



Fujikura Group
Integrated Report
2020



Fujikura Ltd.
5-1, Kiba 1-chome, Koto-ku, Tokyo 135-8512, Japan

A large, abstract graphic in the background of the page. It features a series of thin, light blue lines that form a complex, interconnected network or mesh. The lines are arranged in a way that creates a sense of depth and movement, with some lines curving and others intersecting at various points. The overall effect is that of a digital or technological network.

**“Tsunagu”
Technology**

Fujikura Group Response to COVID-19

COVID-19 impact on the Fujikura Group

The prolongation of the COVID-19 pandemic has resulted in restriction of various business activities of the Fujikura Group. This could seriously affect the financial condition and business performance of the Group. We recognize the potential for dysfunction in the Fujikura Group supply chain and restrictions on various business activities to seriously affect Fujikura's performance.

The novel coronavirus (COVID-19) task force in Fujikura is surveying the impact of COVID-19 on business activities and considering ways to respond.

Ensuring the safety of Group employees and implementation of various kinds of support

Fujikura is implementing various measures to prevent the spread of COVID-19, such as physical condition checks, temperature taking, and wearing masks. We are working to reduce the risk of infection in all workplaces by implementing telecommuting at the head office and plants, work shifts that make it possible to provide more distance between employees who work in plant operations in manufacturing, and other measures. Fujikura is also establishing a work environment that is easy to work in by providing additional support and childcare leave to raise the next generation, to employees who have children of elementary school age or younger, and establishing a consultation hotline for employees who find it difficult to work at home.



Acrylic panels installed at the reception counter (head office)

Infection prevention measures for the showroom meeting corner (head office)

Taking the temperature of a visitor (Numazu Works)

Revisions to the telecommuting systems to accommodate the new normal

Fujikura established a telecommuting system in 2017 to improve productivity by implementing efficient workstyles that are not limited by location and has also used this system as a means of preventing the spread of COVID-19. These rules were revised to create the Telecommuting Rules and we are working to implement them from January 2021. The limit on the number of days telecommuting can be used was abolished, payment of a telecommuting allowance was added, and other revisions were made to the rules to accommodate the new normal.

Participation in IP Open Access Declaration Against COVID-19

Fujikura is participating in the IP Open Access Declaration Against COVID-19 to prevent the spread of COVID-19. The intent of this declaration is to refrain from exercising intellectual property rights possessed on development, manufacturing, sale, and other activities for a certain period of time to end the COVID-19 pandemic. Fujikura endorses the objective of this declaration and will continue to support preventing the spread of COVID-19.



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Editorial Policy

In editing Fujikura Group Integrated Report 2020, we focused on giving shareholders, investors, and other stakeholders an understanding of initiatives targeting sustained growth of the Fujikura Group from multiple perspectives. We are aiming to achieve greater stakeholder engagement through disclosure of the information contained in this report and use of this information by everyone who has read it. We will also use the opportunity presented by supporting the Task Force on Climate-related Financial Disclosures (TCFD) to enhance the information we disclose relating to climate change.

Fujikura Group Corporate Philosophy (MVCV)

Foreword

Since the start of our Third Era in 2005, we have striven to create new paths based on the Group Corporate Philosophy, MVCV. In a society that is undergoing dramatic transformation, the Fujikura Group hereby resolves to create new paths with renewed strength, in order to become a company with the potential to continue long into the future.

- The only way to create these new paths is to provide a value experience exceeding our customers' imaginations.
- To exceed our customers' imaginations, we must be fully aware of the issues our customers face, and consider everything from their points of view.
- To be fully aware of the issues our customers face and consider everything from their points of view, we must strive to acquire a broad range of knowledge and information as highly-active, flexible, and open-minded teams.

Finally, the key factor in following this path is for each of us to proceed virtuously as a member of society.

Mission

The Fujikura Group's mission is to create exceptional value for our customers around the world using "tsunagu" (the Japanese word meaning "connecting") technologies.

We dedicate ourselves to providing exceptional products and solutions, earning our customers' trust and contributing to society.

[Commentary]

Tsunagu technology refers to the Fujikura Group's unique set of capabilities (including skill and knowledge). Through the application of our technology, we create opportunities to connect people, information and power sources.

We proactively seek better ways to solve customer issues using our products, skills and services. By doing so, we deliver value that fulfills customer needs and thus contributes to solving social issues and building a better society.

Vision

Fujikura's vision is to be the most trusted partner in our markets, to continuously develop innovative and relevant products and solutions, and to positively impact our communities.

We strive to become the leading player in our markets by utilizing our "tsunagu" technologies, and tirelessly developing innovative and useful products and solutions.

Each individual within the company will endeavor to become an essential player, thus developing a team that can truly help Fujikura make its mark on the world stage.

[Commentary]

We want our customers to reach out to us first with their issues and concerns. We can ensure this by building trust through consistently fulfilling our promises and working together with our customers as their partner of choice. With credibility built over time, we can create a better tomorrow for our customers.

We strive to always be the pioneers in our field and to have a positive impact on society. We realize this through being aware of changes in the world. In addition, we continuously develop products and solutions that meet the existing and potential needs of our customers.

Everyone in the Fujikura Group understands our common goal and plays his/her part in achieving it. With such people working together as one, the Fujikura Group competes on the world stage.

Core Value

Customer Satisfaction

"Are you doing enough to ensure customers are perfectly satisfied?"

Change for the Better

"Are you willing to take up challenges to drive progress?"

Collaboration

"As a Fujikura associate, are you driven to work together with others to deliver the best possible result for our company?"

[Commentary]

Customer satisfaction refers not only to satisfying external customers and consumers, but also internal customers such as fellow employees. We consider internal and external customers' viewpoints, think about how to truly fulfill each need, and then reflect this in our products and services.

In order to respond to ever-changing social and customer needs, each of us will challenge current norms and values. By doing so, every one of us is accountable for creating changes for the better in people, organizations, products and solutions.

In the Fujikura Group, each one of us acknowledges individual differences and talents. We encourage and support one another's efforts. As a whole, we strive to create products and solutions that meet the existing and potential needs of customers through cross-organizational cooperation.

Behavior Framework

- | | | |
|---|---|-------------------------------|
| 1 | Let's proactively take an interest in social and market trends and reflect on our work | Show interest proactively |
| 2 | Let's always think about how to provide value that exceeds expectations | Exceed expectations |
| 3 | Let's be open to diverse opinions and create new ideas | Embrace different opinions |
| 4 | Let's be bold in trying something different | Drive change |
| 5 | Let's start with our aspirations and work back from those to calculate what the next action should be | Aspire first |
| 6 | Let's be professional and accountable for our own actions | Take ownership with integrity |

Code of Conduct

- 1 Code of conduct for ensuring employees' wellbeing and creating a safe, secure and pleasant work environment
- 2 Code of conduct for ensuring each employee performs operational procedures properly
- 3 Code of conduct for maintaining relationships with business connections
- 4 Code of conduct for communicating with and contributing to the development of communities and society
- 5 Code of conduct for increasing shareholder value and for dialogue with investors
- 6 The basic code of conduct for compliance

Initiatives Aimed at Restoring and Enhancing Corporate Value (Brand)

Initiative 1 Provide Explanations for the Mission, Vision, and Core Values (MVCV)

Fujikura designated 2005 as the beginning of the new third stage of the company. We formulated a new corporate philosophy entitled Mission, Vision, and Core Values (MVCV), aimed at the challenge of carving out a new path. We have used various activities to instill MVCV and make sure that every employee understands the importance of this philosophy and can act with judgment based on our corporate philosophy in daily activities.

However, the cases of improprieties in quality control announced on August 31, 2018, large losses posted, and other difficulties have made restoring and enhancing corporate value (brand) an urgent issue. We have provided explanations of MVCV to overcome these issues.

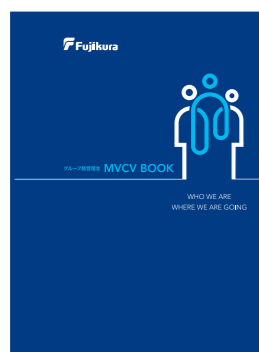
Purpose of MVCV Explanations

1	To restore and reinforce corporate value	<ul style="list-style-type: none"> Employee value: Internal branding Engagement of company views and employee views
2	To formulate a Mid-term Management Plan rooted in the corporate philosophy	<ul style="list-style-type: none"> Fostering a mindset of being the future management Successful implementation of both the mental aspects and management planning
3	To change the mindset of members of the working group for formulating the Mid-term Management Plan	<ul style="list-style-type: none"> Building the foundation for business execution and management personnel in the near future
4	To connect MVCV to business results	<ul style="list-style-type: none"> Connecting the corporate philosophy to business results Making it possible to return to the corporate philosophy in a corporate crisis (such as the current quality issue)

Initiative 2 MVCV Explanatory Workshops Held by Employees Who Will Be Future Management

The team for explaining MVCV consists of 60 people and includes members of the working group for formulating the next Mid-term Management Plan who will be the next generation of management, MVCV promoters and members of overseas Group companies. They held nine workshops from April through July 2019. During the workshops, they formulated written explanations that will make it easier to instill MVCV and considered the new Standards of Conduct. They debated what sorts of standards of conduct employees should adhere to, not just for the Mid-term Management Plan, but to ensure growth of the Fujikura Group in the future beyond that, and formulated the new Standards of Conduct.

Initiative 3 Publication of MVCV Book as a Tool for Instilling the New Corporate Philosophy



MVCV BOOK

We also discussed the form of activities to instill MVCV in the future and published MVCV BOOK in April 2020 as new tool for instilling our corporate philosophy. MVCV BOOK incorporates the view that it is important to enhance corporate value from the three perspectives of customers, shareholders, and employees, based on the common goal of creating the Fujikura Group brand through the actions of each individual. The path that we walk must be a principled path. In addition to explanations of MVCV, the book contains Standards of Conduct to enhance corporate value and a Code of Conduct to avoid damage to corporate value. It expresses the simple principles and rules for all officers and employees of the Group, who have diverse values. This will be helpful in responding to the globalization of the company and preventing cases of fraud and wrongdoing.

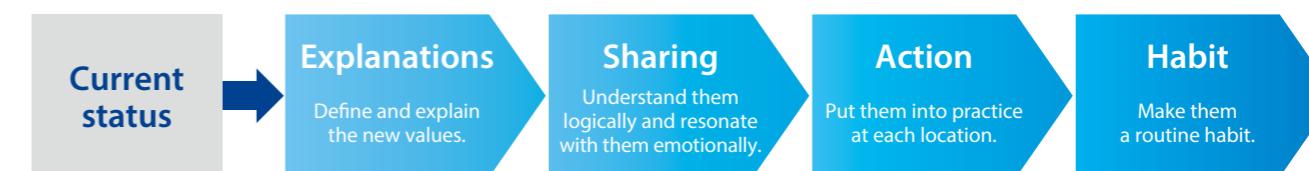
We will strive to restore and enhance the corporate value (brand) of the Fujikura Group by using MVCV BOOK to achieve a common understanding among all Group employees, change conduct, and achieve unity.

Strengthening Risk Management and Group Governance Based on a Common Understanding of MVCV

Future Activity 1 Promote Internal Branding Through Activities to Instill MVCV

We will promote internal branding through activities to instill MVCV in the future. We provided the explanations in FY2019 and entered the stage of sharing MVCV and putting it into practice in FY2020. At this stage, we are not only promoting a logical understanding of the new values; we are working to create the conditions in which these values can resonate with everyone in terms of the need and importance, and also emotionally, in terms of the meaning and significance. Our goal is to entrench action based on the new values a matter of course in the future.

Steps for Promoting Internal Branding Through Explanations of MVCV

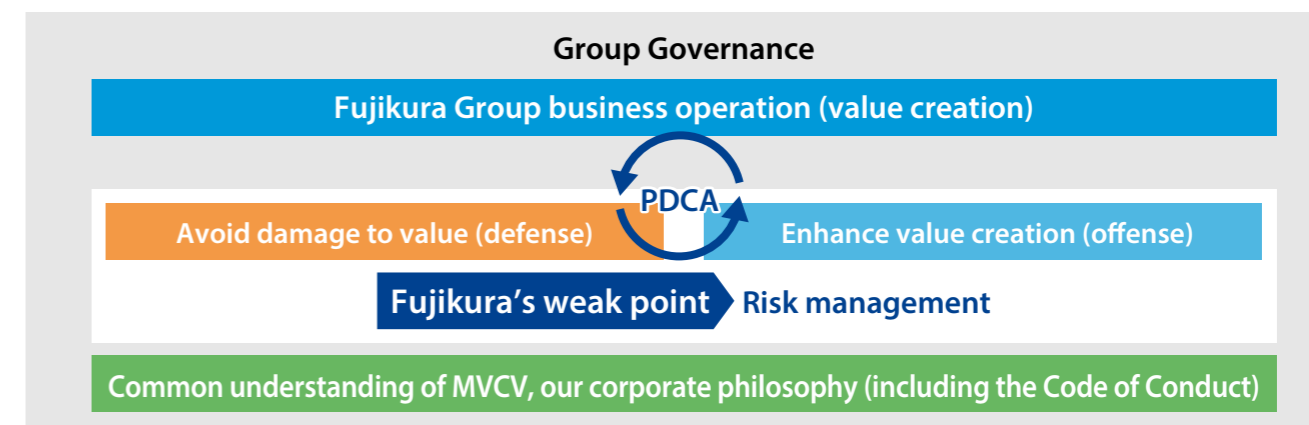


Future Activity 2 Strengthen Risk Management and Group Governance

The Fujikura Group aims to manage the Group efficiently based on what is optimal for the Group as a whole by having all employees share common goals and adopting a team approach based on integrated Group management.

While we have always formulated a Group governance policy, the cases of improprieties in quality gave us a fresh recognition of issues in risk management. We believe that it is important for all employees to understand our MVCV in order to move forward on strengthening risk management, and we are working to strengthen Group governance by instilling MVCV.

A Common Understanding of MVCV is the Foundation of Group Governance



MVCV Explanatory Workshop

At a Glance

The Fujikura Group has used "tsunagu" (connecting) technology to provide new products and services to customers and contribute to the development of countries and regions around the world since it was first established in 1885.

Highlights



Business Domains

Core business domains

Power & Telecommunication Systems Company

Net sales
¥327.8 billion

Fujikura will support the energy and information infrastructure underpinning society and connect people, goods, and all manner of things.

Electronics, Automotive & Connector Business Company

Electronics business subcompany net sales
¥175.1 billion

Automotive products subcompany net sales
¥152.4 billion

This segment pursues next-generation development through global top class technologies in markets that are changing rapidly.

Real Estate Business Company

¥11.2 billion

We will strive to maintain and improve asset value over the medium and long term, and strive to coexist and prosper together with surrounding communities.

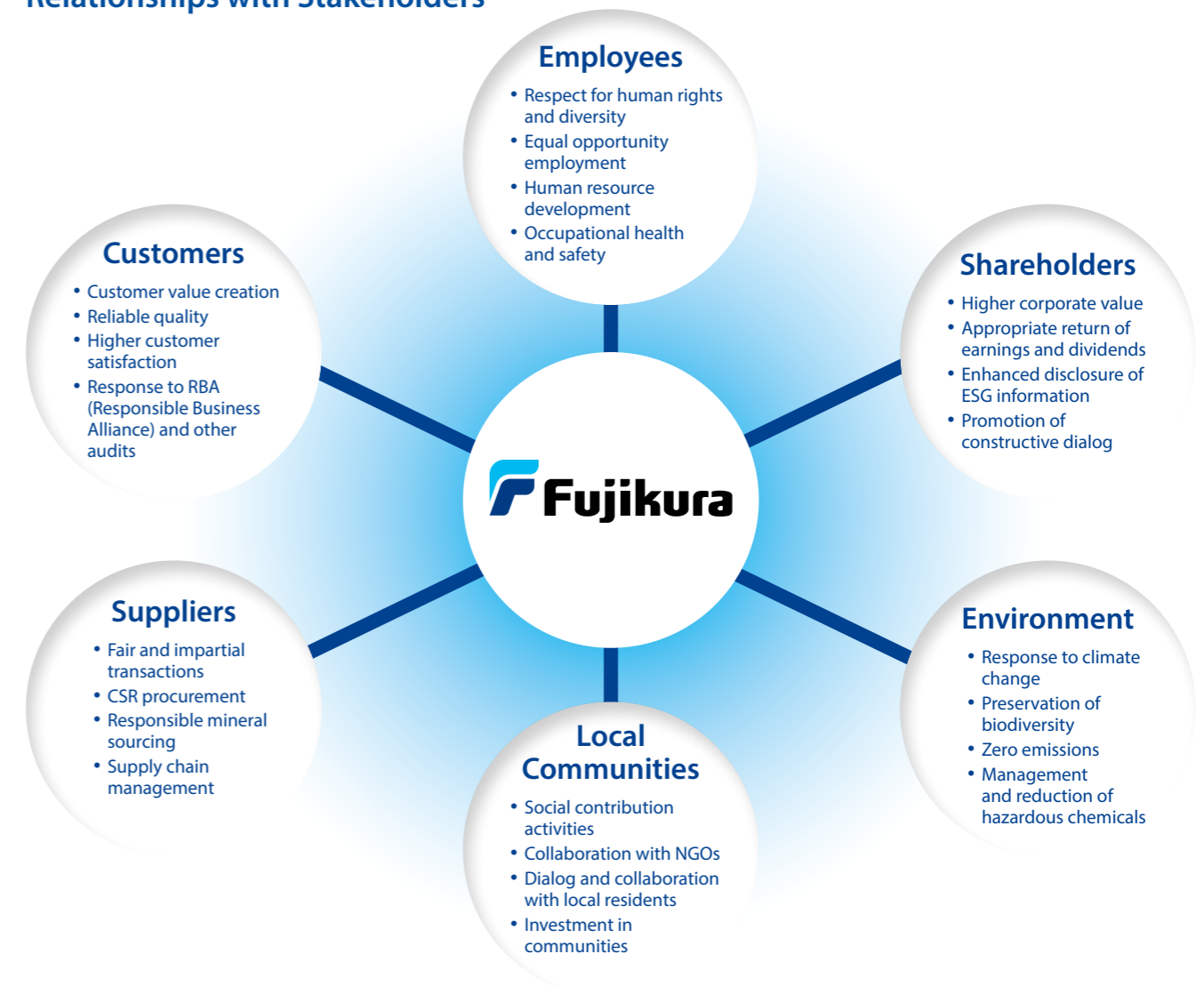
Areas of Innovation



Group Network



Relationships with Stakeholders



History of the Fujikura Group

The Fujikura Group connects the DNA of its founders to a "Mirai" future society as a manufacturing company.



Founder Zenpachi Fujikura

In 1883, Zenpachi Fujikura sparked an interest in electricity after seeing the arc light demonstration held on Nihonbashi-dori, and he foresaw the advent of the age of electricity. At that time, Zenpachi had a prospering braiding business using silk threads to create negake hair ornaments for women. After noticing the similarities to the braiding technology for electrical wire insulation, he embarked on the electrical wire business.



Hair ornament popularized by word of mouth by ninth generation Ichikawa Danjuro

1932

44 kV triple-core SL cable supplied to the Yamaguchi Prefecture Electric Power Bureau (a first in Japan).



1935

Patent acquired on Fujikura's proprietary high-frequency coaxial cable.



1967

6.6 kV triple-core CV submarine cable supplied for installation between Atami and Hatsushima.



1981

Japan's first OPGW (Optical Fiber Composite Overhead Ground Wire)^{*1} is developed.



1985

World's first core alignment optical fiber fusion splicer is developed.^{*2}



1989

Submarine cable laid to the last of the remote inhabited islands^{*3} of Okinawa.



1993

500 kV CV cable supplied for the cable line between Shin-Keiyo and Shin-Toyosu substations.



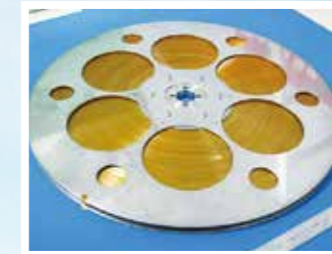
1998

Supplied world's largest 500 kV OF submarine DC cable to Kansai Electric Power Co., Inc. and J Power (Electric Power Development Co., Ltd.)



2007

Critical current record^{*4} shattered with an Yttrium-based oxide superconducting wire^{*5}.



2010

Fukagawa Gatharia (Fukagawa redevelopment project) is completed.



2018

Launched sales of the world's highest density 6,912-fiber optical fiber cable.



2020

Began shipping evaluation samples of mmWave wireless communications module for 5G.



Fujikura Group Long-term Vision

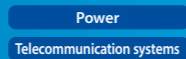
2030 Vision
Realizing a comfortable and sustainable "Mirai" (future) society

Fujikura Group Environmental Long-term Vision 2050

The Four Challenges targeting minimization of negative environmental impacts

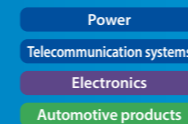
1885 — The Beginning

Known for its technology, Fujikura contributed to the creation of an abundant society by establishing electric power and communications infrastructure



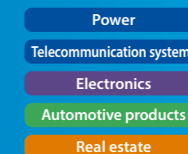
1945 — 2nd Phase of Reinvention

Fujikura pushed forward in globalization and new businesses, and further enhanced its "tsunagu" (connecting) technologies



2005 — 3rd Phase of Reinvention

Set forth a long-term vision and pursued further technological development and market access



Three Elements of Competitive Superiority Aimed at Sustained Growth

1

Technological capabilities (R&D)

The Fujikura Group has built a platform of "tsunagu" (connecting) technologies that create additional high value by successfully developing cutting-edge technologies. Fujikura has set its sights on a future in which digital transformation has advanced, and will work to create value for customers and contribute to society based on its platform of "tsunagu" (connecting) technologies.

2

Long-term relationships of trust with customers

Long-term relationships of trust with our customers are the foundation for value creation. The Fujikura Group works with customers as one team to create new products and services from the perspective of the customer's end-users.

3

Ability to respond to social change

The "tsunagu" (connecting) technologies of the Fujikura Group are contributing to the creation of value by customers around the world. We work to identify potential needs and create new businesses appropriately targeted at changes in global circumstances.

The "Tsunagu" Connecting Technologies that Support Our Lives

The Fujikura Group uses the "tsunagu" (connecting) technologies it has developed through electrical wire and cable manufacturing since its founding in 1885 to provide products for people's lives and society in a wide variety of areas. Our goal is to realize a "Mirai" (future) society that is comfortable and sustainable.

Platform consisting of seven "tsunagu" (connecting) technologies



Power Generation Plants

Fujikura is involved in ultra-high voltage transmission systems and many other high capacity power distribution systems used to provide a stable supply of electricity from remote areas and improve the reliability of line routes.

Optical fiber composite overhead ground wires (OPGW)
Coaxial cables
Power cables

Improving Quality of Life (QoL)

We achieve advancements in healthcare and health literacy by delivering many kinds of solutions for advanced healthcare, communities, and occupations, and want to continue to contribute to extending the healthy lifespan of people and improve their quality of life.

Compact oxygen sensors
Conventional sensor on the left, newly developed sensor on the right

Low-profile WABE Package* (Wafer And Board level Embedded Package)

Offices and Data Centers

We provide the optimal optical cabling system for the customer's needs with our extensive line-up of the latest in optical fiber technology.

Optical termination racks and termination boxes
Optical fiber mass fusion splicers

SWR/WTC*
Cabtire (flexible) cables

Plants

We provide many types of products for industrial equipment in plants, including fiber lasers used in cutting metal, welding, and other types of processing.

kW-grade high voltage fiber laser
Connectors for industrial robots
LILIA Live wire sheath fault locator
Partial discharge measuring device

Vehicles

We are pursuing development of new products and new technologies that integrate electronics technology and automotive electronics technology to respond to trends such as CASE (Connectivity, Autonomous, Sharing and Electrification), in addition to the conventional environment, safety, and comfort needs.

Automotive electronics
Rapid charging connector
Seat belt reminder

Hospitals

We have focused on imaging and miniaturization, which are core technologies in the medical sector that derive from fiber optic and electronic technology, and are working to expand the electronic medical device business.

Fiberscopes with mage fibers
IVUS* catheters
*Intravascular ultrasound
Electronic scopes that use CMOS

5G and IoT Society

We provide one-stop service for a wide variety of solutions such as battery-less and wireless environmental sensing data collection systems and IoT cloud services that create value from such sensor data.

Sensor base unit (primary) Sensor node (replica devices)
Specified low-power wireless
Wide area coverage
Very low-power multi-hop wireless sensor networks

Dye-sensitized solar cells (DSC)
60 GHz mmWave wireless communications module
920 MHz band small-diameter LCX (leaky coaxial cable)

Households

Fujikura provides the optimal flexible printed circuits (FPC) to make the latest smartphone and other devices smaller, lighter, and thinner, and total solutions combining a wide variety of electronic components and modules.

FPC
Earphone cable connectors
Heat pipe for notebook PCs

Value Creation Model

Fujikura contributes to customer value creation and society through our “tsunagu” (connecting) technologies.

Risks and Opportunities

Increasingly diverse and complex customer needs

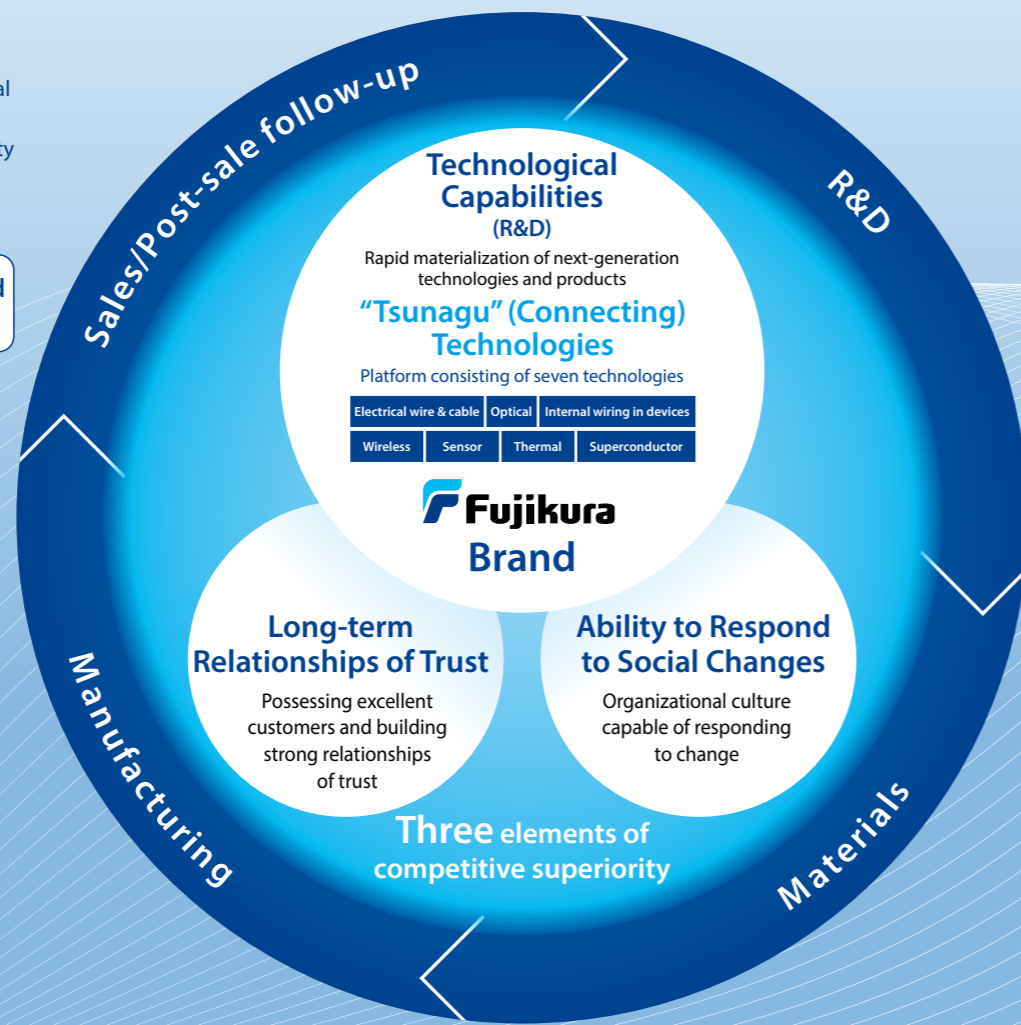
- Future uncertainty of global economy
- Impact from COVID-19
- Dramatic changes in industrial structure
- Pursuit of a low-carbon society
- SDGs (Sustainable Development Goals)

Three Perspectives Targeted at Boosting the Brand

- Customers' Perspective**
 - Pursuit of projects aimed at restoring customer trust
- Shareholders' Perspective**
 - Maintaining and strengthening earning power (ROIC management)
 - Promoting metabolism of change and new business creation
- Employees' Perspective**
 - Promotion of inner branding
 - Pursuit of workstyle reform

Business Activities Aimed at Customer Value Creation

We work with the customer as one team to provide solutions



Invest management capital in realizing the vision

Financial capital	Human capital	Intellectual capital
Manufacturing capital	Social relationship capital	Natural capital

Strengthen the foundations of management

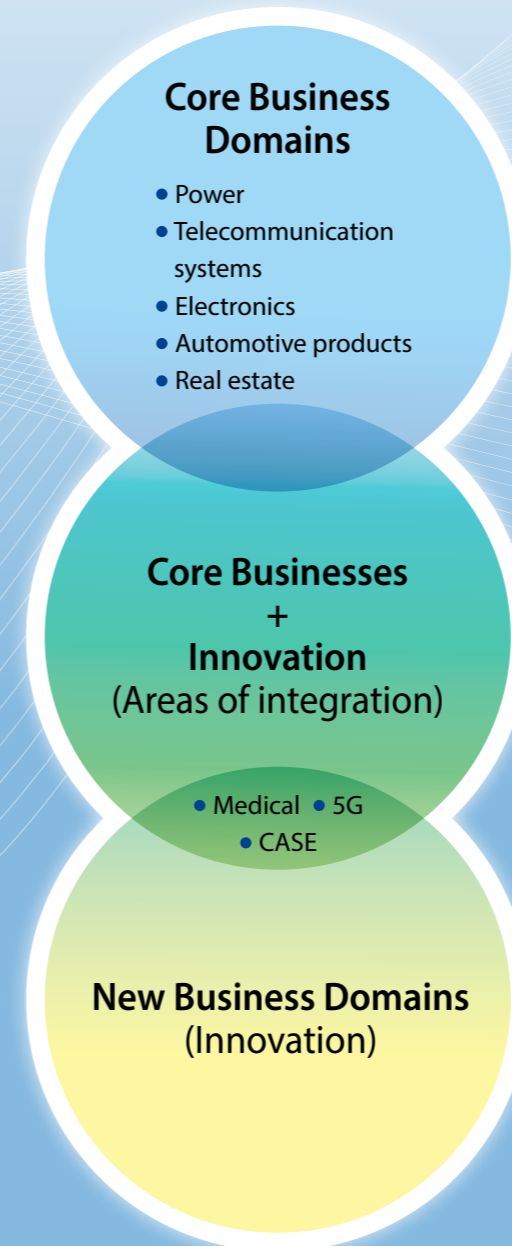
Reinforcement of activities to instill MVCV	Strengthening the quality control system	Strengthening risk management
Strengthening investment management	Closer monitoring of business execution	Corporate governance reform

The Fujikura Group is building a business model for creating shared value.

