

FURUKAWA ELECTRIC GROUP INTEGRATED REPORT 2020

Furukawa Electric Group Integrated Report 2020

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

Bound to Innovate

Drawing on more than a century of advanced materials, we through continuous

century of expertise in the development and fabrication will contribute to the realization of a sustainable society technological innovation.



Founded in

1884



Number of Group employees

50,232

(As of March 31, 2020)



Consolidated net sales

914.4 billion yen

(Fiscal year ended March 31, 2020)



Number of Group companies

126

(As of March 31, 2020)

* Combined total for parent company, consolidated subsidiaries and equity-method affiliates



Renewable energy ratio (Japan and overseas)

11%

(As of March 31, 2020)



Number of patents held by Furukawa Electric (Japan and overseas)

7,433

(As of March 31, 2020)

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Editorial Policy

Since fiscal 2012, the Furukawa Electric Group has published the Sustainability Report, which contains Environment, Social, Governance (ESG) and other non-financial information as well as financial information, such as business results and strategies. Following the formulation of the "Furukawa Electric Group' Vision 2030", identification of managerial materiality, implementation of measures to counter climate change, enhancement of corporate governance, and other accelerated moves toward ESG management, we have edited our first "Furukawa Electric Group Integrated Report" this year. We sincerely hope that this report will help you better understand our Group's current business situation, ESG management and initiatives aimed at achieving the Vision, and other aspects.

As a reference for guidelines, we have used the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework, the Guidance for Collaborative Value Creation (the Ministry of Economy, Trade and Industry), the "Guidance on Climate-related Financial Disclosures 2.0 (TCFD Guidance 2.0)", and other publications.



Scope of This Report

Period Covered	Fiscal 2019, from April 1, 2019 to March 31, 2020 (Note) Includes selected information on past initiatives and activities during fiscal 2021.
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 the 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 the 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 Philosophy

Furukawa Electric Group Philosophy

Corporate Philosophy

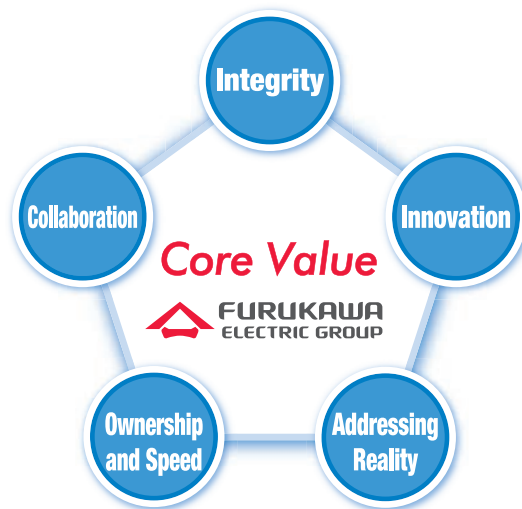
Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.

Management Philosophy

With an eye to the future, the Furukawa Electric Group management team pledges to:

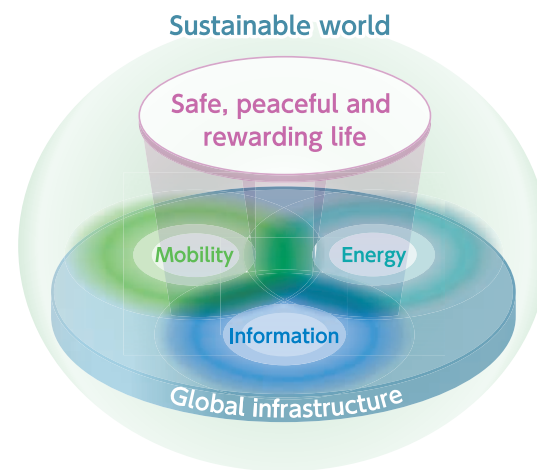
- Live up to the expectations and trust invested in us by society, with fairness and integrity.
- Apply the sum total of our expertise to satisfy our customers and grow with them.
- Continuously strive to achieve world-class technological innovation, and transform ourselves in every area of endeavor.
- Nurture human resources at every level, so that we can become a more diverse and creative organization.

Core Value



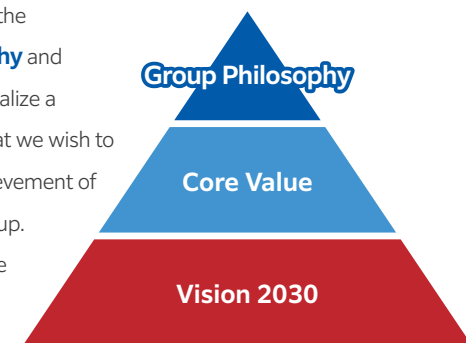
Furukawa Electric Group, Vision 2030

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



The **Furukawa Electric Group Philosophy** comprises of the **Corporate Philosophy** and the **Management Philosophy** and explicitly explains what we aim to become in order to help realize a sustainable society. The **Core Value** shows the five values that we wish to particularly emphasize and enhance even more, for the achievement of the Group Philosophy and the sustainable growth of the Group.

The **Furukawa Electric Group Vision 2030** clarifies the targeted time frame and business domains, aimed by the Group to be achieved by 2030.



The Future that Furukawa Electric is Envisioning and the Furukawa Electric Group Vision 2030

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 1984, 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 society as members of society who forge the future.

Sustainable Development Goals (SDGs)

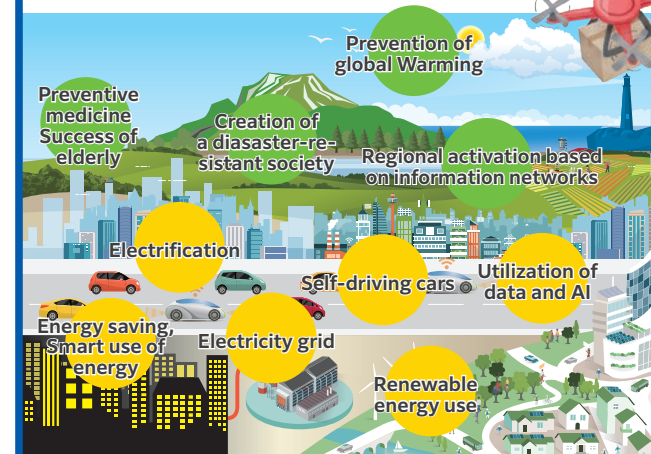
Based on the "Sustainable Development Goals (SDGs)" adopted by the United Nations, the Furukawa Electric Group is committed to helping solve social issues.

SUSTAINABLE DEVELOPMENT GOALS



The future image of society in 2030 drawn by Furukawa Electric and what we want to be

The future society image of Vision 2030



Furukawa Electric Group's employees, mainly in the generation that will lead management in around 2030 in Japan and overseas, carried out numerous discussions, exhaustively projected the future, and put together the Furukawa Electric Group Vision 2030.

Becoming a corporate group that can provide value

We are committed to **becoming a corporate group that can provide value** in society, which is being integrated by advanced information associated with progress in ICT technology. We intend to achieve this goal by expressing our specific target timeframe and areas aimed at by the Group, sharing the vision throughout the entire Group, and bringing together our strengths.

Becoming a corporate group that proactively innovates itself

We are committed to **becoming a corporate group that proactively innovates itself**. We intend to achieve this goal by imagining how the world changes and how our group can help solve social issues, while inheriting our founders' thoughts and valuing our everlasting values stated in our group philosophy and Core Value.

Promotion of ESG management, directed at achieving the Furukawa Electric Group Vision 2030

Directed at achieving "In order to build a sustainable world and make people's life safe, peaceful and rewarding, the Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility" set forth in Vision 2030, Furukawa Electric is openly, agilely and innovatively promoting ESG management that shows consideration for the three key factors of environment, social and governance.

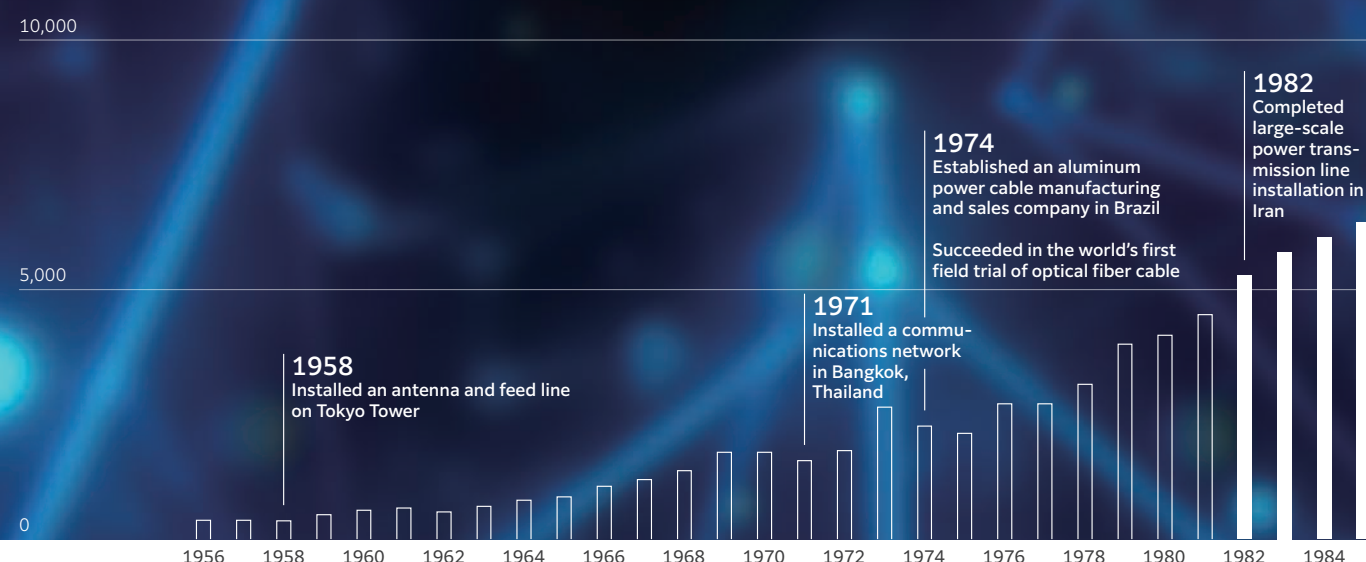
Current Performance

FY2019 Business Results Review

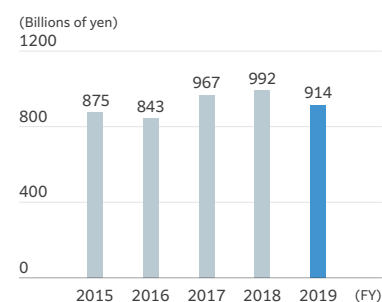
Net sales

(Billions of yen) 15,000

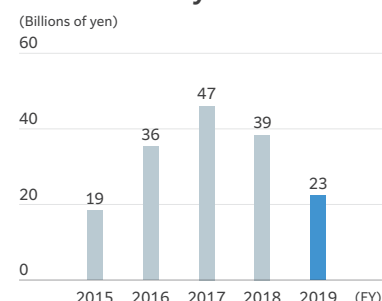
□ Non-consolidated ■ Consolidated



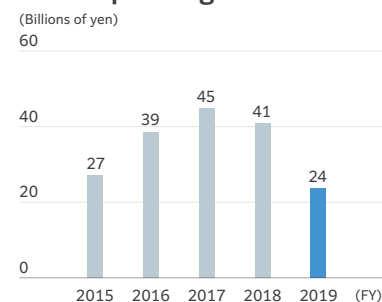
Net sales



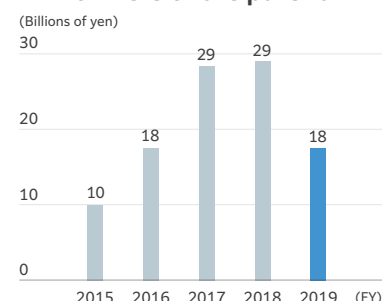
Ordinary income



Operating income



Net income attributable to owners of the parent



Key Points of the FY2019 Results

During fiscal 2019 ended March 31, 2020, in the Infrastructure Segment, earnings in the Energy Infrastructure business improved but the Communications Solutions business experienced falling prices due to unbalanced optical fiber supply and demand around the world and a delay in improving optical fiber cable productivity in North America. The Electronics & Automotive Systems Segment and the Functional Products Segment were affected by weak demand in the data center and electronics-related markets. Moreover, the COVID-19 outbreak from January 2020 affected the global economy and the Furukawa Electric Group recorded a decline in sales and profit compared to the previous year.

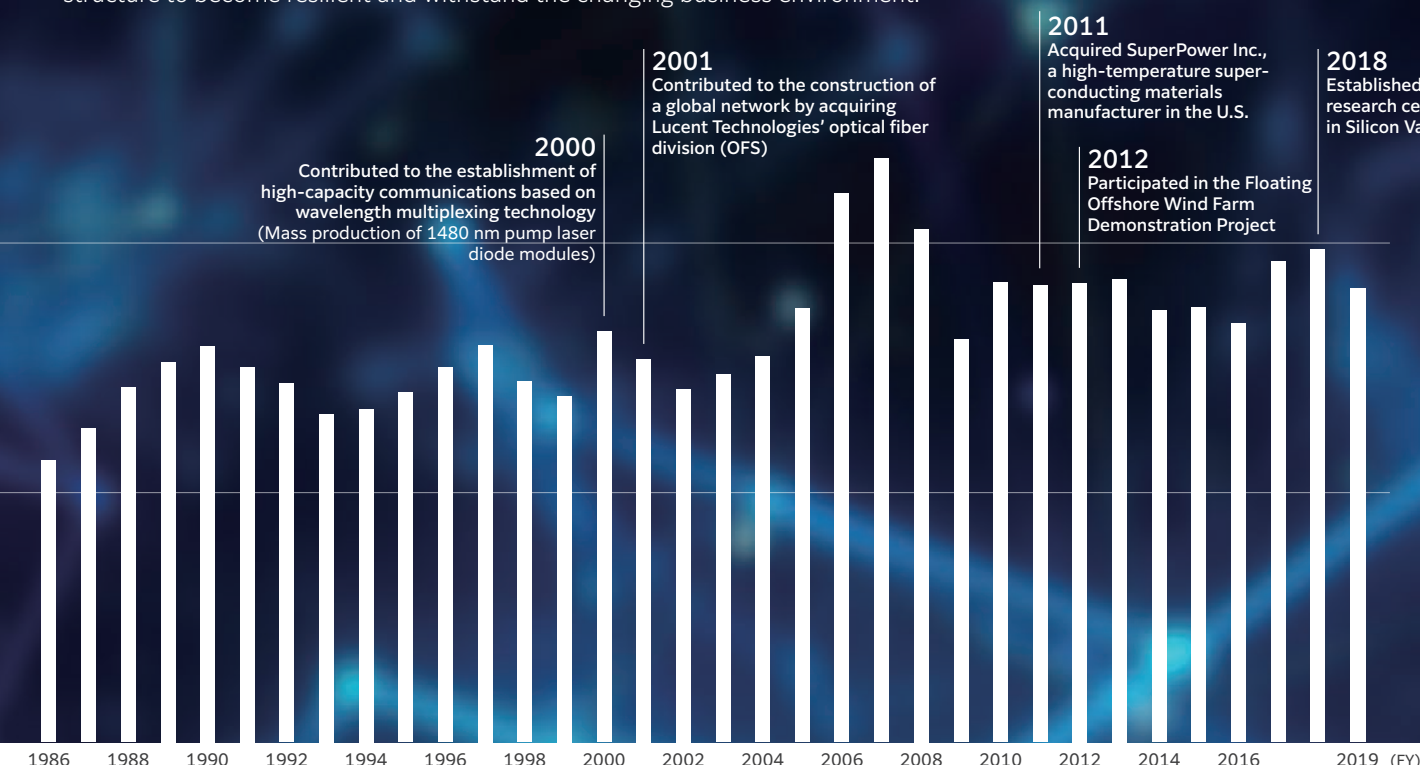
Furukawa G Plan 2020 - KPI

Operating income Net income attributable to owners of the parent Net D/E ratio Equity ratio ROE Return on operating assets

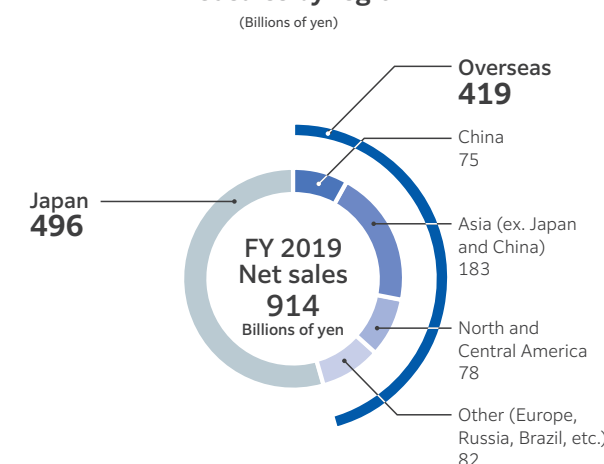
At least ¥55 billion At least ¥30 billion < 0.8 > 30 % > 10 % At least 10 %

Progress of the Mid-term Management Plan "Furukawa G Plan 2020"

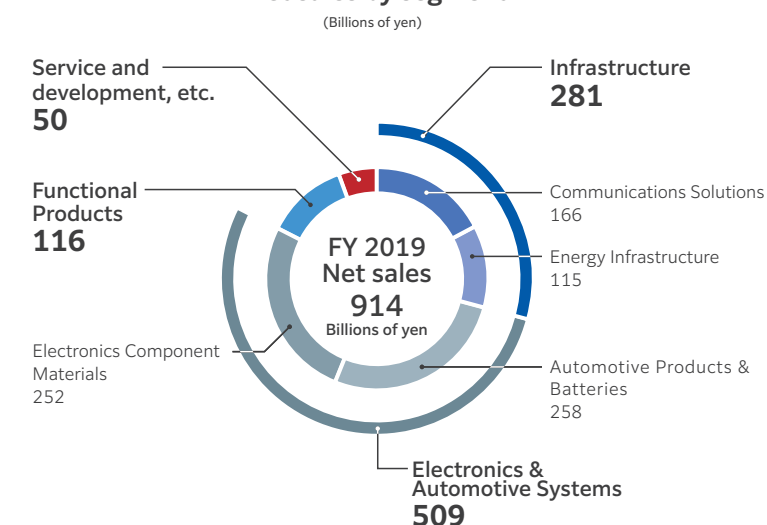
The Furukawa Electric Group has been promoting a 5-year management plan (FY2016-FY2020) called the "Furukawa G Plan 2020". Due to a slowdown in the Communications Solutions business from the second half of fiscal 2018 and the COVID-19 impact in fiscal 2020, earnings in fiscal 2020 are expected to fall short of the Mid-Term Management Plan's targets. Nevertheless, we are steadily improving the financial position and are strengthening the management structure to become resilient and withstand the changing business environment.



Net sales by region



Net sales by segment



By placing ESG right in the center of management, we will transform into a sustainable corporate Group.

Kei Kobayashi

Keiichi Kobayashi
President
Furukawa Electric Co., Ltd.

Beyond the Crisis - the Spirit of Our Foundation

Since the start of 2020, the world has faced an unprecedented crisis, namely, the pandemic caused by the COVID-19 infection. The world and the markets confronting this crisis are currently undergoing significant changes, but I am confident that, after the crisis is overcome, the Group's technologies and products will definitely contribute to making a safe, secure and comfortable society truly sustainable.

The Group's DNA is based on the words of the company's founder, Ichibei Furukawa, who said,

"Value employees, Value customers, Value new technology, and contribute to society." This idea is linked to the SDGs (sustainable development goals) adopted by the United Nations, and I believe that it is ESG management itself. As a result of implementing these "three value," which are the spirit of our founder, and contribute to society, we are operating our business every day by keeping in mind the fact that "we will become a company that gives reassurance and expectations to our shareholders and all other stakeholders."

Focusing on the Current Mid-term Management Plan

As a pillar of the measures under the current mid-term management plan, "Furukawa G Plan 2020," we have been working to strengthen and transform our businesses, and in particular, to strengthen the infrastructure (communications and energy) and automotive segments, which we have positioned as priority areas. In order to secure the profits that we have promised to our shareholders, we have withdrawn from or downsized our non-core and low-margin businesses and reassembled our business portfolio based on the keywords of "strengthen and transform the businesses." I believe that this reorganization of the business portfolio has clearly conveyed the message that the Group is

strengthening its communications, energy and automotive business segments.

Furukawa Electric Group Mid-term Management Plan
for 2016-2020
"Furukawa G Plan 2020 -Group Global Growth-"

Delivering Sustained Profitable Growth

- Key Initiatives**
- I. Strengthen and transform the businesses
 - II. Expand sales in the global market
 - III. Accelerate the creation of new business

Strategy Toward Furukawa Electric Group, Vision 2030

Looking ahead to 2030, the year in which the SDGs will be achieved, in relation to global social issues and issues that arise within integrated social infrastructure, I believe that rather than just growing each business in the Group individually, we need to provide value by ourselves in order to "realize, support, and make use of them" in the Group's business operations. Therefore, we gathered together the generation that will become our management team in around 2030 and thoroughly thought out what we wanted the Group to be by incorporating ideas in a backcasting. As a result, what we formulated was the Furukawa Electric Group, Vision 2030, namely, to create solutions for the new generation of global social infrastructure combining information, energy, and mobility in order to "build a sustainable world" and "make people's lives safe, peaceful, and rewarding."

