

# Corporate Social Responsibility

**Furukawa Electric Group  
CSR Report 2009**



# Furukawa Electric Group Philosophy

## CORPORATE PHILOSOPHY

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

## MANAGEMENT PHILOSOPHY

With an eye to the future, we at the Furukawa Electric Group pledge to:

- Live up to the expectations and trust invested in us by society, with fairness and integrity.
- Apply the sum total of our expertise to satisfy our customers and grow with them.
- Continuously strive to achieve world-class technological innovation, and transform ourselves in every area of endeavor.
- Nurture human resources at every level, so that we can become a more diverse and creative organization.

## The Furukawa Electric Group Credo

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

## Furukawa Electric Group Action Guidelines

The officials and employees of the Furukawa Electric Group will perform their duties in accordance with the following action guidelines. We, the Company officials and employees of the Furukawa Electric Group, will:

1. Fully recognize the responsibilities of the Furukawa Electric Group to society and strive to maintain and improve on solid, friendly relationships with all of our stakeholders and contribute to the sustainable development of society through corporate, environmental and social activities.
2. Aim to create a company that is useful to society by developing products designed to aid the development of society and by providing reliable products and services.
3. Comply with domestic and international laws and regulations and act in accordance with internal regulations and other rules such as social norms and ethics.
4. Properly display and adequately disclose financial statements and other corporate information.
5. Deal with antisocial groups in a resolute manner.
6. Strive to act with consideration for the protection of the global environment.
7. Respect human rights, cultures and traditions as a member of the international community.
8. Create a company whose employees feel motivated, comfortable and fulfilled.
9. Continuously strive to undertake social contribution activities based around the core aims of nurturing future generations, promoting sport and culture and living in harmony with local communities, as well as business-related activities, in order to maintain and strengthen community ties built up over centuries and create a better tomorrow for future generations.

## Editorial Policy

Following organizational reforms in February 2007, the Furukawa Electric Group established a CSR Division to step up its CSR management activities. We consequently changed the name of the publication titled, "Environmental and Social Report," in 2007 to "CSR Report," and we have expanded the range of information covered by the report to include both social and financial aspects.

This 2009 report features initiatives the Furukawa Electric Group is pursuing to prevent global warming, the most pressing task in achieving a genuinely successful and sustainable society.

### Scope of this Report

#### • Organizations Covered

This report covers Furukawa Electric Co., Ltd. and all members of the Furukawa Electric Group, including affiliated companies.

#### • Scope of Themes Covered

This report covers Furukawa Electric Co., Ltd. and its 107 consolidated subsidiaries. Exceptions to the scope of the data collected have been clearly stated.

#### • Period Covered

From April 1, 2008 to March 31, 2009

Includes selected information on past initiatives and activities during fiscal 2009.

#### • Source Guideline

Environmental Reporting Guidelines (fiscal 2007 version) published by the Ministry of the Environment

#### • Website

<http://furukawa.co.jp/english/csr/>

### Inquiries

Administration Department, CSR Division  
Furukawa Electric Co., Ltd.  
TEL: +81-3-3286-3044 FAX: +81-3-3286-3920

## Contents

- 1 Furukawa Electric Group Philosophy / Editorial Policy
- 3 Furukawa Electric Group Overview
- 5 Messages from Management

### 7 Feature Initiatives for Preventing Global Warming

- 9 Product Development Initiatives
- 11 Initiatives in Production
- 12 Initiatives in Logistics

### 13 Management

- 13 Corporate Governance
- 14 CSR Management

### 16 Initiatives for the Environment

- 17 Basic Environmental Policy
- 18 Environmental Management
- 19 Material Flow
- 20 Targets and Performance
- 21 Activities for Promoting Environmentally-Friendly Products
- 22 Environmentally Conscious Production Activities
- 24 Chemical Substance Management
- 25 Environmental Risk Management
- 26 Environmental Accounting

### 27 Initiatives for Society

- 28 Relationship with our Customers
- 29 Relations with our Shareholders and Investors
- 30 Relations with our Suppliers
- 31 Relations with our Employees
- 35 Involvement with Society and Local Communities
- 39 Initiatives at Overseas Group Companies
- 41 Third-Party Opinion
- 42 History of Furukawa Electric's CSR Activities

# Furukawa Electric Group Overview

## Furukawa Electric Group Profile

### Sales

1,032.8 billion yen (Consolidated, fiscal year 2008)

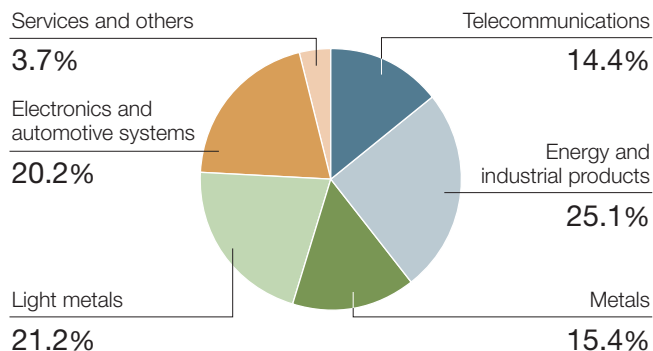
### Number of employees

37,427 (as of March 31, 2009)

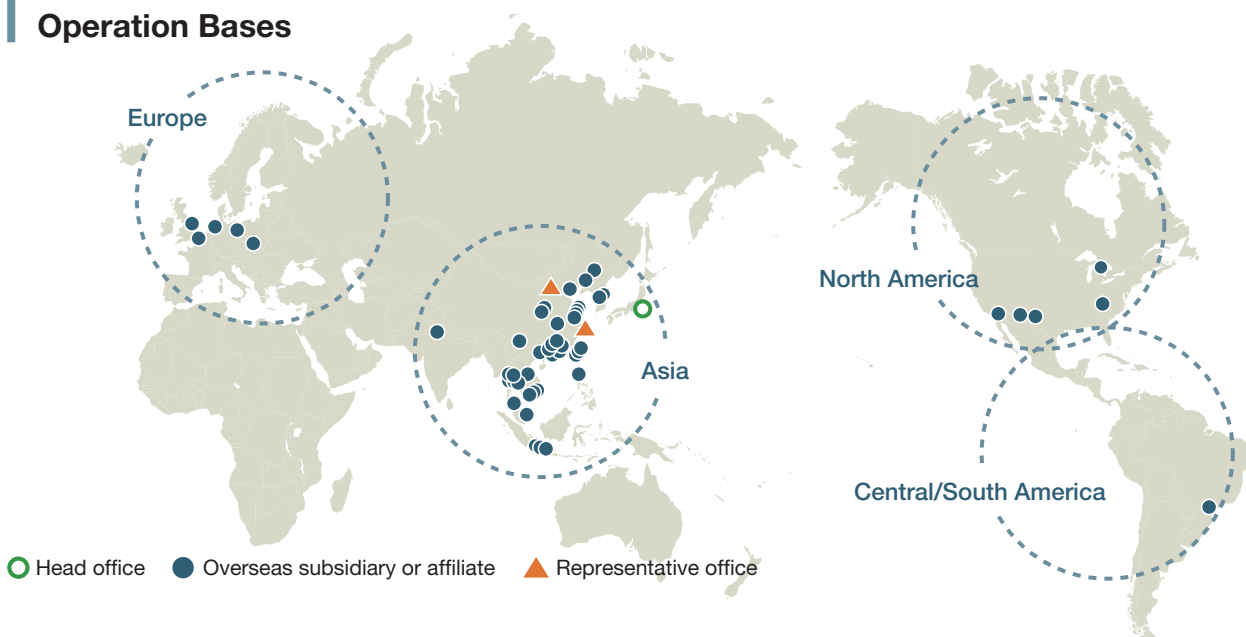
### Number of companies

123 (107 subsidiaries and 16 affiliates accounted for using the equity method)

### Main Business Segments (Consolidated)

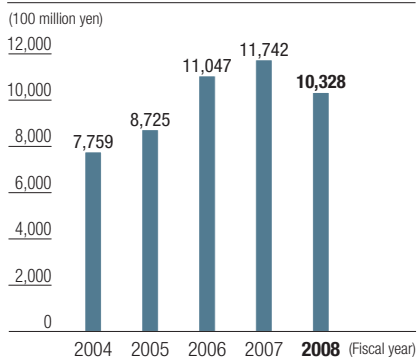


## Operation Bases

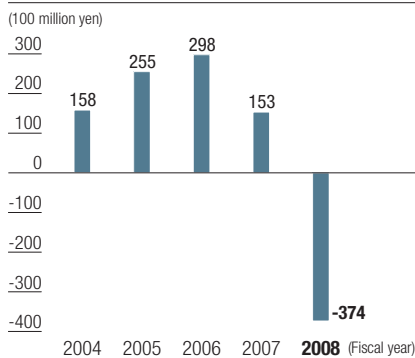


## Results (Consolidated)

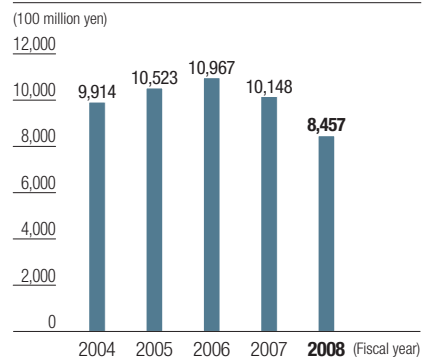
### Net Sales



### Net Income



### Net Assets



## Main Business Segments

### Three Core Materials

Optics

Nonferrous Metals


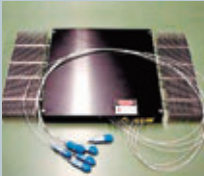

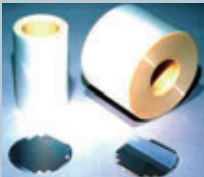






Plastics

Synthesis and Processing

### Business Segments

### Main Products

### Main Customers

Telecommunications	<ul style="list-style-type: none"> <li>Optical fibers and cables</li> <li>Lasers</li> <li>Optical amplifiers</li> <li>Networking equipment</li> </ul>	 	<ul style="list-style-type: none"> <li>Communications</li> <li>Communication equipment</li> </ul>
Energy and Industrial Products	<ul style="list-style-type: none"> <li>Copper wire rods</li> <li>Industrial power cables</li> <li>Microcellular foam</li> <li>Semiconductor processing tapes</li> </ul>	 	<ul style="list-style-type: none"> <li>Power</li> <li>Railways</li> <li>Electrical machinery</li> <li>Construction</li> </ul>
Metals	<ul style="list-style-type: none"> <li>Copper foil</li> <li>Wrought copper products for electronics</li> <li>Air conditioner copper piping</li> <li>Superconducting wire</li> </ul>	 	<ul style="list-style-type: none"> <li>Electronic equipment and electrical machinery</li> <li>Construction</li> </ul>
Electronics and Automotive Systems	<ul style="list-style-type: none"> <li>Wire harnesses for automobiles</li> <li>Electronic components</li> <li>Components for electronic equipment</li> <li>Magnet wires</li> </ul>	 	<ul style="list-style-type: none"> <li>Automobiles</li> <li>Electronic equipment and electrical machinery</li> </ul>
Light Metals (Furukawa-Sky)	<ul style="list-style-type: none"> <li>Aluminum can stock</li> <li>Aluminum tank materials for LNG vessels</li> <li>Aluminum materials for semiconductor manufacturing equipment</li> <li>Processed aluminum products</li> </ul>	 	<ul style="list-style-type: none"> <li>Can manufacturing</li> <li>Shipbuilding</li> <li>Aircraft</li> <li>Electrical machinery</li> </ul>

## Furukawa Electric Group Corporate Profile

Name	Furukawa Electric Co., Ltd.
President	Masao Yoshida
Founded	1884
Established	1896
Sales	426.1 billion yen (Non-consolidated, fiscal year 2008)
Number of employees	4,199 (Non-consolidated, as of March 31, 2009)

### Domestic Bases

- Head Office
- Works: 7 Nikko (2), Ichihara, Hiratsuka, Kameyama, Amagasaki, Yokohama
- Branch Offices, Branches and Sales Offices: 10
- Research Laboratories: 4  
Yokohama, Nikko, Ichihara, Hiratsuka

\* Changed to a seven-plant structure due to the integration of Furukawa Circuit Foil Co., Ltd. in October 2009.



# Messages from Management



## Strengthening compliance and enhancing corporate value

**Masao Yoshida**  
President

吉田政雄

### A firm commitment to compliance

The Furukawa Electric Group celebrated its 125th anniversary this year. Our philosophy of living up to the expectation and trust invested in us by society, with fairness and integrity, as declared in the Furukawa Electric Group Philosophy formulated in August 2007, has represented the backbone of the Group for well over a century. Yet despite this legacy, a regrettable series of compliance violations occurred over the course of the previous fiscal year, including the cancellation of our JIS mark certification for wrought copper products at Osaka Works, a cease-and-desist order for violating the Antimonopoly Act in relation to cross-linked polyethylene foam, and an onsite inspection in June this year by the Fair Trade Commission in connection with optical fiber cables. I would like to take this opportunity to once again express our sincere apologies for having caused significant distress and concern among all our stakeholders, including shareholders and customers. We intend to implement a group-wide effort to strengthen compliance and ensure that such incidents will never be repeated. On July 29, we set up a third-party investigation committee on the antimonopoly act violation issue, primarily comprising outside experts with a fair and neutral perspective to thoroughly determine the causes and consider measures for preventing any recurrence. We are resolved to use this crisis as an opportunity to eradicate antimonopoly act violations and reform our corporate culture and constitution by breaking away from past business practices. We intend to effect a complete transformation—a rebirth of Furukawa Electric as an enterprise that thrives on the unique added value of our products and services.

### Capitalizing on the power of materials to differentiate products and strengthen manufacturing capabilities

As a result of the worldwide recession triggered by the collapse of a U.S. financial institution in 2008, the Furukawa Electric Group finds itself in a severe management environment with the urgent need to bolster our financial performance. Under these circumstances, we will review

our conventional business model to fundamentally reinforce compliance and strive to offer products and services that are genuinely valued by society. To this end, we will pursue our transmission infrastructure business, primarily in the high-growth regions of BRICs and ASEAN, and discern customer needs in relation to the key concepts of the environment, energy conservation and cost reduction. We will also seek to fully leverage our expertise in materials cultivated by the Group over the years to differentiate our products, thoroughly eliminate waste, and reduce costs by strengthening our manufacturing capabilities to further reinforce our foundational capabilities for responding to the dramatic changes taking place today.

### Enhancing comprehensive initiatives for the environment

Electricity used at our Nikko Works is primarily generated by a hydroelectric power station owned by Furukawa Electric, and we are therefore able to manufacture our copper strips and aluminum memory disk products with low CO<sub>2</sub> emission levels. The Furukawa Electric Group is pursuing comprehensive environmental initiatives, from the use of responsible energy sources and the development of environmentally sound products that utilize our competence in materials, to measures for reducing environmental impact throughout the design, production and distribution process, Team Minus 6% activities at our offices, and actions to protect local ecosystems.

In 2008, we participated in a government-sponsored pilot program on emissions trading to increase our own knowledge base. We also reviewed our programs and systems and added environmental targets to the performance assessment of business segments, introduced a program to ensure achievement of those targets, and established an “e-friendly” logo system, through which a logo is displayed on products that meet given standards at each stage of materials procurement, manufacturing, use, distribution and disposal. We will seek further progress in fiscal 2009 through measures such as developing our own methods for assessing environmental performance.

## Consistent social contribution rooted in the local community

With respect to social contribution, we uphold the Furukawa Electric Group's Action Guidelines on Social Contribution to contribute to society not only through our business operations but also through activities for achieving a sustainable society by utilizing the human resources and business sites of the Furukawa Electric Group to strengthen the bonds with society we have cultivated for over a century. This requires the development of a system that encourages the participation of many employees, such as the establishing of a corporate culture of social contribution

as well as considering new measures including educational activities, work-leave programs and citation programs. In fiscal 2009, we will seek to further enhance our system in addition to the ongoing social contribution activities rooted in the local community that are being undertaken at each works.

Our goal is to develop our business by placing high value on communication with all our stakeholders, including customers, employees, shareholders and residents of local communities. We look forward to receiving your honest feedback on all these initiatives.



## Expanding our CSR activities and enhancing communication with stakeholders

**Tetsuya Sato**

Director, Member of the Board, Chief Social Responsibility Officer

佐藤 哲哉

### Renewal of the CSR Report

In fiscal 2008, we requested a third-party opinion from Mariko Kawaguchi, General Manager of the Management Strategy Research Department at Daiwa Institute of Research Ltd., to evaluate and provide advice for our CSR Report. We have been seeking to creatively transform the format of our report from one that had traditionally focused on explaining in-house systems and programs and sharing the results of in-house targets into one that adopts the stakeholders' perspective and includes content that is easier to understand and more familiar to readers while also communicating the unique character of the Furukawa Electric Group and its concrete activities. While many tasks remain, we hope to further enhance this report over time through dedicated efforts that incorporate a broad range of comments from our stakeholders, including third-party opinions.

