



Corporate Governance

Basic Approach

The Furukawa Company 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.

Corporate Governance System

The Furukawa Company Group's operating holding company Furukawa Co., Ltd. has adopted the system of a company with Board of Directors and Audit & Supervisory Board, and through them supervises business execution. The Company also employs an Executive Officer system which facilitates quicker decision making and defined responsibilities in terms of keeping management supervisory functions separate from executive functions.

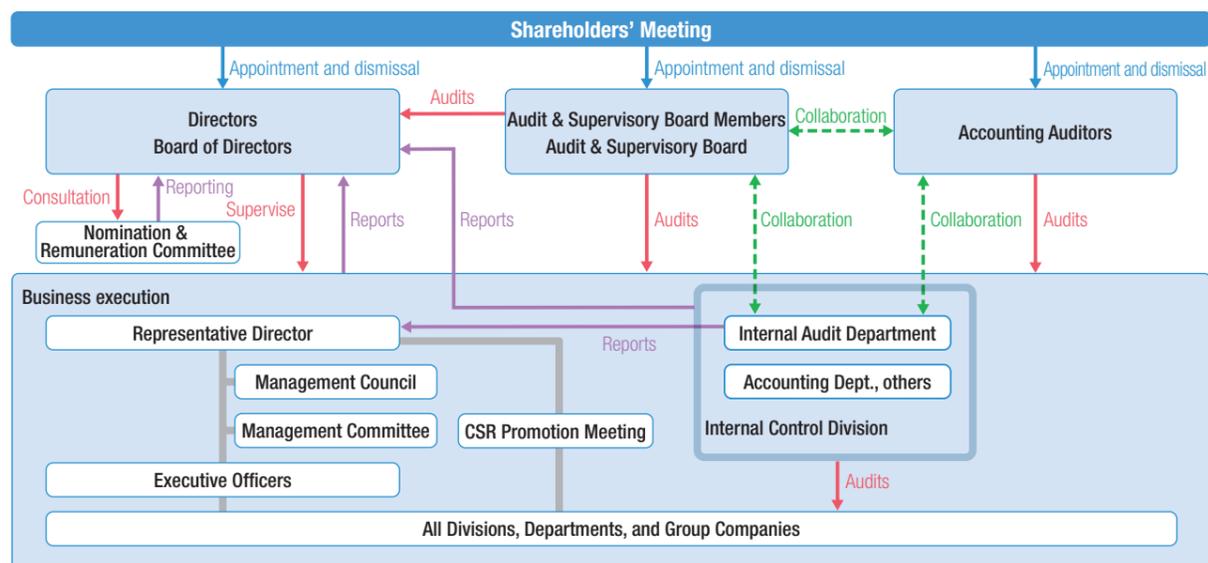
● Directors and Board of Directors

The Board of Directors, which is chaired by the Chairperson & Representative Director, holds regular meetings once a month, and extraordinary meetings as necessary, to supervise the Group's overall business execution. The Board consists of nine members as of June 29, 2021, including three Outside Directors.

● Nomination & Remuneration Committee

The Company voluntarily established the Nomination & Remuneration Committee, which comprises mainly Independent Outside Directors, as an advisory body to the Board of Directors. The Board of Directors consults the Committee about matters regarding candidates for Director and Audit & Supervisory Board Member, the appointment and removal of Representative Directors and Responsible Directors,

● Corporate Governance Structure



Further information on corporate governance
https://www.furukawakk.co.jp/pdf/CSR/e/csr_08.pdf

and Director remuneration; the Committee reviews the matters and reports back as necessary.

● Executive Officer System

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 15 Executive Officers as of June 29, 2021, including three concurrently serving as Directors.

● Management Council and Management Committee

The Management Council sets the Group's fundamental management policies and strategies, and makes decisions on important matters. Key managerial issues addressed by the Management Council are referred to the Board of Directors for discussion and decisions. Meanwhile, the Management Committee meets monthly to report on the business execution of the Company and its core operating companies, and accordingly reviews such matters and provides direction in that regard.