Looking ahead to the realization of this Vision 2030, we concluded that the important management issue (materiality) for the Group was the "Creating of businesses that solve social issues" based on the outside-in thinking in the SDGs. Specifically, we are aiming to "Creating businesses that support next-generation infrastructure" and "Creating environment-friendly businesses" that contribute to a decarbonized society and a sound material-cycle society. In order to obtain these opportunities, it is necessary to strengthen the sustainable management base. To achieve this, we believe that "Developing of business activities that consider climate change," "Strengthening human capital management and organizational execution abilities," and "Building a governance system to strengthen risk management" are important risk-

related issues.

In regard to Vision 2030 and the consideration of materiality, what we focused on particularly was the slogan related to "Open, Agile, Innovative" transformation. We need to transform from a company that has been utilized by society to a company that is promoting its own value going forward, and we need to reform ourselves in the direction of what we want the Group to be. In the context of the SDGs, this will lead to Goal 17 regarding partnerships: therefore we intend to promote "Open, Agile, Innovative" and "Building partnerships with various stakeholders" as the action principles of the Group.

As an organization that will launch new businesses to achieve Vision 2030, in fiscal 2018, we established the "Future Infrastructure Technology Center," which will aim for social implementation while devising next-generation infrastructure that combines information, energy, and mobility. In addition, as we believe that the integration of digital technologies and AI technologies is essential in order to control infrastructure and realize a safe, peaceful, and rewarding society, we also established the Digital Innovation Center. Between these new business creation organizations and customers lies the "Advanced Prototyping Center*" which was established in fiscal 2017. It will provide the value that customers need in an agile way by matching the materialization of research and development results with customers' voices.

* It was established in FY2017 within the Laboratories for Fusion of Core Technologies in the Research and Development Division as the core organization for presenting concept samples in an agile way in response to needs obtained by VOC (Voices of Customers).



Esg Management Efforts Toward Vision 2030

We believe that ESG management initiatives are essential in order to achieve this Vision 2030.

Regarding G (Governance), as we are a public company, we are of course a company owned by its shareholders, and we believe that ensuring management transparency is of utmost importance. To that end, we have increased the independence of officers and strengthened the supervision of the Board of Directors, but I have told outside officers, "I want you to be familiar with the history and current situation of our company, but do not get used to it." We have received from outside officers the kind of harsh indications and opinions that could not be expressed from inside the Company, and these have been reflected in management.

ESG in General

April 2019	Established Administration & CSR Division Corporate Sustainability Office
May 2019	Formulated Furukawa Electric Group, Vision 2030
February 2020	Signed United Nations Global Compact

Governance

May 2019	Partially revised performance-linked compensation system
June 2019	Strengthened independence of outside directors, enhanced board diversity (All five outside directors are independent and one female outside director appointed)
December 2019	Effectiveness assessment of Board of Directors implemented

Environment

March 2019	Environmental targets 2030 set
August 2019	Science Based Targets (SBT) certified
January 2020	Expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Social

November 2018	Formulated Furukawa Electric Group Vision for Our People
January 2020	Formulated Furukawa Electric Group Human Rights Policy

I think it is extremely important to work on E (Environment) in order to strengthen governance, establish a supervisory system, and enhance our sustainability as a company. It is vital to demonstrate value to society, including the SDGs, while making environmental initiatives a major premise. However, in order to avoid being regarded as an SDGs wash, we have initiated genuine efforts such as endorsing TCFD recommendations, acquiring SBT certification, and signing the United Nations Global Compact, as well as increasing the awareness of our officers and employees. Therefore, I believe that we can finally say that we are "advocating SDGs and ESG management."

Lastly, regarding S (Social), in order to transform the company for the better, I think it is important for each employee to demonstrate their ability to follow things through, become a "monolith" as a team, and work toward their goals. One of the first things that I started beginning with the members of the Management Committee to transform the organization is the "mind breakthrough practice" that I invented. This is a reflection meeting in which the members of the Management Committee look back on the meeting and discuss what they want to say after the Management Committee meeting is over. As a result of practicing this, an absolute sense of trust and a sense of ownership among the officers grew. We are working to ensure that all employees have this team consciousness.

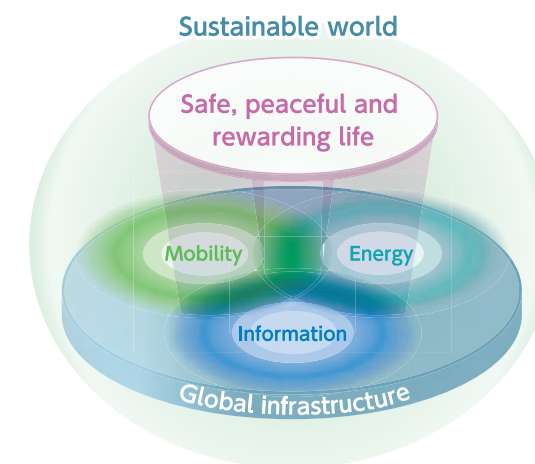
Furthermore, from the perspective of promoting diversity and inclusion, we also place importance on dialogue with our current three foreign executive officers, and we try to incorporate their opinions from a global perspective into management. As a concrete example, the "Furukawa Electric Group Vision for Our People," which is a basic way of thinking that pervades all of our personnel measures, was formulated in fiscal 2018 through thorough discussions not only with executive officers but also with members of global HR departments.

Summary and Future Thoughts

I firmly believe that accelerating our efforts to achieve Vision 2030 and implementing ESG management will become the foundation on which the Group contributes to the sustainability of society. Over the course of 136 years since our founding, the history of the Group, which has been able to "serve society" by protecting the health and supporting growth of people and social infrastructure, overlaps the SDGs. The concepts of ESG and SDGs are truly the concepts that our founder, Ichibei Furukawa, cherished, and I believe they are the essence of management itself. Now that we are confronted with the COVID-19 pandemic, we will continue to evolve ESG management while focusing on the post-COVID-19 era as well, and in order to continue to be a company that the next generation can be proud of, we will create the foundation for our next stage of growth from a long-term perspective. The basis of this is Vision 2030. In order to make a safe, peaceful and rewarding society truly sustainable, we will continue to provide technologies and products that the Group realizes, supports, and can utilize in Open, Agile, and Innovative ways. We will thus continue to place this concept "right in the center" of our management and transform the Group into a sustainable corporate group. We appreciate your continued support for the Group.

Furukawa Electric Group, Vision 2030

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



Changes in the External Environment

Worldwide Trends and the Furukawa Electric Group

The global economy in fiscal 2019 continued to record moderate growth, as consumer spending was strong due to an improvement in the employment environment in the United States. However, owing to the impacts of the trade friction between the United States and China, which became drawn out and fiercer, and political and geopolitical tensions in Europe and the Middle East, weak economic growth was seen in China and Europe. Moreover, since January 2020, the spread of the COVID-19 pandemic has caused stagnant economic activity on a global scale, resulting in an unpredictable and unstable global economic environment.

Meanwhile, looking at the Japanese economy in fiscal 2019, private capital investment remained steady in the first half. However, owing to the impact of successive major natural disasters such as wind and flood damage caused by Typhoon No. 15 in September 2019 and the consumption tax hike in October, consumer spending cooled. As this was then followed by the spread of COVID-19 around the world, the Japanese economy deteriorated sharply.

In this environment, the Group continued to endeavor to strengthen the infrastructure (communications and energy) and automotive segments, which are its focused areas, based on the "Furukawa G Plan 2020" mid-term management plan. In infrastructure-related

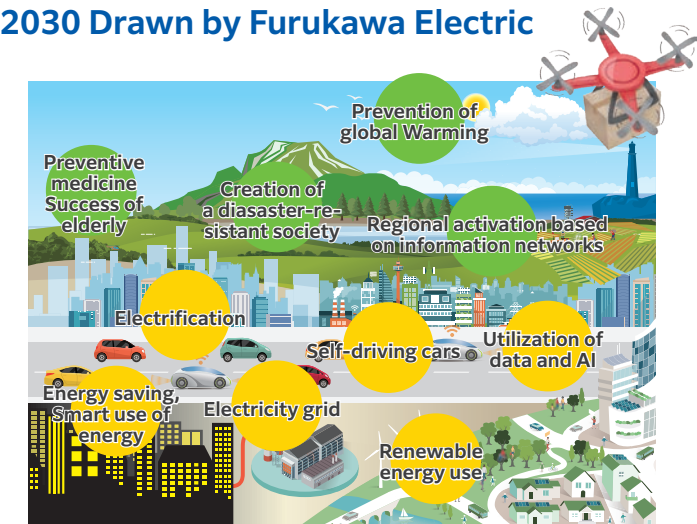
areas, in the communications segment, while prices continued to fall due to a deterioration in the supply and demand balance for optical fibers and optical fiber cables, we promoted efforts to increase cost competitiveness through the expansion of sales of high-value-added products and production in optimal global locations. In the energy segment, we continued to focus on the areas of ultra-high voltage underground cable and submarine/underground cable for renewable energy in Japan, and submarine cable in Asia. In fiscal 2019, we steadily captured demand for ultra-high voltage underground cable in Japan, and we also accumulated orders for submarine cable projects in Asia. In addition, we are also implementing the expansion of facilities as planned to respond to the production of submarine cable, which is expected to see further demand growth in the future, and we will continue to strengthen this segment, which we have positioned as a focused area. In the automotive sector, sales of wire harnesses and other automotive products were sluggish in fiscal 2019 due to a decrease in global vehicle production until the second half. However, we will continue to expand our global business by making capital investments aimed at increasing manufacturing capacity in order to expand sales of wire harnesses for the North American market over the medium to long term.



The Future Image of Society in 2030 Drawn by Furukawa Electric

Young members who will be responsible for management in around 2030 gathered together and drew a future image of society by engaging in thorough discussion.

In the case of "communications," it will be the world of the sixth generation mobile communication system (6G). Much more information traffic will be traveling across global fiber-optic networks than it is today. This will not only make life more comfortable but will also enable the development of remote medical care and preventive medical care. It will also be a society where the elderly will be able to play active roles. The sophistication of information networks will further revitalize local communities. In the case of "energy," renewable energy such as hydroelectric power, wind power, and solar power generation will become the mainstream, replacing fossil fuels. Energy efficiency has been improved dramatically, and a strong power grid network will support this. In the world of "mobility," automatic driving electric vehicles (EVs) will become the mainstream, making travel safer and more



comfortable. These technologies will be supported by advanced digital technologies and AI. With regard to the "global environment," we expect that the prospects of resolving issues such as global warming and marine plastic, which are currently of concern, will have been achieved and that resource recycling-based safe, secure, and comfortable cities and urban development that are resistant to disasters will have been realized.

Changes in the External Environment

PLUS External environmental changes that will be opportunities for Furukawa Electric

We expected that the progress of the fifth generation mobile communication system (5G) and the accompanying increase in communication traffic would be opportunities. However, the potential has increased because various types of online activities and teleworking have advanced due to the impact of the spread of the current COVID-19 pandemic while our daily lives and the way we work have changed significantly. As a result, we are assuming that demand for fiber-optic cables, information and communication equipment, and equipment for data centers will increase. Furthermore, with regard to the power infrastructure that underpins this communication, we expect the transition to renewable energy and the construction of a robust power grid network to accelerate more than originally projected.

MINUS External environmental changes that will be risks for Furukawa Electric

Although we initially assumed that the risk of a rapid decline in car sales was low, the current spread of COVID-19 infections has led to a sharp decrease in car sales. As the Group manufactures parts used in automobiles, such as wire harnesses, and upstream products that make up those parts, sales of these products declined. The downturn in the automotive market is temporary and we expect a recovery in the future, but it may not return to the market we originally assumed. We will carefully verify the situation and take action to ensure that we do not miss the changes in the automobile market in this new environment.

Materiality

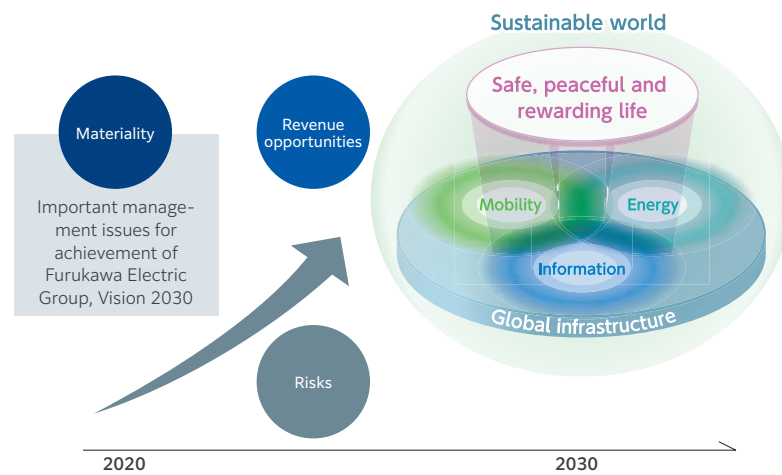
Furukawa Electric Group, Vision 2030 and Important Management Issues

In the rapidly changing business environment surrounding the Group, the Group is promoting ESG management and striving to improve its medium- to long-term corporate value in order to achieve sustainable growth. In 2019, the Furukawa Electric Group formulated Furukawa Electric Group, Vision 2030, which clarified the targeted time frame and business domains. Assuming 2030, the year when the SDGs will be achieved, various social issues are expected, such as the global social issues indicated by the SDGs, which are highly relevant to the Group, and the issues in the integrated society envisioned in Vision 2030. Therefore, we defined “materiality” as important management issues that the Group should address in order to achieve Vision 2030, and we determined materiality in terms of both revenue opportunities and

risks, in accordance with the process of identifying important management issues.

From the perspective of revenue opportunities, in order to solve various social issues through the business activities of the Group, we changed the conventional product-out way of thinking and adopted the “creation of businesses that solve social issues” based on outside-in thinking in SDGs as materiality. In addition, we also defined materiality as “Open, Agile, Innovative,” which reflects the aspiration included in Vision 2030, namely, the desire to become a company that actively transforms itself, and the “Building partnerships with various stakeholders,” focusing on breaking away from self-reliance and building partnerships with outside parties to create friends. We are currently carrying out initiatives to materialize businesses that solve social issues. These include “creating businesses that support next-generation infrastructure,” which will be the foundation of the integrated society, and “creating environment-friendly businesses” that contribute to a decarbonized society and a sound material-cycle society.

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



Materiality of revenue opportunities



Materiality of risks



Process of Identifying Important Management Issues

Step 1

Understanding and organizing social issues

In identifying materiality, we identified social issues by referring to “external factors” and “internal factors,” adjusted duplicate items, and created a list of 29 items.

External factors

- 17 SDG goals and 169 targets
- FTSE, MSCI and DJSI ESG evaluation items, etc.

Internal factors

- Important measures of Furukawa G Plan 2020
- Values of the Furukawa Electric Group
- Important Companywide risks, etc.

Step 2

Materiality map evaluation

The two axes of “importance to shareholders and investors” and “importance to achieving Vision 2030” are evaluated for importance (high, medium, low) and prioritized.

Importance to shareholders and investors

- Interviews with institutional investors
- Impact on ESG rating assessment

Importance to achieving Vision 2030

- Management and executive officers gather together regularly to discuss materialization of Vision 2030
- Discussions of CSR and Risk Management Committee reflected

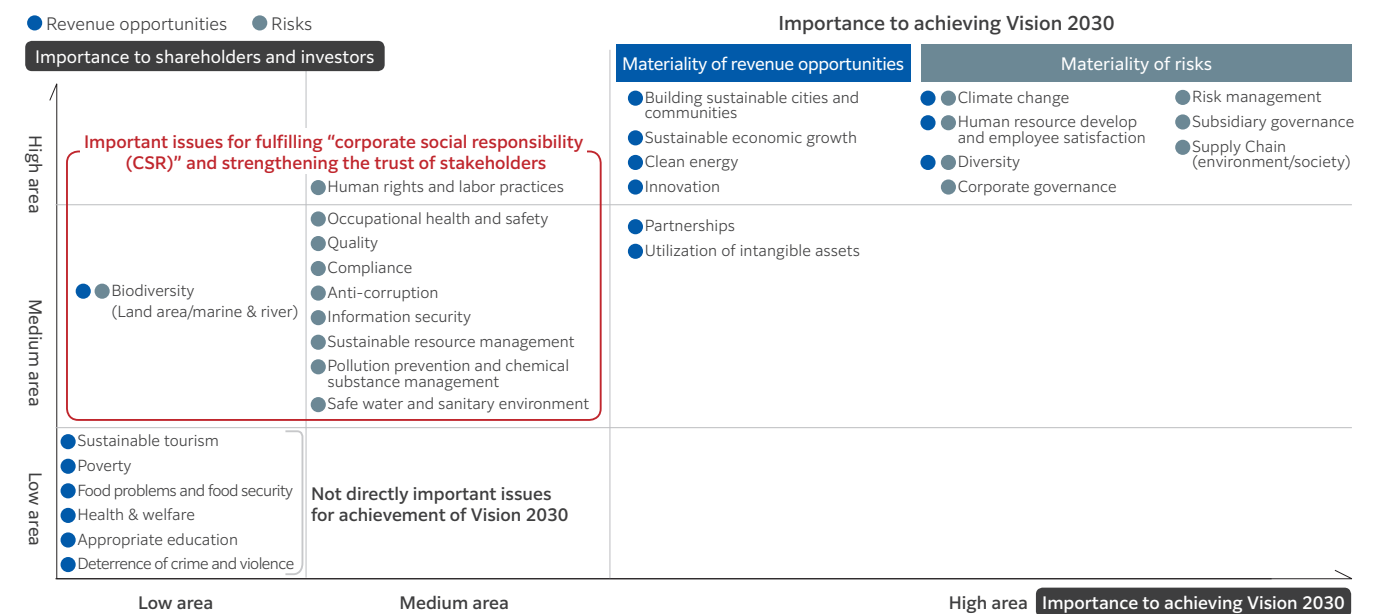
Step 3

Identification of materiality

High-priority items are categorized by revenue opportunity and risk aspects and identified as materiality items.

The identified materiality items are categorized and rearranged as important issues for achieving Vision 2030, and expressed as the materiality of three revenue opportunities and the materiality of the E, S, and G risks.

* With regard to materiality, we distinguish between important issues for achieving Vision 2030 and important issues for fulfilling corporate social responsibility (CSR) and strengthening the trust of stakeholders. For more details, see “Risk Management” on page 37 of this report.



SDGs Which are Highly Relevant to Important Management Issues

The SDGs that are highly relevant to identified materiality are associated with multiple SDG targets. In the future, we will set medium- to long-term goals and evaluation indicators for the identified materiality, and we recognize that concrete efforts are necessary. With regard to “climate change,” we are proceeding with

leading initiatives such as setting greenhouse gas emission reduction targets for 2030 and obtaining SBT certification.

By working on materiality, the Group will achieve Vision 2030 and contribute to the achievement of the United Nations SDGs.

	SDGs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Materiality		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Creating businesses that solve social issues																	
2	Open, Agile, Innovative																	
3	Building partnerships with various stakeholders																	
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																	

* Materiality and each SDG goal are associated with multiple SDG targets.

Business Model

Existing Business Model

In the Furukawa Electric Group, four business divisions and the Automotive Products Division are expanding sales of a wide range of products in the information and communications, energy, and automotive markets and the electronics markets (semiconductors, etc.) that support these products.

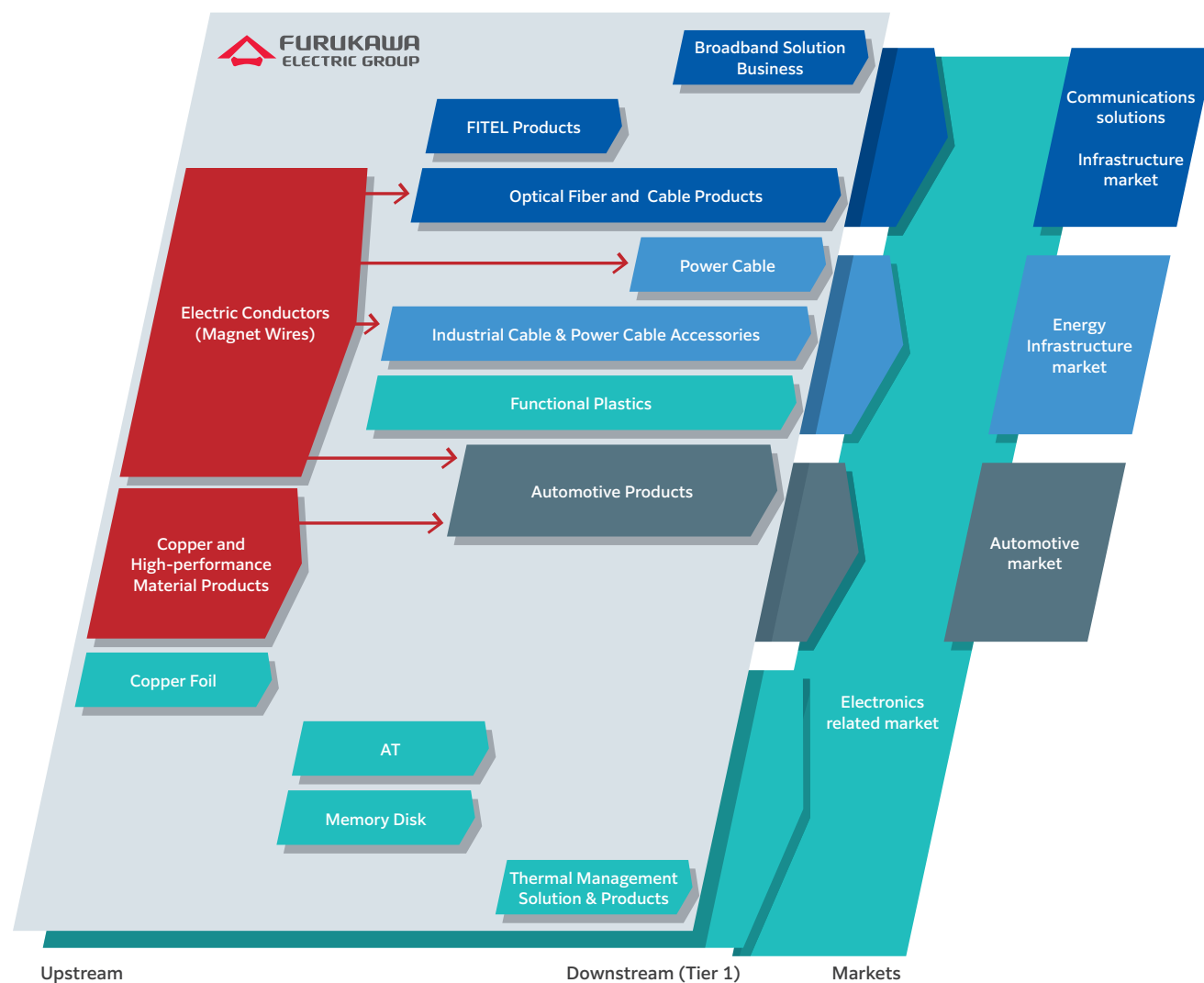
We also handle a wide range of products, from materials far upstream from the final market to products downstream near the final market. Some of these products have the largest share in the world and occupy the top positions, and also contribute to solving social issues in many business areas.

