

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

Last update: December 20, 2024

FURUKAWA CO., LTD.

Minoru Nakatogawa, President and Representative Director

Contact: Legal Section, Legal Department Tel.: +81-3-6636-9504

Securities Code: 5715

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

The corporate governance of Furukawa Co., Ltd. (hereinafter referred to as the “Company”) is described below.

Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The basic corporate governance policies of the Company and its subsidiaries (hereinafter referred to as the “Group”) maintains fundamental policies regarding corporate governance with respect to heightening managerial transparency, building an effective managerial framework through ongoing efforts to transform its corporate structure, increasing its corporate value by generating consistent profits, and contributing to its shareholders and other stakeholders.

Based on these basic policies, each of the Company’s operating companies promotes flexible management under clear asset management and profit and loss responsibility while maintaining the integrity of the Group, and strives to maximize the corporate value of the entire Group by providing products and services that satisfy customers.

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

The Company complies with the principles of the Corporate Governance Code.

[Disclosure Based on each Principles of the Corporate Governance Code] Update

[Principle 1-4]

- Policy and approach to reduction of strategic shareholdings

The Group owns strategic shareholdings for the purpose of improving corporate value over the medium- and long-terms by maintaining and strengthening relationships with important business partners.

Each year, the Board of Directors examines each stock of the Company’s strategic shareholdings and verifies the purpose for which the stock is held and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital. The Board of Directors also examines the appropriateness of continual ownership after comprehensive consideration of both qualitative and quantitative factors. We will endeavor to reduce the number of stocks that no longer necessary to hold by selling them as appropriate and continue to disclose the ratio of strategic shareholdings to consolidated net assets as an indicator of progress in their reduction.

As for the reduction target of strategic shareholdings, the ratio of strategic shareholdings to consolidated net assets is to be reduced to less than 20% by the end of March 2025.

- Standards for exercising voting rights concerning cross-shareholdings

With respect to the exercise of voting rights of shares held, the Group shall not make a uniform decision on whether to approve or disapprove of exercise based on fixed, short-term standards. Instead, the Group shall exercise the voting rights by making an appropriate decision based on a comprehensive perspective, such as whether it will lead to an increase in medium- to long-term corporate value and shareholder returns, and whether it will undermine the significance of the Group’s shareholdings, while fully respecting the management policies and strategies of the issuing company.

[Principle 1-7]

The Company deems transactions that may result in conflicts of interest or competitive transactions between the Company and Directors to be matters to be resolved by and reported to the Board of Directors. Each transaction is approved by the Board of Directors and reported by the Director concerned.

[Supplementary Principle 2-4 (i)]

(1) Approach to ensuring diversity in the promotion of core human resources

The Group has included “Expanding and Strengthening the Human Resource Base” in its policy to achieve its Vision for 2025, and is working to secure, utilize and develop a diverse range of human resources both in Japan and overseas. The Group also promotes core human resources, including managerial positions, regardless of gender, nationality, age, and whether they are new graduates or experienced persons.

(2) Targets and status of ensuring diversity in the promotion of core human resources

(i) About women

The Group aims to increase the ratio of women in managerial positions. With the first target of increasing the number of female employees in management positions for employees of the Company ten or more by the end of FY2025, the Group has been increasing female managers year by year. As a result, we have 13 female managers as of November 2024.

Moreover, our target is to increase the ratio of women in managerial positions to at least 3%, as we work to increase the ratio of women among new graduates hired for planning positions to at least 20%, in order to increase the number of candidates for managerial positions with

the aim of continuously increasing the number of female managerial positions in the future.

(ii) About foreign nationals

The Group has been actively recruiting foreign employees. Going forward, we will aim to continue to hire around two foreign nationals at the Company every year, while hiring from without regard country or region, and we will aim to increase the number of foreign nationals who are managers.

(iii) Hiring experienced persons

In order to secure human resources with the knowledge, skills, and qualifications required by the Company, the Group has been actively recruiting experienced persons through its website and other means. In FY2023, the ratio of experienced persons to new hires of the Company employees, which includes managers, is 60%.

(3) Human resource development policy and internal environment development policy for ensuring diversity and their implementation status

The Group aims to become a rewarding company where each and every employee can maximize their abilities and create new value. For the Group to resolve social issues through its business activities and achieve sustainable growth and increase corporate value, it is essential to develop human resources with a variety of personalities. To this end, as our human resource development policy, we are committed to developing a diverse workforce capable of acting autonomously and willing to embrace the challenge of creating new value. In addition, as our internal environment improvement policy, we will commit to creating comfortable workplaces where diverse human resources can perform their duties safely and efficiently while maintaining a rewarding and healthy work environment.

To ensure diversity, we have implemented diversity and harassment training for managers and seminars for employees on child-care leave. In the future, we will also consider holding awareness-raising seminars on women's empowerment for supervisors with female employees as subordinates.

In addition, the Group has improved its internal environment to ensure diversity by, for example, revising the personnel system so that employees can work without hindrance in individual circumstances such as childcare and nursing care. We have done this by establishing two courses, the national employee course and the area employee course, depending on whether they may be transferred or not. The Group will continue its efforts to improve the internal environment.

[Principle 2-6]

In order to ensure the provision of corporate pension benefits into the future, the Company has established a basic management policy and a policy asset composition ratio from a medium- to long-term perspective with the management aim of securing the necessary revenue over the long term. In addition, the Company periodically examines the investment status of plan assets and changes the policy asset composition ratio as necessary.

When appointing an entrusted fund manager and selecting investment products, in addition to quantitative evaluation of investment performance, the Company comprehensively considers qualitative evaluation items such as investment policy (including the policy of the Japanese Stewardship Code), investment process, administrative processing system, risk management system and legal compliance system. In addition, the Company periodically reviews the entrusted fund managers and investment products.

Appropriately qualified personnel from the Human Resource & General Affairs Division and the Financial Division are in charge of the management and administration of plan assets. In addition, the Company strives to develop human resources by providing other persons belonging to the division in charge with opportunities to improve their specialized knowledge, such as attending various classes held by entrusted fund managers.

[Principle 3-1]

(1) Company objectives (management philosophy, etc.), management strategies and plans

The Company's management philosophy, management strategies and plans are disclosed as follows.

Management philosophy and vision

(Japanese version) <https://www.furukawakk.co.jp/corporate/vision.html>

(English version) <https://www.furukawakk.co.jp/en/corporate/vision.html>

Management plan

(Japanese version) <https://www.furukawakk.co.jp/ir/policy/plan.html>

(English version) <https://www.furukawakk.co.jp/en/ir/policy/plan.html>

(2) Basic approach and policy on corporate governance based on the principles of the Code

Our basic approach and policy on corporate governance are stated in I. 1 "Basic approach" of this report.

(3) Board policies and procedures in determining the remuneration of senior management and Directors

The Company designates Executive Directors, including Representative Directors, as senior management. The policies and procedures for determining the remuneration of senior management and Directors are described in II. 1 "Matters concerning organizational composition and operation" [Director Remuneration] of this report.

(4) Board policies and procedures in the appointment and dismissal of senior management and the nomination of Director and Audit & Supervisory Board Member candidates

Candidates for Directors and Audit & Supervisory Board Members shall have the character, insight, and ethics appropriate for the position and be capable of fulfilling the duties and responsibilities of the position. In addition, candidates for internal directors shall have sufficient experience and knowledge of the Company's operations and excellent management judgment, and candidates for Audit & Supervisory Board Members must understand the importance of auditing in corporate management, possess the required knowledge, and have a high level of normative awareness.

Nominations of candidates for directors are deliberated by the Nomination & Remuneration Committee (See II. 1 "Matters concerning organizational composition and operation" [Directors] of this report) and decided by the Board of Directors. Nominations of candidates for Audit & Supervisory Board Members are deliberated by the Nomination & Remuneration Committee and decided by the Board of Directors with the consent of the Audit & Supervisory Board.

The Board of Directors appoints senior management team members who are qualified from the perspective of realizing the Company's Management Philosophy, management strategy, and so forth. The Nomination & Remuneration Committee deliberates on whether or not to reappoint such members based on a review of their achievement status against management plans and performance indicators, including by division, and on whether to dismiss them if they engage in fraudulent activities and the like.

[Supplementary Principle 3-1 (iii)]

In its Integrated Report and Sustainability Book, the Group discloses information on its sustainability initiatives, such as environmental management, promote biodiversity protection activities, a rewarding work environment, respect for human rights, and employee health management, as well as investments in human capital and intellectual property activities, such as human resource development.

