

Furukawa Electric Group Sustainability Report 2014

Web version (full report)

Update September 30, 2014



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Contents

Top Message	3	Material Flow.....	53
Group Overview and Business Report	5	Targets and Performance of Environmental	
Company Profile.....	5	Conservation Activities.....	54
Global Network.....	6	Environmentally Friendly Products	56
R&D Laboratories, developer and producer.....	7	Preventing Global Warming	60
Business Field.....	8	Reducing Waste	62
Key Indicators	11	Water Resources	63
AT A GLANCE	12	Chemical Substance Management	64
Non-financial Key Indicators.....	16	Environmental Risk Management	68
		Biodiversity Conservation	70
Special Feature:		Initiatives for Society	71
Across the Centuries	19	Relations with Customers	71
		Relations with Business Partners	76
Management	26	Relations with Shareholders	79
CSR Management.....	26	Relations with Employees	81
Corporate Governance	30	Relations with Communities	101
Risk Management.....	32	Relations with Public Policy.....	107
Compliance.....	36		
Targets and Results	40	Editorial Policy	108
Initiatives for the Environment	44	Third-Party Opinion.....	110
Environmental Management	44	History of Furukawa Electric's CSR Activities...	113
		GRI Guideline Table of Contents.....	114



Focusing Our Efforts on Creating More Value for Society Based on the Materials Technology We Have Developed Over the Centuries

- In 2014, Furukawa Electric is celebrating the 130th anniversary of its establishment. What are the reasons behind its long success as one of Japan's top companies?

Since our establishment in 1884, the main focus of our business has been on building infrastructure (which provides the foundations for both society and industry) as a cable and non-ferrous metals manufacturer using materials technologies in a wide range of fields, including copper, aluminum and resin. Our products and services have been recognized by society and gained an excellent reputation because all of our employees have kept their eyes focused firmly on the future no matter what business environment they have faced. We have also continued to listen to the expectations and demands of society, which change on a daily basis, and maintained an approach of continuously trying to create new business through technological innovation. The fact that we have continued to receive the support of our stakeholders is another reason for our success.

- So it's extremely important to maintain an attitude of wanting to contribute to society and to continue taking on the challenges of technological innovation. In addition to making a social contribution by providing services, do you think there have been any environmental reasons why the company has continued to flourish?

The fact that Furukawa Electric has been able to secure a continuous supply of the mineral resources used in many of our products, including raw materials such as copper, is a major reason why our company has been able to continue in business for such a long time. In other words, we have continued to enjoy the benefits of our ecosystem for the past 130 years. For this reason we have carried out the recovery and recycling of resources from an early stage. For example, we have recovered the copper wires used in scrapped electric cables and used them in manufacturing; we have recovered and reused offcuts arising in the manufacturing of processed copper products; and we have carried out recycling as a matter of course since long before the word "recycling" came to be widely used. We have also recycled waste plastic and used it in cable pipe products.

- Could you tell us about the important challenges faced by Furukawa Electric in ensuring that the business continues to flourish in the future and the measures you are planning in order to achieve this?

As set out in the medium-term management plan concept, we will focus on the infrastructure and automotive markets, which are expected to see significant growth in global terms and for which there is a strong need for technological innovation. We believe it is important to develop new next-generation business. These initiatives are founded in an approach of “wanting to use Furukawa Electric business to help solve society's problems around the world”.

In the infrastructure market, our challenges lie in how to use energy as efficiently as possible given the global energy problems, and in doing so how to produce smart infrastructure that can be controlled as intelligently as possible. Major challenges include using optical telecommunications (a field in which Furukawa Electric excels) to create systems that use electric power efficiently. We also need to unite as a group in order to take on the challenge of creating the new technologies that will allow us to achieve this.

In the automotive field, improving the efficiency of fossil fuels and electric power (energy) and achieving energy savings are global challenges. An important challenge for Furukawa Electric Group is to integrate optical telecommunications and electric power technologies into the automotive parts-related technologies that we have built up over many years, and to incorporate this as new technology.

- Lastly, above all else what do you think will provide the foundations for the company to continue succeeding in business?

The foundations for the company's business activities can be found in the attitude of each and every employee, and the basic premise of safety, quality and compliance. Furukawa Electric Group has set down the behavior it expects from its officers and employees regarding corporate social responsibility in our “Furukawa Electric Group CSR Code of Conduct”. In addition to legal compliance, this requires that officers and employees act in accordance with social norms and corporate ethics, and improve their awareness and practice of safety and quality.

Over the past few years, our whole group has worked together to prevent any recurrences of competition law violations, and we have developed a system to handle international regulations governing bribery. Moreover, our efforts to recover from the snow damage that occurred at Nikko Works in February this year (2014) gave us practical experience of BCM (business continuity management), and we have launched initiatives to make use of this experience as a way of strengthening BCM across the group. Moving forward, we intend to monitor the status of our organizational platform from a global perspective and to help solve global problems through our business activities as we focus our efforts on creating more value for society.

Lastly, please allow me to express my hope that as many people as possible read this report so that Furukawa Electric becomes even more widely known.

- Thank you for your answers.

Group Overview and Business Report

Company Profile

Company Name	Furukawa Electric Co., Ltd.
President	Mitsuyoshi Shibata
Founded	1884
Established	1896
Paid-in Capital (As of March 31, 2014)	¥69,395 million
Net sales (Years ended March 31, 2014)	¥931,781 million (Consolidated) ¥428,301 million (Non-Consolidated)
Number of Employees (As of March 31, 2014)	47,045 (Consolidated) 3,590 (Non-Consolidated)
Head Office	Marunouchi Nakadori Bldg., 2-3, Marunouchi 2-chome, Chiyodaku, Tokyo 100-8322, Japan
TEL	+81-3-3286-3001

Major Products and Services

Telecommunications

Optical fiber cables / Metal communication cables / Semiconductor optical devices / Electronic appliance wires / Optical components / Network equipment / 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 / Processed 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



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/ofs.htm>

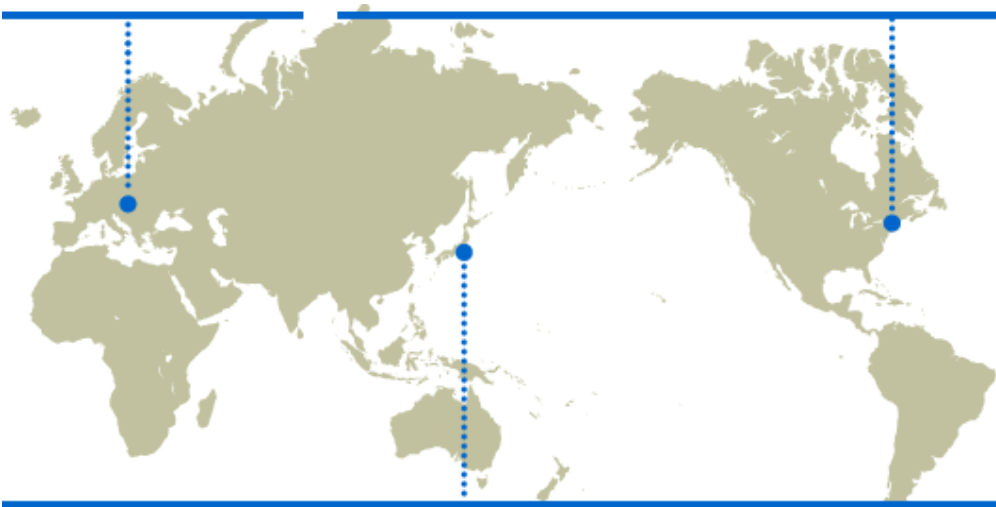
- Fibers
- Components



SuperPower (USA)

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

- 2G HTS wir



Metal Research Laboratories (Nikko)



Power & System Laboratories (Chiba)



Polymer Materials R&D Laboratories (Hiratsuka)



Yokohama R&D Laboratories (Yokohama)

FITEL Photonics Laboratories (Chiba)

Power & System Laboratories (Hiratsuka)

Automotive System & Device Laboratories (Hiratsuka)

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.

Telecommunication 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

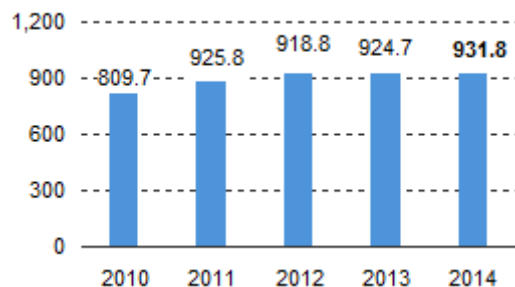
<http://www.furukawa.co.jp/english/seihin/material.htm>

Key Indicators

(Years ended March 31)

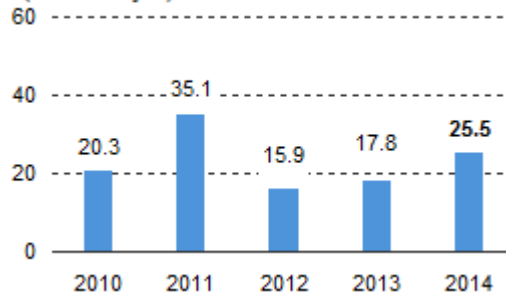
Net Sales

(Billions of yen)



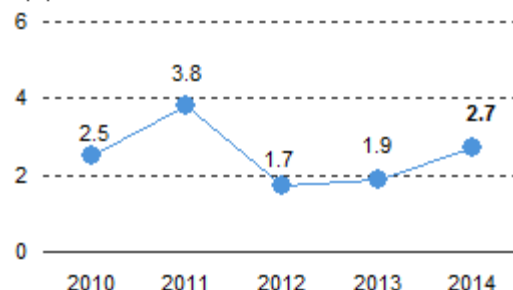
Operating income (loss)

(Billions of yen)



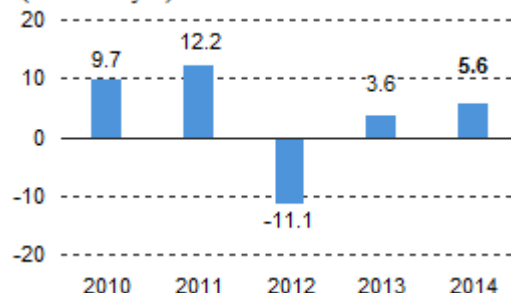
Operating income (loss) (Ratio to net sales)

(%)



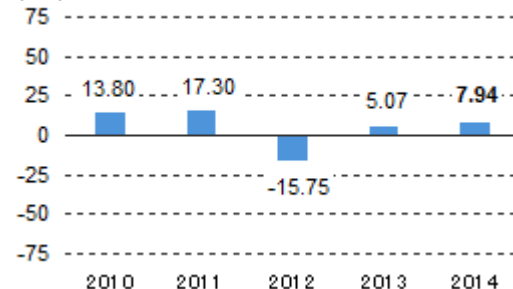
Net income (loss)

(Billions of yen)



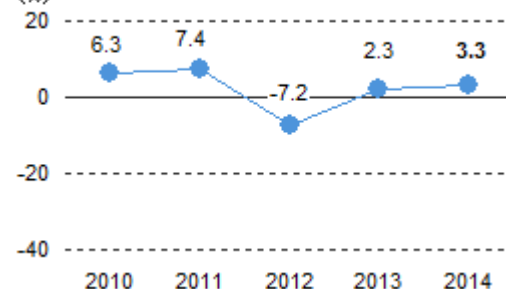
Net income per common share

(Yen)



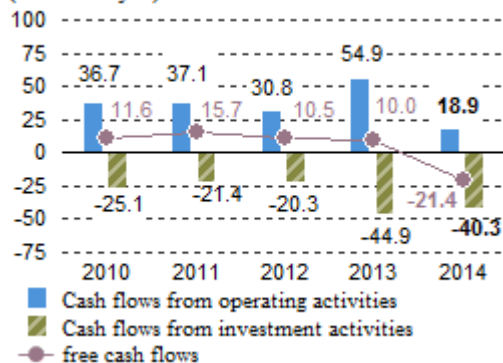
Return on equity

(%)



Cash flows

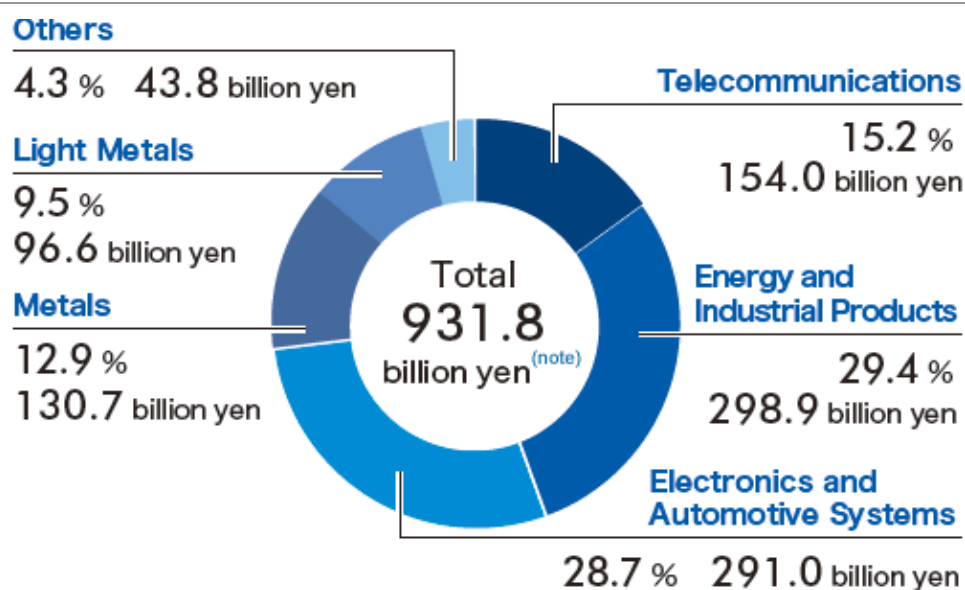
(Billions of yen)



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

AT A GLANCE

Net sales by Main Business Segment (Consolidated, fiscal year 2014)



Telecommunications

Optical Fiber and Cable

Japan: We have achieved effects from structural reforms by merging production bases.

Europe and United States: Cuts to fixed costs during the second half of FY2014 made a full contribution and the market is continues to move towards recovery.

Brazil: LAN solutions and fiber optic business expanded.

Optical Parts and Networking Equipment

Japan, China and United States: Demand for new products (ITLA/ integrated signal light sources) to supply next-generation high-speed telecommunications (digital coherent telecommunications) expanded.



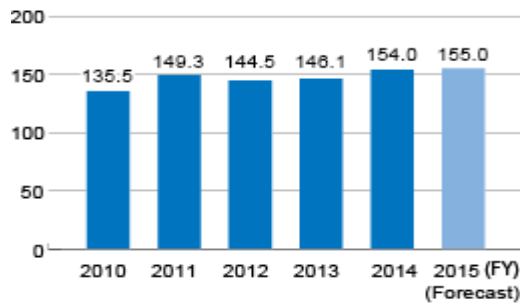
Factory of FISA (Brazil)



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

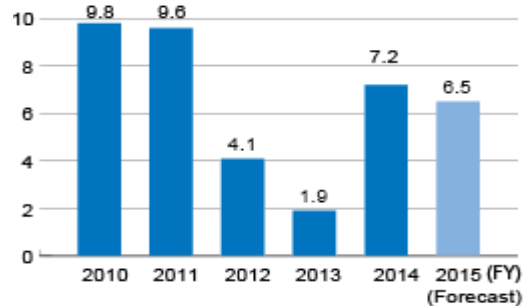
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Energy and Industrial Products

Ultrahigh-Voltage Transmission Cables

Japan: Submarine power cables for offshore wind power generation were developed.

China: A Chinese subsidiary improved its cost structure and promoted sales expansion in overseas markets.

Industrial Products

Europe: Improvements were achieved through the sale of unprofitable Russian bases, etc.

Japan: Strong demand is expected to continue for cableprotecting conduit line materials in mega-solar applications.



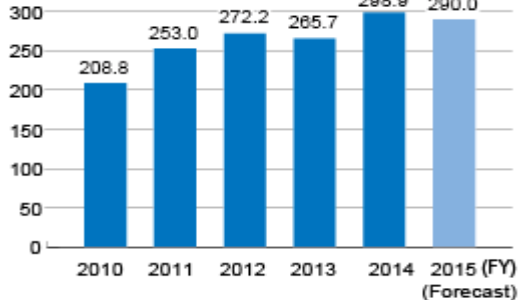
Shenyang Furukawa Cable Co., Ltd.
(China)



Laying a submarine transmission cable

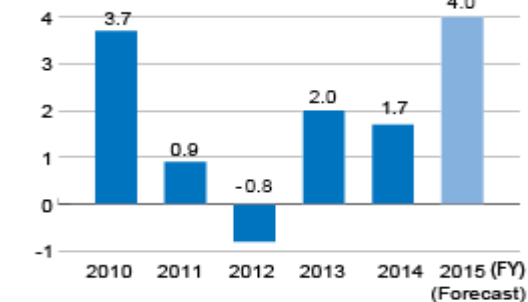
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Electronics and Automotive Systems

Automotive Parts

Japan: Despite an expected fall in demand caused by the increase in consumption tax and other factors, strong sales of wire harness for new models are expected to cover the impact of reduced production in Japan.

Overseas: We have begun to achieve the potential of new wire harness bases in Asia and Mexico and promoted an expansion in SRC sales in South America.

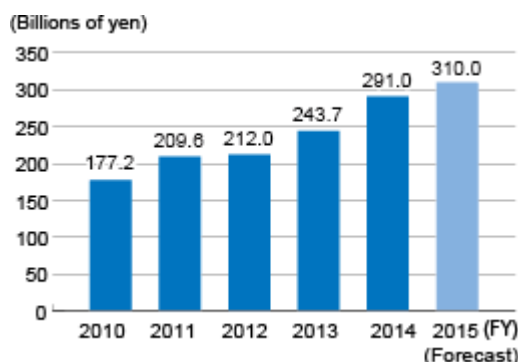


Wire Harness factory (China)

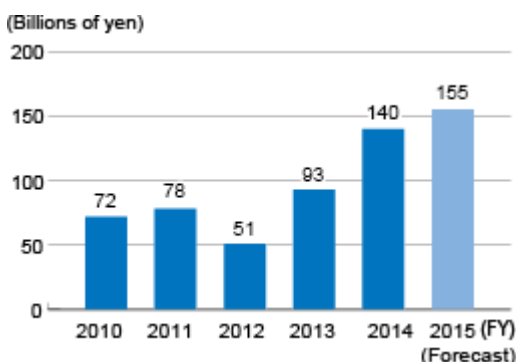


SRC (Steering Roll Connector)

Net Sales



Operating Income



Metals

Copper foil

Japan: Conditions are expected to improve after realizing the effects of production base centralization and completing the transfer of manufacturing to Taiwan.

Taiwan: Battery foil business is expected to grow, particularly in automotive applications, and circuit foil volumes are expected to recover.

Copper strips

Japan: A fall in operating income of 3.6 billion yen is forecast as a result of the impact of snow damage in February at Nikko Works. We plan to achieve complete restoration by the end of the year.



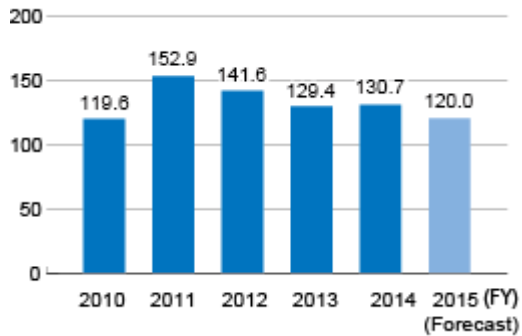
Electrodeposited copper foil



Furukawa Electric Copper Foil Taiwan Co., Ltd.

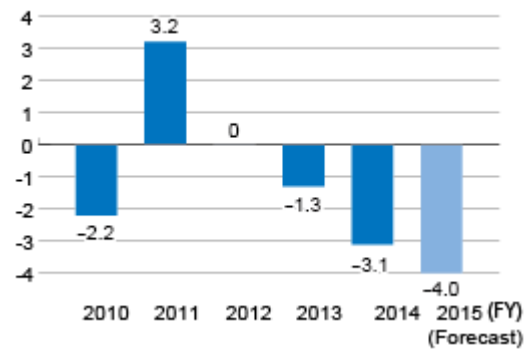
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



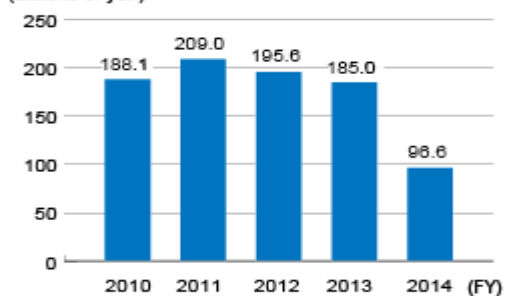
Light Metals

Rolled Aluminum Products

Only the first-half operating income was recorded in FY2014 because of the inauguration of UACJ in October 2013. In the second half of FY2014, operating income was recorded as “equity in net income of affiliates” under non-operating income.