Strengths of Existing Business Model, Differentiation Factors

The Group contributes to resolving customer needs and social issues through products that have the technological strengths of “transmitting, connecting, and storing” “energy, information, and heat.” One of the Group’s strengths is that it has created a differentiation factor by optimizing and improving the quality of products through the establishment of a value chain within the Group from upstream

materials to downstream Tier 1 products. In addition, we have won acclaim in the information, energy, automotive and electronics sectors by achieving differentiation through the acceleration of design, development and prototyping to meet customer needs, and the optimization of products together with the marketing divisions and the research and development divisions.

Value chain of the Furukawa Electric Group



Consideration of SDGs Priority Issues Based on Value Chain Mapping

Using the value chain mapping of the SDG compass, we examine whether the Group’s current major products contribute to the 17 goals and 169 targets of the SDGs, and we are proceeding to identify the

SDGs that the Group should prioritize. Here, we would like to introduce the results of discussions by all of our executive officers and senior fellows that have distinctive effects and impacts.

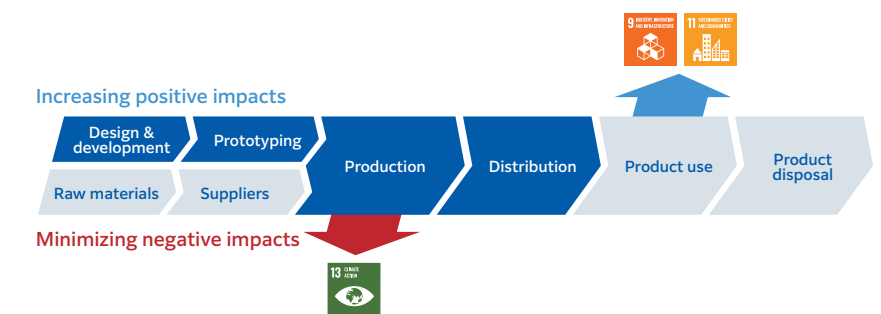
Communications Solutions Optical fiber & cable products

Increasing positive impacts

Optical fiber and cable products will contribute to the development and expansion of sustainable and robust communication infrastructure, as well as safe and resilient urban development, in light of the progress of 5G and the further increase in communication traffic caused by the COVID-19 crisis.

Minimizing negative impacts

As we recognize that reducing greenhouse gas (GHG) emissions in the manufacturing process is an important issue, we are promoting various measures such as energy saving at manufacturing plants.



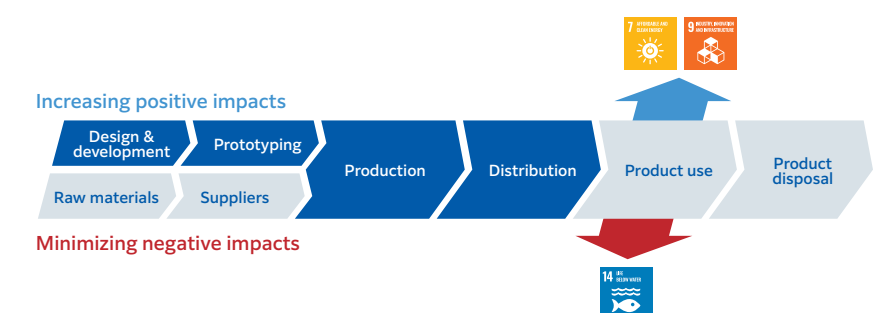
Energy Infrastructure Submarine transmission cables for offshore wind power generation

Increasing positive impacts

We will contribute to the realization of a decarbonized society by supplying and laying submarine and underground cables, which are indispensable for building interconnections between renewable energy power sources such as offshore wind power generation and power grids.

Minimizing negative impacts

In the process of laying submarine cables, we are taking care to minimize the impact on the marine environment.



Automotive Products Aluminum wire harnesses

Increasing positive impacts

The use of wire harnesses that use aluminum wires, which are lighter than copper, contributes to the realization of a decarbonized society by reducing the weight of automobiles and improving energy consumption through an improvement in fuel efficiency.

Minimizing negative impacts

With regard to energy use in the manufacturing process, we are promoting an improvement in the ratio of renewable energy use, in addition to energy saving at manufacturing plants.

Electronics Component Materials Oxygen-free copper wire

Increasing positive impacts

Oxygen-free copper wire is used in drive motors for electric vehicles and hybrid vehicles. The use of this product improves the efficiency of clean energy utilization and contributes to the realization of a decarbonized society.

Minimizing negative impacts

In the manufacturing process, we will increase the percentage of recycled copper and make effective use of natural resources.

Functional Products Thermal products

Increasing positive impacts

Thermal products with high-performance heat dissipation and cooling mechanisms improve the efficiency of energy consumption and reduce running costs at data centers. This is one of the applications of these products and this positive impact in terms of power consumption volume has attracted worldwide attention. They also contribute to high-speed and high-capacity communications.

Minimizing negative impacts

With regard to energy use in the manufacturing process, we are promoting an improvement in energy saving and the ratio of renewable energy use at manufacturing subsidiaries.

CFO
Message

Akihiro Fukunaga

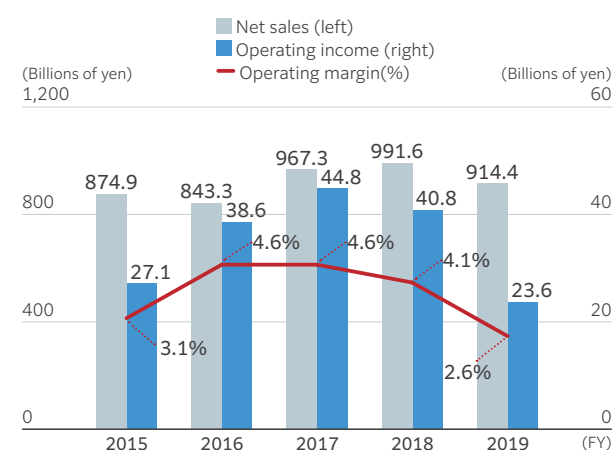
Director and Corporate Vice President,
General Manager of the Finance &
Global Management Division

We will increase our cash generation capability and improve corporate value by generating a steady return on growth investments and improving asset efficiency.



Review of FY2019 Results

We strived hard, targeting solid growth in fiscal 2019, as we approached the upcoming final year of our mid-term management plan “Furukawa G Plan 2020.” We implemented measures to improve profitability and enhance our execution capability but could not increase profit as planned, due to significant changes in the external environment. In particular, the deteriorating supply-demand balance in optical fibers and other products, triggered by China, and the sluggish markets related to data centers and electronics broadly affected all our business domains. In contrast, the long-struggling Power Cable Division turned profitable, as we had focused on the renewable energy market, which has growth potential, and we benefitted from the impact of increased production aimed at obtaining orders for domestic submarine and underground cables.

Net sales, Operating income,
and Operating margin

Creating a Stable and Sound Financial Base

I believe that a stable financial base is most important for sustainable corporate growth, and this requires not merely an improvement in the balance sheet stemming from business growth and securing profit, but also strategic reform of the balance sheet.

Optimization of inventory assets is one of the initiatives we are implementing for that purpose. In addition to reducing inventories, we are mindful of the cash conversion cycle (CCC) in seeking an optimal level of inventory in light of the entire supply chain.

We have also sold some policy-holding shares and

reduced the ratio of these shares to net assets from 16% in fiscal 2017 to 8% in fiscal 2019. Moreover, we sold some idle real estate assets, reduced interest-bearing debt, and improved the balance sheet. On the other hand, as we believe that we need to invest in future growth areas and the IT sector, our capital investment has been exceeding depreciation expenses during the current mid-term management plan but we always make investment decisions while fully considering investment effects and risks.

Aiming to Enhance Asset Efficiency

With the aim of enhancing capital efficiency and improving financial soundness, we introduced “return on operating assets” as our unique KPI in FY2016. This is an indicator to measure the profit earned by using operating assets (inventories + tangible and intangible fixed assets). Using 10% as the threshold, we have been improving or withdrawing from low-profit or non-core businesses. In the case of a business which does not earn sufficient profit relative to its operating assets or a business which currently generates profit but should not be continued on our own, in view of the future market environment or future investment needs, we move ahead with a sale of that business or pursue some kind of business reorganization, including collaboration with another company.

In line with this viewpoint, we reorganized the

general-use electric cable business for the construction and electric appliance markets, the heavy magnet wire business, and the copper tube business in fiscal 2019.

The adoption of this KPI has also generated a side benefit — a change in mind-set within the company. Previously, we tended to focus on profit and loss in business evaluation. Now, the mind-set that new investment cannot be approved unless the assets are efficiently used and generate cash has been taking root. “Return on operating assets” is an easy-to-understand indicator for people in business divisions and it was appropriate to adopt it as an initial measure to make ourselves more conscious of the balance sheet. We are already thinking about introducing another management indicator that will help us further pursue capital efficiency and growth in the next mid-term management plan.

Aiming to Achieve the Furukawa Electric Group Vision 2030

As we seek to emphasize asset efficiency in management, the basic principle of our capital policy is to keep a good balance among investments for future growth, cultivation of new businesses, improvement of financial health and shareholder returns. Despite heightened uncertainties in the current business environment, driven by the COVID-19 pandemic, our basic principle remains unchanged.

We feel we must continue to review our business portfolio by such means as concentrated allocation of management resources, business reorganization, and M&A activity in order to keep generating stable earnings and thereby achieve the Furukawa Electric Group Vision 2030. We will remain committed to improving asset efficiency, increasing our cash generation capability, and improving corporate value.

	FY2015	FY 2016	FY 2017	FY 2018	FY 2019
Return on equity (ROE)	5.5%	9.3%	12.9%	12.0%	7.2%
Net D/E ratio	1.2	1.0	0.9	0.8	0.8

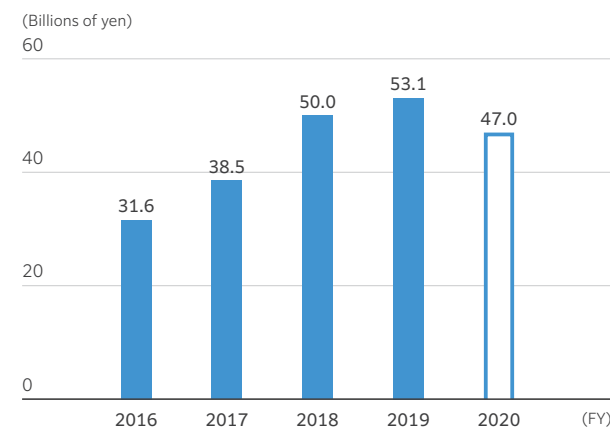
CAPEX

Basic Policy Regarding Business Investment

We have so far strengthened growth investment mainly in the Infrastructure area (Communications/ Energy) and the automotive area in the Furukawa G Plan 2020. We have also focused on productivity improvement and rationalization.

Particularly in fiscal 2020, in light of the change in the demand environment, driven by the COVID-19 impact, we are more thoroughly checking each project, such as re-examining the timing and scale of investment for capacity expansion and the specifications of manufacturing facilities.

Capital investment in FY2016-2020



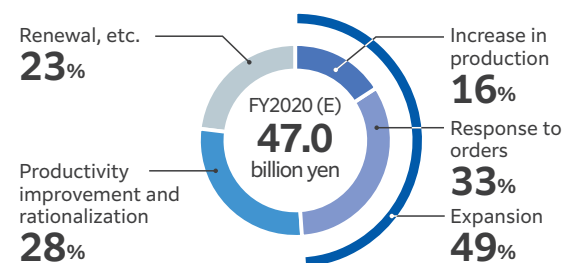
Capital Investment Details

Investments in the Furukawa G Plan 2020 are focused on increasing production of optical fibers and improving productivity for optical fibers and cables; establishing manufacturing capability and improving productivity for long-length submarine cables; and enhancing the production system in order to expand

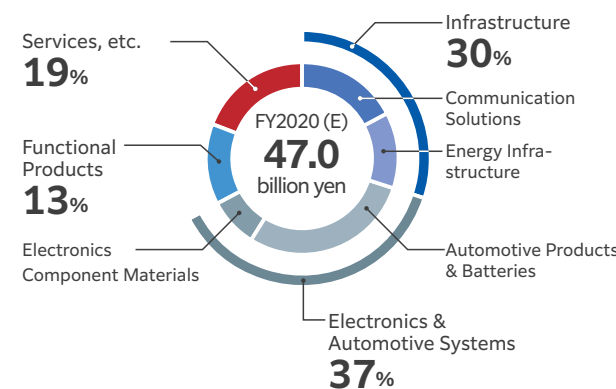
production of aluminum wire harnesses.

In fiscal 2020, in particular, our focus is on responding to orders received mainly for wire harnesses and power cables, as well as improving productivity and investing in rationalization, including IT infrastructure investment.

FY2020 capital investment (estimate)



FY2020 capital investment (estimate) by segment



Evaluation Process for Business Investment

Concerning major investment candidates, the investment committee chaired by the General Manager of the Finance & Global Management Division fully considers the potential investment effects (profitability, recoverability, impacts on business strategy, etc.) and risks, and determines whether to approve such candidates or not. The

investment effects of projects we invest in are regularly followed up and their progress is checked. Return on operating assets is used as one of the benchmarks for investment decisions and follow-up on investment effects. We thus strive to ensure the generation of investment effects while considering asset efficiency.

Intellectual Property

Basic Policy Regarding Intellectual Property

By positioning intellectual property (IP) as one of the management resources to be used for business, the Furukawa Electric Group promotes "IP management", in which IP is used for the enhancement of business competitiveness. The basic policy is to run an IP cycle which starts from the IP's use to its creation and

storage, and protection. We implement the IP strategy for our differentiated proprietary technology and enhance business by executing IP activities.

This execution of the IP cycle is intended to minimize our business risks and build and maintain our competitive advantage in business.



We are experiencing tremendous changes in society and industrial structures, driven by digitalization. In order to become more competitive and achieve sustainable growth, we are promoting an IP landscape where IP information is used in devising strategies. By incorporating IP information in the process of devising

various strategies for the achievement of the Furukawa Electric Group Vision 2030, we are proactively working to enhance our business strategy as well as our IP strategy.

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

Main Topics in 2020

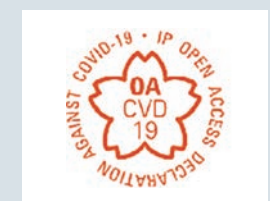
Received "Derwent Top 100 Global Innovators 2020 Award" (February 26, 2020)

We were chosen among the "Top 100 Global Innovators 2020" by Clarivate Analytics, a global information service company. This is the fifth award and the third-consecutive award from 2018.



Participation in "Intellectual Property Open COVID-19 Declaration" (June 3, 2020)

This declaration promotes free access to participants' intellectual property rights for activities aimed at ending the global spread of COVID-19. We are decisively contributing to an early end to the spread of the COVID-19 pandemic by providing free access to our intellectual property rights in the medical field, including patents covering fluorescent silica nanoparticles and flow cytometers, which can be used in the diagnosis of COVID-19 infection.



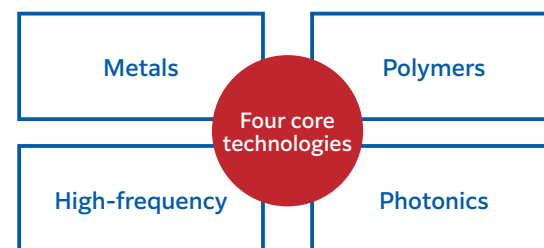
Research & Development

R&D Vision

The Furukawa Electric Group will mobilize its abilities and contribute to society with its material technology based around the theme of “using technology acquired through our material capabilities to help realize a comfortable, pleasant society for people.”

Four Core Technologies

Since its foundation in 1884, the Furukawa Electric Group has accumulated material technologies by expanding from copper smelting and electrical cables to a wider range of areas. By adding high-frequency electronics technology to materials technology, we currently have four core technologies—metals, polymers, photonics, and high-frequency. Along with the development of products and services in the three Segments of Infrastructure, Electronics & Automotive Systems and Functional Products, we are committed to contributing to a sustainable society through new businesses and new products.



R&D Organization

With the aim of creating and developing new businesses via new products and new technologies, the Furukawa Electric Group is actively engaged in R&D activities through its R&D organization that is centered on Furukawa Electric's laboratories in Japan as well as OFS Laboratories, LLC, Furukawa Electric Institute of Technology Ltd. (FETI), SuperPower Inc., Silicon Valley Innovation Laboratories, and Furukawa Electric (SVIL) outside Japan.



OFS Laboratories (USA)
Advanced photonics technology



SuperPower Inc. (USA)
Superconductivity



FETI (Hungary)
Advanced basic technology



SVIL (USA)
Open innovation

Locations in Japan



Yokohama



Hiratsuka



Hiratsuka



Chiba



Nikko



Shiga

Laboratories for Fusion of Core Technologies
(Yokohama, Chiba, Nikko and Hiratsuka)

Advanced Technologies R&D Laboratories
(Yokohama, Nikko and Hiratsuka)

Automotive Products & Electronics Laboratories
(Hiratsuka, Nikko, Shiga and Imaichi)

Telecommunications & Energy Laboratories
(Chiba and Hiratsuka)

Superconducting Products Department
(Nikko)

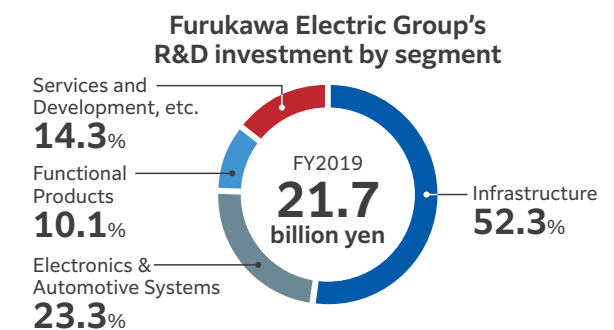
Future Infrastructure Technology Center
(Hiratsuka)

Digital Innovation Center
(Yokohama)

R&D Investment

In fiscal 2019, R&D expenses increased by 2.4% from the previous year to 21,650 million yen for developing new products and new businesses in each segment, with the aim of enhancing focused areas and creating new businesses.

For details on R&D activities by segment, please see “R&D activities” on pages 26-28 of the 198th Securities Report.



R&D Activities Aimed at Achieving Vision 2030

In order to build a sustainable world and make people's lives safe, peaceful and rewarding, the Furukawa Electric Group is engaged in R&D activities aimed at the creation of social infrastructure that combines the areas of information, energy and

mobility. We established Fun Lab® as a base for open innovation in Yokohama Works in 2016. Then, for the achievement of Vision 2030, we opened the Future Infrastructure Technology Center in 2019 and the Digital Innovation Center in 2020.

Fun Lab®

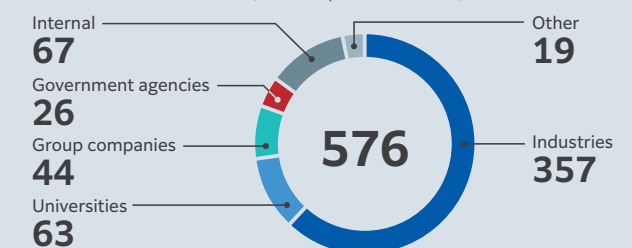
The Fun Lab is a place to promote open innovation and to create new value via “COMPREHENSION”, “COOPERATION” and “COLLABORATION” with visitors. Through creative, stimulative communication with visitors from industries, government agencies, schools, etc., we want to create innovation and help realize a sustainable society. Since the renewal in June 2019, the Fun Lab has been continuing efforts to promote open innovation.

For details, please see “Fun Lab, a new space for generating open innovation” on Furukawa Electric's website.
<https://www.furukawa.co.jp/funlab/en/concept/>



Inside the renovated Fun Lab

Fun Lab visitor groups of the first four years by type (As of September 2020)



Future Infrastructure Technology Center

The Center is working on inventing a “next-generation infrastructure” that will integrate information, energy, and mobility, be environmentally friendly, and make people's lives safe, peaceful and rewarding. By collaborating with partners, the Center is engaged in the development of new technologies and new services.

