

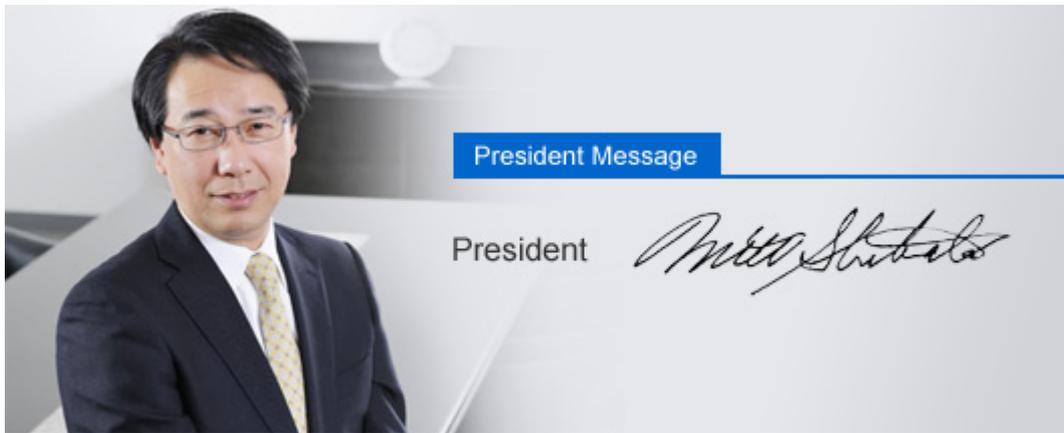
Furukawa Electric Group  
Sustainability Report  
**2013**



Furukawa Electric Group  
Sustainability Report 2013

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We will make steady progress in line with our medium-term management plan, the **Furukawa G Plan 2015**, to contribute to the realization of a sustainable society.

Furukawa Electric was founded in 1884 as a manufacturer of power cables and nonferrous metals. In the more than a century that has elapsed since that time, we have moved forward in our principal business domains, creating the infrastructure that forms the foundations for society and industry. Based on materials technology in a broad range of fields that include copper, aluminum and plastic, through continuous technological innovation we have provided the technologies and businesses that society requires. Even amid today's rapidly changing management environment, we keep our eyes fixed firmly on the future while paying close attention to the needs and expectations of society, which are changing on a daily basis. By providing products and services that leverage the Furukawa Electric Group's distinctive technologies, we aim to fulfill the Group's mission to contribute to the realization of a sustainable society.

## Review of Fiscal 2013

Looking back on the global economy during fiscal 2013, ended March 31, 2013, the U.S. economy showed signs of a gradual recovery, but Europe remained in the doldrums owing to the protracted debt crisis, while growth slowed in Asia, Central and South America and other emerging markets. In Japan, conditions were characterized by yen appreciation and deflation until around the end of 2012. At that point, a change in administration coincided with a shift toward yen depreciation and stock price increases, encouraging signs that the economy might be moving toward recovery. Under these conditions, the Furukawa Electric Group's performance in fiscal 2013 was affected by lackluster demand in some parts of the metals and light metal segments, but recovery in the auto parts business contributed to higher sales and profits for the Group as a whole.

As a medium- to long-term initiative to respond to the changes taking place in the markets in which the Furukawa Electric Group operates, we restructured our power components business and consolidated our manufacturing sites for electrical conducting materials and optical cables, proceeding with structural reforms in Japan. Overseas, we expanded our electrodeposited copper foil manufacturing site in Taiwan, and established a new production site for optical fiber compound overhead ground wires (OPGW) in Brazil. In these ways, we made steady progress on measures to accelerate our overseas development, centering on emerging markets.

## Building a Business Foundation That is Strong in the Face of Change and Aiming for Global Growth

In April 2013, the Furukawa Electric Group launched a new medium-term management plan, Furukawa G Plan 2015. The "G" in this name refers to "group global growth," expressing our intent to work together throughout the Group to achieve growth globally. The concepts behind this plan are to "focus on infrastructure and automotive markets" and "build the basis for sustainable growth."

Our reasons for focusing on the infrastructure and automotive markets are that these are areas in which we anticipate market growth and believe that the need for technological innovation is increasing. We see energy as an issue facing all of humankind, and believe that there are major problems to address in terms of how to use energy efficiently and how to control this use in an intelligent manner. For example, smart grids depend on control from telecommunication technologies to use electricity efficiently—they are therefore a combination of light (communication) and electricity (energy). Businesses that make use of communication and energy are Furukawa Electric's forte. Automobiles, for example, are a microcosm for infrastructure; here we are focusing on dramatically improving the efficiency of fossil fuels and electricity (energy) to conserve on energy use. In other words, the Furukawa Electric Group should be able to contribute the technological expertise it has cultivated over the years to resolve global-scale issues involving electricity and communications infrastructure and the automotive markets.

Meanwhile, to “build the basis of sustainable growth,” the Furukawa Electric Group will conduct management to be strong in the face of change. Our framework for growth is to “implement structural reform, “develop new, next-generation businesses” and “strengthen the Group’s global management.” Our organizational system for strengthening the Group’s global management involves changing our previous company structure to introduce a business unit system (strategic business units) and group the businesses that share strategies (including affiliates) to bolster responsibilities and actions. We have also established groupwide sales and marketing functions to strengthen our responses to markets and customers. While exerting the collective strength of the Group, we will make further progress on global development, centering on emerging markets.

The Furukawa Electric Group launched a new medium-term management plan, Furukawa G Plan 2015.  
<http://www.furukawa.co.jp/english/ir/feature/index.htm>

### The Furukawa Electric Group’s Medium-term management plan



#### Develop New, Next-Generation Businesses with an Eye to Environmental Conservation

One of our initiatives to “build the basis of sustainable growth” is to develop new, next-generation businesses. Environmental conservation is part of our responsibility to the next generation, and we view this as one of the topmost priorities facing humankind. The Furukawa Electric Group’s R&D orientation involves three themes aimed at the efficient use of environment-friendly energy: “build high-capacity telecommunication infrastructure,” “create a smart electric power infrastructure” and “make cars greener.” Each of these themes involves contributing to the efficient use of energy resources by combining material technologies, one of Furukawa Electric’s major strengths. For details about developing new, next-generation businesses, please refer to the special feature section of this report.

#### Remaining an Indispensable Corporate Citizen

Safety, quality and compliance are preconditions to any business activities. From the standpoint of corporate social responsibility, we have formulated the Furukawa Electric Group CSR Code of Conduct, which defines core behaviors for executives and employees. In addition to compliance, the code calls for behavior that reflects social norms and corporate ethics and demonstrates a heightened awareness of safety and quality. Over the past several years, we have made a thorough effort to prevent any recurrence of breaches of competition laws, and last year we put in place a structure for complying with international bribery regulations, as well as competition laws. We are stepping up our business continuity management activities each year, as well, and in February 2013 we acquired certification under the ISO 22301 international standard covering the optical semiconductor business.

Going forward, we will concentrate in particular on understanding and responding to risks overseas, particularly in emerging markets, and putting appropriate structures in place.

The Furukawa Electric Group aims to strengthen communications with a host of stakeholders and make steady progress in contributing to a sustainable society. It is my sincere hope that we may continue to enjoy the support of our stakeholders.

President  
Mitsuyoshi Shibata

## Group Overview and Business Report

### Company Profile

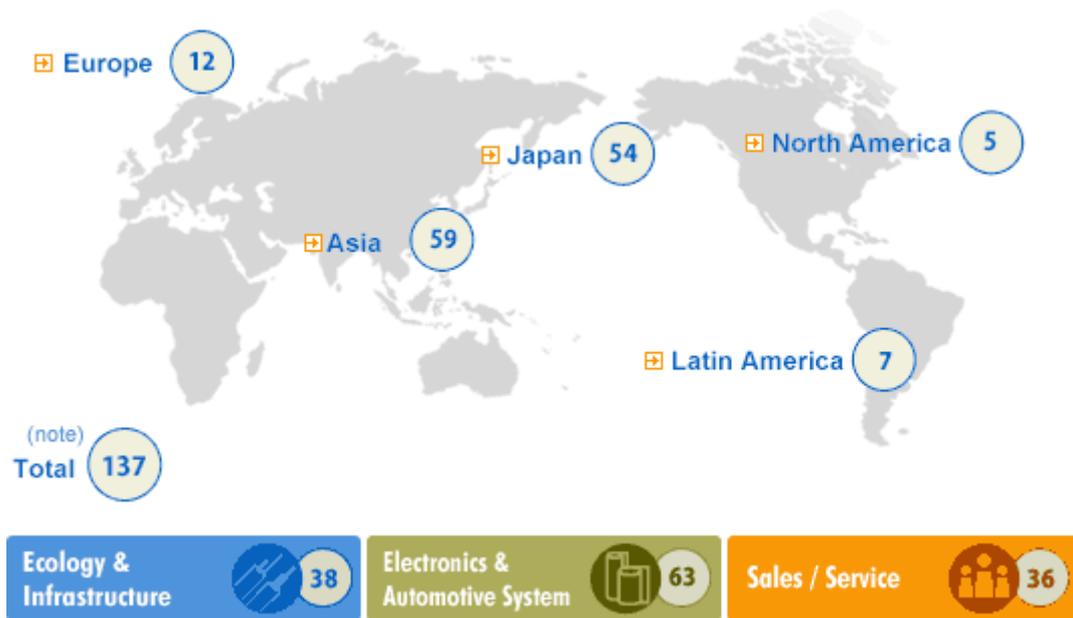
<b>Company Name</b>	Furukawa Electric Co., Ltd.
<b>President</b>	Mitsuyoshi Shibata
<b>Founded</b>	1884
<b>Established</b>	1896
<b>Paid-in Capital (As of March 31, 2013)</b>	¥69,395 million
<b>Net sales (Years ended March 31, 2013)</b>	¥924,717 million (Consolidated) ¥396,154 million (Non-Consolidated)
<b>Number of Employees (As of March 31, 2013)</b>	50,342 (Consolidated) 3,971 (Non-Consolidated)
<b>Head Office</b>	Marunouchi Nakadori Bldg., 2-3, Marunouchi 2-chome, Chiyodaku, Tokyo 100-8322, Japan
<b>TEL</b>	+81-3-3286-3001

### Major Products and Services

- Telecommunications**  
Optical fiber cables / Metal communication cables / Semiconductor optical devices / Electronic appliance wires / Optical components / Network equipments / Optical fiber cable accessories and installations / CATV system / Radio products, etc.
- Energy and Industrial Products**  
Copper wires and Aluminum wires / Power transmission cable / Insulated wires / Power transmission cable accessories and installations / Cable conduits / Water-feeding pipe materials / Foam products / UV tapes for semiconductor manufacturing / Electrical Insulation Tape / Electric material products, etc.
- Electronics and Automotive Systems**  
Automotive components and wiring harness / Magnet wires / Electronic component materials / Heatsinks / Hard disc drive (HDD) aluminum substrates / Battery products, etc.
- Metals**  
Copper and copper alloy products (plates, strips, pipes, rods, foils, and wires) / Functional surface products (plating)/ Electrodeposited copper foil / Pocessed products for electronic parts / Superconducting products / Special metal materials (Shape-memory and super-elastic alloys), etc.
- Light Metals**  
Aluminum plates / Extruded aluminum products / Casting products / Forged products / Processed light metal products, etc.
- Services and Others**  
Logistics / Information processing service / Software development / Service business (real-estate leasing, hydraulic power generation and so on), etc.

# Global Network

As of July, 2013



(note) Main subsidiaries and equity-method affiliates

## R&D Laboratories, developer and producer



**FETI: Furukawa Electric Institute of Technology (Hungary)**

<http://www.furukawa.co.jp/kenkai/eng/profile/feti.htm>

- Simulation development
- Algorithm development
- Process optimization



**OFS Labs. (USA)**

<http://www.furukawa.co.jp/kenkai/eng/profile/ofsh.htm>

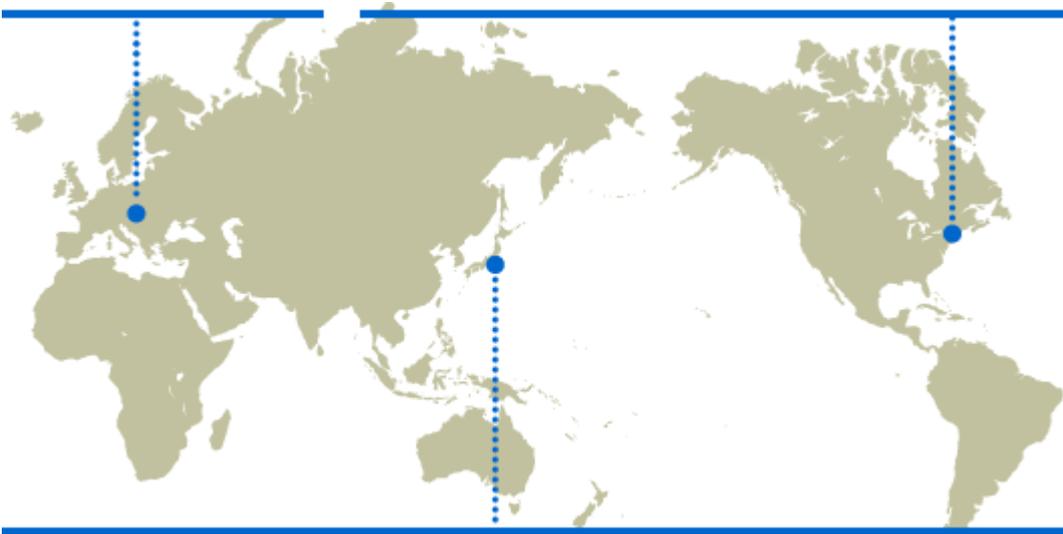
- Fibers
- Components



**SuperPower (USA)**

<http://www.furukawa.co.jp/kenkai/eng/profile/superpower.htm>

- 2G HTS wire



**Metal Research Laboratories (Nikko)**

<http://www.furukawa.co.jp/kenkai/eng/profile/metaken.htm>



**Power & System Laboratories (Chiba)**

<http://www.furukawa.co.jp/kenkai/eng/profile/powerandsys.htm>



**Polymer Materials R&D Laboratories (Hiratsuka)**

<http://www.furukawa.co.jp/kenkai/eng/profile/kankyoelec.htm>



**Yokohama R&D Laboratories (Yokohama)**

<http://www.furukawa.co.jp/kenkai/eng/profile/yokoken.htm>

**FITEL Photonics Laboratories (Chiba)**

<http://www.furukawa.co.jp/kenkai/eng/profile/hikaken.htm>

**Power & System Laboratories (Hiratsuka)**

<http://www.furukawa.co.jp/kenkai/eng/profile/powerandsys.htm>

**Automotive System & Device Laboratories (Hiratsuka)**

<http://www.furukawa.co.jp/kenkai/eng/profile/densou.htm>

## Business Field

Contributing to society with a wide array of businesses leveraging a variety of cutting-edge technologies



### Telecommunication

Optical communication is an advanced technology that meets the needs of the communication age, Furukawa Electric provides diversified support for information-oriented society.

We are living in an age of global communication. Currently, the Internet Links the entire world, allowing information from overseas to be obtained in real time, not only in offices but also at home. In this advanced information-oriented society, optical communication systems are a key technology for enabling people to access important information easily. Furukawa Electric is firmly supporting an ideal base for communication by providing various technologies and products that realize the "FTTH" project, in which optical fiber networks are provided to homes.

Electronics Products

<http://www.furukawa.co.jp/english/seihin/it.htm>

### Electronics

#### Ever-evolving Semiconductors and their Peripheral Technologies Amplify New Possibilities for the Electronics Industry.

Semiconductors are the basis on which electronic products are continually decreasing in size, and increasing in functional capability at a rapid pace. In LSIs, several hundred thousand to tens of millions of electronic components are incorporated on a chip in an area of several square mm, to process large amounts of information. In the field of semiconductors, Furukawa Electric has developed many products ranging from compound semiconductors to complete devices. It has also provided various other products that are densely mounted in the periphery of semiconductors; reflow ovens for mounting these products; and heat pipes essential for cooling microprocessors. Each of these products is backed by reliable, established technologies.

Electronics Products

<http://www.furukawa.co.jp/english/seihin/electronics.htm>

### Automobile

#### Themes Are Safety, Comfort, and Harmony with Environments. Furukawa Is Challenging Transportation Possibilities Using Total Technologies.

In the field of transportation including automobiles, trains, ships, airplanes, and H II rockets, Furukawa Electric combines its proprietary material, electronics, and mechatronics technologies to develop various products forming comfortable transportation environments. In particular, in the field of automobiles, we offer various electronic components and aluminum body materials including wire harnesses. Furthermore, we are challenging advanced technologies such as ITS systems and has established a firm status as an indispensable supplier for the automobile industry.

Automobile Products

<http://www.furukawa.co.jp/english/seihin/car.htm>

## Energy

### Using Total Technologies to Construct Advanced Power Networks While Meeting the Needs for Energy Saving and Environmental Preservation

Few things are as essential for our daily lives and industries as electric power. Furukawa Electric has been meeting the increasing electric power demand through “power transmission systems” and “power distribution cables”. We are also actively responding to the demands of the times for resource saving and environmental preservation. Furukawa is contributing to society by providing various leading-edge technologies such as superconductors and solar generation systems, which are the focus of wide spread attention as energy sources for the next generation.

[Energy Products](#)

<http://www.furukawa.co.jp/english/seihin/energy.htm>

## Construction

### Unifying Advanced Material and Processing Technologies Together While Creating Amenity Environments for Cities, Buildings, and Housings

What is a comfortable space? Whether it is required in a city or a building, constructing such a space requires correct perspective and advanced technologies for achieving ideals. While applying the accumulated technologies, Furukawa Electric has been developing various products supporting comfortable lives. Our objective for pursuing harmony between the functions of peoples' lives and environments is found in each of our products ranging from construction materials through wire materials and fire prevention products to housing facilities.

[Construction Products](#)

<http://www.furukawa.co.jp/english/seihin/construction.htm>

## Material

### Constant Challenges to Material Renovation and Development of New Materials Are Facilitating Unlimited Extension of Applications in Every Industry.

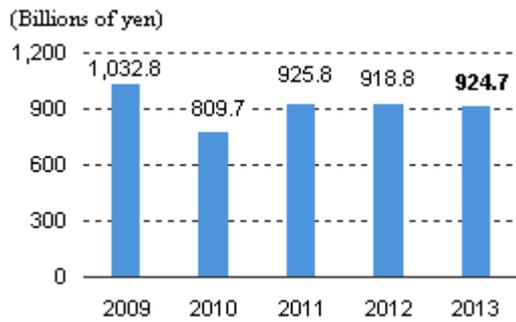
Over 120 years since its establishment, Furukawa Electric has been constantly offering advanced materials ranging from copper and aluminum materials to wires and cables, as well as various related materials. Constant challenges to material innovation are facilitating creation of materials with new potentiality and unlimited extension of applications from familiar products to the high technology field. These materials dramatically change our lives and the foundation of the industries.

[Material Products](#)

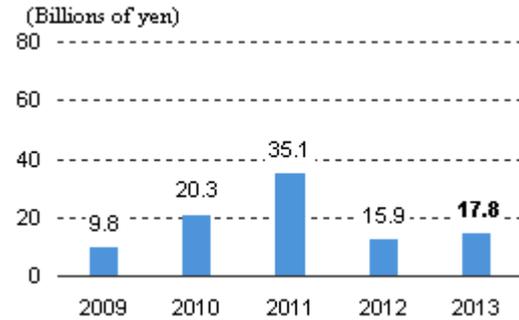
<http://www.furukawa.co.jp/english/seihin/material.htm>

## Key Indicators

### Net sales

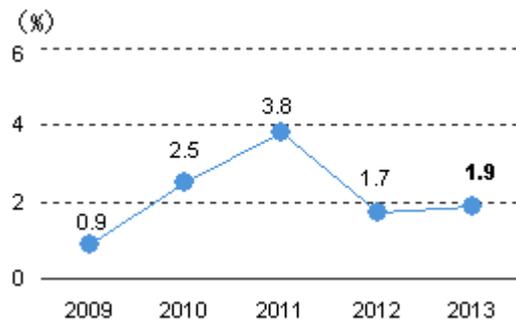


### Operating income (loss)

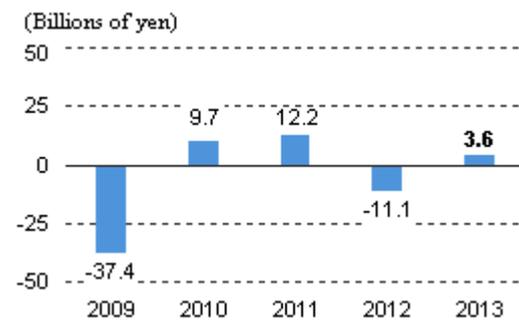


### Operating income (loss)

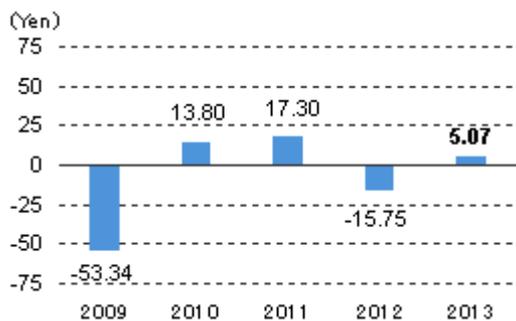
(Ratio to net sales)



### Net income (loss)



### Net income per common share

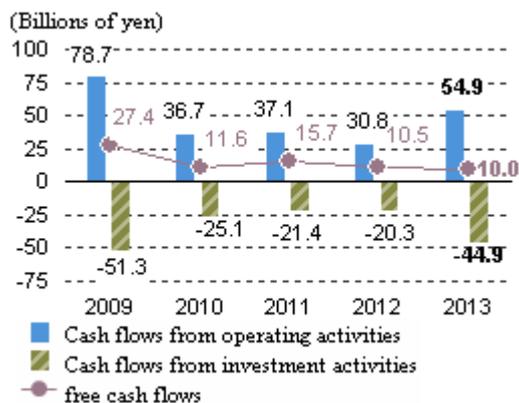


### Return on equity



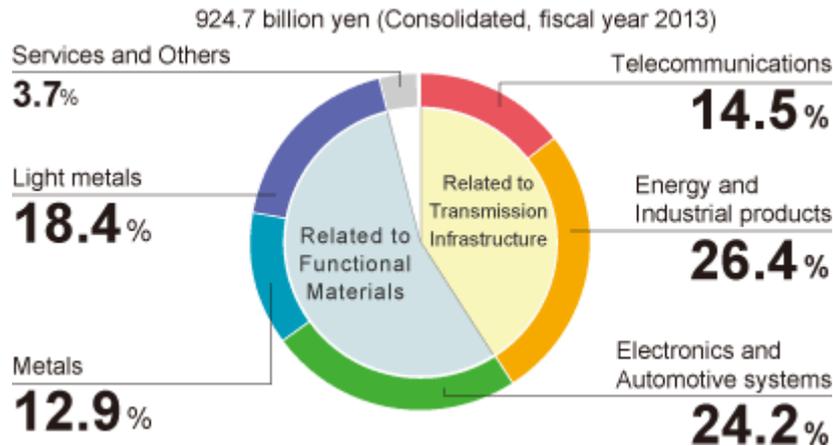
(note) Shareholders' equity excludes minority interest and gain and loss on deferred hedge.

