

FY 2020 Progress on Confirmation of Safety and Measures to Prevent Recurrence  
Regarding Cases of Impropriety Related to the Quality Control of a Portion of Our Products

As per our announcements made on August 31, 2018 and April 25, 2019, we would like to express our sincere apologies again for the significant inconvenience and concern caused to our customers and other stakeholders regarding the cases of impropriety related to the quality control of a portion of the Group's products (the "Cases").

We recently reported our progress on confirmation of affected product safety and measures to prevent recurrence of the Cases on July 31, 2020. We are providing another report on the current status of progress on measures to prevent recurrence in the Fujikura Group, as described below.

Update on Progress

1. Measures to Prevent Recurrence

(1) Progress of Corrective Measures (FY 2020)

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

We began implementing all recurrence prevention measures in FY 2019. In FY 2020, we evaluated and confirmed the effectiveness from the recurrence prevention measures implemented thus far and continued to steadily implement those recurrence prevention measures that we deemed necessary to continue. We will continue steady implementation of recurrence prevention measures in FY 2021 as well.

The implementation status of measures to prevent recurrence in FY 2020 is as follows:

(1-1) Governance Reforms

	Measures	Concrete Initiatives/Effects	Future Initiatives
(a)	Management and Establishment of Governance Systems that Place Quality Compliance	* On April 1, 2019 we reformed the "Fujikura Quality Policy" and established a Quality Management Center under the direct control of the president, to pursue management based on a foundation of quality.	* We will reorganize our quality assurance organization to clarify the chain of command and ensure that the organization functions properly as a route to speed up the transmission of information.

	the Basis for Corporate Governance		<ul style="list-style-type: none"> <li>* We will reinforce the implementation of activities to strengthen quality in the entire company, based on the Fujikura Quality Policy.</li> <li>* We will continue to operate a management structure in which the president and other members of management personally review the status of activities.</li> </ul>
(b)	Ensuring the Effectiveness of Quality Assurance	<ul style="list-style-type: none"> <li>* We restructured the quality assurance organizations to strengthen the quality assurance management system and ensure the independence of the quality assurance departments.</li> <li>* A system was established to enable planning and implementation of personnel rotations, promotions, educational programs, acquisition of public qualifications, etc. in the quality assurance departments.</li> <li>* The division of duties in the quality assurance departments was revised and a reporting line was established to integrate quality assurance and business and strengthen the sense of unity among Group companies and manufacturing sites, while maintaining the independence from other departments already secured.</li> <li>* Quality compliance audits were conducted, mainly focusing on departments in which cases of impropriety related to quality control occurred. Product groups considered to have a large impact on Fujikura's business were identified. Remote audits were conducted on the design and development, manufacturing and inspection departments and Group companies related to those product groups, in light of COVID-19 pandemic conditions. These audits confirmed that there were no latent risks that could lead to compliance violations.</li> </ul>	<ul style="list-style-type: none"> <li>* We will integrate the quality assurance departments that were under the control of each business department with the Quality Management Center and further strengthen and increase the effectiveness of quality assurance controls.</li> <li>* The Quality Management Center will continue to conduct quality compliance audits.</li> </ul>
(c)	Improvements	<ul style="list-style-type: none"> <li>* In order to strengthen the quality auditing functions at</li> </ul>	<ul style="list-style-type: none"> <li>* We will continue to conduct</li> </ul>

	to the Quality Compliance Systems at the Head Office	<p>the head office, our Quality Management Center is continually conducting quality compliance audits as stated above.</p> <p>* We also conducted voluntary inspections to confirm that cases of impropriety related to quality control have not recurred.</p>	quality compliance audits and voluntary inspections.
(d)	Review of the Management of Our Group Companies	* In order to understand the status of quality assurance systems of our Group companies, we conducted investigations into their quality assurance systems which include the implementation status of measures to prevent recurrence of cases of impropriety related to quality control. We confirmed that corrective measures planned to prevent recurrence are being steadily implemented.	* We will continue to conduct quality compliance audits to strengthen the establishment and maintenance of quality compliance systems in Group companies.
(e)	Strengthening of the Quality Assurance Systems at Each Site	<p>* We have launched a project that aims to automate the design, manufacturing, and inspection processes of each site and are moving toward introducing a system that eliminates artificial manipulation.</p> <p>* So far, we have introduced a document management system that compares in-house documents to public regulations and contracts with customers, and saves them as an electronic record. We have also introduced, and are beginning to use, an inspection data acquisition system that automatically collects and collates inspection data from inspection equipment while keeping an electronic record.</p> <p>* An audit of the operation of these systems confirmed that they are operating properly.</p> <p>* We also checked the soundness of inspection resources at each site, are promoting personnel rotations in each department and development of multi-skilled personnel to prevent the entrenchment of inspectors.</p>	* We will continue to implement these activities.