For details, please see the “Future Infrastructure Technology Center” on Furukawa Electric's website.
<https://www.furukawa.co.jp/en/rd/profile/infra.html>

Digital Innovation Center

The Center serves as a core element of the Furukawa Electric Group in enhancing digital technologies, realizing unrivaled quality by innovating manufacturing technologies, and creating new businesses for the achievement of the SDGs and the resolution of social issues.

For details, please see the “Digital Innovation Center” on Furukawa Electric's website.
<https://www.furukawa.co.jp/en/rd/profile/digital.html>

Mid-term Management Plan (FY2016 to FY2020) Furukawa G Plan 2020



Progress of the Mid-term Management Plan

Progress of the Mid-term Management Plan (Outline)

The Furukawa Electric Group has been engaged in business under its Mid-term Management Plan "Furukawa G Plan 2020," which spans fiscal 2016 to fiscal 2020.

Specifically, we have been striving to establish a foundation for the future growth of the entire Group and to strengthen business mainly by 1) restructuring the business portfolio via structural reform of low-

margin or non-core businesses, 2) proactively investing in growth businesses, and 3) creating new businesses.

Due to a slowdown in the Communications Solutions business since the second half of fiscal 2018 and the COVID-19 impact in fiscal 2020, operating income in fiscal 2020 is expected to fall far short of the initial target. Nevertheless, we have made steady progress in terms of improving financial soundness.

	FY2015 Result	FY2016 Result	FY2017 Result	FY2018 Result	FY2019 Result	FY2020 Forecast	2020 Mid-term Management Plan	
							As of May 2016	As of May 2018
Operating income	27.1 billion	38.6 billion	44.8 billion	40.8 billion	23.6 billion	50.0 billion	At least 40.0 billion	At least 55.0 billion
Net income	10.0 billion	17.6 billion	28.5 billion	29.1 billion	17.6 billion	—	At least 20.0 billion	At least 30.0 billion
Net D/E ratio	1.19	0.99	0.88	0.81	0.8	—	—	<0.8
Equity ratio	24.5%	27.6%	29.0%	30.3%	30.2%	—	—	>30%
ROE	5.5%	9.3%	12.9%	12.0%	7.2%	—	>8%	>10%
Return on operating assets	9.1%	12.1%	13.1%	11.2%	6.1%	—	At least 10%	At least 10%

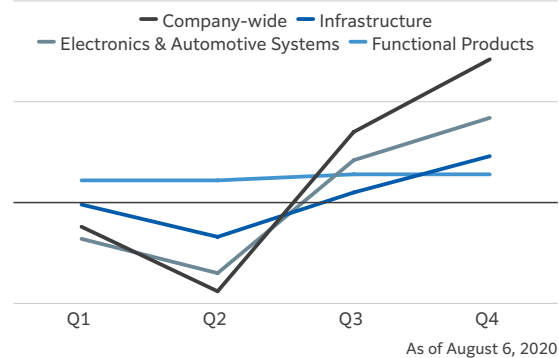
As of August 6, 2020

The COVID-19 Impact on Business (Overall)

Depressed operations at overseas group companies, mainly in the Automotive Products Division (Electronics & Automotive Systems Segment) and the Power Cable Division (Infrastructure Segment), are expected to adversely affect operating results for the first half of fiscal 2020. We established a group-wide emergency response team and the entire Group has been making efforts to reduce the cost of sales, expenses, and fixed costs. Nevertheless, we are expecting to record an operating loss in the first half.

From the second half, we are anticipating a recovery in the automotive industry, a pick-up in operating rates at overseas subsidiaries, and some other improvements.

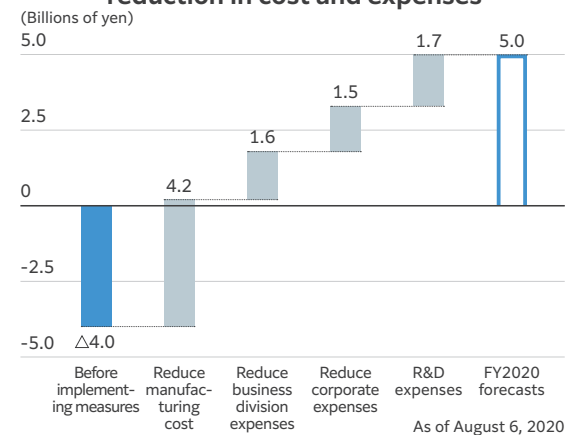
Operating income forecasts of the company and each business segment



Initiatives and progress for FY2020, the Plan's final year

The COVID-19 pandemic is expected to greatly affect the entire company in fiscal 2020 but we will continue to enhance focused businesses and products, reform low-margin businesses and products, and make ourselves more resilient to the changing environment by improving the cost of sales, driven by productivity enhancement and other measures. We will also look toward the post-COVID-19 world, and promote business development, R&D activities, and ESG management for the achievement of the Furukawa Electric Group Vision 2030.

Operating income forecasts for FY2020 implementing all measures, including reduction in cost and expenses



Major Initiatives to Build Stronger Operating Foundations

Concerning initiatives to build stronger operating foundations in the "Furukawa G Plan 2020," we have set the dissemination of the Group Philosophy, corporate governance enhancement, and workstyle reform and diversity & inclusion promotion as themes,

and we have been accelerating the implementation of initiatives. In line with these themes, we recognize climate change as a critical managerial issue for the sustainable growth of the Group and have been strengthening our response to this issue.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	(FY)
Group philosophy dissemination																			
Philosophy system																			
Corporate governance enhancement																			
Basic policy																			
Separation of supervision and execution																			
Board of Directors																			
Audit & Supervisory Board																			
Evaluation of the effectiveness of the Board of Directors																			
Nominating/Compensation Committee																			
Society: Workstyle reform and diversity & inclusion promotion																			
Workstyle reform; organizational execution ability enhancement																			
Diversity & inclusion promotion																			
Other major initiatives																			
Environment																			
Basic policy																			
Climate change; information disclosure																			

1: Aimed for supervising execution by the management, including the President, from a non-executive position

2: Reduced the term of service of the Directors from two years to one year

3: Annually disclosed

4: Consisted of the basic remuneration, short-term performance-linked remuneration, and mid- to long-term performance-linked remuneration

5: Aimed at strengthening incentives

6: Formulated in 1998

Infrastructure Segment

Communications Solutions







Corporate Executive Vice President and General Manager of Communication Solutions Division
Takahide Kimura

Furukawa G Plan 2020 Basic Policy

Expand the global business with an eye on advances in 5G

Business Overview / Introduction of Products

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

	Optical Fiber and Cable Products		FITELE Products		Broadband Solutions Business	
						
Main products	<ul style="list-style-type: none"> - Low loss fibers for submarine power cable and long distance - Low bending loss fiber for building/residential applications 	<ul style="list-style-type: none"> - Rollable ribbon cable 	<ul style="list-style-type: none"> - Variable wavelength laser modules (ITLA*) 	<ul style="list-style-type: none"> - Industrial lasers 	<ul style="list-style-type: none"> - FTTH system devices 	<ul style="list-style-type: none"> - Network routers
Main applications	<ul style="list-style-type: none"> - Telecommunications - Video broadcasts - Data centers 	<ul style="list-style-type: none"> - Telecommunications - Video broadcasts - Data centers 	<ul style="list-style-type: none"> - Digital coherent signal light source 	<ul style="list-style-type: none"> - Cutting, welding, etc. 	<ul style="list-style-type: none"> - Telecommunications service - Broadcast service - Design, installation 	<ul style="list-style-type: none"> - High speed, high capacity telecommunications service - Establish VPN
Main customers	<ul style="list-style-type: none"> - Telecommunications carriers - CATV providers - OTT 		<ul style="list-style-type: none"> - System vendors - Transmission device manufacturers 	<ul style="list-style-type: none"> - Industrial Processing manufactures 	<ul style="list-style-type: none"> - CATV providers - Municipalities - Telecommunications providers 	<ul style="list-style-type: none"> - Telecommunications providers - General companies

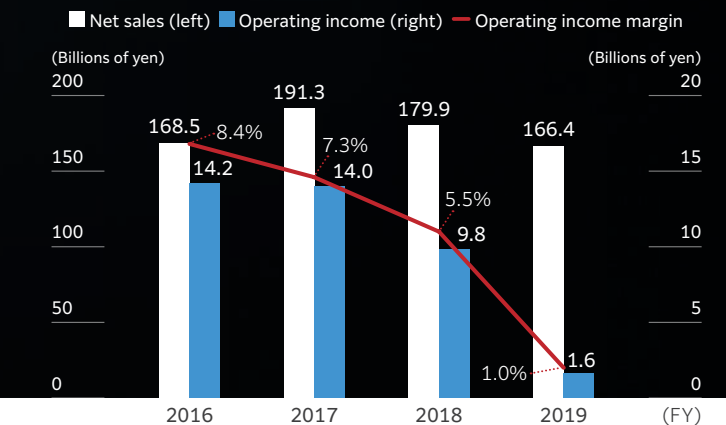
* ITLA: Integrable Tunable Laser Assembly

Overview of FY2019

Both sales and profit decreased from the previous year due to 1) price declines caused by a global supply-demand imbalance for optical fibers that was triggered by China and 2) a delay in improvement in productivity for optical fibers and cables at the U.S. subsidiary. While we continued to implement measures to improve productivity for general-purpose fibers and reduce costs, we focused on developing and expanding sales of high-value-added products.

Sales of digital coherent related products increased from the previous year and contributed to profit with the additional benefit of our cost reduction efforts.

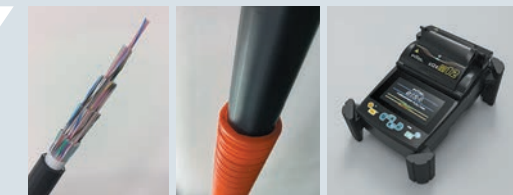
Net sales / Operating income / Operating income margin



Main Topic

Development of the world's highest-density small-diameter optical fiber cable

Contributing to the construction of a high-density network



Furukawa Electric has developed and successfully commercialized the world's highest core density* 6912 "rollable ribbon" fiber optic cable. High-capacity optical fiber cables are needed for data centers. As the cable can be installed in a conduit with an inner diameter of 1.25 inches (approximately 32 mm), which is widely used in existing data centers, data centers can expand capacity without undertaking significant facility reforms. In addition, a multi-core optical fiber fusion splicer (S124M12), which is most suitable for connecting small-diameter, high-density cables at high speed, and a high-density batch connector (MT connector) have also been commercialized. These products have been highly evaluated by customers as a data center optical fiber solution that significantly raises connecting work efficiency, and enables faster, efficient construction of end-to-end optical fiber lines.

* Core density means the number of optical fibers versus the cross-section area of the cable within an optical fiber

Strengths and Challenges

Strengths

- Global production locations serving growth markets
- Differentiation by using highly functional products and technology (optical fibers and cables, digital coherent, network technology, etc.)

Initiatives to address current challenges

- Enhancement of cost competitiveness and product differentiation as measures to counter intensifying competition
- Enhancement and accelerated sales expansion of products suitable for data centers
- Development of next-generation products aimed at realizing Society 5.0

Business Outlook

Amid the ongoing transition to 5G (the 5th generation mobile communication system) and the spread of AI and IoT, the construction of ultra-high speed, large capacity, low latency communication infrastructure with simultaneous connection of multiple terminals is required. Further, the COVID-19 pandemic has forced the world to adapt to the New Normal, boosting further need for a safe, reliable network. The Communications Solutions Division is committed to developing products and services that respond to these social needs and provide solutions.

Infrastructure Segment

Energy Infrastructure





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

Furukawa G Plan 2020 Basic Policy

Establish a business foundation that contributes to strengthening interconnections and preparing and toughening power lines in response to distributed power generation utilizing renewable energy

Business Overview / Introduction of Products

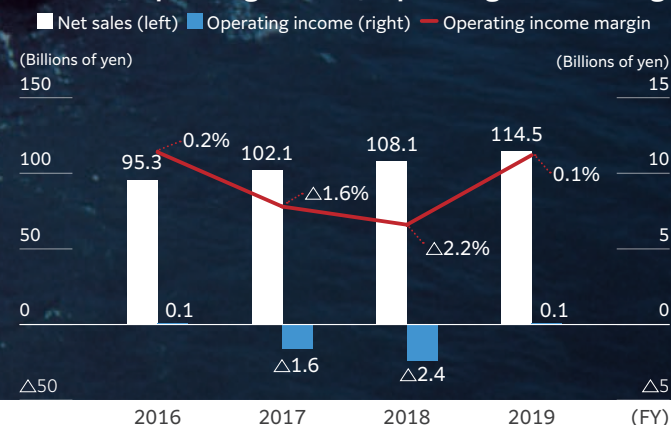
The Energy Infrastructure Division is made up of the Power Cable Division and Industrial Cable & Power Cable Accessories Division, and it is involved in the manufacture, sale and installation of ultra-high voltage, high voltage and medium to low voltage power cable and equipment. The Power Cable Division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

	Energy Infrastructure			
				
Main products	- Ultra high voltage (220kV and higher) and high voltage (66kV and higher) underground transmission cables, accessories and installation	- Submarine transmission cables and installation	- Low to medium voltage power cables	- Electric power distribution accessories and overhead transmission line accessories
Main applications	- Underground power lines between power plants - substations - large factories - New energy power station related (interconnections)	- Submarine power cable from new energy power stations such as offshore wind power stations (new business domain) - Interconnections between regions and to islands	- Indoor wiring in factories, buildings. - Wiring of the distribution board/ control panel for factory facilities/equipment - Wiring of mobile equipment - Solar power systems - Wiring of ship's onboard electrical equipment.	- Electrical materials for distribution lines - Direct and branch cable connections - Insulation and protection for connectors - Electric power supply to railroad cars
Main customers	- Electric power (distribution) companies, large factories. - New energy source electric power companies (SPC)	- New energy source electric power companies (SPC) - Electric power (distribution) companies	- Construction contractors - Electronic appliance manufacturers - Railroad companies - Shipbuilding companies	- Electric power companies - Construction contractors - Railroad companies

Overview of FY2019

The power cable facilities in Chiba Works were forced to temporarily suspend operation due to typhoon No. 15 but operation was quickly restored. We steadily captured orders for replacement demand in underground power cable projects in Japan, which contributed to an increase in sales. Our subsidiary in China implemented structural reform and improved profit, which resulted in the Division's return to profitability.

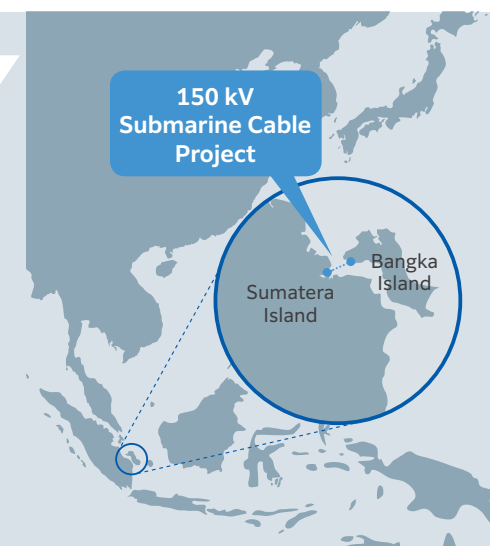
Net sales / Operating income / Operating income margin



Main Topic

Contract Awarded for Submarine Power Cable Project in Republic of Indonesia

In a consortium with PT Wijaya Karya (Persero) Tbk ("WIKA"), a major Indonesian engineering and construction company, we have been awarded a full turnkey engineering, procurement, and construction contract for the development of the 150 kV Submarine Cable Sumatera-Bangka Project by PT. PLN (Persero), Indonesia's state-owned electric utility. The contract value is equivalent to approximately 11 billion yen and the delivery and commissioning of the project are scheduled for 2021.



Strengths and Challenges

Strengths

- Abundant experience in delivering submarine and underground cables
- High technical capability and quality

Initiatives to address current challenges

- Increased manufacturing capacity for submarine and other cables for the renewable energy market, where demand is rapidly growing
- Increased installation capability, aimed at securely capturing replacement demand for power backbone network
- Sales expansion of lightweight, soft aluminum CV cables, which contribute to labor saving and efficiency in construction work

Business Outlook

Based on the national government policy of "making renewable energy a major source of electric power", it will be necessary to prepare and reinforce the power lines and strengthen the interconnections in Japan. Also, a stable supply of high-quality electric power is needed to support the 5G society, and the division will contribute to the shift to the future energy mix.



Electronics & Automotive Systems Segment

Automotive Products & Batteries

Corporate Senior Vice President and General Manager of Automotive Products Division
Shigenobu Abe







* The batteries business is conducted by a listed subsidiary The Furukawa Battery Co., Ltd.

Furukawa G Plan 2020 Basic Policy

Evolve existing products and create next-generation products in the areas of weight reduction, energy management, and safe systems, with safety and security as key words.

Business Overview / Introduction of Products

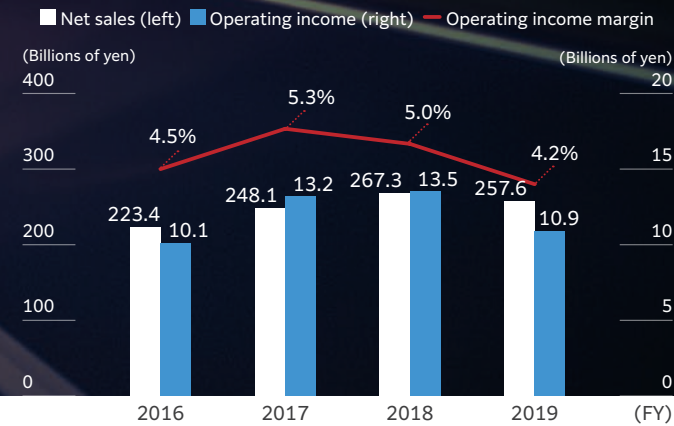
The Automotive Products & Batteries Division is comprised of the wire harness business, the automotive products business (e.g., steering roll connectors, lead battery state detection sensors), and the battery business conducted by the listed subsidiary Furukawa Battery Co., Ltd.

	Automotive Products					
						
Safety	●	●	●	●		
Light weight			●	●	●	
Electri fication						●
Key products	- Quasi-millimeter wave radar	- Steering roll connec- tor (SRC)	- Lead battery state detection sensor (BSS)	- Products using flat cable	- Aluminum harnesses - Corrosion-proof terminal (α terminal)	- High voltage products
Main applica- tions	- Advanced driver-as- sistence systems (ADAS)	- Connector for airbags	- Vehicle power source management	- Electricity supply and signal transmission for sliding doors and long slide seats	- Reduce the weight of vehicle wiring (W/H)	- Wiring for electric vehicles
Main customers	- Japanese automobile manufacturers	- Tier 1	- Japanese automobile manufacturers	- Automobile manu- facturers	- Japanese automobile manufacturers	- Japanese automobile manufacturers

Overview of FY2019

We recorded a decline in sales and profit due to 1) a drop in sales of wire harnesses, 2) an increase in depreciation expenses associated with capital expenditure in response to an order intake of aluminum harnesses for lighter-weight vehicles and cost/quality improvement, and 3) an increase in R&D expenses for the future.

Net sales / Operating income / Operating income margin



Main Topic

Increase in production capacity for aluminum wire harnesses in Vietnam

As needs for lighter-weight automotive parts are rising in response to vehicle electrification and environmental regulations, demand for aluminum wire harnesses is increasing and Furukawa Electric's production share of its lightweight aluminum wire harnesses to its total wire harness output is expected to increase from the current 10% to 30-40% in 2022-2023.

We have therefore decided to quadruple our production capacity for lightweight aluminum wire harnesses at Furukawa Automotive Parts (Vietnam) Inc. (FAPV). We will continue to respond to automotive weight reduction needs by providing aluminum wire harnesses, which combine a wide variety of aluminum wires—a strength of Furukawa Electric—with our anticorrosion technology.



Strengths and Challenges

Strengths

- Product design and development that captures customer needs and utilizes strength in materials
- Enhancement of global supply chain that can support BCP
- Proactive capture of demand for automotive weight reduction in response to Connected, Autonomous, Shared & Services, and Electric (CASE)
- Investment aimed at capacity expansion in Asia at appropriate time, directed at increased shipments of wire harnesses to North America
- Start of mass production of high-function lead battery state detection sensor (BSS)

Initiatives to address current challenges

Business Outlook

By placing safety and reliability as a broader concept, our business objective is to make use of our material technology and sell products with high-value-added services rather than goods to the automotive industry in the current once-in-a-century drastically changing era.

Electronics & Automotive Systems Segment

Electronics Component Materials

Corporate Vice President and General Manager of Electronics Component Materials Division






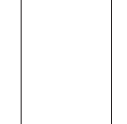



Masao Terauchi

Furukawa G Plan 2020 Basic Policy

Develop materials with characteristics that match customer needs in the automotive and electronics markets

Business Overview / Introduction of Products

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

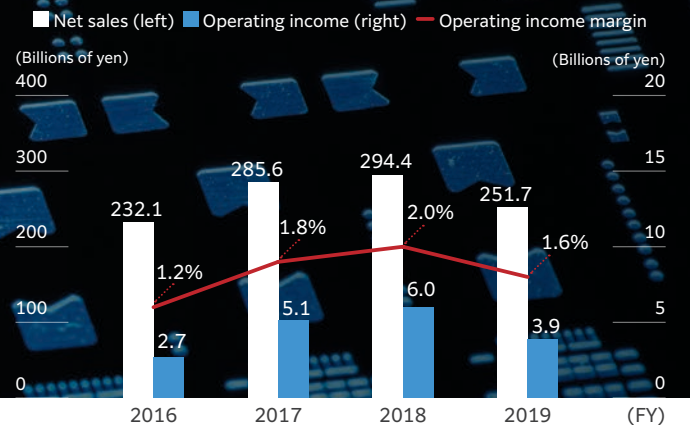
	Electric Conductors (Magnet Wires)				Copper Strips	
						
Main products	- Copper wires, aluminum wires	- Oxygen-free copper wires	- Fine wires	- TEX (Triple insulated winding wire)	- Copper products	- Thin sheets (strips)
Main applications	- Various cables - Wire harness 	- Magnet wires for alternators - Magnet wires for EV motors	- Mobile phone inductors - Relays (general-use, for automobiles)	- Battery charge for mobile phones - Transformers for various power supply	- Mobile phone terminals - Anti-corrosion terminals for automobiles - Semiconductor lead frames 	- Shielding strips - Substrates for heat dissipation - Heat pipes 
Main customers	- Electrical cable makers (internal-use)	- Electrical wire makers - Motor makers	- Electronics component makers	- Power source makers - Transformer makers	- Terminal makers - Semiconductor component makers (internal-use)	- Electrical cable makers - Heat pipe makers (internal-use)

Overview of FY2019

Due to weak demand for smartphones and other electronics products and the impact of the economic slowdown, caused by the prolonged U.S.-China trade friction, demand was sluggish in the electronics market and sales of copper products for connectors and lead frames were weak.

