

Corporate Social Responsibility

Furukawa Electric Group
CSR Report
2011



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.

Editorial Policy

Furukawa Electric publishes a CSR Report each year. Our goal is to report on our CSR philosophy and efforts and gain the understanding of our stakeholders, particularly those with whom we have a deep relationship, such as our customers, shareholders and investors, everyone in our local communities, our suppliers (partners), and our employees.

In the pages of this year's report, which covers fiscal 2012, we include an Emergency Report describing our

response to the Great East Japan Earthquake. We also present Special Features covering smart grids, which have been gaining more and more attention since the Great East Japan Earthquake, and the CSR efforts of Furukawa Industrial S.A. (FISA), a manufacturer and seller of telecommunications cable and related products in Brazil, which is one of the regions emphasized in our New Frontier 2012 mid-term management plan.

Scope of This Report

Organizations Covered

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

Period Covered

From April 1, 2010 to March 31, 2011

* Includes selected information on past initiatives and activities during fiscal 2012.

Scope of Data Covered

This report covers Furukawa Electric Co., Ltd. and its 109 consolidated subsidiaries. Exceptions to the scope of the data collected have been clearly stated.

Publication Timeframe

Publication date: November 1, 2011

Planned publication of next edition: November 2012 (previous edition published in November 2010)

Accuracy of the Data Disclosed in This Report

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

We are looking into obtaining third-party assurance of report content in the future.

Website

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

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Source Guideline

We referred to the GRI "Sustainability Reporting Guideline 2006 (3rd Edition)"* and the Ministry of the Environment's "Environmental Reporting Guideline 2007 Edition" in composing the Furukawa Electric Group CSR Report 2011.

Our own assessment places this report at the "B" standard in the GRI Application Level.

* Please refer to page 42, "GRI Guideline Table of Contents" which shows the correspondence of this report to the GRI Guideline.

Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

* Sector supplement in final version

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▲ Working for stable supplies of infrastructure products to help post-earthquake recovery.



▲ We offer energy/smart grid-related products and systems for the efficient use of natural energy.



▲ FISA, our Brazilian affiliate, contributes to regional social development through its manufacture and sales of telecommunications cables, local hiring, and education support for local children.

Furukawa Electric Group Overview

Furukawa Electric Group Overview*

Sales

925.8 billion yen (Consolidated, fiscal year 2011)

Number of employees

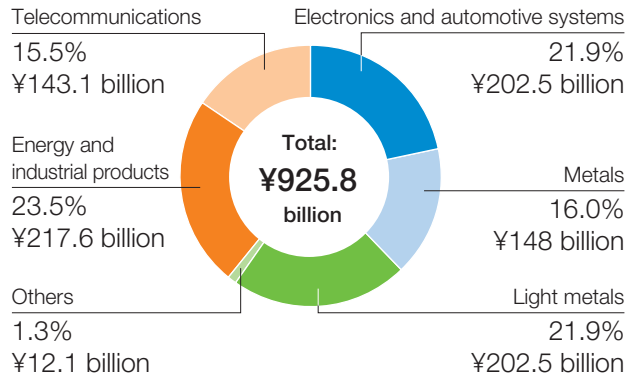
39,352 (as of March 31, 2011)

Number of companies

127 (109 subsidiaries and 18 affiliates accounted for using the equity method)

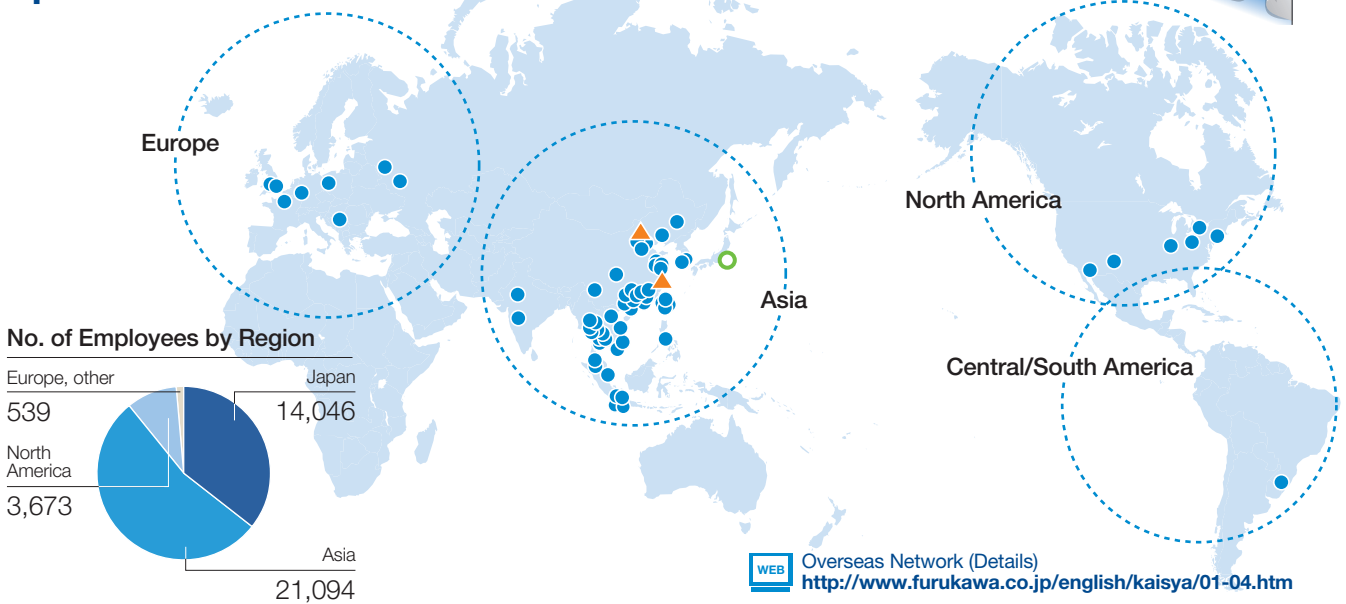
* There were no major changes in terms of organizational scale, structure or ownership during the reporting period.

