ESG Briefing

ESG Initiatives Directed at Achieving Furukawa Electric Group Vision 2030

March 13, 2023

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Agenda

1. Overview of ESG Management and Positioning of the Medium-Term Management Plan
2. Achieving Carbon Neutrality
3. Strengthen human capital management and organizational execution abilities
4. Establish governance structure to strengthen risk management
5. Summary

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1. Overview of ESG Management and Positioning of the Medium-Term Management Plan

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Furukawa Electric Group Values and ESG Management

ESG Management Approach :

Management aimed at increasing corporate value over the medium to long term based on ESG (Environmental, Social and Governance) to achieve Vision 2030

Group Philosophy

Corporate Philosophy

Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.

Core Value

Core Value

"Integrity" "Innovation" "Addressing Reality" "Ownership and Speed" "Collaboration"

Vision 2030

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.

Materiality

Important issues for achieving Vision 2030

Mid-term management plan

Business activities

2025 Mid-term Plan

Road to Vision 2030
-Transform and Challenge-

The Furukawa Electric Group CSR Code of Conduct

CSR Code of Conduct

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

2020 — 2025 — 2030

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Materiality and Enhancement of Corporate Value

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Materiality : Important issues for achieving Vision 2030

Revenue Opportunities

1. Create businesses that solve social issues
2. Open, Agile, Innovative
3. Build partnerships with various stakeholders

Risks

- E: Develop business activities that consider climate change
- S: Strengthen human capital management and organizational execution abilities
- G: Build a governance system to strengthen risk management

Improve capital efficiency

Reduce cost of capital

Achieve the Vision 2030

Sustainable growth of the Group and medium-to long-term growth of corporate value

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Value creation process directed at 2030

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Furukawa Electric Group Corporate Philosophy

Today — Forward-looking → **2025** — 2025 Mid-term Plan (Financial targets / Sustainability targets) ← Backcasting — **2030**

Furukawa Electric Group Vision 2030

※1: 4 core technologies :metal, polymer, photonics, high frequency

※2: Including enhance utilization of intellectual property

※3: B5G (Beyond 5G)

Furukawa Electric Group's business model and strengths

- 4 core technologies※1
- Development and proposal capabilities not limited to specific markets
- Trusted by customers

Create and strengthen businesses based on an awareness of capital efficiency

Strengthen the management foundation directed at reducing capital costs

New business models

Reinforce the strengths※2

Revenue Opportunities 2: **Open, Agile, Innovative**

Revenue Opportunities 3: **Form partnerships with diverse stakeholders**

Revenue Opportunities 1: **Leap forward through the creation of businesses designed to solve social issues**

Businesses that support next generation infrastructure

Environmentally friendly businesses

Growth through strengthening the businesses designed to solve social issues

Stabilize profits in information, energy and mobility

Contribute to realizing a society that combines these domains

Risks E: Develop business activities that consider climate change

Risks S: Strengthen human capital management and organizational execution abilities

Risks G: Build a governance system to strengthen risk management

Corporate governance / Group governance / Supply chain management / Human rights & labor practices

Social issues

Information	Realize a B5G※3 society
Energy	Become carbon neutral
Mobility	Realize next generation infrastructure that enjoys universal mobility
New domain	Realize longer healthy life expectancy

Realize a circular economy

Partnerships with multiple stakeholders

The Furukawa Electric Group CSR Code of Conduct

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Value creation story of Revenue Opportunities and 2025 Mid-term Plan

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Past-Today → **2025 Mid-term Plan** → **Achievement of Vision 2030**

Core technologies

Metal, Polymer, Photonics, High frequency

Reinforce the strengths

Utilize intellectual property

Development and proposal capabilities not limited to particular markets

New business models

Promote DX

Trust from customers and stakeholders

Resonate with the ecosystem, and co-creation in harmony with partners

Increase capital efficiency

- Next generation photonics products
- Bipolar lead storage batteries
- Development of green LP gas production technology
- Industrial lasers
- Wireless power transmission

→ **Fusion of information, energy and mobility**

Photonics-electronics convergence
Local production, consumption & succession energy
Next-generation mobility

- Michiten® Series
- Tellumino®

→ **New domain**

Social infrastructure DX
Life sciences

- Optical fiber and cable
- Tape for semiconductor process
- Power cable systems
- Wire harnesses

Create businesses that solve social issues

Strengthen the businesses that solve social issues

	Information	Energy	Mobility	New domain
Next generation photonics products	◎	◎		
Bipolar lead storage batteries		◎		
Development of green LP gas production technology		◎		
Industrial lasers		◎	◎	
Wireless power transmission	◎	◎	◎	
Michiten® Series				◎
Tellumino®				◎
Optical fiber and cable	◎			
Tape for semiconductor process	◎			
Power cable systems		◎		
Wire harnesses			◎	

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New initiatives in the 25 Mid-term Plan
～Set sustainability indicators and targets～

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Concept of sustainability indicators and targets

In order to increase corporate value from the perspective of both revenue opportunities and risks, set sustainability indicators (KPI) for the materiality and sustainability targets for FY2025

			FY2021 Actual	FY2022 Progress	FY2022 Target	FY2025 Target
Revenue opportunities	**Create businesses that solve social issues**					
	Sales ratio of environmentally friendly products	Consolidated	61.9%	–	64%	**70%**
	Open, Agile, Innovative/ Build partnerships with various stakeholders					
	R&D expense growth rate for new businesses (compared to FY2021)	Consolidated	<100%>	–	115%	**125%**
	Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses	Consolidated	17%	**30% or higher**	30%	**100%**
Risks	**Develop business activities that consider climate change**					
	GHG emissions reduction rate (Scope 1, 2) (compared to FY2017)	Consolidated	(29.0%)	–	(17.7%)	**(28.3%)**
	Ratio of renewable energy use to total consumption	Consolidated	10.9%	**13% or higher**	11.5%	**13%**
	Strengthen human capital management and organizational execution abilities					
	Employee engagement scores	Non-consolidated	–	**65**	Start measuring	**75** (new setting)
	Ratio of female managers	Non-consolidated	3.8%	–	4.5%	**7%**
	Ratio of career track hiring among total new staff hiring (Managers, career track employees, non-career track)	Non-consolidated	36%	**45% (forecast)**	30%	**30%**
	Build a governance system to strengthen risk management					
	Ratio of follow-up management activities for all risk domains	Consolidated	88%	–	93%	**100%**
	Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Consolidated	Non-consolidated 20%	**Global 30% or higher**	Global 20%	**Global 100%**
	Implementation rate of human rights risk training for managerial positions	Consolidated	–	**Global implementation rate 100%**	Start in Japan	**Global 100%**

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2. Achieving Carbon Neutrality

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Materiality closely related to “achieving carbon neutrality”

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Materiality : Important issues for achieving Vision 2030

Materiality of opportunities that are closely related to realizing carbon neutrality

Revenue opportunities

1. Create business that solve social issues
2. Open, Agile, Innovative
3. Build partnerships with various stakeholders

Materiality of risks that are closely related to realizing carbon neutrality

Risks

- E: Develop business activities that consider climate change
- S: Strengthen human capital management and organizational execution abilities
- G: Build a governance system to strengthen risk management

Improve capital efficiency

Reduce cost of capital

Achieve the Vision 2030

Sustainable growth of the Group and medium-to long-term growth of corporate value

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Impact of climate change on the group's businesses

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In accordance with the TCFD recommendations, conducted analysis of a "2℃ or lower scenario" and "4℃ scenario" (※) Identified the climate change risks (transitional risks & physical risks) and opportunities, and evaluated the level of impact on the businesses

Impact on the businesses in 2030 (↑↑: Positive impact, ↓↓: Negative impact, →: Minimal impact)

