

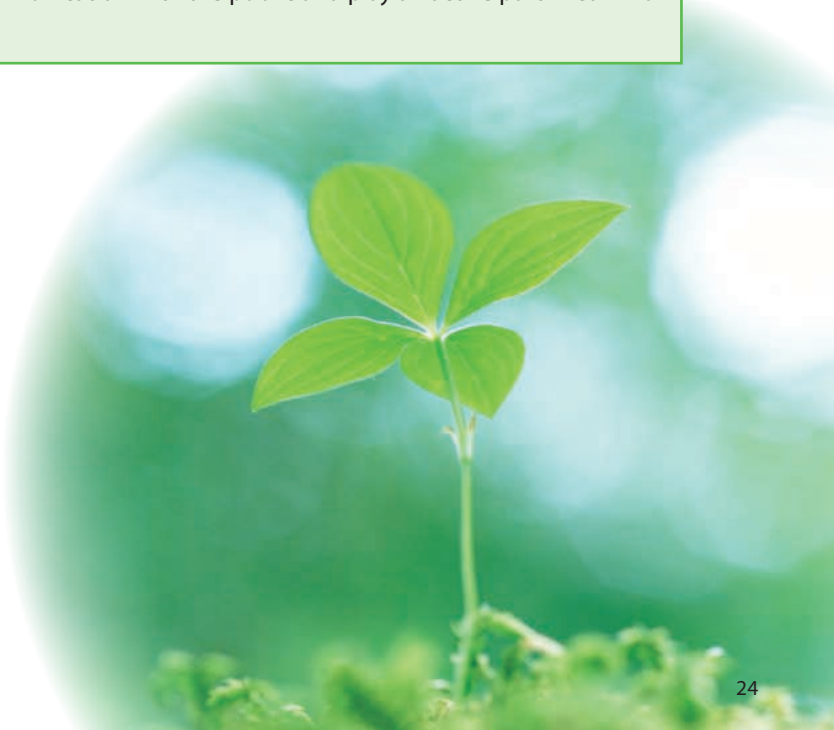
Furukawa Electric Group Basic Environmental Policy

Basic Philosophy

Furukawa Electric Group recognizes that the preservation of the global environment is a critical issue for society and takes the environment into consideration in every aspect of its corporate activities to help create a sustainable, happy and prosperous society.

Action Guidelines

- We shall maintain a constant awareness of the impact of our corporate activities on the environment, with each and every employee involved in environmental preservation activities.
- In addition to complying with environmental laws and regulations and with requirements from our customers and other sources, we shall also set out voluntary standards to establish greater levels of control.
- We shall set out environmental targets and objectives and systematically carry out activities accordingly to continuously improve our efforts to protect the environment.
- Environmental concerns shall be taken into consideration at every phase of our work, from the R&D and design stages onwards, to supply environmentally friendly products.
- We shall strive to reduce consumption of resources and energy, to promote recycling, to reduce waste and to minimize environmental impact at every stage of our activities, from procurement and manufacturing to distribution and customer service.
- We shall conduct environmental audits and review our environmental management system and environmental preservation activities to make continuous improvements.
- We shall raise employee awareness through environmental education.
- We shall promote the disclosure of information and communication with the public and play an active part in community activities.



Environmental Management Targets and Performance

Having devised a set of targets for the four year period from fiscal 2006 to fiscal 2009 in the form of the 2009 Medium-Term Plan for Environmental Preservation Activities, Furukawa Electric continues to promote environmental activities accordingly. We also set out annual Priority Environmental Preservation Activity Targets, based on which we map out objectives, targets and action plans as part of the environmental management systems at each of our bases. On a Group basis, we formulate common activity targets as part of consolidated environmental management, with each individual company setting their own annual targets and carrying out activities accordingly.

Furukawa Electric Annual Targets and Performance for Fiscal 2007

Activities	Priority Environmental Preservation Activity Targets for Fiscal 2007	Performance in Fiscal 2007	Rating	Priority Environmental Preservation Activity Targets for Fiscal 2008
Waste reduction activities	30% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	52% reduction	◎	60% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level
Zero emission activities	30% reduction in direct landfill disposal compared with fiscal 2004 level	46% reduction	◎	64% reduction in direct landfill disposal compared with fiscal 2004 level
Activities to prevent global warming	23% reduction in greenhouse gas emissions compared with fiscal 2000 level	13% reduction	△	24% reduction in greenhouse gas emissions compared with fiscal 2000 level
	1% reduction in specific energy consumption for transportation compared with fiscal 2006 level	1.5% reduction	○	2% reduction in specific energy consumption for transportation compared with fiscal 2006 level
Chemical substance management activities	18% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	19% reduction	○	24% reduction in emissions of volatile organic compounds compared with fiscal 2004 level
Green activities	100% procurement rate for general purpose green products	99%	△	100% procurement rate for general purpose green products
	Establishment of the FGMS* at major supply chain operators	System established	○	100% establishment of the FGMS* at major supply chain operators
Eco-design activities	Increase sales percentage of environmentally friendly products amongst new products to 100% Examining environmental performance indices	68%	△	1) 100% achievement of sales targets for environmentally friendly new products 2) Compiling product environmental performance index guidelines

Evaluation ratings: ◎ Easily achieved; ○ Achieved; △ Almost achieved; × Unachieved

*The FGMS is a mechanism designed to manage the content of regulated hazardous substances in Furukawa Electric products.

As our waste reduction and zero emission activities in fiscal 2007 proved highly effective having substantially exceeded targets, we have revised our medium-term targets for 2009 and reflected revised figures in our annual targets for fiscal 2008.

