

Corporate Governance Report

CORPORATE GOVERNANCE

Furukawa Electric Co., Ltd.

Note : This document has been translated from a part of the Japanese original and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Last Update: June, 23, 2022

Furukawa Electric Co., Ltd.

President Keiichi Kobayashi

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Securities Code: 5801

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

The corporate governance of Furukawa Electric Co., Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

[The Founder’s Thoughts]

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

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

Since its foundation in 1884, Furukawa Electric has inherited these words in its DNA and has grown.

We are determined to receive and pass on these three valuable things and contribute to the realization of a sustainable society as members of society who forge the future.

[Furukawa Electric Group Corporate 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]

We have set the values we wish to particularly emphasize and enhance even further, for the achievement of Corporate Philosophy and the sustainable growth of Furukawa Electric Group, as “Core Value”.

“Integrity”, “Innovation”, “Addressing Reality”, “Ownership and Speed”, “Collaboration”

[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.

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

- 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, 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.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Furukawa Electric Co., Ltd. complies with all Principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] [Updated]

The Company summarizes the results of examinations for compliance with each principle of the Corporate Governance Code, and has formulated "Furukawa Electric Co., Ltd. Guidelines on Corporate Governance" (hereinafter referred to as "the Guidelines").

The Guidelines is available on our website (<https://www.furukawa.co.jp/en/company/governance.html>).

[Principle 1.4 Cross-Shareholdings]

In accordance with "4. (1) Policy for Cross-Shareholdings" of Chapter 2, Section 1 of the Guidelines, the Board of Directors annually assesses whether it is appropriate to hold each of the individual listed stocks as cross-shareholdings; and if deemed inappropriate, we strive to reduce such shareholdings.

At its meeting held in December 2021, the Board of Directors assessed the appropriateness of our cross-shareholdings. Consequently, we have reduced cross-shareholdings, including 1 listed stocks (435 million yen), resulting in reducing the number of listed stocks held as cross-shareholdings to 17 (23,061 million yen) as of the end of March 2022.

The following is the summary of the reduction of cross-shareholdings in the past 3 years:

【Fiscal year / Amount of listed shares recorded on the balance sheet (number of stocks) as of the end of the fiscal year / Amount of reduction in cross-shareholdings by selling listed shares during the fiscal year (at market value)】

FY2019 / 22,825 million yen (18 stocks) / 6,484 million yen

FY2020 / 24,387million yen (17 stocks) / 9,180 million yen

FY2021 / 23,061 million yen (17 stocks) / 435 million yen

Our proxy voting policy is as stipulated in "4. (2) Standards with respect to the Voting Rights as to our Cross-Shareholding" of Chapter 2, Section 1 of the Guidelines

[Principle 1.7 Related party transactions]

As stipulated in “5. Related Party Transactions” of Chapter 2, Section 1 of the Guidelines.

[Supplementary Principle 2.4.1 Ensuring diversity]

Under the management philosophy “Nurture human resources at every level, so that we become a more diverse and creative organization,” the Group recognizes “strengthening human capital management (HCM) and organizational execution abilities” as an important management issue (materiality) for achieving “Furukawa Electric Group Vision 2030”, and maintains a basic HCM policy of securing diverse human resources and supporting the growth of people who continue to take on challenges.

Furthermore, in Furukawa Group Vision for Our People, which identifies an ideal state of our people and organization, we articulated our principles for people and organization by referring to ‘securing diversity’ and established a dedicated organization in 2014, which has been working on promoting diversity & inclusion through such initiatives as raising awareness of officers and employees, creating an environment where diverse people can play important roles, and enabling autonomous work-life management.

With respect to targets/achievements for ensuring diversity of human resources as well as our policies for human resources development, improvement of the internal environment, etc., we have disclosed such information on our website (<https://furukawaelectric.disclosure.site/en/themes/96>).

* Our initiatives for women’s participation and advancement in workplace are also described in “III. 3. Measures to Ensure Due Respect for Stakeholders – Other” of this Report.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

As stipulated in “5. Roles of Corporate Pension Fund as Asset Owners” of Chapter 2, Section 2 of the Guidelines.

[Principle 3.1 Enhancement of Disclosure]

(i) Corporate philosophy, business plan, etc.

We established “Furukawa Electric Group Corporate Philosophy” as mentioned in “I.1. Basic views on Corporate Governance” of this Report as well as Chapter 1, Section 1 of the Guidelines. We also formulated Medium-term Management Plan, which is available on our website (<https://www.furukawa.co.jp/en/ir/management/feature.html>).

(ii) Basic views and guidelines on corporate governance

Our basic views on corporate governance are as stated in “I.1. Basic views on Corporate Governance” of this Report as well as Chapter 1, Item 3 of the Guidelines.

As mentioned earlier, the Guidelines is available on our website (<https://www.furukawa.co.jp/en/company/governance.html>).

(iii) Policies and procedures in determining the remuneration of directors and senior management

Our policies and procedures are as stipulated in “1. Composition and Roles of Nominating/Compensation Committee” as well as “4. Policy on Remuneration for Directors and Officers” of Chapter 3, Section 3 of the Guidelines.

Details are also provided elsewhere in this Report: specifically, in “II. 1. Form of Organizational Structure and Operational Management 【Directors】 Establishment of optional committee, committee composition, and attributes of chairperson” and its Supplementary Explanation, as well as “II. 1. Form of Organizational Structure and Operational Management 【Directors’ Remuneration】 Disclosure of Policy on Determining Remuneration Amounts and Calculation Method”.

(iv) Policies and procedures on nomination of candidates for directors and other officers, and appointment/removal of senior management

As stipulated in “1. Composition and Roles of Nominating/Compensation Committee” of Chapter 3, Section 3 as well as in “2. Policy on Nomination of Candidates for Directors and Other Officers and Their Removal” of Chapter 3, Section 3 of the Guidelines.

(v) Explanations with respect to the individual nomination and appointment/removal

In “2. Policy on Nomination of Candidates for Directors and Other Officers and Their Removal” of Chapter 3, Section 3 of the Guidelines, it is stipulated that, upon nominating candidates for Directors and Audit & Supervisory Board Members and appointing/removing Corporate Vice Presidents, reasons for the individual nominations and appointments/removals should be disclosed.

Among cases applicable to this Item, reasons for appointing new Corporate Vice Presidents are disclosed in our disclosure document “Notice of Transfer of Executives and New Duties” issued on March 10, 2022 (https://www.furukawa.co.jp/en/release/2022/kei_20220310_01.pdf). Furthermore, reasons for nominating candidates for Directors and Audit & Supervisory Board Members are disclosed in the reference material for the annual shareholders meeting for the year ending March 2022 (<https://www.furukawa.co.jp/en/ir/stock/meeting.html>).

[Supplementary Principle 3.1.2 Disclosure in English]

Taking into account the ratio of foreign investors, etc., we disclose English versions of reference materials for various investor briefings, including briefings on financial results and medium-term management plan, timely disclosure documents, integrated reports, and notice of annual shareholders meeting, etc. on our website, etc.

[Supplementary Principle 3.1.3 Disclosure of sustainability initiatives]

(1) Efforts for Sustainability

As set out in its Corporate Philosophy, with an eye to the future, the Group’s mission is to contribute to the realization of a sustainable society through continuous technological innovation. The Group aims at achieving its sustainable growth, while ensuring environmental, social and economic sustainability in the mid- to long-term. Furthermore, we established “Furukawa Electric Group Basic Policy on Sustainability”, which articulates our basic concept for responding to recent rapid changes in the business environment surrounding the Group and achieving sustainable growth of the Group. We also established the Sustainability Committee for the purposes of consolidating discussions on sustainability within the Group and further enhancing the quality and speed of implementation thereof, and strive to proactively address sustainability issues and disclose such information.

Information on the Group’s sustainability initiatives is disclosed in our integrated report and on our website (<https://furukawaelectric.disclosure.site/en/>).

(2) Investing in human capital

The Group recognizes “strengthening human capital management (HCM) and organizational execution abilities” as an important management issue (materiality) for achieving “Furukawa Electric Group Vision 2030”, and maintains a basic HCM policy of securing diverse human resources and supporting the growth of people who continue take on challenges.

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

Information on the Group’s initiatives related to human capital is available on our website (<https://furukawaelectric.disclosure.site/en/themes/186>).

(3) Investing in intellectual property

The Group conducts intellectual property-related activities for the purposes of stabilizing our businesses (risk minimization) and enhancing business opportunities (chance maximization). To that end, the Group regards intellectual properties as important management resources, and takes a basic approach focusing on the use thereof, and is promoting group-wide and global intellectual property-related activities with the trinity management of business, research and development, and intellectual properties.

- Stabilizing businesses (risk minimization): Protecting our unique technologies that differentiate our products from others with intellectual property rights and technical know-how, and ensure to develop and use intellectual property portfolios on the basis of detailed competitor analysis

- Enhancing business opportunities (chance maximization): Strengthening management and business strategy planning capabilities by IP Landscaping based on thorough analysis of competitive environment and market environment

Information on the Group’s intellectual property-related activities is available in our Intellectual Property Report (<https://www.furukawa.co.jp/en/rd/ip-report/>).