Category			Individual climate change risks and opportunities	Impact on the businesses: 2℃ or lower	Impact on the businesses: 4℃
			Items for which carbon neutral will have a significant impact on the businesses		
Opportunities	Markets		Increased sales and profits from accelerated implementation of 5G/B5G following the boom in data traffic and shift to smart cities	↑↑	↑
			Increased sales and profits from higher demand for telecommunications, semiconductor memory and 5G/smartphone products		
			Increased sales and profits from higher demand for submarine power cable and enhanced main line networks following the increased installation of renewable energy		
			Increased sales and profits from higher demand for vehicle electrification and lighter weight products		
	Products and services		Increased sales from stronger requests for recycled products and low and carbon-free products in response to CN and CE	↑↑	↑
Risks	Transitional risk	Policies / regulations	Carbon taxes on GHG emissions	↓↓	→
		Markets	Increased renewable energy procurement costs	↓↓	→
			Increased procurement costs due to carbon taxes levied on materials (copper, aluminum, resin)	↓↓	→
	Phyical risk	Acute	Damage to buildings due to large-scale abnormal weather events (typhoon, heavy rain, heavy snow, lightning)	→	→
			Supply chain disruptions of suppliers and customers due to climate related disasters		
			Suspended operations due to flooding at coastal production sites	↓	↓↓
		Chronic	Suspended operations due to drought	↓	↓↓

※ Referenced multiple existing scenarios published by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC)

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Furukawa Electric Group initiatives directed achieving carbon neutrality

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Refer to the items that will have a large impact on the businesses under the 2℃ or lower scenario, and formulate a basic stance toward carbon neutrality

Furukawa Electric Group's basic stance toward carbon neutrality

1. Eliminate or reduce direct CO_2 emissions
2. Eliminate or reduce CO_2 emissions by society
3. Capture or transform the CO_2 that is emitted

2050 (Ultra long-term)

Environmental Vision 2050

- **Scope 1, 2**: Challenge target of zero emissions
- **Value chain:** Reduce overall GHG emissions

2030 (Long-term)

2030 Environmental target

- **Scope 1, 2**: (42%) (compared to FY2021)
- **Scope 3**: (25%) (compared to FY2021)

2025 (Medium-term)

Sustainability target

- **Scope 1, 2**: (28.3%) (compared to FY2017)
- **Renewable energy ratio:** 13%

Materiality of the risks

Realize carbon neutrality

Expanding the use of renewable energy

Enhancement of earning with offshore wind power market expansion and the development of wide-area interconnection lines

Realize B5G society

Establish fully optical networks

Realize a high energy efficient society

Building a social infrastructure that enables "local production, consumption & succession"

Local consumption of locally produced energy

Pass on the local resources and culture to the next generation

Stabilize the earnings in existing businesses

Capture demand for development of power backbone transmission lines, and renewable energy

Build a foundation for creating new businesses

Development of low power consumption, high performance photonics products

Develop technology for producing green LP gas using metal Ramune catalyst®

Strengthen the businesses that solve social issues

Materiality of the revenue opportunities
(Create businesses that solve social issues)

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2. Achieving carbon neutrality

Initiatives for acquiring revenue opportunities related to climate change

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Strengthening earnings by expanding the use of renewable energy sources

2. Eliminate or reduce CO2 emissions by society

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Aiming for a virtuous cycle of carbon neutrality and enhanced profitability in anticipation of the expansion of the offshore wind power generation market and the development of wide-area interconnection lines

Factors in the social issues that should be resolved

Submarine cable for offshore wind power
(implantable type ⇒ floating type)
Development of new technologies such as dynamic cables
Large-capacity and long-distance power transmission:
extra-high-voltage direct current cables
Ultra-high voltage, longer length, connection technology

Trust from stakeholders

Open, Agile, Innovative

Partnerships

NEDO Green Innovation Fund Project

Selected to participate in 3 projects for "Cost Reductions for Offshore Wind Power Generation"

Products / Services

Core technologies

Metals

Conductors, armoring, etc.

Polymers

Highly reliable coating technology

Power cable

- Extra-high voltage and high voltage underground power cable, components and installation
- Submarine power cable and installation

Submarine and Underground cable

High voltage DC line

2025 Mid-term Plan :

Tripled domestic sales of renewable energy (FY2021→FY2025)

Development and commercialization of new submarine cable technology for offshore wind power generation

Market growth for offshore wind power

Increase in demand for wide-area interconnection lines due to expansion of renewable energy

Market growth for wide-area interconnections

Expansion of renewable energy diffusion

Strengthening the electric power grid

Social issues

Realize carbon neutrality

Realize infrastructure enhancement

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Creation of next-generation photonics business

2. Eliminate or reduce CO2 emissions by society

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Contributing to the realization of a fully optical network and a highly efficient energy society through the development of high-performance photonics products

Factors in the social issues that should be resolved

Small, high speed, high output, high efficiency light sources

Trust from stakeholders

Core technologies

Photonics

Compound semiconductor laser manufacturing technology

Optical packaging technology

Optical integration technology

Optical fiber and connector technology

High frequency

High frequency circuit design technology

Development and proposal capabilities not limited to particular markets

Excitation light sources for Raman amplifiers
Digital coherent communication light sources

Broadly respond to the optical communications market

Develop low power consumption, high performance photonics products

Creation of businesses that solve social issues

Market forecast in 2030

Photonics-electronics convergence market will grow several times its current size (estimate)

Products and services

Ultra-compact wavelength tunable laser

High output DFB external light source

New functional optical fiber

Open, Agile, Innovative

Partnerships

IOWN※ concept

Realize fully optical networks

Realize a high energy efficiency society

Social issues

Realize B5G society

Realize carbon neutrality

※ IOWN:Innovative Optical and Wireless Network

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Create a new business model through green LP gas

3. Capture or transform the CO2 that is emitted

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Through the increased use of green LPG, establish social infrastructure that will enable the local consumption of locally produced energy and passing down the rich local resources to the next generation

Factors in the social issues that should be resolved

Effective use of local resources, and realization of carbon neutrality and a recycling-based society

Trust from stakeholders

Core technologies

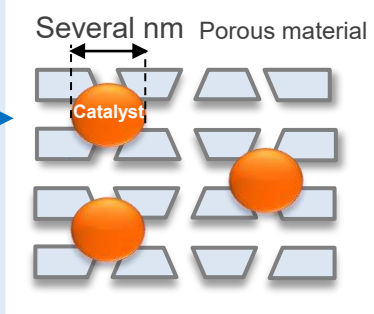
Metals

Supported metal catalysts technology

Polymers

Material processing technology

Development and proposal capabilities not limited to particular markets



Technology for the synthesis of green LP gas using Ramune catalyst®

Creation of businesses that solve social issues

Local consumption of locally produced energy
Pass on the local resources and culture to the next generation

Green LP gas

Commercialization of green LP gas

2023 Demonstration by small test machine
2025 Start a field trial
2030 Commercialization
(Target) Produce 1,000 tons/year

Creation of a new business model

Expanded use of green LP gas

Local recycling and ecosystem formation

Social issues

Realize carbon neutrality

Town planning for mitigating disasters

Regional revitalization & stimulation of regional economies

Open, Agile, Innovative

Partnerships

- **Hokkaido Univ., Shizuoka Univ.** (Catalyst technology)
- **Shikaoi Town, Hokkaido** (Field trial location)
- **LP gas companies** (Logistics)
- **NEDO** (Green Innovation Fund Project)

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2. Achieving carbon neutrality

Initiatives for reducing GHG emissions

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Strengthen the initiatives for reducing GHG emissions

