia Semanan Tbk</div>	<div>June 2017 April 2018 April 2020 April 2022 June 2022</div> <div>Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Materials Division Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Division Corporate Vice President, General Manager of Electronics Component Materials Division Advisor of Electronics Component Materials Division Audit &amp; Supervisory Board Member (full-time) (present post)</div>
<div>Hiroyuki Ogiwara</div> <div><div></div><div>Audit &amp; Supervisory Board Member (Full-time) <b>Tenure as Audit &amp; Supervisory Board Member: —</b> <b>Meeting attendance (FY2022)</b> Board of Directors: 100% (4/4) Audit &amp; Supervisory Board Meeting: —</div></div>	<div>April 1983 Dec. 2003 Nov. 2005 June 2009 April 2013 April 2014 June 2014 April 2016 April 2017</div> <div>Joined Furukawa Electric Co., Ltd. Vice President and Chief Financial Officer of OFS Fitel, LLC Manager of Tax &amp; Accounting Department General Manager of Finance &amp; Accounting Department General Manager of Finance &amp; Accounting Department, Finance &amp; Procurement Division Corporate Vice President General Manager of Finance &amp; Procurement Division Director and Corporate Vice President, General Manager of Finance &amp; Procurement Division Director and Corporate Senior Vice President, General Manager of Finance &amp; Procurement Division and General Manager of Global Group Management Division Director and Corporate Executive Vice President, General</div>	<div>April 2018 April 2019 April 2021 April 2022 June 2022 April 2023 June 2023</div> <div>Manager of Finance &amp; Procurement Division and General Manager of Global Group Management Division Director and Corporate Executive Vice President, General Manager of Finance &amp; Procurement Division Representative Director and Corporate Senior Executive Vice President, Chief of Transformation Division Representative Director and Corporate Senior Executive Vice President, General Manager of Corporate Strategy &amp; Direction Division Director and Corporate Senior Executive Vice President Corporate Senior Executive Vice President Advisor Audit &amp; Supervisory Board Member (full-time) (present post)</div>



Message from Outside Directors



We look forward to the leadership of new President Moridaira — who was appointed through a fair and transparent process — in implementing the business strategies of the 2025 Mid-term Plan

Outside Director  
Takashi Tsukamoto

Outside Director  
Yoshiro Miyokawa

About the New President and Representative Director

**Miyokawa** I feel that new President Moridaira, who was elected in April of this year, is a thoughtful person who cooperates with those around him. He also has great awareness and power of expression, and I feel that he is the type of person who does what he says and has the ability to coordinate and motivate people toward a goal. And as a management leader, he carefully anticipates the most worrisome aspects and risks in the future of our Group. As he implements reforms in our Group, I have high hopes for his leadership, which will change the perceptions of employees, point them in the right direction, and bring together the Group's strengths swiftly.



**Tsukamoto** Yes, that's right. Although he has only recently taken office, I feel that he is a wonderful leader who can persuasively express ideas and opinions in his own words. President Moridaira has a background in the area of communications solutions, a core business of our Group. While external expectations for this area are extremely high, market trends are severe in addition to issues such as factory productivity and operations, and addressing these issues is an urgent issue. I believe that overcoming all difficulties to nurture this business as a core business will be the cornerstone of our Group's growth in the future. President Moridaira clearly has

this awareness, and he is the ideal leader to strengthen existing businesses, including this one, even given difficult business environments. It is also noteworthy that, based on his extensive experience overseas, he has the knowledge needed to determine the appropriate products and businesses to focus on in individual regions. He has drawn a dynamic concept that takes advantage of regional characteristics on a world map, and we hope that his global perspective will help us rebuild the Group's business foundation into an even stronger one.

Nomination Process for a New President by the Nominating/Compensation Committee

**Tsukamoto** I recognize that the appointment of new President Moridaira involved an extremely fair and transparent process and discussion. The process of nominating a new president began about three and a half years ago. We first discussed what an ideal president is in light of changes in the external environment, narrowed down the list of candidates from internal personnel, and examined appropriate training and guidance methods for candidates with the support of external experts in order to bridge the gaps between the abilities and aptitudes required of a president.

The nomination process began in earnest in the fall of 2021, when the list of candidates was narrowed down to

<div><div>Kunihiko Sakai</div><div></div></div> <div><div>Audit &amp; Supervisory Board Member (Outside, part-time)</div><div>Tenure as Audit &amp; Supervisory Board Member: 5 years</div><div>Meeting attendance (FY2022) Board of Directors: 100% (17/17)</div><div>Audit &amp; Supervisory Board Meeting: 100% (9/9)</div></div>	<div><div>April 1979</div><div>July 1998</div></div> <div>Public Prosecutor, Tokyo District Public Prosecutors Office Senior Counsel, Minister's Secretariat of Ministry of Justice</div>	<div><div>Oct. 2010</div><div>June 2012</div><div>July 2014</div><div>Sept. 2016</div><div>March2017</div><div>April 2017</div><div>June 2018</div><div>June 2019</div><div>June 2021</div></div> <div>Chief Public Prosecutor of Nagoya District Public Prosecutors Office President, Research and Training Institute, Ministry of Justice Superintending Prosecutor, Takamatsu District Public Prosecutors Office Superintending Prosecutor, Hiroshima District Public Prosecutors Office Resigned Above Advisor Attorney, TMI Associates (present post) Audit &amp; Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post) Director (Outside), Audit &amp; Supervisory Committee Member of HONDA MOTOR CO., LTD. Director (Outside) of HONDA MOTOR CO., LTD. (present post)</div>
	<div><div>April 2000</div><div>April 2002</div><div>July 2005</div><div>July 2006</div><div>June 2007</div><div>July 2008</div><div>June 2010</div></div> <div>Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant Director, Public Security Department of Tokyo District Public Prosecutors Office Director, the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders Director, Trial Department of Tokyo High Public Prosecutors Office Public Prosecutor, Supreme Public Prosecutors Office Chief Public Prosecutor, Nara District Public Prosecutors Office Director of General Affairs Department, Supreme Public Prosecutors Office Director, Lay Judge Trial Department of Supreme Public Prosecutors Office</div>	
<div><div>Sayaka Sumida</div><div></div></div> <div><div>Audit &amp; Supervisory Board Member (Outside, part-time)</div><div>Tenure as Audit &amp; Supervisory Board Member: 3 years</div><div>Meeting attendance (FY2022) Board of Directors: 100% (17/17)</div><div>Audit &amp; Supervisory Board Meeting: 100% (9/9)</div></div>	<div><div>Oct. 1984</div><div>May 1988</div><div>May 2006</div><div>July 2010</div><div>Feb. 2017</div><div>March2020</div></div> <div>Joined Asahi Accounting Company (currently, KPMG AZSA LLC) Registered as Certified Public Accountant Partner, KPMG AZSA LLC Executive Board Member, Japanese Institute of Certified Public Accountants Business Accounting Council Member, Financial Services Agency Resigned from KPMG AZSA LLC</div>	<div><div>June 2020</div></div> <div>Audit &amp; Supervisory Board Member (Outside) of The Nissin Oillio Group, Ltd. (present post) Audit &amp; Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post) Outside Director (Audit &amp; Supervisory Committee Member) of ADVANTEST CORPORATION (present post)</div>
	<div><div>April 1975</div><div>April 2000</div><div>Feb. 2001</div><div>June 2004</div><div>April 2005</div><div>June 2006</div><div>May 2008</div><div>June 2008</div><div>March2012</div></div> <div>Joined ITOCHU Corporation General Manager of Automotive Business Strategy Office of ITOCHU Corporation General Manager of Corporate Planning Department, Finance/Real Estate/Insurance/Logistics Company of ITOCHU Corporation Executive Officer and General Manager of Logistics Division of ITOCHU Corporation Executive Officer and General Manager of Finance Division of ITOCHU Corporation Managing Director, and President, Finance/Real Estate/Insurance/Logistics Company of ITOCHU Corporation Retired from ITOCHU Corporation Executive Vice President and Representative Director of Orient Corporation Retired from Orient Corporation</div>	<div><div>April 2012</div><div>June 2012</div><div>April 2014</div><div>March2016</div><div>April 2016</div><div>June 2016</div><div>June 2018</div><div>Aug. 2018</div><div>June 2021</div><div>Aug. 2021</div></div> <div>Managing Executive Officer and President, Machinery Company of ITOCHU Corporation Representative Director, Managing Executive Officer and President, Machinery Company of ITOCHU Corporation Representative Director, Senior Managing Executive Officer and President, Machinery Company of ITOCHU Corporation Retired from ITOCHU Corporation Managing Executive Officer of ISUZU MOTORS LIMITED Executive Vice President of ISUZU MOTORS LIMITED Retired from ISUZU MOTORS LIMITED President, ITOCHU Corporate Pension Fund Audit &amp; Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post) Retired from President, ITOCHU Corporate Pension Fund</div>

(Note) Meeting attendance (FY2022)  
• In fiscal 2022, 17 Board of Directors meetings and nine Audit & Supervisory Board meetings were held. 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 2022, nine Committee meetings were held.  
• Mr. Hideya Moridaira, Mr. Yoshio Masutani and Mr. Masao Terauchi were newly elected at the 200th Annual Shareholders Meeting held on June 23, 2022. Therefore, their meeting attendance numbers differ from those of other Directors or Audit & Supervisory Board Members. In addition, Mr. Hiroyuki Ogiwara resigned as of the 200th Annual Shareholders Meeting of June 23, 2022, due to the expiration of his term of office. Therefore, he attended four Board of Directors meetings.

Corporate Vice Presidents and Senior Fellows, except Director  
(as of August 16, 2023)

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
	Toshihiko Ota	General Manager, Communications Solutions Division and General Manager, Next Generation Photonics Business Innovation Project
	Takashi Yamamoto	General Manager, Electronics Component Material Division
	Gyula Besztercey	Director, Furukawa Electric Institute of Technology Ltd. (Hungary) and Deputy General Manager, Research & Development Division
Corporate Vice Presidents	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
	Eiichi Nishimura	General Manager, Energy Infrastructure Division
	Mami Masuda	General Manager, Corporate Sustainability Office and General Manager, Public Relations Department, Strategy Division
	Kazunori Saka	General Manager, Kansai Branch, 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
	Koji Kawano	General Manager, Sales Department, Global Marketing Sales Division
	Yukitoshi Sawamoto	Managing Director, Furukawa (Thailand) Co., Ltd.
Senior Fellows	Shinji Asao	Deputy General Manager, Communications Solutions Division
	Akihiko Kasukawa	Photonics Laboratory, Research & Development Division
	Michio Okubo	General Manager, Intellectual Property Department, Research & Development Division
	Hiromi Ohashi	Deputy General Manager, Next Generation Photonics Business Innovation Project



## The appointment of the new president involved an extremely fair and transparent process and discussion



Outside Director **Takashi Tsukamoto**

In 1974, he joined Dai-ichi Kangyo Bank (currently Mizuho Bank, Ltd.). He served as a director in charge of finance and representative director of Mizuho Financial Group, Inc., and has provided useful recommendations based on his extensive experience and knowledge of overall corporate management, including finance and accounting. In 2017, he became an Outside Audit & Supervisory Board Member of the Company, and in 2021, he became an Outside Director of the Company.

just a few. Over the course of the following year, we held three interviews with these candidates. Each candidate presented his or her intentions to address our company's challenges and initiatives. Each was asked about his or her mindset through candid and tough questions from members of the Nominating/Compensation Committee. Following this process, at the end of 2022, it was determined that President Moridaira was the most qualified candidate. After formal decision-making, an external announcement was made at the beginning of 2023.

**Miyokawa** In addition to what Director Tsukamoto said, a point worth mentioning is that the new president was selected from multiple candidates based on the diverse perspectives and experiences of the Nominating/Compensation Committee members. At many Japanese companies, the president directly selects their successor. However, our company determined the right person for the job slowly through several interviews with the members of the Nominating/Compensation Committee, while also conducting external evaluations. We feel that this process was highly transparent and impartial. During the interviews, we were able to communicate not only about the backgrounds and work experience of the candidates but also about their hobbies and the people they respect, thereby deepening our understanding of each candidate. President Moridaira has long experience in the Intellectual Property Department, which makes him a unique candidate.

**Tsukamoto** It was assumed to some extent that the timing of the change in the president would be in the middle of the mid-term plan period even before the start of the 2025 Mid-term Plan. Aiming to ensure continuity in management even with a change during the four year period of the 2025 Mid-term Plan, in addition to President Moridaira, the other candidates were also members who had participated in the discussion on

formulating the strategies for the 2025 Mid-term Plan.

### Introduction of ESG-linked Remuneration in the Nominating/Compensation Committee

**Miyokawa** ESG-linked remuneration was introduced in July 2023. Climate change indicators were newly incorporated into the remuneration determination process for officers other than Outside Directors and Audit & Supervisory Board Members. First of all, in the field of climate change — the most critical issue for our company — we have incorporated the rate of reduction rate for greenhouse gas emissions (Scopes 1&2), a sustainability indicator, into remuneration. Our company has long been interested in green energy, but we believe that incorporating climate change indicators as ESG-linked remuneration into management evaluations will further accelerate our efforts. We feel that the introduction of ESG indicators in Directors' and other officers' remuneration for the first time is a symbolic initiative in the promotion of medium- to long-term sustainability.

**Tsukamoto** The introduction of ESG-linked remuneration was based on the recognition of the necessity by both the executive side and the Outside Director side. In discussing ESG-linked remuneration, we first focused on which fields of indicators should be incorporated into the remuneration structure. In the social sector, for example, employee engagement scores have been included as one sustainability indicator since FY2022. However, as the initiative is still new, we lack the data internally, and the prerequisites for evaluating the performance of the indicator have not yet been established. It was therefore not included this time. On the other hand, in the environmental field, the data and evaluation criteria are clear, and we have decided to incorporate these indicators into remuneration. By incorporating climate change — an issue that our company must focus on in its ESG management — into its remuneration indicators, I feel that the remuneration design is also persuasive externally.

In the actual introduction of ESG indicators, we initially had difficulty selecting indicators, determining the target period, and determining the criteria for evaluations due to the current medium- to long-term incentives of the remuneration system for Directors and other officers. We decided to first introduce ESG indicators as short-term performance-linked remuneration, and we will examine incorporating them into long-term incentives in the future. Investors expect corporate value creation and sustainable growth to be directly linked by sustainability management. We are required to conceptualize and execute medium- to long-term value creation stories that make the resolutions of social issues central. In order to promote this, we will consider increasing the ratio of ESG-linked remuneration and increasing social indicators such as employee engagement indicators in the future. Although there are various ways to deploy this system, care must be taken to avoid excessively increasing the weight of incentive

remuneration and to focus on business issues and details that need to be addressed.

### Enhancing the Effectiveness of the Board of Directors

**Miyokawa** We believe that authority for individual decision-making regarding the content of each business and the execution of management plans should be delegated to the executive side. At the same time, it is important to spend considerable time on board discussions when it comes to overall corporate strategy. As an Outside Director, I am mindful of my outside perspective, offer advice, ask precise questions, provide opinions and ideas that do not come up in internal discussions, and guide members on the executive side to make decisions from more options. In the evaluation of the effectiveness of the Board of Directors, I express my honest opinions, and I feel that the roles of Outside Directors are functioning properly.

**Tsukamoto** "Effectiveness" in Japanese can also mean "efficiency," but I believe that attention should be paid to how "effectively" the Board of Directors fulfills its objectives and role expectations. At our company, the contents of the discussions at management meetings are also available for outside officers to view on the database, so it is easy to see that a wide range of in-depth discussions take place at those meetings. However, a board meeting that performs roles overlapping with such management meetings is not effective. The primary role of the Board of Directors is to engage in discussions with a different perspective, depth, and breadth than within the company, to provide new awareness, to stimulate chemical change, and to create new added value.

At our company's Board of Directors meetings, Outside Directors actively express their opinions, and the executive side swiftly incorporates these opinions in action plans. When Outside Directors express their opinions, often directions and action plans are presented at the next board meeting based on these opinions, and I feel that the effectiveness of the Board of Directors is increasing.

### Achievements in the First Year of the Mid-term Plan, Challenges in the Second

**Miyokawa** The current mid-term plan depicts the Group's vision for 2030. From there, we established a management path for the 2025 Mid-term Plan from a backcasting perspective. This incorporates our recognition of the issue of a lack of a backcasting perspective, a reflection on the previous mid-term plan. In the past, mid-term plans and management plans were formulated by accumulating numerical targets. However, in the face of intense changes in the external environment, the ability to appropriately anticipate and respond to future changes — in other words, a backcasting perspective — is essential. The lack of planning and creation of new business models was also a point of reflection on the previous mid-term

## The introduction of ESG indicators in Directors' and other officers' remuneration for the first time is a symbolic initiative in the promotion of medium- to long-term sustainability



Outside Director **Yoshiro Miyokawa**

In 1975, he joined Yamanouchi Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.). He served as representative director and vice president, etc. of Yamanouchi Pharmaceutical and provides useful recommendations based on his extensive experience and knowledge regarding compliance and corporate governance. He became an Outside Director of the Company in 2019.

plan. Although our company has four core technologies — metals, polymers, photonics, and high frequency — we have been unable to develop these technologies into businesses of a certain scale. However, technologies for creating new businesses are emerging, such as bipolar lead storage batteries that contribute to the utilization of renewable energy, a Ramune Catalyst that creates green LP gas using biogas derived from cow manure, and subcutaneously implantable ports (luminous CV ports) for injecting drugs in the field of life sciences. I believe that the direction of the 2025 Mid-term Plan efforts to nurture these new businesses is appropriate. And if they take off, they will be opportunities for growth for our company.

**Tsukamoto** Although we had expected from the beginning of the 2025 Mid-term Plan that the business environments for our core businesses of automotive products and communications solutions would grow tougher, the conditions for FY2022 were even more severe than we assumed. These businesses need to be restructured to ensure that they can generate revenue. However, it was a year in which we were unable to fully implement measures to deal with the external environments through changes in productivity, marketing, and product mix. With regard to the creation of new businesses, we have continued to invest in the energy sector and R&D without restraint, despite the difficult business environments. As Director Miyokawa said, we are gradually seeing results. In FY2022, we sold two existing medium-sized businesses. Going forward, we need to further dynamically advance our business portfolio strategy. In order to achieve this, it is important for the Board of Directors to further deepen discussions on the selection and concentration of business areas and to implement action swiftly. I hope that President Moridaira will demonstrate his bold decision-making and execution skills and implement strong business strategies for the future.