### Expanding our CSR activities

As addressed in the President's Message, our response to compliance issues became an urgent task following events in the past fiscal year. Since the establishment of the CSR Division in 2007, we have sought to develop our system of compliance and internal control and to

improve our programs. The results, however, indicate these programs were not functioning adequately in some respects. After earnestly reflecting on this situation, we intend to conduct a full-fledged effort to ensure compliance with renewed conviction. We will endeavor to establish a thorough awareness across the Company on the need to maintain clarity on our internal ethical framework and practices as well as the evolution of societal expectations by continuously reviewing our activities and steadfastly pursuing improvement.

This report features an article on our environmental initiatives. We have also established a new "e-friendly" logo system, set up a committee to promote reductions in CO<sub>2</sub> emissions and launched a life cycle assessment (LCA) initiative for quantitatively assessing our environmental impact. In addition, we are conducting a sustained effort to establish CSR Procurement Guidelines for suppliers, develop countermeasures against the new strain of influenza virus and formulate business contingency plans (BCP) for the eventuality of a major earthquake.

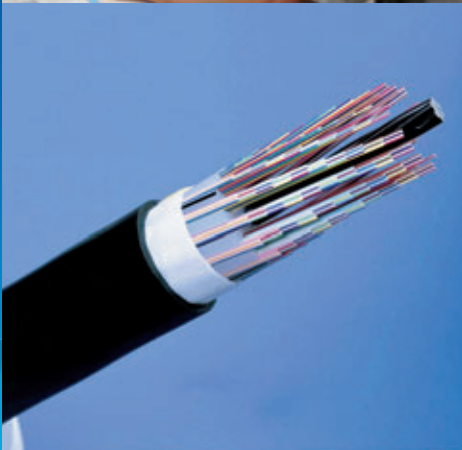
We intend to enhance and expand our CSR activities based on the concept that corporate value is determined by the balance between the three aspects of economics, environmental protection and social contribution.

Feature

# Initiatives for Preventing Global Warming

Clearly recognizing the need for a low-carbon society and acknowledging the importance of responding to this need through a group-wide effort, the Furukawa Electric Group is taking action to prevent global warming throughout the entire lifecycle of its products, including production and logistics, toward the creation of a genuinely successful and sustainable society. In fiscal 2009, we will include initiatives for preventing global warming in our medium- and long-term plans and reinforce additional efforts in the four areas of production, products and services, logistics and non-production activities.





Furukawa Electric Group in a united effort to prevent global warming

**Policies**

- Reducing greenhouse gases
- Promoting energy savings
- Switching fuels and using clean energy sources
- Reducing transportation energy consumption

**Initiatives**

Product Development	Production	Logistics
<ul style="list-style-type: none"> <li>• Development of environmentally-friendly products</li> <li>• Hydroelectric power</li> <li>• Recycling system of Furukawa Electric Ecotec</li> </ul>	<ul style="list-style-type: none"> <li>• Converting to energy saving facilities</li> <li>• Switching fuels</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing modal shift</li> <li>• Improving loading rates</li> </ul>

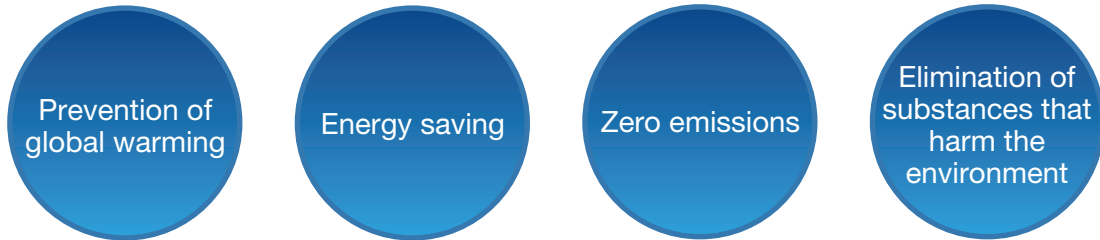


## We are Aggressively Developing Products that Reduce Greenhouse Gases

The Furukawa Electric Group is pursuing the development and popularization of environmentally-friendly products in four areas: prevention of global warming; zero emissions;

elimination of substances that harm the environment, and energy saving. We renewed our environmental mark in fiscal 2008 to deploy the “e-Friendly” mark throughout the Group.

### Four Areas for Developing and Popularizing Environmentally-Friendly Products



#### Major environmentally-friendly products related to these four areas

- MCPET
- Lead batteries for automobiles
- Green trough
- Environmentally-friendly wires and cables
- Easy-to-disassemble optical fiber cables

### Environmentally-Friendly Products

## World’s top-class light reflexivity for saving energy

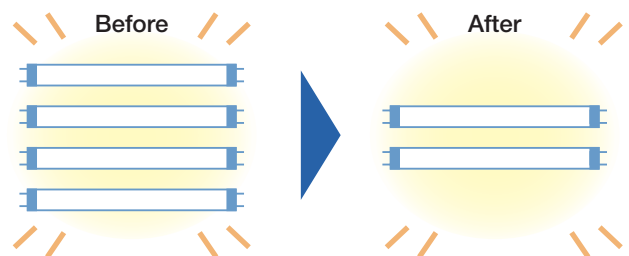
MCPET® (Microcellular reflective sheet)

### Delivering the world’s top-class light reflexivity with microcellular foaming technology

MCPET is a microcellular foamed sheet of PET resin with air bubbles smaller than 10 μm. Due to this structure, MCPET boasts the world’s top light reflexive performance. It has a relative reflexivity of 99% and is used as backlight for LCD and reflective sheets for such uses as convenience store signs. Applications have recently expanded to include lighting equipment such as LED downlights.

Reduction in fluorescent lamps by corporate customers that have adopted MCPET (Our research)

Reduced by an average of **50%**



### A Word from Sales

We hope to make MCPET an even more satisfying product for our customers by standardizing its energy saving method so that the benefits of economizing on energy are easily understood by customers and by seeking to balance flame resistance and processability. We are also planning to ship MCPET as an end-product in addition to supplying it as a material.

**Koji Katsura**

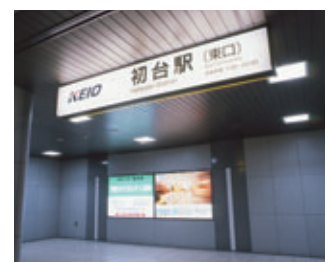
Foamed Products Division  
Industrial Product Division  
Energy and Industrial Products Company



### Applications

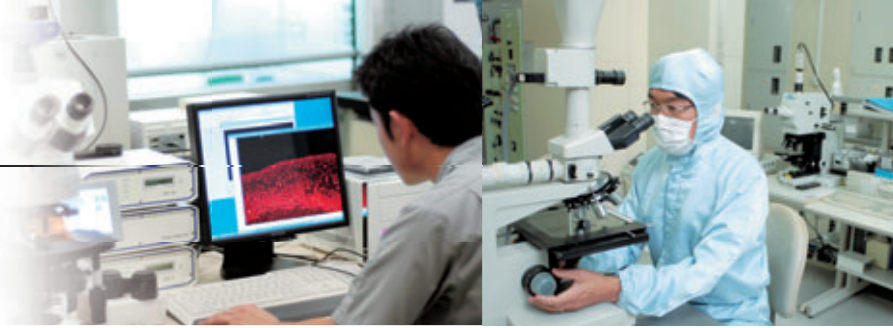


Illuminated signboard type 1



Illuminated signboard type 2





## Environmentally-Friendly Products

# Improving automobile mileage with high-performance batteries

Commercial lead batteries for automobiles (The Furukawa Battery Co., Ltd.)

### Eco battery reduces CO<sub>2</sub> emissions and saves energy

Many of the latest fuel-efficient cars carry charge control systems for lowering fuel consumption. This is enabled by computerized control of the alternator to reduce burden on the engine when the car battery is charged to a certain level. While this system effectively lowers fuel consumption, the repeated charging and discharging of the battery requires high charge acceptance for efficient charging over short periods of time. Through improvements such as optimizing the design of negative and positive plates as well as the ratio of active

materials, we were able to improve charge acceptance by 15% over conventional products. We are also pursuing green procurement with consideration to the environment by developing a car battery recycling system that uses recycled material for the package, lead and battery case, making the FB (FURUKAWA BATTERY) an environmentally-friendly battery from several perspectives.



Our flagship model that reduces fluid loss to guarantee non-rehydration through our newly developed double-lid structure.

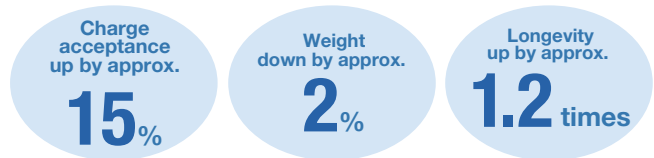
### A Word from one of our Engineers

Reducing battery weight significantly contributes to boosting automobile mileage, and in turn reduces CO<sub>2</sub> emissions by approximately 3%. We will seek to further reduce battery weight while enhancing performance factors, such as charge acceptance.



**Takashi Mizuno**  
Technical Service Section  
Technical Department  
The Furukawa Battery Co., Ltd.

### Comparison with conventional products



**Increases automobile mileage and energy savings**

Data from The Furukawa Battery; compared with its own conventional products

## T O P I C S

### Our Exhibit at Eco-Products 2008

The Furukawa Electric Group exhibited at Eco-Products 2008, held from December 11 to 13, 2008, at Tokyo Big Sight.

At our booth, we introduced our initiatives for promoting environmentally-friendly products and the new "e-Friendly" mark. We also showcased our own related products as well as a series of products manufactured with a recycling technology for used wires and cables.

We also showcased the Furukawa Electric Group's environmental initiatives and highlighted the fact that over 90% of the energy used by the Group is generated by hydroelectric power from Furukawa Nikko Power Generation Inc., accounting for a



Furukawa Electric booth

112,000-ton reduction in annual CO<sub>2</sub> emissions.

In addition, we drew attention to our participation in the Lake Toya Summit in Hokkaido, where we exhibited our superconducting cable, expected to achieve energy savings of 3,120 GWh and reduce CO<sub>2</sub> emissions by 1,060,000 tons per year after it replaces the existing 4,000-kilometer cable network. We were able to share the Furukawa Electric Group's environmental initiatives with many visitors.

### Overview of Eco-Products 2008

Dates: December 11 to 13, 2008 Venue: Tokyo Big Sight

This was the tenth Eco-Products exhibition, one of Japan's largest environmental trade shows. Reflecting strong interest in the environment over recent years, many companies took part in the event, which was deemed a great success and drew 173,917 visitors over the three-day period including businesspersons, students and the general public.



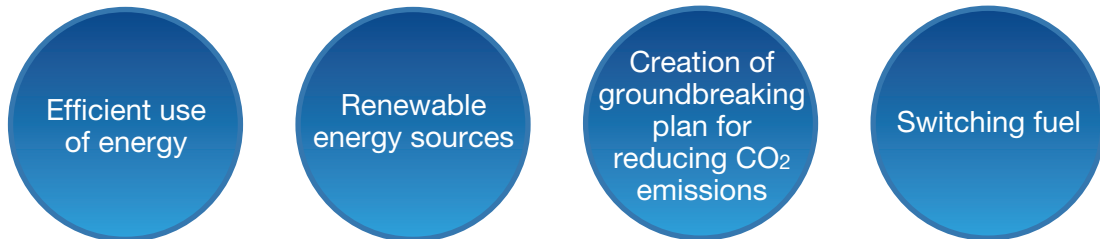
## We are Working to Utilize Renewable Energy in Addition to Improving Our Production Facilities and Manufacturing Processes

Furukawa Electric has pursued activities for reducing CO<sub>2</sub> emissions under our 2009 Mid-Term Plan for Environmental Preservation Activities. To further strengthen these efforts in fiscal 2008, we set up a CO<sub>2</sub> Emissions Reduction Committee chaired by the Chief Social Responsibility

Officer and comprising Company Presidents and heads of the works along with other members to further reduce CO<sub>2</sub> emissions.

The Furukawa Electric Group is also focusing on utilizing renewable energy sources.

### Priorities for Preventing Global Warming Associated with Production Operations for Fiscal 2008



### Major Initiatives in Fiscal 2008

#### Fuel conversion at the Chiba Works

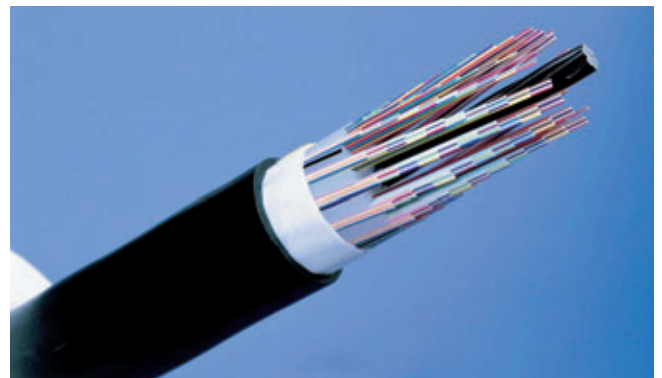
The use of electricity at Chiba Works accounts for 70% of the location's CO<sub>2</sub> emissions, whereas the consumption of fossil fuels such as gas and oil account for 30%. While electricity is procured through an electric power company and thus CO<sub>2</sub> emissions cannot be directly reduced, fossil fuel consumption can be reduced by converting to fuels that release less CO<sub>2</sub> during combustion. We have been systematically working on fuel conversion since 2008. Specifically, we are laying a main 2,000-meter pipeline inside the Works to convert from LPG, heavy fuel oil A and kerosene to city gas. We completed the conversion to city gas for the LPG-based copper melting furnace in 2008 and plan to change fuel sources for boilers currently burning heavy fuel oil A in 2009 and to replace the use of kerosene over the coming years. We reduced CO<sub>2</sub> emissions by approximately 2% in 2008 through an upgrade to energy-saving combustion burners and boilers and intend to achieve our goal of reduction by another 2% in 2009.



Laying a 2,000-meter city gas pipeline for switching fuel

#### Concentration of the cable manufacturing process

Domestic demand for optical fiber cables is expected to remain stagnant for some time, and we have been looking into a number of activities for increasing profit at a lower level of operations. After recognizing that improving the production processes within each work would not lead to significant results, we decided to pursue full-scale improvement in capacity utilization by integrating and reorganizing production across several sites. At the same time, we factored in environmental considerations such as reduced CO<sub>2</sub> emissions and achieved considerable decreases in utility costs, such as for air conditioning and lighting, which had been generated as a fixed cost from each site. As a result, we reduced electricity use by 5,231 MWh per year and LPG by 151 tons per year, roughly equivalent to 2,179 t-CO<sub>2</sub> per year in CO<sub>2</sub> emissions. While these efforts have achieved some success in reducing CO<sub>2</sub> emissions, a priority issue for the global environment, we intend to continue making further reductions.



Tape slot-type optical fiber cable



# Constructing an Efficient Logistics System



In our logistics activities, we set up a Transport Energy Reduction Committee in 2007, chaired by the Chief Social Responsibility Officer. Responsible employees at affiliate Furukawa Logistics Corporation and each work have led the effort to promote a modal shift and enhance loading

rates (transport energy reduction activities). In the latter half of fiscal 2008, Nikko Works began round-trip transport between Utsunomiya and Osaka using 31-foot containers in cooperation with Sumitomo Electric Industries, Ltd., thereby reducing CO<sub>2</sub> emissions.

## Priorities for Preventing Global Warming Related to Logistics for Fiscal 2008



### Major Initiatives in Fiscal 2008

#### Eco-driving seminars in eastern and western Japan

Training sessions on energy saving driving, or eco-driving seminars, were held for drivers of partner transportation companies at the Shiga Branch, Oyama Branch and Oyama Center of Furukawa Logistics. We intend to continue our support for energy saving driving, which is friendly to the environment and also encourages safe driving. (Cooperation: Hino Motors, Ltd.)



Practical skills training for eco-driving

#### Promotion of modal shift

In our effort to promote a modal shift for cargo shipped from the Nikko area to customers in the Shikoku area, we are striving to reduce CO<sub>2</sub> emission as much as possible on a daily basis by choosing transportation by truck and by 5-ton JR freight containers depending on the monthly volume of cargo.