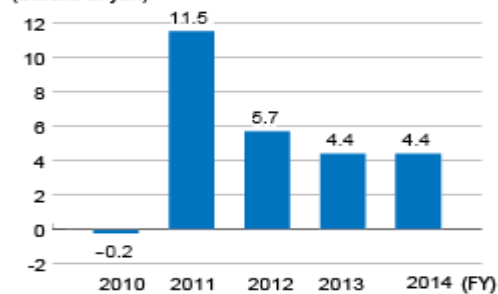
Net Sales

(Billions of yen)



Operating Income

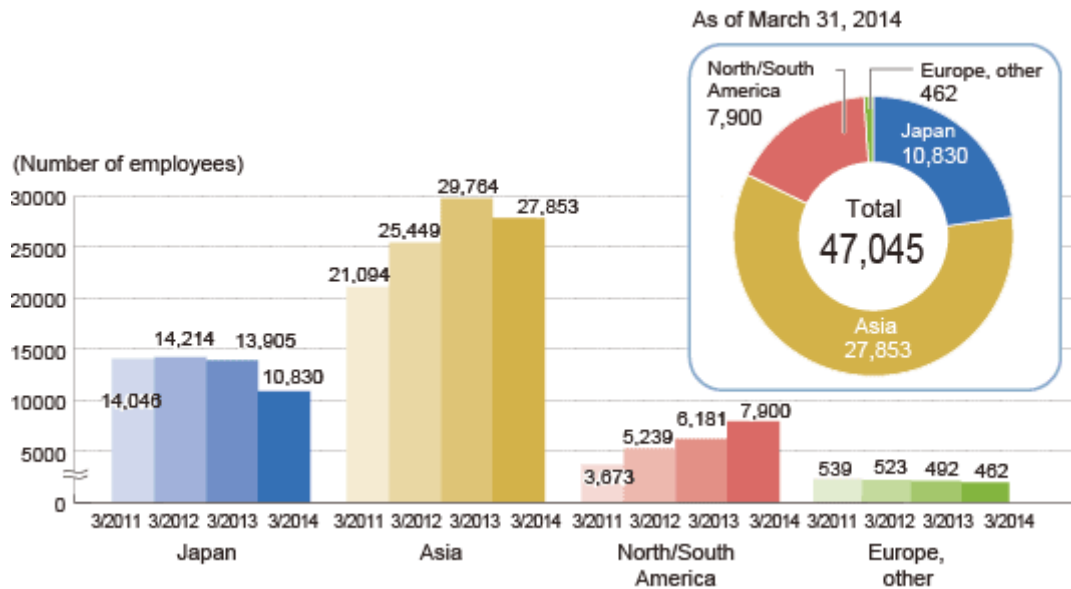
(Billions of yen)



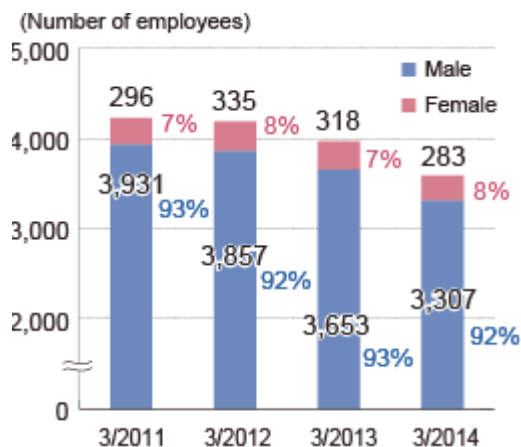
(note) Since the second half of fiscal 2014 and fiscal 2015 it has been recorded in equity in net income of affiliates

Non-financial Key Indicators

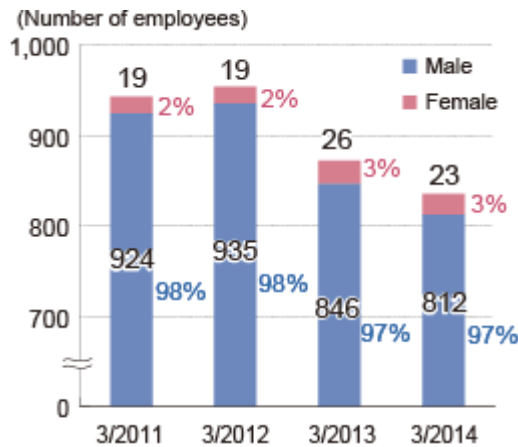
Number of Group Employees by Region (Consolidated)



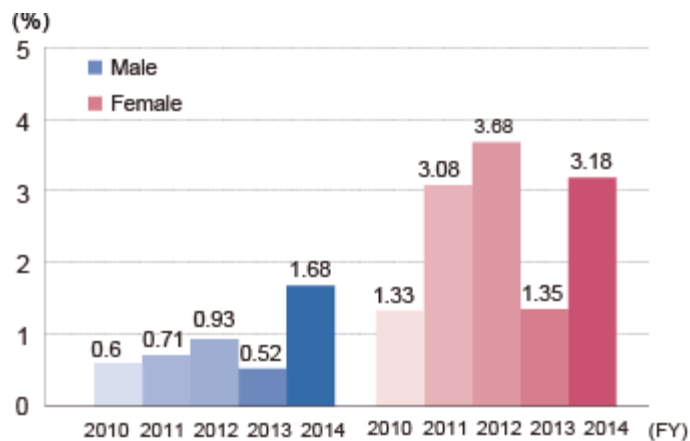
Gender ratio of Employees (Furukawa Electric)



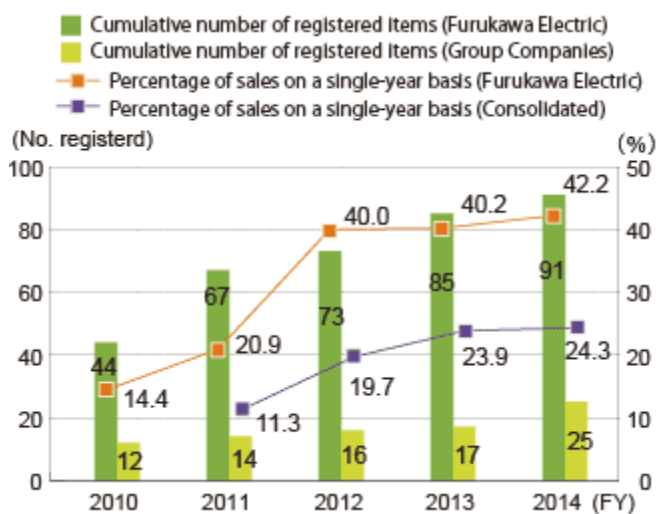
Gender ratio of Managers (Furukawa Electric)



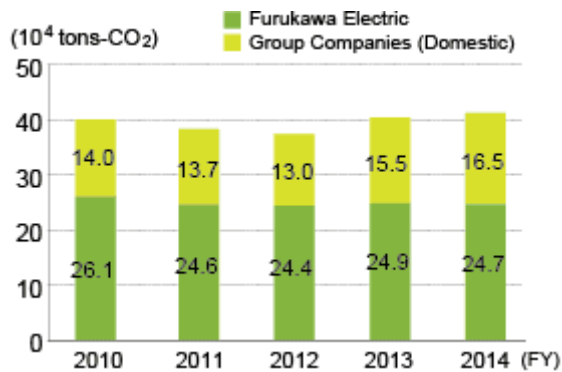
Employee turnover rate by gender (Furukawa Electric)



Environmentally friendly products as a percentage of sales



CO₂ emissions

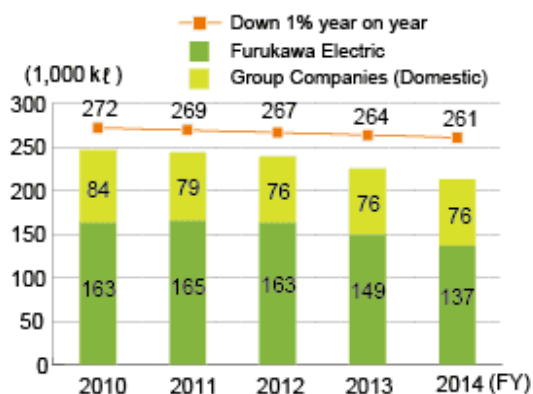


(note 1) The amount of power consumed is calculated using the emission factor of each power company.

(note 2) Assuming that hydroelectric power produces zero CO₂ emissions.

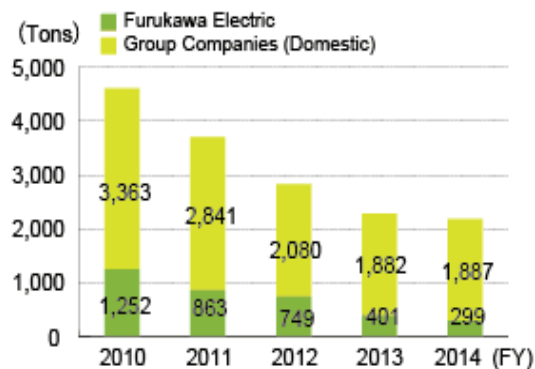
(note 3) UACJ Corporation was transferred to other related companies in fiscal 2014 and so the figures for past fiscal years have been retroactively adjusted.

Energy consumption

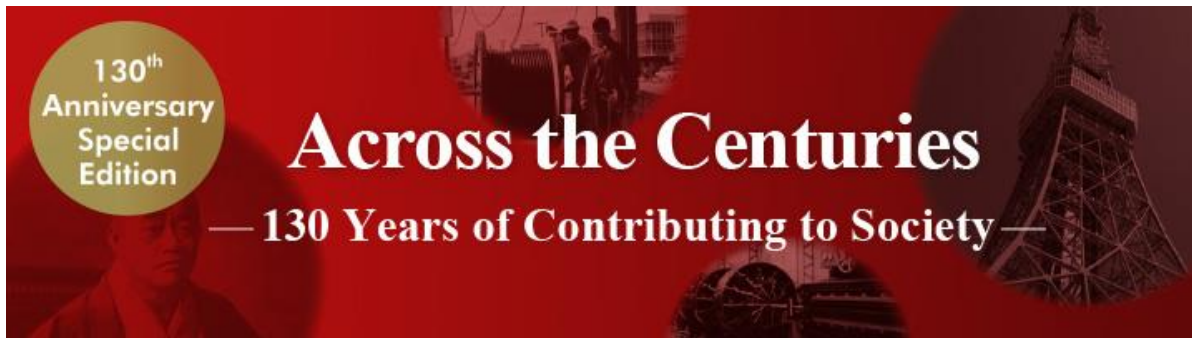


(note) UACJ Corporation was transferred to other related companies in fiscal 2014 and so the figures for past fiscal years have been retroactively adjusted.

Processing volume of non-recyclable waste



(note) UACJ Corporation was transferred to other related companies in fiscal 2014 and so the figures for past fiscal years have been retroactively adjusted.



Furukawa Electric celebrates its 130th Anniversary. Our success is thanks to the ongoing patronage and support of our customers and shareholders, and we would like to take this opportunity to express our heartfelt appreciation to them.

Our corporate philosophy is to contribute to the realization of a sustainable society based on expertise in the development and fabrication of advanced materials, through continuous technological innovation. Furukawa Group's founder, Ichibei Furukawa, worked to build Japan with an aim of "making Japan brighter." He made the utmost effort to introduce technology as quickly as possible from Europe and the U.S. that were way ahead of Japan at that time and create world-class products.

We have inherited this mission from him and have a big sense of responsibility to make the world brighter. Looking back on what we have done for 130 years, we would like to keep trying as a company making social contributions.

The Founder's Philosophy

The Path of Our Founder

In 1884, 130 years ago, our company began smelting copper in Honjo, Tokyo and manufacturing electric wires in Takashimacho, Yokohama. This is regarded as the foundation of our company.

Ichibei Furukawa, the founder of Furukawa Group, was born in Kyoto in 1832. His natural ability in business helped him rise to a senior position at Ono Group, a wealthy merchant group at that time. When Ono Group became bankrupt he became penniless. However, he received encouragement from acquaintance such as Eiichi Shibusawa and Munemitsu Mutsu, and in 1877 he began operating the Ashio Copper Mine. He overcame several crises to help the mine become the largest copper mine in Japan.

The Yamaichi logo, which is the Furukawa Electric company logo, was first registered in 1877 under the slogan Kogyo Sen-itsu ("Mining Above All").

He introduced state-of-the-art Western technology to expand the company's



Company logo/Yamaichi mark



Ichibei Furukawa

industrial capacity, including the construction of Japan's first full-scale hydroelectric power plant in 1890, and built the foundations for Furukawa Group.

The Founder's Philosophy

Ichibei set down a management philosophy - "Value people," "Value customers and society" and "Incorporate the latest technology" - and used his enthusiasm and his ability to get things done to open the way to a new era. In today's terms, his philosophy equates to fostering human resources who value health, safety and compliance and contributing to customers and society through the main business. This means we need to take on every challenge we are faced with in order to achieve our goals. This approach has been handed down through the long history of companies that have made up Furukawa Group, and our repeated efforts to value all people, including customers and employees, at the same time as taking on new challenges without fear of failure, have created the companies we have today. This is also reflected in Furukawa Electric Group's 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."

Ichibei left us with the memorable phrase Un-Don-Kon. He said that in order to achieve big things people need "Un" (good luck), "Don" (stubbornness), and "Kon" (perseverance). "Don" in particular refers to being stubbornly honest in your work. In other words, this means refusing to accept other people's opinions too easily; the more people think you are wrong, the more you need to carry out what you are doing with strong belief. This philosophy can be clearly seen in Ichibei's approach to his own life.

COLUMN

Social Contributions in Addition to Our Main Business

Since our foundation, Furukawa Electric has sought to contribute to society in ways other than just through our main business. For example, to commemorate the visit of Emperor Taisho, and Empress Teimei to the Nikko Works in September 1913, the Nikko Waraku-odori festival has been held ever since 1914. The festival started out as a way of recognizing the hard work of the employees. However, it has continued for over 100 years and has now become an established feature of the lively summer festival season in Nikko and numerous local people take part.



Nikko Waraku-odori in 1961

Furukawa Electric is also active in sports, and in 1955 it named soccer, ice hockey, volleyball and rowing as the official company sports with the aim of improving employee morale and contributing to local society. Furukawa Electric Soccer Club continues to this day as J-League team JEF Chiba.

Across the Centuries Contributing to the Development of Social Infrastructure

Contributing to broadcasting infrastructure by installing the antenna on Tokyo Tower

Furukawa Electric installed the antenna on Tokyo Tower during its construction in 1958. This led to the start of a fully-fledged age of television broadcasting. The decade after 1955 was a time when Japan achieved rapid development through strong economic growth and recovery from World War II.

In 1964, the Tokyo Olympics were held. People were in exuberant spirits thanks to the information they received via television. Living standards improved and Japan accelerated towards modernization. The Tokyo Tower antenna continues to tower majestically over its surroundings and has made a significant mark on Furukawa Electric's broadcasting business.

Furukawa Electric's technology has continued to be used in later years, including during installation of the antenna on the Tokyo Skytree.



Tokyo Tower

Developing Overseas Business and Promoting Major Projects

Developing and Expanding the Telecommunications Network in Bangkok

In 1968, a plan was set out by Telephone Organization of Thailand operator to upgrade the telephone network in the metropolitan region of Bangkok.

Furukawa Electric succeeded in receiving the order for the project despite competition from leading companies around the world. The project involved installing 21 telephone exchanges and 122,500 terminals throughout the city of Bangkok and was the largest project in the history of telecommunications cable exports. What's more, we accumulated know-how in relation to overseas projects and accelerated our business in developing countries.



Telecommunications Network in Bangkok

Power Transmission Line Installation in Iran

The biggest overseas projects Furukawa Electric has taken on was a large order we received from the Iran organization for electric power affairs for the installation of power transmission lines. This was a huge project. During the four years between signing the contract in 1978 and completion of the work in 1982 we overcame numerous difficulties and trials, including a revolution in the Iranian political system and the chaos brought about by the Iran-Iraq War. Moreover, the route for installation traversed paddy field zones, forest zones and desert zones, and we had to cross the Alborz Mountains to the north of Tehran, which contains a series of mountains above 4,000 m.



Power Transmission Line Installation in Iran

The companies that were working together on the project finally managed to complete the installation of power transmission lines with a total length of 449 km despite the harsh environmental conditions. The technological prowess of Furukawa Electric was highly regarded by the Iran organization for electric power affairs and the project made a major contribution to our future overseas power transmission line installation projects.

Across the Centuries Contributing to the Realization of a Safe and Comfortable Society

Contributing to the Construction and Development of Telecommunications Infrastructure

Improvements in internet technology have made a large contribution to the globalization of corporate activities and the safety of society, including crisis management in times of disaster, as well as the collection of big data that contributes to marketing, and improvements in convenience brought about by smartphones.



Optical amplifiers

In the pioneering days of optical fibers, Furukawa Electric was the first company in the world to produce long-distance optical fiber cables, opening the way to the realization of optical telecommunications infrastructure. In addition to optical fiber cables, Furukawa Electric has developed a succession of peripheral technologies that are required to build infrastructure, including the optical amplifier pumping lasers that are essential to longdistance telecommunications, frequency-division multiplexing that is necessary to expand telecommunications capacity, improvements in installation efficiency and innovations in connections technology. In this way, Furukawa Electric has supported to develop telecommunications infrastructure with advanced technologies.

Contributing to the Safety and Ecology in Cars

SRC (Steering roll connectors) are a core component of airbag systems, which protect passengers from impact during accidents. Furukawa Electric's SRCs maintain reliable operational performance in vehicle conditions ranging from below freezing in cold regions to above 50°C at the height of summer.



SRC (Steering roll connectors)

This reliability has been recognized in our top share of the global market.

There is a constant demand to make cars lighter. Furukawa Electric supports improvements in fuel efficiency and comfortable driving by maintaining the reliability of wire harnesses, which have increasingly complicated signal paths for vehicle computers, while achieving the required weight specifications by reducing every gram wherever possible.

Contributing to the Discovery of the Higgs Boson through Superconductivity Technology

In the 1960s Furukawa Electric worked on developing superconducting wires, and in the 1980s we became one of the world's few manufacturers of low-temperature superconducting wires. Experiments to confirm the existence of the Higgs boson at CERN in Europe (which has been referred to as the "discovery of the century") required a huge superconducting magnet. Furukawa Electric was presented with the Golden Hadron Award in recognition of its efforts in supplying the huge volume of superconducting wires needed for this magnet.



Inside the Large Hadron Collider (LHC)

Furukawa Electric is currently working on the development of third-generation yttrium high-temperature superconducting wires and cables, and in Shenyang, China in 2013 we succeeded in carrying out the equivalent of 30 years of current testing on superconducting cables capable of transmitting 275kV for 1,500,000 kVA, which was the highest standard ever achieved in the world at the time.

Across the Centuries Contributing to the Realization of a Sustainable Society

Growth Strategies in the Telecommunications Infrastructure Market

Global telecommunications traffic is expected to continue increasing dramatically, particularly in newly-emerging economies. Furukawa Electric Group is making full use of the optical fiber photonics technologies it has accumulated in order to develop products capable of contributing to an increase in capacity.

Overseas, we are using single management at our global bases in order to capture demand in growth markets efficiently. In Japan, we have reorganized our production bases, established a supply system to match demand and promoted cost reductions.



Growth Strategies in the Energy Infrastructure Market

Over many years, Furukawa Electric Group has contributed to the construction of the energy network. We intend to make full use of the know-how accumulated during this time to handle burgeoning infrastructure demand, particularly in Asia, while also contributing to the realization of a smart-grid society that uses energy efficiently.

For example, we are promoting the development of high temperature superconducting power cables, which make major reductions in transmission losses, as well as products for use in various superconducting applications, such as coils.



High-temperature
super-conducting power

Growth Strategies in the Automotive Market

Furukawa Electric Group will utilize its unique materials technologies to contribute to more environmentally-friendly cars, including through the development of lighter car parts and improvements in energy efficient, in order to help realize a low-carbon society.

We will strengthen our sales and design capabilities at overseas bases, expand our production bases, particularly in Southeast Asia and Central and South America, and expand the size of our trading area in overseas markets. Furthermore, we will strengthen our procurement function, and work to make thorough reductions in cost prices, including the cost of materials, processing costs and fixed costs.



Management

CSR Management

Group Philosophy

Since our founding in 1884, we have been working to create the technologies and products that society requires over the past 130 years. 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](http://www.furukawa.co.jp/english/kaisya/philosophy.htm) (Revised August, 2007)
<http://www.furukawa.co.jp/english/kaisya/philosophy.htm>

Basic Policy and CSR Code of Conduct

Each of the companies in 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

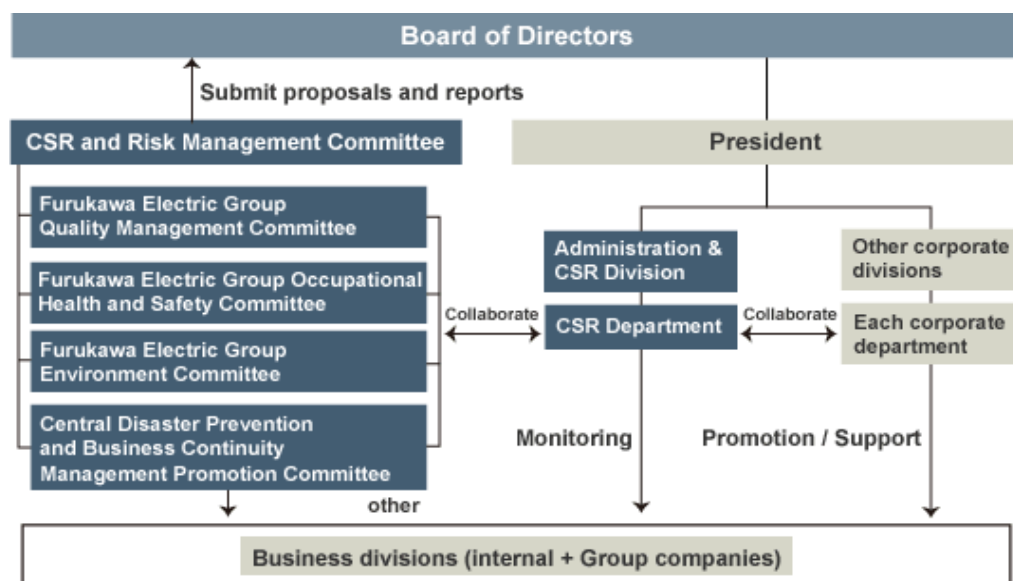
Basic Approach

In order to contribute to the realization of a truly rich and sustainable society, we need to understand the social responsibilities of Furukawa Electric Group and implement policies in line with the Basic CSR Policy. We will promote CSR initiatives alongside our business activities so that each and every Group employee is able to take the lead in putting CSR initiatives into practice.

CSR Promotion Framework

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

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	Reduce emission of gases that contribute to global warming Promote energy conservation and recycling Protect biodiversity Curtail industrial waste Manage and reduce harmful chemical substances	Compliance with laws and regulations Compliance with the Kyoto Protocol and the Nagoya Protocol on biodiversity Response to environmental activities of the Ministry of the Environment and other government organs Research and information exchange on biodiversity preservation through JBIB ^(note 1)
 Customers	Maintain and improve the quality of products, operations and services Offer products and services that are useful to society Provide solutions to issues confronting customers through a broad array of technologies and know-how	Dialogue through regular business Website, Sustainability Reports Dialogue at technology exhibitions, trade shows
 Suppliers	Establish a sound relationship founded on fair trading in compliance with laws and regulations Realize CSR throughout the supply chain by implementing CSR Deployment Guideline for Business Partners	Partner Meetings Dialogue through regular business CSR surveys Feedback interviews on results of partner evaluations
 Shareholders	Provide appropriate returns Ensure timely and appropriate disclosure Enhance corporate value	Sustainability Reports General meetings of shareholders, shareholder reports Management briefings and results presentations Investor visits Shareholder plant tours
 Employees	Respect human rights Cultivate and appropriately value and reward human resources Promote health, including occupational health and safety, as well as mental health Support diverse workstyles and work/life balance	Internal newsletter, intranet Management briefings
 Local communities	Nurture future generation Promote sporting and cultural activities Live in harmony with the natural environment and local communities	Factory tours Cooperate with and sponsor sports and traditional events Support the activities of and collaborate with local NPOs Preserve the Satoyama Environment

(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.