Main Business Segments (Consolidated)



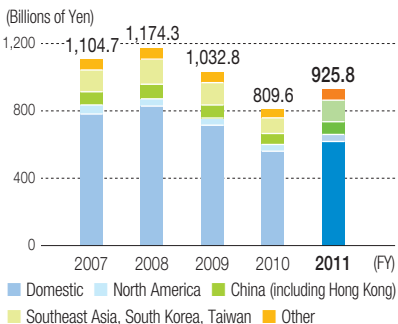
Operation Bases

● Head office ● Overseas subsidiary or affiliate ▲ Representative office

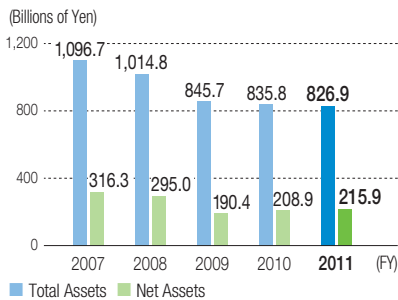


Results (Consolidated)

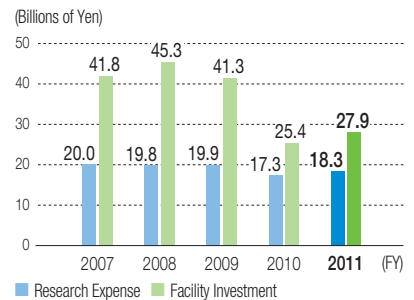
Sales by Region



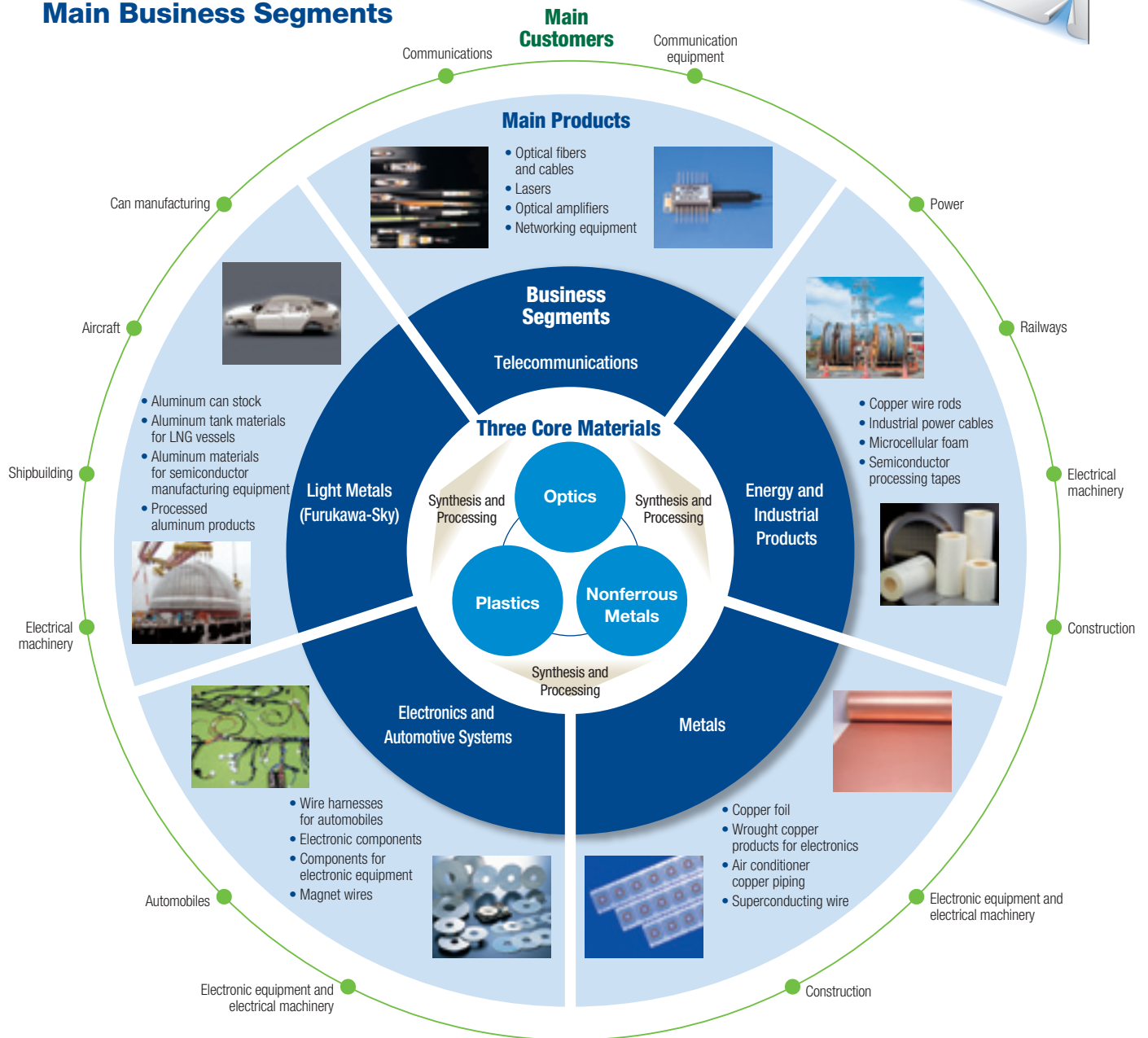
Total Assets/Net Assets



Research Expense/Facility Investment



Main Business Segments



Furukawa Electric Group Corporate Profile

Name	Furukawa Electric Co., Ltd.
Headquarters Location	2-3 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8322, Japan
President	Masao Yoshida
Founded	1884
Established	1896
Sales	417.7 billion yen (Non-consolidated, fiscal year 2011)
Number of employees	4,227 (Non-consolidated, as of March 31, 2011)

Domestic Bases

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

Message from Management

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

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

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

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

Business Continuity Plan (BCP)

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

Social Contribution Through the Group's Strengths

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



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

Focused on Safety, Quality and Compliance

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

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

Performance Indicators for CO₂ Reduction, and Biodiversity Preservation Efforts

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

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

Social Contribution to Local Communities

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

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

吉田政雄

Masao Yoshida
President

We at the Furukawa Electric Group offer our deepest sympathies to the victims of the Great East Japan Earthquake and their families.

East Japan suffered enormous damage from the earthquake that struck at 2:46 p.m. on March 11 and from the record-breaking tsunamis generated by it. This was followed by the breakdown of TEPCO's Fukushima No. 1 Nuclear Reactor, which resulted in the spread of radioactive material in the vicinity, power shortages, and other unforeseen difficulties in what developed into a state of affairs unprecedented in Japanese history. The effects of the disaster did not stop at Japan's shores, but came to affect the entire world economy due to supply chain difficulties.

Although some Furukawa Electric Group sites suffered damage to buildings, manufacturing equipment, and site utilities during this incident, fortunately none of our employees was injured.

The power shortages and other after-effects of the disaster are expected to continue. In the section that follows we will look back on the period from the occurrence of the earthquake through the present, and report on items such as our



Emergency Response Headquarters Committee

Group's restoration efforts, the BCM (business continuity management) efforts we have made as a company with a social responsibility to supply infrastructure products for power, telecommunications, and construction, and our efforts to aid the stricken regions.