We will work with customers as one team to find solutions to issues facing customers and society through our connecting technologies. This will enable us to achieve sustainable growth of the Fujikura Group and create an even better society.

Business Domains

We promote creation of shared value (CSV) by finding solutions to social issues



Monitoring KPI

- EPS, directly connected to shareholder value
- ROIC, in pursuit of efficient management

Fujikura Group Vision

Realize the Fujikura Group Corporate Philosophy MVCV and Achieve the 2030 Vision

2030 Vision

Realizing a comfortable and sustainable “Mirai” (future) society

Contributing to the realization of an advanced information society

Providing solutions for a 5G, IoT society (telecommunication market, medical device market, industrial equipment market)

Efficient management using a broad range of energy sources

Building highly sustainable power systems

Improving quality of life

Creating new value through open innovation

Contributing to a next-generation mobility society

Taking on the challenge of CASE to change the automotive industry and secure growth opportunities

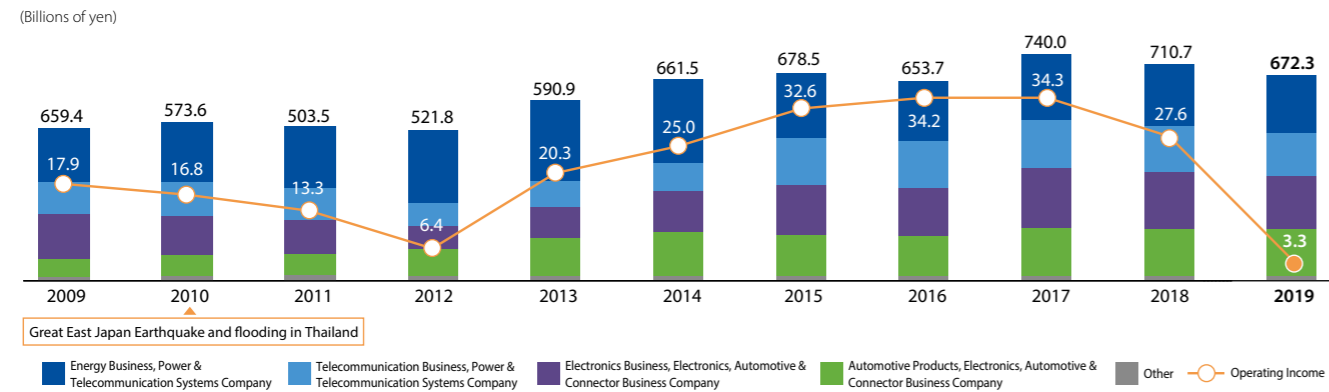
Pursuit of a management strategy aimed at realizing the vision

Capital Supporting Value Creation

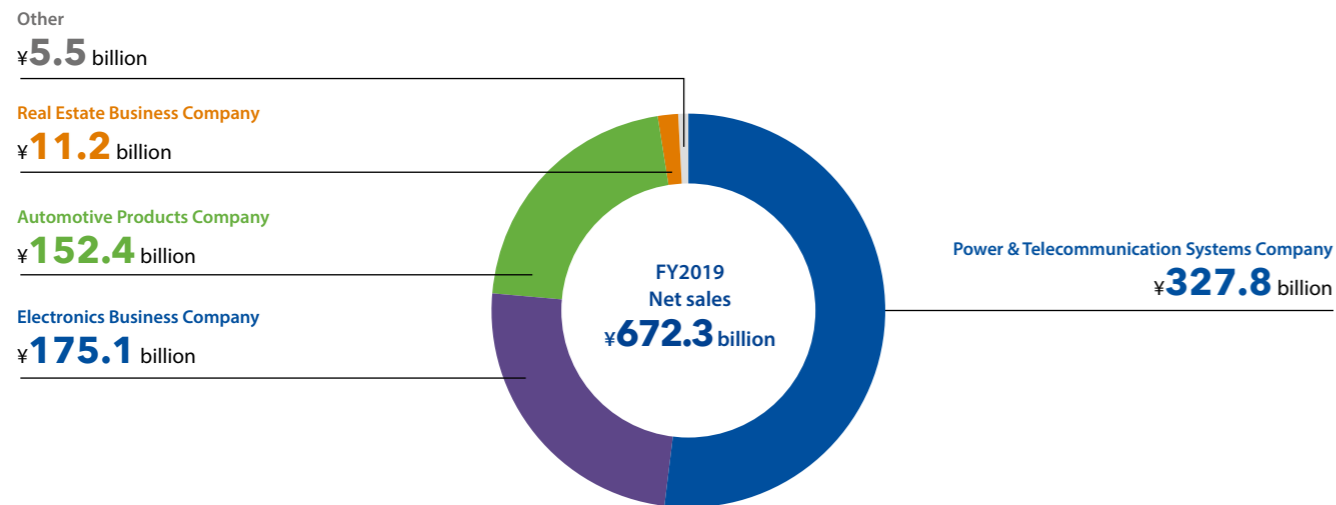
Financial Capital

Financial capital is the capital necessary to provide products and services to customers and society. Fujikura is working to improve financial soundness. We conscientiously pursue management of profits and assets by focusing on monitoring improvement in the KPIs of EPS (earnings per share), which is directly tied to shareholder value, and ROIC (return on invested capital). Fujikura will also continue capital investment and R&D investment aimed at growth.

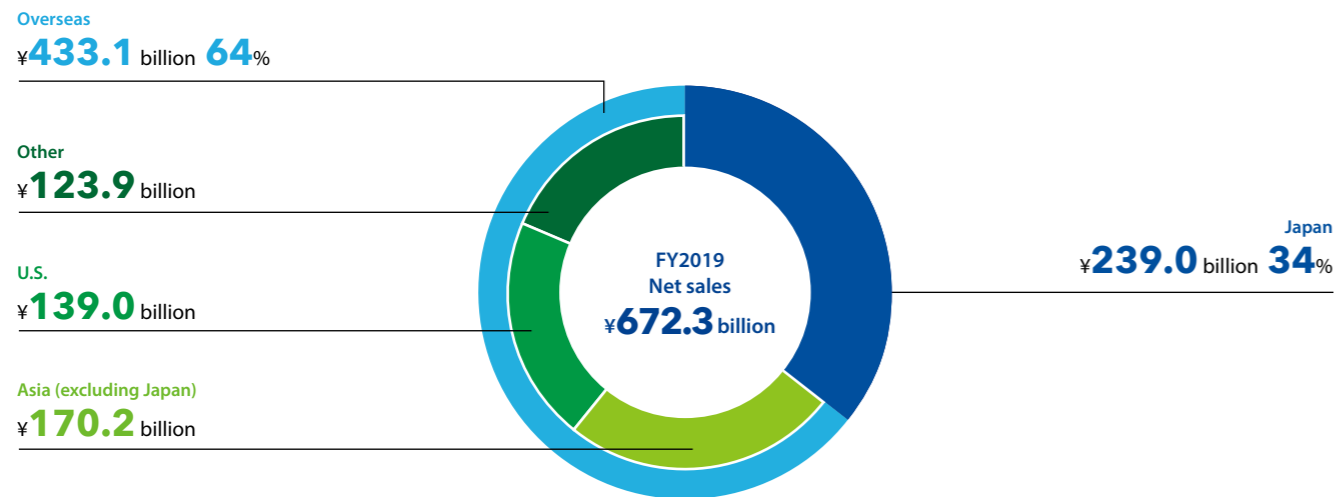
10-Year Trend in Net Sales and Operating Income



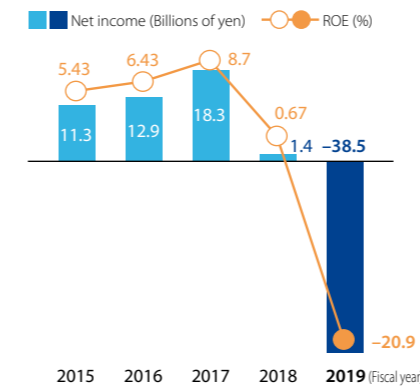
Net Sales by Company



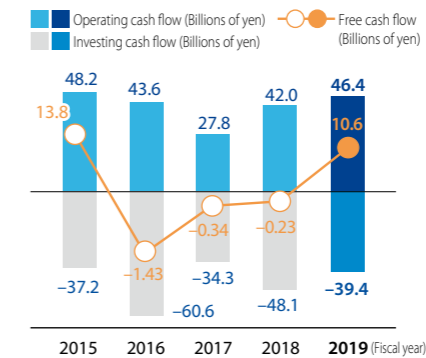
Net Sales by Region and Japan/Overseas



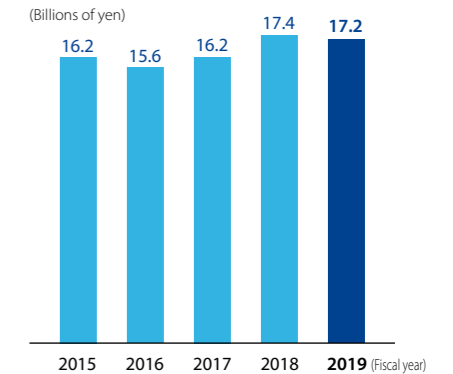
Net Income and ROE



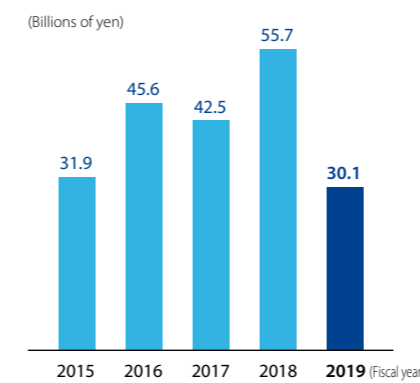
Cash Flows (Operating, Investing, and FCF)



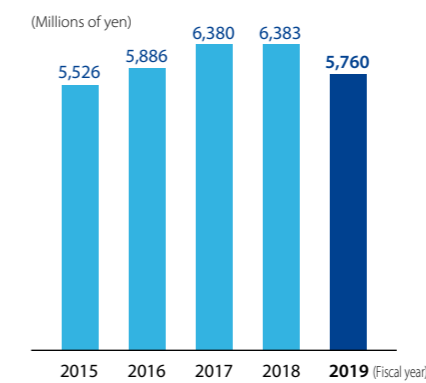
Research and Development Expenses



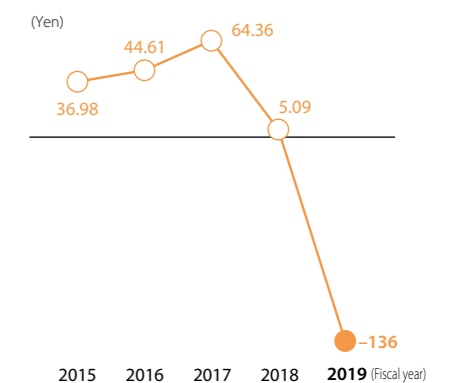
Capital Investment



Total Assets



Net Earnings (Loss) Per Share



Social Relationship Capital

The Fujikura Group builds strong relationships with customers and works with customers as one team to provide solutions by meeting the needs and exceeding the expectations of customers with customer value creation as our goal. We find solutions to social issues through business activities and are working to achieve sustainable growth of the Fujikura Group and create a better society.

CDP Climate Change Score
A- (2020)



Operated in partnership with institutional investors, the non-profit Carbon Disclosure Project (CDP) has an office in London. This project encourages the top companies in terms of market value in key countries to disclose their environmental strategies and greenhouse gas emissions volumes.

Nikkei SDGs Management Survey 2020
Overall rating: 3.5 stars



The Nikkei SDGs Management Survey consists of questions in the four areas of SDGs Strategy/ Economic Value, Social Value, Environmental Value, and Governance. Nikkei, Inc. produces 17 evaluation ratings from company surveys, publicly available data, and other sources, and recognizes companies that contribute to achievement of the SDGs through their businesses and implement initiatives that enhance corporate value, defined as SDGs management.

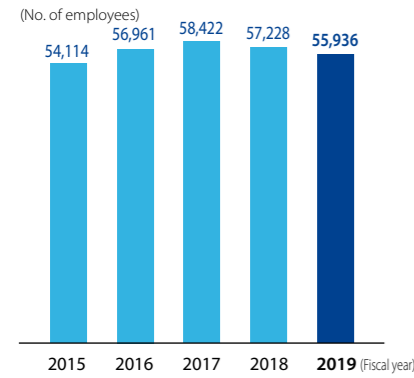
Selected as One of "The 100 Most Sustainably Managed Companies in the World" by the WSJ

The Wall Street Journal (WSJ) rated companies based on sustainability metrics in such areas as business model and innovation (technological innovation), external social and product issues, employee and workplace issues, and the environment. The ranking methodology takes a broad view of sustainability, one which assesses a company's leadership and governance practices for their ability to create value for shareholders over the long term.

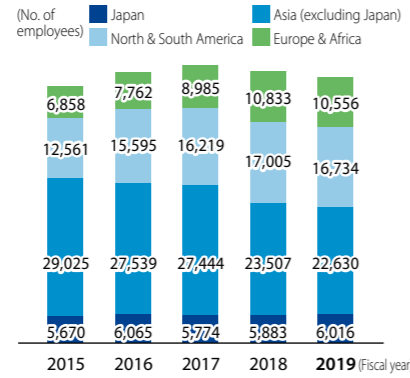
Human Capital

Human capital is one important pillar that is a source of competitive superiority for the Fujikura Group. Fujikura works to develop global leaders, mainly by hiring, training, and compensating employees who exhibit a strong sense of personal initiative; providing career opportunities regardless of nationality, ethnicity, gender, religion, age, or other attributes; and promoting diversity to enable people of diverse backgrounds and views to actively contribute.

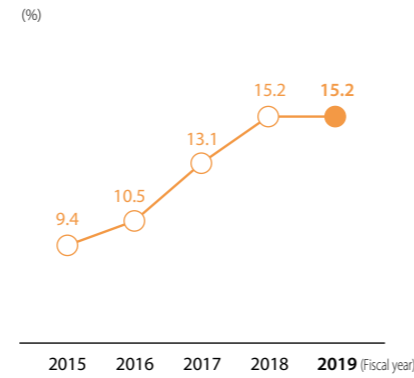
Group Employees



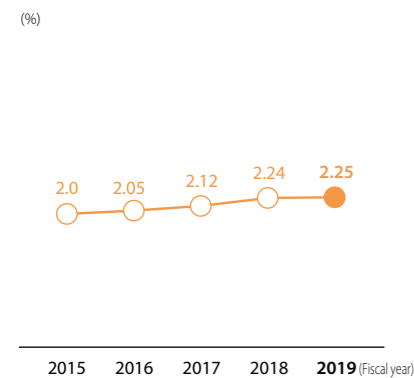
Employees by Region



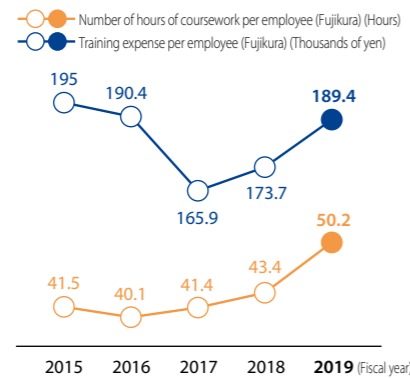
Percentage of Women in Management



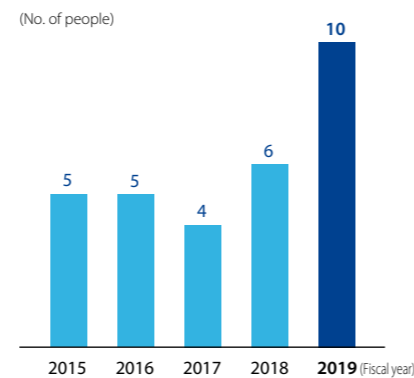
Percentage of People with Disabilities Employed (Fujikura)



Number of Hours of Coursework and Training Expense Per Employee



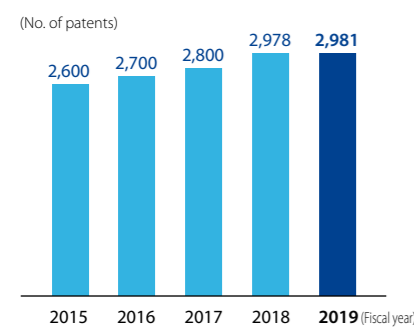
Number of Foreign Nationals in Management Positions (Fujikura)



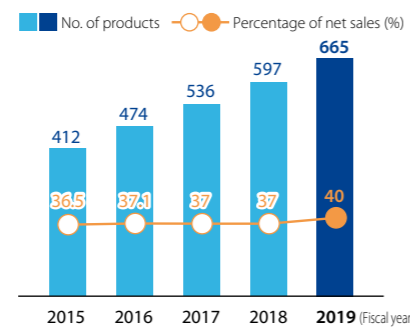
Intellectual Capital

The Fujikura Group is developing state-of-the-art technologies and creating products in a wide variety of areas such as industry, social infrastructure, and daily living based on our platform of "tsunagu" (connecting) technologies. We are working to ensure sustainable growth of the Fujikura Group and create a better society by finding solutions to issues experienced by customers and society, with the goal of creating value for customers.

Number of Patents Held (in Japan and internationally)



Number of Environmentally Friendly Products Developed and Percentage of Net Sales



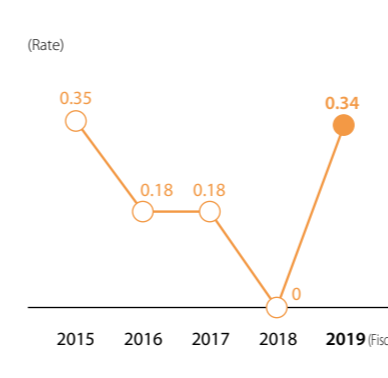
Participation in the MIT.nano Consortium

MIT.nano is a facility established by the Massachusetts Institute of Technology (MIT) in the U.S. for advanced research in the areas of nanoscience and nanoengineering. In the future, Fujikura will provide advice at industrial consortium meetings held by MIT.nano, along with 12 other companies participating in the consortium. We will contribute to the pursuit of nanoscale innovations at MIT.

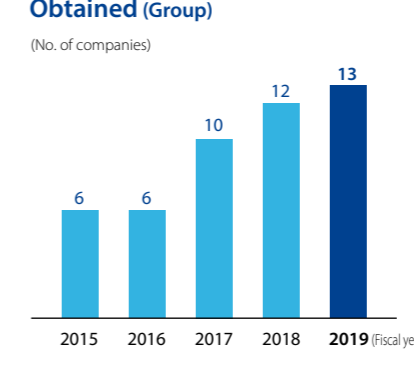
Manufacturing Capital

Fujikura is pursuing innovations in manufacturing through capital investment aimed at providing the high quality products and services demanded by customers as quickly as possible. We are simultaneously targeting the use of IoT and AI to improve operations to eliminate reliance on human processing speed. Safety is the foundation for everything and we are also pursuing intrinsic safety activities such as manufacturing plant risk assessments as important corporate bases.

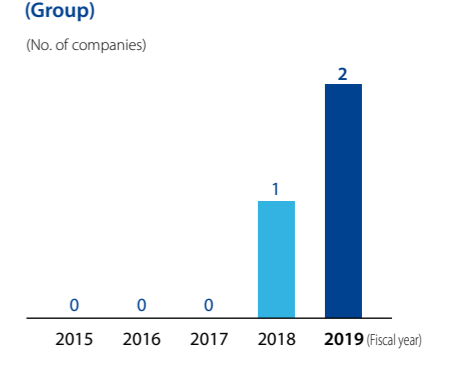
Lost Time Accident Rate (Fujikura)



OHSAS 18001 Certifications Obtained (Group)



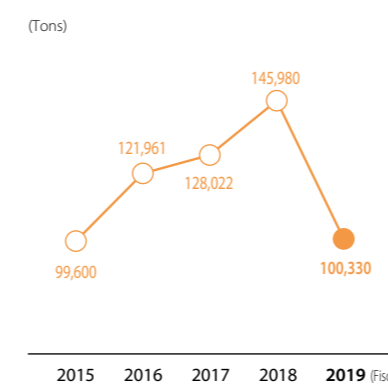
ISO 45001 Certifications Obtained (Group)



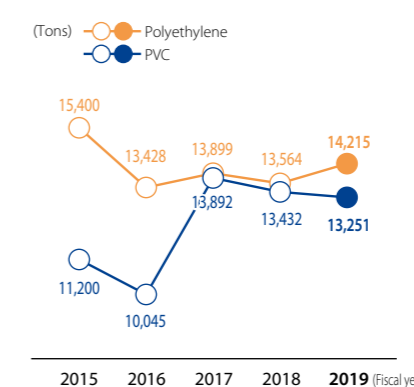
Natural Capital

The Fujikura Group uses many natural resources in business activities and endeavors to reduce the negative impact on the global environment, including natural capital. More specifically, we formulated Fujikura Group Environmental Long-term Vision 2050 in 2016, which outlines our goals for 2050. Those goals include taking on challenges in four areas, such as the challenge of reducing total CO₂ emissions from plants to zero by 2050.

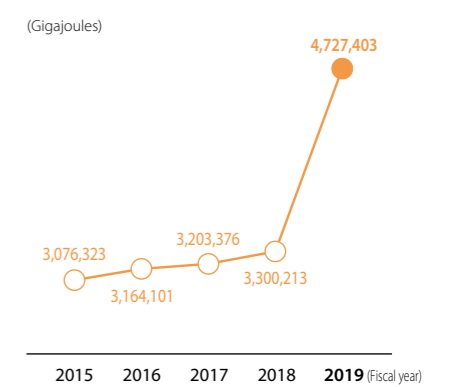
Copper



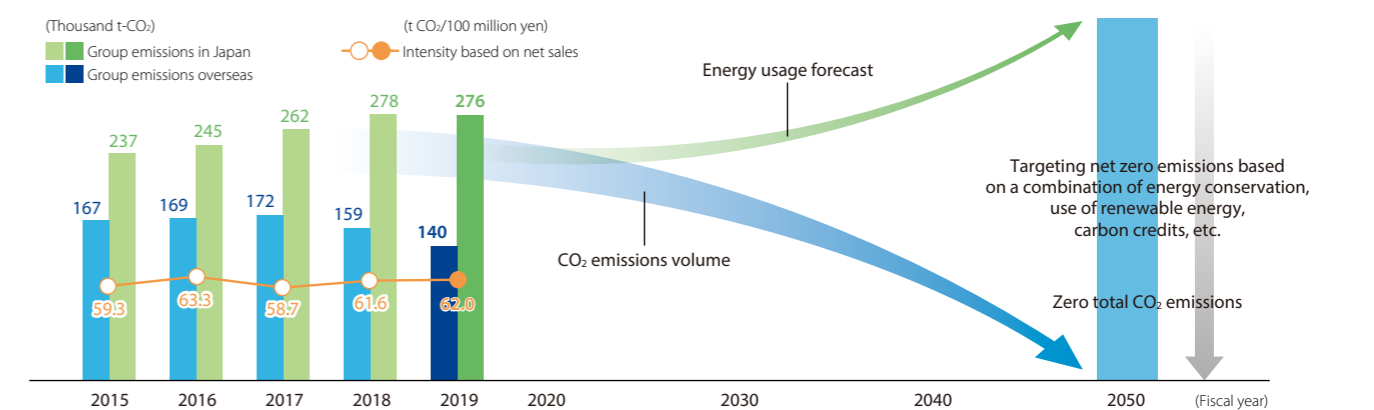
Polyethylene/Polyvinyl chloride (PVC)



Energy



CO₂ Emissions Volume



Message from the President

We will quickly and successfully restructure our business with unwavering determination, become a sustainable “Mirai” (future) company through “tsunagu” (connecting) technologies, and contribute to the solution of societal issues.



President & CEO

Masahiko Ito

Expression of gratitude for everyone fighting COVID-19

I would like to express my deep appreciation to all of our stakeholders who regularly support the business activities of the Fujikura Group.

The COVID-19 pandemic raged from the beginning of the year in 2020 and the end is not yet in sight. I offer my sincere sympathy to those who have contracted COVID-19 and wish them a rapid recovery.

My initial response was to place top priority on ensuring the safety of local employees in the joint venture that manufactures optical fiber preform in Wuhan, China. We subsequently launched the COVID-19 task force, and have been promoting telecommuting and implementing various measures to give full attention to health and safety, prohibit overseas travel, and other preventive measures.

I express my deepest gratitude to the healthcare providers and caregivers who are on the front lines contributing to the health and welfare of people in our nation even today, and pray for an end to this situation soon.

Reflection on FY2019 results and formulation of the 100-Day Plan to turn around operations

Fujikura posted a record 38.5-billion-yen net loss in FY2019. This forced us to abandon the Mid-term Business Plan in FY2020, the final year in which it should have been completed, and switch to the operational turnaround phase. This also resulted in declaring zero dividends despite our policy of paying consistent dividends and I sincerely apologize for this. Director compensation was also reduced to clarify management responsibility.

In the Mid-term Business Plan, we focused on markets and strategic customers where we could utilize our corporate strengths, and expanded business scale through concentrated investments in line with the initial plan. However, we were not able to adequately respond to major changes in customer trends and markets, such as the decline in smartphone demand for key customers and the large drop in the price of optical fiber in China. This resulted in substantial declines in our three core businesses in optical fiber, FPC (flexible printed circuits), and automotive wire harnesses. As the business scale of the company rapidly expanded, we focused too heavily on specific markets and catering to the growth strategies of customers. We were unable to respond agilely to the changes in market and customer conditions, resources were scattered, and the establishment of a governance structure to secure the operational structure for locations could not keep pace with the rapidity of the changes. I believe that these were the main factors behind the deterioration in performance.

Formulation of the 100-Day Plan, an operational turnaround plan

We took the descent into such management conditions seriously and recognizing the need to first concentrate on an operational turnaround, abandoned the 2020 Mid-term Business Plan and switched to concentrating on a rapid operational recovery. The key measures were narrowed down to two points: “The unreserved selection and concentration of existing businesses” and “strengthening of Group governance.” Members of management engaged in a series of discussions and formulated the 100-Day Plan.

In this 100-Day Plan, we will rebuild three businesses (Telecommunication Systems, Electronics, and Automotive Products) through decisive business restructuring and more comprehensive risk management. We will also pursue selection and concentration aimed at how to transform into a sustainable company amid the rapid changes in the business environment.

We will steadily implement the 100-Day Plan and intend to draw up the next

Progress on cases of impropriety related to quality control

Fujikura issued an external announcement on the status of progress made on confirming safety and measures to prevent recurrence of cases of impropriety related to quality control on July 31, 2020. Since the external public disclosure at the end of August 2018, we have generally completed the response to customers and also gained their understanding that there are no problems with product safety and functionality of nearly all of the products involved. In the future, we will use the past lessons learned to thoroughly implement and continue various measures to prevent recurrence and firmly entrench an organizational culture in which acts of impropriety related to quality control never occur again.

What is the 100-Day Plan?

This refers to the plan that was compiled within 100 days of the financial results announcement for fiscal year ended March 31, 2020 to address the damage to the business base accompanying dramatic changes in the business environment and achieve an operational turnaround quickly. See p. 27 for further details.

Mid-term Business Plan using the lessons we have learned from our failures once Fujikura has returned to the starting point the company was at around 2016. It is my responsibility to create the path to that point.

100-Day Plan implementation status

Measures aimed at a turnaround are incorporated into each project in the 100-Day Plan. The Management Resource Efficiency Subcommittee headed by me personally has been established and will implement those measures. I will explain each project below.

We will first revise the business portfolio and business strategy in the four areas of energy business structural reform, telecommunication business structural reform, flexible printed circuits (FPC), and wire harnesses (WH).

In energy business structural reform, we will once again review the business structure. We will withdraw from overseas production and basically concentrate the remaining business in Japan in Fujikura Dia Cable Ltd. The parts left over will be considered with all options in mind.

In telecommunication business structural reform, we will shift business that has been overly concentrated in China to Europe and the U.S., and achieve the appropriate structure, a process which will include consolidation and elimination in conjunction with this shift.

In FPC, the market environment is growing even more severe and we will first redetermine where WTP (willingness to pay) lies for Fujikura Group products, and then work to achieve the proper structure.

In wire harnesses, we reorganized management, especially in the European business, and built a governance structure controlled from Japan. The next step will be to relocate manufacturing sites from Eastern Europe to North Africa and consolidate them to stabilize production. We will work to achieve proper structure along with this.

In addition to these projects, we will implement corporate structural reform and sell assets to reduce fixed costs and generate cash as a result, along with the changes in business scale resulting from selection and concentration.

Management will also resolutely implement management reorganization with unwavering determination as the remaining project among the eight projects. The Board of Directors will be reorganized this fiscal year to strengthen the supervisory function and separate it from operational execution. The mission and job descriptions of each operating division responsible for execution will be clearly specified and capable human resources will be assigned to them. We aim to achieve a complete break from the long-entrenched seniority system.

The actions of each and every employee are important in implementing the

100-Day Plan. I am currently focusing my efforts on opinion exchange sessions with employees regarding the 100-Day Plan. We are not simply issuing instructions to implement the 100-Day Plan formulated by management. We are engaging in continual direct dialog to share the background behind formulation of the plan and the views of management, and gain a common understanding. Much of the discussion thus far has centered on concerns about the future and how to “take a half step forward” in actions in an employee’s day-to-day work. If one employee sharing a common understanding takes one half-step forward, one half-step by two employees will make one whole step. If each of the roughly 56,000 people in the Fujikura Group takes even one half-step forward, that will create an enormous amount of power. I want to set an example as top management so that each employee can take one half-step forward without fearing change. The Fujikura Group intends to work as one team to complete the 100-Day Plan.

Current achievements aimed at the growth phase

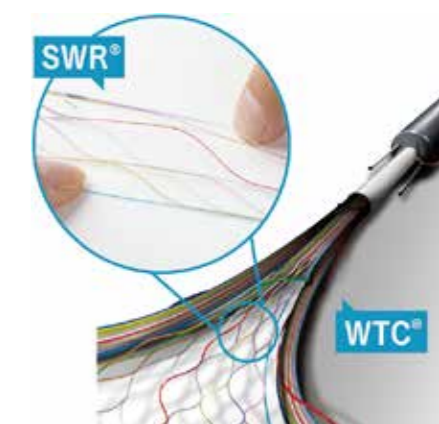
Opportunities to contribute to society in areas where the Fujikura Group excels await us in the growth phase that will follow the operational turnaround phase. We are seeing business in areas where Fujikura can utilize its strengths in further expansion of the optical cable business using telecommunication systems technology, provision of solutions using electronic component-related technology in the medical field, and business in FPCs, connectors, and other peripheral products that support sensor systems for automated driving, among others.