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To accelerate carbon neutral efforts, revised 2030 Environmental Target (greenhouse gas emission reduction target) and applied for SBT 1.5°C certification. Also started to address the 1.5°C scenario of TCFD.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
2030 Environmental target and SBT	Set 2030 environmental target (Mar 2019)	Acquire **SBT2℃** certification (Aug 2019)		Revise the 2030 environmental target (Nov 2021)	Acquire **SBTWB2℃** certification (Jul 2022)	
					Revise the 2030 environmental target (Dec 2022)	Applying for **SBT1.5℃** certification
TCFD Scenario analysis		**2℃ or lower scenario**			**1.5℃ scenario**	
		Optical fiber and cable			Optical fiber and cable	
		Power cable			Power cable	
			Automotive products		Automotive products	
				AT & functional plastics	AT & functional plastics	
				Copper strips and high-performance materials	Copper strips and high-performance materials	

Declared its endorsement of the TCFD (Jan 2020)

※ **Disclosure of information in accordance with the TCFD recommendations** https://furukawaelectric.disclosure.site/en/themes/199

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GHG emissions (Scope1, 2)

1. Eliminate or reduce direct CO_2 emissions

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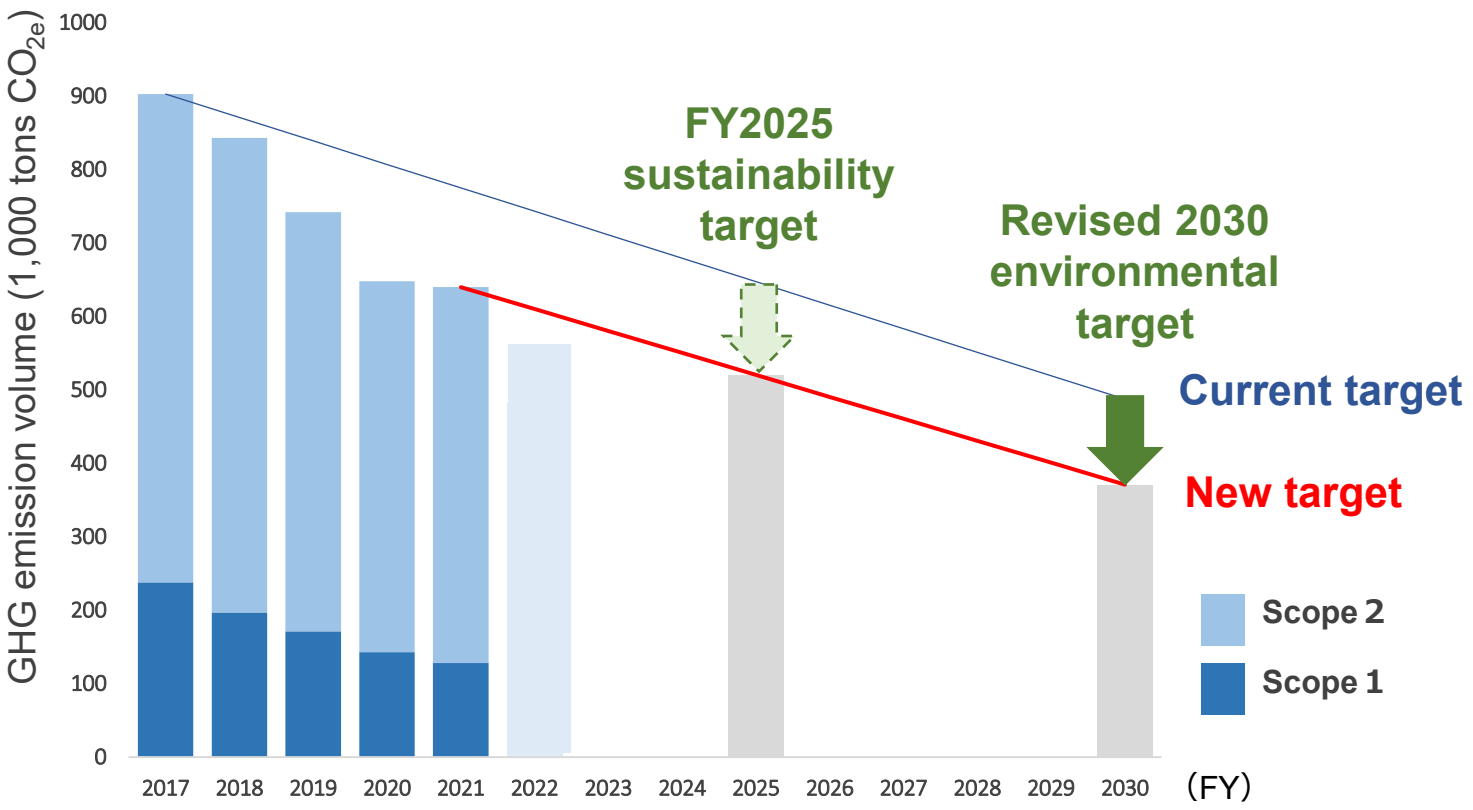
2030 Environmental target

GHG emissions from business activities (Scope 1, 2)
(Current) Reduce by at least 46% compared to FY17 → **(Revised) Reduce by at least 42% compared to FY21**

Furukawa Electric Group total GHG emissions (Scope 1, 2)



Common initiatives for Scope1 & 2

- Conserve energy during manufacturing, increase efficiency and reduce the amount of energy used
- Revise the product designs, and reduce the product size and weight

Scope 1 initiatives

- Switch fuels
  (Shift to town gas & LNG, use heat as a source of electric power)

Scope 2 initiatives

- Continue to use hydroelectric power
- Install solar panels
- Use electric power generated from renewable energy

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Expand introduction of renewable energy

1. Eliminate or reduce direct CO_2 emissions

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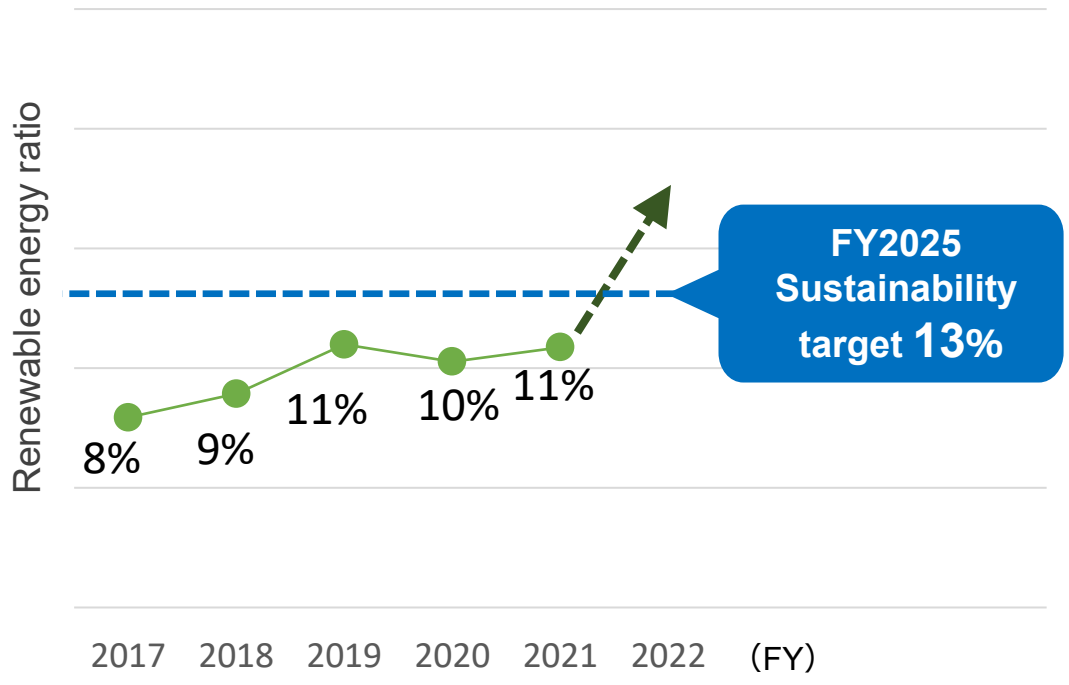
Sustainability indicator Ratio of renewable energy to electricity consumption