# Corporate Governance

## Basic Views on Corporate Governance

Based on the “Furukawa Electric Group Philosophy,” Furukawa Electric and Furukawa Electric Group enhance our management performance responding appropriately to changes in the business and market environment by prompt business decision making as well as with transparency and fairness. At the same time, we ensure sound management by developing and establishing an effective internal control system. With these, we will expand and develop our business on a sustainable basis and increase our corporate value. Furthermore, we seek to strengthen and enhance our corporate governance, in accordance with the followings:

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, 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 medium-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

The Company adopted the current corporate governance system (in the organizational form of Company with the Audit & Supervisory Board), believing that the effectiveness of auditing Directors' execution of duties is secured by institutionally maintaining the independence of the Audit & Supervisory Board and its Members from the Board of Directors, while ensuring their cooperation with Accounting Auditor and internal audit division. Furthermore, to complement the supervisory function of the Board of Directors, the Company established Nominating/Compensation Committee.

## Board of Directors

In light of its fiduciary responsibility and accountability to shareholders, the Board of Directors of the Company fulfills its responsibilities to promote sustainable corporate growth and the increase of corporate value over the medium-to-long-term, and enhance earnings power and capital efficiency; and therefore, do the following:

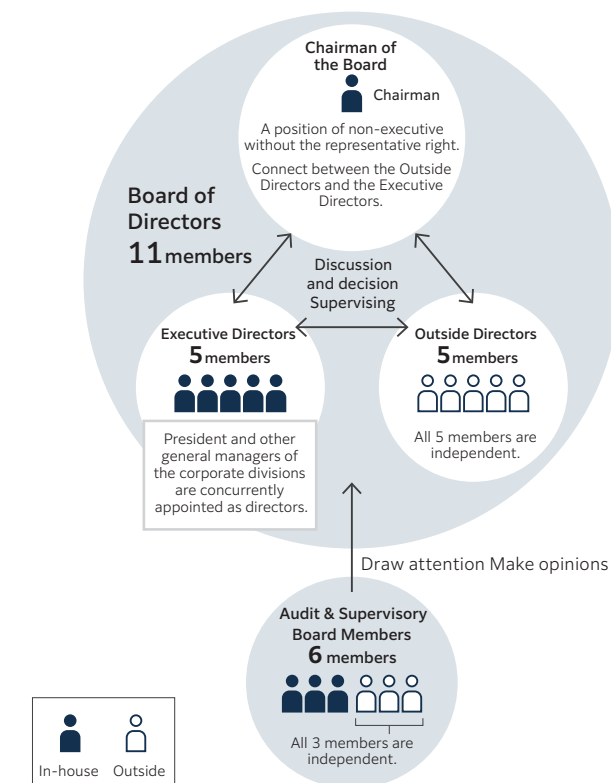
1	Determination of corporate governance-related matters;
2	Establishment and amendment of business strategies and oversight of execution of such strategies and plans;
3	Setting capital allocation policy;
4	Appointment and removal of the Management including Representative Director and Corporate Vice Presidents, and determination of the remuneration 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, the Board of Directors of the Company consists of 11 Directors, five of whom are Outside Directors (all independent officers). The Board of Directors is chaired by non-executive Chairman of the Board who does not have representative rights.

In fiscal 2022, 17 Board of Directors meetings were held and the Directors made important decisions on the execution of operations, checked the progress of the

mid-term management plan and the management goals, such as the annual budget, and deliberated corporate governance and other basic management matters.

## Board of Directors and Audit & Supervisory Board (As of June 23, 2023)



## 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 2022, nine 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.

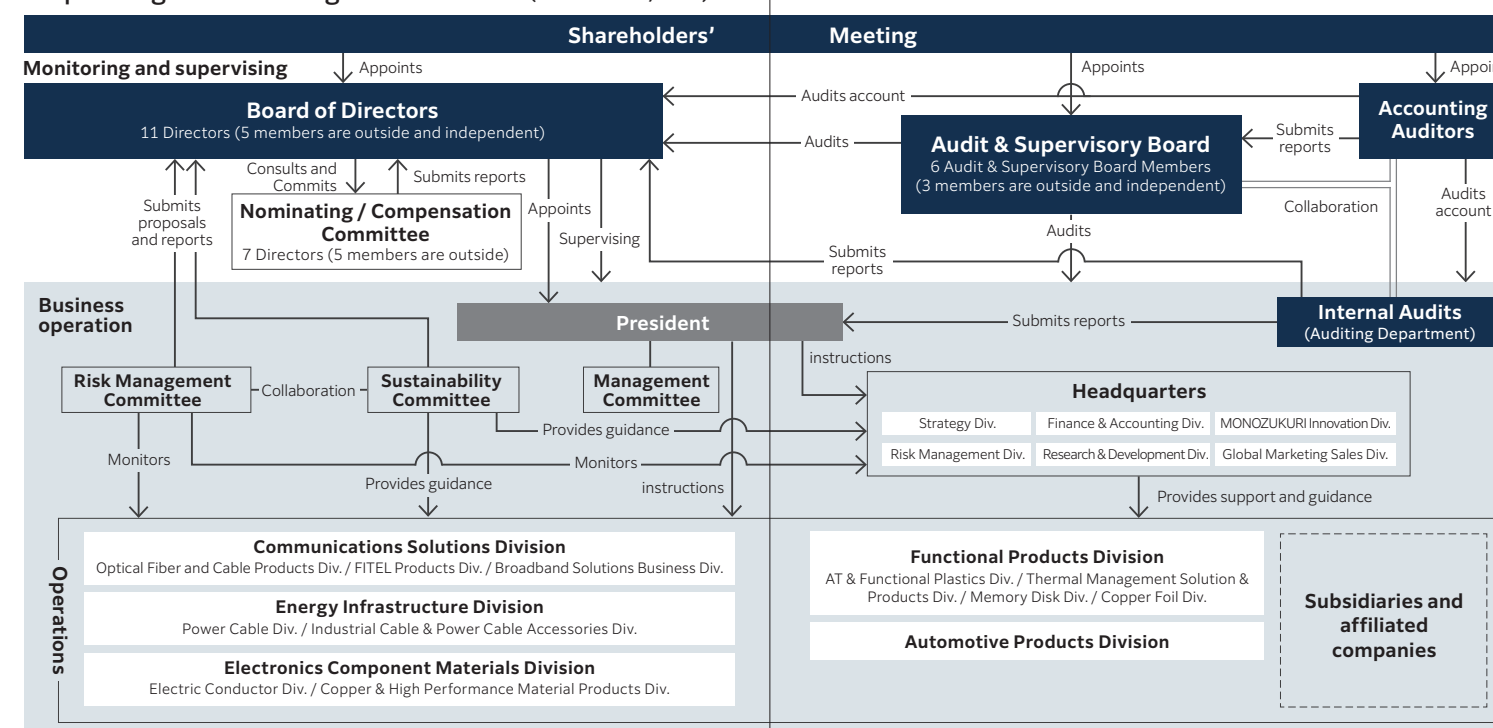
At present, the Nominating/Compensation Committee consists of seven members, five of whom, including the Committee Chair, are Outside Directors.

During fiscal 2022, Nominating/Compensation Committee met 9 times. The primary matters deliberated at the Committee meetings were the management execution system from April 2023 for Nomination and the executive compensation system for Compensation.

## Nominating/Compensation Committee (As of June 23, 2023)



## Corporate governance organization chart (As of June 23, 2023)



## 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

#### ► 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.

### 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

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 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.

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

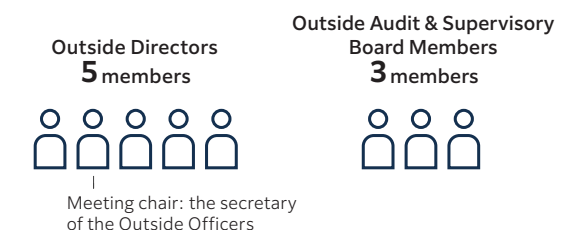
### Outside Directors’ Expertise and Principal Activities

The Outside Officers of the Company have extensive experience in financial institutions, trading companies, and business corporations or expert knowledge and experience in such areas as laws, finance/accounting, and industrial policies, etc. The Board of Directors, in making decisions, respects Outside Directors’ opinions and suggestions from diverse viewpoints based on their experience.

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 chair of the meeting\* is selected from among Independent Outside Directors.

#### Outside Officers’ Meeting (As of June 23, 2023)



\* Secretary of the Outside Officers serves as chairperson of the 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).

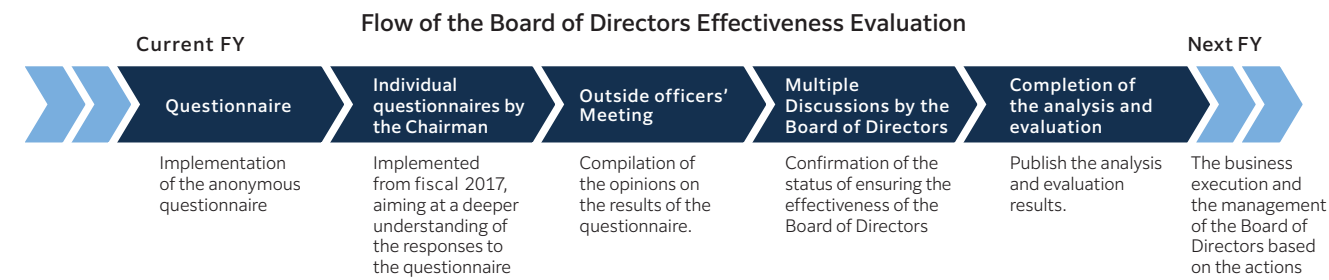
(Note) The above table does not list all of the areas of experience or expertise each person has but shows the areas the Company highly expects in particular.



### 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.



### 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

### Evaluation Items on the Effectiveness of the Board of Directors

Roles and responsibilities of the Board of Directors (general matters, and specific matters related to the mid- to long-term management plan, business execution, risk management and compliance, sustainability, and Nominating/Compensation Committee)
Operation of the Board of Directors
System to support and cooperate with outside officers
Roles of and expectations for Audit & Supervisory Board Members
Relationships with shareholders and other stakeholders
Other (Board of Directors overall, individual/mutual evaluations)

2022. 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 to be taken in consideration of the analysis and evaluation for fiscal 2022
Medium-term Management Plan, review of business portfolio, and global group management	We will stimulate discussions on the business portfolio and global management, as well as MTMP progress checking and consideration of relevant issues, and ensure that outcomes will be reported to and discussed by the Board of Directors. We will regularly conduct a tour of our business facilities in order to provide outside officers with an opportunity to further deepen their understanding of our businesses.
Operation of the Board of Directors	We will increase opportunities to enhance communications between inside and outside officers, as well as among outside officers.
Nominating/Compensation Committee	Nominating/Compensation Committee will discuss the Board composition and skills matrix of directors, and report the results to the Board of Directors.
Sustainability (including ESG and SDGs)	With respect to risks and opportunities related to sustainability, and progress on each of the newly-established sustainability indicators, we will encourage discussions at the Sustainability Committee, which in turn will report to the Board of Directors.
Risk management	The Board of Directors will continue to bring greater risk awareness across the enterprise. It will also encourage risk management activities at affiliate companies abroad, in addition to the Company and its affiliate companies in Japan.

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

### Design of the Company's remuneration system for Directors, etc.

#### Policies for determining remuneration, etc. for Directors, etc.

The Company's policies for determining remuneration, etc. for Directors, etc. are as stated below:

The remuneration for Directors, etc. shall be determined in a way that encourages individual Directors, etc. 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.

In accordance with the above-mentioned policy, the Board of Directors resolved to approve the policy for determining remuneration for individual Directors, etc.. Nominating/Compensation Committee confirms adequacy, 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.

The Company's remuneration for Directors, etc. consists of base salary, short-term performance-linked remuneration (on an individual level), short-term performance-linked remuneration (on the company level) and medium-to-long-term performance-linked remuneration.

### Policy for determining remuneration for individual officer by element

Element of remuneration	Overview	Recipient			
		Director except Outside Director	Outside Director	Corporate Vice Presidents and Senior Fellows, except Director	Audit & Supervisory Board Member
Base salary	This element is paid in cash in a fixed amount every month, and the amount is determined depending on his/her role (e.g. management oversight or business execution) and official position.	●	●	●	●
Short-term performance-linked remuneration (individual level)	This element is paid in cash every month, and the amount paid to individual Directors, etc. is determined by Nominating/Compensation Committee upon comprehensively evaluating achievements*1 of the relevant business plan in the previous fiscal year, such as operating profit and inventory balance in the division(s) he/she is in charge of, and the status of relevant measures.	●	—	●	—
Short-term performance-linked remuneration (company level)	This element is paid in cash once a year, and the amount is fixed according to the evaluation criterion*2 based on consolidated operating profit, as defined by Nominating/Compensation Committee.	●	—	●	—
Medium-to-long-term performance-linked remuneration	This is the stock remuneration program*3, under which Directors, etc. are paid with the Company's stocks acquired by the Trust that was funded by the Company.	●	—	●	—

\*1. Short-term performance-linked remuneration (on an individual level) is designed for comprehensively evaluating achievements of individual business(es). For the evaluation, score is used for measuring achievements versus planned operating profit and inventory reduction, achievements versus safety and quality targets, etc., and risk readiness, and an evaluation is made based on a total score.

\*2. For short-term performance-linked remuneration (on the company level), we adopted consolidated operating profit as an indicator for ensuring the Company's performance in a relevant fiscal year is appropriately and clearly reflected to the remuneration. The following table shows remuneration amount corresponding to consolidated operating profit, which is the evaluation criterion here, and official position. Nominating/Compensation Committee regularly checks and reviews this table to ensure the remuneration levels are adequate, taking into account consolidated operating profit in the past several years. The Company has partially amended the remuneration system for Directors, etc. mainly for the purpose of the remuneration for Directors, etc. other than Outside Directors and Audit & Supervisory Board Members more explicitly reflecting the results of initiatives toward ESG-related matters. The amended remuneration system for Directors, etc. is scheduled to come into effect in July 2023.

The amended short-term performance-linked remuneration table corresponding to consolidated operating profit and official position (on the Company level) is as follows:

### Short-term performance-linked remuneration table corresponding to consolidated operating profit and official position (on the company level)

Classification of Director, etc.	Consolidated Operating Profit						
	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	15,100	12,458	9,815	7,550	6,040	3,775	—
President (Representative)	29,600	24,420	19,240	14,800	11,840	7,400	—
Corporate Senior Executive Vice President	18,000	14,850	11,700	9,000	7,200	4,500	—
Corporate Executive Vice President	14,100	11,633	9,165	7,050	5,640	3,525	—
Corporate Senior Vice President	8,200	6,765	5,330	4,100	3,280	2,050	—
Corporate Vice Presidents/Senior Fellows	4,200	3,465	2,730	2,100	1,680	1,050	—

For details of ESG-linked remuneration, please see "TOPICS Partial Revision of the Company's remuneration system for Directors, etc." on page 69 of this report.

\*3. For medium-to-long-term performance-linked remuneration, we adopted the Company's stock price as an indicator, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. In this stock remuneration program, three fiscal years constitute a performance period and the Company contributes funds up to the maximum amount of ¥450 million per performance period to the Trust as remuneration for Directors, etc. Directors, etc. 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. After the end of each performance period, the number of points qualifying Directors, etc. for receiving the Company's stocks are finalized after an adjustment for certain cases, according to the criteria for comparing changes in the Company's stock prices with those of TOPIX during the period. (The actual points to be granted are calculated by multiplying the payout ratio, which is determined by multiplying the degree of divergence of the volatility of the Company's stock price and volatility of TOPIX by the cumulative total points granted during the evaluation period.) In case any of Directors, etc. retire from the position during the period, in principle, an adjustment is to be made in a similar manner.

### Medium-to-long-term performance-linked remuneration: point table by official position (from April 1, 2022 to March 31, 2025)

The maximum total number of points granted to Directors, etc. in a performance period is 180,000, and 1 point is convertible into 1 share unit of the Company's common stock.

Classification of Directors, etc.	Number of Point Granted	Number of Stock Granted per period
Chairman of the Board	7,640	29,796
President (Representative)	9,340	36,426
Corporate Senior Executive Vice President (Director)	4,800	18,720
Corporate Senior Executive Vice President	3,930	15,327
Corporate Executive Vice President (Director)	3,930	15,327
Corporate Executive Vice President	3,060	11,934
Corporate Senior Vice President (Director)	2,190	8,541
Corporate Senior Vice President	1,310	5,109
Corporate Vice President (Director)	1,310	5,109
Corporate Vice President/Senior Fellows	660	2,574

### Medium-to-long-term performance-linked remuneration: 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

### Medium-to-long-term performance-linked remuneration: 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
Rate (%)	130	120	110	100	90	80	70	60	50	0

### Medium-to-long-term performance-linked remuneration:

#### Formula for determining the number of points granted to individuals during a performance period

Finalized points = (cumulative total points granted to each Director, etc. 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%.  
 At the time of their retirement, Directors, etc. receive the Company's stocks and money calculated by the following formula as the medium-to-long-term performance-linked remuneration from the Trust.  
 ● Number of the Company's shares to be granted = (cumulative total points as of the vesting date x payout ratio – number of points corresponding to a fraction of shares) 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  
 – "The number of points convertible into share units" is defined as (cumulative total points as of the vesting date x payout ratio – the number of points corresponding to a fraction of shares).  
 – 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.  
 – The vesting date is defined as the first end date of June after the retirement of Directors, etc., and after the closing of the last fiscal year, in which he/she is eligible for receiving points.

### Policy of Determining the Percentage of Remuneration Paid to Each Individual for Each Remuneration System

In terms of a percentage of each component of remuneration, it is designed as follows: the higher the rank of Directors, etc., 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:

Classification of Directors, etc.	Base salary	Short-term performance-linked remuneration (Individual level)	Short-term performance-linked remuneration (the Company level)	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 Fellow	71%	16%	8%	5%	100%

## Remuneration for Directors and Audit & Supervisory Board Members for Fiscal 2022

The total amount of remuneration for Directors and Audit & Supervisory Board Members for fiscal 2022 is as follows.