(4) Impact of climate-related risks and revenue opportunities on our business activities and revenue, etc.

Under the perception that risks and opportunities, which climate change poses on/provides to our businesses, are important management issues, the Group signed up for the recommendations of Task Force

on Climate-related Financial Disclosures (TCFD) in January 2020. We also participated in a project of the Japanese Ministry of the Environment, “Support for scenario analysis of climate risks/opportunities in line with TCFD”. To realize the sustainable society, we will continue to make use of TCFD, and thereby strengthen trust relationships with our stakeholders.

The Group’s responses to TCFD’s recommendations are disclosed in our integrated report.

[Supplementary Principle 4.1.1 Scope and content of the matters delegated to the management]

As stipulated in “2. The Scope and Content of matters that Board of Directors makes Decisions” of Chapter 3, Section 2 of the Guidelines.

[Principle 4.9 Independence standards and qualification for independent outside directors]

As stipulated in “2. Independent Outside Officers” of Chapter 3, Section 6 as well as in “2. Policy for Nomination and removal of Candidates for Directors, Audit & Supervisory Board Members and Corporate Vice President” of Chapter 3, Section 3 of the Guidelines.

The " Independence Standards for outside officers" are also provided elsewhere in this Report: specifically, in “II. 1. Form of Organizational Structure and Operational Management 【Independent Directors/Audit & Supervisory Board Members】 Matters relating to Independent Directors/Audit & Supervisory Board Members”.

[Supplementary Principle 4.10.1 Ensuring independence and objectivity in Nomination and Compensation of senior management]

As stipulated in “1. Formation and Roles of Nominating/Compensation Committee” of Chapter 3, Section 3 of the Guidelines.

Details of Nominating/Compensation Committee are also provided elsewhere in this Report: specifically, in “II. 1. Form of Organizational Structure and Operational Management 【Directors】 Establishment of optional committee, committee composition, and attributes of chairperson ” and its Supplementary Explanation.

[Supplementary Principle 4.11.1 Views on the balance of directors’ knowledge, experience and skills, and the diversity and size of the Board of Directors]

As stipulated in “2. Policy for Nomination and removal of Candidates for Directors, Audit & Supervisory Board Members and Corporate Vice President” of Chapter 3, Section 3 of the Guidelines.

The Skill matrix for Directors and Audit & Supervisory Board Members is disclosed in the reference material for the annual shareholders meeting for the year ending March 2022

(<https://www.furukawa.co.jp/en/ir/stock/meeting.html>).

[Supplementary Principle 4.11.2 Major concurrent positions in other organizations of Directors/Audit & Supervisory Board Members]

As stipulated in “2. Policy for Nomination and removal of Candidates for Directors, Audit & Supervisory Board Members and Corporate Vice President” of Chapter 3, Section 3 of the Guidelines.

The status of concurrent posts of Directors and Audit & Supervisory Board Members with officers of other listed companies is disclosed in business report and the reference material for the annual shareholders meeting for the year ending March 2022 (<https://www.furukawa.co.jp/en/ir/stock/meeting.html>).

[Supplementary Principle 4.11.3 Analysis and evaluation of effectiveness of Board of Directors]

As stipulated in “1. Roles and Responsibilities of Board of Directors” of Chapter 3, Section 2 of the Guidelines.

A summary of the results for the year ended March 31, 2022 is available on our website

(<https://www.furukawa.co.jp/en/company/governance.html>).

[Supplementary Principle 4.14.2 Training policy for directors and Audit & Supervisory Board Members]

As stipulated in “1. Formation and Roles of Nominating/Compensation Committee” of Chapter 3, Section 3 as well as in “Directors and Audit & Supervisory Board Members’ Training” of Chapter 3, Section 8 of the Guidelines.

[Principle 5.1 Policy for constructive dialogue with shareholders]

As stipulated in “1. Policy for Constructive Dialogue with Shareholders” of Chapter 4 of the Guidelines.

[Translation for Reference Purpose Only]

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders] **[Updated]**

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

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	N/A

Supplementary Explanation **[Updated]**

- The status of Major Shareholders shown above is the situation as of March 31, 2022.
- 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.
- The status of Major Shareholders shown above does not include the following reports on possession of large volume and change reports pertaining to reports on possession of large volume, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2022.
 - The change report, which was disclosed to the public on December 22, 2020, states that it holds the following shares as of December 15, 2020.

Name of shareholders	Number of shares owned	Holding ratio (%)
Mizuho Bank, Ltd.	2,413,673	3.42
Mizuho Securities Co., Ltd	350,100	0.50
Mizuho Trust & Banking Co., Ltd.	354,900	0.50
Asset Management One Co., Ltd.	2,099,200	2.97

[Translation for Reference Purpose Only]

• The change report, which was disclosed to the public on September 22, 2021, states that it holds the following shares as of September 15, 2021.

Name of shareholders	Number of shares owned	Holding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	4,262,500	6.03
Nikko Asset management Co.,Ltd.	1,544,500	2.19

• The change report, which was disclosed to the public on March 4, 2022, states that it holds the following shares as of February 28, 2022.

Name of shareholders	Number of shares owned	Holding ratio (%)
Nomura Securities Co.,Ltd.	96,900	0.14
NOMURA INTERNATIONAL PLC	304,779	0.43
Nomura Asset Management Co., Ltd.	4,120,200	5.83

3. Corporate Attributes

Listed Stock Market and Market Section [Updated]	Tokyo Stock Exchange (Prime)
Fiscal Year-End	March
Type of Business	Nonferrous Metals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances which may have Material Impact on Corporate Governance

The Company strives to strengthen the management structure and increase corporate value of the entire Group through the following measures: while respecting the independence of business management of subsidiaries/affiliates, the Company gets a picture of their overall business management, including compliance and risk management, and ensures sound management of each company by offering advice and support, etc. concerning the development of their legal compliance and internal control systems, and providing appropriate guidance about business management; and the Company also dispatches Directors and other officers to the Group companies.

[Translation for Reference Purpose Only]

Our subsidiaries, the Furukawa Battery Co., Ltd. and TOTOKU ELECTRIC CO., LTD., are listed on the Tokyo Stock Exchange.

- The Furukawa Battery Co., Ltd.

The Company pursues business synergy through providing our insights into materials and promoting joint R&D activities, cooperating for the improvement of the operating base for activities to ensure quality and safety, and providing staffing. Maintaining the listed status of this subsidiary contributes to capturing excellent human resources that are important management resources of the subsidiary, maintaining and increasing the motivation of its officers and employees, and flexibly raising funds from the capital market. Therefore, we believe it is sufficiently rational to maintain its listed status.

- TOTOKU ELECTRIC CO., LTD.

The Company pursues business synergy through providing our insights into materials and promoting joint R&D activities, expanding business opportunities through joint marketing/sales expansion activities, consigning the manufacturing of our certain products, cooperating for the improvement of the operating base for activities to ensure quality and safety, and providing staffing. Maintaining the listed status of this subsidiary contributes to capturing excellent human resources that are important management resources of the subsidiary, maintaining and increasing the motivation of its officers and employees, and flexibly raising funds from the capital market. Therefore, we believe it is sufficiently rational to maintain its listed status.

Aiming at maximizing corporate value of the Group, we continuously analyze the rationale for maintaining listed subsidiaries, taking into account appropriate allocation of management resources within the entire Group.

Considering that there is a structural risk of conflict of interest between the Company and minority shareholders of the listed subsidiaries, we have taken measures to protect interests of minority shareholders of the listed subsidiaries. Specifically, their Boards of Directors include at least one third of independent directors. In addition, each of these subsidiaries established the Conflict of Interest Management Committee comprising a majority of independent directors as a body to judge the rationality and fairness of transactions with the parent company. We continue to work with the listed subsidiaries to develop/strengthen effective governance systems of the listed subsidiaries by effectively using independent directors.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson except for concurrently serving as president
Number of Directors	11
Appointment of Outside Directors	Appointed

[Translation for Reference Purpose Only]

Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Osamu Tsukamoto	Other								○			
Takashi Tsukamoto	From another company					△						
Yoshiro Miyokawa	From another company											
Yukiko Yabu	From another company								△			
Tamotsu Saito	From another company											

* Categories for "Relationship with the Company"

- * "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- * "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*Audit & Supervisory Board Member*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*Audit & Supervisory Board Members* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) **[Updated]**