The Group's Response (first two weeks post-quake)

March 11	<p>2:46 p.m.: The earthquake occurs</p> <ul style="list-style-type: none"> Begin confirmation of safety of employees and damage situation <i>Casualties:</i> No casualties, with the exception of minor injuries (emergency communications systems, safety confirmation system) Confirm situation at each location, begin recovery <i>Building and facility damage:</i> Engineering and maintenance crews engage in full-scale efforts for prompt recovery at the Chiba Works, Nikko Works, and Copper Foil Works. Support teams also dispatched to Chiba Works, where damage was heavy, from Hiratsuka and Mie.
14	<ul style="list-style-type: none"> Establish Emergency Response Headquarters Kansai Branch functions as center for sending food, beverages, and other emergency supplies to the Tohoku Branch, which is within the stricken area
15	<p>10:30 a.m.: Conference held at Emergency Response Headquarters</p> <ul style="list-style-type: none"> To share information throughout the Company, the recovery status of each base is posted on the Intranet by the Secretariat, and updated daily. Damage status/Operational status is disclosed to the public.
16	<ul style="list-style-type: none"> Operations restarted at some damaged Works.
25	<ul style="list-style-type: none"> All Works at near normal operations. Emergency Response Headquarters disbanded

Emergency Report

Response to the Great East Japan Earthquake

Supplying Power Cables to Stricken Areas

We worked intensely to supply power cables to restore electrical and transportation infrastructure, as well as residential areas and factories, in the stricken areas.



Immediate Post-Quake Response and BCP

Thanks to emergency communication networks and safety confirmation systems in place at each site, we were able to perform all-important safety confirmations for everyone involved with our Group after the earthquake, including employees, their families and our customers.

In addition to our employees, 60 students were visiting in conjunction with hiring activities. We had them join in our activities so as to ensure their safety, and we helped one of the students, who had come from far away, return home.

Of the Works that suffered damage, the Nikko and Chiba Works were the hardest hit, and after confirming that all employees at both Works were safe, we initiated inspections and repairs of utilities the day after the event. At the beginning of the following week, on the 14th, we began full-scale rehabilitation work on the manufacturing equipment, and about two weeks later, by the 25th, nearly all of the Works had been successfully restored.

Our BCP, as well as the preliminary training based on the BCP, functioned effectively during the disaster. We have since then surveyed the people at the damaged sites so as to find ways to improve our BCM activities, using the



Fallen crane at the Nikko Works



Broken central effluent pipe at the Chiba Works

valuable suggestions offered in the survey as we begin to review our BCM systems, including our company-wide regulations.

Efforts to Ensure Stable Product Supplies

The Tohoku Earthquake exceeded our assumed disaster criteria, presenting new dangers such as power outages caused by record-breaking tsunamis and the nuclear power plant accident, radiation contamination, etc.

While it is difficult to assume all possible risks beforehand, by making a comprehensive judgment of the assumed risks, shifting to production bases where risk is lower, and furthermore, by taking measures such as installing emergency generators at production bases for metal and similar products where the risk entailed by power outages is great, we can work toward ensuring a stable supply of products.

The Furukawa Electric Group's Restoration and Support Activities

Our Group has long been a supplier of products and services in areas that comprise the foundation of social infrastructure, such as electrical power, telecommunications, broadcasting, and construction. We also have been engaged in restoring and providing support for rebuilding infrastructure by supplying parts and materials as well as work support, both on our own initiative and in response to requests from various quarters.

In addition, we seek to provide support for the stricken areas by sending emergency relief supplies and donating relief funds.

We try to make our customers feel secure by providing stable product supplies

We are fortunate that none of our employees or visitors was injured during the March 11 Great East Japan Earthquake, and direct damage to our buildings was comparatively minor. Nonetheless, we experienced some foundational sinking due to liquefaction throughout the entire Chiba Works site, which remains an issue that we must address.

Looking back on the quake and the subsequent recovery efforts, the correct, appropriate responses that were achieved serve as unexpected proof that the establishment of a BCP and the BCP education and training that were required for BS25999 certification were beneficial.

Nonetheless, one further issue is that we are confronted with the reality of power supply problems. Our Works is a major consumer of electricity in our region, so in response to the demands of the community we set a goal of "15% Less Power Consumption." To achieve this we asked each section to work in rotation,

and began operating on a four-group system.

Henceforth our Works expects a variety of critical issues and environmental changes to arise, and we will respond to them as necessary. We will also continue to meet the demands of society by fulfilling our mission to provide a stable supply of products.



Yoshimasa Oyama
General Manager,
Chiba Works



Liquefaction



Road surface protrusion

Emergency Report

Response to the Great East Japan Earthquake

Working with TEPCO to Repair Telecommunications Lines

On March 17 we received a request from TEPCO to repair telecommunications lines to be used for teleconferencing between the Japanese government, TEPCO Headquarters, and the Fukushima No. 1 Reactor Site Response Headquarters (repairs took place within a nine-kilometer radius of the reactor).

The Furukawa Electric employees who were dispatched to do the work were examined afterward at the National Institute of Radiological Sciences, and no health abnormalities were found. In recognition of their success and contribution, the six employees who handled the work received the President's Award.



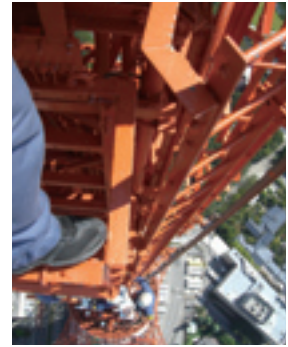
Receiving the President's Award

Assisting in the Emergency Inspection of the Tokyo Tower Antenna

The Furukawa Electric Group has been conducting regular inspections of the Tokyo Tower antenna (a Furukawa Electric product) since we first installed it in 1955 (the work has been conducted by Furukawa Electric C&B since the establishment of that company in 2007).

Our inspectors arrived at Tokyo Tower in the evening on the day of the quake to conduct an emergency

inspection of the broadcasting antenna, which functions as an important source of information during a disaster.



Emergency inspection of Tokyo Tower antenna

Donations

Relief funds

- ¥250 million from the Furukawa Electric Group overall (of this, ¥100 million from Furukawa Electric)
- Approximately ¥6.4 million from individual employees

Relief supplies

- Donation of our "High-foaming polyethylene mattress core material" for use as flooring insulation/cushions in the disaster response centers in the stricken areas

Electricity Saving Measures

All Works in areas served by TEPCO must cut electricity during the peak usage period of 10 a.m. through 9 p.m., so we instituted weekend operations during the July through September period, and set a new, longer period for the August summer break.

We also implemented measures at our offices such as thorough controls on air conditioning temperature settings, reducing lighting, setting PCs on low-power, and reducing equipment that consumes electricity, including vending machines.

In addition, because 40% of electrical power is consumed at residences, we requested via our in-house publications and through other channels that our employees also try to use less electricity.

Support for Recovery After the Great East Earthquake

I found myself wondering if I couldn't somehow lend a hand in assisting the recovery after the Great East Japan Earthquake struck, so I spent the period April 23 through May 4 providing restoration support in a stricken area.

Thousands of disaster victims were staying in a single evacuation site, and while I recall the difficulty of distributing emergency supplies to so many people, I also encountered human kindness and warmth that is impossible to express in words. Also, assisting in the recovery in the disaster area was a very valuable experience in that I was able once more

to take a good look at myself. Henceforth I will use my regular leave time to participate in the disaster relief efforts.