Fujikura is pursuing a project to expand the optical cable business as the “concentration” part of the “selection and concentration” process, in particular. We will strengthen the optical cable business as a driver of further growth by shifting from the previous business centered on optical fiber and preform to the Spider Web Ribbon®(SWR®)/Wrapping Tube Cable® (WTC®) business in ultra-high-density optical fiber cable.

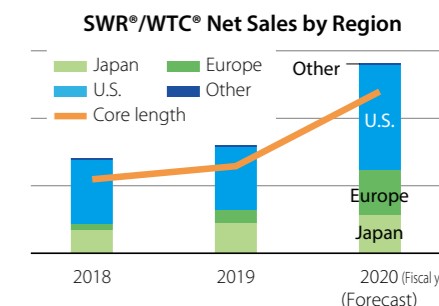
Achievements in the telecommunications business

In the telecommunication business, business opportunities in North American and European carriers will continue to proliferate, especially for FTTH in rural areas of North America where infrastructure is insufficient. The country has allocated a huge budget for the equal provision of telecommunications infrastructure to everyone, and the installation of networks in all areas where infrastructure has not yet been established will provide a big tailwind for the Fujikura Group. The sales of our subsidiary, America Fujikura Ltd. (AFL) have more than doubled in the past 10 years. AFL originally developed its business through a telecommunications product line. It has continued to grow over the past five years by providing value-added solutions to customers with one-stop solutions that can cover the entire value chain from upstream to downstream. I think that the ability to provide a complete set of services including construction and maintenance support, rather than just selling products, enables Fujikura to grasp the “wants” (hidden value) of customers beyond their needs.

Another major business opportunity is the hyperscale data center market that is expanding globally. The push to establish data centers is growing among major IT firms and other companies. Data traffic, which indicates telecommunication volume, is steadily growing year after year. The establishment of 5G infrastructure is currently progressing and research has already begun on 6G and other next-generation telecommunication standards. Optical cable is at the core of these telecommunication networks. Fujikura not only provides WTC®, peripheral equipment and components, and splicing machines, in which it commands No. 1 rank in global market share; we aim to grow our business by proposing solutions in all areas of the value chain.



Ultra-high-density optical fiber cable Spider Web Ribbon® (SWR®)/ Wrapping Tube Cable® (WTC®)



Opinion exchange session between the President and employees





In the energy business, Fujikura Dia Cable Ltd. is pursuing digital manufacturing. It is No. 1 in the industrial electric wire segment and it aims to someday lead the industry as a Japanese domestic wire manufacturer and become a company with a future that extends far into the future.

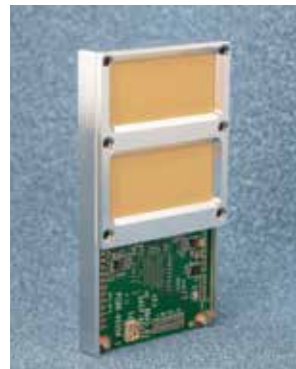
Enhancing business metabolism

In order to create a business model that is sustainable into the future, it is essential that Fujikura has the ability to metabolize change through new business creation. While R&D involves short-term, medium-term, and long-term projects, we will maintain a good balance in resource investment and increase opportunities for new business creation. Short-term R&D will include the development of mmWave and single mode fiber lasers into businesses. It is the medical business that is producing gradual results, and Fujikura's persistence in continuing to go to the end users has enabled us to grasp the needs of an area that Fujikura had no previous ties to. This has made it possible to build an innovative business model that makes our precision processing technology useful in the medical area.

Alignment with the 2030 Vision

The Fujikura Group formulated the 2030 Vision in March 2017 and announced it internally and externally as our corporate image for the future. It delineates a future vision of solving social issues by providing "tsunagu" (connecting) solutions and creating a comfortable and sustainable "Mirai" (future) society, while also continually working to enhance corporate value. The Vision specifies the four envisioned market areas of Advanced Communication, Energy & Industry, Life-Assistance, and Vehicle. The direction of the 2030 Vision has remained constant amid the COVID-19 pandemic, and some businesses that should be accelerated even more have emerged. These are connected to the results in each business that I just talked about and we are aiming to provide the value that the Fujikura Group is known for.

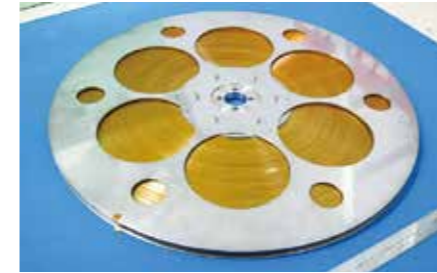
In Advanced Communication, we will support IOWN (Innovative Optical



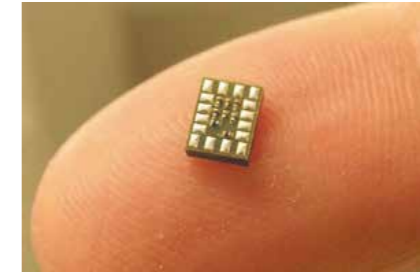
60 GHz mmWave wireless communications module



IVUS (intravascular ultrasound) catheter



Rare earth oxide superconducting wire (chemical compound that causes transition to superconductive state at 90K or higher)



Thin device-embedded WABE Package*
* WABE: Wafer And Board level device Embedded Package



Oxygen sensor

and Wireless Network), other next-generation communication infrastructure concepts, optical network solutions, and other technologies.

In Energy & Industry, we will support power distribution for renewable energy and renovation demand with rare earth high-temperature superconducting coil and wire, and other technologies.

In Life-Assistance, we will provide solutions in the health management area, mainly by expanding into hearing aids, endoscopes, pressure sensors, and other technologies in the medical area.

Lastly, in Vehicle, we will keep an eye on the four trends in CASE technology (CASE: Connected, Autonomous, Sharing and Electrification) as we acquire new business opportunities and consider establishment of the business entities and organization appropriate for those trends.

ESG is management itself

As ESG investment has become a mainstream practice of institutional investors in recent years, corporate activities that target sustainable growth based on ESG activities in addition to corporate social responsibility (CSR) are regarded as important. The Fujikura Group has long pursued ESG, but is working to step activities up a level this fiscal year.

Establishment of a new Sustainability Strategy Committee

Based on the recognition that ESG initiatives constitute management strategy itself, we reflected on past activities and arrived at the conclusion that organizational management which employs ESG goals more effectively is needed. We therefore reorganized the CSR Committee, which had heretofore been the driving organization, and established the new Sustainability Strategy Committee. The Directors debate and determine specific ESG goals, appoint an officer in charge of each goal, and exercise supervisory oversight over the execution of those goals. I think the clear delineation of oversight and execution has made the responsibilities even clearer than before and will ensure highly effective ESG activities. We should be able to disclose new medium-term ESG goals determined by the Sustainability Strategy Committee in the next Integrated Report.

Carbon neutrality and the potential for Fujikura Group technology to contribute

To address Environment (E) first, we are targeting achievement of four challenges, as explained in the Fujikura Group Long-term Environmental Vision 2050. The most ambitious challenge is achieving zero CO₂ emissions. The road map to attainment has already been completed and will be revised regularly in light of technological innovations. We have now entered the implementation

Four market areas envisioned in the 2030 Vision



Fujikura formulated and announced Fujikura Group 2030 Vision in March 2017 as the long-term vision the company will strive to achieve. The vision declared the intent to continually enhance corporate value by providing solutions to the challenges in a "Mirai" (future) society.



A cooperative corporate initiative in which influential companies around the world commit to switching to 100% renewable energy use in their businesses. The use of renewable energy will lead to reduction in company emissions, and enable broad-scope energy cost management.



We will achieve a sustainable society by analyzing the risks and opportunities presented by climate change, working to resolve issues, and disclosing information to stakeholders, based on the TCFD recommendations. Further information on climate-related risks and opportunities is provided on p. 71.

stage. The Japanese government has also announced the policy goal of net zero CO₂ emissions (carbon neutrality) by 2050. The Fujikura Group wants to achieve that goal, especially since we are a member of RE100, an international initiative to achieve proliferation of renewable energy.

The Fujikura Group has performed research on high-temperature superconductivity explained in the 2030 Vision for many years as an R&D theme in the sustainable energy area. The capabilities of that superconducting wire has received global world-class acclaim. The first point is whether we can provide a stable supply of high-performance wire used in superconducting cables. I think that we will be able to provide value that leads to a substantial reduction in electrical power loss, which has occurred in the past, by replacing transmission equipment and mechanical devices with equipment that reduces voltage as far as possible thanks to the zero electrical resistance of superconductivity. This will be an extremely valuable weapon for the Fujikura Group and we are nearing the goal of early completion. We have used our endorsement of the TCFD (Task Force on Climate-related Financial Disclosures) recommendations as an opportunity to organize the information on such initiatives internally, and will analyze the impact that climate-related risks and opportunities will have on the growth and financial condition of our company and disclose this information appropriately.

Strengthening company and employee engagement

Human resources are key to Society (S). We are working on innovations to increase job satisfaction to increase and improve company and employee engagement. In the view of the Fujikura Group, job satisfaction means that each employee achieves self-realization by having a personal awareness of issues and continually taking on the challenge of perpetual self-transformation to solve those issues in order to provide sustained values to customers, shareholders, and society. I think this leads to the personal growth of employees and enables them to enhance both their public and private lives.

This is also related to achievement of the U.N. Sustainable Development Goals (SDGs), but I think it is important to create the foundation for two-way communication that extends beyond the superior-subordinate relationship within divisions and ask how the work you are personally in charge of will contribute to the development of society. For example, I strongly feel that the business opportunity in building networks in areas of North America that lack communication infrastructure is also a business that contributes to society by achieving both growth of our own business and a solution to a social issue. If we cultivate the seeds of awareness of social contributions instead of just providing what the customer demands, this will greatly transform the mindset of each individual employee and, by doing so, will also generate major positive changes in business activities.

I think it is time for the Fujikura Group to drastically revise its personnel policies and human resource training system. When employees are highly motivated in their work, this also leads to greater work productivity. How should we achieve our mission of contributing to society through “tsunagu” (connecting) technologies in MVCV, the Group’s corporate philosophy, amid major changes in the business environment? Each employee should think about this question and then act as one united Group, which will provide the momentum to achieve a rapid operational turnaround.

Energetic debates with outside directors

For Governance (G), the 100-Day Plan sets the objectives of clarifying management responsibility and strengthening governance, and we are implementing various measures to achieve this.

Fujikura switched from a Company with an Audit & Supervisory Board Structure to a Company with an Audit & Supervisory Committee Structure in June 2017, improved decision-making by the Board of Directors (higher objectivity and speed), delegated operational execution authority to executive directors, and strengthened the supervisory functions of the Board of Directors.

Fujikura increased number of outside directors from four to five (two of whom are female) in June 2019, increased the transparency of discussions at Board of Directors meetings, and improved the effectiveness of the Board of Directors. Outside directors who possess diverse experience as corporate managers, attorneys, CPAs, and other professionals are selected. Outside directors engage in highly energetic debates at Board of Directors meetings by stating various opinions, and providing risk analyses based on their objective viewpoints and business judgment.

A Nominating Advisory Committee and Remuneration Advisory Committee having outside directors as the majority of committee members have been established as discretionary committees. An outsider director serves as the chair of each committee and the committees are structured to ensure objectivity and transparency in nominating directors and determining compensation.

To our investors and other stakeholders

I will demonstrate unwavering determination in making sure that we achieve the operational turnaround in the 100-Day Plan and strive to achieve a rapid return to profitability by steadily pursuing unreserved selection and concentration and strengthening Group governance. I think the expectations of the telecommunication technology possessed by the Fujikura Group will grow even larger in the growth phase following the operational turnaround, since long-term growth can be anticipated in markets related to telecommunications, especially in 5G and data centers. We will increase the sustainability of businesses based on the management platform of sustainability by contributing to areas that are essential to the development of a sustainable society, and accelerate the growth of Fujikura as a company that is essential to the development of society.

We will continue to contribute to the solution of social issues and become a company with a sustainable future through “tsunagu” (connecting) technologies. I sincerely ask all of our stakeholders for your continued support of the Fujikura Group.



Explanation of the 100-Day Plan for Operational Turnaround

Fujikura formulated the 100-Day Plan to compile the actions that we should take to respond to the damage to our business base caused by the dramatic changes in the business environment and achieve an operational turnaround.

Faced with the deterioration in performance in FY2019, we decided that continuing the five-year 2020 Mid-term Business Plan ("2020 Plan") in FY2020, which should have been the final year of the plan, would invite further deterioration of the profit structure. We therefore abandoned the 2020 Plan and switched to concentrating on a rapid operational recovery as our basic strategy.

Having set our basic strategy in FY2020 as concentrating on a rapid operational recovery, we narrowed down the key measures to "the unreserved selection and concentration of existing businesses" and "strengthening of Group governance." We will manage risks even more thoroughly through the decisive implementation of business structural reform, establishment of a Group Governance Promotion Department, and other actions.

Fujikura will demonstrate unwavering determination in accomplishing a rapid business recovery.

Current Mid-term Business Plan Status and Issues

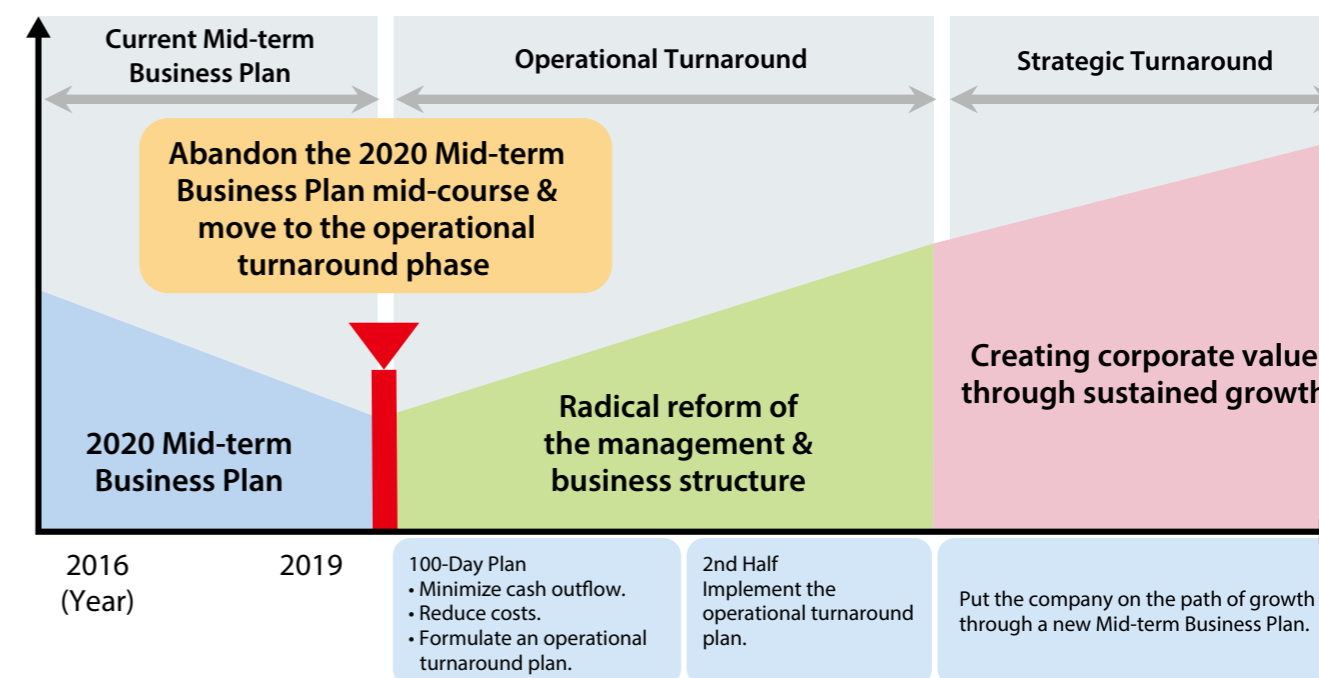
Current Status	<ul style="list-style-type: none"> Cannot work toward healthy growth. <ul style="list-style-type: none"> - Dramatic changes occurred in the optical fiber and FPC business environment. - Recovery in the automotive products business is delayed. Cannot foretell the major impact that COVID-19 will have on business. Failure to achieve company-wide numerical management targets in FY2020 is certain. Progress on metabolizing changes and new business creation is also unsatisfactory.
Issues	<ul style="list-style-type: none"> Self-transformation is insufficient and we need to re-examine our approach. <ul style="list-style-type: none"> - This resulted in a focus on net sales and market share. - Strategies and measures proved unable to respond adequately to the dramatic changes in the external environment. Continuing the current plan would result in further deterioration of the profit structure.

Recognition of Current Situation and Need for an Operational Turnaround

Recognition of Current Situation	<ul style="list-style-type: none"> The inability to respond to the dramatic changes in the market environment and intensifying competition led to a decline in profit for the entire company and Fujikura is not creating corporate value capable of meeting market expectations. <ul style="list-style-type: none"> - The three core businesses (telecommunications, FPC, and automotive products) are confronted with fundamental issues and we have not resolved these issues. Further deterioration of the profit structure is unavoidable while self-transformation is insufficient. The need for a radical reform reaching into management and business structure, i.e., an operational turnaround, does not permit delaying reforms.
Future Policy	<ul style="list-style-type: none"> We have abandoned execution of the current Mid-term Business Plan and are switching to the operational turnaround phase. We will decisively implement strategic structural reform and target creation of a perpetually sustainable business entity while we can still rebuild the financial base. We will increase corporate value by working to achieve an operational turnaround and dramatic improvement in profitability, management soundness, and business structure.

Outline of Operational Turnaround Phase Aimed at Business Innovation

Fujikura has abandoned the current Mid-term Business Plan, established a short operational turnaround phase, and will work to put our business on an even keel. We intend to publicly disclose and implement a new Mid-term Business Plan (strategic turnaround) that incorporates a post-COVID-19 growth strategy after the operational turnaround has been accomplished.



Operational Turnaround Objectives and Basic Policy

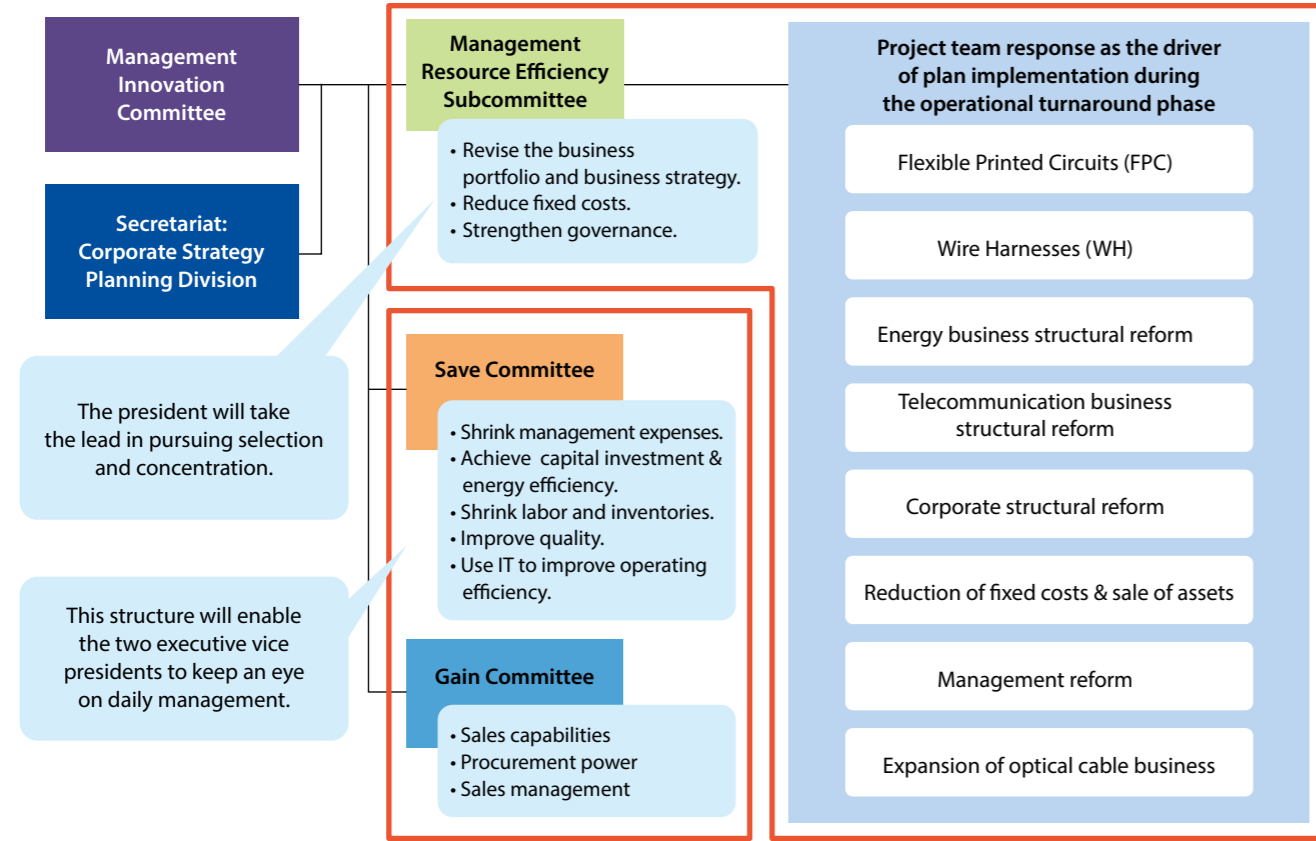
Objectives	<ul style="list-style-type: none"> Implement structural improvements with the corporate value of the Group as a whole in mind. Rededicate ourselves to the challenge of decisively strengthening earning power.
Basic Policy	<ul style="list-style-type: none"> Thoroughly implement selection and concentration aimed at improving/increasing profitability. Globally optimize the sales, manufacturing, and development structure. Streamline head office functions in tandem with the operational turnaround. Accelerate management focused on capital efficiency through thorough implementation of selection and concentration via management based on ROIC. Simultaneously strengthen the governance structure to achieve Group-wide discipline and transparency.

Top Priority

Make operational turnaround and structural reform of the telecommunications and FPC businesses the top priority in light of the particularly dramatic changes in the external environment for these businesses.

Turnaround Plan Implementation Structure

The president will take the lead in vigorous implementation of the plan during the operational turnaround period. Daily management will be fortified and a process of selection and concentration vigorously pursued.



View on Investment and Cash Flow in Each Business During the Operational Turnaround Period

Capital investment in main businesses: In the telecommunication business, we will concentrate capital investment in SWR®/WTC®, the core of optical cable solutions. In the electronics business, capital investment will be substantially reduced and focused mainly on investment in renovation without expanding capacity. In the automotive wire harness business, capital investment will be substantially reduced and spent mainly on the relocation of operations from Eastern Europe to North Africa.

We aim to reward shareholders by allocating cash flow and profit during the operational turnaround phase to rigorously selected capital investments, financial streamlining, and other measures specifically targeted at business restructuring and selection and concentration to restore growth businesses and corporate value.

Policy on Capital Investments in Main Businesses this Fiscal Year and Next Fiscal Year

Business	FY2019	FY2020	FY2021	View on subsequent investment
Telecommunication Systems	Reduced from mid-year	Concentration on growth businesses		Investment based on growth strategy after turnaround
Electronics	Continued curtailment of investments			
Automotive Products	Relocation from Eastern Europe to North Africa	Minimum necessary		

100-Day Plan Points

Clarification of Management Responsibility and Strengthening Governance

Business Area	Action	Description
Management Responsibility	Reduce executive director compensation	<ul style="list-style-type: none"> President & CEO, Representative Director: 50%; Representative Director, Executive Vice President & Member of the Board: 40%; Executive Vice President & Member of the Board: 30%
	Reduce executive officer compensation	<ul style="list-style-type: none"> Managing Executive Officer, Executive Officer : 20%
Strengthening Governance	Strengthen Board of Directors functions	<ul style="list-style-type: none"> Pursue greater separation of supervisory and executive functions and strengthen monitoring. After achievement of the turnaround is in sight, reduce the quorum and increase the percentage of outside directors.
	Establish a Management Innovation Committee	<ul style="list-style-type: none"> Strengthen corporate cross-organizational functions. The Management Resource Efficiency Subcommittee will select and concentrate operations, and reduce fixed costs. The Save and Gain Subcommittees will reduce costs and improve profit margins.
	Strengthen free cash flow management in addition to ROIC	<ul style="list-style-type: none"> Strengthen management of businesses and investments.
	Establish a Corporate Governance Promotion Department	<ul style="list-style-type: none"> Strengthen governance, including governance of affiliated companies.

Power & Telecommunication Systems Company Actions

Business Area	Action	Description
Telecommunication Systems	Optical fiber	<ul style="list-style-type: none"> Shift from the sale of optical fiber and preform to the sale of optical cable, and from an excessive focus on the Chinese market to the European and U.S. Markets and the HSDC market. The Chinese market is currently operating at 100% capacity and plants in Japan have reduced operations to 60% of capacity to normalize production in the optical cable business.
	Optical cable	<ul style="list-style-type: none"> Increase production capacity in Japan, the U.S., and Europe to expand the Spider Web Ribbon® (SWR®) & Wrapping Tube Cable® (WTC®) business. Increase overhead cable production capacity to eliminate the digital divide* in rural areas of North America. * Investment plan to eliminate regional differences in telecommunication infrastructure under COVID-19. Invest in expansion of production capacity: 3.8 billion yen in total.
	Develop and expand SWR® network solutions	<ul style="list-style-type: none"> Develop SWR® network solutions for FTTx and HSDC. Expand high-density WTC®, Air Blown WTC™, and peripheral components.
	Fiber laser	<ul style="list-style-type: none"> Slump due in part to COVID-19 → Rethink business approach, and make a decision during FY2020. Downsize → Reduce expenses incurred by 2 billion yen compared to the previous fiscal year.
	Consolidation and elimination of locations	<ul style="list-style-type: none"> Consolidate and eliminate multiple locations in Japan and overseas.
Power	Exit overseas EPC business	<ul style="list-style-type: none"> Complete final exit from construction in Bangladesh.
	Close overseas production sites	<ul style="list-style-type: none"> Complete closure of all overseas production with the closure of Fujikura Federal Cables Sdn. Bhd. in Malaysia.
	Select and concentrate domestic businesses	<ul style="list-style-type: none"> Concentrate businesses in Fujikura Dia Cable Ltd. by the end of FY2020. Keep joint ventures and sale in mind for the businesses left over after consolidation.

Electronics, Automotive & Connector Business Company

Business Area	Action	Description
Electronics (FPC)	Scale to size according to FPC order strategy and demand	<ul style="list-style-type: none"> Increase promotion of order acceptance for high value-added products that capitalize on technical strengths.
	Consolidate/eliminate locations and reduce personnel	<ul style="list-style-type: none"> Consolidate/eliminate multiple overseas locations. Reduce the number of personnel, mainly at overseas locations (around 500 personnel).
	Reduce inventories through stronger inventory management	<ul style="list-style-type: none"> Reduce inventories by 10 billion yen compared to the previous fiscal year.
Automotive Products (Wire Harnesses)	Restructure European business and achieve the proper scale	<ul style="list-style-type: none"> Transfer production from Eastern Europe to Morocco, introduce innovative production methods, and utilize direct personnel efficiently. Consolidate/eliminate multiple overseas locations. Achieve the appropriate business scale through selective order acceptance. Reduce indirect personnel expenses at Fujikura Automotive Europe, S.A.U. (60 personnel).
	Strengthening Governance	<ul style="list-style-type: none"> The management shake-up at Fujikura Automotive Europe is complete (an external consultant was retained to strengthen the governance structure).
New Business Opportunities	Strengthen new areas of electronic components	<ul style="list-style-type: none"> Take advantage of new business opportunities in in-vehicle and CASE segments. Expand sensors used in medical devices to respond to COVID-19. Expand European business in the medical area.