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Osamu Tsukamoto	○	<p>An advisory contract was entered into between Mr. Osamu Tsukamoto and the Company in October 2010. Since then, the Company has been receiving professional advice from him on the business fields of the Company Group. After he became an Outside Director in June 2013, the Company continued to pay compensations for his advice in his area of expertise in addition to the remuneration for Outside Director and will continue to do so after he is re-elected as a Director. The amount of the compensation which the Company has paid to him so far and will pay this year is less than 5 million yen, which is lower than the threshold specified in the Company's Independence Standards.</p>	<p>Mr. Osamu Tsukamoto has many years of experience especially in the environment and energy fields at the Ministry of Economy, Trade and Industry as well as his extensive knowledge since he appointed outside Director, despite the fact that he has not been directly involved in corporate management. Since he assumed the position of Outside Director of the Company, he has actively provided advice and suggestions mainly on research & development, business strategy, and product quality, taking into account the government's economic policies and market trends. While the Group will further focus on developing new technologies and new businesses, his advice and recommendations backed by his in-depth insights into industry policies, especially in the environment and energy areas, will be extremely useful. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company requests his re-election as an Outside Director.</p> <p>Concerning Mr. Osamu Tsukamoto, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer.</p>
Takashi Tsukamoto	○	<p>Mizuho Bank, Ltd., where Mr. Takashi Tsukamoto served as President & CEO in the past, and the Group borrowed 68,549 million yen in FY2021. Mr. Tsukamoto, however, retired from the executive position in June 2013.</p>	<p>Mr. Takashi Tsukamoto has held several leadership positions, including Director in charge of Finance and Representative Director, in a financial institution, and has a wealth of experience and extensive knowledge of overall corporate management, including finance and accounting. Since he assumed the</p>

[Translation for Reference Purpose Only]

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
			<p>position of Outside Director of the Company in 2021, he has actively provided advice and recommendations mainly on business strategy, group management, financial policies and investor relations from the perspectives of the Group's global management as well as shareholders and other stakeholders. Furthermore, he has demonstrated his leadership as the chairperson of Nominating/Compensation Committee as well as Outside Officers Committee, while taking initiative as the lead outside officer by sharing the recognition of the Company's management challenges among outside officers and by ensuring cooperation between outside officers and the management/Audit & Supervisory Board (Members). As such, he has significantly contributed to improving the Company's corporate governance. As the Group will work on strengthening the corporate governance system and promoting global corporate management, his advice and recommendations on corporate management and finance/accounting based on his experience and expertise, as well as his leadership will be extremely beneficial for the Company. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company requests his re-election as an Outside Director.</p> <p>Concerning Mr. Takashi Tsukamoto, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company. When his appointment is approved, the Company will register him as an independent director.</p>

[Translation for Reference Purpose Only]

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshiro Miyokawa	○	There is no special interest between Mr. Yoshiro Miyokawa and the Company.	<p>Mr. Yoshiro Miyokawa assumed prominent administrative positions and served as Representative Director & Vice President at a large pharmaceutical company and has extensive experience and in-depth insight in corporate management, compliance, and corporate governance. Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on corporate governance, business strategy, and human resource development to improve governance of the entire Group. While the Company will work on enhancing the group governance system for the entire Group, his advice and recommendations on corporate management and compliance based on his experience and expertise will be extremely useful. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company requests his re-election as an Outside Director.</p> <p>Concerning Mr. Yoshiro Miyokawa, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer.</p>
Yukiko Yabu	○	Between the Company and Panasonic Corporation, for which Ms. Yukiko Yabu worked until March 2014, there is a business relationship where the Company sells metal products to Panasonic Corporation. However, the total trading amount in FY2021 was approx. 1,580 million yen, and therefore, the amount is quite small.	Ms. Yukiko Yabu has served as outside director of several listed companies, although she has not engaged in corporate management in any other capacity; and has a wealth of experience and advanced knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. Since she assumed the position of Outside Director of the Company, she has actively provided

[Translation for Reference Purpose Only]

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
			<p>advice and recommendations mainly on business strategy, marketing, and diversity from a broad perspective. While the Group will accelerate global sales expansion, her advice and recommendations based on her experience and expertise in marketing and product development, among others, will be extremely useful. In addition, the Company expects that she will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company requests her re-election as an Outside Director.</p> <p>Concerning Ms. Yukiko Yabu, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company, and the Company has registered her as an independent officer.</p>
Tamotsu Saito	○	There is no special interest between Mr. Tamotsu Saito and the Company.	<p>Mr. Tamotsu Saito has held several leadership positions including President & Representative Director and Chairperson of one of Japan's leading heavy manufacturers, and has a wealth of experience and extensive expertise of global corporation management and overall manufacturing (monozukuri). Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on business strategy, manufacturing (monozukuri), and finance and accounting from the perspective of the Group's global management. While the Group plans to further expand business as a manufacturer in the future, his advice and recommendations based on his experience and expertise in corporate management and manufacturing will be extremely useful. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent</p>

[Translation for Reference Purpose Only]

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
			<p>viewpoint. Therefore, the Company requests his re-election as an Outside Director.</p> <p>Concerning Mr. Tamotsu Saito, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominating/Compensation Committee	Nominating/Compensation Committee
All Committee Members	7	7
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	5	5
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation **[Updated]**

The Company established the Nominating/Compensation Committee, which has functions of both Nomination Committee and Remuneration Committee. The Committee has deliberations on the nomination of Directors and other officers and their remuneration, etc., aiming at ensuring the objectivity and transparency concerning such matters, and strengthening corporate governance. The Committee consists of at least 5 members (the majority being Outside Directors) appointed by resolution of the Board of Directors; and the Committee Chairperson is chosen, basically among Outside Directors, by the Committee members. As of the submission date of this Report, the Committee has 7 members; namely, Osamu Tsukamoto (Outside Director), Takashi Tsukamoto (Outside Director/Committee Chair), Yoshiro Miyokawa (Outside Director), Yukiko Yabu (Outside Director), Tamotsu Saito (Outside Director), Mitsuyoshi Shibata (Director/Chairperson of the Board), and Keiichi Kobayashi (Representative Director & President).

[Activity Status of the Nomination/Compensation Committee in FY2021]

In FY2021, the Nomination/Compensation Committee met 8 times.

The main considerations of the Nomination/Compensation Committee were the management execution system for Nomination and the executive compensation system for Compensation.

The attendance status of individual Committee members in FY2021 is as follows.

Because Mr. Takashi Tsukamoto and Mr. Tamotsu Saito were newly appointed as Outside Directors at the 199th Annual Shareholder Meeting held on June 24, 2021 and then appointed as members of Nominating/Compensation Committee, the number of eligible Committee meetings is different from that for other committee members.

[Name/The Number of Attendance at the Board of Directors Meetings]

Osamu Tsukamoto/8 out of 8 times (100%)

Takashi Tsukamoto/7 out of 7 times (100%)

Yoshiro Miyokawa/8 out of 8 times (100%)

Yukiko Yabu/8 out of 8 times (100%)

Tamotsu Saito/7 out of 7 times (100%)

Mitsuyoshi Shibata/8 out of 8 times (100%)

Keiichi Kobayashi/8 out of 8 times (100%)

[Matters to be deliberated by Nominating/Compensation Committee]

(1) Nominating/Compensation Committee deliberates the following matters in response to inquiries from the Board of Directors, and reports the results to the Board:

- ① Agendas to be proposed to a shareholders' meeting upon an appointment and removal of Directors and Audit & Supervisory Board Members
- ② Election /dismissal of Representative Director, Chairperson of the Board, and President
- ③ Appointment/removal of Corporate Vice Presidents
- ④ Appointment/dismissal of Executive Officers (Corporate Senior Executive Vice President, Corporate Executive Vice President, and Corporate Senior Vice President)
- ⑤ Policy about Remuneration of Directors and Corporate Vice Presidents

(2) Nominating/Compensation Committee deliberates and determines the following matters delegated by the Board of Directors:

- ① Evaluation of Directors and Corporate Vice Presidents
- ② Systems concerning remuneration of Directors and Corporate Vice Presidents based on the policy decided by the Board of Directors following the report set forth in the item ⑤ of the above section (1)
- ③ Details of remuneration of individual Directors and Corporate Vice Presidents based on the policy decided by the Board of Directors following the report set forth in the item ⑤ of the above section (1)
- ④ Agendas to be proposed to a shareholders' meeting on remuneration for Directors and Audit & Supervisory Board Members
- ⑤ Guidelines on remuneration for representatives of affiliated companies
- ⑥ Policy on the term of office for Directors and Corporate Vice Presidents and handling after their retirement
- ⑦ Contents of draft proposal on appointment/removal of Special Advisers/Honorary Advisers and their remuneration
- ⑧ Contents of the Management's succession planning

(3) Nominating/Compensation Committee deliberates and determines program details and policies on training for Directors, Audit & Supervisory Board Members, and Corporate Vice Presidents, taking into account opinions of Audit & Supervisory Board.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	6

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments **[Updated]**

Audit & Supervisory Board Members, the Auditing Department, and Accounting Auditors work closely with each other through regular information sharing and discussion on annual audit planning and audit reports, in order to reinforce the three-way audit system.

(1) Cooperation between Audit & Supervisory Board Members and Accounting Auditors

Audit & Supervisory Board Members have interviews with Accounting Auditors about their auditing policies/plans and receive detailed explanations on interim and year-end reporting, thereby making judgments on the appropriateness of audit results by the Accounting Auditors. Furthermore, by exchanging opinions as needed, the Members address changes in laws and regulations; as for any issue which Accounting Auditors pointed out as a fraud, deficiency, or problem, the Members conduct on-site inspections (including remote auditing by using a web conference system), hearing investigations, etc. to find out/confirm the status of improvement.