Furukawa Electric established a Volunteer Leave System in July 2011 so that employees would be able to participate in volunteer activities related to the Great East Japan Earthquake.

Providing relief supplies in the disaster area







Toshiyuki Masubuchi
Copper Strip Division, Metals Company

Strengthening Management

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

Main Stakeholders and Main Responsibilities



Main Stakeholders	Main Responsibilities	Means of Communication
Customers 	<ul style="list-style-type: none"> Maintain and improve the quality of products, operations and services Offer products and services that are useful to society Provide solutions to issues confronting customers through a broad array of technologies and know-how 	<ul style="list-style-type: none"> Dialogue through regular business Website, CSR Reports Dialogue at technology exhibitions, trade shows
Suppliers 	<ul style="list-style-type: none"> Establish a sound relationship founded on fair trading in compliance with laws and regulations Realize CSR throughout the supply chain by implementing CSR Procurement Guidelines for Partners 	<ul style="list-style-type: none"> Partner Meetings Dialogue through regular business CSR surveys Feedback interviews on results of partner evaluations
Shareholders 	<ul style="list-style-type: none"> Provide appropriate returns Ensure timely and appropriate disclosure Enhance corporate value 	<ul style="list-style-type: none"> Annual reports, general meetings of shareholders Shareholder reports Management briefings and results presentations Investor visits Shareholder plant tours
Employees 	<ul style="list-style-type: none"> Respect human rights Cultivate and appropriately value and reward human resources Promote health, including occupational health and safety, as well as mental health Support diverse workstyles and work/life balance 	<ul style="list-style-type: none"> Internal newsletter, intranet Heart-to-heart communication between president and employees Management briefings
Local communities 	<ul style="list-style-type: none"> Promote sporting and cultural activities; cultivate the next generation Cooperate with and sponsor traditional events Support the activities of and collaborate with local NPOs 	<ul style="list-style-type: none"> Factory tours Hosting of Japanese dance and other regional events Social contribution activities, such as employee participation in community clean-ups
Environment 	<ul style="list-style-type: none"> Reduce emission of gases that contribute to global warming Promote energy conservation and recycling Protect biodiversity Curtail industrial waste Manage and reduce harmful chemical substances 	<ul style="list-style-type: none"> Compliance with laws and regulations Compliance with the Kyoto Protocol and the Nagoya Protocol on biodiversity Response to environmental activities of the Ministry of the Environment and other government organs Research and information exchange on biodiversity preservation through JBIB*

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

Fiscal 2011 Targets and Results, Fiscal 2012 Targets

The Furukawa Electric Group sets firm targets for our CSR efforts based upon our CSR Code of Conduct, and seeks to upgrade these efforts through use of the PDCA Cycle.

Fiscal 2011 Targets and Results, Fiscal 2012 Targets

	Fiscal 2011 Targets	Fiscal 2011 Results	Achievement	Fiscal 2012 Targets
Compliance / Risk Management	<ul style="list-style-type: none"> Thorough compliance awareness 	<ul style="list-style-type: none"> Held "heart-to-heart communication between president and employees" at 6 business sites Held "Compliance Roundtables" at each site and branch 	✓	<ul style="list-style-type: none"> Develop "heart-to-heart communication between president and employees" at sales bases Execute 2nd Employee Compliance Awareness Survey
	<ul style="list-style-type: none"> Revision of CSR Code of Conduct 	<ul style="list-style-type: none"> March 2011 Revised CSR Code of Conduct (Global edition) 	✓	<ul style="list-style-type: none"> Publish Furukawa Electric Group CSR Compliance Handbook (4th Edition) and use in training Publish educational materials in English and Chinese
	<ul style="list-style-type: none"> Prevention of recurrence of Anti-Monopoly Act violation issues and voluntary compliance checking 	<ul style="list-style-type: none"> Held Anti-Monopoly Act Seminars, auditing of main points by auditing unit Implemented voluntary checking within units using the "Check Sheets" 	✓	<ul style="list-style-type: none"> Enhance voluntary compliance checking (Expand range of area-specific Check Sheets)
	<ul style="list-style-type: none"> Implementation of Business Continuity Plan (BCP) and its certification 	<ul style="list-style-type: none"> January 24, 2011 Acquired BS25999 certification covering the optical semiconductor business 	✓	<ul style="list-style-type: none"> Revise BCP and make it more thorough
Safety and Health	<ul style="list-style-type: none"> 0 serious accidents, accidents requiring leave 2 or fewer 	<ul style="list-style-type: none"> 0 serious accidents, 3 accidents requiring leave 		<ul style="list-style-type: none"> 0 serious accidents, accidents requiring leave 1 or fewer
	<ul style="list-style-type: none"> Construction of labor safety and health management system 	<ul style="list-style-type: none"> Acquired Japan Industrial Safety and Health Association OSHMS certification at the Mie Works and Hiratsuka Works 	✓	<ul style="list-style-type: none"> Acquisition of JISHA OSHMS certification by the Nikko Works
Quality	<ul style="list-style-type: none"> Reduction of quality complaints. 10% in comparison with fiscal 2010 	<ul style="list-style-type: none"> Reduced by 24.5% compared with fiscal 2010 	✓	<ul style="list-style-type: none"> Reduce by 10% compared with fiscal 2011
Environment	Initiatives for the Environment Refer to Targets and Performance (page 22)			
Procurement	<ul style="list-style-type: none"> Make suppliers aware of CSR Promotion Guidelines for Partners 	<ul style="list-style-type: none"> Distributed guidelines at Partner Meetings Assessed main partners and held feedback consultations 	✓	<ul style="list-style-type: none"> Execute partner assessments and feedback consultations Disclosure of CSR Guideline (English edition) for overseas partners
Labor and Personnel Development	<ul style="list-style-type: none"> Global personnel development 	<ul style="list-style-type: none"> Executed Global Development Program (GDP) through our overseas local corporate members 	✓	<ul style="list-style-type: none"> Continue with GDP
	<ul style="list-style-type: none"> Improve worksite capabilities 	<ul style="list-style-type: none"> Established Training Center for strengthening worksite capabilities Developed 16 Senior Trainers 	✓	<ul style="list-style-type: none"> Develop worksite capability training at all works Increase number of Senior Trainers
	<ul style="list-style-type: none"> Put workstyle innovations into practice 	<ul style="list-style-type: none"> Newly established Refresh Leave Program Executed "Facilitation Training" to improve meeting effectiveness (for all Section Managers) 	✓	<ul style="list-style-type: none"> Look into and execute work systems in response to disaster/power supply issues Work from home system for use during childcare leave, introduce return to work system for employees who dropped out due to childbirth or childrearing
Social and local community contribution	<ul style="list-style-type: none"> Active social contribution efforts 	<ul style="list-style-type: none"> Lateral development of social contribution examples within the Group 	✓	<ul style="list-style-type: none"> Newly establish Volunteer Leave System Newly establish volunteer activity portal site

Corporate Governance

The Furukawa Electric Group strives to maintain sound management by constructing and upgrading highly transparent and efficient internal control systems.