Reduce Fixed Costs and Strengthen Financial Soundness

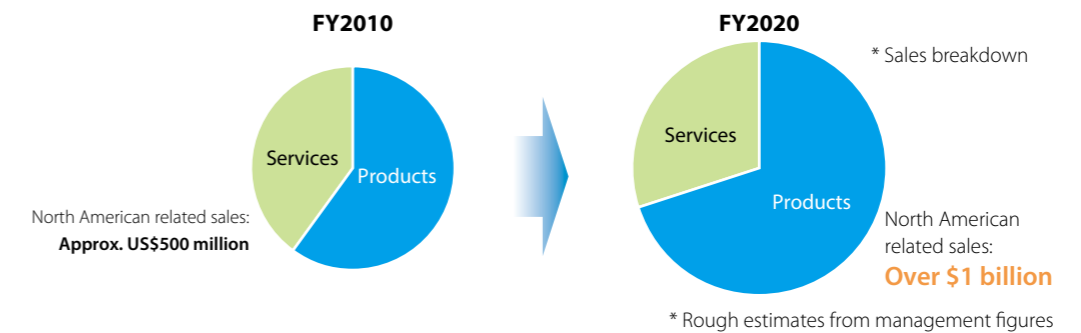
Business Area	Action	Description
Reduction in Fixed Costs	Restructure sales companies and offices	<ul style="list-style-type: none"> Close multiple locations overseas.
	Reduce the capital investment budget	<ul style="list-style-type: none"> Reduce by 50% YoY (reduction of 15 billion yen). Keep investments within the amount of depreciation and amortization and secure cash flow.
	Select and concentrate R&D themes	<ul style="list-style-type: none"> Concentrate in telecommunications and medical where Fujikura is strong. Total R&D expenses will be curtailed, but we will secure investment for key areas through a process of selection and concentration.
	Reduce personnel	<ul style="list-style-type: none"> Around 200 personnel in Japan.
Strengthen Financial Soundness	Select and concentrate businesses and sell assets through the consolidation/elimination of locations	<ul style="list-style-type: none"> 12 billion yen

Telecommunication Business Initiatives

Overview	<ul style="list-style-type: none"> Fujikura established a joint venture in the U.S. in 1984. In 2005, we acquired it as a wholly owned subsidiary and continued to expand in Europe, the U.S., and Australia via the Group management company. We have gradually expanded our business domains through a combination of M&A and organic growth. This business provides total solutions that include products and telecommunications construction, and is expanding based on the U.S. as a model case.
Characteristics	<ul style="list-style-type: none"> R&D: Performed in Japan, based on Japanese, U.S., and European knowledge (* including peripheral components and solutions). Manufacturing: Manufacture SWR® and WTC®, mainly in Japan, the U.S., and Europe (using high-quality fiber made in Japan). Market: Develop the solution business in areas of Europe and the U.S. where FTTH and DC demand will grow over the medium to long term.
<p>Our presence in North America has expanded in recent years and Fujikura estimates put our market share in the high-density cable sector at 30%, among the top tier in the data center industry (generally on par with HSDC). HSDC: Hyper Scale Data Center</p> <p>We are confident of future growth, even amid the COVID-19 pandemic, and regard the optical network solution business as an area where we should concentrate management resources, mainly in Europe and the U.S.</p>	

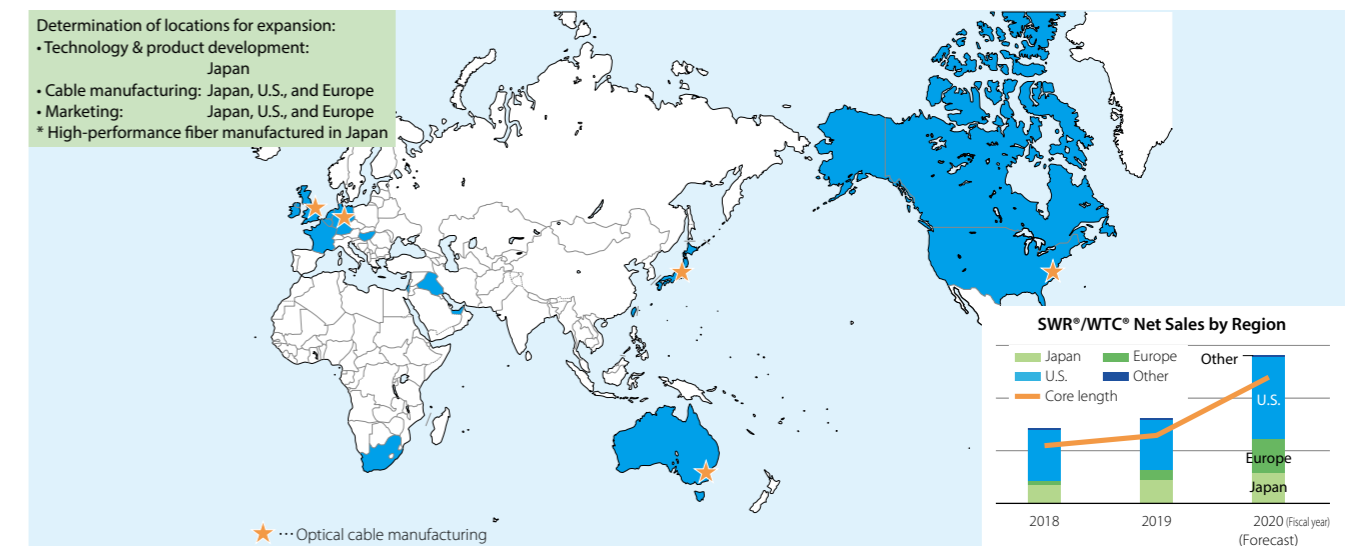
Trend in Net Sales at North American Locations

Sales related to North American locations in the cable business are expanding during the COVID-19 pandemic.



Steady Expansion in Europe and the U.S.

The markets for FTTH, CATV, 5G, and HSDC are expanding rapidly and we currently have operations in 16 countries (as of FY2020).



CSV in the Fujikura Group

Pursuit of CSV

The Fujikura Group is pursuing CSV (Creating Shared Value) as a strategy for solving social issues and contributing to the achievement of SDGs (Sustainable Development Goals) while also achieving profit growth for our group. CSV is defined as activities that provide higher value to society through a

company's core business while providing economic value (earning a profit). The Fujikura Group has always engaged in business activities aimed at solving social issues in the past and we designated 2017 as the first year of CSV in the Fujikura Group, the year in which we began seriously thinking about CSV.

5G SWR® Optical Cable Installation Solutions Business

The Fujikura Group is developing an SWR® optical cable installation solutions business as a key measure for achieving a rapid operational turnaround. This business is centered on Spider Web Ribbon® (SWR®), the core wiring in optical cables that makes it possible to build far thinner, lighter optical cable products than before. The business uses a broad range of product lines and expertise in the telecommunications area to solve problems experienced by customers.

Telecommunications providers and IT service providers, which are the main SWR® customers, are pushing ahead on implementing 5G and IoT, and establishing hyperscale data centers essential to an information-based society. Improving the efficiency of installation is a major issue for them. For example, the degree of mastery required of the installer and the tools and other equipment used when performing installation work on increasing the equipment capacity of hyperscale data centers in Europe and the U.S. differ substantially, depending on the components used to connect optical cables inside a building and outside. This consequently makes it difficult

to optimize the installation cost and the length of time installation takes, which is a problem. In response to this, the Fujikura Group not only provides products as a simple supplier; we engage in a detailed dialog with the customer and propose connector products made by Fujikura that can make connection work easier. We also modify components to improve them at the request of the customer. Providing such service has enabled Fujikura to answer the need of customers to improve the efficiency of installation work.

In addition to proposing improvements to installation efficiency, America Fujikura Ltd. (a wholly owned subsidiary in the U.S.) also operates a business providing integrated support extending from conducting installation site surveying at the initial stage of construction to SWR® installation work and after-service.

We will concentrate management resources in the SWR® optical cable installation solutions business amid the rapid growth of the telecommunications area, and thereby achieve a turnaround and sustained growth of the Fujikura Group.



The solutions business requires a broad range of product lines and expertise in the telecommunications area

5G

Entrance into the 5G mmWave Infrastructure Market with a Top-Performing Phased Array Antenna Module

Fujikura has announced commercialization of a state-of-the-art integrated Phased Array Antenna Module (hereafter, "PAAM") for 5G mmWave telecommunications operated on the following 3rd Generation Partnership Project (3GPP)^{*1} frequency bands: n257 (28 GHz), n258 (26 GHz), and n261 (27 GHz). Our PAAM product boasts top-level performance and can be used indoors or outdoors. It can be used as a wireless communications module for 5G mmWave fixed wireless access (FWA)^{*2}, 5G mobile wireless access (MWA)^{*3}, 5G wireless backhaul^{*4}, and other new purposes.

Development of 5G is now accelerating around the world and mmWave is expected to play an important role in strengthening 5G network performance. According to the Global mobile Suppliers Association (GSA)^{*5}, 397 providers in 129 countries and regions have announced investment in 5G as of August 31, 2020. 5G mmWave services are mainly being

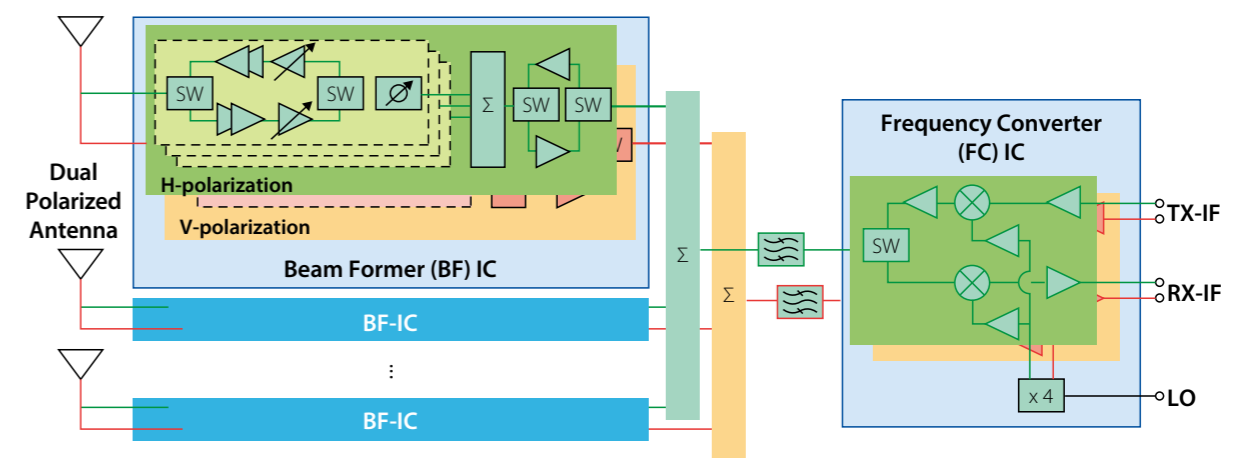
expanded for FWA and MWA in the U.S. However, the market is still in the early stage of development and there are high market expectations for substantial growth in scenarios in which 5G mmWave service can be used both indoors and outdoors.

Fujikura succeeded in commercializing this PAAM product developed to meet these market expectations. We accomplished this by using our antenna design technology, circuit board design technology, and our expertise accumulated in our long history of continuously providing products of value in the telecommunications industry to achieve a sophisticated fusion with the mmWave IC technology and Antenna-in-Package (AiP) technology introduced by IBM in the U.S. Fujikura will contribute to growth and expansion of 5G mmWave networks and service in the future by providing this PAAM product to customers who are building 5G infrastructure in many locations around the world.

Main Characteristics

Fujikura's PAAM product is a high-performance PAAM with an integrated antenna that can simultaneously transmit and receive signals in both horizontal and vertical polarization and

an integrated RF-IC^{*6}. It is equipped with the various functions essential in 5G base stations.



Block diagram of Fujikura's PAAM

*1 3GPP: An abbreviation for 3rd Generation Partnership Project, a standardization project that considers and formulates specifications for 5G and other mobile communications systems.
 *2 FWA: An abbreviation for Fixed Wireless Access. Wireless access for fixed location devices (a subscriber's home, etc.)
 *3 MWA: An abbreviation for Mobile Wireless Access. Wireless access for mobile devices (smartphones, etc.)
 *4 Backhaul: The intermediate link between a communications provider's core network and base stations.
 *5 GSA: An abbreviation for Global mobile Suppliers Association. An industry association related to mobile communications that represents companies that provide mobile infrastructure, devices and equipment, applications, support services, etc.
 *6 RF-IC: High frequency integrated circuit

Sales Launch of Solution for Visualizing the Risk of a Seasonal Influenza Epidemic

Fujikura has expanded its line-up of solutions using sensor systems equipped with dye-sensitized solar cells (DSSC), an environmentally friendly power generation device also developed by the company. We have launched sales of

Background and Recognition of Issues

It is said that each year more than 10 million people in Japan are infected with seasonal influenza, which occurs mainly in the winter. Reducing the risk of infection with influenza is seen as an urgent issue. One effective means to reduce influenza victims is thought to be mitigation of infection risk in locations

Product Characteristics

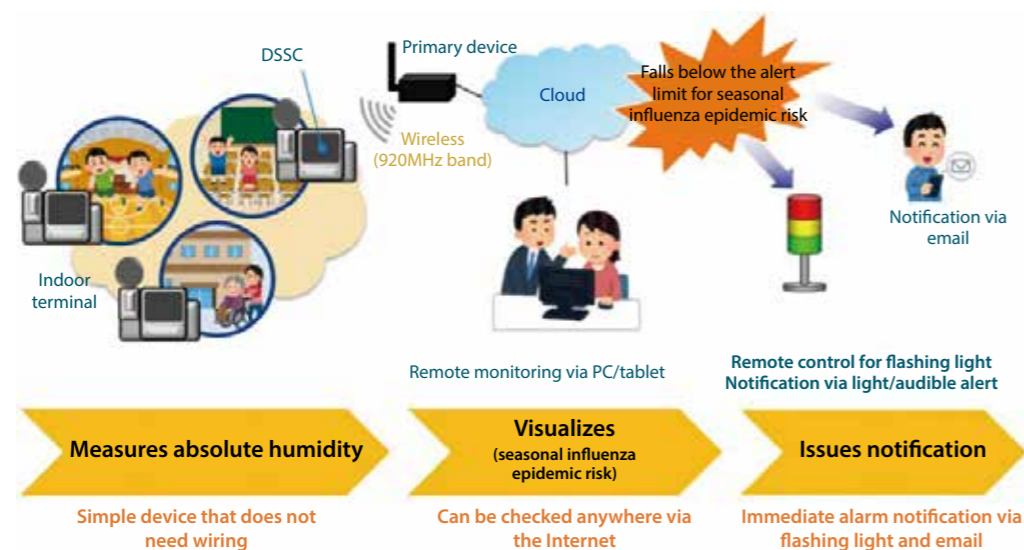
- This solution uses the correlation between seasonal influenza and absolute humidity as an indicator for visualizing the risk of an epidemic. It was derived from the research of Dr. Makoto Shoji of Shoji Clinic for internal medicine and pediatrics in the city of Sendai, Japan.
- Sensor nodes are used to collect data on temperature and humidity measurements required for absolute humidity. This data is accumulated on the cloud, and then used to put the data on risk into visual form. The visualized data can then be viewed anywhere, at any time by customers on smartphones, tablets, or control devices via the Internet. Moreover, when the absolute humidity value falls below the threshold value, the color of the display on the screen of the monitoring device changes and an alarm is issued via audible alert and email.
- Detecting the risk of a seasonal influenza epidemic in the environment where the system is installed and notifying

a solution that visualizes the risk of a seasonal influenza epidemic, and will contribute to preventing the spread of seasonal influenza by providing and expanding use of this new solution.

where many people gather. Initiatives aimed at enhancing management of the workplace environment are also needed to prevent influenza in workplaces such as offices and work sites during company activities.

everyone via alerts in this manner encourages those involved to take steps to increase humidity and other steps to appropriately maintain and manage humidity. This can lead to a reduction in the risk of influenza infections.

- The sensor nodes used to measure temperature and humidity and collect data incorporate DSSC, which are environmentally friendly power generation devices that enable autonomous power generation and operation. This makes it possible to build a completely wireless and maintenance-free sensor network.
- We are providing this solution as a package with the IoT solution to prevent heatstroke we began selling this past summer. Customers who are using the IoT solution to prevent heatstroke can use this solution without the addition of a new agreement or devices.



Example image of system configuration and visualization

Successful Commercialization of a 1.2 GHz High-resolution Nuclear Magnetic Resonance (NMR) Superconductor Magnet —Fujikura's high-temperature superconductor technology contributes to commercialization of a top world class NMR —

Characteristics

- BRUKER Corporation, the world's top supplier of NMR spectrometers, has succeeded in commercializing 1.2 GHz high-resolution NMR (equivalent to a magnet field strength of 28.2 T). Use of the product has already begun.
- The rare-earth High-temperature Superconducting (HTS) tape produced by Fujikura contributed to the commercialization of this 1.2 GHz NMR spectrometer.

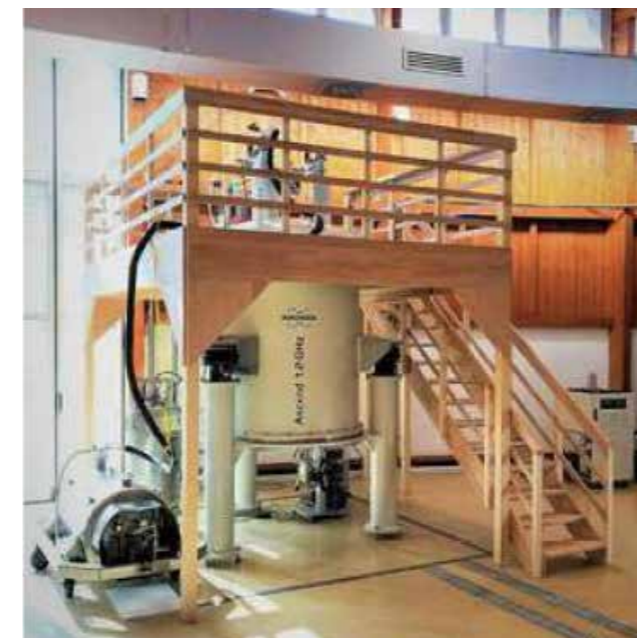
Fujikura and BRUKER Corporation (hereafter, "BRUKER"), our business partner in the field of superconductor technology, have achieved a major milestone through such collaboration.

They succeeded in commercializing a 1.2 GHz high-resolution NMR spectrometer having a high-field core built from rare-earth HTS tape developed and manufactured by Fujikura. The 28.2 T magnet field strength corresponds to a 1H resonance frequency of 1.2 GHz, which constitutes the current world record in high-resolution NMR.

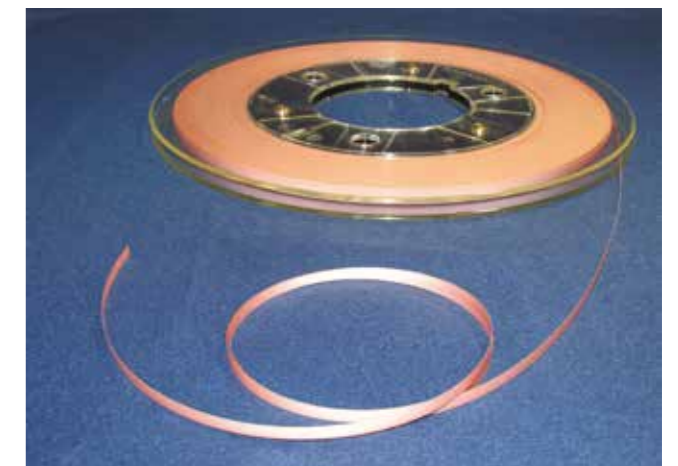
BRUKER is the world's leading supplier of NMR spectrometers and historically pioneered the field of Ultra-High Field (UHF) NMR. NMR is a wide-spread analytical technique used in a vast number of applications, including structure elucidation in chemistry, quality control, material science, and structural biology.

- High-resolution NMRs are used in various kinds of research, including research on COVID-19, Alzheimer's disease, Parkinson's disease, and cancer. This equipment is highly beneficial to society.

The samples to be measured are placed in strong magnetic fields. The stronger the magnetic field, the stronger the resolution and sensitivity, so stronger magnets are desirable. Up until recently, only low-temperature superconducting tape made mainly of Niobium-Titanium (NbTi) and Niobium-Tin (Nb₃Sn) was available for the commercial construction of such magnets. The intrinsic properties of these tapes limited magnetic field strength to up to approximately 23.5 T (which corresponds to a 1H resonance frequency of roughly 1.0 GHz). Fujikura's rare-earth HTS tape broke this barrier and contributed to the commercialization of 1.1 GHz and 1.2 GHz NMR spectrometers. Fujikura will not only contribute to improving the quality of people's lives in the future; we will also continue to contribute to society through our many technologies.



External view of 1.2 GHz NMR developed by BRUKER



External view of HTS tape produced by Fujikura

Addressing Equipment Deterioration

Use of Diagnostic Equipment to Contribute to Stable Operation and More Efficient Maintenance by Customers

Fujikura Dia Cable Ltd. has been selling numerous types of diagnostic equipment for many years, including diagnostic equipment to detect deterioration of high voltage cables and partial discharge detectors used for testing of insulation material and high voltage products.

The aging of equipment has become a societal problem in recent years. High voltage cables are likewise deteriorating, and importance is being placed on monitoring trends through live wire diagnostics. The LISSA-100 live wire sheath and shield low-resistance (portable) detection device and the LISSA-1500 (automatic) device measure resistance of sheath insulation and resistance of the shielding layer in a live wire state. This enables reliable detection of deterioration of high voltage cables at an early stage and contributes to safe operations and more efficient maintenance work by customers.

Partial discharge measuring devices have also long been used for reliability testing of products that use high voltages. Fujikura has assembled a broad line-up of such products, including the A006, which uses the low-frequency method, and the A115, which uses the tuning method. Use of partial discharge detection can detect potential defects before shipment and this contributes to increased reliability of customer products.



LISSA-100 live sheath and shield resistance measuring device



A115 partial discharge detection device using the tuning method

Improving Efficiency of Installation Work

Leaky Coaxial Cable That is Lighter and More Workable

Fujikura Dia Cable Ltd. has enhanced its line-up of leaky coaxial cables (LCX) with high-foam insulation and connectors registered on the New Technology Information System (NETIS).

Such LCX are used for emergency communications in roads and tunnels and FM radio delayed broadcasting. Only the 43D class for long-distance has existed up to now. However, Fujikura has now registered two additional classes, the 33D for medium distances and the 20D for short distances, making it possible to select a product type of the optimal size for the installation distance.

These products are lighter and more workable than products having the conventional structure (in the case of 43D, the cable is about 21% lighter and the connectors are about 21% lighter, shortening the time it takes to connect it by about 42%). This satisfied the need for labor-savings and shorter connection time.



LCX with high-foam insulation registered on NETIS

Promoting the Proliferation of Renewable Energy

Robust Demand for Cables Used in Solar Power Generation

The Fujikura Group provides various kinds of cables targeted at the demand for renewable energy in Japan. We are supplying a large volume of these cables to mega solar farms in Japan.

The electric power companies in Japan are expected to continue to expand their renewable energy businesses in the future. Fujikura will continue to work to obtain more orders and contribute to the proliferation of renewable energy in Japan.



High voltage CV cable for grid connection

2030 Vision

2030 Vision Targeted by the Fujikura Group

The Fujikura Group formulated and announced the Fujikura Group 2030 Vision in March 2017 as the long-term vision we target. This vision declares the intent to achieve sustainable improvement in corporate value by solving the challenges of a "Mirai" (future) society. We are working to create new value that encompasses open innovation in the four market areas envisioned, based on the slogan of "2030 Vision."

Four Market Areas Targeted

Vision

The Fujikura Group solves problems in a comfortable and sustainable "Mirai" (future) society by providing "tsunagu" (connecting) solutions and thereby continuously enhances corporate value.

Advanced Communication
Contributing to an advanced information society



We will contribute to the realization of a comfortable society that is full of vitality and that erases the boundaries between people, goods, and information by providing even more advanced communication

in various forms, based on the evolution of sensing networks.

Energy & Industry
Utilization of various energy sources and efficient management



We will contribute to the realization of sustainable planet by building systems for highly sustainable power sources, storage, and management that will result in a stable supply of energy, and by using processing

technology and digital technology powered by highly efficient, high density energy to achieve advanced manufacturing.

Life-Assistance
Improving Quality of Life (QoL)



We will improve healthcare, increase health literacy, and contribute to extending the healthy lifespan of people and improving QoL that extends through a person's entire life by providing various solutions

aimed at advanced healthcare, local communities, and occupations based on a QoL platform.

Vehicle
Contributing to a society with next-generation mobility



We will contribute to the realization of a society that enables comfortable and safe mobility and transport by providing new means of mobility that anyone can enjoy, the means to transport goods on-demand at a low

cost, and the transportation infrastructure and systems to support those means.

Contributions to Achieving SDGs

Determining Priority Issues

Determining Priority Issues

Steps to Determine Priority Issues

- (1) Organize the relationships of the 17 goals specified in the sustainable development goals (SDGs) to the four focus areas (issues of materiality) outlined in the Fujikura Group CSR Basic Principles and CSR Priority Measures 2020.
- (2) Analyze the materiality matrix and explore the two perspectives of what concerns stakeholders and the degree of impact on Fujikura's business for each of the 17 SDGs.
- (3) Analyze the SDGs by mapping them across the value chain and set targets.

Six SDG Targets Fujikura is Working Toward



Six SDGs and CSR

In the Fujikura Group, we used the SDG Compass to determine priority issues to tackle in initiatives aimed at achieving the SDGs. The specified priority issues were linked to CSR priority measures, and incorporated into the CSR activity plan.

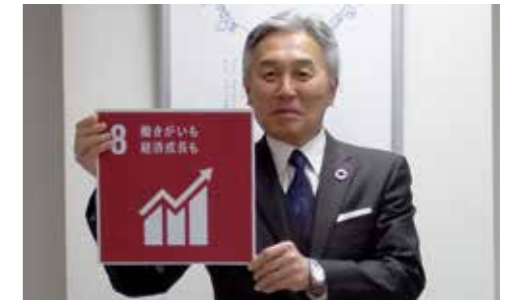
Relationship between CSR Priorities and SDGs

Category	Environment	Social	Governance
Twelve CSR Priorities 12	<ul style="list-style-type: none"> (1) CO₂ Emissions Reduction (2) Water Risks (3) Biodiversity Conservation 	<ul style="list-style-type: none"> (4) Respecting Human Rights (5) Diversity (6) Global Personnel Growth (7) Work-Life Balance (8) CSR Supply Chain Management (9) Local Community Coordination and Contribution 	<ul style="list-style-type: none"> (10) Group Management Philosophy MCV (11) Collaboration with Society (12) Disclosure and Communication
Eleven Items Being Followed 11	<ul style="list-style-type: none"> Group Environmental Management Action Guidelines Legal Compliance and Environmental Audit Thorough and Enriching Environmental Education Complete Zero Emissions Enhancement of Environmentally Friendly Products 	<ul style="list-style-type: none"> Occupational Safety and Health Quality Management from the Customers' Viewpoint 	<ul style="list-style-type: none"> Corporate Governance Compliance Risk Management Introduction and Utilization of International Initiatives and Guidelines
Relationship to SDGs Fujikura is Focusing on			

In-house Education

Commitment to SDGs by Top Management

As one part of our efforts to accelerate initiatives aimed at achieving the SDGs the Fujikura Group is targeting, we are asking ourselves what the Fujikura Group can do to achieve the SDGs and are communicating the commitment from officers in relay fashion.



Commitment from officers

Training on SDGs, Beginning with New Employees

Training sessions are being held on SDG themes by grade level, beginning with new employees.

We conducted a workshop in which new employees selected an SDG target for each group and considered how each individual could contribute to achieving that target.



Group photo of new employees

External Relationships

Joint Seminar with Resona Holdings, Inc.



Joint seminar with Resona Holdings, Inc.

Fujikura held a joint seminar with the employees of Resona Holdings, Inc., which also has its head office in Kiba, Koto-ku. Together, they learned about SDGs related to food.

This provided a good opportunity to think about the SDGs in terms of ethical foods and exchanging opinions with others in a different company, in a manner they have never thought about them before.

TOPICS

Addition of SDG Contributions to Environmental Plans for Business Sites

SDG icons were added to the existing environmental action plan at Fujikura Sakura Works.

Fujikura is pursuing initiatives aimed at achieving the SDGs. Each of the topics in the environmental action plans is highly related to the SDGs and we think that those initiatives will contribute to achieving the SDGs. We recently revised the environmental action plans as one part of in-house education. Each implementing division selected SDG icons related to their activities and we will work even harder to drive these activities forward by thinking about the connection between our environmental activities and the SDGs.



Revised environmental action plan

Power & Telecommunication Systems Company

Message from the Company President & COO Building the Infrastructure Needed in the Post-COVID-19 Environment

Fujikura is advancing global efforts to strengthen infrastructure to adapt to workstyle reforms and lifestyle changes in the post COVID-19 environment and will provide solutions that meet these needs.



Hideyuki Hosoya Senior Vice President

Company Profile

● Providing Solutions for Building Infrastructure Platforms

Networks continue to evolve in a quest for faster, higher quality, and higher capacity connections. The Fujikura Group continues to be the front runner with the No. 1 global share in the optical fiber development and manufacturing technology that provides the backbone support for that. We were also the first in the world to develop optical cable (SWR®/WTC®) that achieves high fiber density in a slim cable. Fujikura is also No. 1 in optical fiber fusion splicers, which connect optical fibers with low loss, and provides total solutions for building optical networks.

The Fujikura Group has contributed to the stable supply of electric power to support social infrastructure since it was first founded. The group is highly rated as the global front runner in supplying the products that are absolutely essential to electric power infrastructure to the world, from power cables and overhead power lines to general purpose low-voltage cables and industrial cables.

Main Products

- Power cable
- Telecommunication cable
- Aluminum wire
- Insulated wire
- Optical fiber
- Optical cable
- Optical installation equipment and components
- Optical components
- Optical fiber fusion splicer
- Network equipment
- Engineering



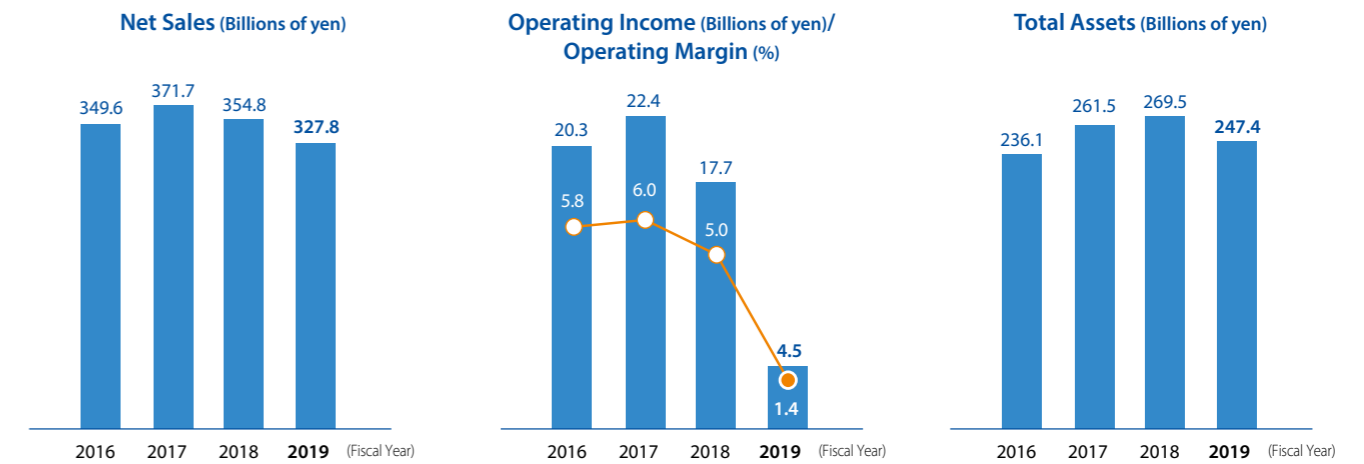
FY2019 Performance

Net sales for the Power & Telecommunication Systems Company declined 7.6% YoY to 327.8 billion yen and operating income fell 74.4% YoY to 4.5 billion yen.

The energy business segment saw a 7.9% YoY decline in net sales to 187.8 billion yen. This was mainly due to the sale of shares held in a consolidated subsidiary responsible for manufacturing overhead cable in China in June 2019 and a decline in the sales price of electrical wire and cable due to the decline in the price of copper. The Company saw growth in profits, which resulted from strong demand for electrical wire related to the Tokyo Olympics & Paralympics, urban

redevelopment projects and other construction-related demand, and demand related to infrastructure investment in electric power in the U.S.

The telecommunication business saw firm demand for optical components, but suffered a steep decline in the price of optical fiber caused by intensifying competition in China, which accounts for a large portion of Group net sales, and its global repercussions, resulting in a decline in revenue. As a result, net sales fell 7.2% YoY decline to 139.9 billion yen and operating income declined substantially.