Furukawa Electric Consolidated Environmental Management Medium-Term Targets

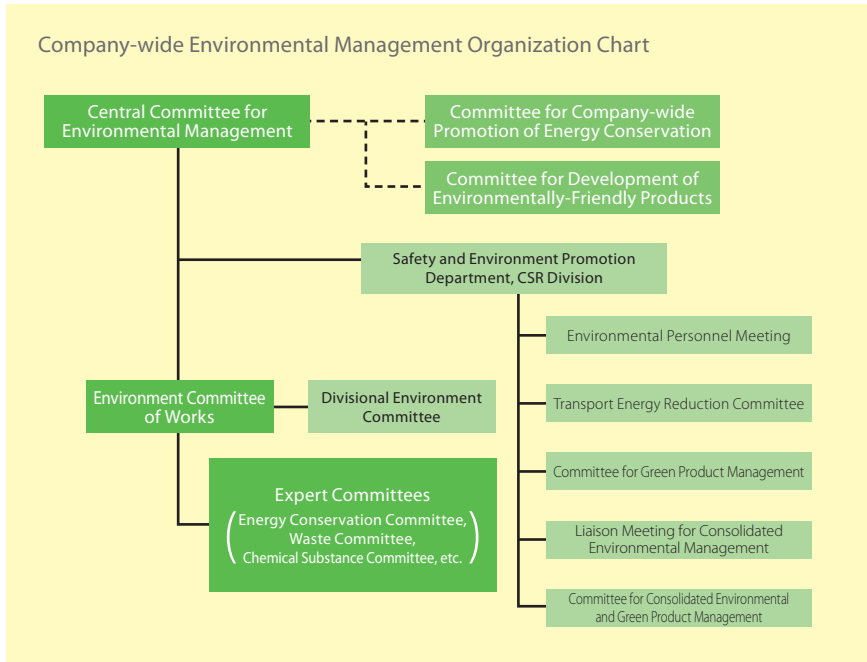
Activities	Furukawa Electric 2009 Medium-Term Plan for Environmental Preservation Activities	2009 Consolidated Environmental Management Common Activity Targets
Waste reduction activities	75% reduction* in the volume of outsourced waste disposal compared with fiscal 2004 level	50% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level
Zero emission activities	80% reduction* in direct landfill disposal compared with fiscal 2004 level	50% reduction in direct landfill disposal compared with fiscal 2004 level
Activities to prevent global warming	25% reduction in greenhouse gas emissions compared with fiscal 2000 level	10% reduction in greenhouse gas emissions compared with fiscal 2000 level
Chemical substance management activities	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level
		Eliminating the use of chlorinated organic compounds by fiscal 2008
Green activities	Expansion of the range of products subject to green procurement (general purpose items) and introduction into Furukawa Electric Group	100% procurement rate for items subject to green procurement (general purpose items)
	Promotion and improvement of green product management ○ Establishment of the FGMS at supply chain operators by the end of 2007 for full-scale operation by the end of 2008	Promotion and improvement of green product management ○ Establishment of the FGMS at supply chain operators by the end of 2007 for full-scale operation by the end of 2008
Eco-design activities	Promotion of improved environmental performance of products ○ Increased percentage of environmentally friendly products amongst new products ○ Introduction of environmental performance indices	Promotion of improved environmental performance of products ○ Increase sales percentage of environmentally friendly products amongst new products to 100%

* Revised April 1, 2008 (previously 50%)

Environmental Management System

Environmental Management Promotion Organization

We at Furukawa Electric promote environmental preservation activities on a companywide basis via our Central Committee for Environmental Management, which is chaired by the Chief Social Responsibility Officer (CSRO). We also promote Group environmental activities in conjunction with our affiliated companies via the Liaison Meeting for Consolidated Environmental Management. All of Furukawa Electric's business bases and consolidated environmental companies have been granted ISO 14001 certification.



Environmental Education

The Furukawa Electric Group runs a variety of educational initiatives designed to raise levels of environmental awareness amongst our employees.

ISO 14001 Related Education

We organized Four Internal Environ-



Internal Environmental Auditor Training Seminar

mental Auditor Training Seminars led by company instructors, with participants including members of staff from affiliated companies. This year, we trained a total of 61 internal auditors through such seminars. We also organized two internal auditor refresher seminars aimed at our affiliated companies.

FGMS Auditor Training Seminar

In an effort to reinforce knowledge and understanding of business-related environmental risks, we organized our second FGMS Auditor Training Seminar, focusing on controlling the chemical content of our core products as conducted in fiscal 2006. In addition to in-house staff,

we also brought in outside instructors from the Mizuho Information & Research Institute Inc. A total of 39 Furukawa Electric employees and 31 affiliated company employees were trained as FGMS auditors.

Environment-Related Education

As we are working towards the introduction of a set of product environmental performance indices as part of our eco-design activities, we organized a one-day seminar for group promotion staff, with outside instructors focusing on everything from LCA basics through to the application process and case studies.

Environmental Risk Management

Soil and Groundwater Pollution Countermeasures

In recognition of the fact that soil and groundwater pollution is an important issue for the health and safety of local residents and employees, the Furukawa Electric Group actively engages in related risk management activities.

In addition to taking action promptly as soon as investigations detect soil or groundwater pollution, we make every effort to secure the health and safety of all residents living in the local area. We automatically report the status of any pollution and details of measures to prevent the spread of pollution to the local author-

ities and release relevant information to local residents, related organizations, the media and any other concerned parties as necessary.

In an effort to prevent any negative impact on the local environment as a result of soil or groundwater pollution, we implement a range of pollution risk avoidance initiatives on an ongoing basis, including conducting regular inspections to check for leakages of specific harmful substances, taking steps to prevent leakages and promoting the use of alternative substances.

Having completed a review of records of

specific harmful substances used at our works and affiliated companies and conducted risk assessments to evaluate the risk of soil and groundwater pollution at our works, we proceeded to voluntarily carry out studies into the status of soil pollution in high-risk areas. During fiscal 2007, we extended these same activities to affiliated companies.

We are also carrying out remedial work to get the site of Kyowa Electric Wire's former Osaka Plant removed from the list of designated areas under the Soil Contamination Countermeasures Law.

PCB Management

The quantity of instruments containing PCB is monitored at each of our works so that storage and management operations can be carried out appropriately. In line with the start of processing operations by the likes of the Japan Environmental Safety Corporation, we intend to continue to commission processing on an ongoing basis. As for the PCB-containing instruments having been stored at our affiliated company with its production base

in Kitakyushu-city, we have already completed their processing at the Kitakyushu

Plant of Japan Environmental Safety Corporation.

Quantity of PCB Stored

Works	Works		In storage	In use	Total
	(Already processed)	(Unprocessed)			
Chiba Works			88	0	88
			11	0	11
Nikko Works			324	30	354
Hiratsuka Works			47	11	58
Mie Works			126	0	126
Osaka Works			66	0	66
Yokohama Works			9	0	9
Total			671	41	712

Compliance with Environmental Laws and Regulations and Other Compliance Requirements

We check environmental laws and regulations and any other compliance requirements on a regular basis and make every effort to ensure compliance, including patrolling our sites to confirm that measures are being properly implemented.

We monitor the latest information via the Official Gazette and other sources to keep track of revisions to environmental laws and regulations and ensure that we have taken all possible measures.

Response to Asbestos Issue

Use of Asbestos in Products

Although we do not currently manufacture or import products containing asbestos, we have manufactured and sold such products for industrial use in the past. Relevant products include electric wires for use on ships and fire prevention products for use in construction to install electric wires for telecommunication and electricity. Full details are featured on our website.

Use of Asbestos in Buildings and Plant Facilities

(1) Buildings

We discovered asbestos spray materials in company-owned buildings and plants. Although investigations into the extent

of dispersal have confirmed that the asbestos is stable, we decided to remove it anyway to safeguard against the risk of dispersal in the future. Removal work was completed during fiscal 2006.

