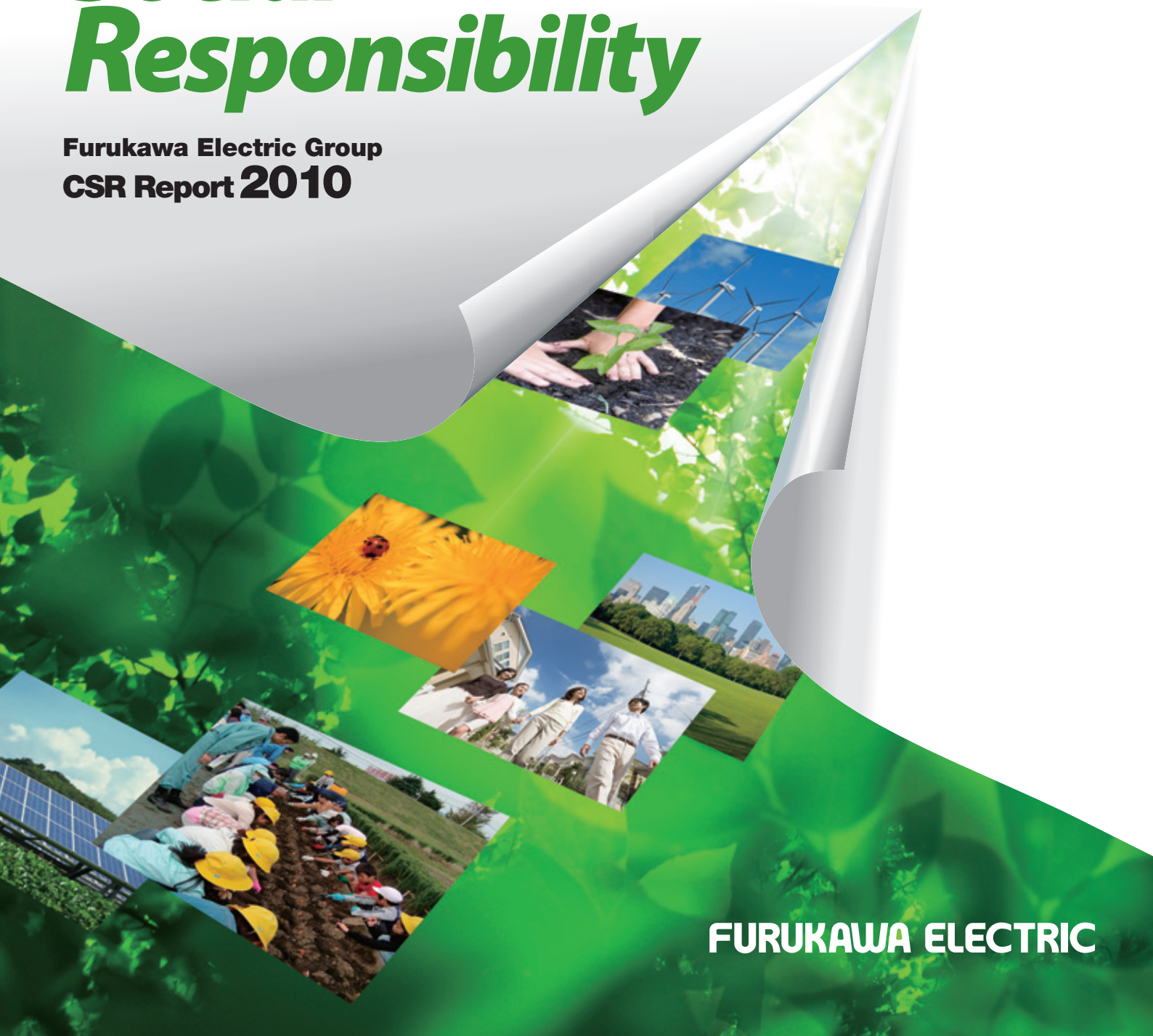


Corporate Social Responsibility

Furukawa Electric Group
CSR Report **2010**



FURUKAWA ELECTRIC

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 2010 report features initiatives aimed at realizing a recycling-oriented society implemented by the Furukawa Electric Group over many years. At the same time, the report highlights those new eco businesses that the Group plans to pursue over the next three years.

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 106 consolidated subsidiaries. Exceptions to the scope of the data collected have been clearly stated.

Period Covered

From April 1, 2009 to March 31, 2010

Includes selected information on past initiatives and

*activities during fiscal 2010.

Source Guideline

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

Website

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

Inquiries

Administration Department, CSR Division

Furukawa Electric Co., Ltd.

TEL: +81-3-3286-3044 FAX: +81-3-3286-3920

Corporate Social Responsibility

Contents

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

7 Feature Past and Future Environmental Businesses

- 8 Focus 1 Developing Easy-to-Recycle
Optical Fiber Cables

- 11 Focus 2 Creating New Eco Businesses That Take
Full Advantage of Material Technologies

13 Management

- 13 Corporate Governance
- 14 CSR Management

16 Initiatives for the Environment

- 17 Basic Environmental Policy
- 18 Environmental Management
- 20 Material Flow
- 21 Targets and Performance
- 23 Environmentally Sound Products
- 24 Environmentally Conscious Production
- 26 Chemical Substance Management
- 27 Environmental Risk Management
- 28 Environmental Accounting

29 Initiatives for Society

- 30 Relations with our Customers
- 31 Relations with our Shareholders
- 32 Relations with our Suppliers
- 33 Relations with our Employees
- 37 Relations with Communities

- 41 Third-Party Opinion
- 42 History of Furukawa Electric's CSR Activities

Furukawa Electric Group Overview

Sales

809.7 billion yen (Consolidated, fiscal year 2009)

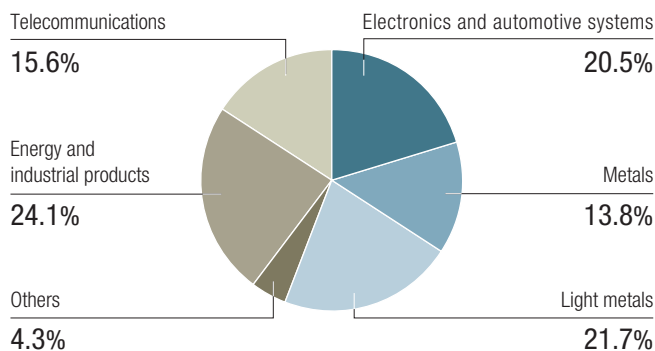
Number of employees

37,737 (as of March 31, 2010)

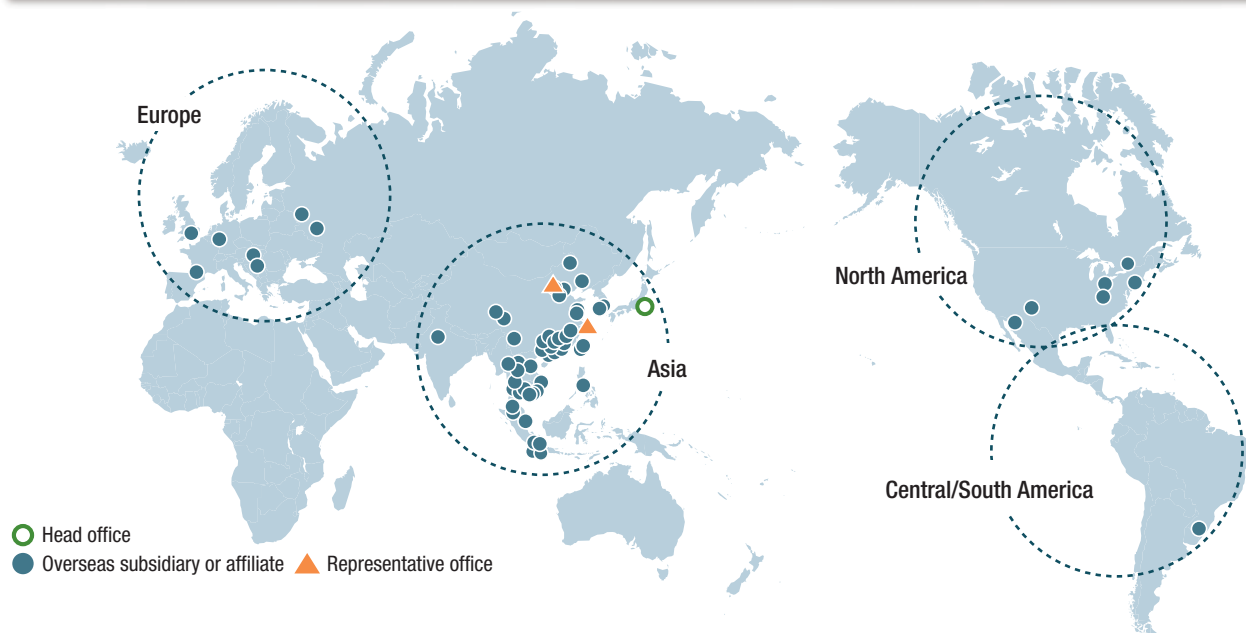
Number of companies

122 (106 subsidiaries and 16 affiliates accounted for using the equity method)

Main Business Segments (Consolidated)



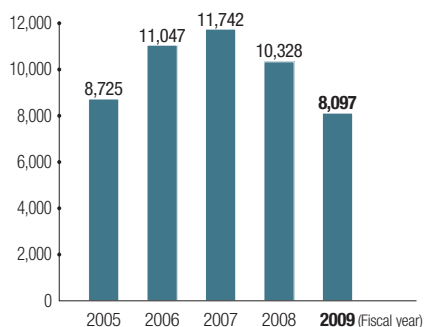
Operation Bases



Results (Consolidated)

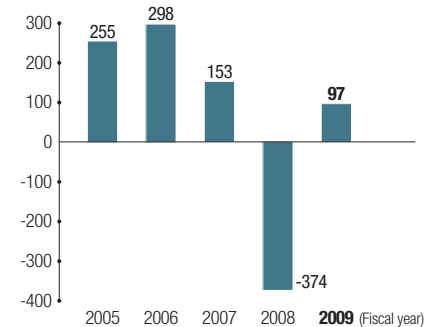
Net Sales

(100 million yen)



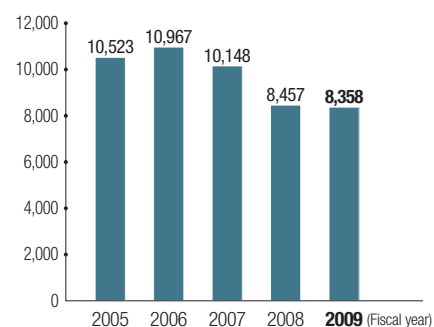
Net Income

(100 million yen)







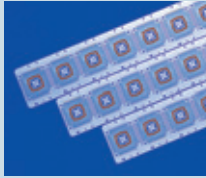





Net Assets

(100 million yen)



Main Business Segments

Three Core Materials

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

Furukawa Electric Group Corporate Profile

Name	Furukawa Electric Co., Ltd.
President	Masao Yoshida
Founded	1884
Established	1896
Sales	350.4 billion yen (Non-consolidated, fiscal year 2009)
Number of employees	4,326 (Non-consolidated, as of March 31, 2010)

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 2008.

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



Masao Yoshida
President

吉田政雄

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

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

Defining “New Frontier”

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

New eco businesses, where global needs continue to spiral, represent another frontier of immense potential. Economic growth brings with it a host of consequences including increased energy consumption. While this must be accepted to a certain degree, if left uncontrolled we run the very real risk of undermining the global environment due to the excessive discharge of such greenhouse gases as CO₂. As a Group that harnesses its wide-ranging metal, resin, chemical and other compound processing technologies to deliver functional materials, Furukawa Electric is committed

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

- 1) Next-generation vehicles that curtail CO₂ emissions through reduced use of fossil fuels.
- 2) Energy/smart grids that produce a transmission network that employs IT to ensure the efficient and flexible use of natural energy sources including the wind and sunlight in combination with nuclear and fossil fuel energy.
- 3) High-density optical telecommunications that realize the ultra high-speed, power efficient transmission of large volumes of data.

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

Reinforcing initiatives for the environment

Over the past several years, international events with environmental concerns as their principal theme have become increasingly prominent. For its part, the Furukawa Electric Group will strengthen its environmental initiatives through every facet of our operations. In the area of global warming prevention, for example, we launched full-fledged efforts to reduce CO₂ emissions in fiscal 2009. We have conducted basic research into the formulation of rules aimed at adopting a life cycle assessment (LCA) initiative for quantitatively assessing the environmental impact of our products. Through the next two years of trials on designated products, Furukawa Electric will formulate carbon footprint computation standards on an individual product basis in fiscal 2011. Turning to the issue of biodiversity, and taking into consideration trends identified during the tenth meeting of the Conference of the Parties (COP 10) held in Nagoya this year, we have undertaken several steps to gather information drawing on our participation in a biodiversity corporate network. At the same time, we will identify basic policies during fiscal 2010 and pursue step-by-step initiatives from fiscal 2011 to gain an insight into and evaluation of conditions. Moving forward, the Furukawa Electric Group will work to fulfill its responsibilities as a member of the global society. We will pursue those major issues within the international community and ensure adherence to environmental regulations.

Positioning safety, quality and compliance as cornerstones

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

Enhancing Social Contribution Activities

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

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



Feature

Past and Future Environmental Businesses

While responding to the requests of society, the Furukawa Electric Group has over many years continued to develop technologies, products and services that contribute to the protection of the global environment.

We are today accelerating the pace of new technology development guided by the medium-term management plan “New Frontier 2012” that positions the creation of new eco businesses as a key priority.



Developing Easy-to-Recycle Optical Fiber Cables



Creating New Eco Businesses That Take Full Advantage of Material Technologies

Responding to Environmental Issues Caused by the Growing Prevalence of Broadband Networks

Promoting the Recycling of Materials From Discarded Optical Fiber Cables

The installation and renewal of optical fiber cables results in considerable waste due to the removal of existing electric wires and cables, ducts and distribution boards. Amid explosive growth in broadband networks, telecommunication carriers and construction companies are being increasingly confronted by the problem of waste disposal as one of several key environmental issues. Playing a leading role in the Group's recycling business activities, Furukawa Electric Ecotec Co., Ltd. (FETEC: please refer to the column below) serves to address this problem by collecting and recycling much of the aforementioned waste.

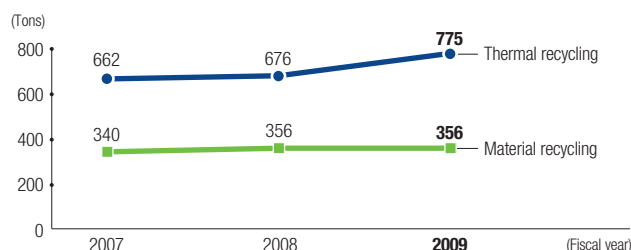
FETEC currently collects over 1,000 tons of discarded optical fiber cables each year, all of which is recycled. In specific terms, approximately 70% is incinerated and recovered as thermal energy, while around 30% is recycled as materials. From a recycling-oriented society perspective, the goal is naturally to secure a material recycling rate as close to 100% as is possible. Lifting the

material recycling rate is not of itself a difficult task. Depending on the method used, however, an unwanted by-product is the increase in CO₂ emissions and the adverse effect of a higher environmental load. With this in mind, Furukawa Electric has developed an easy-to-recycle optical fiber cable as one initiative to lift the material recycling rate while at the same time reducing CO₂ emission.