We have decided to sell the Copper Tube Division and reorganize the Magnet Wire Division, in light of comprehensive consideration of business synergies with the infrastructure and automotive segments—a focused area of the mid-term management plan.

Net sales / Operating income / Operating income margin



Main Topic

Essex Magnet Wire' a leader in magnet wire products and Furukawa Electric, integrated their heavy magnet wire businesses, with the aim of supplying Furukawa's HVWW® and other high-value-added magnet wires to customers worldwide, given the global expansion of the electrified automobile market.



For details, please see Furukawa Electric's website.
https://www.furukawa.co.jp/en/release/2019/ele_190926.html
https://www.furukawa.co.jp/en/release/2020/ir_20201002.pdf

Strengths and Challenges

Strengths

- Material development in line with customer needs Initiatives to address current challenges

Initiatives to address current challenges

- Sales expansion of heat-resistant, oxygen-free copper strips for power semiconductors and heat dissipation components
- Sales expansion of original alloys in response to enhanced functions of electronic devices
- Sales expansion of differentiated wires for 5G telecommunication infrastructure and server inductors
- Establishment of a system to steadily capture demand for nickel/titanium alloy products for medical devices

Business Outlook

In the automotive industry, the market for communications devices, sensors, control devices and passive components has grown following increased opportunities for sharing information and knowledge as a result of "vehicle electrification," "autonomous driving technology," "IoT" and "AI." Moreover, materials are also required to have diverse characteristics. We intend to make a wide range of value proposals, by utilizing our material development capability in accordance with customer needs.



Functional Products

Corporate Senior Vice President and General Manager of Functional Products Division
Ryoji Ono

* This segment includes businesses of a listed subsidiary TOTOKU Electric Co., Ltd., etc.

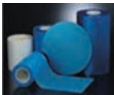
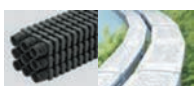
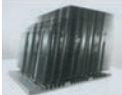


Furukawa G Plan 2020 Basic Policy

Work to co-create with customers and continue to provide solutions

Business Overview / Introduction of Products

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

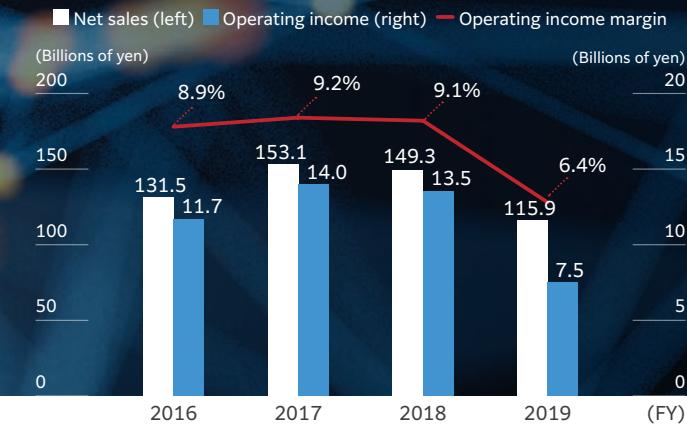
* AT : Advanced Technology Tape

	AT & Functional Plastics		Thermal Management Solution & Products	Memory Disk	Copper Foil	
						
Main products	- Tape for semiconductor process	- Cable protective pipes - Troughs made from recycled materials - Insulation materials	- Copper, etc. including heat sinks and heat pipes	- Aluminum blanks for HDD	- Electrolytic copper foil for printed wiring boards	- Electrolytic copper foil for batteries
Main applications	- Surface protection, immobilizing, etc. during semiconductor wafer processing - Semiconductor chip stacking in flash memory	- Protective pipes for underground cable - Troughs for holding cables - Insulation for air conditioning ducts	- Heat dissipation and cooling of CPUs and power semiconductors, electronics components, high output LED lighting, etc.	- HDD for use in data centers, desk top PCs and monitoring cameras	- Circuit boards for communication devices and electronic	- Negative electrode materials for lithium ion batteries used for EVs, mobile phones, power tools, etc.
Main customers	- Semiconductor manufacturers - foundry manufacturers	- General construction companies and subcontractors - Railroads - Highway public corporations and road subcontractors - Air conditioning duct manufacturers	- Data center operators telecommunications base station operators - Smartphone, PC manufacturers - Manufacturers of power conditioners for railroads and solar power - Lighting equipment manufacturers, etc.	- HDD substrate manufacturers	- Circuit board material makers - Lithium ion battery makers	

Overview of FY2019

The AT & Functional Plastics business posted favorable sales of some underground cable duct materials but the Thermal Management Solution & Products, and the Memory Disk and the Copper Foil business were affected by weaker demand in the electronics market, such as for data centers and smartphones, and by the fire at a copper foil plant in Taiwan in June 2019, which partially destroyed the facility. As a result, sales and profit in the Segment decreased from the previous year.

Net sales / Operating income / Operating income margin



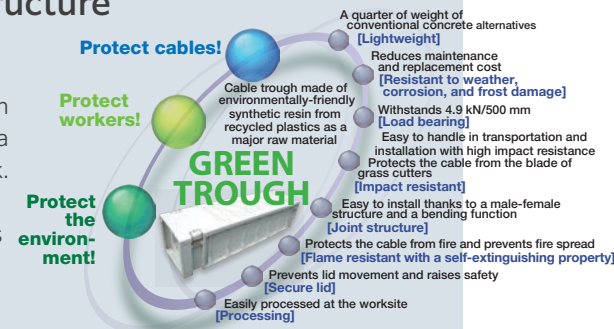
Main Topic

Furukawa Electric Group's GREEN TROUGH® contributes to building safe, peaceful, and rewarding social infrastructure

Contributing to Sanriku Railway's resumption of full operation in Iwate Prefecture

Sanriku Railway in Iwate suspended operation due to the East Japan Typhoon in 2019 but resumed full operation in March 2020. Furukawa Electric Group's GREEN TROUGH® was adopted for restoration work.

A labor shortage and aging workers at construction sites have been a problem in social infrastructure development which requires early restoration. However, GREEN TROUGH®, which is lightweight, weather and impact resistant, and has excellent workability, contributed to a significant reduction in the construction period.



Strengths and Challenges

Strengths

- Ability to propose and develop products in line with customer needs

Initiatives to address current challenges

- Development of next generation products that will form the foundation of new revenue mainly in the data center market
- Development of new markets and proposals for new applications
- Further improvement in productivity and enhancement of the ability to respond to market changes

Business Outlook

We contribute through a diverse product lineup to the realization of a 5G society with higher speed, higher capacity communications and to a sustainable society that will support this.

In the electronics market including data centers, while aiming to increase profits through well differentiated products with high added value, we provide solutions in line with the changes in the social environment through product development based on our plastics technology.

CSR Management

Basic Policy and CSR Code of Conduct

Each of the companies in the Furukawa Electric Group is engaged in CSR activities in line with the following Group basic policy.

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

Furukawa Electric Group basic policy on CSR

Furukawa Electric Group Basic Policy on CSR (Revised March, 2011)

Based on the Furukawa Electric Group Corporate Philosophy,

- We will operate our businesses in harmony with society and the environment and endeavor to create social value through technological innovation, complying with laws, social norms, and ethics as a member of the international community
- We will strive to maintain and build sound and friendly relationships with all of our stakeholders and contribute to the sustainable development of society.

Basic Approach

In order to contribute to the realization of a sustainable society, we need to understand the social responsibilities of Furukawa Electric Group and implement policies in line with the Basic CSR Policy. We will promote CSR initiatives alongside our business activities so that each and every Group employee is able to take the lead in putting CSR initiatives into practice.

The Furukawa Electric Group CSR code of conduct

(Revised April, 2019)

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



For details please see the "Furukawa Electric Group CSR Code of Conduct" on Furukawa Electric's website.
<https://furukawaelectric.disclosure.site/en/themes/123>

CSR Promotion Framework

The Furukawa Electric Group has established the CSR and Risk Management Committee, which comprises management as members, with the President as chair and the General Manager of the Administration & CSR Department as vice chair. The committee is structured to supervise and promote CSR activities of the Group,

including risk management, internal control, compliance, and social contribution. The committee has also established special committees, each of which focuses on managing high-priority risks, such as quality control, occupational health and safety, and the environment.



Risk Management

Overview of Risk Management and System

The Furukawa Electric Group's CSR and 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.

Important companywide risks

Compliance	Information security
Quality control	Affiliated company controls
Large-scale disasters, such as earthquakes	

Business-Related Risks

The Furukawa Electric Group's management performance is affected by economic conditions in various markets where we sell our products and provide services. Our management performance, stock price and financial position may be affected by the risks summarized in the table on the right, which were selected at the end of fiscal 2019.

Business-related risks

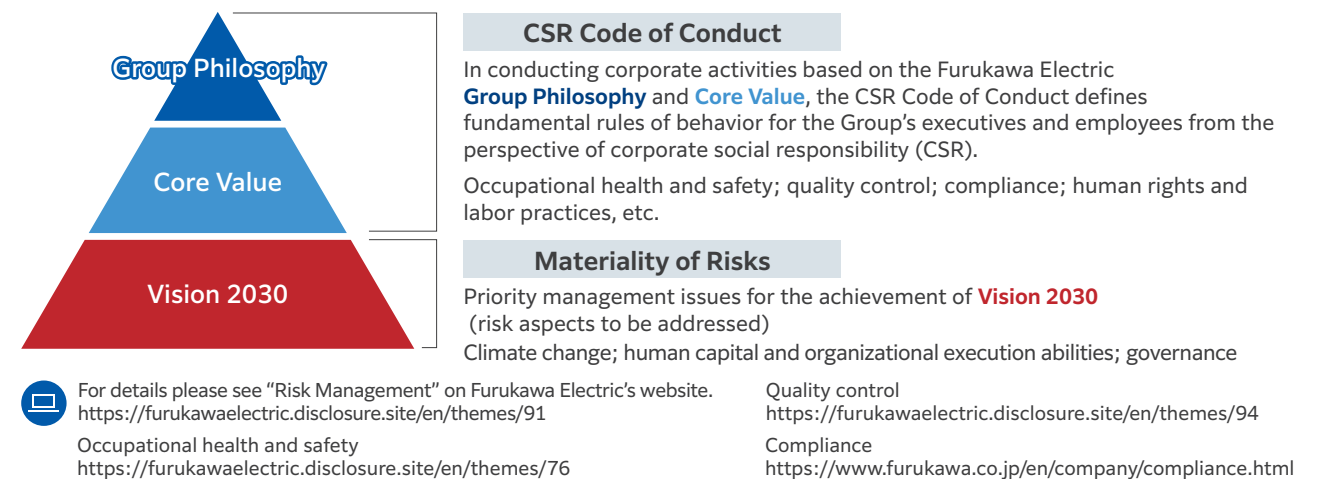
1	Impact of the COVID-19 pandemic	9	Risks related to intellectual property rights
2	Fluctuation in prices of raw materials fuels	10	Risks associated with environmental preservation
3	Procurement risks of raw materials	11	Overseas activities
4	Fluctuations in exchange rates	12	Violations of laws and regulations
5	Risks of higher interest rates	13	Deterioration in profitability of construction works
6	Defective products	14	Information security risks
7	Impairment of assets	15	Natural disaster risks, etc.
8	Risks associated with tax		

For details please see the "Business-related risks" on pages 15-18 of the 198th Securities Report.

The Furukawa Electric Group Vision 2030 and Risk Management

The Furukawa Electric Group has identified risk aspects of priority management issues (materiality) for the achievement of Vision 2030 as 1) developing business activities that take into account climate change; 2) strengthening human resource and organizational execution capabilities; and 3) building a governance system to strengthen risk management.

At the same time, as priority issues for fulfilling our corporate social responsibility (CSR) and strengthening the relationship with stakeholders in corporate activities based on the Group Philosophy and the Core Value, regardless of Vision 2030, occupational health and safety comes first, followed by quality control, compliance, and human rights and labor practices.



Development of Business Activities that Consider Climate Change

Furukawa Electric Group Basic Environmental Policy

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	<ol style="list-style-type: none"> 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.

System to Address Climate Change

The Furukawa Electric Group is working to address climate change through environmental management. We have adopted a system to supervise and promote the Group's risk management by establishing the CSR and Risk Management Committee (Chair: President; Vice-chair: General Manager of the Administration & CSR Division). We have also set up special committees for each risk of high importance under the above Committee. We have positioned climate-related risk as the most important environmental risk, and we manage it based on environmental management in the Furukawa Electric Group Environmental Committee (Chair: General Manager of the MONOZUKURI Innovation Division; Vice-chair: General Manager of the Administration & CSR Division), which was established as a special committee. This committee comprises management as members, including General Managers of divisions that are in charge of business management.

In addition, to address the risks of natural disasters caused by climate change, we have established the



Central Disaster Prevention and Business Continuity Management Promotion Committee (Chair: General Manager of the Administration & CSR Division; Vice-chairs: General Manager of the MONOZUKURI Innovation Division, General Manager of the Strategy Division, which is a special committee, and it is cooperating with business continuity management (BCM).

Climate Change and Environmental Information Disclosure TCFD

The Furukawa Electric Group has set targets for reducing greenhouse gas emissions by 2030 in order to realize a decarbonized society, which the Paris Agreement aims to achieve. The greenhouse gases emitted by the Group are primarily energy-derived carbon dioxide (CO₂) and sulfur hexafluoride (SF₆).

The Group has responded to inquiries from CDP, which represents our institutional investors, about CDP climate change since fiscal 2008 and on CDP water security since fiscal 2013. As a response to customers

utilizing the CDP supply chain program, we take part in briefings and workshops, and in order to maintain and improve the CDP scores, we will continue to expand the scope of environmental information disclosure content and increase its reliability. Further, in January 2020, we endorsed the recommendations of the Climate-related Financial Information Disclosure Task Force (TCFD) and also launched an initiative to disclose information in line with the TCFD.

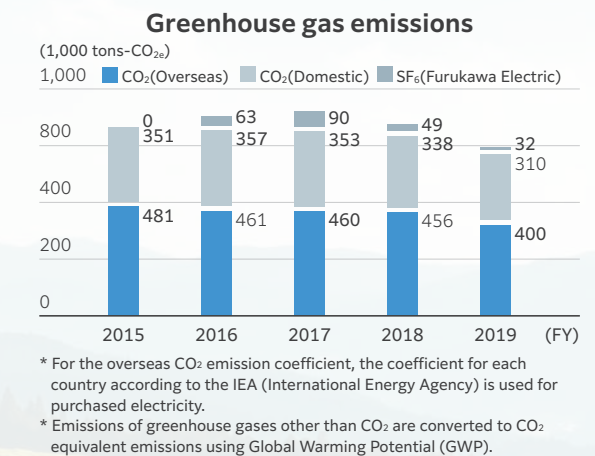
Environmental Targets 2030

1	Contribution to the decarbonized society: Aiming for zero emissions over the long term. (1) The greenhouse gas emissions in the business activities: Reduce absolute scope 1 and 2 GHG emissions 26% by FY2030 from a FY2017 base year. (2) The greenhouse gas emissions in the value chain: Reduce absolute scope 3 GHG emissions 20% by FY2030 from a FY2017 base year.
2	Contribution to the sound material-cycle society: Promote of the recycled materials usages aiming at the sound material-cycle society.
3	Contribution to the circular & ecological sphere society: Minimize the impact on the ecological system through the provision of the environmental activities and products / services.

The Furukawa Electric Group set the Environmental Targets 2030 and applied for the Science Based Targets (SBT) in fiscal 2018 and obtained approval in fiscal 2019.

Progress Status of Environmental Targets

In fiscal 2019, the Group set a new 2030 long-term target for reducing greenhouse gas emissions, with fiscal 2017 as the base year, and achieved SBT certification. In the case of measures to counter climate change, in fiscal 2019, we steadily promoted measures such as energy saving, fuel conversion, installation of solar power generation, and conversion of purchased electricity to renewable energy. In addition, with regard to SF₆ emissions, we are proceeding with the development of test facilities, etc., and owing partly to a decline in the factory utilization rate caused by external influences, total CO₂ emissions for the Group in Japan and overseas decreased significantly by 17.9% compared to fiscal 2017.



Climate Change Countermeasures

In our efforts to reduce greenhouse gases, we are promoting energy saving and fuel conversion at our factories, installing solar power generation, and switching to renewable energy for purchased electricity. In the case of our domestic bases, we have promoted fuel conversion at the Mie Works, and we switched from LPG to LNG in January 2019. Furukawa Nikko Power Generation Inc. in the Furukawa Electric

Group possesses four power plants and is supplying hydroelectric power. The Nikko Works entirely uses electricity generated by hydroelectric power. The Copper Foil Division also started using solar power generation equipment in February 2019. Overseas bases are utilizing solar power in Mexico, China, and India while our bases in Europe and The Philippines are using renewable energy under contract.



Furukawa Nikko Power Generation Inc.'s hydroelectric power generation (Hosoo Power Plant)



Solar power generation panels installed at the Copper Foil Division (Nikko, Tochigi Prefecture)



Automotive Products Division: Solar power panels installed at Furukawa Mexico S.A. De C.V. (Mexico)



Automotive Products Division: Furukawa Automotive Systems Lima Philippines, Inc. (Philippines) switched to electricity derived from geothermal power generation

Future Outlook

In fiscal 2020, we will promote the formulation of the Environmental Vision 2050. In regard to our climate change countermeasures, we will formulate a plan to introduce solar power generation and promote a switch from purchased electricity to renewable energy

in line with the long-term reduction target (SBT) for greenhouse gas emissions. In 2019, we began estimating Internal carbon pricing. We will strengthen our climate change countermeasures by making carbon prices visible for each division.

Initiatives in Line with TCFD Recommendations

Governance

The Group recognizes climate-related risks and opportunities as important management issues for achieving the Furukawa Electric Group Vision 2030. Therefore, in January 2020, we endorsed the TCFD's recommendations and we also decided to sign the United Nations Global Compact.

Risk Management

The CSR and Risk Management Committee holds meetings regularly every six months to discuss issues such as risk management, internal control, and compliance. In addition, the Furukawa Electric Group Environmental Committee and the Central Disaster Prevention and Business Continuity Promotion Committee, which are special committees of the CSR and Risk Management Committee, hold meetings regularly every three months. The Furukawa Electric Group Environmental Committee deliberates on

Strategy

Recognizing that climate-related risks and opportunities are important management issues, in fiscal 2019, the Group participated in the "Climate-related risks and opportunities scenario analysis support program in line with the TCFD," implemented by the Ministry of the Environment, and conducted scenario analysis in regard to the two focused areas in the Furukawa G Plan 2020 (optical fiber cables in the Communications Solutions business and power cables in the Energy Infrastructure business). In the case of scenario analysis, we recognize that the entire Group, including the supply chain, needs to be covered, but this scenario analysis was conducted with a focus only on target businesses and materials used. For the scenario, we set 2030 and 2050 as the time axes for consideration, based on a 2°C scenario and a 4°C scenario.

A summary of the results of the scenario analysis has been published in the Ministry of the Environment's Practical guide for Scenario Analysis in line with the TCFD recommendations
Source: Ministry of the Environment website <https://www.env.go.jp/policy/tcfd.html>

Target businesses

Item	Communications Solutions business	Energy Infrastructure business
Target manufactured items	Optical fiber cables	Power cables
Materials used	Glass material (optical fiber) Plastic (fiber & cable coating material, etc.) Copper (metal communication cable)	Copper (conductive material) Plastic (cable coating material, etc.)
Bases	Globally expanding production bases (Asia, North America/South America, EMEA)	Japan, China

Scope

Item	
Scenarios	2°C Scenario, 4°C Scenario
Target time axes	2030 But set to 2050 for physical risks
Supply chain	Covers copper only. Copper wire is sourced from the Electric Conductor Division. Glass materials and plastics are not included.