(2) Cooperation between Audit & Supervisory Board Members and Internal Audit Department

Audit & Supervisory Board Members have interviews with Auditing Department, which conducts internal audits, and through regular exchange of opinions, typically through monthly information exchange meetings between full-time Audit & Supervisory Board Members and Auditing Department, the Members gain adequate understanding of the status of the Company, aiming at maintaining the sound management of the Group.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Member's Relationship with the Company (1) **[Updated]**

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kunihiko Sakai	Lawyer													
Sayaka Sumida	CPA										△			
Takao Shiomi	From another company							△			△	△		

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. An Audit & Supervisory Board Member of a parent company of the Company

[Translation for Reference Purpose Only]

- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2) [Updated]

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Kunihiko Sakai	○	There is no special interest between Mr. Kunihiko Sakai and the Company.	Although Mr. Kunihiko Sakai does not have direct experience in corporate management, he has long years of experience as a legal professional including overseas experience, and has significant insights into such areas as corporate governance, legal risk management, and compliance. Since he assumed the position of Outside Audit & Supervisory Board Member of the Company, he has actively expressed his opinions mainly on legal regulations in various countries and responses to legal actions at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. Furthermore, through his experience as an Outside Audit & Supervisory Board Member of the Company, he has profound knowledge of how the Group's compliance system was established and the current situation of our business operations. Accordingly, the Company expects that he will make appropriate points and express appropriate opinions for maintaining/improving its internal control system, including risk management, and maintaining sound management. The Company expects that he will provide appropriate advice and opinions to contribute to strengthening the Company's audit system. Therefore,

[Translation for Reference Purpose Only]

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
			<p>the Company appointed him as Outside Audit & Supervisory Board Member, believing that he is qualified for the position.</p> <p>Concerning Mr. Kunihiko Sakai, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer.</p>
Sayaka Sumida	○	<p>Ms. Sayaka Sumida had served as Partner of KPMG AZSA LLC (“KPMG”) until March 2020. The Company has a business relationship with KPMG where it provides financial and accounting consulting services to the Company. The annual trade value in FY2021 was approx. 68 million yen, which is less than the threshold set forth in the Company’s Independence Standards. KPMG, to which she used to belong, has never been engaged in auditing of the Company, and she was not involved in accounting audits of the Company during her service at KPMG. Furthermore, she has never been involved in the business between the Company and KPMG with regard to financial and accounting consulting services.</p>	<p>Although Ms. Sayaka Sumida does not have direct experience in corporate management, she has extensive familiarity with audits of financial statements and audits of internal control from her long experience as a certified public accountant. Besides, as Executive Board Member of the Japanese Institute of Certified Public Accountants, she has engaged in developing and revising Japanese audit standards which are aligned mainly with the International Standard on Auditing (ISA), and has also served as a member of Business Accounting Council of the Financial Services Agency since 2017, and thus has a wealth of experience in and extensive knowledge of finance and accounting. Since she assumed the position of Outside Audit & Supervisory Board Member of the Company, she has actively expressed her opinions mainly on group company management and finance/accounting at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. The Company expects that her experience and knowledge will contribute to strengthening the Company’s audit system, and therefore, appointed her as Outside Audit & Supervisory Board Member, believing that she is qualified for the position.</p> <p>Concerning Ms. Sayaka Sumida, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent</p>

[Translation for Reference Purpose Only]

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
			from the Company, and the Company has registered her as an independent officer.
Takao Shiomi	○	<p>Mr. Takao Shiomi served as a director of ITOCHU Corporation (“ITOCHU”) from June 2012 to March 2016. Between ITOCHU and the Company, there is a business relationship where our subsidiary sells its products to overseas customers using ITOCHU as its agent, but the annual trade value in FY2021 was as small as approx. 3,399 million yen. In addition, Mr. Takao Shiomi served as a director of Isuzu Motors (“Isuzu”) Limited from June 2016 to June 2018. Between Isuzu and the Company, there is a business relationship where the Company sells automotive parts, etc. to Isuzu. The annual trade value in FY2021 was approx. 6,942 million yen. Furthermore, Mr. Mitsuyoshi Shibata, Chairperson of the Board of the Company, has served as an outside director of Isuzu, where Mr. Takao Shiomi served as a director, since June 2018.</p>	<p>Mr. Takao Shiomi has experience in corporate management in various industries, including a large trading company, financial institution, and manufacturer. He has a wealth of experience in and profound knowledge of overall corporate management, including finance and accounting. Since he assumed the position of Outside Audit & Supervisory Board Member of the Company, he has actively expressed his opinions mainly on enterprise management at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. The Company expects that his experience and knowledge will contribute to strengthening the Company’s audit system, and therefore, appointed him as Outside Audit & Supervisory Board Member, believing that he is qualified for the position.</p> <p>Concerning Ms. Sayaka Sumida, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer.</p>

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	8
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Matters relating to Independent Directors/Audit & Supervisory Board Members

The " Independence Standards for Outside Officers" (established on May 11, 2015, revised on May 10, 2017) set by the Board of Directors of the Company are as follows.

[Independence Standards for outside officers specified by the Company]

If none of the following attributes are applicable to the relevant outside Directors and outside Audit & Supervisory Board Members (including candidates), the Company considers that they are Independent Directors and Audit & Supervisory Board Members without the possibility of creating any conflict of interest with general shareholders.

[Translation for Reference Purpose Only]

- (i) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (ii) Person belonging to a company which is one of the Company's main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (iii) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company's total assets in the most recent years).
- (iv) Person who receives monetary or other economic benefits from the Company of JPY 10 million or more a year, over and above officer's remuneration, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives JPY 100 million a year from the Company.
- (v) Person who has fallen under items (i) to (iv) during any period within the past three years.
- (vi) Relative of the person who falls under items (i) to (v) above, within the second degree of kinship.
- (vii) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.

* Even if items (i) to (vii) are not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

The Company designates all outside officers who meet the qualifications of independent officers as independent officers. In addition, the Company holds regular Outside Officers Committee in order to give opportunities to Outside Officers to exchange opinions and establish a shared understanding of the Company from an objective viewpoint, and to enable the resulting opinions to be reported to the Board of Directors if necessary. The Company held four (4) Outside Officers Committee during the year. The chairperson of the Outside Officers Committee is The Center of Outside Officers(Lead Independent Outside Director) who is appointed by mutual vote among outside officers from independent outside directors. Currently Mr. Takashi Tsukamoto is in charge.

The policy regarding the number of outside directors is stipulated in "2. Independent Outside Officers" of Chapter 3, Section 6.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

With respect to the policy for determining percentages of performance-linked remuneration and other remuneration, indicators used for performance-linked remuneration and reasons for selecting such indicators, and the method to determine amounts of performance-linked remuneration, details are provided in "II. 1. Form of Organizational Structure and Operational Management 【Directors' Remuneration】 Disclosure of Policy on Determining Remuneration Amounts and Calculation Method" of this Report.

Recipients of Stock Options	N/A
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Supplementary Explanation

N/A

[Director Remuneration]

[Translation for Reference Purpose Only]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

In its Business Reports and Securities Reports, the Company discloses the total remuneration amount for each of the following positions: Directors, Audit & Supervisory Board Members, Outside Directors, and Outside Audit & Supervisory Board Members. The Company also discloses the total remuneration amounts by remuneration type.

Since there is no one who receives performance-linked remuneration exceeding 100 million yen, the Company does not disclose amounts of remuneration for individual officers

Policy on Determining Remuneration Amounts and Calculation Methods [Updated]	Established
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[Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods](#)

[1] Policy for Determining the Content of Remuneration for Individual Directors and Corporate Vice Presidents of the Company

The Company has the policy for officers' remuneration, which stipulates that "the remuneration of Directors and other 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 Group will increase its corporate value and achieve sustainable growth while contributing to the society through its business activities." In accordance with this policy, the Board of Directors, on February 25, 2021, resolved to approve the Policy for Determining Remuneration for Individual Directors and Officers (hereinafter, "Individual Remuneration Policy"), as shown in "[2] Outline of the Policy for Determining Remuneration for Individual Directors and Officers" and "[3] Policy of Determining the Percentage of Remuneration Paid to Each Individual for Each Remuneration System".

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 about 30 manufacturing companies.

[2] Outline of the Policy for Determining Remuneration for Individual Directors and Officers

Remuneration plan	Summary
Basic salary (Fixed amount)	Basic salary is paid in cash in the fixed amount every month to Directors, Audit & Supervisory Board Members as well as Executive Officers and Senior Fellows who are not Directors. A paid amount for each person differs depending on its roles i.e. management supervision role or business execution role, and each officers position.
Short-term performance-linked remuneration (individual divisions) (Payment ratio: 0~200%)	This remuneration is paid to Directors excluding Outside Directors and Corporate Vice Presidents and Senior Fellows who are not Directors. A remuneration amount for each individual officer is determined by the Nominating/Compensation Committee upon evaluating actual performance versus the business plan of a division in charge and the progress of implementing measures during the previous fiscal year, and the determined amount is paid in cash every month.