Integrated Report

(Japanese version) <https://www.furukawakk.co.jp/ir/library/annual.html>

(English version) <https://www.furukawakk.co.jp/en/ir/library/annual.html>

Sustainability Book

(Japanese version) https://www.furukawakk.co.jp/sustainability/library/csr_report.html

(English version) https://www.furukawakk.co.jp/en/sustainability/library/csr_report.html

Moreover, the Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter referred to as the "TCFD"), and based on the recommendations, the Group has disclosed information on four items of "Governance, strategy, risk management, metrics and targets."

Information disclosure based on TCFD recommendations

(Japanese version) <https://www.furukawakk.co.jp/sustainability/environment/climate.html>

(English version) <https://www.furukawakk.co.jp/en/sustainability/environment/climate.html>

[Supplementary Principle 4-1 (i)]

The Company's Board of Directors makes resolutions on matters stipulated by laws and regulations and the Articles of Incorporation, and also makes resolutions on matters it deems important based on the standards of amount and importance set forth in the Regulations on the Board of Directors.

[Matters resolved by the Board of Directors other than the provisions of laws and regulations and the Articles of Incorporation]

- Management philosophy and policy
- Important business strategies and plans
- Establishment, dissolution and acquisition of subsidiaries, etc.

In cases that do not meet these standards, the Company's Directors and Executive Officers execute operations after decisions are made by approval of the Management Council, the President, etc., in accordance with the provisions of the relevant internal rules and the "List of Matters to Be Approved by the Group."

[Principle 4-9]

Independence Standards for Outside Independent Directors are stated in II. 1 "Matters concerning organizational composition and operation" [Independent Officers] of this report.

[Supplementary Principle 4-10 (i)]

The approach, authority, and roles regarding the independence of the composition of the Nomination & Remuneration Committee are described in II. 1 "Matters concerning organizational composition and operation" [Directors] of this report.

[Supplementary Principle 4-11 (i)]

The number of members of the Board of Directors of the Company is limited to 12 at the maximum in accordance with the provisions of the Articles of Incorporation. In addition, the following seven skills have been selected as those that the Board of Directors should possess in order to realize the Company's management philosophy and management strategies and plans.

<<Skills the Board Should Possess>>

- (1) Corporate Management, (2) Business Strategy and Marketing, (3) Technological Development and IT, (4) Finance and Accounting, (5) Legal Affairs and Risk Management, (6) Personal and Human Resource Development, (7) International Perspective

We have selected "(2) Business strategy and marketing" as a skillitem because marketing, which forms the core of our management, goes beyond sales and marketing and goes hand in hand with business strategy. In the Machinery business, we selected "(7) International perspective" to reflect the Company's commitment to strengthen and rebuild its overseas marketing capabilities and enhance its product, sales, and service technology capabilities overseas. We believe that the other items—(1) Corporate management, (3) Technology development and IT, (4) Finance and accounting, (5) Legal affairs and risk management, and (6) Personnel and human resource development—are skills that board members of a manufacturing company should possess as a matter of course.

The Company's policy is to strike a balance between the expertise and experience of directors with respect to these skills, as well as diversity in terms of gender, work experience, and age, within the limits of the number of directors stipulated in the Articles of Incorporation.

Moreover, Outside Independent Directors include those with management experience in other companies.

Please refer to the "Expertise and Experience of Directors (Skill Matrix)" attached at the end of this report with respect to the skills possessed by each Director, and to I. 1 "Basic Approach" [Disclosure Based on the Principles of the Corporate Governance Code] [Principle 3-1] (4) Policies and Procedures in the Appointment and Dismissal of the Senior Management and the Nomination of Director and Audit & Supervisory Board Member Candidates by the Board of Directors" of this report with respect to the policies and procedures for the election of Directors.

[Supplementary Principle 4-11 (ii)]

The Company appoints persons who can spare the time and labor necessary to fulfill the roles and responsibilities expected of the Company as Directors and Audit & Supervisory Board Members. The status of concurrent positions held by the Company's Directors and Audit & Supervisory Board Members with officers of other listed companies is disclosed every year in the "Notice of Shareholders' Meeting" and others.

Notice of Shareholders' Meeting https://www.furukawakk.co.jp/ir/stock/meeting_info.html

[Supplementary Principle 4-11 (iii)]

In order to analyze and evaluate the effectiveness of the Board of Directors, the Company conducts a questionnaire survey on Directors and Audit & Supervisory Board Members and an exchange of opinions among Outside Officers. The results are reported to the Board of Directors, and the current situation is analyzed and future initiatives are discussed.

In FY2023, we used the services of an external organization to review the questions and conducted a questionnaire survey. The Board of Directors analyzed, evaluated and confirmed the following questionnaire survey responses:

- (1) The evaluation results were generally high, as the evaluation of "Free and constructive exchange of opinions" and "Comprehensiveness, organization and analysis of necessary information" improved, although the evaluation on the question "Is the Board of Directors functioning effectively?" regarding the overall evaluation declined slightly compared with the previous fiscal year.
- (2) "Implementation of follow-up on business plans," "Supervision of internal control systems," "Supervision of risks and countermeasures," and "Systems of cooperation with Internal Audit Division" were identified as issues.
- (3) It was confirmed that the following measures were taken for the issues identified as items to be improved in the previous fiscal year.
 - (i) For Medium-Term Business Plan 2025, multifaceted considerations will be added and fruitful exchanges of opinions will be conducted, by giving explanations that include more specific images.
 - (ii) In order to enhance the supervision of the operational status of the internal control system, the Company shall periodically report analyses of the causes of problems or serious compliance violations as well as countermeasures to the Board of Directors.
 - (iii) Conduct inspections of business sites as a means of providing information to Outside Officers.

Moreover, we recognized the need to address the following five issues for further improvement.

- (1) Conduct follow-up on the progress of the Medium-Term Business Plan once a year. Report issues, etc. in company-wide strategies and business division strategies other than business performance.

- (2) Verify problems, issues and countermeasures, based on the results of special audits of problematic issues, and examine measures to improve risk management for the entire Group.
- (3) Examine frameworks necessary for strengthening the supervisory (monitoring) function of the Board of Directors (management methods of priority issues and risk for each division).
- (4) Increase opportunities for Audit & Supervisory Members, including Outside Audit & Supervisory Members, and the Internal Audit Department to exchange opinions on internal audits.
- (5) Enhance, as necessary, additional explanations on the review process, discussions at subordinate meetings, background and other matters, not limited to the explanation of the agenda of the Board of Directors meetings.

In addition to addressing the above issues, the Company will strive to further enhance the effectiveness of the Board of Directors by providing information on the Group to Outside Officers by providing them with explanations of its business activities and opportunities to participate in internal meetings.

[Supplementary Principle 4-14 (ii)]

The Company provides first-time Directors and Audit & Supervisory Board Members with opportunities to familiarize themselves with the Company's business and governance. Moreover, the Company provides Directors and Audit & Supervisory Board Members with information on laws, regulations, risks, etc. that are highly relevant to the Company's business. The Company bears the expenses required for training and information provision for Directors and Audit & Supervisory Board Members.

[Principle 5-1]

The Company's policy on the development of a system and initiatives to promote dialogue with shareholders and investors is as follows. The "IR Policy" is presented on the Company's website and in III. 2 "Status of IR-related Activities" of this report.

- With the Director in charge of IR as the overall manager, we will actively engage in IR activities in cooperation with the relevant departments, led by the Public & Investor Relations Section of the Corporate Planning Department.
- In addition to individual meeting, semi-annual briefings in which the president gives an explanation, as well as small meetings and plant tours will be held as appropriate. Opinions and requests obtained through these opportunities will be regularly compiled and reported to the management and the Board of Directors.
- In addition to the issuance of integrated reports, sustainability books, and reports for shareholders, efforts will be made to enhance information disclosure by making effective use of videos, special websites, and other websites to promote understanding of the Company.
- The Company appropriately manages information in compliance with Furukawa Company Group prevention of insider trading. Moreover, the Company establishes a silent period prior to release of its financial results to limit dialogue with investors and to ensure thorough internal information management.