### Cash flows



## AT A GLANCE

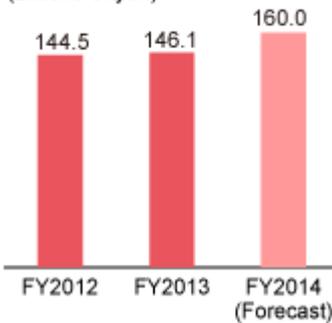
### Net sales by Main Business Segment



### Telecommunications

#### Net Sales

(Billions of yen)



#### Optical Fiber and Cable

##### Principal Measures under the 2013–2015 Medium-Term Management Plan

Streamline global sites and expanding sales routes in growth markets

##### Principal Measures in FY2014

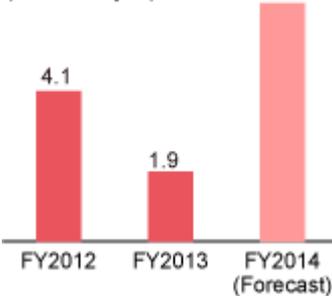
**Brazil:** Reinforce optical cable production capacity  
**Japan:** Consolidate optical cable operations at the Mie Plant.



Brazil investing aggressively in infrastructure in preparation for the Soccer World Cup and the Olympics

#### Net Sales

(Billions of yen)



#### Optical Parts and Networking Equipment

##### Principal Measures under the 2013–2015 Medium-Term Management Plan

Introduce new products for next-generation high-speed transmission (digital coherent communication)

##### Principal Measures in FY2014

Develop narrow linewidth micro ITLA (optical transmission modules)



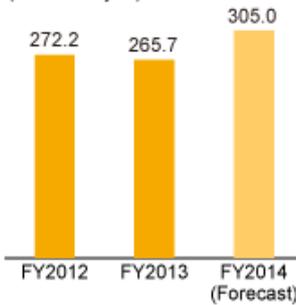
Conventionally sized ITLA (top) and micro ITLA (bottom)

Overview for the Year Ended March 31, 2013  
[http://www.furukawa.co.jp/english/ir/achievements/seg\\_jyotsu.htm](http://www.furukawa.co.jp/english/ir/achievements/seg_jyotsu.htm)  
 (To "For Investors" content)

## Energy and Industrial products

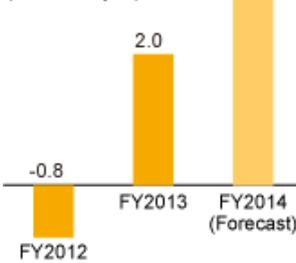
### Net Sales

(Billions of yen)



### Operating Income

(Billions of yen)



Overview for the Year Ended March 31, 2013

[http://www.furukawa.co.jp/english/ir/achievements/seg\\_energy.htm](http://www.furukawa.co.jp/english/ir/achievements/seg_energy.htm)  
(To "For Investors" content)

### Ultrahigh-Voltage Transmission Cables

#### Principal Measures under the 2013–2015 Medium-Term Management Plan

Double the capacity of submarine transmission cables

#### Principal Measures in FY2014

Complete large-scale vertical lay-up machine by end of fiscal year

Commence full-scale operation in FY2015 (VISCAS, an affiliated company)



Laying a submarine transmission cable

### Power Supply and Distribution Cables

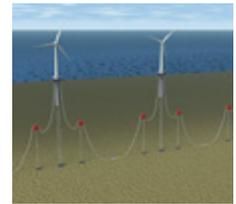
#### Principal Measures under the 2013–2015 Medium-Term Management Plan

Respond to demand for new energies (wind power, solar power, etc.)

#### Principal Measures in FY2014

Double production of flexible plastic pipe to meet increased megasolar demand

Proceed with offshore wind farm project in Fukushima Prefecture

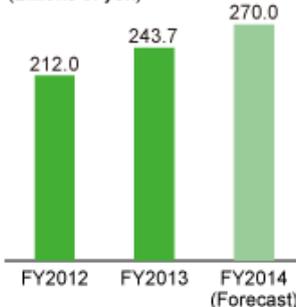


Conceptual image of the offshore wind farm project in Fukushima Prefecture

## Electronics and Automotive systems

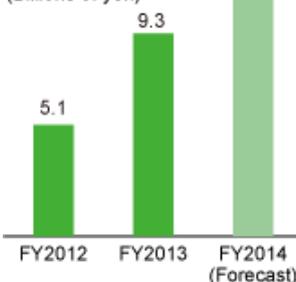
### Net Sales

(Billions of yen)



### Operating Income

(Billions of yen)



Overview for the Year Ended March 31, 2013

[http://www.furukawa.co.jp/english/ir/achievements/seg\\_electronic\\_s.htm](http://www.furukawa.co.jp/english/ir/achievements/seg_electronic_s.htm)

(To "For Investors" content)

### Automotive Parts

#### Principal Measures under the 2013–2015 Medium-Term Management Plan

Establish regional headquarters to be in charge of sales, design and procurement

#### Principal Measures in FY2014

**China:** Establish regional headquarters in Shanghai in July 2013  
Cultivate demand from local automakers

#### Principal Measures under the 2013–2015 Medium-Term Management Plan

Expand production bases, focused on Southeast Asia and Central and South America

#### Principal Measures in FY2014

**Mexico:** Establish new company, scheduled to commence operations in January 2014

**Philippines:** Expand new factory, scheduled to go on line in January 2014

#### Principal Measures under the 2013–2015 Medium-Term Management Plan

Maintain or increase share for SRC (automotive airbag parts)

#### Principal Measures in FY2014

**Brazil, India:** Prepare for local production in anticipation that airbags will become mandatory (operational in FY2015)



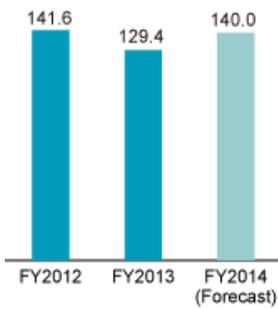
Wire harness factory in China



SCR connector

## Metals

**Net Sales**  
(Billions of yen)



**Operating Income**  
(Billions of yen)



### Electrodeposited Copper Foil

#### Principal Measures under the 2013–2015 Medium-Term Management Plan

Develop the hybrid automobile market

#### Principal Measures in FY2014

Shift production to Taiwan, where electricity costs are low

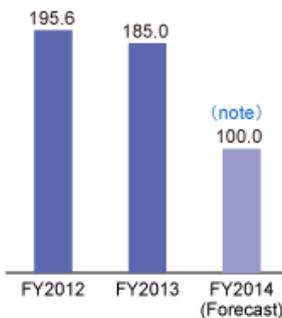


New factory in Taiwan

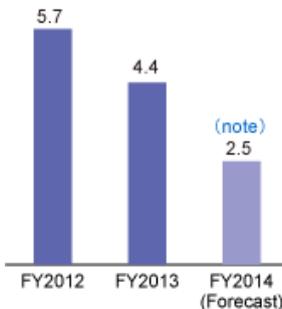
Overview for the Year Ended March 31, 2013  
[http://www.furukawa.co.jp/english/ir/achievements/seg\\_material.htm](http://www.furukawa.co.jp/english/ir/achievements/seg_material.htm)  
 (To “For Investors” content)

## Light metals

**Net Sales**  
(Billions of yen)



**Operating Income**  
(Billions of yen)



### Rolled Aluminum Products

#### Principal Measures under the 2013–2015 Medium-Term Management Plan

Become a major globally competitive aluminum company

#### Principal Measures in FY2014

Through the business integration of Furukawa–Sky and Sumitomo Light Metal Industries, become No. 3 in the world in terms of production capacity (including overseas plants that are under construction)



Logo of the merged company

Overview for the Year Ended March 31, 2013  
[http://www.furukawa.co.jp/english/ir/achievements/seg\\_lightmetals.htm](http://www.furukawa.co.jp/english/ir/achievements/seg_lightmetals.htm)  
 (To “For Investors” content)

(note) In line with a management integration on October 1, 2013, the integrated company (UACJ) will become an equity-method affiliate. Consequently, net sales and operating income are excluded from October 1, 2013.

**Special Feature**

Developing Next-Generation Businesses

**Working to Realize a Low-Carbon Society for the Future of the Environment**

**We are striving to contribute to the efficient use of energy resources by combining material technologies.**

International society is facing a number of issues in the energy sector. With the balance between natural resource supply and demand growing tighter, demand for energy continues to grow. Environmental risks due to fuel consumption are increasing. Furukawa Electric is making a proactive effort to address international environmental issues by pursuing the efficient use of energy resources.

In April 2013, we announced Furukawa G Plan 2015, the medium-term management plan for the Furukawa Electric Group. This plan calls for the promotion of businesses that use energy efficiently and in an environmentally friendly manner in the three essential consumer categories of energy, telecommunications and automobiles. We have set “create a smart electric power infrastructure, “build high-capacity telecommunication infrastructure” and “make cars greener” as shared goals for the Group going forward, and our R&D, production and sales functions will work together to achieve these goals.

Furukawa Electric has developed a host of products processed from diverse materials, including copper, aluminum and plastic. By deepening, broadening and combining material technologies at Furukawa Electric, we aim to pursue the groupwide development of innovative new products and technologies on global scale. We have identified three sectors that are closely related to everyday life; by making use of products in these areas, we aim to promote the efficient use of energy resources and contribute to ongoing environmental improvements.



Hisaharu Yanagawa  
General Manager of  
Research and  
Development Division  
Corporate Senior Vice  
President



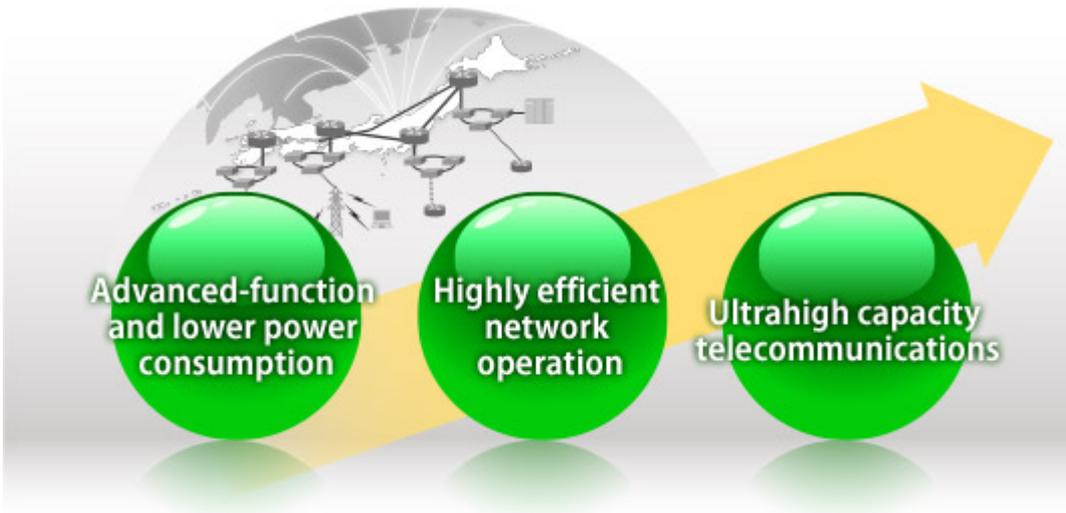


## Using Leading-Edge Photonics Technology to Achieve High-Capacity Optical Telecommunications

The volume of global data traffic is projected to increase at an annual rate of 40%, highlighting the need for high-capacity telecommunication networks that take advantage of advances in optical communication technology. The Furukawa Electric Group contributes to bringing high-capacity telecommunication infrastructure into practical use by using advanced functional optical components developed through its leading-edge photonics technology.

In addition to some of the world's most advanced optical fiber cables, Furukawa Electric supplies such optical components as semiconductor lasers, optical waveguides and optical switches, as well as optical fiber amplifiers, routers and other optical transmission equipment. In recent years, attention has focused on the development of lasers and related devices that are used in digital coherent communication systems to realize higher volumes of data transmission than conventional systems. As devices become compact in size and advanced in functionality, a huge volume of information can be communicated with lower power consumption.

We will utilize the expertise we have built up in optical communications to increase data center capacity while reducing their power consumption and pursuing space savings. At the same time, we are undertaking R&D initiatives toward more efficient network operation and ultrahigh-capacity communications.



- Digital coherent communication
- Integrated signal light source
- High-density optical wiring
- Optical engine
- Optical communication with high spectral efficiency
- Spatial multiplexing
- Ultrahigh-speed wireless communication

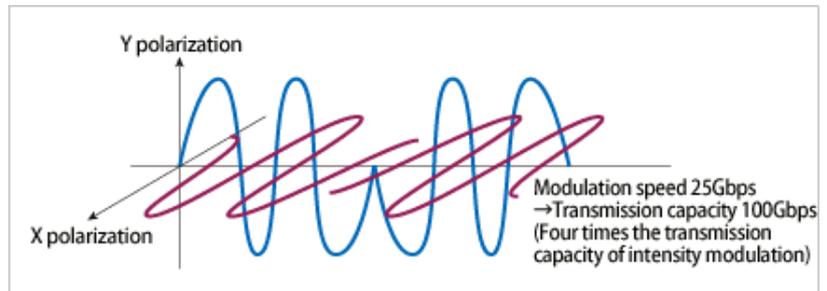
**Pick up**

## High Speed and Quality

### Digital Coherent Communication

Given the demand to communicate increasing volumes of data at high speed, digital coherent communication is garnering attention for its ability to handle higher capacity by utilizing optical phase and polarization.

The Furukawa Electric Group has developed some of the elemental technologies needed for digital coherent communication, such as sophisticated optical waveguide technology for controlling phases and polarization, contributing to its practical realization.



**Pick up**

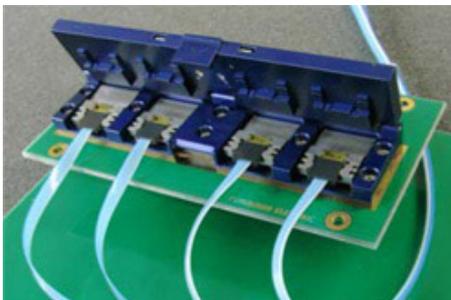
## Using Optical Wiring to Achieve Ultrahigh-Speed Transmission and Reduce Power Consumption

### Optical Interconnection

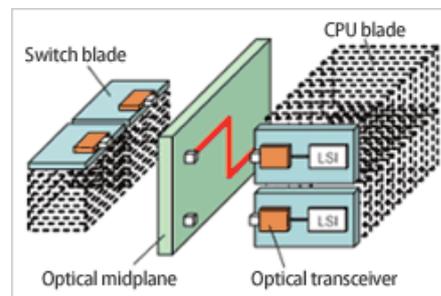
In recent years, dramatic increases in the volume of information handled by networks and data centers has highlighted the limitations inherent in using electrical wiring to connect massive computers. Optical interconnection, using optical connectors and wiring, is heralded as an alternative approach.

This new technology overcomes the distance and speed limitations of electrical wiring transmission capacity. The technology is also environmentally friendly, as it consumes less electric power.

The Furukawa Electric Group is developing elemental technologies for optical interconnection, such as optical modules, optical connectors and optical fibers.



Ultrahigh-speed optical interconnection



**Pick up**

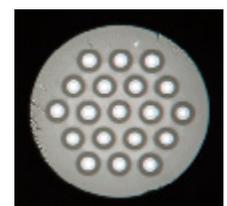
## Optical Fiber That Enables Spatial Multiplexed Optical Transmission

### Multicore Fiber:

Current optical fibers have a single “core” where optical signals propagate. Multicore fiber, as its name suggests, has more than one core.

As the transmission capacity of existing optical fiber transmission lines is predicted to become insufficient in the near future, expectations for the introduction of innovative technologies are growing. For example, spatial multiplexed optical transmission technology can be used to substantially increase the volume of data handled by transmission networks made of existing optical fiber.

In addition to multicore fiber, the Furukawa Electric Group is promoting R&D on incidental technology, such as multicore amplifiers and connectors, aiming for commercial production in 2020 or later.



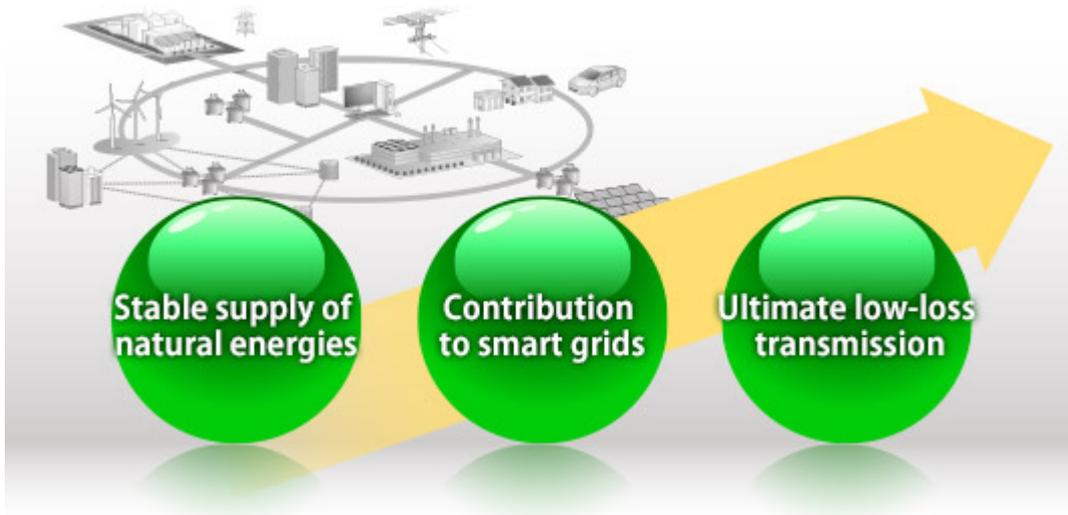
Multicore fiber:



## Leveraging the Expertise We Have Cultivated over Many Years to Realize a Society with Smart Grids

The Furukawa Electric Group boasts a long history in the development of power transmission technologies that provide the basic infrastructure for today's society. We are leveraging the technologies we have cultivated in the power infrastructure business to contribute to the realization of a society that employs smart grids to use energy efficiently.

We already contribute the efficient supply of electricity by providing low-, medium- and ultrahigh-voltage cables and components. In addition, we are developing high-temperature superconducting power cables that are expected to transmit electricity efficiently and greatly reduce power loss during transmission. Furthermore, we are targeting the natural supply of stable energies by participating in an offshore floating wind farm project and developing an energy storage system to improve the efficiency of energy use.



- Energy storage system
- Automatic control systems for power distribution
- Power cables
- Terminations
- EV charger connectors and devices
- V2H/V2G system
- High-temperature superconducting cables
- High-temperature superconducting devices

**Pick up**

## Reducing Peak Power Consumption and Making Efficient Use of Nighttime Power

### Package-Type Energy Storage System

The importance of storage batteries has attracted more widespread recognition in the aftermath of the Great East Japan Earthquake.

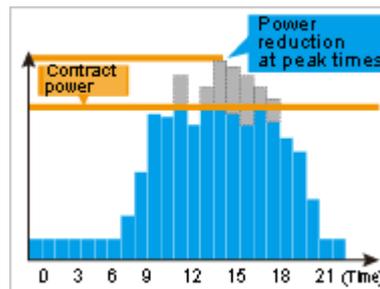
Furukawa Electric's package-type energy storage system serves as an emergency power source to sustain operations of a limited amount of essential electrical equipment in the event of a power outage. This system uses electricity efficiently by reducing consumption during times of peak power demand and making use of nighttime power generation.

For customers, reduced peak electricity consumption translates to lower base rates and allows for the installation of equipment to ensure safe and stable operation, enabling a partial recovery of capital investment.



Package-type energy storage system

### Peak power reduction



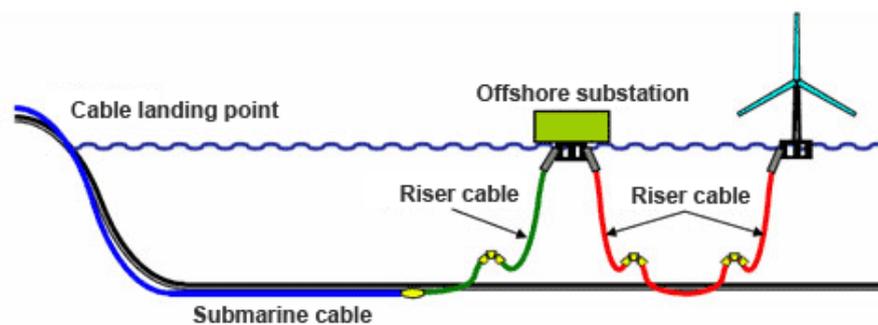
**Pick up**

## Participating in the Experimental Offshore Floating Wind Farm Project

### Riser Cables, Terminations

Furukawa Electric is in charge of the power supply for the experimental project. We are building and testing a power supply system capable of securely delivering control signals and power generated at the offshore floating wind farm to the shore through submarine cables. Since the force of waves and tides cause floating wind farms to constantly pitch, the submarine cables are also required to track dynamic movement under severe conditions. We are helping to realize the world's largest offshore floating wind farm by developing an ultrahigh-voltage riser cable system that mobilizes the dynamic cable technology cultivated at Furukawa Electric.

### Schematic diagram of the power supply system at offshore floating wind farms



**Pick up****The World's Most Advanced 275kV–3kA High-Temperature Superconducting Cables****High-Temperature Superconducting Cables**

Technology is needed to ensure the stable supply of power, which underpins economic society, as is highly efficient transmission technology to send this power without waste from its source of generation.

In the past, 66kV was mainstream in the development of superconductive transmission cable technologies, but in recent years demand for transmission cables with even higher voltage has emerged, particularly overseas. As this technology takes hold, it is likely to be introduced into new infrastructure in Japan, as well as in other parts of Asia.