Material Recycling Flow (Example: Optical Fiber Cables)



Performance in the Handling of Discarded Optical Fiber Cables



Column

Recycling Plant of the Furukawa Electric Group (FETEC)

FETEC was established in 1971 as a company specializing in the recycling of discarded electrical wires. Since acquiring ISO14001 accreditation in 1998 (including the Company's Chiba Works and the adjoining facilities of affiliated companies), the company has taken steps to promote zero emissions and to reduce the amount of landfill waste generated during the recycling process. Based on these endeavors, FETEC achieved zero emissions in 2005.

In recent years, calls from customers to collect the duct and distribution board waste resulting from the removal of electric wires and cables have steadily increased. Working to address the needs of its customers, FETEC has acquired the necessary approvals to collect and haul industrial waste from 33 local municipalities, complementing its existing qualification (Chiba and Kyushu plants) as an industrial waste disposal contractor.



Discarded distribution boards



Discarded electrical ducts
(product name: EFLEX)

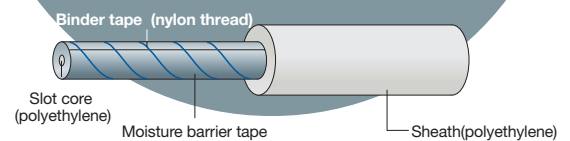
Developing a Breakthrough Optical Fiber Cable That Resolves the Issue of Recycling Costs

Unlike the copper and aluminum used as conductors in both electrical and telecommunications metal cables, optical fiber cables do not contain highly valued materials than can be collected, recycled or sold as items of worth. Rather than incur the cost of recycling, it was therefore considered more economical to dispose of industrial waste via incineration and landfill sites. Commensurate with the shift from metal to optical fiber telecommunication cables, and the growing incidence of optical fiber cable waste, however, demand for their recycling steadily increased. In response, Furukawa Electric in conjunction with Tokyo Electric Power Company commenced development of the recycling technology. While taking into consideration dismantling and separation methods, the companies took steps to review the raw materials that comprise cables as well as their configuration. Focusing on ease of dismantling, Furukawa Electric successfully developed an easy-to-recycle optical fiber cable.

Compared with conventional optical fibers, which use nylon thread as the base material for binder tapes, the newly developed product employs the same polyethylene material applied to the cable sheath. By using polyethylene for the binder tape, the sheath and the binder tape melt together during sheathing as part of the manufacturing process and become integrated with one another. Consequently, when the sheath is removed, the cable can be dismantled with ease as if there were no binder tape. As a result, dismantling and separation expenditure is reduced by approximately 50% compared with Furukawa Electric's existing products. In resolving the longstanding issue of recycling costs, it is possible to dismantle and separate cables for the same cost as industrial waste disposal via landfill sites or incineration.

In addition to the bobbin and drum that reel in the cable, the recycled materials of this optical fiber cable are applied as materials for such items as the optical closure (the optical fiber cable connection and diversion box).

A Conventional Optical Fiber Cable



● Hard to dismantle and separate

● Binder tape is threadlike

Tendency for binder tape to knot when optical fiber cables are dismantled. This significantly extends the time required for removal

● Binder tape and sheaths use different materials

Separation and treatment are required for reuse



A conventional optical fiber cable with the sheath removed. When attempting to pull out the nylon thread, it tangles into a ball making removal difficult.



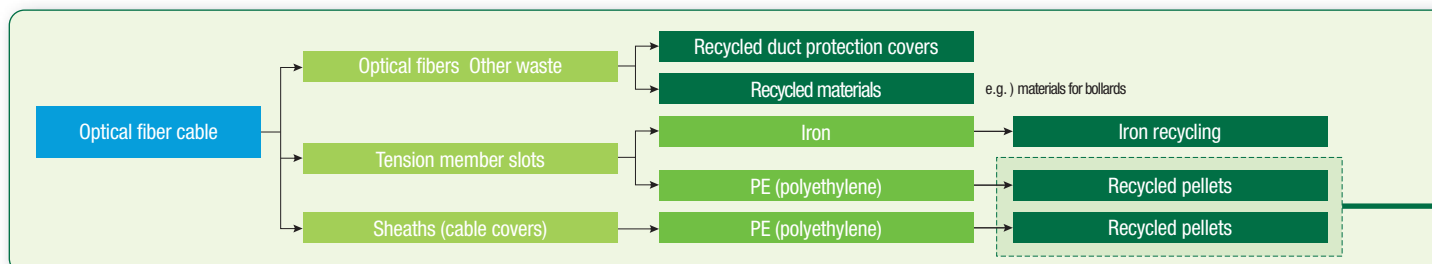
Fine strands of the nylon thread remain even after the sheath has been peeled away. This raises the issue of impurities making recycling problematic.

● Recycling costs are high

● Dismantling and separation require considerable effort

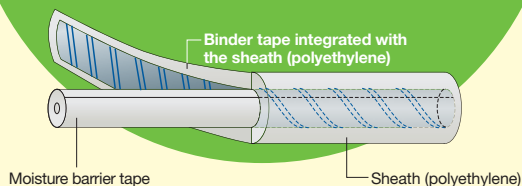
With recycling costs high, disposal as industrial waste is economical

Materials and Products Made From Recycled Optical Fiber Cables



Focusing on Other Recycling and Environmental Technologies as well as Environmentally Sound Products

An Easy-to-Recycle Optical Fiber Cable

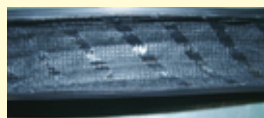


● Easy to dismantle and separate

- **Binder tape and sheath are integrated**
Easy to dismantle. The time required for removal is one-fifth that of the Company's existing products
- **The material used in both binder tape and sheath are the same polyethylene**
Material recycling is simple due to a lack of impurities



An easy-to-recycle optical fiber cable. The sheath is peeled back together with binder tape.



Binder tape adheres to the sheath's inner surface when peeled away. Made from the same material, easily recycled without additional treatment or effort.

● Recycling costs are low

- **Dismantling and separation are easily completed**
Material recycling is possible for the same cost as industrial waste disposal

The Furukawa Electric Group is engaged in other cable and wire material recycling activities from a wide range of perspectives.

Reuse of the cross-linked polyethylene XLPE* is a prime example. Among sheathing materials used for electric cables, polyethylene and polyvinyl chloride (PVC) were commonly used due to their ease of recycling. With a cross-linked structure, the XLPE was considered difficult to recycle, lacking fluidity even when heated. Utilizing a proprietary technology for thermoplasticity by lowering molecular weight, Furukawa Electric took successful steps toward reuse as an insulating material.

Building on this success, the Company has promoted the application of XLPE beyond its reuse as a sheathing material to develop cable and electric wire-related products employing plastic waste. The plastic drum, developed as a replacement for wooden drums in particular, is attracting high praise for its contributions to the conservation of forest resources as well as the reduction of waste. Furthermore, plastic troughs are drawing considerable attention as an alternative to the reinforced concrete cable troughs that are used to preserve the opening and closing cables laid along railway lines and roadways. Unlike existing products, plastic troughs are lighter, less susceptible to cracking and corrosion and can be recycled after use.

The Group will continue to emphasize the development of recycling technologies. At the same time, we will work diligently to create new environmental technologies and environmentally sound products focusing on the three eco businesses identified in our medium-term management plan "New Frontier 2012" announced in April 2010.

* Furukawa Electric has commenced the licensing of its cross-linked polyethylene waste material recycling technology, which contributes to the reduction of both CO₂ emissions and industrial waste.

Examples of final products



Recycled bobbin



Recycled drum



Recycled optical closure



Toward Realizing a Low-Carbon Society for a Sustainable Global Environment

Next-Generation Vehicles

Material Technologies Contributing to the Advance of Ecology Cars

The Furukawa Electric Group is taking considerable interest in next-generation vehicles, which are expected to make substantial contributions toward resolving transportation equipment-related energy and global environmental issues. Driven by a commitment to achieve specific key concepts including “increased fuel efficiency and reduced CO₂ emissions,” “improved electric and hybrid vehicle performance” as well as “the provision of greater safety and comfort,” we are supporting the further spread of next-generation vehicles through the development of a wide spectrum of automotive components.

Our high strength, high-heat conductive aluminum alloys, manufactured using metal composition

development and molding process technologies, for vehicle bodies, together with our high conductive, high intensity aluminum wire harnesses reduce the weight of vehicles improving fuel efficiency while reducing CO₂ emissions. The Group’s small-sized, high integrity magnet wires, manufactured utilizing plastic design and thinning fabrication technologies, contribute to more compact, technologically advanced alternators (generators), which in turn improve the performance of electric and hybrid vehicles. Furukawa Electric’s compact, high performance antenna technology provides the backbone for its advanced automobile communication and ultra-wideband wireless radar, which helps to ensure vehicle safety.

Energy / Smart Grids

Continuing to Support an Energy Efficient Society

The Furukawa Electric Group boasts a long history in the development of advanced power transmission and telecommunication technologies that provide the basic infrastructure for today’s society. In electric power systems, the Group provides an extensive range of ultra-high voltage through medium to low voltage cables as well as mechanical parts that contribute to the efficient supply of electricity. Amid a renewed awareness toward the importance of developing a highly efficient cable network that includes yttrium superconducting power cables with the potential to substantially reduce power loss during transmission as well as the need for electric power conditioning utilizing storage cells for increased efficiencies in energy use, the Group is addressing these requirements by producing long-life, highly efficient secondary batteries

to the highest global standards. In telecommunications, the Group delivers a broad menu of products from hardware to systems including the optical fiber and optical transmission equipment necessary to realize a high-density, long-distance fiber-optic telecommunications system.

Through its business activities, the Furukawa Electric Group is developing the varied technologies required to ensure the effective application of natural energy provided through photovoltaic and wind power generation. In this manner, the Group is working to reduce power transmission loss and to secure a stable supply of power. By providing the optical fiber cables and optical transmission equipment that underpin basic infrastructure, we continue to support an energy efficient society.

High-Density Optical Telecommunications

Contributing Through Telecommunications and Energy Efficient Technologies

The volume of data traffic is projected to increase at any annual rate of 40%. Quite naturally this highlights the critical need for high-density telecommunication networks that continue to take full advantage of advances in optical communication technology development. Leveraging its world-class expertise, Furukawa Electric supplies such optical parts as optical fiber cables, semiconductor lasers, waveguides and switches, optical transmission equipment including optical fiber amplifiers and routers and optical communication systems to realize high-density optical telecommunication.

Commensurate with the increase in the amount of data, the consumption of power by IT devices as a percentage of

Japan’s total power generation is estimated to reach 20% in 2025. Positioning cutbacks in energy consumption as an important goal of development, steps are being taken to not only reduce the size and weight of products as indirect measures to curtail the use of energy, but also to develop light emitting elements that efficiently convert electrical energy into light as well as devices and systems distinguished by their minimal energy loss. In fields where energy consumption can be reduced through the changeover from existing electric-powered to optical transmission, we are pushing forward with efforts to enhance the economic efficiency of transmission devices.

Product Development Themes

Improve performance

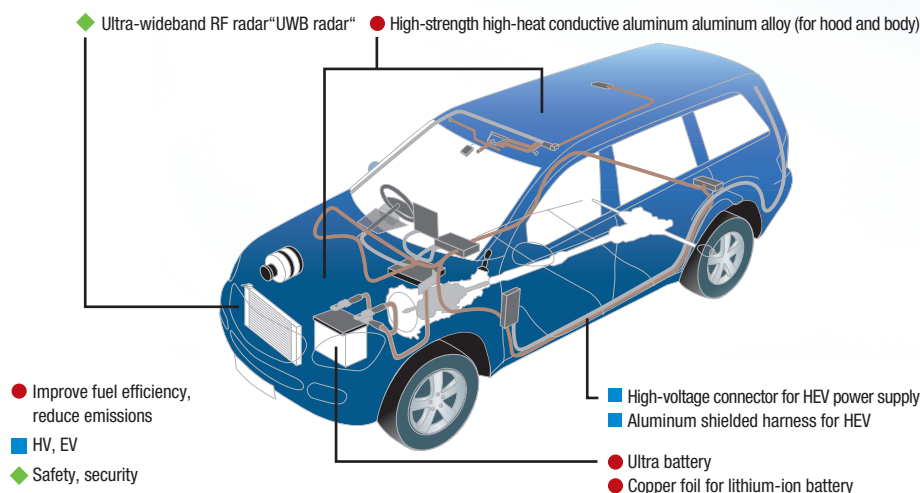
Ensure safety

Enhance energy efficiency



Please refer to the following website for more details:
http://www.furukawa.co.jp/english/museum/floor3/03_01.htm

Major Products

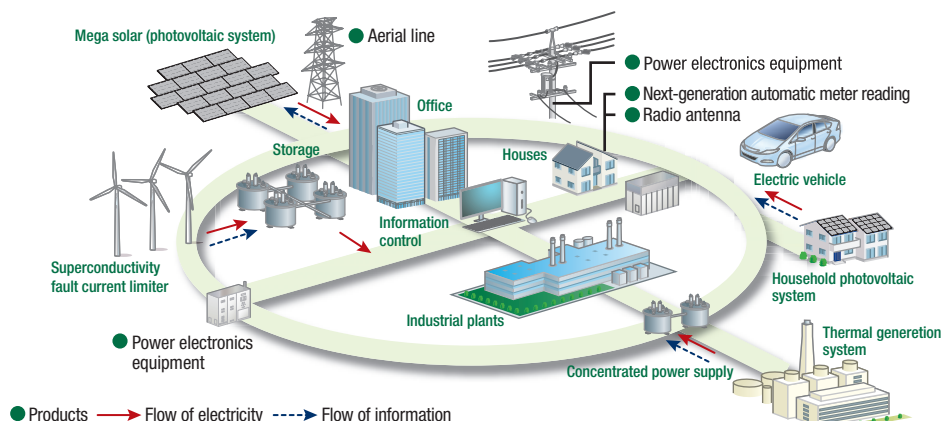


Improve electric power utilization efficiency

Utilize natural energy



Please refer to the following website for more details:
http://www.furukawa.co.jp/english/museum/floor3/04_01.htm

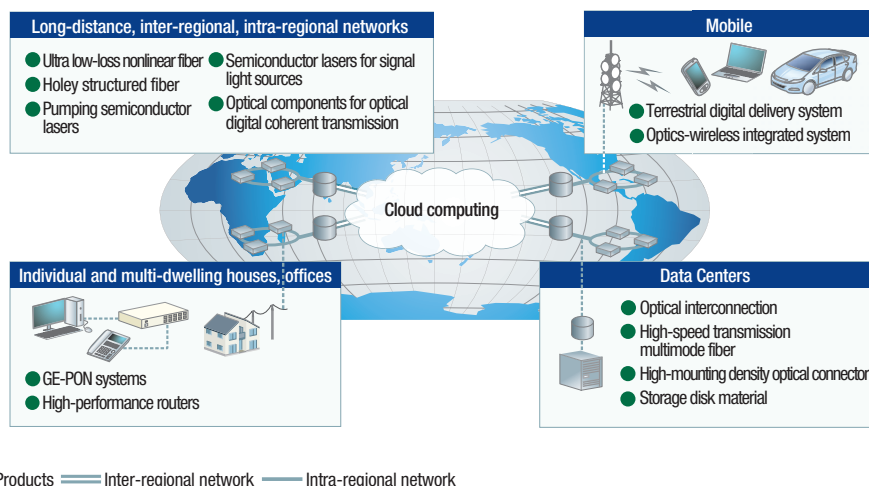


Enhance transmission efficiency

Conserve energy



Please refer to the following website for more details:
http://www.furukawa.co.jp/english/museum/floor3/05_01.htm



Corporate Governance

Furukawa Electric raises its management efficiency through timely decision-making. 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 convenes extraordinary board meetings as necessary in addition to the regular monthly board meetings. To facilitate the effective functioning of the Board of Directors in monitoring operational performance, we have established a support structure to ensure outside directors sufficiently understand all issues, and that their opinions 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, which acts as a framework for the Group-wide promotion of CSR and risk management activities. In order to secure management transparency, the Compensation Committee, whose members include outside directors, was established in May 2010. This committee formulates compensation policies and related matters for directors and executives officers while also determining individual compensation and other benefits.