Message from the General Managers

Nowadays, companies are required to respond to a rapidly changing world with a variety of stakeholders in mind. As Furukawa Electric Group sets about this task, CSR activities are an essential part of our survival as a business. Furukawa Electric Group has set out a basic policy and code of conduct for CSR in accordance with a group philosophy that seeks to meet the expectations of our founder, in addition to developing a variety of related systems and mechanisms. The management report contains information on a variety of initiatives, with a focus on the platform of CSR activities, including corporate governance, risk management and compliance.



In the medium-term, we aim to examine ways of narrowing down priority fields in CSR for Furukawa Electric Group and promoting policies that strengthen communication with our stakeholders.

Takashi Fukuda

General Manager, CSR Department, Administration & CSR Division

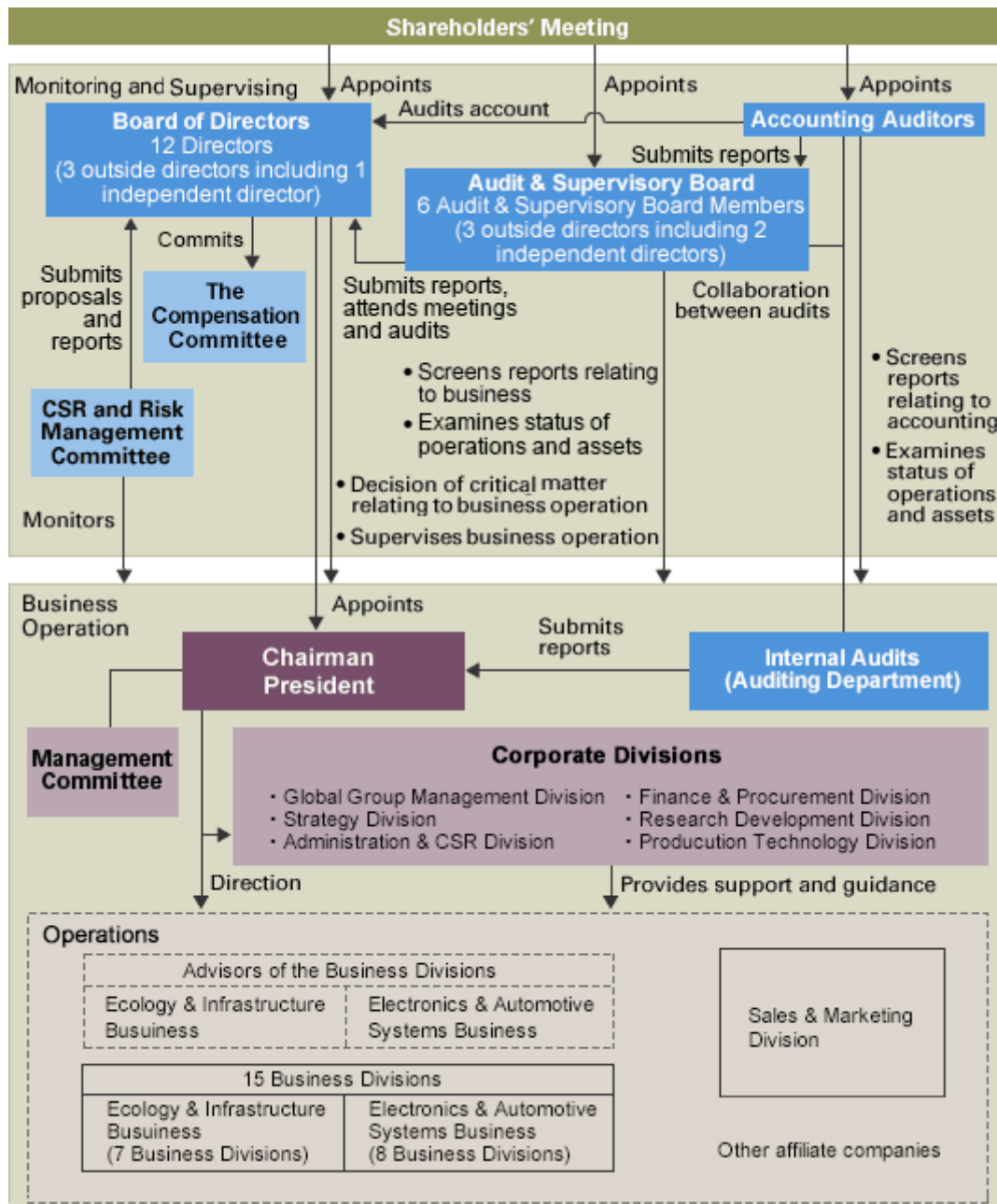
Corporate Governance

Basic Philosophy

Based on the Furukawa Electric Group Corporate Philosophy, 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.

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 exercises on preparing initial action manuals, stockpiling necessary supplies, and setting up communication structures and systems to confirm people's safety.

Business Continuity Management (BCM)

Execution of BCM exercise and its results

In fiscal 2014, we conducted a BCM exercise at our headquarters and business units in Chiba and Hiratsuka Works. At the headquarters, we extended the scope of the exercise participants, offered a tour that includes a confirmation of stockpile places and an explanation on various tools in addition to the regular exercise menu, and had a discussion on the exercise topics prepared by the administrative office. After the exercise, we revised various manuals based on the exercise results and posted “general instructions for foreign visitors at the time of large-scale earthquake” in various different languages at the reception and meeting rooms of the headquarters.





Poster on general instructions at the time of large-scale earthquake (in Japanese, English and Chinese)

Topics

Recovery and Lessons Learned from the Nikko Snow Damage

Nikko Works suffered serious damage as a result of record snowfall in the Kanto Region in February this year (2014), including the collapse of roofing on some factory buildings such as wrought copper products buildings, and we were forced to suspend operations. We have since made good progress with restoration work and are gradually recovering normal operations. However, major works are scheduled to continue until the end of the year, including the reconstruction of buildings, as we work towards a full recovery. ^(note 1)

Our conventional BCP (business continuity plan) was drafted on the assumption of a major earthquake or similar disaster, and it was not sufficient for handling the recent snow damage. We are extremely regretful about the disruption we have caused in the supply chain, both to our direct customers and to the customers of our customers. In future, we will improve our awareness of the supply chain and make full use of our recent experiences in order to promote activities that allow us to minimize any impact on our customers. This experience has reconfirmed for us the importance of Furukawa Electric products for our customers. We will take the positives from our experiences by gaining an understanding of specific areas where we can improve and using this as an opportunity to build an enhanced business continuity management. Moreover, we plan to combine this new knowledge with the knowledge we have accumulated in our optical semiconductor devices business, for which we gained ISO22301 certification in February last year, and to promote business continuity management in other business fields.



Collapsed roofing immediately after the snow damage



Work continues at the factory with the aim of achieving a full recovery

(note 1) The description of recovery status is based on information as of the end of July 2014.

Information Security

Information security is considered one of the highest-priority risks the Group has to handle. Therefore we promote various countermeasures through intergroup collaboration by exchanging information among the related divisions, from the perspectives of protecting information systems and intellectual property as well as information management. We continue our efforts to prevent information leaks by focusing on the management of hardware (mainly mobile devices) taken outside the office and to manage IT assets through such measures as software license management. We provide Furukawa Electric Group with educational materials and information on the revisions of information security-related laws such as the Act on the Prohibition of Unauthorized Computer Access, the Unfair Competition Prevention Act (namely 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.

Protection of Intellectual Property

Furukawa Electric Company undertakes strategic and efficient intellectual property activities by connecting its business and development strategy.

1. We generate intellectual property rights strategically based on a patent portfolio management that takes into account other companies' moves.
2. We promote risk hedging initiatives by such means as preventing the leakage of technology and securing prior use rights.
3. We promote the diffusion of knowledge on intellectual property and develop group-wide intellectual property initiatives on a global scale. For example, we offer education related to the creation of intellectual property and information related to the risks of intellectual property at overseas.

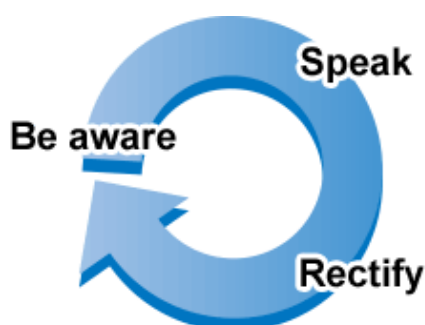
Challenges and Future Policy

Following our international business development, risks that Furukawa Electric Group faces are becoming more diversified and complicated each year. We particularly recognize that risks inherent in overseas operations mainly in emerging countries and risks from the supply chain standpoint are our top priority issues, and we will be strengthening our countermeasures against them. As a part of the said efforts, the “Group Global Management Division” established in October 2013 will be assisting group companies and offering information to contribute to the improvement of the Group’s global risk management.

Compliance

Basic Approach

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 promote compliance activities such as internal training based on the Group's CSR Code of Conduct and monitoring of legal violations. Moreover, each and every employee is encouraged to perform day-to-day compliance activities in line with our three musts for compliance activities: 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.

Thorough Implementation of Compliance

In December 2013 and January 2014, the Company received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission in connection with cartel behavior on overhead power transmission line construction. Accordingly, in April and May 2014 the Company was subject to dispositions under the Construction Business Act by the Ministry of Land, Infrastructure, Transport and Tourism with respect to certain electric business operations. Furthermore, as a result of an investigation into power cable producers in Japan

and other countries launched by the European Commission in January 2009, the European Commission decided to impose fines on the Company and its equity method affiliated VISCAS Corporation in April 2014. Additionally, after undergoing an investigation by overseas authorities into its previous involvement in an auto parts cartel, in August 2014 the Company was fined by the Chinese authorities for violating China's Anti-Monopoly Law.

The Company would like to express its sincere apologies for the huge concern and inconvenience caused to all affected parties over several years as a result of its past involvement in cartels.

In the wake of events such as the onsite inspections by the Japan Fair Trade Commission in 2008, Furukawa Electric Group has sought to eradicate violations of antitrust laws and competition laws, with input from outside experts. In the future, we will continue to pursue activities to prevent any recurrence, including the enforcement of internal rules on contact with other companies in the same industry and pricing. We will also continue conducting group-wide activities to improve training for officers and employees at Group companies in Japan and overseas and to strengthen monitoring by the Internal Auditing Division in response to the recent tightening of laws and regulations worldwide, not only in respect to compliance with antitrust and competition law but also in other areas of law. Through such initiatives, we will work to foster and maintain compliance and restore trust.

Training and Raising Awareness among Employees

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. We conduct 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 and e-learning courses, and conduct groupwide compliance education.

Education Results (fiscal 2014)

	Course Name	Target	Participants
Hierarchy-based education ^(note 1)	Training for executives	Newly appointed executives	32
	Training for managers	Newly appointed managers	75
	Training for managers and assistant managers	Newly appointed managers and assistant managers	62
	Training for new employees	New employees	32 ^(note 2)
Theme-specific education	Competition laws and anti-bribery regulations		About 440
	Subcontractor Law		About 510
	Security trade control		About 1000

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

(note 2) Figures apply to Furukawa Electric only.

Initiatives in Compliance Months

Furukawa Electric Group has designated October and November as Compliance Months, during which we implement measures aimed at tackling the variety of compliance issues faced by companies across our Group.

Principal Initiatives during Fiscal 2014 Compliance Months

Main Initiatives at Furukawa Electric

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 anti-bribery regulations
4. Submission of Compliance Pledge (for assistant managers, managers and above)

Employee Compliance Awareness Surveys

We have continued to implement compliance awareness surveys at Furukawa Electric and affiliates in Japan. Designed to gauge employee awareness and understanding of compliance, these surveys aim to encourage recognition of compliance. Feedback is given on the results of the survey to our Group companies and Furukawa Electric divisions, and the results are used to make proposals for compliance measures at each organization.

Internal Reporting System

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 Group considers security trade control to be one of its most important responsibilities as a company with global business operations. In accordance with the laws and regulations that make up the international framework on security trade control (the export control regime), we have improved and strengthened our management systems for cargoes and technologies that can be converted to weapons or military uses.

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

In fiscal 2014, we held joint training sessions for priority groups with the aim of increasing understanding of the relevant laws. Approximately 1,000 employees from across the Group took part.

Anti-Bribery

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. In addition to anti-bribery training carried out at each company, we have made it possible for all companies to utilize e-learning video and texts for employees as a Group-wide training tool. What's more, in fiscal 2014 we carried out monitoring in partnership with the Auditing Department. We will continue to promote anti-bribery measures at Furukawa Electric Group in partnership with the relevant divisions.

Challenges and Future Policy





We believe there is a need for Furukawa Electric Group to expand the level of participation at Group companies in the many initiatives the Company has implemented in relation to legal compliance. What's more, we believe it is necessary for us to put into practice the “three musts” - “be aware”, “speak” and “rectify” - and increase the sensitivity of each and every employee in respect to compliance so that we can flexibly meet the changing expectations and demands of society and law.

In terms of future activities, we plan to focus on developing effective training content with the entire Group in mind, and strengthening the global system for promoting compliance. Furthermore, we intend to raise the awareness of compliance even more by encouraging the autonomous behavior of each and every individual based on the slogan “Thinking about and practicing compliance together”.

Targets and Results

Risk Management / Internal Controls / Compliance

[Achievement]  Achieved  Partially achieved  Not achieved

FY2014		FY2015
Targets	Results / Achievement	Targets
Continue compliance education Continue hierarchy-based and theme-specific group training	We held theme-based joint training sessions at five bases in Japan, covering competition laws and anti-bribery regulations. We held compliance training by job grade, including training for newly-appointed management candidates and manager training.	 Promotion of global compliance Develop training content targeting the whole group, etc.
Strengthen business continuity management (BCM) Strengthen relations with business partners in regard to BCM activities Continue BCM drills, and strengthen review activities	We carried out a reappraisal of important business after switching to the business division system, and strengthened BCM activities with an awareness of the supply chain. We formulated business continuity plans (BCPs) for all business divisions and moved on to BCM activities.	 Strengthen business continuity management (BCM) Based on the lessons learned from the Nikko snow damage, switch from existing BCM activities, which focus on our own company, to activities that focus on the customer's perspective.
Strengthen emerging market risk checks and support for overseas subsidiaries Hold risk management seminars in Southeast Asia and China	We held risk management seminars in the Southeast Asia Region and China Region. We established the Group Global Management Division and strengthened support for subsidiaries.	 Respond to risks in newly-emerging economies and strengthen support for overseas subsidiaries Strengthen training in countries with newly-emerging economies and provide management support tools to affiliated companies.
Enhance global compliance foundations Ensure thorough compliance with competition laws and create anti-bribery systems	We continued training related to competition law, and anti-bribery compliance through e-learning. In partnership with the Auditing Department, we carried out monitoring of efforts to build systems to prevent bribery.	 Give direction to priority fields in CSR activities Hold stakeholder communication

Environment

[Achievement] 😊 Achieved 😐 Partially achieved ☹️ Not achieved

FY2014			FY2015
Targets	Results / Achievement		Targets
Implement initiatives aimed at promoting effective utilization of water (new)	We identified the volume of water usage for each water source and have set reduction targets with the aim of using water effectively.	😊	Take initiatives aimed at reducing the overall volume of waste (new) Expand to overseas group companies, and promote environmental activities (new)
Take part in activities conservation of biodiversity (new)	We took part in local activities in areas around our sites and domestic group companies (river basin cleaning activities, etc.).	😊	Strengthen activities aimed at promoting environmental management (priority) Establish targets under the basic policy on environmental activities and carry out environmental activities continuously: I. Social contributions; II. Pollution prevention; III. Saving energy and resources
Promote development at group companies in Japan (priority) → Expand to domestic group companies, and activate green activities	At domestic group companies, we expanded green procurement activities for general-purpose products and carried out LCA for our main products.	😊	

Quality

[Achievement] 😊 Achieved 😐 Partially achieved ☹️ Not achieved

FY2014			FY2015
Targets	Results / Achievement		Targets
Strengthening fundamental “quality power” Zero complaint from customers of 3H products (note) 3H products: Hajimete (first manufactured products) Henkou (modification of producing method, process or design, etc.) Hisashiburi (products not manufactured for an extended period of time)	We carried out audit of Strategic Business Units and promoted the horizontal penetration of good examples as part of our activities in our first year of aiming to achieve zero complaints from customers of 3H products. Based on the above results, we released guidelines for the management of 3H products.	😊	Strengthening fundamental “quality power” Decreasing 10% “Failure cost” compare with FY2014

Procurement

[Achievement]  Achieved  Partially achieved  Not achieved

FY2014		FY2015
Targets	Results / Achievement	Targets
Strengthen strategic relationships with business partners Continue to conduct partner assessments and feedback consultations Notify business partners of CSR Deployment Guidelines for Business Partners with updated version describing response to conflict minerals	We carried out partner assessments and gave feedback meetings to approximately 300 of our suppliers. We carried out questionnaire surveys of approximately 300 of our largest suppliers in relation to CSR Deployment Guidelines and BCP status.	Strengthen strategic relationships with partners (suppliers) Continue to conduct partner assessments Promote awareness of CSR Deployment Guidelines among suppliers Examine specific measures aimed at strengthening the supply chain based on the results of BCP surveys carried out at suppliers Carry out conflict minerals survey (survey for the purposes of updating data)

Personnel Development and Working Environment


[Achievement]  Achieved  Partially achieved  Not achieved

FY2014		FY2015
Targets	Results / Achievement	Targets
Fostering and strengthening global human resources Implementation of Global Development Program (GDP) Conduct newly designed training	We carried out GDP training and newly designed training programs in accordance with the plan.	Fostering and strengthening global human resources Implementation of GDP Execution of Global Challenge Program (GCP) for dispatching junior employees overseas
Strengthening Monozukuri capabilities Visualization of plans to strengthen Genba-ryoku capabilities Roll out genba-ryoku reinforcement training to manufacturing staff Increase training participation rate at Group companies	CWe completed formulation of a plan to strengthen Genba-ryoku capabilities for all business divisions. The attendance rate for Genbaryoku training at Furukawa Electric Co., Ltd. was 56.5%, which met our target. Staff training was completed as planned for junior and middle-ranking staff. Genba-ryoku training for affiliated companies started at FEIC Kyushu ^(note 2)	Strengthening Monozukuri capabilities Visualization of plans to strengthen Genba-ryoku capabilities Development of training for Monozukuri staff Development of Genba-ryoku training at affiliated companies Supporting diverse ways of working and work-life balance
Supporting diverse ways of working and work-life balance Formally introduce system of flexitime without core hours	We completed introduction of the coreless flexitime system.	Introduction of system to allow nursing leave to be taken in half-day units. Introduction of system to allow accumulated leave to be taken in half-day units for the purposes of nursing children

(note 2) FEIC: Furukawa Electric Industrial Cable Co., Ltd.


Occupational Health and Safety

[Achievement]  Achieved  Partially achieved  Not achieved

FY2014		FY2015
Targets	Results / Achievement	Targets
Reduce number of accidents requiring leave to one or fewer	Three accidents requiring leave	 Reduce accidents requiring leave to one or fewer

Social Contribution

[Achievement]  Achieved  Partially achieved  Not achieved

FY2014		FY2015
Targets	Results / Achievement	Targets
Invigorate social contribution activities Introduce activity case studies and continue to provide information	We introduced case studies and provided information via the intranet and website. We recognized Furukawa Electric group companies' social contribution activities by presenting the CSR Awards.	 Implement new programs that can be utilized on a continuous basis.

Initiatives for the Environment

Environmental Management

Furukawa Electric Group 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

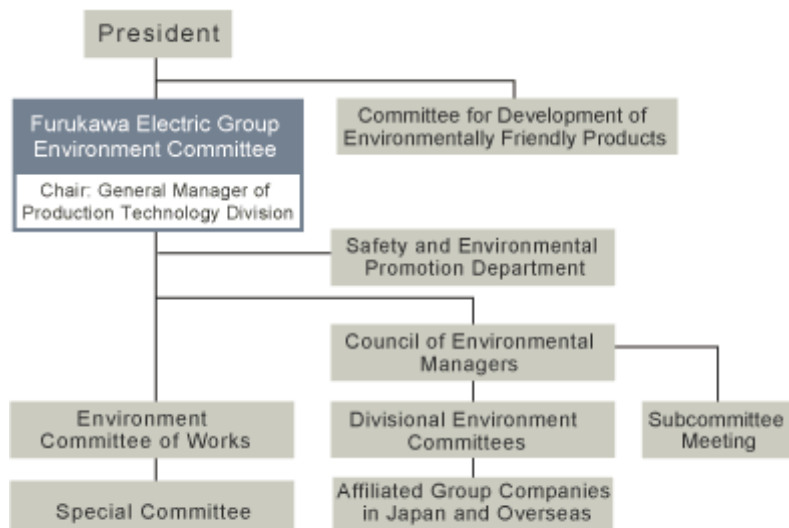
1. We shall comply with environmental laws and regulations as well as the demands of our customers and others, setting ever higher environmental targets as we continuously improve our global environmental conservation efforts.
2. We shall strive to develop products that are friendly to the Earth, and 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



Message from the General Managers

Since FY2014, we have carried out a reconstruction of our management system with a view to environmental conservation activities on a global scale, in response to our Group Management Policy. The basic policy for environmental activities has been set out in a clear order as follows: I. Social contributions; II. Pollution prevention; III. Saving energy and resources. Firstly, as a manufacturer it is our social responsibility to make sure that our customers can use our products and services with safety and peace of mind. We also need to carry out business activities that allow society to use our products and services in way that contributes to the conservation of the global environment (design and development → procurement and production → supply and recovery). Secondly, as we develop products and carry out production activities, we need to manage chemical and other substances in an appropriate way, and work hard to prevent pollution. Thirdly, by manufacturing in a way that makes efficient use of limited resources and energy, we need to leave a beautiful natural environment to future generations and carry out environmental management activities that allow us to contribute to the realization of a rich society.



Hisashi Iwama

General Manager, Safety & Environment Promotion Department, Production Technology Division

Scope of the environmental management

The Group companies' scope of the environmental management includes 33 domestic affiliated companies and 61 overseas affiliated companies. Since the environmental impact of the former Furukawa-Sky Aluminum Corp. used to account for about half of that of the domestic affiliates, and it was excluded from the scope of the environmental management in fiscal 2014, we amended the past figures retroactively.