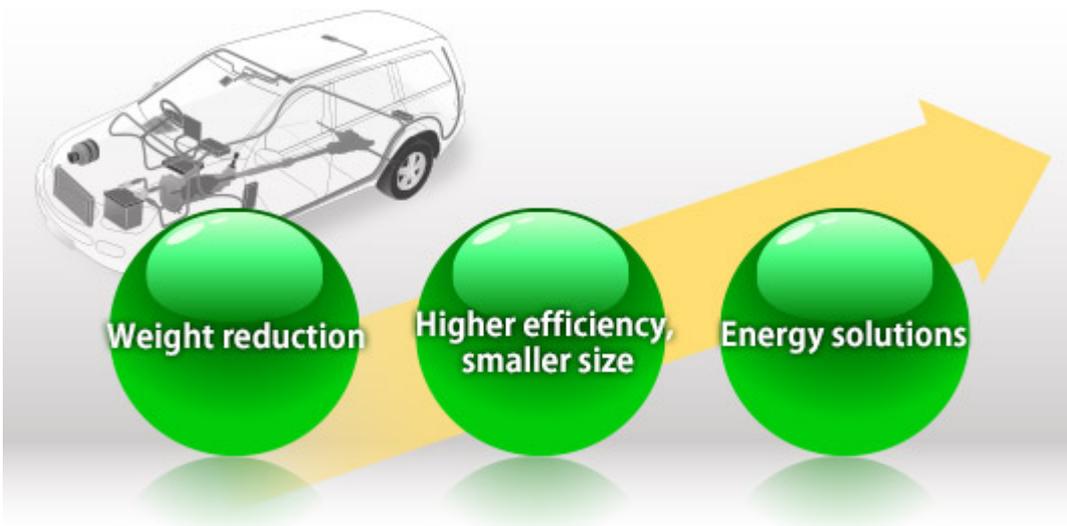
30m 275kV superconducting cable verification test (Shenyang)



## Leveraging Our Proprietary Material Technologies to Accelerate the Creation of Green-Energy Cars

To resolve issues in the field of transportation equipment, including energy problems and rising CO<sub>2</sub> emissions, the Furukawa Electric Group is utilizing its proprietary materials capabilities to make cars greener, such as by making automotive parts more lightweight to improve energy efficiency.

For example, we use our metal structure control technology and property modification and processing technologies for plastics to make automotive parts (aluminum body materials that are highly rigid and conduct heat well, highly conductive and rigid aluminum wire harnesses, and high-strength foamed materials used in electronic components) more lightweight, improving fuel efficiency and leading to CO<sub>2</sub> reductions. We also employ our technologies for designing plastics and making wiring thinner to make highly compact and reliable windings for alternators, which contributes to higher energy efficiency on electric and hybrid vehicles (EVs/HVs). Going forward, in addition to making parts more compact and light weight, we aim to become involved in overall energy management efficiency for automobiles.



- High-strength foam components
- High-strength aluminum alloys
- Thin insulation film enameled wire
- Thick insulation film rectangular wire
- Energy management system
- Thermal energy control

**Pick up****Achieving Lighter Weight by Changing the Conductor Material from Copper to Aluminum****Aluminum Wire, Wire Harnesses**

Wire harnesses are the tied bunches of automobile electric cables, or wires, that provide electrical connections to a vehicle's electronic components.

The weight of wire harnesses has grown in recent years, as vehicles include more electronics and automakers pursue higher levels of functionality to make automobiles safer and more comfortable. Wiring accounts for around 60% of the weight of wire harnesses. We are taking a variety of approaches to reduce their weight, such as by making insulative coatings thinner and employing smaller-diameter wires.

As another method for making wiring lighter weight, we have developed alloy-based aluminum wire for conducting electricity in place of copper. Using this aluminum wire in some locations makes the harness more lightweight.

By making wires thinner and using improved anticorrosion technology, we plan to increase the scope of application for aluminum wires and help to make automobiles even more lightweight.



Wire harness

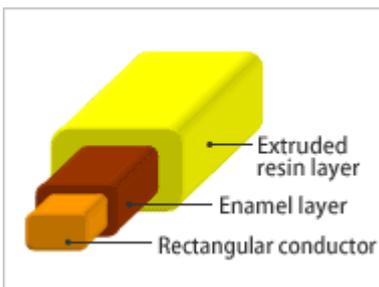


Aluminum wire

**Pick up****Making EV/HV Drive Motors More Highly Efficient and Compact****High-Withstand Voltage Rectangular Wires**

Making EV/HV drive motors more compact requires highly insulative and reliable windings.

High-withstand voltage rectangular wires comprise a rectangular conductor, an enamel layer and an extruded resin layer. In addition to being highly insulative, the rectangular shape of these wires gives them a high space factor, and their enamel layer enables them to withstand heat and contributes to reliability. As a result, these wires help to make EV/HV drive motors more compact.



Rectangular wire for EV/HV drive motors

**Pick up**

## Monitoring the Degradation in Lead Battery Discharge Performance

### On-Board Lead Battery Status Detection Sensors

A battery's internal resistance <sup>(note 1)</sup> is an extremely important factor for determining its discharging performance and degree of depletion. However, using conventional methods does not allow the internal resistance of lead batteries could to be measured when the engine is turned off or on EVs/HVs not equipped with starter motors.

Furukawa Electric has developed the technologies to install a discharging circuit in the sensor and calculate the internal resistance based on current and voltage response. For the first time in the world, using this sensor allows continuous monitoring of a lead battery's status, even when the engine is turned off and on EVs/HVs without starter motors. This addition helps to improve automotive fuel performance and reduce CO<sub>2</sub>.

<sup>(note 1)</sup> Internal resistance refers to the electrical resistance within a battery. The higher the internal resistance, the lower the voltage will be when discharging takes place. In general, internal resistance goes up as a battery deteriorates.



Lead battery status detection sensor installed in a vehicle

## Management

### CSR Management

#### Group Philosophy

Since our founding in 1884, we have worked to create the technologies and products that society requires. We consider it our mission to contribute to the realization of a sustainable society. We will continue to keep our eyes on the future as we work to live up to the expectations and trust invested in us by society

#### Furukawa Electric Group Philosophy (Revised August, 2007)

##### Corporate Philosophy

**Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.**

##### Management Philosophy

**With an eye to the future, the Furukawa Electric Group management team pledges to:**

**Live up to the expectations and trust invested in us by society, with fairness and integrity.**

**Apply the sum total of our expertise to satisfy our customers and grow with them.**

**Continuously strive to achieve world-class technological innovation, and transform ourselves in every area of endeavor.**

**Nurture human resources at every level, so that we can become a more diverse and creative organization.**

##### The Furukawa Electric Group Credo

1. Maintain high ethical standards, and value honesty and integrity above all.
2. Continually improve, innovate, and lead, in every area of endeavor.
3. Take a hands-on approach that addresses the reality of every situation—in the office, at the factory, and on site.
4. Be proactive—take the initiative and work with others, persevering until a solution is found.
5. Maintain open channels of communication between departments and divisions, so that we can share ideals and help each other grow.

#### Basic Policy and CSR Code of Conduct

Each of the companies in the Furukawa Electric Group develops CSR activities in line with the following Group basic policy.

#### Furukawa Electric Group Basic Policy on CSR (Revised March, 2011)

##### Based on the Furukawa Electric Group Corporate Philosophy,

**•We will operate our businesses in harmony with society and the environment and endeavor to create social value through technological innovation, complying with laws, social norms, and ethics as a member of the international community.**

**•We will strive to maintain and build sound and friendly relationships with all of our stakeholders and contribute to the sustainable development of society.**

The CSR Code of Conduct defines fundamental rules of behavior for Furukawa Electric executives and employees to follow in conducting corporate activities based on the Group philosophy and from the perspective of corporate social responsibility.

## The Furukawa Electric Group CSR Code of Conduct (Revised March, 2011)

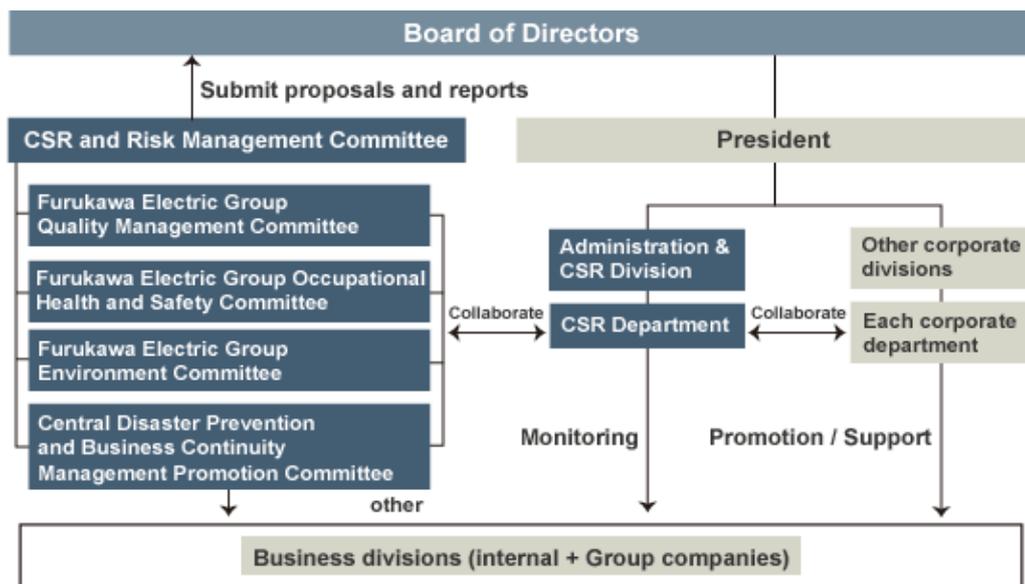
1. Human rights
2. Working conditions and environment
3. Environment
4. Products and services
5. International businesses and transactions
6. Fair competition
7. Relations with customers, partners, and society
8. Management and preservation of Company assets
9. Disclosure of information
10. Duties and obligations of senior management and employees

CSR Code of Conduct  
[http://www.furukawa.co.jp/english/csr/management/csr\\_manage\\_conduct.htm](http://www.furukawa.co.jp/english/csr/management/csr_manage_conduct.htm)

## CSR Promotion Framework

The Furukawa Electric Group has established the CSR and Risk Management Committee, which comprises members of management, as the structure for supervising and promoting CSR activities throughout the Group, including risk management, internal control, compliance and social contribution. We have set up the CSR Department within our Administration & CSR Division. This department promotes CSR by facilitating communication among various committees and corporate departments.

### CSR Promotion Framework



## Stakeholder Relations

The Furukawa Electric Group properly monitors our business practices and endeavors to establish structures for improving them even more, so as to steadily meet our responsibilities to our various stakeholders, who view us from differing perspectives.

### Main Stakeholders and Main Responsibilities



Main Stakeholders	Main Responsibilities	Means of Communication
Environment 	<ul style="list-style-type: none"> <li>Reduce emission of gases that contribute to global warming</li> <li>Promote energy conservation and recycling</li> <li>Protect biodiversity</li> <li>Curtail industrial waste</li> <li>Manage and reduce harmful chemical substances</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Compliance with the Kyoto Protocol and the Nagoya Protocol on biodiversity</li> <li>Response to environmental activities of the Ministry of the Environment and other government organs</li> <li>Research and information exchange on biodiversity preservation through JBIB<sup>(Note 1)</sup></li> </ul>
Customers 	<ul style="list-style-type: none"> <li>Maintain and improve the quality of products, operations and services</li> <li>Offer products and services that are useful to society</li> <li>Provide solutions to issues confronting customers through a broad array of technologies and know-how</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue through regular business</li> <li>Website, Sustainability Reports</li> <li>Dialogue at technology exhibitions, trade shows</li> </ul>
Suppliers 	<ul style="list-style-type: none"> <li>Establish a sound relationship founded on fair trading in compliance with laws and regulations</li> <li>Realize CSR throughout the supply chain by implementing CSR Deployment Guideline for Business Partners</li> </ul>	<ul style="list-style-type: none"> <li>Partner Meetings</li> <li>Dialogue through regular business</li> <li>CSR surveys</li> <li>Feedback interviews on results of partner evaluations</li> </ul>
Shareholders 	<ul style="list-style-type: none"> <li>Provide appropriate returns</li> <li>Ensure timely and appropriate disclosure</li> <li>Enhance corporate value</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Reports</li> <li>General meetings of shareholders, shareholder reports</li> <li>Management briefings and results presentations</li> <li>Investor visits</li> <li>Shareholder plant tours</li> </ul>
Employees 	<ul style="list-style-type: none"> <li>Respect human rights</li> <li>Cultivate and appropriately value and reward human resources</li> <li>Promote health, including occupational health and safety, as well as mental health</li> <li>Support diverse workstyles and work/life balance</li> </ul>	<ul style="list-style-type: none"> <li>Internal newsletter, intranet</li> <li>Management briefings</li> </ul>
Local communities 	<ul style="list-style-type: none"> <li>Nurture future generation</li> <li>Promote sporting and cultural activities</li> <li>Live in harmony with the natural environment and local communities</li> </ul>	<ul style="list-style-type: none"> <li>Factory tours</li> <li>Cooperate with and sponsor sports and traditional events</li> <li>Support the activities of and collaborate with local NPOs</li> <li>Preserve the Satoyama Environment</li> </ul>

(note 1) JBIB: Japan Business Initiative for Biodiversity. Founded in 2008, the JBIB is a joint effort by Japanese companies to act on behalf of biodiversity preservation.

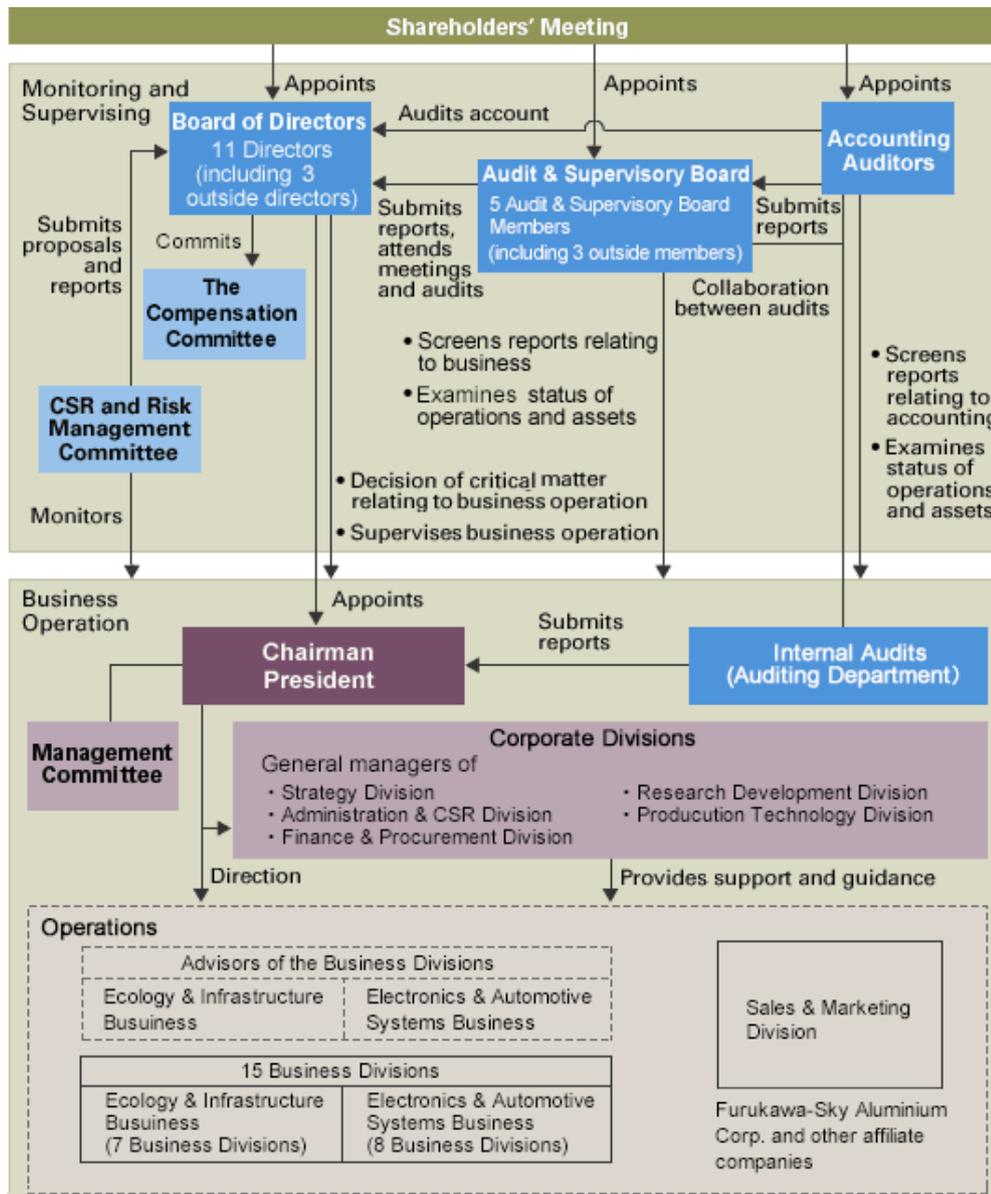
# Corporate Governance

## Basic Philosophy

Based on the Furukawa Electric Group Corporate Philosophy, Furukawa Electric and the Furukawa Electric Group strives to enhance its performance by promptly responding to changes in the business environment and the market through efficient management based on prompt decision making. At the same time, we ensure sound management by developing and establishing an internal control system and applying it effectively. We uphold the basic policy of seeking to expand and develop our operations on a sustainable basis and to raise corporate value through these efforts.

We operate our businesses in harmony with society and the environment in accordance with appropriate corporate information disclosure, compliance, and risk management, so we strive to maintain and build sound and friendly relationships with all of our stakeholders, including shareholders, business partners, local communities and employees, and contribute to the sustainable development of society.

### Corporate governance organization chart



## Risk Management

### Overview of the Risk Management Structure

Our CSR and Risk Management Committee conducts regular risk assessments to determine what risks exist, define important risks that require a companywide response and prioritize measures to counter these risks. Through specialized committee activities in segment-specific areas—environment, quality, safety, disaster prevention—we are working to manage the risks that relate to our business activities.

To CSR Management “CSR Promotion Framework”

[http://www.furukawa.co.jp/english/csr/management/csr\\_manage.htm#manage03](http://www.furukawa.co.jp/english/csr/management/csr_manage.htm#manage03)

In line with the Group’s development of business in global markets, the risks that it faces grow more diverse and complex each year. Going forward, we will focus in particular on risks related to business activities overseas, centered on emerging markets, and strive to reinforce risk management from a supply chain perspective.

#### Important Companywide Risks

- Compliance
- Quality control
- Large-scale disasters, such as earthquakes
- Information security
- Affiliated company controls

In the event a large-scale disaster occurs or other such risk materializes, the Group will establish Emergency Response Headquarters, headed by the president, and Site Response Headquarters that defines each department’s roles and clarifies them ahead of time. We also conduct regular drills on preparing initial action manuals, stockpiling necessary supplies, and setting up communication structures and systems to confirm people’s safety.

### Business Continuity Management (BCM)

#### Promoting Disaster Countermeasures and Crisis Management

In March 2012, the Cabinet Office revised its outlook on the risk of tsunamis accompanying large-scale earthquakes, such as one in the Tonankai region. Based on this assessment, Furukawa Electric has introduced disaster countermeasures at its domestic sites that take this risk into account. To prevent damage to customers and employees, we have created tsunami evacuation maps for each works and erected instruction boards showing tsunami evacuation routes along major hallways and facilities.

Based on our experience of the flooding in Thailand in October 2011, we have consolidated the crisis management regulations and manuals that had been produced independently by domestic and overseas operations, publicizing them throughout the Group in July 2012.



Instruction board showing tsunami evacuation route

## Acquiring ISO 22301 Certification

The international ISO 22301 standard for business continuity management systems (BCMS) was formally issued in May 2012. In response to customer requests from a global perspective, we obtained ISO 22301 system certification in February 2013 (scope of application: optical semiconductor business). We were the first Japanese integrated manufacturer of power cables and non-ferrous metals to obtain this certification.

As part of our efforts to put in place structures in order to obtain this certification, in September 2012 we conducted education for internal auditors on ISO 22301, attended by 14 people at the heads of business divisions.



ISO 22301 certification award ceremony



BCMS internal auditor training

## Information Security

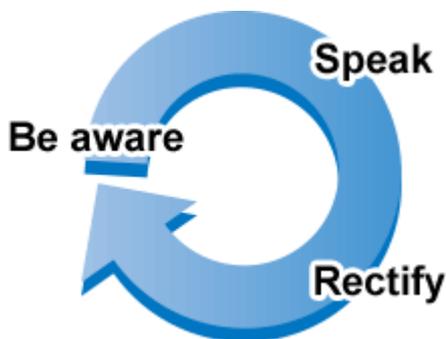
The Furukawa Electric Group is pursuing one of the highest-priority risks it faces, in the area of information security, by undertaking measures from multiple perspectives. From the standpoint of protecting intellectual property, we conduct hearings at overseas sites and other activities to strengthen measures for countering leaks of intangible assets. From an information system perspective, we have measures to prevent information leaks that focus on the management of hardware (mainly mobile devices) taken outside the Company. We also promote the management of IT assets through measures such as software license management. We have distributed to all departments self-check lists related to the Act on the Prohibition of Unauthorized Computer Access, the Unfair Competition Protection Act (trade secrets) and the Act on the Protection of Personal Information. In our aim for ongoing improvement, we solicit feedback from divisions promoting these activities.

## Compliance

### Basic Stance

The Furukawa Electric Group regards compliance as “not only observing laws and regulations, but also as acting in accordance with the values and ethics required of the company and its employees as responsible members of society.” Accordingly, we perform our compliance activities in line with three promises: to be aware, speak and rectify.

### Three Musts for Compliance Activities



- 1) Be aware
  - Is this in line with the philosophy and CSR Code of Conduct?
  - Is this an improper practice?
  - Does this run counter to society's requirements and expectations?
- 2) Speak
  - Do not neglect it.
  - Talk about it openly.
  - If still not sure, take it to your boss.
- 3) Rectify
  - As soon as you become aware of it, fix it.
  - Always improve.

## Compliance Activities

We conduct a host of training and awareness activities in the aim of instilling compliance awareness among all employees

### Compliance Education

Our primary shared educational materials are the Furukawa Electric Group CSR Code of Conduct and its corresponding Furukawa Electric Group CSR Compliance Handbook. We distribute this handbook to Furukawa Electric Group employees and take many opportunities to make use of it. The Furukawa Electric Group conducts compliance education for employees at every level of the Company, from new recruits to directors. At the same time, we hold theme-based group training such as seminars related to the Anti-Monopoly Act and e-learning courses, and conduct groupwide compliance education.