Examples of subjects discussed and decided in relation to climate change

SBT certification application and formulation of environmental targets	Management Committee meeting in January 2019
TCFD endorsement	Management Committee meeting in January 2020
Signing of United Nations Global Compact	Management Committee meeting in January 2020

climate-related risks and opportunities and refers matters and reports to the Management Committee and the Board of Directors on the status of monitoring and environmental issues regarding climate-related risks. The Central Disaster Prevention and Business Continuity Promotion Committee is

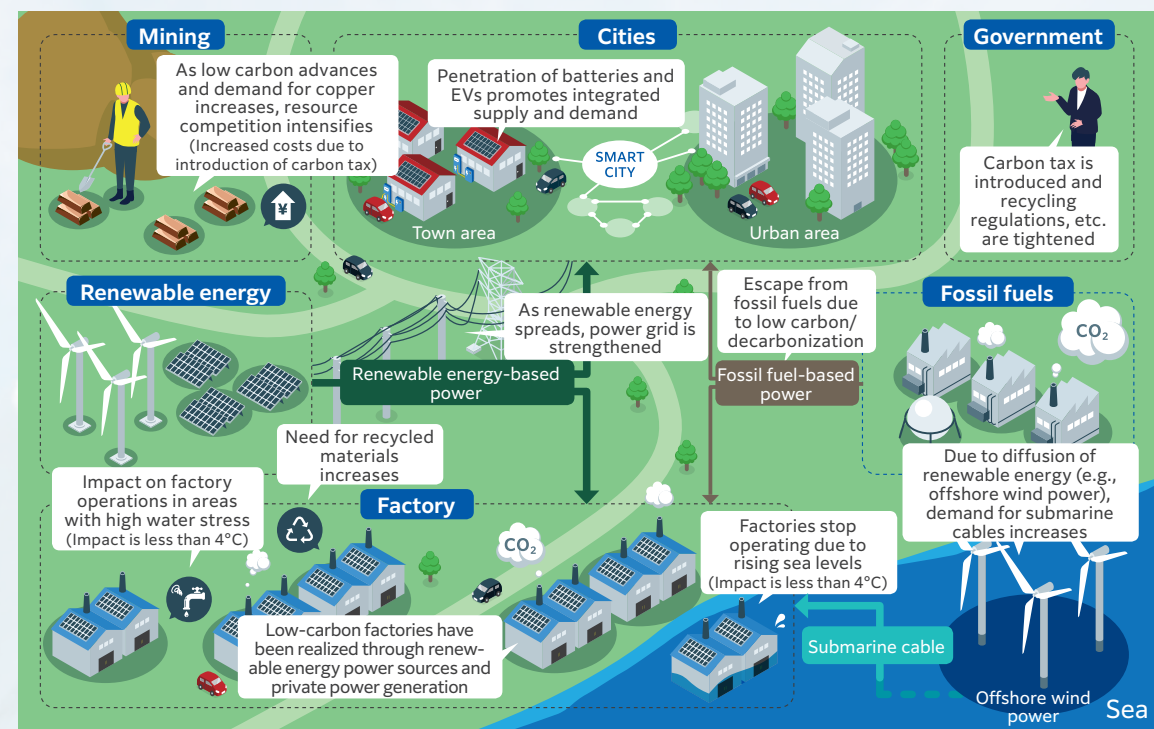
establishing business continuity management (BCM), identifying business continuity risks, including natural disasters, and promoting and managing the identification process.

In the business impact assessment, we examined four transition risks, namely, an increase in fiber demand due to the spread of smart cities (Communications Solutions business), an increase in power cable demand due to the enhancement of power grids (Energy Infrastructure business), an increase in copper procurement costs, and a carbon tax. We also examined three physical risks, namely, rising sea levels, drought, and typhoons (intensifying storm and flood damage). We found that the degree of impact of increased profits due to the spread of smart cities and the degree of impact of decreased profits due to drought would differ greatly depending on the 2°C and 4°C scenarios. Furthermore, with regard to typhoons (intensification of storm and flood damage,) quantification based on scientific grounds has become a future issue.

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

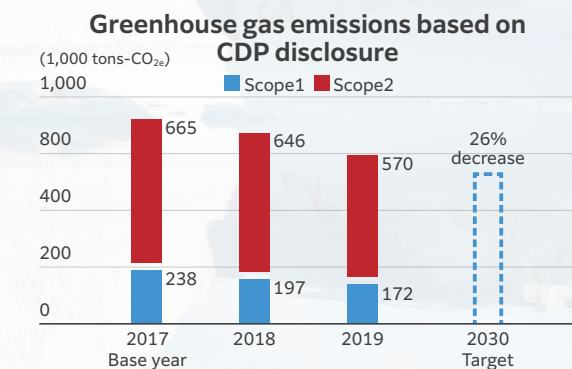
Implementation of Scenario Analysis

In the world of 2°C, low carbon is promoted, and renewable energy and smart cities spread (tough response)



Indicators and Targets

The Group's long-term 2030 target for reducing greenhouse gas emissions based on fiscal 2017 has been certified as an SBT (2°C target). In light of the scenario analysis, we will consider setting a target ratio for renewable energy use and an ultra-long-term 2050 target.



Future Response

On this occasion, by participating in the "Climate-related risks and opportunities scenario analysis support program in line with the TCFD," conducted by the Ministry of the Environment, we embarked on scenario analysis and disclosed information. However, the scenario analysis is limited to the optical fiber and cable business and the power cable business, so the risks and opportunities we have managed to quantify are limited. We recognize that we need to expand the

target businesses and deepen and integrate the scenario analysis going forward.

In order to realize a sustainable society, we will continue to contribute to the conservation of the global environment, which we are prioritizing in the Furukawa Electric Group Vision 2030, through climate change countermeasures using TCFD, and to strengthen relationships of trust with all stakeholders by disclosing information.

Human Capital Management

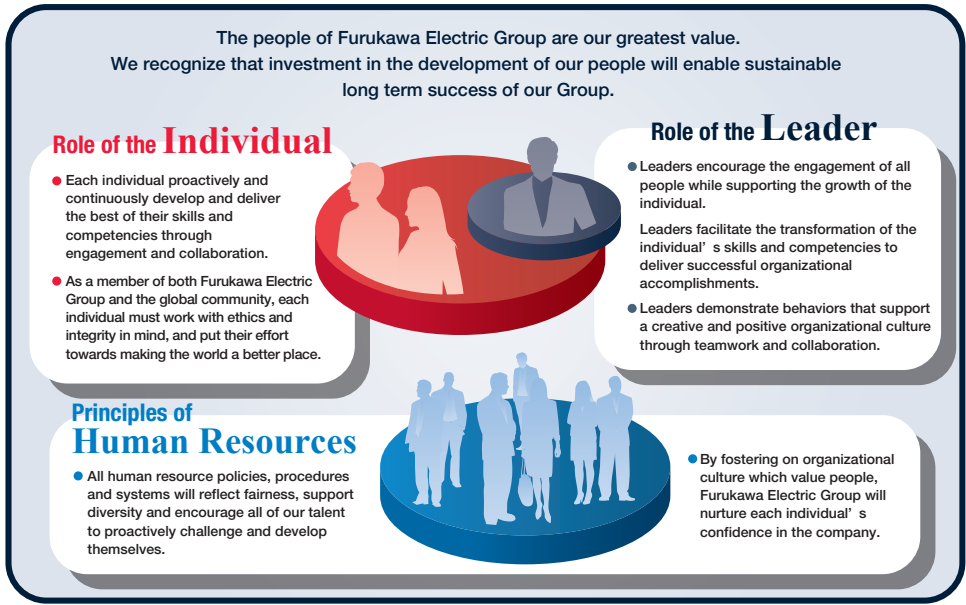
Strengthening human capital management and organizational execution abilities

Furukawa Electric Group Vision for Our People

Among the management related philosophy and the policy of the Group, as a consistent and basic idea of the general human resources measures, Furukawa Electric Group Vision for Our People was formulated. We will continue to achieve the following three issues by promoting the concepts which are presented in the People Vision.

1	Employees, to grow autonomously and develop their careers
2	Leaders, to be key persons to promote the autonomous growth of the diverse human resources
3	Human resource departments in each affiliate, to continue to promote their human resource measures based on the People Vision

Furukawa Electric Group Vision for Our People



Personnel Management Policy

We aim to be a creative and dynamic corporate group by utilizing diverse human resources globally. It is fundamental to human capital management to continuously create personnel who can embody Furukawa Electric group philosophy, core value and contribute to strengthening competitiveness.

Medium-term Policy

In the 2020 Mid-term Management Plan, we set a mission of pursuing diversity and initiative in order to continue growing in the global markets, improving our ability to respond to changes in the business environment, and realizing greater creativity and execution capabilities in our "people" and "organizations".

We will implement human capital management to support Furukawa Electric Group's growth strategy through such as enhancement of HR function in Furukawa Electric Group as a whole through penetration of "Furukawa Electric Group Vision for Our People", fosterage of employee's voluntary initiative on their career development, improvement of their motivation for competency development.

Main measures contributing to the Group's global management

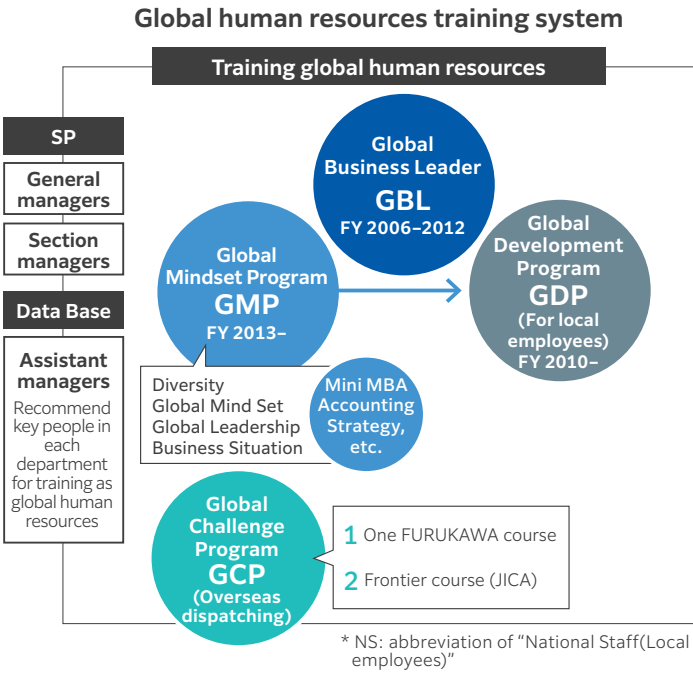
1	Realization of "Successor Training Plan" and strategic placement in important position within group
2	Early selection of candidates and systematic development and arrangement, for the training of the next generation of managers
3	Penetration and establishment of "Furukawa Electric Group Vision for Our People", promotion of career development support and improvement of personnel system for that purpose
4	Improvement of training curriculum and promotion of human resources exchange, overseas dispatch of young employees
5	Acceleration of diversity management efforts
6	Promotion of productivity improvement and flexible working way through "work style reform"

Current Initiatives and Progress

Human Resources Development

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

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



these various programs to develop human resources who can play a dynamic role on the global stage.

Work Style Reform

We established the Work Style Reform Committee (President as chair and the management as members) in May 2015 and started work style reform activities with a dedicated team in the office. Since fiscal 2018, we have entered Phase 2 with the slogan "Toward a corporate group where each and every employee works with excitement, and collaboration!" We are active in three pillars: "Autonomous work-life management," "Culture of Learning and Growing Together," and "Practice of Change." Since May 2019, we have made a change to the dedicated team system and have established the

Organizational Empowerment Team within the Transformation Division to strengthen initiatives to increase the organizational capability to complete tasks. We are also expanding the telework system so that our diverse people can realize work-life management autonomously. Looking ahead into the Post-COVID-19 world, we are committed to further developing an ICT environment that is suitable for teleworking, further developing remote conferencing and communication, and changing to a management style that suits new work styles.

Using Diverse Human Resources

One of our Group's management philosophies is to "nurture human resources at every level, so that we can become a more diverse and creative organization". It is essential for the progress of our Group's global management to create a corporate culture in which more diverse personnel can succeed. In April 2014, we set up a Diversity Promotion Section, and are working on various measures such as organizational mind fostering, women's career formation support, promotion of autonomous work-life management, etc., aiming at building an environment where diverse human resources can be active.

We regularly hold events, such as lectures by experts, aimed at promoting understanding on Diversity & Inclusion (D&I), and corporate-wide forums aimed at promoting women's empowerment.

Main recent activities

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

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

Main recent activities

FY 2018	- A diversity promotion event, including lectures and a panel discussion by directors and managers from Furukawa Electric LatAm S.A. (Brazil) and OFS Fitel, LLC (USA), was held based on the theme of "Working flexibly and globally."
FY 2019	- A workshop for directors was held based on the theme of "Unconscious bias." - An in-house networking event based on the theme of "Diversion & inclusion as a driver for innovation" was held, and a female outside director of Furukawa Electric and female general managers of group companies participated as panelists.

Supply Chain

Basic Policy on Procurement

The Furukawa Electric Group contributes to creating solutions for the new generation of global infrastructure combining information, energy, and mobility by collaboration with partners* based on relationships of trust with them. In accordance with the Furukawa Electric Group Procurement Policy, we are fully considerate of safety and the environment in our procurement activities in order to realize a truly rich, sustainable society.

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

Promoting CSR in Procurement Activities

Furukawa Electric is promoting CSR procurement that considers the environment and society. Based on the CSR Deployment Guidelines for Business Partners, we jointly strive with our existing business partners to thoroughly adhere to laws and regulations and fair trading, respect human rights and consider safety and

Furukawa Electric Group Procurement Policy

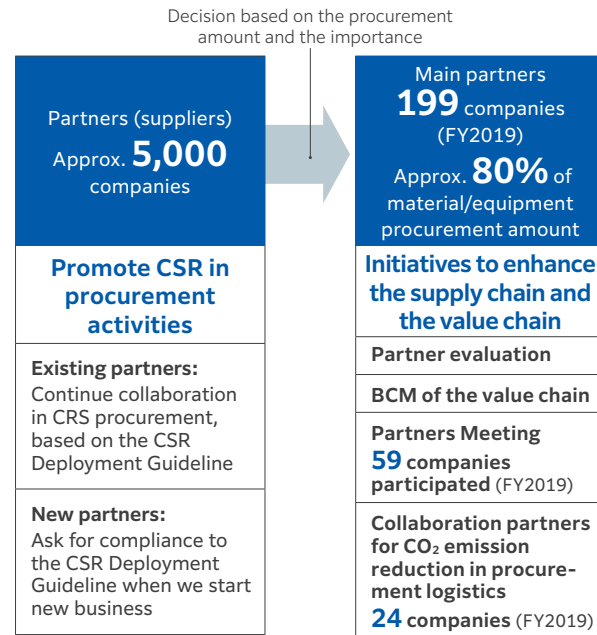
1	Fairness and Integrity We are open to any and all business partners in accordance with the principle of free competition and we all act with fairness and integrity.
2	Compliance with Laws and Regulations and CSR Procurement Toward the realization of a sustainable society, we conduct our procurement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

the environment, reduce environmental impact, avoid the use of conflict minerals, and ensure other matters in procurement activities. For new business partners, we request compliance with our CSR Deployment Guidelines when we start a new business.

Initiatives to Enhance the Supply Chain and the Value Chain

In relation to our selected partners based on the procurement amount and the degree of importance, which represent about 80% of our overall material/equipment procurement amount ("major partners" hereafter), we evaluate items such as quality, technology, pricing, delivery system, social and environmental contribution, and credit status. There were 199 major partners in fiscal 2019. For these major partners, we also conduct surveys in the form of a questionnaire concerning their initiatives regarding business continuity management (BCM), and continually ask for their cooperation in initiatives related to business continuity and stable supply.

We regularly hold the Partners' Meeting, explain our corporate situation, procurement policy, and CSR procurement activities, and ask for their understanding. In fiscal 2019, the Partners' Meeting was held in June and 59 main partners attended it.



Current Initiatives

In fiscal 2019, we accelerated our procurement logistics initiatives. We continued 1) cost reduction based on optimal means of transportation within the value chain, such as efficient use of a return route to Furukawa Electric; 2) CO₂ emission reduction at the time of procurement; and 3) dealing with the risks of soaring logistics costs and of inability to transport. The number of our collaboration partners engaged in CO₂ emission reductions in procurement logistics increased from 18 in fiscal 2018 to 24 in fiscal 2019.

Outlook

We will continue to provide our partners with a questionnaire survey on their understanding of the CSR Promotion Guidelines while seeking to understand the current status of our CSR activities in the value chain and further promoting them. We will also strive to strengthen the BCM system by asking for our partners' cooperation based on the questionnaire and the manufacturing base survey concerning BCM, with the aim of raising the overall value chain's capability to respond to emergencies.

Corporate Governance

Basic Views on Corporate Governance

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

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

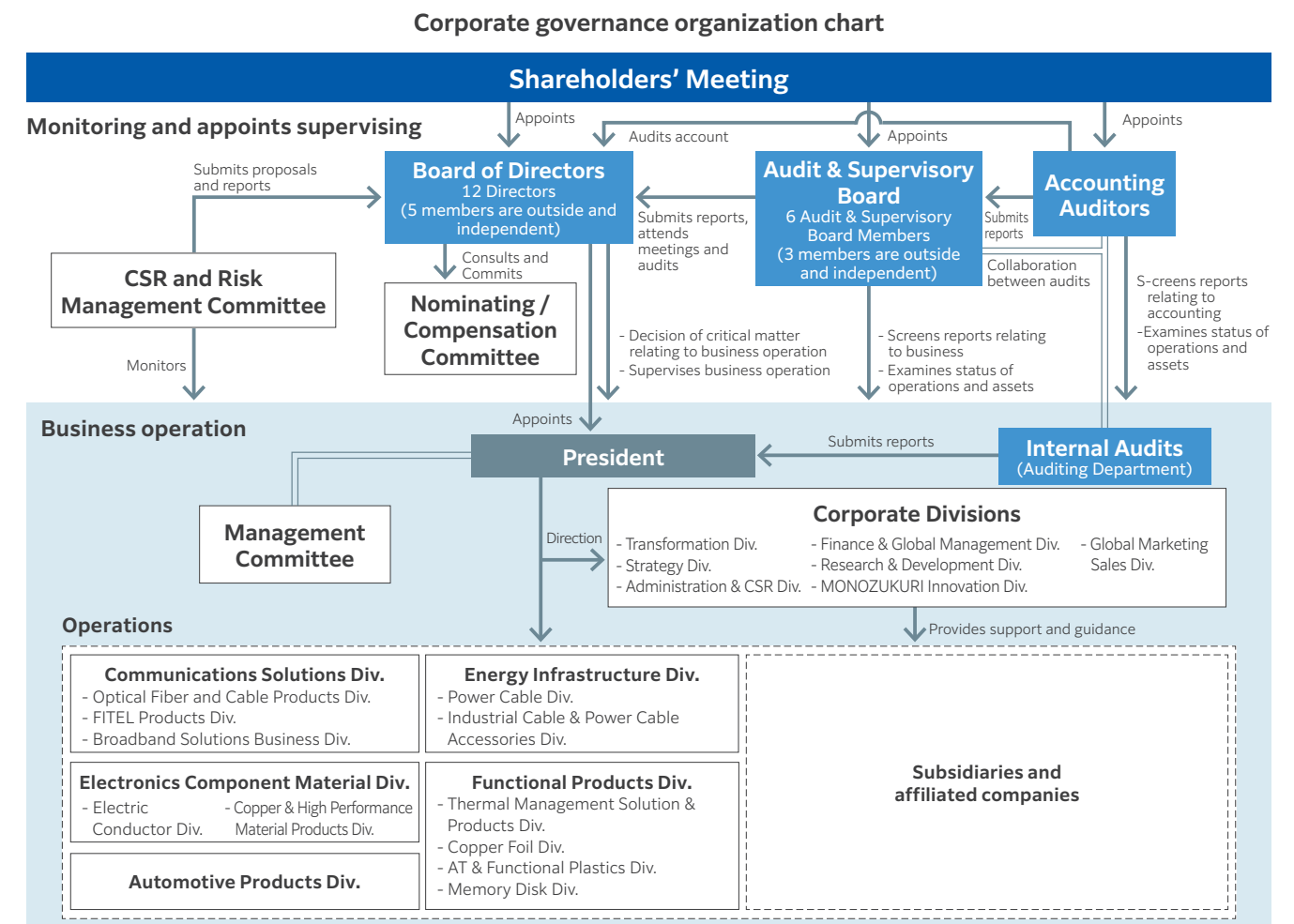
Guideline on Corporate Governance

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

For details, please see Furukawa Electric's website.
<https://www.furukawa.co.jp/company/pdf/policy.pdf>
 (Only Available for Japanese)

Corporate Governance System

We consider that the effectiveness of the audit on the execution of the duties by the Directors is secured, based on the coordination with the accounting auditors and the internal auditing department, while maintaining the institutional independence of the Audit & Supervisory Board Members and of the Audit & Supervisory Board from the Board of Directors. We have therefore adopted the current "Audit & Supervisory Board" type of the corporate governance structure. In addition, we have a "Nominating/Compensation Committee," majority members of which are outside directors to complement oversight function of the Board.



As of June 23, 2020

Board of Directors

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

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

At present, Furukawa Electric’s Board of Directors consists of 12 Directors, five of whom are Outside Directors (all independent officers). The Board is chaired by the Chairman, who is a non-executive director without the representative right of the Board of Directors.

In fiscal 2019, 16* 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.

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.

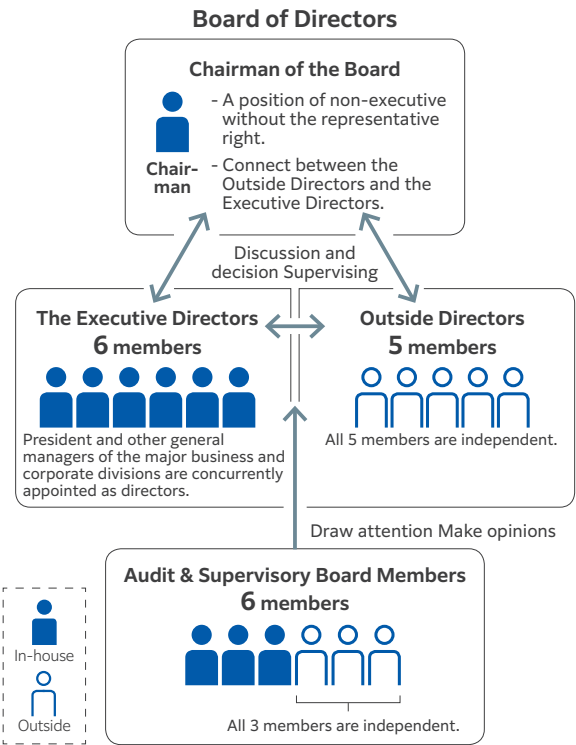
Auditors ensure coordination with internal audit department through regular meetings, and report the policy, plan and result of auditing to the board regularly. Full-time auditors attend the meetings such

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.