Officer classification	Total remuneration (JPY millions)	Total remuneration by type (JPY millions)				Number of subject officers (persons)
		Base salary	Short-term performance-linked remuneration (Individual level)	Short-term performance-linked remuneration (the Company level)	Medium-to-long-term performance-linked remuneration	
Directors (excluding outside directors)	362	234	25	25	77	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	92	92	—	—	—	4
Outside Officers	110	110	—	—	—	8
Outside Directors	74	74	—	—	—	5
Outside Audit & Supervisory Board Members	36	36	—	—	—	3

- The amounts and numbers of officers in the above table include two Directors and one Audit & Supervisory Board Member who retired from the positions due to the expiry of their terms at the end of the 200th Annual Shareholders Meeting held on June 23, 2022 as well as amounts of their remuneration.
- Short-term performance-linked remuneration (on the company level) amounting to ¥25 million will be paid to eight Directors (excluding Outside Directors) in July 2023.
- The amount of medium-to-long-term performance-linked remuneration in the above table is calculated by deeming the number of shares corresponding to the number of points granted for fiscal 2022 under the stock remuneration program as the remuneration for the year
- Short-term performance-linked remuneration (on the company level) falls under the category of performance-linked remuneration. For this remuneration, the Company adopted consolidated operating profit as an indicator to appropriately and clearly reflect the Company's business performance during a relevant fiscal year to the remuneration. The Company's consolidated operating profit in fiscal 2022 was ¥15,441 million.
- Medium-to-long-term performance-linked remuneration falls under the categories of performance-linked remuneration as well as non-monetary remuneration. For this remuneration, the Company adopted its stock price, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. Actual deviation was 0.93 (a reference value calculated by using numerical value in fiscal 2022).

## TOPICS

### Partial Revision of the Company's remuneration system for Directors, etc.

We have partially revised the Company's remuneration system for Directors, etc. with aims in mind such as more directly reflecting the results of ESG initiatives upon compensation paid to individuals other than Outside Directors and Audit & Supervisory Board Members. The ESG-linked remuneration is a monthly monetary payment made in an amount that is based on an assessment of our Group's progress when it comes to achieving sustainability targets in terms of important management issues (material issues) to be addressed. In fiscal 2023, the first year for this arrangement, the item subject to evaluation is the achievement of targets concerning the "GHG emission reduction rare," which is related to the environment. We have been operating the revised remuneration system for Directors, etc. since July of 2023.

Overview of the Remuneration System for Directors, etc. (Since July 2023)

Recipient	Element of remuneration				
	Base salary	Short-term performance-linked remuneration (Individual level)	Short-term performance-linked remuneration (the Company level)	ESG-linked remuneration	Medium-to-long-term performance-linked remuneration
Director except Outside Director	●	●	●	●	●
Outside Director	●	—	—	—	—
Corporate Vice Presidents and Senior Fellows, except Director	●	●	●	●	●
Audit & Supervisory Board Member	●	—	—	—	—

## 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.

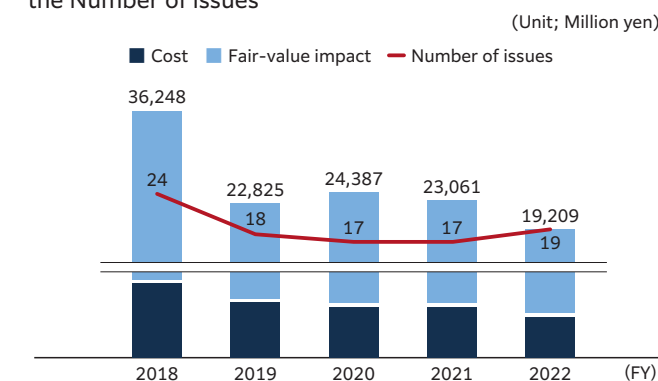
For fiscal 2022, the Board of Directors examined

the appropriateness of the policy-holding shares at a meeting held in December 2022. As a result of the verification, we reduced some policy-holding shares, including five listed stocks (5,435 million yen). Our policy-holding shares as of March 31, 2023 include 19 listed shares (19,209 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 issues



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

The Furukawa Battery Co., Ltd. — our subsidiary — is 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 The Furukawa Battery Co., Ltd. has 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. We will continue to work with the listed subsidiaries to establish and strengthen an effective governance system that effectively utilizes independent outside directors.

### Status of development of internal control system

The Company believes that internal control is intended for maintaining/improving the efficiency of execution of duties, ensuring compliance, risk management,

#### a. Efficient execution of duties

After management targets are set in budgets, each executive officer fulfills his/her duties to achieve such targets, and regularly reports the progress to the Board of Directors. Such achievements are adequately reflected in his/her remuneration. As for matters to be decided by the Board of Directors or Management Committee, or by means of requests for management approval, the

#### b. Compliance system

The Company regards "Furukawa Electric Group Corporate Philosophy" and "Furukawa Electric Group CSR Code of Conduct" as the basis for complying with ethical standards as well as laws and regulations; and according to the "Compliance Regulations", the Company promotes such compliance activities as internal education and programs to prevent/detect legal violations, while Risk Management Committee chaired by President and Risk Management Division play central roles. Each division appoints a risk management officer, who is responsible for effectively promoting risk management activities, including compliance, within the division. Especially, to

#### c. Risk management system

The Company stipulated its risk management system and management method in the "Basic Regulations on Risk Management and Internal Control", and Risk Management Committee identifies overall risks associated with

#### d. Information management system

Records and documents related to important decisions by the Board of Directors, Management Committee, or via requests for management approval are properly managed/

information management and group company management, and established and implements the internal control system as follows:

Company established detailed and specific standards for deliberations. The Company has in place internal rules to clarify administrative authorities of executive officers and General Managers, as well as division of duties; and also has a mechanism to constantly review them upon an organizational change and the like.

prevent a recurrence of cartel behavior, the Company has reinforced the control over contacts with other companies in the same industry and the pricing procedures, and strengthened oversight by receiving advice from external experts from time to time. The Company also introduced a whistleblowing system, aiming at early detection and correction of compliance violations. Furthermore, Auditing Department, which is responsible for internal audits, monitors the execution of duties in each division, verifies whether the internal control system, including the compliance system, is working effectively, and reports the results to the management.

Furukawa Electric Group's business operations, and verifies the adequacy of such risk assessment and risk management methods.

For more information, please refer to "Risk Management" on pages 71-72 of this report.

retained in accordance with laws and regulations as well as the Company's "Regulations on Retention of Documents". As for other information on the execution of duties, from

the perspective of the importance as information assets and the necessity for protection, the Company established

#### e. Group company management

In accordance with the "Regulations on Group Management Control", an administrative manager is appointed at each Group company; and the Company requests the Group companies to regularly report information necessary for grasping their business conditions, provides guidance on business management, and requires them to obtain the Company's approval before making decisions on certain matters. Budgets are prepared for the entire Group, setting specific management targets to be achieved by subsidiaries.

#### f. Securing appropriateness of financial reporting

In accordance with the "Basic Regulations on Risk Management and Internal Control", the Company established "Furukawa Electric Group Basic Policy for the development and evaluation of an internal control system, to ensure the appropriateness of financial reporting" (J-SOX Core Policy), and clarified the establishment, development, and operation of the

uniform standards and has implemented an information management system.

As for the risk management at subsidiaries, Risk Management Division plays a central role to provide training, advice, and guidance on risk management, internal control, and compliance. Subsidiaries are required to appoint their own compliance officers. The Company sends part-time officers to key Group companies, and monitors overall management, including compliance and risk management, of the Group companies through audits by the Company's Audit & Supervisory Board Members and Auditing Department.

internal control system, monitoring mechanism, and responsibilities. As for preparation and submission of the Internal Control Reports stipulated in the Financial Instruments and Exchange Act, the Company established J-SOX Council for deliberations of important matters, aiming at maintaining and improving the reliability of the Group's financial reporting.

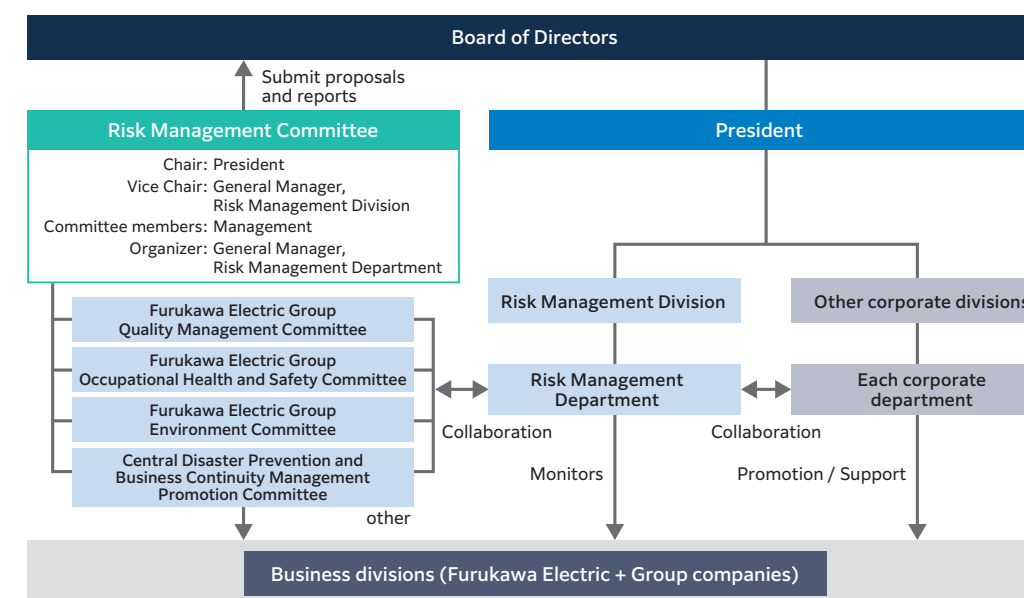
## Risk Management

### 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.

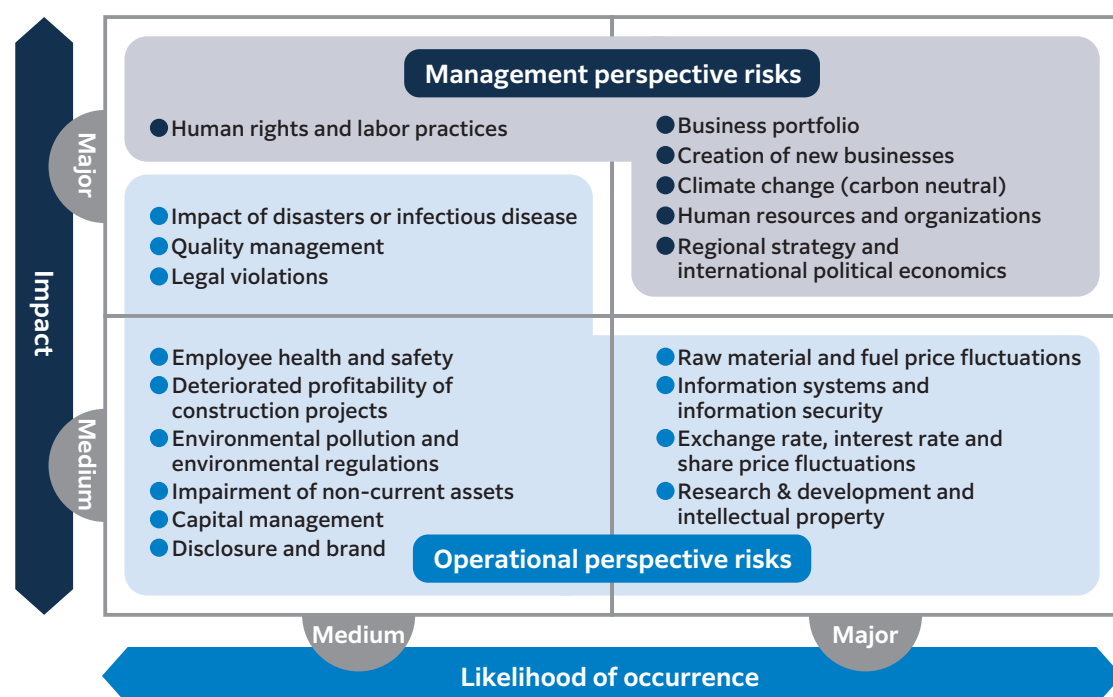


## Business-Related Risks

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 Group's financial results and financial situation are listed, as shown below. Risk items are defined as those with a medium or higher likelihood of occurrence and magnitude of impact, and, based on how the risks are

perceived, they have been broadly categorized into "Management perspective risks" and "Operational perspective risks." When implementing responses to each risk, particularly for the management perspective risks, rather than being independent risks, they are recognized to be mutually related. The forward-looking statements contained in the descriptions below are based on the Group's estimates and assumptions made as of the end of the current fiscal year.



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, the improvement of the control activity has been enhanced by monitoring its indicator.

## Indicators and targets

**Material issues** "Building a governance system to strengthen risk management/Group Governance"

Indicator		Result		Target	
	★: Sustainability Indicator	FY2021	FY2022	FY2022	FY2023
Group	★ Ratio of follow-up on risk management activities for all risk domains	88%	100%	93%	100%
					FY2025

# Supply Chain Management

## Basic Concept for Procurement

Under the Furukawa Electric Group Procurement Policy, our Group will act with fairness and integrity and fulfill its corporate social responsibility by conducting procurement activities with due consideration for safety and the environment in order to realize a truly prosperous and sustainable society. We value the

trusting relationships we have with our partners\* and are committed to contributing to the creation of global infrastructure that combines information, energy and mobility through the undertaking of co-creation initiatives with our partners.

\* Our Group calls suppliers who do business with us "partners" who collaborate with us to create value.

## Furukawa Electric Group Procurement Policy

1	<b>Fairness and Integrity</b> 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	<b>Compliance with Laws and Regulations and CSR Procurement</b> 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	<b>Partnership</b> 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.

## Promotion of CSR Procurement Activities

Our Group promotes CSR procurement activities in keeping with the best interests of the environment and society in general. In FY2020, we published the revised Furukawa Electric Group CSR Procurement Guidelines (3rd Edition), to which we added the latest social requirement items with reference to the RBA Code of Conduct and JEITA Guidelines.

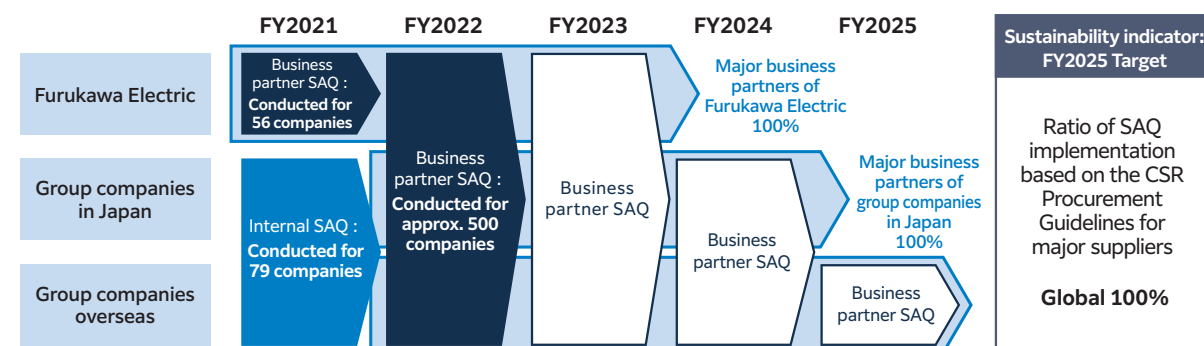
We ask new suppliers for agreement to comply with our CSR Procurement Guidelines as a prerequisite for starting business with us.

Based on our CSR Procurement Guidelines, we work together with existing partners to ensure "strict compliance with laws and regulations and fair trade," "consideration for human rights, safety, and the environment," "reduction of environmental impact," and "Responsible Mineral Procurement Efforts" in our procurement activities. We also hold an annual Partners

Meeting to directly explain our CSR procurement guidelines and our environmental and social policies, targets, and initiatives to our partners, and to provide ongoing encouragement to them.

As a risk survey for existing partners, in addition to the conventional questionnaire, we also issued a self-assessment questionnaire (SAQ) for 56 major business partners in accordance with the contents of the CSR Procurement Guidelines in FY2021. In FY2022, we expanded the scope of coverage to include partners of domestic and overseas Group companies, and issued SAQs for approximately 500 companies.

For partners falling under the categories of any of the survey items that we have identified as high-risk, we reconfirm the situation through interviews and other means, and encourage the partner(s) in question to correct the situation as necessary.





In addition, we have established contact points for inquiries about compliance and inquiries about human rights (JaCER's Grievance Form) on our company website for the acceptance of reports on non-compliance and suspicious activities taking place within the context of

## Partners Meeting and Evaluation of Partners

We conduct evaluations of partners when it comes to partners selected based on purchase amounts and importance (80% of the material and equipment purchase amount). At the annual Partners Meeting, we explain our group procurement policy and our CSR Procurement Activities directly to our partners in order to deepen their understanding of our company. In FY2022, the event was held in June with 58 major business partners participating. In FY2022, we expanded our evaluation of partners to include 260 partners and provided feedback on the results. We are also continuously issuing requests for cooperation when it comes to our efforts to continue the business and ensure stable supply.

## 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 on September, 2022.

## 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

## Indicators and targets

**Material issues** "Building a governance system to strengthen risk management/Supply chain management"

Indicator		Result		Target		
★: Sustainability Indicator		FY2021	FY2022	FY2022	FY2023	FY2025
Group	★ Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Furukawa Electric 20%	Global 34%	Global 20%	Global 40%	Global 100%

## Supply chain data

		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Furukawa Electric	Number of partner evaluations (Number of major business partners)	Companies	213	199	198	248	260
	Number of participants in the Partners Meeting	Companies	57	59	—*	57	58
	Number of co-creation partners undertaking CO <sub>2</sub> reduction through procurement logistics	Companies	20	24	25	25	25

\* From the perspective of preventing new coronavirus infections, we have canceled the Partners Meeting.

our procurement activities. When a report has been received, we will check the described facts of that report, undertake a response such as an investigation, and provide feedback to report-issuing party as deemed necessary.



## Furukawa Electric Group Responsible Minerals Sourcing Policy (Established on September 12, 2022)

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.

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

# Human Rights and Labor Practices

## Basic Policy on Human Rights

Based on the Furukawa Electric Group Philosophy, our Group fully understands that the human rights of all people affected by its business activities must be respected as it develops its global business, and respects human dignity and all internationally recognized human rights. We also promote initiatives to respect

## 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.

## Implementation of Human Rights Due Diligence

In response to changing social demands for human rights, such as in relation to forced labor, child labor, and discrimination, as well as in response to growing interest in human rights throughout the supply chain, our Group began efforts to implement human rights due diligence in FY2021. In this context, we have set "employees" and "partners" as the target stakeholders to be prioritized in terms of human rights issues tackled by our Group.

With regard to employees, we have set harassment in the workplace as an issue to be tackled, analyze the results of instances of whistleblowing and compliance awareness surveys, and make necessary improvement measures then being implemented. We plan to verify the improvement effects through means such as compliance awareness surveys. In FY2022, we also commenced "Discrimination and Harassment Education" for individuals working in

## Establishment of remedy mechanism

As a point of contact for reporting adverse impacts on human rights, we are establishing an internal whistle-blowing system involving third parties for internal. Further, for external stakeholders, 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.