#### Education Results (fiscal 2013)

	Course Name	Target	Participants	Furukawa Electric	Group
Rank-based education <sup>(note 1)</sup>	Training for executives	Newly appointed executives	21	Yes	Yes
	Training for managers	Newly appointed managers	48	Yes	Yes
	Training for managers and assistant managers	Newly appointed managers and assistant managers	83	Yes	Yes
	Training for chief operators	Chief operators	36	Yes	No
	Training for new employees	New employees	59	Yes	Yes
Theme-specific education	Courses related to competition laws and bribery regulations	Executives	About 80	Yes	Yes
		Employees	About 480	Yes	Yes
	Course on Subcontractor Law	Procurement departments, manufacturing departments	About 330	Yes	Yes
	e-learning on Subcontractor Law	Procurement departments, manufacturing departments	About 960	Yes	No
	e-learning on export control	Employees <sup>(note 2)</sup>	About 2,500	Yes	No

(note 1) In rank-based education, manager training and new employee training includes education on human rights.

(note 2) In direct departments, conducted for chief operators and above.

## Initiatives in Compliance Months

Furukawa Electric has designed October and November as compliance months. All employees conduct joint activities related to compliance, confirming core items and performing self-checks to develop their compliance awareness.

### Principal Initiatives during Fiscal 2013 Compliance Months

1. Conduct workplace self-checks according to section-specific checklist  
<Section-Specific Checklist>
  - 1) Anti-Monopoly Act
  - 2) Worker Dispatching Act
  - 3) Subcontracting transactions
  - 4) Occupational safety
  - 5) Asset protection
  - 6) Information security
2. Conduct workplace meetings
3. Courses on competition laws and bribery regulations
4. Submission of Compliance Pledge (for assistant managers, managers and above)

People at Group companies also conducted activities involving the section-specific checklist and participated in Group courses. This sharing of information is designed to raise the level of awareness throughout the Group.

## Employee Compliance Awareness Surveys

We conduct compliance awareness surveys targeting the employees of Furukawa Electric and affiliated companies in alternate years. Designed to gauge employee awareness and understanding of compliance, these surveys aim to encourage recognition of compliance. In fiscal 2013, we conducted surveys of employees from 21 Group companies, receiving questionnaire responses from 2,660. As a result, we were able to confirm that the degree of compliance penetration has improved since the previous survey, taken in fiscal 2011.

## Internal Reporting System

The Furukawa Electric Group has introduced an internal reporting system and works toward the early detection and correction of incidents of corruption. The Company has in place an internal reporting desk as well as an external reporting desk that makes use of outside third-party institutions (the Furukawa Electric Group Hotline), both of which allow employees to make reports anonymously. An internal reporting secretariat manages the content of such reports stringently, taking ample care to prevent people making such reports from suffering any negative impacts, looking into issues swiftly and taking appropriate action.

## Security Trade Control

Furukawa Electric's export transactions tend to increase every year. In response to this trend, we are stepping up our efforts to put in place and continually reinforce our management systems that comply with international regimes related to weapons of mass destruction and civilian products that can be converted to weapons.

In exporting products, we conduct transaction screenings based on our Security Trade Control Regulations to ensure compliance with relevant legislation and are careful to prevent roundabout exports to countries of concern.

In fiscal 2013, we conducted employee education via e-learning on our export controls, involving some 2,500 people.

## Creating an Anti-Bribery System

Anti-bribery laws, including but not limited to the U.S. Foreign Corrupt Practices Act and the UK Bribery Act have recently been strengthened, and government agencies are increasingly active on their enforcement. Accordingly, the Furukawa Electric group is continuously determined that the groupwide management of bribery risks is of the utmost importance.

The Furukawa Electric Group formulated the Furukawa Electric Group Anti-Bribery Statement in April 2012. In December, we published the Furukawa Electric Group Anti-Bribery Guide, and we are promoting activities toward creating a groupwide bribery risk management system.

 [Furukawa Electric Group Anti-Bribery Statement \(PDF 29KB\)](http://www.furukawa.co.jp/english/csr/management/anti-bribery_e.pdf)  
[http://www.furukawa.co.jp/english/csr/management/anti-bribery\\_e.pdf](http://www.furukawa.co.jp/english/csr/management/anti-bribery_e.pdf)

**Group Company Initiatives (Fiscal 2013)**

1. Publicizing policies and guidelines
2. Selecting people to be in charge of setting up systems
3. Creating operational regulations and processes
4. Conducting internal education

In addition to conducting anti-bribery education at each company, we conduct e-learning by distributing video and text lessons to employees, providing educational content that is common throughout the Group for individual companies to use.

In fiscal 2014, we will create a monitoring system to determine the state of

operation at each company in an effort to reinforce the management system further.



Competition and anti-bribery compliance training materials (English, Chinese, Japanese)

### Anti-Monopoly Act Violations and Initiatives to Prevent Recurrence

The Company has been investigated by overseas authorities in regard to an auto parts cartel in the past. In April 2013, we were ordered by the Canadian authorities to C\$5 million fine, and in July 2013, we were assessed a penalty of €4,015 thousand. Also, in November 2012 we became subject to an investigation by the Japan Fair Trade Commission for transactions related to overhead power transmission line construction. This investigation is currently ongoing.

We would like to humbly ask the forgiveness of our stakeholders for any distress or trouble this series of cartel-related incidents may have caused.

Furukawa Electric set up a third-party investigation committee centering on outside experts with regard to violations of the Anti-Monopoly Act. This committee submitted its report to the Board of Directors in December 2009, along with recommendations on preventing recurrence. Based on this report, management took the lead on efforts to more firmly instill corporate ethics, including compliance. At the same time, internal rules and procedures involving contact with other companies in the same industry and in relation to price determination were formulated and improved. We conducted thorough compliance training, strengthened monitoring by the internal auditing department and steadily introduced other measures to prevent recurrence. Going forward, we will be mindful of compliance with competition laws, bribery legislation and other laws and risks as our business develops globally, working to ensure thorough compliance at Furukawa Electric and Group companies in Japan and overseas.

## Targets and Results

### Risk Management / Internal Controls / Compliance

**[Achievement]** A: Achieved  
B: Partially achieved  
C: Not achieved

FY2013		FY2014
Targets	Results / Achievement	Targets
Enhance compliance education	<ul style="list-style-type: none"> <li>Conducted e-learning on security trade control management (approximately 2,500 participants), conducted training for people in charge of export controls at Group companies and divisions</li> <li>Conducted group training and distributed e-learning materials on competition laws and bribery regulations</li> </ul>	<p><b>Continue compliance education</b></p> <ul style="list-style-type: none"> <li>Continue rank-based and theme-specific group training</li> </ul>
Strengthen business continuity management (BCM)	<ul style="list-style-type: none"> <li>In addition to ensuring that related regulations and manuals conform to international standards, conducted training on new regulations and manuals and obtained ISO 22301 certification<sup>(note 1)</sup></li> <li>Held internal auditor training for 14 participants in charge of activity desks at all business sites and related business divisions, and conferred internal certifications</li> </ul>	<p><b>Strengthen business continuity management (BCM)</b></p> <ul style="list-style-type: none"> <li>Strengthen relations with business partners in regard to BCM activities</li> <li>Continue BCM drills, and strengthen review activities</li> </ul>
Instill thorough compliance awareness	<ul style="list-style-type: none"> <li>Held exchanges of ideas at three principal sites in China regarding the creation of anti-bribery systems</li> <li>Conducted compliance awareness surveys at Group companies in Japan (21 companies), and confirmed increase in compliance awareness compared with previous survey (2010)</li> </ul>	<p><b>Strengthen emerging market risk checks and support for overseas subsidiaries</b></p> <ul style="list-style-type: none"> <li>Hold risk management seminars in Southeast Asia and China</li> </ul>
Promote global compliance	<ul style="list-style-type: none"> <li>In line with the formulation of the Furukawa Electric Group Anti-Bribery Statement and dissemination of anti-bribery guide, supported creation of anti-bribery systems at each Group company</li> <li>Conducted training for employees prior to overseas assignments according to the Checklist for Managers and supported risk management at overseas Group companies</li> </ul>	<p><b>Enhance global compliance foundations</b></p> <ul style="list-style-type: none"> <li>Ensure thorough compliance with competition laws and create anti-bribery systems</li> </ul>

(note 1) The international standard for business continuity management systems (BCMSs)

### Quality

FY2013		FY2014
Targets	Results / Achievement	Targets
<p>Reduce quality complaints</p> <ul style="list-style-type: none"> <li>Reduce by 10% in comparison with fiscal 2012</li> </ul>	<ul style="list-style-type: none"> <li>Reduced number of quality complaints by 15% from preceding fiscal year</li> </ul>	<p><b>Dramatically strengthen quality capabilities</b></p> <ul style="list-style-type: none"> <li>Achieve zero complaints on 3H products (3H products: Products that are being manufactured for the first time, being changed or being produced for the first time in a long while)</li> </ul>

## Procurement

FY2013		FY2014
Targets	Results / Achievement	Targets
Forge strategic relationships with business partners	<ul style="list-style-type: none"> <li>Conducted partner assessments and feedback consultations for approximately 300 partner companies</li> <li>Conducted questionnaire survey primarily concerning state of response to CSR Deployment Guideline for Business Partners for 343 partner companies</li> </ul>	<p><b>Strengthen strategic relationships with business partners</b></p> <ul style="list-style-type: none"> <li>Continue to conduct partner assessments and feedback consultations</li> <li>Notify business partners of CSR Deployment Guideline for Business Partners with updated version describing response to conflict minerals</li> </ul>

## Personnel Development and Working Environment

FY2013		FY2014
Targets	Results / Achievement	Targets
Train human resources who can be active on a global stage	<ul style="list-style-type: none"> <li>Continued Global Development Program (GDP) training targeting section managers</li> <li>Reconfigured system for training global human resources, and completed design of training in line with this system</li> </ul>	<p><b>Reinforce training of global human resources</b></p> <ul style="list-style-type: none"> <li>Implement GDP</li> <li>Conduct newly designed training</li> </ul>
Bolster manufacturing capabilities	<ul style="list-style-type: none"> <li>Determined current level of manufacturing staff and conducted training</li> <li>Conducted training three times to raise instructor levels</li> <li>Completed rollout of basic program at five business sites</li> </ul>	<p><b>Bolster manufacturing capabilities</b></p> <ul style="list-style-type: none"> <li>Make genba-ryoku reinforcement plans visible</li> <li>Roll out genba-ryoku reinforcement training to manufacturing staff</li> <li>Increase training participation rate at Group companies</li> </ul>
Support diverse working styles and work-life balance	<ul style="list-style-type: none"> <li>Introduced system of flex-time without core hours on a trial basis</li> </ul>	<p><b>Support diverse working styles and work-life balance</b></p> <ul style="list-style-type: none"> <li>Formally introduce system of flex-time without core hours</li> </ul>

## Occupational Health and Safety

FY2013			FY2014
Targets	Results / Achievement		Targets
Achieve zero serious accidents, and reduce number of accidents requiring leave to one or fewer	<ul style="list-style-type: none"> <li>Achieved zero serious accidents and four accidents requiring leave</li> </ul>	C	<b>Reduce number of accidents requiring leave</b> <ul style="list-style-type: none"> <li>Reduce accidents requiring leave to one or fewer</li> </ul>
Promote acquisition of occupational health and safety management system	<ul style="list-style-type: none"> <li>Copper Tube Division received JISHA OSHMS<sup>(note 2)</sup></li> </ul>	A	

(note 2) The Japan Industrial Safety & Health Association (JISHA) certifies business sites according to OSHMS standards. The Japan Industrial Safety & Health Association (JISHA) certifies business sites according to OSHMS standards.

## Social Contribution

FY2013			FY2014
Targets	Results / Achievement		Targets
Invigorate social contribution activities	<ul style="list-style-type: none"> <li>Reviewed volunteer leave system that was limited to supporting reconstruction following the Great East Japan Earthquake, improving system to make leave-taking easier</li> <li>Introduced volunteer activities in internal newsletter and Furukawa Electric website</li> </ul>	A	<b>Invigorate social contribution activities</b> <ul style="list-style-type: none"> <li>Introduce activity case studies and continue to provide information</li> </ul>

## Environment

To the Targets and Performance page of the Environmental Report  
<http://www.furukawa.co.jp/english/csr/evnroment/aim.htm>

# Initiatives for the Environment

## Environmental Management

### Furukawa Electric Basic Environmental Policy

#### Basic Philosophy

We, the employees of the Furukawa Electric Group, recognize that conservation of the global environment is a serious issue confronting the international community, and we pledge to contribute to a sustainable future for the world through technological innovation that utilizes our strength in advanced materials.

#### Action Guidelines

1. We shall comply with environmental laws and regulations as well as the demands of our customers and others, setting ever higher environmental targets as we continuously improve our global environmental conservation efforts.
2. We shall strive to develop products that are friendly to the Earth, and create new environmental businesses.
3. We shall strive to reduce environmental risk by incorporating anti-climate change and resource conservation/recycling considerations, as well as a reduction in the use of environmental impact-causing substances, across the entire product lifecycle.
4. We shall evaluate the ecological impact of all of our businesses, and strive for the conservation of biodiversity and sustainable use of resources.
5. We will seek harmony with the natural environment and local communities through dialogue with our stakeholders.

## Environmental Management

#### Environmental Management Organization

In April 2013, we underwent organizational restructuring, transitioning to a strategic business unit system. We also renamed our highest-level advisory body related to environmental management the Furukawa Electric Group Environment Committee and promoted environmental management under a new structure. We established the new Council of Environmental Managers to facilitate smooth decision making on environmental management and consolidated the special committees that have performed these functions in past.

#### Environmental management promotion organization



## Receiving Third-Party Verification

Furukawa Electric and the domestic affiliated companies that participate in environmental management are acquiring ISO 14001 certification for consolidated environmental management. Our overseas affiliates are collecting data and constructing management systems to this end.

## Environmental Education

### Environmental Education System and Environmental Education Programs

The Furukawa Electric Group conducts various types of environmental education to cultivate among employees the understanding that is necessary to conduct environmental activities and raise their environmental consciousness. In fiscal 2013, 44 employees attended our ISO 14001 Internal Environmental Auditor Course, 22 attended our FGMS<sup>(note 1)</sup> Auditor Course, and 16 participated in our EMS Upgrade Seminar.

(note 1) Furukawa branding Green products Management System

### Environmental education programs

Category of educational training	Content	New recruits	General employees	Mid-career employees	Management
Education for new recruits (once a year, mandatory)	General environmental conservation activities	Training for new recruits ←→			
EMS activities (as needed, mandatory)	Environmental Policy and purpose, goals and general knowledge pertaining to the environment	←→	←→	←→	←→
ISO14001-related education (two-day course) (twice a year, voluntary)	Requirements of ISO standards, environmental regulations, procedures for internal environmental audits, various drills		←→	←→	←→
One-day brush-up course (once a year, voluntary)	Trends in environmental regulations, various drills to brush up auditing skills		←→	←→	
Environmental subjects (as needed, voluntary)	Environmentally considerate design		←→	←→	
	Environmental regulations		←→	←→	←→
	Control of chemical substances contained in products		←→	←→	←→
Consolidated environmental management seminars	Seminars by experts on priority issues				←→

### Environmental Awards System

To ramp up our environmental activities, in fiscal 2011 we introduced an environmental awards system. There are three award categories for Furukawa Electric on a standalone basis: expanding sales of environmentally Friendly products, global warming prevention activities, and group activities. Affiliated companies are awarded for overall environmental activities.

## Environmental Accounting

The Furukawa Electric Group has introduced environmental accounting to gain a quantitative understanding of costs and conduct its environmental activities efficiently and effectively.

All data is compiled in accordance with the Environmental Accounting Guidelines (2005 edition) published by the Ministry of the Environment.

Data on affiliated companies is compiled for 18 companies in Japan.

Environmental conservation costs for the Group during fiscal 2013 came to ¥6.5 billion in expenses, and investment amounted to ¥1.0 billion. Compared with the preceding fiscal year, Furukawa Electric increased its expenses ¥0.1 billion and reduced investment by ¥0.1 billion. Owing in part to an increase in electricity rates, energy expenses for the entire Group increased approximately ¥0.75 billion.

### Environmental conservation costs (Unit: million yen)

Category	Key activity and the outcome	Furukawa Electric		Affiliated companies
		Total costs	Year on year	Total costs
(1)Business area costs	Pollution prevention (air pollution, etc.), energy conservation, waste disposal, etc.	1,263	224	1,854
(2)Upstream/downstream costs	Recovery of packaging, drums, etc.	453	-64	576
(3)Administration costs	Environmental management system auditing, environmental impact monitoring, etc.	344	-26	176
(4)Research and development costs	Development of environmentally friendly products, research into alternatives for harmful substances	972	-18	787
(5)Social activity cost	Tree planting, local community cleaning activities, donations, etc.	2	-3	5
(6)Environmental remediation costs	Environmental impact assessments, cleanup of polluted soil, etc.	1	-0	24
Total		<b>3,035</b>	<b>112</b>	<b>3,422</b>

(note) Year-on-year comparative data regarding the environmental conservation costs for affiliated companies has not been provided due to changes in the scope of affiliated companies (18 companies).

### Environmental conservation benefits

Emissions causing environmental impact	Unit	Reduction	
		Furukawa Electric	Affiliated companies
Volume of industrial waste disposal processed <sup>(note 2)</sup>	tons	348	664
Energy consumption (crude oil equivalent)	1,000 kl	14	15
Water consumption	1,000 tons	-306	186
Emissions of volatile organic chemical compounds	tons	16	0
CO <sub>2</sub> emissions	1,000 tons-CO <sub>2</sub>	-6	-69
SOx emissions	tons	15	9

NOx emissions	tons	85	-117
Soot emissions	tons	1	-41

(note 2) Excluding recycled waste.

(note) Minus figures indicate an increase.

#### Economic benefits associated with environmental conservation activities (Unit: million yen)

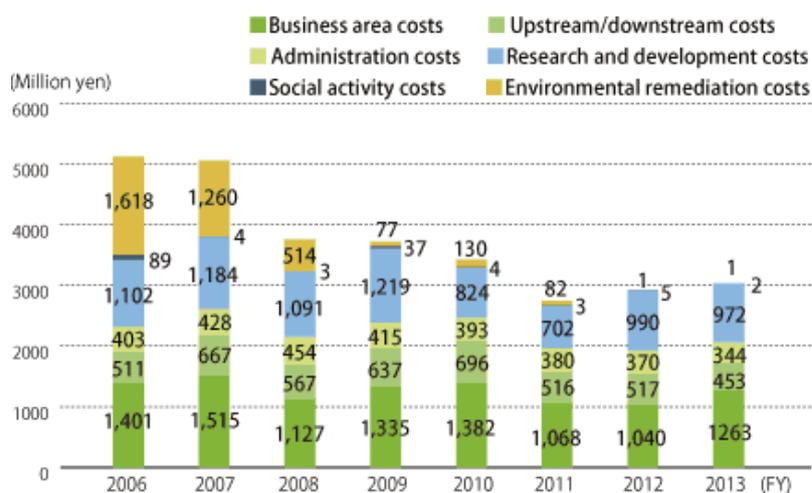
Details of benefits	Total benefit	
	Furukawa Electric	Affiliated companies
Revenue from recycling	291	460
Reduction in waste disposal costs	-2	45
Reduction in energy costs	-314	-436
Reduction in water purchase costs	6	26
Total	-19	95

(note) Minus figures indicate an increase.

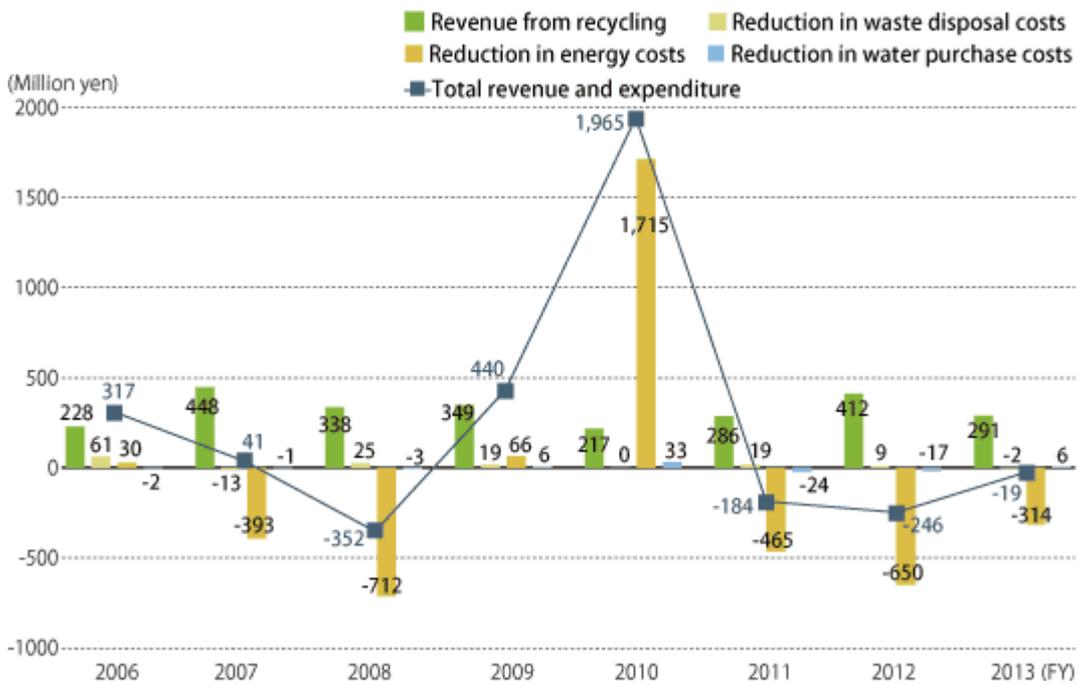
#### Investment and research costs (Unit: million yen)

Investment and research costs	Total costs	
	Furukawa Electric	Affiliated companies
Environment-related investment	358	669
Total investment	4,408	25,750
Total research costs	8,812	6,611

#### Environmental conservation costs (Furukawa Electric)



Economic benefits (Furukawa Electric)



Environment-Related Investment and Expenditures



Related Data

Affiliated companies in Japan that participate in environmental management (fiscal 2013, 27 companies)

Affiliated companies in Japan that participate in environmental management  
<http://www.furukawa.co.jp/english/csr/eviroment/management.htm#management05>

## Material Flow

### Environmental Impact of the Furukawa Electric Group in Fiscal 2013

Data has been compiled for Furukawa Electric, its 27 affiliated companies in Japan<sup>(note1)</sup> and 48 affiliated companies overseas.