IR Policy

(Japanese version) <https://www.furukawakk.co.jp/ir/policy.html>

(English version) <https://www.furukawakk.co.jp/en/ir/policy.html>

(Action to Implement Management that is Conscious of Cost of Capital and Stock Price) [also disclosed in English] [Update date: 2024/05/13]

Under Medium-Term Business Plan 2025, we will expand and strengthen specific initiatives to enhance our corporate value creation power with the aim of achieving "sustainable growth and medium- to long-term enhancement of corporate value." We will also strive to achieve a PBR of more than 1x as soon as possible by further improving information disclosure and engaging in active dialogue with investors so we can obtain an appropriate market evaluation.

Regarding the "Policy to Reduction of Strategic Shareholdings," which was established as a part of the effort to expand and strengthen initiatives to realize the management that is conscious of cost of capital and stock price, on February 9, 2024, we announced a target to reduce the ratio of strategic shareholdings to consolidated net assets to less than 20% by the end of March 2026, and on May 13, 2024, we announced that we would achieve this target by the end of March 2025, a year ahead of schedule,

Please refer to the "Outline of Specific Initiatives to be Expanded and Strengthened to Improve Corporate Value Creation Capabilities" attached at the end of this report for their overview.

Moreover, further details are disclosed in Medium-Term Business Plan 2025 and its explanatory materials on the Company's website.

Medium-Term Business Plan 2025

(Japanese version) <https://www.furukawakk.co.jp/ir/library/pdf/240220a.pdf>

(English version) <https://www.furukawakk.co.jp/en/ir/library/pdf/20240513c.pdf>

Explanatory materials

(Japanese version) <https://www.furukawakk.co.jp/ir/library/pdf/240220b.pdf>

(English version) <https://www.furukawakk.co.jp/en/ir/library/pdf/20240513d.pdf>

(Status of Implementation of Dialogue with Shareholders)

For the status of the Group's dialogue with shareholders and other investors, please refer to the "Status of Implementation of Dialogue with Shareholders and Other Investors" attached at the end of this report. Moreover, it is also disclosed in "Corporate Governance" of the Integrated Report. Materials for the briefing sessions held for institutional investors are available on the Company's website.

Integrated Report

(Japanese version) <https://www.furukawakk.co.jp/ir/library/annual.html>

(English version) <https://www.furukawakk.co.jp/en/ir/library/annual.html>

Briefing session materials

(Japanese version) <https://www.furukawakk.co.jp/ir/library/presen.html>

(English version) <https://www.furukawakk.co.jp/en/ir/library/presen.html>

2. Capital Structure

| | |
|----------------------------|-------------------------------|
| Foreign shareholding ratio | 10% or more but less than 20% |
|----------------------------|-------------------------------|

[Status of Major Shareholders] [Update](#)

| Name | Number of Shares Owned | Percentage (%) |
|--|------------------------|----------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 3,984,900 | 10.99 |
| Asahi Mutual Life Insurance Company | 2,373,400 | 6.54 |
| Custody Bank of Japan, Ltd. (Trust account) | 2,019,400 | 5.56 |
| Seiwa Building Co., Ltd. | 1,935,756 | 5.33 |
| Kawashima Co., Ltd. | 1,860,000 | 5.13 |
| Sanko Co., Ltd. | 1,090,200 | 3.00 |
| Akane-kai | 735,742 | 2.02 |
| Chuo-Nittochi Co., Ltd. | 687,700 | 1.89 |
| ADEKA CORPORATION | 663,800 | 1.83 |
| Furukawa Electric Co., Ltd. | 614,727 | 1.69 |

| | |
|---|-------|
| Name of Controlling Shareholder, if applicable (excluding Parent Companies) | _____ |
| Name of Parent Company, if applicable | None |

Supplementary Explanation [Update](#)

- [Status of Major Shareholders] is based on the shareholder registry as of September 30, 2024.
- The Company holds 4,189,600 shares of treasury stock, which are excluded from [Status of Major Shareholders].
- The above percentages are calculated without treasury stock (4,189,600 shares).
- The Report on Possession of Large Volume made available for public inspection as of September 20, 2024, states that the following shares are held by Sumitomo Mitsui Trust Bank, Limited and its co-holders, Sumitomo Mitsui Trust Asset Management Co., Ltd., and Nikko Asset Management Co., Ltd., as of September 13, 2024, respectively. However, as the Company is unable to confirm the actual number of shares held as of September 30, 2024, they are not included in the [Status of Major Shareholders]. The content of the Report on Possession of Large Volume is as follows.

| (Name) | (Number of share certificates held) | (Ownership ratio of share certificates) |
|--|-------------------------------------|---|
| Sumitomo Mitsui Trust Bank, Limited | 155,200 shares | 0.38% |
| Sumitomo Mitsui Trust Asset Management Co., Ltd. | 709,600 shares | 1.75% |
| Nikko Asset Management Co., Ltd. | 914,800 shares | 2.26% |

- The Report on Possession of Large Volume made available for public inspection as of November 8, 2022, states that the following shares are held by Nomura Securities Co., Ltd. and its co-holders, NOMURA INTERNATIONAL PLC, and Nomura Asset Management Co., Ltd., as of October 31, 2022, respectively. However, as the Company is unable to confirm the actual number of shares held as of September 30, 2024, they are not included in the [Status of Major Shareholders]. The content of the Report on Possession of Large Volume is as follows.

| (Name) | (Number of share certificates held) | (Ownership ratio of share certificates) |
|--|-------------------------------------|---|
| Nomura Securities Co., Ltd. | 18,031 shares | 0.04% |
| NOMURA INTERNATIONAL PLC (NOMURA INTERNATIONAL PLC) | 96,300 shares | 0.24% |
| Nomura Asset Management Co., Ltd. | 1,774,500 shares | 4.39% |

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Exchange and Market Segment | Prime Market |
| Fiscal Year-End | March |
| Business Sector | Nonferrous Metals |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year | 1,000 or more |
| Net Sales (Consolidated) in the Previous Fiscal Year | 100 billion yen or more but less than 1 trillion yen |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | 10 or more but less than 50 |

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

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

// Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

| | |
|-----------------------------|--|
| Corporate Governance System | Company with Audit and Supervisory Board |
|-----------------------------|--|

[Directors]

| | |
|---|---|
| Number of Directors Stipulated in Articles of Incorporation | 12 |
| Directors' Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | Chairperson (excluding those concurrently serving as President) |
| Number of Directors | 9 |
| Election of Outside Directors | Elected |
| Number of Outside Directors | 3 |
| Number of Independent Directors | 3 |

Outside Directors' Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | |
|------------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Yoichi Mukae | From another company | | | | | | | | △ | | | |
| Kazumi Nishino | Academic | | | | | | | | | | | |
| Hiroaki Nakamura | From another company | | | | | | | | | | | |

*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

| Name | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|------------------|-------------------------------------|--|---|
| Yoichi Mukae | ○ | <p>Yoichi Mukae worked for The Kanden L&A Co., Ltd. as an executive until June 2020. The company is a business partner of the Group, and the company and the Group have a business relationship in the repair contract and sale and purchase of cranes.</p> <p>Moreover, he served as Representative Director of the Research Institute of Economy, Trade and Industry until March 2024. The foundation was a business partner of the Group. Until FY2023, the foundation and the Group had a business relationship for the purchase of subscription magazines published by the foundation, which was dissolved in March 2024.</p> | <p>Yoichi Mukae has wide range of experience and knowledge after assuming a series of key positions in the Ministry of Economy, Trade and Industry and after retiring from governmental offices, being involved in the management of private companies. Additionally, he is a man of character and good judgement, and he has provided useful advice on the management of the Company and appropriate supervision over business execution from an objective perspective that is also independent from the management. The Kanden L&A Co., Ltd., where he worked as an executive, is a business partner of the Group, but the amount of transactions accounted for less than 2% of the Group's and the company's respective sales in FY2023.</p> <p>The Research Institute of Economy, Trade and Industry, where he served as Representative Director, is a business partner of the Group, but the amount of transactions accounted for less than 2% of the Group's and the foundation's respective sales in FY2023.</p> <p>Therefore, the Company judges that he is independent as he satisfies the independence standards for outside officers set by the Tokyo Stock Exchange and those by the Company.</p> |
| Kazumi Nishino | ○ | Not applicable | <p>Kazumi Nishino is a Professor at the Graduate School of Hitotsubashi University, and her fields of study center on theory of management strategy. She has expert knowledge of and practical study accomplishments in business model analysis, the logics of new business creation and product development management in particular. Based on this, she has provided useful advice on the management of the Company and appropriate supervision over business execution from objective, professional, and diverse perspectives that are also independent from the management.</p> <p>The Company judges that she is independent as she satisfies the independence standards for outside officers set by the Tokyo Stock Exchange and those by the Company.</p> |
| Hiroaki Nakamura | ○ | Not applicable | <p>Hiroaki Nakamura has many years of experience in the management of manufacturers, and also has extensive experience in overseas business, including serving as President of a company overseas. We believe he will be able to provide useful advice on the management of the Company and appropriate supervision over business execution from an objective perspective that is also independent from the management, leveraging his sufficient track record and extensive knowledge as a manager.</p> <p>The Company judges that he is independent as he satisfies the independence standards for outside officers set by the Tokyo Stock Exchange and those by the Company.</p> |