Board of Directors and Board of Corporate Auditors

Board of Directors

The Furukawa Electric Board of Directors is composed of 12 directors, including three Outside Directors. This is so as to receive advice and opinions from an outside perspective in Board of Directors meeting discussions and decisions. It helps to ensure transparency in decision-making, and strengthens the oversight function in management overall.

The Outside Directors bring their rich experience from the worlds of finance, trading, and corporations, and provide valuable advice and guidance from a variety of perspectives, and the Board takes these into serious consideration in making decisions. Therefore, we have created a system that enables Outside Directors and Outside Auditors to perform their duties smoothly, which includes doing our best to schedule our Board of Directors meetings so that our Outside Directors and Outside Auditors are able to attend, and also to provide them with detailed prior explanations so as to deepen their understanding sufficiently in regard to items of discussion.

The Compensation Committee, which includes Outside Directors, is charged by the Board with the policy on compensation of directors and the details of individual compensation, so as to maintain transparency in the decision process and eliminate arbitrariness.

Board of Corporate Auditors

Furukawa Electric has in place a Board of Auditors. 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. We continue to make every effort to strengthen our audit functions through close

collaboration between our Corporate Auditors, Accounting Auditors and the CSR Division, which acts as our internal auditing department, including sharing information and exchanging opinions.

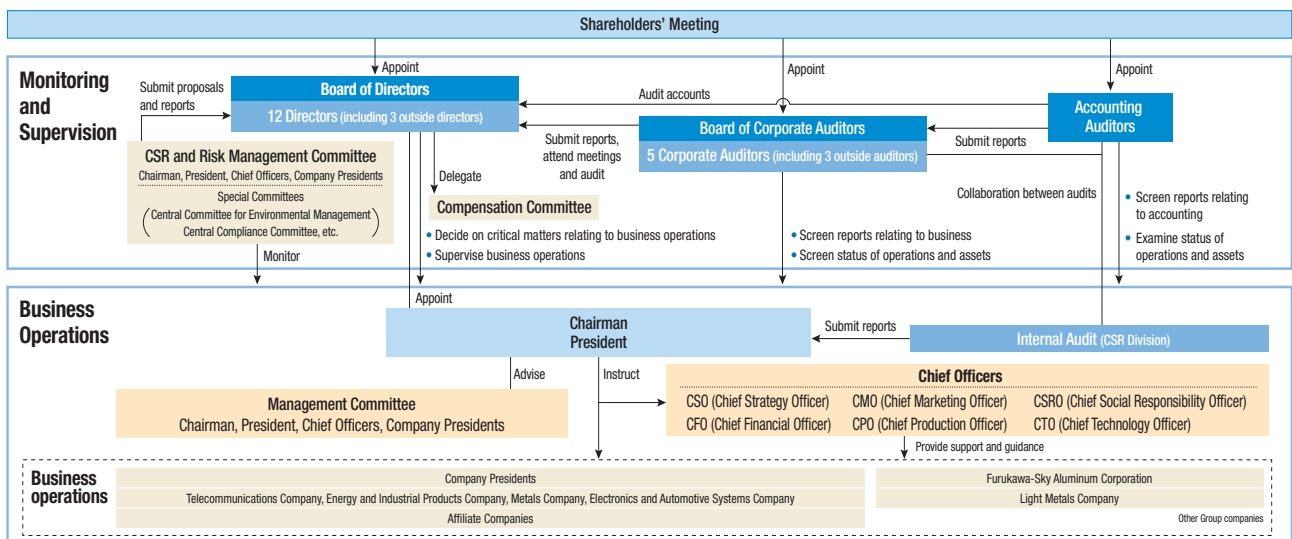
Operational Performance

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. The CSR Division Control Department Internal Control System Group upgrades the system, and also assesses and seeks to improve its operations. The Group J-SOX Committee and the CSR Division are responsible for composing the Furukawa Electric Group's financial reports as required under the Financial Instruments and Exchange Act, and maintaining and enhancing their credibility.

Corporate governance organization chart



CSR Management

The Furukawa Electric Group has created a specialized unit for taking a unified approach to CSR activities, including strengthening compliance and risk management.

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. It enhances the monitoring of overall corporate practices from the point of view of CSR concerns such as internal controls, compliance, risk management, safety, environmental conservation, and social contribution, and takes a unified approach to CSR-related activities. In the event a problem occurs, it provides a system for taking the necessary measures, such as investigating the background of the problem and elucidating the cause, establishing and implementing remedial and recurrence prevention measures, disclosure, etc.

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

Based on the Furukawa Electric Group Corporate Philosophy,

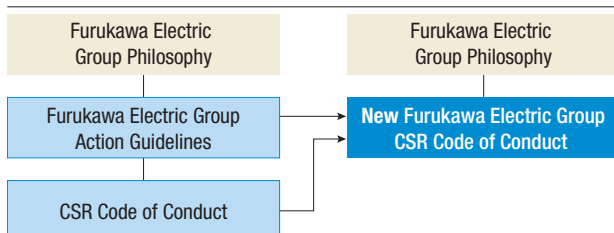
- We will operate our businesses in harmony with society and the environment and endeavor to create social value through technological innovation, complying with laws, social norms, and ethics as a member of the international community.
- We will strive to maintain and build sound and friendly relationships with all of our stakeholders and contribute to the sustainable development of society.

 [CSR Promotion Framework
http://www.furukawa.co.jp/english/csr/management/csr_manage.htm](http://www.furukawa.co.jp/english/csr/management/csr_manage.htm)

Revision of the Furukawa Electric Group CSR Code of Conduct

The social importance of CSR and compliance has been rapidly changing in recent years, with more customers demanding the promotion of such activities across the entire

Integration of the Furukawa Electric Group Action Guidelines into CSR Code of Conduct



supply chain. Also, in 2010, which was the International Year of Biodiversity, further efforts to develop global environmental conservation were discussed, and the international guidelines on social responsibility (ISO26000) were issued.

In response to these changes, in March 2011 we revised the Furukawa Electric Group CSR Code of Conduct so as to strengthen our CSR efforts across the entire Group, including our overseas bases, to take into account our international scope of activities. Also, in conjunction with this we published the Furukawa Electric Group CSR Compliance Handbook (4th Edition), which clearly explains the new Code of Conduct using concrete examples.

 [Furukawa Electric Group CSR Code of Conduct
http://www.furukawa.co.jp/english/csr/management/index.htm](http://www.furukawa.co.jp/english/csr/management/index.htm)

Risk Management

Risk Management

The Furukawa Electric Risk Management Committee assesses risks through its regular risk survey. It designates the five important risks that must be undertaken throughout the company as well as the units that are responsible for them, as it works to reduce the degree of risk and follow up on the status of risk responses.