[Translation for Reference Purpose Only]

<p>Short-term performance-linked remuneration (the entire Company) (Payment ratio: 0~200%)</p>	<p>This remuneration is paid to Directors excluding Outside Directors as well as Corporate Vice Presidents and Senior Fellows who are not Directors. A remuneration amount is fixed according to the threshold of consolidated operating income defined by Nominating/Compensation Committee as the basis for evaluation, and the determined amount is paid in cash once a year.</p>
<p>Mid-to-long-term performance-linked remuneration (Payment ratio: 0~130%)</p>	<p>This remuneration is provided to Directors excluding Outside Directors as well as Corporate Vice Presidents and Senior Fellows who are not Directors (collectively, “Directors and Officers” in this column) under the stock remuneration program (“the Program” in this column). Under the Program, Directors and Officers are compensated with the Company’s stocks, which are acquired by the Trust that is funded by the Company for the acquisition of stocks.</p> <p>In the Program, three fiscal years constitute a performance period, and the Company contributes funds up to the 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. After the end of each performance period, the number of points qualifying Directors and Officers for receiving the Company’s stocks are finalized after an adjustment for certain cases, according to the criteria for comparing changes in the Company’s stock prices with those of TOPIX during the period. In case any of Directors and Officers retire from the position during the period, an adjustment is to be made in a similar manner.</p> <p>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.</p>

[3] Policy of Determining the Percentage of Remuneration Paid to Each Individual for Each Remuneration System

In terms of a percentage of each component of remuneration, it is designed as follows: the higher the officer’s rank, the larger the percentage of performance-linked remuneration. When the aggregate total of the standard percentage of each component is 100%, the percentage of each component is shown below:

Officer classification	Base salary	Short-term performance-linked remuneration	Mid-to-long-term performance-	Total (%)
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[Translation for Reference Purpose Only]

	(%)	(individual divisions) (%)	(the entire Company) (%)	linked remuneration(%)	
Chairperson of the Board	55	12	12	21	100
President (Representative)	51	15	15	19	100
Director and Corporate Senior Executive Vice President	55	15	15	15	100
Director and Corporate Executive Vice President	58	14	14	14	100
Director and Corporate Senior Vice President	68	11	11	11	100
Corporate Senior Executive Vice President	54	16	16	14	100
Corporate Executive Vice President	56	15	15	14	100
Corporate Senior Vice Presidents	67	13	13	8	100
Corporate Vice Presidents / Senior Fellows	71	16	8	5	100

[4] Matters concerning the determination of the content of individual remuneration, etc., of Directors

In accordance with the Policy for Determining Remuneration for Individual Directors and Officers determined by the Board of Directors, the Company has delegated to the Nominating/Compensation Committee the deliberation and decision on the system and details of remuneration, etc. for Directors as well as Corporate Vice Presidents (other than Directors) and Senior Fellows. The Committee comprises 7 members, and 5 members including the chair are Outside Directors. The composition of the Committee is as follows:

Name	Position
Osamu Tsukamoto	Outside Director
Takashi Tsukamoto	Outside Director (Chairperson of Nominating/Compensation Committee)
Yoshiro Miyokawa	Outside Director
Yukiko Yabu	Outside Director
Tamotsu Saito	Outside Director
Mitsuyoshi Shibata	Chairperson of the Board and Director
Keiichi Kobayashi	President and Representative Director

[5] Matters concerning the delegation of the determination of remuneration by resolution of the Board of Directors

The Company's Board of Directors determines the Policy for Determining Remuneration for Individual Directors and Officers. From the perspective of ensuring the objectivity, fairness and transparency, as stated in "Matters concerning determining remuneration, etc. for individual Directors" in "[4] Matters concerning the determination of the content of individual remuneration, etc., of Directors", the Board of Directors delegated the following authorities to the Nominating/Compensation Committee comprising a majority of Outside Directors: the authorities specified in "II. 1. Form of Organizational Structure and Operational Management 【Directors】 Establishment of optional committee, committee composition, and attributes of chairperson" and its Supplementary Explanation", including the determination of remuneration, etc. for individual officers. It was reported to the Board of Directors by the Nominating/Compensation Committee that remuneration for individual Directors determined by the Committee as well as the determining method were consistent with the Individual Remuneration Policy. Accordingly, the Board of Directors judged that the remuneration, etc. for individual Directors during the current fiscal year was consistent with the Individual Remuneration Policy.

[6] Remuneration for Directors and Audit & Supervisory Board Members in the fiscal year under review

[Translation for Reference Purpose Only]

Officer classification	Total remuneration (JPY millions)	Total remuneration by type(JPY millions)				Number of subject officers (persons)
		Base salary	Short-term performance-linked remuneration (individual divisions)	Short-term performance-linked remuneration (the entire Company)	Mid-to-long-term performance-linked remuneration	
Directors (excluding Outside Directors)	340	248	36	—	55	7
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	91	91	—	—	—	3
Outside Officers	110	110	—	—	—	11
Outside Directors	74	74	—	—	—	7
Outside Audit & Supervisory Board Members	36	36	—	—	—	4

[Notes]

1. Matters concerning the determination of remuneration of directors and Audit & Supervisory Board Members at annual meeting determination of remuneration of directors at annual meeting is below.

[Directors and Officers]

Date of resolution of shareholders meeting	Detail of resolution	Remuneration type under the current system
184th Annual Shareholders Meeting (held on June 29, 2006)	Directors' remuneration shall not exceed 600 million yen per year. The above-mentioned maximum amount does not include salaries for employees who serve as Director.	Base salary Short-term performance-linked remuneration (individual) Short-term performance-linked remuneration (entire company)
197th Annual Shareholders Meeting (held on June 27, 2019)	The maximum amount, which the Company can additionally contribute to the Trust established under the performance-linked stock remuneration program for Directors (excluding Outside Directors) as well as Corporate Vice Presidents and Senior Fellows who are not directors, shall be 450 million yen in every 3 fiscal years. During the current year,	Mid- to long-term performance-linked remuneration

[Audit & Supervisory Board Member]

Date of resolution of shareholders meeting	Detail of resolution
192th Annual Shareholders Meeting (held on June 25, 2014)	Audit & Supervisory Board Members' remuneration shall not exceed 130 million yen per year, and an amount of remuneration for each Audit & Supervisory Board Member is determined by mutual agreement of the Board of Audit & Supervisory Board Members.

2. The amounts and numbers of officers in the above table include three (3) Directors and one (1) Audit & Supervisory Board Member who retired from the positions due to the expiry of their terms at the end of the

[Translation for Reference Purpose Only]

199th Annual Shareholders Meeting held on June 24, 2021 as well as amounts of their remuneration. As for Mr. Takashi Tsukamoto, who retired from the position of Audit & Supervisory Board Member due to the expiry of his term at the end of the above-mentioned Shareholders Meeting, and was appointed as Outside Director at the above-mentioned Shareholders Meeting, the above table includes amounts of his remuneration during his term as Audit & Supervisory Board Member and during his term as Director separately in the respective columns.

3. Short-term performance linked remuneration (the entire Company) refers to the remuneration to be paid to Directors (excluding Outside Directors). In the current fiscal year, this remuneration is not paid because the performance did not meet the qualification for payment.
4. The amount of mid- to long-term performance linked remuneration is calculated by deeming the number of shares equivalent to the points granted for the current fiscal year under the Stock Remuneration Plan as the remuneration for the current fiscal year.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

Legal Department serves as the secretariat of the Board of Directors, which provides administrative support for the Board of Directors as well as information and support to officers for deliberations at the Board meetings.

Furthermore, to assist Audit & Supervisory Board Members in performing their duties and to provide administrative support for Audit & Supervisory Board, we assigned staff members whose independence from the management is guaranteed.

The meetings of the Board of Directors are scheduled by making best efforts to ensure Outside Directors and Outside Audit & Supervisory Board Members can attend. Furthermore, in order to ensure that Outside Directors and Outside Audit & Supervisory Board Members have deep understanding of meeting agendas and consider them prior to a meeting of the Board of Directors, the Company distributes reference materials (by using electronic means) a few days prior to the meeting, and where necessary, provides prior explanations on reference materials. Similarly, the meetings of Audit & Supervisory Board are also scheduled by making best efforts to ensure Outside Audit & Supervisory Board Members can attend.

In addition, the Company allows Outside Directors to request a full-time Audit & Supervisory Board Member to provide audit information, and to request Accounting Auditors to provide accounting audit information, as necessary.

[Retired presidents/CEOs holding advisory positions (Sodanyaku, Komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (Sodanyaku, Komon, etc.)

Name	Job title/position	Responsibilities	Work Condition Remuneration	Date when former role as president/CEO ended	Term of Office
Hiroshi Ishihara	Honorary Adviser (“Meiyo Komon”)	N/A	Non-full time None	June 26, 2008	None
Masao Yoshida	Senior Adviser (“Tokubetsu Komon”)	To engage in activities in the business community and CSR activities	Full time Paid	March 31, 2012	From June 22, 2017 to June 30, 2022

Number of retired presidents/CEOs holding advisory positions (Sodanyaku, Komon, etc.)