FY2025 sustainability target: 13%→**Considering raising the target**

Ratio of renewable energy to electricity consumption



●Install solar panels

- January 2022 Furukawa AS head office started generating solar power
- From FY2023 Start generating solar power at affiliated companies in Japan and overseas

●Use electric power generated from renewable energy

Shift to 100% green energy at the plants

- April 2022 Copper Foil Division (Imaichi East Plant)
- October 2022 Thermal Management Solution & Products Division (Philippines plant)
- October 2022 AT & Functional Plastics Division (Hiratsuka Plant)

- Installation of renewable energy has progressed since 2022, and it is expected to greatly exceed the FY2025 sustainability target
- Considering revising the FY2025 sustainability target

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GHG emissions (Scope3)

1. Eliminate or reduce direct CO_2 emissions
2. Eliminate or reduce CO2 emissions by society

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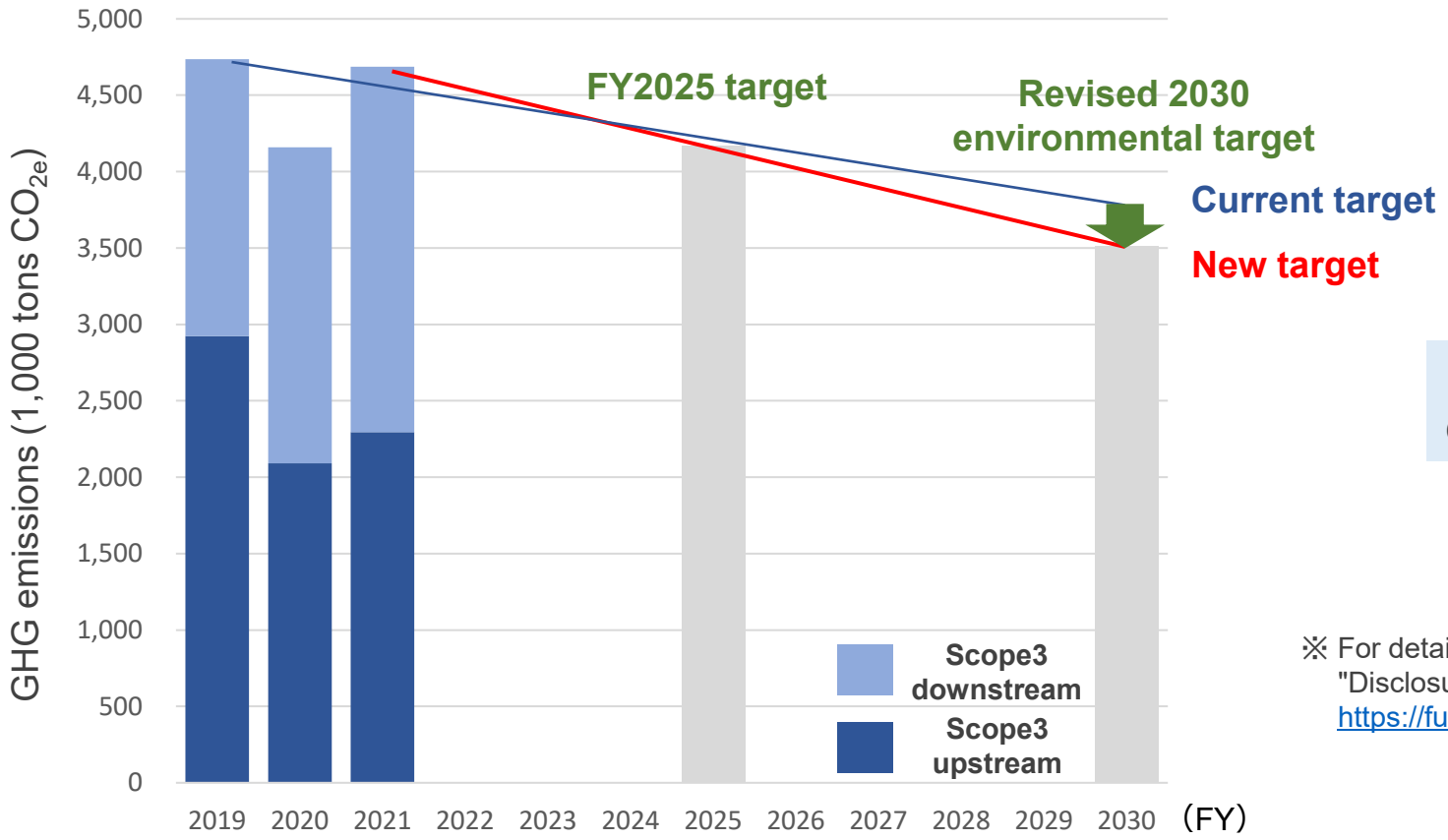
2030 Environmental target

GHG emissions in the value chain (Scope 3):

(Current) Reduce by at least 20% compared to FY19 → **(Revised) Reduce by at least 25% compared to FY21**

Furukawa Electric Group total GHG emissions (Scope 3)



Scope 3 Initiatives

- Joint procurement activities with partners
- Initiatives for recycling-based production activities
- Initiatives that contribute to reducing environmental impact through the products
- Revise the product design and increase yield

Information disclosure about Scope 3 emissions

- From FY2020, started disclosing information on GHG emissions by category

※ For details on GHG emissions by Scope 3 category, please refer to our website "Disclosure/Indicators and Targets in line with TCFD Recommendations". https://furukawaelectric.disclosure.site/en/themes/199

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Future actions to achieving carbon neutrality in 2050

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Promote each initiative centered on the materiality of the revenue opportunities and risks

Revenue opportunities

■ **Acquire revenue opportunities related to climate change**
- Create and strengthen businesses that solve social issues

Risks

■ **GHG emission reductions**
- Further consider and install renewable energy
- Strengthen the recycling-based production activities

Achieve Vision 2030

2030 Environmental target

Realize carbon neutrality in 2050

Indicator (★: Sustainability indicator)	Scope	FY2021 Actual	FY2022 Interim	FY2022 Target	FY2025 Target	FY2030 New environmental target	FY2050 Challenge target
★Sales ratio of environmentally friendly products	Consolidated	61.9%	–	64%	70%	–	–
★GHG emissions reduction rate (Scope 1, 2)	Consolidated	(29.0%) (compared to FY2017)	–	(17.7%) (compared to FY2017)	(28.3%)※ (compared to FY2017)	**(42%) (compared to FY2021)**	**Zero emissions**
★Ratio of renewable energy to total consumption	Consolidated	11%	13% or higher	11.5%	13%※	–	
GHG emissions reduction rate (Scope 3)	Consolidated	(1%) (compared to FY2019)	–	(4%) (compared to FY2019)	(10%) (compared to FY2019)	**(25%) (compared to FY2021)**	

※ Considering revising following the change to the FY30 target.

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3. Strengthening human capital management and organizational execution abilities

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Basic thinking on human capital

In order to strengthen human capital management directed at achieving Vision 2030, promote the materiality "Strengthen human capital management and organizational execution abilities".

Basic policy toward achieving Vision 2030

Based on the **Furukawa Electric Group People Vision,**

- **Secure diverse personnel and** support the growth of the **people who continually take on new challenges**
- Aim to become a corporate group in which **each employee plays a leading role and** can work with **a feeling of pride and** excitement
- Create a culture of **"carrying through to completion as a team"** within the Furukawa Electric Group

Human capital management strategy in the 2025 Mid-term Plan

Realize the management strategy and business strategy, and

Support **increasing the execution ability of the organization and employees**

Strengthen governance together as a group

Furukawa Electric Group People Vision

Basic thinking about the people working in the group

Classify into the following 4 perspectives and 6 elements, and implement measures

	Awareness / mindset / culture	Actions / systems
Individuals	Engagement	Abilities / Skills
Organization	Leadership / Team mindset	Design of the organization / Personnel composition
	Organizational culture / Communication	Flow of information, coordination and decision making mechanism

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Overall image of “Strengthen human capital management and organizational execution abilities”

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Directed at promoting the human capital management initiatives, establish a framework made up of 4 perspectives and 6 elements, and grasp the overall image of the activities.
Start to revise the indicators and targets.