For example, we have established a basic policy for information security and personal information protection so as to maintain information security, and thoroughly revised the related company-wide regulations accordingly. At the same time, we conduct e-learning courses along themes such as information leak prevention, trade secret protection based upon the Unfair Competition Protection Act, personal information protection and the prevention of unauthorized access, and promote activities for increasing risk awareness concerning information security.

New risks have arisen since the occurrence of the Great East Japan Earthquake on March 11, such as electrical power issues. We will further strengthen risk controls as we take a close look at changing risk trends.

Major Fields of Company-Wide Risk

1. Compliance
2. Quality control
3. Large-scale disasters, such as earthquakes
4. Information security
5. Affiliated company controls

BCM (Business Continuity Management)

In fiscal 2011 the Furukawa Electric Group Central Disaster Prevention and Business Continuity Management Committee established the Business Continuity Management System (BCMS) based upon the British Standards (BS25999-2), which in practical terms is considered the international standard for business continuity management system. It determined that companies which had not set about creating business continuity plans (BCP) for important business should do so, prompting the start of BCM at all companies.

We took the lead with BCM promotion in fiscal 2009 in our laser diode business, which is one of our main businesses, and received British Standards (BS25999-2) certification for it on January 24, 2011. We provide products to domestic and overseas telecommunications equipment manufacturers and telecommunications carrier through this business, and the pivotal importance of this business in supporting the construction of a supply chain for telecommunications systems caused many customers to strongly demand business continuity capability. Therefore, this is an activity that increases our enterprise value, so we put effort into acquiring certification.

Also in fiscal 2011, the relevant units from Headquarters and the Chiba Works participated in a read-through of the BCP, which presupposes an earthquake with an intensity of upper 6 on the Japanese seismic intensity scale. Although this was only a tabletop exercise, its effectiveness was borne out by the lack of confusion and smooth initial response in our work to restore business in the aftermath of the Great East Japan Earthquake.



BS25999-2 Certification Ceremony



BCP-based exercise (Chiba Works)

Compliance

Improving Compliance Awareness Heart-to-Heart Communication between the President and Employees

Our New Frontier 2012 mid-term management plan declares our focus on the President's policy of thorough safety, quality and compliance in our business practices. We conduct our "Heart-to-heart communication between the President and employees" program so that the President can confirm for himself exactly how this focus on safety, quality and compliance is developed at our worksites and what activities are being undertaken, and for the President to get unvarnished opinions from employees on the spot. The program was conducted at six of our Works in fiscal 2011, where the Works Chiefs, Manufacturing Department General Managers, Forepersons, and Chief Operators sat down with the President to exchange opinions. We will expand the program to include our sales bases in fiscal 2012.



"Heart-to-heart communication between the President and employees" meeting

Compliance Roundtable

Members of the CSR Division visited the Furukawa Electric business bases for small-group roundtable discussions of compliance themes. 26 such meetings, delineated by rank, were held at 11 sites during the period May through July 2010, with a total of 200 employees in attendance. At the meetings, the CSR Division provided the results of the Employee Compliance Awareness Survey conducted in fiscal 2010, after which lively exchanges of opinion about compliance ensued. This of course enabled the unfiltered opinions of the participants about compliance to be expressed, while it also deepened the participants' understanding of compliance, making these roundtable discussions valuable.

The Employee Compliance Awareness Surveys are conducted reciprocally by Furukawa Electric and the affiliates in alternate years. In fiscal 2011, the Survey was conducted at 22 affiliates, with around 3,000 employees surveyed.



Compliance Roundtable for the Section Chief/Manager level

CSR Management

Monitoring Strengthening the Group Auditing System and Functions

The CSR Division regularly tours each unit as well as the affiliates to conduct internal audits of business execution. Compliance was added last year to the list of important audit categories, and audits of 50 Headquarters units were conducted, mainly of those involved in manufacturing and sales, as well as at 30 consolidated subsidiaries. We also conduct internal audits at overseas affiliates, in addition to which outside experts in local laws and risks are enlisted to conduct special audits.

Voluntary Compliance Checks

Furukawa Electric has designated October and November of each year as “compliance months,” during which we execute our company-wide compliance activities. In fiscal 2011, we newly added checking using Individual Compliance Review

Check Sheets and Area-Specific Check Sheets pertaining to individual areas such as the Anti-Monopoly Act. We will expand the range of items covered by the Area-Specific Check Sheets and continue to increase our Voluntary Compliance Check system.

Compliance Education

We conduct compliance education for employees at every level of the company, from new recruits to directors. We published the Furukawa Electric Group CSR Compliance Handbook (4th Edition), which explains the CSR Code of Conduct and other compliance-related matters, for use as a textbook, and plan to develop compliance education throughout the Furukawa Electric Group in fiscal 2012.

 [Compliance seminars
http://www.furukawa.co.jp/english/csr/management/comp.htm](http://www.furukawa.co.jp/english/csr/management/comp.htm)

Reports on Misconduct (As of August 15, 2011)

Anti-Monopoly Act Violation

The Furukawa Electric Group was served with an administrative order as described below concerning the violation of anti-monopoly statutes. We deeply regret the concern that these incidents have caused our customers, shareholders and all related parties.

In December 2009, the Furukawa Electric Group released the report of the Third-Party Investigation Committee on Violations of the Anti-Monopoly Act, and implemented measures to prevent recurrence based on the Committee’s findings. In parallel with the Committee’s investigation, we had thorough investigations conducted by outside attorneys. In addition to confirming that there will be no recurrence of behavior that caused problems in the past, any behavior that could cause suspicion has been ceased. We will continue to work to restore public

trust, and enlist the entire Group in seeking thorough compliance awareness.

Other items currently under investigation concerning overseas competition laws are as follows:

- Cooperating with the EU and US authorities in an investigation concerning automotive wire harnesses and related products;
- Statement of Objections received in July 2011 by VISCAS Corporation (an equity-method subsidiary) and Furukawa Electric from EU authorities concerning power cables and related products.

* A “Statement of Objections” indicates a provisional opinion by the European Commission concerning suspicion of infringement of European competition laws, and requests a statement by the part(ies) involved. The Statement of Objections document is currently under examination, and no final determination has been made.

Anti-Monopoly Act Violation

Issue	Company	Date	Cease-and-Desist Order	Administrative Surcharge Payment Order
Optical fiber cable and related products	Furukawa Electric Co., Ltd.	May 2010	○	¥4.6 billion
Electric wires for construction and distribution	Furukawa Elecom Co., Ltd.	November 2010	—	¥460 million
Specific WF cable for interior wiring	Kyowa Electric Wire Co., Ltd.	July 2011	○	—
	Furukawa Elecom Co., Ltd.		—	¥50 million

* Furukawa Electric has made a court appeal with regard to some optical fiber cable and related products included in the administrative surcharge payment order regarding violation of the Anti-Monopoly Act.