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 strengthen our auditing capabilities based on close collaboration between our Corporate Auditors, Accounting Auditors and the CSR Division, which acts as our auditing department.

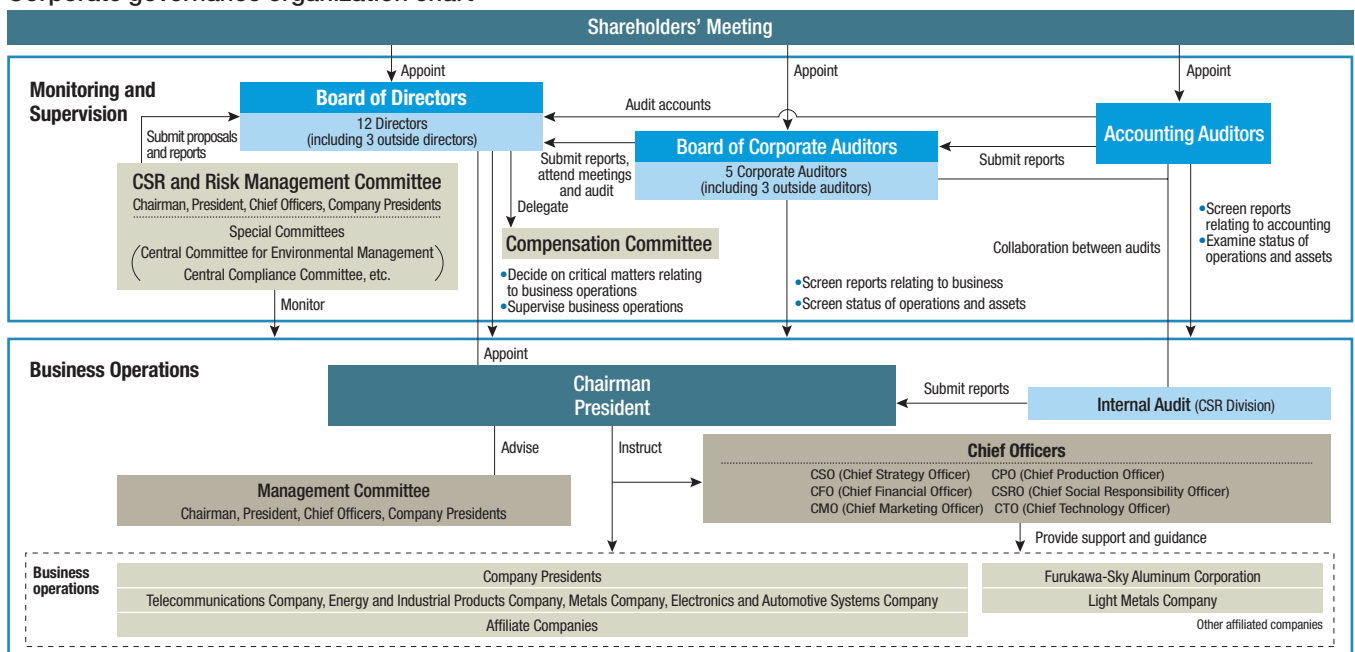
Operational Performance

Our 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 company presidents, and operations relating to matters such as Group-wide strategies, resource allocation and administration are handled by the relevant chief officer. Details are then reported back to the Board of Directors on a quarterly basis.

Internal Control

Our Group internal control system is implemented with the understanding that internal control maintains and enhances the efficiency of operational performance, ensures compliance, manages risk and information, and oversees affiliated companies. Concerning Internal Control Reports as mandated under the Financial Instruments and Exchange Act, enforced during fiscal 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

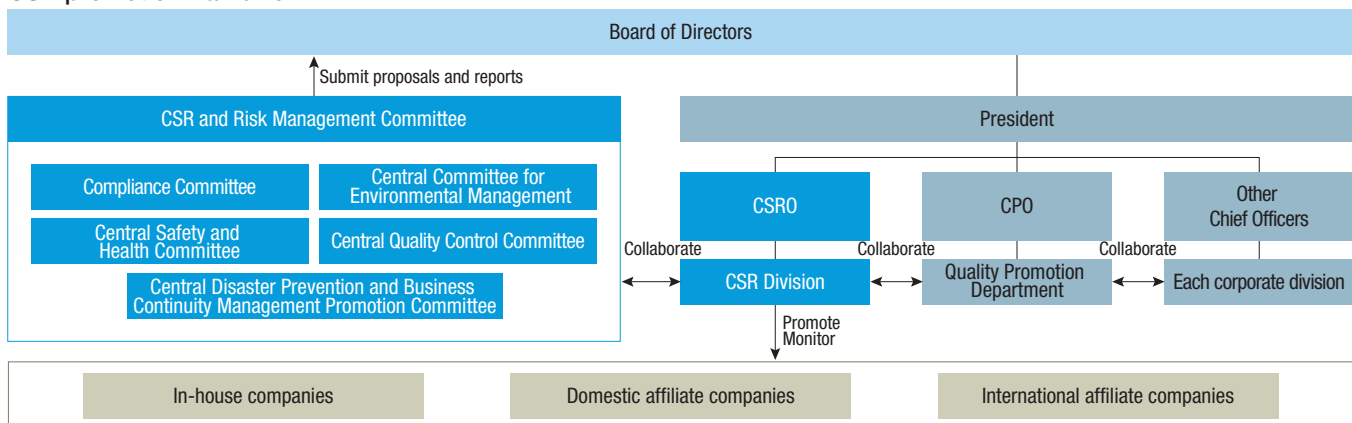
The Furukawa Electric Group established the CSR Division as a specialized unit for promoting CSR activities and appointed a Chief Social Responsibility Officer (CSRO) to supervise its operations. The CSR Division consists of an Internal Auditing Department, an Administration Office on Security Trade 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.

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



Risk Management

Risk Management

The CSR and Risk Management Committee conducts risk assessments targeting the Company's general managers and affiliated company representatives in Japan and abroad in order to identify any potential risks.

As a countermeasure against the new influenza virus, steps were taken to educate employees and their families about response standards with respect to the onset of the disease. Similar initiatives were promoted for bases located in countries with less developed medical facilities. Peaking in November 2009, the number of influenza patients has steadily declined. In April 2010, the Company ceased implementing countermeasures. During this period, there were no instances of works or department closure.

Information security has also been positioned as a high-priority risk. As a measure against counterfeit goods and the leakage of intangible assets at Group companies overseas,

ongoing follow up activities are conducted. The Group has also commenced another review of confidential proprietary business information management practices following revisions to the Unfair Competition Prevention Act.

Business Contingency Plan

The Group is implementing its business continuity plan (BCP) focusing on disaster prevention. Seismic surveys were completed at all Group domestic offices by the end of 2009. The Central Disaster Prevention and Business Continuity Management Promotion Committee was also established to promote disaster prevention and business continuity management (BCM) activities across the Group as a whole from fiscal 2010. In addition to advancing BCM activities for existing BCPs, the committee is supporting efforts to formulate new BCPs where BCPs are yet to be implemented.

Compliance

Strengthening Compliance

Furukawa Electric was issued with cease and desist as well as administrative surcharge payment orders by the Japan Fair Trade Commission as a result of acts in violation of the Anti-Monopoly Act in relation to transactions regarding cross-linked high-foaming polyethylene sheets and optical fiber cable and related products in March 2009 and May 2010, respectively.

We deeply regret the concern that these incidents have caused for our customers, shareholders and all related parties.

The Company established a third-party investigation committee on violations of the Anti-Monopoly Act on July 29, 2009 as one step in regaining the trust of society. The committee, comprised of outside experts to ensure a fair and neutral perspective, was responsible for systematically determining the causes of violations and considering measures for prevention. The report compiled by the committee was issued on December 10, 2009. Around the same time as the establishment of the committee, Furukawa Electric commissioned outside counsel to conduct a thorough investigation into any instance of a cartel within the Group or similar violation of the Anti-Monopoly Act. The

Measures Being Improved and Developed for the Further Enhancement of Compliance

1.Strengthening compliance systems and frontline awareness

- Appointment of an officer to oversee and promote compliance at each department
- Implementation of expanded education and training activities
- Implementation of compliance-checking activities in each department (confirmation through check sheets, etc.)

2.Strengthening controls in sales divisions

- Strengthening of controls relating to pricing processes
- Review of the activities of various associations and industry organizations as well as participants

3.Reinforcing monitoring functions

- Audit of the status of compliance with the Anti-Monopoly Act by the internal auditing department
- Strengthening of the advice and instructions from external professionals (lawyers)

4.Other

- Establishment of an internal inquiry desk relating to the Anti-Monopoly Act
- Consideration of periodic personnel rotation within sales and other departments

mandate of the investigation was to ensure that there was no recurrence of activities at issue in the past and to suspend any and all questionable acts. Moving forward, Furukawa Electric is determined to eradicate Anti-Monopoly Act violations and to restore public trust in the Group.

Compliance Awareness Survey

Furukawa Electric conducted a compliance awareness survey covering approximately 5,800 employees. Targeting the Company and certain of its affiliated companies, the goals of the survey were to quantitatively measure the level of compliance awareness and understanding while promoting increased attention and care. Drawing from the results of the survey, steps will be taken to promote increased dialogue with employees, upgrade and expand education and to promote the further spread of compliance at the frontline.

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) and established two points of contact, one internal and one external. Sufficient care is taken to ensure whistleblowers are not subject to any negative impact as a result of filing an internal report.

Compliance Education

Furukawa Electric conducts wide-ranging collective as well as onsite training including education based on rank, from new recruits to directors.

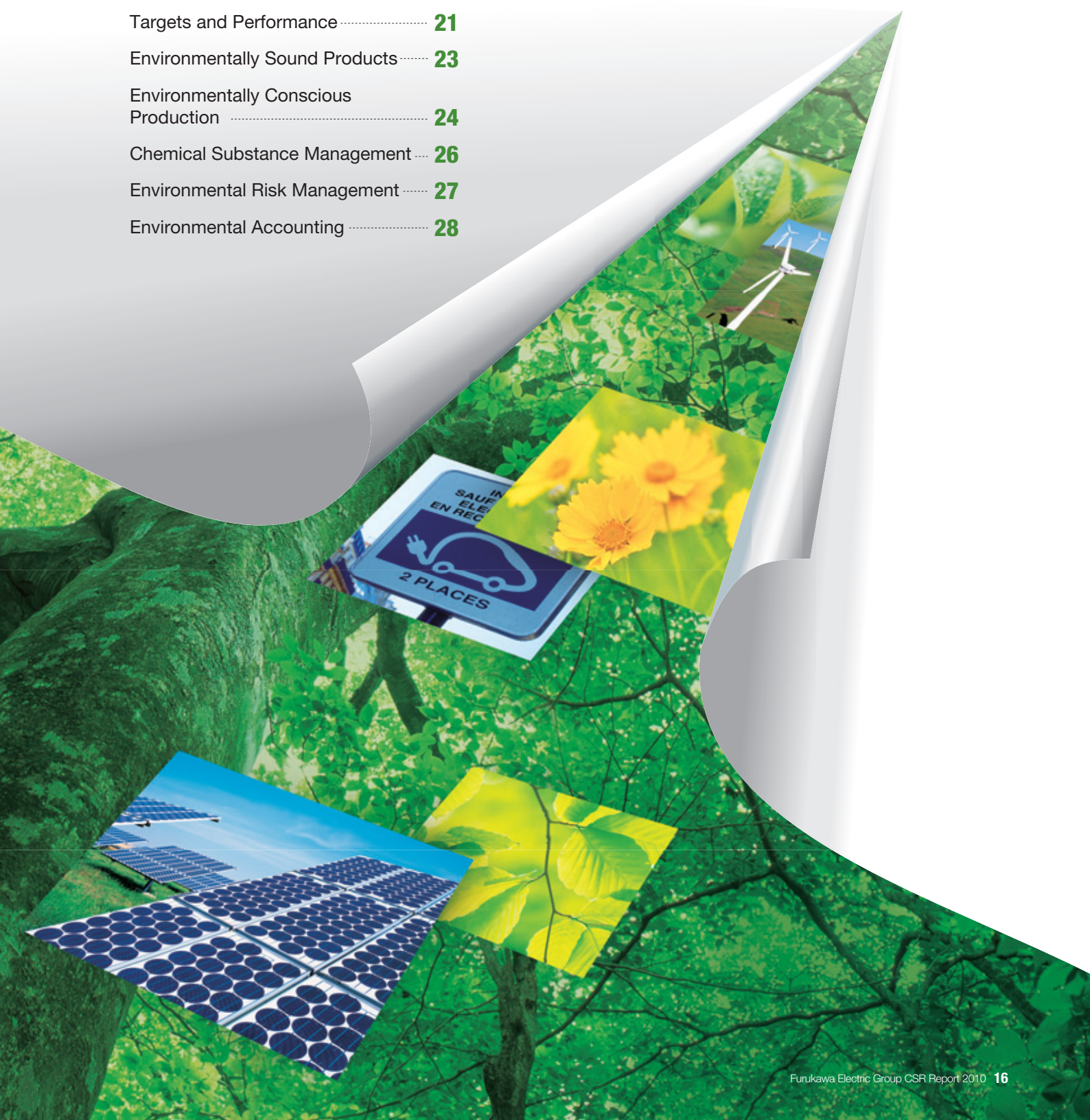
Major compliance seminars organized in fiscal 2009

Name of seminar	Participants
Rank-based seminars	
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	Newly appointed directors at affiliated companies
Training for Furukawa Electric Group managers	Newly appointed managers at affiliated companies
Others	
1. Lectures on the Anti-Monopoly Act	General managers, section chiefs, managers, responsible employees in planning and management, sales and head office departments
2. Intellectual property-related legislation	
3. Compliance briefings at each location	Business division managers, general managers, unit chiefs, managers
4. Lectures on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors at each location	Materials, production and other divisions

Initiatives for the Environment

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

Basic Environmental Policy	17
Environmental Management	18
Material Flow	20
Targets and Performance	21
Environmentally Sound Products	23
Environmentally Conscious Production	24
Chemical Substance Management	26
Environmental Risk Management	27
Environmental Accounting	28





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 sound 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	✓	Shodensha Co., Ltd.	✓	Furukawa Precision Engineering Co., Ltd.	
Asahi Electric Works Co., Ltd.	✓	Seiwa Giken Inc.	✓	Furukawa Techno Material Co., Ltd.	✓
Inoue Manufacturing Co., Ltd.	✓	Totoku Electric Co., Ltd.	✓	Furukawa Electric Advanced Engineering Service Co., Ltd.	
NTEC Ltd.	✓	FITEC Corporation		Furukawa Electric Industrial Cable Co., Ltd.	✓
FCM Co., Ltd.		Furukawa Automotive Systems Inc.		The Furukawa Battery Co. Ltd.	✓
Okano Electric Wire Co., Ltd.		Furukawa Sangyo Kaisha Ltd.		Furukawa Logistics Corporation	
Okumura Metals Co., Ltd.	✓	Furukawa C&B Co., Ltd.		Furukawa Life Service Inc.	
Kyowa Electric Wire Co., Ltd.		Furukawa Industrial Plastics Co., Ltd.	✓	Miharu Communications Inc.	✓
Furukawa Electric Ecotec Co., Ltd.		Furukawa-Sky Aluminum Corporation	✓	Riken Electric Wire Co., Ltd.	