Loading cargo into a container

#### Logistics Environmental Conservation Award

Our Nikko-Osaka 31-foot Container Round-trip Transportation project, launched in cooperation with Sumitomo Electric Industries, Ltd. in October 2008, was a joint recipient of the Logistics Environmental Conservation Award from the Japan Federation of Freight Industries along with the Modal Shift Solution Team (members: Japan Electric Wire & Cable Makers' Association, Japan Freight Railway Company, Gotsu Co., Ltd., Tobu Transportation Co., Ltd., Sumitomo Electric Industries, Ltd., SEI Loginet Co., Ltd., Furukawa Electric, Furukawa Logistics). This award was one of several presented at the 10th Logistics Environment Award. In this project, truck transportation operated separately by the two companies was replaced by round-trip rail transport and the shared use of two freight containers. Furukawa Electric transports its cargo from Utsunomiya to Osaka, and Sumitomo Electric uses the same container for the return trip. This was the first case in the industry of a joint modal shift undertaken between companies in the same industry, and the two companies won recognition for the project's impact, reducing annual CO<sub>2</sub> emissions by approximately 242 tons.



Round-trip transportation between Nikko and Osaka using 31-foot containers

# Corporate Governance

Furukawa Electric raises its management efficiency through timely decision-making to quickly respond to changes in the business environment and markets, thereby also improving its performance. At the same time, we strive to maintain sound management by building and upgrading our internal control systems.

## Board of Directors and Board of Corporate Auditors

### Board of Directors

To accelerate decision-making, Furukawa Electric exercises flexibility by convening extraordinary board meetings as necessary in addition to the regular monthly board meetings. And to facilitate the effective functioning of the Board of Directors in monitoring operational performance as the cornerstone of corporate governance, we have established a support structure to ensure outside directors sufficiently understand the issues being discussed, and the opinions of outside directors are respected as part of the decision-making process. We have also set up a CSR and Risk Management Committee under the supervision of the Board of Directors, consisting of the Chairman, President, Company Presidents and Chief Officers. This acts as a framework for the promotion of CSR and risk management activities from an overall groupwide perspective.

### Board of Corporate Auditors

Furukawa Electric has incorporated the establishment of a Board of Auditors into the institutional design of the Company itself. We place great importance on the function performed by our Corporate Auditors and Board of Corporate Auditors, which are independent of the Board of Directors. And we continue to make every effort to strengthen our auditing capabilities based on close collaboration between our Corporate Auditors, Accounting Auditors and the CSR

Division, which acts as our auditing department, including sharing information and exchanging opinions.

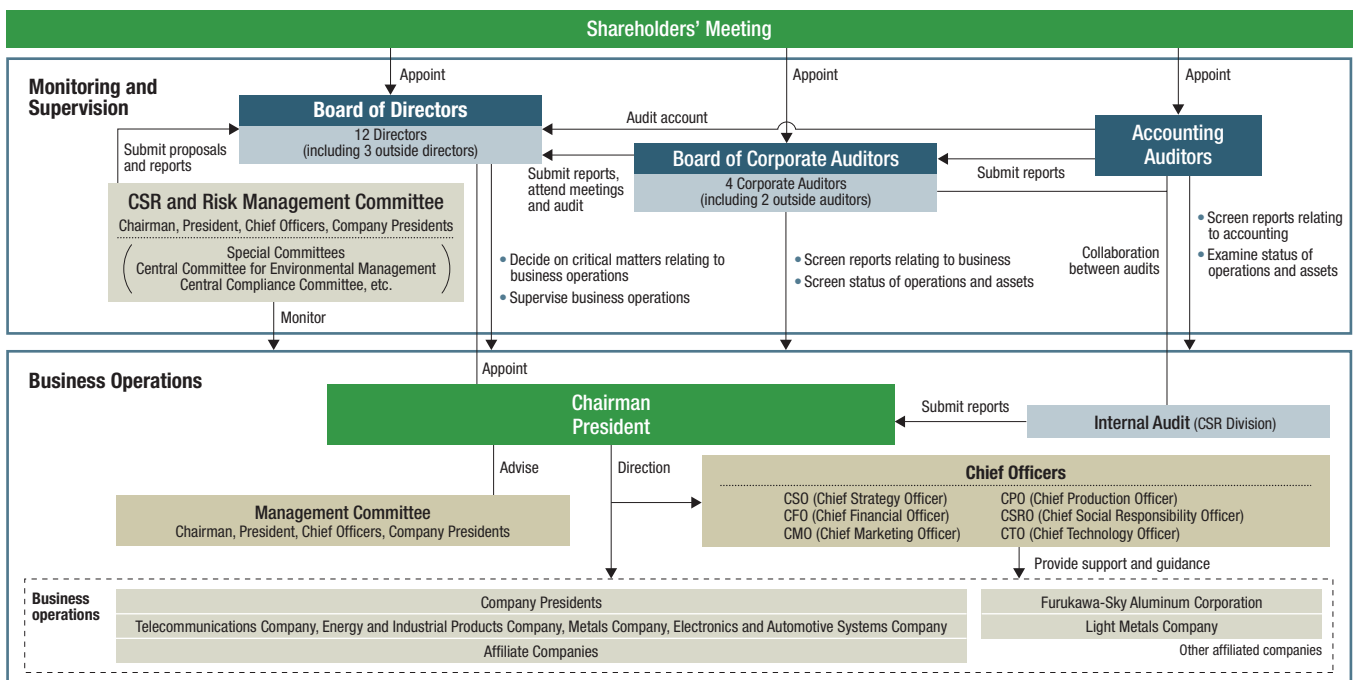
## Operational Performance

Furukawa Electric's operational structure is based on a company system and a chief officer system. Under the supervision of the President, who is responsible for overall operational performance, operations are run by the Company Presidents, and operations relating to matters such as groupwide strategies, resource allocation and administration are handled by the relevant Chief Officer. Details of such operations are then reported back to the Board of Directors on a quarterly basis.

## Internal Control

The internal control system of Furukawa Electric and its Group companies has been established and implemented with the understanding that the objectives of internal control are to maintain and enhance the efficiency of operational performance, ensure compliance, manage risk and information, and oversee Group companies. With respect to the Internal Control Reports as mandated under the Financial Instruments and Exchange Act, which went into effect during the fiscal year ended March 2009, the Group J-SOX Committee and the CSR Division are responsible for maintaining and enhancing the credibility of Furukawa Electric's financial reports.

Corporate governance organization chart



# CSR Management

The Furukawa Electric Group is bolstering its monitoring of all corporate activities by establishing a specialized division for promoting CSR activities and appointing an officer to supervise its operations.

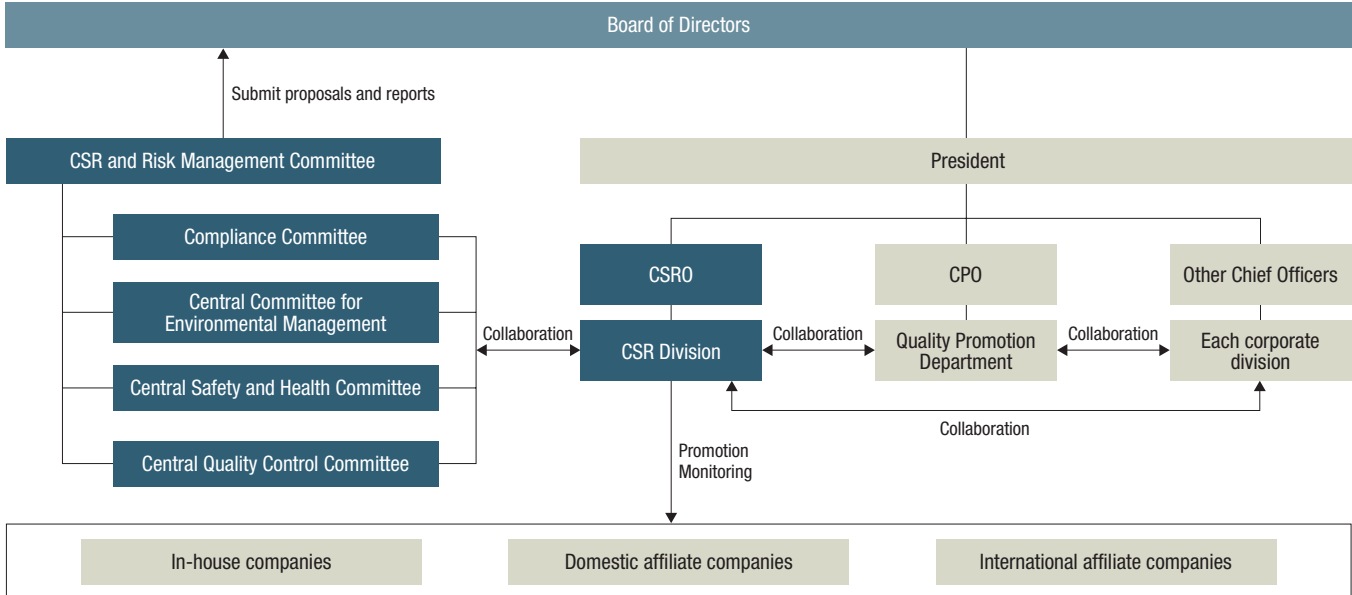
## CSR Promotion Framework

The Furukawa Electric Group established the CSR Division as a specialized unit for strengthening and improving CSR activities and appointed a Chief Social Responsibility Officer (CSRO) to supervise its operations. The CSR Division consists of an Internal Auditing Department, an Administration Office on Security Trade Control, a Safety and Environment Promotion Department and an Administration Department. We are stepping up all-round monitoring of corporate activities from the standpoint of CSR, encompassing areas from internal control, compliance and risk management to safety, environmental protection and social contributions, and undertaking CSR activities on a standardized basis. In addition, we maintain a framework for taking any necessary action should problems arise, for example investigating allegations and the causes of problems, instituting remedial or preventive measures and releasing statements, to deal with all eventualities quickly and appropriately.

### CSR Basic Policy

We fully recognize the responsibilities of the Furukawa Electric Group to society and will strive to maintain and improve on solid, friendly relationships with all of our stakeholders and contribute to the sustainable development of society through corporate, environmental and social activities.

### CSR promotion framework



# CSR Management

## Compliance

### Promotion of Compliance

The Furukawa Electric Group defines compliance as “going beyond simply abiding by laws and regulations by acting in accordance with the values and ethics required of the Company and its employees as responsible members of society.” We continue to promote in-house education and inspections to prevent any violations of the law as well as a range of other compliance-related activities within the framework of the Furukawa Electric Group Action Guideline as our basic philosophy on ethical and legal compliance, which is expressed more concretely in the CSR Code of Conduct.

Several serious compliance incidents occurred in fiscal 2008, including the cancellation of our JIS mark certification for wrought copper products at Osaka Works and a violation of the Antimonopoly Act in relation to cross-linked polyethylene foam. In response to these incidents, we held compliance briefings for employees above the managerial level at our head office, branches and works, and distributed a message from the President titled, “Promotion of Compliance Management.” We also instituted a compliance pledge to be signed by all Furukawa Electric employees at or above the level of directors, general managers and managers as well as executive officers at affiliated companies. In fiscal 2009, we plan to improve our compliance training, expand the scope of the compliance pledge and conduct an employee survey.

### Internal Reporting System

To enable early detection of compliance violations and corrective measures, we operate a system whereby company officials and employees can either openly or anonymously file reports directly with the Central Compliance Committee (namely, an internal reporting system.) Sufficient care is taken to ensure whistleblowers are not subject to any negative impact as a result of filing an internal report.

### Compliance Education

We provide education based on rank, from new recruits to directors, and conduct training in the workplace using the CSR Compliance Handbook to establish a thorough awareness of compliance among all employees.

### Major compliance seminars organized in fiscal 2008

Name of seminar	Participants
<b>Rank-based seminars</b>	
Study meetings for directors	Above Executive Officer
Training for newly appointed managers	Newly appointed managers
Training for newly appointed managers and assistant managers	Newly appointed managers and assistant managers
Training for Furukawa Electric Group directors	Directors at affiliated companies
Training for Furukawa Electric Group managers	Managers at affiliated companies
<b>Others</b>	
Furukawa City Campus Compliance seminars	General managers, section chiefs, managers, responsible employees in planning and management, sales and head office departments
Compliance briefings	Business division managers, general managers, unit chiefs, managers

## Risk Management

### Risk Management

Each year, the CSR and Risk Management Committee conducts risk assessments targeting general managers at Furukawa Electric Co., Ltd. and representatives of affiliated companies both in Japan and abroad in order to identify any potential risks.

The CSR and Risk Management Committee devises response plans for major groupwide risks and monitors progress accordingly in an effort to minimize risks.

The following four issues were identified in fiscal 2008 as major risks for Furukawa Electric, and concrete actions undertaken by related departments to address these issues were monitored.

#### Major risks for Furukawa Electric in fiscal 2008

- |   |  |
|---|--|
| (1) Natural disasters, such as earthquake damage and infectious disease | (3) Information security                 |
| (2) Quality control   | (4) Governance over affiliated companies |


### Business Contingency Plan

Fully recognizing the social responsibility of the Group, we formulated a business contingency plan (BCP) based on our BCP policy described below, assuming an intensity 6 (Japanese scale) epicentral earthquake hit the Tokyo metropolitan area, to minimize the impact of unforeseeable risks and to ensure the continuation of business operations. Starting with the current fiscal year, we plan to upgrade our BCP to include additional risks, such as the pandemic influenza virus, and make the transition into a business continuity management (BCM) phase by applying the PDCA cycle.

#### Basic Policy on BCM

1. Priority on human lives
2. Prevention of the expansion of damage
3. Continuation and early resumption of key operations
4. Contribution to the local community
5. Implementation of business continuation management





The Furukawa Electric Group uses hydroelectric power generated by Furukawa Nikko Power Generation Inc. for most of the electricity needed for production operations in the Nikko area. The annual volume of hydroelectric power accounts for 14% of all electricity used by the Furukawa Electric Group each year (26% for Furukawa Electric alone).

## Initiatives for the Environment

The Furukawa Electric Group is striving to reduce its environmental impact throughout the product lifecycle.

- 17** Basic Environmental Policy
- 18** Environmental Management
- 19** Material Flow
- 20** Targets and Performance
- 21** Activities for Promoting Environmentally-Friendly Products
- 22** Environmentally Conscious Production Activities
- 24** Chemical Substance Management
- 25** Environmental Risk Management
- 26** Environmental Accounting

## Basic Environmental Policy

The Furukawa Electric Group established its basic environmental philosophy and action guidelines to unite environmental action across the Group.

### Basic Philosophy

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

### Action Guidelines

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

#### List of companies participating in the liaison meeting for consolidated environmental management

Company name	Environmental accounting	Company name	Environmental accounting	Company name	Environmental accounting
Access Cable Company	○	FITEC Corporation		Furukawa Life Service Inc.	
Asahi Electric Works Co., Ltd.	○	Furukawa Automotive Systems Inc.	○	Miharu Communications Inc.	○
Inoue Manufacturing Co., Ltd.	○	Furukawa Circuit Foil Co., Ltd.	○	Riken Electric Wire Co., Ltd.	○
NTEC Ltd.	○	Furukawa Sangyo Kaisha Ltd.		Companies marked with "○" in the Environmental Accounting column implement environmental accounting. <ul style="list-style-type: none"> <li>• Furukawa Circuit Foil Co., Ltd. became the Copper Foil Division of the Metals Company of Furukawa Electric Co., Ltd. in October 2008.</li> <li>• The Zaikoo Co., Ltd. changed its name to Furukawa Electric Ecotec Co., Ltd. in January 2009.</li> <li>• F-CO Co., Ltd. became the F-CO Products Department of the Energy and Industrial Products Division of Furukawa Electric Co., Ltd. in April 2009.</li> <li>• Furukawa Electric Engineering Service Co., Ltd. merged with FI-Techno Co., Ltd. and became Furukawa Electric Advanced Engineering Service Co., Ltd. in April 2009.</li> <li>• Sunsunny Industry Co., Ltd. transferred all its stock to MAX Co., Ltd. in August 2009.</li> </ul>	
F-CO Co., Ltd.		Furukawa C&B Co., Ltd.			
FCM Co., Ltd.		Furukawa Industrial Plastics Co., Ltd.	○		
Okano Electric Wire Co., Ltd.	○	Furukawa-Sky Aluminum Corporation	○		
Okumura Metals Co., Ltd.	○	Furukawa Precision Engineering Co., Ltd.			
Kyowa Electric Wire Co., Ltd.		Furukawa Engineering & Construction Inc.	○		
Furukawa Electric Ecotec Co., Ltd.		Furukawa Techno Material Co., Ltd.	○		
Sunsunny Industry Co., Ltd.		The Furukawa Electric Engineering Service Co., Ltd.	○		
Shodensha Co., Ltd.	○	Furukawa Electric Industrial Cable Co., Ltd.	○		
Seiwa Giken Inc.	○	The Furukawa Battery Co. Ltd.			
Totoku Electric Co., Ltd.	○	Furukawa Logistics Corporation			

# Environmental Management

The Furukawa Electric Group has developed a system of centralized control for groupwide environmental activities based on the Furukawa Electric Group Basic Environmental Policy.