33 affiliated companies in Japan

- | | |
|---|--|
| 1. Access Cable Company | 18. Furukawa Electric Ecotec Co., Ltd. |
| 2. NTEC Ltd. | 19. Furukawa Electric Industrial Cable Co., Ltd. |
| 3. FCM Co., Ltd. | 20. Furukawa Electric Power Systems Co., Ltd. |
| 4. Okano Electric Wire Co., Ltd. | 21. The Furukawa Battery Co., Ltd. |
| 5. Okumura Metals Co., Ltd. | 22. Furukawa Logistics Corp. |
| 6. KANZACC Corp. | 23. Furukawa Magnet Wire Co., Ltd. |
| 7. Shodensha Co., Ltd. | 24. Furukawa Life Service Inc. |
| 8. Seiwa Giken Inc. | 25. Miharu Communications Inc. |
| 9. TOTOKU Electric Co, Ltd. | 26. Riken Electric Wire Co., Ltd. |
| 10. FITEC Corporation | 27. Furukawa Network Solution Corp. |
| 11. Furukawa Automotive Systems Inc. | 28. The Furukawa Finance and Business |
| 12. Furukawa Sangyo Kaisha, Ltd. | Support Co., Ltd. |
| 13. Furukawa C&B Co., Ltd. | 29. Furukawa New Leaf Co., Ltd. |
| 14. Furukawa Industrial Plastics Co., Ltd. | 30. The Foam Kasei Co., Ltd. |
| 15. Furukawa Precision Engineering Co., Ltd. | 31. Furukawa Nikko Power Generation Inc. |
| 16. Furukawa Techno Material Co., Ltd. | 32. Furukawa Elecom Co., Ltd. |
| 17. Furukawa Electric Advanced Engineering Co.,
Ltd. | 33. Myojodenki Co., Ltd. |

61 Overseas affiliated companies

1. SHENYANG FURUKAWA CABLE CO., LTD
2. Suzhou Furukawa Power Optic Cable Co., Ltd.
3. P.T.Tembaga Mulia Semanan
4. Trocellen GmbH
5. POLIFOAM MUANYAGFELDOLGOZO KFT
6. Trocellen Italia Holding S.r.l.
7. Trocellen Italy S.p.A.
8. Trocellen S.E.A. Sdn Bhd
9. Furukawa Industrial S.A. Produtos Eletricos
10. Furukawa Industrial S.A. Sucursal Argentina
11. Furukawa Cabos e Acessorios Ltda.
12. OFS FITEL, LLC
13. OFS Fitel Denmark Aps
14. OFS Fitel Deutschland GmbH
15. Thai Fiber Optics Co., Ltd.
16. Bangkok Telecom Co., Ltd.
17. P.T. Furukawa Optical Solutions Indonesia
18. Furukawa FITEL (Thailand) Co., Ltd.
19. Furukawa Fitel Optical Products (Shanghai) Co., LTD.
20. DONGGUAN FURUKAWA TOTOKU OPT ELECTRONICS CO., LTD.
21. FURUKAWA TOTOKU (HONG KONG) LIMITED
22. Thai Furukawa Unicomm Engineering Co., Ltd.
23. FE Magnet Wire (Malaysia) Sdn. Bhd.
24. Taiwan Furukawa Electric Co., Ltd.
25. FURUKAWA AVC ELECTRONICS (SUZHOU) CO., LTD.
26. Furukawa Automotive Systems (Thailand) Co., Ltd
27. Furukawa Wiring Systems Mexico S.A. De C.V.
28. Minda Furukawa Electric Private Ltd.
29. P.T. Furukawa Permintex Autoparts Indonesia
30. Furukawa Electric (Shenzhen) Co., Ltd.
31. Changchun Furukawa Automobil Harness Co., Ltd.
32. FURUKAWA AUTOMOTIVE SYSTEMS VIETNAM INC.
33. Furukawa Electric Autoparts (Philippines) Inc.
34. Permintex Furukawa Autoparts Malaysia Sdn. Bhd.
35. Furukawa Electric Autoparts Central Europe, s.r.o
36. Furukawa Automotive Parts (Vietnam) Inc.
37. FURUKAWA AUTOMOTIVE PARTS (DONG GUAN) LTD.
38. Furukawa Auto Parts (Huizhou) Ltd.
39. Furukawa Mexico S.A. De C.V.
40. TIANJIN JIN HE ELECTRIC ENGINEERING CO., LTD
41. Furukawa Automotive Systems Kabinburi (Thailand) Co., Ltd.
42. Furukawa Automotive Systems Lima Philippines, Inc.
43. Furukawa Precision (Thailand) Co., Ltd.
44. Xin Furukawa Metal (Wuxi) Co., Ltd.
45. Furukawa Metal (Thailand) Public Co., Ltd.
46. Shanghai Sunshine Copper Products Co., Ltd.
47. SHANGHAI KORYU METALS CO., LTD.
48. Okumura Metals Malaysia Sdn. Bhd.
49. GUANGZHOU AUTOM AIRCONDITIONER PARTS CO., LTD.
50. OKUMURA METALS THAILAND CO., LTD.
51. Furukawa Electric Copper Foil Taiwan Co., Ltd.
52. Furukawa Circuit Foil Taiwan Corporation
53. Furukawa Management Shanghai, Ltd.
54. Furukawa Thai Holdings Co., Ltd.
55. Furukawa Electric Institute of Technology Ltd.
56. SuperPower Inc.
57. Furukawa Electric Europe Limited
58. Furukawa Electric Singapore Pte. Ltd.
59. FURUKAWA SHIANHAI, LTD.
60. Furukawa (Thailand) Co., Ltd.
61. Furukawa Electric Hong Kong Limited

Furukawa Electric and the Group's domestic affiliated companies engaged in the production activities acquired ISO14001 certification pertaining to environmental management. We are also working to establish an environmental management structure that meets the requirement of ISO 14001, etc., at overseas, and about 70% of overseas affiliated companies acquired the said certification.

Topics

Acquired the highest rating “A” in the Environmental Responsibility Rating of the Development Bank of Japan.

Furukawa Electric acquired the highest rating of “A” in the Environmental Responsibility Rating operated by the Development Bank of Japan. The Company was highly evaluated particularly for its establishment of a global system and development of environmentally friendly products. The Company had also acquired the same rating in 2006, and it was the first company in the electric wire and cable industry to be assigned the highest rating.



Environmental Education

Environmental Education System and Environmental Education Programs

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 2014, 52 employees attended our ISO 14001 Internal Environmental Auditor Course, 12 attended our FGMS^(note 1) Auditor Course.

(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 awareness of environmental issues and our environmental activities, in fiscal 2011 we introduced an environmental awards system. We established three award categories for Furukawa Electric (parent company), which are namely, “Expanding Sales of Environmentally Friendly Products,” “Global Warming Prevention Activities,” and “Group Activities.” Concerning the Group’s affiliated companies, we grant an award to those which demonstrated an excellent performance based on a comprehensive evaluation of their environmental activities.

Environmental Accounting

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 2014 came to ¥3.7 billion in expenses, and investment amounted to ¥0.6 billion. Compared with the preceding fiscal year, Furukawa Electric reduced its expenses ¥2.8 billion and reduced investment by ¥0.3 billion.

Owing in part to an increase in electricity rates, energy expenses for the entire Group increased approximately ¥1.0 billion.

The Group companies' scope of the environmental accounting

- | | |
|-------------------------------------|--|
| 1. Furukawa Electric Co., Ltd. | 11. Furukawa Industrial Plastics Co., Ltd. |
| 2. Access Cable Company | 12. Furukawa Techno Material Co., Ltd. |
| 3. NTEC Ltd. | 13. Furukawa Electric Ecotec Co., Ltd. |
| 4. Okano Electric Wire Co., Ltd. | 14. Furukawa Electric Industrial Cable Co., Ltd. |
| 5. Okumura Metals Co., Ltd. | 15. Furukawa Electric Power Systems Co., Ltd. |
| 6. Shodensha Co., Ltd. | 16. The Furukawa Battery Co., Ltd. |
| 7. TOTOKU Electric Co, Ltd. | 17. Furukawa Magnet Wire Co., Ltd. |
| 8. Furukawa Automotive Systems Inc. | 18. Miharuru Communications Inc. |
| 9. Furukawa Sangyo Kaisha, Ltd. | 19. Riken Electric Wire Co., Ltd. |
| 10. Furukawa C&B Co., Ltd. | |

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.	1,180	-83	404
(2)Upstream/downstream costs	Recovery of packaging, drums, etc.	346	-107	234
(3)Administration costs	Environmental management system auditing, environmental impact monitoring, etc.	359	15	86
(4)Research and development costs	Development of environmentally friendly products, research into alternatives for harmful substances	1,027	55	60
(5)Social activity cost	Tree planting, local community cleaning activities, donations, etc.	2	-0	5
(6)Environmental remediation costs	Environmental impact assessments, cleanup of polluted soil, etc.	1	0	0
Total		2,916	-120	789

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

Details of benefits	Total benefit	
	Furukawa Electric	Affiliated companies
Revenue from recycling	303	356
Reduction in waste disposal costs	5	-8
Reduction in energy costs	-345	-648
Reduction in water purchase costs	-5	-1
Total	-41	-301

(note) Minus figures indicate an increase.

Environmental conservation benefits

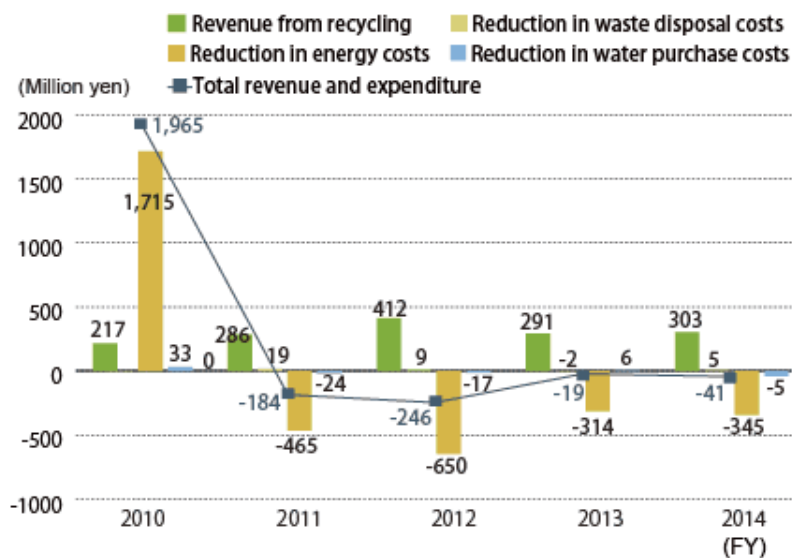
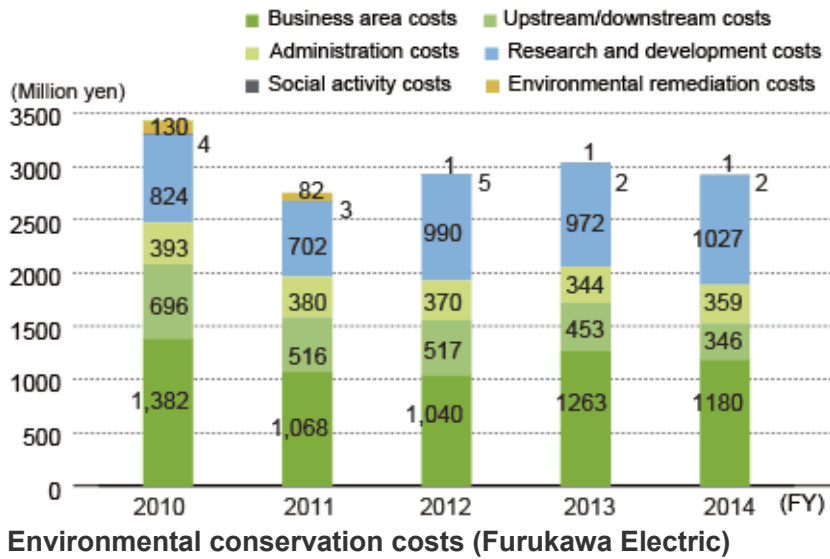
Emissions causing environmental impact	Unit	Reduction	
		Furukawa Electric	Affiliated companies
Volume of industrial waste disposal processed ^(note 2)	tons	102	-5
Energy consumption (crude oil equivalent)	1,000 kl	12	1
Water consumption	1,000 tons	-1,260	-345
Emissions of volatile organic chemical compounds	tons	4	-2
CO ₂ emissions	1,000 tons-CO ₂	1	-10
SOx emissions	tons	15	-0
NOx emissions	tons	-24	117
Soot emissions	tons	-1	24

(note 2) Excluding recycled wastet

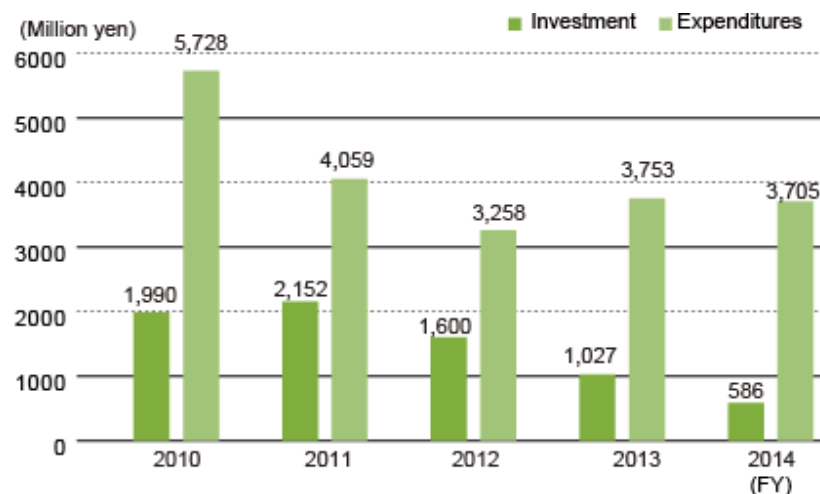
(note) Minus figures indicate an increase.

Investment and research costs (Unit: million yen)

Investment and research costs	Total costs	
	Furukawa Electric	Affiliated companies
Environment-related investment	259	327
Total investment	4,977	7,250
Total research costs	7,747	2,188



Environment-Related Investment and Expenditures (Furukawa Electric and Affiliated Companies)



Material Flow

Environmental Impact of the Furukawa Electric Group in Fiscal 2014

INPUT					OUTPUT			
Category	Domestic	Overseas	Unit		Category	Domestic	Overseas	Unit
Raw materials				Furukawa Electric 7 works, 33 domestic affiliated companies and 61 overseas affiliates	Waste			
Copper	183,508	178,954	tons		Total waste generated	32,943	38,194	tons
Aluminum	1,312	35,892	tons		Final waste disposal	443	8,557	tons
Iron	3,001	7,533	tons		Recycling amount	30,757	28,331	tons
Nickel	511	—	tons		Atmospheric emissions			
Chromium	29	—	tons		CO ₂	412,804	385,400	tons-CO ₂
Manganese	1	—	tons		SO _x	48	—	tons
Magnesium	0	—	tons		NO _x	102	—	tons
Other metals	3,176	—	tons		Soot	5	—	tons
Rubber	41	—	tons		Chemical substances			
Glass	34	2,846	tons		Volume emitted	204	—	tons
Plastic	37,607	29,088	tons		Volume transferred	189	—	tons
Energy					Wastewater	17,941	1,499	1,000m ³
Electricity (purchased electricity)	592,671	584,787	MWh		Public waterways	17,371	519	1,000m ³
Electricity (hydroelectric power)	92,205	26,602	MWh		Rivers	15,975	292	1,000m ³
Electricity (solar power)	10	—	MWh		Sea	1,393	0	1,000m ³
City gas	6,424	8,149	1,000m ³		Other	3	221	1,000m ³
LPG	16,647	2,188	tons		Sewer	570	987	1,000m ³
Heavy fuel oil A	7,895	1,103	kl		BOD	50	—	tons
Kerosene	2,505	12	kl		COD	31	—	tons
Light oil	264	101	kl		SS	39	—	tons
Water					Product shipping volume	335,889	—	tons
Industrial water	16,482	46	1,000m ³		Product collection volume	10,865	—	tons
Groundwater	2,859	326	1,000m ³		Type of cable	8,917	—	tons
Tap water	797	2,317	1,000m ³		Plastics	636	—	tons
Chemical substances					Metals	499	—	tons
Volume handled (note 1)	52,431	—	tons		Other	812	—	tons
Packaging (note 2)					Volume of water recycled and reused	1,128	10,357	1,000m ³
Cardboard	816	—	tons					
Wood	1,693	898	tons					
Plastic	115	234	tons					
Paper	72	1,189	tons					
Paper (note 3)								
	65	—	tons					












(note 1) PRTR-listed substances

(note 2) Cardboard, wood, plastic, and paper used in product shipping

(note 3) OA paper, copy paper, etc. used at plants and offices

Targets and Performance of Environmental Conservation Activities

[Achievement]  Achieved  Partially achieved  Not achieved

Activities		Furukawa Electric Group (Japan)			
		Targets for fiscal 2014	Performance in fiscal 2014	Achievement	Targets for fiscal 2015
Activities to prevent global warming	Greenhouse gas emissions	Reduce by 1% compared to the previous fiscal year	2.1% increase		Reduce by 2% compared to fiscal 2013
	Energy consumption	Reduce by 6% compared to fiscal 2008	23.4% reduction		Reduce by 2% compared to fiscal 2013
	Specific energy consumption for production	Reduce by 1% compared to the previous fiscal year	Achieved at 12/18 Divisions (Furukawa Electric only)		Reduce by 4% compared to fiscal 2013
	Specific energy consumption for transportation	Reduce by 7% compared to fiscal 2007	13.6% reduction (Furukawa Electric only)		Reduce by 2% compared to fiscal 2013
Waste reduction activities	Recycling rate	94% or more	95.0%		-
	Ratio of achieving zero emissions	Ratio of sites achieving zero emissions: 90% or more	88.5		Absolute volume of waste disposal reduced by 2% from fiscal 2013
Effective use of water		Consider reducing volume of water withdrawn	-	-	Consumption rate reduced by 1% from the previous fiscal year
Chemical substance management activities	VOC emissions volume	Reduce by 1% compared to the previous fiscal year	0.4% reduction		Reduce by 2% compared to fiscal 2013
Green activities		Expand to Group companies	18 companies		-
Eco-design activities	Sales ratio for environmentally friendly products: 30% or greater		24.3%		35% or more
	Roll out to Group companies (conduct of LCA)		12 companies		-
Biodiversity conservation	Formulation of biodiversity guidelines and creation of structures		Concrete guideline under deliberation		-
	Participation in regional biodiversity conservation activities		-		Participation in regional biodiversity conservation activities

We have established common goals of the environmental conservation activities for our overseas affiliates in fiscal 2015. They comprise the five items of waste reduction, lower water consumption, abatement of greenhouse gas emissions, reduction of energy consumption rate and management of harmful substances.

Activities Targets and Performance in Fiscal 2014

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.

With regards to the greenhouse gas emissions in activities to prevent global warming, the Group could not achieve the goal as a whole due to a worsened emission factor caused by the accident at the nuclear power generation plant after the Great East Japan Earthquake. However, Furukawa Electric on a non-consolidated basis met its energy consumption targets, as did affiliated companies.

Activity Targets in Fiscal 2015

For fiscal 2015, we added two new goals of absolute waste volume reduction and lowering water consumption unit. In addition, we reset the standard year to fiscal 2013 which is closer to the present, and the entire Group will strive to carry out the action plans thoroughly to achieve the goals.

Environmentally Friendly Products

Environmentally Friendly Products and the e-Friendly Accreditation System

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.



The e-Friendly mark

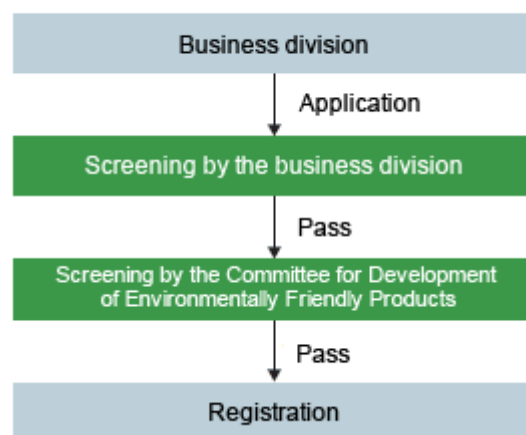
We have created the “e-Friendly” environmental mark to identify such environmentally friendly products. This mark is placed on those products,

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.

Registration process for environmentally friendly products



Categories of Environmentally Friendly Products

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

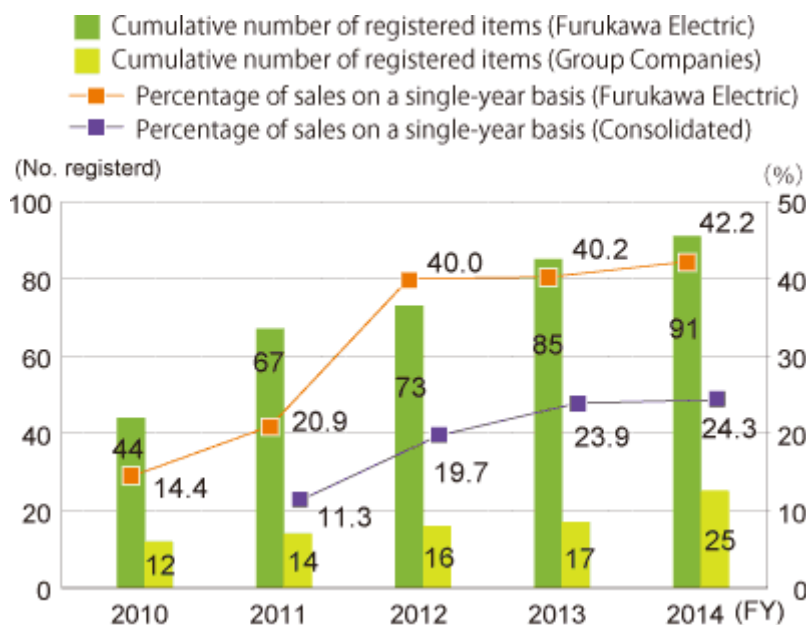
Environmentally friendly product categories

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 a part of initiatives to visualize environmental performance indices, the Group promotes the visualization of CO₂ emissions using life cycle assessment (LCA).