Focus points for this briefing

Perspective		Element	FY2022 activities	Indicators
Individuals	Awareness / mindset / culture	Engagement	● Conduct a Furukawa E-survey and establish a framework for improvement activities	• Engagement score (Result of Furukawa E-survey) • Turnover ratio • Male / female ratio (employees, managers, etc.) • Number of people with a disability and employment ratio
Organization	Awareness / mindset / culture	Leadership / Team mindset	● Leadership transformation activity (Furukawa Seven) ● Promote the advancement of female employees and hiring of persons with a disability ● Promote “work style reform” aimed at increasing productivity and work-related satisfaction ● Start to strengthen the framework for health-oriented management	
Organization	Awareness / mindset / culture	Organizational culture / Communication		
Individuals	Actions / systems	Abilities / Skills	● Expand the programs for improving execution ability groupwide ● Enhance career training and establish a system for consultations on career formation	
Organization	Actions / systems	Design of the organization / Personnel composition	● Expand the succession plan to division managers ● Enhance career track hiring activities ● Promote feedback through the revision of the target management system	• Ratio of career track hiring
Organization	Actions / systems	Flow of information, coordination and decision making mechanism		

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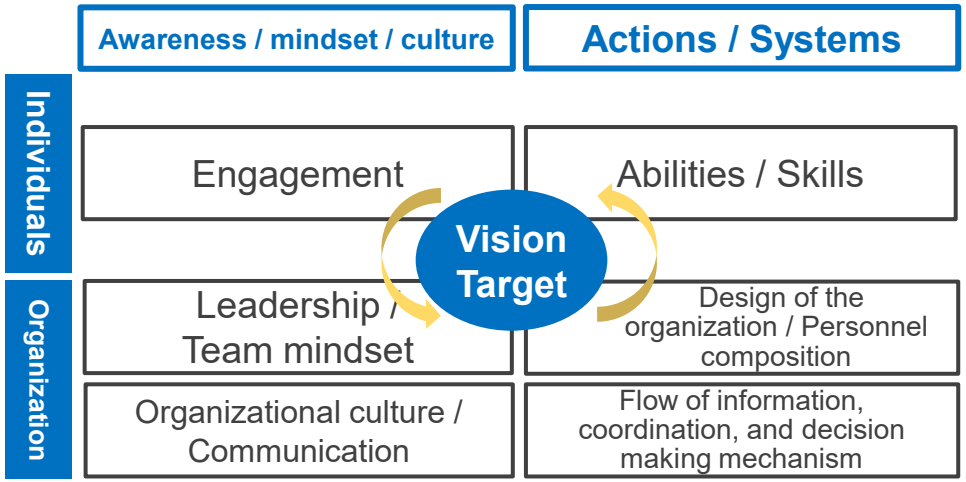
【Individuals × Awareness / mindset / culture】 Engagement

Conduct the "Furukawa E-Survey" on human capital management and organizational execution abilities, including employee engagement elements.
Make the current status of employees and the organization visible, and formulate and execute improvement measures based on the results of the survey.

Employee engagement

Employee engagement is one of the six elements involved in the human capital management strategy.

All six of the elements are strongly interrelated, so within the business activities, aim to increase employee engagement by conducting the PDS* cycle with an awareness of these six elements.



*PDS：Plan，Do，See

- Set "Employee engagement scores" as a sustainability indicator in the 2025 mid-term plan
- As the target for 2030, aim to achieve high employee engagement groupwide

Indicators and targets

Sustainability indicator: Employee engagement scores

FY2022 Actual	FY2024 Target	FY2025 Target	FY2030 Target
65	70	75	85
Non-consolidated	Non-consolidated	Non-consolidated	Consolidated

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【Organization× Awareness / mindset / culture】 Organizational culture

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Through the promotion of diversity and inclusion (D&I) and changes in the organizational culture, including transforming leadership, create an organization in which diverse "individuals" are accepted and can succeed.

Promote diversity and inclusion (D&I)

As the foundation for corporate growth, aim to expand diversity

Women	● Position the low number of female employees as the most important issue, and work to **enhance the pipeline from hiring through the training of core personnel**
Persons with a disability	● **Stably achieve the statutory employment rate,** and along with fulfilling the social responsibility, actively promote such employment including from the perspectives of D&I through employment and contributing to society
Work style reform	● As the organizational foundation for accepting and utilizing diverse personnel, **create a workplace environment that offers a feeling of work-related satisfaction and good balance with life events**

Indicators and targets

Sustainability indicator: Ratio of female managers

FY2021 Actual	FY2022 Target	FY2025 Target	FY2030 Target
3.8%	4.5%	7%	15%
Non-consolidated	Non-consolidated	Non-consolidated	Non-consolidated

Employment ratio of persons with a disability
(As of June 1 every year)

FY2021 Actual	FY2022 Actual	FY2025 Target	FY2030 Target
2.32%	2.35%	2.40%※	2.65%※
Non-consolidated	Non-consolidated	Non-consolidated	Non-consolidated

※ Revision is under consideration due to the change in the statutory employment rate.

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【Organization x Actions/ systems】 Design of the organization / Personnel composition

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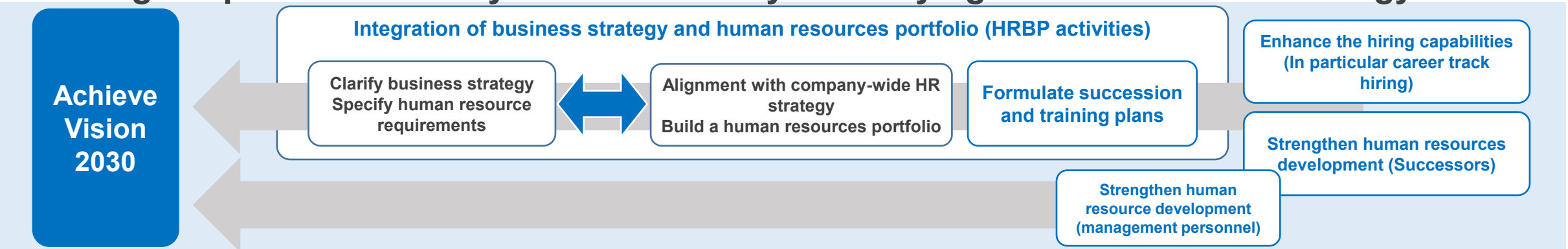
Directed at achieving Vision 2030, broadly expand personnel training and hiring with the aim of securing the personnel and systems necessary for carrying out the business strategy.