2

Others

1. In the Company, a person who retired from the position of President & Representative Director used to serve as Adviser, but from the perspective of ensuring the ideal state of corporate governance and transparency, upon deliberations at Nominating/Compensation Committee, which consists of the majority of Outside Directors and is chaired by an Outside Director, the Company terminated the former Adviser System and introduced Senior Adviser/Honorary Adviser System as of July 1, 2018.
2. In principle, Senior Advisers and Honorary Advisers are intended to engage in activities in the business community and CSR activities, and are not involved in the management of the Company and the Group.
3. If Senior Advisers engage in significant external affairs for the Group, remuneration may be paid to them.
4. The above-mentioned "Date of Retirement from President, etc." refers to the date when the person retired from the position of President & Representative Director of the Company.

After his retirement from the position of President & Representative Director, Mr. Hiroshi Ishihara assumed the following positions: Chairperson of the Board & Representative Director effective from June 26, 2008; Adviser & Director effective from April 1, 2012; and Adviser effective from June 26, 2012.

After his retirement from the position of President & Representative Director, Mr. Masao Yoshida assumed the following positions: Chairperson of the Board & Representative Director effective from April 1, 2012; Chairperson of the Board effective from April 1, 2016; Director effective from April 1, 2017; and Adviser effective from June 22, 2017.
5. The above-mentioned "Term of Office" refers to the scheduled term of office for the current position (in case of Senior Adviser, it includes the term of office as former Adviser before the change of the System).

As a general rule, the maximum term of office as Senior Adviser is 5 years; and Senior Advisers' activities and remuneration are regularly reported to Nominating/Compensation Committee.

After the termination of the term as Senior Adviser, the person assumes a position of Honorary Adviser, the term of which is not fixed.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **[Updated]**

The Board of Directors of the Company consists of 11 Directors, 5 of whom are Outside Directors (all of them are registered at the Tokyo Stock Exchange as independent officers). The Board of Directors is chaired by non-executive Chairperson of the Board who does not have representative rights. The Audit & Supervisory Board consists of 6 Members, 3 of whom are Outside Members (all of them are registered at the Tokyo Stock Exchange as independent officers). The Outside Officers of the Company have extensive experience in financial institutions, trading companies, and business corporations or expert knowledge and experience in such areas as laws, finance/accounting, and industrial policies, etc. The Board of Directors, in making decisions, respects Outside Directors' opinions and suggestions from diverse viewpoints based on their experience.

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

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

[Notes] Upon a request or delegation from Board of Directors, Nominating/Compensation Committee deliberates, determines and reports matters of nominating candidates for Directors and Compensation for Directors etc.

Details are also provided elsewhere in this Report: specifically, in “II. 1. Form of Organizational Structure and Operational Management 【Directors】 Establishment of optional committee, committee composition, and attributes of chairperson” and its Supplementary Explanation.

At the Company, in order to facilitate timely and decisive decision-making on business execution, on the premise that corporate governance mechanisms, including the Board of Directors’ supervision of business execution, are working adequately, decision-making on certain matters related to business execution is delegated to the management within the scope permitted by laws and regulations. The specific scope of such delegation is defined in the standards for deliberation with respect to the Board of Directors and the Management Committee, depending on the degree of significance.

In FY2021, the Board of Directors met 16 times to make decisions on important business execution, check the progress of the medium-term business plan and achievement of management targets, including fiscal budgets, and also have deliberations on corporate governance and other fundamental matters related to business management.

The attendance status of individual Directors to the Board of Directors In FY2021 is as follows.

[Name/The Number of Attendance at the Board of Directors Meetings]

Mitsuyoshi Shibata/ 16 out of 16 times (100%)
Keiichi Kobayashi/ 16 out of 16 times (100%)
Osamu Tsukamoto/ 16 out of 16 times (100%)
Takashi Tsukamoto/ 12 out of 12 times (100%)
Yoshiro Miyokawa/ 16 out of 16 times (100%)
Yukiko Yabu/ 16 out of 16 times (100%)
Tamotsu Saito/ 12 out of 12 times (100%)
Hiroyuki Ogiwara/ 16 out of 16 times (100%)
Osamu Kuroda/ 16 out of 16 times (100%)
Satoshi Miyamoto/ 16 out of 16 times (100%)
Akihiro Fukunaga/ 16 out of 16 times (100%)

The Group’s business consists of 12 operating divisions; and business divisions were established for directing and overseeing multiple operating divisions which are closely related to each other. As for our business execution, under the control of President being the chief executive, operations are directed by General Managers of such business divisions as Communications Solutions Division, Energy Infrastructure Division, Electronics Component Material Division, Functional Products Division and Automotive Products Division. In addition, the Company has divisions to perform such head office functions as developing and implementing the Group’s business strategies/management plans, establishing and maintaining corporate governance, risk management, and other management systems, and conducting marketing and sales activities; and General Managers of respective divisions lead such functions. These General Managers, in the capacity of executive officers, serve as members of the Management Committee, which is the highest decision-making body of business execution. The Management Committee deliberates and determines major operational matters. Furthermore, the Committee members report the status of business execution on a quarterly basis to ensure effective communications among the executive officers, thus achieving integrated business execution. Furthermore, the status of business execution is reported to the Board of Directors on a quarterly basis.

In order to ensure functional interactions between the Board of Directors’ supervision over business execution and executive initiatives for developing the internal control system, the Company established Risk Management Committee and Sustainability Committee chaired by President. Risk Management Committee manages risks in implementing the Group’s business strategies, as well as strives to establish and strengthen compliance and an internal control system. The internal control status is regularly reported to the Board of Directors. Sustainability Committee (established in August 2021) is expected to establish the Group’s basic policy on sustainability, and have deliberations on basic points concerning materiality of revenue opportunities/risks and progress thereof, and disclosures of basic information on sustainability in the future. As for materiality of risks which are closely related to the Group’s business risk management, Risk Management Committee and Sustainability Committee work together for deliberations. While Auditing Department is responsible for internal audits in the Group, the Company established a framework for adequate

and objective audits of the entire Group's internal control system through close cooperation between Auditing Department and Audit & Supervisory Board Members.

Audit & Supervisory Board Members conduct audits in accordance with the audit policy and audit plan decided by the Audit & Supervisory Board, and regularly report audit results to the Board of Directors and President. Regular meetings of the Audit & Supervisory Board are generally held at least once in every 2 months. Audit & Supervisory Board Members request Directors/employees of the Company and its subsidiaries to report on matters related to business operations, as necessary. Business divisions report to Audit & Supervisory Board Members about the status of establishing/implementing internal control, and the status of compliance and risk management, including those of subsidiaries, as necessary. Furthermore, each Audit & Supervisory Board Member attends the meetings of the Board of Directors, and has interviews with the President and Representative Director and key Directors and Corporate Vice Presidents to conduct auditing in accordance with the audit policy and audit plan decided by the Audit & Supervisory Board; and reports audit details and results to the Audit & Supervisory Board. Furthermore, full-time Audit & Supervisory Board Members attend the Management Committee meetings, Risk Management Committee meetings, Sustainability Committee meetings, and other important meetings; and review requests for management approval and other important requests for approval, conduct on-site inspections (including remote audits by using a web conference system) at each division of the Company, its business locations/branches, and R&D laboratories, as well as Group companies in Japan and abroad; and report details and results of such inspections to the Audit & Supervisory Board. Auditing Department, which is responsible for internal auditing, monitors and verifies the management/operating system for overall management activities as well as the status of execution of duties from the perspective of legitimacy and efficiency; and based on such internal audit results, Auditing Department provides internal divisions and the Group companies with information, and offers advice and makes recommendations for the improvement and streamlining. In addition, to enhance audit functions, Audit & Supervisory Board Members, Accounting Auditors, and Auditing Department collaborate with each other, and exchange information and opinions. Upon request from Audit & Supervisory Board Members, the Company appointed two employees, whose independence from the management is secured, to assist Audit & Supervisory Board Members.

Deloitte Touche Tohmatsu LLC has served as Accounting Auditor for the Company since its appointment at the 196th Annual Shareholders Meeting held on June 22, 2018. For the accounting audit for the year ended March 2022, the following three certified public accountants from the Accounting Auditor performed audit work: Mr. Koichi Yano, Mr. Takahiro Ikeda, and Mr. Daijiro Furutani. 15 certified public accountants (excluding the above-mentioned certified public accountants) and 23 other staff members assisted in the accounting audit of the Company.

The Company has agreements to limit liabilities under Paragraph 1, Article 423 of the Companies Act with outside Directors and outside Audit & Supervisory Board Members. The upper limit of liabilities under this agreement is the statutory lower limit.

The Company purchased a Directors and Officers Liability Insurance (D&O Insurance) policy, which covers Directors, Audit & Supervisory Board Members, and Corporate Vice Presidents, etc. (including those who retired on March 31, 1994 and thereafter) and their successors, in order to bring in competent people who fulfill expected roles in performing their duties. This insurance policy covers claims against insured directors/officers on the basis of their legal liability for damages caused by their actions (including failure to act) relating to their execution of duties, and litigation expenses that are incurred due to the liability claims against the directors/officers. However, there are some exclusions, for example, a case where the insured knowingly committed an illegal act. The Company bears all of the insurance premium.