● Audit & Supervisory Board and Its Members

The Audit & Supervisory Board determines matters regarding Audit & Supervisory Board Members' execution of duties, including auditing policy, and methods of investigating determining executive operations and financial circumstances. Pursuant to audit policy formulated by the Audit & Supervisory Board, Audit & Supervisory Board Members attend important meetings including those of the Board of Directors and the Management Council, listen to reports from Directors, conduct field investigations at business sites and subsidiaries, and more to audit the execution of operations by Directors and others. As of June 29, 2021, the Audit & Supervisory Board consists of four members, including two Outside Members, and meets as appropriate.

Further information on Furukawa Company Group audit system
https://www.furukawakk.co.jp/pdf/CSR/e/csr_19.pdf

● Outside Directors and Outside Audit & Supervisory Board Members

The Company appoints people with a wealth of experience, expertise, and objective perspectives in various fields to the positions of Outside Director and Outside Audit & Supervisory Board Member, thereby ensuring the validity of our business decision-making and the effectiveness of the supervision and auditing of our business management. As of June 29, 2021, the Company has three Outside Directors and two Outside Audit & Supervisory Board Members, four of whom are Independent Officers as stipulated by the Tokyo Stock Exchange.

● Evaluating the Effectiveness of the Board of Directors

To analyze and evaluate the effectiveness of the Board of Directors, the Company conducts questionnaire-based annual surveys of Directors and Audit & Supervisory Board Members, and exchanges opinions with Outside Officers. The results of these activities are reported to the Board of Directors for discussion.

In fiscal 2021, average evaluations improved compared to the previous fiscal year, and action was taken on nearly all matters identified as priority issues for improvement. Additionally, the

following five efforts will be implemented in pursuit of further improvement: (1) Simplifying and clarifying information to be entered on documents to facilitate digitization, (2) Regularly providing information about industry trends and the like, (3) Adding supplementary explanations on opinions and the like of Management Council meetings regarding the agendas of the Board of Directors, (4) Exchanging opinions about management challenges at social gatherings of Representative Directors and Outside Directors, and (5) Sharing more information about the business of each company in the Group.

Internal Control System

The Group's Basic Policy on Establishing an Internal Control System encompasses corporate governance, risk management, compliance, and internal audits. Under the policy, internal controls are to be implemented with an emphasis on promoting CSR, in addition to ensuring efficient and appropriate business execution. Moreover, the Group continually reassesses its internal control systems and otherwise strives to build effective and efficient systems in order to ensure the appropriateness of operations.

Message from an Outside Independent Director

In 2019, I assumed office as an outside independent director, a position responsible for checking on the Company's business management. Since then, I have endeavored to approach my duties as a university faculty member with a specialty in business strategy theory and technology management theory. This means reframing the Company's business conditions and management issues within the context of management theory, comparing them with similar cases, and candidly raising any questions or opinions that may emerge from this process at meetings of the Board of Directors. In my own way, I seek to provide different perspectives, such as by looking at seemingly complex realities through a theoretical framework or by finding out what other industries or companies have done to address similar management issues. The current business environment is changing on a daily basis, and the future is increasingly uncertain. Under these conditions, many companies, not just our own, are faced with a difficult task in steering their business. Additionally, some of the business issues discussed at meetings of the Board of Directors have a considerable impact on our future earnings structure and corporate growth. Of course, we examine these management issues in detail and make fair judgments. However, we also try to consider the potential ripple effects of decision-making and how to create value for the Group in the future.

Naturally, a single decision will have a certain impact on various stakeholders. From the perspective of corporate social responsibility, it is essential to consider any ripple effects on these stakeholders and how to address them. Accordingly, we will work together to develop policies and initiatives aimed at building a company that can evolve side by side with its stakeholders, including employees, as well as a company where employees exercise their abilities to the fullest and find meaning in their jobs.