## Environmental Management Promotion Organization

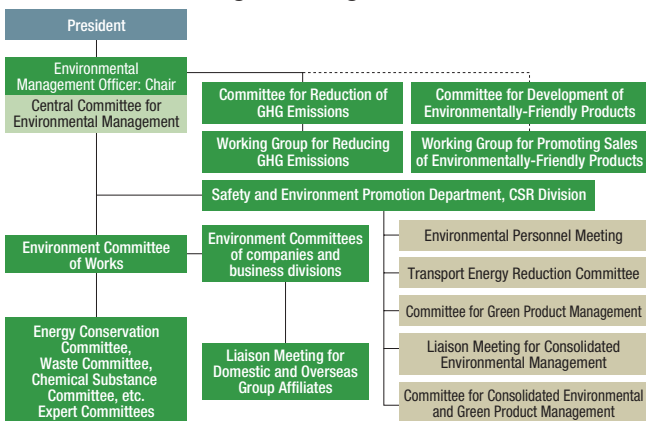
At the Furukawa Electric Group, the Central Committee for Environmental Management, chaired by the Chief Social Responsibility Officer under the supervision of the President, meets four times a year to formulate and manage the environmental management targets of the entire Group.

To reinforce our GHG (greenhouse gas) reduction initiatives for preventing global warming, the Committee for Company-wide Promotion of Energy Conservation was renamed the Committee for Reduction of GHG Emissions in fiscal 2008, and the Working Group for Reducing GHG Emissions was newly established under it.

At Furukawa Electric, to raise awareness and motivate independent initiatives for reinforcing and innovating environment-related technology and products in each business division, we developed a system in fiscal 2008 for evaluating the achievement of sales targets for environmentally-friendly products and measures for reducing GHG formulated by each business division and to incorporate these factors into their performance reviews.

The Company's six works and domestic affiliates participating in consolidated environmental management have obtained ISO 14001 certification. We are also promoting environmental management and initiatives at our overseas affiliates as part of the related activities undertaken by each business division.

### Environmental management organization



## Participating in Team Minus 6%

Furukawa Electric participates in Team Minus 6%, a national movement to prevent global warming sponsored by the Ministry of the Environment. Under Team Minus 6%, Furukawa Electric has identified seven action items that it will implement at the head office, branches and other locations.

In fiscal 2008, informative articles on Team Minus 6% were included three times in an in-house publication to encourage action and participation in activities at work and home.

## Environmental Education

The Furukawa Electric Group runs a variety of educational training initiatives designed to raise the level of environmental awareness among our employees and cultivate required knowledge and skills.

### Environmental education program

Category of educational training	Content	New recruits	General employees	Mid-career employees	Management
Education for new recruits (once a year, mandatory)	General environmental protection activities	Training for new recruits			
EMS activities (as needed, mandatory)	Environmental Policy and purpose, goals and general knowledge pertaining to the environment				
ISO 14001-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, mandatory)	Trends in environmental regulations, various drills to brush up auditing skills				
Environmental subjects (as needed, voluntary)	Environmentally sound design				
	Environmental regulations				
	Control of chemical substances contained in products				
Consolidated environmental management seminars	Seminars by experts on priority issues				

### Education on Environmental Subjects

In fiscal 2008, we held seminars on tools provided by industry association JAMP\*, with 28 participants in attendance. We also held seminars on the REACH environmental regulations, attended by 36 participants.

\* JAMP: Joint Article Management Promotion-consortium

### Consolidated Environmental Management Seminar

Held in fiscal 2008 was a lecture by Mariko Kawaguchi, General Manager of the Management Strategy Department of Daiwa Institute of Research Ltd., entitled, "Significance of CSR for Companies—Initiatives Toward Sustainability."

According to the results of a questionnaire, participants received the seminar favorably, commenting that it was an



Consolidated Environmental Management Seminar

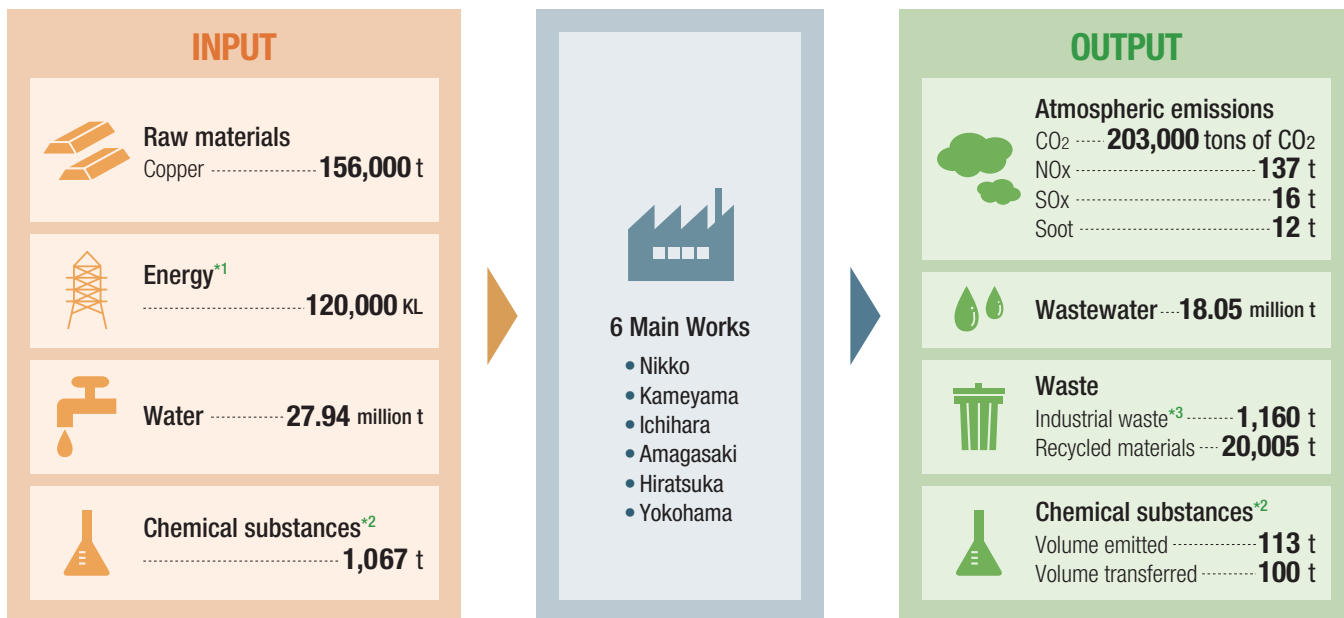
easy-to-understand presentation on how companies could concretely address various issues from a CSR perspective.



# Material Flow

Furukawa Electric purchases various raw materials and chemical substances and uses energy resources such as fuel and electricity as well as water resources to provide our products and services. At the same time, the Company endeavors to reduce the environmental impact generated by these activities.

## Environmental Impact of our Six Production Base Works

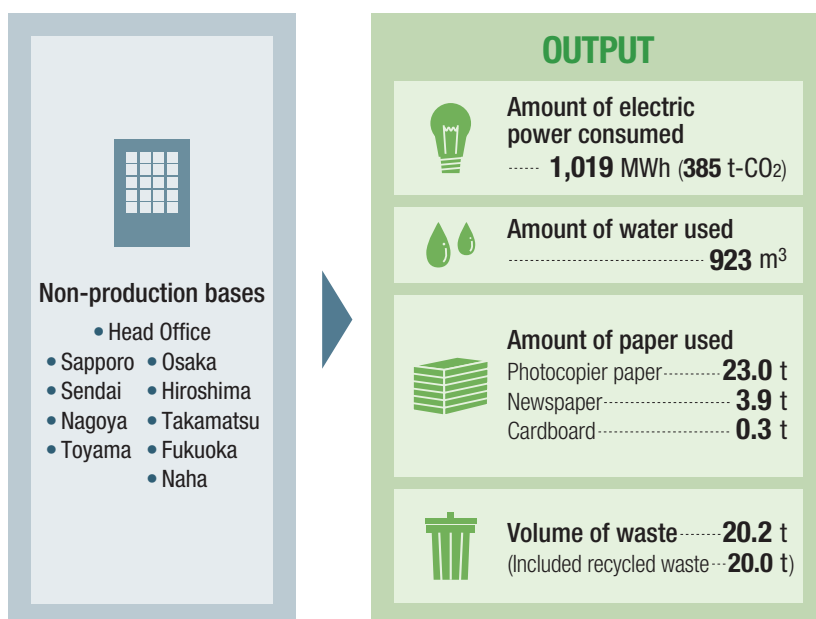


\*1 Amount of electric power, fuel oil and fuel gas consumed  
 \*2 PRTR targeted substances  
 \*3 Outsourced waste disposal, excluding recycled materials

## Environmental Impact of our Non-production Bases

We have identified the environmental impact of activities at our non-production bases, namely Furukawa Electric's head office and nine branch offices.

We promote power and resource saving measures at our head office and branch offices, the Company's non-production bases.  
 Examples of such power saving measures include turning off lights in conference rooms not in use and adjusting air conditioning to appropriate temperatures. In terms of resource saving measures, we promote activities such as sorting waste and reusing resources such as photocopier paper and files.





## Targets and Performance

The Furukawa Electric Group defines medium-term targets every three years in the form of the Medium-Term Plan for Environmental Preservation Activities and also develops annual plans for promoting environmental protection efforts toward accomplishing the targets set out in these plans.

### Furukawa Electric Group Annual Targets and Performance for Fiscal 2008

The Furukawa Electric Group promotes its environmental protection activities by defining groupwide Environmental Preservation Activity Targets for fiscal 2008 based on medium-term targets laid out in the 2009 Medium-Term Plan for Environmental Preservation Activities. It applies them to environmental management systems at Furukawa Electric and affiliated companies under consolidated environmental

management.

The current fiscal year marks the final year of the 2009 Medium-Term Plan, and in this important year we are making preparations for the formulation of the 2012 Medium-Term Plan for Environmental Preservation Activities and the 2020 Long-term Targets for Environmental Preservation Activities by identifying priority issues and setting targets.

### Furukawa Electric and the Furukawa Electric Group priority environmental preservation activity targets for fiscal 2008

Activities	2009 Medium-Term Plan for Environmental Preservation Activities	
	Furukawa Electric	Furukawa Electric Group
Waste reduction activities	75% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	50% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level
Zero emission activities	80% reduction in direct landfill disposal compared with fiscal 2004 level	50% reduction in direct landfill disposal compared with fiscal 2004 level
Activities to prevent global warming	25% reduction in greenhouse gas emissions compared with fiscal 2000 level	10% reduction in greenhouse gas emissions compared with fiscal 2000 level
	3% reduction in specific energy consumption for transportation compared with fiscal 2006 level	(Determining current status toward setting new medium-term targets)
Chemical substance management activities	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level Eliminating the use of chlorinated organic compounds by fiscal 2008
Green activities	60 general-purpose green products—expansion target at Group companies: 5	100% procurement rate for general purpose green products
	Establishment of FGMS*1: regular audit for fiscal 2009	Establishment of FGMS
Eco-design activities	Improvement in environmental performance of products • Target for registration of environmentally-friendly products: 40 • Environmental performance indices for flagship products	Enhancement of environmental performance of products

\*1 FGMS: Furukawa branding Green products Management System; a mechanism designed to manage the content of regulated hazardous substances in Furukawa Electric products.

### Furukawa Electric Group annual targets, performance and self-evaluation for fiscal 2008

Activities	Priority environmental preservation activity targets for fiscal 2008	Performance in fiscal 2008	Rating
Waste reduction activities	60% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	70% reduction	◎
Zero emission activities	64% reduction in direct landfill disposal compared with fiscal 2004 level	49% reduction*2	△
Activities to prevent global warming	24% reduction in greenhouse gas emissions compared with fiscal 2000 level	26% reduction	○
	2% reduction in specific energy consumption for transportation compared with fiscal 2006 level	3% reduction	○
Chemical substance management activities	24% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	35% reduction	◎
Green activities	100% procurement rate for general purpose green products	99%	△
	Establishment of the FGMS at major supply chain operators	74%	△
Eco-design activities	1) 100% achievement of sales targets for environmentally-friendly new products	67%	△
	2) Compiling product environmental performance index guidelines	(Postponed until next fiscal year)	×

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

\*2 Five of the six works achieved zero-waste and one has yet to achieve the target. (Definition of zero-waste: both direct landfill volume and total disposal of less than 1%)

# Activities for Promoting Environmentally-Friendly Products

The Furukawa Electric Group develops environmentally-friendly products designed to have less of an environmental impact for its customers.

## e-Friendly – Our New Environmental Designation Mark

The Furukawa Electric Group changed the name of its environmental designation mark from “ECOLINK” to “e-Friendly” to more effectively popularize environmentally-friendly products, including those produced by overseas affiliates. The mark is displayed on the boxes in which Furukawa Electric Group’s environmentally-friendly products are packaged and is also printed in catalogs. Following the mark’s name change, we established a new e-Friendly accreditation system.



Example of display in a product catalog



The e-Friendly mark

## Category of Environmentally-Friendly Products

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

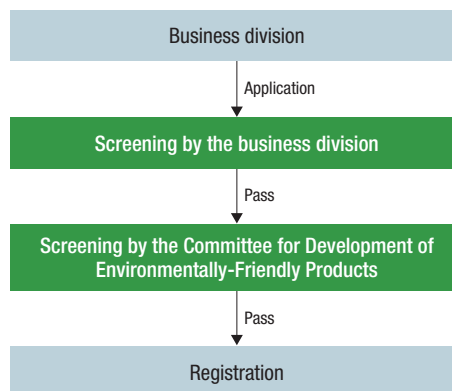
### Environmentally-friendly product categories

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 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.
Energy 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.

## Application and Registration of Environmentally-Friendly Products

The criteria for an environmentally-friendly product is 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 Furukawa Electric Group, are registered as environmentally-friendly products. The system was established in September 2008, and 16 items were registered within the first six months.

### Registration process for environmentally-friendly products



## Future Policy

In addition to increasing the number of our environmentally-friendly products, we are currently establishing indices that enable the visualization of environmental performance. Environmental performance is an index that quantifies product improvement compared with a standard model and expresses a product’s contribution to the environment by comparing its functional index and environmental impact over its life cycle using predetermined standards.

By clarifying indices and standards in this manner, we intend to produce innovative environmentally-friendly products that exceed standards and help achieve greater affluence in a sustainable, recycling-oriented society.

# Environmentally Conscious Production Activities

The Furukawa Electric Group is pursuing various environmental protection efforts to reduce the environmental impact of its production and distribution processes.

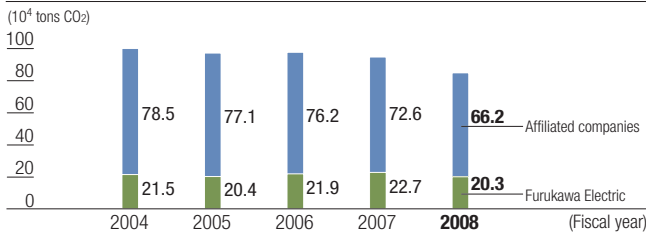
## Actions for Reducing GHG Emissions

### Initiatives at Works

The majority of the Furukawa Electric Group's greenhouse gas emissions consists of CO<sub>2</sub> generated from electricity, fuel and other energy sources. As emissions from manufacturing processes in particular account for a large proportion, we continue to work on reducing emissions through energy saving measures such as increasing the efficiency of production processes, switching fuels, replacing equipment with more efficient alternatives, meticulously turning off lights when not in use and insulating hot areas.

Total GHG emissions for the Group as a whole came to 860,000 tons of CO<sub>2</sub> in fiscal 2008, a reduction of 18% compared to levels in fiscal 2000. On a non-consolidated basis, Furukawa Electric achieved an equivalent of 200,000 tons of CO<sub>2</sub>, a reduction of 26% compared to fiscal 2000.

