

The Furukawa Electric Group Basic CSR Policy

Each of the companies that make up the Furukawa Electric Group undertakes CSR activities in accordance with the following basic Group policy.

Basic Policy

We fully recognize the responsibilities of the Furukawa Electric Group to society and will strive to maintain and improve on solid, friendly relationships with all of our stakeholders and contribute to the sustainable development of society through corporate, environmental and social activities.

We carry out all of our activities in line with the above policy, striking a balance between corporate, environmental and social contribution activities.

As a basic philosophy underpinning our CSR activities, we have also prepared a set of Furukawa Electric Group Action Guidelines.

Furukawa Electric Group Action Guidelines

The officials and employees of the Furukawa Electric Group will perform their duties in accordance with the following action guidelines.

We, the Company officials and employees of the Furukawa Electric Group, will:

- (1) Fully recognize the responsibilities of the Furukawa Group to society and strive to maintain and improve on solid, friendly relationships with all of our stakeholders and contribute to the sustainable development of society through corporate, environmental and social activities.
- (2) Aim to create a company that is useful to society by developing products designed to aid the development of society and by providing reliable products and services.
- (3) Comply with domestic and international laws and regulations and act in accordance with internal regulations and other rules such as social norms and ethics.
- (4) Properly display and adequately disclose financial statements and other corporate information.
- (5) Deal with antisocial groups in a resolute manner.
- (6) Strive to act with consideration for the protection of the global environment.
- (7) Respect human rights, cultures and traditions as a member of the international community.
- (8) Create a company whose employees feel motivated, comfortable and fulfilled.
- (9) Continuously strive to undertake social contribution activities based around the core aims of nurturing future generations, promoting sport and culture and living in harmony with local communities, as well as business-related activities, in order to maintain and strengthen community ties built up over centuries and create a better tomorrow for future generations.

Our CSR Code of Conduct meanwhile acts as a set of standards for specific conduct.

CSR Code of Conduct

- (1) Compliance with legislation and restrictions
- (2) Reliable, safe and environmentally friendly products and services
- (3) Fair competition
- (4) Compliance with overseas business and international trade legislation and restrictions
- (5) Information management and adequate disclosure
- (6) Respect for health, safety, human rights and the rights of others
- (7) Executive and employee duties

Corporate Governance

Board of Directors and Board of Corporate Auditors

The Board of Directors holds regular board meetings each month and extraordinary board meetings as and when necessary to speed up decision making. There is also a support structure in place enabling outside directors and auditors to attend meetings provided that they have a sufficiently in-depth understanding of the issues being discussed, with the opinions of outside officials respected as part of the decision making process. It is through measures such as these that we ensure that the Board of Directors is able to suf-

ficiently function in an operational monitoring and supervisory capacity as the core of our corporate governance operations. We have also set up a CSR and Risk Management Committee under the supervision of the Board of Directors, consisting of the Chairman, President, Company Presidents and Chief Officers. This acts as a framework for the promotion of CSR and risk management activities from an overall groupwide perspective.

We place great importance on the function performed by our Corporate

Auditors and Board of Corporate Auditors, which are independent of the Board of Directors, and have incorporated the establishment of a Board of Auditors into the institutional design of the Company itself. Based on close collaboration between our Corporate Auditors, Accounting Auditors and the CSR Division, which acts as our auditing department, including sharing information and exchanging opinions, we continue to make every effort to strengthen our auditing capabilities.