In FY2022, there were 103 cases of whistleblowing taking place within our Group, around half of which were

human rights in line with the "Establishment of Human Rights Policy," the "Implementation of Human Rights Due Diligence," and the "Establishment of Remedy Mechanisms," which are the three requirements of companies according to the United Nations Guiding Principles on Business and Human Rights.

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 our website page "Human Rights" <https://furukawaelectric.disclosure.site/en/themes/95>

management positions at our Company and at Group companies in Japan and overseas. With this, we have set the "implementation rate of human rights risk training for managerial positions" as a sustainability indicator and plan to undertake the implementation of such training on a continuous basis until 2025.

Meanwhile, we began issuing self-assessment surveys (SAQ) to our partners based on the CSR Procurement Guidelines. We began doing this in FY2021 with 56 major suppliers based on our belief that the grasp of the human rights risks existing within supply chains was insufficient. In FY2022, we implemented this survey for approximately 500 partners doing business with our company and Group companies in Japan and overseas. At present, the results of these surveys have not revealed any serious problems presenting adverse impacts on human rights.

related to human resources and labor. Only a limited number of cases, however, were found to involve facts that were exactly as indicated by the whistleblower. All cases, including those where some of the indications made were found to be factual, have been corrected by means of implementing measures serving to prevent recurrence. Moreover, in our Group, we do consider the existence of a certain number of reports to constitute an indication that our Internal Reporting System is functioning.

## Indicators and targets **Material issues** "Building a governance system to strengthen risk management/Human rights and labor practices"

Indicator		Result		Target		
★: Sustainability Indicator		FY2021	FY2022	FY2022	FY2023	FY2025
Group	★ Implementation rate of human rights training for managerial positions	—	Global 100%	Start measuring in Japan	Global 100%	Global 100%

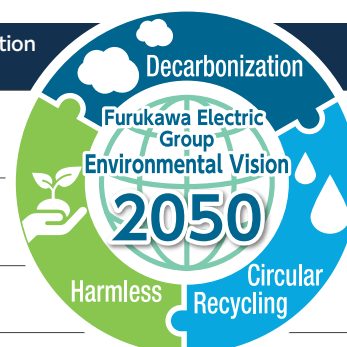
# Developing Business Activities that Consider Climate Change

## 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	<b>Contribute to a carbon-free society</b> 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	<b>Contribute to realizing a recycling-based society for water &amp; resources</b> Minimize water usage, and promote the use of recycled materials, including waste plastic, throughout the value chain
3	<b>Contribute to society in harmony with nature</b> 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 November, 2022)

1	<b>Contribute to a carbon-free society</b>	
	(1) Greenhouse gas emissions from business activities (Scope 1 & Scope 2):	Reduce by at least 42% compared to FY2021
	(2) Greenhouse gas emissions in the value chain (Scope 3):	Reduce by at least 25% compared to FY2021
2	<b>Contribute to realizing a recycling-based society for water and resources/Contribute to society in harmony with nature</b>	
	(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).

SBT\*3 1.5°C certification was obtained for the Group's 2030 greenhouse gas reduction targets in July 2023.  
\*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.

### TOPICS

#### Start of Evaluation by the LEAP approach of TNFD

Recognizing the impacts of our business activities on biodiversity, we started initiatives not only on climate change but also on biodiversity. The characteristics of biological resources and water vary depending on the region. Therefore, we are investigating

"Locate"— Locate your interface with nature — while referencing LEAP (Locate, Evaluate, Assess, and Prepare) approach shown in beta versions of the TNFD (Taskforce on Nature-related Financial Disclosures) Framework.

## Information Disclosure in line with the 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). We will promote disclosure in line with the TCFD recommendations to strengthen our relationships of trust with our stakeholders.

The status of the Furukawa Electric Group's responses since FY2022 are shown as underlined text:

» For details, please see the "Information Disclosure in line with the 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 (material issues), the Board of Directors and the Management Committee conducted the discussions related to climate change.

The Board of Directors also reports and shares quarterly progress related to climate change.

\* For details, please refer to "Sustainability Promotion Framework" on pages 22 to 23 of this report.

### Strategy

#### Furukawa Electric Group's Basic Policy for Carbon Neutrality

Three Carbon Neutrality Initiatives		Material Issues	Specific Measures and Examples of Technology Development
1	<b>Eliminate or reduce direct CO<sub>2</sub> emissions</b>	(Risk) Developing business activities that consider climate change	<ul style="list-style-type: none"> <li>Energy saving, fuel conversion, and recycling rate improvement</li> <li>Use of renewable energy</li> <li>Reduce GHG emissions throughout the value chain</li> </ul>
2	<b>Eliminate or reduce CO<sub>2</sub> emissions by society</b>	(Revenue opportunities) Creating businesses that solve the social issues/ Creating environment-friendly businesses	<ul style="list-style-type: none"> <li>Power cable systems</li> <li>Next Generation Photonics Business Innovation</li> </ul>
3	<b>Capture or transform the CO<sub>2</sub> that is emitted</b>	Building partnerships with various stakeholders	<ul style="list-style-type: none"> <li>Development of technology for producing green LP gas with Ramune Catalyst®</li> </ul>

#### Scenario Analysis

In FY2019, 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 business (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 FY2020 and for the AT & functional plastics business and the copper & high-performance material products business in FY2021.

Through FY2021, 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 scenario" step-by-step for each business field by referring to several existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

In FY2022, to accelerate our efforts toward achieving carbon neutrality by 2050, we revised the Environmental Targets 2030 and applied for an SBT (1.5°C Targets) initiative certification. Accordingly, the scenarios for the business fields, for which we had been conducting scenario analysis, were revised to the "1.5°C scenario" and the "4°C scenario."



Furukawa Electric Group's Definition of the period to Consider Climate-related Risks (Transition Risks and Physical Risks) and Opportunities

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

Assessment of Impact on Business in 2030

Category			Identified climate related risks and opportunities	Business impact	
				1.5°C	4°C
Risks	Transition risks	Policies and regulations	Carbon tax on GHG emissions	Major	Minor
		Markets	Increase in procurement costs of renewable energy Increase in procurement costs of materials (copper, aluminum, plastics) due to carbon taxation	Major	Minor
	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	Minor	Minor
			Shut-down of coastal factories caused by flooding and drought	Medium	Major
		Chronic	Increase in air conditioning costs due to a rise in average temperature	Medium	Major
Opportunities	Markets		Increase in revenue and profit from accelerating development of 5G/B5G along with the construction of smart cities and the surge of communications traffic Increase in revenue and profit from demand growth for products related to telecommunications, semiconductor memory, 5G and smartphones 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 Increase in revenue and profit from demand growth for products along with automotive electrification and weight reduction	Major	Medium
	Products and services		Increase in sales from demand growth for low-carbon and carbon-free products and recycled products in response to requests for carbon neutrality and circular economy	Major	Medium

Efforts toward Achieving Carbon Neutrality

By conducting scenario analysis, we identify climate-related opportunities and risks and work to achieve carbon neutrality by both capturing revenue opportunities and mitigating risks.

As for revenue opportunities, during the period of the 2025 Mid-term Plan, we will continue to stabilize revenue from existing businesses and develop a foundation for the creation of new businesses; and we will contribute to achieving carbon neutrality by 2030 by solving social issues in each business field. For example, to strengthen our existing businesses, we are working to expand the use of renewable energy in our power cable business; to create new businesses, we are working to realize a B5G society in the communications field; and to build a social

infrastructure that enables “Succession of local resources and local culture for the future”\* through the use of green LP gas.

As for risks, we have established the Environmental Vision 2050 as our super-long-term goal, with the challenge target of reducing GHG emissions (Scopes 1&2) in our business activities to zero by 2050, as well as another target of reducing GHG emissions throughout the value chain. Backcasting from these targets, we have set targets for reducing GHG emissions in the Environmental Targets 2030 and the sustainability targets in the 2025 Mid-term Plan to work toward achieving these reductions.

\* Succession of local resources and local culture for the future: This expresses passing on regional resources and cultures to the next generation in addition to local production for local consumption

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

In our efforts to reduce greenhouse gas emissions (Scopes 1&2) 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.

Usage of hydroelectric power and solar power:

One of the group companies, Furukawa Nikko Power Generation Inc. owns four power plants and supplies

The FY2022 result of “Ratio of renewable energy use to total electricity consumption”, assigned as a sustainability indicator, was 20.2%. We will improve renewable energy use to achieve the FY2025 target of 30%.

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 such as Furukawa Automotive Systems Inc., Furukawa Battery Co., Ltd. and production sites at overseas Group companies in Mexico, China, India, and Brazil. Out of these, Mie Works installed the system of on-site PPA. We will continuously move ahead on the installation of the solar power system.

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, Hiratsuka Works partially started introducing electricity derived from renewable energy. From April 2022 onwards at domestic production sites in all Copper Foil Div.(Imaichi East Plant), Chiba Works, Mie Works, and four domestic group companies have been partially using electricity derived from renewable energy. In addition, all electricity used in Tokiwanbashi Tower, where the headquarters is located, is derived from renewable energy.

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.

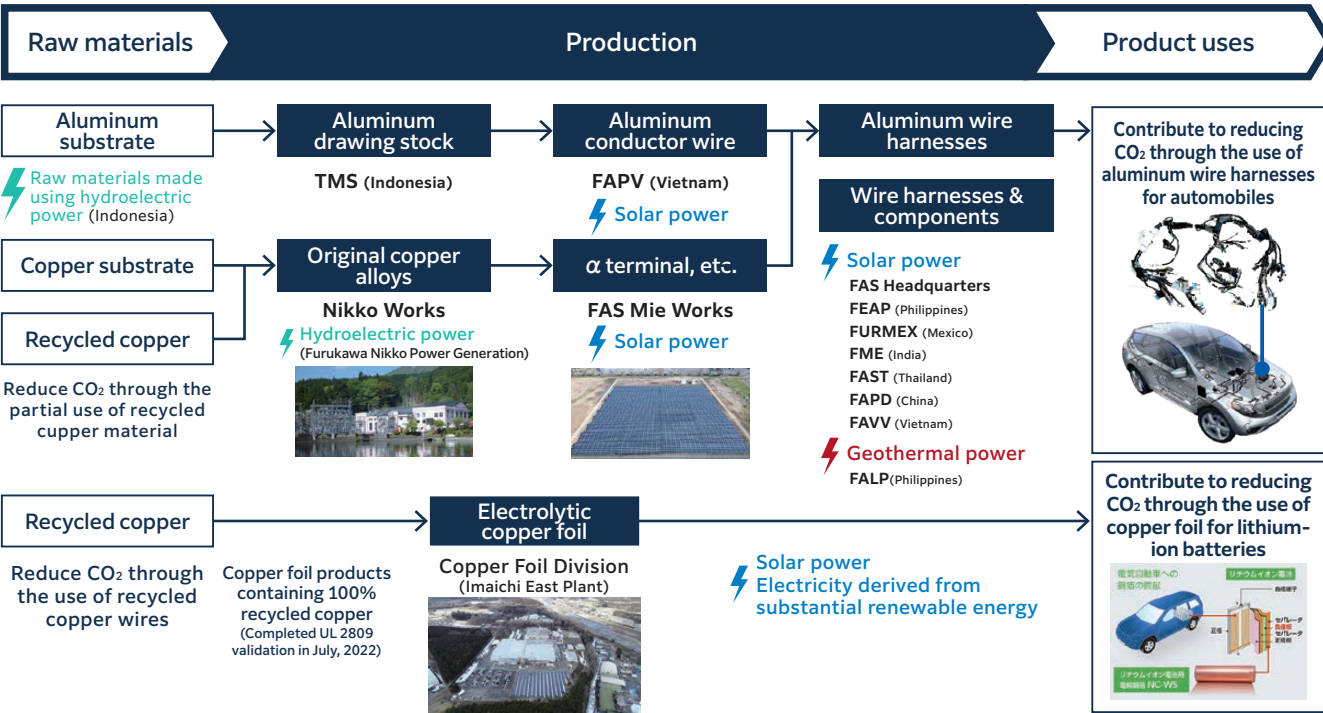
We thus promote GHG emissions reduction across the upstream and downstream operations of value chain, in addition to reducing GHG emissions from business activities.



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)



Philippines Plant of the Thermal Management Solution & Products Div.: Replace all electricity used with electricity derived from renewable energy (October 2022)



## Risk management

- **Furukawa Electric Group has established Risk Management Committee**, which 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
- **By considering climate-related risks such as those posed by climate change and natural disasters as the priority issue for environmental risk**, we regularly discuss preliminary strategies for climate-related risks mainly at Furukawa Electric Group Environmental

compliance. Subcommittees are established for each risk of high importance, such as environmental risk.

For more information, please refer to "Overview of Risk Management and System" on page 71 of this report.

Committee (hereinafter, "Environmental Committee") and business continuity measures after the occurrence of risks are discussed mainly at Central Disaster Prevention and BCM Promotion Committee.

**Environmental Committee**, chaired by the General Manager of Risk Management Division and composed of top management including general managers of each business division and corporate division meets every three months to discuss issues related to climate change among others, and submits proposals and reports to Management Committee and the Board of Directors.

In FY2022, to accelerate our efforts toward achieving carbon neutrality by 2050, the Committee discussed the revision of the Environmental Targets 2030 and the application for an SBT (1.5°C Targets) initiative certification, and submitted proposals and reports to Management Committee.

**Central Disaster Prevention and BCM Promotion Committee**, chaired by the General Manager of Risk Management Division and composed of general managers of each business division, divisional representatives, etc., meets every three months to establish Business Continuity Management (BCM), identifies business continuity risks, including natural disasters, and promotes and manages the identification process.

- **Internal carbon pricing** (using a shadow price) has been calculated since FY2019. By visualizing the amount of CO<sub>2</sub> emissions for each division using carbon prices, we encourage preparation to avoid climate change risks toward decarbonization. For example, a division that cannot meet its reduction target will have a negative shadow price and will incur a hypothetical loss. Conversely, a division that meets the target will have a positive shadow price and will bring hypothetical profit.

- **The Group takes appropriate management and preventive measures against physical risks** related to climate change (heavy rain, heavy snow, etc.). Each

works take measures for air-conditioning to cope with global warming.

Risk Management Promotion Framework



## Indicators and targets

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

Environmental Vision 2050 embraces the contribution to the realization of a sustainable society throughout the value chain through the provision of environment-friendly products and services and recycling-based production activities. As part of our contribution to the realization of

a carbon-free society, we aim to reduce GHG emissions throughout the value chain, and have set the challenge target of zero GHG emissions from our business activities (Scopes 1&2) by 2050.

- **Environmental Targets 2030 (Revised in December 2022)**

We have revised the Environmental Targets 2030, a milestone toward the realization of the Environmental Vision 2050. To contribute to the realization of a carbon-free society, we have updated our 2030 target as follows.

- (1) Greenhouse gas emissions from business activities (Scopes 1&2): Reduce by at least 42% compared to FY2021
- (2) Greenhouse gas emissions in the value chain (Scope 3): Reduce by at least 25% compared to FY2021

Furukawa Electric Group's GHG reduction targets of 2030 obtained SBT (Science Based Targets) 1.5°C certification in July 2023.

- **Setting sustainability indicators and targets**

We aim to achieve the sustainability target for FY2025 setting 2025 Mid-term Plan of "GHG emissions reduction rate (Scopes 1&2)", "Ratio of renewable energy use to total electricity consumption" and "Sales ratio of environment-friendly products," as sustainability indicators that measure the progress of addressing material issues of "Developing business activities that

consider climate change" and "Creating businesses that solve social issues/Creating environment-friendly businesses." In accordance with the revision of the Environmental Target 2030 for FY2022, we raised the FY2025 targets for "greenhouse gas emission reduction rate (Scopes 1&2)" and "ratio of renewable energy use to total electricity consumption."

**Material issues** "Developing business activities that consider climate change" and "Creating businesses that solve social issues/Creating environment-friendly businesses"

Indicator		Base year	Result		Target (Reference value)				Challenge target
★: Sustainability Indicator			FY2021	FY2022	FY2022	FY2023	FY2025	FY2030	FY2050
Group	★ GHG emissions reduction rate (Scopes 1&2)	2017	-29.0%	-36.8%	-17.7%	-21.2%	(-42%)* <sup>1</sup>	(-59%)* <sup>1</sup>	Zero emission
		2021	—	—	—	—	-18.7%* <sup>2</sup>	-42%* <sup>2</sup>	
	★ Ratio of renewable energy use to total electricity consumption	—	10.9%	20.2%	11.5%	12%	30%* <sup>3</sup>	—	—
	GHG emissions reduction rate (Scope 3 )	2019	-1.0%	-6%	-4%	-5%	—	—	—
		2021	—	—	—	—	-11%* <sup>2</sup>	-25%* <sup>2</sup>	—
	★ Sales ratio of environment-friendly products	—	61.9%	65.0%	64%	66%	70%	—	—

\*1. Base year was updated to FY2021; the reduction target value when applied to the former base year of FY2017 is also shown for reference.

\*2. Target value for FY2025 was updated upon the revision of Environmental Targets 2030 in FY2022.

\*3. The FY2025 target value for the ratio of renewable energy use to total electricity consumption was raised upon the revision of Environmental Targets 2030.

» For details of Scope 1, Scope 2, and Scope 3 by category, please see the "Climate change data" on page 94 of this report.

## TOPICS

### Furukawa Electric Received the highest rating for CDP's Supplier Engagement Rating for Fourth Consecutive Year

- High recognition for the initiatives for greenhouse gas emissions in the supply chain -  
[https://www.furukawa.co.jp/en/release/2023/kei\\_20230320.html](https://www.furukawa.co.jp/en/release/2023/kei_20230320.html)

### Furukawa Electric obtains SBT 1.5°C certification for greenhouse gas emissions reduction targets

- Raising the greenhouse gas emissions reduction targets with the aim of becoming carbon neutral in 2050 -  
[https://www.furukawa.co.jp/en/release/2023/kei\\_20230803.html](https://www.furukawa.co.jp/en/release/2023/kei_20230803.html)





# Strengthening Human Capital and Organizational Execution Abilities

## 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 an organizational culture which value people, Furukawa Electric Group will nurture each individual's confidence in the company.

## Basic Policies of Our Vision for 2030

Our group has identified "strengthening human capital and organizational execution abilities" as a key management issue (material issues) to solve when it comes to achieving Furukawa Electric Group Vision 2030 ("Vision 2030") and have set three basic policies (shown on the right) aimed at the achievement of the Furukawa Electric Group Vision for Our People.