Based on the consumption unit of CO₂ emissions established for each product by fiscal 2013, we have set a target to spread the initiative to the affiliated companies in fiscal 2014 and conducted an LCA calculation of major products at 12 of the 21 subject companies. We also deploy the results of these calculations toward the development of the Greenhouse Gas (GHG) Protocol ^(note 1), as well as technical materials and sales promotion pamphlets, aiming to make use of this information for R&D on future environmentally friendly products.

(note 1) GHG Protocol: An international guidelines for the method of calculating corporate greenhouse gas emissions

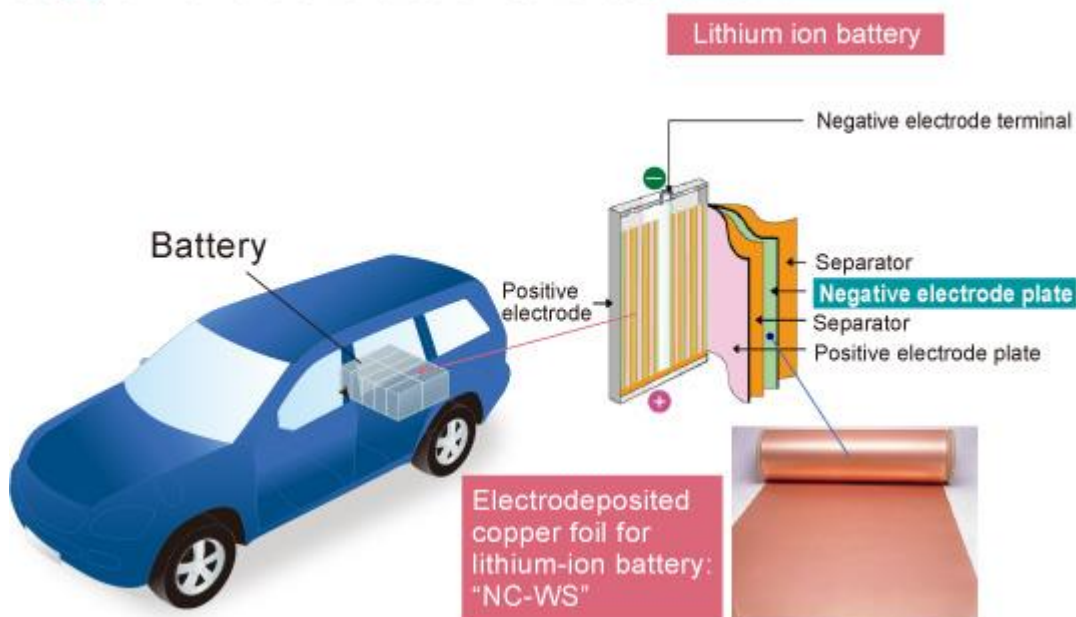
Initiatives to Reduce CO₂ Emissions from Products during Use

Based on its track record in environmental performance indexing, we are working to visualize the reduction of CO₂ which is emitted when our products are at the stage of being used. According to the estimate for fiscal 2014, total emission volume in the domestic market of our mainstay products, copper foil, rectangular magnet wire and semiconductor laser, amounted to 40,000 tons - CO₂/year. Going forward, we will try to expand sales of each product category and increase the number of contributing products, so that we can develop our activities to tackle environmental issues through our products.

Reduction of CO₂ emissions through copper foil for electric car batteries

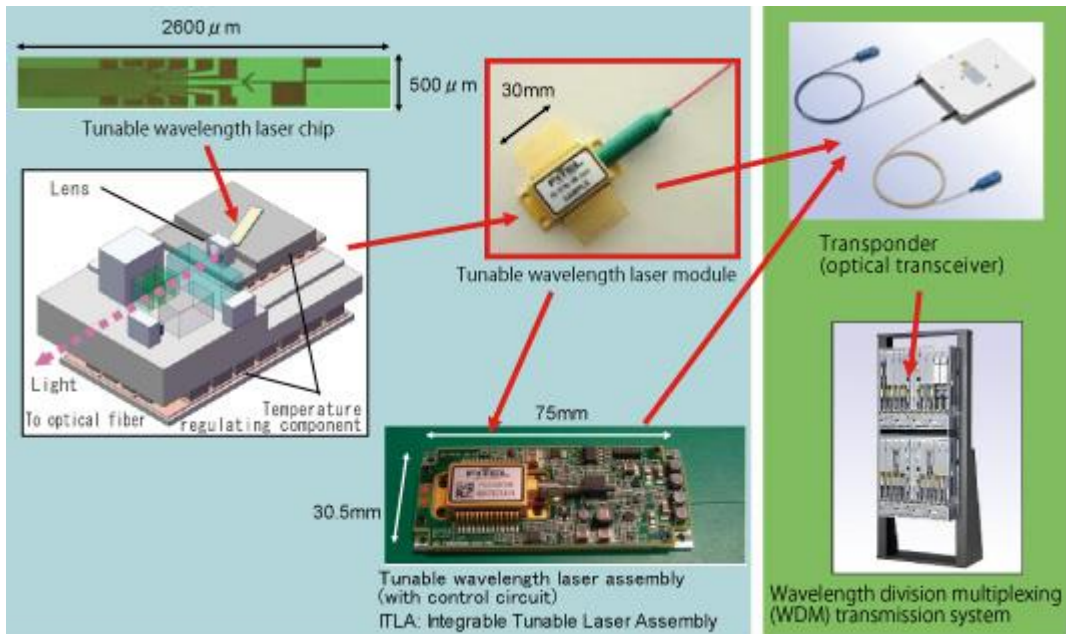
Copper foil for electrode material of lithium-ion batteries

Copper foil's contribution to electric cars



CO₂ reduction of semiconductor lasers

Narrow-bandwidth-FBT (tunable wavelength laser)



CO₂ reduction of enameled extruded rectangular wire

Rectangular wire for HV motors



Preventing Global Warming

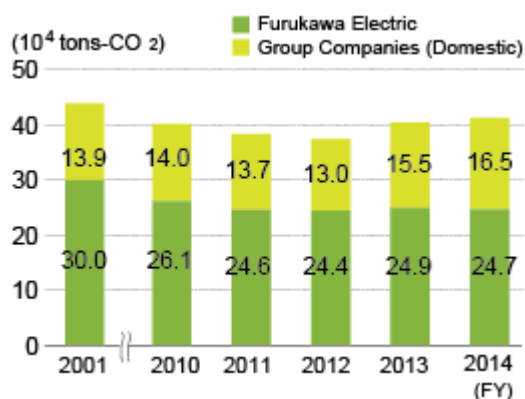
Reducing CO₂ Emissions

Initiatives at Works

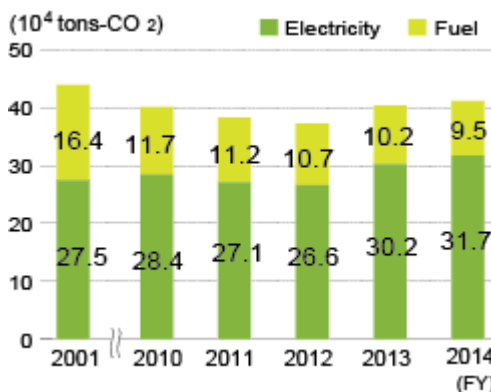
The majority of the Group's greenhouse gas emissions consist of CO₂ generated from electricity, fuel and other energy sources. As emissions from manufacturing processes account for a large proportion, we work on reducing emissions by increasing the efficiency of production processes, switching fuels, replacing equipment with more efficient alternatives, insulating hot areas and other measures.

Total CO₂ emissions of the Group companies in Japan for fiscal 2014 came to 413,000 tons - CO₂/year, down only by 6% compared to fiscal 2001. We will continue with our efforts to reduce CO₂ emissions in the future.

CO₂ emissions



CO₂ emissions (fuel/electricity)

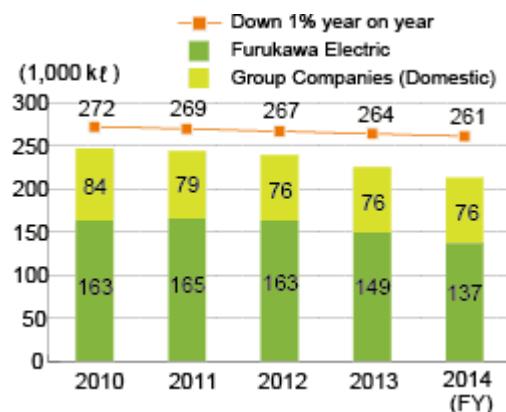


(note) The amount of power consumed is calculated using the emission factor of each power company.

(note) Assuming that hydroelectric power produces zero CO₂ emissions.

(note) UACJ Corporation was transferred to other related companies in fiscal 2014 and so the figures for past fiscal years have been retroactively adjusted.

Energy consumption

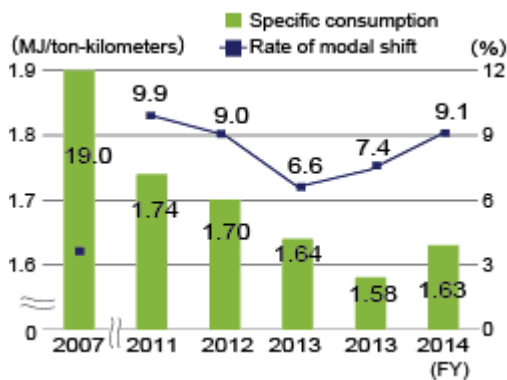


(note) UACJ Corporation was transferred to other related companies in fiscal 2014 and so the figures for past fiscal years have been retroactively adjusted.

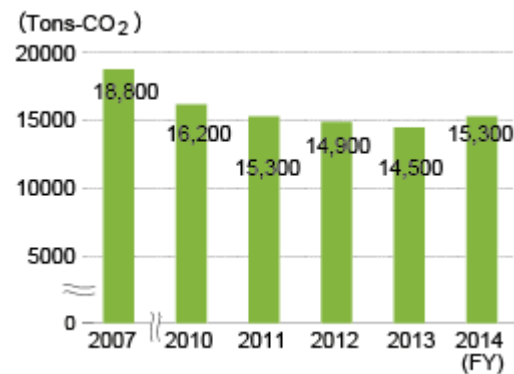
Initiatives in Logistics

In fiscal 2014, total transportation volume for Furukawa Electric Group amounted to 237 million ton-kilometers, up 5.6% from the figure in fiscal 2013. Of this total, Furukawa Electric alone accounted for 137 million ton-kilometers, up 1.9% from fiscal 2013. As a result, CO₂ emissions increased 5.5% to 15,300 tons - CO₂ compared to fiscal 2013. The consumption unit was reduced by 13.6% from fiscal 2007, but it grew 3.7% compared to the most recent fiscal year, fiscal 2013. We will continue with initiatives to promote modal shift, increase loading rates and encourage joint shipping.

Modal shift^(note 1) and specific consumption (Furukawa Electric)



CO₂ emissions related to transportation (Furukawa Electric)



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

Reducing Waste

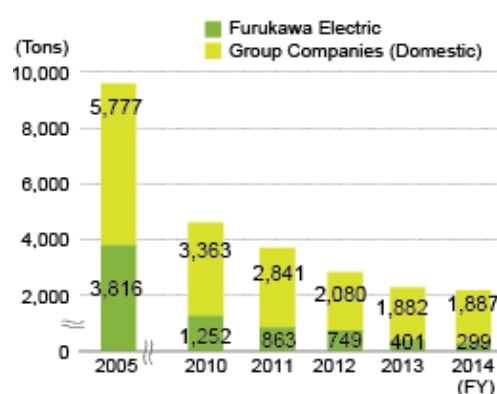
Waste Reduction Initiatives

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.

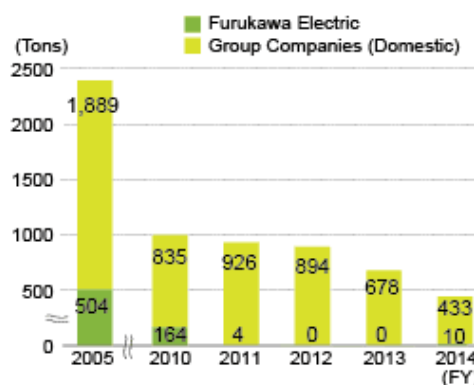
As a result of our efforts to meticulously sort and recycle waste into useful resources, the total amount of non-recyclable waste for the Group in Japan amounted to 2,186 tons in fiscal 2014, down 77% compared with fiscal 2005. In addition, the volume of direct landfill disposal of the Group companies in Japan amounted to 442 tons, down 82% from fiscal 2005.

Also, the recycling ratio (ratio of recycled volume to total waste volume) reached 95% (98.5% at affiliated companies and 98.4% at parent company) and exceeded the target of 94% in fiscal 2014.

Processing volume of non-recyclable waste



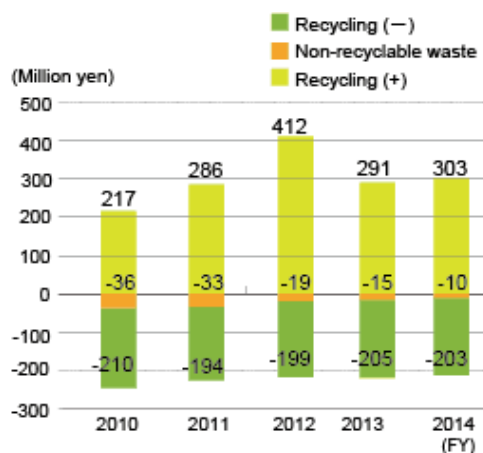
Direct landfill disposal



(note) UACJ Corporation was transferred to other related companies in fiscal 2014 and so the figures for past fiscal years have been retroactively adjusted.

(note) Beginning from fiscal 2014, Foam Kasei Co., Ltd., Furukawa Nikko Power Generation Inc. and Furukawa Life Service Inc. have been added.

Waste disposal costs (Furukawa Electric)

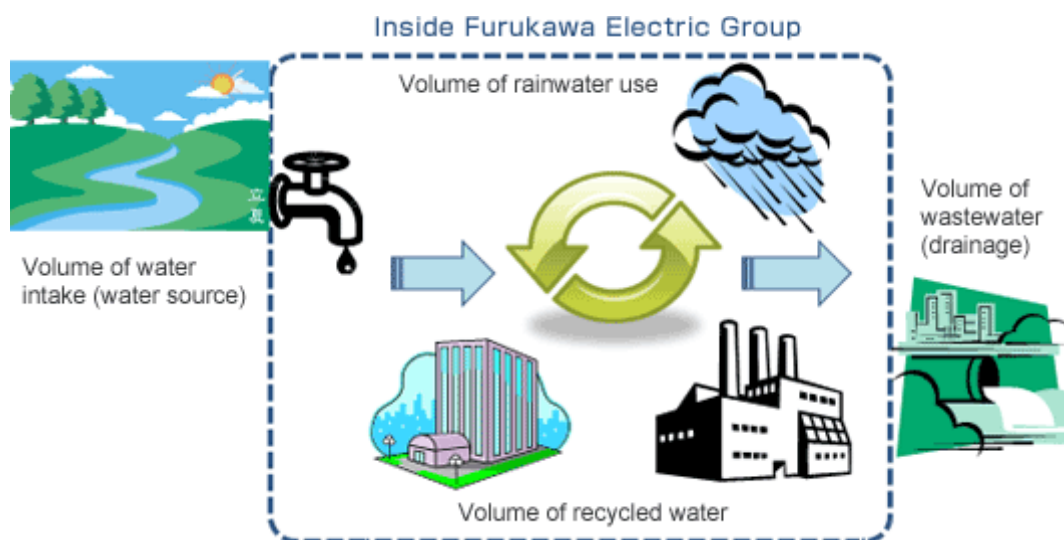


Water Resources

Effective utilization of water

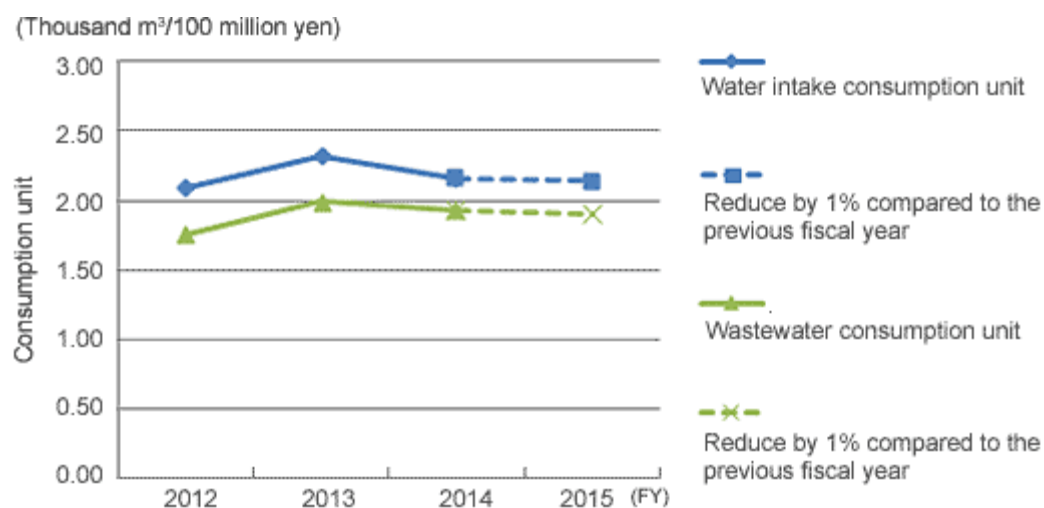
Furukawa Electric Group has been making efforts to utilize water effectively since fiscal 2014 by grasping the amount of water intake and wastewater and setting a consumption unit reduction target for fiscal 2015. Furthermore, we endeavor to save and recycle water while managing the water quality and volume of wastewater.

Toward the goal of effective use of water, we will be considering initiatives to slash the water consumption in every manufacturing process.



In fiscal 2014, we grasped the consumption unit of water intake and wastewater at each operating unit over the past three years.

Consumption unit of water intake and wastewater



Chemical Substance Management

Green Activities

Response to Customer Requests

When Furukawa Electric 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 and management of chemical substances contained in products

Furukawa Electric Group establishes a management system for chemical substances contained in products for major operational bases and affiliated companies, strengthens the environmental product regulations and grasps the environmental risk that should be lowered, and implements measures depending on their importance. Each time a new SVHC (Substance of Very High Concern)^(note 1) is added to the candidate list of an environmental product regulation named the EU REACH regulation, we investigate the status of its usage. In fiscal 2014, we conducted an investigation covering up to 144 substances included in the 10th SVHC in the REACH regulation.

(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.

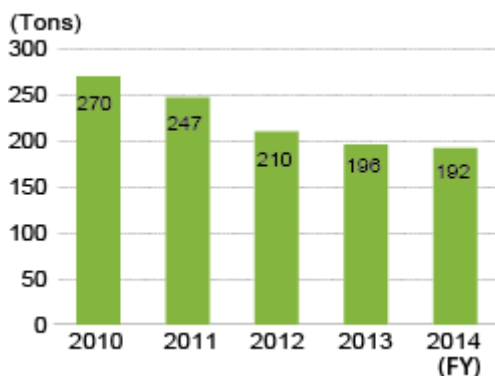
Expansion of Green Procurement (General-Purpose Products) to Group Companies

Furukawa Electric encourage the purchasing of OA equipment, office supplies and other items that conform to the Green Purchasing Law. In an effort to spread these activities within the Group, 18 affiliated companies designated conforming items in fiscal 2014 and purchased them. Also, items that will be used in our products are purchased adequately based on the Green Procurement Guidelines of our operational division, by evaluating the suppliers' system on the management of chemical substances contained in products and its management status as well as by confirming the data of chemical substances contained in products.

Chemical Substance Management Activities

Furukawa Electric 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 (VOC), one cause of photochemical smog. In fiscal 2014, we managed to reduce emissions of VOC compared to the previous fiscal year, although the reduction rate of 0.4% came below our year-on-year reduction target of 1%.

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).

Appropriate Management of Chemical Substances

At 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^(note 2).

(note 2) Law Concerning Reporting, Etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

Furukawa Electric Group (Japan)

(Unit: Tons)

Substance No.	Substance	Volume handled	Volume released	Volume transferred	Volume contained in products/ disappeared by combustion
1	Zinc and its compounds	6.6	0.1	0.7	5.8
31	Antimony and its compounds	381.0	0.0	7.9	373.1
53	Ethylbenzene	6.9	0.3	0.3	6.3
71	Ferric chlorides	42.5	3.7	17.7	21.1
75	Cadmium and its compounds	91.5	0.0	0.0	91.5
80	Xylene	23.9	3.4	3.7	16.8
82	Silver and its water-soluble compounds	21.4	0.0	0.0	21.4
86	Cresol	173.4	0.2	8.4	164.8
87	Chromium and trivalent chromium compounds	12.1	0.0	0.1	12.0
88	Hexavalent chromium compounds	5.1	0.0	4.0	1.1
132	Cobalt and its compounds	3.3	0.0	0.1	3.2
144	Inorganic cyanide compounds (Excluding complex salt and cyanate)	14.9	0.0	1.8	13.1
213	N,N-dimethylacetamide	231.8	0.1	11.6	220.0
232	N,N-dimethylformamide	25.2	0.1	1.3	23.8
239	Organotin compound	1.0	0.0	0.0	1.0
255	Decabromodiphenyl ether	333.2	0.0	15.4	317.7
272	Copper salts (water-soluble)	14,304.20	0.3	46.4	14,257.50
296	1,2,4-trimethylbenzene	24.0	0.1	0.5	23.4
297	1,3,5-trimethylbenzene	1.6	0.2	0.1	1.3
300	Toluene	303.9	190.4	44.3	69.3
304	Lead	8,617.4	0.1	0.3	8,617.0
305	Lead compounds	26,564.2	0.1	2.0	26,562.2
308	Nickel	571.0	0.0	0.5	570.5
309	Nickel compounds	81.7	0.0	11.0	70.6
332	Arsenic and its inorganic compounds	14.0	0.0	0.0	13.9
333	Hydrazine	8.1	0.0	0.0	8.1
349	Phenol	127.6	0.1	6.2	121.3
355	Bis (2-ethylhexyl) phthalate	343.6	0.0	0.2	343.5
374	Hydrogen fluoride and its water-soluble compounds	5.1	0.0	3.2	1.8
384	N-propyl bromide	2.6	2.6	0.0	0.0
392	N-hexane	1.4	0.4	0.4	0.6
405	Boron and its compounds	4.2	1.3	0.7	2.2
412	Manganese and its compounds	7.5	0.0	0.0	7.5
413	Phthalic anhydride	2.0	0.0	0.1	1.9
438	Methylnaphthalene	69.2	0.4	0.0	68.9
453	Molybdenum and its compounds	2.8	0.0	0.4	2.4
Total		52,429.8	204.0	189.2	52,036.7

(note) This list is target for substances with a transaction volume of 1 tons or more (0.5 tons or more for Class 1 Designated Chemical Substances) for the entire Group.