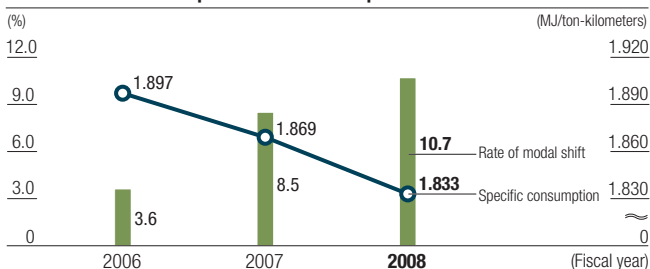
### Greenhouse gas emission



### Initiatives in Logistics

In fiscal 2008, total transportation volume for the Furukawa Electric Group as a whole fell 9.5% from the previous fiscal year to 468 million ton-kilometers, while transportation volume at Furukawa Electric fell 14% year-on-year to 126 million ton-kilometers, due in part to cutbacks resulting from the global recession. Furukawa Electric's CO<sub>2</sub> emissions decreased 16% year-on-year to 15,800 tons and specific consumption (denominator: ton-kilometers) also fell 3.4% due to further improvement in the modal shift rate and other factors. We will continue to promote modal shift, increase loading rates and promote joint deliveries to reduce transportation energy consumption.

### Modal shift and specific consumption



## Green Procurement Activities

### Establishment of the Furukawa Electric Group Green Procurement Guidelines

In March 2009, the Furukawa Electric Group unified the green procurement standards previously defined for each business area into Group guidelines. This has enabled us to procure everything from general purpose items such as office supplies to production materials in accordance with an efficient, consistent green procurement standard.

#### Office Supplies and Other General Purpose Items

With respect to general purpose items, Furukawa Electric has been registering products as stated in the Green Procurement Guidelines using environmental labels in a catalog for our purchasing system and recommending them to the divisions that use these products. As a result, the green purchasing rate for registered items was approximately 99% in fiscal 2008. Looking ahead, we will request suppliers of general purpose items to deliver products that have environmental labels to increase the number of such items.

#### Products and Manufacturing Process Components

Furukawa Electric's purchasing system enables its suppliers to provide and update information with regard to the status of their environmental management activities (including ISO 14001) and systems for controlling the chemical content of the materials they supply. This enables us to assess the current situation and share information. We will continue to ask our suppliers to enter this information in an effort to monitor the status on an ongoing basis.

## Green Product Management System

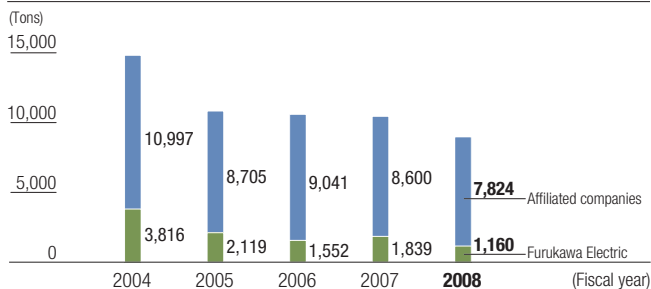
The Furukawa Electric Group has been conducting voluntary inspections using our own assessment sheet, which corresponds to the guidelines for managing chemical content in products established by JAMP. The rate of voluntary inspections was 74% in fiscal 2008. We are also seeking to manage our targets, conduct environmental inspections and exchange the latest information on related regulations through bi-monthly meetings of the Green Product Management Committee and bi-annual meetings of the Committee for Consolidated Environmental Management and Green Product Management. In response to customer audits, we are currently conducting voluntary inspections at our major suppliers. We intend to continue these efforts by further expanding the scope of the inspections and by conducting regular audits at plants and suppliers that have established their management systems.

## Environmentally Conscious Production Activities

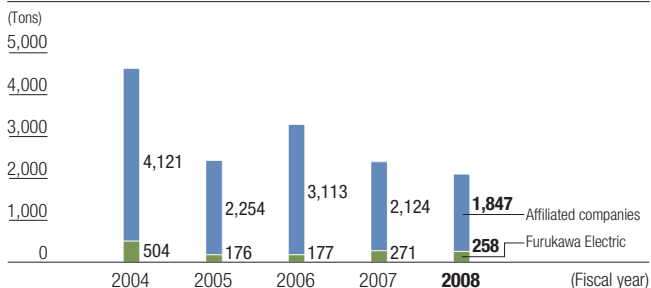
### Zero Emission Activities

The Furukawa Electric Group began taking action to reduce levels of outsourced waste disposal in 1993, and launched zero emission efforts in 2001 for reducing the volume of waste commissioned for final disposal to less than 1% of the total volume of waste by directly transporting waste from each works to the landfill site. As a result of our efforts to meticulously sort waste and recycle waste acid and sludge into useful resources, the overall level of outsourced waste disposal for the Group for fiscal 2008 fell by 39% compared to fiscal 2004 to 8,984 tons. Furukawa Electric achieved an equivalent reduction of 70% on a standalone basis and our affiliated companies a reduction of 29% (both compared to fiscal 2004 levels). The overall level of direct landfill disposal for the Group also fell by 54% compared to fiscal 2004 to 2,105 tons. Furukawa Electric achieved an equivalent reduction of 49% on a standalone basis and our affiliated companies a reduction of 55% (both compared to fiscal 2004 levels).

#### Outsourced waste disposal



#### Direct landfill disposal



### Reducing Waste Disposal Costs

Furukawa Electric is targeting reductions in waste disposal costs. In fiscal 2001, spending on landfill and intermediate disposal cost more than 300 million yen. Since then, we have promoted reuse, reduced the levels of waste and carefully sorted waste to generate value from it. As a result, we achieved approximately 250 million yen in profit in fiscal 2006 and 2007 on the back of soaring copper prices, and about 120 million yen in fiscal 2008 despite the decline in copper prices.

#### Balance of waste disposal costs



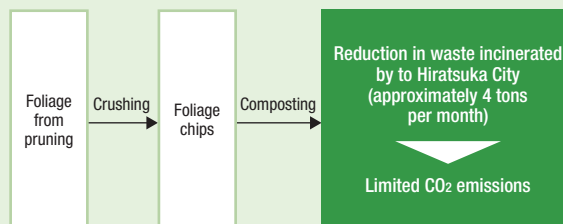
### Introduction of the Electronic Manifest System

Furukawa Electric has also introduced the electronic manifest system. We commenced operations at our Hiratsuka and Mie Works in April 2008. Operations began at Nikko Works in February 2009, followed by Chiba Works in July 2009. In 2008, the annual rate of usage of the electronic manifest for all companies was 52% (total manifest transactions: 3,617; electronic manifest transactions: 1,897). We intend to focus on expanding its use to all our works in the future.

### Recycling Foliage Generated by Pruning

In the past, Furukawa Electric contracted Hiratsuka City for the incineration disposal of approximately 80 tons each year. Branches and leaves from pruning trees within our compounds totaled approximately 50 tons, representing approximately 60% of the total. Since Hiratsuka City's incineration capacity was approaching its limit, we began seeking alternative disposal methods from the standpoint of recycling, and in December 2007 we switched to a method by which the foliage is crushed for either dispersal or composting. In fiscal 2008, we crushed 43 tons of foliage, dispersed part of the resulting chips in an orchard and composted the rest. As a result, the volume of waste outsourced to Hiratsuka City for incineration decreased to approximately 30 tons, helping to reduce CO<sub>2</sub> emissions as well as cutting disposal costs by approximately half.

#### Recycling process





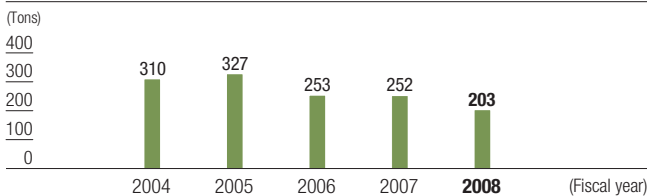
# Chemical Substance Management

The Furukawa Electric Group promotes efforts to appropriately manage and reduce the use of harmful chemical substances.

## Chemical Substance Management

The Furukawa Electric Group promotes efforts to reduce the use of harmful chemical substances. In particular, we make every effort to actively reduce emissions of volatile organic compounds, which are regarded as one of the causes of photochemical smog. Furukawa Electric's emissions have fallen 35% compared to levels in fiscal 2004. Three of the four affiliated companies that were using organic chlorine compounds completely phased out their use during fiscal 2008.

### Emissions of volatile organic compounds



### Appropriate Management of Chemical Substances

At Furukawa Electric, we confirm the properties and applicable laws and regulations regarding all chemical substances we use during the manufacturing process on their Material Safety Data Sheets and administrate them. We also monitor the volumes of each substance used and report the relevant details in accordance with the PRTR Law\*.

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

### List of PRTR substances

Unit: ton

Substance No.	Substance	Volume handled	Volume released	Volume transferred	Volume neutralized
25	Antimony and its compounds	75.6	0.0	5.5	0.0
40	Ethylbenzene	6.8	0.0	0.0	6.7
63	Xylene	18.9	7.4	0.8	10.6
64	Silver and its water-soluble compounds	1.6	0.0	0.0	0.0
67	Cresol	223.2	0.0	0.0	222.8
108	Inorganic cyanide compounds	5.4	0.0	0.0	5.4
172	N,N-dimethylformamide	43.6	0.0	0.0	43.2
197	Decabromodiphenyl ether	227.2	0.0	16.4	0.0
207	Copper salts (water-soluble)	9.4	0.0	0.0	9.4
227	Toluene	282.2	105.3	74.6	101.5
230	Lead and its compounds	1.8	0.0	0.1	0.0
231	Nickel	2.7	0.0	0.0	2.7
232	Nickel compounds	7.1	0.0	0.0	7.1
253	Hydrazine	8.6	0.0	0.0	8.6
266	Phenol	147.3	0.3	0.1	146.6
272	Bis (2-ethylhexyl) phthalate	4.7	0.3	0.3	0.0
283	Hydrogen fluoride and its water-soluble compounds	2.8	0.0	2.8	0.0
<b>Total</b>		<b>1,068.8</b>	<b>113.4</b>	<b>100.4</b>	<b>564.6</b>

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

### Activities for Reducing Emission of Volatile Organic Compounds

Although Furukawa Electric does not currently own any facilities that fall under regulations set out in accordance with the Air Pollution Control Law, we are nonetheless working to reduce emissions. The main types of volatile organic compounds (VOC) that we handle are toluene and isopropyl alcohol (IPA). We reduced the volume of toluene that we use mainly to degrease copper strips by switching to a hydrocarbon-based detergent and implemented measures to prevent leaks and dispersal of IPA, which is used to reduce copper wire when it comes out of the melting furnaces. In fiscal 2008, we installed an IPA recovery apparatus at our Chiba Works in an effort to achieve further reductions.

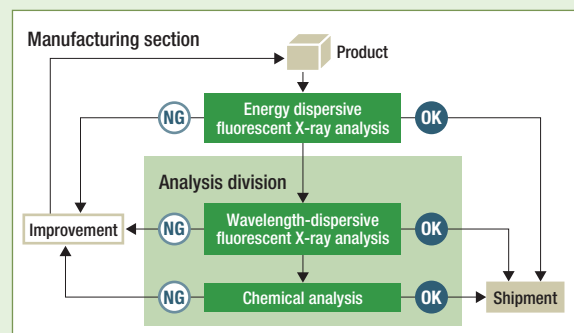
### System for Analysis, Assessment and Management

Our analysis division has developed an assessment method using the chemical analysis of environmental impact materials, which enables us to supply customers with factual evidence (analytical data) about our products. The division also supports the construction of systems for managing environmental impact materials at our plants.

As an example of this assessment and management approach, we developed and constructed a system of phased assessment and management for environmental impact materials, as shown in the diagram below.

A preliminary screening is conducted at the plant using energy dispersive fluorescent X-ray analysis equipment for a brief assessment. For situations requiring a more detailed analysis, a secondary screening is conducted using more accurate wavelength-dispersive fluorescent X-ray analysis equipment installed in the analysis division. Chemical analysis is conducted as a method of final determination.

### Management system for environmental impact materials contained in products



# Environmental Risk Management

The Furukawa Electric Group recognizes the environmental risks associated with its business operations and therefore develops and implements countermeasures for each risk.

## Soil and Groundwater Pollution Countermeasures

The Furukawa Electric Group conducts strong risk management recognizing that soil and groundwater pollution are vital health and safety concerns for local residents and employees.

We promptly disclose the discovery of any soil or groundwater pollution and take action. Every effort is made to secure the health and safety of local residents. We report to local authorities on the status of any pollution and actions to prevent its spread, and we release information to local residents, related organizations and the media as necessary. We implement a range of actions to protect the local environment from soil or groundwater pollution, including regularly inspecting for leakages of specific harmful substances, preventing leakages and using alternative substances.

In fiscal 2008, we conducted remedial work on land we own in the Yokohama area, developed a slag treatment plan for the Oyama area (a plant site of the former Furukawa Magnesium Co., Ltd.) and began examining slag deposit volume and ground pollution. Remedial work for removing affiliate Kyowa Electric Wire's former Osaka Plant from the list of contaminated areas under the Soil Contamination Countermeasures Law and soil and groundwater countermeasures at the Ibaraki Plant owned by Aoyama Kinsho Co., Ltd. are also underway.

## Effort to Prevent Atmospheric and Wastewater Pollution

Every Furukawa Electric works maintains voluntary control limits and manages operations to avoid exceeding regulatory limits for atmospheric and wastewater quality.

In fiscal 2008, suspended solids (SS) temporarily exceeded regulatory limits at Chiba Works due to an inflow of muddy water from torrential rainfall. The situation, which was reported to the regulatory authorities, has since returned to normal. Otherwise, all works controlled atmospheric and wastewater quality within regulatory limits.

\* See our website for detailed data for the Chiba, Nikko, Mie and Osaka works.

### Management status at works

○: within regulatory limits

	Measured item	Chiba Works	Nikko Works	Mie Works	Osaka Works
Atmospheric data	NOx, SOx, dust	○	○	○	○
Wastewater quality data	pH, BOD, n-h (mineral oil)	○	○	○	○
	SS	△*	○	○	○

\* While data falls within regulatory limits, temporary excesses did occur due to the effects of torrential rainfall.

## PCB Management

The number of instruments containing PCB is monitored at each works and business base of affiliated companies to facilitate effective storage and management operations. We will commission processing on an ongoing basis once the Japan Environmental Safety Corporation has started PCB waste processing operations.

Condensers and transformers removed due to the scrapping of buildings or renovation of facilities are examined for PCB content on a case-by-case basis. In fiscal 2008, the number of instruments containing low levels of PCB under storage increased. Regulatory authorities were notified and appropriate storage established.

### Number of instruments containing PCB

Works	Works		In storage	In use	Total
	Already processed	Unprocessed			
Chiba Works	88	0	88	0	88
	11	0	11	0	11
Nikko Works	354	0	354	0	354
Hiratsuka Works	868	7	875	0	875
Mie Works	129	3	132	0	132
Osaka Works	66	0	66	0	66
Yokohama Works	18	0	18	0	18
<b>Total</b>	<b>1,534</b>	<b>10</b>	<b>1,544</b>	<b>0</b>	<b>1,544</b>

## Response to Asbestos Concerns

### Use of Asbestos in Products

Although we no longer manufacture or import products containing asbestos, we have previously done so for industrial use. Relevant products include electric wires for use on ships and fire prevention products for electric wire installation for telecommunications and electricity. Full details are featured on our website.

### Use of Asbestos in Buildings and Plant Facilities

#### Plants and buildings

A fiscal 2005 investigation to ascertain the extent to which asbestos spray materials discovered in one building and a part of one plant on Company-owned properties may have dispersed confirmed the asbestos was stable. Given the risk of future dispersal, however, we removed or contained the materials at our plant buildings in fiscal 2006.

#### Facilities and equipment

Insofar as possible, all asbestos subject to dispersal has been removed and replaced with viable alternatives. Where asbestos is embedded in insulation or other materials and not dispersed, we will later install non-asbestos containing materials during scheduled inspections.

# Environmental Accounting

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

## Environmental Accounting

In an effort to quantitatively assess our environmental costs and benefits, we have compiled tables outlining our environmental conservation costs, economic benefits associated with environmental conservation activities and environmental conservation benefit (material benefit). All data has been compiled in accordance with environmental accounting guidelines published by the Ministry of the Environment. Data on affiliated companies was collected for a total of 19 companies.

Furukawa Electric's environmental conservation costs for fiscal 2008 came to 3.7 billion yen in expenses and 400 million yen in investment. Expenses fell by 500 million yen compared to the previous year (fiscal 2007). Overall economic benefits decreased by 440 million yen.

Environmental conservation costs for our affiliated companies came to 4.8 billion yen in expenses and 4.2 billion yen in investment. Overall economic benefits rose by approximately 400 million yen due to increased energy costs.