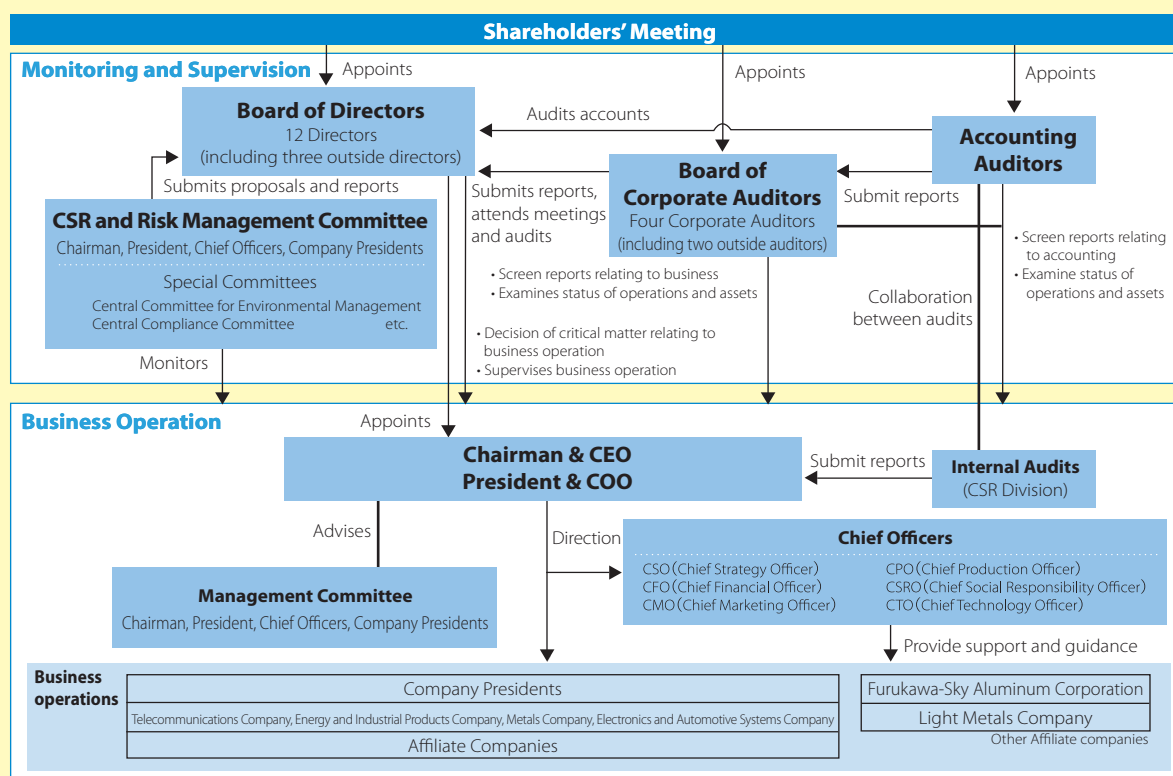
Operational Performance

Our operational structure is based on a company system and a chief officer system. Under the supervision of the President, who is responsible for overall operational performance, operations

are run by the Company Presidents and operations relating to matters such as groupwide strategies, resource allocation and administration are handled by the relevant Chief Officer. Details of such

operations are then reported back to the Board of Directors on a quarterly basis.

Corporate Governance Organization Chart



CSR Management

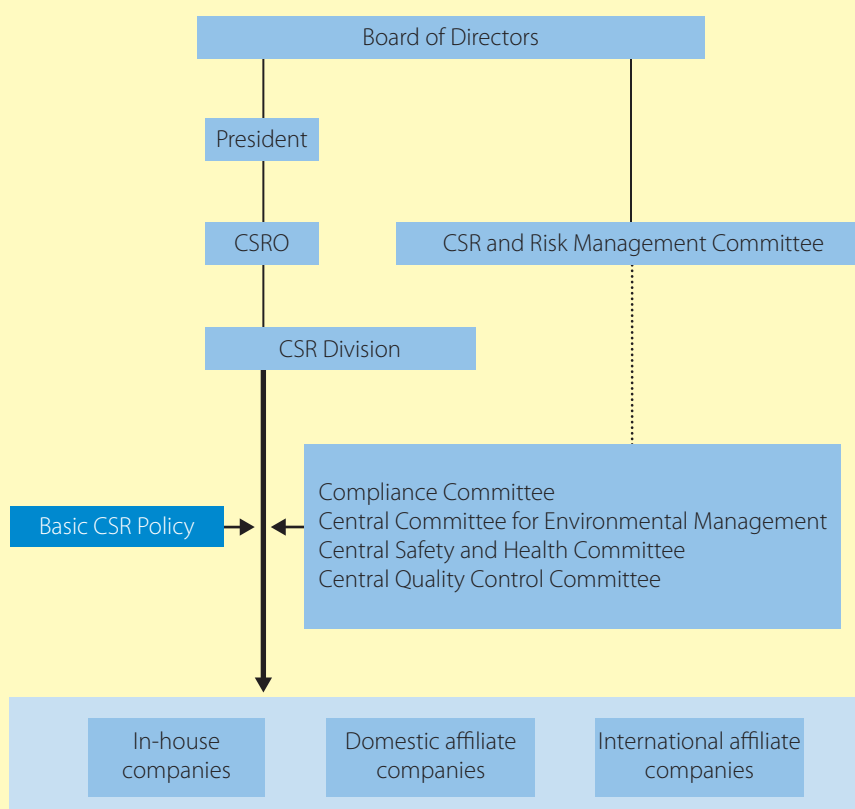
CSR Promotion Framework

To strengthen and improve our CSR activities, the Furukawa Electric Group established a CSR Division, headed by a Chief Social Responsibility Officer (CSRO). The CSR Division consists of an Auditing Department, an Export Security Administration Department, a Safety and Environment Promotion Department and an Administration Department. In

addition to stepping up all-round monitoring of corporate activities from the standpoint of CSR, encompassing areas from internal control, compliance and risk management to safety, environmental protection and social contribution, and undertaking CSR activities on a standardized basis, we now have the framework in place to be able to take any necessary

action should problems arise, for example investigating allegations and the causes of problems, instituting remedial or preventive measures and releasing statements, to deal with all eventualities quickly and appropriately.

CSR Promotion Framework



In addition to our CSR activities, the Furukawa Electric Group has also set up a Quality Promotion Department under the supervision of our Chief Production Officer (CPO). We are undertaking quality control activities for all of our products, which represent the foundations of our

social responsibilities as a manufacturer.

Elsewhere, we are putting in place the necessary framework in response to the so-called Japanese SOX Act, revolving primarily around an established project team, and are making every effort to enhance our corporate value through

the establishment of a comprehensive internal control system, including steps such as striving to maintain and improve the reliability of financial reporting on a groupwide basis.