Furukawa Electric

(Unit: Tons)

Substance No.	Substance	Volume handled	Volume released	Volume transferred	Volume contained in products/ disappeared by combustion
1	Zinc and its compounds	6.6	0.1	0.7	5.8
31	Antimony and its compounds	127.0	0.0	7.8	119.3
71	Ferric chlorides	13.1	3.7	0.3	9.1
80	Xylene	9.9	2.4	3.2	4.3
82	Silver and its water-soluble compounds	18.5	0.0	0.0	18.5
88	Hexavalent chromium compounds	5.1	0.0	4.0	1.1
144	Inorganic cyanide compounds (Excluding complex salt and cyanate)	9.4	0.0	0.0	9.4
239	Organotin compound	1.0	0.0	0.0	1.0
255	Decabromodiphenyl ether	236.6	0.0	15.2	221.4
272	Copper salts (water-soluble) (Excluding complex salt)	14,296.1	0.3	42.3	14,253.4
296	1,2,4-trimethylbenzene	24.0	0.1	0.5	23.4
300	Toluene	196.8	84.1	44.2	68.6
305	Lead compounds	1.4	0.0	0.0	1.4
308	Nickel	1.8	0.0	0.0	1.8
309	Nickel compounds	21.6	0.0	1.5	20.1
332	Arsenic and its inorganic compounds	0.5	0.0	0.0	0.5
374	Hydrogen fluoride and its water-soluble compounds	3.2	0.0	3.1	0.0
405	Boron and its compounds	3.0	1.3	0.1	1.7
413	Phthalic anhydride	2.0	0.0	0.1	1.9
438	Methylnaphthalene	63.9	0.3	0.0	63.5
453	Molybdenum and its compounds	2.8	0.0	0.4	2.4
Total		15,044.3	92.3	123.5	14,828.4

(note) This list is target for substances with a transaction volume of 1 tons or more (0.5 tons or more for Class 1 Designated Chemical Substances) by the Company's works.

Environmental Risk Management

Preventing Soil and Groundwater Pollution

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.

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.

PCB Management

Furukawa Electric Group monitors the amount of high-concentration PCB-containing equipment at each of our Works and affiliate company sites, and conducts proper storage and management. Based on the said information, we have been registered with the Japan Environmental Safety Corporation and started disposing of them step by step in accordance with the plan. In addition, the Company conducts analysis on equipment that may contain a small quantity of PCB substances in order to dispose of them systematically in the future.

PCB amounts contained in equipment As of March 31, 2014

Works	In storage	In use	Total
Chiba Works	110	0	110
Nikko Works	286	60	346
Hiratsuka Works	219	8	227
Mie Works	83	10	93
Yokohama Works	19	1	20
Copper Tube Division	34	12	46
Copper Foil Division	16	48	64
Total	767	139	906

Response to Asbestos Concerns

Although 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

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.

In fiscal 2014, we continued to conduct an environmental check-up in our domestic affiliated companies by performing the said check-up at seven operational units of the Company while responding to the revised clean water act.

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

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

Biodiversity Conservation

Biodiversity Conservation Initiatives

In April 2011, we began providing information on our website about the biodiversity efforts we are conducting as part of our Basic Environmental Policy. With a view to specifying the Group's biodiversity efforts, we compiled significant targets in fiscal 2014 into the comprehensive guideline of the Furukawa Electric Group concerning biodiversity. We did this in recognition of the fact that our business, products and services are the result of biodiversity, and that our operation has an impact, whether positive or negative, on eco-systems.

Also, following a major organizational reform in fiscal 2014, we integrated our biodiversity conservation system into the Environmental Committee. Going forward, we will be modeling our regional activities centering on land utilization and procurement under the new structure at each operational unit, in order to spread the activities horizontally within our Group. We will also be using the “Symbiosis business unit promotion guideline” compiled by JBIB ^(note 1), an initiative in which we participate.

(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.

Furukawa Electric Group Biodiversity Conservation Guidelines

1. Evaluate the effects that our business activities have on the ecosystem, and minimize the harmful effects while maximizing the beneficial ones
2. To sustainably use resources and conserve biodiversity, consider more than ever the need to carry out measures against climate change, conserve resources, recycle and reduce environmentally hazardous substances
3. Carry out activities in collaboration with local communities to conserve biodiversity

Initiatives for Society

Relations with 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 Furukawa Electric Group by developing products that are attractive to our customers, based on a policy of Group-focused management.

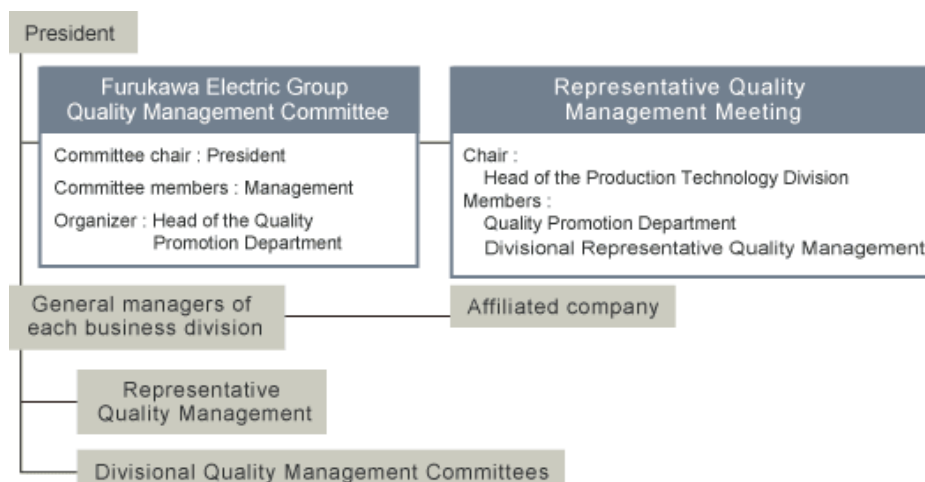
Quality Management Policy

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 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, customer services and operations.

Promotion Framework



Message from the General Managers

As set out in the basic policy on quality management, we promote a management cycle that is always based on facts and seek to maintain and improve quality at all stages of our work (including research, development, manufacturing, sales, services and management), at all divisions and across all job grades.

As we seek to produce products that are attractive to our customers, we carry out thorough checks of all processes prior to delivery to the customer, from product planning through to completion of the final product. Moreover, in order to improve our ability to complete manufacturing products with meticulous assurance of quality from the start, we will continue to make improvements to the production process itself, including attempts to create intrinsic technologies.

Furthermore, we have already started to carry out customer satisfaction surveys at some Strategic Business Unit and we will examine ways of using customers' opinions to achieve further improvements.



Kazuhisa Kashiwara

General Manager, Quality Promotion Department, Production Technology Division

Activities in Fiscal 2014: Improving Customer Satisfaction

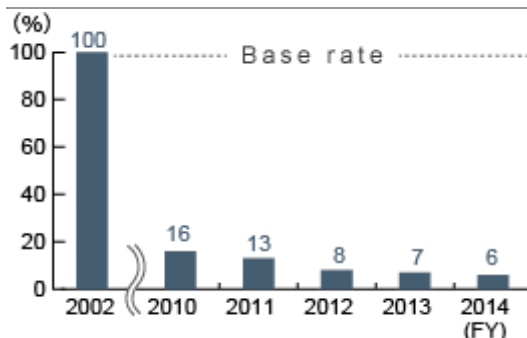
In fiscal 2014 we implemented activities under a policy of strengthening fundamental “Quality Power” to enable the “materialization of attractive products for customers”. We established the priority target of “zero complaint in 3H products”, but failed to achieve this target.

Complaints were particularly prominent as a result of insufficient risk assessment in the process of switching to mass production in products that were being “manufactured for the first time” or “being changed”. We promoted corrections by conducting audits through the course of the year, but this was not enough to eliminate the problems completely.

Overall complaints have fallen and so far we have succeeded in eliminating 94% of complaints compared to 12 years ago.

We have also sought to identify and increase customer satisfaction through daily communication with customers and by holding customer satisfaction surveys into things such as quality, deadlines and after-service.

Customer complaint ratio (Furukawa Electric)



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

Fiscal 2015 Initiative: Strengthen Fundamental “Quality Power”

In fiscal 2015 we will continue to pursue Furukawa Electric Group Quality Policy, which calls for the strengthening of fundamental “Quality Power” to enable the “materialization of attractive products for customers”, and implement the following three measures with the aim of achieving the policy.



Examining ways of strengthening “Quality Power”

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 Furukawa Electric Group
- Promote the “visualization of quality within processes” and reduce the failure cost

What's more, in order to continue reducing complaints we have utilized the management guidelines for 3H products set out based on the results of audits carried out during activities last year.

Ongoing Improvement Activities at Individual Worksites

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 2014, Furukawa Electric's Copper Tube Division hosted a QC circle conference and presentations were given on the activities carried out at 14 circles in Japan and 4 circles overseas. The Gold Award was given to a Japan-based circle, but three of the top seven places were awarded to overseas circles, showing just how far QC circle activities have permeated overseas and contributed to improving the quality standards of the Group as a whole.



Presentation by the Gold Award-winning circle



Commemorative photograph taken with all of the participants after the QC circle conference

Activities Proposing Solutions to Customers

Furukawa Electric Group is working to strengthen its Group-wide overseas marketing functions based on a policy of “strengthening Group Global management”. At the same time, we aim to provide customers with solutions based on our collective strength as a Group, and aim to increase levels of customer satisfaction through healthy communication with our customers.

One example of these measures is the overseas expo we hold every year. Since 2009, the expo has been held in Bangkok, Thailand;

Shenzhen and Shanghai in China; and Jakarta, Indonesia. We have held technology exhibitions showing the solutions that can be achieved through the combined strengths of Furukawa Electric Group, and we have continued to carry out proposals in line with the needs of local customers.

In November 2013, we held the FURUKAWA Innovation Expo 2013 in Sao Paulo, Brazil. There was huge interest in the Company's varied lineup of telecommunications products and auto parts that combine the technological strengths of Furukawa Electric Group, and we received numerous inquiries about next-generation energy technologies, such as super-conducting cables.

We will continue to prioritize communication with our customers and utilize customers' opinions as we go about improving the quality of our products and services.



At the Expo (Sao Paulo, Brazil)



Keynote speech given by Chairman Yoshida

Challenges and Future Policy

We failed to achieve “zero complaints in 3H products”, which is one of the priority targets of Furukawa Electric Group Quality Policy. We have drafted 3H product management guidelines based on the results of audits carried out during activities. We plan to utilize these guidelines as we continue promoting efforts to reduce the number of complaints.

At the same time, as we seek to increase the Company's monozukuri capabilities we will continue to pursue complaint reduction activities during fiscal 2015 and seek to achieve improvements in the manufacturing process itself in ways that incorporate unique technologies so that we can achieve the “meticulous assurance of quality from the start” and the “ability to complete manufacturing”.

Relations with Business Partners

Optimum Purchasing on a Steady, Ongoing Basis

Furukawa Electric Group procurement policy is to establish strategic relationships with business partners to ensure optimum purchasing on a steady, ongoing basis.

Furukawa Electric Group Procurement Policy

We will realize the optimal procurement for Furukawa Electric Group through global partnerships by:

1. establishing strategic trading relationship with suppliers to create stable and sustainable procurement function.
2. stabilizing procurement of raw materials and parts for our key products.
3. implementing procurement algorithm and procedure according to the NF production system.
4. achieving mid term goals through continuous cost reduction programs and activities.
5. capitalizing on economies of scale for centralized negotiation and on practicality for decentralized procurement activities.
6. globalizing procurement.
7. engaging in green procurement and enforcing compliance.

Message from the General Managers

Ever since its foundation, Furukawa Electric has stayed in business by supplying people with social infrastructure and contributing to society as a supplier of products. However, our success is not just the result of hard works at our company. It is also thanks to the steady delivery by our suppliers of the raw materials we use to create products.

In the future, our business environment is likely to change even more rapidly. Under these circumstances, we will need to strengthen our supply chains further in order to continue contributing to society. We intend to use partners' meetings and partners' assessments to improve the mutual understanding we have with our suppliers, and to continue contributing to society through measures such as the promotion of CSR activities and strengthening of BCP.



Satoshi Tosaka

General Manager, Procurement Department, Finance & Procurement Division

Conducting Training on Subcontracting Transactions

In order to forge sound relationships with business partners through fair transactions that comply with rules and regulations, Furukawa Electric Group provides training for employees on subcontracting transactions. In fiscal 2014, in addition to continuing with the courses we have conducted to date, we sought to ensure 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

Furukawa Electric seeks to deepen awareness among our business partners through regularly held Partner Meetings, where we explain the state of the Company, our procurement policy and individual company management strategies. For fiscal 2014, this meeting was held in June and was attended by 85 main business partners.

We also evaluate main 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.



Partner Meeting

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 2014, we evaluated some 300 business partners and provided feedback to them.

Promoting CSR through Procurement Activities

Based on our CSR Deployment Guidelines 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.

Conflict Minerals^(note 1)

We have addressed the issue of conflict minerals by formulating a Group policy entitled “The Responsible Sourcing of Minerals”, which we have distributed to Group companies and business partners to ensure their awareness.

In fiscal 2014, we carried out an independent survey into the main products of Furukawa Electric Co., Ltd. and its group companies. Going forward, in addition to requesting the cooperation of Group companies and our

business partners in the responsible sourcing of minerals, 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.

Challenges and Future Policy

As part of our partner evaluation scheme, we carry out surveys into their level of understanding of our guidelines. We intend to continue these activities with the aim of identifying and promoting CSR activities. At the same time, we also carry out surveys into BCP initiatives. We aim to use the results of these surveys to encourage our business partners' cooperation in specific activities so that together we can strengthen the BCP system through the supply chain as a whole.

Relations with Shareholders

Information Disclosure Policy and IR Framework

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.

Message from the General Managers

Furukawa Electric's business began with copper smelting and the manufacture of electric wires. One hundred and thirty years later, the numerous products that we manufacture based on our materials technology support the lives of people around the world in a wide variety of fields, including telecommunications, electric power infrastructure and automobile.

However, because we often work behind the scenes, shareholders and investors often tell us that they feel unfamiliar with the content of our business.

We will continue to work hard to host events such as factory tours, in addition to making regular news releases and developing the website, so that people can clearly understand and feel more familiar with our business. Your continued support is greatly appreciated.



Osamu Suzuki

General Manager, Investor & Public Relations Department, 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 2013, we held our 6th plant tour for individual investors. Visitors were selected by lottery from among those who responded to an open invitation, with 88 people invited to attend out of the 853 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.



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

Furukawa Electric considers the appropriate return of profits to our shareholders to be one of our most important policies. Our basic policy is to continue making steady dividend payments in consideration of future business developments and in anticipation of the Company's future profitability trends and financial status from a long-term perspective.

Regarding dividend payments in the fiscal year ended March 31, 2014, in consideration of the need to improve the financial structure, make growth strategy investments with a focus on the infrastructure and automotive markets and make investments aimed at developing the next generation of business to build a platform for sustainable growth, the Company decided to award a year-end dividend of ¥3.0 per share. Regarding dividend payments in the fiscal year ended March 31, 2015, in consideration of the fact that the Company is still in the process of recovering its operational performance and improving its financial structure the Company expects to forgo the interim dividend and award a year-end dividend of ¥3.0 per share.

Relations with Employees

Personnel Management

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.

Basic approach

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."

Challenges and Future Policy

Under the Fiscal 2015 Medium-term Management Plan, we are focusing on fostering "resilient human resources" capable of succeeding in stiff global competition with the aim of providing strong foundations for the whole group's growth in response to major changes in our business environment; at the same time we have set ourselves the mission of constructing a collaborative environment to allow us to involve our affiliated companies both in Japan and overseas and to focus on "policies that strengthen top management" and "reforms to our organizational culture/ policies to improve human resources policies" as policies that can contribute to the Group's Global management. Specifically, we will set out a direction for employees to develop their abilities while at the same time implementing individual policies from the perspectives of "recruitment and allocation", "assessment", "remuneration" and "personnel systems", as well as "skills development" with a focus on strengthening the cultivation of global human resources.

Principal Measures Pertaining to the Group's Global Management

Measures to Strengthen Top Management	<ol style="list-style-type: none"> 1. Review performance evaluation structures and compensation systems (directors and managers) 2. Introduce succession plans to create a human resources database and assign personnel strategically, etc.
Measures to Improve the Corporate Culture and Policies to Improve Human Resource Measures	<ol style="list-style-type: none"> 1. Formulate and execute a basic policy on skills development and FM-Career Design (new standards for allocation of human resources) 2. Develop candidates for overseas postings through measures such as reviewing training curricula and dispatching junior employees overseas

Message from the General Managers

In order for Furukawa Electric Group to succeed and achieve sustainable growth in a rapidly-changing and globally-competitive landscape, it is important that we “foster tough human resources” capable of overcoming numerous challenges and “build a collaborative environment” with a view to enhancing our cross-organizational strength.

For this reason, we have implemented new initiatives, including FM-Career Design (a personnel system that encourage individuals with the skills and desire to take on new challenge by using career-building through systematic placements and fluidity in human resources in order to promote the revitalization of organizations which can enhance the creation of innovation ideas) and the Global Challenge Program (GCP; a program that aims to promote overseas experience among junior employees).



As we seek to strengthen Group Global management, it is essential that individual employees with diverse ways of thinking, skills and backgrounds exchange honest opinions in a free and open manner, irrespective of traits such as age, gender or nationality, and that they act with true motivation. Moving forward, by actively promoting diversity management we intend to accelerate efforts to build an atmosphere and culture that allow diverse human resources to display their true strengths.

Taizo Matsumura

General Manager, HR & Administration Department, Administration & CSR Division

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 sensitive 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.

[Educational System Tree \(PDF1,064KB\)](#)

<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. By holding joint training camps with the employees of affiliated companies, we are aiming at Group-wide human resource development.

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.

What's more, starting in fiscal 2015 we began operating the Global Challenge Program (GCP), which is a training program that dispatches junior employees overseas.

Global Human Resources Training System



Moreover, 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.



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.

Since fiscal 2010, our works have implemented Chief Operator Training and Mid-level Operator Training in order to transmit the required knowledge to mid-level staff in the manufacturing workplaces. In fiscal 2011, we

launched the Basic Program, which seeks to promote an improvement in the overall skills and knowledge of our workers. Through these training programs, we have sought to increase the motivation towards work of employees in the manufacturing workplaces under the Genba-Ryoku Enhancement Project, promoted the transmission of techniques and skills, and sought to revitalize monozukuri capabilities in the workplaces.

What's more, since fiscal 2014 we have held Junior Monozukuri Staff Training for junior technical staff and sought to promote a workplace culture in which the manufacturing workplace and technical staff share the common language of seeking to strengthen "genba-ryoku".



Lecture scene of Mid-level Operator Training



Completion ceremony for Junior Monozukuri Staff Training

In September 2010, we established the Genba-Ryoku Enhancement Training Center at the Yokohama Works and we have used the Center for a variety of joint training programs across the Group. Specifically for new employees (and as part of our training programs for both technical and business employees), we offer Monozukuri Training, through which trainees work in teams to find solutions to customers' demands. We also provide Processing Experience, which gives trainees experience of the difficulty of manufacturing, and Risk Awareness training, which increases recognition of the dangers of the manufacturing workplace.



Monozukuri Training for new employees
(Processing Experience)



Monozukuri Training for new employees
(Risk Awareness)

Furukawa Electric also includes Japan-based affiliated companies in its Genba-Ryoku Training Program. We have also started to include some overseas affiliated companies in the training. Our group companies are working together to strengthen monozukuri capabilities in both Japan and overseas.

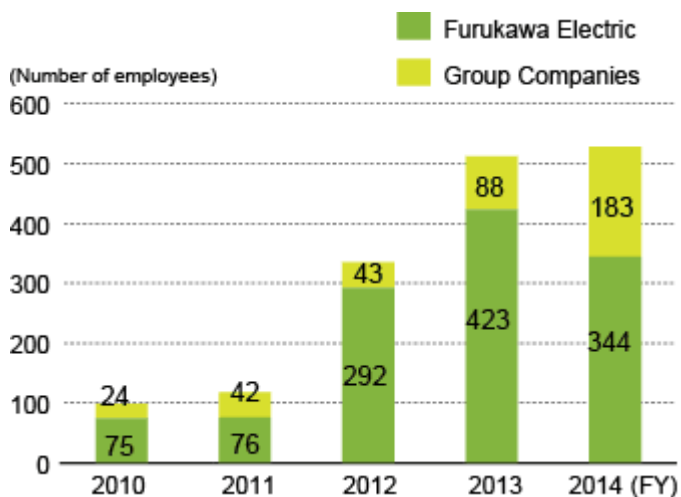


2S drills at China FAS



Anzen Dojo (safety education) training for employees at FISA in Brazil

People Undergoing Genba-Ryoku Reinforcement Training



Diversity

Diversity in Hiring

Furukawa Electric is actively recruiting international personnel and international students to support the globalization of our business.

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 Furukawa Electric Group Forum held in Tokyo and Osaka, at which we conduct briefings in conjunction with Group affiliates, and work proactively demonstrate the appeal of Furukawa Electric Group to students.

Hiring the Disabled

Furukawa Electric established Furukawa Newleaf Co., Ltd. as a special subsidiary in 2004 to actively employ people with intellectual 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 37 people with disabilities, 14 at the Hiratsuka Works, 21 at the Chiba Works and 2 at the Mie 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 employees with intellectual disabilities in becoming independent members of society.

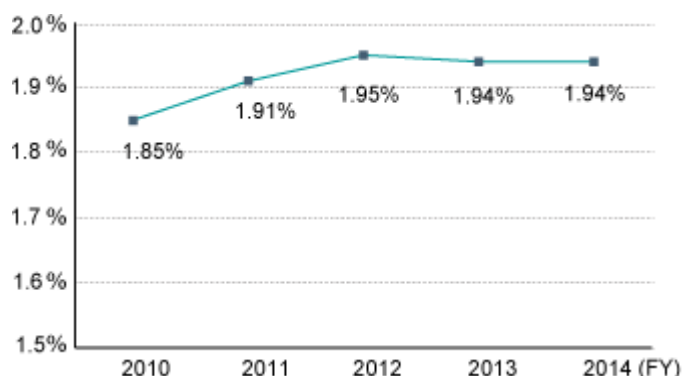
We also invite parents and guardians of children with no work experience to tour our work and guidance sites, so as to better understand our efforts involving the employment of people with disabilities.