### Basic Policies

- Secure diverse personnel and support the growth of people who continually take on challenges.
- Aim at becoming an enterprise group where everyone plays a leading role and feels excited to work with pride
- Nurture Furukawa Electric Group's culture where teams accomplish things to the end.

## Human Resource Management Strategies for 2025 Mid-term Plan

In the implementation of our management and business strategies, we will coordinate our growth vectors through dialogue so that both individuals and organizations can

improve their performance, grow, solve social issues, and achieve Vision 2030.

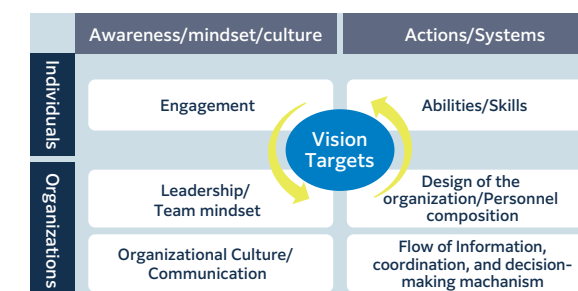


When it comes to carrying out specific activities, we will set up a framework focusing on people and organizations, guided by four perspectives ("individuals," "organization," "awareness/mindset/culture," and "actions/systems,") and six elements ("engagement," "leadership/team mindset," "organizational culture/communication," "abilities/skills," "design of the organization/personnel composition," and "flow of information, coordination and decision-making mechanism") Having done that, we will ascertain an overall picture of our activities and consciously work toward improving them as we go about conducting daily business activities.

We will go about promoting initiatives by going through a PDS Cycle\* which entails conducting the Furukawa E-Survey (a survey on human capital and organizational

execution abilities that includes the six elements of people and organizations), constructing visualizations of the state of human resources and organizations, and reflecting improvement measures based on those results upon our business activities.

\* PDS cycle: Plan Do See cycle



## Engagement (individuals × awareness/mindset/culture)

### (1) Measurement and Utilization of Engagement

In promoting our basic policy (2) "Aim at becoming an enterprise group where everyone plays a leading role and feels excited to work with pride," we set targets based on the score of "sustainable engagement" in the Furukawa E-Survey as a sustainability indicator in the 2025 Mid-term Plan, and will steadily implement a variety of measures. Engagement is closely linked to the other five of the six elements, and is therefore used as a comprehensive indicator for strengthening human capital and organizational execution abilities. Doing that, we will conduct activities targeting the global manufacturing industry standard value of 85.

### (2) Overhaul of Our Compensation System and Strengthening of Employee Communication

Based on our basic policy (1) "Secure diverse personnel and support the growth of people who continually take on challenges," in December 2021, we revised our personnel treatment system based on the concepts of "promotion of the taking on of challenges," "simplicity and openness," and "human resource development."

(i) We will redefine the communication processes related to our personnel evaluations, and have superiors communicate their expectations to employees based on the job classification system in accordance with the individual's functions and roles, while also having them observe the efforts and actions being undertaken by members of their team on a daily basis. In doing this, we will go about increasing the extent to which individuals are satisfied with their evaluations through the conducting of evaluations that are based on facts alongside the provision of responsible feedback on areas of improvement, thereby leading to individual growth.

(ii) Against the backdrop of communication related to the personnel evaluations described in item (i), we will move away from a pay raise system that is based on the assumption that one's ability will increase each year and overhaul our pay raise system (including pay reductions) that reflects the abilities and attitudes currently being demonstrated by the subject individuals. In doing this, we will aim to provide a spark for the motivation of each employee when it comes to taking on challenges, and aim to foster healthy competition and a healthy feeling of tension within the company.

### (3) Employee Benefits

Through the development of welfare facilities and systems, we are working to maintain and improve the health of our employees and support them in their daily lives. We strive to create an environment in which employees can face their work with peace of mind.

## Indicators and Targets

Material issues "Strengthening human capital and organizational execution abilities"

	Indicator	Result	Target				
			FY2023	FY2024	FY2025	FY2030	
Furukawa Electric	★: Sustainability Indicator	FY2022	65	70	75	85	
Group	Employee Engagement Scores	—	—	—	—	85	

## Leadership and team mind (organization × awareness/mindset/culture)

In order to achieve **our basic policy (3) “Nurture Furukawa Electric Group’s culture where teams accomplish things to the end,”** we are working on leadership transformation initiatives.

### Furukawa Electric’s Seven Principles for Leaders

In an environment of rapid change and high uncertainty, it is necessary for us to ensure the psychological safety of team members and achieve results as a team when it comes to going about continuously generating corporate value.

In 2020, with the aim of forming organizations which produce results as teams, we established Furukawa Electric’s Seven Principles for Leaders, which consists of one basic mindset and six action principles for leaders to build good working teams. We implement leadership training, have executives and managers (at the level of section manager and above) provide “action declarations” to those around them and subsequently put the content thereof into practice on a daily basis. We also have 360-degree feedback provided to facilitate further changes when it comes to action.

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.

With three years having passed since the start of the initiative, the results of Furukawa E-Surveys have confirmed for us that the relationships existing among team members have improved. Going forward, we will focus on the connection between team activities and results, and accelerate our efforts to further strengthen teamwork.



## Organizational culture/communication (organization × awareness/mindset/culture)

**Based on our basic policy (1) “Secure diverse personnel and support the growth of people who continually take on challenges,”** we are promoting the creation of an environment and culture that embraces diverse personnel and brings out the best in them.

### (1) Promotion of Diversity and Inclusion (D&I)

Based on our basic policy “Secure diverse personnel and support the growth of people who continually take on challenges,” the Group is promoting the creation of an environment and culture that embraces diverse personnel and brings out the best in them.

We position D&I as an important element when it

comes “strengthening human capital and organizational execution abilities.” Having done that, we have established the HK\* and D&I committees directly under the president to actively promote company-wide initiatives.

\* HK: Hatarakikata Kaikaku, or work-style reform

### Basic Policy on Diversity & Inclusion

<b>Women</b>	In light of women’s influence on discussions and decision-making, we implement initiatives to enrich human capital from recruitment to the development of persons who play central roles. We keep in mind that 30% of management positions are held by women as the future target, which is generally said to the minimum ratio for affecting decision-making.
<b>People with disabilities</b>	The Group aims to create a situation where the statutory employment rate can be stably carried out while anticipating an increase in the rate.
<b>Non-Japanese</b>	We realize the right person for the right place from a global perspective, in terms of demand in each business strategy and strengthening management capabilities.
<b>Mid-career hiring</b>	We actively promote mid-career hires of diverse human resources to strengthen expertise and accelerate the diversification of perspectives.

### (i) Women’s Empowerment

We believe that ensuring diversity within the decision-making layer is particularly important as a foundation for corporate growth, and we have set the ratio of women in managerial positions as a sustainability indicator within the 2025 Mid-term Plan. Seeing the fact that the absolute number of female employees is small as the biggest issue, we are persistently working to maintain and strengthen our pipeline in terms of all aspects ranging from recruitment to the development and promotion of core human resources. We are also working to improve the organizational culture and environment found throughout the company, such as by reforming things when it comes to the leadership of supervisors, strengthening feedback, developing flexible working styles, and supporting self-directed career development so as to allow for female employees and their superiors to view career advancement in a positive manner.

### (ii) Promotion of the Employment of People with Disabilities

From the perspective of D&I, which not only serves to have us fulfill our social responsibilities but also has us pursuing the potential of diverse human resources and organizations as a foundation for corporate growth, we are actively working to expand our working environments to accommodate the employment of people with disabilities. In addition to hiring activities undertaken through Group companies and our special subsidiary

### (iii) Work Style Reform

We are promoting a variety of measures from the two sides of “work style reform” aimed at improving productivity and work satisfaction, and “organizational culture reform” aimed at promoting the realization of the Group’s Core Value.

As a measure serving to support the taking on of challenges and the growth of individuals, and to enable individuals to demonstrate their abilities, we are working to improve work-life balance for employees by expanding upon our system which supports the balance between work and various life-stage events, such as pregnancy, childbirth, childcare, and the providing of nursing care, as well as various types of vacations, flextime, and remote work systems. As an employer certified as a Kurumin

### Indicators and Targets

**Material issues** “Strengthening human capital and organizational execution abilities”

	Indicator	Result		Target		
		FY2021	FY2022	FY2023	FY2025	FY2030
Furukawa Electric	★ Sustainability Indicator					
	★ Ratio of female in managers*1	3.8%	4.8%	5%	7%	15%
	Ratio of female candidates for managerial positions (sub-section manager positions)*1	11%	12%	—	15%	20%
	Ratio of female individuals in terms of new graduate hires (graduates of universities)*2	20%	27%	—	40%	40%
	Employment rate of people with disabilities*3	2.32%	2.35%	—	2.40%	2.65%

\*1. As of March 31, the end of fiscal year

\*2. The number of new graduates hired is as of April 1 of each fiscal year

\*3. The actual employment rate of people with disabilities as of June 1 of each fiscal year

In recognition of these efforts, our company has been recognized as an Excellent Eruboshi (third-stage) Company under the Act on the Promotion of Women’s Active Engagement in Professional Life.



### Objectives Related to Support the Success of Women in the Workplace

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

(Note): A summary of our initiatives and information on our results are available in the Ministry of Health, Labour and Welfare’s Database on Promotion of Women’s Participation and Advancement in the Workplace  
<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=529>  
 (Only available in Japanese)



Furukawa New Leaf, we will further improve upon our work environments and undertake work style reform, including when it comes to remote work and accessibility for those with disabilities so that we can establish environments which allow employees to work more comfortably.

company actively supporting the balance between work and the raising of children since 2007, we have been actively supporting the raising of children.

In order to flexibly respond to the rapidly changing environment and continue growing even after the COVID-19 pandemic is behind us, we will promote a hybrid style of work in which each organization and individual employee flexibly combines real and remote work according to the characteristics of the business and operations involved. By taking full advantage of the benefits of this way of working, we aim to increase productivity and satisfaction, and achieve results as a team.



## (2) Promotion of Health and Productivity Management

We define "Health and Productivity Management" as the aim for each employee to achieve good physical, mental and social conditions (well-being). Based on the belief that improving the vitality and performance of employees will lead to the growth of organizations and companies, we are promoting various health and Productivity management measures as a unified organization.

From the managerial viewpoint, "Furukawa Electric Group Health and Productivity Management Declaration" was established, in order to promote "Health and Productivity Management" which strategically strives for the Health and Productivity Management and the health promotion of the employees. We assist our employees in raising their health consciousness and actively engaging in their own health promotion.

### Furukawa Electric Group Health Management Declaration

Furukawa Electric Group recognizes the promotion of mental and physical health among employees as an important management issue. Based on this recognition, we will make further progress in the activities we have undertaken as part of health and safety management.

It is important for employees to be able to face their work in good physical and mental condition when it comes to "aiming to form a corporate group that is creative and full of vitality which leverages diverse human resources," which is part of our management philosophy. For this reason, we at Furukawa Electric Group will prioritize safety and health at every step of our journey, promote various activities while keeping Health Management in mind throughout the company, thereby going about building "a company where everyone works vigorously, keeps growing and is proud."

We will also strengthen work style reform initiatives and cooperation with public health services of health insurance associations, and will work even more actively to support employee health and increase health-related awareness.

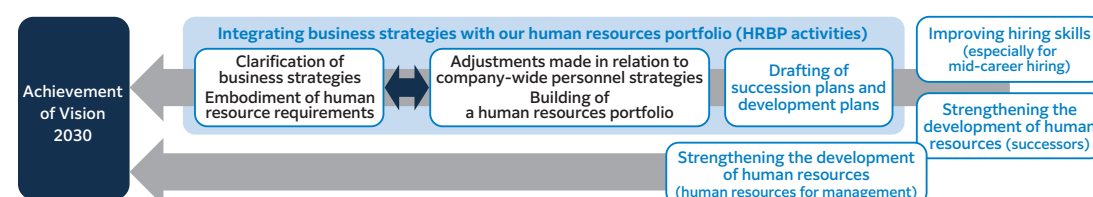
## (3) Penetration of Our Philosophy

In 2007, we established our Group Philosophy and established Core Value, which is the set of values we want involved in our achievement of the sustainable growth of the Group based on the Group Philosophy. In order to promote the penetration of our Group Philosophy, we distribute cards with Group Philosophy and Core Value written on them to all employees. In particular, our

management team takes the initiative to reflect on our philosophy at meetings and encourage employees to take action which embodies the philosophy. We also hold regular workshops and other such events aimed at the penetration of Group Philosophy and Core Value and will continue implementing initiatives to that end.

## Design of the organization/personnel composition (organization × actions/systems)

Based on the basic policy (1), "Secure diverse personnel and support the growth of the people who continually take on challenges," we are developing personnel management initiatives aimed at developing the systems and human resources necessary for our management and business strategies.



### (1) Drafting of Succession Plans and Development Plans

Succession plans and development plans are formulated and implemented for the purpose of developing management personnel and candidates for general managers of each organization.

With regard to human resources working in management positions, we are promoting the formation of a talent pool using external assessments and are dispatching employees to take part in external training. We are also conducting systemic organizational transfers of personnel, including the assigning of personnel to tough assignments based on development plans. In addition, the Nominating/Compensation Committee, the majority of the members of which consists of Outside Directors, monitors the appropriateness and operational status of the management personnel development system, and systematically works on the appointment of Corporate Vice Presidents and the CEO Succession Plan over the course of several years.

In FY2022, the scope of the Succession Plan was expanded to include general managers, and regular discussions were held between each division and the human resources department regarding the ideal state of things when it comes to organizations and the development of successors which serve to realize our business strategies.

	Development of candidates for the position of general manager in each organization	Development of personnel working in management (human resources working in management)
Deployment status	Current deployment taking place at Furukawa Electric (scheduled to be completed in FY2024)	Continuing of initiatives
Selection and picking out of talent	Drawing up of succession plans and candidate development plans within each department	In addition to succession plans, external assessments are also utilized to form a talent pool
Development of talent	Systematic organizational transfers for employees and the issuance of missions are planned with regular reviews taking place	Tough assignments and dispatch to external training

## (2) Improvement of Hiring

### (i) Mid-career Hiring

In order to secure diverse human resources in an effort to realize our management and business strategies, we have set a target when it comes to new hiring to achieve a ratio of mid-career hires (management, career track, and clerical positions) of at least 30%.

In order to achieve that target, we are strengthening our hiring team structure, expanding our recruitment

### (ii) Hiring of New Graduates

In addition to changes in the hiring environment, students' attitudes toward employment are also changing. The competition for talent is also becoming more intense. As part of our efforts to make our company more appealing to students, we have introduced a "course-based hiring" system which puts a limit to some extent on the jobs made available at the time of their

channels, reviewing our recruitment processes, and streamlining our onboarding program. In doing so, we are working hard to prevent situations where new hires end up being unsuitable for the role in question, to provide support so as to ensure that new hires quickly become acclimatized to their role, and to ensure their retention.

initial assignment. Limiting the types of jobs to which we assign new hires serves to enhance the clarity of their career paths. We do this to make it easier to provide the employee with an image of what their individual growth could look like. We will also be promoting the acquisition of talented people with diverse sets of ideas.

## Indicators and Targets

Material issues "Strengthening human capital and organizational execution abilities"

		Indicator		Result		Target		
		★: Sustainability Indicator		FY2021	FY2022	FY2023	FY2025	FY2030
Furukawa Electric	★	Ratio of mid-career hires*2 in total new hires*1		36%	45.7%	30%*3	30%*3	—

\*1. New hires represent new graduates and mid-career hires, covering management, career-track, and clerical positions.

\*2. As of March 31, the end of fiscal year

\*3. This means that a figure of approximately 30% will be maintained for each fiscal year.

## Flow of information, coordination and decision-making mechanism (organization × actions/systems)

### (1) Reviewing the operation of the target management system and following up [Furukawa Electric]

To realize our basic policy (2) "Each employee plays a leading role and works with a feeling of pride and excitement," we reviewed the operation of the target management system when we revised the human resource system in 2021, focusing on the following three items with the aim of improving performance, building a culture where people seek to take on challenges, and nurturing talent: (i) increasing opportunities of and improving the quality of feedback with the aim of enhancing the nurturing of talent, (ii) checking the difficulty level of role expectations defined by qualification and rank as well as individual targets with the aim of promoting the taking on of challenges, and (iii) checking alignment between individual target buildup and organizational targets with the aim of improving performance.

Specifically, at the beginning of the fiscal year, each employee was encouraged to set challenging target. In order to achieve those targets, supervisors provided support during the fiscal year, which made people more conscious of communication taking place between supervisors and team members. We have made changes to the operation of that system, so that it now involves positive impacts on both in terms of the nurturing of talent and the improvement of performance, which is achieved by frequently providing feedback through PDCA cycles taking place over short spans of time. At fiscal-year-end meetings, supervisors and team members undertake communication with one another concerning the facts obtained during daily activities, and provide feedback on positive points alongside points where things can be improved, thereby providing motivation when it comes to carrying out work in the next fiscal year.

Additionally, in terms of the results of monitoring

### (2) Strengthening labor governance

#### (i) Global

In order to reduce risks in the area of labor, we are systematically checking on the state of labor compliance undertaken in accordance with the laws and regulations

undertaken during FY2022, we found that there were improvements in terms of employees' actual sense for the linkage between organizational targets and personal targets and their actual sense of the support provided by superiors when setting challenging targets at the beginning of the fiscal year and the support provided throughout the fiscal year. More than 90% of respondents saying that they were "satisfied" or "somewhat satisfied" with the fiscal-year-end evaluation. This confirmed for us that communication between employees and their direct managers is generally going well. In order to further improve upon the operation of this system in the future, we will continue to monitor the implementation of target control, share information on operational concerns and good practices, and enhance our follow-up activities so that individuals can proactively take on the challenge of higher targets and get a sense for both their own growth and organizational contributions.

of the countries where our group operates and providing guidance when it comes to improvements.

**(ii) Activities of Domestic Affiliate Companies**

Individuals responsible for human resources at Group companies in Japan meet twice a year to share information on policies and issues related to human resources and labor within our Group, and strive to strengthen the Group's cooperation when it comes to various issues.