INPUT				Furukawa Electric 7 works, 27 domestic affiliated companies and 48 overseas affiliates	OUTPUT			
Category	Domestic	Overseas	Unit		Category	Domestic	Overseas	Unit
<b>Raw materials</b>					<b>Waste</b>			
Copper	150,633	158,345	tons		Total waste generated	57,360	30,587	tons
Aluminum	416,897	43,600	tons		Final waste disposal	786	5,628	tons
Iron	3,249	12,486	tons		Recycling amount	53,351	13,673	tons
Nickel	559	—	tons		<b>Atmospheric emissions</b>			
Chromium	178	—	tons		CO <sub>2</sub>	895,314	378,178	tons-CO <sub>2</sub>
Manganese	1,460	—	tons		SO <sub>x</sub>	123	—	tons
Magnesium	5,060	—	tons		XO <sub>x</sub>	853	—	tons
Other metals	20,797	—	tons		Soot	76	—	tons
Rubber	46	—	tons		<b>Chemical substances</b>			
Glass	27	1,103	tons		Volume emitted	200	—	tons
Plastic	22,330	46,785	tons		Volume transferred	258	—	tons
<b>Energy</b>	<b>16,995</b>	<b>6,354</b>	<b>TJ</b>		<b>Wastewater</b>	<b>24,456</b>	<b>1,273</b>	<b>1,000m<sup>3</sup></b>
Electricity (purchased electricity)	1,023,494	557,828	MWh		Public waterways			
Electricity (hydroelectric power)	128,263	23,763	MWh		Rivers	23,112	523	1,000m <sup>3</sup>
Electricity (solar power)	10	—	MWh		Sea	21,564	295	1,000m <sup>3</sup>
City gas	42,278	5,077	1,000m <sup>3</sup>		Other	1,546	0	1,000m <sup>3</sup>
LPG	37,317	2,333	tons		Sewer	2	228	1,000m <sup>3</sup>
Heavy fuel oil A	10,249	1,217	kl			1,344	750	1,000m <sup>3</sup>
Kerosene	10,847	12	kl		BOD	63	—	tons
Light oil	607	69	kl		COD	66	—	tons
<b>Water</b>	<b>27,057</b>	<b>2,113</b>	<b>1,000m<sup>3</sup></b>		SS	52	—	tons
Industrial water	20,412	31	1,000m <sup>3</sup>		<b>Product shipping volume</b>	<b>820,352</b>	<b>—</b>	<b>tons</b>
Groundwater	5,546	477	1,000m <sup>3</sup>		<b>Product collection volume</b>	<b>133,694</b>	<b>—</b>	<b>tons</b>
Tap water	1,100	1,605	1,000m <sup>3</sup>		Type of cable	131,675	—	tons
<b>Chemical substances</b>					Plastics	587	—	tons
Volume handled <sup>(note 2)</sup>	87,750	—	tons		Metals	513	—	tons
<b>Packaging<sup>(note 3)</sup></b>					Other	920	—	tons
Cardboard	736	—	tons		<b>Volume of water recycled and reused</b>	<b>23,024</b>	<b>732,495</b>	<b>tons</b>
Wood	27,191	47,139	tons					
Plastic	537	1,788	tons					
Paper	372	386	tons					
<b>Paper<sup>(note 4)</sup></b>	<b>73</b>	<b>—</b>	<b>tons</b>					

(note 1) The 27 affiliated companies in Japan are the same as those companies participating in consolidated environmental management.

(note 2) PRTR-listed substances

(note 3) Cardboard, wood, plastic, and paper used in product shipping

(note 4) OA paper, copy paper, etc. used at plants and offices

## Targets and Performance

### Activity Targets and Performance in Fiscal 2013

The Furukawa Electric Group defines medium-term environmental targets every three years. Each year, we establish targets for environmental conservation activities based on these plans. We reflect these targets at affiliated companies in Japan and overseas, ensure that targets are consistent throughout the global Group and work together to achieve them.

Regarding the emission of gases that cause global warming, one of our global warming prevention activities, affiliated companies fell short of their targets, partly because emissions coefficients worsened as a result of the nuclear accident that accompanied the Great East Japan Earthquake. However, Furukawa Electric on a non-consolidated basis met its energy consumption targets, as did affiliated companies.

### Fiscal 2014 Activity Targets

For fiscal 2014, we have set new activity targets on the effective use of water and, in the biodiversity conservation category, “participation in regional biodiversity conservation activities.” We have also made targets consistent throughout the Group for chemical substance management activities, green procurement activities and eco-design activities.

We will make every effort throughout the Group to achieve these targets.

Activities		Environmental conservation activity targets for fiscal 2013	Performance in fiscal 2013				Environmental conservation activity targets for fiscal 2014
			Furukawa Electric	Achievement	Affiliated companies	Achievement	Furukawa Electric Group (Japan)
Activities to prevent global warming	Greenhouse gas emissions	Reduce by 15% compared to fiscal 2001	16.7% reduction	Achieved	11.0% reduction	Not achieved	Reduce by 1% compared to the previous fiscal year
	Energy consumption	Reduce by 5% compared to fiscal 2008	21.9% reduction	Achieved	13.1% reduction	Achieved	Reduce by 6% compared to fiscal 2008
	Specific energy consumption for production	Reduce by 1% compared to the previous fiscal year	Achieved at 10/21 Divisions	Not achieved	Achieved at 6/15 Works	Not achieved	Reduce by 1% compared to the previous fiscal year
	Specific energy consumption for transportation	Reduce by 6% compared to fiscal 2007 (Furukawa Electric only)	16.7% reduction	Achieved	–	–	Reduce by 7% compared to fiscal 2007 (Furukawa Electric only)
Waste reduction activities	Recycling rate	99% or more (97% or more for affiliates)	98.0%	Not achieved	92.0%	Not achieved	94% or more
	Group zero emissions achievement ratio	Affiliates zero emissions achievement ratio: 90%	–	–	90.9%	Achieved	–
Effective use of water		–	–	–	–	–	Consider reducing volume of water withdrawn
Chemical substance management activities	VOC emissions volume	Furukawa Electric: Reduce by 15% compared to fiscal 2008	33.1% reduction	Achieved	–	–	Reduce by 1% compared to the previous fiscal year
		Affiliated companies: Reduce by 1% compared to the previous fiscal	–	–	0.3% reduction	Not achieved	

		year <sup>(note 1)</sup>					
Green activities	Procurement rate for 52 general-purpose products: 100%	100%	Achieved	-	-	-	Expand to Group companies
	Expand to Group companies	-	-	15 companies	Achieved	-	
Eco-design activities	Sales ratio for environmentally friendly products: 45% or greater (Furukawa Electric only)	40.2%	Not achieved	-	-	-	30% or more
	Conduct of LCA for all important products:100%	100%	Achieved	-	-	-	Roll out to Group companies
Biodiversity conservation	Formulation of biodiversity guidelines and creation of structures	Creation of guidelines			Not achieved	Formulation of guidelines and establishments of systems	
	-	-			-	Participation in regional biodiversity conservation activities	

(note 1) Targets all surveyed VOCs

## Environmentally Friendly Products

### Environmentally Friendly Products and the e-Friendly Accreditation System



The e-Friendly mark

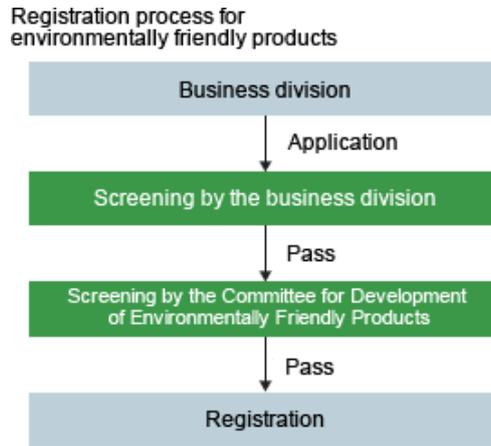
The Furukawa Electric Group certifies and registers as environmentally friendly products those products with improved performance compared to existing products in the categories of materials and parts purchasing and manufacture, use, distribution and disposal.

We have created the “e-Friendly” environmental mark to identify such environmentally friendly products. This mark is placed on those products,

### Application and Registration of Environmentally Friendly Products

The criteria for an environmentally friendly product are met when it offers an overall improvement from an environmental standpoint when compared with existing products and based on predetermined standards at each stage, from the purchasing of raw materials and components, manufacturing and use to distribution and disposal.

Following application and screening by the business division, products that pass the screening conducted by the Committee for Development of Environmentally Friendly Products, a cross-functional organization of the Group, are registered as environmentally friendly products.



## Categories of Environmentally Friendly Products

The Group’s environmentally friendly products belong to one of four categories described below.

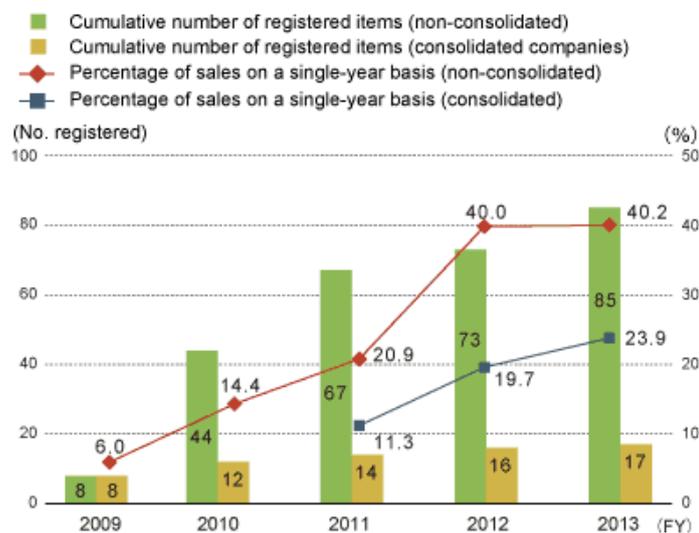
### Environmentally friendly product categories

Category	Content
Prevention of global warming	Products with functions that help in the reduction of emissions as well as the absorption and stabilizing of greenhouse gases
Zero emission	Products made from recycled materials, products designed with easy-to-recycle components, products made from materials or with design facilitating volume reduction for lowering waste volume, products designed to share common components with other products or products designed as common components.
Elimination of materials that have an impact on the environment	Products that do not lead to an increase in the use of ozone-depletive substances during the manufacturing process, do not contain harmful substances above regulatory limits and do not generate harmful substances above these limits during use or disposal.
Resource savings	Products that result in overall energy savings by such means as reducing the use of raw materials and components as well as scarce resources, featuring enhanced longevity, allowing easier product and component maintenance, and reducing the use for resources in packaging.

## Expanding Environmentally Friendly Products

We are working to increase our overall percentage of environmentally friendly products. We set targets based on percentage of sales, and confirm our progress and success on this basis.

### Environmentally friendly products as a percentage of sales



## Environmental Performance Indicator “Visualization”

As part of its efforts to “visualize” environmental performance indicators, the Furukawa Electric Group is promoting the use of life-cycle assessment (LCA) to “visualize” CO<sub>2</sub> emissions.

By the end of fiscal 2013, we had completed LCA evaluations on a total of 64 product groups, covering more than 80% of all the principal products we sell. We also deploy the results of these calculations toward the development of the Greenhouse Gas (GHG) Protocol<sup>(note 1)</sup>, as well as technical materials and sales promotion pamphlets, aiming to make use of this information for R&D on future environmentally friendly products.

(note1) GHG Protocol: An international guidelines for the method of calculating corporate greenhouse gas emissions.

### Implementation of LCA evaluations on product lines

Business Division	Fiscal 2011	Fiscal 2012	Fiscal 2013	Cumulative total
Energy and Industrial Products	4	5	6	15
Telecommunication	9	11	11	31
Electronics and Automotive Systems	4	3	4	11
Metals	1	3	3	7
<b>Total</b>	<b>18</b>	<b>22</b>	<b>24</b>	<b>64</b>

## Initiatives to Reduce CO<sub>2</sub> Emissions from Products during Use

Based on our environmental performance indicator initiatives, we calculate the approximate contribution toward reducing CO<sub>2</sub> emissions that can be made by the Group’s products during use.

### CO<sub>2</sub> reduction of enameled extruded rectangular wire

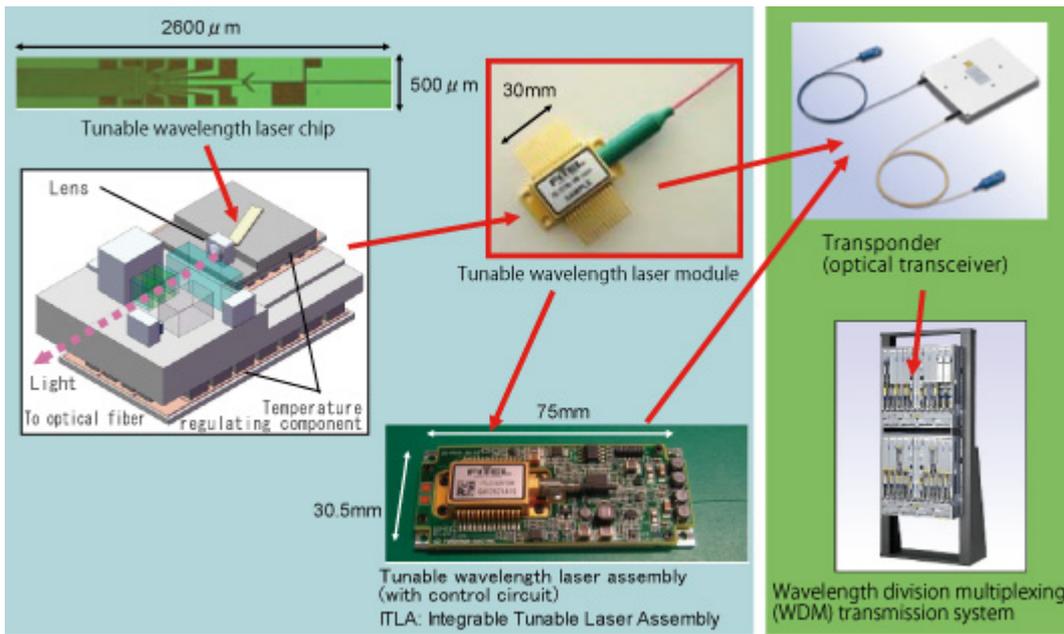
#### Rectangular wire for HV motors



**Approximately 110,000 tons of CO<sub>2</sub> per year**  
(Reduction throughout Japan)

CO<sub>2</sub> reduction of semiconductor lasers

Narrow-bandwidth-FBT (tunable wavelength laser)



1,192 tons of CO<sub>2</sub> per year  
 (Reduction throughout the world)

## Preventing Global Warming

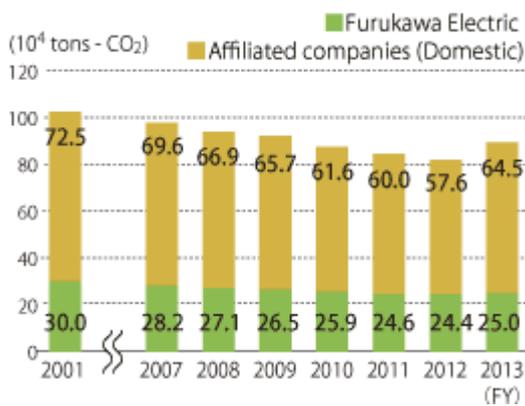
### Reducing Greenhouse Gas Emissions

#### Initiatives at Works

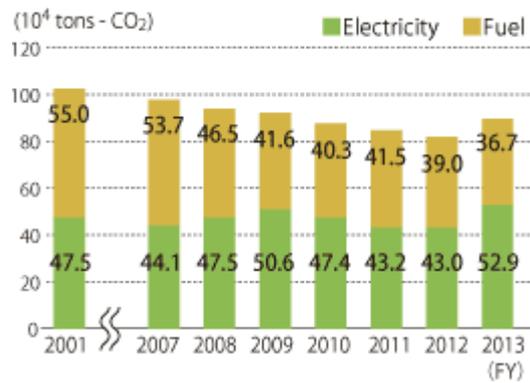
The majority of the Group's greenhouse gas emissions consist of CO<sub>2</sub> generated from electricity, fuel and other energy sources. As emissions from manufacturing processes account for a large proportion, we work on reducing emissions by increasing the efficiency of production processes, switching fuels, replacing equipment with more efficient alternatives, insulating hot areas and other measures.

Total Group GHG emissions came to 895,000 tons of CO<sub>2</sub> in fiscal 2013, a reduction of 12.7% against fiscal 2001 levels.

#### CO<sub>2</sub> emissions



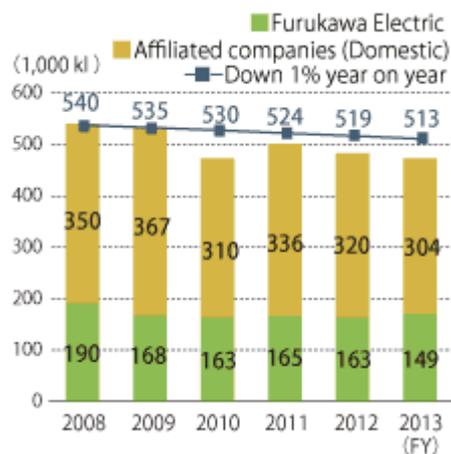
#### CO<sub>2</sub> emissions (fuel/electricity)



(note) The emissions coefficients of the respective power companies are used to convert power use volumes.

(note) CO<sub>2</sub> emissions attributable to hydroelectric power are deemed to be zero.

#### Energy consumption

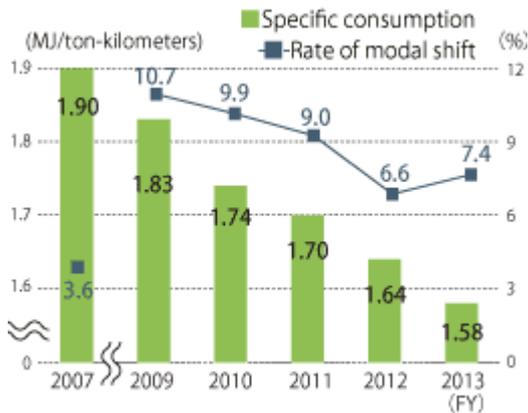


(note) When compiling data for fiscal 2013, an error was discovered in the calculation of past data. Accordingly, figures for fiscal 2012 and previous years have been retroactively adjusted.

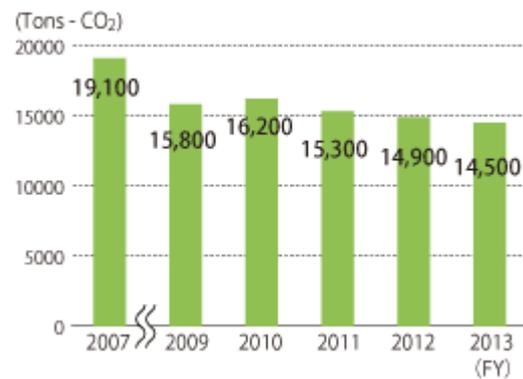
## Initiatives in Logistics

In fiscal 2013, total transportation volume for the Furukawa Electric Group amounted to 461 million ton-kilometers, up 0.2% from the figure in fiscal 2012. Of this total, Furukawa Electric alone accounted for 134 million ton-kilometers, up 0.8% from fiscal 2012. CO<sub>2</sub> emissions fell 2.7% year on year, to 14,500 tons, due largely to improved loading rates. In addition, specific consumption was down 16.7%, compared with fiscal 2007. The modal shift rate <sup>(note 1)</sup> was slightly up year on year. We will continue with initiatives to promote modal shift, increase loading rates and encourage joint shipping.

### Modal shift and specific consumption (Furukawa Electric)



### CO<sub>2</sub> emissions related to transportation (Furukawa Electric)



(note 1) Modal shift rate: Percentage of total transportation that uses rail- or ship-based transportation.

## Topics

### Receiving the Kanagawa Global Environment Award 2012 Energy Saving Prize

The Company's Yokohama Works received the Kanagawa Global Environment Award 2012 Energy Saving Prize. Sponsored by the Kanagawa Global Environment Conservation Promotion Forum and Kanagawa Prefecture, this award is bestowed on individuals and organizations whose environmental conservation efforts have demonstrated remarkable results. The Yokohama Works was cited for electricity conservation measures enacted after the Great East Japan Earthquake, including the real-time visualization of electric power usage and making effective use of thermal storage tanks to reduce summertime peak electricity consumption. As a result, the facility reduced its maximum operating power (contract power) from 1,096kW to 850kW.



## Reducing Waste

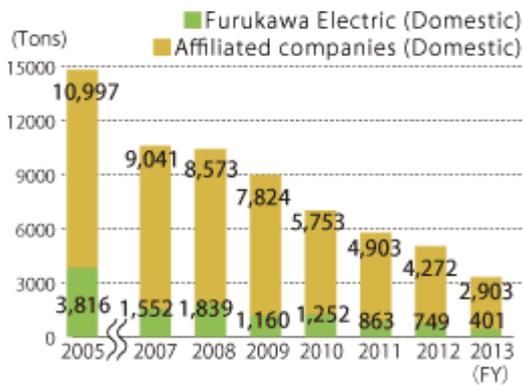
### Waste Reduction Initiatives

The Furukawa Electric Group began taking action to reduce non-recyclable waste in 1993. Since fiscal 2002, we have conducted zero-emissions activities, defined as “reducing the volume of direct landfill disposal to less than 1% of the total volume of industrial waste emitted.”

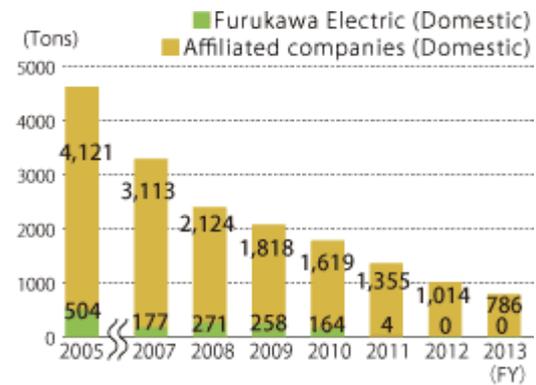
As a result of our efforts to meticulously sort waste and recycle waste acid and sludge into useful resources, the total amount of non-recyclable waste for the Group in Japan amounted to 3,304 tons in fiscal 2013, down 77.7% compared with fiscal 2005. Furthermore, the volume of waste directly sent to landfills was down 83.0% against fiscal 2005 levels, to 786 tons for the Group in Japan; disposal for Furukawa Electric alone remained zero.

Also, in fiscal 2013 the target waste recycling rate (the ratio of recycled waste compared to total waste volume) was 97% or more for affiliated companies in Japan and 99% or more for Furukawa Electric on a standalone basis. Although we exceeded the previous year's figures, we fell short of our targets, at 92.0% and 98.0%, respectively.