In fiscal 2019, ten Nominating/Compensation Committee meetings were held. Apart from deliberation concerning the next management team



Outside Officers

- Company manager
- Technical engineer
- Legal affairs, Risk management expert
- Governance expert
- Government experience
- Financial, accounting expert
- Global management experienter

Variety of human resources with wealth of knowledge and experiences such as shown above.

As of June 23, 2020

* Apart from the Board of Directors’ Meetings stated on the left, there were two occasions of resolution in writing that were deemed resolutions of the Board of Directors pursuant to Article 370 of Japan’s Companies Act and Article 24, Item 2 of the Company’s Articles of Incorporation.

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 2019, eight Audit & Supervisory Board meetings were held.

and directors’ compensation, the committee members checked an update of the succession plan for the CEO and the development of the next generation of managers, and deliberated such matters as the selection of candidates for the next generation of managers and the effectiveness of their development process.



View Concerning Candidates for Members of the Board of Directors

Policy on nominating candidates for directors

With respect to board members (Directors and Audit & Supervisory Board Members), the Company believes that their skills, knowledge and experience, as well as multiple views from diverse board members, in terms of gender and international experience, contribute to the Group’s global business operations and appropriate oversight/auditing. Based on this perception, the Company selects candidates for board members as follows:

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

Outside Directors’ Expertise and Principal Activities

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

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

Classi- fication	Name	Inepen- dent Officer	Term of office	Attendance to Board of Directors Meeting (FY2019)			Expertise, etc.
				Board of Directors	Audit & Supervisory Board	Nominating/ Compensation Committee	
Outside Director	Sumitaka Fujita	○	12	16/16 (100%)	—	10/10 (100%)	Mr. Fujita has served for many years in a key positions on the management such as a Chef Financial Officer (CFO) and has a wealth of knowledge and experience on general business management including financial accounting. He also has a high perception of the corporate governance.
	Osamu Tsukamoto	○	7	15/16 (93.8%)	—	10/10 (100%)	Mr. Tsukamoto has a long experience of involvement in the industrial policy at the Ministry of Economy, Trade and Industry, and has a high perception on the technologies and the development of the new businesses.
	Akira Nakamoto	○	4	16/16 (100%)	—	10/10 (100%)	Mr. Nakamoto has served for long years in key positions such as President and Chairman of a major precision equipment manufacturer, and has an extensive knowledge and experience in the corporate management in general.
	Yoshiro Miyokawa	○	1	12/12 (100%)	—	10/10 (100%)	Mr. Miyokawa has served for long years in key positions such as Director & Vice President at a large pharmaceutical company, and an extensive knowledge and experience in corporate management, compliance, and corporate governance.
	Yukiko Yabu	○	1	12/12 (100%)	—	10/10 (100%)	Ms. Yabu has served as outside officer of several listed companies, and has a wealth of experience and advanced knowledge of custom-er-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer.
Outside Audit & Supervisory Board Members	Takashi Tsukamoto	○	3	16/16 (100%)	8/8 (100%)	—	Mr. Tsukamoto has served for many years in key positions such as Chairman and a director in charge of finance in a financial institution and has an extensive knowledge and experience in overall corporate management, including financial accounting.
	Kunihiko Sakai	○	2	16/16 (100%)	8/8 (100%)	—	Mr. Sakai has a high perception in fields such as: the corporate governance, the legal risk associated with management and its compliance to regulations, capitalizing his long experience as a legal professional including its foreign one.
	Sayaka Sumida	○	—	—	—	—	Ms. Sumida is an expert on financial statement auditing and internal control auditing based on her long experience as a Certified Public Accountant. Furthermore, she has served as an Executive Board Member of the Japanese Institute of Certified Public Accountants and as a Business Accounting Council Member under the Financial Services Agency. She has in-depth insights on financial matters and accounting.

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

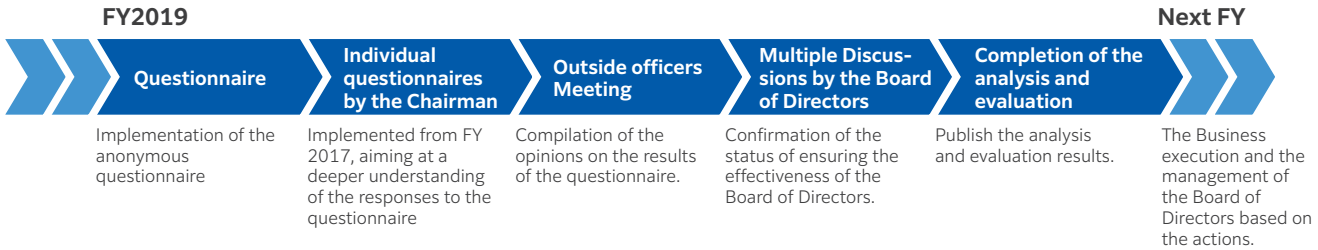
For the purpose of improving the function of the Board of Directors, we have been working on analyzing and evaluating the effectiveness of the Board of Directors every year since fiscal 2015. Through this continuous process, necessary measures are taken in order to improve issues or further reinforce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

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

Evaluation items on the effectiveness of the Board of Directors

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

Flow of the Board of Directors effectiveness evaluation.



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

Given the results of the effectiveness evaluation of the previous year, the Board of Directors continued to implement measures to further improve its effectiveness and worked on analyzing and evaluating it again in fiscal 2019. As a result of discussion with due consideration to many proposals and opinions from Directors and Audit & Supervisory Board Members, we have decided to make further improvements regarding the following items.

Item	Future initiatives, based on the results of analysis and evaluation in fiscal 2020
Review of the mid-term management plan and the business portfolio	Make further improvements in analysis of market trends and the competitive landscape, and enhance strategic discussion in order to achieve the current mid-term management plan's targets. Concerning discussion of the next mid-term management plan, enrich discussion regarding the business portfolio in order to achieve the Furukawa Electric Group Vision 2030, besides the continual review of the business portfolio.
Group's global management (group companies' management, development of next-generation managers, risk management, etc.)	Promote adoption of a system to monitor the financial status of group companies. Aim at establishing the Group's integrated governance system and promote discussion on the status of listed subsidiaries. Regarding the development of next-generation managers, the Board of Directors and the Nominating/Compensation Committee are to deepen deliberation on the succession plan for the CEO and the development of next-generation managers. Regarding risk management, enhance the corporate system that enables risk prevention in the entire Group.
Management of the Board of Directors	Continue deliberation on how to allocate business execution authority to the Board of Directors and the business execution side, in order to enhance the monitoring function of the Board of Directors and secure sufficient time for deliberation on important agenda items.
ESG and SDGs	Continue to strengthen initiatives aimed at establishing ESG management, mainly by the division in charge, established in April 2019. Also enhance opportunities for deliberation at the Board.
Dialogue with stakeholders	Continue to engage in dialogue with shareholders and investors and report on it to the Board of Directors. Also report on opinions of employees and other stakeholders other than shareholders, and deepen deliberation.

For details of the results of the evaluation of the effectiveness of the Board of Directors, disclosed on December 24, 2019, please see “Corporate Governance” on the corporate website. <https://www.furukawa.co.jp/company/governance.html> (Only Available in Japanese)

Design of Programs for Directors’ and Officers’ Remuneration

Policy for Directors’ and Officers’ remuneration

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

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

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

Outline of the Directors and Officers Remuneration

The remuneration of the Company's directors and officers is comprised of basic remuneration, short-term performance-linked remuneration and mid-to-long-term performance-linked remuneration. The performance-linked remuneration is paid to directors except an outside director and non-director officers and senior fellows. The performance-linked remuneration will account for approximately 30% to 50% of total remuneration, while the percentage for each eligible person will vary depending on its position. A summary of each type of remuneration is shown below.

Remuneration item	Summary	Recipients			
		Directors, excluding Outside Directors	Outside Directors	Executive Officers and Senior Fellows who are not Directors ⁵	Audit & Supervisory Board Members
Basic remuneration	Basic remuneration is paid in cash in a fixed amount every month. The amount paid to each person differs depending on their role, i.e., management supervision role or business execution role, and position.	○	○	○	○
Short-term performance-linked remuneration (individual)	This remuneration is paid to each officer. The remuneration amount for each person is determined by the Nominating/Compensation Committee after evaluating their actual performance versus the business plan ¹ of the division in charge and the progress of implementing measures during the previous fiscal year. The determined amount is paid in cash every month.	○	—	○	—
Short-term performance-linked remuneration (entire Company)	The remuneration amount, which is paid in cash once a year, is determined by the Nominating/Compensation Committee, using consolidated operating income as the base ² for evaluation.	○	—	○	—
Mid- to long-term performance-linked remuneration	This remuneration is under the stock remuneration program (“the Program” in this column). Under the Program, the Company's stocks, funded by the Company and acquired through the Trust, are granted ³ . In the Program, three fiscal years constitute a performance period (the current period is from April 1, 2019 to March 31, 2022), and the Company contributes funds up to a maximum amount of 450 million yen per performance period to the Trust as remuneration for Directors and Officers. Directors and Officers are granted a pre-determined number of points depending on their titles/positions every year as the basis of their rights to receive the Company's stocks ⁴ . After the end of each performance period, the number of points qualifying Directors and Officers to receive the Company's stocks are finalized after an adjustment for certain cases, according to the criteria for comparing changes in the Company's stock price with that of the TOPIX during the period. If any Directors and Officers retire from their positions during the period, an adjustment is to be made in a similar manner. In principle, upon their retirement, Directors and Officers receive the Company's stocks from the Trust, and the number of such stocks corresponds to the number of points finalized during their term of office.	○	—	○	—

1: Actual performance is evaluated by using key performance indicators defined in accordance with the Mid-term Management Plan. However, for Chairman, President, and Directors/Officers in charge of Head Office divisions, the performance is evaluated by using indicators linked to the performance of the Company.
2* Consolidated operating income (23,565 million yen in fiscal 2019) is used as the indicator, so that the Company's performance in a relevant fiscal year is appropriately and clearly reflected.
3: Overseas residents are excluded from the scope of the Program. Instead, they will be paid in cash for the amount equivalent to the remuneration under the Program upon their retirement.
4: The maximum number of total points granted to Directors and Officers per performance period is 180,000 points, where 1 point corresponds to 1 common stock of the Company.
5: A Senior Fellow is a person recognized as having superior, internationally viable expertise, proposing creative, innovative visions and mid- to long-term directions in his/her specialized sector, passing down his/her expertise, and nurturing younger people. This is a specialist position with similar treatment to Executive Officers.

Remuneration in Fiscal 2019

Remuneration for Directors and Audit & Supervisory Board Members

Officer classification	Number of subject officers ¹ (persons)	Total remuneration by type (millions of yen)				Total remuneration (millions of yen)
		Basic remuneration	Short-term performance-linked remuneration (individual)	Short-term performance-linked remuneration (the entire Company)	Mid- to long-term performance-linked remuneration ²	
Directors (excluding outside directors)	9	267	77	24	63	432
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	4	91	—	—	—	91
Outside Officers	10	111	—	—	—	111
Outside Directors	7	75	—	—	—	75
Outside Audit & Supervisory Board Members	3	36	—	—	—	36

1: The amount and the number of subject officers in the above table include four Directors and one Audit & Supervisory Board Member who retired in fiscal 2019.
2: The amount of mid- to long-term performance-linked remuneration is calculated by considering the number of stock shares equivalent to the points granted for the relevant fiscal year under the stock remuneration program.

Directors and
Audit & Supervisory
Board Members

(as of June 23, 2020)

Director



Mitsuyoshi Shibata
Chairman of the Board
Director



Keiichi Kobayashi
President
Representative Director



Sumitaka Fujita
Director (Outside, part-time)



Hiroyuki Ogiwara
Representative Director
Corporate Senior Executive Vice
President
Chief of Transformation Division



Osamu Kuroda
Director
Corporate Senior Vice President
General Manager, Global
Marketing Sales Division



Satoshi Miyamoto
Director
Corporate Senior Vice President
General Manager, Administration
& CSR Division

Audit & Supervisory Board Member



Nozomu Amano
Audit & Supervisory Board
Member (Full-time)



Takahiro Kashiwagi
Audit & Supervisory Board
Member (Full-time)



Yoshiaki Mizota
Audit & Supervisory Board
Member (Full-time)



Takashi Tsukamoto
Audit & Supervisory Board
Member (Outside, part-time)



Kunihiko Sakai
Audit & Supervisory Board
Member (Outside, part-time)



Sayaka Sumida
Audit & Supervisory Board
Member (Outside, part-time)



Osamu Tsukamoto
Director (Outside, part-time)



Akira Nakamoto
Director (Outside, part-time)



Yoshiro Miyokawa
Director (Outside, part-time)



Yukiko Yabu
Director (Outside, part-time)



Ken Maki
Director
Corporate Vice President
General Manager, Strategy
Division



Akihiro Fukunaga
Director
Corporate Vice President
General Manager, Finance &
Global Management Division

Corporate Vice Presidents

Corporate Executives Vice Presidents	Takamitsu Kozuka	General Manager, Energy Infrastructure Division
	Takahide Kimura	General Manager, Communications Solutions Division
Corporate Senior Vice Presidents	Foad Shaikhzadeh	President, Furukawa Electric LatAm S.A (Brazil)
	Tetsuro Ijichi	General Manager, Research & Development Division
	Ryoji Ono	General Manager, Functional Products Division
Vice Presidents	Shigenobu Abe	General Manager, Automotive Products Division
	Masako Tanaka	Deputy General Manager, Strategy Division
	Jun Goto	Managing Director, Furukawa (Thailand) Co., Ltd.
	Jozsef Takacs	CEO, Trocellen GmbH (Germany)
	Gyula Besztercey	President, Furukawa Electric Institute of Technology Ltd. (Hungary)
	Masao Terauchi	General Manager, Electronics Component Material Division
	Tomoyuki Yamai	Deputy General Manager, Automotive Products Division
	Takashi Fukuda	General Manager, ICT Strategy Planning Department, Strategy Division
	Takatoshi Kamimura	General Manager, MONOZUKURI Innovation Division
	Toru Fukushima	CEO, SuperPower Inc. (US)
	Kiyotoshi Nagai	Executive Vice President, OFS Fitel, LLC
	Keiichiro Urakami	General Manager, Chubu Branch, Global Marketing Sales Division
	Teruyoshi Uchida	General Manager, Planning & Administration Department, MONOZUKURI Innovation Division
	Michihiro Shimada	General Manager, Future Infrastructure Technology Center, Research & Development Division
	Toshio Yanagi	General Manager, Copper Foil Division, Functional Products Division
	Hideya Moridaira	General Manager, Optical Fiber and Cable Products Division, Communications Solutions Division
	Yoshio Masutani	General Manager, Marketing Initiatives & Business Development Department, Global Marketing Sales Division

Senior Fellow

Senior Fellow	Akihiko Kasukawa	Senior Fellow, Telecommunications & Energy Laboratories, Research & Development Division
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Financial and Non-Financial Data

Mid-term management plan		Innovation09		New Frontier 2012		Furukawa G Plan 2015				Furukawa G Plan 2020		
		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Operating results (fiscal year)	Net sales	809,693	925,754	918,808	924,717	931,781	867,817	874,879	843,344	967,333	991,590	914,439
	Operating income	20,321	35,144	15,947	17,763	25,456	17,873	27,116	38,623	44,804	40,842	23,565
	Ordinary income	19,347	31,422	12,872	17,612	25,532	18,598	18,710	36,024	46,908	39,078	22,771
	Net income attributable to owners of the parent company	9,704	12,213	△ 11,123	3,576	5,608	7,355	10,007	17,570	28,547	29,108	17,639
	Capital investments (CAPEX)	25,433	27,947	33,581	47,772	37,436	30,674	25,687	31,584	38,539	50,036	53,144
	Depreciation	42,461	40,396	39,216	35,347	28,106	22,508	23,235	23,307	25,106	26,271	29,423
	Research and development expenses	17,270	18,296	18,949	20,210	17,461	16,599	16,845	17,454	19,533	21,141	21,650
Financial position (at the end of fiscal year)	Net assets	208,928	215,904	197,569	222,843	199,733	214,743	198,587	237,051	272,071	279,911	273,030
	Total assets	835,819	826,944	790,114	819,702	714,845	734,125	705,725	750,126	808,632	818,021	794,616
	Equity Capital	163,416	165,968	144,694	165,739	177,237	190,741	173,163	206,712	236,518	247,659	240,280
	Operating Assets *1	397,512	389,193	370,989	396,951	294,333	307,688	298,228	319,588	341,825	364,456	386,176
	Balance of inventory assets	87,034	99,907	94,888	104,249	93,668	99,443	93,167	104,355	113,792	122,890	115,862
Cash flows (fiscal year)	Cash flows from operating activities	36,668	37,121	30,774	54,947	18,912	41,489	41,569	40,402	38,429	46,460	41,942
	Cash flows from investing activities	△ 25,113	△ 21,382	△ 20,252	△ 44,939	△ 40,290	△ 23,533	1,947	△ 36,361	△ 34,319	△ 31,042	△ 33,119
	Cash flows from financing activities	△ 23,582	△ 18,317	△ 22,845	△ 11,402	29,917	△ 15,537	△ 20,942	△ 10,378	△ 1,943	△ 19,414	△ 171
Per share data*2	Net income per share (Yen)	13.80	17.30	△ 15.75	5.07	7.94	10.42	14.17	249.17	405.05	412.98	250.20
	Net asset per share (Yen)	231.4	235.1	204.9	234.7	251.0	270.2	245.3	2,933.2	3,355.8	3,513.6	3,408.9
Ratios	Operating income margin on sales (%)	2.51	3.80	1.74	1.92	2.73	2.06	3.10	4.58	4.63	4.12	2.58
	Equity capital ratio (%)	19.6	20.1	18.3	20.2	24.8	26.0	24.5	27.6	29.2	30.3	30.2
	Return on operating assets (%)*3	5.1	9.0	4.3	4.5	8.6	5.8	9.1	12.1	13.1	11.2	6.1
	ROE (%)	6.3	7.4	△ 7.2	2.3	3.3	4.0	5.5	9.3	12.9	12.0	7.2
	ROA (%)	2.3	3.8	1.6	2.2	3.3	2.6	2.6	4.9	6.0	4.8	2.8
	Total asset turnover ratio (times)	0.97	1.11	1.14	1.15	1.21	1.20	1.22	1.16	1.24	1.21	1.13

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

*1 Operating Assets are the total of inventory and tangible and intangible fixed assets. *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 income over operating Assets.

Environmental data		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Furukawa Electric + Domestic and overseas group companies	Greenhouse gas emissions	10 ⁴ t-CO ₂ e	83.2	88.1	90.3	84.3	74.2
	Total electric power consumption	GWh	1,266	1,323	1,387	1,379	1,293
	Renewable energy	GWh	87	105	110	123	142
	Renewable energy ratio to electric power consumption	%	6.8	7.9	7.9	8.9	11.0
	Energy consumption	1,000 kℓ	411	412	419	424	396
	Water usage	1,000 m ³	13,336	12,868	13,014	13,140	12,535
	Total amount of waste generated	1,000 tons	52	51	47	47	49
Furukawa Electric + Domestic group companies	Greenhouse gas emissions	10 ⁴ t-CO ₂ e	35.1	42.0	44.3	38.7	34.2
	Total electric power consumption	GWh	583	619	644	643	613
	Renewable energy	GWh	87	105	110	109	113
	Renewable energy ratio to electric power consumption	%	14.9	17.0	17.1	17.0	18.5
	Energy consumption	1,000 kℓ	188	192	198	198	191
	Water usage	1,000 m ³	10,715	10,289	10,362	10,516	9,912
	Total amount of waste generated	1,000 tons	34	33	30	31	30
Intellectual property data							
Furukawa Electric	Number of domestic patents held	patents	4,478	4,619	4,644	4,605	4,523
	Number of overseas patents held	patents	2,247	2,289	2,507	2,712	2,910

Human resources data		Unit	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Consol	Employees in total	Persons	49,826	52,254	51,925	52,215	50,232	-
	Employees in total	Persons	3,251	3,651	3,685	3,816	3,925	-
Furukawa Electric	Share of women in employees	%	8.5	8.6	9.1	9.2	9.6	-
	New hires in total*4	Persons	36	60	107	150	161	174
	Share of women in new hires	%	22	25	29	21	20	20
	Male employees' average length of service	Years	19.9	20.2	20.1	19.7	20.8	-
	Female employees' average length of service	Years	18.4	19.7	18.9	18.4	18.2	-
Furukawa Electric	Managers in total	Persons	867	937	936	960	940	-
	Share of women in managers	%	2.7	2.8	3.3	3.2	3.4	-
Furukawa Electric	Female executive officers*4	Persons	1	1	1	1	1	1
	Foreign executive officers*4	Persons	2	4	4	4	3	3
Furukawa Electric	Directors*5	Persons	12	12	12	12	12	12
	Outside directors	Persons	4	5	5	5	5	5
	Independent directors	Persons	2	3	3	3	5	5
	Female directors	Persons	0	0	0	0	1	1
	Audit & Supervisory Board members*5	Persons	6	6	6	6	6	6
Furukawa Electric	Outside members	Persons	3	3	3	3	3	3
	Independent members	Persons	3	3	3	3	3	3
	Female members	Persons	0	0	0	0	0	1

Human resources data are as of the end of fiscal year. *4: Numbers of new hires and executive officers are as of April 1.