Our employment ratio of people with disabilities was 1.94% in fiscal 2014, which unfortunately failed to meet the statutory target. However, we are working to increase this employment ratio further by expanding the operations of our special subsidiary.



Furukawa Newleaf Co., Ltd.,
employees in action

Ratio of employees with disabilities (Furukawa Electric)



Internships

Ever since the Japanese government introduced a system of internships in 1997 as part of an industry-academia-government collaboration, in our role as a manufacturer Furukawa Electric has taken on numerous science and engineering interns with the aim of contributing to the fostering of Japanese technicians of the future. We have already taken on more than 200 students across our various workplaces. In recent years, we have also actively sought to accept students from overseas universities in addition to Japanese universities.



Internship training at Nikko Works



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 in their 25th year of employment 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). We also provide a scholarship fund of 300,000 yen, which is limited to employees who have acquired leave, in order to provide financial support to the variety of activities they are involved in during their periods of leave.

My Volunteer Activity Report

I volunteered as a race official at the National Sports Festival of Japan at Nikko 2014

Kazuhiro Takashiba

Research & Development Division Metal Research Laboratories

I used Volunteer Leave for five days from January 28, 2014 to act as a speed skating official at the 69th Winter National Sports Festival Skating Tournament (held in Nikko City, Ibaraki Prefecture).

I was a photo finish judge. For one year before the tournament I attended numerous tournaments and received instructions from judges across Japan. A race contains a maximum of 12 skaters and the finishing line can be chaotic. It can be very difficult to make a decision with the naked eye. For this reason, we photograph the moment the skaters cross the line and record their finishing order and times.

The job doesn't allow you to relax for a moment, but the more you do it the more the photographs teach you just how hard the skaters are striving, and I got a true sense of how exciting the role of an official can be and how wonderful it is when people give their all to what they do.

I want to make the most of these experiences to continue playing my own small role and volunteering whenever possible.



At a competition

My Refresh Leave

Refresh Leave at Izumo Shrine, where the kami come to meet!

Tsutomu Saito

Copper Foil Division Technical Support Department

I took Refresh Leave from October 15 to November 15, 2013.

2013 marked a significant year of “Sengu” (shrine renewal) because the “Sengu” of Ise Grand Shrine and Izumo Grand Shrine coincided, which is something that happens only once every 60 years. I made the most of this opportunity to visit Izumo Grand Shrine in Shimane Prefecture. October is the month that countless kami are said to come together and meet in Izumo. Outside Izumo, October is referred to as Kannazuki (the month when the kami have gone away) but in Izumo it is called Kamiarizuki (the month when the kami are present).

I was blessed with clear skies during my trip and I enjoyed visiting historical buildings, listening to the myths from Izumo, and eating famous local produce.

I also spent time helping my parents visit hospital and watching the films I had wanting to see, and it was a very useful period of leave for me.



View of the main shrine at Izumo Shrine

Coreless Flextime System

Furukawa Electric operates two types of core-time (during which employees must be in attendance at work) with the aim of achieving flexible and efficient working practices in accordance with the needs of the workplace environment - standard core-time (10:00 to 15:00) and short core-time (13:00 to 14:00).

In June 2013, “coreless flextime” (in which no core-time is set) was officially added to the existing two types of core-time. As a result, more efficient work became possible by allowing employees to avoid work during core-time for the purposes of starting up or maintaining equipment during night shifts, carrying out testing that requires attendance throughout the day and night, and dealing with overseas bases with time differences.

In the future, we intend to continue facilitating diverse working practices and making efforts to build an environment that supports a work-life balance.

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 2014 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 62 years, since 1952. As of May 2014 we had held these briefings 123 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.

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 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 2014, we failed to reach our target of one or fewer accidents requiring leave, as three 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.

In fiscal 2015, we established a basic policy for the Group. The core tenets of our basic policy for fiscal 2015 naturally include legal compliance, as well as content linked to reforming the corporate culture, such as "Becoming a Safety Conscious Person" and "Realizing Fundamental Safety".

Specifically, we have set forth the following five items.

1. Endeavor to eradicate accidents in accordance with the objectives of the Industrial Safety and Health Act.
2. Reduce accident risks by realizing "fundamental safety".
3. Develop "safety conscious person" through communications and using the 5S.
4. Aim at self-management through self-checks, maintenance and improvement.
5. Practice Group health management activities through mental and physical health improvement.

Message from the General Managers

Every single employee who works for Furukawa Electric Group should be able to work in a safe and healthy way.

“Safety”, including hygiene, takes priority above everything else. We believe that “Safety” as a foundation for monozukuri protects people's lives, the “Environment” protects life on earth, “Quality” protects the life of a product, and “Efficiency” protects the life of our business; consequently, we prioritize these goals in this order.



From fiscal 2014, we have established the following two key pillars to our policy: “Becoming a Safety Conscious Person” and “Realizing Fundamental Safety”.

We have used a five-scale health and safety management assessment system to evaluate “Becoming a Safety Conscious Person” from the perspective of “increasing knowledge and changing attitudes”; and to evaluate “Realizing Fundamental Safety” from the perspective of “fundamental reviews of facilities and processes”. At the same time, we aim to use workplace activities to build a company that allows all of its employees to work with peace of mind.

Hisashi Iwama

General Manager, Safety & Environment Promotion Department, Production Technology Division

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, 2014, we had acquired management system accreditation ^(note 1) 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

(note 1) 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.



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.



Executive Follow-up on Accidents

Furukawa Electric's officers with responsibility for safety carry out accident follow-up activities, including follow-up on the accidents that occurred in the previous fiscal year. They check up on the appropriateness and effectiveness of measures, exchange opinions in the pursuit of “Realizing Fundamental Safety”, and work hard to prevent recurrences.



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.

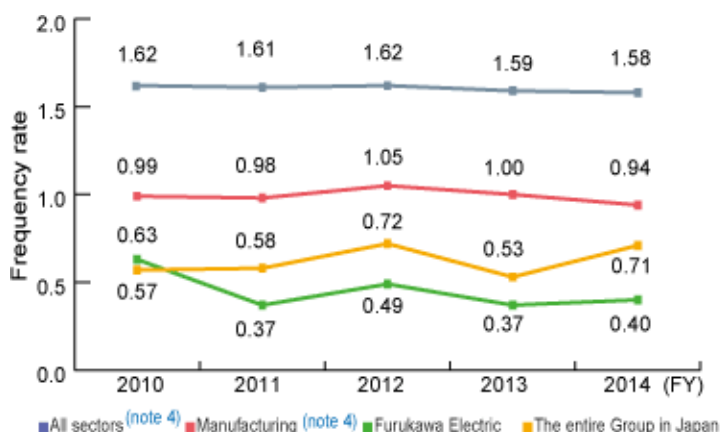


We also conduct factory safety checks at Group companies, thereby extending the effectiveness of these activities throughout the Group.



Labor Accidents

In fiscal 2014 (April 2013 to March 2014), the frequency rate of accidents requiring leave ^(note 2) increased both for Furukawa Electric on a standalone basis and for the domestic Group as a whole ^(note 3) and there was a slight deterioration from the previous fiscal year.



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

(note 3) The scope of data collection for fiscal 2014 encompassed employees and temporary workers at Furukawa Electric and 38 affiliated companies in Japan.

(note 4) Data for “All sectors” and “Manufacturing” are based on the results of surveys carried out by the Ministry of Health, Labour and Welfare.

The frequency rate of accidents (38 affiliated companies in Japan)

- | | |
|---|--|
| 1 Access Cable Company | 21 Furukawa Sangyo Kaisha, Ltd. |
| 2 FCM Co., Ltd. | 22 FURUKAWA C&B CO., LTD. |
| 3 Okano Electric Wire Co., Ltd. | 23 FURUKAWA INDUSTRIAL PLASTICS CO., LTD. |
| 4 Okumura Metals Co., Ltd. | 24 Furukawa Precision Engineering Co., Ltd. |
| 5 NTEC Ltd. | 25 Furukawa Research Inc. |
| 6 KANZACC Co., Ltd., | 26 Furukawa Electric Ecotec Co., Ltd. |
| 7 Shodensha Co., Ltd. | 27 Furukawa Electric Industrial Cable Co., Ltd. |
| 8 Seiwa Giken Inc. | 28 Furukawa Electric Power Systems Co., Ltd. |
| 9 VISCAS Corporation | 29 The Furukawa Battery Co., Ltd. |
| 10 The Foam Kasei Co., Ltd. | 30 Furukawa Nikko Power Generation Inc. |
| 11 Furukawa S&D Co., Ltd. | 31 FURUKAWA NEWLEAF CO.,LTD. |
| 12 Furukawa Techno Material Co., Ltd. | 32 FURUKAWA NETWORK SOLUTION CORPORATION |
| 13 Furukawa Electric Advanced Engineering Co., Ltd. | 33 FURUKAWA FINANCE AND BUSINESS SUPPORT CO., LTD. |
| 14 MYOJYODENKI. Co.Ltd. | 34 Furukawa Logistics Corp. |
| 15 UACJ Corporation | 35 Furukawa Magnet Wire Co., Ltd. |
| 16 Next Generation Power Device Technology Research Association | 36 FURUKAWA LIFE SERVICE Inc. |
| 17 TOTOKU Electric Co, Ltd. | 37 Miharu Communications Inc. |
| 18 FITEC Corp. | 38 Riken Electric Wire Co., Ltd. |
| 19 Furukawa Automotive Systems Inc. | |
| 20 Furukawa Elecom Co., Ltd. | |

From fiscal 2014, we have included data from overseas Group companies in the accident statistics data. The data includes both accidents requiring leave and accidents not requiring leave. The frequency rate of accidents for the Group as a whole in fiscal 2014 was 1.78.

Healthcare for Employees Working Long Hours

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

Mental Health Education

We began conducting mental health measures in fiscal 2003, and we have provided both managerial and general employees with education and training programs to which industrial physicians and industrial nurses are invited as lecturers. In the past, stress control training for employees aged 30-35, workplace mental health training with a focus on Work Engagement^(note 5), and Pleasant Workplace Discussion Sessions aimed at improving the workplace environment have been implemented across the company. We have sought to revitalize both individuals and workplaces.

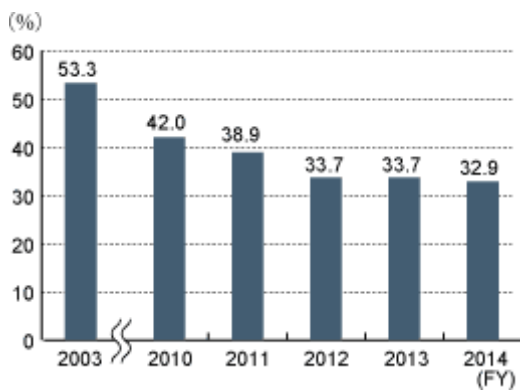
In fiscal 2015 and fiscal 2016, Self-care Training and Line Care Training programs will be implemented with the aim of helping all employees in their early forties and middle-ranking managers to respond to all types of change.

(note 5) 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. We aim to switch to a smoking ban during working hours in fiscal 2018 and to an entirely smoke-free workplace by fiscal 2021 at the latest, and have continued to adopt a multifaceted approach with the following three main approaches: 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 2006 to 2007, 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, 2014, three people have been confirmed as being involved in industrial accidents, and symptoms have been detected in nine.

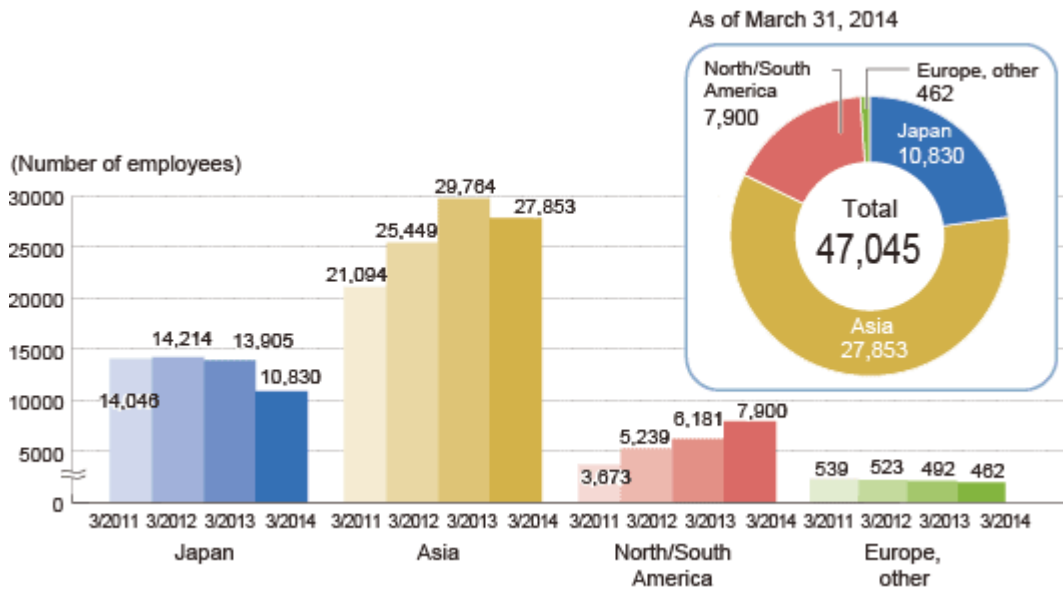
Results of Medical Examinations

- 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)

Employee Data Book

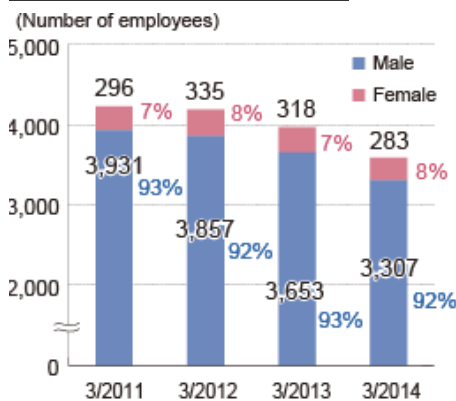
Group Data (Consolidated)

Number of Group Employees by Region

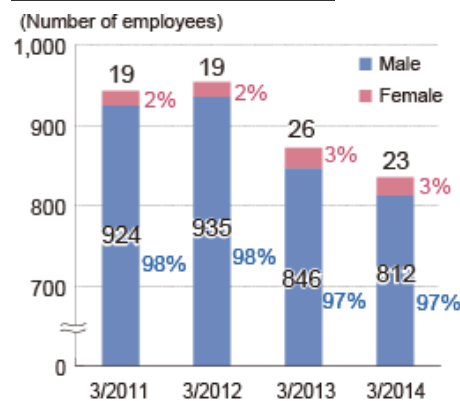


Furukawa Electric Data

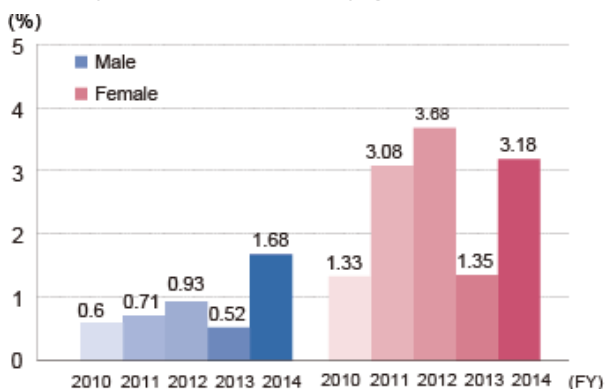
Gender ratio of Employees



Gender ratio of Managers



Employee turnover rate by gender



Recruitment figures by gender

		Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Specialized staff	Male	84	79	73	66	49	26	21
	Female	17	13	9	12	10	6	5
	Total	101	92	82	78	59	32	26
	Foreign nationals	1	4	4	2	3	0	1
Professional staff	Male	86	44	15	21	2	0	0
	Female	1	0	0	1	0	0	0
	Total	87	44	15	22	2	0	0

Average pay by gender (Unit: Yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Male	6,730,669	7,130,016	7,148,857	6,922,703	7,164,395
Female	4,478,994	4,708,913	4,591,206	4,554,577	4,802,456
Average	6,551,629	6,929,268	6,747,553	6,570,185	6,851,869

Ratio of labor union membership (Unit: %)

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Male	99.64	99.68	99.75	99.67	99.72
Female	97.56	97.11	98.23	98.62	98.07
Total	99.46	99.45	99.61	99.57	99.57

Overtime (Unit: Average hours per month)

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Direct work	21.62	23.36	24.15	23.84	24.33	26.17
Indirect work	18.44	14.06	17.03	17.45	18.14	19.27
Average	20.1	17.75	19.72	19.85	20.46	21.83

Regular annual leave

Item	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Unit
Days carried over per person (A)	22.5	22.0	22.6	21.8	22.1	Days
Days granted per person (B)	24.0	23.9	23.9	23.6	23.7	Days
Days acquired per person (C)	13.6	13.3	13.1	13.0	14.1	Days
Acquisition rate (C÷B)	56.7	55.6	54.8	55.1	59.5	%

(note) Regular annual leave is calculated as leave taken between September 16 and September 15 of the following year. Figures for fiscal 2014 are calculated for the annual leave year that has not yet concluded.

People taking volunteer leave

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Female	0	0	0
Male	1	5	5
Total	1	5	5

(note) Fiscal 2014, five people took advantage of this leave, bringing the total number to date to eight.

People taking refresh leave

	2011	2012	2013
Female	1	4	2
Male	63	77	74
Total	64	81	76

(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 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Female	39	35	35	33	22
Ratio of employees returning to work (%)	100.0	97.1	97.1	97.0	95.5
Male	4	4	10	7	5
Ratio of employees returning to work (%)	100.0	100.0	100.0	100.0	100.0
Total	43	39	45	40	27
Ratio of employees returning to work (%)	100.0	97.4	97.8	97.5	96.3

People taking nursing care leave

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Female	0	0	0	0	0
Ratio of employees returning to work (%)	-	-	-	-	-
Male	0	1	2	2	0
Ratio of employees returning to work (%)	-	100.0	100.0	100.0	-
Total	0	1	2	2	0
Ratio of employees returning to work (%)	-	100.0	100.0	100.0	-

Relations with Communities

Furukawa Electric Group Basic Policy on Social Contribution Activities

(Revised March, 2011)

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.

Basic Policy

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.

Challenges and Future Policy

In the charity event held to support Reconstruction from the Great East Japan Earthquake, we conducted a questionnaire survey on “social problem-solving and contribution”, “activities unique to our company”, and other themes. The results have shown that people are highly interested in “promotion of sports”, “use of natural energy”, and “technology and Monozukuri (manufacturing) education”. We will implement programs utilizing our uniqueness in line with Furukawa Electric Group Basic Policy on Social Contribution Activities.

CSR Awards

Fifth 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 Sangyo Kaisha, Ltd.

As for assistance to the areas affected by the Great East Japan Earthquake, Furukawa Sangyo has participated in reconstruction there through its core business. In 2013, we carried out a new activity, “Affected Area Tour Training” in cooperation with a local NPO. A total of 26 of our employees, mainly young workers, made a two-day-visit to the quake-hit areas in Miyagi Prefecture where they interacted with disaster victims and helped

improve a seawall as volunteers. We received messages from the victims who said things like “It was very nice talk to them”, and “They took our sorrow seriously”. We even more keenly realized how important it is to express gratitude. At the briefing session in the company held after the training, we shared the participants’ valuable experiences. In order to contribute to reconstruction in the region, we will develop emotional connections through not just our products but also through “sympathy” by continuously conducting such training.



Social gathering with the local NPO staff and the quake-victims



Volunteer activity in “Millennium Hope Hills” in Iwanuma City

Environmental Preservation Award

Furukawa Industrial S.A. Produtos Eletricos [FISA] (Brazil)

FISA has worked ahead of the industry to prevent environmental pollution and reduce CO₂. One such effort is the collection and recycling of LAN cables (Green IT Program) that started in 2008. FISA further developed this initiative and its LSZH (Low Smoke Zero Halogen) LAN cable was eventually certified by Associação Brasileira de Normas Técnicas (ABNT) as an eco-friendly product and given an eco-label. It had to ask not only its own employees but also its suppliers, customers, and logistics companies for cooperation since obtaining the label requires a product to be eco-friendly throughout its life cycle. The Curitiba Factory mainly made efforts, and as a result, FISA was certified in August 2011; it is a certification that has been maintained. As of June 2014, no LAN cables of other companies have obtained the eco-label certification, and this certification has led to not only the conservation of the global environment but also increased Furukawa’s strong brand.



Eco-label certification

Activities to obtain and maintain eco-labels

- **Development:** All raw materials complying to RoHS Directive
- **Manufacturing:** Reducing energy consumption, water consumption and industrial waste
- **Sales & Logistics:** Efficiency improvement of accommodation of products into truck
- **Disposal & Collection:** Constructing a recycling system of products

Environmental Preservation Award

Furukawa Electric Autoparts Philippines Inc. [FEAP] (Philippines)

FEAP, mainly CSR team members continuously work on volunteer activities such as cleanup and repair of school facilities and assistance in nursing homes. Of the volunteer projects, we participate in ones in Mt. Makiling and around Lake Caliraya every year with the aim of nurturing future generations, living in harmony with local communities, and preserving the environment. FEAP is involved in efforts to preserve natural, precious and vanishing environments and ecology by restoring pavement (eco-trail) in Mt. Makiling and Planting around Lake Caliraya.



Restoring pavement in Mt. Makiling



Planting trees around Lake Caliraya

Activities in Each Region

Activity Topics

Hiratsuka City <Citizen's Academy> Field Trip for Adults (Furukawa Electric, Hiratsuka)

The Hiratsuka Works accepted "Field Trip for Adults," one of the Citizen's Academy courses hosted by the central community center. The first-ever course in Hiratsuka City allowed Hiratsuka citizens to visit three manufacturers including our company in the city. We explained the philosophy, history, businesses, and overview of our company and the Hiratsuka Works, and then, showed the participants the actual Monozukuri (manufacturing) in our factory. During the tour and the Q&A session, we received a great many questions, which made us aware that people are very



interested in Monozukuri. It was also a good chance for us to have neighborhood residents deepen their interest and understanding of what our works is doing. We will continue to actively interact with them.

Town Autumn Concert (Furukawa Automotive Systems Inc.)