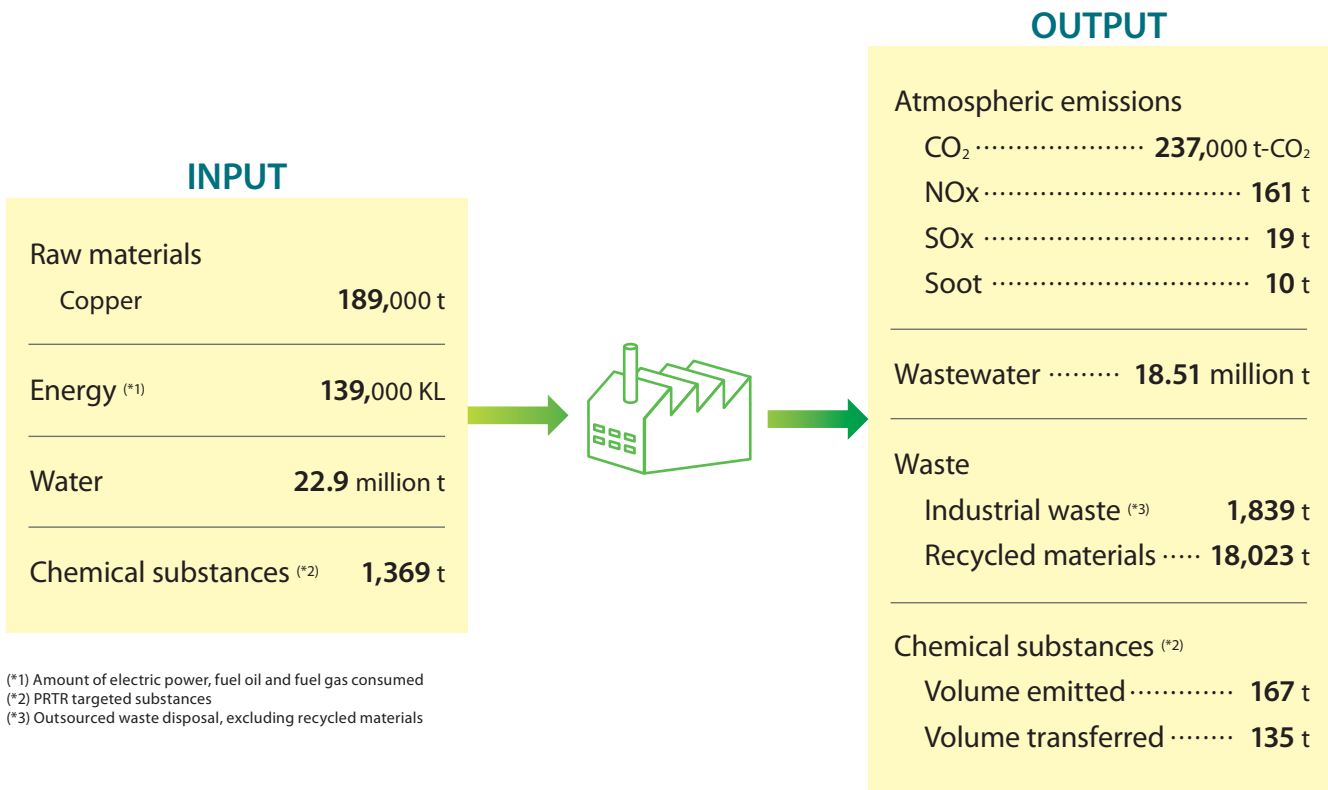
(2) Facilities and equipment

We have replaced all asbestos having possibilities of dispersal in cases whereby viable alternatives are available. In cases where asbestos is embedded within insulation and other such materials and therefore not dispersed, we plan to replace them with alternative materials that do not contain asbestos at a later date, to coincide with scheduled inspections.

Business Activities and their Environmental Impact

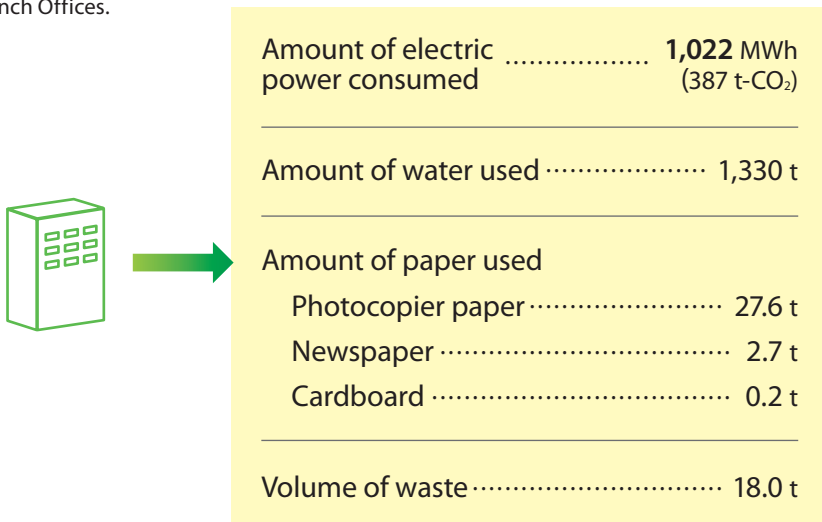
In the process of providing Furukawa Electric products, we purchase a variety of components and raw materials, consume water, electric power and other forms of energy and use chemical substances. We continue to work on reducing the adverse impact that these activities have on the environment.

Environmental Impact of our Six Production Base Works



Environmental Impact of our Non-production Bases

We have identified the environmental impact of activities at our non-production bases, namely Furukawa Electric's Head Office and three Branch Offices.



We promote power and resource saving measures at our Head Office and Branch Offices, the company's non-production bases.

Examples of such power saving measures include turning off lighting in conference rooms not in use and adjusting air conditioning to appropriate temperatures. In terms of resource saving measures, we promote activities such as sorting waste and reusing resources such as photocopier paper and files.

Environmental Accounting

In an effort to quantitatively assess our environmental costs and benefits, we have compiled tables outlining our “environmental conservation cost,” “economic benefit associated with environmental conservation activities” and the “environmental conservation benefit (material benefit).” All data has been compiled in accordance with environmental accounting guidelines pub-

lished by the Ministry of the Environment. Data on affiliated companies was collected for a total of 19 companies.

Furukawa Electric’s environmental conservation costs for fiscal 2007 came to 3.8 billion yen in expenses and 500 million yen in investment.

Expenses fell by 1.3 billion yen compared to the previous year (fiscal 2006). Overall

economic benefits rose by 260 million yen, due in part to increased energy costs.

Environmental conservation costs for our affiliated companies came to 4.1 billion yen in expenses and 4.2 billion yen in investment. Overall economic benefits rose by approximately 660 million yen due to increased energy and water costs.