### Environmental conservation costs

Unit: million yen

Category	Key activity and the outcome	Total costs	
		Furukawa Electric (Year-on-year)	Affiliated companies
(1) Business area cost	Pollution prevention (air pollution, etc.), energy conservation, waste disposal, etc.	1,335 (+208)	3,427
(2) Upstream/downstream cost	Recovery of packaging, drums, etc.	637 (+70)	376
(3) Administration cost	Environmental management system auditing, environmental impact monitoring, etc.	415 (-57)	231
(4) Research and development cost	Development of environmentally-friendly products, research into alternatives for harmful substances	1,219 (+129)	669
(5) Social activity cost	Tree planting, local community cleaning activities, donations, etc.	37 (+35)	5
(6) Environmental remediation cost	Environmental impact assessments, cleanup of polluted soil, etc.	77 (-438)	50
<b>Total</b>		<b>3,720 (-53)</b>	<b>4,757</b>

### Environmental conservation benefit

Emissions causing environmental impact	Unit	Reduction	
		Furukawa Electric	Affiliated companies
Volume of industrial waste disposal processed*1	t	685	-1,009
Energy consumption (crude oil equivalent)	1,000 kl	19	20
Water consumption	1,000 t	-4,351	-384
Emissions of volatile organic chemical compounds	t	49	46
CO <sub>2</sub> emissions	1,000 t-CO <sub>2</sub>	24	70
SO <sub>x</sub> emissions	t	4	-3
NO <sub>x</sub> emissions	t	25	4
Soot emissions	t	-1	-40

\*1 Excluding recycled waste

\*2 Minus figures indicate an increase

### Economic benefit associated with environmental conservation activities

Unit: million yen

Details of benefits	Total benefit	
	Furukawa Electric	Affiliated companies
Revenue from recycling	349	530
Reduction in waste disposal costs	19	-170
Reduction in energy costs	66	-782
Reduction in water purchase costs	6	0
<b>Total</b>	<b>440</b>	<b>-422</b>

\* Minus figures indicate an increase

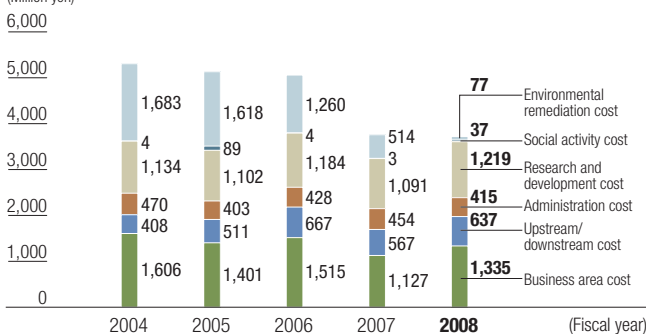
### Investment and research costs

Unit: million yen

Investment and research costs	Total costs	
	Furukawa Electric	Affiliated companies
Environment-related investment	389	4,197
<b>Total investment</b>	<b>15,441</b>	<b>15,306</b>
<b>Total research costs</b>	<b>10,451</b>	<b>5,443</b>

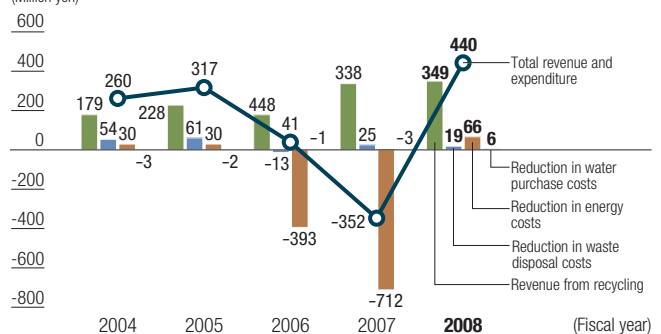
### Environmental conservation costs

(Million yen)



### Economic benefit

(Million yen)







## Initiatives for Society

The Furukawa Electric Group values communication with all stakeholders throughout its corporate operations.

- 28** Relationship with our Customers
- 29** Relations with our Shareholders and Investors
- 30** Relations with our Suppliers
- 31** Relations with our Employees
- 35** Involvement with Society and Local Communities





## Relations with our Shareholders and Investors

Furukawa Electric engages in IR (investor relations) activities based on two-way communication with our shareholders and investors in an effort to contribute to society and enhance our value as a company.

### Information Disclosure Policy and IR Framework

Furukawa Electric discloses information in a timely and appropriate manner in compliance with the Timely Disclosure Rules set forth by the Tokyo Stock Exchange. We have established our own Regulations on the Timely Disclosure of Corporate Information, and any decision on or occurrence of important corporate information requiring timely disclosure is promptly reported to the manager of the Investor & Public Relations Unit, which serves as a liaison office for disclosure. In turn, the manager discloses information after obtaining internal approval required under the Regulations.

### Relations with Institutional Investors and Securities Analysts

In addition to holding management briefings (covering interim and year-end results and medium-term plans) for institutional investors and securities analysts, we actively encourage communication all year round. Through results briefings, overseas roadshows and other activities, we engaged in communication with a total of 1,076 institutional investors and securities analysts over the course of fiscal 2008 (an increase of 27% compared to fiscal 2007).

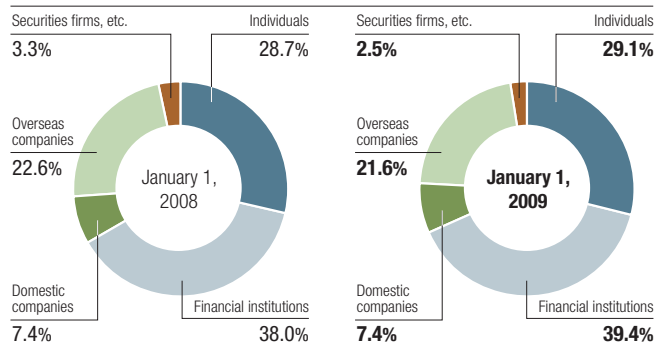


End of year briefing session for institutional investors

### Relations with Individual Investors

In fiscal 2008, we held plant tours for individual investors for the first time. A total of 168 investors chosen by lot from 1,570 applicants experienced Furukawa Electric's current and future technologies by observing the manufacturing of optical fibers and electric cables and experiments on superconductivity. We also participated in company briefings for individual shareholders organized by the Nagoya Stock Exchange and presented our outlook on corporate performance. As of the end of March 2009, we had a total of 69,549 individual shareholders (an increase of 578 on the previous year), accounting for 29.06% of company shares.

#### Trends in shareholder distribution



Plant tour



Superconductivity experiment during plant tour

#### Main IR activities in 2008

February	Third quarter earnings announced
March	Tours of overseas plants
April	Tours of domestic plants
May	Annual earnings announced; visits to European investors
June	General Shareholders' Meeting; Shareholders' Report issued
August	First quarter earnings announced
September	Visits to U.S. investors
October	Plant tours for individual investors
November	Interim earnings announced
December	Investor Conference

### Returning Profits to Shareholders

Our basic policy is to pay stable dividends without regard to changes in the business environment. In fiscal 2008, we upheld our basic policy despite the harsh environment of the global recession and paid an interim dividend of 3.5 yen per share and a year-end dividend of 2.5 yen per share, which added up to an annual dividend of 6.0 yen per share and represented a year-on-year decrease of 1.0 yen per share.

## Relations with our Suppliers

Furukawa Electric strives to maintain cooperative relationships based on mutual trust with suppliers through enhanced communication.

### Striving to Ensure Optimum Purchasing on a Steady, Ongoing Basis

Furukawa Electric's purchasing policy is to establish strategic relationships with suppliers to ensure optimum purchasing on a steady, ongoing basis. We believe that cooperative relationships with our suppliers will become even more important for achieving sustainable growth. Furukawa Electric has always sought to forge cooperative relationships based on trust with each supplier by communicating our status and policies through Supplier Meetings and a Supplier Evaluation Scheme. In addition to these efforts we are working on the following initiatives.

#### Study Group on Subcontracting Transactions

We believe today's severe economic conditions make it even more important to forge sound relationships with our suppliers through fair transactions that comply with rules and regulations. As part of this effort, we have held Study Groups on Subcontracting Transactions for the Furukawa Electric Group aimed at legal compliance as a training focus for the entire Group. We intend to continue similar efforts in the future.

#### Formulation of BCP in Procurement Activities

We have started developing a BCP (business continuation plan) for our procurement operations that is based on the assumption of a major disaster. We are setting up a systematic framework for compiling data from all suppliers on their situations, which we currently obtain from them separately, to quickly discern the overall picture in the event of a disaster and to update our risk management system and minimize obstacles in maintaining procurement operations under the worst-case scenario.

#### Furukawa Electric Purchasing Policy (Outline)

- We will establish strategic relationships with suppliers to ensure optimum purchasing
- We will guarantee the reliability and safety of materials and supplies and their steady procurement
- We will employ purchasing methods closely linked to production methods
- We will implement global procurement
- We will engage in green procurement and enforce compliance

### Supplier Meetings and Supplier Evaluation Scheme

Furukawa Electric strives to forge cooperative relationships with suppliers by regularly holding Supplier Meetings, by evaluating the status of transactions under the Supplier Evaluation Scheme and by providing feedback on the results.

At the Supplier Meetings, we provide an overview of the Company, outline our purchasing policy and explain the management strategy of each company to enable suppliers to gain a deeper understanding of our operations. In the Supplier Evaluation Scheme, we evaluate suppliers 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. We explain and discuss results during these meetings to more closely align our awareness of procurement activities.

In fiscal 2008, we held a Supplier Meeting in September, which was attended by 100 of our major suppliers. We also evaluated approximately 430 companies under the Supplier Evaluation Scheme and conducted feedback meetings.

We intend to further strengthen our relationships in the future.



This year's Supplier Meeting

### Promoting CSR Activities in Relation to Procurement

Furukawa Electric has been promoting compliance initiatives as part of the procurement of materials and supplies in accordance with the Furukawa Electric Group Action Guidelines. Work is currently underway to organize past initiatives and policies toward developing CSR Procurement Guidelines. Looking ahead, we plan to expand internal CSR procurement operations into activities that regard the entire supply chain. Furthermore, we will respond to customer requests to avoid using resources produced by mines that disregard human rights and the environment, or "dirty mining," by continuing efforts such as requiring refiners to demonstrate ethical judgment in selecting mines.

# Relations with our Employees

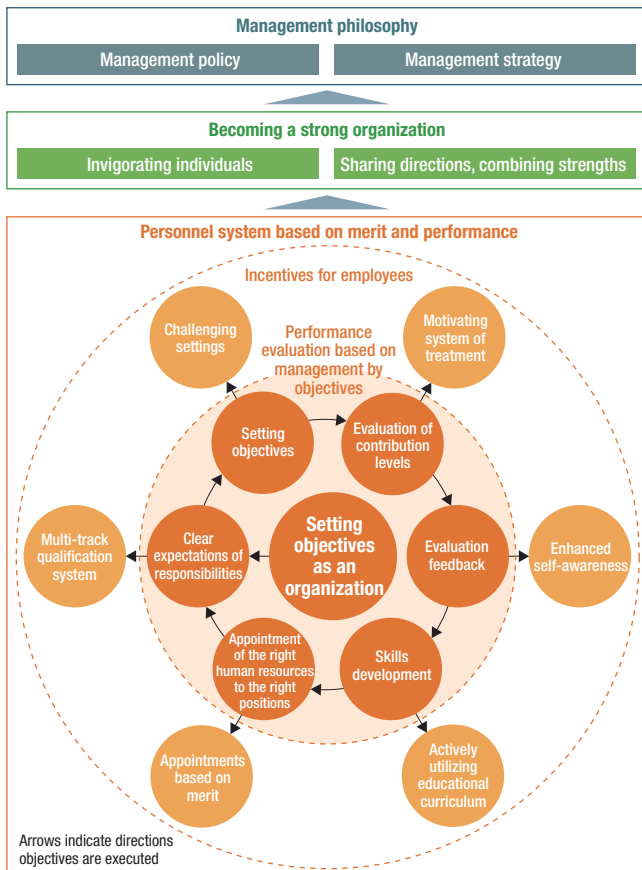
The Furukawa Electric Group strives to create a varied personnel system and pursues health and safety activities to remain a corporate group that motivates its employees and fills them with pride.

## Personnel Management Policy

Our basic personnel management policy is geared toward creating human resources who are capable of putting five principles set out in the Furukawa Electric Group Credo into practice. If individual employees abide by applicable laws and rules, act in accordance with their social and moral responsibilities and interact with others fairly and honestly, we will be able to establish safe, healthy working environments and workplaces that are free from irrational discrimination and harassment. We believe that this is crucial in order to get the most out of the abilities that our employees have to offer. Based on these foundations, we are aiming to bring out employees' creativity by devising a personnel system that will harness employees' various abilities and individual personalities, through initiatives such as equal treatment irrespective of age or gender, and support schemes to enable employees to achieve a work-life balance.

By combining all of our employees' individual abilities, creating jobs suited to current needs and providing safe products, we are striving to contribute to a sustainable society and create a company that both motivates its employees and fills them with pride.

### Overview of personnel system



## Status of Employment

### Recruitment

The following table summarizes the number of employees Furukawa Electric has recruited over the past five years. We strive to secure personnel who will serve as the driving force for sustaining and developing our business into the future. We therefore seek highly creative people who demonstrate a strong ethical foundation and the ability to deliver results. We are also actively recruiting foreign citizens to support the globalization of our business.

### Recruitment figures

		Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Specialized staff	Male	30	55	81	84	75
	Female	5	8	16	17	12
	Total	35	63	97	101	(87)
	Foreign nationals	0	2	1	1	4
Professional staff	Male	0	73	49	86	38
	Female	0	0	1	1	0
	Total	0	73	50	87	38

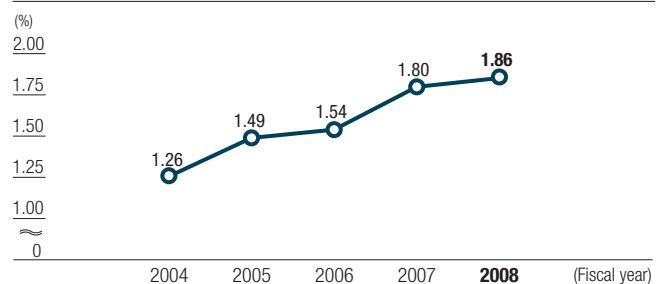
\* Total figures for fiscal 2009 do not include mid-career recruitment

### Employment for People with Disabilities

To increase its employment ratio of people with disabilities, Furukawa Electric established Furukawa New Leaf Co., Ltd. as a special subsidiary in 2004 to actively employ people with learning disabilities. The company handles cleaning operations within the compounds of our works and currently employs a total of 23 people with disabilities, 10 at Hiratsuka Works and 13 at Chiba Works. The company also provides detailed guidance to assist people with disabilities in becoming independent members of society.

Although our employment ratio of people with disabilities was 1.86% in the previous fiscal year, exceeding the statutory target, we intend to work on further expanding this group of employees, primarily through our special subsidiary.

### Ratio of employees with disabilities



\* In April 2004, the exclusion rate set out when the rate of employment was calculated was lowered, reducing the rate of employment.

\* Average rate of employment for people with disabilities on the first of each month from April to the following March.



## Employment of the Elderly

We operate a reemployment scheme for any employees aged 60 or over who are in good health and wish to remain in work. The duration of reemployment is being increased in phases, with employees entitled to be reemployed up to the age of 65.

In fiscal 2008, 28 people (48% of employees who had reached the retirement age of 60) applied for this program, and a cumulative total of 74 had been reemployed as of the end of fiscal 2008.

## Fair Evaluation, Human Resource Development and Treatment

### Employee Assignment Evaluation and Treatment

We make every effort to assign employees and place them in positions based on their individual motivation and abilities under the concept of equal opportunity. As part of such efforts, we operate a range of consultation schemes and offer opportunities for employees to reflect on their career goals.

In terms of employee evaluation and treatment, we have introduced a personnel incentive scheme to enable employees to be evaluated and treated fairly depending on the abilities that they display and their performance. We are also training managers in performance evaluation and are working on ways for improving the way in which the system is run.

### Human Resource Development, Education and Training

Furukawa Electric believes that our strength as a company stems from the synergy of the abilities of each and every one of our employees and that their abilities improve on a practical level through their day-to-day work.

In addition to giving individuals the chance to grow and develop through their work, we encourage enthusiastic employees to develop their own skills by providing training, distance learning and support to help them obtain qualifications.

In fiscal 2006, we launched the Global Business Leader training program to aid the development of personnel and thus carry our business forward into the future. The program has produced workers who are demonstrating their abilities in key positions at affiliated companies in Japan and overseas.

Also in fiscal 2008, we implemented a 360-degree evaluation and follow-up training for employees in middle-management positions. And we are working to enhance the abilities of our mid-career employees by analyzing middle-management characteristics and applying them to various training programs.

