

# Contributing to the realization of a sustainable society through our New Frontier 2012 medium-term management plan



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### Contributing to global sustainable growth by creating new markets, businesses and technologies!

The Furukawa Electric Group launched the medium-term management plan “New Frontier 2012” in April 2010. Under this new plan, we have set our sights on capturing global infrastructure demand, and in looking slightly further into the future, bolstering research and development in the functional materials business. Focusing on the three environmental fields of the environment, energy conservation and high-density optical communications, we will work toward building a “New Frontier” framework that is capable of generating sustainable growth through the creation of new markets and businesses. To this end, we will reorganize our business portfolio, improve our financial strength and reform our corporate culture. In developing a robust business platform that is more resilient to change, we will stride confidently toward securing sustainable growth.

### Defining “New Frontier”

From a geographical standpoint, the Furukawa Electric Group recognizes such emerging markets as the BRICs (Brazil, Russia, India and China) and ASEAN (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam), which continue to experience notable growth, as representing its new frontier. Rather than simply drawing on and applying its technological expertise accumulated over many years in Japan, we will develop entirely new tailor-made production process technologies that match individual local needs. At the same time, we will place considerable emphasis on the cross-sectional integration of businesses and technologies as the means to promote further development and progress.

New eco businesses, where global needs continue to spiral, represent another frontier of immense potential. Economic growth brings with it a host of consequences including increased energy consumption. While this must be accepted to a certain degree, if left uncontrolled we run the very real risk of undermining the global environment due to the excessive discharge of such greenhouse gases as CO<sub>2</sub>. As a Group that harnesses its wide-ranging metal, resin, chemical and other compound processing technologies to deliver functional materials, Furukawa Electric is committed

to addressing this global-scale issue focusing on the following business areas.

- 1) Next-generation vehicles that curtail CO<sub>2</sub> emissions through reduced use of fossil fuels.
- 2) Energy/smart grids that produce a transmission network that employs IT to ensure the efficient and flexible use of natural energy sources including the wind and sunlight in combination with nuclear and fossil fuel energy.
- 3) High-density optical telecommunications that realize the ultra high-speed, power efficient transmission of large volumes of data.

Furukawa Electric is building a platform for the creation of new eco businesses.

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### **Reinforcing initiatives for the environment**

Over the past several years, international events with environmental concerns as their principal theme have become increasingly prominent. For its part, the Furukawa Electric Group will strengthen its environmental initiatives through every facet of our operations. In the area of global warming prevention, for example, we launched full-fledged efforts to reduce CO<sub>2</sub> emissions in fiscal 2009. We have conducted basic research into the formulation of rules aimed at adopting a life cycle assessment (LCA) initiative for quantitatively assessing the environmental impact of our products. Through the next two years of trials on designated products, Furukawa Electric will formulate carbon footprint computation standards on an individual product basis in fiscal 2011. Turning to the issue of biodiversity, and taking into consideration trends identified during the tenth meeting of the Conference of the Parties (COP 10) held in Nagoya this year, we have undertaken several steps to gather information drawing on our participation in a biodiversity corporate network. At the same time, we will identify basic policies during fiscal 2010 and pursue step-by-step initiatives from fiscal 2011 to gain an insight into and evaluation of conditions. Moving forward, the Furukawa Electric Group will work to fulfill its responsibilities as a member of the global society. We will pursue those major issues within the international community and ensure adherence to environmental regulations.

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### **Positioning safety, quality and compliance as cornerstones**

Safety, quality and compliance underpin every facet of our business activities. Furukawa Electric deeply regrets those incidents that resulted in the issue of two cease-and-desist orders for violations against the Anti-Monopoly Act by the Fair Trade Commission. I would like to once again express our sincere apologies for having caused significant distress among our stakeholders, including shareholders and customers. Consistent with the recommendations of the Report of the third-party investigation committee on violations of the Anti-Monopoly Act, released in December last year, we are currently in the process of implementing measures aimed at preventing a recurrence. Looking ahead, we are determined to stamp out any possibility of a future violation and to improve our corporate culture. Working toward a new frontier, we recognize the need to be constantly aware, while practicing our corporate social responsibilities. Only in ensuring compliance while helping to resolve society's problems can we hope to convey in an open and fair manner a strong presence and standing.

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### **Enhancing Social Contribution Activities**

With respect to social contribution, we will contribute to a sustainable society through our business operations as well as philanthropy activities, utilizing the human resources and business sites of the Group. In an effort to further encourage activity, we have established a CSR special award system to recognize outstanding contributions within the Group. In reporting details of award recipients, we hope to invigorate an increasingly positive Group-wide response. Looking to the future, we will expand the scope of the award to encompass environmental contributions and promote a wide-range of activities throughout the Group.

Placing high value on communication with our stakeholders, including customers, employees, shareholders and residents of local communities, we will reflect the opinions and requests obtained on our ongoing management. We look forward to receiving your honest feedback on all these initiatives.