Voluntary Establishment of Committee equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee, Attributes of Members Constituting the Committee and the Committee Chairperson

| | Committee's Name | All Members | Full-time Members | Inside Directors | Outside Directors | Outside Experts | Other | Chairperson |
|--|-------------------------------------|-------------|-------------------|------------------|-------------------|-----------------|-------|------------------|
| Voluntarily Established Committee Equivalent to Nomination Committee | Nomination & Remuneration Committee | 5 | 0 | 2 | 3 | 0 | 0 | Outside Director |
| Voluntarily Established Committee Equivalent to Remuneration Committee | Nomination & Remuneration Committee | 5 | 0 | 2 | 3 | 0 | 0 | Outside Director |

Supplementary Explanation

The Company has established the Nomination & Remuneration Committee, which serves as both the Nomination Committee and the Remuneration Committee, as an advisory body to the Board of Directors concerning human resource management and remuneration of Directors.

The approach, authority and roles of the Nomination & Remuneration Committee regarding its independence of composition are as follows.

(i) Approach to independence

Independence is ensured by having independent Outside Directors form the majority of the Committee members, and having the Committee chair be an independent Outside Director.

(ii) Authority, roles, etc.

The Committee plays the roles of receiving requests for advice from the Board of Directors on matters such as the nomination of candidates for Directors (including succession plans) and remuneration for Directors, and deliberating and reporting as necessary.

The composition of the Committee is as follows. The Committee met four times in total from November 2023 to May 2024.

| | | |
|------------------|---|--|
| Committee chair | : Outside Director | Tatsuya Tejima (attended all four meetings) |
| Committee member | : Outside Director | Yoichi Mukae (attended all four meetings) |
| Committee member | : Outside Director | Kazumi Nishino (attended all four meetings) |
| Committee member | : Chairperson & Representative Director | Naohisa Miyakawa (attended all four meetings) |
| Committee member | : President & Representative Director | Minoru Nakatogawa (attended all four meetings) |

[Audit and Supervisory Board Member]

| | |
|---|-------------|
| Establishment of Audit and Supervisory Board | Established |
| Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation | 5 persons |
| Number of Audit and Supervisory Board Members | 4 persons |

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members work closely with the accounting auditor as part of the Company's audit policy. At the beginning of each fiscal year, the Company receives an explanation of the annual audit plan from the accounting auditor and prepares an audit plan for Audit & Supervisory Board Members. Audit & Supervisory Board Members also receive explanations of the audit results from the accounting auditor regarding the settlement of accounts for the fiscal year and request reports from time to time. The Company has an Internal Audit Department as an internal audit division, and the Audit & Supervisory Board Members have a system to cooperate with the Internal Audit Department, such as receiving reports on audit results from the Department.

| | |
|--|-----------|
| Appointment of Outside Audit and Supervisory Board Members | Appointed |
| Number of Outside Audit and Supervisory Board Members | 2 persons |
| Number of Independent Audit and Supervisory Board Members | 2 persons |

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | | | |
|----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
| Masatoshi Yano | From another company | | | | | | | △ | | | △ | △ | | |
| Ikuyo Yonemura | CPA | | | | | | | | | | | | | |

*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

| Name | Designation as Independent Audit and Supervisory Board Member | Supplementary Explanation of the Relationship | Reasons for Appointment |
|----------------|---|--|--|
| Masatoshi Yano | ○ | <p>Masatoshi Yano worked for Mizuho Bank, Ltd. as an executive until March 2013. The bank is a major business partner of the Group, and the bank and the Group have a business relationship for borrowing funds.</p> <p>Moreover, he worked as an executive of Seiwa Building Co., Ltd. until June 2023, and currently serves as a special advisor to the company. The company is a business partner of the Group, and the company and the Group have a business relationship for the lease of buildings owned by the company. Mr. Naohisa Miyakawa, Chairperson & Representative Director of the Company, serves as an outside director of the company.</p> | <p>Masatoshi Yano has been engaged in corporate management of financial institutions, etc. and has a track record as Outside Audit & Supervisory Board Member of other companies, along with extensive experience and a wide range of knowledge as a corporate manager. He has provided objective and effective audits from a standpoint independent from the Company's management.</p> <p>Mizuho Bank Ltd., where he worked as an executive, is a major business partner of the Group, but more than three years have passed since he retired as an executive.</p> <p>Moreover, Seiwa Building Co., Ltd., where he worked as an executive until June 2023 and currently serves as a special advisor, is a business partner of the Group, but the amount of transactions accounted for less than 2% of the Group's and the company's respective sales in FY2023.</p> <p>Therefore, the Company judges that he is independent as he satisfies the independence standards for outside officers set by the Tokyo Stock Exchange and those by the Company.</p> |
| Ikuyo Yonemura | ○ | Not applicable | <p>Ikuyo Yonemura has considerable knowledge and extensive experience related to finance and accounting as a certified public accountant, and has a track record as an Outside Director who is an Audit and Supervisory Committee Member and Outside Audit & Supervisory Board Member at other companies. We believe that she will be able to provide objective and effective audits from a standpoint independent from the Company's management.</p> <p>The Company judges that she is independent as she satisfies the independence standards for outside officers set by the Tokyo Stock Exchange and those by the Company.</p> |

[Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members]

| | |
|---|-----------|
| Number of Independent Directors and Independent Audit and Supervisory Board Members | 5 persons |
|---|-----------|

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

As the standards for independence of Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members, including their candidates), the Company has established that they shall not fall under the following items:

[Independence Standards for Outside Officers]

- (1) Executive Director and employees of the Group
- (2) Business partners of the Group (those who provide products or services mainly to the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the business partners in the most recent fiscal year of such business partners) or executives of such business partners
- (3) Main business partners of the Group (those who are provided products or services by the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the Group in the most recent fiscal year of the Group) or executives of such business partners
- (4) Executives of financial institutions that are major lenders to the Group (lenders whose loan amounts were equivalent to more than 2% of the Group's consolidated total assets at the most recent fiscal year-end)
- (5) Individuals earning ¥10 million or more per year from the Group in monetary or other benefits as specialists (including consultants, accountants, and lawyers, etc.) excluding executive remuneration, or individuals employed by companies earning ¥100 million or more per year from the Group
- (6) Individual shareholders who hold 10% or more of the Company's voting rights (or Executive Directors, Executive Officers, or employees of corporations that hold 10% or more of the Company's voting rights)

- (7) Individuals who had fallen under (1) to (6) above in the past three-year period
 (8) Relatives (second degree or closer) of persons who fall under (1) to (7) above

[Incentives]

Implementation Status of Measures
related to Incentives Granted to
Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

- For performance-linked remuneration, consolidated operating profit shall be used as a performance indicator in order to link remuneration to short-term business performance and raise awareness of the need to improve such performance each fiscal year.
 - In principle, performance-linked remuneration shall be a sum equal to the basic performance-linked remuneration amount multiplied by 0-20%, depending on the degree of achievement of the performance index against initially announced targets.
 - Regarding individual remuneration for Directors, performance-linked remuneration shall be approximately 8%, and the rest shall be fixed (monetary) remuneration and restricted share remuneration.
 - For the purpose of medium- to long-term incentives and the promotion of value-sharing with shareholders, a restricted share remuneration scheme shall be introduced and prescribed monetary remuneration claims shall be paid subject to payment for restricted share.
 - Restricted share remuneration shall be approximately 15% of individual remuneration.
- Details of performance-linked remuneration and restricted share remuneration are described in II. 1 "Matters concerning organizational composition and operation" [Director Remuneration] of this report.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

[Director Remuneration]

Status of Disclosure of Individual
Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

The annual remuneration for nine Directors of the Company in FY2023 was 252 million yen (including 30 million yen for three Outside Directors). This remuneration does not include employee salaries for Directors who also serve as employees.