Environmental Conservation Costs

Category	Key activity and the outcome	Furukawa Electric		Affiliated companies
		Total costs	Year-on-year	Total costs
(1) Business area cost	Pollution prevention (air pollution, etc.), energy conservation, waste disposal, etc.	1,127	-387	2,556
(2) Upstream/downstream cost	Recovery of packaging, drums, etc.	567	-101	274
(3) Administration cost	Environmental management system auditing, environmental impact monitoring, etc.	472	44	212
(4) Research and development cost	Development of environmentally friendly products, research into alternatives for harmful substances	1,091	-93	816
(5) Social activity cost	Tree planting, local community cleaning activities, donations, etc.	3	-1	4
(6) Environmental remediation cost	Environmental impact assessments, cleanup of polluted soil, etc.	514	-746	195
Total		3,773	-1,285	4,057

Unit: million yen

Year-on-year figures have not been calculated for affiliated companies due to differences in the companies covered compared to last year.

Environmental Conservation Benefit

Emissions causing environmental impact	Unit	Furukawa Electric	Affiliated companies
		Reduction	Reduction
Volume of industrial waste disposal processed*	t	-287	593
Energy consumption (crude oil equivalent)	1,000 kl	-6,988	-12
Water consumption	1,000 t	-4,765	-234
Emissions of volatile organic chemical compounds	t	0	-3
CO ₂ emissions	1,000 t - CO ₂	-9,000	12
SOx emissions	t	1	342
NOx emissions	t	-24	45
Soot emissions	t	2	15

*Minus figures indicate an increase
*Excluding recycled waste

Economic Benefit Associated with Environmental Conservation Activities

Details of benefits	Furukawa Electric	Affiliated companies
	Total benefit	Total benefit
Revenue from recycling	496	912
Reduction in waste disposal costs	-40	142
Reduction in energy costs	-712	-1,183
Reduction in water purchase costs	-3	-535
Total	-260	-663

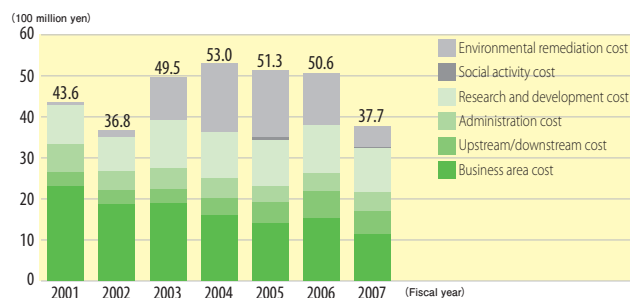
*Minus figures indicate an increase

Investment and Research Costs

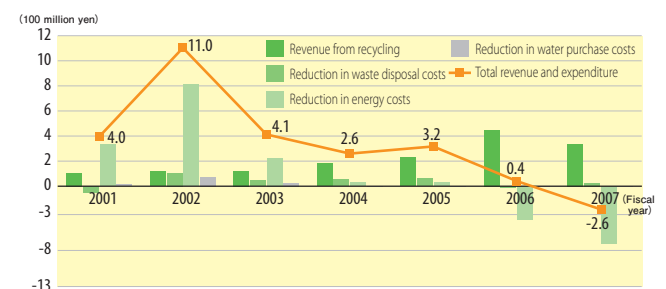
Investment and research costs	Furukawa Electric	Affiliated companies
	Total costs	Total costs
Environment-related investment	546	4,157
Total investment	12,909	24,077
Total research costs	10,682	5,855

Unit: million yen

Environmental Conservation Costs



Economic Benefit



Producing Environmentally Friendly Products

In order to produce environmentally friendly products, we at Furukawa Electric undertake measures such as purchasing items via green procurement, green product management and environmentally friendly product development.

Green Product Activities

Green Product Management Activities

In an effort to reinforce the overall management structure of the Furukawa Electric Group, in fiscal 2007 we set up the Committee for Consolidated Environmental and Green Product Management, incorporating affiliated companies. The committee will meet every six months, in April and October, and will share information and implement groupwide activities. In response to customer audits, we have carried out voluntary inspections by affiliated Group companies and audits by Furukawa Electric and have expanded such activities to our major suppliers as well. We will

continue to step up activities in the future in order to secure our customers' trust. As part of our automotive parts operations, we are extending the establishment of environmentally hazardous substance management systems to overseas affiliated companies and intend to oversee operations via voluntary inspections and audits, as is the case with our domestic suppliers.

On other fronts, we have carried out studies into compliance with European Registration, Evaluation and Authorization of Chemicals (REACH*) regulations in each of our divisions and at each of our Group

companies with an eye to commencing preliminary REACH registration. We will also be requiring our suppliers to undertake preliminary registration in relation to a number of products.

We joined the Japan Article Management Promotion (JAMP*) Consortium meanwhile at the end of 2006 and have started to use the mechanisms and tools provided.

Green Product Initiatives at our Telecommunications Company

With its wide range of products, including optical fibers, optical and communication cables, optical connectors, wiring for electric and electronic equipment, optical components, optical fiber amplifiers, laser modules, optical system products, network equipment and fusion splicers, our telecommunications company ships products to destinations the world over.

We are working towards the establishment of a management structure for chemical substances contained in our products based on the following perspectives, especially in the field of photonics and network technology, which includes optical components, optical fiber amplifiers, network equipment and fusion splicers.

- 1 We have established a set of green product management regulations in each of our divisions. In addition to the management of substances on a design value or single material basis, we are also pushing ahead with activities geared towards the management of product-related substances at the processing stages.
- 2 Based on future REACH regulations and in response to customer inquiries regarding the six substances listed

under the RoHS Directive, JGPSSI substances, other chemical substances contained in our products in relation to optional lists of substances designated by customers, we are continuing to work on mechanisms to retrieve data faster and with a greater degree of accuracy.

- 3 Having installed x-ray fluorescence spectrometers, we are using them to carry out regular analysis of externally purchased items and analysis in line with the level of importance of the supplier or producing country and to further reduce risks through measures such as reinforcing cooperation along the supply chain.

We are also working on the development and launch of the following new products in an effort to help protect the environment in the field of photonics and network technology.

1 Reduced energy consumption products Fiber lasers

We have developed commercial fiber lasers as a replacement for solid-state (YAG) lasers for uses such as metal processing and analysis. Fiber lasers offer excellent energy conversion efficiency and enable energy consumption

to be reduced by half compared to conventional solid-state lasers.

A-AWG

We have developed commercial athermal AWG (arrayed waveguide grating) that makes it possible to run AWG wavelength multiplexer/demultiplexers without the need for temperature control or a power supply.

2 Resource-saving products

Fusion splicers

We have developed the S122 series of commercial ultra-compact fusion splicers that enable a substantial saving in resources by reducing the amount of raw materials needed for conventional models by 75% in volume and 70% in weight.