Theft of Gold Potassium Cyanide from the Nikko Works

In January 2011, it was revealed that a quantity of gold potassium cyanide, a toxic substance listed in the Cabinet Order for the Designation of the Poisonous and Deleterious Substances, was missing. This substance could cause serious harm to large numbers of people, and we offer our most sincere apologies for any concern this has caused. According to a police investigation, the substance was stolen to be sold for cash, and the full amount of gold potassium cyanide stolen at the end of December 2010 had been recovered. While Furukawa Electric has always managed toxic substances in accordance with laws and regulations, our measures against theft had not been absolutely sufficient, so we conducted examinations of our controls at all Group companies, and are proceeding with measures to prevent recurrence.

Initiatives for the Environment

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

Special Feature 1

17 Energy / Smart Grid Development

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- 23 Environmentally Sound Products
- 24 Biodiversity Preservation
- 25 Environmentally Conscious Production
- 26 Chemical Substance Management Activities
- 27 Environmental Risk Management

List of companies participating in the liaison meeting for consolidated environmental management (Fiscal 2011)

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

Detailed data is provided in our Data Book (PDF).
<http://www.furukawa.co.jp/english/csr/report/index.htm>

Special Feature 1 Energy / Smart Grid Development

Developing Smart Grid Technology to Bring About a Low-Carbon Society

Smart grids employ IT technology to efficiently control and adapt different power sources for use in next-generation power grids and technologies. This means enabling the combination of renewable power sources, such as solar and wind, with power from sources used up to now, such as fossil fuels and nuclear, as well as with the surplus power generated through home solar power systems.

Large-scale investment in smart grid-related business began with the Green New Deal launched by the US government in 2008. There is a growing trend for large-scale projects worldwide, such as the massive DESERTEC solar power project for sending power from the Sahara to Europe, as well as major power grid investment in China conducted by the State Grid Corporation of China.

The Furukawa Electric Group brings together a wide variety of smart grid technologies, such as power transmission, superconductivity, data transmission, and power storage, which we are developing in accordance with society's needs so as to bring about a low-carbon society.

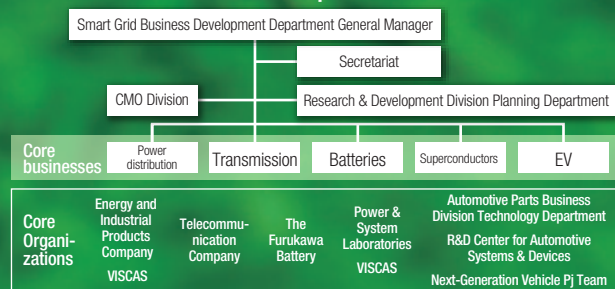
Newly-Established Smart Grid Business Development Department

The Furukawa Electric Group offers a wide variety of technologies useful in building smart grids, such as power transmission, superconductivity, data transmission, power storage, thermal management, sensor, power electronics, EV charging station, and other technologies. The various Furukawa Electric companies and laboratories, as well as our affiliates such as Asahi Electric, Inoue Manufacturing,

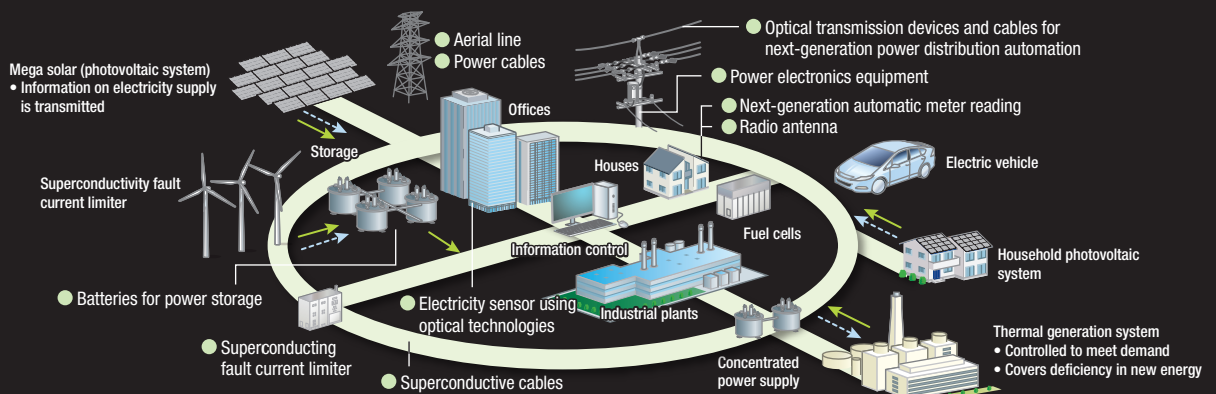
Furukawa Electric Industrial Cable, Furukawa Battery, Furukawa Power Components, and VISCAS Corporation, are engaged in developing and marketing smart grid-related equipment.

Nonetheless, in the past there was no structure for integrating and fusing the technologies dispersed among the divisions of Furukawa Electric and our affiliates. This made it impossible to fully utilize the technologies we had worked so hard to develop. Therefore, we established the Smart Grid Business Development Department, which answers directly to the President, so as to integrate the efforts of each Furukawa Electric division and our affiliates and fully exploit the potential of the Group. Henceforth, the Smart Grid Business Development Department will be at the center of our efforts to bring together our Group's technologies so as to offer comprehensive solutions and realize a low-carbon society.

Smart Grid Business Development Structure



Next-Generation Power Supply System





Smart Grid Business Development Department

When considering smart grids it is necessary to remain conscious of both the “high” and “low” perspectives. The “high” perspective means taking the point of view of humanity and the planet. I view “smart grids” as the key phrase for altering the relationship between humanity and the energy it consumes. When we consider the issues and measures for dealing with them that have arisen over mankind’s history of energy acquisition, we can forecast future trends.

On the other hand, the “low” perspective means matching actual needs with our activities, so as to unearth issues that won’t be found by taking the long or bird’s-eye view. These issues can be matched up with our Group’s business by taking a flexible approach to them. I believe we should create a strategy that considers both the “current issues” and the “forecast for the future” that we discover.



Kazunori Nakamura
Corporate Senior Vice President & Chief Technology Officer

Power & System Laboratories, R&D Division

The PS Labs (Power & System Laboratories) were established in 2010, and are the newest labs at Furukawa Electric. We engage in the following at the PS Labs: 1. Offer solutions using world-leading technologies such as superconductivity and storage systems; 2. “Visualize” smart grids and smart cities using fiber optic networks; 3. Contribute to realizing a low-carbon society by developing various kinds of cables and parts corresponding to resource conservation and new kinds of energy. Smart grids match up with the geopolitical environment, and are being developed in a variety of forms geared toward particular countries and regions, such as wind power, geothermal, photovoltaic, and solar heat. At the PS Labs we work every day to unearth unique technologies, taking a global perspective in offering the world systems that meet the particular needs of each country and region.