Companies marked with "✓" in the Environmental Accounting column implement environmental accounting.

*1 Furukawa Circuit Foil Co., Ltd. became the Copper Foil Division of the Metals Company of Furukawa Electric Co., Ltd. in October 2008.

*2 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.

*3 Furukawa Electric Engineering Service Co., Ltd. merged with FI-Techno Co., Ltd. and became Furukawa Electric Advanced Engineering Service Co., Ltd. in April 2009.

*4 Furukawa Engineering & Construction Inc. was merged with Fuji Furukawa Engineering & Construction Co., Ltd. in October 2009.

Environmental Management

Initiatives
for the
Environment

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

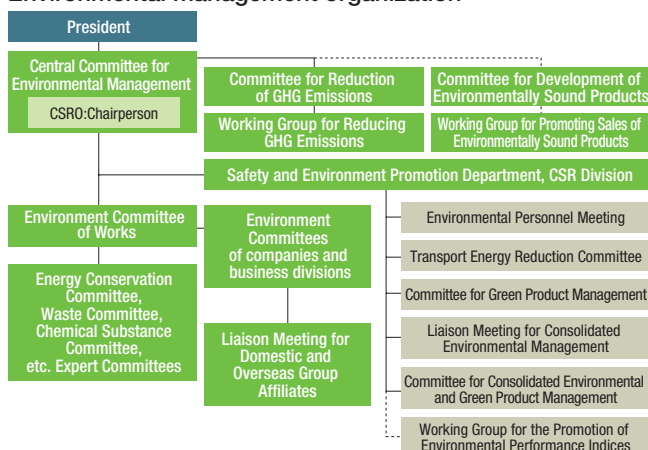
Environmental Management Promotion Organization

The Furukawa Electric Group has established the Central Committee for Environmental Management. This committee formulates the environmental management targets for the entire Group and conducts quarterly follow-ups on the status of implementation.

The Company adopted the life cycle assessment (LCA) method as an initiative to “visualize the amount of CO₂ emitted throughout the lifecycle of its products” from fiscal 2009. The Working Group for the Promotion of Environmental Performance Indices was then newly established to develop indices that measure the environmental contribution of products across their entire lifecycle from raw material procurement through manufacture to disposal. This working group was reorganized as the Central Committee for Environmental Management, with plans to operate and manage established index policies and guidelines. The Company's seven 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



Environmental Education

In fiscal 2009, the Company held two ISO 14001-related internal environmental auditor training sessions attended by 39 participants. In addition, 18 employees took part in FGMS*

training seminars.

* FGMS is the acronym for the Furukawa branding Green product Management System.

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				

Column

Participation in the Challenge 25 Campaign

Promoted by Japan's Ministry of the Environment, Team Minus 6%, a national movement aimed at preventing global warming was recast as the Challenge 25 Campaign. Furukawa Electric re-launched its activities on April 1, 2010 under the revised Challenge 25 name. Encouraged by the keywords “universal

practice,” the Company is proposing low CO₂ emission lifestyles both at home and in the office. Through such measures as the provision of Challenge 25-related policy data, Furukawa Electric is committed to further boosting its in-house campaign.

Environmental Management

Initiating Biodiversity Measures

■ Participation in the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB)

Taking into consideration the tenth meeting of the Conference of the Parties (COP 10) held in Nagoya, Aichi Prefecture, in October, 2010 represents a most important year during which steps must be taken to review the level of achievement with respect to targets adopted at COP 6 in April 2002, and to deliberate on the setting of new targets in the post 2010 era.

Furukawa Electric joined JBIB* as a network member from July 2009. While engaging in research and the collation of information relating to biodiversity activities, the Company's policy is to draw on the knowledge gained through its network as well as trends following the conclusion of COP 10 to proactively address the issue of biodiversity conservation.

* JBIB, an organization comprised of Japan's leading private companies, is dedicated to the promotion of activities that facilitate biodiversity conservation. Engaged in joint research that takes into account international perspectives, JBIB draws on the results of studies to initiate dialogue with other companies and stakeholders in an effort to ensure a genuine contribution. Totalling 34 members as of May 2010, JBIB is attracting attention through its ability to ignite new momentum in biodiversity conservation.

■ Seminars on Biodiversity Initiatives Held

To improve the skills of employees, a series of half-day seminars on biodiversity were held in fiscal 2009. The seminar was divided into two parts, beginning with an explanation on the basics of biodiversity by external experts followed by presentations focusing on group sessions. Drawing mainly from the EMS Office, a total of 24 employees from nine Group companies attended. Introduced as a new theme to group sessions, discussions were held on the relationship between and the impact of the Group's business activities on biodiversity. Participants commented that they were aware of biodiversity, but were unclear as to how and where it figures in their individual company activities. Participation in the seminar therefore served to highlight the importance of obtaining a proper understanding. The fruits of seminar discussions will be shared among as many employees as possible with plans to reflect relevant aspects in future business activities.



Brush-up seminar "Biodiversity Initiatives"



Furukawa Electric Group Technology Exchange Meeting Held

Over a two-day period from June 11 to 12, 2009, the Furukawa Electric Group held its sixth Technology Exchange meeting at the Company's Yokohama Works. 198 Furukawa Electric and 155 affiliated company employees attended. The first day was taken up with several themes that transcend the Group including the use of simulation testing, analytical techniques, innovative technologies designed to curtail CO₂ emissions and the application of intellectual property rights, which were discussed among small groups. Supplementing the day's activities, participants were asked to dismantle commercially sold environmental products and to assess each product from both the sales and development perspectives. The second day focused more on the sharing of initiatives and information relating to the environment and energy utilizing a seminar format. Each division and affiliated company also conducted presentations as well as exhibitions. During small group meetings, discussions among administrative departments within the Group were lively. The two-day event was also an excellent forum through which Group companies and divisions were able to deepen exchange.

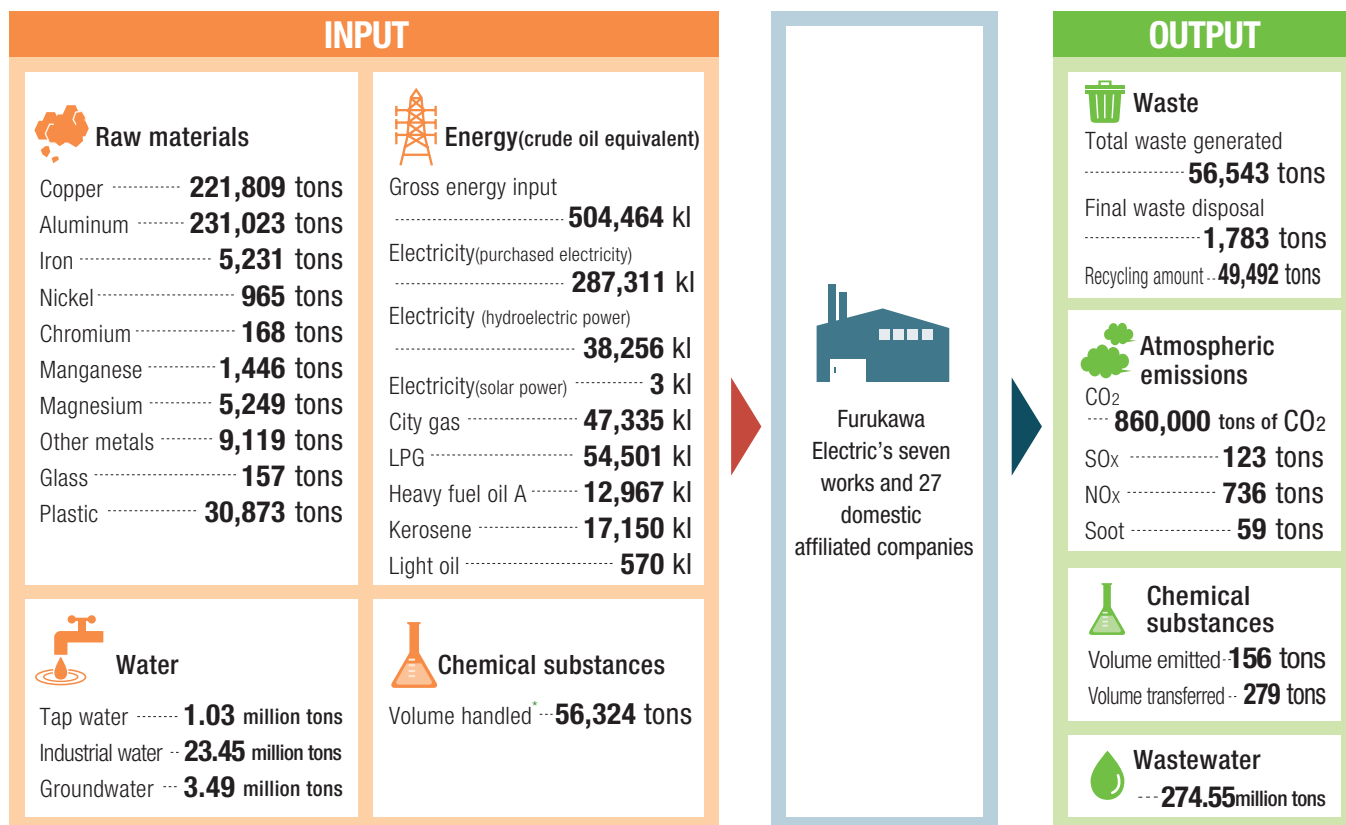


Furukawa Electric Group technology exchange meeting

Material Flow

We purchase raw materials and chemical substances and use fuel and electricity energy as well as water resources to provide our products and services while endeavoring to reduce their environmental impact.

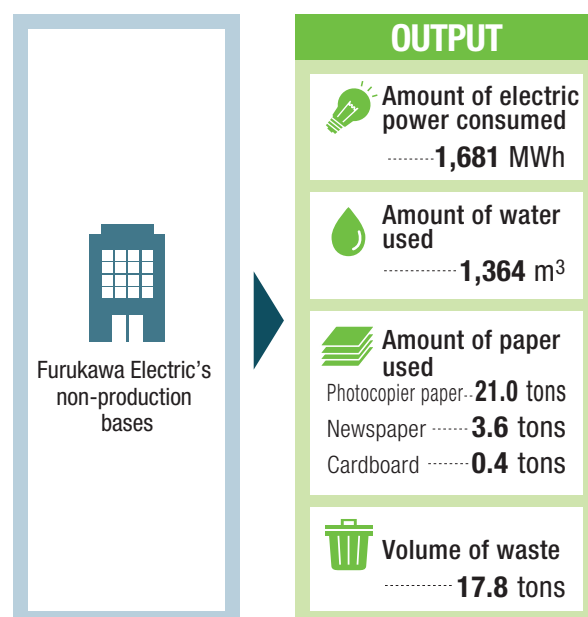
Environmental Impact of the Furukawa Electric Group



* PRTR targeted substances

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, six branch offices, three branches and one sales office. 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 sets medium-term targets every three years 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 2009

The Furukawa Electric Group promotes its environmental protection activities by formulating Group-wide Environmental Preservation Activity Targets for fiscal 2009 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.

Fiscal 2009 marked the final year of the Plan during which steps were taken to consolidate activities. On a non-consolidated basis, Furukawa Electric was unable to meet its established targets for waste reduction and zero emissions. From April 2010 the Company is redoubling its efforts to substantially reduce direct landfill disposal through recycling. Similarly, the Company did not achieve

its greenhouse gas emission target due to the integration of businesses within the Group. The target for reduction in specific energy consumption for transportation on the other hand was met. While in overall terms the Company fell slightly short of its targets, every effort will be made to bolster activities to achieve newly established medium-term goals.

Affiliated companies did not quite reach their targets for waste reduction but successfully achieved established benchmarks for zero emissions and global warming prevention. Chlorinated organic compounds are still used at one company. Plans are place to totally eliminate its use during fiscal 2010.

Furukawa Electric Annual Targets and Performance for Fiscal 2009

Activities	Priority environmental preservation activity targets for fiscal 2009	Performance in fiscal 2009	Rating
Waste reduction activities	75% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	67% reduction	B
Zero emission activities	80% reduction in direct landfill disposal compared with fiscal 2004 level	67% reduction	B
Activities to prevent global warming	25% reduction in greenhouse gas emissions compared with fiscal 2000 level	21% reduction	B
	3% reduction in specific energy consumption for transportation compared with fiscal 2006 level	8% reduction	A ⁺
Chemical substance management activities	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	45% reduction	A ⁺
Green activities	60 general-purpose green products—expansion target at affiliated companies: 5	52 products* (99.4%) Expanded to two companies	B
	Establishment of FGMS: regular audit for fiscal 2009	Audit scope: implemented at all eight works	A
Eco-design activities	Improvement in environmental performance of products		
	Target for registration of environmentally sound products: 40	Target registration results: 36 of 40 (90%)	B
	Environmental performance indices for main products	Implemented LCA evaluation for four main products	A

Affiliated Group Company Annual Targets and Performance for Fiscal 2009

Activities	Priority environmental preservation activity targets for fiscal 2009	Performance in fiscal 2009	Rating
Waste reduction activities	50% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	48% reduction	B
Zero emission activities	50% reduction in direct landfill disposal compared with fiscal 2004 level	61% reduction	A ⁺
Activities to prevent global warming	10% reduction in greenhouse gas emissions compared with fiscal 2000 level	18% reduction	A ⁺
	Specific energy consumption for transportation: ascertain current status	Status of specific energy consumption ascertained at 18 of 24 companies	B
Chemical substance management activities	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	45% reduction	A ⁺
	Complete elimination of the use of chlorinated organic compounds	Use at one company	B
Green activities	100% procurement rate for 60 general purpose products	Achieved a 96.2% procurement rate for 52 items* subject to green procurement	B
	Establishment of FGMS	Implementation completed at 26 company and nine supplier works	A
Eco-design activities	Improvement in environmental performance of products	e-Friendly mark registration of seven items	A

Evaluation ratings: A⁺:Greatly achieved A:Achieved B:Almost achieved —:Unachieved

* Scope and evaluation limited to 52 items due to alleged issues relating to recycled wastepaper.