Future Measures Aimed at Sustained Growth

- 1 Global business expansion and growth**
 - Expansion of transmission line business to North American power companies
 - Global provision of optical networking solutions
 - Expansion of optical product sales to overseas FTTx/ data centers
- 2 Innovation**
 - Expand line-up of ultra-high-density optical fiber cable (6,912-fiber count SWR®/WTC®)
 - Creation of SWR®/WTC® cable products customized for the Air Blown method and other purposes
 - Expand line-up of slim optical fiber (insulated diameter of 200 μm) products
- 3 Completion of structural reform**
 - Completion of cost structural reform in the energy business

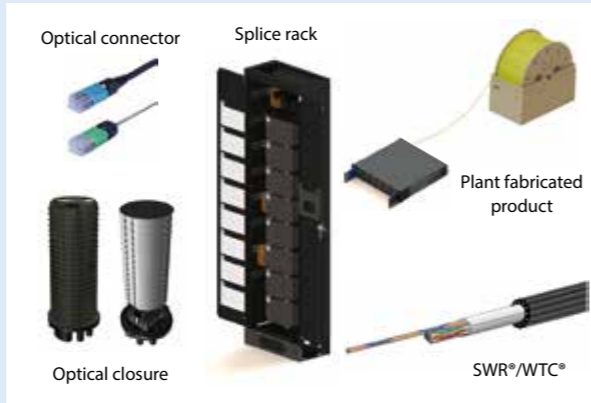
Main Product

Main Product 1

Data Center Wiring Solutions

The need for cloud services is expanding both in Japan and overseas, and the data center market is growing rapidly.

Fujikura provides packaged solutions containing 3,456-fiber count and 6,912-fiber count ultra-high-density SWR®/WTC® optical cables, the highest density optical cables in the world, along with related wiring components for use in data centers. This reduces the space needed for optical product packages installed on the inside and outside of data centers. It also contributes to reducing the time required to build an optical network by providing plant fabricated products, and reduces the total construction cost.



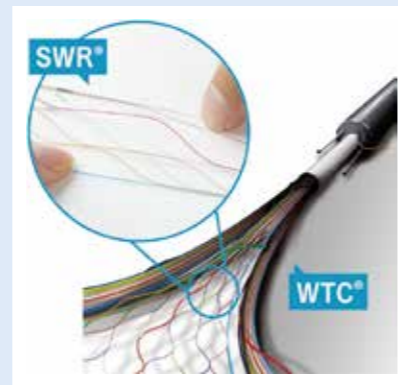
Main Product 2

6,912-fiber count Wrapping Tube Cable® (WTC®) —Optical cable with the highest fiber count in the world—

Fujikura has begun sales of 6,912-fiber count Wrapping Tube Cable® (WTC®), an ultra-high-density optical fiber cable with the highest fiber count in the world.

Fujikura succeeded in creating world-class ultra-high-density optical cable by using small-diameter optical fiber with an external diameter of 200 μm in Spider Web Ribbon® (SWR®), a proprietary Fujikura technology in which 12 wrapped fibers are intermittently attached to form a ribbon that resembles a spider web.

The building of high-capacity data communication networks has progressed rapidly in recent years, owing to the advancement of video communications, cloud service, and other technologies. This product provides a technology that enables high-capacity optical network infrastructure to be built economically and efficiently and is used by telecommunication providers and hyperscale data center providers in various countries worldwide.



Main Product 3

Products Related to Renewable Energy

We provide one-stop service for the design, procurement, and installation of all kinds of connections for plants that generate various kinds of renewable energy, such as power transmission equipment, telecommunication systems that use optical fibers, and intrusion detection systems. We will also focus on wind power generation, which is expected to proliferate in the future.



Example of construction: One of the largest solar farms in Japan Began operation in December 2019

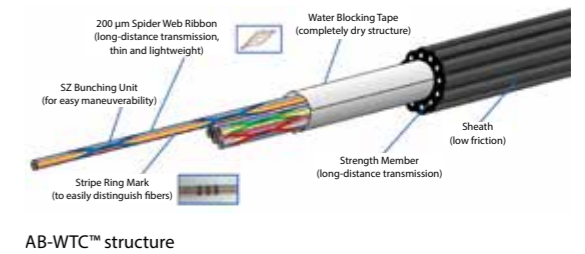
TOPICS

● British Telecommunications Plc., the First Company in the UK to Adopt Full-scale Use of Air Blown Wrapping Tube Cable™

British Telecommunications Plc., the largest telecommunications provider in the UK, has adopted full-scale use of Air Blown Wrapping Tube Cable™ (hereafter, "AB-WTC™")¹, an air blown² slim high density fiber ribbon cable which applies Fujikura's proprietary Spider Web Ribbon® (hereafter, "SWR®")³ technology in which 12 wrapped fibers are intermittently attached to form a ribbon that resembles a spider web, and an optical fiber mass fusion splicer.

The combination of SWR® & WTC® with air-blown technology has succeeded in creating a practical application of AB-WTC™ with a maximum of 864 fibers that enables mass fusion of the fibers all at once, a feat that was difficult to achieve with optical fiber constructed of loose tubing with single fiber strands. The company expects this to substantially shorten the construction period for the FTTP⁴ it is building in the UK. Fujikura will continue to provide solutions for building FTTP.

- *1 Wrapping Tube Cable® (WTC®) is the name for slim high density optical fiber ribbon cable that uses SWR®.
- *2 Air-blown is one optical fiber installation method that is used widely, mainly in Europe and the U.S.
- *3 Spider Web Ribbon® (SWR®) is highly flexible ribbon and is applied to cables to create slim high density cables.
- *4 FTTP is an abbreviation for Fiber-to-the-Premises.



● 90R, a New Optical Fiber Mass Fusion Splicer

Optical fiber is becoming increasingly important infrastructure for diverse applications. The common problem faced by all involved in construction is improving the efficiency of installation work.

Fujikura provides slim, lightweight optical cable (SWR®/WTC®) as a solution for that problem, and has launched sales of the new 90R mass fusion splicer to further improve the efficiency of splicing work. In the case of previous splicers, the glass granules vaporized during fusion would gradually adhere to the V-groove in which the fibers were set. Once this increased splicing loss, maintenance at a Fujikura service center was needed. With the 90R, the V-groove can be replaced on site, dramatically improving convenience.



● Rapid Charging Standards for Electric Vehicles: Next-generation Standardization Activities

Four main standards are used for electric vehicle rapid charging globally. To prepare for the proliferation and higher performance of electric vehicles in the future, the CHAdeMO Association¹ of Japan and the China Electricity Council² are taking the lead on advancing a project for pursuing Japan-China joint standardization to create a global integrated standard for the next-generation. Fujikura is participating in exploring the shape and performance of connectors, and is actively cooperating on producing and evaluating prototypes, among other work. Electric vehicles are promising as vehicles that target achievement of carbon-free communities and as an emergency power source to protect human lives and infrastructure during a disaster. We will continue to contribute to society through such activities in the future.

- *1 CHAdeMO Association: A general incorporated association established in March 2010 for the purposes of expanding the number of locations equipped with rapid chargers essential for the proliferation of electric vehicles and standardization of charging methods.
- *2 China Electricity Council: An organization in China consisting mainly of electric power companies that engages in the establishment of infrastructure and other activities.



Electronics, Automotive & Connector Business Company

Message from the Company President & COO

Targeting a Rebound in Performance in the Core FPC and Wire Harness Businesses

I assumed the position of Company COO in April 2020. The first priority is to minimize the impact from the spread of COVID-19 and ensure the recovery of the core FPC (flexible printed circuit) and wire harness businesses in FY2021. To achieve this we will use this Company's strengths in frontline skills and teamwork in operation and pursue operational excellence, and work as one united Company team to restore performance.



Takashi Takizawa Senior Vice President

Company Profile

The electronics business manufactures printed circuits, electrical wire, connectors, and other electronic components that create the delicate "neural network" of compact, highly integrated electronic products. The Fujikura Group demonstrates the quality and technological capabilities cultivated in its global operations over many years in the total solutions it provides. Such solutions include the optimal FPC (flexible printed circuits) and broad variety of other electronic components and modules for producing advanced devices such as smartphones and wearable devices that are compact, lightweight, and thin.

In the automotive products business, we have 58 locations

in 19 countries worldwide for the manufacture, development, and sale of products in Asia, North & South America, and Europe. Our main products include automotive wire harnesses, in-vehicle LAN, seat sensors, electrical connectors used in electric vehicles (EV), which are projected to benefit from increased demand to protect the environment, and other total wiring systems. These products support the evolution of mobility, which is accelerating globally.

The Fujikura Group is fusing electronics and vehicles to develop and provide new products and solutions in the automotive industry, which is undergoing a once-in-a-century period of innovation.

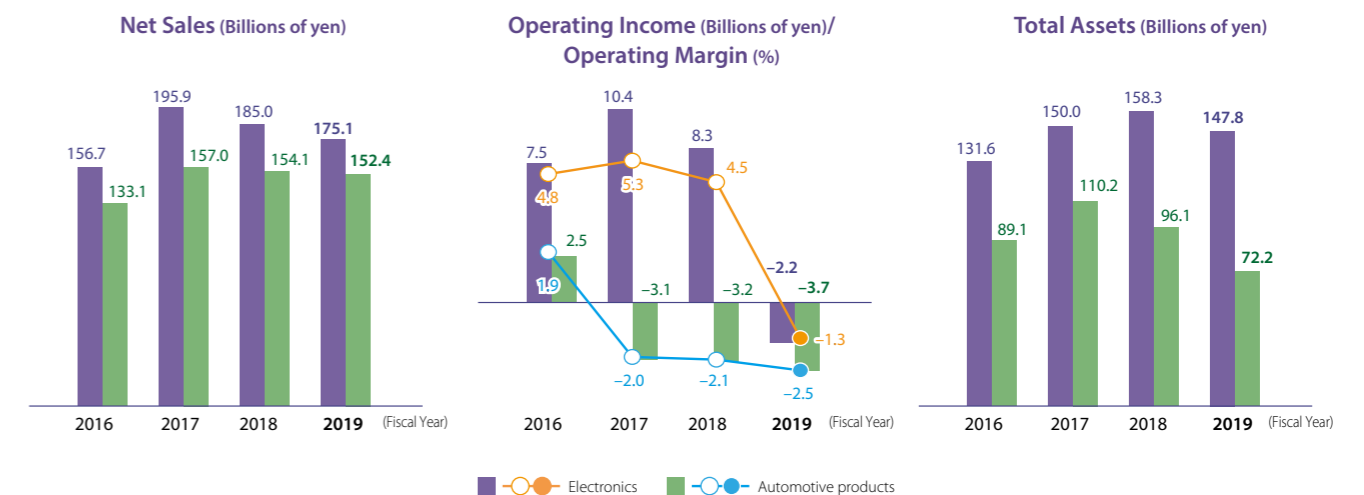


FY2019 Performance

Net sales of the Electronics, Automotive & Connector Business Company declined 3.4% YoY to 327.6 billion yen, and operating income declined by 11.1 billion yen from the previous year, resulting in an operating loss of 6 billion yen.

Net sales in the electronics business fell 5.4% YoY to 175.1 billion yen. This decline resulted from intensifying competition and a change in product mix in FPCs for smartphones at key customers. The decline in revenue also resulted in an increase in fixed costs and an operating loss of 2.2 billion yen (vs. an operating profit of 8.3 billion yen in the previous fiscal year). The inability to respond flexibly and agilely to the intensifying competition and change in demand caused by the peaking of smartphone demand resulted in the substantial loss posted.

The automotive products business saw an increase in net sales due to growth in demand in Europe and the commencement of mass production for new vehicle models in South America. However, the global slump in vehicle demand, mainly in the automotive market in China, caused net sales to decline by 1.1% YoY, to 152.4 billion yen and resulted in an operating loss of 3.7 billion yen (vs. an operating loss of 3.2 billion yen in the previous fiscal year). Despite a reduction in costs incurred in Asia achieved through structural reform, the delay in the transfer of production from Eastern Europe to Morocco and delay in production improvements in Morocco suppressed performance in Europe, resulting in a 3.7-billion-yen operating loss, the second consecutive year of operating losses.



Future Measures Aimed at Sustained Growth

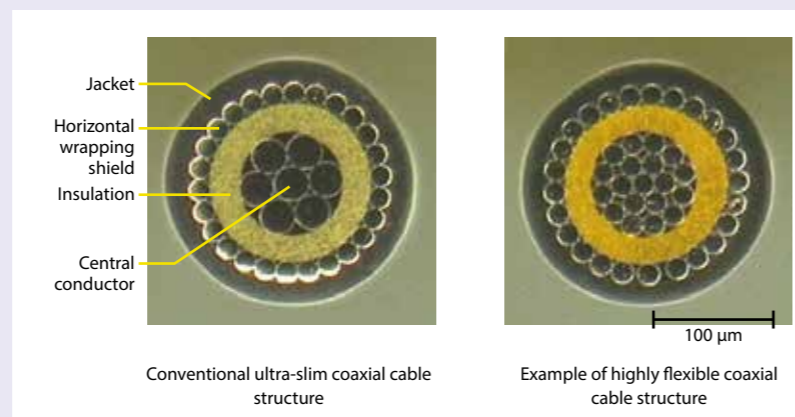
- 1 Strategy for securing orders and achieving the right business scale**
 - Strategy for securing orders that utilizes quality, technical capabilities, and existing manufacturing capacity
 - Withdrawal from unprofitable products
 - Elimination and consolidation of locations and structural reform
- 2 Improvement in cost competitiveness**
 - Strengthening manufacturing
 - Advancement of automation and IoT
 - Inventory reduction
- 3 New business creation**
 - In-vehicle and CASE segments
 - Medical field
 - 5G communications area

Main Products

Main Product 1

Highly Flexible, Ultra-slim Coaxial Cable

Ultra-slim coaxial cable possesses good transmission properties at high frequencies and is thin and flexible. It can therefore be used as internal wiring in notebook PCs and other compact electronic devices. Ultra-slim coaxial cable has increasingly been used for various purposes in recent years. Demand has increased in applications requiring even greater flexibility and transmission at even faster speeds. The photo on the right is an example of a highly flexible, ultra-slim coaxial cable. Changing the materials and structure of the central conductor made it possible to increase flexibility by 10 times or more compared to conventional coaxial cable. This made it possible to design and manufacture cables with the targeted performance in terms of flexibility. Fujikura is developing an ultra-slim coaxial cable with even lower attenuation than before by improving the insulation and shield structure.



Main Product 2

High-resolution Pressure Sensor with Digital Output

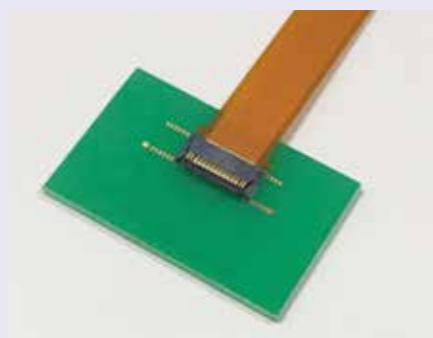
Fujikura is developing an amplified temperature-compensated digital pressure sensor that provides superior resolution compared to our current digital products. We will create products that are useful to customers who require higher precision measurement and control in the medical and industrial fields and thereby contribute to society.



Main Product 3

Wearable FPC Connector

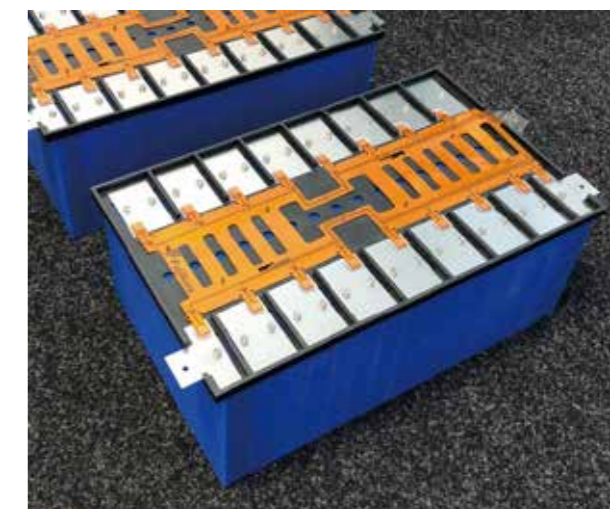
This is a connector used in FPC (flexible printed circuits) developed for wearable watches in recent years. The thin design provided a product that is 0.7 mm or less in height. The terminal pitch is ultra-narrow at 0.175 mm, with an extremely high packaging density. It is also equipped with a power source terminal in addition to the signal terminal and the complex specifications also make it possible to power a device with 2A. While being compact leads to problems such as lever breakage when connecting to FPC, we handle miniaturization by contriving a lever shape that ensures strength. This product is also environmentally friendly and achieves energy savings through the selection of materials that comply with environmental regulations and use of low-resistance materials.



TOPICS

● FPC for In-vehicle Use

Lights and radar are becoming even more important in autonomous driving. Next-generation electric vehicles require stringent monitoring and control that extends to the powertrain and battery, and require a solution that can control wiring space, heat generation, and power loss. We have expanded our line-up to include new uses such as FPC with superior heat dissipation and FPC modules for battery monitoring, and are progressively replacing the wired parts of conventional wire harnesses with FPC.



For battery monitoring

● Fujikura Cold Plate Used in Fugaku Supercomputer

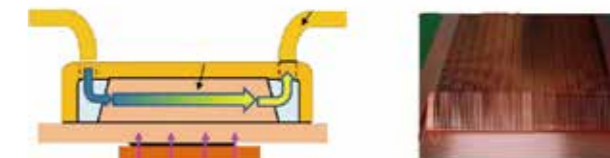
Fujikura's cold plate was selected and installed in the cooling unit for the Fugaku supercomputer jointly developed by RIKEN and Fujitsu Ltd. (Hereafter, "Fugaku").

Fugaku is a global top class supercomputer which was ranked No. 1 in the four categories of Top 500, HPCG (High Performance Conjugate Gradient), HPL-AI, and Graph 500 for two consecutive periods in June 2020 and November 2020.

Fugaku is a large computer primarily designed for computational science. It is used to improve weather and natural disaster forecasting accuracy, and in drug development and healthcare. The supercomputer is expected to contribute substantially to cutting-edge research and development on topics such as creation of new substances and forms of energy.

The high-performance CPU used in Fugaku generates a large amount of heat. Fujikura's cold plate is therefore used as the technology to achieve efficient cooling in a small amount of space. The cold plate is a high-performance cooling unit having a micro channel fin structure. It possesses the properties of achieving several times the cooling performance with a packaging height that is one-third or less than the air cooling method. This performance was highly praised and led to its use in the Fugaku supercomputer.

Fujikura will continue to work on development aimed at even higher performance and provide products that meet the needs of our customers.



Real Estate Business Company

Message from the Officer in Charge

20th Anniversary of Fukagawa Gatharia Grand Opening

It has been 20 years since Fukagawa Gatharia first opened for business. We will harness the operating expertise we have accumulated thus far to maintain and improve asset value over the medium and long-term, and to steadily fulfill the role of supporting our main business. We will also contribute to surrounding local communities as we work to co-exist harmoniously and achieve mutual prosperity.



Tetsu Ito Senior Vice President

Company Profile

● Maximizing Use of Assets and Maintaining Stable Revenue

We are effectively utilizing the former plant site next to Fujikura headquarters to expand our real estate business. Redevelopment began in 1998, and we are operating a real estate leasing and management business, mainly for five office buildings and two commercial buildings. The office buildings have a total leasable office space of around 107,000 m². This property offers the advantage of being located within 4 km of the Marunouchi district in central Tokyo, and has banks and

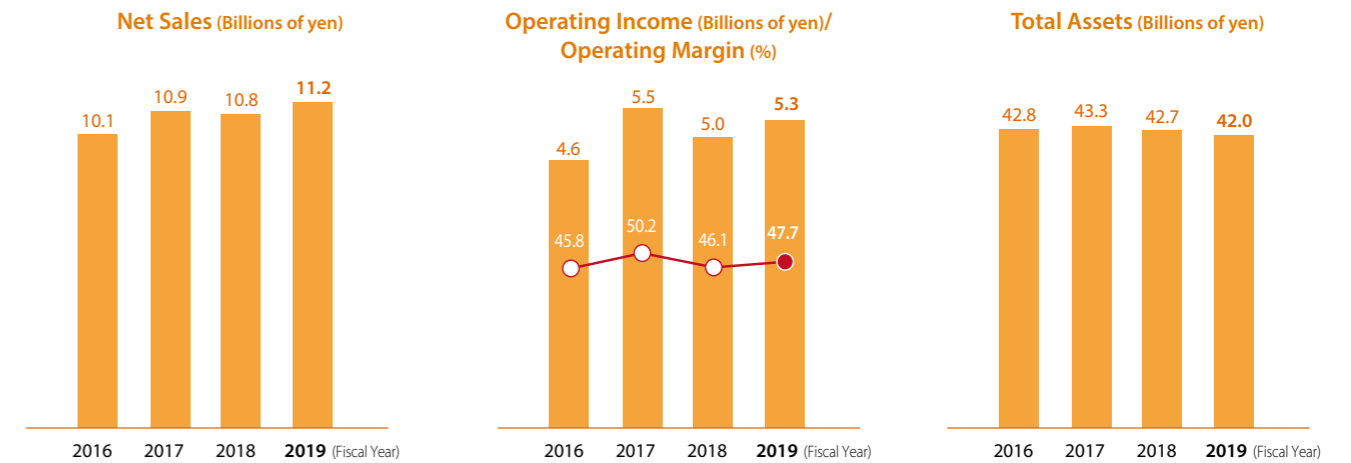
many other excellent tenants. It has continued to operate at full occupancy since FY2014.

The basic policy of Fujikura's real estate business is to utilize long-held land effectively and increase revenues and profit. We plan to increase tenant satisfaction through systematic investment and improvement to increase the value of currently owned buildings and facilities, and maintain a high occupancy ratio for rental units over the medium and long term.



FY2019 Performance

The free rent period for some tenants ended in FY2019, resulting in growth in both revenue and profit. We were able to maintain full occupancy, supported by a robust rental office market.



Future Measures Aimed at Sustained Growth

We will continue to engage in activities to maintain and enhance asset value.

The key measures are listed below:

1 Energy conservation initiatives

● Development of communities that use less energy to realize a low-carbon society

2 Disaster prevention and mitigation initiatives

● Community development capable of sustaining business activities even during a disaster and rapid response in restoring residents' lives

TOPICS

● Initiative Aimed at Achieving Zero Emission Tokyo

The Tokyo Metropolitan Government is implementing initiatives in the Tokyo metropolitan area aimed at Zero Emission Tokyo, a sustainable city that does not emit CO₂.

Fukagawa Gatharia is cooperating on this initiative and donated 10,852 tons worth of emission credits for reduction in CO₂ emissions generated through energy-saving activities every year. These cooperative activities were welcomed and we received a letter of appreciation from the Energy Division, Bureau of Environment, Tokyo Metropolitan Government in the name of the governor of Tokyo.



Receiving the letter of appreciation from the Bureau of Environment, Tokyo Metropolitan Government

Research & Development

The Fujikura Group is using its “tsunagu” (connecting) technologies platform as the foundation for pursuing initiatives aimed at solving societal challenges.

Message from the Officer in Charge



In charge of Corporate R&D Unit
Executive Vice President &
Member of the Board

Akira Wada

Fujikura has established a solid technology platform in the areas of electrical power networks and telecommunication networks over the course of its more than 130-year history. We have contributed to society by providing products for building power and telecommunication infrastructure throughout this time.

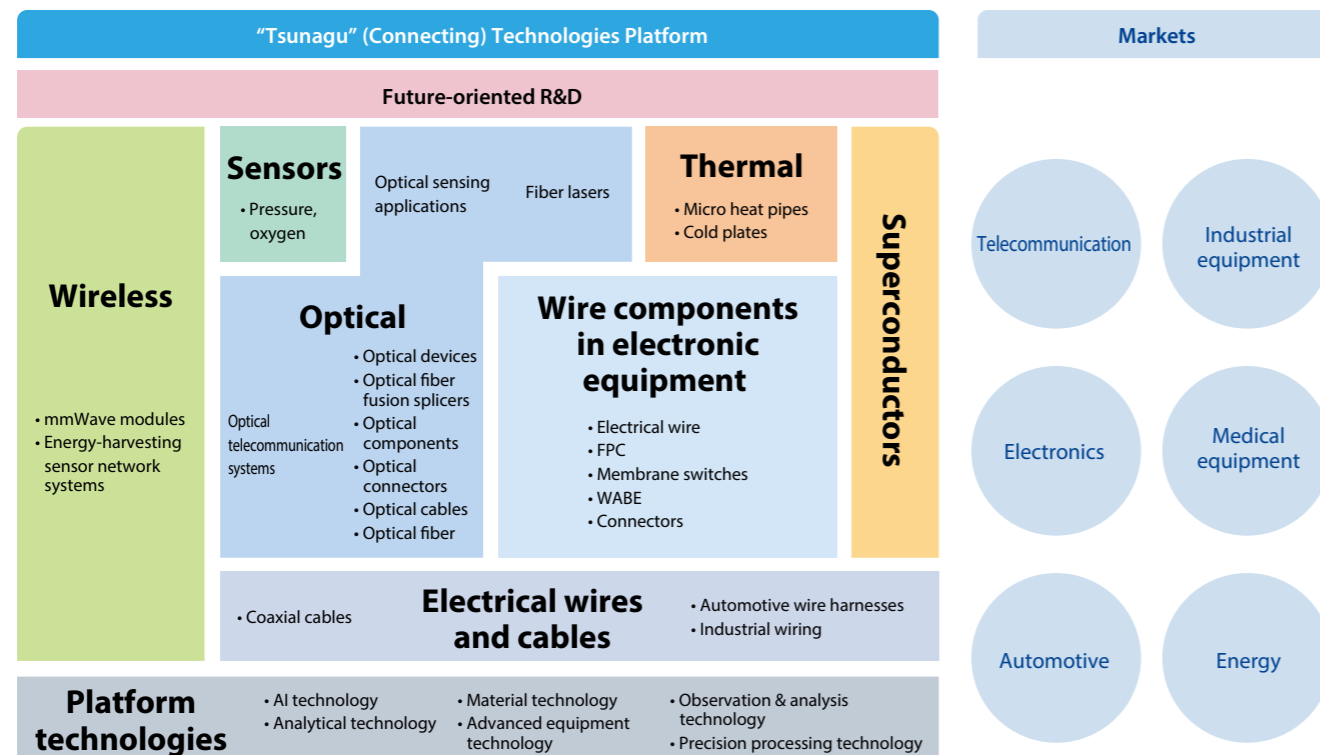
We have always developed cutting-edge technologies and maintained global top-class technology in R&D on optical fiber and peripheral products, which replaced electrical wire as the mainstream technology in telecommunications in the 1980s.

Fujikura has expanded the use of such electrical wire and optical fiber-related technologies in electronic devices, automotive products, medical equipment, and industrial equipment products, thereby building a technology platform that adds high value in the telecommunication, electronics, and energy fields. We are working to evolve our “tsunagu” (connecting) technologies based on that platform.

We are now in an era of progressive digital transformation in industry, social infrastructure, and many other areas of life. Fujikura wants to be a company that evolves connecting technologies, provides products that contribute to connectedness through an always-on network and digital transformation solutions in peripheral areas, and other products and services that solve the societal challenges.

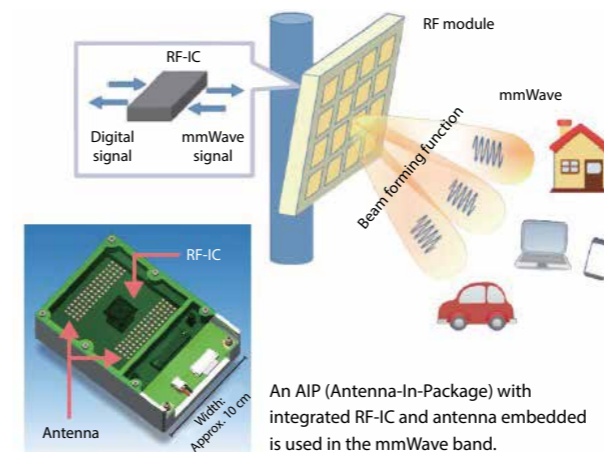
To achieve this, we will engage in global collaboration with external research institutions, introduce a framework for creating new value through open innovation, and accelerate research and development.

“Tsunagu” (Connecting) Technologies Platform and Markets



Areas of Research

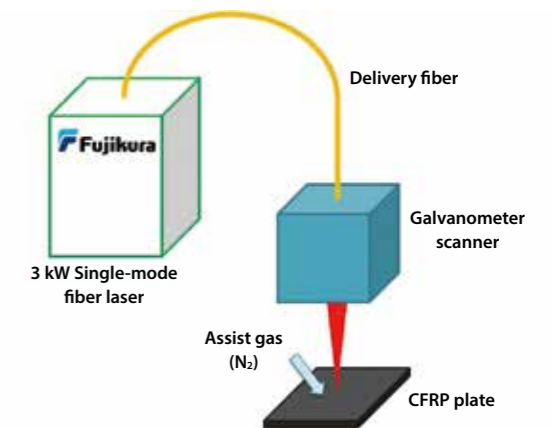
mmWave Module



Trial operation of 5G high-speed wireless communications service has begun in North America. Many of those trials are using frequency bands lower than 6 GHz, called the Sub-6. The next promising technology after this Sub-6 is millimeter wave (mmWave), which uses high frequency bands such as 28 GHz and 60 GHz for high-speed communications at several Gbps. Fujikura is developing such mmWave communications modules.

CRFP Processing with a Single-mode Fiber Lasers

Demand for carbon fiber reinforced plastic (CFRP) will continue to grow in the future as environmental regulations in the automotive, aircraft, and other industries enhance the demand for lightweight materials. Because this CFRP is a difficult material to process, it is mainly processed by cutting at present and this presents many problems in terms of processing cost, processing quality, and other factors. Laser processing is also drawing interest, but processing takes a long time and this has been problematic. The single-mode fiber laser developed by Fujikura has high power density and a small spot diameter, so Fujikura succeeded in high-speed cutting of CFRP by combining it with a scanner device and assist gas also developed by the company to cool and shrink the heat-affected zone (HAZ). This made processing possible at speeds which exceed the level required in the automotive industry (3mm CFRP x cutting of approx. 8m/min) using a 3 kW laser.



Cross-sectional view



Advanced Research Core (ARC) Established



Advanced Research Core (ARC) has commenced operation as a new research center. This research center began as joint development with the world's top academic institutions. The goal of ARC is to create new processing technology, new devices, and new technologies in other areas, and a new R&D system.

New Businesses

The Fujikura Group is working to strengthen the system for developing new businesses and to create new value through “tsunagu” (connecting) technologies.

Message from the Officer in Charge



Senior Vice President & Member of the Board
In charge of the New Business
Development Center

Masato Inaba

The New Business Development Center serves as the incubator for developing the results generated from Fujikura’s R&D into new businesses. The core medical technologies based on imaging and miniaturization, and the high-temperature superconductor technology that is promising for use in MRI and the energy field were generated from R&D on global top-class “tsunagu” (connecting) technologies. These are steadily being developed to meet the expectations of customers and are expected to grow substantially as businesses. In the future, we will use these technologies as cornerstones to expand the range of connecting technologies that Fujikura provides, by introducing IoT solution technology, mmWave technology, and other new elements. As we expand these, we will continue to launch new products and services that anticipate the expectations of customers and society.