**(iii) Labor-management Relations (Furukawa Electric)**

When it comes to labor-management dialogue, we maintain the basic position that both labor and management should endeavor to engage in sincere discussions. As such, we focus on issue resolution and the deepening of mutual understanding based on that position. We hold our Central Management Briefings twice annually for formal exchanges of opinions between labor and management. We have conducted such meetings for 70 years since fiscal 1952. As of May 2023, meetings have been held 141 times in total. Representatives from labor and management actively exchange opinions and share information about a broad

In addition, in order to reduce the risks faced in the area of labor, we regularly check on the state of labor compliance with Group companies, and we provide them with support when it comes to responding to items requiring improvement, including in terms of reviewing the systems in place.

spectrum of items at these briefings, such as with respect to the business environment, management, and topical matters. We also have in place various committees which are designed to improve the working environment, such as the Personnel System Exploratory Committee and the Committee for Studying Shorter Hours. It is at these committees where management and labor discuss things on a daily basis. These discussions lead to improvements in various systems and strengthen monitoring functions, such as compliance responses. Through these activities, we endeavor to solve various issues.

**Abilities/skills (individuals × actions/systems)**

**Based on basic policy (1) "Secure diverse personnel and support the growth of people who continually take on challenges,"** we are implementing various measures from the perspectives of realizing management and business strategies and supporting the taking on of challenges and growth of diverse human resources.

**(1) Development of Human Resources**

In addition to the existing tier-based training, we have also implemented a program for training global human resources that will eventually shoulder the role of management in the future, as well as on-the-job training purposed with facilitating the realization of organizations that achieve results through teamwork.

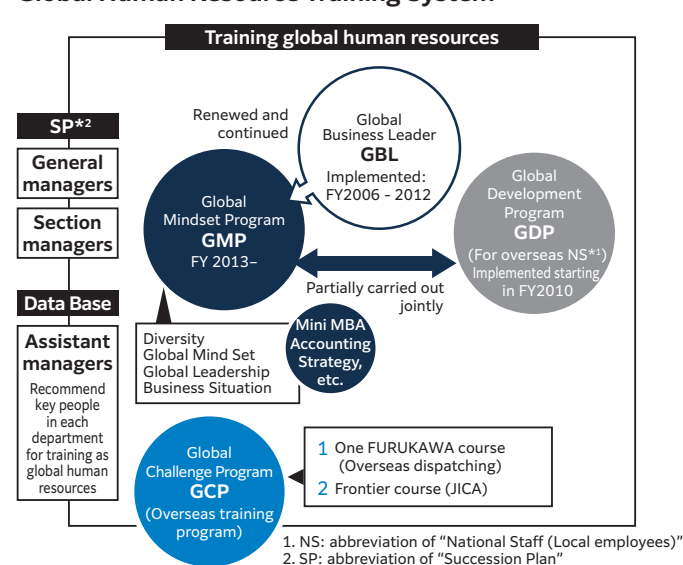
In FY2022, in addition to these initiatives, we began to

**(i) Global Human Resources Training System**

We started our Global Business Leader (GBL) training in FY2006 in order to develop personnel who will take on the role of management in the future. In FY2013, this was reformed into the Global Mindset Program (GMP), with an extra emphasis being placed on global human resource education. We have also operated a Global Development Program (GDP) for overseas local employees since FY2010 with the aim of strengthening links within Furukawa Electric Group, with the curriculum being partly shared with the GMP. Furthermore, in FY2014, we launched the Global Challenge Program (GCP). This program involves the dispatch of younger employees to foreign countries for certain periods of time, allowing us to secure diverse talent and provide opportunities for growth.

**(ii) OJT Training**

In order to realize organizations that achieve results through teamwork, we believe it is essential to improve the nurturing capabilities of our workplaces, including in relation to employees who are not instructors. As such, we provide "training for the building of organizations which have people grow" to all workplaces that accept new employees.

**Global Human Resource Training System**

We believe that generally speaking, there are many cases where, when it comes to OJT education, instructors and section managers work hard to provide guidance and follow up on operations in order to have new employees become more productive. Our own OJT support, however, does not entail the placement of instructors or mentors.

Rather, we appoint people to the role of "arranger," which we call an "OJT Leader." The OJT Leader ensures that all team members get involved in discussions. The goal of this, is to establish an educational system as an organization. We also provide opportunities to undertake PDCA cycles for OJT over the course of a year in order to go about establishing an educational system as an organization, which we do by providing training four

**(2) Improvement of MONOZUKURI Capabilities**

As part of our creation of a corporate culture that allows manufacturing site employees and other employees to share information on targets and execute their tasks, we are aiming to improve upon the "MONOZUKURI capabilities" we have as a whole unified group. Starting in FY2020, in response to the COVID-19 pandemic, we took the opportunity to implement a number of initiatives, such as changing some of the previous face-to-face joint training

**(3) Support for Career Development****(i) Career Support Office**

The Career Support Office was established in FY2021. With this office, we are expanding our efforts to support employees' self-directed career development in tandem with existing personnel systems, including career design training provided for each age group and class, seminars to help employees develop their careers, and individual career-related consultation meetings.

In FY2022, in addition to these initiatives, we began to consider reskilling measures. These include the production of visualizations of the gaps existing between the current situation and the capabilities and skills required from the

**(ii) Mechanisms for Individuals to Choose Their Careers**

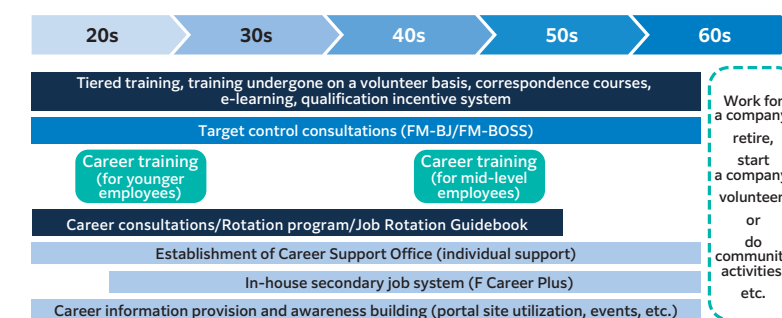
Since FY2021, we have been operating an in-house secondary job system. This system allows employees to volunteer for participation in projects that interest them and constitutes a mechanism serving to contribute to their own growth, fulfillment, and career development. Since the inception of the system, 71 employees have participated in 27 projects. This has served as a source of great stimulation for the departments taking on the volunteering employees, improved the motivation of the volunteering employees themselves, and has had a positive impact on the departments sending volunteering employees to participate in such projects.

In FY2023, in order to accelerate the realization of more self-directed careers for our employees, we are also considering the introduction of an open recruitment system that will allow employees to volunteer for organizational transfers.

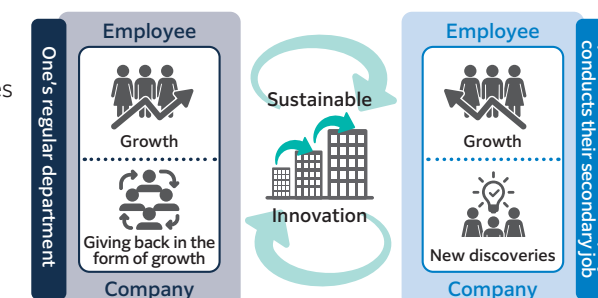
times a year to teach skills and share information on concerns and good practices among OJT leaders. Since 2021, there has been an increase in the number of cases such as those involving mid-career hiring. We have thus been providing the same OJT support as "training serving to strengthen competencies when it comes to leadership and training" through open recruitment at workplaces other than those that accept new employees.

sessions to having training sessions held at each individual site and the introduction of e-learning. We began work on creating a tool which provides visualizations of the strengths and weaknesses of divisions involved in manufacturing, and have applied it to two divisions on a trial basis to improve its level of completeness. In FY2023, we plan to begin its full-scale operations in five departments and expand the scope of departments in a sequential manner.

perspective of growth for both companies and individuals, as well as the creation of mechanisms aimed at the acquisition of capabilities and skills.

**In-house secondary job system (voluntary basis)**

- Provide support for self-directed career development and motivate employees to take on challenges.
- Create opportunities for the co-creation of diverse human resources across organizational boundaries.

**TOPICS**

Selected as a "Health Management Brand" and recognized as a "Health & Productivity Management Organization (White 500)" in 2023  
[https://www.furukawa.co.jp/release/2023/kei\\_20230308.html](https://www.furukawa.co.jp/release/2023/kei_20230308.html) (Only available in Japanese)



Selected as a "Nadeshiko Brand" in FY2022: Diversity and Inclusion promotion activities subject to positive assessment  
[https://www.furukawa.co.jp/release/2023/kei\\_20230323.html](https://www.furukawa.co.jp/release/2023/kei_20230323.html) (Only available in Japanese)





# Management Analysis of Operating Results and Financial Position

## Overall Business Condition and Business Results

In fiscal 2022, with the ease of restrictions on socio-economic activities during the COVID-19 pandemic, the global economy has been in a moderate recovery trend in terms of both demand and supply. On the other hand, the economic environment has remained uncertain due to global inflation along with further tightening in monetary policy, and geopolitical tensions, among others.

The United States saw downward pressure on consumption due to continued high prices, a decline in housing investments due to sharp and repeated interest rate increases, and adverse effects on financial positions of some financial institutions due to sharp monetary policy tightening. The U.S. economy has, however, stayed resilient, as consumer spending was underpinned by improved labor market conditions. In Europe, although the region saw the recovery in consumption due to the ease of restrictions for preventing the spread of COVID-19 as well as signs of recovery in car production, the economy has slowed down because of continuously rising prices due to energy price hike/supply constraint accelerated by the impact of the Russia-Ukraine situation. In China, despite the economic growth-oriented policy, the country saw a limited economic recovery due to strict movement restrictions under zero-COVID policy for a long time, followed by a rapid spread of COVID-19 after relaxing the restrictions, as well as the downturn in its real estate market.

In Japan, although the economy has been on a moderate recovery path as socio-economic activities has been normalized, it has not entered a full-fledged recovery due to such downward factors as high prices in response to the depreciation of the yen, as well as the impact of supply instability and price increases of oil, natural gas, and various raw materials.

Under such circumstances, Furukawa Electric Group defined its ideal state in 2030 and specified relevant target timeline and scope in “Furukawa Electric Group Vision 2030” (hereinafter, “Vision 2030”); and then formulated the Medium-term Management Plan “Road to Vision 2030: Transformation and Challenges” (hereinafter, the 2025 Mid-term Plan), looking forward from its ideal state in 2025 by backcasting from Vision 2030. Based on the 2025 Mid-term Plan, the Group has been working 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.” Furthermore, the Group has also strived for “strengthening the foundation for ESG management” as it supports the above-mentioned two initiatives.

With respect to “maximizing revenues in existing businesses through a focus on capital efficiency,” the Group has visualized the positioning of each business by

using indicators for growth potential and profitability, and accordingly allocated management resources to areas of growth potential in a targeted manner; and thereby promoted management with a focus on capital efficiency and reviewed the business portfolio. Under this initiative, the Company considered the positioning of its consolidated subsidiary, TOTOKU ELECTRIC CO., LTD., and sold all its shares in the subsidiary in December 2022. Furthermore, as for Communications Solutions business, the Company has strived for expanding sales of high-value-added products, and improving the productivity at its plants by securing and further nurturing human resources. As for Automotive Products business, the Company has established its production/supply structure, which has cost competitiveness and is tolerant of changes, and also strived to reduce costs through efforts for improving the operational processes, taking advantage of DX (Digital Transformation).

With respect to “building a foundation for creating new businesses by strengthening development and proposal capabilities,” the Company has worked on developing a technology to synthesize green LP gas\*1 that does not rely on fossil resources as an initiative for creating a new business that contributes to realizing carbon neutrality. To accelerate this initiative toward practical use, in September 2022, the Company launched Sustainable Energy Succession Project Team under the concept of “Succession of local resources and local culture for the future”\*2. Moreover, the Company concluded a contract with a UK client, who works on development of nuclear fusion\*3 power generation that is expected to be a next-generation energy source, to supply necessary high-temperature superconducting wire rods.

With respect to “strengthening the foundation for ESG management,” the Company has been working on achieving “Furukawa Electric Group Environmental Targets 2030” (hereinafter, “Environmental Target 2030”), aiming at contributing to a carbon-free society and contributing to realizing a recycling-based society for water and resources. For the greenhouse gas (GHG) emissions reduction target thereof, the Company obtained SBT WB2°C\*4 certification from the SBTi (Science Based Targets initiative). In order to accelerate its initiatives for realizing carbon neutrality, in December 2022, the Company revised the GHG emissions reduction rate in FY2030 under the Environmental Target 2030 to a higher level. With this revised target, the Company applied for SBT1.5°C certification\*5. It aims at achieving the target by saving energy during production, reviewing product designs, and using hydropower and solar power, among others. Furthermore, the Company has been continuously working on “strengthening human capital and organizational execution abilities.” In order to monitor the current state of human resources and organizations as well as the effect of improvement measures, in July 2022, the Company

conducted a survey on human capital/organizational execution abilities, including elements related to employee engagement, with the participation of employees of the Company and Group companies in Japan and abroad; and made use of the results for its subsequent activity plan. With respect to “human rights and labor practice”, Furukawa Electric Group has provided its managementlevel employees with human rights education as a part of human rights due diligence, and strived for establishing an objective and transparent relief mechanism by using an external point of contact for whistleblowing related to human rights.

With regard to the results in fiscal 2022, net sales of the entire Group increased due to increased sales from optical fibers in North America in Communications Solutions business, automotive products such as wire harnesses in the Electronics & Automotive Systems business, favorable exchange rates, and copper bullion price increase. In terms of profits and losses, despite the hike of raw material and fuel prices, profit increased due to the progress in the rationalization of selling prices via cost pass-through and depreciation of the yen.

As a result, the Group recorded consolidated net sales of ¥1,066.3 billion (up 14.6% year-on-year), consolidated operating profit of ¥15.4 billion (up 35.1% yoy), and consolidated ordinary profit of ¥19.6 billion (down 0.1% yoy). Furthermore, gain on sale of investment securities of ¥15.3 billion by selling stocks of consolidated subsidiaries was recorded as extraordinary income, and loss on business of subsidiaries and associates of ¥2.3 billion was recorded as extraordinary losses. Accordingly, profit attributable to owners of parent amounted to ¥17.9 billion (up 77.4% yoy). Overseas net sales amounted to ¥549.0 billion (up 17.0% yoy), and the overseas net sales ratio was 51.5% (up 1.1 percentage points yoy).

## Financial Position

Total assets at the end of the current fiscal year decreased ¥1.0 billion from the end of the previous fiscal year to ¥934.8 billion, inventories increased ¥8.2 billion, property, plant and equipment increased ¥9.1 billion, and investment securities increased ¥4.2 billion, while cash and deposits decreased ¥17.7 billion.

Total liabilities decreased ¥18.0 billion from the end of fiscal 2021 to ¥603.8 billion, with interest-bearing debt, including borrowings, bonds, and commercial papers, having decreased ¥18.3 billion compared to the end of fiscal 2021 to ¥323.8 billion.

Total net assets increased ¥16.9 billion from the end of

fiscal 2021 to ¥331.0 billion. Retained earnings increased ¥14.5 billion due to factors, such as an increase in profit attributable to owners of parent, and accumulated other comprehensive income increased ¥9.8 billion. As a result, the equity capital ratio rose 2.7 percentage points from the end of fiscal 2021 to 32.5%.

## Cash Flows

Cash and cash equivalents at the end of fiscal 2022 were ¥52.0 billion (down ¥15.7 billion from the end of fiscal 2021).

Net cash provided by operating activities amounted to ¥36.5 billion (up 49.8 billion from fiscal 2021) due to the recording of profit before income taxes of ¥30.3 billion, depreciation of ¥39.1 billion, loss on sale of short-term and long-term investment securities of ¥15.3 billion, and decrease in trade payables of ¥8.7 billion.

Net cash used in investing activities amounted to ¥21.7 billion (up ¥18.4 billion from fiscal 2021) due to the recording of purchase of property, plant and equipment of ¥35.9 billion, proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation of ¥11.9 billion.

Net cash used in financing activities amounted to ¥34.5 billion (down ¥69.5 billion from fiscal 2021) due to the recording of net decrease in commercial papers of ¥26.0 billion, proceeds from long-term borrowings of ¥10.6 billion, repayments of long-term borrowings of ¥13.0 billion, and dividends paid of ¥4.2 billion.

## Basic Policy on Profit Distribution and Dividends

The Company's capital allocation policy is to strike a balance among investments in growth and new business opportunity, improvement of balance sheet and shareholder returns, with management priority.

Based on this policy, as its shareholder return policy during the period of the Medium-term Management Plan “Road to Vision 2030: Transform and Challenge” ending in FY2025, the Company will focus its investment in growth segments in order to increase corporate value through profit growth, and provide a return to shareholders in a stable and continuous manner. Specifically, the Company will make performance-linked dividend distribution, which is projected to be roughly 30% of profit attributable to owners of parent.

Based on the above policy, the Company paid the year-end dividends of ¥80 per share for fiscal 2022, and will distribute the year-end dividends of ¥60 per share for fiscal 2023.

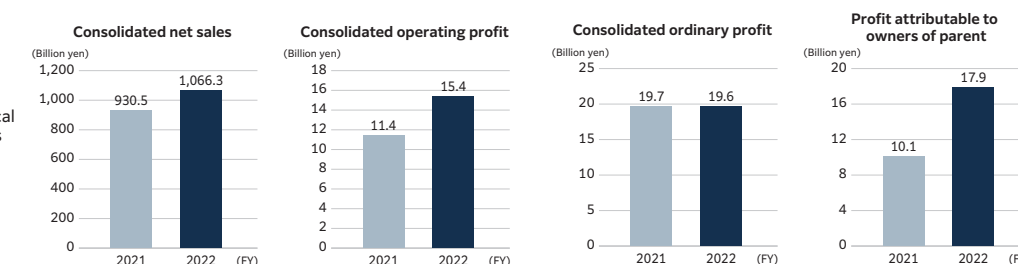
\*1. Green LP gas: LP gas produced from biogas (a mixture of methane gas, which is from the fermentation of animal manure and food waste, and carbon dioxide).

\*2. Succession of local resources and local culture for the future: This expresses passing on regional resources and cultures to the next generation in addition to local production for local consumption.

\*3. Nuclear fusion: The energy is released from nuclear fusion reactions by trapping high-temperature plasma (at several hundred million degrees), using a strong superconducting magnet. The fuel of nuclear fusion comes from seawater (deuterium=2H), so it is possible to generate power without CO<sub>2</sub> emissions and with reduced environmental burdens. Therefore, nuclear fusion power generation is attracting expectations as a next-generation energy source.

\*4. WB2°C: Greenhouse gas emissions reduction target to limit the temperature increase to “well-below 2 degrees Celsius” above pre-industrial levels.