3. Reasons for Adoption of Current Corporate Governance System

The Company adopted the current corporate governance system (in the organizational form of Company with the Audit & Supervisory Board), believing that the effectiveness of auditing Directors' execution of duties is secured by institutionally maintaining the independence of the Audit & Supervisory Board and its Members from the Board of Directors, while ensuring their cooperation with Accounting Auditors and Auditing Department. Furthermore, to complement the supervisory function of the Board of Directors, the Company established Nominating/Compensation Committee. The Committee consists of at least five members (where Outside Directors comprises a majority) who are chosen among Directors by resolution of

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the Board of Directors; and the Committee Chair is, in principle, selected from Outside Directors by the Committee members.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

[Updated]

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Notice of Annual Shareholders Meeting held on June 23, 2022 was dispatched on June 1, 2022. Furthermore, on May 27 before dispatching the Notice, the Company disclosed information described in the Notice by electronic means – posting the information on the websites of the Tokyo Stock Exchange and the Company.
Scheduling AGMs Avoiding the Peak Day	Annual Shareholders Meeting 2022 was held on June 23, 2022.
Allowing Electronic Exercise of Voting Rights	The Company adopted electronic voting via Internet.
Participation in Electronic Voting Platform	The Company implemented the voting system by using the electronic voting platform managed by ICJ Inc. for institutional investors.
Providing Convocation Notice in English	The Notice (in Japanese and English) is posted on the websites of the Tokyo Stock Exchange and the Company.
Other	The Notice of Annual Shareholders Meeting held on June 23, 2022 was dispatched on June 1, 2022. On May 27, 2022 before dispatching the Notice, the Company disclosed information described in the Notice by electronic means – posting the information on the websites of the Tokyo Stock Exchange and the Company. Furthermore, the proceeding of the Meeting was live-streamed.

2. IR Activities **[Updated]**

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company formulated its disclosure policy which stipulates that the Company shall comply with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations, as well as the Timely Disclosure Rules of the Tokyo Stock exchange, and make timely and appropriate disclosures in accordance to them. The policy is available on our website.
Regular Investor Briefings for Individual Investors	Once or twice a year, the Company holds a briefing (either face-to-face or online) for individual shareholders and individual investors.
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds quarterly briefings or teleconferences on quarterly financial results. The Company also holds briefings (either face-to-face or online) on the progress of the Medium-term Management Plan once or twice

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	a year; on business/strategies of its main businesses once a year; and on ESG initiatives once a year.
Regular Investor Briefings for Overseas Investors	The Company conducts an investor roadshow (either face-to-face or online) mainly in North America, Europe and Asia once a year for each region.
Posting of IR Materials on Website	The Company posts materials related to financial results, including financial summaries, presentation materials for results briefings, financial statements, securities reports, and quarterly reports, as well as various other materials, including the Medium-term Management Plan, Notices of Shareholders' Meetings, newsletters for investors, integrated reports, and sustainability book, etc. on its website (https://www.furukawa.co.jp/en/). As for financial summaries, presentation materials for results briefings, and FACT BOOK, both Japanese and English versions are posted on the website on the date of release. With respect to briefings for analysts and institutional investors, on the next day of a briefing, the Company posts the summary of Q&A session (both Japanese and English versions) on its website, as well as a video or audio file of the presentation (only in Japanese) and text files (both Japanese and English versions).
Establishment of Department and/or Manager in Charge of IR	General Manager of Finance & Accounting Division assumes the role of IR officer; and the Investor Relations Department in the above-mentioned Division is designated as the department in charge of IR.

3. Measures to Ensure Due Respect for Stakeholders **[Updated]**

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Furukawa Electric Group Basic Policy on Sustainability stipulates that the Group will strive to maintain and build sound and friendly relationships with all stakeholders, and specific actions are stipulated in relevant rules.
Implementation of Environmental Activities, CSR Activities etc.	<p><Furukawa Electric Group Sustainability></p> <p>The Group makes it a mission to “contribute to the realization of a sustainable society” as stated in the Corporate Philosophy, and established “Furukawa Electric Group Basic Sustainability Policy” as basic principles for achieving the Group’s sustainable growth and increasing corporate value over the mid- to long-term, while looking ahead to the future of people and the earth. Furthermore, we established the Sustainability Committee for the purposes of consolidating discussions on sustainability throughout the Group and further increasing the quality and speed of implementing various measures.</p> <p>To realize “Furukawa Electric Group Vision 2030”, the Group strives to promote ESG management that aims to achieve the Group’s sustainable growth and increase in corporate value over the mid- to long-term. The Group defined significant management issues as “materiality” which the Group should address in order to achieve “Furukawa Electric Group Vision 2030”, and identified the materiality as follows from the perspective of both revenue opportunities and risks:</p> <ul style="list-style-type: none"> • Materiality: revenue opportunities <ol style="list-style-type: none"> (1) Create businesses that solve social issues (2) Open, Agile, Innovative (3) Build partnerships with various stakeholders • Materiality: risks

	<p>E: Develop business activities that consider climate change S: Strengthen human capital management and organizational execution abilities G: Build a governance system to strengthen risk management</p> <p>We will work on such materiality and achieve “Furukawa Electric Group Vision 2030”, thus contributing to achieving the SDGs.</p> <p>< Developing business activities that consider climate change > In order to “contribute to a sustainable future for the world through technological innovation that utilizes our strength in advanced materials,” the Group established “Furukawa Electric Group Basic Environmental Policy” consisting of basic philosophy and action guidelines. In addition, in order to contribute to realizing a “carbon-free society”, “recycling-based society for water & resources” and “society in harmony with nature” toward 2050, we formulated “Furukawa Electric Group Environmental Vision 2050”. With respect to contribute to realizing a “carbon-free society”, aiming at reducing greenhouse gas emissions throughout the value chain, we set the challenge target for reducing the emissions from business activities of the Group to zero by 2050. Furthermore, we have recently revised “Environmental Targets 2030” which are the interim goals under the “Environmental Vision 2050”.</p> <p>Based on the perception that climate-related risks and opportunities are important management issues (materiality), we announced our support for the Task Force on Climate related Financial Disclosures (TCFD) and disclosed our responses to TCFD Recommendations in the Integrated Report.</p> <p>More information on the Group’s sustainability is available on the Company’s website (“Sustainability” section), Integrated Report, and Sustainability Book, etc. Company’s website on “Sustainability”: https://furukawaelectric.disclosure.site/en/ Integrated Report / Sustainability Book: https://furukawaelectric.disclosure.site/en/themes/175</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>The Company established internal rules for timely disclosure of corporate information, and has in place a system for timely and appropriate information disclosure. Furthermore, “The Furukawa Electric Group CSR Code of Conduct” defines fundamental rules of behavior for officers/employees of the Group to follow in conducting corporate activities based on the Group philosophy and from the perspective of corporate social responsibility. The CSR Code of Conduct was revised in April 2019 to reflect recent changes in social conditions and corresponding changes in demand for corporations.</p>
<p>Other</p>	<p>As stated in the Group’s Management Philosophy, the Group aims to “nurture human resources at every level so that we can become a more diverse and creative organization”, and its basic human resources management policy focuses on ensuring diversity of human resources and supporting the development of people who continue to take on challenges. To realize “Furukawa Electric Group Vision for Our People”, we implement various initiatives to nurture human resources and create a relevant environment so that diverse people can autonomously play an active role in workplace. The Company’s officers (including Corporate Vice Presidents) include one female Director, one female Audit & Supervisory Board Member, and one female Corporate Vice President, as well as two foreign Corporate Vice Presidents.</p> <p>To promote women’s participation and advancement in the workplace, the Company formulated a general business owner action plan in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into force in April 2016, and was awarded the</p>