We intend to bolster the capabilities of the manufacturing worksite through the Conference for Worksite Innovation and reinforcing initiatives for effectively and efficiently creating human resource development programs and training curricula as well as identifying and solving problems.

## Diverse Work Patterns and Work-Life Balance Support Initiatives

As well as striving to enhance our employees' working lives, Furukawa Electric cooperates with labor unions to actively support their personal lifestyles and help them stay in good health through educational and other initiatives.

In fiscal 2007, Furukawa Electric was accredited as a company that actively supports the development of the next generation. In line with our second phase action plan (fiscal 2007–09), we significantly relaxed requirements to make it easier for employees to take maternity/paternity leave. We also established a system for the provision of financial support whereby employees can use carried-over leaves in place of maternity/paternity leave or for the purpose of looking after their children. We intend to implement the second phase action plan step by step.

In addition, during fiscal 2008 we established a new program for a mandatory two-day annual leave assigned by the Company (simultaneous leave) to reinforce our efforts to reduce total work hours while also pursuing other initiatives to promote diversity (human resource strategy for benefiting from diversity) by becoming a member of the nonprofit organization J-Win and actively participating in external networks.



"Kurumin"—Certification mark of an accredited company that actively supports the development of the next generation

### Diverse work pattern and work-life balance support schemes

Scheme/educational initiative	Purpose and details
Flexible working hours	We provide lifestyle support to strike a work-life balance.
Annual paid leave	We provide employees with up to 25 days annual paid leave (e.g., if an employee has been with the company for 11 years or longer). Annual leaves averaged 12.1 days per employee in fiscal 2008.
Consecutive leave	We allow all employees to take three days consecutive leave every year providing that it does not exceed their annual paid leave entitlement. Employees can obtain an additional two days every five years (up to a maximum of five consecutive days).
Carried-over leave	Up to ten days of annual paid leave can be carried over, for up to five years, and can be used if an employee is ill, providing nursing care, on maternity/paternity leave or looking after their children.
Maternity/paternity leave (and reduced working hours)	We provide support over and above legal requirements to enable employees to strike a work-life balance, including partial pay during maternity/paternity leave and the option for employees to work reduced hours thereafter until their child reaches elementary school age. The program was applied to 2 male and 18 female employees in fiscal 2008.
Nursing care leave (and reduced working hours)	We provide support over and above legal requirements to enable employees to strike a work-life balance, including enabling employees to take nursing care leave (or the option of working reduced hours) for up to a year at partial pay. No applications were received in fiscal 2008 (the program was applied to 1 female and 2 male employees in fiscal 2007).
Retirement seminars	We, labor and management, jointly organize seminars every year to provide support to help middle-aged and older union members (those aged 50 or older as a rule) to make the most of their time in work and plan for their life after retirement.
Middle-age seminars	We, labor and management, jointly organize seminars every year to provide individual support to help middle-aged employees (those aged 40 or older as a rule) to stay fit and healthy, including measures to prevent illness.



## Relations with our Employees

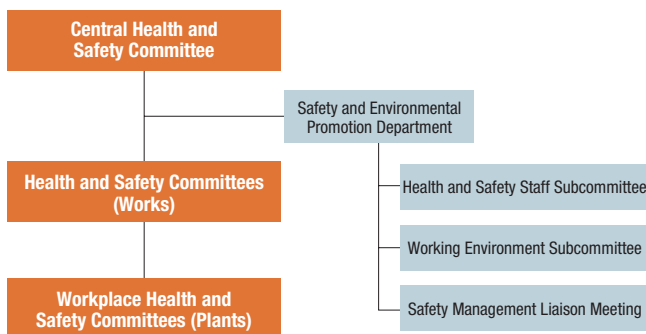
### Occupational Health and Safety Activities

#### Furukawa Electric System for Promoting Health and Safety

Furukawa Electric pursues health and safety activities, recognizing our social responsibility to make the utmost effort in these areas and to develop a comfortable working environment. The Central Health and Safety Committee chaired by the Company's Chief Social Responsibility Officer, the officer in charge of safety, formulated the Company-wide Health and Safety Management Guidelines and promotes health and safety activities on a company-wide basis. Individual Health and Safety Committees chaired by the head of the respective works are also in place at each works to implement programs based on the Guidelines as well as independent works' activities. We strive to raise the level of safety standards at each works by establishing and following up on standardized company-wide priority safety targets under the Guidelines.

In addition, we established the Safety Management Liaison Meeting in July 2007 to oversee safety issues at Furukawa Electric Group manufacturing companies to secure safety across the Group.

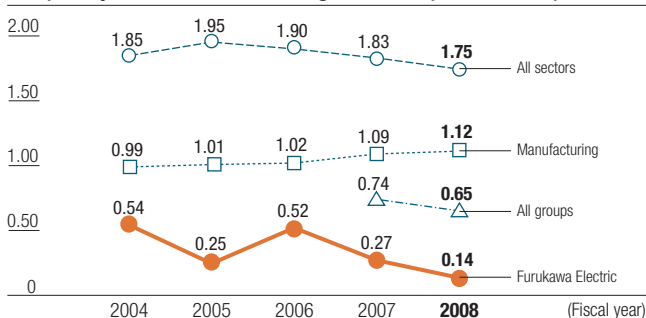
#### Furukawa Electric system for promoting health and safety



#### Industrial Accidents

In fiscal 2008 (January to December 2008), the frequency of accidents resulting in the suspension of operations was 0.14 for Furukawa Electric on a standalone basis and 0.65 for the entire Group.

#### Frequency of accidents resulting in the suspension of operations



#### Furukawa Electric Safety Activities

##### Anzen Dojo

We installed an "Anzen Dojo" (safety education center) at all the works. These facilities include displays of basic safety knowledge and examples of accidents as well as equipment and facilities for simulating dangerous situations, helping employees to master safe behavior through experience. We are training all employees including new recruits.



Anzen Dojo (experiencing heights)

##### Company-wide Health and Safety Group Activities Presentation Meeting

Every year, the manufacturing division undertakes health and safety improvement activities at each workplace. The 37th Company-wide Health and Safety Group Activities Presentation Meeting was held at Nikko Works in July. Eleven groups representing each work presented the results of their activities. Special recognition was awarded to the team that improved copper processing by applying risk assessment methods and the group that improved facility maintenance by analyzing "hiyari-hatto" (close call) incidents during maintenance work.



Company-wide Health and Safety Group Activities Presentation Meeting

##### Obtained Certification from the Japan Industrial Safety & Health Association (JISHA)

We are engaged in a group-wide effort to establish management systems related to industrial health and safety. In January 2009, Chiba Works was first in the Company to obtain JISHA-compliant OSHMS certification from the Japan Industrial Safety & Health Association. We aim for certification at other works over the next three years.



Certificate

### **Safety Management Liaison Meeting**

The Safety Management Liaison Meeting is held twice a year as a forum for the exchange of information, during which the status of safety activities at each company is reported. It also facilitates the timely exchange of information on the nature of accidents and countermeasures for accidents that occur at Group companies. In fiscal 2008, we conducted plant tours at Furukawa Electric's Nikko Works and Furukawa-Sky's Fukui Plant, held safety seminars led by safety consultants and conducted plant safety inspections.



Safety tour

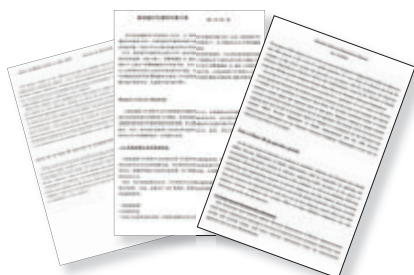
### **Furukawa Electric Initiatives on Health**

#### **Mental Health Education**

Our company-wide mental health measures have been promoted since 2002 and are based on the Guidelines for Promoting Mental Healthcare in the Workplace issued by the Ministry of Health, Labor and Welfare. Furthermore, we have been holding lectures by outside experts since 2005 in addition to basic education provided by industrial physicians and management staff. We also conducted advanced training courses for management staff in fiscal 2005 and 2006 as well as stress control seminars as stress prevention support in fiscal 2007 and 2008 for employees between the ages of 30 and 35.

#### **Responding to the Pandemic Influenza Virus**

Furukawa Electric's Health Management Center took the initiative in formulating a manual concerning the pandemic influenza virus, implemented preventive training at each work, and stocked hygienic and medical supplies. The manual was translated into English, Chinese and Spanish and distributed to overseas Group companies. We also implemented measures in response to the advancing phase of the pandemic such as by providing information and precautions through the publication of "Influenza Headlines."



Manual on the pandemic influenza virus

#### **Healthcare for Employees Working Long Hours**

In line with the Labor Standards Bureau's guidelines, Measures to be Taken by Employers to Prevent Health Impairment Due to Overwork, we are focusing on efforts to ensure that any of our employees working long hours stay in good health, through measures such as (1) enforcing strict work restrictions based on the results of medical examinations and (2) operating a consultation system whereby employees working long hours are seen by an industrial physician.



Medical questionnaire

#### **Promoting Separate Smoking Areas**

In accordance with a 2003 notification, Concerning the Guidelines for Measures on Smoking in the Workplace, issued by the Director-General of the Labor Standards Bureau, we designated more than 70 smoking rooms in fiscal 2004 in an effort to isolate smoking areas. As a result, the percentage of smokers among male employees on a company-wide basis fell from 53.3% in fiscal 2002 to 40.6% by fiscal 2008. We intend to continue to make every effort to prevent passive smoking in the future, as well as actively promoting non-smoking.

#### **Responding to Asbestos-Related Health Issues**

During the period from fiscal 2005 to 2006, we once again investigated workplaces that previously handled asbestos products and we organized medical examinations focused on asbestos for all relevant employees. We also sent out notices urging retired employees who worked at the relevant sites to undergo medical examinations. So far, symptoms have been detected in one current employee and nine retired employees. Also, a retired employee who had worked laying underground cables died from mesothelioma, and in 2006 this was confirmed to be an industrial accident. We have notified retired employees who worked at the relevant site regarding changes to the requirements for issuing health cards in the wake of revisions to Occupational Health and Safety Regulations in October 2007 and will continue to monitor the situation.

## Involvement with Society and Local Communities

The Furukawa Electric Group is strengthening its actions under the Furukawa Electric Group Basic Policy on Social Contribution Activities along the three dimensions of nurturing future generations, promoting sport and culture and living side by side with local communities.

### Basic Policy on Social Contribution Activities

In May 2008, we set out the Furukawa Electric Group Basic Policy on Social Contribution Activities.

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

The Furukawa Electric Group will uphold and strengthen the bonds built up with local communities over more than a century and consistently and tirelessly undertake social contribution activities, focusing on nurturing future generations, promoting sport and culture and living side by side with local communities as well as contributing to society through its core operations, to help create a better world for future generations.

### Communicating with the Local Community

#### Participation in Environmental Events

##### Eco-Messe 2008 in Chiba (September 2008, Makuhari Messe)

We participated in Eco-Messe 2008 in Chiba, a trade show on environmental efforts under the theme of preventing global warming and preserving biodiversity for a sustainable society. We offered exhibits and presentations on optical fiber cables and related products that are indispensable for superconducting cables used in superconducting power transmission and high-speed, broadband communications. Current power cables account for as much as 5% of all electric power generation, and our products reduce transmission loss by up to 25%. In our superconductivity experiment exhibit area, we performed experiments to demonstrate how electric resistance falls to zero in liquid nitrogen and how air contained in a balloon turns into a liquid state. The experiments stimulated the curiosity of children, our future leaders, and generated significant enthusiasm. We also accepted ECO donations and presented supporters with



Superconductivity experiment corner: turning air inside a balloon into a liquid state

goods related to the JEF United Chiba soccer team, which we sponsor. We donated the money collected to the Chiba Environmental Regeneration Fund.

##### Hiratsuka Environmental Fair (February 2008, Education Center, Hiratsuka City)

The Hiratsuka Environmental Fair was held to present awards to citizens and businesses who had engaged in outstanding environmental efforts and to introduce the activities of environmental groups and others through a panel presentation.

Furukawa Electric provided exhibits and presentations on environmentally-friendly products, such as the Eco-Ace Plus halogen-free wires and the MC-PET (micro-foamed PET) ultra-high reflexivity material, which can reduce the number of fluorescent tubes and save energy when used for lighting in combination with LEDs.



Exhibit of environmentally-friendly products such as MCPET and eco wires



## Interaction with Local Citizens

### Plum Festival in Kouracho, Shiga Prefecture (Furukawa AS)

On March 15, 40 Vietnamese women from FAPV (Furukawa Automotive Parts (Vietnam)) who were training at Furukawa AS participated in the annual plum festival organized by the Kuretake Area Village Development Committee and communicated a joyful message through their songs.

The event was well-received by the people of Kouracho and provided a valuable experience for the trainees as well.



#### Comments from a trainee from Vietnam

"Practice was hard, but I was very glad we were able to give our performance. It was a great experience to enjoy the plum blossoms, which we do not have in Vietnam, listen to the residents of Kouracho sing Japanese songs and experience Japanese culture."

### Summer Festival (Mie Works)

Every year on the last Sunday of summer vacation, Mie Works invites families of employees and local citizens to a summer festival. This year's festival featured booths run by staff and employees at affiliated companies, a Suzuka Drum performance by the Suzuka Drum Preservation Association, and other events, such as the Yosakoi Soran Dance and fireworks. The drum ensemble raised the festive mood through performances such as the "Sound of Suzuka," based on images from the Suzuka Racing Circuit, and a work based on the story of Daikokuya Kodayu, a boatman from Shiroko, Ise, who washed ashore in Russia during the Edo era and later contributed to the spread of Western learning in Japan as one of the few individuals at the time who had lived abroad.



Performance by the Suzuka Drum Preservation Association

## Local Community Clean-up Activities

We actively engage in clean-up activities in the local communities in the vicinity of each of our works and plants, as well as nearby coastal and riverside areas and other locations.

### Clean-up Campaign Along Route 25 (Furukawa Electric, Furukawa Logistics, Kameyama City, Mie Prefecture)

Kameyama City organizes clean-up campaigns in various locations around town to preserve the natural environment and raise awareness of town beautification. Furukawa Electric participates as a corporate supporter of the Route 25, Suzuka River and the Route 1 clean-up campaigns.

### Nikko Ancient Cedar-Lined Road Clean-up Campaign (Furukawa Battery, Nikko City, Tochigi Prefecture)

Furukawa Battery's Imaichi Plant participates in the Nikko Ancient Cedar-Lined Road Clean-up Campaign to preserve the cedar-lined road, which is a precious cultural asset and the only location that has received a dual national designation as a Special Historic Spot and a Special Natural Treasure.

### Yamato Clean-up Campaign (Okano Electric Wire, Yamato City, Kanagawa Prefecture)

We participated in the Yamato Clean-up Campaign, "Day for beautification and clean-up," on November 21, 2008, mainly cleaning the streets around the plant and head office of Okano Electric Wire.



Nikko Ancient Cedar-Lined Road Clean-up Campaign



Yamato Clean-up Campaign



## Involvement with Society and Local Communities

### Environmental and Social Contribution Activities

#### Activities for Preserving the Satoyama Environment

##### Preservation of the Kameyama Eco Forest (Mie Works)

In Kameyama City, Mie Prefecture, citizens, businesses and local government are collaborating in a five-year plan launched in 2008 to develop a forest that enables people to walk, play and experience nature, based on the Kameyama Eco Forest Environmental Improvement Vision. Furukawa Electric's Mie Works is participating in realizing this vision. During the Forest Development Experience held on March 8, employees of Mie Works and their families participated as volunteers and planted 14 types of trees, including bayberry, Japanese maple and wild cherry blossom.

##### Preservation of Satoyama—Oyama General Park, House of Fireflies (Furukawa Logistics Oyama Branch)

Local citizens, the general public, corporations and the local government are working together to revive the historic firefly region of western Oyama City so that fireflies will once again return to the area from the historic site of Washi Castle and the Oyama General Park. Furukawa Logistics' Oyama Branch participated in a project organized by the firefly preservation group to remove weeds from firefly habitats.



Tree planting for the Kameyama Eco Forest



Weeding project around the firefly habitat

#### Activities for Preserving the Ecosystem

##### Extermination of Bur Cucumber (Totoku Electric)

Bur cucumbers, which grow rapidly, destroying native ecosystems and affecting animals and plants, have been designated as an Invasive Alien Species by the Ministry of the Environment. In Nagano Prefecture, private organizations, municipalities and the prefectural government are cooperating to exterminate bur cucumbers in local areas.

Totoku Electric exterminated the plant in the neighboring biotope-style citizen's green park (Mihogaik Green Park).



Exterminating bur cucumber

#### Initiative for Supporting Career Education —Expressing the Appeal of Manufacturing Companies

The Furukawa Electric Group implemented an initiative for supporting career education at a local high school to nurture future generations—one focus of the Group's social contribution activities. The project is also intended to foster skills and know-how for explaining the Group's technology and products in a way that is easy for the general public to understand.