Fujikura is also expanding open innovation activities to solve the future issues of people and communities, based on the keyword “connecting.” These activities are targeted at the four key market areas of Advanced Communication, Energy & Industry, Life-Assistance, and Vehicle, and target achievement of the 2030 Vision formulated by Fujikura. We will create new businesses needed to solve the challenges of a future society together with our partners around the world, through the “BRIDGE” Fujikura Innovation Hub opened in Kiba in 2018. Please keep an eye out for these.

Overseas Location Established and Product Supply Begun in the Medical Field

Fujikura has established a base in Minneapolis, Minnesota in the U.S., one of the global medical equipment development centers, to improve human health and quality of life. We began supplying ultra-slim camera modules to a major medical device manufacturer from this fiscal year as a result of our activities in this area.

We will continue to contribute to advancements in healthcare and increased value through Fujikura technologies that support the backbone of telecommunications and electronics.

Core Medical Technologies

Application to endoscopes and catheters having a small diameter contributes to the advancement of minimally invasive medical technology



Electronic scope using CMOS



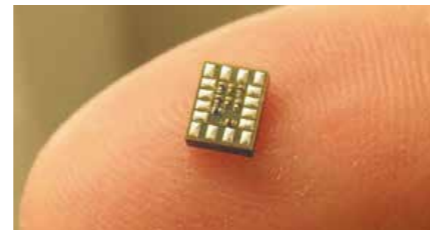
Fiberscope using image fibers

Visualization of areas deep within the body using radio waves and ultrasound



IVUS* catheter
* For Intravascular ultrasound examination

Supporting many kinds of solutions for wearable devices, implants, and other ultra-miniature devices



WABE* Package*, a device-embedded board built into thin components
*WABE: Wafer And Board level device Embedded Package

Open Innovation Collaboration with Start-ups

Fujikura is working to create new value through open innovation in the four market areas envisioned in our 2030 Vision: Advanced Communication, Energy & Industry, Life-Assistance, and Vehicle. We are collaborating with various start-up companies to create new value in these four areas.

Fujikura has been pursuing proof-of-concept (PoC) trials with various partners at internal and external locations, including the “BRIDGE” Fujikura Innovation Hub. We are steadily sprouting products and solutions, which would be difficult to create on our own, through collaboration with highly specialized partners to take on the challenges of future societies.



PoC trial on producing a space with an original aroma



SmartPlate PoC trial



Open Innovation The “BRIDGE” Fujikura Innovation Hub

The “BRIDGE” Fujikura Innovation Hub, which we established last July to strengthen and expand innovation-generating activities, is fortunately being used by many people. Numerous people have participated in various events and workshops, and have also engaged in specific activities aimed at establishing proof-of-concept for businesses originated at BRIDGE. The various activities at BRIDGE have educated a wide range of people on the open innovation initiatives at Fujikura, and have enabled us to engage in dialog with many people aimed at new value creation.

We intend to increase opportunities for dialog with everyone and continue to hold various events in the future.

Symposiums and workshops aimed at solving societal challenges and many other different kinds of programs take place at BRIDGE, in addition to seminars based on the theme of innovation, events to introduce advanced technologies, and venture pitches. Please participate in this community, which spurs interaction and collaboration surpassing organizational boundaries.



People networking at the BRIDGE 1st anniversary event

Top Management (as of September 16, 2020)

Directors



President & CEO & Representative Director
Masahiko Ito
 Chief of Governance, Quality Management Department, Internal Audit Department, Internal Control Department, and Security Export Administrative Division
 No. of shares held in Fujikura, Ltd.: 57,587



Executive Vice President & Member of the Board
Akira Wada
 Responsible for Corporate R&D Unit and Corporate Production Unit
 No. of shares held in Fujikura, Ltd.: 10,052



Executive Vice President & Member of the Board
Takeaki Kitajima
 Responsible for Corporate Sales & Marketing Unit, Power Systems Business in the Power & Telecommunication Systems Company
 No. of shares held in Fujikura, Ltd.: 42,490



Director, Full-time Audit & Supervisory Committee Member
Yasuyuki Oda
 Audit & Supervisory Committee Chair
 No. of shares held in Fujikura, Ltd.: 87,500 shares



Director (Outside Director/Independent Officer), Audit & Supervisory Committee Member
Masaaki Shimojima
 Background: Experienced in corporate management (financial industry)
 Remuneration Advisory Committee Chair



Director (Outside Director/Independent Officer), Audit & Supervisory Committee Member
Kenichiro Abe
 Background: Certified Public Accountant



Senior Vice President & Member of the Board
Hideyuki Hosoya
 Responsible for Telecommunication Systems Business in the Power & Telecommunication Systems Company
 No. of shares held in Fujikura, Ltd.: 22,400



Senior Vice President & Member of the Board
Takashi Takizawa
 Responsible for Electronics, Automotive & Connector Business Company
 No. of shares held in Fujikura, Ltd.: 31,606



Senior Vice President & Member of the Board
Tetsu Ito
 Responsible for Corporate Staff Unit (Finance & Accounting Division), Real Estate Business Company
 No. of shares held in Fujikura, Ltd.: 55,009



Director (Outside Director/Independent Officer), Audit & Supervisory Committee Member
Yoshio Shirai
 Background: Experienced in corporate management (manufacturing industry)
 Nominating Advisory Committee Chair



Director (Outside Director/Independent Officer), Audit & Supervisory Committee Member
Tsuneko Murata
 Background: Experienced in corporate management (Legal affairs)



Director (Outside Director/Independent Officer), Audit & Supervisory Committee Member
Hamako Hanazaki
 Background: Attorney-at-law



Senior Vice President & Member of the Board
Joseph E. Gallagher
 CEO and President of AFL Telecommunications LLC
 No. of shares held in Fujikura, Ltd.: 1,016 shares



Senior Vice President & Member of the Board
Masato Inaba
 Responsible for New Business Development Center
 No. of shares held in Fujikura, Ltd.: 21,774 shares



Senior Vice President & Member of the Board
Shigeo Sekikawa, newly appointed
 Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division)
 No. of shares held in Fujikura, Ltd.: 10,552 shares

Executive Officers

Senior Managing Executive Officer **Ikuo Kobayashi**
 Deputy head of Electronics, Automotive & Connector Business Company

Managing Executive Officer **Takeshi Sato**
 Deputy head of Telecommunication Business Subcompany, Division Manager of Fiber Laser Division

Managing Executive Officer **Yukihiro Nakayama**
 Responsible for General Affairs Division, Corporate Communications Division, Health Support Center, in charge of operations at Sakura Works, Numazu Works, Suzuka Works, Manager of Human Resource Division

Managing Executive Officer **Kenji Nishide**
 Deputy head of Corporate R&D Unit, Head of Corporate R&D Planning Center, Head of Electronic Technologies R&D Center

Managing Executive Officer **Ryoichi Hara**
 Head of Quality Management Center

Managing Executive Officer **Kinya Takimura**
 Deputy head of Magnet Wire Business Division, Head of Kansai Office

Managing Executive Officer **Akira Saita**
 Telecommunication Business Subcompany, in charge of global operations

Managing Executive Officer **Junji Fukuhara**
 Head of sales, Electronics, Automotive & Connector Business Company, Deputy head of Automotive Products Subcompany

Managing Executive Officer **Koji Ueda**
 Head of FPC Subcompany, Head of PC Business Division

Managing Executive Officer **Munehisa Fujimaki**
 Head of Optical Cable Systems Division

Managing Executive Officer **Toshio Shimma**
 Deputy head of Energy Subcompany, Head of Industrial Infrastructure Project Sales & Marketing Department, Deputy head of Customer Satisfaction Improvement Division

Managing Executive Officer **Naoki Okada**
 Head of Corporate Strategy Planning Division

Executive Officer **Masataka Mito**
 Deputy head of Energy Subcompany, Head of Energy Systems Business Division, Head of Brazil Business Division

Executive Officer **Tomoharu Morimoto**
 Head of New Business Development Center

Executive Officer **Daiichiro Tanaka**
 In charge of operations for Advanced Material Technology & Analysis Center and Intellectual Property Center, Head of Optical Technologies R&D Center

Executive Officer **Norihiro Yokoyama**
 In charge of operations for Market Research & Planning Department, Head of Security Export Administrative Division

Executive Officer **Shuichi Nasu**
 Deputy head of Automotive Products Subcompany

Executive Officer **Toshiaki Shinya**
 In charge of operations for Corporate Procurement Division and Information Business System Engineering Division

Executive Officer **Tatsuya Banno**
 Head of Optical Fiber Division

Executive Officer **Takaharu Serizawa**
 President of Fujikura Electronics (Thailand) Ltd.

Executive Officer **Tetsuya Mangyoku**
 Deputy head of Corporate Production Unit, Head of Facilities & Equipment Engineering Center

Executive Officer **Jason Peng**
 Head of Connector Subcompany, President of Fujikura America Inc.

Global Executive Officer

Gordon Tan
 Fujikura Asia Ltd. CFO

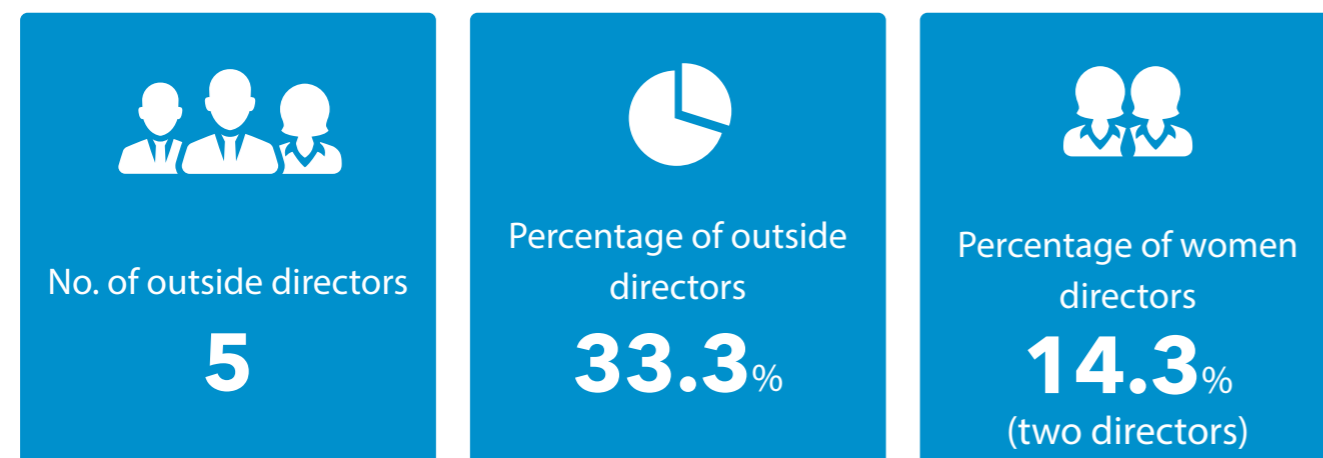
Takaaki Habu
 Deputy head of Automotive Products Sub-company

Jenny Hui
 Fujikura Hong Kong Ltd. CFO

Vichan Kumthongkittul
 Vice President of Fujikura Electronics (Thailand) Ltd.

Messages from Outside Directors

The Fujikura Group utilizes the experience and knowledge of outside directors in diverse areas to strengthen the functioning of the Board of Directors. In this year's report, we asked our outside directors for their frank opinions of the Board of Directors, governance reform, and other aspects of the Fujikura Group.



Masaaki Shimojima
Experienced in corporate management
(financial industry)

Focusing even more comprehensively on risk management to achieve structural reform of businesses

I have mainly voiced my opinion on how to handle risk management in investment projects, based on my experience in screening credit for overseas projects in the financial institutions where I worked previously. On the Remuneration Advisory Committee, I am also putting effort into ensuring transparency in compensation of executive directors and building a performance-linked compensation system that proves strong incentives to achieve plans.

Fujikura's performance deteriorated substantially when the company found itself unable to respond to the rapid changes in market environment and customer trends in the key businesses of optical fiber and FPC (flexible printed circuits). The company is currently working on an operational turnaround. Bold business structural reforms and speed in achieving these reforms are needed to succeed in turning around operations and meet the expectations of stakeholders.

I view it as my role to continue to voice my opinion from an objective standpoint as an outside director on decisive structural reforms and strengthening risk management even more to achieve a rapid recovery in investment from this point forward.

Fujikura possesses technological capabilities developed over its long history and many outstanding human resources who want to improve the company. I am certain that Fujikura can succeed in the operational turnaround that will lead the company into the next generation if all employees unite as one team.



Kenichiro Abe
Certified Public Accountant

Contributing to appropriate decision-making as a professional in finance and audits

Since I became an outside auditor in 2013, I have toured business locations in Japan and overseas and provided my opinion on management issues and other matters based on cases at other companies and other knowledge. I am contributing to enhancing the corporate value of Fujikura by working as a team with other outside directors with different areas of expertise, based on my experience in finance, auditing, and global business.

Fujikura has entered the operational turnaround phase and the business environment is severe. We are therefore engaging in even more in-depth constructive debates in Board of Directors meetings and I believe that the company is successfully implementing strategic governance aimed at future growth. As a member of the Remuneration Advisory Committee, I am also verifying the director performance evaluations appropriately and considering the functioning of the compensation system with an eye toward the future.

As a certified public accountant and outside director, my first priority is to pursue the facts and exercise supervisory oversight of accurate financial statements. This supports appropriate decision-making by Fujikura. I will first support the successful completion of the operational turnaround phase to realize the sustained growth that Fujikura has achieved over the course of its more than 130-year history.



Yoshio Shirai
Experienced in corporate management
(manufacturing industry)

Urging transformation of the corporate culture with a focus on the post-turnaround vision

Fujikura produced extremely poor business results in FY2019. Structural issues that must be overcome emerged in each business and it is my view that sustained growth cannot be anticipated with the business model Fujikura has operated under thus far. As the chairperson of the Nominating Advisory Committee, I have met individually with each director and sorted through and shared the issues faced by management. The Nominating Advisory Committee met every month in FY2020. We spent much time on selecting the talent that will carry Fujikura forward in the future, including a succession plan for CEO, and considering organizational structural reforms with the goal of achieving a fresh start for the company. It is precisely the circumstances demanding operational execution and necessitating a switch in business models under the COVID-19 pandemic that are providing an excellent opportunity to transform the corporate culture into one that will foster a sense of unity aimed at achieving sustainable growth of Fujikura.

While the operational turnaround is currently the top priority, I will contribute to discussions on the medium and long-term vision and global organizational structure for Fujikura to enable the Fujikura to continue as truly global company.



Tsuneko Murata

Experienced in corporate management (legal affairs and risk management)

Contributing to enhancement of corporate value by increasing the soundness and transparency of management and satisfaction of customers and employees

Fujikura faced an unprecedented deterioration in performance in 2020. The company is currently in the middle of business reforms and I think it is necessary, now more than ever, for the company to rededicate itself to the spirit of innovation that has been passed down in an unbroken chain from the founders over the course of Fujikura's more than 130-year history, steadily, persistently, and with single-minded dedication.

I believe that the role of an outside director is to firmly communicate necessary opinions, even when they are hard for management to hear. We must take this to heart and make sure that a "see no evil, speak no evil, hear no evil" approach is never taken. I think it is important to state my opinions from the dual strategic and defensive perspectives of compliance and risk management.

For corporate governance to function effectively, I think it is important for outside directors to understand the actual conditions on the frontlines as well. I attend the audits and interviews by full-time Audit & Supervisory Committee members to the extent possible, and I believe that this enables me to confirm actual business conditions on the frontlines and my insights, and leads to providing constructive opinions and advice.

I also think that employee satisfaction (ES) is important to achieving customer satisfaction (CS), and achieving both enhances corporate value. I will continue to work to improve management soundness and transparency while also contributing to the enhancement of corporate value to enable Fujikura to achieve sustainable growth as a company that employees also find it easy to work at, and to enable Fujikura to earn the trust of shareholders, customers, business partners, and all other stakeholders.



Hamako Hanazaki

Attorney-at-law

Striving to strengthen risk management from a long-term perspective

I have confronted challenges that Fujikura is experiencing by communicating with employees who work on the frontlines since I became an outside director last year.

While the current business conditions are extremely severe, I regard these conditions as the launching point to restoring earning power and sustainable growth in the future.

Fujikura is currently aiming to complete the operational turnaround phase and is focusing on enlisting the entire company in restoring performance quickly. However, I have an important mission as an outside director to state my opinion on what the vision of the company should be from a long-term perspective. One long-term issue is establishing a risk management structure. As an attorney, I use my legal knowledge and past experience to consider the balance between the creation of firm rules in company management and making sure that the rules do not hinder innovation. I recognize how extremely important my role is in supporting system design and operation.

The severe business environment will probably persist, but the telecommunication business has achieved a certain degree of success in expanding profits even amid the COVID-19 pandemic and I want everyone to look forward to completion of the turnaround phase and future successes.

Director Skills Matrix

		Management Strategy	Finance	Human Resource Management
President & Representative Director	Masahiko Ito	○		
Executive Vice President	Akira Wada			
Executive Vice President	Takeaki Kitajima			
Senior Vice President	Hideyuki Hosoya			
Senior Vice President	Takashi Takizawa			○
Senior Vice President	Tetsu Ito		○	
Senior Vice President	Joseph E. Gallagher	○		
Senior Vice President	Masato Inaba			○
Senior Vice President	Shigeo Sekikawa			
Director, Full-time Audit & Supervisory Committee Member	Yasuyuki Oda		○	
Outside Director, Audit & Supervisory Committee Member	Masaaki Shimojima		○	
Outside Director, Audit & Supervisory Committee Member	Kenichiro Abe		○	
Outside Director, Audit & Supervisory Committee Member	Yoshio Shirai	○		
Outside Director, Audit & Supervisory Committee Member	Tsuneko Murata			
Outside Director, Audit & Supervisory Committee Member	Hamako Hanazaki			

Information Systems	Governance & CSR	Audits, Legal & Risk	Business Experience			
			Business Planning	R&D, Quality, Production & Technology	Sales & Marketing	Global
	○	○		○		
		○		○		
					○	○
○	○	○	○	○		○
○		○				
						○
					○	○
		○			○	
		○	○			○
		○			○	
	○	○				
		○				

Corporate Governance

To restore the Fujikura Group as a company capable of creating high corporate values, we will work to strengthen governance to facilitate comprehensive risk management and build a more effective corporate governance structure. By doing so, we will implement an operational turnaround with unwavering determination and take decisive action to reform the entire corporate structure.

Basic View on Corporate Governance

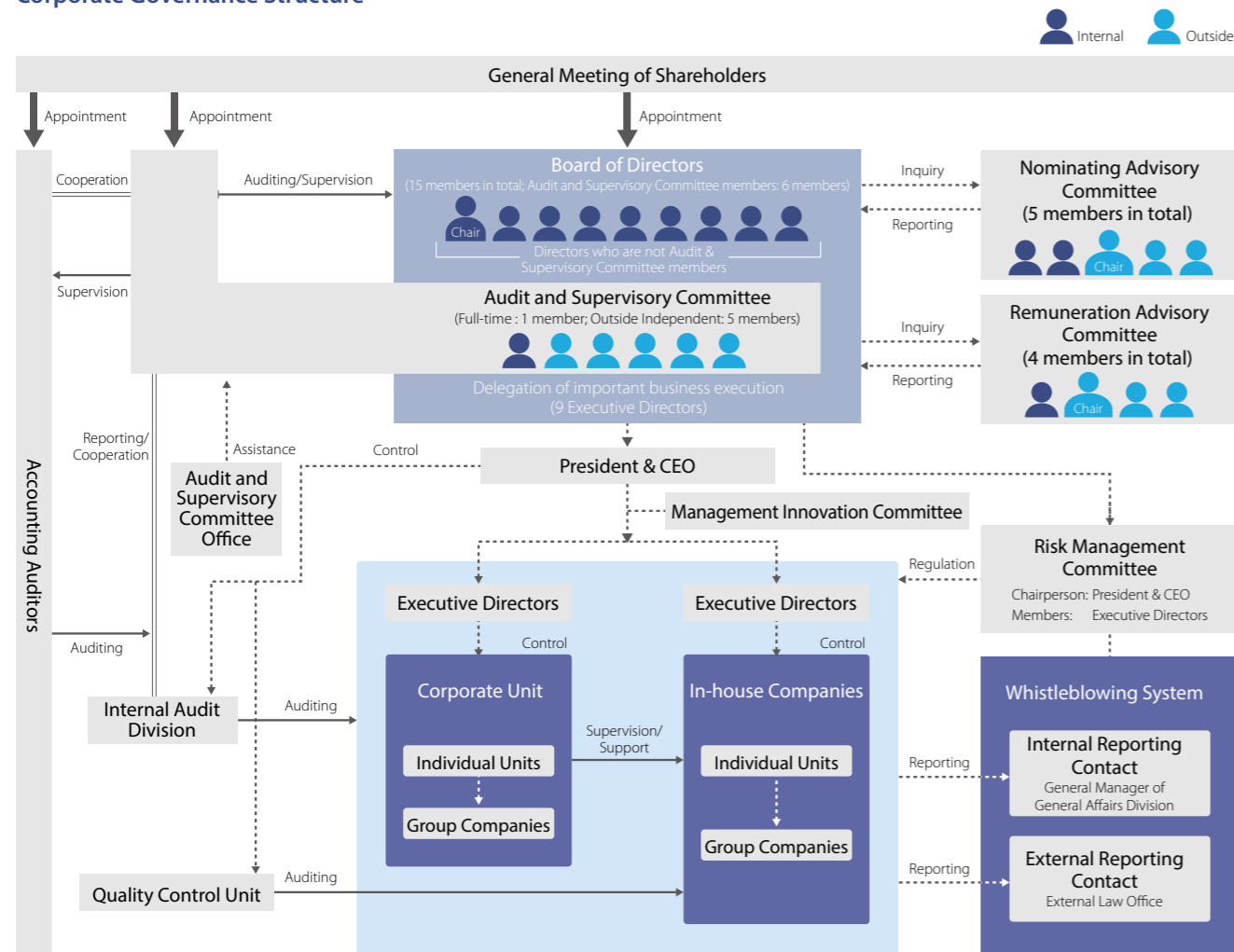
Fujikura Ltd. believes the corporate governance system discussed herein is optimal for achieving the company's growth strategies. Fujikura has adopted a "company with Audit and Supervisory Committee" organizational structure to establish such a corporate governance system.

(1) Enhancing decision-making by the Board of Directors

The Company thinks it important to build a structure that enables the Board of Directors to make decisions after sufficient, thorough deliberation of the annual and mid-term business plans, large M&A deals, and other matters that are central to the policy and growth strategy of the Company. We therefore elect multiple outside directors who possess a broad range of expertise and have objective opinions that are not influenced by internal company circumstances, in addition to electing internal executive directors who are well-versed in and oversee the business of each in-house company. We think this enables the Board of Directors to engage in sufficient, thorough deliberation in making decisions on important matters.

At present, there are five outside directors: Three with corporate management experience (in finance, manufacturing, and legal affairs) and two others (one attorney and one certified public accountant).

Corporate Governance Structure



(2) Delegation of authority to executive directors

The main businesses of Fujikura are organized into two in-house Companies (the Power & Telecommunication Systems Company, and the Electronics, Automotive & Connector Business Company). An executive director is assigned to each in-house company to handle oversight. Fujikura believes that a flexible system is necessary to facilitate quick and decisive decision-making by these executive directors on items exclusive to the in-house company and on matters posing a relatively minimal degree of risk. The Company therefore delegates a significant amount of authority to the executive directors in charge of management of the in-house companies. Fujikura is working to strengthen the structure for business execution further in light of the losses incurred in business operations in past years. One of the steps we are taking is to build a system that enables the Company to predict risks, analyze and thoroughly investigate them, and mount a rapid response when a risk materializes.

(3) Strengthening the supervisory function of the Board of Directors

The Company has established an effective system of internal controls to ensure legal compliance and appropriateness of the performance of duties by each executive director to whom the Board of Directors has delegated broad authority. This provides the necessary controls for the executive system.

Multiple outside directors who are independent of Company management have also been elected to strengthen the supervisory function over the performance of duties by each executive director.

It is also necessary for the Board of Directors to ensure objectivity and transparency in the decision-making process when evaluating executive director performance, and the Company thinks this contributes to stronger supervisory oversight by the Board of Directors. For that reason, decisions on nomination and remuneration of executive directors are made after deliberation in the Nominating Advisory Committee and the Remuneration Advisory Committee. Outside directors comprise of majority of members on both of these committees.

Committee Activities

Name	Description	Composition	No. of Meetings in FY2019
Nominating Advisory Committee	An advisory committee to the Board of Directors established to ensure objectivity and transparency in the decision-making process concerning nomination of candidates for director positions	5 committee members Chairperson: Yoshio Shirai, Director* Members: Masaaki Shimojima, Director*; Tsuneko Murata, Director*; Masahiko Ito, President & CEO; Takashi Takizawa, Senior Vice President and Member of the Board	4 times
Remuneration Advisory Committee	An advisory committee to the Board of Directors established to ensure objectivity and transparency in the decision-making process concerning remuneration of candidates for director positions	4 committee members Chair: Masaaki Shimojima, Director* Members: Kenichiro Abe, Director*, Yoshio Shirai, Director*, Takashi Takizawa, Senior Vice President and Member of the Board	5 times
Risk Management Committee	The body that verifies Fujikura's operational performance structure and the status of performance from perspective of risk (including compliance), and prevents and evaluates losses, formulates a response policy, and shares information, among other activities	9 committee members Chair: Masahiko Ito, President & CEO Members: Executive Directors	26 times
Management Innovation Committee	The body that works to improve the efficiency of management resources (including governance), improve efficiency through cost reduction, and improve profitability by strengthening sales and purchasing power	General chair: Masahiko Ito, President & CEO Each executive director works on management items	Established in April 2020

Analysis and evaluation of the effectiveness of the Board of Directors

A survey is conducted on the effectiveness of the Board of Directors and applies to all directors. The survey includes questions on the adequacy of Board meetings overall (time, frequency, management of meeting proceedings, minutes, etc.), adequacy of agenda items (timing, importance, volume of information, etc.), aspects of Board members (participation in discussions, etc.), and executive office function. Fujikura considers the results of the survey and takes remedial measures as necessary. The following steps are taken, based on the findings from the survey:

- 1) Provide explanations of various aspects of Fujikura's business to outside directors to give them a deeper understanding of the company and thereby further enhance deliberations by the Board of Directors.
- 2) Consider the occurrence of losses in managing the business and strengthen the structure to enable prediction, analysis, and investigation of risks, and rapid response when a risk materializes in operating divisions.
- 3) Revise the standards for referral and take other steps to reduce the number of agenda items concerning the routine performance of duties. This enables the Board to focus more on important discussions such as medium and long-term management strategy.

Officer Remuneration

In addition to handling a large variety of products, Fujikura operates its business globally, and director duties are also highly complex and varied. Our basic policy is that director remuneration should be at a level appropriate for outstanding human resources who are capable of accomplishing such duties. We have therefore classified director remuneration into the following three specific categories based on the survey results from multiple research groups, mainly on listed companies. We have established a new system of remuneration based on objective indicators and evaluation, while also strengthening the link to performance.

The Board of Directors determines remuneration after receiving the report of the Remuneration Advisory Committee, which is an advisory body to the Board of Directors (and consists of the director in charge of human resources and three outside directors, and chaired by an outside director). To determine the remuneration, etc. of directors who are not Audit & Supervisory Committee members, the Remuneration Advisory Committee evaluates the performance of each director, examines whether the level of compensation is in line with the market, and confirms that the decision-making process concerning the remuneration structure and specific remuneration is fair and appropriate. Based on the report from the Remuneration Advisory Committee, we have confirmed that the remuneration was determined fairly and appropriately.

Remuneration Categories

Categories	Details
Basic compensation	Compensation for the monitoring and supervision functions of each director, which is a fixed amount according to his/her rank.
Short-term performance-based compensation	Compensation ranges from 0% to 200% of the basic compensation set by rank, according to corporate performance and performance of the division the director is in charge of, and performance is based on certain indicators (operating margin, ROE, etc.). These indicators are used because they easily reflect management policy, strongly correspond to shareholder return, and are highly compatible with the Fujikura's growth strategy. The indicator targets used as the basis of short-term performance-linked compensation for the current fiscal year are the above noted indicators calculated from the consolidated plan for fiscal year ended March 31, 2019, decided by the Board of Directors at the end of March 2018. The degree of achievement is measured by comparison with these same indicators calculated from consolidated performance during the same fiscal year to determine the amount paid as short-term performance-linked compensation in the current fiscal year.
Stock-based compensation	In addition to the monetary compensation in (1) and (2) above, Fujikura also grants common stock of Fujikura Ltd. as compensation. This scheme is intended to enhance the motivation of directors to contribute to an increase in the corporate value of Fujikura by placing directors in a position to enjoy the advantage of a rising share price as well as to bear the risk of a falling share price, so that directors and shareholders share the advantages and disadvantages of such fluctuations. Variable compensation linked to performance and stock prices (short-term performance-linked compensation and stock-based compensation) is expected to be roughly 40% of total compensation at maximum. Remuneration of directors who are not executive directors shall consist only of basic compensation in a fixed amount, according to the role of each director. No short-term performance-linked compensation or stock-based compensation will be paid.

Description of Remuneration Advisory Committee Activities

Date	Details
October 22, 2018	Disposition (compensation) for executive directors
November 26, 2018	Regarding consideration of stock-based compensation of officers of the U.S. subsidiary, Regarding listing of stock-based compensation in the annual securities report, etc.
April 25, 2019	Regarding market trends in officer compensation, Regarding the results of considering use of a stock-based compensation plan by means of a trust for officers of the U.S. subsidiary, Regarding the KPI applied to executive directors in FY2019
May 14, 2019	Regarding FY2018 STI results and the FY2019 plan, Regarding payment of stock-based compensation to retired officers
June 21, 2019	Regarding executive director remuneration for the 171st period, Regarding the report to the Board of Directors
June 27, 2019	Decision on officer remuneration in FY2019 by the Board of Directors

Total Amount of Remuneration by Officer Category, Total Amount by Type of Compensation, etc., and Number of Officers Remunerated

Officer Category	Total Amount of Remuneration, etc. (Millions of yen)	Total Amount by Type of Compensation, etc. (Millions of yen)			Number of Officers Remunerated
		Basic compensation	Performance-linked compensation	Stock-based compensation	
Directors (excluding Audit and Supervisory Committee members and outside directors)	346	255	24	66	10
Directors (Audit and Supervisory Committee members) (excluding outside directors)	23	23	—	—	1
Outside officers	64	64	—	—	6

- Notes: 1. The amount of remuneration for directors who are not Audit & Supervisory Committee members was set at a maximum of 600 million yen a year at the 169th General Meeting of Shareholders held on June 29, 2017.
2. Introduction of a stock-based compensation system to grant common stock in Fujikura upon retirement as compensation to directors who are not Audit & Supervisory Board members was approved at the 169th General Meeting of Shareholders held on June 29, 2017. The amount of such compensation approved for one fiscal year is a maximum of 120 million yen and a maximum of 285,000 shares.
3. The amount of remuneration for directors who are Audit & Supervisory Board members approved at the 169th General Meeting of Shareholders held on June 29, 2017 is a maximum of 100 million yen a year (including compensation of outside directors of a maximum of 70 million yen a year).