Enhance the hiring capabilities (In particular career track hiring)

With a focus on career track hiring, strengthen the hiring methods and resources

Indicators and targets

Sustainability indicator: Ratio of career track hiring among total staff hiring (Managers, career track, non-career track)

FY2021 Actual	FY2022 Forecast	FY2022 Target	FY2025 Target
36%	45%	30%※	30%※
Non-consolidated	Non-consolidated	Non-consolidated	Non-consolidated

※This means maintaining about 30% in each year

Formulate succession and training plans

In addition to the existing executive level, expand on a non-consolidated basis to include division managers

	Train division manager candidates in each organization	Train executive management (executive management personnel)
Status of implementation	Implementing on a non-consolidated basis (Plan to complete in FY2024)	Ongoing initiative
Personnel screening and selection	Formulate a succession plan in each division and a training plan for candidate personnel	In addition to the succession plan, shape the candidate pool through the use of external assessments
Training	Planned personnel transfers, planned assignment of missions and regular reviews	Tough assignments & send to external training

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Future responses toward strengthening “human capital management and organizational execution abilities”

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Perspective		Element	Directed at FY2025
Individuals	Awareness/ mindset/ culture	Engagement	● Promote continuous improvement activities based on the survey
Organization	Awareness/ mindset/ culture	Leadership / Team mindset	● Enhance group rollout of the leadership transformation activity ● Accelerate the initiatives for achieving the targets for the advancement of women and employment of disabled persons Rollout the work style reform activities in the workplace ● Further promote health oriented management
Organization	Awareness/ mindset/ culture	Organizational culture / communication	
Individuals	Actions/ systems	Abilities / skills	● Prepare a program for enhancing the execution ability of individuals ● Enhance the career formation support system
Organization	Actions/ systems	Design of the organization / Personnel composition	● Make the personnel structure visible and revise its operation
Organization	Actions/ systems	Flow of information, coordination and decision making mechanism	● Continuously revise the operation and establishment of the new human resource system

Routinize the PDS cycle with an awareness of the 6 elements

Increase medium to long-term corporate value
Achieve Vision 2030

Indicator (★: Sustainability indicator)	Extent	FY2021 Actual	FY2022 Interim	FY2022 Target	FY2025 Target	FY2030 Target
★Employee engagement scores	Non-consolidated Consolidated	–	65 Actual (Non-consolidated)	Start measuring	75 (Non-consolidated)	**85 (Group)**
★Ratio of female managers	Non-consolidated	3.8%	–	4.5%	7%	**15%**
Ratio of female manager candidates (equivalent to team leaders)	Non-consolidated	11%	–	–	15%	**20%**
Ratio of female new hires	Non-consolidated	20%	–	–	40%	**40%**
Employment ratio of persons with a disability	Non-consolidated	2.32%	2.85% Actual	–	2.40%※1	**2.65%※1**
★Ratio of career track hiring among total new staff hiring (Management, career track, non-career track)	Non-consolidated	36%	45% Forecast	30%※2	30%※2	**–**

※1 Revisions are under consideration due to changes in the statutory employment rate. ※2 Means maintaining about 30% in each year

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4. Build a governance system to strengthen risk management

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Summary of the progress in FY22 for the materiality of governance

- **Corporate governance**
  - Introduce FVA (value added to the invested capital) for corporate officer remuneration
  - Reduction of policy shareholdings
- **Group governance**
  - Sale of shares of consolidated subsidiaries and listed companies (TOTOKU Electric Co., Ltd.)

Focus points for this briefing

- **Supply chain management**
  - Conduct self-assessment questionnaires (SAQ) based on the CSR Procurement Guidelines
  - Set forth a responsible minerals sourcing policy
- **Human rights and labor practices**
  - Start human rights due diligence

Risks

S — Strengthen human capital management and organizational execution abilities

G — **Build a governance system to strengthen risk management**

Reduce cost of capital

Achieve Vision 2030

Sustainable growth and higher medium to long-term corporate value

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4. Build a governance system to strengthen risk management

Initiatives for human rights and supply chain management

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Basic thinking on human rights

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Promote human rights management based on the 3 requirements of companies indicated in the UN Guiding Principles on Business and Human Rights.

Set forth a human rights policy

- Set forth the “Furukawa Electric Group Human Rights Policy” (Jan. 27, 2020)
- Communicate within the group “Human rights day, human rights week and message from the Strategy Division General Manager” in line with the international Human Rights Day (Dec. 10)
- Use the intranet to start to more firmly establish the “human rights initiatives” within the group (from FY2022)

Focus points for this briefing

Implement human rights due diligence

- Reported the “Envisioned human rights issues” at the Sustainability Committee meeting (Mar. 7, 2022)
- Designated “employees” and “business partners (customers)” as the priority stakeholders for human rights due diligence

Establish a mechanism for remedy

- Joined JaCER (Japan Center for Engagement and Remedy on Business and Human Rights) as a regular corporate member
- Established a link to the “Human rights complaint desk (JaCER complaint desk)” on the company’s homepage (also establishing at group companies)

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Overall image of human rights due diligence

Designated "Employees" and "Business partners (customers)" as the priority stakeholders for human rights due diligence

	Envisioned human rights issues	Main initiatives	Progress in FY2021-FY2022	Sustainability indicator: FY2025 Target
Employees	● **Discrimination and harassment in the workplace**	● Investigate human rights risks through whistleblower reports and compliance awareness surveys	• Identified the issues based on survey results, etc., and implement remedial measures	
		● Provide education on human rights risks targeting managers at Furukawa Electric and group companies in Japan and overseas	• FY2022 education theme is discrimination / harassment. • **100% global implementation**	Implementation rate of human rights training for managerial positions: **100% (Global)**
Business Partners	● **Insufficient understanding of the human rights risks in the supply chain** ● **Human rights risks related to responsible minerals sourcing**	● Conduct self-assessment questionnaires (SAQ) based on the CSR Procurement Guidelines (3rd Edition)	• FY2021: Conducted for 79 group companies in Japan and overseas and 56 major business partners. Confirmed **there are no severe negative impacts on human rights.** • FY2022: Conduct for approx. 500 major business partners of Furukawa Electric and group companies in Japan and overseas	Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers:**100% (Global)**

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【Employees】
Initiatives for minimizing the negative impacts on human rights

Response to discrimination and harassment

Request improvement to each division and group company

FY2021

- Conducted a compliance awareness survey
- Identified the issues based on survey results, etc., and implement remedial measures

FY2022

- Head of each division and group company is holding discussions with the Human Rights WG secretariat with the aim of promoting improvement and responses to the issues identified
- Messages from division heads and company presidents are being sent out and educational measures are being developed with the intention of encouraging learning and awareness of the issues identified

FY2023

- Plan to verify the improvement and benefits through compliance awareness surveys and other means.

Conduct education and training

FY2022

- By linking with the initiatives carried out during the annual compliance month, aim to further establish among all employees and the organization.
- Implement “discrimination & harassment” e-learning targeting managers at group companies in Japan and overseas. 100% global implementation rate.

Course begins with a message from the president (in Japanese, English or Chinese)

FY2023

- Plan to continue the e-learning.

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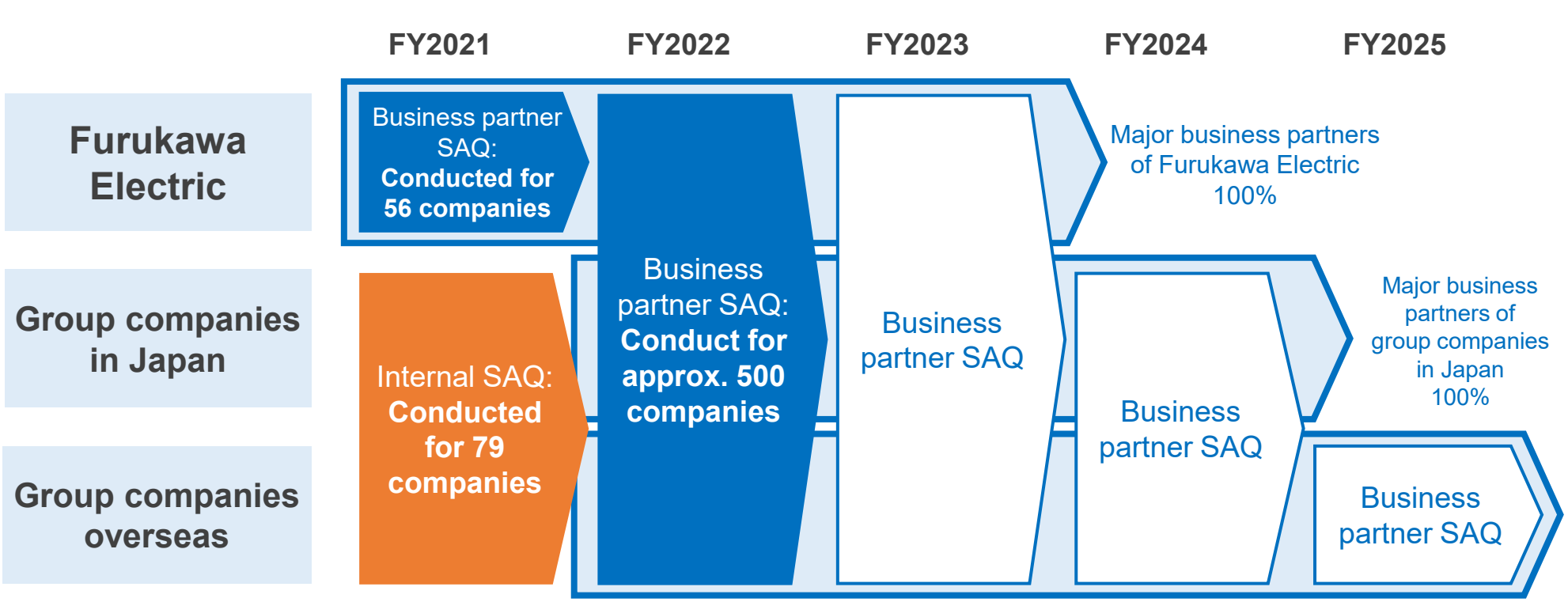
【Business Partners】
Initiative for minimizing the negative impacts on human rights