Medium-Term Targets of the Furukawa Electric Group

Steps have been taken to unify the Group's targets under the 2012 Medium-Term Plan for Environmental Preservation Activities. While incorporating the additional theme of biodiversity, the Group has consolidated indices for the existing activity themes of zero emission and waste

reduction. At the same time, a new recycling rate index has been established. The Furukawa Electric Group is unified in its commitment to achieving the targets of the Medium-Term Plan.

The Furukawa Electric Group's 2012 Medium-Term and 2010 Targets

Activities	2012 Medium-Term Plan for Environmental Preservation Activities	Environmental preservation activity targets for fiscal 2010
Waste reduction activities	99% or more recycling rate	95% or more recycling rate
Zero emission activities Activities to prevent global warming	15% reduction in greenhouse gas emissions compared with fiscal 2000 level	13% reduction in greenhouse gas emissions compared with fiscal 2000 level
	5% reduction in energy consumption compared with fiscal 2007 level	3% reduction in energy consumption compared with fiscal 2007 level
	1% reductions in specific energy consumption for production and transportation	1% reductions in specific energy consumption for production and transportation 4% reduction in specific energy consumption for transportation compared with fiscal 2006 level (Applicable to Furukawa Electric only. 1% reduction compared with fiscal 2009 level for the Group)
Chemical substance management activities	Optimal management of the quantity of chemical substances consumed	36% reduction in emissions of volatile organic compounds compared with fiscal 2004 level
Green activities	Expansion of general purpose green products	60 general-purpose products—expansion target at Group companies: 5
Eco-design activities	Increase in the development and sale of environmentally sound products Improvement in product environmental performance indices and increase in sales	Sales percentage of environmentally sound products: 20% or more (Applicable to Furukawa Electric only)
Biodiversity preservation	Formulation of guidelines and establishments of systems	Formulation of the Furukawa Electric Group policy Development of a Companywide activity system and formulation of guidelines

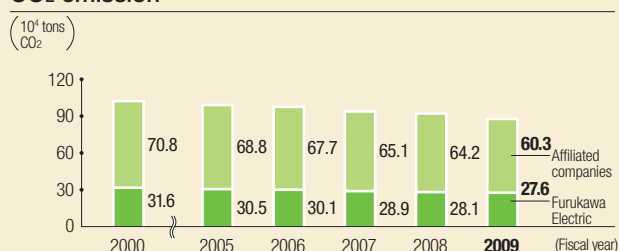
Column

Response to the Revised Energy Conservation Law

In estimating the CO₂ emission equivalent of electricity consumed, the Furukawa Electric Group has historically applied a fixed emission factor value of 0.378kg CO₂/ kWh. This is the nationwide fiscal 2000 average coefficient for Japan's 10 major utility companies. The rationale behind adopting a fixed value can be attributed to the difficulties involved in evaluating the energy conservation effects of the Group's activities. This reflects the impact of changes in utility company emissions factors when CO₂ emissions are calculated using factors for each utility company at each works.

However, with the revision to the Energy Conservation Law, the Company has decided to apply the emission factors of each utility company in line with the generally accepted evaluation practice. In formulating the 2012 Medium-Term Plan, we have reviewed CO₂ emission going back to fiscal 2000 using individual utility company emission factors for each year. On this basis, a 2012 Medium-Term Plan reduction target of 15% has been set compared with fiscal 2000 level.

CO₂ emission



Notes:

1. The emission factors of each utility company have been used in the conversion of power consumption.
2. CO₂ emissions attributable to hydroelectric power are identified as zero.
3. Group-wide hydroelectric power consumption totaled 148,700MWh in fiscal 2009 (12% of total power consumption).

Environmentally Sound Products

The Furukawa Electric Group develops environmentally friendly products that help to reduce environmental impact while promoting their increased use through the e-Friendly accreditation system.

Initiatives
for the
Environment

e-Friendly Accreditation System

The criteria for an environmentally sound 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.

The e-Friendly mark has been introduced to indicate that a product is environmentally sound. The mark is displayed on external packaging and used as a sales promotional tool.

Targeting 40 or more items, Furukawa Electric registered 36 environmentally sound products on a non-consolidated basis in fiscal 2009. This represented an achievement rate of 90%.

Turning to the Group as whole, 40 items were registered for a cumulative total of 56 items.

Plans are in place to adopt an easier-to-understand index and to target an environmentally sound product to total sales ratio of 20% or more in fiscal 2010.



Category of Environmentally Sound Products

The Furukawa Electric Group's environmentally sound products belong to one of four categories described below.

Environmentally sound 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 Sound Products

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

Registration process for environmentally sound products



Environmental Performance Index and LCA

Furukawa Electric took steps to apply environmental performance indices to its products from fiscal 2009.

The environmental performance index quantifies product improvement against a standard model and expresses a product's environmental contribution by comparing its functional index (for example intensity etc.) and environmental impact (including CO₂ emissions) over its life cycle.

We will compile index guidelines and an evaluation system for 16 or more products for each business division in the current fiscal year. In fiscal 2011, we will formulate proprietary product category rules (PCRs), from the following fiscal year and beyond. In addition to their use as a management index and display on product catalogues, we will incorporate PCRs into the next medium-term plan as well as R&D activities.

List of products subject to LCA in fiscal 2010

Company business division	Products subject to PCRs
Energy and Industrial Products Company	<ul style="list-style-type: none"> Green troughs EFLEX EFCELL AT tapes
Telecommunications Company	<ul style="list-style-type: none"> Optical cables Fusion splicers Optical amplifiers Optical delay devices Optical connectors Semiconductor laser modules Optical network equipment
Electronics and Automotive Systems Company	<ul style="list-style-type: none"> Enameled wires TEX (insulated wires) Heat pipes Memory discs Automotive terminal components
Metals Company	<ul style="list-style-type: none"> Copper foil products Copper strip products

Environmentally Conscious Production

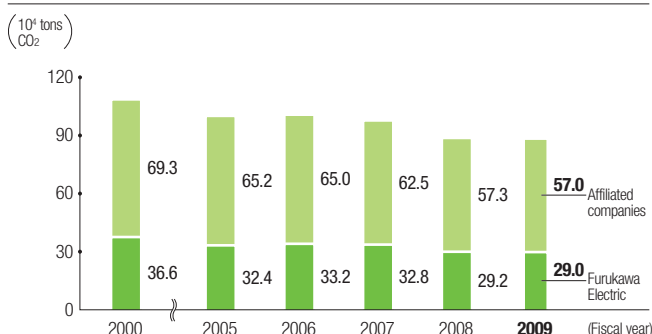
The Furukawa Electric Group is pursuing various environmental protection efforts to reduce the environmental impact of its production and distribution processes.

Reducing Greenhouse Gas Emissions

Initiatives at Works

The majority of the Group's greenhouse gas emissions consist of CO₂ generated from electricity, fuel and other energy sources. As emissions from manufacturing processes account for a large proportion, we work on reducing emissions by increasing the efficiency of production processes, switching fuels, replacing equipment with more efficient alternatives, meticulously turning off lights when not in use, insulating hot areas and other measures. Total Group GHG emissions came to 860,000 tons of CO₂ in fiscal 2009, a reduction of 19% against fiscal 2000 levels. On a non-consolidated basis, we achieved an equivalent of 290,000 tons of CO₂, a reduction of 21% compared to fiscal 2000.

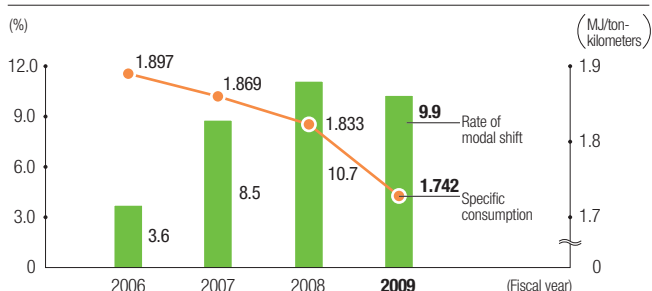
Greenhouse gas emission



Initiatives in Logistics

In fiscal 2009, total transportation volume for Group fell 5.6% year on year to 442 million ton-kilometers. Of this total, Furukawa Electric accounts for 135 million ton-kilometers. While this is 7% higher than the fiscal 2008 level, the Company held the increase in CO₂ emission to 2.5% due largely to enhancements in loading rates. In addition, Furukawa Electric achieved a reduction of 8% in specific consumption (denominator: ton-kilometers) from fiscal 2006. We will continue to promote a modal shift, increase loading rates and promote joint deliveries to reduce transportation energy consumption.

Modal shift and specific consumption (Furukawa Electric only)



Green Procurement

Increasing purchasing rates and expanding efforts at affiliated companies

The main components that go into the manufacture of the Company's products are purchased in accordance with the Furukawa Electric Group Green Procurement Guidelines. In this manner, steps are taken to ensure that components meet certain predetermined requirements with respect to chemical content. Furukawa Electric will systematically extend this process to cover all components. Turning to office supplies and related products, the number of items compliant with the criteria for specified procurement stipulated under the Law on Promoting Green Purchasing totaled 52 as of the end of fiscal 2009. We will continue to expand the number of certified items and extend activities to cover affiliated companies.

Developing a green product management system supply chain

The Furukawa Electric Group strives to collect information on environmental regulatory requirements in a timely manner. At the same time, the Group is working to establish a green product management system for Furukawa Electric brand products and to improve activities prerequisite to plant as well as principal supply chain management including procurement oversight, the prevention of pollution attributable to processes and the control of loss during shipment. All 12 eligible plants renewed their qualifications as green partners in fiscal 2009 under Sony Corporation's environmentally friendly system and material procurement campaign. Moreover, we conduct regular audits from a sampling of eight plants, 26 affiliated company and nine supplier plants.

Adopting a Green Product Management System

The Fitel Products Division of Furukawa Electric's Telecommunications Company has adopted a green product management system in order to comply with EU-RoHS directives and REACH regulations and to better secure a supply chain that remains conducive to the smooth dissemination of chemical substance information in tune with changes to regulatory requirements.

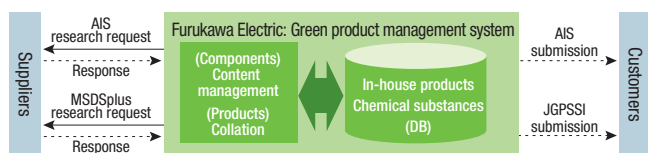
In employing this system together with the Company's assessment sheet, which corresponds to JAMP*¹ and JGPSSI*² information distribution specifications and standards, Furukawa Electric is efficiently managing the collection of information and historical records. We are selecting products that comply with regulations at the early stages of design and endeavoring to enhance product environmental risk management.

*¹ Joint Article Management Promotion consortium

*² Japan Green Procurement Survey Standardization Initiative

Environmentally Conscious Production

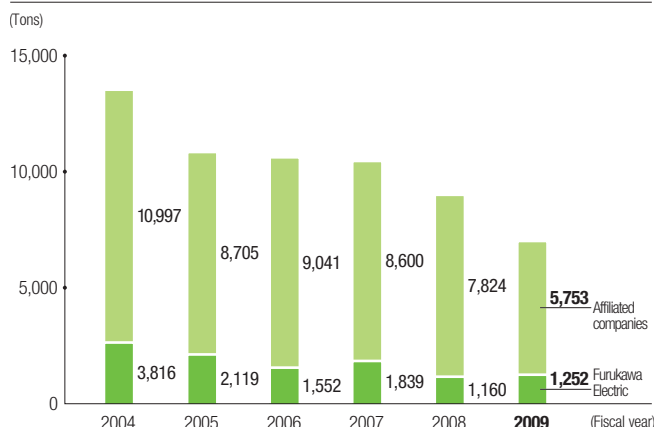
Green product management system



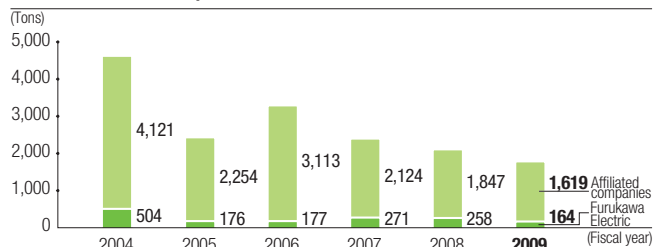
Zero Emission Activities

The Furukawa Electric Group began taking action to reduce outsourced waste disposal in 1993, and launched zero emission efforts in 2001 for reducing the volume of final disposal to less than 1% of the total volume of waste by directly transporting waste from each works to final disposal sites. 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 2009 fell by 53% compared with fiscal 2004 to 7,005 tons. Furukawa Electric achieved an equivalent reduction of 67% on a standalone basis and our affiliated companies a reduction of 48% (both compared with fiscal 2004 levels). The overall level of direct landfill disposal for the Group also fell by 61.4% compared with fiscal 2004 to 1,783 tons. Furukawa Electric achieved an equivalent reduction of 67% on a standalone basis and our affiliated companies a reduction of 61% (both compared with fiscal 2004 levels).

Outsourced waste disposal



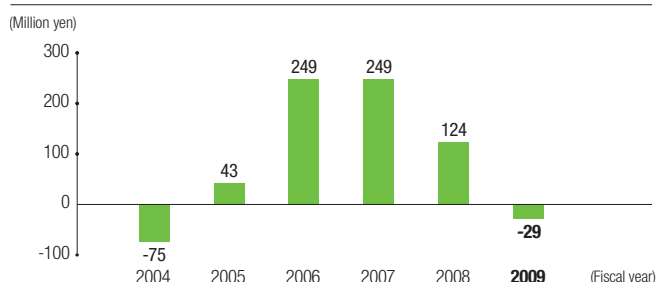
Direct landfill disposal



Reducing 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, the Company maintained positive benefits from 120 million yen to around 250 million yen between fiscal 2006 and 2008 on the back of soaring copper prices. In fiscal 2009, however, we incurred a negative impact of 29 million yen due to the decline in copper prices, recycling market saturation and other factors.