\*5. In July, 2023, the SBT 1.5°C certification was acquired for the revised targets.



# Financial and Non-Financial Data

Mid-term management plan		New Frontier 2012 Furukawa G	Furukawa G Plan 2015				Furukawa G Plan 2020						Road to Vision2030
	(Millions of yen)	FY2012	FY2013	FY2014	FY2015		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating results (fiscal year)	Net sales	924,717	931,781	867,817	874,879		843,344	967,333	991,590	914,439	811,600	930,496	1,066,326
	Operating profit	17,763	25,456	17,873	27,116		38,623	44,804	40,842	23,565	8,429	11,428	15,441
	Ordinary profit	17,612	25,532	18,598	18,710		36,024	46,908	39,078	22,771	5,189	19,666	19,639
	Profit attributable to owners of parent	3,576	5,608	7,355	10,007		17,570	28,547	29,108	17,639	10,001	10,093	17,911
	Capital expenditures (CAPEX)	47,772	37,436	30,674	25,687		31,584	38,539	50,036	53,144	39,963	38,144	43,792
	Depreciation	35,347	28,106	22,508	23,235		23,307	25,106	26,271	29,423	32,163	33,721	39,098
	Research and development costs	20,210	17,461	16,599	16,845		17,454	19,532	21,141	21,650	20,217	20,761	23,324
Financial position (at the end of fiscal year)	Net assets	222,843	199,733	214,743	198,587		237,051	272,071	279,911	273,030	291,617	314,062	330,990
	Total assets	819,702	714,845	734,125	705,725		750,126	808,632	818,021	794,616	832,044	935,876	934,837
	Equity capital	165,739	177,237	190,741	173,163		206,712	236,518	247,659	240,280	259,870	279,219	303,547
	Operating assets* <sup>1</sup>	396,951	294,333	307,688	298,228		319,588	341,825	364,456	386,176	387,832	444,800	461,822
	Inventories	104,249	93,668	99,443	93,167		104,355	113,792	122,890	115,862	120,836	164,116	172,297
Cash flows (fiscal year)	Net cash provided by (used in) operating activities	54,947	18,912	41,489	41,569		40,402	38,429	46,460	41,942	(479)	(13,269)	36,516
	Net cash provided by (used in) investing activities	(44,939)	(40,290)	(23,533)	1,947		(36,361)	(34,319)	(31,042)	(33,119)	(1,908)	(40,074)	(21,677)
	Net cash provided by (used in) financing activities	(11,402)	29,917	(15,537)	(20,942)		(10,378)	(1,943)	(19,414)	(171)	35,140	35,020	(34,475)
Per share data* <sup>2</sup> (fiscal year)	Basic earnings per share (Yen)	5.07	7.94	10.42	14.17		249.17	405.05	412.98	250.20	141.88	143.40	254.45
	Net asset per share (Yen)	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	4,312.1
Ratios	Operating profit margin on sales (%)	1.92	2.73	2.06	3.10		4.58	4.63	4.12	2.58	1.04	1.23	1.45
	Equity capital ratio (%)	20.2	24.8	26.0	24.5		27.6	29.2	30.3	30.2	31.2	29.8	32.5
	Return on operating assets (%)* <sup>3</sup>	4.5	8.6	5.8	9.1		12.1	13.1	11.2	6.1	2.2	2.6	3.3
	ROE (%)	2.3	3.3	4.0	5.5		9.3	12.9	12.0	7.2	4.0	3.7	6.1
	ROA (%)	2.2	3.3	2.6	2.6		4.9	6.0	4.8	2.8	0.6	2.2	2.1
	Total asset turnover ratio (times)	1.15	1.21	1.20	1.22		1.16	1.24	1.21	1.13	1.00	1.05	1.14

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 inventories and tangible and intangible fixed assets.

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

\*3. Return on operating assets is the ratio of the operating profit over operating assets.

## Information for each region

Net sales and overseas net sales ratio (Millions of yen)	2018	2019	2020	2021	2022 (FY)
Japan	521,281	495,658	435,195	461,450	517,358
China	94,006	75,059	82,777	100,457	104,326
Asia (excluding Japan and China)	213,260	183,033	141,029	190,877	224,931
North and Central America	72,677	78,302	78,179	91,716	127,793
South America, Europe, and others	90,364	82,386	74,418	85,994	91,915
Consolidated net sales	991,590	914,439	811,600	930,496	1,066,326
Overseas net sales	470,309	418,781	376,403	469,046	548,967
Overseas net sales ratio (%)	47.4	45.8	46.4	50.4	51.5

As of March 31, the end of fiscal year. Net sales by region are based on the location of customers and are classified by country or region.

Environment	2018	2019	2020	2021	2022 (FY)
Greenhouse gas emissions (Scopes 1&2) (10 <sup>3</sup> t-CO <sub>2</sub> e)					
Japan	387	342	316	288	255
China	—	—	124	130	104
Asia (excluding Japan and China)	—	—	97	110	122
North and Central America	—	—	86	89	74
South America, Europe, and others	—	—	23	23	15
Total	843	742	648	640	571

Social	2018	2019	2020	2021	2022 (FY)
Number of Group employees (Unit: Persons)					
Japan	10,902	11,113	10,798	11,029	10,502
China	5,546	5,045	4,791	4,859	4,180
Asia (excluding Japan and China)	23,557	23,219	23,062	25,976	28,200
North and Central America	9,518	7,843	6,739	5,809	5,137
South America, Europe, and others	2,692	3,012	3,059	3,194	3,295
Total	52,215	50,232	48,449	50,867	51,314

As of March 31, the end of fiscal year.

Governance	2018	2019	2020	2021	2022 (FY)
Number of Group companies (Unit: Companies)					
Japan	41	44	42	42	41
China	19	18	17	18	19
Asia (excluding Japan and China)	34	35	33	33	34
North and Central America	12	12	14	13	13
South America, Europe, and others	16	17	17	18	20
Total	122	126	123	124	127

As of March 31, the end of fiscal year.



## Climate change data

Greenhouse gas emissions throughout the value chain (Furukawa Electric + Domestic and overseas group companies) <sup>(FY)</sup>  
(10<sup>3</sup> t-CO<sub>2</sub>e)

		2018	2019	2020	2021	2022
	CO <sub>2</sub>	148	139	115	121	<b>116</b>
	SF <sub>6</sub>	49	32	28	7	<b>37</b>
	Scope 1	197	172	143	128	<b>153</b>
	Scope 2	646	570	504	512	<b>418</b>
	Scope 1+2	843	742	648	640	<b>571</b>
Upstream	Category 1: Purchased goods and services* <sup>1</sup>	—	2,493	1,656	1,829	<b>1,855</b>
	Category 2: Capital good	—	187	158	134	<b>154</b>
	Category 3: Fuel- and energy-related activities* <sup>1</sup>	—	112	94	123	<b>110</b>
	Category 4: Upstream transportation and distribution* <sup>1</sup>	—	73	126	207	<b>323</b>
	Category 5: Waste generated in operations	—	22	21	22	<b>18</b>
	Category 6: Business travel* <sup>1</sup>	—	7	6	57	<b>12</b>
	Category 7: Employee commuting	—	23	23	24	<b>24</b>
	Category 8: Upstream leased assets	—	7	6	7	<b>9</b>
Downstream	Category 9: Downstream transportation and distribution* <sup>1</sup>	—	11	9	141	<b>9</b>
	Category 10: Processing of sold products	—	—	—	17	<b>16</b>
	Category 11: Use of sold products* <sup>1</sup>	—	1,720	1,980	1,575	<b>1,587</b>
	Category 12: End-of-life treatment of sold products* <sup>1</sup>	—	50	51	57	<b>63</b>
	Category 13: Downstream leased assets	—	2	3	4	<b>4</b>
	Category 14: Franchises	—	—	—	—	<b>—</b>
	Category 15: Investments* <sup>1</sup>	—	28	28	283	<b>274</b>
Scope 3* <sup>1</sup>		1,689	4,735	4,161	4,480	<b>4,458</b>
Scope 1+2+3* <sup>1</sup>		2,532	5,477	4,808	5,120	<b>5,029</b>

\*1. They were recalculated retroactively to FY2021 due to the partial re-evaluation of the calculation method in FY2023.

Electric power consumption and renewable energy (GWh)		2018	2019	2020	2021	2022 <sup>(FY)</sup>
Furukawa Electric + Domestic group companies	Purchased electric power (excluding renewable energy)	534	499	468	480	<b>343</b>
	Purchased electric power (renewable energy)	0	0	0	2	<b>99</b>
	Non-utility power generation (hydroelectric and solar photovoltaic)	109	113	93	97	<b>94</b>
	Total electric power consumption	643	612	561	579	<b>536</b>
	Renewable energy ratio to electric power consumption (%)	16.9	18.5	16.6	17.1	<b>36.0</b>
Furukawa Electric + Domestic and overseas group companies	Purchased electric power (excluding renewable energy)	1,256	1,150	1,052	1,107	<b>927</b>
	Purchased electric power (renewable energy)	13	26	25	36	<b>138</b>
	Non-utility power generation (hydroelectric and solar photovoltaic)	110	116	95	99	<b>97</b>
	Total electric power consumption	1,379	1,292	1,172	1,242	<b>1,162</b>
	Renewable energy ratio to electric power consumption (%)	8.9	11.0	10.2	10.9	<b>20.2</b>

Sales ratio		Unit	2018	2019	2020	2021	2022 <sup>(FY)</sup>
Furukawa Electric + Domestic group companies	Greenhouse gas emissions per unit of sales	t-CO <sub>2</sub> e/ million yen	0.678	0.660	0.660	0.621	<b>0.494</b>
			0.850	0.811	0.798	0.687	<b>0.535</b>
Furukawa Electric	Sales ratio of environment-friendly products	%	64.8	66.4	68.4	74.3	<b>73.7</b>
			40.5	56.2	58.2	61.9	<b>65.0</b>

## Occupational Health & Safety Data

		Unit	2018	2019	2020	2021	2022 <sup>(FY)</sup>
Furukawa Electric	The frequency rate of accidents resulting in time off work	—	0.48	0.59	0.11	0.32	<b>0.32</b>
Domestic group companies	The frequency rate of accidents resulting in time off work	—	0.56	0.32	0.21	0.25	<b>0.38</b>
Furukawa Electric	Employees receiving safety training	Persons	1,345	1,890	1,490	1,484	<b>1,858</b>
Furukawa Electric	Employees receiving health training	Persons	7,109	6,271	7,391	6,626	<b>9,684</b>
Furukawa Electric	Total time of receiving health training	Hour	3,584	2,929	2,803	1,944	<b>3,277</b>

The frequency rate of accidents resulting in time off work expresses the number of casualties per million actual work hours, (the number of casualties/Total actual work hours) x 1,000,000.

## Human capital data

		Unit	2018	2019	2020	2021	2022 <sup>(FY)</sup>
Consolidated	Number of employees	Persons	52,215	50,232	48,449	50,867	<b>51,314</b>
	Number of employees	Persons	3,816	3,925	4,084	4,201	<b>4,267</b>
Furukawa Electric	Ratio of female employees	%	9.2	10	12	12	<b>12</b>
	Average age of employees	Years old	44.2	44.1	43.8	43.8	<b>43.7</b>
	Average annual salary of employees	Thousands yen	7,351	7,208	6,916	6,962	<b>6,845</b>
	Average length of service of employees	Years	19.6	19.4	18.8	18.4	<b>19.9</b>
	Average of male employees	Years	19.7	20.8	20.2	19.7	<b>20.3</b>
	Average of female employees	Years	18.4	18.2	17.2	16.5	<b>16.8</b>
	Turnover rate of employees	%	1.2	1.7	1.6	2.8	<b>3.5</b>
	Turnover rate of male employees	%	1.2	1.8	1.6	2.6	<b>3.4</b>
	Turnover rate of female employees	%	1.6	0.8	1.5	4.8	<b>4.1</b>
	Manager candidates in total	Persons	507	502	520	522	<b>557</b>
Furukawa Electric	Ratio of female in manager candidates	%	7.1	8.8	10	11	<b>12</b>
	Managers in total	Persons	960	940	964	1053	<b>1,078</b>
	Ratio of female in managers	%	3.2	3.4	3.4	3.8	<b>4.8</b>
Furukawa Electric	Number of new graduate recruits	Persons	104	111	119	119	<b>108</b>
	Ratio of female in new graduate recruits	%	30	28	28	20	<b>27</b>
	Ratio of mid-career hires in total new hires* <sup>1</sup>	%	18	26	23	36	<b>45.7</b>
	Employment rate of people with disabilities* <sup>2</sup>	%	2.12	2.14	2.09	2.32	<b>2.35</b>

\*1. New hires represent new graduates and mid-career hires, covering management, career-track, and clerical positions.

\*2. As of June 1 of fiscal year

## Supply chain data

		Unit	2018	2019	2020	2021	2022 <sup>(FY)</sup>
Furukawa Electric	Number of partner evaluations (Number of major business partners)	Companes	213	199	198	248	<b>260</b>
	Number of participants in the Partners Meeting	Companes	57	59	—* <sup>1</sup>	57	<b>58</b>
	Number of co-creation partners undertaking CO <sub>2</sub> reduction through procurement logistics	Companes	20	24	25	25	<b>25</b>

Furukawa Electric Group calls suppliers who do business with us “partners” who collaborate with us to create value.

\*1. From the perspective of preventing new coronavirus infections, we have canceled the Partners Meeting.

## Executives data

		Unit	2018	2019	2020	2021	2022	2023 <sup>(FY)</sup>
Furukawa Electric	Directors	Persons	12	12	12	11	11	<b>11</b>
	Outside Directors	Persons	5	5	5	5	5	<b>5</b>
	Independent Directors	Persons	3	5	5	5	5	<b>5</b>
	Female Directors	Persons	0	1	1	1	1	<b>1</b>
	Audit & Supervisory Board Members	Persons	6	6	6	6	6	<b>6</b>
	Outside Audit & Supervisory Board Members	Persons	3	3	3	3	3	<b>3</b>
	Independent Audit & Supervisory Board Members	Persons	3	3	3	3	3	<b>3</b>
	Female Audit & Supervisory Board Members	Persons	0	0	1	1	1	<b>1</b>
	Corporate Vice Presidents	Persons	26	25	27	27	25	<b>23</b>
	Female Corporate Vice Presidents	Persons	1	1	1	2	1	<b>1</b>
	Non-Japanese Corporate Vice Presidents	Persons	4	3	3	3	2	<b>2</b>
	Senior Fellows	Persons	2	2	1	1	3	<b>3</b>

Numbers of Directors and Audit & Supervisory Board Members are as of the end of fiscal year, but are as of June 23 for fiscal 2023.

Numbers of Corporate Vice Presidents and Senior Fellows are as of April 1.

## Intellectual property (patent) data

		Unit	2018	2019	2020	2021	2022 <sup>(FY)</sup>
Furukawa Electric	Number of patents held in Japan	Patents	4,605	4,523	4,388	4,423	<b>4,364</b>
	Number of foreign patents held	Patents	2,712	2,910	2,976	3,160	<b>3,225</b>
	Total	Patents	7,317	7,433	7,364	7,583	<b>7,589</b>

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

# Consolidated Financial Statements

## Consolidated balance sheets (Millions of yen)

Assets	Previous fiscal year As of March 31, 2022	Current fiscal year As of March 31, 2023
Current assets		
Cash and deposits	65,153	47,432
Notes, accounts receivable-trade and contract assets	230,326	229,550
Securities	3,257	5,127
Merchandise and finished goods	59,932	65,755
Work in process	40,116	38,556
Raw materials and supplies	64,067	67,985
Other	41,157	33,803
Allowance for doubtful accounts	(1,048)	(1,389)
<b>Total current assets</b>	<b>502,963</b>	<b>486,821</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	246,887	247,121
Machinery, equipment and vehicles	475,919	491,387
Tools, furniture and fixtures	75,229	76,458
Land	35,935	33,473
Leased assets	1,273	1,169
Right-of-use assets	15,078	23,099
Construction in progress	20,074	23,069
Accumulated depreciation	(610,235)	(626,488)
<b>Total property, plant and equipment</b>	<b>260,163</b>	<b>269,288</b>
Intangible assets		
Goodwill	573	211
Other	19,947	20,024
<b>Total intangible assets</b>	<b>20,520</b>	<b>20,236</b>
Investments and other assets		
Investment securities	116,767	120,920
Investments in capital	6,082	4,262
Deferred tax assets	7,899	9,428
Retirement benefit asset	8,127	8,900
Other	14,264	15,894
Allowance for doubtful accounts	(912)	(915)
<b>Total investments and other assets</b>	<b>152,228</b>	<b>158,490</b>
<b>Total non-current assets</b>	<b>432,912</b>	<b>448,015</b>
<b>Total assets</b>	<b>935,876</b>	<b>934,837</b>

Liabilities	Previous fiscal year As of March 31, 2022	Current fiscal year As of March 31, 2023
Current liabilities		
Notes and accounts payable - trade	127,988	125,409
Short-term borrowings	115,000	141,281
Commercial papers	54,000	28,000
Income taxes payable	2,649	4,730
Provision for product warranties	3,045	2,238
Other	77,033	79,365
<b>Total current liabilities</b>	<b>379,716</b>	<b>381,025</b>
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	133,120	114,547
Provision for environmental measures	9,343	9,284
Retirement benefit liability	43,806	38,239
Asset retirement obligations	1,485	1,588
Other	14,340	19,161
<b>Total non-current liabilities</b>	<b>242,097</b>	<b>222,821</b>
<b>Total liabilities</b>	<b>621,813</b>	<b>603,846</b>

Net assets		
Shareholders' equity		
Share capital	69,395	69,395
Capital surplus	23,178	23,179
Retained earnings	174,346	188,847
Treasury shares	(901)	(871)
<b>Total shareholders' equity</b>	<b>266,018</b>	<b>280,550</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,446	10,546
Deferred gains or losses on hedges	2,963	204
Foreign currency translation adjustment	817	14,541
Remeasurements of defined benefit plans	(3,024)	(2,296)
<b>Total accumulated other comprehensive income</b>	<b>13,201</b>	<b>22,996</b>
<b>Non-controlling interests</b>	<b>34,843</b>	<b>27,442</b>
<b>Total net assets</b>	<b>314,062</b>	<b>330,990</b>
<b>Total liabilities and net assets</b>	<b>935,876</b>	<b>934,837</b>