In addition, the above remuneration does not include the total remuneration of 24 million yen paid by four subsidiaries of the Company to three Directors of the Company who concurrently served as officers of these subsidiaries.

Policy on Determining Remuneration Amounts
and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has established the following policies for determining the content of remuneration, etc. for each individual director as follows

- (1) Basic policy
 - The remuneration system for directors shall function soundly as an incentive for the sustainable enhancement of corporate value, and the amount of remuneration for each individual director shall be determined appropriately according to the responsibilities of each position.
 - Remuneration of Directors shall consist of basic remuneration, additional remuneration for Directors, additional remuneration for Representative Directors and restricted share remuneration.
- (2) Policy for determining individual remuneration
 - The amount of individual remuneration shall be determined in accordance with the Director's Remuneration Standards, which take into account the position, responsibilities, trends of other companies, and salary levels of employees, and in light of business performance, etc.
 - With respect to the monetary compensation of Directors excluding Outside Directors, the amount obtained by multiplying the basic remuneration by 90%, additional remuneration for Directors and additional remuneration for Representative Directors shall be fixed remuneration, and the amount obtained by multiplying the basic remuneration by 0-20% shall be paid monthly as performance-linked remuneration.
 - Directors other than Outside Directors shall receive restricted share remuneration as non-monetary remuneration at a certain time each year.
 - In light of their duties, Outside Directors shall receive only a fixed amount of basic remuneration, which shall be paid monthly as monetary remuneration.

- (3) Policy for determining calculation method, etc. of performance-linked remuneration
- For performance-linked remuneration, consolidated operating profit shall be used as a performance indicator in order to link it to short-term performance and raise awareness of the need to improve performance each fiscal year.
 - In principle, performance-linked remuneration shall be calculated by multiplying the base compensation by 0–20% in accordance with the degree of achievement of the performance indicators against the initially announced values. However, if an act of God or special circumstances have had a significant impact on the achievement of performance indicators, such impact may be considered after deliberation by the Nomination & Remuneration Committee.
- (4) Policy for determining the content, etc. of non-monetary remuneration
- For the purpose of medium- to long-term incentives and the promotion of value-sharing with shareholders, prescribed monetary remuneration claims shall be paid subject to payment for restricted share.
 - For restricted share, restriction on transfer shall, in principle, be cancelled if a Director who has been granted such stock resigns due to the expiration of his/her term of office, death or other justifiable reasons during the restricted period.
- (5) Policy for determining payment rates by type of individual remuneration
- Regarding individual remuneration, performance-linked remuneration shall be approximately 8%, and the rest shall be fixed (monetary) remuneration and restricted share remuneration.
 - Restricted stock remuneration shall be approximately 15% of individual remuneration.
- (6) Matters concerning the method of determining the content of individual remuneration
- Individual remuneration shall be deliberated by the Nomination & Remuneration Committee, whose principal members are Independent Outside Directors, in accordance with the policies described in (1)– (5) above.
 - Specific details of individual remuneration shall be determined by the President & Representative Director, who is in a position to supervise and control overall performance, etc., at his discretion based on a resolution of the Board of Directors and taking into consideration the deliberations by the Nomination & Remuneration Committee.

[Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)]

The Company sends materials related to agenda to Outside Directors and Outside Audit & Supervisory Board Members prior to meetings of the Board of Directors and provides explanations as necessary. In addition, in order to deepen understanding of the Group's business, the Company provides information on the Group's products and conducts regular site visits.

The Company has established a secretariat of the Audit & Supervisory Board to assist the audits by Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members.

[Status of Persons who have Retired as Representative Director and President, etc.]

Information on Persons Holding Advisory Positions (*Senior Advisor, Advisor, etc.*) after Retiring as Representative Director and President, etc.

| Name | Job title/ position | Responsibilities | Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.) | Date when former role as president/ CEO ended | Term |
|-------------------|------------------------|-----------------------------|--|--|----------|
| Nobuyoshi Soma | Honorary Advisor | Activity of public interest | Working form: Part-time Remuneration: None | 2013/6/27 | For life |

Number of Persons Holding Advisory Positions (Senior Advisor, Advisor, etc.) After Retiring as Representative Director and President, etc.

1

Other Related Matters

The Company appoints persons it deemed necessary by a resolution of the Board of Directors as Senior Advisors and Advisers. However, Senior Advisors and Advisers do not have any authority to influence management decisions.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Outline of corporate governance system

The Company employs a company system with a Board of Directors and an Audit & Supervisory Board to supervise business execution. In addition, the Company employs an Executive Officer System, which facilitates quicker decision-making, and defined responsibilities in terms of keeping management supervisory functions separate from executive functions. The specific governance system is as follows.

A. Board of Directors

The Board of Directors holds regular meetings once a month, and extraordinary meetings as necessary and supervises the business execution of the entire Group as a supervising body.

B. Nomination & Remuneration Committee

The Company has voluntarily established the Nomination & Remuneration Committee as an optional advisory body to the Board of Directors. Details of the Nomination & Remuneration Committee are described in II. 1 "Matters concerning organizational composition and operation" [Directors] of this report.

C. Executive officer system

The Company employs an Executive Officer System, which facilitates quicker decision-making, and defined responsibilities in terms of keeping management supervisory functions separate from executive functions. Executive Officers perform their tasks according to business plans determined by the Board of Directors, and report the status of business execution as appropriate to the Board of Directors and the Management Committee. The Company has ten Executive Officers as of June 27, 2024, including four serving concurrently as Directors.

D. Management Council

The Management Council consists of all internal Directors of the Company and is chaired by President of the Company. The Council makes decisions on basic management policies, strategic planning, and important matters of the Group. Internal Audit & Supervisory Board Members may attend Management Council meetings and express their opinions. Important matters pertaining to each company in the Group are submitted to the Board of Directors after decisions of the respective Group companies have been made. Of the important matters submitted to the Management Council, those of managerial importance in terms of financial magnitude and content are also submitted to the Board of Directors for decision..

E. Management Committee

The Management Committee consists of internal Directors and internal Audit & Supervisory Board Members, as well as Executive Officers, general managers of business divisions, managers of departments not attached to business divisions (excluding general manager of the Secretary Department), and the presidents of core operating companies (Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa UNIC Corporation, Furukawa Metals & Resources Co., Ltd., Furukawa Denshi Co., Ltd., and Furukawa Chemicals Co., Ltd.). The Committee is chaired by President of the Company, and meets monthly. The Management Committee reports on the execution of business by the Company and its core operating companies, examines them, and gives instructions.

F. Audit & Supervisory Board

The Audit & Supervisory Board consists of two Full-time Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members. The Board meets from time to time to make decisions on audit policies, business decisions, methods of investigating the status of assets, and other matters related to the execution of duties by Audit & Supervisory Board Members.

G. Status of internal audits, and audits by Accounting Auditors and Audit & Supervisory Board Members

The Internal Audit Department as an internal auditing organization, the Department has six members including the Internal Audit Department Manager, who conduct audits of the status of management and business execution across all management activities of the Group.

In accordance with the audit policy determined by the Audit & Supervisory Board, Audit & Supervisory Board Members attend meetings of the Board of Directors, Management Council, and other important bodies. At those meetings, Audit & Supervisory Board Members audit the execution of duties by Directors by listening to business reports from Directors and others, and by investigating business offices and subsidiaries, etc.

The Company has appointed Ernst & Young ShinNihon LLC as its Accounting Auditor. There are no conflict of interest between the Company and the accounting auditor or the managing partners of the accounting auditor who engage in audits of the Company.

In FY2023, certified public accountants who conducted accounting audits were Mr. Junichiro Tsuruta and Mr. Kazuma Osawa, designated limited liability partners and executive members, while assistants were six certified public accountants, 12 of those who passed the accountant examination, and 23 others.

Audit & Supervisory Board Members work closely with the accounting auditor as part of the Company's audit policy. At the beginning of each fiscal year, the Company receives an explanation of the annual audit plan from the accounting auditor and prepares an audit plan for Audit & Supervisory Board Members. Audit & Supervisory Board Members also receive explanations of the audit results from the accounting auditor regarding the settlement of accounts for the fiscal year and request reports from time to time. In addition, they work closely with the Internal Audit Department, receiving reports on the results of internal audits. The Internal Audit Department and the accounting auditor also exchange opinions and information as needed.