Creating value for the Group's future is also an important task in order to enhance corporate value. We have six core operating companies that range in scope from machinery to materials. What these businesses have in common is a Groupwide goal of "contributing to the formation, maintenance, and development of social infrastructure." Our original copper mining business made significant contributions to the formation of the foundations of modern Japan and the development of industry. Similarly, each of the Group's current businesses supports various aspects of social infrastructure in Japan and around the world. Without forgetting these core elements, which could be considered the very reason for the Company's existence, we will take on individual challenges while aspiring to be an organization that can continually create new value. At the same time, I would like all employees, from young to senior, to actively think about and propose how they can contribute to future social infrastructure in each of the Group's businesses, and I hope that they will further advance the development of the technologies, products, and services needed to achieve this.

Going forward, we will remain committed to building a corporate group that can make ongoing contributions to society.



Kazumi Nishino
Outside Independent Director

Ideal image for 2025

The Furukawa Company Group will develop and establish a risk management framework that extends beyond crisis management.

PLAN & CHECK //

Fiscal 2021 targets and assessments Achievement

- 1 Improve response capabilities in the event of a crisis. ★★★
- 2 Revise and improve Group BCP and the BCP of core operating companies ★
- 3 Identify and examine countermeasures for risks other than earthquakes ★

★★★Target achieved; ★★Target partially achieved; ★Target not achieved

Fiscal 2022 targets

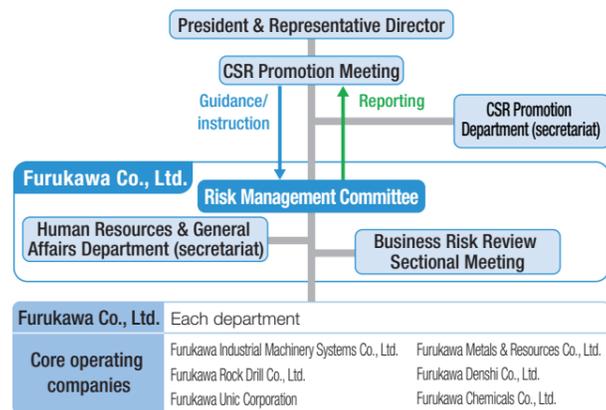
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DO //

Framework for Promoting Risk Management

The Group's business activities could potentially be badly impacted by various risks related to such factors as accidents, natural disasters, and epidemic diseases. To protect human life and property and minimize damage and loss when such risks materialize, the Group, spearheaded by its Risk Management Committee, is working to establish and strengthen its risk management system.

● Risk Management System



* Group companies represented in the Business Risk Review Sectional Meeting are the same as those represented in the Risk Management Committee.

Implementing Business Continuity Planning (BCP)

● Developing Preventive Measures for BCP

To prepare for emergency situations in which normal means of communication are not available, we are establishing transceivers at key locations and reviewing the content and management methods of emergency supplies including food and beverages.

● Conducting Safety confirmation drills and Disaster reporting drills

We regularly conduct both safety conformation drills enlisting our safety confirmation systems and disaster reporting drills with the use of transceivers in order to ensure that we are able to promptly confirm employee safety and the status of damaged sites should an emergency occur.



● Implementing Business Continuity Management (BCM)

Core operating companies have finished formulating BCP, and have begun making partial revisions to respond to organizational changes and the like. From now on, we will also devote energy to implementing BCM.

Initial Response Manuals, and Implementing BCP

We have finished formulating initial response manuals, and have now turned our attention to implementing BCP.

Group-wide Identification of Potential Risks

We are identifying the potential risk of earthquakes, floods, landslides and the like at key locations and moving ahead with the formulation of BCP with regard to risks that could substantially impact our business.

	Head office	Oyama Tochigi Works	Takasaki Yoshii Works	Sakura Works	Osaka Works	Iwaki Works
Earthquakes	◎	○	○	○	◎	◎
Floods	△	○	○	×	○	×
Landslides	×	△	×	×	×	×
Tsunami	×	×	×	×	◎	×
Typhoons	○	○	○	○	○	○

Degree of potential risk: ◎High ○Medium △Low ×Significantly low

[Comment from the Responsible Committee] Overview of Fiscal 2021

Measures to prevent the spread of COVID-19 infections since the onset of the pandemic have forced us to postpone the sectional meetings and prevented them from achieving their goals. We will continue to expend every effort to prevent COVID-19 infections while monitoring the state of the pandemic, and steadily implement actions we were unable to execute during the last fiscal year, revise Group BCP throughout the Group, and take other steps to improve our capacity to act when crises emerge.