Producing Environmentally Friendly Products

Eco-Design Activities

Environmentally Friendly Products

At Furukawa Electric, we use the term “environmentally friendly products” to refer to products that are harmless at every stage of the process from purchasing, production and distribution through

to usage and disposal and that have a minimal impact on the environment. We even have our own unique environmental labeling system for such products. Our environmentally friendly product per-

centage, namely the percentage of total sales of new product accounted for by environmentally friendly products, came to 68% in fiscal 2007.

Environmentally Friendly Product Development

April 1, 2008 marked the beginning of the commitment period under the Kyoto Protocol. If we are going to put an end to global warming, we need to take action right away to limit and reduce greenhouse gas emissions.

Although Furukawa Electric has long since been developing environmentally friendly products, we intend to make reducing greenhouse gas emissions our top priority across the board from now on, covering every stage of the process from purchasing, production and distribution through to usage and disposal.

In order to strengthen our framework for the development of environmentally friendly products, we have restructured the activities of our in-house Committee for Development of Environmentally-Friendly Products on a groupwide basis by extending membership from R&D and business divisions at Furukawa Electric to also include affiliated companies.

The committee’s activities will revolve primarily around the following goals.

- Establishing quantitative environmental performance indices for environ-

mentally friendly products based on LCA

- Clearly setting out criteria for Eco-Link accreditation
- Ensuring that customers can choose our environmentally friendly products with confidence

We will continue to promote the development of environmentally friendly products throughout the Furukawa Electric Group in the future, based around the committee’s activities.

Views from development staff



Working towards the practical application of optimum power cables for the future of the planet

Masashi Yagi

Eco-Products Department, Ecology & Energy Laboratory
R&D Division

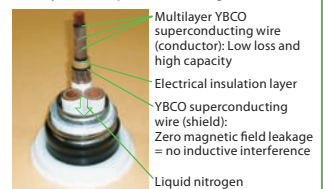
Thanks to the absence of resistance and their high current density, superconductors are an exceptionally effective form of technology when it comes to saving energy and high-efficiency energy conversion. As superconducting wire made from thin films such as the YBCO system retains its superconductivity even in a strong magnetic field, there are high hopes for applications in a range of electrical equipment. Through the continued development of YBCO superconducting wire-based power cables with unrivalled potential for application in electrical equipment, our group has managed to achieve outstanding levels of performance (low loss).

Merely improving performance however is not enough to enable cables to be installed in infrastructure equipment, which requires high levels of reliability. Challenges such as fault-resistance and long-term reliability all need to be tackled one at a time. We have recently made a 10m superconducting cable and an intermediate connector and confirmed exceptionally low levels of loss (loss of 1W or less at 1000A, 10m AC transmission). Furthermore, tests using a fault current more than 30 times in excess of this capacity showed no deterioration, confirming sufficient performance in terms of fault-resistance.

Although it will still take a little time before we reach the practical application stage, we are making every effort to increase reliability, reduce costs and maximize benefits in an effort to combat global warming.

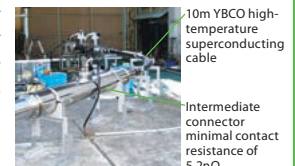
YBCO (yttrium-based) superconducting wire

YBCO superconducting wire is formed as a film by synthesizing a layer of crystalline superconducting oxide material several microns thick from chemicals including yttrium, barium and copper on a tape-shaped metallic substrate with an interlayer formed via the IBAD (ion beam assisted deposition) method. It offers the most outstanding performance as a superconducting wire, with properties including a current density 10-100 times higher than conventional bismuth system superconducting wire, no degradation in performance in a magnetic field, minimal AC loss and compatibility with liquid nitrogen.



High-temperature superconducting cable

The structure of high-temperature superconducting cables consists of several high-temperature superconducting wires coiled in a spiral around a core referred to as the “former”. On top of this is an electrical insulation layer, a superconducting shield layer and a protective layer formed around the core of the cable, which is then encased inside heat-insulated tubing.



THERMO-IN BIRUMEITO Tube outdoor refrigerant sheath piping (patent pending) launched

Furukawa Electric completed development and launched its new THERMO-IN BIRUMEITO Tube outdoor refrigerant sheath piping (patent pending) for use in building multi-air conditioning systems in April 2007. This is an industry-first product in that it uses high expansion foam integrated molding technology to enable outstanding weather resistance and high-strength coating, thereby rendering ducts and other protective covers unnecessary.

By increasing the expansion ratio from the usual $\times 5$ to $\times 13$, we have managed to produce a coating that is both weather resistant and strong. As this product eliminates the need to use ducts or other types of protective covers, it makes it possible to halve installation times and

reduce material costs by 10-20%. It is a brand new product unique to Furukawa Electric, combining our technical capabilities in the fields of copper piping and resin.

Benefits:

Weather resistance:

Offers outstanding weather resistance thanks to the use of a special polyolefin resin composite on the surface layer

Strength:

The surface layer is strong enough to withstand bird damage and dragging during pipe installation

Heat resistance:

Offers excellent heat-resistant performance thanks to the use of polypropylene

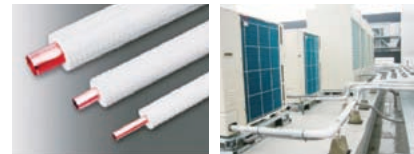
foam in the heat insulation layer

Pollution-free:

Environmentally friendly piping thanks to the use of non-halogen material in both the surface and heat insulation layers

Size:

Available in the same sizes as conventional products, with outer diameters of 6.35-44.45mm



THERMO-IN BIRUMEITO Tube* Example of outdoor piping

Environmentally friendly foam fire extinguishing agents

The Japanese have always tended to use nothing but water to put out building fires. Changes in firefighting tactics in recent years however have prompted efficiency drives and efforts to extinguish fires using less water and in a shorter space of time. Furukawa Electric and Furukawa Techno Material for instance have been investigating firefighting tactics combining foam fire extinguishing agents with surfactant agents in conjunction with Kitakyushu City Fire Department and have developed an environmentally friendly foam extinguishing agent as part of a joint industry, academic and government venture with the University of Kitakyushu and Shabondama Soap.

In addition to reducing the surface tension of water for firefighting to enable it to better penetrate wood and other combustible materials, the product also has a cooling and suffocating effect as the foam sticks to materials. In an experiment conducted by the Kitakyushu City Fire Department, the foam-based agent was able to extinguish a fire in the equivalent of a housing complex with a floor area of 27m² using less than half the volume of water and in less than half the time that it took using water alone. This would not only reduce fire damage and save firefighters effort, but it would also make it possible to minimize water damage to lower floors and protect the environment from noxious fumes and contaminated

water. What is more, whereas the main constituent of existing foam-based extinguishing agents is synthetic surfactant, this product uses soap-based surfactant that has a quicker rate of decomposition. Tests on the envisioned impact on aquatic life if it were to be washed into a river in particular found that levels of toxicity were massively reduced (Figure 1).