*5: Numbers of directors and Audit & Supervisory Board members for fiscal 2020 are as of June 23.

Consolidated Financial Statements

Consolidated Balance Sheet (Millions of yen)

Assets	As of March 31, 2019	As of March 31, 2020
Current assets		
Cash and deposits	44,628	54,357
Notes and accounts receivable-trade	219,347	192,513
Securities	2,371	899
Merchandise and finished goods	40,169	34,550
Work in process	36,956	33,849
Raw materials and supplies	45,764	47,462
Other	32,365	23,801
Allowance for doubtful accounts	△ 1,090	△ 1,254
Total; Current assets	420,513	386,179
Non-current assets		
Property, plant and equipment		
Buildings and structures	216,932	229,611
Machinery and delivery equipment	467,247	475,766
Tools, furniture and fixtures	71,977	74,798
Land	36,777	36,354
Leased assets	3,444	1,261
Construction in progress	36,444	34,529
Accumulated depreciation	△ 603,463	△ 609,037
Total; Property, plant and equipment	229,360	254,219
Intangible assets		
Goodwill	2,751	2,072
Other	9,453	14,022
Total; Intangible assets	12,204	16,095
Investments and other assets		
Investment securities	119,188	100,933
Investments in capital	6,199	6,466
Deferred tax assets	13,644	14,726
Net defined benefit asset	5,633	5,899
Other	12,448	11,162
Allowance for doubtful accounts	△ 1,172	△ 1,065
Total; Investments and other assets	155,942	138,122
Total; Non-current assets	397,508	408,436
Total assets	818,021	794,616

Liabilities	As of March 31, 2019	As of March 31, 2020
Current liabilities		
Notes and accounts payable - trade	131,422	111,586
Short-term debt	106,710	110,515
Current portion of bonds	—	15,000
Income taxes payable	3,893	2,785
Provision for product defect compensation	28,400	17,711
Other	61,193	62,048
Total; Current liabilities	331,621	319,647
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term debt	119,298	95,573
Deferred tax liabilities	1,547	391
Provision for environmental measures	10,691	10,396
Net defined benefit liability	47,731	53,460
Asset retirement obligations	1,246	1,304
Other	5,972	10,811
Total; Non-current liabilities	206,488	201,937
Total liabilities	538,109	521,585

Net assets		
Shareholders' equity		
Capital stock	69,395	69,395
Other capital surplus	22,535	22,787
Retained earnings	151,744	165,101
Treasury shares	△ 600	△ 598
Total shareholders' equity	243,074	256,685
Total accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,788	10,950
Deferred gains or losses on hedges	124	△ 1,691
Foreign currency translation adjustment	△ 8,937	△ 12,853
Remeasurements of defined benefit plans	△ 8,391	△ 12,810
Total; Total accumulated other comprehensive income	4,584	△ 16,405
Non-controlling interests	32,252	32,750
Total net assets	279,911	273,030
Total liabilities and net assets		
	818,021	794,616

Consolidated Statement of income and Consolidated Statement of Comprehensive Income

Consolidated Statement of income (Millions of yen)	As of March 31, 2019	As of March 31, 2020
Net sales	991,590	914,439
Cost of sales	824,481	764,200
Gross profit	167,108	150,239
SG&A		
Selling expenses	40,044	38,752
G&A expenses	86,221	87,921
Total; SG&A	126,266	126,674
Operating income	40,842	23,565
Non-operating income		
Interest income	607	584
Dividend income	2,765	2,067
Profit in equity method affiliates	1,685	2,458
Other	1,796	2,335
Total; Non-operating income	6,855	7,446
Non-operating expenses		
Interest expenses	4,075	4,326
Foreign exchange losses	1,100	1,014
Other	3,443	2,900
Total; Non-operating expenses	8,619	8,240
Ordinary income	39,078	22,771
Extraordinary income		
Gain on disposal of non-current assets	3,779	5,848
Gain on sales of investment securities	4,952	7,494
Other	1,154	1,590
Total; Extraordinary income	9,887	14,934
Extraordinary losses		
Loss on disposal of non-current assets	2,779	798
Impairment loss	2,627	623
Provision for product defect compensation	6,364	958
Provision for loss on litigation	—	388
Other	1,436	△ 2,652
Total; Extraordinary losses	13,208	6,953
Profit before income taxes	35,757	30,751
Income taxes - current	8,811	7,793
Income taxes - deferred	△ 5,500	3,960
Total; Income taxes	3,310	11,754
Net income	32,446	18,997
Net income attributable to non-controlling interests	3,338	1,357
Net income attributable to owners of the parent company	29,108	17,639

Consolidated Statement of Comprehensive income (Millions of yen)	As of March 31, 2019	As of March 31, 2020
Net income	32,446	18,997
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 8,055	△ 10,119
Deferred gains or losses on hedges	733	△ 1,604
Foreign currency translation adjustment	△ 2,792	△ 3,905
Remeasurements of defined benefit plans, net of tax	△ 1,787	△ 3,942
Share of other comprehensive income of entities accounted for using equity method	△ 1,408	△ 1,485
Total; Other comprehensive income	△ 13,309	△ 21,058
Comprehensive income	19,137	△ 2,060
Comprehensive income attribut-able to owners of parent	16,194	△ 3,272
Comprehensive income attribut-able to non-controlling interests	2,943	1,211

Consolidated Statement of Cash Flows (Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Cash flows from operating activities		
Profit/Loss before income taxes	35,757	30,751
Depreciation	26,271	29,423
Loss (Profit; △) in equity method affiliates	△ 1,685	△ 2,458
Loss (gain; △) in sales of marketable securities and investment securities	△ 4,954	△ 7,462
Loss (Gain; △) on valuation of invest-ment securities	168	1,102
Loss (gain; △) on disposal of non-cur-rent assets	△ 1,000	△ 5,050
Impairment loss	2,627	623
Loss on disaster	—	958
Loss on valuation of inventories	1,366	388
Interest and dividend income	△ 3,373	△ 2,652
Interest expenses	4,075	4,326
Foreign exchange losses (gains; △)	△ 111	△ 591
Decrease (increase; △) in notes and accounts receivable - trade	1,196	23,499
Decrease (increase; △) in inventories	△ 11,479	4,071
Increase (decrease; △) in notes and accounts payable - trade	6,009	△ 17,252
Increase (decrease; △) in liability for retirement benefits	2,165	387
Increase (decrease; △) in provision for product defect compensation	5,785	△ 10,667
Other	△ 7,549	1,873
Subtotal	55,271	51,273
Interest and dividend income received	4,732	4,682
Interest expenses paid	△ 4,152	△ 4,344
Income taxes (paid; △) refund	△ 9,390	△ 8,952
Loss on disaster paid	—	△ 717
Cash flows from operating activities	46,460	41,942
Cash flows from investing activities		
Decrease (increase; △) in time deposits	767	39
Purchase of investment securities	△ 2,924	△ 1,543
Proceeds from sales and redemption of investment securities	9,051	10,916
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	1,829	—
Purchase of property, plant and equipment	△ 43,053	△ 47,312
Purchase of intangible assets	△ 3,997	△ 6,550
Proceeds from sales of non-current assets	5,515	6,789
Decrease (increase; △) in short-term loans receivable	2,182	4,950
Other	△ 412	△ 408
Cash flows from investing activities	△ 31,042	△ 33,119
Cash flows from financing activities		
Net increase (decrease; △) in short-term loans payable	4,140	1,735
Net increase (decrease; △) in commercial paper	—	15,000
Proceeds from long-term loans payable	26,186	8,935
Repayments of long-term loans payable	△ 31,421	△ 27,390
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	△ 10,000	—
Proceeds from non-controlling shareholders	—	728
Payment for purchase of common treasury stock	△ 1	△ 1
Payment for purchase of common treasury stock by subsidiaries	△ 8	△ 151
Cash dividends paid	△ 5,647	△ 5,998
Cash dividends paid to non-controlling shareholders	△ 2,291	△ 1,379
Other	△ 372	△ 1,649
Cash flows from financing activities	△ 19,414	△ 171
Effect of exchange rate change on cash and cash equivalents	853	△ 928
Net increase (decrease; △) in cash and cash equivalents	△ 3,142	7,722
Cash and cash equivalents at beginning of the year	49,758	46,838
Increase in cash and cash equivalents from newly consolidated subsidiary	223	494
Cash and cash equivalents at end of the year	46,838	55,055

Furukawa Electric Group Outline

Furukawa
Electric
Group

Group employees in total

50,232

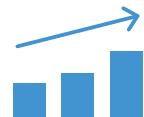
(As of March 31, 2020)



Group companies in total

126*

(As of March 31, 2020)



Consolidated net sales

**914.4
billion yen**

(Fiscal year ended March 31, 2020)

* Combined total for parent company, consolidated subsidiaries and equity-method affiliates

North and
Central America

Employees in total

7,843

Companies in total

12

Consolidated net sales

**78.3
billion yen**

U.S.A.

Mexico

Columbia

Brazil

Argentina

South America,
Europe
and others

Employees in total

3,012

Companies in total

17

Consolidated net sales

**82.4
billion yen**

China

Employees in total

5,054

Companies in total

18

Consolidated net sales

**75.1
billion yen**

India

China

South Korea

Japan

Vietnam

Taiwan

Thailand

Philippines

Malaysia

Singapore

Indonesia

Japan

Employees in total

11,113

Companies in total

44

Consolidated net sales

**495.7
billion yen**Asia
(ex. Japan and China)

Employees in total

23,219

Companies in total

35

Consolidated net sales

**183.0
billion yen**

Denmark
U.K.
Germany
Czech
Hungary
Italy
Spain
Morocco
Russia

* The number of group companies in Japan includes the parent company.

* Net sales by region are based on the location of customers and are classified by country or region.

Main Overseas Group Companies

Name	Location	Name	Location
OFS Fitel, LLC	U.S.A.	Thai Furukawa Unicom Engineering Co., Ltd.	Thailand
American Furukawa Inc.	U.S.A.	Furukawa Automotive Parts (Vietnam) Inc.	Vietnam
Furukawa Electric LatAm S.A.	Brazil	P.T. Tembaga Mulia Semanan, Tbk.	Indonesia
Shenyang Furukawa Cable Co., Ltd.	China	Furukawa Electric Singapore Pte. Ltd.	Singapore
Furukawa Circuit Foil Taiwan Corporation	Taiwan	Trocellen GmbH	Germany
Furukawa Electric Copper Foil Taiwan Co., Ltd.	Taiwan		

Main Domestic Group Companies

Name	Location of head office/factory	Name	Location of head office/factory
TOTOKU Electric Co., Ltd.	Minato-ku, Tokyo/Ueda, Nagano Pref.	Furukawa Electric Power Systems Co., Ltd.	Yokohama, Kanagawa Pref./Nagai, Yamagata Pref.
The Furukawa Battery Co., Ltd.	Yokohama, Kanagawa Pref./Nikko, Tochigi Pref. & Iwaki, Fukushima Pref.	Furukawa Logistics Corp.	Chiyoda-ku, Tokyo
Furukawa Sangyo Kaisha, Ltd.	Minato-ku, Tokyo	Furukawa Automotive Systems Inc.	Inukami, Shiga Pref./Inukami, Shiga Pref. & Kameyama, Mie Pref.
Okano Cable Co., Ltd.	Yamato, Kanagawa Pref./Yamato, Kanagawa Pref.	Furukawa Elecom Co., Ltd.	Chiyoda-ku, Tokyo
Furukawa Electric Industrial Cable Co., Ltd.	Arakawa-ku, Tokyo/Hiratsuka, Kanagawa Pref.	Furukawa Magnet Wire Co., Ltd	Chiyoda-ku, Tokyo/Niigata, Niigata Pref.

Company Profile and Stock / Dividends Information

Company Profile

Company name	Furukawa Electric Co., Ltd.
President	Keiichi Kobayashi
Founded	1884
Established	1896
Paid-in capital (As of March 31, 2020)	¥69,395 million
Net sales (Years ended March 31, 2020)	¥914,439 million (consol.) ¥440,675 million (non-consol.)
Number of employees (As of March 31, 2020)	50,232 (consol.) 3,925 (non-consol.)
Head office	Marunouchi Nakadori Bldg., 2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8322, Japan
TEL.	+81-3-3286-3001
Website	https://www.furukawa.co.jp/en/
Consol. subsidiaries (As of March 31, 2020)	112
Equity-method affiliates (As of March 31, 2020)	13

Domestic Locations (Furukawa Electric Co., Ltd.)

As of July 2020



Furukawa Electric Co., Ltd. Organization Chart (As of Apr.1, 2020)



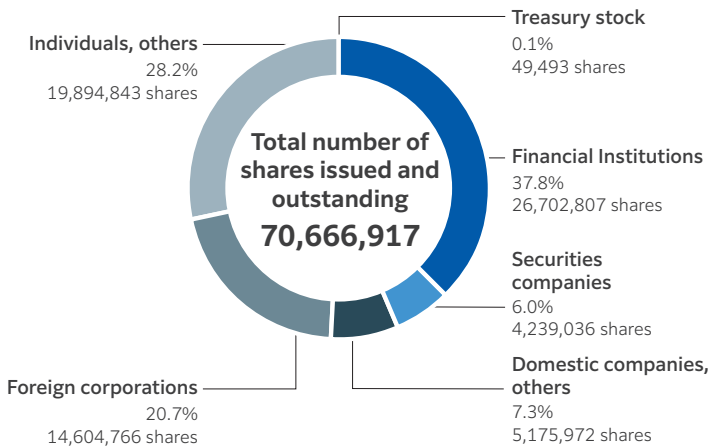
General Stock Information

(As of March 31, 2020)

Stock code on the Tokyo Stock Exchange	5801
Stock exchange listings	Tokyo Stock Exchange, First Section
Number of shares authorized	Common Stock 250,000,000 shares
Common stock issued	Common Stock 70,666,917 shares
Minimum trading units	100 shares
Number of shareholders	Common Stock 49,411 persons
Shareholder register agent	2-1 Yaesu 1-chome, Chuo-ku, Tokyo, Japan Mizuho Trust & Banking Co., Ltd.
Fiscal year	From April 1 to March 31
Shareholders' meeting	June each year
Accounting auditor	Deloitte Touch Tohmatu LLC
Main stock indices employed	Nikkei Index 225; JPX-Nikkei Index 400

Distribution of Ordinary Stock Among Shareholders

(As of March 31, 2020)



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

(As of March 31, 2020)

Name of major shareholders	Number of shares	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,524,300	7.82%
Japan Trustee Services Bank, Ltd. (Trust Account)	3,458,200	4.90%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,496,300	3.53%
Trust & Custody Services Bank, 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%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,250,000	1.77%
Fuji Electric Co., Ltd.	1,100,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1,091,900	1.55%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1,050,000	1.49%

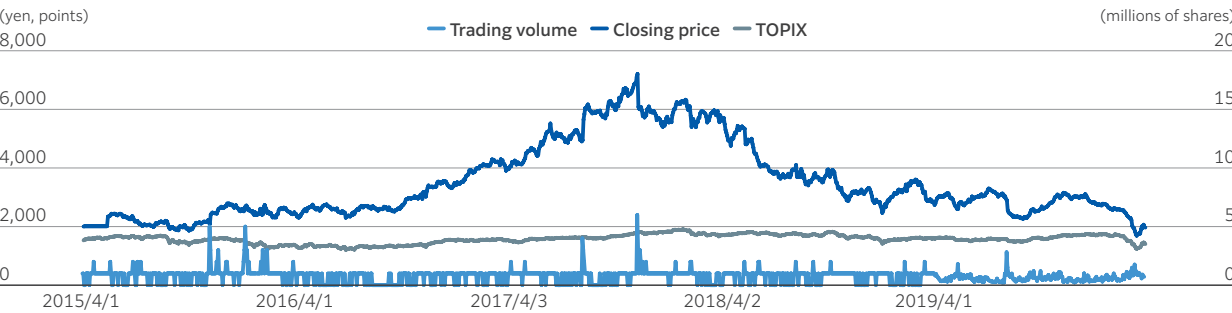
(note) 1. Shareholding ratio is calculated with the number which deducted 48,957 shares of the Company's treasury stock.
2. In addition to the 2,413,500 shares in a retirement benefits trust mentioned above, Mizuho Bank, Ltd. has a further 173 shares in the Company.
3. Trust & Custody Services Bank, Ltd. has been dissolved due to absorption-type merger and merged to Japan Trustee Services Bank, Ltd. as a surviving company as of July 27, 2020.
4. Japan Trustee Services Bank, Ltd. has changed its corporate name to Custody Bank of Japan, Ltd. on July 27, 2020.

Cash Dividends per Common Share

Fiscal year	2015	2016	2017	2018	2019
Interim dividend (yen)	0	0	0	0	0
Year-end dividend (yen)	4.0	55*	80*	85*	85*
Total dividend (yen)	4.0	55*	80*	85*	85*

note) We have carried out a reverse stock split at a ratio of 1 share for every 10 ordinary shares with an effective date of October 1, 2016. The amounts if the reverse stock split is not conducted will be, respectively: change 55 yen to 5.5 yen, change 80 yen to 8.0 yen, and change 85 yen to 8.5 yen.

Stock Price and Trading Volume



note) We have carried out a reverse stock split at a ratio of 1 share for every 10 ordinary shares with an effective date of October 1, 2016. In addition, the number of shares in unit of the company's ordinary shares has changed from 1,000 shares to 100 shares. Because of this, in the graph, the pre-September 2016 stock prices are shown as 10 times, and the trading volume is shown as 1/10.

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, 2019 to July 31, 2020.

ESG Indices



FTSE4Good Index Series/ FTSE Blossom Japan Index

Furukawa Electric was selected as a constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index of FTSE Russell for the first time (June 2020).

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

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (WIN)
 Furukawa Electric was selected as a constituent of the MSCI Japan Empowering Women Index (WIN) (June 2020).

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.



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 7 and carbon disclosure status as "disclosed" (June 2020).



SOMPO Sustainability Index

Furukawa Electric was selected as a constituent of the SOMPO Sustainability Index by Sompo Asset Management (June 2020).

ESG evaluation and certifications



SBT (Science Based Targets)

The Furukawa Electric Group's targets for reducing greenhouse gas emissions by 2030 were certified by the Science Based Targets (SBT) Initiative (August 2019).



CDP

Furukawa Electric received a "B: Management Level" evaluation for "Climate Change" and "Water Security" of the CDP in 2019, and was also selected as a "Supplier Engagement Leader" in the CDP Supplier Engagement Rating (SER) (February 2020).



Nadeshiko Brand

Furukawa Electric was selected as a Nadeshiko Brand company by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (March 2020).



White 500 under the "Health & Productivity Management Organization Program"

Furukawa Electric was certified as White 500 (large company category) under the "Health & Productivity Management Organization Program" for a fourth consecutive year (March 2020).



Derwent Top 100 Global Innovator 2020

Furukawa Electric was awarded the "Derwent Top 100 Global Innovator 2020" by the Clarivate Analytics plc. (February 2020).

Participation in initiatives

Furukawa Electric participates in the following ESG-related initiatives.



United Nations Global Compact

Furukawa Electric signed the "United Nations Global Compact" global framework for the realization of sustainable growth on February 24, 2020.

For details, please see Furukawa Electric's website.



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.

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

About Issuing the Furukawa Electric Group Integrated Report 2020

I would like to say a few words on this occasion of issuing the Furukawa Electric Group Integrated Report. Since fiscal 2012 we had issued the Furukawa Electric Group Sustainability Report each year as a tool to convey information to our stakeholders. This year, however, we have decided to issue our first Furukawa Electric Group Integrated Report in order to make ourselves better understood in areas of mid- to long-term value creation in particular.

In this new report, we present the Furukawa Electric Group's various initiatives, aimed at improving our mid- to long-term corporate value, such as 1) the background to developing the Furukawa Electric Group Vision 2030, which was disclosed in fiscal 2019 and shows what we want to be; 2) identification of important management issues (materiality) to be achieved by the Vision 2030 and the identification process; and 3) SDG Compass-based value chain mapping, using our Group's main products.

In fiscal 2019, we signed the "United Nations Global Compact" global framework for contributing to the realization of Sustainable Development Goals (SDGs) and established a solid base for ESG management. At the same time, we have been accelerating various ESG priority measures, mainly in the areas of climate

change, organizational empowerment innovation, and corporate governance. Concerning climate change, in particular, we expressed our approval of the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and have just started scenario analysis and initiatives aimed at information disclosure in line with the TCFD recommendations.

Furukawa Electric's Corporate Sustainability Office in the Administration & CSR Division and the Investor & Public Relations Department in the Finance & Global Management Division have played a leading role in the preparation of our first Furukawa Electric Group Integrated Report 2020. They paid attention to conformity and consistency regarding data and information in various other disclosed media and materials.

We hope that the Furukawa Electric Group Integrated Report 2020 will help our shareholders, investors, and other stakeholders better understand our Group and be useful in constructive dialogues. We are committed to further improving the quality of integrated reports, enhancing information disclosure and transparency, and promoting dialogue with stakeholders. We would appreciate hearing your unrestrained comments or requests in this regard.

October 2020

Satoshi Miyamoto

Director, Corporate Senior Vice President,
and General Manager, Administration & CSR Division



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

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