In March 2008, Naohiro Seki, Manager of the Human Resource Development Unit of the Personnel and General Affairs Department, visited a high school in Kanagawa Prefecture, his own alma mater, to present a lecture on the benefits of working for a manufacturing company.

He described how students were connected to manufacturing companies, introduced our main products and noted that graduates of literature and science are engaged at manufacturing companies. He offered an explanation of nanotechnology and the thinness of optical fibers and their transmission distances. The most popular parts of his presentation were when students could touch our copper foil products, optical fiber preform and cable core and observe an experiment using shape-memory alloy.

He expressed the special appeal of manufacturing companies in an enjoyable way that contributes significantly to supporting career education.



Enthusiastic lecturer holding an optical fiber preform

## Promotion of Sports and Culture

### Supporting the Imaichi Youth Sports Cadet Relay Competition

Each year, Furukawa Circuit Foil (Copper Foil Division of the Metals Company of Furukawa Electric Co., Ltd. since October 2008) voluntarily participates in the annual Imaichi Youth Sports Cadet Relay Competition. We also provide prizes for participants.



Imaichi Youth Sports Cadet Relay Competition

## Others

### Supporting Special-Needs Schools

Furukawa Circuit Foil receives students from the Imaichi Special-Needs School for active learning programs. We also participate on a voluntary basis in barbecue parties, *nagashi somen* (flowing somen noodle) events, sports festivals and educational presentations organized by the parents.



Nagashi somen event at the Imaichi Special-Needs School

## Furukawa Circuit Foil Social Contribution Initiatives

Furukawa Circuit Foil organized a CSR Promotion Team in February 2005 and appointed social contribution leaders. Under the basic principle of contributing to the revitalization and development of the local community through the cooperation of the company and employees, we have mainly been offering support to welfare institutions and people with disabilities as well as undertaking projects in cooperation with the local community. To encourage employee participation in volunteer activities, we invite lecturers from the social welfare council and local nonprofit organizations twice a year in an effort to raise employee awareness. We established the Volunteer Card System and Volunteer Award System to encourage voluntary activities by employees and support individual activities by presenting awards once a year to employees who are actively engaged in social contribution efforts.

## Awards from Outside Sources

### Railway 2007 Technology Development and Purchasing Award for the Green Trough from East Japan Railway Company

For the first time, we received the Railway 2007 Technology Development and Purchasing Award from the financial division (materials purchasing section) of East Japan Railway. The award recognized our contribution to global environmental preservation and enhancing the safety of trough work by developing a method by which PET bottle caps collected at stations are used as materials for green troughs (cable casings used in railways, etc.) in a two-year project with East Japan Eco Access Co., Ltd. of the East Japan Railway Group.



Green trough



# Initiatives at Overseas Group Companies

The Furukawa Electric Group is working across the world to protect the environment and contribute to society in the context of local needs.

## Initiatives at Shenyang Furukawa Cable

China



### Environmental Preservation Initiatives

Environmental issues associated with economic development have become a major concern in China, and the Chinese government is developing regulations and reinforcing onsite company inspections as well as environmental guidelines. In response, Furukawa Electric designated 2008 as preparation year toward obtaining ISO 14001 certification by the end of 2009 and began installing facilities designed to reduce our environmental impact.

#### (1) Adoption of heat pumps

Hydronic heating using coal boilers, which is common in Shenyang, is associated with atmospheric pollution from coal combustion. Therefore, upon construction of a new cable plant in 2008, we adopted heat pump equipment that uses temperature differences in the groundwater for heating. Through this method, the use of coal resources is reduced and atmospheric pollution as well as the emission of greenhouse gases are prevented. It also allows for a more comfortable workplace in the plant by enabling climate control in winter and summer.

#### (2) Installation of wastewater disposal facility

We installed a facility for wastewater disposal at the newly constructed plant. Although water use has increased in step with our operations, the new facility has enabled us to satisfy requirements for COD, SS and oil content when discharging wastewater.

#### (3) Outdoor waste management

Waste generated by the plant had previously been left in piles that were subject to problems such as outflow during rainfall. To address this issue, we created a roofed waste storage area and at the same time managed to reduce the volume of waste by sorting valuable resources and reducing storage space.

#### (4) Environmental education

To raise employee awareness of the environment, we invite outside experts to provide training mainly for environmental committee members selected from each department.

### Social Contribution Activities

Activities undertaken in 2008 include helping to remove snow on neighboring roads, collecting donations from all employees for areas afflicted by the Great Sichuan Earthquake in May 2008, and planting trees on both sides of neighboring roads at the request of the local district. In addition, Japanese employees as well as local Chinese employees participated as volunteers in the Shenyang Japanese Speech Contest and the Japan-China friendship marathon sponsored by the Shenyang Japanese Society.

### Overview

#### Shenyang Furukawa Cable Co., Ltd.

Location: Hujadian Dashubu Village, Sujiatun District, Shenyang, P.R. China

Workforce: 400 employees (including 4 Japanese)

Website: <http://www.sf-cable.com>

Inquiries: Administration and Personnel Management Department

Tel: +86-24-8942-8599

Fax: +86-24-8942-8954

#### History

Established as Shenyang Furukawa Cable Co., Ltd. in 1995 in a joint venture between Furukawa Electric Co., Ltd., Shenyang Cable Co., Ltd., and Itochu Corporation; became a wholly owned company in 2003 through full capital participation by Furukawa Electric Co., Ltd., and in 2006 celebrated ten years of operation, which continues to this day.

Business includes the manufacturing and sales of ultra-high voltage cables above 66 kV and mechanical parts such as joints, construction work for cable joints and supportive services for cabling technology.



Switched from coal boilers to heat pump equipment for heating and preventing atmospheric pollution



Environmental education toward obtaining ISO 14001 certification

## Initiatives at Thai Furukawa Unicomm Engineering



### Donations to the Local Community

Thailand is a Buddhist country in which donating to those in need and making offerings to temples are deeply rooted in daily life as right action.

While Thai Furukawa Unicomm Engineering had also been making donations to the local community every August to commemorate the anniversary of its foundation, today it has moved beyond offering cash donations in order to construct facilities such as for child welfare institutions and public schools that do not have sufficient funding for implementing their improvement plans.

In 2008 we contributed to four projects: installing playground equipment at a child welfare institution; laying tiles in a school auditorium; installing toilets and a hand-washing station for tooth brushing at a school and donating computers for occupational training to a juvenile correction facility.

Donations are determined each year in June by an employee committee to review recipients and program content. We also conduct site visits to encourage personal interaction, which we believe adds an element of employee education to our social contribution activities.

### Overview

#### Thai Furukawa Unicomm Engineering Co., Ltd.

Location: 68Moo-5, Soi Sangsri, Phayasuren Road, Bangchan Khlongsamwa, Bangkok, Thailand

Establishment: 1983

Business: Construction of telecommunication facilities

Workforce: 143 employees

Website: <http://www.tfu.co.th/>



Children at the Rangsit Baby Foundation



Installed playground equipment

## Initiatives at Tembaga Mulia Semanan



### Measures against Influenza

Over the past two years, we organized six, two-session seminars on avian influenza for all employees. Executives above the unit manager level are deepening their understanding by receiving explanations of draft documents for countermeasures and business continuity plans (BCP) during Management Committee meetings and other discussions. We held joint conferences with other Furukawa Electric Group companies to review countermeasures presented by each company. The head office also dispatched employees responsible for avian influenza countermeasures and contracted with doctors twice to provide support.

As of May 20, 2009, we have been monitoring the body temperature of all employees every Monday at the entrance to our plant. We ask that everyone entering the Company wash their hands with alcohol on a daily basis. We have also placed alcohol-based disinfectants at major indoor locations to encourage daily hand washing and strongly suggest doing so before lunch. These measures are conducted in line with the document for countermeasures for avian influenza and were launched on the day a Phase 4 alert was declared by

the WHO for the pandemic influenza virus. We also maintain a stock of masks, soap and gloves.

### Overview

#### P.T. Tembaga Mulia Semanan

Location: Jalan Daan Mogot. KM. 16, Desa Semanan P.O. Box 31/JKT, Jakarta-Barat, Indonesia

Establishment: 1977

Business: Manufacturing copper and aluminum wires

Workforce: 320 employees



Seminar on avian influenza



## Third-Party Opinion



**Mariko Kawaguchi**

General Manager of the Management Strategy Department of Daiwa Institute of Research Ltd.

Graduated with a master's degree from Hitotsubashi University Graduate School in 1986. Joined Daiwa Securities in 1986. Transferred to Daiwa Institute of Research in 1994. Had a number of roles, including analyst, leading to her present assignment. Her research subjects include socially responsible investment and corporate social responsibility. Co-author of *Guide to Socially Responsible Investment* and *CSR Management*. Part-Time Instructor at Aoyama Gakuin University.

This is my second opportunity to offer a third-party opinion. Last year, I pointed out that the report seemed very much like a CSR operational report for internal use. That is, the stakeholder's perspective was not reflected in the report. My impression this year is that the Company's message has been more sharply defined, making the report much easier to understand. Particularly with respect to the prevention of global warming, this report offers a broad overview that includes unique environmentally sound products, such as reflective sheets with high light reflexivity, production site initiatives such as fuel conversion and the concentration of processes, and distribution site initiatives. It is thus far easier to understand exactly what the Company is doing.

Furthermore, the report describes how the Company has traditionally used electricity from a company-owned hydroelectric power station in the Nikko area, which accounts for 14% of the electricity used by the entire Group. I learned about this last year during my interview with Chief Social Responsibility Officer Tetsuya Sato. Hydroelectric power generation was not new to Furukawa Electric; the Company, however, became more aware of how society is increasingly paying attention today to the volume of CO<sub>2</sub> emitted, referred to as the carbon footprint, during manufacturing and transportation. Therefore, production based on hydroelectric power generation, which has an extremely light carbon footprint, represents a major strength in sales strategy. From this viewpoint, it was desirable from the perspective of CSR as well as from sales strategy for the Company to reconfirm the significance of hydroelectric power generation and to emphasize this point in the President's Message. In a similar light, the Company should be highly commended for its active stance of considering the use of renewable energy sources in the production line apart from conventional hydroelectric power. The report also states that the Company has developed

a system for incorporating the sales of environmentally-friendly products and the reduction of CO<sub>2</sub> emissions into the performance assessment of each department to promote environmental management. The best yardstick for measuring the sincerity of a company's environmental management is to have it reflected in performance assessment. From this viewpoint, we understand that Furukawa Electric is genuinely pursuing environmental management, which creates a favorable impression. I encourage the Company to provide status reports on this effort in the future.

This year's report also contains a status report on the issue of dirty mining that I pointed out last year. While major progress seems yet to be made, companies are expected to come under even greater scrutiny over dirty mining as biodiversity becomes a focal issue second in importance to global warming. I recommend that the Company continue its efforts as an important aspect of supply chain management.

On personnel issues, the status of work-life balance—the number of paid leaves and childcare leaves taken by employees—was disclosed in small print inside the chart. However, the current trend is to disclose annual figures related to personnel by chronology. I hope that data related to work-life balance will be disclosed on a multi-year basis, particularly in view of the fact that the Company is a designated Provider of Support for Raising Next-Generation Children. I also expect similar disclosures on the state of diversity, such as the ratio of female executives and the status of locally hired employees at overseas bases.

Finally, in this year's message from the President, significant weight has been placed on explaining initiatives related to compliance violations. We naturally hope the Company will establish an ethical framework based on this corporate stance. On the other hand, we are facing a situation that urgently requires calls for the development of a low-carbon society. I would like to reiterate a point I made last year: copper wires lie behind every product using electricity. That is, Furukawa Electric acts as a stage assistant in the drive for electrification. Bearing this in mind, I strongly request that the Company put together a more comprehensive and organic long-term vision concerning viewpoints from which the Furukawa Electric Group can contribute to the development of a low-carbon society by utilizing all its management resources.



## History of Furukawa Electric's CSR Activities

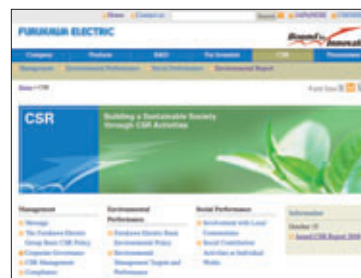
<b>1972</b>	Companywide Rules for Pollution Prevention formulated
<b>1974</b>	Environmental Control Department established Energy Conservation Team established
<b>1976</b>	Central Quality Control Committee established
<b>1989</b>	Team for Reduction in Use of Specified CFCs established
<b>1993</b>	Basic Framework for Protecting the Global Environment formulated (Furukawa Electric's voluntary environmental preservation plan)
<b>1994</b>	Committee for Companywide Promotion of Energy Conservation established
<b>1996</b>	Use of specified CFCs and trichloroethane discontinued
<b>1997</b>	Team for Promotion of Reduction in Industrial Waste established
<b>1998</b>	Furukawa Electric Basic Environmental Policy formulated Central Committee for Environmental Management established Committee for the Development of Environmentally Friendly Products established Acquisition of ISO 14001 certification commenced Companywide Regulations for Pollution Prevention revised to create the Companywide Regulations for Environmental Management
<b>1999</b>	Central Safety and Health Committee established
<b>2000</b>	Liaison Meeting with Affiliated Companies established First Environmental Report published Meeting of Environmental Personnel established
<b>2001</b>	Medium-Term Plan for Environmental Preservation Activities 2002 formulated (for 2001–2002) Environmental accounting started
<b>2002</b>	Green Procurement Preparation Committee established
<b>2003</b>	Executive Officer System introduced Furukawa Electric Basic Environmental Policy revised Medium-Term Plan for Environment Preservation Activities 2005 formulated (2003–2005) Green Procurement Executive Committee established Liaison Meeting of Consolidated Environmental Management established
<b>2004</b>	Medium-Term Plan for Environment Preservation Activities 2005 revised Compliance Committee established Furukawa Electric Group Action Guidelines formulated Furukawa New Leaf established as a special subsidiary offering employment to people with disabilities

<b>2005</b>	Green Product Management Committee established Compliance Handbook Version I published
<b>2006</b>	Medium-Term Plan for Environment Preservation Activities 2009 formulated (2006–2009) Risk Management Committee established Report published under the revised title "Environmental and Social Report" Compliance Handbook Version II published
<b>2007</b>	CSR Division established Chief Social Responsibility Officer (CSRO) appointed Safety, Environment and Quality Promotion Department split into the Safety and Environment Promotion Department and the Quality Promotion Department CSR and Risk Management Committee established Furukawa Electric Group Action Guidelines partially revised Report published under the revised title "CSR Report" Corporate philosophy and corporate message of the Furukawa Electric Group formulated Corporate Philosophy Handbook of the Furukawa Electric Group issued
<b>2008</b>	Furukawa Electric Basic Environmental Policy formulated Furukawa Electric joined Team Minus 6% Furukawa Electric Group Basic CSR Policy formulated Furukawa Electric Group Action Guidelines partially revised CSR Compliance Handbook Version III published Furukawa Electric Basic Policy on Pandemic Influenza Preparedness formulated Compliance pledge introduced GHG Emissions Reduction Committee established e-Friendly mark system launched
<b>2009</b>	Furukawa Electric Group Green Procurement Activity Guidelines established Basic Policy on BCM (Business Continuity Management) formulated

### Information available via our website

Our website features details of progress with our CSR initiatives and PDF versions of this report and other previously published environmental reports. The relevant materials can be accessed via the following page on the Furukawa Electric website.

<http://www.furukawa.co.jp/english/csr/>



## **FURUKAWA ELECTRIC CO., LTD.**

### Administration Department, CSR Division

2-3 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8322, Japan  
Tel: +81-3-3286-3044 Fax: +3-3286-3920  
<http://www.furukawa.co.jp/english/>

#### Export Control Regulations

The products and/or technical information presented in this publication may be subject to the application of the Foreign Exchange and Foreign Trade Act and other related laws and regulations in Japan.  
In addition, the Export Administration Regulations (EAR) of the United States may be applicable.  
In cases where exporting or reexporting the products and/or technical information presented in this publication, customers are requested to follow the necessary procedures at their own responsibility and cost.  
Please contact the Ministry of Economy, Trade and Industry of Japan or the Department of Commerce of the United States for details about procedures.



This brochure is printed on FSC-accredited paper with pure plant oil ink, which contains no volatile organic compounds and in a dry printing process that uses no water, thus precluding release of any harmful effluents.

All company and product names featured in this report are trademarks, registered or otherwise, belonging to the relevant company.

Published in October 2009  
IE-114 2A11 BC 50