(2) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

The Company appoints Outside Directors and Outside Audit & Supervisory Board Members with abundant experience and expertise in various fields, as well as impartial perspectives. This is to ensure the appropriateness of the Company's management decisions and the effectiveness of oversight and audits of management.

(3) Matters concerning the contents of the limited liability agreement

In accordance with the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has entered into an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members to limit their liability for damages under Article 423, Paragraph (1) of the Act. The maximum amount of liability for damages under the agreement is 5 million yen or the amount stipulated by laws and regulations, whichever is higher. Such limitation of liability is permitted only when the Outside Director or Outside Audit & Supervisory Board Member has performed his/her duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company employs a company system with a Board of Directors and an Audit & Supervisory Board to supervise business execution. In addition, we have appointed Outside Directors to ensure the validity of decision-making and the objectivity and transparency of management. The Audit & Supervisory Board Members are managers of other companies and persons with knowledge of financial accounting, who use their specialized knowledge and experience to give advice to management and check the status of operations. We consider that management

oversight is functioning effectively under the current system.

Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

| | Supplementary Explanation |
|---|---|
| Early Posting of Notice of the General Meeting of Shareholders | Our basic policy is to deliver this notice at an early stage. The Notice of Shareholders' Meeting in June 2024 was sent 22 days prior to the date of the meeting. |
| Electronic Exercise of Voting Rights | The Company has introduced a system of voting via the Internet. |
| Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights | Voting rights may be exercised via the electronic voting platform operated by ICJ, Inc. |
| Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English | The English version of the convocation notice (only the part pertaining to the convocation and the agenda) is posted on the Tokyo Stock Exchange's website and the Company's website. |
| Other | The convocation notice is posted on the Tokyo Stock Exchange's website and the Company's website prior to the commencement date of electronic provision. |

2. Status of IR-related Activities Update

| | Supplementary Explanation | Explanation by a representative director or a representative executive officer |
|--|--|--|
| Formulation and Publication of Disclosure Policies | <p><IR Policy></p> <p>(1) Fundamental policy</p> <p>The Company's basic stance involves striving for sufficient two-way communication involving shareholders and investors. To such ends, the Company ensures that its shareholders and investors gain a proper understanding of the Group by providing them with corporate information including management policies, business descriptions, business strategies, and performance and financial information fairly, rapidly, and accurately; and furthermore, reports opinions and desires gained by the Company through shareholders and investors dialogue to its management and Board of Directors.</p> <p>(2) Framework</p> <p>The Company actively engages in IR activities while coordinating with the Public & Investor Relations Section of the Corporate Planning Department and other relevant departments, with the director in charge of investor relations assigned to serve as the supervising manager. When disclosing information, the General Manager of the Corporate Planning Department makes such disclosure acting as the person in charge of disclosure.</p> <p>(3) Information disclosure standards</p> <p>The Company discloses information in accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations, and as well as the Securities Listing Regulations of the Tokyo Stock Exchange. The Company also discloses information not subject to such regulations as deemed necessary in order for its shareholders and investors to gain a more extensive understanding of the Group.</p> <p>In disclosing information, the Company strives to do so fairly and accurately, and in compliance with the fair disclosure rules stipulated in the Financial Instruments and Exchange Act.</p> <p>(4) Information disclosure methods</p> <p>Information disclosed by the Company is posted to the Furukawa Company website promptly after having been disclosed through the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange, press releases, and other such means. Moreover, the Company strives to provide increasingly lucid information by effectively using video, printed materials, website content and other such tools that facilitate understanding of the Company.</p> <p>Informational sources</p> <p>Mandatory disclosure: Summary of financial results, earnings reports, securities reports, corporate governance reports.</p> <p>Voluntary disclosure: News releases, integrated report, sustainability book, shareholder reports, financial results briefing materials, and materials that otherwise facilitate understanding (such as video footage and special websites, etc.)</p> <p>(5) Enhancement of communications</p> <p>The Company communicates directly with its shareholders and investors through inquiries and IR meetings, and otherwise holds events when appropriate, such that include biannual briefing sessions, small meetings, and factory tours. Opinions and requests gleaned from such opportunities are regularly compiled and reported to management and the Board of Directors, thereby helping to increase corporate value.</p> <p>(6) Forward-looking statements</p> <p>Whereas the forward-looking statements disclosed by the Company in its IR materials are made based on data available at the time of disclosure, results may differ from such forecasts due to various changes affecting the external and internal business environment. The Company endeavors to improve the accuracy of its forward-looking statements, and appropriately discloses information to reflect changes in the business outlook.</p> <p>(7) Information management and silent periods</p> <p>The Company appropriately manages information in compliance with Furukawa Company Group prevention of insider trading.</p> | |

| | | |
|---|---|------|
| | Moreover, the Company establishes a silent period prior to release of its financial results, during which time it refrains from addressing inquiries regarding its earnings performance. | |
| Regular Investor Briefings held for Analysts and Institutional Investors | <p>The Company holds financial results briefings twice a year (May and November) regarding financial results of the fiscal year and the second quarter, and the President explains management policies, etc. Moreover, the Company holds small meetings and accepts interviews by analysts and institutional investors as needed.</p> <p>The financial results briefing & the business briefing held in November 2024 were conducted online, and also broadcasted via video.</p> <p>The briefing session materials are available on the Company's website.</p> <p>Presentation Materials (Japanese version) https://www.furukawakk.co.jp/ir/library/presen.html (English version) https://www.furukawakk.co.jp/en/ir/library/presen.html</p> | Held |
| Online Disclosure of IR Information | President's Message, news releases, Consolidated Financial Highlights, Stock Information, information on Shareholders' Meeting, Corporate Governance, Articles of Incorporation, Stock Handling Rules, IR Policy and others are posted, in addition to the Integrated Report, Sustainability Book, Summary of Financial Results, Annual Securities Report, Report for Shareholders, and financial results briefing session materials. | |
| Establishment of Department and/or Placement of a Manager in Charge of IR | As a section in charge of IR, we have established the Public & Investor Relations Section in the Corporate Planning Department with five staff. | |
| Other | The Company's website includes a site for individual investors that provides an easy-to-understand introduction to the Company as well as a page for inquiries to deal with inquiries from investors. Moreover, the Company provides an e-mail distribution service for investors that delivers information on the latest news releases and IR website updates. | |

3. Status of Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|--|--|
| Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders | The Company has established the Furukawa Company Group's Charter of Corporate Conduct and Code of Conduct for Officers and Employees, and it is striving for fair and transparent management and business activities in harmony with the environment, based on its basic policy of contributing to its diverse stakeholders, including customers, shareholders, business partners, employees and local communities. |
| Implementation of Environmental Preservation Activities and CSR Activities, etc. | <p>The Environmental & Safety Management Department is in place in charge of environmental management and conservation for the Group.</p> <p>In accordance with the Environmental Conservation Activity Policies, the Company has acquired ISO 14001 certification at its major sites. Furthermore, the Company is acting in an environmentally friendly way, by working to save resources and energy, reducing carbon dioxide, water resources and waste, and promoting activities to conserve and restore biodiversity. Moreover, the Company is also engaged in CSR activities, describing some of its activities in the Integrated Report and Sustainability Book, and also posting them on its website.</p> |
| Formulation of Policies, etc. on Provision of Information to Stakeholders | Important corporate information is disclosed in a timely and appropriate manner in accordance with the disclosure regulations of the Tokyo Stock Exchange, and is also posted on the Company's website at the same time as the disclosure. Moreover, the Company's website has been enhanced to include the latest data. |
| Other | In order to disclose corporate information in a timely and appropriate manner, the Company has established a system in which information is reported to the Public & Investor Relations Section of the Corporate Planning Department, which is the contact point in charge of disclosure, including Group companies. Information is disclosed in a timely manner following necessary internal procedures such as a resolution by the Board of Directors. |

1. Basic Views on Internal Control System and Status of Development

The Company's Board of Directors has resolved the following basic policy regarding the development of the Group's internal control system.