Evaluate the human rights risks at the business partners of Furukawa Electric Group through self-assessment questionnaires (SAQ) based on the Furukawa Electric Group CSR Procurement Guidelines (3rd Edition) set forth in accordance with RBA Ver.7

Framework for expanding the scope of the subject business partners

- Phased implementation and expansion to the major business partners.
- Expand from a non-consolidated basis to major business partners of group companies in Japan and overseas



Sustainability indicator: FY25 Target
Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers **100% (Global)**

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Strengthen supply chain management

Furukawa Electric Group Procurement Policy

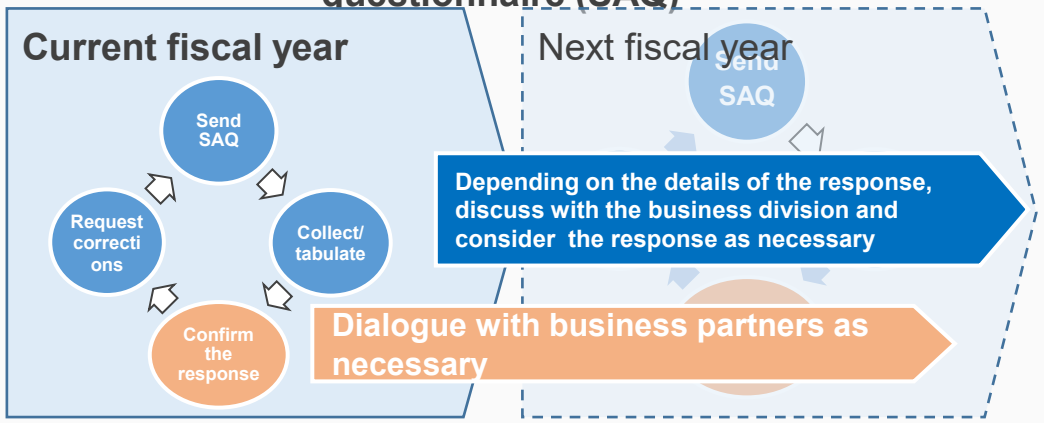
1	**Fairness and Integrity** We are open to any and all business partners in accordance with the principle of free competition and we all act with fairness and integrity.
2	**Compliance with Laws and Regulations and CSR Procurement** Toward the realization of a sustainable society, we conduct our procurement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

Furukawa Electric Group Responsible Minerals Sourcing Policy

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 may arise in our supply chain and engage in responsible minerals sourcing throughout the entire supply chain.

- Expand the SAQ based on the CSR Procurement Guidelines.
- Steadily implement CSR procurement through dialogue with business partners.
- Enhance and promote the initiatives involving the supply chain that are being conducted for the environment and carbon neutrality in particular.

Steps involved in conducting the self-assessment questionnaire (SAQ)



- Set forth the Furukawa Electric Group Responsible Minerals Sourcing Policy. (Sept. 13, 2022)
- Currently considering the enhancement of the internal structure for minerals procurement.

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5. Summary

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Summary of today's presentation

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Overall ESG

- Status of progress of the sustainability indicators in FY22

Environment

- Initiatives for realizing carbon neutrality
- Revised Environmental Targets 2030

Social

- Status of implementing the Furukawa E-Survey, including employee engagement
- Promotion of diversity and inclusion (D&I)
- Status of progress of enhancing the hiring capabilities and formulating succession and training plans

Governance

- Status of human rights due diligence and conducting SAQ based on the CSR Procurement Guidelines
- Initiatives directed at expanding the scope of the subject business partners
- Set forth a responsible minerals sourcing policy

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Thank you very much for your attention

Bound to Innovate

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Appendix

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(Reference) Review of materiality (March 2022)

Added "Human Rights and Labor Practices" to Governance Materiality

Materiality of revenue opportunities

1 Creating businesses that solve social issues
- Creating businesses that support next-generation infrastructure
- Creating environment-friendly businesses

2 Open, Agile, Innovative

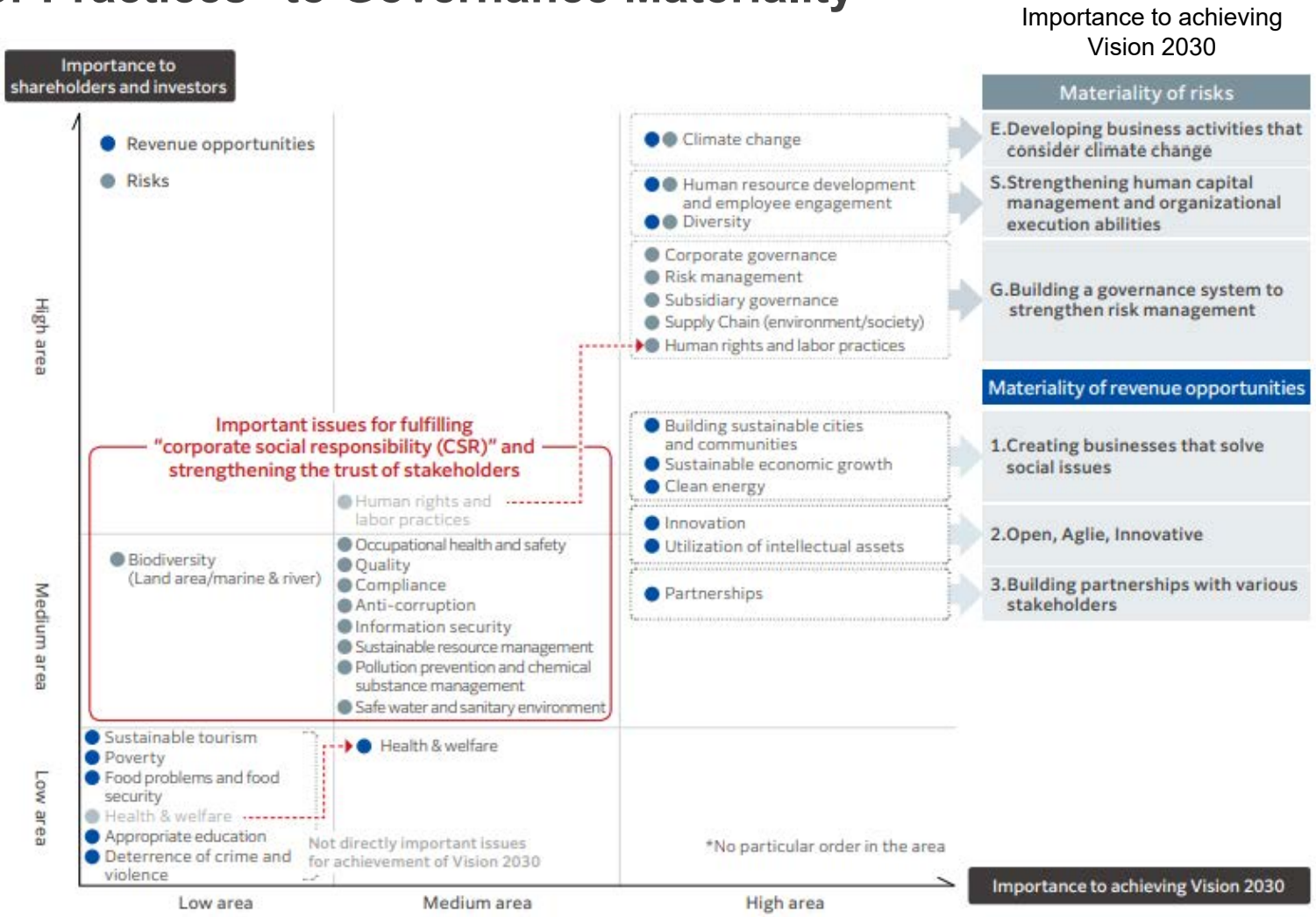
3 Building partnerships with various stakeholders