This product and the accompanying firefighting tactics are already being fully deployed in Kitakyushu-city and are starting to be brought into use in other areas as well. It is hoped that it will also be usable on forest fires, which pose major problems in terms of generating CO₂, as well as building fires in the future.

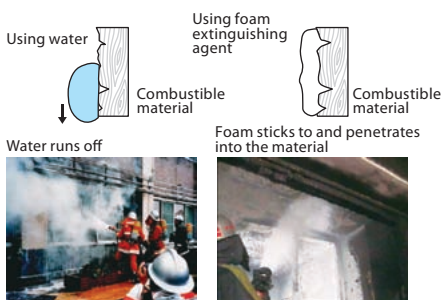
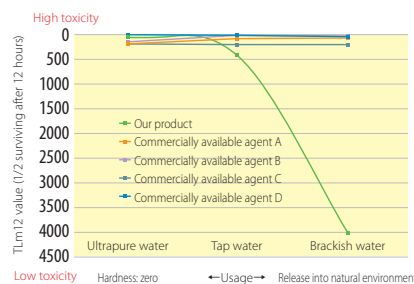


Figure 1: Toxicity in fish (subject species: *Oryzias latipes*)



Recyclable optical fiber cable joint boxes (developed jointly with Tokyo Electric Power Company)

With the development of the Aerial Optical Eco Closure (“Eco Closure”) junction box for connecting and splitting optical fiber optic cables, we have managed to both reduce environmental impact and cut costs by improving workability.

Benefits:

- Minimizes consumption of resources (optimized structure)
Adjustable structure that can expand (or contract) to suit the size of the connection capacity
- Reduces waste (reusable structure)
Structure can be expanded (or contracted) simply by adding or removing parts
- Makes effective use of resources (recyclable structure)
Compound of off-cuts from slotted optical fiber cables

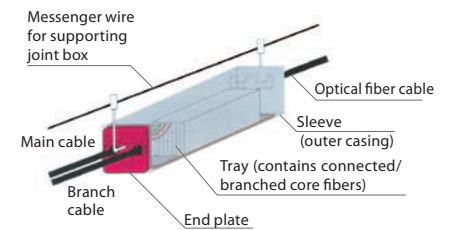
(sheathing material, slot material)
Compound of general recycled materials
●Stable operation of core fibers
Storage tray structure, mechanism and wiring designed to minimize impact on transmission properties of core fiber

Expected results

- Minimizes consumption of resources and reduces waste
No need to replace 1,200 joint boxes each year, making for a reduction in waste of approximately 3.4 tons
- Makes effective use of resources
Makes effective use of composite containing approximately 15-20% selected waste materials (sheathing from removed optical fiber cables, etc.) and

general recycled materials, enabling a saving of roughly 7.8 tons of plastic each year

Eco Closure (artists impression)



Green Procurement

Office Supplies and Other General Purpose Items

We promote the green procurement of office supplies and other general purpose items. This chiefly involves certifying green products as eco-items and registering them in a catalog on our purchasing system. In the case of certain general purpose items in particular, we exclusively purchase eco-items registered in our catalog. We have continued to step up green procurement however by increasing the number of eligible items. As a result,

we achieved a green purchasing rate of approximately 99% for applicable items as of the end of 2007 (products no longer classed as green items due to issues with recycled paper part way through the year excluded from total). We are working towards green procurement for all office supplies and also intend to expand similar activities to include affiliated companies.

Examples of Environmental Labels Used

 Eco Mark Program	 Green Mark
 Green Purchasing Network	 Energy-Saving Labeling Program
 International Energy Star Program	

Products and Manufacturing Process Components

We have added a mechanism to our purchasing system to enable each of our suppliers to provide the latest information with regard to the status of their environmental management activities (including ISO 14000) and systems for controlling the chemical content of the materials they supply. Getting individual suppliers to provide the latest informa-

tion in this manner enables us to assess the current situation and share information. We will continue to ask our suppliers to provide this information in an effort to monitor status on an ongoing basis.

Efforts to Prevent Global Warming

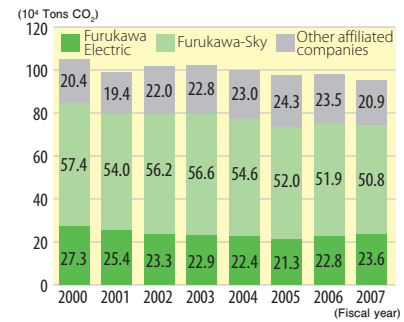
The majority of the Furukawa Electric Group's greenhouse gas emissions consist of CO₂ generated from electricity, fuel and other energy sources. As emissions from manufacturing processes in particular account for a large proportion, we continue to work on reducing emissions through energy saving measures such as increasing the efficiency of production processes, switching fuels, replacing equipment with more efficient alternatives, meticulously turning off lights when not in use and insulating hot areas. Our efforts to prevent global warming have always been linked to our energy sav-

ing initiatives and we have continued to implement measures in our offices as well, including turning off unnecessary lighting and setting air conditioning to the optimum temperature. Nonetheless, as the first commitment period under the Kyoto Protocol began in April 2008, we intend to step up our activities even further in the future, including participating in Team Minus 6%.

Total greenhouse gas emissions for the Group as a whole came to 950,000 tons of CO₂ in fiscal 2007, a reduction of 9% compared to levels in fiscal 2000. Furukawa Electric achieved an equiva-

lent reduction of 14% and our affiliated companies a reduction of 8% (both compared to fiscal 2000 levels).

Greenhouse Gas Emissions 2000-2007



Participating in Team Minus 6%

Furukawa Electric signed up to Team Minus 6% in April 2008, underlining our commitment to actively push ahead with CO₂ reduction initiatives at our head office, branches and other offices in addition to our current activities, which are focused primarily on our works and plants. Going one step further, we have also launched a series of Eco Home activi-

ties, as part of which we are actively aiming to reduce CO₂ on an individual basis, at home as well as at work. We have distributed leaflets to all of our employees in an effort to raise awareness regarding global warming and are making steady progress in terms of reducing our CO₂ emissions.

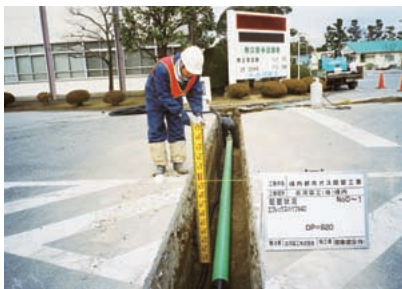
<http://www.team-6.jp/english/about.html/>



An Eco Home leaflet

Switching Fuel

Following on from our Hiratsuka Works, we are now in the process of switching fuels from LPG gas to city gas at our Chiba Works as well. We will have melting furnaces fully up and running from May 2008 and expect to achieve an annual reduction in CO₂ of 2,300 tons.