- (1) System to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation
 - The Company has established the Furukawa Company Group's Charter of Corporate Conduct and the Furukawa Company Group's Code of Conduct for Officers and Employees as a code of conduct, aiming to conduct corporate activities that not only comply with laws and regulations but also fulfill corporate social responsibility (CSR) broadly and contribute to the realization of a sustainable society in all fields. In order to promote these initiatives, the Company has appointed compliance officers at each Group company and has established the Sustainability Promotion Meeting, striving to promote sustainability initiatives and CSR practices within the Group.
 - In order to ensure the legality of the execution of business by Directors and employees of the Group, the Company has established regulations such as the Board of Directors Regulations in compliance with laws and regulations, including the Companies Act, and the Articles of Incorporation at each of the Group companies and properly operates them.
 - The Compliance Committee has formulated a basic compliance policy for the Group's officers and employees to practice, and has established a system among others.
 - Compliance violations by the Group's officers and employees are dealt with strictly in accordance with the Furukawa Company Group Compliance Regulations, and an internal reporting system has been established to ensure effective operation.
 - The Internal Audit Department has been established in the Company as the Group's internal auditing body, and it conducts audits on the management status of the Group's overall management activities and the legality, effectiveness, etc. of business execution.
 - In applying the Internal Control Reporting System based on the Financial Instruments and Exchange Act, in order to ensure the reliability of financial reporting, the Company has established, operated and evaluated internal controls over financial reporting by assigning the Accounting Department of the Company to supervise administration and operation, and the Internal Audit Department of the Company to be responsible for evaluation.
 - In accordance with the Furukawa Company Group's Code of Conduct for Officers and Employees, the Company shall not have any relationship with antisocial forces.
- (2) System for the storage and management of information related to the execution of duties by the Company's Directors
 - The Company stores and manages information (documents and electromagnetic records) related to the execution of duties by Directors, such as minutes of the Board of Directors and Management Council, and documents related to decisions, in accordance with laws and regulations and internal regulations.
- (3) Regulations and other systems concerning the management of risk of loss of the Company and its subsidiaries
 - The Company recognizes that the management of risk of loss (hereinafter referred to as the "Risk") is an important matter of the Group's business activities. The Company grasps and examines the status of the Risk in its business activities, and works to prevent the Risk before it materializes, and to deal with and correct any materialized Risk.
 - The Risk Management Committee comprehensively examines the formulation of the Group's basic policy on risk management, and the development of systems and countermeasures, and strives for company-wide risk management.
 - In order to grasp and manage the Group's Risk, important matters are strictly deliberated and decided by the Board of Directors or the Management Council of the Company.
 - With regard to environmental conservation and product safety of the Group, the Company has established the Environment and Safety Management Committee and the Quality Assurance Committee, respectively, and they conduct specialized deliberations and reviews, and promote countermeasures.
 - The Internal Audit Department of the Company conducts internal audits of the Group to ensure the effectiveness of risk management and response to business activities.
- (4) System to ensure the effective execution of duties by Directors of the Company and its subsidiaries
 - The Company promotes effective management by adopting an executive officer system to speed up decision-making and clarify responsibilities. The important management matters of the Group are decided based on the Regulations of the Board of Directors of the Company, the Regulations of the Management Council of the Company, and the Furukawa Company Group Business Handling Regulations, and according to their importance, they are decided by submission to the Board of Directors of the Company, submission to the Management Council of the Company, and the President's approval.
 - Based on the business plan decided by the Board of Directors of the Company, the Directors, Executive Officers and other employees of the Group execute operations to achieve the goals, and report the status of their execution to the Board of Directors of the Company and the Management Committee of the Company.
- (5) System for reporting matters related to the execution of duties by directors of subsidiaries to the Company
 - The presidents of the core operating companies among the subsidiaries report on the business execution of each division to the Management Committee of the Company every month.
 - For subsidiaries other than core operating companies, the president of the core operating company that has jurisdiction over the company or the general manager of the relevant management division responsible for the company reports on the business execution of each division to the Management Committee of the Company every month.
 - In accordance with the Furukawa Company Group Business Handling Regulations, the presidents of subsidiaries report to the general managers of the relevant management divisions of the Company on the execution of specific operations and urgent matters.
- (6) Matters related to ensuring the independence of employees who assist the duties of the Company's Audit & Supervisory Board Members from the Company's Directors and the effectiveness of instructions given to such employees
 - The Company has established a secretariat of the Audit & Supervisory Board to support audits by Audit & Supervisory Board Members, and the personnel affairs of the secretariat are discussed with Audit & Supervisory Board Members in advance.
 - Members of the secretariat of the Audit & Supervisory Board follow direct instructions and orders from Audit & Supervisory Board Members.
- (7) System for Directors and employees of the Company and Directors, Audit & Supervisory Board Members and employees of subsidiaries to report to Audit & Supervisory Board Members of the Company
 - The Company's Audit & Supervisory Board Members require the Company's Directors and employees, as well as Directors, Audit & Supervisory Board Members and employees of subsidiaries, to report on business execution as necessary, and when conducting business investigations at business offices of Group companies.
 - Audit & Supervisory Board Members of the Company cooperate with the Accounting Auditor and the Internal Audit Department of the Company by, for example, requesting the Company's Accounting Auditor to report on the details of audits as needed, and receiving reports from the Company's Internal Audit Department on the results of audits of the Group companies.

- Information reported through the internal reporting system is reported to the Company's Audit & Supervisory Board Members by the consultation desk staff.
- The Furukawa Company Group Compliance Regulations stipulate that the whistleblower shall not receive disadvantageous treatment such as dismissal for whistleblowing.
- The Company has established a system to ensure that officers and employees of the Group shall not be treated unfavorably when reporting to the Company's Audit & Supervisory Board Members.

(8) Matters related to the procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members of the Company and other policies related to the processing of expenses or obligations incurred in the execution of such duties

- Expenses required for the execution of duties by Audit & Supervisory Board Members are budgeted and promptly processed by the Company based on requests from Audit & Supervisory Board Members.

(9) Other systems to ensure that audits by the Company's Audit & Supervisory Board Members are conducted effectively

- Audit & Supervisory Board Members attend important meetings such as the Board of Directors, the Management Council, and the Management Committee, and the minutes of the meetings and important documents related to decisions are made available for inspection by Audit & Supervisory Board Members.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company's basic policy is not to have any relationship with antisocial forces such as organized crime groups that threaten the order and safety of civil society. This policy is clearly stated in the Furukawa Company Group's Code of Conduct for Officers and Employees, and a handbook containing this code of conduct is distributed to all officers and employees in an effort to ensure that all of them are fully aware of this code of conduct. Moreover, the Company provides compliance education and other training for new employees and newly appointed managers.

Departments that deal with antisocial forces shall be the Human Resource General Affairs Department and the Legal Department, which work together with the police, lawyers, etc., and collect information on antisocial forces.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System.

Outline of the timely disclosure system

(1) Basic policy for timely disclosure

The Company fully recognizes that timely and appropriate disclosure of corporate information is fundamental to the formation of a sound capital market, and based on the Financial Instruments and Exchange Act and other relevant laws and regulations, as well as the Securities Listing Regulations of the Tokyo Stock Exchange, it is the Company's basic policy to disclose information on the Company's business, operations or performance that has a significant impact on investment decisions in a timely and appropriate manner.

(2) Information disclosure system

A. For information on decisions, the Manager of the Corporate Planning Department, who is responsible for disclosure, promptly registers and discloses the information on the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange after they are resolved by the Management Council and the Board of Directors in accordance with the internal rules for each case. After registration, the information is also posted on the Company's website.

B. Information on occurring facts is reported to the Human Resource General Affairs Department, the Accounting Department, the Financial Department, the Environmental & Safety Management Department, the Legal Department, and the Corporate Planning Department, which is in charge of disclosure, through each business division, department, office and operating company without delay.

For their announcement, the Manager of the Corporate Planning Department, who is responsible for disclosure, promptly registers and discloses it on the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange after obtaining approval from the President and the Director in charge of IR. After registration, the information is also posted on the Company's website.

C. For disclosure information on financial results, etc., the Manager of the Corporate Planning Department, who is responsible for disclosure, promptly registers and discloses the announcement on the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange after it is prepared by the Accounting Department in charge and resolved by the Management Council and the Board of Directors. After registration, the information is also posted on the Company's website. In addition, Audit & Supervisory Board Members and Accounting Auditors conduct audits as necessary to ensure that financial settlement operations have been performed properly.

In principle, all disclosure releases are confirmed by the President & Representative Director.

(3) Internal audit system

The Company has adopted an Audit & Supervisory Board Member system to audit the business execution of Directors, and has established the Internal Audit Department as an internal audit department to audit the business execution of the entire Group from the viewpoints of ensuring appropriate business operations, improving management efficiency and compliance, etc., to further strengthen the internal audit system and ensure the appropriateness and timeliness of external disclosure information.