Processing volume of non-recyclable waste



Direct landfill disposal



Waste disposal costs (Furukawa Electric)



Chemical Substance Management

Green Activities

Response to Customer Requests

When the Group receives a request from a customer for information concerning chemical substances in our products, it conducts a thorough environmental examination. We also monitor trends in laws and regulations covering the chemical substances contained in products and compile and update data as it becomes available, allowing us to respond promptly to customer requests. Furthermore, by collecting information from industrial organizations and conducting seminars, as well as participating in research groups, we can monitor environmental regulations and standards and social issues/items of concern. This enables us to incorporate customer needs in our environmental conservation targets.

Response to Overseas Regulations (REACH Regulations, RoHS Directive)

Substances of very high concern (SVHCs)<sup>(note 1)</sup> that are included in the Candidate List under the REACH regulations are updated twice each year. Each time additional SVHCs are published, the Furukawa Electric Group researches the status of its use of such substances. As of the end of fiscal 2013, we had conducted checks on 136 substances.

(note 1) Substance of Very High Concern : Use or marketing of SVHCs requires approval, and manufacturers are liable to submit notification if an SVHC exceeds 0.1% weight content.

## Regular Auditing under the Furukawa Branding Green Products Management System (FGMS)

Our FGMS Regular Auditing in fiscal 2013 was conducted through self-checking and auditing at three factories of Furukawa Electric, six factories of affiliate companies, and 29 factories of affiliates' suppliers. To control chemical substances contained in products, we will continue to monitor environmental risks, and expand and implement auditing according to degree of importance.

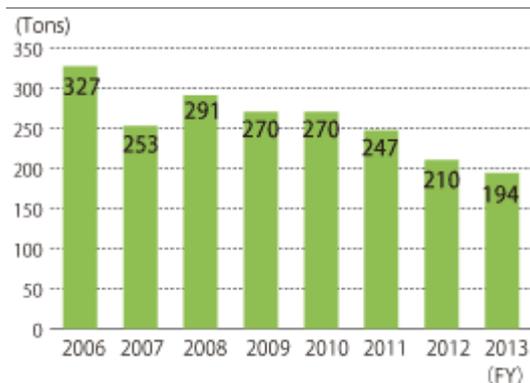
## Expansion of Green Procurement (General-Purpose Products) to Group Companies

We encourage the purchasing of OA equipment, office supplies and other items that conform to the Green Purchasing Law. Extending these activities to include affiliated companies, in fiscal 2013 we also designed items for conformance at 15 affiliated companies. We continue to purchase conforming items. Also, purchases of items for use in our products are made based on our Green Procurement Guidelines, with the selection of appropriate items based on the FGMS system at the supplier and confirmation of data on chemical substances contained in the products.

## Chemical Substance Management Activities

The Group undertakes voluntary initiatives to reduce emissions of harmful chemical substances. In particular, we make every effort to actively reduce emissions of volatile organic compounds, one cause of photochemical smog. In fiscal 2013, Furukawa Electric reached its targets on a non-consolidated basis and worked to reduce emissions further. Furthermore, all domestic Group companies have ceased the use of organic chlorine compounds.

**Emissions of volatile organic compounds  
(Furukawa Electric)**



(note) Volatile organic compounds are the 118 substances specified by The Japanese Electric Wire & Cable Makers' Association (January 2012 edition).

(note) From fiscal 2008, n-decane has been added.

## Appropriate Management of Chemical Substances

At the Furukawa Electric Group, we confirm the properties and applicable laws and regulations regarding all chemical substances we use during the manufacturing process on their Safety Data Sheets (SDSs) and administrate them. We also monitor the usage volume of chemical substances listed in the PRTR Law<sup>(note 2)</sup>.

(note2) Law Concerning Reporting, Etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in

Their Management

PRTR Substances

[http://www.furukawa.co.jp/english/csr/enviroment/chemical\\_prtr.htm](http://www.furukawa.co.jp/english/csr/enviroment/chemical_prtr.htm)

## Environmental Risk Management

### Preventing Soil and Groundwater Pollution

The Furukawa Electric Group conducts regular inspections of facilities and equipment that handle specific toxic substances to prevent the pollution of soil and groundwater. We reduce the risk of pollution through measures to prevent leaks of specific toxic substances and underground seepage, as well as through ongoing efforts to switch to substitute substances.

In fiscal 2011, we began proper disposal of the slag stored in the Oyama area (a plant site of the former Furukawa Magnesium Co., Ltd.) and conducted soil remediation where underground soil was contaminated. Work on part of the premises is now complete. At affiliated companies, we completed additional measures to address groundwater pollution at the Ibaraki Factory of the former Aoyama Kinsho Co., Ltd.

## PCB Management

The Furukawa Electric Group monitors the amount of PCB-containing equipment at each of our Works and affiliate company sites, and conducts proper storage and management. Based on this information, we register with the Japan Environmental Safety Corporation and entrust waste processing in accordance with plans. We began processing managed substances in fiscal 2012. Also, we conducted analyses on equipment that could contain trace amounts of PCB. We plan to address this situation systematically going forward.

### PCB amounts contained in equipment

As of March 31, 2013

Works	In storage	In use	Total
Chiba Works	104	0	104
Nikko Works	353	60	413
Hiratsuka Works	83	143	226
Mie Works	107	11	118
Yokohama Works	19	1	20
Copper Tube Division	48	12	60
Copper Foil Division	16	49	65
<b>Total</b>	<b>730</b>	<b>276</b>	<b>1,006</b>

## Response to Asbestos Concerns

Although the Furukawa Electric Group does not currently produce or import any products containing asbestos, some of the industrial-use products we made and sold in the past contained asbestos. These include electrical wiring for ships, and fire-resistant products for constructing telecommunications and electrical power facilities, etc.

In addition, we are currently examining the buildings and plants of Furukawa Electric and our affiliates to determine if asbestos-containing building materials have been used. Inspections for asbestos dispersal in buildings in which spray-on materials had been used have confirmed the presence of asbestos, and removal work or containment measures have been taken to prevent future dispersal. We have also proceeded to replace equipment and fixtures in which asbestos insulation has been used so as to prevent dispersal, with planned replacements of all items which are currently not dispersing asbestos with items not containing it. For other items, we conduct regular inspections and introduce alternates during facility renewals.

## Compliance with Environmental Laws and Other Regulations

The Furukawa Electric Group regularly confirms environmental laws and other regulations to determine items requiring compliance. We ensure compliance in a number of ways, such as by conducting on-site patrols to check the state of compliance. We follow official journals and other sources of information to stay updated on revisions to environmental legislation and ensure that our response is thorough.

We maintain voluntary control limits and manage operations appropriately to ensure compliance with the Air Pollution Control Law and the Water Pollution Control Law. As a revised Water Pollution Control Law was enacted in fiscal 2013, we performed checks at target facilities based on structural criteria.

We also conduct annual checks for conceivable, clear environmental impact to prevent environmental accidents or prevent widespread impact in the event of an accident.

Our checks into the status of legal compliance.

According to our survey on the status of our regulatory compliance, we were not in material violation of any regulations.

## Biodiversity Conservation

### Three Important Categories of Biodiversity Conservation Effort

In April 2011, we began providing information on our website about the biodiversity efforts we are conducting as part of our Basic Environmental Policy. We established the following three important biodiversity categories to specify Group biodiversity efforts, in recognition of the fact that our business, products and services are the result of biodiversity, and of our impact, whether positive or negative, on eco-systems.

### Biodiversity Conservation: Three Important Categories

1. **Assess the impact of business practices on ecosystems and work to minimize the negative impact and maximize the positive.**
2. **Promote sustainable resource use in consideration of biodiversity conservation through anti-climate change measures, resource conservation, and resource re-use, as well increasing efforts to reduce the use of environmental impact-causing substances.**
3. **By raising the consciousness of each individual, we actively promote biodiversity conservation in tandem with society.**

Beginning in fiscal 2014, we plan to conduct a fact-finding survey of community activities related to biodiversity and support key regional initiatives such as those targeting forest preservation and the elimination of invasive species.

## Initiatives for Society

### Relations with Our Customers

#### Basic Approach

Each of the Company's divisions has acquired ISO 9001 certification. Through initiatives such as these to standardize our operations and work consistently to improve quality, we are striving to contribute to society by providing excellent-quality products and services from a customer perspective.

Going forward, we will continue endeavoring to further enhance "quality power" throughout the Furukawa Electric Group by developing products that are attractive to our customers, based on a policy of Group-focused management.

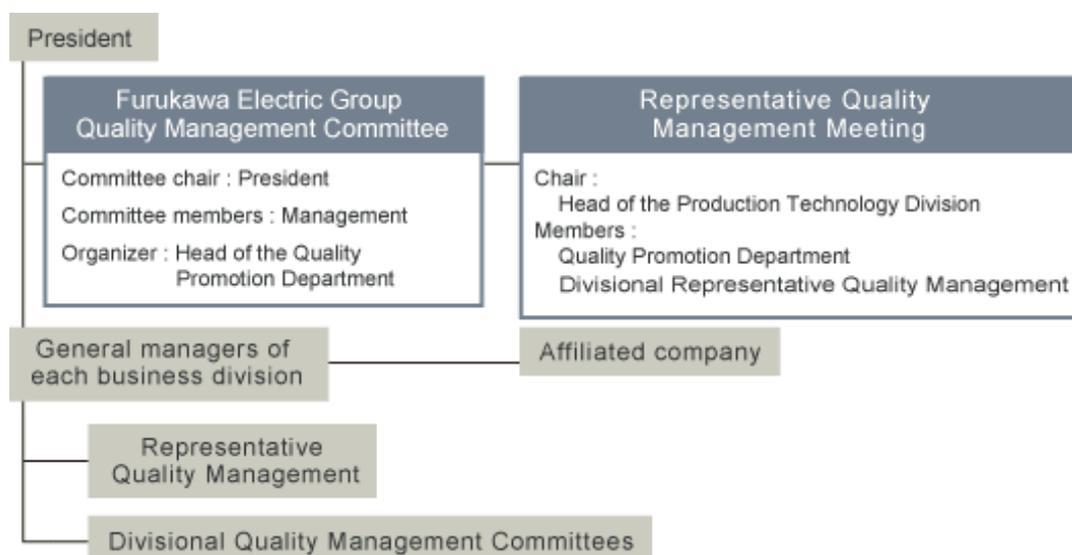
#### Quality Management Policy

**At every stage of our operations, from research and development to manufacturing, sales, customer service and management, in all sections and all hierarchies, we always strive to adhere to a PDCA management cycle based on actual facts, maintain and improve our products, customer services and the quality of our operations and put our management policies into practice.**

#### Organizations for Improving Quality

Furukawa Electric has established the Furukawa Electric Group Quality Management Committee, which is chaired by the president, as the topmost body for promoting quality management at the Group level. Directed by this committee, Divisional Quality Management Committees led by divisional heads promote ongoing efforts to maintain or improve the quality of our products, services and operations.

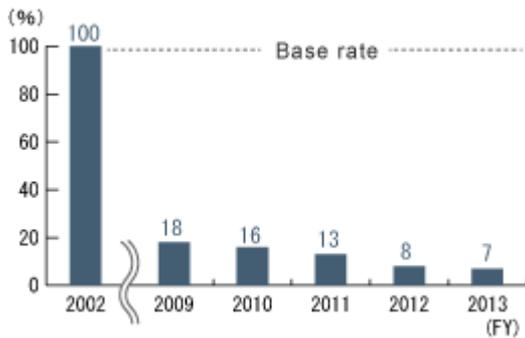
#### Promotion Framework



#### Activities in Fiscal 2013: Reducing Customer Complaints

In fiscal 2013, we continued activities that place the utmost emphasis on quality while endeavoring to manufacture excellent products from the customer's perspective. As a result, we achieved our objective of reducing the number of customer complaints throughout the Company by 10% or more compared with the previous year. At this point, we have reduced the number by 93% compared with their level of 10 years ago.

## Customer complaints (Furukawa Electric)



(note) The figures show the percentage of customer complaints, taking fiscal 2002 levels as 100%.

### Fiscal 2014 Initiative: Strengthen Fundamental “Quality Power”

In fiscal 2014, we have introduced the Furukawa Electric Group Quality Policy, which calls for the strengthening of fundamental “Quality Power” to enable the “materialization of attractive products for customers”. We have introduced three measures for realizing this policy.

#### Three Measures

- Strive to “put quality into our products during the designing process” and “thoroughly complete our products’ quality activities during the manufacturing process”
- Distribution of various quality information such as customer information, corrective action and implementation of solutions equally among the Furukawa Electric Group
- Decrease quality risk of “3H” products (3H products: Products that are being manufactured for the first time, being changed or being produced for the first time in a long while)

### Ongoing Improvement Activities at Individual Worksites

The Furukawa Electric Group conducts bottom-up quality improvement activities, forming its worksite employees into circles and promoting “QC Circle Activities” that seek to resolve a variety of problems. The results of these activities are shared at Groupwide competitions held once per year.

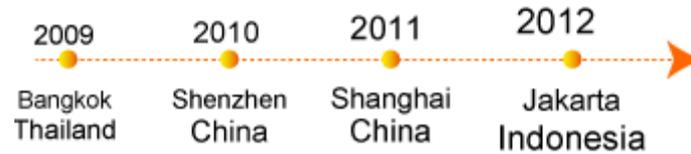
In fiscal 2013, this competition convened at the Company’s Nikko Works. Eight circles from Japan and three from overseas reported on their activities. The circle from Furukawa FITEL (Thailand) Co., Ltd. (FFT), our affiliated company in Thailand, received the gold award for its activities, indicating that QC Circle Activities are also becoming entrenched at overseas worksites and helping to raise the quality level throughout the Group.



## TOPICS

### FURUKAWA Innovation Expo 2012 Held in Jakarta, Indonesia

The Furukawa Electric Group aims to expand its trade area in growing global markets, working to increase its overseas sales ratio to 50%. To accelerate our developments in overseas markets, particularly emerging markets, since 2009 we have held Furukawa Group technology exhibitions in Bangkok, Thailand, and in Shenzhen and Shanghai, China, to promote our technologies and products.



In fiscal 2013, we held the FURUKAWA Innovation Expo 2012 in Jakarta in July 2012. This comprehensive technology exhibition of the Furukawa Group was aimed at expanding our trade area and heightening our presence in emerging markets, notably in Indonesia and the ASEAN region. Taking part were PT SUCACO Tbk. (Supreme Cable Manufacturing & Commerce), an important partner we have been working with for some 40 years, and 27 Group companies, including six local entities. We exhibited 56 products and technologies in the three categories of environment/energy, automobiles/car electronics and communications.

Going forward, we will continue to reinforce our overseas marketing function across the Group, based on our policy of strengthening global Group management. By focusing on the proposal of solutions, we will strive to showcase the comprehensive power of our group and enhance customer satisfaction levels.



FURUKAWA Innovation Expo 2012①



FURUKAWA Innovation Expo 2012②

## Relations with Our Shareholders

### Information Disclosure Policy and IR Framework

The Furukawa Electric Group Basic Policy on CSR requires that the Group seeks to improve upon the sound, friendly relationships we maintain with all of our stakeholders. Our Own Regulations on the Timely Disclosure of Corporate Information meanwhile set out a framework for the disclosure of appropriate information at the appropriate time.

Based on this policy, all IR activities are conducted by the Investor & Public Relations Department and overseen by the director in charge of IR, who is General Manager of the Finance & Procurement Division.

### Relations with Institutional Investors and Securities Analysts

In addition to holding management briefings (covering interim and year-end results and mid-term plans when announced) for institutional investors and securities analysts, we actively encourage communication all year round.



Briefing for institutional investors

### Relations with Individual Investors

In October 2012, we held our fifth plant tour for individual investors. Visitors were selected by lottery from among those who responded to an open invitation, with 84 people invited to attend out of the 1,295 who responded. During the tour, we offered participants a number of opportunities to get a feel for Furukawa Electric. We introduced our production processes for copper products and visited a hydroelectric power station. The tour also featured a simple explanation on the phenomenon of superconductivity.

[Related Information] IR Calendars

<http://www.furukawa.co.jp/english/ir/event/index.htm>



Copper rolling plant (A close-up look at the hot-rolling process)



Superconductivity experiment (Explanation including experience of the phenomenon of superconductivity)

### Returning Profits to Shareholders

The basic policy of the Company is to pay stable dividends and, at the same time, distribute profits to shareholders commensurate to its future business operations, with an eye on future income trends from a long-term perspective.

During the fiscal year ended March 31, 2013, the Company elected to forgo the interim dividend in order to recover its operating performance and improve its financial constitution. The Company awarded a year-end dividend of ¥3.0 per share.

[Related Information] Stock and Dividends Information

<http://www.furukawa.co.jp/english/ir/stock/index.htm>

## Relations with Business Partners

### Optimum Purchasing on a Steady, Ongoing Basis

Furukawa Electric's Group purchasing policy is to establish strategic relationships with business partners to ensure optimum purchasing on a steady, ongoing basis. Based on this policy, Furukawa Electric strives to create cooperative relationships based on mutual trust with its business partners, thereby contributing to sustainable future development.

[Related Information] [Furukawa Electric Group Procurement Policy](http://www.furukawa.co.jp/sizai/english/std.htm)  
<http://www.furukawa.co.jp/sizai/english/std.htm>

### Conducting Training on Subcontracting Transactions

In order to forge sound relationships with business partners through fair transactions that comply with rules and regulations, the Furukawa Electric Group provides training for employees on subcontracting transactions.

In fiscal 2013, in addition to continuing with the courses we have conducted to date, we introduced the second segment of an e-learning series. This program is aimed at ensuring thorough awareness of the content of the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors (Subcontract Law).

### Partner Meetings and Partner Evaluation Scheme

The Company seeks to deepen awareness among our business partners through regularly held Partner Meetings, where we explain the state of the Company, our purchasing policy and individual company management strategies. For fiscal 2013, this meeting was held in June and was attended by 92 key business partners.

We also evaluate key business partners on the basis of quality, technology, price, delivery system, degree of social contribution and financial condition, and then hold meetings to provide feedback on our findings. In addition, we discuss the results of our evaluations with them to more closely align our awareness of procurement activities.

Furthermore, based on the results of these evaluations and lessons learned through our experience of the Great East Japan Earthquake, we requested ongoing cooperation from certain business partners on business continuity and stable supply initiatives.

In fiscal 2013, we evaluated some 300 business partners and provided feedback to them.



Partner Meeting

### Promoting CSR through Procurement Activities

Based on our CSR Deployment Guideline for Business Partners, we work with our business partners on an ongoing basis on initiatives to ensure that our procurement activities involve thoroughly compliant and fair transactions and take into account human rights and safety, and consideration for the environment.

[Related Information] [CSR Deployment Guideline for Business Partners](http://www.furukawa.co.jp/sizai/english/guide.htm)  
<http://www.furukawa.co.jp/sizai/english/guide.htm>

### Conflict Minerals<sup>(note1)</sup>

We have addressed the issue of conflict minerals by formulating a Group policy entitled the Responsible Sourcing of Minerals and updated our CSR Deployment Guideline for Business Partners. We distribute these to Group companies and business partners to ensure their awareness.

Going forward, in addition to requesting the cooperation of Group companies and our business partners on these efforts, we will work with the Japan Electronics and Information Industries Association (JEITA), an industry organization, on initiatives targeting the responsible sourcing of minerals.

(note 1) Defined as minerals (tantalum, tin, gold, tungsten or their derivatives) that originate in or near the Democratic Republic of the Congo that may help to finance armed conflict.

## Relations with Our Employees

### Personnel Management Policy/Human Resources Development

#### Personnel Management Policy

Our basic personnel management policy focuses on continuously creating human resources who are capable of putting the Five Principles of the Furukawa Electric Group Credo into practice on their own initiative.

#### THE FURUKAWA ELECTRIC GROUP CREDO

1. Maintain high ethical standards, and value honesty and integrity above all.
2. Continually improve, innovate, and lead, in every area of endeavor.
3. Take a hands-on approach that addresses the reality of every situation – in the office, at the factory, and on site.
4. Be proactive – take the initiative and work with others, persevering until a solution is found.
5. Maintain open channels of communication between departments and divisions, so that we can share ideals and help each other grow.

In other words, we believe that a workplace environment that encourages among all employees compliance and consideration for human rights serves as the foundation upon which employees can maximize their capabilities. On this basis, we are devising and introducing a personnel system that will harness employees' diverse abilities and personalities. This should encourage employee creativity, setting the cornerstone for "continuous technological innovation."

As part of this initiative, we are cultivating a powerful workforce that will enable us to emerge victorious amid stringent global competition. We are raising this as a constructive mission for building collaborative ties with affiliates in Japan and overseas, and are augmenting current measures and putting new ones in place accordingly.

The new medium-term management plan, which commences in fiscal 2014, focuses on measures to strengthen top management and improve the corporate culture and bottom-up human resource measures, with the aim of shoring up our base in preparation for groupwide growth in a fast-changing operating environment. Specifically, we will clarify with employees their skill development directions, introducing individual measures from two main perspectives: the human resource system categories of recruiting and assignment, evaluation and compensation, as well as the category of skill development, involving redoubled training of global human resources.

#### Principal Measures Pertaining to the Group's Global Management

<b>Measures to Strengthen Top Management</b>	<ol style="list-style-type: none"> <li>1. Review performance evaluation structures and compensation systems (directors and managers)</li> <li>2. Introduce succession plans to create a human resources database and assign personnel strategically</li> <li>3. Implement a strategic execution support program for top management, etc.</li> </ol>
<b>Measures to Improve the Corporate Culture and Bottom-up Human Resource Measures</b>	<ol style="list-style-type: none"> <li>1. Formulate and execute a basic policy on skills development and new assignment standards</li> <li>2. Conduct training to expand the pool of employee candidates to be stationed overseas</li> <li>3. Establish sites to handle management of overseas bases (Asia, China, etc.), etc.</li> </ol>

## Human Resources Development

### Enhancing Educational Programs

We are undertaking initiatives that further management's aim of training human resources suited to steadily execute Furukawa Electric Group reforms. We have prepared a number of learning opportunities, including conducting training courses and e-learning and supporting efforts to earn qualifications, in our bid to cultivate human resources who can think and act for themselves. In this manner, we are working to encourage personal growth and maximize our organizational capabilities, while at the same time promoting a mindset that emphasizes Group management.

Training system [Furukawa Electric recruiting page] (PDF 1,604KB)  
<http://www.furukawa.co.jp/english/csr/social/training.pdf>

In rank-based training, we hold workplace discussions and strive to link observations to actions, rather than conducting one-off training. Our OJT Leader System seeks to go beyond differences in age and rank in promoting a shared awareness of issues, targeting organizational reform through the practice of operating an organization and cultivating a sense of cooperation. For middle-ranking leaders, we conduct training designed to help them analyze situations logically, identify issues and plan measures to resolve them, as well as honing the sensitivity that leadership requires. We include employees of affiliated companies in each of these training programs to foster a sense of group among our human resources.