Installation of city gas pipes

Energy-Saving Tours

In conjunction with Fuji Electric, in December 2007 we organized an energy saving tour of the plants at our Hiratsuka Works with the aim of compiling an energy-saving diagnosis. The numerous proposals put forward as a result were screened for cost effectiveness by our Energy Conservation Committee and the decision taken to introduce new measures in a total of seven areas, including steps to install inverters and pressure control devices on plant water pumps. Some of these measures have already been implemented, with the others to be implemented on an ongoing basis. We plan to conduct energy-saving tours on a regular basis from now on in an effort to enhance energy-saving activities and raise awareness amongst employees, especially with regard to cutting CO₂ emissions.



Energy-Saving Tour

Efforts to Prevent Global Warming

Mini Energy Saving Exhibition

In March 2008 we organized a mini energy saving exhibition at our Chiba Works in conjunction with energy saving device manufacturers. Despite being the first time that we have attempted anything like this, the event turned out to be a great success thanks to participation from large numbers of affiliated companies and each of Furukawa Electric's works.



The mini energy saving exhibition

Promote Eco Commuting

The second and fourth Wednesdays of June were set aside as eco commuting promotion days at our Mie Works. As part of this initiative, employees who normally commute by car were encouraged to either (1) travel to work by minibus or (2) come to work on foot or by bicycle. Over the course of June, which was environmental month, 45 employees opted for (1) and 89 for (2), resulting in a reduction of approximately 170kg in CO₂ emissions.



Eco commuting

Installation of Wind and Solar Powered Street Lighting

We have installed wind and solar powered street lighting alongside the main entrance to our Mie Works. In addition to providing light and electricity for the works' gatehouse, this will also help symbolize the works' environmentally friendly credentials.



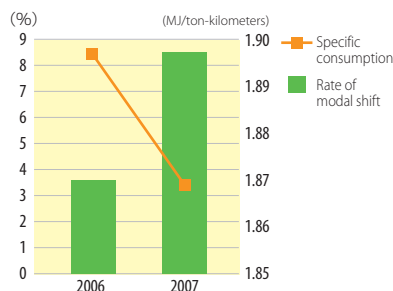
Wind and solar powered lighting

Logistics-Related Initiatives

At 148 million ton-kilometers, Furukawa Electric's total transportation volume for fiscal 2007 came in at more or less the same level as fiscal 2006. Nevertheless, through measures such as an increase in modal shift, we managed to reduce CO₂ emissions to 18,800 tons, a reduction of 1.5% compared to the previous year. We also achieved a similar 1.5% reduction in specific consumption (denominator: ton-kilometers). The total transportation volume for the Furukawa Electric Group as a whole came to 517 million ton kilometers, an increase of 2.6% compared to fiscal 2007. We intend to work together with Furukawa Logistics to

continue to promote modal shift, increase loading rates and promote joint deliveries in an effort to reduce transportation energy consumption.

Modal Shift and Specific Consumption



JR Freight containers (en route from Nikko to Utsunomiya)

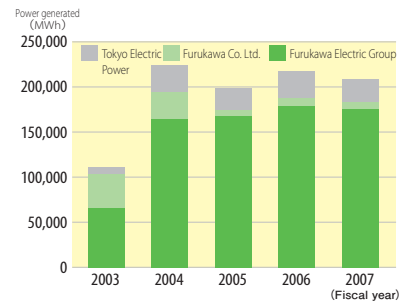
Harnessing Hydroelectric Power

Furukawa Nikko Hydroelectric was transferred from Furukawa Co. Ltd. and became an affiliated company in September 2003. Using the Kegon Waterfall, which flows from the natural dam created by Chuzenji Lake, and surrounding mountain streams as a water source, the company generates electricity via four greenhouse gas-free hydroelectric power facilities and supplies power to Furukawa Electric Group sites including our Nikko Works and Furukawa Sky's Nikko Plant, Tokyo Electric Power and

Furukawa Co. Ltd.

In terms of performance, the company supplied the Furukawa Electric Group with approximately 176,000MWh of power in fiscal 2007. If this were to cover all of our purchased power, it would translate into a reduction in CO₂ of around 75,000 tons. Approximately 26% of the total power consumed by Furukawa Electric on a standalone basis is provided by hydroelectric power from Furukawa Nikko Hydroelectric.

Power Generated by Furukawa Nikko Hydroelectric



* Data for 2003 is the result after transfer (September 2003 – March 2004)

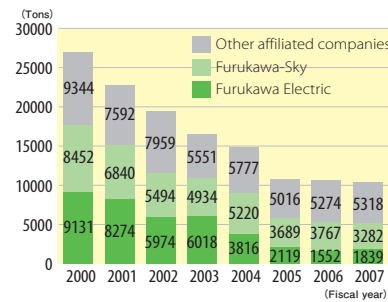
Zero Emission Activities

The Furukawa Electric Group has been involved in efforts to reduce levels of outsourced waste disposal ever since 1993. The overall level of outsourced waste disposal for the Group as a whole in fiscal 2007 fell by 30% compared with fiscal 2004 to 10,440 tons. Furukawa Electric achieved an equivalent reduction of 52% on a standalone basis and our affiliated companies a reduction of 22% (both compared with fiscal 2004 levels). The overall level of direct landfill disposal for the Group as a whole also fell by

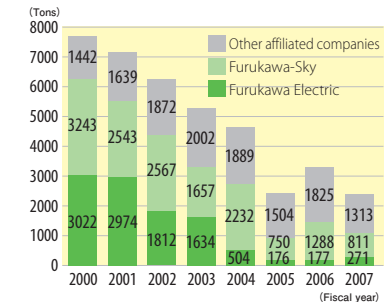
48% compared with fiscal 2004 to 2,395 tons. Furukawa Electric achieved an equivalent reduction of 46% on

a standalone basis and our affiliated companies a reduction of 48% (both compared with fiscal 2004 levels).

Outsourced Waste Disposal



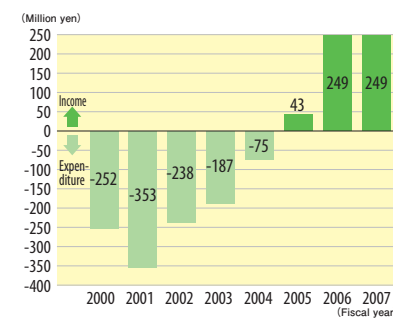
Direct Landfill Disposal



Reducing Waste Disposal Costs

We at Furukawa Electric are also working towards targets for the reduction of waste disposal costs. Spending on landfill and intermediate disposal in fiscal 2001 totaled more than 300 million yen. In addition to reducing levels of waste through initiatives such as promoting reuse and eliminating waste along our production lines, we have continued to implement measures such as carefully sorting waste to generate value since then, making it possible to sell our waste products for profit. In addition to the effects of activities such as these, soaring copper prices also helped us to achieve a profit of approximately 250 million, around the same level as fiscal 2007.