Directors' Expertise and Experience (Skills Matrix)

| Name | Independence | Corporate management | Business strategy/ marketing | Technology development/ IT | Finance/ accounting | Legal affairs/ Risk management | HR/ HR development | Internationality |
|-------------------|--------------|----------------------|------------------------------|----------------------------|---------------------|--------------------------------|--------------------|------------------|
| Naohisa Miyakawa | | ○ | ○ | | | | ○ | ○ |
| Minoru Nakatogawa | | ○ | ○ | | | ○ | ○ | |
| Masahiro Ogino | | | ○ | | ○ | | | |
| Hiroyuki Sakai | | | | ○ | ○ | | | |
| Tatsuki Nazuka | | | | ○ | | | | |
| Koichiro Konno | | | | | ○ | | | |
| Yoichi Mukae | ★ | ○ | | | | ○ | | |
| Kazumi Nishino | ★ | | ○ | ○ | | | | |
| Hiroaki Nakamura | ★ | ○ | ○ | ○ | | | | ○ |

Specific Initiatives to Expand and Strengthen our Corporate Value Creation Power

Achieving ROE of approx. 8%

Increased profits from growth strategy

Achieve Consolidated operating profit of approx. 13 billion yen in FY2025

- Sustainably expand the machinery business, positioned as a core business, to a new level
- Review and strengthen our business portfolio and visualize our business (product) portfolio strategies within each business segment to improve profitability and identify low-profit businesses (products)

Improve capital efficiency

Reduce strategic shareholdings

- Reduce ratio to consolidated net assets to less than 20% by the end of March 2025

Streamline and optimize equity capital

Shareholder return

- Consider increasing dividends and paying interim dividends, aiming for annual dividends of at least 50 yen per share in principle and a consolidated total return on equity of 3% or higher
- The target for share buybacks of approximately 1.5–2 billion yen each fiscal year, or approximately 5 billion yen over the three year period from April 2023 to March 2026

Diminishing cost of capital

Appropriately disclose effective information related to reduce non-financial risks and emphasize active dialogue with investors

Pursue initiatives for sustainability

Invest in non-financial capital (R&D, intellectual property, human capital, DX)

Reduce financial risks

Pursue optimal capital structure with rating strategy at the core

- Achieve financial soundness worthy of rating upgrade to “A-” or higher
 - Debt-to-equity ratio: 0.5x range
 - Interest-bearing debt/EBITDA ratio: 3x range

Status of Implementation of Dialogue with Shareholders and Other Investors

1. Implementation status

- For shareholders

Held Annual Shareholders' Meeting, sent shareholder newsletters, etc.

- For institutional investors

| | FY2023 results* | Main Hosts | Participants* |
|-------------------------------|-----------------|--|---|
| Results briefings | 2 times | President & Representative Director, Director in charge of Corporate Planning Dept. | 62 persons from 47 companies (Fund managers, analysts, etc.) |
| Individual IR meetings | 44 times | Director in charge of Corporate Planning Dept., General Manager of Corporate Planning Dept., IR managers, etc. | 74 persons from 47 companies (Fund managers, analysts, etc.) |

* Period covered: April 1, 2023 to March 31, 2024.

- Informational materials

| | |
|---------------------------|---|
| Institutional disclosures | Financial statements, Annual Securities Reports, and Corporate Governance Report |
| Voluntary disclosures | News releases, Integrated Reports, Sustainability Books, financial results presentation materials, shareholder newsletters, and other materials (videos, brochures, etc.) to promote understanding of the Company |

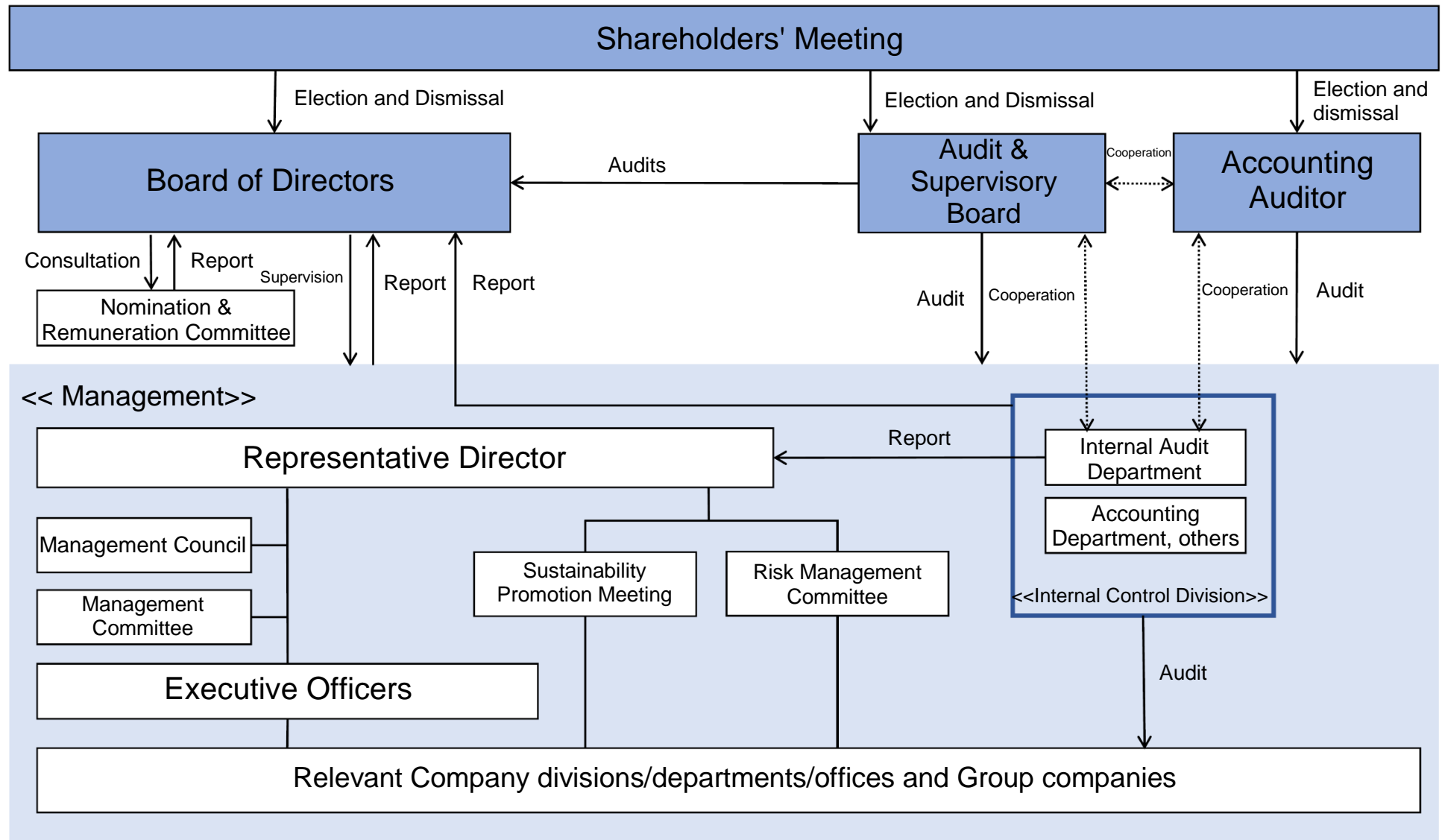
2. Main contents of dialogue

| Theme | Matters of interest |
|----------------------------|---|
| Management strategy | Business strategy (mainly in the core Machinery business) |
| | Action to Implement management that is Conscious of Cost of Capital and Stock Price |
| | Future of metals segment and Real Estate business |
| | Overview of business portfolio management |
| | Allocation of management resources |
| Shareholder returns | Dividend policy, share buybacks, etc. |
| Business results | Business performance and outlook |
| | Progress of Medium-Term Business Plan |
| ESG | Climate change and decarbonization Initiatives |
| | Initiatives for human capital |
| | Reduction of strategic shareholdings |

3. Feedback from shareholders and other investors

Provide quarterly reports to directors on the status of individual IR meetings (main questions and answers, opinions, etc.). Provide report to directors on the status of briefing sessions, shareholder opinions, etc., as needed. Provide semiannual reports to the Board of Directors on the status of dialogue with shareholders and other investors.

Overview of the organization and internal control system of the Company



[Internal Structure for Information Disclosure]