Total Amount of Consolidated Remuneration, etc. for Each Officer

Name	Total Amount of Consolidated Remuneration, etc.	Officer Category	Company Category	Amount of Consolidated Remuneration, etc. by Type (Millions of yen)			
				Basic compensation	Performance-linked compensation	Stock-based compensation	Other
Joseph E. Gallagher	191	Director	Submitting company	8	—	—	—
			America Fujikura Ltd.	43	115	—	23

Note: The total amount of consolidated remuneration is omitted for individuals receiving total consolidated remuneration, etc. of less than 100 million yen.

Cross-shareholding

1. Policy on cross-shareholding

Fujikura does not engage in cross-shareholding in principle. However, Fujikura may hold the shares of a company only if it is necessary for Fujikura to enter into a strategic business partnership in the course of its business activities and it will contribute to an increase in corporate value of Fujikura over the medium to long term.

Fujikura sells off shares that it has decided to stop holding, and the Board of Directors receives reports on the sell-off of these shares. At the same time, the Board of Directors treats the shares it has decided to continue holding as capital invested in each in-house company and decides whether to continue holding them after examining their utility.

2. Policy on exercise of voting rights

Fujikura properly exercises voting rights each year based on comprehensive decisions derived from the aforementioned strategic cross-shareholding policy and from the perspective of increasing corporate value over the medium to long term.

Measures to Ensure that Corporate Pension Funds Perform Their Role as an Asset Owner

Fujikura Group has established a corporate pension fund (the Fujikura Corporate Pension Fund) to which it has entrusted the management of Fujikura's pension assets. Fujikura Corporate Pension Fund subcontracts the entire management of the assets to asset management firms and monitors the management of those assets.

Fujikura takes care to provide the Fujikura Corporate Pension Fund with the necessary personnel and organizational structure to ensure that the fund can monitor the asset management firms (handling practical management) effectively.

Policy on Constructive Dialogue with Shareholders

- (1) Fujikura promotes initiatives by which the president and senior management can engage in constructive dialogue with shareholders and investors as a means to achieve sustainable growth and increase corporate value over the medium to long term.
- (2) Fujikura places a director in charge of investor relations to handle constructive dialogue and ensure the effectiveness of dialogue and information disclosure. This director oversees the IR Group of the Corporate Strategy Planning Division, which cooperates with related departments to conduct timely, fair, and appropriate disclosure of information.
- (3) Other ways in which Fujikura discloses information include its periodic conferences for analysts and institutional investors held four times a year (May, August, November, February), plant tours, and publications such as business reports and annual reports. The president and the director in charge of investor relations directly visit institutional investors in Europe, North America, and Asia to provide a rundown of business operations, give briefings on earnings performance, and present an explanation of the Mid-term Business Plan. In addition, extensive dialogue is carried out through pertinent visits with investors, allowing opportunities to exchange opinions on matters such as the agenda of the General Meeting of Shareholders, the corporate governance structure, and ESG.
- (4) The president and the director in charge of investor relations provide adequate feedback on the results of interviews with the aforementioned shareholders and investors to directors.
- (5) Fujikura has established a quiet period to prevent the leakage of financial information and ensure fairness. During this quiet period, Fujikura does not comment on its financial information and does not respond to questions about this information. Fujikura also works to prevent the leakage or spreading of important information, and prevent insider trading, under its rules on internal information management.

Progress on CSR Priority Measures: Information Disclosure and Communication

[Assessment] ◎: Progress exceeded goals ○: Progress in line with goals △: Some goals not achieved ×: Goals not achieved

ESG Category	FY2020 Goals	FY2019 Plan	FY2019 Activity Results	Assessment
Governance	<ol style="list-style-type: none"> 1. Be able to provide information disclosure that is highly rated by the international community 2. Be consistently selected as a stock component of global indexes 3. Provide information disclosure that meets the expectations of stakeholders 4. Regularly engage in communication with stakeholders 	<ol style="list-style-type: none"> 1. Survey & analyze ESG information content 2. Provide information to shareholders and investors 3. Enhance Integrated Report contents 4. Devise ways to communicate information internally and externally 	<ol style="list-style-type: none"> 1. Continue to be included in the FTSE4Good and Blossom Japan Indexes 2. Continue to hold ESG meetings with institutional investors 3. Continue to submit an Integrated Report showing a high degree of improvement, to be selected for this by GPIF (Government Pension Investment Fund) asset management institutions 4. Hold CSR briefings for Group companies 	○

Risk Management

The Fujikura Group has established a policy to prevent or minimize losses in Group management and to maintain and enhance corporate value by building a foundation for sustainable, sound growth, through various risk management activities.

Risk Management Structure

Fujikura classifies risks to be managed into risks related to business opportunities (strategy risks) and risks related to the performance of its business activities (operational risks). Strategy risks are managed by top executives jointly through the Board of Directors and the Management Committee, while operational risks are managed by the Risk Management Committee based on the Fujikura Risk Management Rules. For crisis management, we provide information to top management promptly and have established a response organization and a management system in the Fujikura Risk Management Rules. Our risk management structure is the same as our compliance structure.

Risk Management Structure



*1 BCM is an abbreviation of Business Continuity Management. BCM refers to a management process during normal times in preparation for unforeseen events. It includes training and education for employees and implementing countermeasures in advance.

Initiatives in FY2019

The Risk Management Committee met 26 times in FY2019. The committee regularly reports on the status of risk management and BCM*1 promotion from each division and company. Extraordinary Risk Management Committee meetings were also convened to respond to typhoons and other disasters, ascertain the conditions of COVID-19 spread and consider the response, and to confirm the status of response on the cases of impropriety announced externally in FY2018.

Ensuring Tax Transparency

With operations taking place globally, the Fujikura Group prepares to comply with tax rules by constantly gathering BEPS*2 information and concluding consulting agreements with licensed tax accountants. Following the BEPS project on international taxation and pursuant to Japan's revised tax system of FY2016, we have submitted our master file since FY2016, the initial fiscal year of application, along with tax reports for each country where we operate, to the tax authorities. Since FY2017, we have been preparing local files for each applicable transaction.

*2 BEPS stands for Base Erosion and Profit Shifting. It indicates actions by multinational corporations to shift profits to Group companies located in a country with a lower tax rate to reduce tax burden.

Cyber Security

The Fujikura Group considers cyber security initiatives a top priority in business activities. Fujikura formulated its Basic Policy on the Security of Electronic Information and Basic Rules on the Security of Electronic Information in 2005.

In FY2019, we held information security training using an e-learning platform. In addition, we conducted a training exercise using a pseudo email as a way to combat targeted email attacks and make everyone aware of the correct response. At the same time, we informed employees of how to respond to prevent damage through the company intranet as well, and made efforts to ensure thorough compliance.

Compliance

The Fujikura Group is committed to fair and transparent transactions that abide by the laws, regulations, and rules of the countries and regions where we operate, to maintaining sound and normal relationships with government agencies and other organizations, and to ensuring management and protection of information.

Internal Reporting

The Fujikura Group operates an internal reporting system that stipulates protection, confidentiality, and prohibition of disadvantageous treatment of whistleblowers. The purpose of this system is to detect and respond quickly to fraud/compliance, harassment, violation of work rules, etc. In Japan, an external contact has been set up by an external lawyer in addition to the internal contact, to receive reports from Fujikura Group employees.

For Fujikura Group's overseas locations, an external professional firm has been retained to establish an internal reporting contact, in addition to the reporting contact established by each overseas subsidiary.

During the first half of FY2019, we conducted a total of 33 workplace briefings for around 7,800 Fujikura Group employees at the head office, plants, branches, and affiliated companies in Japan to give them a deeper understanding of the internal reporting system.

Number of Internal Reports and Consultations

FY2017	FY2018	FY2019
20	37	47

Anti-Corruption Initiatives

Understanding the need to prevent bribery and corruption in all countries and regions where the Group operates its business, the Fujikura Group revised its Fujikura Group Anti-Corruption Policy on June 1, 2020 to state that entertainment and gifts should be handled appropriately even when these do not constitute a legal violation. This policy also regulates compliance in the supply chain. We perform regular audits of account ledgers and other documentation and provide e-learning courses to ensure compliance with this policy.

Anti-Corruption e-Learning Course

Total no. of participants	4,639
Total number of coursework hours	6,959

* An e-learning course (study/test) for officers and employees is held once a year, at minimum.

Anti-Corruption Initiatives in the Supply Chain

The Fujikura Group includes provisions on anti-corruption and exclusion of anti-social forces in the basic business agreements it concludes with suppliers for the procurement of materials and components.

The Fujikura Group CSR Procurement Guidelines also include provisions prohibiting corruption and bribery and abuse of an advantageous position to prevent corruption, including among suppliers.

Privacy Protection

On March 22, 2005, we established the "Fujikura Privacy Policy." This policy stipulates the management system for personal information protection and compliance matters. We have appointed an executive director as Chief of Personal Information Protection and established a compliance and operating system for personal information protection by establishing company-wide personal information protection managers and department personal information protection managers in each department. We are currently in the process of revising our rules, including the specific response to the General Data Protection Regulation (GDPR) in the EU.

Quality

The Fujikura Group recognizes that quality is the value that a manufacturing company provides. We have established and are implementing measures to prevent recurrence of cases of impropriety related to quality control and are taking additional steps to strengthen our compliance system.

Quality Policy

Fujikura Quality Policy (established April 1, 2019)

1. To provide customers with products and services that are of the highest quality by pursuing a management philosophy based on quality.
2. To ensure that all employees continuously engage in proper conduct related to quality control by complying with all laws, regulations, official standards, and contracts with customers, based on a strong awareness of the importance of quality compliance.
3. To always encourage communication within the workplace to foster an open corporate culture, and promptly report to superiors when problems in quality compliance are recognized.

Strengthening the Quality Governance Structure

The Fujikura Group implemented organizational reforms on April 1, 2019 and changed the reporting line to have Quality Assurance report directly to the president.

To strengthen the quality management system and ensure independence of the quality assurance function, Fujikura also transferred the quality assurance organizations under the control of each business unit of each company (departments, divisions, and sections) to the Quality Assurance Unit that oversees the quality assurance function in each Company.

The organizations that oversee the quality assurance function in each company were placed under the Corporate Quality Assurance Department and designated as organizations that report directly to the president.

Quality Management Education

As part of our personnel training plan, Fujikura implements quality management education for young technicians. The goal is for quality management training to be "immediately useful" and for trainees to gain basic competence in practical quality management. Education in statistical quality management beginning from initial employment is also regarded as essential to the work of those in research and development.

Also, Fujikura has promoted acquisition of qualifications such as QC certification since FY2015, and has produced numerous certified personnel in its efforts to train human resources in quality management.



Quality management training held at the head office

Progress on the Plan of Correction for Cases of Impropriety in Quality Management

We are working on Governance Reforms, Proper Understanding of Manufacturing Process Capabilities and Inspection Capabilities and Verification of Specifications Requested by Customers, and Improvement of Awareness of Quality Compliance based on the measures to prevent recurrence announced publicly on April 25, 2019.

For Governance Reforms and Proper Understanding of Manufacturing Process Capabilities and Inspection Capabilities and Verification of Specifications Requested by Customers, we have completed establishment of the organizational structure for quality governance, and are implementing various measures designed to strengthen practical implementation.

For Improvement of Awareness of Quality Compliance, we have been providing training to make sure that everyone understands the background behind these cases and the reasons why they occurred, and to instill and increase awareness of quality compliance.

We will continue to conduct training to prevent recurrence of such cases and increase awareness.

Inherent Safety

In the Fujikura Group, we regard safety as corporate value itself, and are working to strengthen our risk management system to achieve inherent safety.

Establishment of Safety Pledge Day and Promotion of Inherent Safety Activities

In April 2016, a fatal accident occurred at a domestic affiliated company. The Fujikura Group established April 11, the date on which this accident occurred, as Safety Pledge Day and issued Our Safety Pledge. All employees take the pledge and implement inherent safety activities to make sure that such an accident never occurs again on this day to demonstrate their strong commitment to safety. This is done out of a strong desire to make sure that the precious life lost was not lost in vain.

The EHS Management Center is taking the lead on reducing all risks at locations to a tolerable level by the end of FY2020. We are working to identify and evaluate all risks at each location to achieve this goal.

Our Safety Pledge

- We will never repeat the same accident again!
- We will put safety first in all of our actions!
- We will realize an accident-free workplace for the sake of our coworkers and families!

Promoting Risk Assessment

In the Occupational Health and Safety Management System (OHSMS), proactive activities centered on risk assessment are designated as important activities for reducing occupational accidents. We are implementing risk mitigation activities for the risks already identified to achieve the goal of achieving a tolerable level for all risks by the end of FY2020, set when we began inherent safety activities. We are also working to identify potential risks which have not yet been recognized along with the risk mitigation activities. Fujikura views these activities as perpetual activities aimed at fostering a culture of safety.

OHSMS Initiatives

Since we launched our OHSMS in FY2010, we have continued to confirm the progress made by each of our plants, review the structure, and conduct site safety patrols. This has improved the level of safety. The Inherent Safety Promotion Department (now the EHS Management Center) has visited the locations of Group companies in Japan since FY2016 and the locations of Group companies overseas since FY2018. It conducts safety patrols to instill our view on inherent safety and check on safety activities at each location. The EHS Management Center conducted safety patrols at 40 Group company locations in Japan and 16 Group company locations overseas in FY2019.



On a safety patrol

Responsible Mineral Sourcing

The Fujikura Group identifies challenges that need to be addressed in the course of operating our business, including respect for human rights encompassing the labor environment and safety. We are promoting such efforts, not just in Fujikura, but the entire supply chain by building relationships of trust with our suppliers.

Action Taken to Ensure Responsible Mineral Sourcing, Including Conflict Minerals

The Fujikura Group recognizes regional human rights violations, labor problems, and many other risks and illegal acts as serious social issues related to mineral procurement in conflict-affected and high-risk areas/countries. We promote responsible mineral sourcing across our entire supply chain. We also participate in the Responsible Minerals Trade Working Group established by the Japan Electronics and Information Technology Industries Association (JEITA) and gather the latest information. An information sharing meeting is held once a year for those in charge of the conflict minerals survey in each in-house company to share and disseminate the latest information in the Fujikura Group. In FY2019, we shared information on the heightened demand for surveys on cobalt and mica in addition to tin, tantalum, tungsten, and gold (called "3TG") and the contents of our responses on various survey forms.

Initiatives in Responsible Mineral Sourcing Up to the Present

August 2011	Fujikura Group Policy for Non-Use of Conflict Minerals formulated
June 2016	CSR Procurement Guidelines formulated
February 2017	Fujikura Group Statement on the Modern Slavery Act and Human Trafficking established
May 2019	CSR Procurement Guidelines updated to Ver. 4 (to conform to RBA)
May 2019	Fujikura Group Policy for Responsible Mineral Sourcing formulated

Communication with All Suppliers

The promotion and penetration of CSR procurement requires direct dialogue with suppliers. The Fujikura Group hosts the Fujikura Group Partners Meeting in Tokyo, Shanghai, and Bangkok every year to obtain the understanding and cooperation of suppliers and work toward CSR procurement across the entire supply chain.

In addition to this, FETL in Thailand has selected suppliers that have received high acclaim in the supplier assessment system and commended them at the Partners Meeting in Bangkok since 2016. We are building stronger partnerships by sharing best practices with our business partners.

Matters Shared at Partners Meetings

- Fujikura Group business plan
- CSR Procurement Guidelines
- Important ESG-related themes (importance of human rights due diligence in the supply chain and providing information on measures to combat climate change, etc.)
- Selection and commendation of excellent suppliers (by FETL)



Commendation of excellent suppliers in Thailand



Explanation of procurement situation to suppliers in Japan

Progress on CSR Priority Measures: CSR Supply Chain Management

[Assessment] ◎: Progress exceeded goals ○: Progress in line with goals △: Some goals not achieved ×: Goals not achieved

ESG Category	FY2020 Goals	FY2019 Plan	FY2019 Activity Results	Assessment
Social	<ol style="list-style-type: none"> The Partners Meetings in in-house companies and main Group companies are held and managed appropriately A partner survey is conducted and appropriately evaluated The Fujikura Group CSR Procurement Guidelines are being complied with Risks are recognized and successfully managed in in-house companies and Group companies 	<ol style="list-style-type: none"> Hold Group Partners Meetings. Promote partner CSR Promote ensuring human rights in the global supply chain Consider CSR/SCM audits Consider introducing a supplier portal 	<ol style="list-style-type: none"> Ongoing in Japan, China, and Thailand Ongoing surveys in Japan and China CSR Procurement Guidelines revised and continue to request compliance with human rights policy at Partners Meetings A survey of Group companies in Japan was conducted but the SCM audit has not been completed Introduced according to plan 	○

Risks and Opportunities of Climate Change







The Fujikura Group established Fujikura Group Long-term Environmental Vision 2050 in 2016 as our long-term vision on responding to climate change. We are working on four challenges aimed at minimizing negative environmental impact by the future target of 2050.

Fujikura Group Policy on Responding to Climate Change

The response of the Fujikura Group began with the establishment of the Fujikura Group Global Environmental Charter in 1992. It specifies our policy on environmental activities that are consistent with our management strategy, which we formulated by referencing the forecasts of external institutions. In 2016, the Fujikura Group performed a scenario analysis using the Intergovernmental Panel on Climate Change (IPCC) RCP 2.6* (a scenario of a 2°C increase in temperature) and established Fujikura Group Long-term Environmental Vision 2050. We are working on four challenges aimed at minimizing negative environmental impact by the future target of 2050.


* RCP 2.6: The Fifth Assessment Report of the IPCC (published in 2014) details four scenarios of how much the average temperature will rise over the next 100 years. This is the lowest temperature increase among the four scenarios.

History of Climate Change Initiatives

Apr. 1992		Established the Fujikura Group Global Environmental Charter
Jul. 2012		Began responding to CDP Climate Change questionnaire
Apr. 2013		Revised the Fujikura Group Global Environmental Charter (to add protection of biodiversity)
Sep. 2013		Signed the United Nations Global Compact
Apr. 2016		Enacted Ver. 5 of the Fujikura Group Environmental Activity Guidelines (FY2016 to FY2020)
Jul. 2016		Established Fujikura Group Long-term Environmental Vision 2050
Jul. 2017		Began responding to the CDP questionnaires on water and the supply chain
Apr. 2019		Became a supporting member of the Japan Climate Leaders' Partnership (JCLP)
Jul. 2019		Became a TCFD supporter (Task Force on Climate-Related Financial Disclosures)
Oct. 2019		Joined the RE100 global corporate leadership initiative


The Four Challenges in Fujikura Group Long-term Environmental Vision 2050

Challenge 1




Zero CO₂ emissions at plants by 2050

Challenge 2




Minimize use of water at plants and wastewater management

Challenge 3



Symbiosis between plant workers and nature

Challenge 4



Effective use of resources and resource cycle

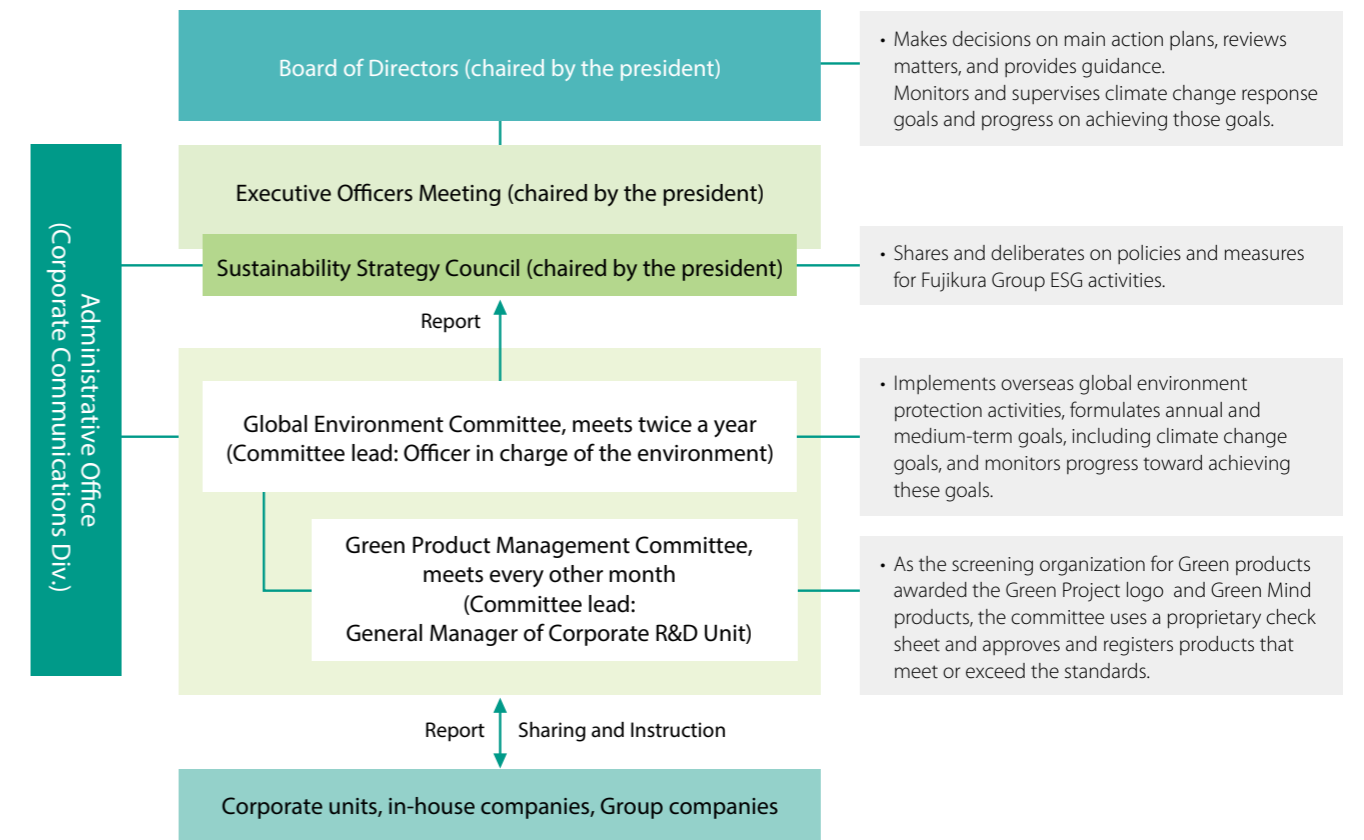
Disclosure of climate change-related information according to the TCFD statement



The Fujikura Group indicated support of the statement published by the Task Force on Climate-Related Financial Disclosures (TCFD) in 2017. We contribute to realizing a sustainable society by analyzing the risks and opportunities created by climate change and disclosing these to stakeholders.

Climate Change Governance and Risk Management (including CSR management)

Climate change governance in the Fujikura Group is overseen globally by the Global Environment Committee (chaired by the officer in charge of the environment), which is an environmental subcommittee in the Sustainability Strategy Council. The Global Environment Committee is the deliberative and decision-making body for environmental management, including climate change. It formulates goals for each fiscal year as well as medium-term goals and monitors progress on activities while also reporting to the Fujikura Group Sustainability Strategy Council, upon approval of the officer in charge of the environment. The committee establishes specialty subcommittees for key themes, formulates measures and rolls out countermeasures cross-organizationally, and provides various other kinds of support.



FY2019 Initiatives

- Produce a road map for the introduction of renewable energy.
- Begin purchasing renewable energy at the Kabin Buri plant of FETL, a Group company, in Thailand.
- Convene the Energy New Strategy Working Group (every other month).





Floating solar panel installed in the reservoir inside FETL's Kabin Buri plant

Specifying Climate Change-Related Risks and Opportunities

The Fujikura Group is working to specify the risks and opportunities that could materialize in the process of transitioning to a low-carbon economy. We are analyzing what kind of impact climate change will have on growth of Fujikura Group businesses, based on the long-term forecasts of international research institutions (OECD, IPCC), social concerns, and requests for response to climate change from customers. The specified risks are reviewed as appropriate.

Risks

Type	Climate Change Risk	Future Response
2°C Scenario (Migration Risk) Short Term/ Medium Term	[Policy/Legal Risk] <ul style="list-style-type: none"> Stricter CO₂ emissions regulations in various countries through the introduction of a carbon tax, etc. <ul style="list-style-type: none"> Trial calculation of financial impact from a carbon tax Demands from customers and the countries Fujikura operates in and obligation to reduce greenhouse gas emissions and our carbon footprint 	<ul style="list-style-type: none"> Following the road map to 100% renewable energy, move forward with extensive use of energy savings, introduction of renewable energy, credits, and other tools based on Fujikura Group Environmental Long-term Vision 2050 Pursuing use of renewable energy in business activities (at head office, plants, etc.) Strengthening response by joining the RE100 and affirming TCFD, and regularly monitoring and responding to ESG rating indicators
	[Technology Risk] <ul style="list-style-type: none"> Disruption of existing technology Demand to minimize energy consumption during product manufacturing or use renewable energy 	 
	[Market Risk] <ul style="list-style-type: none"> Changes in demand for products and services Temporary increase in capital investment cost from climate change countermeasures requested by customers or the community Rising raw material prices and diversification of suppliers from climate change-related factors 	
	[Reputation Risk] <ul style="list-style-type: none"> Demands for information disclosure on and response to climate change by customers, investors, and various rating organizations 	
[Acute Risk] <ul style="list-style-type: none"> Impact on operations from flooding, a large typhoon, or other natural disaster <ul style="list-style-type: none"> Impact on business results if a production facility is damaged and this reduces operating capacity or requires equipment restoration, etc. Impact on production plans due to partial severance of the supply chain →Fujikura Group companies suffered massive damage from flooding in Thailand in 2011, and it took five years to recover	<ul style="list-style-type: none"> Disaster preparedness/prevention response for affected locations <ul style="list-style-type: none"> We used the lessons learned from the damage caused by the 2011 flooding at FETL in Thailand and implemented measures such as diversifying locations and building a floodwall near the business, from the perspective of BCP Slope face maintenance around office sites and response to high tides and tsunami at plants near the ocean 	
[Chronic Risk] <ul style="list-style-type: none"> Health considerations for employees who work in the area of operation due to a rise in the temperature, or other changes Securing the safety of employees due to an increase in the amount of rainfall Impact on operations from a future rise in sea level 	<ul style="list-style-type: none"> * Domestic locations that would be impacted by flooding and a rise in sea level <ul style="list-style-type: none"> Head office, Fujikura Engineering Ltd., FUJIKURA HIGH OPT Co., Ltd. (Kiba, Koto-ku, Tokyo), Suzuki Giken Co., Ltd. (Tajiri, Ichikawa-shi, Chiba Prefecture), Numazu Copper Refining and Rolling Co., Ltd., Nishi Nippon Electric Wire & Cable Co., Ltd. (Kasugaura, Oita-shi, Oita Prefecture) * Researched the hazard maps of the various local governments 	
4°C Scenario (Physical Risk) Short Term/ Medium Term		

Opportunities

Individual Businesses	Social Trends	Opportunities
Power	<ul style="list-style-type: none"> Increase in demand for power, especially electric power demand, mainly in developing countries due to economic growth, urbanization, population growth, and other factors Power supply stabilization, increased efficiency, and progress on energy savings under the 2°C scenario through the use of digital technology Diversification of both power supply and demand for companies, individuals, etc., and increase in renewable energy use under the 2°C scenario Increased concern over natural disasters under the 4°C scenario Response to the Act on Promoting the Elimination of Utility Poles (disasters, etc.) 	[Market] Proliferation and expansion of renewable energy [Products/Services] Expansion of Green products [Energy Sources] Products related to highly efficient electrical power systems <ul style="list-style-type: none"> Promotion of digital technology use [Resilience] Strengthening the resilience of social infrastructure such as electrical wire and cable
Telecommunication Systems	<ul style="list-style-type: none"> Exponential growth in data distribution, storage, and analysis volume due to the advancement of digitalization Rapid expansion in new service businesses that use digital technologies such as big data, IoT, 5G, and AI Advancement in CASE/MaaS mmWave (wireless communication) Concerns over response to natural disasters under a 4°C scenario 	[Products/Services] Roll out of solutions mainly for high density, small-diameter optical cable (SWR®/WTC®) [Markets] Expansion of Green products (FY2018: ¥21 billion) <ul style="list-style-type: none"> Products for highly efficient IT systems Promotion of digital technology use Strengthening the resilience of communication lines as social infrastructure
Electronics	<ul style="list-style-type: none"> Increase in industrial robots Entrance into medical products Increase in automotive electronic components Increase in mmWave-capable components 	<ul style="list-style-type: none"> Pursuit of R&D for CASE Promotion of digital technology use Expansion in Green products (FY2018: ¥16.5 billion) Increase in demand for industrial and automotive connectors
Automotive Products	CASE advances <ul style="list-style-type: none"> Increase in wire harnesses accompanying increase in electronic components Advancement of move to electric vehicles under a 2°C scenario Increase in demand for lighter wire harnesses 	<ul style="list-style-type: none"> Lighter wire harnesses Pursuit of R&D to respond to CASE Combining knowledge of the automotive products business with the telecommunication systems, power, and other businesses to generate new businesses related to electric vehicles Strengthen response to automotive components other than wire harnesses and electric vehicles Expansion of Green products (FY2018: ¥70.2 billion)
Real Estate	Promotion of digital technology use <ul style="list-style-type: none"> Need to consider the positive environmental impact of ZEB and other measures, etc. 	<ul style="list-style-type: none"> Securing and maintaining tenants that demand environmental friendliness

Risk Management

The Fujikura Group Global Environment Committee chaired by the Sr. Vice President in charge of Environment approves and makes decisions on response to specified risks and future considerations. In addition to reporting on the results of activity plans specified in the CSR Priority Measures, the Fujikura Group Global Environment Committee shares information, and considers and approves response proposals. It reports to the Fujikura Group Sustainability Strategy Council.

The committee also enters, evaluates, and analyzes data on the electricity usage, water usage, and waste generated by each location of the Fujikura Group. The results are confirmed at Fujikura Group Global Environment Committee meetings twice a year and plans are revised.