Materiality of risks

E Developing business activities that consider climate change

S Strengthening human capital management and organizational execution abilities

G Building a governance system to strengthen risk management
- Corporate governance
- Group governance
- Supply chain management
- Human rights and labor practices



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

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(Reference) Furukawa Electric Group 2022-2025 Medium-term management plan (2025 Mid-term Plan)

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Concept of the 2025 Mid-term Plan :

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

By 2025,

① **Maximizing revenues in existing businesses through a focus on capital efficiency**

② **Building a foundation for creating new businesses by strengthening development and proposal capabilities**

③ **Strengthen the ESG management foundation**

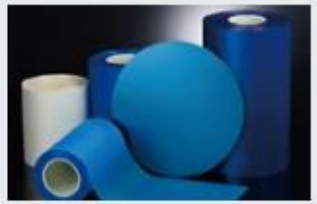
☆ :Prepare to address in order to further shine

(1) Maximizing revenues in existing businesses through a focus on capital efficiency

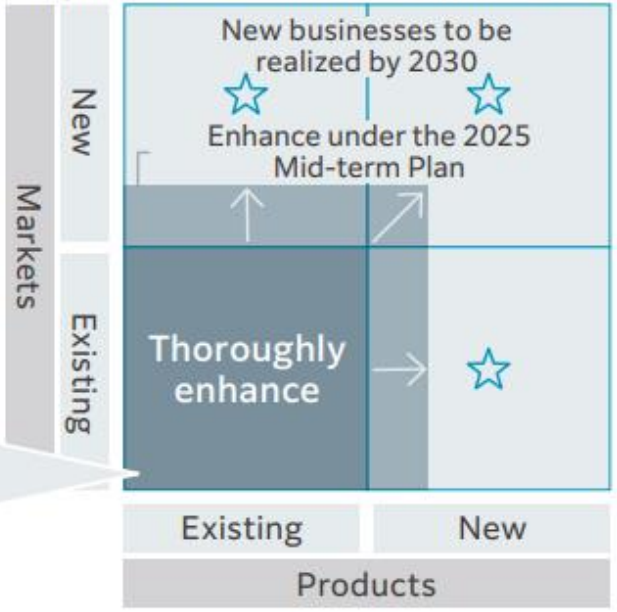
Optical fiber and cable

Electric cable system

Wire harness



Tape for semiconductor process



(2) Building a foundation for creating new businesses by strengthening development and proposal capabilities.

Next generation photonics

Green LP gas

Bipolar lead storage batteries

Next generation urban planning

(3) Strengthening the foundation for ESG management

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(Reference)
Utilizing intellectual property to create opportunities

Intellectual property strategy of Furukawa Electric Group

Furukawa Electric Group has adopted the basic policy of defining and utilizing intellectual property as an important management resource. With the trinity management of business, research and development, and intellectual property, promote groupwide and global intellectual property activities.
The basic policy consists of the following three pillars.

1	**Strengthen management and business strategy planning capabilities by IP Landscaping** Strengthen management and business strategy planning capabilities by IP Landscaping that analyzes and utilizes intellectual property information by incorporating it into the strategy planning processes.
2	**Utilizing intellectual property with Open & Closed strategies** Run a cycle that starts from “Analysis⇔utilization” (Analysis⇔ utilization→ Creation→ Protection) ※1 , and formulate and implement Open and Closed strategies to enhance the business competitiveness.
3	**Stabilizing business by reducing intellectual property risks** 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 Basic concept of promoting intellectual property management: In order to enhance the business, implement intellectual property strategies for the unique differentiated technologies and run a cycle starting with utilization of intellectual property.

Indicators and targets

Sustainability indicator: Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses※2

FY2021 Actual	FY2022 Interim	FY2022 Target	FY2025 Target
17%	30% or higher	30%	100%※3
Consolidated	Consolidated	Consolidated	Consolidated

※2 Strengthening the businesses and themes for creating new businesses includes “Maximize profits in existing businesses through a focus on capital efficiency directed at 2025” (Optical fiber and cable, power cable systems, etc.) and “Build a foundation for creating new businesses by 2030” (Bipolar storage batteries, etc.)
※3 Means full implementation for strengthening the businesses and themes for creating new businesses set as of 2022.

For details on the Group's intellectual property strategy and efforts in intellectual property activities, please refer to the Please refer to the "Intellectual Property Report" on our website https://www.furukawa.co.jp/en/rd/ip-report/

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(Reference) Furukawa Electric Group People Vision

The Furukawa Electric Group People Vision was formulated in 2018, and represents the basic philosophy that runs through all personnel policies among the Group's management principles and policies.

Role of the Individual

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

Role of the Leader

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

Principles of Human Resources

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

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(Reference)
2030 Environmental Target (Revised December 2022)

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2030 Environmental Target

		Baseline fiscal year	FY2030 Target
1. Contribute to a carbon-free society			
(1) GHG emissions from business activities (Scope 1, 2)		Compared to FY2021	**Reduce by at least 42%**
(2) GHG emissions in the value chain (Scope 3)		Compared to FY2021	**Reduce by at least 25%**
2. Contribute to realizing a recycling-based society for water and resources / Contribute to society in harmony with nature			
(1) Efficient use of water resources	Water consumption (Per unit of net sales)	Compared to FY2020	**Reduce by at least 10%**
(2) Efficient use of metals and plastics	New material consumption (Per unit of net sales)	Compared to FY2020	**Reduce by at least 10%**
	Single-use plastic consumption (Total volume)	Compared to FY2020	**Reduce by at least 25%**

Scope 1: Direct emissions from own factories and offices
Scope 2: Indirect emissions from the use of electricity, heat, etc. purchased by the company
Scope 3: Indirect emissions other than Scope 1 and 2 (emissions by other companies related to the activities of the business)

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(Reference)
Selection to the main ESG indexes and CDP evaluation (As of March 13, 2023)

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	Comprehensive-type Index			Theme-type Index	
ESG Index utilized by GPIF	FTSE Blossom Japan Selected for two years in a row since 2020	FTSE Blossom Japan Sector Relative Index Selected for the first time in 2022	MSCI Japan ESG Select Leaders Index Not selected	S&P/JPX Carbon Efficient Index Selected five times in a row since 2018	2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) Selected four times in a row since 2019

	Climate Change	Supplier Engagement Rating	Water Security
CDP	FY2022: A- rating	Selected A level for three years in a row since 2019 CDP SUPPLIER ENGAGEMENT LEADER 2021	FY2022: B rating

	Health management stocks	Corporation with good health management (White 500)
Health management	2023 健康経営銘柄 Health and Productivity Selected in 2023	2023 健康経営優良法人 Health and productivity ホワイト500 Selected in 2023

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