### Training Leaders Suited for the Global Environment

We launched the Global Business Leader Training Program in fiscal 2007 for the training of future management personnel. More than 100 graduates of this program are currently at important posts in Furukawa Electric and at our affiliates in Japan and overseas.

In fiscal 2014, we have launched the Global Mindset Program (GMP) to cultivate human resources capable of operating on a global stage. This program hones global awareness and an understanding of diversity, as well as training participants in identifying and resolving issues on their own. We are expanding the program, focusing in particular on global training for people assigned to overseas positions and in roles that support overseas operations.

Among our training programs for local employees of overseas affiliated companies, in fiscal 2011 we began conducting the Global Development Program (GDP) in Japan for leaders at overseas companies. The program aims to deepen their understanding of the Furukawa Electric Group and encourage their interaction with Japanese employees, energizing both groups and cultivating an international sense.

### Global Human Resources Training System



Among our training programs for local employees of overseas affiliated companies, in fiscal 2011 we began conducting the Global Development Program (GDP) in Japan for leaders at overseas companies. The program aims to deepen their understanding of the Furukawa Electric Group and encourage their interaction with Japanese employees, energizing both groups and cultivating an international sense.



Global Development Program presentation



Group photo

### Strengthening the *Genba-Ryoku* Project

Since fiscal 2009, Furukawa Electric has been pursuing initiatives to bolster the manufacturing capabilities of its production sites. These activities focus on cultivating *genba-ryoku* (worksite capabilities) by encouraging people at its production sites to think for themselves and act on their own initiative for the good of the customer.

We established the Genba-Ryoku Enhancement Training Center at the Yokohama Works in September 2010 for a variety of Group training programs. Specifically for new recruits, we conduct programs for both technical and business employees. These include the Joy of Manufacturing, which provides onsite experience, and Craftsmanship Training, which fosters recognition of the dangers of the production site.

In fiscal 2012, we set rank-specific goals for employees at production sites and commenced a Basic Program aimed at raising skill levels for all these employees. We put up posters and distributed “*genba-ryoku*” badges to employees undergoing training, encouraging them to put into practice the things that they had learned.

At each manufacturing works, we also conduct Chief Operator Training, as well as training for mid-level operators and younger staff. This training helps to transmit core knowledge at production sites, raise worksite awareness and encourage people to pass on technologies and skills by providing an opportunity for headquarters and Group company employees to interact without regard to affiliation, these efforts support the sharing of expertise. Personnel from domestic affiliated companies also participated in this training, which was part of an initiative to enhance “*genba-ryoku*” throughout the Group. This initiative is already underway at some overseas affiliated companies, as well.

### People Undergoing Genba-Ryoku Reinforcement Training

Fiscal Year	Participants
FY2010	87 people
FY2011	121 people
FY2012	346 people
FY2013	511 people

(note) Includes participants from Group companies



Experiencing dangers during monozukuri (manufacturing) training



Basic Program training underway



Badges with the “*genba-ryoku*” logo distributed to trainees



2S drills at China FAZ

**Relations with Our Employees**

**Diversity**

**Diversity in Hiring**

Furukawa Electric is actively recruiting non-Japanese personnel and international students to support the globalization of our business. We also host students on internships from overseas universities.

The Furukawa Electric Group has a number of initiatives underway to recruit talented personnel. In addition to information exchanges to share know-how on hiring within the Group, we hold the Furukawa Electric Group Forum, at which we conduct briefings in conjunction with Group affiliates, and work proactively to demonstrate to students the Furukawa Electric Group's appeal.



Explaining the content of our business to international students

**Hiring the Disabled**

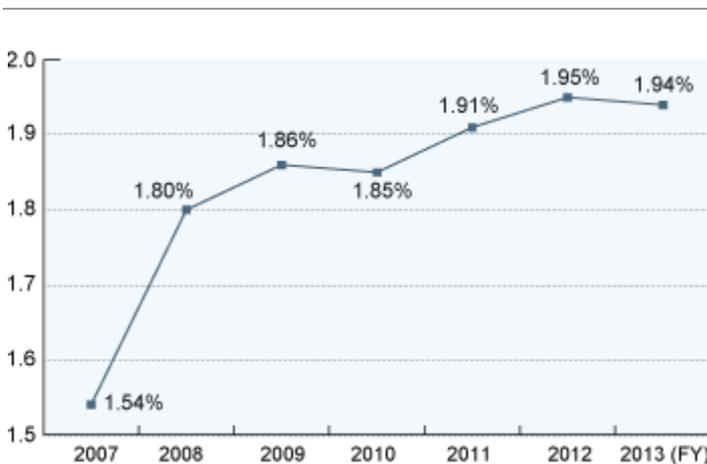
Furukawa Electric established Furukawa Newleaf Co., Ltd. as a special subsidiary in 2004 to actively employ people with learning disabilities. This is one of our efforts to increase the percentage of people with disabilities that we employ.

The company handles cleaning operations at the compounds of our works and currently employs a total of 32 people with disabilities, 11 at the Hiratsuka Works and 21 at the Chiba Works. The company also provides individualized guidance on everything from matters of daily conduct in the company through the building of good human relationships to assist people with learning disabilities in becoming independent members of society.

We also invite caregivers with children with no work experience to tour our work and guidance sites, so as to better understand our efforts involving the employment of people with disabilities.

Although our employment ratio of people with disabilities was 1.94% in fiscal 2012, exceeding the statutory target, we are working to increase this employment ratio further by expanding the operations conducted by our special subsidiary, complying with revisions to the law in April 2013.

**Ratio of employees with disabilities (Furukawa Electric)**



Furukawa Newleaf Co., Ltd., employees in action

## Relations with Our Employees

# Upgrading and Enhancing Workplace Environments

## Volunteer Leave System, Refresh Leave System

To support individual employees' efforts to participate in social contribution activities, we have in place a Volunteer Leave system for people who have been employed for one year or more. When we introduced this system in 2011, it was limited to volunteers in support of restoration and reconstruction activities following the Great East Japan Earthquake. We lifted this restriction in May 2012, expanding its use to uncompensated social contribution activities. Going forward, we plan to continue supporting employee participation in social contribution activities.

Also, in 2011 we inaugurated a Refresh Leave System whereby employees with at least 25 years of experience can take from 14 through 31 consecutive leave days per year. Taking this sort of leave is designed to help workers enliven their performance, give them an opportunity to review work we handle as an organization and enhance their work life balance (the balance between work and home life).

### My Volunteer Activity Report



### I participated in the 2013 Reconstruction Support Soccer Festival.

**Masayuki Hanamitsu**

Production Department, Fitel Products Division



I took four days of volunteer leave from March 25 to take part in the 2013 Reconstruction Support Soccer Festival (Shisui, Chiba Prefecture)

This seven-team interleague series included two high school teams from Fukushima Prefecture that were invited to take part, as well as five other teams from Chiba and other prefectures. Our goal was to bring smiles back to the faces of people from Fukushima through soccer. Although I think they enjoyed the matches, you could see from their eyes that they are still battling uncertainties. But at the same time, their struggles gave me the strength to persevere in a forward-looking way.

I believe that expanding the Volunteer Leave System to allow a wide variety of volunteer activities in addition to support reconstruction will enable us to play at least a small role in expanding the circle of support to the workplace and throughout the Company.

### My Refresh Leave



### I came back refreshed in body and spirit!

**Yasuhiro Tanaka**

Strip Manufacturing Section, Production Department, Copper and High Performance Material Products Division

I took refresh leave for about three weeks, starting April 20. During my time off, I joined neighborhood families in barbecues, attended a class observation day at my children's school and enjoyed an outing with my family to Kawachi in the city of Sakura. This leave was an extremely meaningful time for me.

During the days when the rest of my family was out, I took my car for a drive, washed it and caught up on my hobbies. Sometimes I just relaxed, watched television and enjoyed having some time to myself. The refresh leave allowed me to do things with my family that I don't often have time for, and I came back refreshed in mind and spirit.

## Human Rights Awareness

The Furukawa Electric Group CSR Code of Conduct stipulates that we work to respect human rights, prohibiting discriminatory treatment and human rights infringement as well as prohibiting harassment. We have also established a consultation desk concerning human rights concerns that can be accessed from within or outside the company, and consultations by employees are promptly responded to jointly by the HR & Administration Department and the CSR Department in the event that issues are reported. As of the end of fiscal 2013 there had been no cases of involving human rights concerns within Furukawa Electric.

Furthermore, from the perspective of prevention, we have in place a rank-based training curriculum, including executives and managers at affiliated companies. The curriculum centers on raising awareness, covering such matters as prohibition of discrimination against female employees, promoting employment of seniors and people with disabilities, and improved understanding of Japanese social integration issues.

## Improving the Working Environment through Labor-Management Opinion Exchanges

Furukawa Electric maintains a basic position that both labor and management should endeavor to engage in sincere discussions, and therefore we focus on issue resolution and deepening mutual understanding.

We hold our Central Management Briefings twice annually for public exchanges of opinion between labor and management. We have conducted such meetings for 61 years, since 1952. As of May 2013 we had held these briefings 121 times. Representatives from labor and management exchange frank opinions and share information about a broad spectrum of items at these briefings, such as the business environment, management, and topical matters.

We also have in place various committees such as the Personnel System Exploratory Committee and the Committee for Studying Shorter Hours that are designed to improve the working environment, which management and labor discuss on a daily basis. These discussions lead to improvements in various systems and strengthen monitoring functions, such as compliance response and the implementation status of other CSR activities.

## Relations with Our Employees

### Occupational Health and Safety

#### Occupational Health and Safety Management Promotion System

In line with the new medium-term plan's policy of strengthening Group management, we have revised our activity promotion structure. To this end, in fiscal 2014 we have established the Furukawa Electric Group Occupational Health and Safety Committee, chaired by the president. This committee, comprising members of management, deliberates, determines and follows up on policies and measures related to occupational health and safety activities throughout the Group.

##### Promotion Framework



## Status of Activities and Future Initiatives

Looking at our safety record during fiscal 2013, we failed to reach our target of one or fewer accidents requiring leave, as four occurred. As a result, we have set about reforming our corporate culture to keep from taking a backward step on our safety record and strengthening initiatives toward our goal of zero accidents and zero hospitalizations.

The core tenets of our basic policy for fiscal 2014 naturally include legal compliance, focusing as well on content linked with reforming the corporate culture, such as ensuring human and essential safety.

Specifically, we have set forth the following six items.

1. Work to eradicate accidents by following the spirit of occupational health and safety laws
2. Lower disaster risk by ensuring essential safety
3. Cultivate safety human through communication and the 5Ss
4. Employ a health and safety management system, and achieve independence through self-diagnosis, maintenance and improvement
5. Target health and a pleasant workplace through mental health measures and measures to counter metabolic syndrome
6. Introduce smoking measures aimed at stopping smoking during working hours

## Acquisition of Occupational Safety and Health Management System (OSHMS) Accreditation

The system that Furukawa Electric Group has constructed has demonstrated its effectiveness in preventing labor accidents. We are promoting the creation of this system and its third-party accreditation.

As of March 31, 2013, we had acquired management system accreditation <sup>(note 1)</sup> at the following sites.

Company	Site	Date acquired
Furukawa Electric Co., Ltd.	Chiba Works	January 13, 2009
Furukawa Electric Co., Ltd.	Hiratsuka Works	November 15, 2010
Furukawa Electric Co., Ltd.	Mie Works	November 15, 2010
Furukawa Electric Co., Ltd.	Nikko Works	March 23, 2012
Furukawa Electric Co., Ltd.	Copper Tube Division	December 20, 2012
Furukawa Magnet Wire Co., Ltd.	Mie Plants	November 15, 2010
Furukawa-Sky Aluminum Corporation	Fukui Plants	November 29, 2012
Furukawa-Sky Aluminum Corporation	Oyama Plants	December 20, 2012

<sup>(note 1)</sup> Organizations covered by the Occupational Safety and Health Management System are certified as meeting JISHA standards.

## Presentation on Health and Safety Activities

Furukawa Electric holds presentations to showcase its health and safety activities, honoring those of particular merit. Each works conducts its own presentations, with selected groups announcing their activities at the companywide presentation.



## Forklift Truck Safety Skills Competition

Forklift accidents tend to cause serious injury. Furthermore, the cause of such accidents can often be traced to insufficiently safe driving skills on the part of the operator. Therefore, we hold our Forklift Truck Safety Skills Competition, so as to improve awareness and operator skills.



## Educating Employees at “Anzen Dojos”

Furukawa Electric has placed “Anzen Dojos” (safety education centers) at manufacturing sites to enable employees to get a sense of the dangers. These centers are designed as educational facilities where employees can experience various dangers, such as heavy items, edged tools, work in high places, revolving equipment and electricity, to raise their sensitivity to danger.



## Manufacturing Works Patrols/Factory Checks

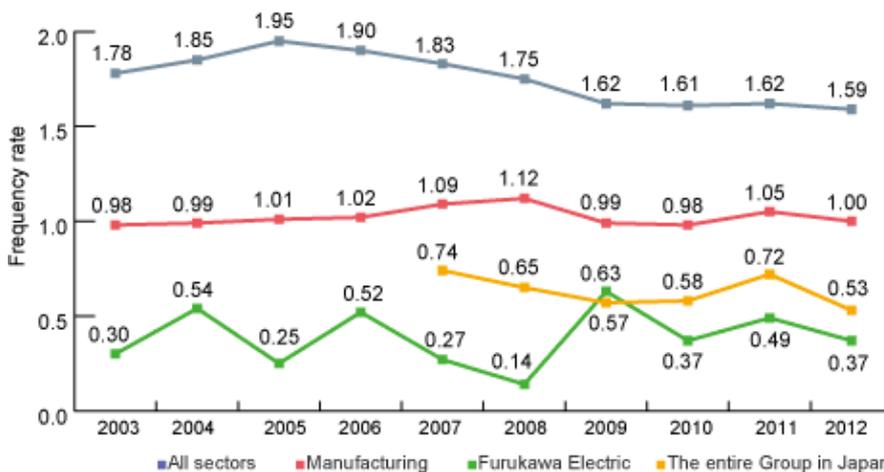
Each month, patrols are conducted at our manufacturing works to identify sources of danger and make improvements. In addition, once each year a person in charge of health and safety at another manufacturing works performs a factory check, conducting inspections from a different point of view to confirm that no dangers have been overlooked.

We also conduct factory safety checks at Group companies, thereby extending the effectiveness of these activities throughout the Group.



## Labor Accidents

In 2012, the frequency rate of accidents requiring leave<sup>(note 2)</sup> was down, both for Furukawa Electric on a standalone basis and for the domestic Group as a whole<sup>(note 3)</sup> pointing to year-on-year improvements.



(note 2) Frequency = (Accidents resulting in injury or death / total working hours) x 1 million

(note 3) The scope of data collection for 2012 encompassed employees and temporary workers at Furukawa Electric and 24 affiliated companies in Japan.

[http://www.furukawa.co.jp/english/csr/social/employee\\_safe.pdf](http://www.furukawa.co.jp/english/csr/social/employee_safe.pdf)

## Healthcare for Employees Working Long Hours

In accordance with the Guideline issued by the Labor Standards Bureau entitled “Measures to be Taken by Employers to Prevent Health Impairment Due to Overwork,” we are focusing on managing the health of employees who work long hours by implementing strict limitations on worktime based on health checkups and arranging consultations by such workers with industrial physicians.

## Mental Health Education

We began conducting mental health measures in fiscal 2003. We invite industrial physicians and nurses to take part as lecturers in education and training programs targeting managerial and general employees. In the past, such training has focused on stress control for employees aged 30–35, as well as approaching mental health in terms of “work engagement (note 4)”

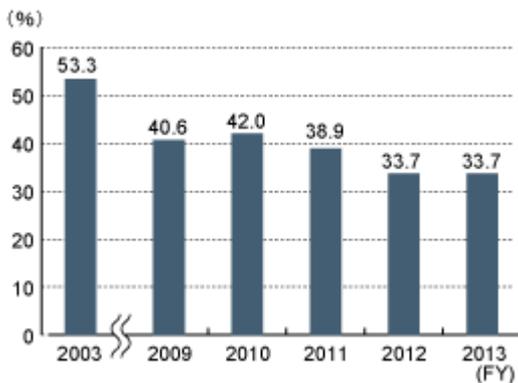
In fiscal 2012, we also held Pleasant Workplace Discussion Groups for workplace environment improvement throughout the Company to invigorate both individuals and worksites.

(note 4) A mental health concept pertaining to motivation, devotion, and energy regarding work.

## Strengthening Smoking Measures

In fiscal 2004, we commenced measures to counter smoking in earnest, introducing programs to prevent exposure to passive smoke and encourage quitting smoking. As a result of such activities, the percentage of smokers among male employees has fallen by approximately 20 percentage points over 10 years. As we plan to go to an entirely smoke-free workplace by fiscal 2021 at the latest, we are taking a multifaceted approach with three main thrusts: sharing information, supporting efforts to quit smoking and creating a smoke-free environment.

### Smoking rates among Furukawa Electric employees (male)



## Responding to Asbestos-Related Health Issues

During the period from fiscal 2005 to 2006, we once again investigated workplaces that previously handled asbestos products and we organized medical examinations focused on asbestos for all relevant employees. We also sent out notices urging retired employees who worked at the relevant sites to undergo medical examinations.

As of March 31, 2013, three people have been confirmed as being involved in industrial accidents, and symptoms have been detected in nine.

### Results of Medical Examinations

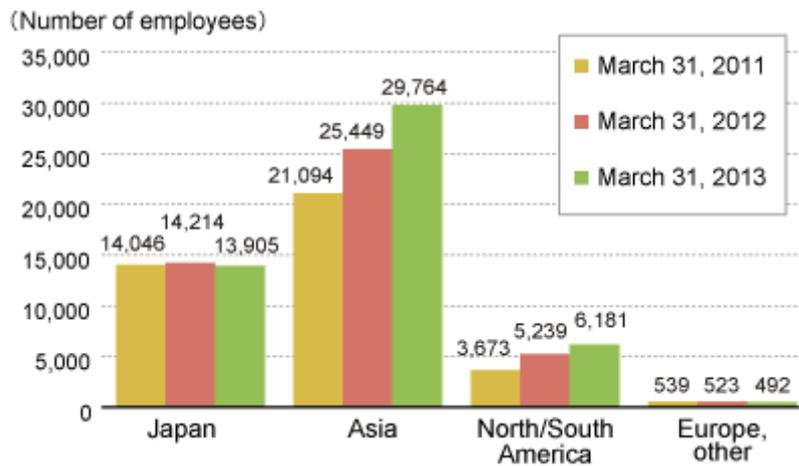
- People confirmed as having been in industrial accidents: Three (of whom one died of mesothelioma and one died of lung cancer)
- People in whom symptoms detected: Nine (of whom one currently in employment and eight retired)

Relations with Our Employees

Employee Data Book

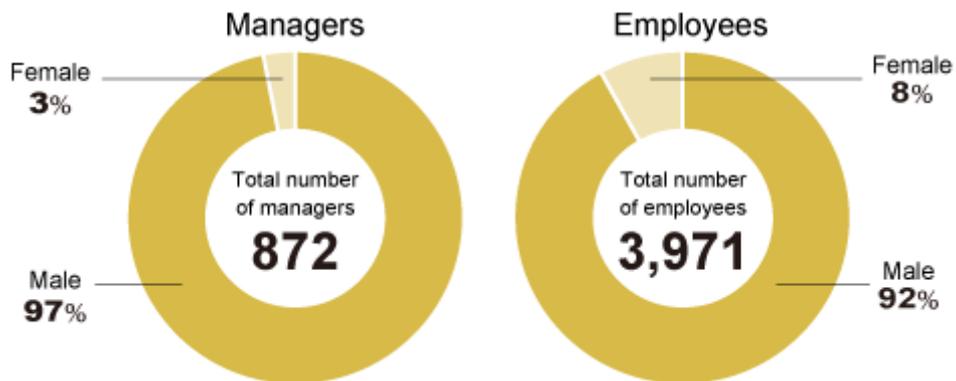
Group Data (Consolidated)

Number of Group Employees by Region



Furukawa Electric Data

Gender ratio of employees (As of March 31, 2013)



Recruitment figures by gender

		Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Specialized staff	Male	84	79	73	66	49	26
	Female	17	13	9	12	10	6
	<b>Total</b>	<b>101</b>	<b>92</b>	<b>82</b>	<b>78</b>	<b>59</b>	<b>32</b>
	Foreign nationals	1	4	4	2	3	0
Professional staff	Male	86	44	15	21	2	0
	Female	1	0	0	1	0	0
	<b>Total</b>	<b>87</b>	<b>44</b>	<b>15</b>	<b>22</b>	<b>2</b>	<b>0</b>

**Overtime** (Unit: Average hours per month)

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Direct work	21.62	23.36	24.15	23.84	24.33
Indirect work	18.44	14.06	17.03	17.45	18.14
<b>Average</b>	<b>20.1</b>	<b>17.75</b>	<b>19.72</b>	<b>19.85</b>	<b>20.46</b>

**Regular annual leave**

Item	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Unit
Days carried over per person (A)	22.8	22.5	22.0	22.6	21.8	Days
Days granted per person (B)	24.1	24.0	23.9	23.9	23.6	Days
Days acquired per person (C)	12.1	13.6	13.3	13.1	13.0	Days
Acquisition rate (C ÷ B)	50.2	56.7	55.6	54.8	55.1	%

(note) Regular annual leave is calculated as leave taken between September 16 and September 15 of the following year. Figures for fiscal 2013 are calculated for the annual leave year that has not yet concluded.

**People taking volunteer leave**

	Fiscal 2012	Fiscal 2013
Female	0	0
Male	1	5
<b>Total</b>	<b>1</b>	<b>5</b>

(note) Five people took advantage of this leave, bringing the total number to date to nine.

**People taking refresh leave**

	2011	2012
Female	1	4
Male	63	77
<b>Total</b>	<b>64</b>	<b>81</b>

(note) 1 Refresh leave is calculated on a calendar basis (January 1 to December 31)

2 Refresh leave is a system that accords employees who have worked for 25 years continuous leave of between 14 and 31 days.