	<p><i>Eruboshi</i> certification as an excellent company (the highest rank) in terms of the promotion of women’s participation.</p> <p>In 2017, the Company joined IkuBoss Corporate Alliance that is intended for increasing managers who help working fathers become more engaged in childcare, and signed up for “Declaration on Action by a Group of Male Leaders Who Will Create a Society in which Women Shine”, thus sending a clear message from the top management with respect to diversity and inclusion. The Company also provided training programs on diversity & inclusion for new managers, and awareness programs on harassment and LGBT, etc. to facilitate changes in employees’ attitudes to enhance employee understanding. Moreover, the Company has been continuously striving to develop female managers by supporting the development of female managers on an individual basis, and providing opportunities for females at section head level to participate in cross-industrial training courses, thus enhancing the pipeline to ensure diversity at the decision-making level.</p> <p>The Company established a general business owner action plan in FY2005 in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and has continuously worked on promoting a healthy work-life balance, and received <i>Kurumin</i> certification from the Minister of Health, Labour and Welfare as a general business owner who satisfied the standards under the Act. To support balancing work and child-rearing, the Company prepared childcare brochures for males, and sent e-mails to encourage male employees to take childcare leave, thereby supporting all employees – both females and males. The Company has also enhanced its initiatives to support balancing work and caregiving by introducing a comprehensive support programs for caregiving and holding seminars.</p> <p>With respect to the work-style reform, the Company established the work-style reform project team in 2015, and has promoted reforms of both work-styles and the organizational culture initiatives. In FY2020, the Company improved the work environment to adapt it to changes of work-styles due to the impact of COVID-19. In July 2021, the Company relocated its head office by securing a number of seats on the premise that the employee attendance ratio is approx. 50% for the prevention of spread of infection, and has been promoting initiatives for increasing the productivity by taking advantage of remote working, looking ahead to post-COVID future. Furthermore, as a system where employees autonomously consider their own career development and collaborate across organizational boundaries, the Company has continued implementing a system allowing a second job within the Company (F Career Plus) since April 2021. In the midst of a drastic change in styles of internal and external communications due to an increase in remote working, the Company has also worked on measures to transform leadership – to be leaders who “create a good team, and deliver results as a team,” and strives to create a corporate culture where employees are motivated to work actively. By accelerating its efforts for creating an environment where diverse individuals are motivated to work, we will create a new corporate value. Information on the Group’s initiatives related to human capital is disclosed on the Company’s website.</p> <p>https://furukawaelectric.disclosure.site/en/themes/186</p>
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company believes that internal control is intended for maintaining/improving the efficiency of execution of duties, ensuring compliance, risk management, information management and group company management, and established and implements the internal control system as follows:

(1) Efficient execution of duties

After management targets are set in budgets, each executive officer fulfills his/her duties to achieve such targets, and regularly reports the progress to the Board of Directors. Such achievements are adequately reflected in his/her remuneration. As for matters to be decided by the Board of Directors or the Management Committee, or by means of requests for management approval, the Company established detailed and specific standards for deliberations. The Company has in place internal rules to clarify administrative authorities of executive officers and General Managers, as well as division of duties; and also has a mechanism to constantly review them upon an organizational change and the like.

(2) Compliance system

The Company regards “Furukawa Electric Group Corporate Philosophy” and “The Furukawa Electric Group CSR Code of Conduct” as the basis for complying with ethical standards as well as laws and regulations; and according to the “Compliance Regulations”, the Company promotes such compliance activities as internal education and programs to prevent/detect legal violations, while Risk Management Committee chaired by President and Risk Management Division play central roles. Each division appoints a risk management officer, who is responsible for effectively promoting risk management activities, including compliance, within the division. Especially, to prevent a recurrence of cartel behavior, the Company has reinforced the control over contacts with other companies in the same industry and the pricing procedures, and strengthened oversight, regularly receiving advice from external experts. The Company also introduced a whistleblowing system, aiming at early detection and correction of compliance violations. Furthermore, Auditing Department, which is responsible for internal audits, monitors the execution of duties in each division, verifies whether the internal control system, including the compliance system, is working effectively, and reports the results to the management. The Company has such a compliance system in place.

(3) Risk management system

The Company stipulated its risk management system and management method in the “Basic Regulations on Risk Management and Internal Control”, and the Risk Management Committee identifies overall risks associated with business operations of the Group, and verifies the adequacy of such risk assessment and risk management methods. The Committee focuses mainly on addressing major risks associated with compliance at affiliated companies and internal divisions, large-scale disasters, information security, and infectious diseases, etc., while putting emphasis on managing significant risks in such areas as disaster prevention & business continuity management, quality management, health & safety, and safe environment by establishing special committees. In addition to the above-mentioned framework, when an important decision is to be made by the Board of Directors or the Management Committee, or by means of requests for management approval, expected risks associated with the subject in question are clarified in the reference material, and the decision is made only upon recognizing such risks.

(4) Information management system

Records and documents related to important decisions by the Board of Directors, the Management Committee, or via requests for management approval are properly managed/retained in accordance with laws and regulations as well as the Company’s “Regulations on Retention of Documents”. As for other information on the execution of duties, from the perspective of the importance as information assets and the necessity for protection, the Company established uniform standards and has implemented an information management system.

(5) Group company management

In accordance with the “Regulations on Group Management Control”, an administrative manager is appointed at each Group company; and the Company requests the Group companies to regularly report information necessary for grasping their business conditions, provides guidance on business management, and requires them to obtain the Company’s approval before making decisions on certain matters. Budgets are prepared for the entire Group, setting specific management targets to be achieved by subsidiaries. As for the risk management at subsidiaries, Risk Management Division plays a central role to provide training, advice, and guidance on risk management, internal control, and compliance. Subsidiaries are required to appoint their

own compliance officers. The Company sends part-time officers to key Group companies, and monitors overall management, including compliance and risk management, of the Group companies through audits by the Company's Audit & Supervisory Board Members and Auditing Department.

(6) Securing appropriateness of financial reporting

In accordance with the "Basic Regulations on Risk Management and Internal Control", the Company established "Furukawa Electric Group Basic Policy for the development and evaluation of an internal control system, to ensure the appropriateness of financial reporting" (J-SOX Core Policy), and clarified the establishment, development, and operation of the internal control system, monitoring mechanism, and responsibilities. As for preparation and submission of the Internal Control Reports stipulated in the Financial Instruments and Exchange Act, the Company established J-SOX Council for deliberations of important matters, aiming at maintaining and improving the reliability of the Group's financial reporting.

2. Basic Views on Eliminating Anti-Social Forces

(1) Basic views

As described in "The Furukawa Electric Group CSR Code of Conduct", the Company's basic views are as follows: "Adopt a resolute approach to and cut off all relations with antisocial individuals or groups."

(2) Establishment of relevant structure

As mentioned above, the Company described its basic approach in "The Furukawa Electric Group CSR Code of Conduct" and ensures that all officers and employees follow the approach. The Company designated Administration Department, Risk Management Division as the department in charge, and appointed an officer in charge of preventing unreasonable demands, who completed the training course sponsored by the Tokyo Metropolitan Public Safety Commission. Moreover, the Company is a member of the Federation on Prevention of Special Organized Crimes (TOKUBOREN) under the Tokyo Metropolitan Police Department, and collects information through TOKUBOREN bulletins and TOKUBOREN news. In addition, the officer in charge of preventing unreasonable demand participates in TOKUBOREN's national workshop, and regional workshop and regular meetings in order to collect the latest information and closely collaborate with TOKUBOREN and neighboring companies.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
N/A	

2. Other Matters Concerning to Corporate Governance System

(1) Other matters concerning corporate governance system

The Group defined compliance as “not only observing laws and regulations, but also as acting in accordance with the values and ethics required of the company and its employees as responsible members of the society” and has been engaged in compliance activities. Specifically, the Company established Risk Management Division as well as Risk Management Department under the Division, thus developing a system for enhancing the monitoring of overall corporate activities from CSR perspectives including compliance, risk management, and social contribution, and promoting related activities; and for appropriately and promptly taking necessary actions in case of unexpected problems, including fact-finding, formulation of measures to prevent recurrence, and external announcement. With respect to quality management which is the starting point of manufacturing, the Group established Furukawa Electric Group Quality Management Committee chaired by President, promoting quality management activities. Similarly, Furukawa Electric Group Occupational Health & Safety Committee chaired by President has been conducting activities related to labor, health and safety.

In the past, the Group was inspected by the regulatory authorities for cartel behaviors related to optical fiber cables and automotive products, and then received orders to pay financial penalty, etc. In response, the Group has strived to eradicate any behaviors that violate the Anti-Monopoly Act and the Competition Act by accepting opinions of external experts since 2008. The Group is determined to continue activities for preventing the recurrence by ensuring strict compliance with internal rules regarding contacts with other companies in the same industry and pricing, and also to improve education programs for officers and employees of the Group companies in Japan and abroad corresponding not only to the Anti-Monopoly Act and the Competition Act, but also increasingly stricter laws and regulations in other legal domains in relevant countries/regions, as well as to strengthen the monitoring by the internal audit department. By conducting such activities across the Group this way, the Group strives to ensure compliance and restore the public confidence.

(2) Overview of timely disclosure system

The Company established the “Regulations on the Timely Disclosure of Corporate Information” in order to have in place a framework for disclosing corporate information of the Company and its subsidiaries to investors in a timely and appropriate manner, and has made timely disclosure of corporate information according to the Regulations as follows:

- General Manager of Finance & Accounting Division is responsible for disclosure, and General Manager of Investor Relations Department (IR Dept.) under the above-mentioned Division is in charge of administrative tasks.
- As for information which may fall under disclosure items under the rules on timely disclosure stipulated by a financial instruments exchange, General Manager of division in charge of the matter immediately reports the matter to General Manager of IR Dept. In case of information of subsidiaries, a representative of the subsidiary in question immediately reports the matter to General Manager of the Company’s division in charge of the subsidiary, and the said General Manager immediately reports the matter to General Manager of IR Dept.
- In response to the above-mentioned report, General Manager of IR Dept. checks the information against rules on timely disclosure, and judges whether or not disclosure is required, upon consultation with General Manager of Legal Department, Risk Management Division as necessary. If it is deemed that disclosure is

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required, upon obtaining approvals from General Manager of the relevant Division and President, the information is disclosed in accordance with the rules on timely disclosure.