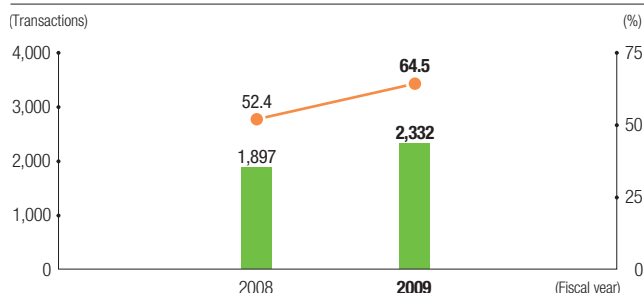
Trends in waste disposal costs



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 2009, the annual rate of usage of the electronic manifest for all companies was 64.5% (total manifest transactions: 3,616; electronic manifest transactions: 2,332). We intend to focus on expanding its use to all our works in the future.

Electronic manifest transactions and transaction ratios



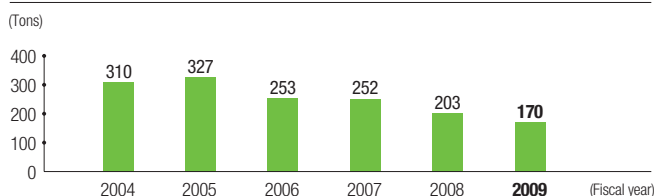
Chemical Substance Management

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 45% 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 (Furukawa Electric only)

(Unit: ton)

Substance No.	Substance	Volume handled	Volume released	Volume transferred	Volume neutralized
1	Zinc and its compounds	7.7	0.1	0.7	0.0
31	Antimony and its compounds	6.4	0.0	0.5	0.0
53	Ethylbenzene	6.7	0.0	0.0	6.7
80	Xylene	17.7	8.0	0.9	8.6
82	Silver and its water-soluble compounds	2.4	0.0	0.0	0.0
86	Cresol	177.1	0.0	0.0	176.7
88	Hexavalent chromium compounds	9.9	0.0	7.8	2.1
144	Inorganic cyanide compounds	4.7	0.0	0.0	4.7
232	N,N-dimethylformamide	53.3	0.0	0.0	52.9
272	Copper salts (water-soluble)	15,913.7	0.4	39.8	5.2
300	Toluene	246.2	86.6	52.1	106.4
304	Lead	1.5	0.0	0.0	0.1
305	Lead compounds	3.7	0.0	0.1	0.0
308	Nickel	2.2	0.0	0.0	2.2
309	Nickel compounds	22.9	0.0	1.2	5.8
332	Arsenic and its inorganic compounds	1.2	0.0	0.1	0.0
333	Hydrazine	10.6	0.0	0.0	10.6
349	Phenol	121.7	0.0	0.1	121.4
355	Bis (2-ethylhexyl) phthalate	3.8	0.4	0.2	0.0
374	Hydrogen fluoride and its water-soluble compounds	2.2	0.0	2.2	0.0
405	Boron compounds	3.7	0.8	0.1	0.0
453	Molybdenum and its compounds	1.1	0.0	0.2	0.0
Total		16,620.4	96.3	106.0	503.4

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 switched from toluene to a hydrocarbon-based detergent in the degreasing of copper strips and installed recovery apparatus for IPA, which is used to reduce copper wire when it comes out of the melting furnace, in efforts to achieve reductions. Moreover, we are considering process improvement to further reduce emissions.

Column

Developing analytical techniques that lead to further advancements in eco wires

Furukawa Electric sells such environmentally sound products as ECOACEPLUS, an eco wire that does not use either harmful heavy metals or halogen as sheathing materials. At each lifecycle stage, from receipt of raw materials to product shipment, high levels of management are required in product inspection to avoid quality deficiencies attributable to harmful element contamination. While nondestructive fluorescent X-ray (XRF) inspection methods are employed, standard sampling of similarly composed products is critical to ensuring accurate measurements. We have already developed proprietary standard sampling techniques for such heavy metals as lead, cadmium and hexavalent chromium and halogens including chlorine and bromine, substances prohibited under RoHS directives.

Moving forward, we established standard sampling techniques for heavy metals that could shortly be expected to fall within the scope of regulation. These included arsenic, bismuth, selenium and antimony. Through these means, we have implemented systems for the management of harmful substances that extend beyond the scope of current regulation. Looking ahead, we will engage in strict eco wire quality management and inspection to ensure higher levels of product safety and reliability.



ECOACEPLUS®

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.

Preventing Soil and Groundwater Pollution

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 take prompt action upon the discovery of any soil or groundwater pollution. 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 2009, 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 undertook an examination of slag deposit volume and ground pollution. Having confirmed the presence of groundwater in excess of standards at a portion of the site, work is being undertaken to prevent its spread. Running parallel with this work, we are pursuing the appropriate treatment of slag together with soil remedial work. Turning to affiliated companies, soil remedial work for removing Kyowa Electric Wire's former Osaka Plant from the list of contaminated areas under the Soil Contamination Countermeasures Law and at the Ibaraki Plant owned by Aoyama Kinsho Co., Ltd. has been completed.

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.

Atmospheric and wastewater quality data was all managed within regulatory limits at each works in fiscal 2009.

* See our website for detailed data for the Chiba, Nikko, Mie works as well as the Copper Tube and Copper Foil divisions.

Management status at works

✓: within regulatory limits

	Measured item	Chiba Works	Nikko Works	Mie Works	Copper Tube Div.	Copper Foil Div.
Atmospheric data	NOx, SOx, dust	✓	✓	✓	✓	✓
Wastewater quality data	pH, BOD, n-h (mineral oil)	✓	✓	✓	✓	✓
	SS	✓	✓	✓	✓	✓

PCB Management

The number of instruments containing PCB is monitored at each affiliated company to facilitate effective storage and management operations. Steps are being taken to pursue early registration with the Japan Environmental Safety Corporation and the commissioning of PCB waste processing on an ongoing basis in accordance with plans.

Condensers and transformers removed from our facilities are examined for PCB content on a case-by-case basis.

As was the case in the previous fiscal year, the number of instruments containing PCB under storage was also confirmed in fiscal 2009. Regulatory authorities were notified and appropriate storage established.

Number of instruments containing PCB

Works		In storage	In use	Total
Chiba Works	Already processed	88	0	88
	Unprocessed	15	23	38
Nikko Works		385	12	397
Hiratsuka Works		883	10	893
Mie Works		131	3	134
Copper Tube Division		65	0	65
Yokohama Works		22	0	22
Copper Foil Division		16	2	18
Total		1,605	50	1,655

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.

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 Company-owned properties may have dispersed confirmed that asbestos was stable. Given the risk of future dispersal, we removed or contained the materials at plant buildings in fiscal 2006. Investigation is ongoing at one tenanted building. As old tenants vacate and new tenants enter the building, work is being undertaken to remove asbestos materials.

■ Facilities and equipment

Insofar as possible, asbestos subject to dispersal has been replaced with viable alternatives. Where asbestos is 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

We have compiled tables outlining our environmental conservation costs, economic benefits associated with environmental conservation activities and environmental conservation benefit (material benefit).

Furukawa Electric's environmental conservation costs for fiscal 2009 came to about 3.4 billion yen in expenses. Investment totaled around 1.1 billion yen of which more than 0.8 billion yen was largely allocated to such environmental pollution control

measures as the renewal of dust collectors at Mie works. Taking into account contributions to the reduction of energy costs, the economic benefit was around 1,960 million yen.

Environmental conservation costs for our affiliated companies came to 4.9 billion yen in expenses and about 900 million yen in investment. The economic benefit was approximately 4.4 billion yen due to cutbacks in 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.	1,382 (47)	2,030
(2) Upstream/downstream cost	Recovery of packaging, drums, etc.	696 (59)	1,638
(3) Administration cost	Environmental management system auditing, environmental impact monitoring, etc.	393 (-22)	598
(4) Research and development cost	Development of environmentally sound products, research into alternatives for harmful substances	824 (-396)	620
(5) Social activity cost	Tree planting, local community cleaning activities, donations, etc.	4 (-33)	4
(6) Environmental remediation cost	Environmental impact assessments, cleanup of polluted soil, etc.	130 (53)	25
Total		3,429 (-292)	4,915

Note: 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 14 companies. Year-on-year comparative data has not been provided due to changes in the scope of affiliated companies.

Environmental conservation benefit

Emissions causing environmental impact	Unit	Reduction	
		Furukawa Electric	Affiliated companies
Volume of industrial waste disposal processed ^{*1}	tons	-98	1,666
Energy consumption (crude oil equivalent)	1,000 kl	6	80
Water consumption	1,000 tons	9,722	1,122
Emissions of volatile organic chemical compounds	tons	33	48
CO ₂ emissions	1,000 tons-CO ₂	2	3
SO _x emissions	tons	-30	65
NO _x emissions	tons	-19	2
Soot emissions	tons	5	78

*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	217	568
Reduction in waste disposal costs	0	175
Reduction in energy costs	1,715	3,721
Reduction in water purchase costs	33	-2
Total	1,964	4,462

* Minus figures indicate an increase

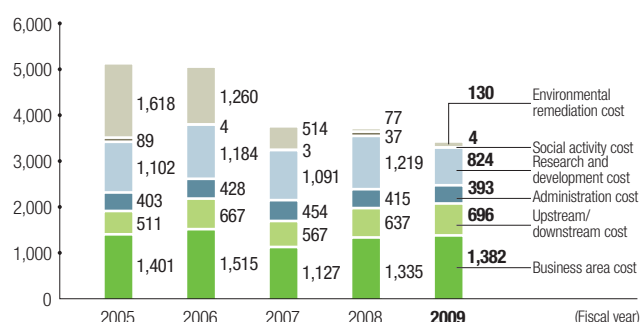
Investment and research costs

(Unit: million yen)

Investment and research costs	Total costs	
	Furukawa Electric	Affiliated companies
Environment-related investment	1,098	892
Total investment	6,753	6,079
Total research costs	9,457	3,454

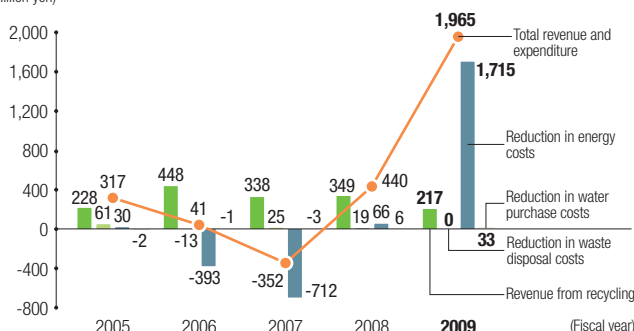
Environmental conservation costs

(Million yen)



Economic benefit

(Million yen)



Initiatives for Society

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

Relations with our Customers	30
Relations with our Shareholders	31
Relations with our Suppliers	32
Relations with our Employees	33
Relations with Communities	37



Relations with our Customers

Furukawa Electric responds to the diverse needs of its customers by maintaining and improving the quality of its services and operations through technological innovation and effective quality control.

Furukawa Electric Quality Control

Furukawa Electric established the Quality Control Committee in 1949 and commenced educational activities to raise employees' awareness of statistical methods and other aspects of quality control at all of its works. This enabled the Company to significantly increase quality levels, as well as enhancing operational stability and efficiency. These quality control initiatives were recognized in 1952 as Furukawa Electric was awarded the Deming Application Prize for achieving distinctive performance improvement through the application of total quality management (TQM).

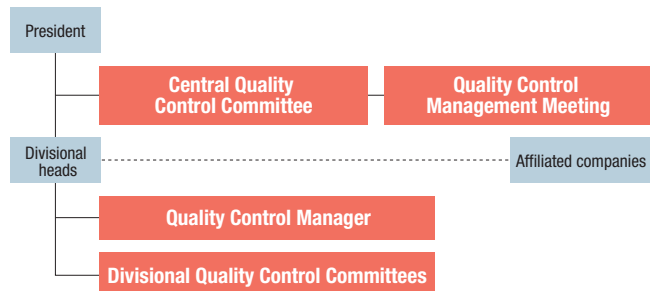
To maintain and improve quality levels, we have obtained ISO 9001 certification at each of our manufacturing divisions, and standardized operations. We continue to make efforts to improve efficiency and other core aspects of our operations and promote activities designed to improve levels of quality and customer satisfaction.

Quality Control Policy

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

To guarantee quality at every level throughout the Company, Furukawa Electric has established the Central Control Committee with direct links to the president to oversee the Companywide promotion of quality control activities. We have also set up Divisional Quality Control Committees with direct links to the heads of each division and make every effort to maintain and improve the quality of our products, services and operations so as to offer continual quality assurance.

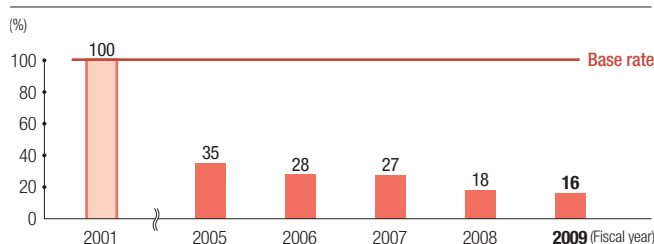
Quality control organizational structure



Quality Improvement in Fiscal 2009

We have managed to significantly reduce customer complaints and successfully reduced complaints to 16% of levels in fiscal 2001 (as of fiscal 2009). Demand from customers for more diverse and sophisticated decryption has led us to mobilize a wide range of technology and know-how .

Customer complaints



Quality Improvement Activities

In accordance with our basic policy of putting quality first and implementing uniform Companywide quality control, we formulate a Companywide quality control policy each year. This then forms the basis for quality control policies in each division.

For fiscal 2010, we have set out a Companywide quality policy, placing the utmost emphasis on quality while endeavoring to manufacture excellent products from the customer's perspective. To achieve this policy, we are promoting quality improvement activities in each division, focusing on efforts that help visualize design as well as manufacturing quality and prevent customer complaints.

We are also implementing a range of support initiatives, including FR proposal and QC Circle activities. Taking their name from the "F" of Furukawa Electric and the "R" of renewal, reform and rationalization, FR proposals involves employees submitting ideas on how to improve operations. Proposals are then implemented in an effort to fundamentally strengthen the Company's business. Such activities continue to yield substantial result each year.

QC Circle activities are small group-based activities that involve employees and harness QC techniques in an effort to make ongoing improvements in the workplace.

Debriefing sessions are held not only at individual works, but also on a Companywide basis to report back on the results of activities. With the participation of overseas affiliated companies these sessions continue to grow substantially.

Relations with our Shareholders

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

The Furukawa Electric Group Action Guidelines state that we will maintain and improve upon solid, friendly relationships with all of our stakeholders. Our own Regulations on the Timely Disclosure of Corporate Information meanwhile set out a framework for the disclosure of appropriate information at the appropriate time.

All IR activities are overseen by the Chief Financial Officer (CFO) and are managed by the Investor & Public Relations Unit of the Corporate Strategy Planning Department.

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 road shows and other activities, we engaged in communication with a total of 1,005 institutional investors and securities analysts over the course of fiscal 2009. As of the end of March 2010, the percentage of the Company's shares held by overseas investors stood at approximately 22%.