Atsushi Takano
Risk Management Committee Chairperson, Senior Executive Officer, General Manager, Human Resources & General Affairs Department

Ideal image for 2025

All officers and employees will be keenly aware of compliance as it applies to the international community.

PLAN & CHECK //

Fiscal 2021 targets and assessments Achievement

- 1 Upgrade and expand compliance training (continued) ★★★
- 2 Create and revise compliance manuals and guidelines ★★★
- 3 Revise systems for sharing information on compliance ★★★

★★★Target achieved; ★★Target partially achieved; ★Target not achieved



Fiscal 2022 targets

- 1 Upgrade and expand compliance training (continued)
- 2 Conduct compliance checks
- 3 Revise internal reporting system in response to amendments to the Whistleblower Protection Act
- 4 Establish systems for compliance with the Act on the Protection of Personal Information, etc.

DO //

Promoting Compliance

In addition to complying with laws and regulations, the Group believes it has a corporate obligation to take serious and responsible action in terms of social and ethical aspects.

To fulfill this obligation, we have established the Compliance Committee, which discusses important matters regarding compliance. The Committee strives to share information on Groupwide compliance by reporting matters it has discussed to the CSR Promotion Meeting as appropriate.

Compliance Education

We strive to instill a corporate culture that emphasizes compliance through efforts that include issuing our "Compliance News" source of information on compliance to all Group officers and employees, and having top management occasionally give talks on the importance and priority we place on compliance.

We were unable to gather everyone in one place to conduct compliance training in fiscal 2021 due to the pandemic, but we were able to use online conferencing systems and stream videos to provide training on individual topics.

● Training Implemented in Fiscal 2021

Training	Number of participants (number of sessions)
Compliance training	79 (6)
Training on warranty clauses of construction contracts	71 (1)
Training on joint research/joint development contracts	44 (1)
Training on Basic Guidelines for Preventing Bribery and Corruption	36 (video streaming)

Basic Policy and Guidelines for Preventing Bribery and Corruption

In January 2021, the Furukawa Group enacted Basic Policy for Preventing Bribery and Corruption and Basic Guidelines for Preventing Bribery and Corruption. The enactment clarified the

Company's stance on preventing bribery and corruption, which was outlined in the Code of Conduct for Officers and Employees, to the world, and set out explicit procedures for preventing bribery and corruption in business activities. We will expend every effort to spread the word about the policy and guidelines in an effort to prevent bribery and corruption.

Internal Reporting System

The Group has adopted an internal reporting system to facilitate early detection and correction of compliance violations.

This has involved developing a framework that enables an extensive range of reporting and inquires by establishing points of contact for reporting and consultation requests inside and outside (law office) the Group. We also stringently safeguard confidential and personal information regarding whistleblowers.

The Compliance Committee conducts investigations upon receiving notification or consultation, and subsequently takes necessary action to address such matters.

We also facilitate awareness of the internal reporting system by posting such content to our in-house portal site and distributing brochures to Group officers and employees.

[Comment from the Responsible Committee] Overview of Fiscal 2021

In fiscal 2021, we amended Compliance Rules, reconfirmed the routes for reporting compliance violations, and created a mechanism for spreading the word about recurrence prevention measures. Additionally, we successfully enacted Basic Policy for Preventing Bribery and Corruption and Basic Guidelines for Preventing Bribery and Corruption. Unfortunately, the pandemic prevented us from conducting as many sessions of compliance training as in normal years. In fiscal 2022, we will devote energy to improving training provided through online conferencing systems and video streaming, and continue to promote activities with the goal of equipping all officers and employees with a keen awareness of compliance as it applies to the international community.



Takeshi Miyajima
Compliance Committee Chairperson, Senior Executive Officer, General Manager, Legal Department