(1-2) Proper Understanding of Manufacturing Process Capabilities and Inspection Capabilities and Verification of Specifications Requested by Customers

Measures	Concrete Initiatives/Effects	Future Initiatives
(a) Proper Understanding of Manufacturing	* We reviewed in-house regulations related to management of quality assurance activities and strengthened design review by designers and sharing of such reviews with related departments.	* We will continue to implement these activities.

	Process Capabilities and Inspection Capabilities and Verification	<ul style="list-style-type: none"> <li>* The operational status of those activities was confirmed and progress was made on making it a regular practice to share items confirmed and verified in design reviews with related departments.</li> </ul>	
(b)	Improvement of Relationships with Customers	<ul style="list-style-type: none"> <li>* We established a manual for handling compliance violations that occur unintentionally, and stipulated regulations in the form of "Guidelines for Handling Risk Information Relating to Quality."</li> <li>* We have endeavored to explain the quality and performance of our products more accurately, promptly, and carefully than ever, and obtain customer agreement, so that problems with quality compliance will not occur again.</li> </ul>	<ul style="list-style-type: none"> <li>* We will continue to implement these activities.</li> </ul>

(1-3) Improving Awareness of Quality Compliance

	Measures	Concrete Initiatives/Effects	Future Initiatives
(a)	President's Message Stating that Quality Compliance Should Always Be Prioritized	<ul style="list-style-type: none"> <li>* We reformed the "Fujikura Quality Policy" for the entire company by adding content regarding quality compliance. A message from the president also emphasized that quality compliance is our highest priority.</li> <li>* We established Quality Pledge Day, a day on which all employees express their firm resolve to never forget the past mistakes in the cases of quality improprieties and make sure never to repeat these same mistakes again. Quality Pledge Day was implemented through a video broadcast of a message from the president instead of the conventional assembly format.</li> </ul>	<ul style="list-style-type: none"> <li>* We will prevent deterioration in quality compliance awareness over time by continuing to hold Quality Pledge Day.</li> </ul>
(b)	Periodic Quality Compliance Training for Officers and Employees	<ul style="list-style-type: none"> <li>* We launched an e-learning program on quality compliance, and included Group companies in this training.</li> <li>* To broaden the awareness of quality compliance as the responsibility of each person, we incorporated cases of quality improprieties in Fujikura and the lessons learned from those into an e-learning program entitled "collection of mistakes that must be avoided" (Also see</li> </ul>	<ul style="list-style-type: none"> <li>* We will continue to implement these educational and training activities.</li> </ul>

		<p>Section (h), Passing Down the Lessons, on the following page).</p> <ul style="list-style-type: none"> <li>* We are also conducting training for employees in environments in which they are unable to undertake e-learning by using training materials based on these e-learning resources.</li> <li>* The training materials include a comprehension test to confirm effectiveness and submission of a pledge.</li> <li>* To further increase awareness of quality compliance among those in managerial positions that form the core of the organization, we also implemented new hands-on training in cause analysis based on cases of impropriety for employees who have been promoted to managerial positions.</li> </ul>	
(c)	Implementation of Questionnaire Survey on Awareness, Implementation of Dialogs with On-site Employees	<ul style="list-style-type: none"> <li>* We have conducted "top management diagnostics" aimed at shortening the distance between management and on-site employees and creating an open corporate culture through dialogs between the president and frontline employees.</li> </ul>	<ul style="list-style-type: none"> <li>* We will continue to implement "top management diagnostics."</li> </ul>
(d)	Active Provision of Incentives for Personnel Evaluation	<ul style="list-style-type: none"> <li>* We added quality compliance items to personnel evaluation parameters, and clarified the evaluation and the code of conduct. Personnel evaluations are conducted according to the clarified evaluation and code of conduct every year.</li> <li>* We revised the rules on personnel evaluations to provide for strict evaluation of compliance violators and these rules are being strictly observed.</li> </ul>	<ul style="list-style-type: none"> <li>* We will continue to evaluate personnel appropriately, based on the revised personnel evaluation parameters.</li> </ul>
(e)	Execution of Strict Disciplinary Action against Quality Compliance Violations	<ul style="list-style-type: none"> <li>* We revised our "Company Rules" and "Company Rules for Contract Employees" to stipulate violations of the quality compliance as a cause of disciplinary action. The content of these rules urges employees to act in accordance not only with laws, but with the articles of incorporation, internal regulations, common sense, and moral values. We also stipulated strict disciplinary</li> </ul>	<ul style="list-style-type: none"> <li>* We will implement these rules consistently and take strict disciplinary action on compliance violations.</li> </ul>