End of year briefing session for institutional investors

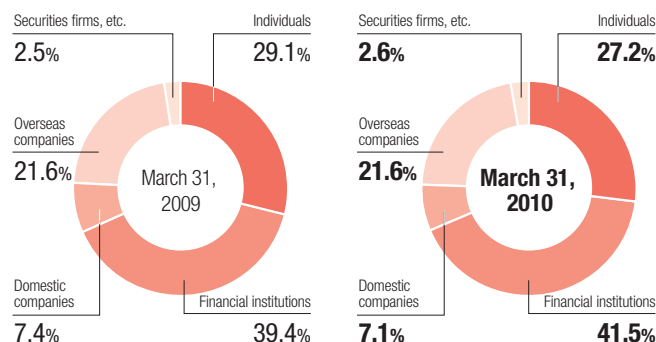
Main IR activities in 2008

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

Relations with Individual Investors

In fiscal 2009, we held our second plant tour for individual investors. A total of 119 investors chosen by lot from 1,632 applicants experienced Furukawa Electric by observing the manufacturing of optical fibers and electric cables and experiments on superconductivity. Many of the investors commented on the benefits of gaining a true understanding of the Company's technological capabilities and business activities. As of the end of March 2010, we had a total of 64,770 individual shareholders (a reduction of 3,466- on the previous year), accounting for 27% of company shares.

Trends in shareholder distribution



Plant tour



Superconductivity experiment during plant tour

Returning Profits to Shareholders

Despite a harsh business environment, Furukawa Electric maintained its basic policy to pay stable dividends. In fiscal 2009, we paid an interim dividend of 2.5 yen per share and a year-end dividend of 2.5 yen per share, which added up to an annual dividend of 5.0 yen per share and represented a year-on-year decrease of 1.0 yen per share.

Relations with our Suppliers

Initiatives
for Society

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. In fiscal 2009, 60 employees from 18 affiliated companies participated in lectures held on subcontracting transactions.

■ 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 2009, we held a Supplier Meeting in September, which was attended by 91 of our major suppliers. We also evaluated approximately 350 companies under the Supplier Evaluation Scheme and conducted feedback meetings.



This year's Supplier Meeting

We intend to further strengthen our relationships in the future.

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. Dirty mining is not, however, an issue that the Company can resolve in its own right. Furukawa Electric plans to further highlight dirty mining as an issue for the industry as a whole.

Relations with our Employees

Initiatives
for Society

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.

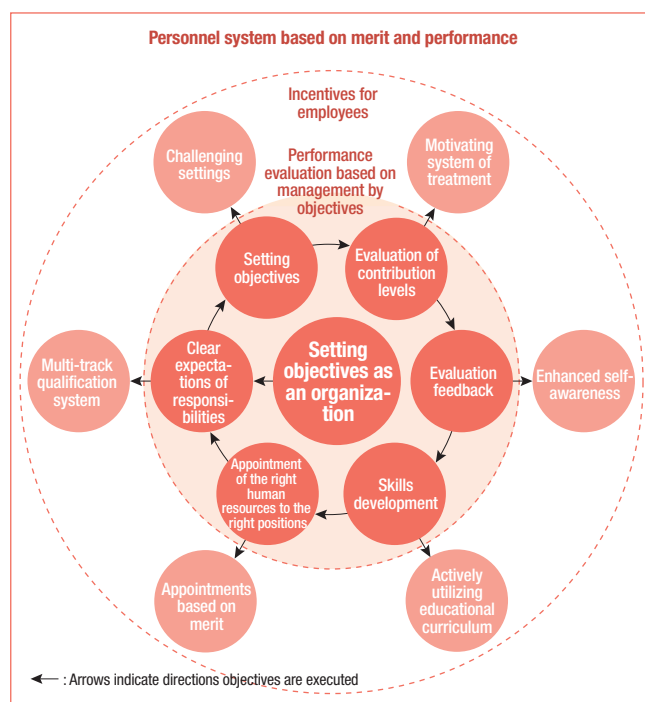
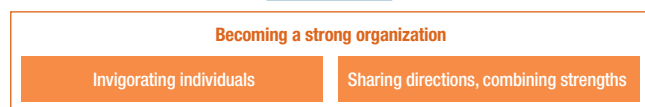
Personnel Management Policy

Our basic personnel management policy focuses on creating human resources who are capable of putting the Furukawa Electric Group Credo's five principles into practice.

We believe that to get the most out of our staff's abilities, it is imperative that individual employees adhere to compliance requirements and that we develop a workplace environment that respects human rights. Based on these foundations, we are devising a personnel system that will harness employees' abilities and personalities through such initiatives as performance-based remuneration schemes and programs that help achieve work-life balance. In this manner, we are endeavoring to become a company that motivates its employees and fills them with pride.

In our medium-term management plan "New Frontier 2012," we have identified efforts to foster a powerful workforce and to build collaborative ties with affiliated companies in Japan and overseas as key measures. We are taking up the challenge of revamping existing initiatives while introducing new measures.

Overview of the personnel system



Status of Employment

Recruitment

Furukawa Electric has newly adopted "the driving force" as a concept slogan in fiscal 2010. Furukawa Electric is placing emphasis on the individual human resource qualities including promise and potential. We are working to secure those capable personnel who will drive the Company forward. At the same time, we are actively recruiting foreign nationals with the ability to excel on the world stage.

Furthermore, we are conducting the Furukawa Group Forum, a collaborative presentation by Group companies targeting university and graduate students.

Recruitment figures

		Fiscal 2008	Fiscal 2008	Fiscal 2008	Fiscal 2009	Fiscal 2010
Specialized staff	Male	55	81	84	79	51
	Female	8	16	17	13	8
	Total	63	97	101	92	59
	Foreign nationals	2	1	1	4	2
Professional staff	Male	73	49	86	44	15
	Female	0	1	1	0	0
	Total	73	50	87	44	15

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

Employment for 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 1.85% 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



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 2009, 56 people (42% of employees who had reached the retirement age of 60) applied for this program, and a cumulative total of 104 had been reemployed as of the end of fiscal 2009.

Fair Evaluation, Human Resource Development and Treatment

Employee Assignment Evaluation and Treatment

We provide opportunities based on individual motivation and abilities under the concept of equality and operate consultation schemes for employees to reflect on their career goals. In fiscal 2009, we created an employee capability, job experience and specialist expertise database to ensure uniform management. In this manner, we assign each employee to his or her most appropriate position commensurate with business development. We have introduced a remuneration scheme that ensures fair evaluation and treatment. We are also training managers in performance evaluation while improving the way in which the system is run.

Development, Education and Training

We offer individuals the chance to grow and encourage employees to develop their skills by providing training and support to help obtain qualifications.

For example, we have implemented the Global Business Leader training program and are fostering personnel at the Company and affiliated companies. In fiscal 2010, we will commence training in Japan for overseas affiliated company leaders to promote interaction with Company employees. We have augmented training aimed at bolstering communication since fiscal 2008. Moreover, we implemented a 360-degree evaluation and follow-up training for middle-management, which will conclude during fiscal 2010. At that time, we will launch a new OJT curriculum.

We established the Conference for Worksite Innovation, reinforced initiatives for creating human resource development programs and training curricula, identified and resolved manufacturing problems and commenced training for mid-level operators from fiscal 2008. We will implement programs for those responsible for training and imparting traditional skills as well as level-specific courses for manufacturing supervisors, managers and technical staff.

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. Moving forward, we will upgrade and expand systems and implement new initiatives in line with our third phase action plan (fiscal 2010–12) in an effort to build a comfortable workplace environment.

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. At the same time, we are advancing a variety of initiatives. We became, for example, a member of the nonprofit organization J-Win and continue to actively participate in external networks concerned with promoting diverse work patterns as well as work-life balance.

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.
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 two male and 20 female employees in fiscal 2009.
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 2009.
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

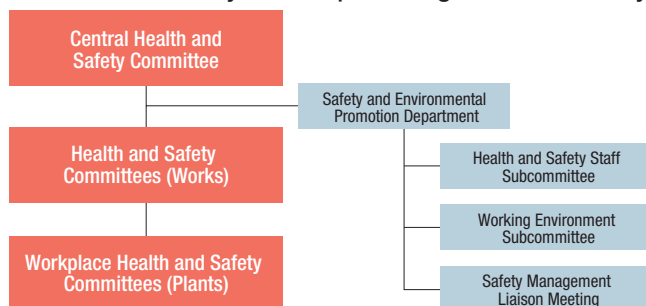
Occupational Health and Safety

Furukawa Electric System for Health and Safety

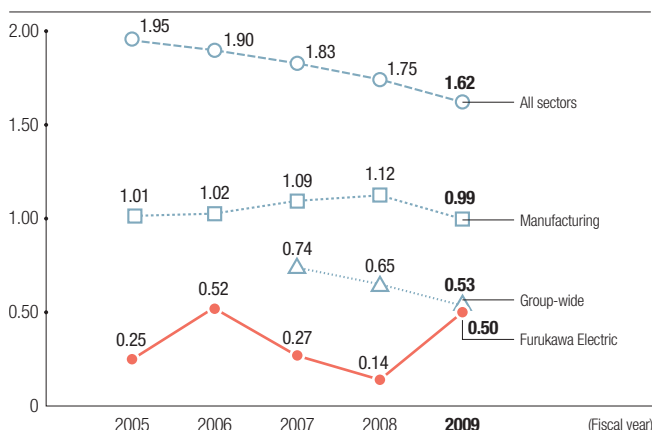
The Furukawa Electric Group pursues health and safety activities, recognizing our social responsibility to make the utmost effort in these areas and to develop a comfortable working environment. The Central Health and Safety Committee chaired by the Company's Chief Social Responsibility Officer, the officer in charge of safety, formulated the Companywide Health and Safety Management Guidelines and promotes health and safety activities on a Companywide basis. Individual Health and Safety Committees chaired by the heads 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 Companywide priority safety targets under the Guidelines.

In addition, we established the Safety Management Liaison Meeting in 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



Frequency of accidents resulting in the suspension of operations



Furukawa Electric Safety Activities

Companywide Health and Safety Group Activities Presentation Meeting

Every year, the manufacturing division undertakes health and safety improvement activities at each workplace. The 38th Companywide Health and Safety Group Activities Presentation Meeting was held at Chiba Works in July. Thirteen groups representing each works presented the results of their activities. The Group's Copper Tube Division was selected for its outstanding results in safe forklift truck driving operations.



Companywide Health and Safety Group Activities Presentation Meeting

Forklift Truck Safety Skills Competition

With the aim of promoting and improving safe forklift truck driving skills, the 5th competition was held in October. A total of 21 drivers from individual works and affiliated companies participated in the competition. This is seen as an excellent opportunity to raise the level of awareness with respect to driving safety and to highlight the gap between driving on a daily basis and ideal safety standards.



The forklift truck safety competition

Safety Management Liaison Meeting

The Safety Management Liaison Meeting is a forum for sharing the details of and countermeasures for accidents that occur within the Group. This information is used to prevent similar incidents from reoccurring. Furthermore, efforts are being made to ensure that safety measures are implemented laterally through such measures as plant safety inspections conducted by Furukawa Electric, presentations of safety activities by each company at meetings and plant tours advanced by the Copper Tube Division.

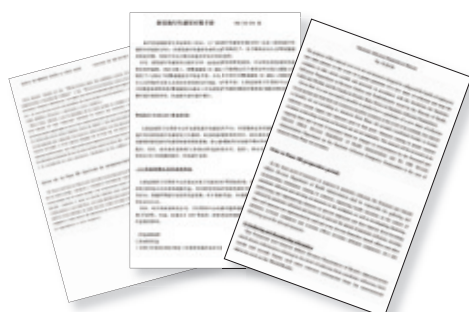
Furukawa Electric Initiatives on Health

■ Mental Health Education

Our Companywide 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. We held lectures by industrial physicians and nursing staff as well as outside experts for management staff and general employees. Moreover, we conducted stress control seminars as stress prevention support in fiscal 2007 and 2009 for employees between the ages of 30 and 35. In fiscal 2010, we are implementing education and training with a view to improving workplace environments. Our goal is to enhance mental health by invigorating both the organization and individuals who place the utmost emphasis on workplace engagement.

■ Responding to the Pandemic Influenza Virus

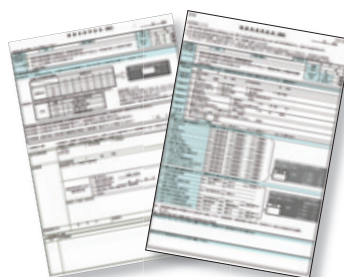
With the CSR Division and Health Management Center taking leading roles, Furukawa Electric formulated the Basic Policy on Pandemic Influenza Preparedness and put out a related manual in 2008. At the same time, steps were taken to conduct preventive education and to stockpile hygienic and medical supplies. With the identification of a new influenza virus strain in Japan and overseas, we adopted strict measures to prevent the Group-wide spread of infection during 2009 by requiring offices and works to submit any and all reports of fever. Taking into consideration conditions of the day and the less virulent virus strain, the Company revised both its policy and manual. To ensure that the Group remains fully prepared both for less and highly virulent strains from fiscal 2010 and beyond, we are ramping up efforts to stock hygienic and medical supplies and continuing education support incorporating overseas bases.



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



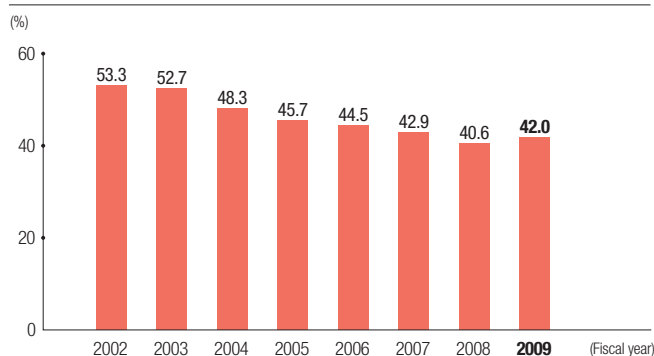
Medical questionnaire

based on the results of medical examinations and (2) operating a consultation system whereby employees working long hours are seen by an industrial physician.

■ 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, the percentage of smokers among male employees on a Companywide basis fell from 53.3% in fiscal 2002 to 42% by fiscal 2009. As an initiative running parallel to measures aimed at preventing passive smoking announced by the Department of Health of Japan's Ministry of Health, Labour and Welfare in February 2010, Furukawa Electric is conducting a series of events to enhance Companywide awareness toward smoking abstinence and the prevention of passive smoking.

Group-wide smoking rates among males



■ 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.

Relations with Communities

Under our Group Basic Policy on Social Contribution Activities, we are nurturing future generations, promoting sport and culture and living side by side with local communities.

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.

A System of CSR Awards Established

Furukawa Electric recognizes outstanding contributions by affiliated companies to the Group's overall performance through a system of awards each year in June. From the current fiscal year, the Company has newly established a system of CSR awards to reward affiliated companies for their endeavors outside mainstream business activities focusing largely on contributions to society and the environment.

