

Message from Management

Concentrating our overall strength toward bringing about Japan's recovery and the realization of a sustainable society.

We offer our most sincere prayers for the peaceful repose of those who perished in the March 11 Great East Japan Earthquake, as well as our deepest sympathies to all of the victims and their families. We pray for their safety and soonest possible recovery.

In addition to collecting donations from our domestic and overseas affiliates, our emergency support efforts included sending our company's foam sheets to be used as flooring insulation in the evacuation centers for victims of the stricken areas. We also responded directly to restoration work on the telecommunications lines in the vicinity of the Fukushima No. 1 Reactor in the

immediate aftermath of the disaster, as well as working to meet requests from customers for emergency supplies of electric wires, cables and other equipment.

Business Continuity Plan (BCP)

Rapid restoration of infrastructure and facilities is critical to recovery after a major disaster. The Furukawa Electric Group has been a supplier of transmission infrastructure equipment, such as power cables and telecommunications cables, for many years, so we have for some time maintained a business continuity plan (BCP) so as to meet our social responsibilities. We established a BCP Formation Project Team in April 2008 that focused on planning our response in the aftermath of a major earthquake, and have also been conducting earthquake resistance analyses of our important domestic facilities and buildings. While some of the buildings and facilities at our Chiba Works, Nikko Works and Copper Foil Division sustained damage in the Great East Japan Earthquake, we were able to restore supplies of our products to our customers even faster than we originally expected. We will draw upon our experiences from this disaster in making revisions to our BCP, so that we can continue to meet our responsibilities to our customers in the global supply chain.

Social Contribution Through the Group's Strengths

Concerns about power shortages as well as the safety of nuclear power have increased since the accident at the TEPCO Fukushima No. 1 Reactor in the aftermath of the Great East Japan Earthquake. While the introduction of power generation based on renewable sources has been proceeding in Japan, power levels from sources such as wind and solar can fluctuate due to changes in the weather, requiring the fine-tuning of smart grids. The Furukawa Electric Group's superconductive cable, which provides the world's highest voltage at 275 kV with minimal power loss, as well as our Ultra Batteries for storing surplus power, are just two examples of the technologies and products we provide to make smart grids work. The new organizations that we established



last year, such as the Smart Grid Business Development Department, the Next Generation Battery Materials R&D Center, and the Next Generation Vehicle Project Team, are taking the lead in concentrating our Group's strengths in new eco-businesses, so that we can contribute to society through our business.

Focused on Safety, Quality and Compliance

In March 2011, we revised our CSR Code of Conduct with the goal of promoting compliance and CSR globally at a higher level. The new CSR Code of Conduct was amended with reference to ISO26000, which was issued in October of last year, as well as other international standards, so as to show our desire to contribute to the sustainability of our planet through biodiversity preservation efforts and consideration of factors such as human rights and the elimination of conflict metals in the global supply chain. Our fiscal 2012 activities include publishing the Furukawa Electric Group CSR Compliance Handbook (4th Edition), which contains an easy to understand explanation of the Code of Conduct. This has already been distributed to all employees at Furukawa Electric and our affiliates. We are also conducting educational programs at each worksite.

Our New Frontier 2012 mid-term management plan, which we launched in fiscal 2011, declares the President's policy of focusing on thorough safety, quality and compliance. We have also planned and executed "heart-to-heart communication between the President and employees" since last year as a means to directly communicate this policy to employees so as to gain thorough adherence to it. We will continue to take the initiative in making safety, quality and compliance the three main focuses of concern for everyone at the Furukawa Electric Group, and build our corporate culture around them.

Performance Indicators for CO₂ Reduction, and Biodiversity Preservation Efforts

The Furukawa Electric Group has been making progress in our continuing efforts for environmental conservation,

one example of which is the product life-cycle assessments initiated in fiscal 2010. Life-cycle assessments quantify environmental impact across the entire lifespan of our products, and constitute one of our CO₂ emissions reduction measures. We plan to establish concrete standards for calculating the carbon footprint of our products in fiscal 2012, creating a foundation for accurately measuring the effects of CO₂ reduction and assessing and revising our measures accordingly. We also revised our Basic Environmental Policy in fiscal 2011, announcing our efforts to preserve biodiversity. These consist in three points of emphasis: Assessment of eco-system impact, sustainable use of resources, and increasing the awareness of each employee. In fiscal 2012, we plan to analyze the relationship of our businesses to biodiversity and the risks they may pose, and apply the results in our biodiversity activities.

Social Contribution to Local Communities

While we of course seek to contribute to society through our businesses, we have also created an award system within the Group to commend efforts by our worksites to conduct social contribution activities that are closely linked to their local communities. In the aftermath of the Great East Japan Earthquake we also implemented a Volunteer Leave System to make it easier for our employees to participate in volunteer relief efforts. We will proceed to create structures for providing information about volunteer activities both within and outside the Group, such as through the use of our Intranet.

The Furukawa Electric Group values communications with all of our stakeholders, such as our customers, shareholders and investors, supply chain partners, and everyone in our local communities. We look forward to hearing your opinions and suggestions, along with your honest feedback on all of our initiatives.

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Masao Yoshida
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