Furukawa AS accepts trainees from Vietnam. Their dormitory is in the region of Kawasebaba Station, Hikone City, Shiga Prefecture where the residents' association holds an annual event, the "Autumn Concert."

In 2013, our (Furukawa AS's) trainees were invited to the concert. The trainees introduced Vietnam to local people, showing them slides, and sang and danced dressed in their ethnic costume, which promoted friendship and had the locals more deeply understand Vietnam.



The event gave the trainees and the local residents an opportunity to become familiar with each other. We will further deepen our relationship in ways like greeting each other every morning and evening.

VOICE

I completely felt comfortable with people in the town in just a day. I hope to have more opportunities like this to interact with people there.

This event deepened our relationship with the local residents. I made friends in just a day.

NGUYEN THI KIM DUYEN, VO THI VAN

Production Section,

Furukawa Automotive Systems Inc.



Activities in Each Region

Our group implements different regional activities.

Nurturing Future Generations

Example: Supporting and cooperating to offer work experience to elementary, junior and senior high school students

- Furukawa Electric Co., Ltd.
(Chiba Works, Hiratsuka Works, Nikko Works, Copper Foil Division)
- Access Cable Company
- Furukawa Electric Power Systems Co., Ltd.
- Okano Electric Wire Co., Ltd.
- The Furukawa Battery Co., Ltd.
- Furukawa Logistics Corp.



Showing a 40tons forklift during the plant tour by the local elementary school
Furukawa Electric and Furukawa

Promoting Sports and Culture

Example: Participating in and supporting sports events, Holding, participating in, and supporting (donations included) festivals

- Furukawa Electric Co., Ltd.
(Chiba Works, Mie Works, Nikko Works, Copper Foil Division)
- Access Cable Company
- Furukawa Electric Power Systems Co., Ltd.
- KANZACC Corp.
- Furukawa Automotive Systems Inc.
- Furukawa Precision Engineering Co., Ltd.
- The Furukawa Battery Co., Ltd.
- Miharu Communications Inc.
- Furukawa Magnet Wire Co., Ltd.
- Furukawa Nikko Power Generation Inc.



Local residents holding a trout-fishing festival in the company's regulating reservoir

Furukawa Nikko Power Generation

Living in Harmony with the Natural Environment

Example: Participating in the environment beautification campaign

- Furukawa Electric Co., Ltd.
(Chiba Works, Hiratsuka Works, Mie Works, Nikko Works, Copper Foil Division, Copper Tube Division, Yokohama Works)
- Access Cable Company
- NTEC Ltd.
- Okumura Metals Co., Ltd.
- TOTOKU Electric Co, Ltd.
- Furukawa Automotive Systems Inc.
- Furukawa Sangyo Kaisha, Ltd.
- Furukawa C&B Co., Ltd.
- Furukawa Precision Engineering Co., Ltd.
- Furukawa Logistics Corp.
- Furukawa Techno Material Co., Ltd.
- Riken Electric Wire Co., Ltd.
- Furukawa Electric Ecotec Co., Ltd.
- Furukawa Magnet Wire Co., Ltd.
- Furukawa Nikko Power Generation Inc.



Cutting grass near a children's playground jointly with Hosoo Residents' Association



Shonan shoreline cleanup campaign, sponsored by the Young Women's Division of the Labor Union
Furukawa Electric, Hiratsuka Logistics, Chiba



Campaign against illegal dumping
Furukawa Electric, Mie Furukawa Electric, Hiratsuka Logistics, Chiba

Awards from Outside Sources

2014

Period	Subject / Implementing organization	Winning organization
Mar.	Social Contribution Maejima Hisoka Award Implement organization: The Tsushin Bunka Association	Hiroshi Ishihara Adviser, Furukawa Electric

2013

Period	Subject / Implementing organization	Winning organization
Nov.	Quality and Costs, etc. Won the Industrial Science and Technology Policy and Environment Director Award of Ministry of Economy, Trade and Industry: "Management Contributor of a Proper Measurement Control Business Place" Implement organization: Ministry of Economy, Trade and Industry	Yukio Matsui, Furukawa Electric Advanced Engineering
Sep.	R & D Was awarded the title of Fellow of the Institute of Electronics, Information and Communication Engineers (IEICE): The technology development of the high-power and broadband erbium doped optical fiber amplifier Implement organization: Institute of Electronics, Information and Communication Engineers	Haruki Ogoshi Director of FTEL Photonics Laboratories, Furukawa Electric
Jul.	R & D Best Paper Awards of OECC/PS Implement organization: Conference on Lasers and Electro-Optics Pacific Rim and OptoElectronics and Communications Conference	Masanori Takahashi and three others FTEL Photonics Laboratories, Furukawa Electric Hiroshi Kawashima FTEL Products Div., Furukawa Electric

Relations with Public Policy

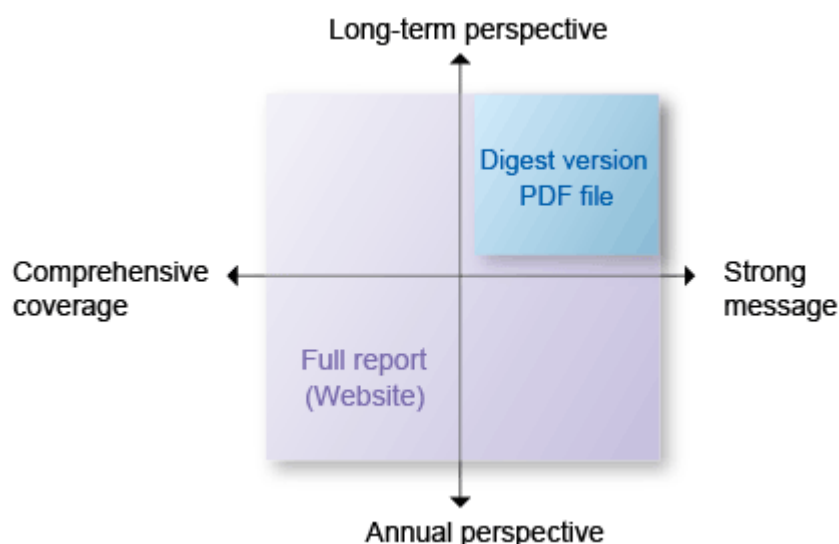
As a company that supports infrastructure environments such as telecommunications and energy, we will play our role in policy formation and carry out problem-solving measures while maintaining a transparent and fair relationship with government.

Editorial Policy

Editorial Policy

This report aims to inform all stakeholders about the philosophy and measures of Furukawa Electric Group in relation to its business activities, management, the environment and its relationship with society. What's more, this year we have compiled a digest version containing a collection of articles with strong and important messages. When editing the digest version, we have tried to provide information in a concise and clear manner, in a way that targets as broad a readership as possible.

We have been disclosing the report under the CSR section of the Furukawa Electric website instead of publishing a booklet for it. We also provide the digest version (PDF file) on the website so that you can download it.



Scope of This Report

Period Covered	Fiscal 2014, from April 1, 2013 to March 31, 2014 (note) Includes selected information on past initiatives and activities during fiscal 2015.
Publication Timeframe	Publication date: September, 2014 Planned publication of next edition: September, 2015
Organizations Covered	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 Guidelines 2006 (3rd Edition)" in composing this report.

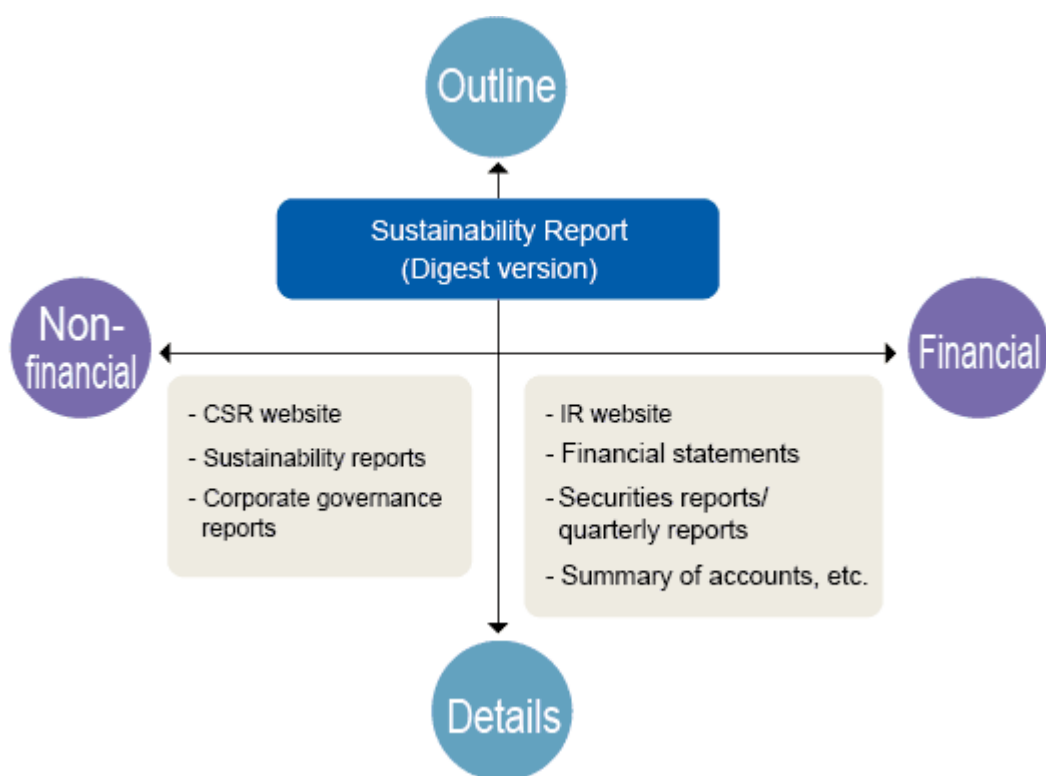
Accuracy of the Data Disclosed in This Report

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.

Information Disclosure System

Furukawa Electric is fully aware that the timely and appropriate disclosure of corporate information to investors is essential to a healthy stock market. We take a serious approach to providing timely and appropriate corporate information to investors, including through the development of internal systems that allow us to disclose rapid, accurate and fair corporate information in a way that always keeps investors' perspective in mind.

Moreover, in order to increase the understanding of all stakeholders in respect to our company, we try to provide information through a variety of media, including non-financial information (see diagram on right).



Editing and Publication

CSR Department, Administration & CSR Division, Furukawa Electric Co., Ltd.

Marunouchi Nakadori Bldg., 2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8322, Japan

Third-Party Opinion



Mr. Toshihiko Goto

Chief Executive Officer, Sustainability Forum Japan

Career Summary

Board Member, Global Compact Network Japan, Founder, Japan Sustainable Investment Forum.

Also, Chairman, Sustainable Management Forum of Japan, Senior executive director, The Japan Society for Global System and Ethics, and a member of some other academic societies.

National committee member for ISO/TC207, SCI, SC4, A judge for the Environmental Communication Award by the Ministry of the Environment, Japan Government (MoE) and a member or the convener of some other committees of MoE. He wrote many books and articles. He had graduated from the Tokyo University, Faculty of Law.

Over almost a decade Furukawa Electric has been beset by a number of problems that might have damaged its reputation in society or caused its employees to lose heart. However, the company has succeeded in business for 130 years because the hard work of its managers and employees has allowed it to continue providing added value to society in some shape or form, supported by some good luck along the way, such as a steady supply of raw materials.

The 21st century has been referred to as the post-industrial age^(note 1) and the focus now has switched to knowledge. Rather than depending on a steady supply of raw materials, the foundations for the next giant leap forward will be built through continued creativity and innovation.

I believe that “proactive CSR” involves revitalizing and reforming these foundations and management systems.

In 2010, Keidanren made a major revision to its Charter for Corporate Behavior and removed the description of corporations as “economic entities designed to pursue profits”, which had been an ever-present concept until that time. It replaced this with the role of creating added value and generating employment. Creating profits is essential to achieving this role, but profits are the means and not the ultimate goal.

Happily, Furukawa Electric's founding spirit, basic philosophy, management philosophy and action guidelines are all in agreement with the revised Charter for Corporate Behavior. The challenge lies in making this part and parcel of the company's organization and corporate culture, and I believe innovation is necessary to achieve this.

The Sustainability Report could be described as a finished version of what previous reports have aimed for. Its focus is on the company's track record and its aims and goals over the next year or two. However, during FY2014 four major developments occurred in relation to the report, as follows: the EU issued a revised directive draft

strengthening companies' obligation to disclose non-financial information; GRI issued the G4 Sustainability Reporting Guidelines^(note 2); the IIRC announced its Integrated Reporting Framework^(note 3); and the Financial Services Agency published the Japanese version of the Stewardship Code^(note 4). I will omit the details, but essentially these developments are linked by the need for a long-term perspective and long-term success. In the world of investment, outside Japan there has already been a major shift towards ESG investment^(note 5) from a long-term perspective.

From this perspective, the latest report could be seen as a conservative CSR report and from next year onwards there is a need to incorporate a new direction with a focus on a longterm perspective and long-time success. This would also assist the disclosure of information targeting ESG investment, which prioritizes a long-term perspective.

Incorporating a long-term perspective into the report is “easy to say”. However, it is not easy to incorporate perspectives from 2030 or 2050. However, I am convinced that taking on this challenge will lead to corporate innovation.

I believe it is important to think about how your own company will develop by 2030 and 2050 and to imagine the ideal future vision for your company under the following environmental restrictions: by around 2030, procurement of mineral resources will become difficult and by 2050 mineral resources will be almost depleted or extremely expensive; Japan will need to have made CO₂ reductions of at least 80%; the population of Japan will fall below 100 million and Japan will become a super-aged society; South Korea and China will also become aged societies.

For this reason, I believe it is necessary to carry out a “backcast” from these dates and consider what needs to be achieved by 2030 or 2020. In the medium-term management plan for next three years, it will be essential to draft a target plan that includes not only forecasts but also “backcasts” from the long-term vision.

When we consider the long-term vision, it goes without saying that some items require long-term policies and plans. For example, when procuring raw materials there is a need to consider CSR from the highest point upstream, in other words excavation. In order to do this, there is a need for policies and plans that take into account matters such as biodiversity and human rights.

There is also a need to develop long-term policies and plans for the development of alternative raw materials, and for reuse and recycling. When we consider Japan's population trends, diversity policies are an essential part of human resource policies. Without long-term policies and plans, devotion and hard work alone will not be enough to impress investors.

Companies around the world have shown a great deal of interest in the United Nations' Post-2015 Development Agenda^(note 6). All of the twenty or so targets to 2030 that are currently being discussed require business solutions, and this will also lead to opportunities for business. This requires a long-term and broad perspective.

Luckily, I have learned from seeing the commitments made by Furukawa Electric's top executives and from attending hearings that the company recognizes the issues I have raised here and is making efforts to make the necessary preparations. All that is left now is to put this into practice.

(note 1) **Industrial capitalism:**

This refers to capitalism that creates profits through industrial activities based largely on the industries established as a result of the industrial revolution. It is widely argued that in future the source of profits will shift away from “goods” and towards “people (knowledge)”.

(note 2) **GRI's G4:**

The fourth version (G4) of the globally applied CSR reporting guidelines published by GRI (Global Reporting Initiative).

<https://www.globalreporting.org/>

(note 3) **IIRC Integrated Reporting Framework:**

The Integrated Reporting Framework was published in December 2013 by the IIRC (The International Integrated Reporting Council) after many years of discussions. The framework encourages reporting on long-term development using integrated financial and non-financial information.

<http://www.theiirc.org/>

(note 4) **Financial Services Agency's Japanese version of the Stewardship Code:**

This is the name given to the Principles for Responsible Institutional Investors published by the Financial Services Agency in February 2014. The Principles have been given the subheading “to promote the sustainable growth of companies through investment and dialogue”.

<http://www.fsa.go.jp/en/refer/councils/stewardship/20140407.html>

(note 5) **ESG investment:**

This is a form of investment that prioritizes non-financial information, including E (Environment), S (Society) and G (Governance), as a way of measuring of corporate value in addition to financial information. It is a form of investment based on the idea that ESG is a risk factor for companies and at the same time it can provide returns by improving corporate value in the long-term.

(note 6) **United Nations' Post-2015 Development Agenda:**

As the deadline for achieving the United Nations Millennium Development Goals (MDGs) approaches, a broad debate has begun with a view to formulating international development targets after 2015 (post-2015). Discussions have been carried out not only at the United Nations but also involving industry and NGOs. The plan is to adopt the goals at the United Nations General Assembly in September 2015.

<http://www.mofa.go.jp/policy/oda/mdg/>

History of Furukawa Electric's CSR Activities

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

GRI Guideline Table of Contents

No.	Indicators	Page
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Top Message
1.2	Description of key impacts, risks, and opportunities.	Top Message Risk Management

No.	Indicators	Page
2. Organizational Profile		
2.1	Name of the organization.	Company Profile
2.2	Primary brands, products, and/or services.	Company Profile Business Field
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Global Network
2.4	Location of organization's headquarters.	Company Profile
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Global Network
2.6	Nature of ownership and legal form.	Company Profile
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Global Network
2.8	Scale of the reporting organization, including: Number of employees; Net sales (for private sector organizations) or net revenues (for public sector organizations); Total capitalization broken down in terms of debt and equity (for private sector organizations); and Quantity of products or services provided.	Company Profile Key Indicators
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: The location of, or changes in operations, including facility openings, closings, and expansions; and Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	-
2.10	Awards received in the reporting period.	Awards from Outside Sources

No.	Indicators	Page
3. Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Editorial Policy
3.2	Date of most recent previous report (if any).	Editorial Policy
3.3	Reporting cycle (annual, biennial, etc.)	Editorial Policy
3.4	Contact point for questions regarding the report or its contents.	Editorial Policy
Report Scope and Boundary		
3.5	Process for defining report content, including: Determining materiality;	Editorial Policy

	Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Editorial Policy
3.7	State any specific limitations on the scope or boundary of the report.	-
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	-
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.	-
3.10.	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	No significant changes
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Guideline Table of Contents
Assurance		
3.13	Policy and current practice with regard to seeking in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Third-Party Opinion

No.	Indicators	Page
4. Governance, Commitments and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance CSR Management/CSR Promotion Framework
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Corporate Governance Upgrading and Enhancing Workplace Environments/Improving the Working Environment through Labor-Management Opinion Exchanges
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Corporate Governance
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	-
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	CSR Management/Group Philosophy, Basic Policy and CSR Code of Conduct
4.9	Procedures of the highest governance body for overseeing the	CSR Management/CSR

	organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Promotion Framework Corporate Governance
4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management/Overview of the Risk Management Structure Compliance Environmental Risk Management
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	-
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic.	-
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	CSR Management/Stakeholder Relations
4.15	Basis for identification and selection of stakeholders with whom to engage.	-
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	CSR Management/Stakeholder Relations
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	-

No.	Indicators	Page
5. Management Approach and Performance Indicators		
Economic		
Management Approach		
Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Key Indicators
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	-
EC3	Coverage of the organization's defined benefit plan obligations.	-
EC4	Significant financial assistance received from government.	-
Aspect: Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	-
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	-
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-
Aspect: Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro	Initiatives for Society/Activities in Each Region

	bono engagement.	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-
Environmental		
Management Approach		
Materials		
EN1	Materials used by weight or volume.	Material Flow
EN2	Percentage of materials used that are recycled input materials.	-
Energy		
EN3	Direct energy consumption by primary energy source.	Material Flow Preventing Global Warming
EN4	Indirect energy consumption by primary source.	Material Flow Preventing Global Warming
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.	Non-financial Key Indicators Environmentally Friendly Products
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Non-financial Key Indicators Preventing Global Warming
Water		
EN8	Total water withdrawal by source.	Material Flow
EN9	Water sources significantly affected by withdrawal of water.	-
EN10	Percentage and total volume of water recycled and reused.	-
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	-
EN13	Habitats protected or restored.	-
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Biodiversity Conservation
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-
Emissions, Effluents, and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	Preventing Global Warming
EN17	Other relevant indirect greenhouse gas emissions by weight.	Preventing Global Warming
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Preventing Global Warming
EN19	Emissions of ozone-depleting substances by weight.	Preventing Global Warming
EN20	NO, SO, and other significant air emissions by type and weight.	Material Flow Chemical Substance Management
EN21	Total water discharge by quality and destination.	-
EN22	Total weight of waste by type and disposal method.	Material Flow Reducing Waste
EN23	Total number and volume of significant spills.	Environmental Risk Management
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-
EN25	Identity, size, protected status, and biodiversity value of water bodies and	-

	related habitats significantly affected by the reporting organization's discharges of water and runoff.	
Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Environmentally Friendly Products
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	-
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Preventing Global Warming
Overall		
EN30	Total environmental protection expenditures and investments by type.	Environmental Management/Environmental Accounting
Labor Practices and Decent Work		
Management Approach		
Employment		
LA1	Total workforce by employment type, employment contract, and region.	Employee Data Book/Group Data (Consolidated)
LA2	Total number and rate of employee turnover by age group, gender, and region.	Employee Data Book/Furukawa Electric Data
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	-
Labor/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements.	Employee Data Book/Furukawa Electric Data
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-
Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Employee Data Book/Furukawa Electric Data
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Occupational Health and Safety/Labor Accidents
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/Educating Employees at "Anzen Dojos" Occupational Health and Safety/Healthcare for Employees Working Long Hours
LA9	Health and safety topics covered in formal agreements with trade unions.	Occupational Health and Safety/Status of Activities and Future Initiatives
Training and Education		
LA10	Average hours of training per year per employee by employee category.	-
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Human Resources Development
LA12	Percentage of employees receiving regular performance and career development reviews.	-

Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Employee Data Book/Furukawa Electric Data
LA14	Ratio of basic salary of men to women by employee category.	Employee Data Book/Furukawa Electric Data
Human Rights		
Management Approach		
Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	-
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Relations with Business Partners/Partner Meetings and Partner Evaluation Scheme
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/Training and Raising Awareness among Employees
		Human Rights Awareness
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	Human Rights Awareness
Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	-
Child Labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	-
Forced and Compulsory Labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	-
Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	-
Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-
Society		
Management Approach		
Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	-
Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	-
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Compliance/Training and Raising Awareness among Employees
SO4	Actions taken in response to incidents of corruption.	Compliance/Compliance Activities
Public Policy		
SO5	Public policy positions and participation in public policy development and	Relations with Public Policy

	lobbying.	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-
Anti-Competitive Behavior		
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Compliance/Compliance Activities
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	-
Product Responsibility		
Management Approach		
Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Relations with Customers
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	-
Product and Service Labeling		
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
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Relations with Customers
Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-
Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-
Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	-