Waste Disposal Costs



Introduction of an Electronic Manifest

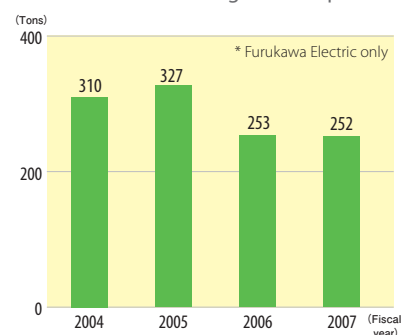
As part of our efforts to introduce an electronic manifest at Furukawa Electric, we commenced operations at our Hiratsuka and Mie Works in April 2008. The system is also in place at our Chiba Works and is on the verge of commencing operations there too. The rate of usage of the electronic manifest as of April 2008 stood at 45% (total manifest transactions: 349, electronic manifest transactions: 158). We intend to focus on expanding usage at all of our works in the future.

Chemical Substance Management

The Furukawa Electric Group promotes efforts to reduce the use of harmful chemical substances. In particular, we make every effort to actively reduce emissions of volatile organic compounds, which are regarded as

one of the causes of photochemical smog. Furukawa Electric's emissions have fallen 19% compared with levels in fiscal 2004, with organic chlorine compounds now only used by five of our affiliated companies.

Emissions of Volatile Organic Compounds



Appropriate Management of Chemical Substances

We check the properties of and laws and regulations applicable to all chemical substances that we use as part of the manufacturing process against Material Safety Data Sheets (MSDS) and manage substances accordingly. We also monitor the volumes of each substance used and report the relevant details in accordance with the PRTR Law*.

* Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

Volume of PRTR Substances Released and Transferred

(Unit: Ton)

Substance No.	Name of substance	Volume handled	Volume released	Volume transferred	Volume neutralized
25	Antimony and its compounds	76.2	0.1	5.6	0.0
40	Ethylbenzene	7.1	0.0	0.0	7.0
63	Xylene	21.5	8.5	1.8	11.1
64	Silver and its water-soluble compounds	3.0	0.0	0.0	0.0
67	Cresol	292.6	0.5	0.1	291.5
108	Inorganic cyanide compounds	6.7	0.0	0.0	0.0
172	N, N-dimethylformamide	74.0	0.0	0.0	73.3
197	Decabromodiphenyl ether	227.2	0.0	16.4	0.0
207	Copper salts (water-soluble)	13.7	0.0	0.0	0.0
227	Toluene	395.1	157.3	107.5	116.5
230	Lead and its compounds	2.0	0.0	0.0	0.0
231	Nickel	27.8	0.0	0.0	0.0
232	Nickel compounds	7.2	0.0	0.0	0.0
253	Hydrazine	8.8	0.0	0.0	8.8
266	Phenol	201.0	0.0	0.1	200.5
272	Bis (2-ethylhexyl) phthalate	1.8	0.3	0.1	0.0
283	Hydrogen fluoride and its water-soluble salts	3.7	0.0	3.0	0.0
		1369.4	166.8	134.7	

* Applicable to substances that are handled in volumes of one ton or more at works (or 0.5 tons or more in the case of specific first category chemical substances)

Reducing Emissions of Volatile Organic Compounds

Although Furukawa Electric does not currently own any facilities that fall under regulations set out in accordance with the Air Pollution Control Law, we are nonetheless voluntarily working to reduce emissions of volatile organic compounds (VOC). The main types of VOC that we

handle are toluene and isopropyl alcohol (IPA). We are working on reducing the volume of toluene that we use, mainly to decrease copper strips, by switching to a hydrocarbon-based detergent instead. We are also looking to lowering consumption of IPA, which is used to reduce cop-

per wire when it comes out of the melting furnaces, through measures to prevent leaks and dispersal. We are examining the possibility of installing IPA recovery apparatus in an effort to achieve further reductions.

Environmental Preservation Data

● Chiba Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Melting furnace	180	180	16	22
Soot	(g/Nm ³)	Melting furnace	0.1	0.1	0.011	0.011

Wastewater Quality Indicators

Item	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.0 to 9.0	5.5 to 8.5	8.1	8.4
COD	(mg/l)	15	10	3.2	10.2
SS	(mg/l)	20	10	2.9	6.5
n-h (mineral oil)	(mg/l)	2	1	0.2	0.3

● Nikko Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Boiler	180	180	108	120
		Melting furnace	200	200	57	60
		Dryer furnace	300	250	53	58
SOx	(K value)	Boiler	17.5	17.5	0.35	0.39
		Melting furnace	17.5	17.5	0.24	0.26
		Dryer furnace	17.5	17.5	0.13	0.13
Soot	(g/Nm ³)	Boiler	0.3	0.3	0.00	0.00
		Melting furnace	0.2	0.2	0.00	0.00
		Dryer furnace	0.5	0.2	0.00	0.00

Wastewater Quality Indicators

Item	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.8 to 8.6	6.0 to 8.5	7.2	7.6
BOD	(mg/l)	25	16	2.7	5.0
SS	(mg/l)	50	20	1.0	1.0
n-h (mineral oil)	(mg/l)	5	0.5	0.2	0.2

● Mie Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Boiler	180	140	47	54
		Melting furnace	180	140	48	53
SOx	(K value)	Boiler	0.6	0.5	0.00	0.00
		Melting furnace	41.6	33.3	0.13	0.13
Soot	(g/Nm ³)	Boiler	0.3	0.24	0.005	0.005
		Melting furnace	0.3	0.24	0.072	0.084

Wastewater Quality Indicators

Item	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.8 to 8.6	6.5 to 8.5	7.6	8.0
BOD	(mg/l)	10	4	1.3	2.0
SS	(mg/l)	25	6	1.0	5.1
n-h (mineral oil)	(mg/l)	1	0.7	0.11	0.45

● Osaka Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Boiler	150	120	18.0	18.0
		Melting furnace	200	160	5.0	6.0
		Dryer furnace	170	144	3.0	3.0
Soot	(g/Nm ³)	Boiler	0.1	0.08	0.001	0.001
		Melting furnace	0.2	0.16	0.001	0.001
		Dryer furnace	0.25	0.2	0.001	0.001

Wastewater Quality Indicators

Item	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.7 to 8.7	5.7 to 8.7	7.7	8.2
BOD	(mg/l)	300	10	4.9	11.0
SS	(mg/l)	300	50	10.6	47.0
n-h (mineral oil)	(mg/l)	5	2	1.4	2.9