A total of eight companies, including both domestic and overseas, were recommended for consideration. Two overseas companies, one from Brazil and the other from Thailand, were recognized with social contribution awards, and one Group company in Japan was presented with a social contribution encouragement award. Based on the Furukawa Electric Group Basic Policy on Social Contribution Activities, award winners are selected after taking into consideration a variety of factors including the number of people involved in each activity both within and outside the Group, originality and ingenuity, the level of development potential and the extent to which the activity has an ongoing affect.

Each recipient of the CSR award is presented with a certificate of merit and a cash prize by the president. The awards ceremony was attended by the representatives of each company as well as local staff, who gave a presentation of specific activity details.



A meeting to report on the CSR awards



Scope of Activities

Exceptional activities aimed at nurturing future generations, promoting sport and culture, living side by side with local communities, protecting the environment and contributing to society

The 1st CSR Awards

Social Contribution Award

- **Project to Nurture the Children of Neighboring Communities**
Furukawa Industrial S.A. Produtos Eletricos (FISA, Brazil)
- **Social Contributions Celebrating the Company's Founding**
Thai Furukawa Unicom Engineering Co., Ltd. (TFU, Thailand)

Social Contribution Encouragement Award

- **Welfare Activities**
Asahi Electric Works Co., Ltd. (Japan)



Masao Yoshida, President Furukawa Electric Co., Ltd., and the representatives of award recipients

Introducing Awards Winners

The Social Contribution Award

Project to Nurture the Children of Neighboring Communities

Furukawa Industrial S.A. Produtos Eletricos (FISA, Brazil)

FISA is promoting a project that aims to help children consider and prepare for their first employment. This project targets children between the ages of 10 and 15 at local elementary and junior high schools. The project strives not only to instill in each student a greater sense of awareness toward working for a living through handicraft workshops, in addition to actual production methods and knowledge, while being designed to provide students with an insight into developing human relationships, but also delivers lectures on such topics as values and morals with considerable effort placed on motivating students toward self-development. Furthermore, the company provides scholarships to students aged 15 and above seeking to attend industrial high schools. Funding for scholarships is drawn from various sources including proceeds from the recycling of wastepaper and plastics (cups and packaging materials) produced by FISA. In this manner, a complementary framework has been developed to promote employee participation, with efforts to generate increased motivation among staff toward volunteer activities.



FISA project team members together with students

Social Contribution Award

Social Contributions Celebrating the Company's Founding

Thai Furukawa Unicom Engineering Co., Ltd. (TFU, Thailand)

TFU has for many years engaged in donation activities. In addition to monetary support, the company also gifted equipment to children's facilities and public schools in fiscal 2008. In fiscal 2009, a large number of employees directly participated in activities focusing on mountainside tree-planting endeavors. This particular activity was conducted in

conjunction with local schools. As well as donating stationery and other items to students who took part in the event, employees enjoyed a meal and sporting activities in a spirit of communal interchange. TFU took steps to expand its social contribution activities by involving local communities.



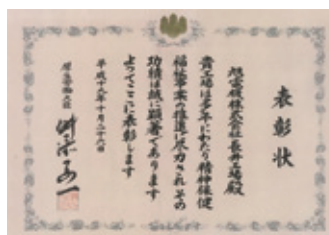
Key members in TFU's activities

Social Contribution Encouragement Award

Welfare Activities

Asahi Electric Works Co., Ltd. (Japan)

Several facilities for the disabled are located in close proximity to the Nagai Plant operated by Asahi Electric Works Co., Ltd. The Plant has conducted disaster prevention drills in collaboration with these facilities for around three decades. One such facility called on the Plant to assist in providing practical workplace training, helping the disabled to return smoothly to employment. As a result, the plant consistently accepts around five individuals, who are provided with training in the Plant's sorting operations. In pursuing this activity, many hurdles had to be overcome including participant safety and the difficulties of communication. Nevertheless, with the cooperation of all concerned, the Plant has successfully implemented this community and welfare contribution activity through to the present day. In recognition of these efforts, the Plant received an award from Japan's Minister of Health, Labour and Welfare in 2007.



2007 certificate of commendation from the Minister of Health, Labour and Welfare

Relations with Society and Local Communities

Activities at Each Region

Nurturing Future Generations

- Plant tours for NEETs and individuals engaged in related support activities in the Nikko and Kanuma districts; NEET employment support (Copper Foil Division)
- Plant tours for local elementary school students; plant tours and study meetings for junior high school students (Nikko)



Nature Observation Group (insect collecting) (Mie)



School support corporate advisor (Copper Foil Division)

Promotion of Sports and Culture

- Donations to the community-organized Star Festival and fireworks competition (Hiratsuka)
- Held an event at the Yawata Athletic Park featuring booths as well as horticultural, mimicking and character shows in collaboration with the 42 companies located along the Yawata coastal region and members of the Yawata Merchants' Association as well as the town council (Chiba)
- Provided use of the Copper Tube Division's grounds for the Amagasaki Business Friendly Softball Competition (Copper Tube Division)
- One team participated in the Kameyama City Relay Road Race Competition (Mie)



The soccer competition organized by the Furukawa Electric Football Club (Furukawa Battery)

Others

- Received a certificate of appreciation in recognition of donations to the Chiba Prefecture Environment Foundation (Chiba)
- Received a certificate of appreciation from the National Land Afforestation Promotion Organization in recognition of activities aimed at supporting the Green Fund (Nikko)
- Participated in local community revitalization activities organized by the Town Development Committee (Nikko)



Moji Seaside Park clean-up activities (Furukawa Logistics Corp., Kyushu Branch)



Kameyama Eco Forest development tour

Living Side by Side with Local Communities

- Each month employees cleanup rubbish and remove weeds along the roadways surrounding the Hiratsuka Works as a part of the community beautification campaign organized by the Kawara Group of the local industry association working largely out of the Higashiyawata area
- Provide assistance to a Nikko Area NPO by requesting material cleanup and other support; engage in donation and volunteer activities as well as the supply of bazaar items (Copper Foil Division)



The clean mission illegal dumping prevention campaign (Mie)



The Amagasaki water sprinkling mission (Copper Tube Division)



Participation in the Sagami River field survey, cleanup and grass planting event (Hiratsuka)



Cooperating with blood donation activities (Miharu Communications Inc.)



Study session with an NPO (Copper Foil Division)

Support and Cooperation

- Placing requests to companies that help the disabled to gain greater independence for cleanup and weed removal assistance within the company's grounds five times a year (Nikko)



Interaction with facilities for the disabled (Copper Foil Division)



Interaction with schools (Copper Foil Division)

Awards from Outside Sources

Receiving a Prime Minister Award for “Development of Erbium-Doped Optical Fiber Amplifier (EDFA) and Its Sophistication” at the 7th Industry-Academia-Government Collaboration Honor Program

Haruki Ogoshi, Manager, FITEL Products Department, Telecommunications Company, The Furukawa Electric Co., Ltd. received the Prime Minister Award with supreme distinction at the 7th Industry-Academia-Government Collaboration Honor Program. Mr. Ogoshi won the award for “Development of Erbium-Doped Optical Fiber Amplifier (EDFA) and Its Sophistication” jointly with Masataka Nakazawa, Professor, Research Institute for Electrical Communication, Tohoku University and Kazuo Hagimoto, Director, Network Innovation Laboratory of Nippon Telegraph and Telephone Corporation.

The award presentation ceremony was performed together with contents exhibition at the site of the 8th Conference for the Promotion of Collaboration Among Business, Academia and Government held on June 20 and 21, 2009, at the Kyoto

International Conference Center.



Desktop-type erbium-doped optical fiber amplifier (EDFA)

Purpose of the Award

An erbium-doped optical fiber amplifier (EDFA) can directly amplify attenuated optical signals within an optical fiber, without the need to first convert it to an electrical signal as has been conventionally done. For this reason, the EDFA is a fundamental technology that is used to implement long-haul, high-capacity, high-speed optical communication systems easily and inexpensively.

As is known, the development and sophistication of EDFAs and the EDFA-based optical communication systems has created a new technology for optical communication networks, which has been broadly adopted worldwide to serve as the driving force for widespread use of the Internet, leading to the expansion of the optical industry. These achievements have been highly evaluated, resulting in the award at this time.

Furukawa Electric has long been involved in the practical use and productization of EDFAs, under the guidance of Professor Nakazawa and NTT Corporation. In particular, we succeeded in developing a high-power semiconductor pumping laser at 1.48 μm , thereby promoting practical application of high-power EDFAs that use the developed laser. The product has grown up to become a mainstay product in our optical components business, and a number of products are manufactured in the production bases in Thailand and China, to be delivered to markets in Japan and worldwide. Hereafter we intend to enrich our EDFA-related products to expand our business further.

Column

“Small Acts of Volunteer Work” Launched by Furukawa Electric’ Secretaries’ Office

“Can anything be done about the large volumes of leftover calendars at the end of the year?” This topic of discussion during workplace meetings led Furukawa Electric to the work of the Nippon Volunteer Network Active in Disaster (NVNAD). NVNAD is engaged in disaster prevention and relief activities and organizes the Calendar Market, a leftover day planner and calendar charity bazaar. In January 2008, and by word-of-mouth among the secretaries of affiliated companies, a total of 968 items comprising 910 calendars and 58 day planners were collected and sent. Formal requests were placed among the Company’s head office, branches and works as well affiliated companies, which led to the collection of 124 day planners and 1,610 calendars for a total of 1,734 items, up 179% year

on year, in fiscal 2008. Around the same number was collected and sent in fiscal 2009.

In addition, the Secretaries’ Office has located a volunteer organization that collects old stamps. Calling these activities “small acts of volunteer work,” a collection box has been placed at the secretaries’ counter. Efforts are being taken to expand volunteer activities within the Group.



Cardboard boxes filled with day planners and calendars

Third-Party Opinion



Executive Director
Center for Public Resources
Development
A specified nonprofit
organization

Sachiko Kishimoto

After gaining invaluable experience working for a private-sector company, a research institute and studying abroad, participated in the establishment of the Center for Public Resources Development (URL <http://www.public.or.jp>), a nonprofit organization in 2000. Engages in a wide range of activities including corporate sociality assessment as a part of efforts to promote socially responsible investment (SRI); social contribution activity project evaluation and consulting, and; NPO management support. A part-time instructor at the Graduate School of Social Design Studies of Rikkyo University, the International Graduate School of Social Sciences of Yokohama National University and the Faculty of Law at Meiji Gakuin University.

Drawing on a review of the Group's CSR Report 2010 and an interview with Tetsuya Sato, Chief Social Responsibility Officer, I would like to comment on Furukawa Electric's CSR and information disclosure activities.

In his opening remarks in this Report, the president outlined efforts to contribute to society through the creation of new markets, businesses and technologies; adherence to compliance; the strengthening of environmental initiatives, and; the expansion of social contribution activities as the Group's priority objectives under the medium-term management plan "New Frontier 2012" that commenced in April 2010. In the context of the Group's ongoing commitment to fulfill its CSR, each contention is essential.

Needless to say, a key issue for management over the foreseeable future is its ability to capture growing infrastructure demand from newly emerging nations with a particular focus on the BRICs and ASEAN. Of equal concern are considerations toward raising the ratio of local production and procurement in the face of the recent sharp spiral in the value of the yen. Under these circumstances, and also in the context of its CSR initiatives, the Furukawa Electric Group will necessarily confront a broad spectrum of social and environmental issues in the conduct of its business activities. As a result, the Group must actively disclose its progress and performance in its CSR Report. In my discussions with Mr. Sato, Chief Social Responsibility Officer, I learned that the Group had already commenced a wide range of global CSR initiatives with respect to environmental, compliance and human resource development across each of its operating fields. In addition to ensuring compliance with local environmental rules and regulations, Furukawa Electric has published and distributed among its employees English and Chinese language editions of its compliance guidelines and is conducting

training for local senior executives at the head office. Looking ahead, I would like to see the Company clarify its policies toward each initiative and to continue efforts in enhancing Group-wide awareness and understanding. At the same time, I would also hope that Furukawa Electric will more actively promote CSR among its overseas subsidiaries by utilizing supply chain management that encompasses green and CSR procurement; global human resource development and; local community contribution activities. Furthermore, in recognizing dirty mining as an industry-wide problem, I would expect the Company to maintain full disclosure and to outline details of the Group's progress.

In the "Past and Future Environmental Businesses" feature, I was impressed by the concise and easy-to-understand manner in which the Company outlined its efforts to meet those requirements imposed by society. I am counting on the Furukawa Electric Group to contribute to society through the creation and development of a low-carbon society, particularly in the three fields identified of next-generation vehicles, energy / smart grids and high-density optical telecommunications. In addition, I have now learned that Furukawa Electric Ecotec Co., Ltd., building on its long-standing experience in the recycling of electric and telecommunication cables, has achieved a recycling ratio of 100%. I have also come to better appreciate the efforts made by the company to further enhance its materials recycling ratio. In moving forward, I expect the Group to bolster its endeavors in the collection of discarded cables as well as the development of recycling systems.

A CSR report is among many things a medium for conveying information to external parties and an important communication tool. Accordingly, presenting exceptions to the scope of environmental data collected as well as explanations for technical terms in an easy-to-understand manner is essential. In the section of society-based measures, Furukawa Electric mainly provides an explanation of its overall systems and measures implemented. In similar fashion to the section dealing with the environment, I would like to see the Company provide details and a comparative analysis of targets and performance for each fiscal year as well as an evaluation of the level of achievement. In particular, I would ask the Company to go beyond a simple explanation of the various systems employed to promote work-life balance. This would included the disclosure of human resource-related data such as overtime trends and the number of paid leave days taken.



At the conclusion of the interview with Sachiko Kishimoto, Tetsuya Sato, Chief Social Responsibility Officer on the right

History of Furukawa Electric's CSR Activities

1972	Companywide Rules for Pollution Prevention formulated
1974	Environmental Control Department established Energy Conservation Team established
1976	Central Quality Control Committee established
1989	Team for Reduction in Use of Specified CFCs established
1993	Basic Framework for Protecting the Global Environment formulated (Furukawa Electric's voluntary environmental preservation plan)
1994	Committee for Companywide Promotion of Energy Conservation established
1996	Use of specified CFCs and trichloroethane discontinued
1997	Team for Promotion of Reduction in Industrial Waste established
1998	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
1999	Central Safety and Health Committee established
2000	Liaison Meeting with Affiliated Companies established First Environmental Report published Meeting of Environmental Personnel established
2001	Medium-Term Plan for Environment Preservation Activities 2002 formulated (for 2001–2002) Environmental accounting started
2002	Green Procurement Preparation Committee established
2003	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
2004	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

2005	Green Product Management Committee established Compliance Handbook Version I published
2006	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
2007	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
2008	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
2009	Furukawa Electric Group Green Procurement Activity Guidelines established Basic Policy on BCM (Business Continuity Management) formulated Anti-Monopoly Act Manual revised Compliance awareness survey covering all employees conducted A CSR award newly established as a part of the Outstanding Affiliated Company Awards
2010	medium-term management plan formulated "New Frontier 2012"

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/>



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