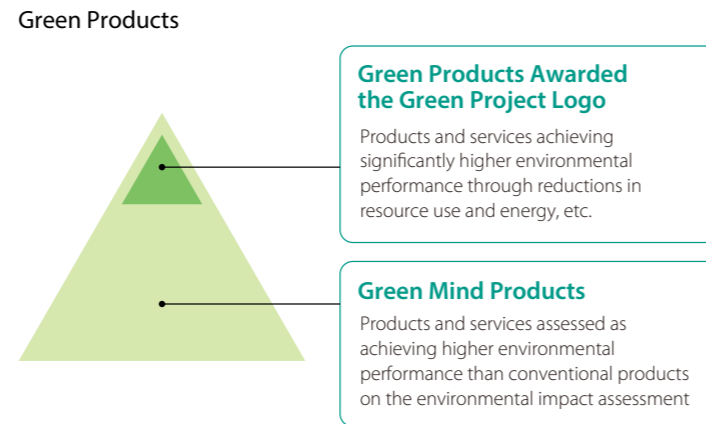
Expansion of Environmentally Friendly Products

The Fujikura Group specified implementing initiatives that contribute to both the environment and society and working to enhance corporate value as one of the basic policies of the 2020 Mid-term Business Plan and specifies strengthening initiatives in ESG, including response to climate change.

We are developing environmentally friendly products (Green products) to contribute to the achievement of a low-carbon society by reducing resource use, saving energy, and other measures, which contributes to profitability.

The Green Product Management Committee screens Green products using the product environmental assessment check sheet submitted by each business division, and registers products that meet or exceed the standards as Green Mind products. The product environmental assessment check sheet was codified in 2011 and is updated regularly. The Green Product Management Committee is chaired by a member of the Corporate R&D Unit, and committee members are selected from each Company.

The goal for registering Green products is set at 60 products or more a year. In FY2019, there were 68 Green product registrations, amounting to 40% of net sales.



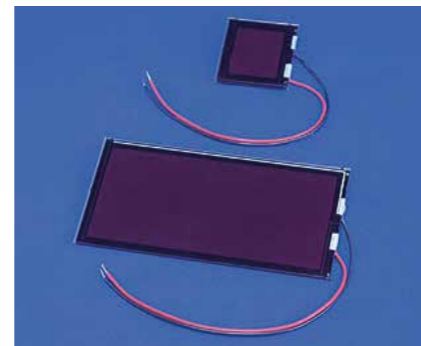
Product Introduction 1 Compact Oxygen Sensor

Fujikura developed the FCX-UWL compact oxygen sensor. It is compact, lightweight, and portable, and will be used mainly in oxygen concentration devices in the future. It is 40% shorter and 20% lighter than conventional products, and is contributing to the increasing reduction in the size of oxygen concentration devices. The Fujikura Group is contributing to the improvement of health and QOL (quality of life) of many people through this product.



Product Introduction 2 Thin DSC Module Panel for Sensing Systems

A DSC (dye-sensitized solar cell) is an energy-harvesting IoT device that provides energy self-sufficiency without battery replacement or power supply wiring. This solar cell can generate power in the shade or indoors, and improvements in electrolyte encapsulation technology have simplified DSC module panels to a substantial degree. Such simplification has increased the degree of freedom in placement of the sensing system and is expected to expand the purposes for which the product is used.



Ascertaining the Financial Impact

In FY2018, we did not see any direct impacts on our business from phenomena considered to be caused by climate change. Fujikura made the following investments to prepare for the risk of suffering future damage.

Fujikura's Sakura Works experienced slope failure due to torrential rain in the past. In recent years, the number of torrential rain events has increased due to climate change, and we performed slope face maintenance from FY2016 to FY2018 (at a cost of ¥380 million). We are anticipating around ¥200 million in maintenance costs in FY2019 on top of this.

The Oita plant of Nishi Nippon Electric Wire & Cable faces Oita Bay and carries the risk of suffering damage from high tides and tsunami during typhoons. To address this risk, we built a new office building capable of serving as an evacuation center for 500 people in FY2017 (at a cost of ¥460 million).



Slope face construction at Sakura Works



Tsunami evacuation tower at Nishi Nippon Electric Wire & Cable

Goals and Results of CSR Priority Measures

We formulated the CSR Priority Measures having FY2020 as the final fiscal year, which is the same as for the Mid-term Business Plan, based on the Fujikura Group CSR Basic Principles and the four focus areas in order to link these measures with the management strategy. The following three measures were set for the environment and we are working to achieve the FY2020 goals.

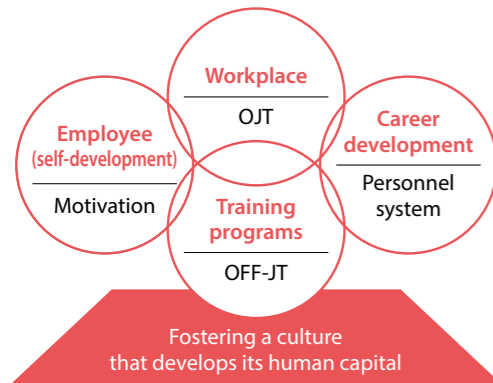
Environmental Goals in the CSR Priority Measures

ESG Category	CSR Priority Measure	FY2020 Goal	FY2019 Plan	FY2019 Activity Results	Assessment
Environment	(1) CO ₂ Emissions Reduction	1. Reduction in total CO ₂ emissions 1) Fujikura and affiliated domestic companies: Reduction of 3% or more (compared to FY2013) (FY2030 Long-term goal: Reduction of 6.5% or more) 2) Overseas affiliated companies: Improvement of 1.3% or more per year in CO ₂ emissions intensity per base unit (compared to FY2014)	1. Reduction in total CO ₂ emissions (Fujikura and affiliated domestic companies) 2.4% or more compared to FY2013 (Overseas affiliated companies) Improvement of 3.9% or more per year in CO ₂ emissions intensity per base unit (compared to FY2014)	<ul style="list-style-type: none"> Fujikura Group Long-term Environmental Vision 2050 road map completed, joined RE100, and received a CDP climate change score of A- (Domestic) Fujikura: 18.9% reduction (emissions volume, 80,900 tons of CO₂) Domestic Group: 5.9% reduction (emissions volume, 63,400 tons of CO₂) (Overseas Group) Intensity per base unit: 9.2% improvement (emissions volume, 257,000 tons of CO₂) 	○
	(2) Water risks	1. Setting goals and implementing improvements for the amount of water used 2. Implementing water risk valuation and risk minimization 3. Reply to "CDP Water," receive evaluation	1. Improvement in water usage per base unit: (Domestic Group) 1% or more compared to FY2018	<ul style="list-style-type: none"> (Domestic) 20.1% improvement in water usage per base unit (net sales) compared to previous fiscal year 2. Confirmed risks by checking government hazard maps, and produced a flooding/high tide risk list for domestic locations 3. CDP water score: B- 	○
	(3) Biodiversity Conservation	1. The on-premises green activities of the Fujikura Kiba Millennium Woods, Sakura Millennium Woods, and Suzuka Millennium Woods are popular among employees 2. The preparations to open to neighboring citizens were completed at Sakura and Suzuka, and the plan for communicating with those citizens was also completed	1. Effective use of nature in the business premises 2. Pursuit of initiatives in biodiversity 3. Pursue the concept of a satoyama natural area on business premises	<ul style="list-style-type: none"> 1. Began Kiba Millennium Woods "Create a 1,000-year forest" campaign, raised awareness among employees, and posted the activities in a series of workplaces each month on the company intranet (12 times) 2. Completed the Sakura Millennium Woods Project, continued maintenance activities, and continued to provide recreation activities with employees 	○

Human Resource Development

The Fujikura Group requires talent that can play an active role globally in order to continually develop innovative and highly useful products and solutions. Human resource development activities targeted at this are an important pillar of management that will pave the way for the Group's future.

Our Approach to Human Resource Development



Human resource development involves a continual cycle that connects development and evaluation, focused mainly on on-the-job training (OJT) in each workplace, based on the Fujikura Group HRM Vision. The individual employee and his or her superior identify and share the individual's strengths and weaknesses, and expand on the strengths while improving the weaknesses. This is a total system of human resource development that links efforts to further growth.

A career challenge system has also been introduced. It was built on internal public recruitment that makes it easy for an individual to implement his or her own career plan. This fosters autonomy.

Human Resource Development Programs

Theme	Program Details
1. Career Development Assistance	1) Career start-up assistance <ul style="list-style-type: none"> Group training (group training for employees in their first or second year with the company starting out their career) Individual programs led by mentors (OJT)
	2) Elective training <p>A system is in place to work with supervisors to identify the necessary knowledge and skills for each career stage and role through evaluations, to create individual career development plans, and to select from a wide range of training programs suited to individual needs (outside group training, e-learning, correspondence education, etc.)</p> <p>Examples: Logical thinking, communication skills, problem solving, team and organizational management, business administration, language, and IT</p>
	3) Next-generation management career support (selective training) <p>Leadership training that develops leaders in individual fields and intensive management training to develop the executives of tomorrow</p>
	4) Lifelong learning programs <p>Life planning seminar for employees several years prior to retirement and post-retirement job placement services for employees who desire to continue working</p>
2. Compliance-related programs	Various kinds of training on an individual's corporate social responsibilities as a member of the company (fair trade, export control, labor relations, etc.)
3. Operational specialist-related programs	Specialized education conducted by relevant departments in charge, covering topics such as quality, manufacturing, intellectual property, legal affairs, labor, and accounting

Progress on CSR Priority Measures: Global Human Resource Development

[Assessment] ◎: Progress exceeded goals ○: Progress in line with goals △: Some goals not achieved ×: Goals not achieved

ESG Category	CSR Priority Measures	FY2020 Goals	FY2019 Plan	FY2019 Activity Results	Assessment
Social	(6) Global Personnel Growth	<ol style="list-style-type: none"> The "Fujikura Group HRM Vision" is jointly created and shared by the group to work toward common goals We are becoming a "company with a dream" as we respect employees and develop appealing personnel globally 	<ol style="list-style-type: none"> Overseas language training program Build a Group human resources platform 	<ol style="list-style-type: none"> None in this fiscal year Introduction of the system to overseas Group companies continues 	○

Health Management

The Fujikura Group believes that corporate competitive strength is based on good employee health. We recognize that the health of our employees is an important management resource and pursue initiatives aimed at improving employee health.

Development of @Switch! ("At Switch") App, a Next-Generation Management Solution

Fujikura Social Health Research Institute Ltd. was established in 2019 to advance health management in the Fujikura Group. The institute developed the @Switch! app to link employees and their families through the keyword of health.

In addition to managing their own health by logging data on daily activities and food on the app, @Switch! is an SNS platform where employees can meet others and see their ideas. It is a next-generation health management solution that enables people who have diverse lifestyles to gain new insights on their own timing at the location, time, and place of their choosing, and easily turn their own self-transformation switch on.

By creating this app and enhancing various health promotion programs, the Fujikura Social Health Research Institute Ltd. is providing society with the power to become flexible and strong in a stressful society and changing times.



@Switch! information sharing and participation platform

Initiative 1 Employee Health Improvement Program

Periodic physical examinations are used to determine self-health level and disease risk and is the basis of voluntary health promotion. Examinations are carried out by adding our own check list of items to the statutory check list. Additional items we add to the check list are aimed at the early detection of lifestyle diseases. Guidance on prevention management and individual health awareness is also provided to employees who have many factors with high risk of onset. We are implementing initiatives aimed at improving the health consciousness of our employees.



We participated in the corporate games again in FY2019.

Initiative 2 Measures to Prevent Second-hand Smoke

To prevent the inhalation of second-hand smoke by employees, we aim to completely prohibit indoor smoking areas by the end of FY2023. We are taking steps to eliminate smoking areas in stages and restrict the operating hours of smoking areas.

Smoking cessation seminars are also being held in each business location to reduce health risks associated with smoking and the company is subsidizing the cost of smoking cessation therapy.



A smoking cessation seminar

Respect for Human Rights in Business Activities

As a signatory to the UN Global Compact, the Fujikura Group works to support the protection of human rights and stand against human rights violations so that the human rights of people impacted by our business activities are respected.

Philosophy and Policy on Human Rights

The Fujikura Group Policy on Human Rights expresses the responsibility to respect basic human rights stipulated in the Universal Declaration of Human Rights and elsewhere during the course of our business activities globally.

In addition, we strive to promote understanding and the actualization of human rights and reference international norms such as the International Labor Standards, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises and the Guiding Principles on Business and Human Rights established by the UN as we establish policies and measures on human rights.

Fujikura Group Policy on Human Rights Provisions

1	Respect for International Standards
2	Responsibility for Respecting Human Rights
3	Scope of Application
4	Compliance with Applicable Laws and Regulations
5	Human Rights Due Diligence
6	Promotion
7	Dialogue and Consultation
8	Disclosure of Information

Labor-Management Relationship Based on Sufficient Consultation

We recognize that freedom of association and the right to collective bargaining are fundamental human rights. In labor agreements concluded between Fujikura and the Fujikura Labor Union, we acknowledge that the labor union has the right to organize, the right to collective bargaining, and the right to strike. In order to keep labor union members fully informed, we also hold briefing sessions and consultation meetings on management policies, business plans, management measures, and business measures. In addition, management and union members engage in frank exchanges of opinions, striving to deepen mutual understanding and resolve any issues or disputes when they arise.



Labor-management workshop

Opportunities for Communication

- Briefing sessions (held twice annually)
- Consultation meetings (held monthly and as needed): Quarterly financial results, monthly profitability, production situation, labor situation, and labor conditions, etc.
- Labor-management workshops (annually): MVCV, labor union policies, etc.
- Collaboration with affiliated companies (held as needed): sharing of opinions with labor-management of affiliated companies

Progress on CSR Priority Measures: Respect for Human Rights

[Assessment] ◎: Progress exceeded goals ○: Progress in line with goals △: Some goals not achieved ×: Goals not achieved

ESG Category	CSR Priority Measures	FY2020 Goals	FY2019 Plan	FY2019 Activity Results	Assessment
Social	(4) Respecting human rights	<ol style="list-style-type: none"> Becoming a company where personnel from varied nationalities, races, genders, religions, ages, and origins can work and excel The entire Fujikura Group properly understands harassment and fosters a non-permissive/anti-harassment culture 	<ol style="list-style-type: none"> Enhance harassment education Strengthen management of work hours 	<ol style="list-style-type: none"> Made sure that everyone understands the laws on harassment and revised e-learning content Introduced a variable working hours system and worked to respond to laws related to workstyle reform 	○

Practicing Human Rights Due Diligence

Based on the Fujikura Group Policy on Human Rights, the Fujikura Group takes steps internally to address human rights issues when they emerge through the company's internal reporting system and Partners Meetings with suppliers. The practice of human rights due diligence is now required to protect human rights and ensure transparency in procurement, manufacturing, and other business activities. In FY2019, we worked to build a human rights due diligence framework based on the procedures outlined in the Guiding Principles on Business and Human Rights.

Specifying and Regular Examination of Potential Human Rights Risks

The Fujikura Group uses international guidance on human rights, surveys from customers, and questionnaires from ESG rating institutions to establish human rights risks that could materialize through business activities and carefully examine them on a regular basis.

Potential Human Rights Risks Associated with Fujikura Group Business Activities

Business Activity	Procurement	Manufacturing	Sales
Human Rights Risks	Child labor, forced labor, abuse of superior position, discrimination, non-payment of wages, wrongful dismissal, safety and health, etc.	Occupational health and safety, labor-management relations, foreign workers, freedom of association, harassment, etc.	Human rights violations due to product safety and quality, unintended use, etc.
Stakeholders	Suppliers Local communities	Group employees	Customers Local communities
Impact on Business	Impact on stable procurement and risk of customer losses	Reduction in engagement	Damage to brand value
Risk Assessment	Communication with suppliers through Partners Meetings and conducting surveys	Use of the internal reporting system, internal audits by a specialized department, responses to RBA audits from customers	Understanding trends in legislation concerning human rights

Initiative 1 Responding to Questionnaires from Customers and RBA Audits

The Fujikura Group aims to build long-term, sustainable relationships with customers and responds to sustainability surveys, RBA questionnaires, on-site audits, and other requests by customers. We focus our efforts on RBA audits in particular, take any findings received seriously, and respond quickly. This enables us to earn the trust of our customers and leads to the identification and correction of human rights risks in business activities.

Initiative 2 Using Surveys from ESG Rating Organizations to Determine Social Demands

The Fujikura Group actively responds to surveys received from ESG rating organizations to determine actual conditions and respond to social demands. We extract the issues in actions, information disclosure, and other things demanded of the company by analyzing the different ratings by each ESG rating organization. This leads to stronger management infrastructure.

Supporting Fujikura Gakuen

Our support of Fujikura Gakuen forms part of the Fujikura Group's social contribution activities. The goal is to support its users, namely children with cognitive disabilities, in developing physically and mentally in a wholesome manner and gaining essential skills for living independently in the local community while preserving their dignity.



What is Fujikura Gakuen?



Harukichi Nakauchi, founder of Fujikura Gakuen

Fujikura Gakuen, a social welfare corporation, was founded on June 7, 1919 in the town of Motomachi on Izu Oshima. Harukichi Nakauchi, the blood brother of the founder Zenpachi Fujikura, donated a sizable amount of his personal assets (currently worth approximately 2 billion yen) and 40,000 tsubo of land (approx. 132,000 m²) on Izu Oshima for the land and building to establish the school and residence for mentally handicapped children and adults. Today, Fujikura Gakuen has facilities on Izu Oshima and in Tama (Hachioji City). These facilities have around 100 workers who provide 24-hour care and education to approximately 130 individuals.

Since its inception, the Fujikura Group has made donations as a company and its individual employees have donated their own money, too, in supporting the organization to continue its operations. The support provided to Fujikura Gakuen is considered the focal point of the Fujikura Group's social contribution activities, and this support will be sustained going forward.



Fujikura Gakuen in Izu Oshima



Fuji Café, operated by Fujikura Gakuen

Established

1919

Facilities

2 locations

Izu Oshima, Tama (Hachioji City)

No. of clients

Approx. **130**

Main Supporting Activities

Support is provided through fundraising donations, volunteer activities, and product sales, which also contribute to fostering the right mindset (thinking, action, and belief) for each individual employee.

Presenting Donations from the Works

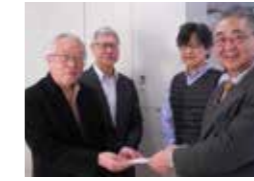
Fujikura Sakura Works conducts fundraising activities in support of Fujikura Gakuen every year in December. In fiscal 2019, the funds raised were again presented to the head of Fujikura Gakuen. The business office will continue its support activities in the future.



Presenting the collected donations

Group company donations

Fujikura Components Ltd. has begun donating funds to support Fujikura Gakuen. The president visited Tama Fujikura Gakuen to deliver the donated funds. His tour of the facility and interaction with users led him to resolve to continue supporting Fujikura Gakuen.



Presentation of funds donated

Distributing Fuji Café products at the General Meeting of Shareholders

We distribute cookies made at Fuji Café, which is operated by Fujikura Gakuen in Izu Oshima, to those who come to the General Meeting of Shareholders to help our shareholders understand our efforts in support activities.



Distribution to General Meeting of Shareholders attendees



Employee donation drive

We held a donation drive for cloth, writing supplies, and other items for Fujikura Gakuen at Fujikura's head office. The items donated by employees were sent to both Fujikura Gakuen facilities in Tama and Izu Oshima. We will continue to support these Fujikura Gakuen facilities according to their needs.



Some of the items donated

Volunteer activities of new employees

Each year, newly hired employees participate in volunteer activities at Tama Fujikura Gakuen as part of their new hire training. These activities enable new employees to foster bonds with their colleagues, appreciate the mission of the Group's founders, and recognize the importance of supporting Fujikura Gakuen.



Painting

On-site sale of Fuji Café products

Located in Izu Oshima, Fuji Café is a living assistance center where students of Fujikura Gakuen undergo vocational training to gain independence. The Fuji Café exhibition and sale, which features products made by Fuji Café (pound cakes, cookies, etc.), has been hosted at the Fujikura head office with ongoing support.



On-site sale held twice a year

Fujikura Kiba Millennium Woods



Fujikura's Resolve to Protect Biodiversity

The Fujikura Group is keenly aware of the close relationship between its business activities and the global environment, and has set the goal of being a corporate group that is good for both people and the environment and strives to make every effort to protect the global environment. All living things live by mutually supporting one another either directly or indirectly, and our lives and lifestyles are supported by the many blessings generated through biodiversity. The Fujikura Group formulated "Roadmap 2030: A Long-Term Vision for Biodiversity" in January 2013 and is pursuing initiatives aimed at increasing every employee's awareness of protecting biodiversity.

Fujikura Kiba Millennium Woods Created as a Symbol of the Local Community

When we redeveloped the grounds of our head office in November 2010, we opened a biotope and garden called Fujikura Kiba Millennium Woods next to our head office in response to requests from local schools and citizens for more greenery and the increasing interest in biodiversity.

The name, Fujikura Kiba Millennium Woods, incorporates the hope shared with everyone in the Kiba area of Koto-ku that the abundance of nature will persist in the future for 1,000 years.

Fujikura Kiba Millennium Woods covers 2,200 m² and contains two ponds and a river that connect them, a floating island, walking paths, and other features. We gave preference to native species in designing it to replicate the abundant forests and woods that existed in the Musashino plateau several hundred years ago, as a space dedicated to wildlife. The woods have now grown enough for the chicks of the spotbilled duck and the common kingfisher to fly out of their nests.

Wildlife and Plants in Fujikura Kiba Millennium Woods

Plants

- 80 species native to the Kanto area; 500 tall and medium-sized trees, 2,000 shrubs
- 65 grass, moss, and aquatic plant species; approx. 15,000 plants

Fish

- Limited to fish, shrimp, and shellfish in the Arakawa watershed
- Approximately 800 fish of 10 different species were released; there are now around 1,300 fish

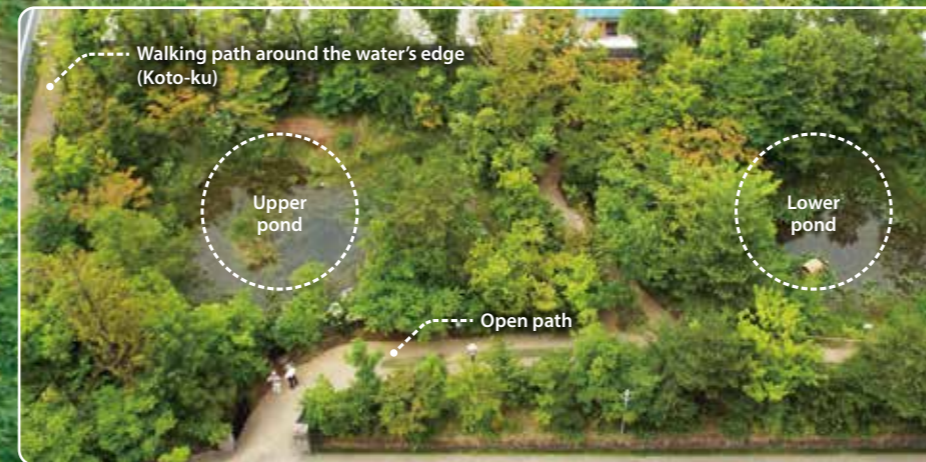
Birds

- Around 20 species, including the common kingfisher, brown-eared bulbul, and spotbilled duck

Insects

- Over 50 species of dragonflies, butterflies, and other insects spotted

Bird's Eye View



Features

Built in **2010**

Area: **2,200 m²**

Limited to native species

Communication with Local Residents

At Fujikura Kiba Millennium Woods, we place importance on active communication with employees and members of the community. The woods are mainly used for educational activities to raise environmental awareness among employees and nature education for local elementary schools, as well as government-sponsored ecological tours.



Use for nature educational activities for local elementary school children



Used for government-sponsored ecological tours.

Educating Employees in Environmental Awareness

Fujikura is conducting a campaign to have employees from individual divisions go to the Fujikura Kiba Millennium Woods at the head office each month and learn about the Fujikura Group's initiatives in biodiversity.

We have disclosed the Fujikura Group Long-term Environmental Vision 2050 and are pursuing solutions to environmental issues. Increasing the environmental awareness of employees is important in order to be a sustainable company, and we are using the Fujikura Kiba Millennium Woods as an opportunity to educate employees in environmental awareness.



Employees who visited the Millennium Woods

Certified as Edo-Midori Green Area Registration (Excellent Green Area)

In 2017, Fujikura Kiba Millennium Woods was registered as a good green area under the Edo-Midori Green Area Registration. This system restores the environment suitable for the creatures of Tokyo, including wildlife such as insects and birds, by planting vegetation (native species) naturally distributed in Tokyo on the premises of buildings, etc. Fujikura was registered because of its participation in the Edo Green Restoration Program, a project to plant native species being implemented by the Tokyo Metropolitan Government as a public-private partnership, where relevant industries join together to formulate measures for spreading native species in Tokyo.



Corporate Profile

Corporate Profile

■ Company name: Fujikura Ltd.	■ Capital: 53 billion yen (as of March 31, 2020)
■ Founded: February 1885	■ Headquarters: 1-5-1, Kiba, Koto-ku, Tokyo 135-8512
■ Established: March 1910	

Main Consolidated Subsidiaries (as of March 31, 2020)

Japan

FUJIKURA HIGH OPT Co., Ltd.
 Fujikura Components Ltd.
 Fujikura Solutions Ltd.
 DDK Ltd.
 Tohoku Fujikura Ltd.
 Nishi Nippon Electric Wire & Cable Co., Ltd.
 Numazu Copper Refining and Rolling Co., Ltd.
 Fujikura Shoji Co., Ltd.
 Fujikura Precision Ltd.
 Fujikura Automotive Asia Ltd.
 Suzuki Giken Co., Ltd.
 Fujikura Engineering Ltd.
 Precision Fiber Optics Ltd.
 Shinshiro Cable, Ltd.
 Aomori Fujikura Kanaya Ltd.
 Fujikura Logistics Co., Ltd.
 Fuji Materials Ltd.
 Fujikura Dia Cable Ltd.
 Yonezawa Electric Wire Co., Ltd.
 FiberTech Co., Ltd.
 Optoenergy, Inc.
 ■ **Equity method affiliates**
 FUJIKURA COMPOSITES Inc.
 Fujikura Kasei Co., Ltd.

China

Fujikura (China) Co., Ltd.
 Fujikura Electronics Shanghai Ltd.
 Fujikura Shanghai Optical Components Co., Ltd.
 Fujikura Hengtong Aerial Cable System Ltd.
 DDK (Shanghai) Co., Ltd.
 Fujikura Fiber-Home Opto-Electronics Material Technology Co., Ltd.
 Fujikura Zhuhai Co., Ltd.
 Fujikura Automotive Guangzhou Co., Ltd.
 Fujikura Hong Kong Ltd.

Thailand

Fujikura Electronics (Thailand) Ltd.
 DDK (Thailand) Ltd.
 Fujikura Automotive (Thailand) Ltd.

East, South, and Southeast Asia

Fujikura Asia Ltd.
 Fujikura Federal Cables Sdn. Bhd.
 PT Fujikura Indonesia
 Fujikura Asia (Malaysia) Sdn. Bhd.
 Fujikura Electronics Vietnam Ltd.
 Fujikura Fiber Optics Vietnam Ltd.
 DDK VIETNAM Ltd.
 Fujikura Automotive Vietnam Ltd.
 Fujikura Automotive India Private Ltd.
 Fujikura Korea Automotive Ltd.

EMEA (Europe, Middle East, and Africa)

Fujikura Europe Ltd.
 Fujikura Automotive Europe S.A.U.
 Fujikura Automotive Europe GmbH
 Fujikura Automotive Romania S.R.L.
 Fujikura Automotive Morocco Tangier, S.A.S.
 Fujikura Automotive Morocco Kenitra, S.A.S.
 Fujikura Automotive Ukraine Lviv LLC
 Fujikura Automotive Russia Cheboksary LLC
 Fujikura Automotive MLD S.R.L.

Americas

America Fujikura Ltd.
 Fujikura America, Inc.
 AFL Telecommunications LLC
 Fujikura Automotive America LLC.
 Fujikura Automotive Mexico, S. de R.L. de C.V.
 Fujikura Automotive Paraguay S.A.
 Fujikura Cabos Para Energia e Telecomunicacoes Ltda.

Stock Information (as of June 30, 2020)

1. **Authorized shares:** 1,190,000,000
2. **Issued Shares:** 295,863,421 (including 19,454,193 treasury shares)
3. **Major Shareholders**

Name of Shareholder	Number of shares held (Thousands)	Shareholding Composition (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,981	10.48
Japan Trustee Services Bank, Ltd. (Trust Account)	16,715	6.05
TAIJU LIFE INSURANCE COMPANY LIMITED	10,192	3.69
Sumitomo Mitsui Banking Corporation	8,456	3.06
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account)	6,777	2.45
Dowa Metals & Mining Co., Ltd.	6,563	2.37
The Shizuoka Bank, Ltd.	5,788	2.09
Fujikura Employees Shareholding Association	5,220	1.89
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,911	1.78
JP MORGAN CHASE BANK 385781 (Authorized agent: Mizuho Bank, Ltd.)	4,607	1.67

(Notes)

1. The numbers presented in "Number of shares held" are based on the list of shareholders.
2. The Company owns 19,454,000 treasury shares in addition to those noted above. Treasury shares do not include the 922,000 shares held by the trust account relating to the stock distribution trust established for the stock-based compensation plan for Directors (excluding Outside Directors) and Executive Officers.
3. Japan Trustee Services Bank, Ltd. changed its name to Custody Bank of Japan, Ltd. on July 27, 2020.

External Evaluation



FTSE4Good Global Index (from June 2016)

This index was developed by FTSE Russell, which is part of the London Stock Exchange Group. It evaluates the sustainability of major companies in countries around the world on the three elements of Environment, Social, and Governance (ESG). Companies with a superior overall rating are included in the index.



FTSE Blossom Japan Index (from June 2017)

* Selected as a Government Pension Investment Fund (GPIF) ESG Index
 Developed by FTSE Russell, this index consists of Japanese company stocks deemed outstanding from the perspectives of Environment, Social, and Governance.



S&P/JPX Carbon Efficient Index

* Selected as a Government Pension Investment Fund (GPIF) ESG Index
 This index was jointly developed by S&P Dow Jones Indices and Japan Exchange Group, Inc. Companies in Japan that disclose sufficient environmental information and companies in Japan that are highly carbon efficient are selected for this index.



SNAM Sustainability Index

Launched in August 2012, this index is based on results of environmental survey operated by Sompo Japan Nipponkoa Asset Management Co., Ltd. (SNAM) and social and governance surveys operated by Integrex Inc. Companies with an ESG score higher than the standard on these ESG (Environment, Social, Governance) surveys are selected.



Fujikura is a signatory to the UN Global Compact.