		<p>measures against violations.</p> <ul style="list-style-type: none"> <li>* Standards for announcement of the details of disciplinary actions were established as implementation guidelines for disciplinary action and the results of disciplinary action taken will be announced internally.</li> </ul>	
(f)	Review of the Whistle-Blowing System	<ul style="list-style-type: none"> <li>* We delivered a firm message to the entire Group that the whistle-blowing system is something that should be more actively used, not only to save one's self, but one's workplace and company.</li> <li>* To promote understanding and use of the whistle-blowing system, an explanation of the purpose, general operations, and contacts for the whistle-blowing system is provided in the quality compliance e-learning conducted every year for the entire Group, in an ongoing effort to ensure awareness.</li> </ul>	<ul style="list-style-type: none"> <li>* We will continue to work to make sure that everyone understands how to use the system.</li> </ul>
(g)	Continued Implementation of Surveys on Improper Activities Relating to Quality Compliance	<ul style="list-style-type: none"> <li>* To confirm that steady progress is being made on implementing measures to prevent recurrence of cases of impropriety in quality control, we surveyed organizations that have manufacturing and inspection processes, including Group companies. We identified the issues in preventing recurrence of cases of impropriety in quality control and proceeded to implement corrective measures.</li> </ul>	<ul style="list-style-type: none"> <li>* We will conduct regular, ongoing surveys.</li> </ul>
(h)	Passing Down the Lessons	<ul style="list-style-type: none"> <li>* We engaged in in-depth discussion of the background, environment, factors, and true causes that led to noncompliance in order to create a culture in which cases of impropriety related to quality control do not happen again. We also created a "collection of mistakes that must be avoided" in order to use the cases as lessons to identify the mechanisms leading to the occurrences of improprieties in quality control and the policy on actions to prevent occurrence.</li> <li>* This "collection of mistakes that must be avoided" has been incorporated in the quality compliance e-learning program mentioned earlier that we conduct for the entire Group and the hands-on training in quality compliance for employees who are promoted to managerial positions as concrete countermeasures.</li> </ul>	<ul style="list-style-type: none"> <li>* We will continue to use the "collection of mistakes that must be avoided" in employee training and code of conduct awareness activities, and pass down the lessons learned.</li> </ul>

To ensure that such cases will never happen again, the entire Group will be fully committed to the steady implementation of these recurrence prevention measures, and to strengthening and establishing quality control systems for governance in our corporate Group, and thereby strive to restore the trust of customers and other stakeholders.

## (2) Example of Initiatives to Prevent Recurrence

### (2-1) Dialogs with On-site Employees

Top management continues to engage in dialog with on-site employees to shorten the distance between management and on-site employees and create an open corporate culture.

Although restrictions on travel to locations due to the COVID-19 pandemic made it difficult to implement diagnostics through face-to-face dialog in FY 2020, top management used remote means to tour sites themselves and exchange opinions with on-site employees. They determined the degree to which company-wide policies and compliance awareness has permeated, as well as the issues in the workplace and status of efforts to achieve improvement on those issues. Top management is also directly communicating the message that compliance is a top priority to on-site employees.



Explaining the process via the Web



Exchanging opinions via the Web

### (2-2) Quality Pledge Day

We have held Quality Pledge Day since FY 2019. This is a day on which all Fujikura Group employees pledge to prevent recurrence of improprieties in quality control. It was established to foster a culture in which the past lessons learned from these cases will not be forgotten. The aim is to firmly establish compliance awareness and the resolve to never repeat the same mistakes again. Quality Pledge Day was held by convening an assembly for employees of managerial rank or higher and broadcasting the assembly proceedings in the head office area, and by distributing a message from the president in other areas.

In FY 2020, we videotaped the president's message and posted it on the Intranet to deliver it directly to employees. The president's message was communicated to all employees and conveyed the president's strong resolve that "It is important for each and every employee in our organization to not think of compliance violations as someone else's problem, but to think of such violations as something that concerns you personally. Recognize that quality compliance, including ensuring the quality contracted with customers, constitutes corporate value itself, and strive to improve corporate value."



## 2. Progress on Confirming the Safety of Products Affected by Improperities in Quality Control

We have made more progress since the last report on our response to the 152 cases and 99 customers announced on April 25, 2019. Confirmation of product performance, soundness, and safety by customers has been completed for the majority of customers. The response to other customers has reached the phases of "in the final stages of confirming product safety" and "have not identified any specific problems concerning continued use of the product."

We have thus been able to confirm the safety of the products for continued use at all customers. We have also received opinion from all customers stating that the process of determining the causes and implementing measures to prevent recurrence is complete. We will continue to respond to the remaining customers who are in the final stages of confirming product safety.

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