## Consolidated statements of income (Millions of yen)

	Previous fiscal year From April 1, 2021 to March 31, 2022	Current fiscal year From April 1, 2022 to March 31, 2023
Net sales	930,496	1,066,326
Cost of sales	791,804	909,622
<b>Gross profit</b>	<b>138,691</b>	<b>156,703</b>
Selling, general and administrative expenses		
Selling expenses	38,850	47,732
General and administrative expenses	88,413	93,530
<b>Total selling, general and administrative expenses</b>	<b>127,263</b>	<b>141,262</b>
<b>Operating profit</b>	<b>11,428</b>	<b>15,441</b>
Non-operating profit		
Interest income	549	1,095
Dividend income	1,611	1,423
Share of profit of entities accounted for using equity method	9,045	5,991
Foreign exchange gains	1,496	1,668
Other	1,807	3,267
<b>Total non-operating profit</b>	<b>14,510</b>	<b>13,447</b>
Non-operating expenses		
Interest expenses	3,375	6,334
Other	2,897	2,914
<b>Total non-operating expenses</b>	<b>6,272</b>	<b>9,248</b>
<b>Ordinary profit</b>	<b>19,666</b>	<b>19,639</b>
Extraordinary income		
Gain on disposal of non-current assets	2,082	1,158
Gain on sale of investment securities	1,859	15,279
Insurance claim income	2,051	—
Settlement income	—	800
Refund of social contribution on net income (CSLL) for past years	2,722	—
Other	864	404
<b>Total extraordinary income</b>	<b>9,580</b>	<b>17,642</b>
Extraordinary losses		
Loss on disposal of non-current assets	1,296	1,187
Impairment losses	1,489	402
Loss on business of subsidiaries and associates	—	2,322
Business restructuring expenses	2,303	1,307
Other	3,727	1,758
<b>Total extraordinary losses</b>	<b>8,816</b>	<b>6,979</b>
<b>Profit before income taxes</b>	<b>20,430</b>	<b>30,302</b>
Income taxes-current	5,673	9,455
Income taxes - deferred	1,517	1,198
<b>Total income taxes</b>	<b>7,190</b>	<b>10,654</b>
<b>Profit</b>	<b>13,239</b>	<b>19,648</b>
Profit attributable to non-controlling interests	3,145	1,737
<b>Profit attributable to owners of parent</b>	<b>10,093</b>	<b>17,911</b>

## Consolidated statements of comprehensive income (Millions of yen)

	Previous fiscal year From April 1, 2021 to March 31, 2022	Current fiscal year From April 1, 2022 to March 31, 2023
<b>Profit</b>	<b>13,239</b>	<b>19,648</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,853)	(2,329)
Deferred gains or losses on hedges	(205)	(2,639)
Foreign currency translation adjustment	10,876	10,168
Remeasurements of defined benefit plans, net of tax	638	613
Share of other comprehensive income of entities accounted for using equity method	5,065	4,602
<b>Total other comprehensive income</b>	<b>14,521</b>	<b>10,416</b>
<b>Comprehensive income</b>	<b>27,760</b>	<b>30,064</b>
Comprehensive income attributable to:		
Owners of parent	23,814	27,605
Non-controlling interests	3,946	2,459

## Consolidated statement of cash flows (Millions of yen)

	Previous fiscal year From April 1, 2021 to March 31, 2022	Current fiscal year From April 1, 2022 to March 31, 2023
Cash flows from operating activities		
Profit before income taxes	20,430	30,302
Depreciation	33,721	39,098
Interest and dividend income	(2,160)	(2,519)
Interest expenses	3,375	6,334
Share of loss (profit) of entities accounted for using equity method	(9,045)	(5,991)
Foreign exchange losses (gains)	1,309	(1,612)
Loss (gain) on disposal of non-current assets	(786)	29
Loss (gain) on sale of short-term and long-term investment securities	(1,513)	(15,279)
Insurance claim income	(2,051)	—
Settlement income	—	(800)
Refund of social contribution on net income (CSLL) for past years	(2,722)	—
Impairment losses	1,489	402
Loss on valuation of inventories	373	725
Loss on business of subsidiaries and associates	—	2,322
Business restructuring expenses	2,303	1,307
Decrease (increase) in trade receivables and contract assets	(28,208)	5,775
Decrease (increase) in inventories	(36,005)	(3,419)
Increase (decrease) in trade payables	11,922	(8,656)
Increase (decrease) in retirement benefit liability	(1,049)	(3,997)
Increase (decrease) in provision for product warranties	(796)	(986)
Other, net	3,478	717
<b>Subtotal</b>	<b>(5,934)</b>	<b>43,751</b>
Interest and dividends received	2,473	5,296
Interest paid	(3,429)	(6,442)
Income taxes refund (paid)	(6,867)	(6,529)
Proceeds from insurance income	2,051	—
Settlement received	—	800
Payments of business restructuring expenses	(1,563)	(359)
<b>Net cash provided by (used in) operating activities</b>	<b>(13,269)</b>	<b>36,516</b>
Cash flows from investing activities		
Decrease (increase) in time deposits	(645)	179
Purchase of investment securities	(2,353)	(1,200)
Proceeds from sale and redemption of investment securities	2,462	6,613
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	595	11,943
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(266)	—
Purchase of property, plant and equipment	(36,493)	(35,878)
Purchase of intangible assets	(3,521)	(3,378)
Proceeds from sale of non-current assets	2,220	2,302
Decrease (increase) in short-term loans receivable	72	(155)
Other, net	(2,144)	(2,104)
<b>Net cash provided by (used in) investing activities</b>	<b>(40,074)</b>	<b>(21,677)</b>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	17,085	1,857
Net increase (decrease) in commercial papers	24,000	(26,000)
Proceeds from long-term borrowings	16,049	10,568
Repayments of long-term borrowings	(24,776)	(13,000)
Proceeds from issuance of bonds	10,000	—
Purchase of treasury shares	(359)	(1)
Dividends paid	(4,240)	(4,234)
Dividends paid to non-controlling interests	(825)	(1,204)
Other, net	(1,912)	(2,461)
<b>Net cash provided by (used in) financing activities</b>	<b>35,020</b>	<b>(34,475)</b>
Effect of exchange rate change on cash and cash equivalents	(1,815)	2,750
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(20,139)</b>	<b>(16,885)</b>
Cash and cash equivalents at beginning of period	87,189	67,632
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	582	1,197
Increase in cash and cash equivalents resulting from merger	—	6
<b>Cash and cash equivalents at end of period</b>	<b>67,632</b>	<b>51,950</b>



# Company Profile and Stock/Dividends Information

## Company Profile

Company name	Furukawa Electric Co., Ltd.
President	Hideya Moridaira
Founded	1884
Established	June 25, 1896
Paid-in capital (As of March 31, 2023)	¥69,395 million
Net sales (Years ended March 31, 2023)	¥1,066,326 million (consol.) ¥305,835 million (non-consol.)
Number of employees (As of March 31, 2023)	51,314 (consol.) 4,267 (non-consol.)
Head office	Tokiwabashi Tower, 6-4 Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8322, Japan
TEL.	+81-3-6281-8500
Website	<a href="https://www.furukawa.co.jp/en/">https://www.furukawa.co.jp/en/</a>
Consol. Subsidiaries (As of March 31, 2023)	111
Equity-method affiliates (As of March 31, 2023)	15

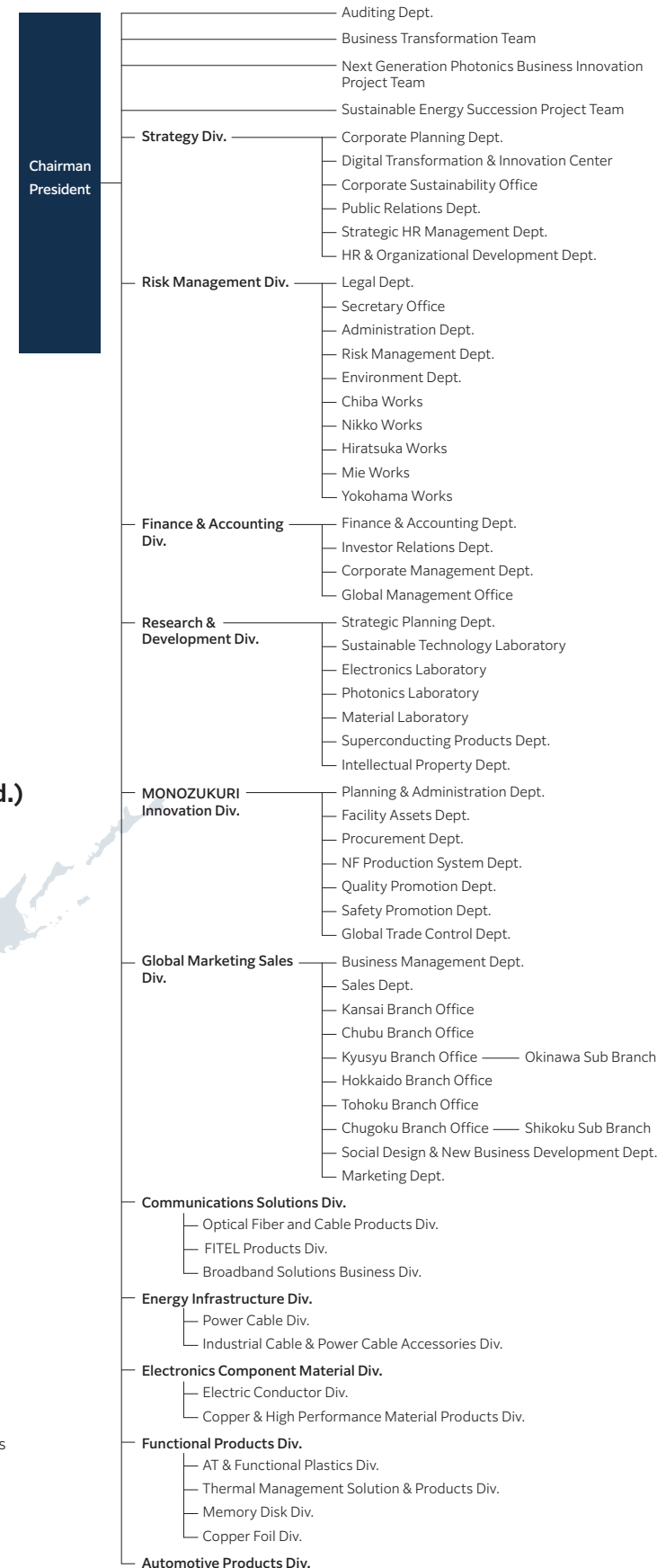
## Domestic Locations (Furukawa Electric Co., Ltd.)

(As of April 1, 2022)



## Furukawa Electric Co., Ltd. Organization Chart

(As of Apr.1, 2023)



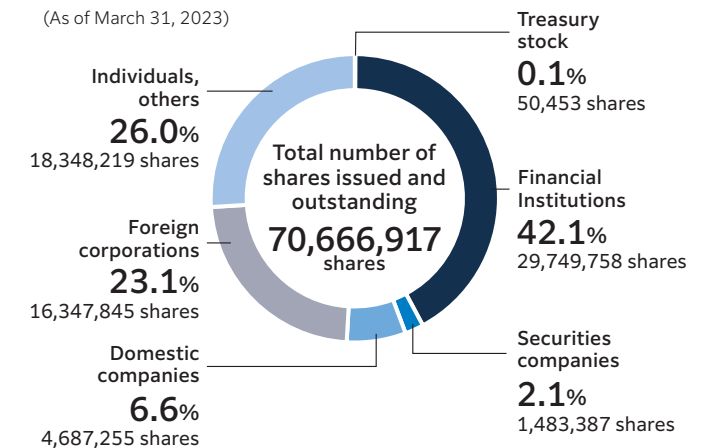
## General Stock Information

(As of March 31, 2023)

Stock code on the Tokyo Stock Exchange	5801
Stock exchange listings	Tokyo Stock Exchange, Prime Market
Number of shares authorized	Common Stock 250,000,000 shares
Common stock issued	Common Stock 70,666,917 shares
Number of shareholders	Common Stock 45,574 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 Tohmatsu LLC
Main stock indices employed	Nikkei Index 225

## Distribution of Ordinary Stock Among Shareholders

(As of March 31, 2023)



## Major Top 10 Shareholders of The Company and the Company's Capital Contributions to Such Shareholders

(As of March 31, 2023)

Name of major shareholders	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,829,200	16.75
Custody Bank of Japan, Ltd. (Trust Account)	4,763,900	6.75
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	3,154,100	4.47
Custody Bank of Japan, Ltd. (Trust Account 4)	2,718,200	3.85
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	2,413,500	3.42
Asahi Mutual Life Insurance Company	1,365,050	1.93
FURUKAWA CO., LTD.	1,329,045	1.88
DFA INTL SMALL CAP VALUE PORTFOLIO	1,292,296	1.83
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1,091,900	1.55
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,072,400	1.52

\*1. Shareholding ratio is calculated with the number which deducted 50,453 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.

\*3. In addition to the above-mentioned 1,365,050 shares, Asahi Mutual Life Insurance Company holds additional 1,050,000 shares in its retirement benefits trust.

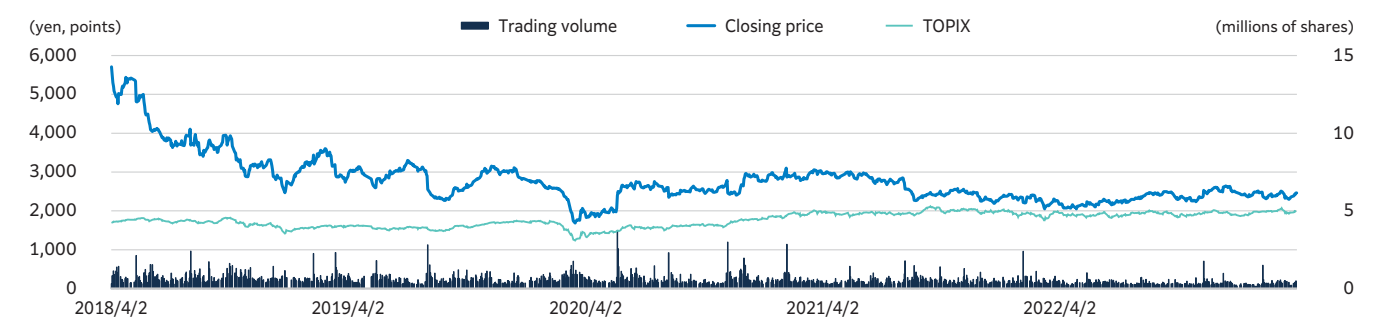
## Cash Dividends per Common Share

Fiscal year	2018	2019	2020	2021	2022
Interim dividend (yen)	0	0	0	0	0
Year-end dividend (yen)	85	85	60	60	80
Total dividend (yen)	85	85	60	60	80

## Total Shareholder Return (TSR)

Fiscal year	2018	2019	2020	2021	2022
TSR (%)	50.4	37.4	56.0	43.2	49.6
(TOPIX)(%)	(92.7)	(81.7)	(113.8)	(113.4)	(116.7)
High (yen)	5,760	3,305	3,115	3,110	2,668
Low (yen)	2,453	1,620	1,746	2,050	2,033

## Stock Price and Trading Volume (From April 1, 2018 to March 31, 2023)



## 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, 2022 to July 31, 2023.

### 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 2023).

#### FTSE4Good Index Series

<https://www.ftserussell.com/products/indices/ftse4good>

#### FTSE Blossom Japan Index Series

<https://www.ftserussell.com/products/indices/blossom-japan>

### MSCI Japan Empowering Women Index (WIN)

#### 2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Furukawa Electric was selected as a constituent of the MSCI Japan Empowering Women Index (WIN) (June 2023).

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.

### Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

We are selected as a constituent of the Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J). The constituents are categorized into five groups, with us being classified in Group 2, the second from the top (December 2022).

### 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", carbon disclosure status as "disclosed" and TCFD status as "Integrated" (June 2023).

### SBT (Science Based Targets)



The SBT 1.5°C certification were acquired (July, 2023).

### CDP

Furukawa Electric received an "A-" evaluation for "Climate Change" of the CDP in 2022, and was also selected as a "Supplier Engagement Leader" in the CDP Supplier Engagement Rating (SER) (February 2023).



### MSCI ESG Rating

Furukawa Electric received a "BBB" evaluation for the MSCI ESG Rating (April 2023).



## Participation in initiatives

Furukawa Electric participates in the following ESG-related initiatives.

### United Nations Global Compact

Furukawa Electric has been involved 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 2023

I would like to say a few words on this occasion of the issuance of Furukawa Electric Group Integrated Report 2023.

We issued our first Integrated Report in FY2020 with the aim of providing investors and other stakeholders with an understanding of the initiatives we are undertaking when it comes to the creation of value in the medium- to long-term and the enhancement of our corporate value. After undertaking a constant process of trial and error each year thereafter, we were able to issue our fourth Integrated Report based on the opinions of institutional investors and analysts, the results of assessments by rating agencies, and various kinds of guidance. In particular, we worked on expanding the disclosure in terms of the following three items.

**(i) Expanding disclosure concerning sustainability and value creation processes:** With a strong focus on linkage with our "Approach and Initiatives toward Sustainability" described in our Annual Securities Report, we have not only unified the charts we publish, but we have also worked to select descriptions that are of high interest to institutional investors and analysts in order to ensure that readers can smoothly go from reading the Annual Securities Report to reading the Integrated Report. When it comes to the sustainability indicators set for each material issue, we have not only been simply showing result figures. We have also been working on the analysis of those results and explanations concerning the directions we need to go in when it comes to achieving targets.

**(ii) Expanding disclosure concerning human capital:** With regard to the material issue of "Strengthening Human Capital and Organizational Execution Abilities," we set up a framework based on four perspectives ("individuals," "organization," "awareness/mindset/culture" and "actions/

systems") and six elements ("engagement," "leadership/team mindset," "organizational culture/communication," "abilities/skills," "design of the organization/personnel composition," and "flow of information, coordination and decision-making mechanism") taking into consideration the connection with our business and management strategies. Having done that, we have endeavored to have our efforts in that regard make it possible for one to ascertain an overall picture of our strategies.

**(iii) Expanding disclosure concerning corporate governance:** With regard to the content of discussions undertaken at the Board of Directors and the Nominating/Compensation Committee, which is of great interest to institutional investors and analysts, we had the "Nomination Process for a New President" and "ESG-linked Remuneration" discussed as themes within the Message from Outside Directors.

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



October 2023  
Corporate Vice President  
General Manager, Corporate Sustainability Office,  
Strategy Division  
**Mami Masuda**

### For inquiries

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### Editing and Publication

Corporate Sustainability Office, Strategy Division  
Furukawa Electric Co., Ltd.



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