**People taking maternity/paternity leave**

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Female	45	39	35	35	33
Male	2	4	4	10	7
<b>Total</b>	<b>47</b>	<b>43</b>	<b>39</b>	<b>45</b>	<b>40</b>

**People taking nursing care leave**

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Female	0	0	0	0	0
Male	0	0	1	2	2
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>

## Relations with Communities

### Furukawa Electric Group Basic Policy on Social Contribution Activities

Furukawa Electric and the Furukawa Electric Group have continued to conduct social contribution activities that are rooted in the local community. Going forward, we will strengthen these actions further along the three dimensions of nurturing future generations, promoting sport and culture, and living in harmony with the natural environment and local communities.

### Furukawa Electric Group Basic Policy on Social Contribution Activities

(Revised March, 2011)

The Furukawa Electric Group will continuously undertake social contribution activities focusing on nurturing future generations, promoting sport and culture, and living in harmony with the natural environment and local communities, in addition to its business-related activities, in order to maintain and strengthen community ties built over centuries and create a better tomorrow for future generations.

## Relations with Communities

### CSR Awards

#### Fourth CSR Awards

Furukawa Electric established the CSR Awards to recognize the social contribution or environmental preservation efforts of our subsidiaries that notably exceed their regular business. CSR Award-winning companies work on a daily basis to continue contributing to society through these activities.

#### Social Contribution Award

##### Furukawa-Sky Aluminum Corp. (Japan)

Furukawa-Sky's Guiding Principles state that "As a good corporate citizen, we proactively promote and sponsor social action programs," and the company conducts activities that are based in the local community on this basis. One of Furukawa-Sky's particular points of focus is on welfare for people with disabilities. Since the establishment in 2007 of the City of Fukaya Furukawa-Sky Disabled Welfare Fund with donations from Furukawa-Sky, each year in addition to providing funds Furukawa-Sky sends two employees to join as committee members of a subsidized project commission, where they deliberate and make decisions on aid activities. The Fukui Works also works with the city of Sakai's project to create a town that is friendly toward people with disabilities, operates a care facility commuter bus and takes part in other initiatives to enhance welfare facilities for people with disabilities. The company also conducts a wide range of other activities. For example, each of Furukawa-Sky's factories hosts plant tours for special-needs schools' instructors and their students to support the employment of people with disabilities.



Gingago (Donated in 2012, this bus transports children to the Reihoku School for Children with Special Needs in the city of Sakai.)

## Environmental Preservation Award

### The Furukawa Battery Co., Ltd. (Japan)

End-of-life automobile batteries should be managed properly, but instead they are sometimes dumped illegally or thrown out along with general waste. Given this situation, ensuring that batteries are always managed safely and appropriately could help to prevent the spread of harmful substances and preserve the natural environment and link with resource recycling and the curtailment of resource depletion. In 2007, Furukawa Battery created a structure for managing automobile batteries that, with the cooperation of various partners, the company operates as a proprietary recycling system. Each year, this system is used to collect more than 200,000 batteries a year, which are converted to resources and returned to the marketplace in the form of recycled products. Going forward, Furukawa Battery plans to continue providing customers with products that they can have peace of mind in using, while preserving the environment and contributing to society.

#### The Car Battery Recycling Flow



#### CSR Awards Topics

### FMT, Winner of the Third CSR Award, Earns a Silver This Year for Its Anti-Drug Campaigning

Furukawa Metal (Thailand) Public Co., Ltd. (FMT), which received the Third CSR Award for its “To Be Number One” ([http://www.furukawa.co.jp/english/csr/social/region\\_affiliated03.htm#fmt](http://www.furukawa.co.jp/english/csr/social/region_affiliated03.htm#fmt)) anti-drug campaign, received a silver award last year at an event held to commemorate its 10th year of “To Be Number One” activities.

### Furukawa Metal (Thailand) Public Co., Ltd. (FMT)

#### Thailand

Since 2004, FMT has participated in Thailand’s “To Be Number One” anti-drug campaign, of which Princess Ubolratana Rajakanya is project leader. The company received a silver award last year at an event held to commemorate its 10th year of these activities. FMT plans to continue visiting the villages nearby its Saraburi Plant, eliciting the cooperation of the region’s government institutions, local residents and schools in its efforts to raise youth awareness of drugs and the terror they wreak.



Commemorative photo with Princess Ubolratana Rajakanya at the event to commemorate the 10th anniversary of the campaign



Commemorative photo of cooperative activities undertaken with government institutions and schools in the Saraburi area



Planting trees around Saraburi



Distributing flyers and sweets as part of a publicity campaign in villages around Saraburi

## Relations with Communities

### Activities in Each Region

#### Providing Acorns to Nearby Elementary Schools (Hiratsuka, Furukawa Electric)

The site of the Hiratsuka Works houses trees that produce acorns, and in autumn the trees are filled with these nuts. Around 2005, we began providing acorns from around our works to the Hachiman Elementary School in Hiratsuka, which uses them as educational tools. Furukawa Life Service, which is in charge of the site's greenery, gathers acorns each year, and Furukawa Electric's General Affairs Section provides them to the principal, vice-principal and first-year students of Hachiman Elementary School. The children receive the acorns with smiles on their faces, which makes us happy, too. We plan to continue delivering joy to children in the form of acorns.



A poster received from the children, expressing their thanks



Lithocarpus edulus, which produces many acorns

## Contributing to Local Communities (Imaich, Copper Foil Division, Furukawa Electric)

The Copper Foil Division has made social contributions to the local community for some time. The division is in agreement with the activity policies of NPOs and special needs schools, among others, and has supported their efforts for many years through voluntary participation in their functions and events. For example, once each week the division sets up a bread-selling stall in its cafeteria for Fureai no Mori, an NPO. The stall provides work opportunities for people with disabilities, who staff the stall. The division also contracts out the task of sorting packaging materials returned by customers and cleaning activities to Social Welfare Corporation Habataki Welfare Project (Habataki), another NPO. The division provides the NPO's members with a workplace and participates actively in regional networking events that Habataki organizes. In these ways, the division works to increase its interaction with special needs people.



Sales underway (Fureai no Mori)



July Tanabata festival (Habataki)



December soba festival (Social Welfare Corporation Habataki Welfare Project)

**Fureai no Mori:** This NPO seeks to provide relaxed workplaces for individuals who find work difficult due to mental and other disabilities or a tendency to withdraw from society. The NPO conducts bread sales and offers instruction on acquiring certifications.

**Social Welfare Corporation Habataki Welfare Project:** This work support and welfare institution provides assistance to people with disabilities by providing them with outsourced work.

## Small Acts of Volunteer Work



### Event at Head Office to Support Tohoku's Reconstruction—Demonstrating Our Preparedness (Head Office, Furukawa Electric)

Last fiscal year and this fiscal year, workers and management again joined in an event held at Furukawa Electric's head office to support Tohoku's reconstruction. We heard about initiatives being undertaken by the fishermen on the Karakuwa Peninsula in Miyagi Prefecture and learned from an industrial physician how to use automated external defibrillators (AEDs). In addition to confirming our preparedness, this participation-style event was aimed at aiding Tohoku's reconstruction, if only in a small way. On the day, numerous executives and employees took time from their busy year-end schedules to join the event. Donations collected there were donated to Higashi Nihon Daishinsai Kodomo Mirai Kikin (the Fund for the Future of Children affected by the Great East Japan Earthquake), which provides monthly scholarships to elementary, junior high and high school children who lost one or more parents in the earthquake.



Hearing about the activities of fisherman in Karakuwa Peninsula, Miyagi Prefecture



Training on AED use



Display of items stockpiled in preparation for disaster

## Relations with Communities

## Awards from Outside Sources

## 2013

Period	Subject / Implementing organization	Winning organization
Feb.	<p><b>R &amp; D</b> Technical Committee of Optical Fiber Technologies Encouragement Award 2012: Analyzing a New Mechanism of Air Holes to Suppress Micro-bending Loss in Large-mode-area Optical Fibers</p> <p><b>Implementing organization</b> Technical Committee of Optical Fiber Technologies, the Institute of Electronics, Information and Communication Engineers</p>	<p>Yukihiro Tsuchida FITEL Photonics Laboratory, Furukawa Electric</p>
Feb.	<p><b>Environment</b> The Kanagawa Global Environment Award 2012 Energy Saving Prize</p> <p><b>Implementing organization</b> the Kanagawa Global Environment Conservation Promotion Forum and the Kanagawa Prefectural Government</p>	<p>Furukawa Electric Yokohama Works</p>

## 2012

Period	Subject / Implementing organization	Winning organization
Nov.	<p><b>R &amp; D</b> Japan Institute of Copper, 46th Research Association Award: Effect of Crystal Orientation Distribution on Young's Modulus in Cu-Ni-Si Alloy Strip</p> <p><b>Implementing organization</b> Japan Institute of Copper</p>	<p>Hiroshi Kaneko Metal Research Center, Furukawa Electric</p>
Jun.	<p><b>R &amp; D</b> 2012R&amp;D 100Awards</p> <p>Yttrium-based superconducting wire for high magnetic fields</p> <p><b>Implementing organization</b> R&amp;D Magazine</p>	<p>SuperPower Inc. of the United States, a subsidiary of Furukawa Electric</p> <p>- Winning the award together with the University of Houston as co-developers of the Oak Ridge National Laboratory -</p>
May.	<p><b>R &amp; D</b> Japan Institute of Electronics Packaging, Technology Award: Low power Consumption 1060nm 10Gb/s x 12-Channel Parallel-Optical Modules</p> <p><b>Implementing organization</b> Japan Institute of Electronics Packaging</p>	<p>Hideyuki Nasu and six others FITEL Photonics Laboratory, Furukawa Electric</p>
Apr.	<p><b>R &amp; D</b> The Laser Society of Japan, Laser Industry Encouragement Award 2012: 555nm Green Laser Using Fiber Laser as Fundamental Wave for Confocal Laser Scanning Microscope for Biotechnology</p> <p><b>Implementing organization</b> The Laser Society of Japan</p>	<p>Hiroshi Matsuura FITEL Photonics Laboratory, Furukawa Electric</p>
Apr.	<p><b>General</b> BCAA Award, Award for Practical Excellence</p> <p>Promotion of BCM activities throughout the Furukawa Electric Group</p> <p><b>Implementing organization</b> Business Continuity Advancement Organization (BCAO)</p>	<p>Furukawa Electric</p>

## Editorial Policy

### Editing This Report

This report is intended to provide an easy-to-understand account to enhance understanding among all stakeholders of the Furukawa Electric Group's business activities, as well as its CSR-related perspectives and initiatives. We selected items of particularly high importance for inclusion in this report, after considering priority issues from society's perspective and from the viewpoint of the Furukawa Electric Group.

In the fiscal 2014 edition of this report, the president's message provides an overview of Furukawa G Plan 2015, our medium-term management plan. The special feature highlights one of the priority measures of this plan, namely to develop new, next-generation businesses. This section describes the Group's aim of conserving the environment by promoting the efficient use of energy.

- The Furukawa Electric Group has produced an Environmental Report, Environmental and Social Report, or CSR Report each year since 2000. In fiscal 2013, its title was changed to the Sustainability Report and included business and financial information, as well.
- The current report is not available as a printed edition. Rather, it is provided for viewing on the CSR activities section of our corporate website. This information on this site can also be downloaded in PDF format.

To the Sustainability Report 2013 page  
<http://www.furukawa.co.jp/english/csr/report/index.htm>

### Scope of This Report

<b>Period Covered</b>	Fiscal 2013, from April 1, 2012 to March 31, 2013 (note) Includes selected information on past initiatives and activities during fiscal 2014.
<b>Publication Timeframe</b>	<b>Publication date:</b> August 30, 2013 <b>Planned publication of next edition:</b> August 2014 (previous edition published in September 2012)
<b>Organizations Covered</b>	This report covers Furukawa Electric Co., Ltd. and affiliated companies in Japan and overseas. Where activities are limited to specific regions or companies, this fact has been clearly indicated in the reporting.

### Source Guideline

We referred to the GRI "Sustainability Reporting Guideline 2006 (3rd Edition)" in composing this report.

### Accuracy of the Data Disclosed in This Report

In order to maintain accuracy in data disclosure, the information provided in this report has been vetted by the divisions in charge of the relevant information, the Investor & Public Relations Department and the CSR Department, which is in charge of editing this report. We have also provided a third-party opinion so as to offer the point of view of an outside expert.

### Editing and Publication

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## Third-Party Opinion



**Mr. Koichi Ikeda**

**Visiting Professor, Ritsumeikan University Management School**

### Career Summary

Graduated from the Faculty of Law at Kyoto University in 1971 and joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Corporation). As the first head of the company's business ethics department and its risk management office, conducted initiatives related to CSR, compliance and risk management. Left the company in 2007 to serve as Professor at the Rikkyo University Graduate School of Business Design (2007 – 2012), after which he assumed his current position. Also holds positions as Trustee of the Association of Certified Business Ethics Expert JAPAN and Standing Director of the Business Ethics Research Center, and serves as Chair of the Compliance and Advisory Committee for the Ministry of Land, Infrastructure, Transport and Tourism (Kanto Regional Development Bureau)

The number of companies taking a proactive stance toward CSR has grown in Japan as well as throughout the world. I find slightly unfortunate, however, the tendency for companies to think of CSR as something separate from their businesses and an added activity. ISO 26000, the International Organization for Standardization's social responsibility standard, defines CSR as being something that "is integrated throughout the organization and practiced." True CSR is connected directly with management activities, and should play a central role in operational execution. Particularly for this reason, CSR activities that increase the sustainability of society should also enhance corporate sustainability.

From the Furukawa Electric Group Sustainability Report 2013, I get the sense that the Company is making a diligent effort to link CSR initiatives directly with its management activities and conduct such initiatives as part of its operations. The perspicuous wording of the message from the president expresses the Group's business and CSR directions based on deep insight into the operating environment and the current status and essence of the Group. In this message, the president indicates that through the Furukawa G Plan 2015, the medium-term management plan that the Group launched this year, the Group will make a steady effort to contribute to a sustainable society. For example, the president emphatically outlines the Group's aspiration to help resolve global-scale issues involving electricity and communications infrastructure and the automobile markets, as well as to develop new, next-generation businesses with an eye to environmental conservation. The special feature section introduces the groupwide orientation on initiatives to develop new, next-generation businesses such as high-capacity communications infrastructure. These fields are truly essential to the social infrastructure that supports a sustainable society.

Broadly divided into operations, management, the environment and sociality (centered mainly on involvement with stakeholders), this report comprehensively expresses policy -- organizational system -- specific initiatives. Furthermore, reporting is consistent. From my perspective, the most distinguishing characteristic of this report is its broad-based yet careful attention to diverse CSR issues, addressed systematically. Also, it is clear that Furukawa Electric is working to extend these efforts to Group companies. For example, looking at the targets and performance in the environmental report section, the tables there make it easy to see at a glance the state of Furukawa Electric's and its Group companies' initiatives on individual themes and their results. It would not be a stretch to say that the Group is making a concerted effort to review the status of themes that are particularly noteworthy.

There are other important facets of CSR in addition to a company's contribution to society. These include the innovations that a company generates in response to society's expectations. Improving or transforming its operations from a CSR perspective and initiatives will lead to the transformation of corporate culture. For example, enhancing communications with diverse stakeholders and strengthening cross-organizational monitoring is useful in a number of ways. It is important to make efforts to describe to various stakeholders in plain language and with clear images some of the Group's specialized technologies and products described in this report's special feature. This sort of approach may appear trivial, but it will lead to corporate culture that gives priority to complex thoughts and overall optimization. I look forward to seeing the Group's efforts toward tireless development through innovation arising from CSR perspectives and initiatives.

## History of Furukawa Electric's CSR Activities

<b>1972</b>	Companywide Rules for Pollution Prevention formulated	<b>2008</b>	Furukawa Electric Basic Environmental Policy formulated
<b>1974</b>	Environmental Control Department established Energy Conservation Team established		Furukawa Electric Group Basic Policy on Social Contribution Activities formulated
<b>1989</b>	Team for Reduction in Use of Specified CFCs established		Furukawa Electric Basic Policy on Pandemic Influenza Preparedness formulated
<b>1992</b>	Anti-Monopoly Act Guidelines issued		Compliance pledge introduced
<b>1993</b>	Basic Framework for Protecting the Global Environment formulated (Furukawa Electric's voluntary environmental preservation plan)		e-Friendly mark (environmentally harmonious product) certification system started
<b>1996</b>	Use of specified CFCs and trichloroethane discontinued	<b>2009</b>	Furukawa Electric Group Green Procurement Activity Guidelines published
<b>1997</b>	Team for Promotion of Reduction in Industrial Waste established		Basic Policy on BCM (Business Continuity Management) formulated
<b>1998</b>	Furukawa Electric Basic Environmental Policy formulated Acquisition of ISO 14001 certification commenced Companywide Regulations for Pollution Prevention revised to create the Companywide Regulations for Environmental Management		Compliance awareness survey covering all employees conducted
<b>2000</b>	First Environmental Report published		A CSR award newly established as a part of the Outstanding Affiliated Company Awards
<b>2001</b>	Environmental accounting started Zero-emissions activities commenced	<b>2010</b>	Medium-term management plan, New Frontier 2012, formulated
<b>2002</b>	Anti-Monopoly Law manual published		CSR Deployment Guideline for Business Partners issued
<b>2003</b>	Furukawa Survival Plan announced Executive Officer System introduced Furukawa Electric Basic Environmental Policy revised		"Heart-to-heart communication between president and employees" and "Compliance Roundtables" initiated
<b>2004</b>	Company system and chief officer system introduced Furukawa Electric Group Action Guidelines formulated Furukawa New Leaf established as a special subsidiary offering employment to people with disabilities		Compliance Months introduced
<b>2005</b>	Internal reporting system introduced and internal and external reporting desks established Compliance Handbook published		Compliance awareness surveys for affiliated companies conducted
<b>2006</b>	Medium-term management plan Innovation 09 announced Report published under the revised title "Environmental and Social Report"	<b>2011</b>	Information security and personal information protection months introduced
<b>2007</b>	CSR Division established Chief Social Responsibility Officer (CSRO) appointed Report published under the revised title "CSR Report" Corporate philosophy and corporate message of the Furukawa Electric Group formulated		Furukawa Electric Group Basic Policy on CSR revised
			¥250 million donated for reconstruction support for the region affected by the Great East Japan Earthquake (Groupwide)
			Furukawa Electric Group CSR Code of Conduct revised, and Furukawa Electric Group Action Guidelines accordingly eliminated
			Competition Laws Compliance Guide published
		<b>2012</b>	BCAO Award 2011, the "Award for Practical Excellence," received from the Business Continuity Advancement Organization (BCAO)
			Report name revised to Sustainability Report and issued
			Furukawa Electric Group Anti-Bribery Statement and Bribery Prevention Guide formulated
		<b>2013</b>	Medium-term management plan, Furukawa G Plan 2015, announced
			Transitioned from company system and chief officer system to a system of strategic business units and head office divisions
			Administration & CSR Division inaugurated

## GRI Guideline Table of Contents

No.	Indicators	Page
<b>1. Strategy and Analysis</b>		
1.1	Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy	<a href="#">President Message</a>
1.2	Description of key impacts, risks, and opportunities	<a href="#">President Message</a> <a href="#">Special Feature</a>
<b>2. Organizational Profile</b>		
2.1–2.8	Organizational profile	<a href="#">Company Profile</a> <a href="#">Business Field</a> <a href="#">Global Network</a> <a href="#">AT A GLANCE</a> <a href="#">Employee Data Book</a>
2.9	Significant changes during the reporting period regarding size, structure, or ownership	No major changes
2.10	Awards received in the reporting period	<a href="#">Awards from Outside Sources</a>
<b>3. Report Parameters</b>		
3.1–3.3	Report Outline	<a href="#">Editorial Policy</a>
3.4	Contact point for questions regarding the report or its contents	<a href="#">Editorial Policy</a>
3.5	Process for defining report content	<a href="#">Editorial Policy</a> <a href="#">CSR Management</a>
3.6–3.8	Boundaries and scope of the report	<a href="#">Editorial Policy</a>
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Data page
3.10–3.11	The reasons for and effects of restatements of information provided in earlier reports, as well as significant changes since the previous reporting period	No repetition from the previous report's content nor major changes
3.12	Table identifying the location of the Standard Disclosures in the report	<a href="#">GRI Guideline Table of Contents</a>
3.13	Policy and current practice with regard to seeking external assurance for the report	<a href="#">Editorial Policy</a> <a href="#">Third-Party Opinion</a>
<b>4. Governance, Commitments, and Engagement</b>		
4.1–4.3	Outline of corporate governance	<a href="#">Corporate Governance</a>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	<a href="#">Corporate Governance</a> <a href="#">Upgrading and Enhancing Workplace Environments</a>
4.5–4.7	Corporate governance details	<a href="#">Corporate Governance</a>
4.8	Internally developed statements of mission or values, codes of conduct, and principles.	<a href="#">CSR Management</a> <a href="#">CSR Code of Conduct</a>
4.9–4.10	Process whereby the highest governance body oversees the organization's identification and management of economic, environmental, and that body's process for evaluating social performance	<a href="#">CSR Management</a> <a href="#">Corporate Governance</a>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	<a href="#">Risk Management</a> <a href="#">Compliance</a>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	<a href="#">Biodiversity Conservation</a> <a href="#">CSR Management</a>
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Not indicated (Japanese Electric Wire & Cable Makers' Association, etc.)
4.14–4.17	Stakeholder engagement	<a href="#">CSR Management</a>

5. Performance Indicators		
<b>Economic</b>	Management approach	AT A GLANCE President Message
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	CSR Awards Activities in Each Region
<b>Environmental</b>	Management approach	President Message Environmental Management
EN1	Materials used by weight or volume	Material Flow
EN3	Direct energy consumption by primary energy source	Material Flow
EN5	Energy saved due to conservation and efficiency improvements	Preventing Global Warming
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Environmentally Friendly Products
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Preventing Global Warming
EN8	Total water withdrawal by source	Material Flow
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Biodiversity Conservation
EN16	Total direct and indirect greenhouse gas emissions by weight	Preventing Global Warming
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Preventing Global Warming
EN20	NO, SO, and other significant air emissions by type and weight	Material Flow Chemical Substance Management
EN22	Total weight of waste by type and disposal method	Material Flow Reducing Waste
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmentally Friendly Products
EN30	Total environmental protection expenditures and investments by type	Environmental Management
<b>Labor</b>	Management approach	Occupational Health and Safety
LA1	Total workforce by employment type, employment contract, and region	Employee Data Book
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Occupational Health and Safety
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Personnel Management Policy/Human Resources Development
<b>Human rights</b>	Management approach	Personnel Management Policy/Human Resources Development
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Compliance
<b>Society</b>	Management approach	CSR Management
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	CSR Code of Conduct Compliance
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	Compliance
<b>Product Responsibility</b>	Management approach	Relations with Our Customers Environmentally Friendly Products
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Environmentally Friendly Products