Yusei Shirasaka
General Manager, Power & System Laboratories, R&D Division



Development of ultra-high voltage cables (Shenyang Furukawa Cable)



Battery development (Furukawa Battery)



Superconductive cable development (Power & System Laboratories)

Environmental Management

The Furukawa Electric Group will engage in comprehensive environmental conservation, including biodiversity preservation, as provided in the Basic Environmental Policy (revised in April 2011).

Furukawa Electric Basic Environmental Policy

Basic Philosophy

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

Action Guidelines

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

Environmental Management Promotion Organization

The Furukawa Electric Group has established the Central Committee for Environmental Management. The Committee, which is headed by the Chief Social Responsibility Officer (CSRO) and answers directly to the President, is convened four times annually to formulate the environmental management targets for the entire Group and follow up on their status.

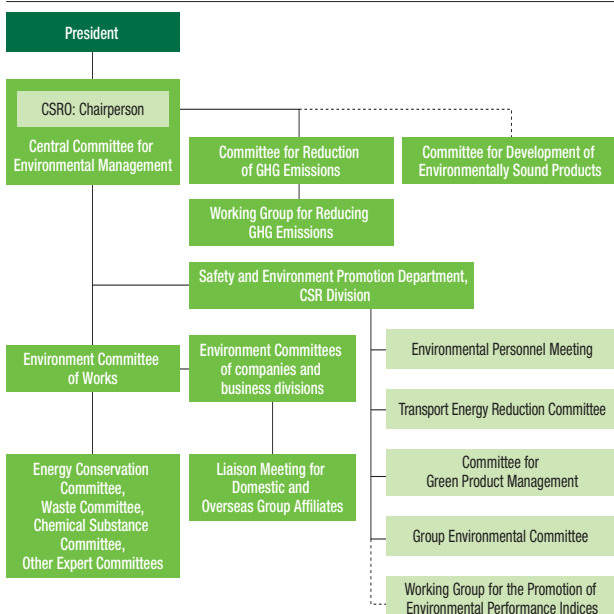
The key measure for the prevention of global warming is the reduction of CO₂ emissions. Therefore, we have established the Committee for Reduction of GHG Emissions and the Working

Group for Reducing GHG Emissions under the auspices of the Central Committee for Environmental Management. We have also created the Working Group for the Promotion of Environmental Performance Indices, which uses life-cycle assessments (LCA) to make product CO₂ emissions visible.

Also, in April 2011 we consolidated the bi-annual Liaison Meeting of Consolidated Environmental Management for affiliates and the Committee for Consolidated Environmental and Green Product Management to form the Group Environmental Committee. This Committee meets quarterly to conduct target management and share information, with the goal of integrating and strengthening activities for unifying Group targets.

Each of Furukawa Electric's seven manufacturing Works and all of our domestic affiliates that participate in consolidated environmental management are in the process of acquiring ISO14001 international environmental management certification. Our overseas affiliates are also proceeding to collect data and construct management systems under the guidance of their controlling companies and business divisions.

Environmental management promotion organization



Environmental Accounting

The Furukawa Electric Group conducts environmental accounting in conformance with the environmental accounting guidelines published by the Ministry of the Environment. The Furukawa Electric Group's overall environmental conservation costs in fiscal 2011 came to ¥2.2 billion in investment and ¥6.6 billion in expenses.

For details please visit our homepage.

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

Environmental Education

The Furukawa Electric Group seeks to increase employee awareness of environmental conservation through measures such as environmental education and the Environmental Awards System.

Environmental Education System and Environmental Education Programs

The Furukawa Electric Group conducts a variety of environmental training programs so as to improve the environmental awareness of employees and provide the knowledge and skills necessary to EMS activities. Our environmental education also offers the latest information about environmental regulations.

In fiscal 2011, 38 employees attended our ISO14001 Internal Environmental Auditor Course, 22 attended our FGMS* Auditor Course, and 36 participated in our EMS Upgrade Seminar.

* Furukawa branding Green products Management System

Environmental education programs

Category of educational training	Content	New recruits	General employees	Mid-career employees	Management
Education for new recruits (once a year, mandatory)	General environmental protection activities	Training for new recruits			
EMS activities (as needed, mandatory)	Environmental Policy and purpose, goals and general knowledge pertaining to the environment				
ISO14001-related education (two-day course) (twice a year, voluntary)	Requirements of ISO standards, environmental regulations, procedures for internal environmental audits, various drills				
One-day brush-up course (once a year, 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				

New Environmental Awards System

The Environmental Awards System was newly established in fiscal 2011 to increase employee motivation concerning environmental conservation efforts. There are three award categories within Furukawa Electric itself: Products, Activities, and Anti-Global Warming Efforts. Our affiliates also provide commendations for comprehensive environmental activities.

Award for Efforts to Increase Sales of Environmentally Sound Products

We started the Award for Efforts to Increase Sales of Environmentally Sound Products in recognition of the

importance of environmentally sound product sales and to promote their expansion. Each company is ranked according to the annual number of registrations and average sales ratio of environmentally sound products, with the top-ranking companies each year receiving awards.

In fiscal 2012 we examined the fiscal 2011 results, and a telecommunications company was selected. The award ceremony was held in July.

Anti-Global Warming Award

In recognition of the importance of environmentally sound business practices, we promote global warming initiatives by presenting awards for the best of the efforts made among the business divisions. There was little change in the amount of investment expenditure or the scale of the initiatives, and we continued to execute a variety of activities on a continuous planned basis. We put out a call for superior results among the companies, business departments, manufacturing departments, worksites, project teams, etc. in the following five categories: 1. Technology development; 2. Introduction of anti-global warming technology; 3. Practical measures; 4. Environmental education / awareness promotion; 5. Global contribution. The Environmental Award Examination Committee quantifies the results for those activities over the most recent one-year period as a rule, and determines the recipients of the Superior Excellence Award, the Excellence Award, and Strong Effort Award while also considering degree of difficulty and sustainability.

There were eight entrants in fiscal 2012, with two granted the Excellence Award and two the Strong Effort Award. The award ceremony was conducted in July.

Environmental Group Activity Presentation Meetings

We began holding our Environmental Group Activity Presentation Meetings in December 2010 to promote a variety of environmental activities. This is a venue not only for awarding large-scale activities involving facility investment, but also the daily efforts made throughout the Group and innovative, unique efforts.

The first Environmental Group Activity Presentation Meeting was held at the Head Office, with presentations made by seven groups selected from seven manufacturing facilities: Nikko, Copper Foil, Chiba, Yokohama, Hiratsuka, Mie, and Copper Pipe. As a result of strictly impartial judging by the 10-person committee, the Copper Foil Manufacturing Works won the Superior Excellence Award for its CO₂ emissions reduction efforts.



Environmental Group Activity Presentation Meeting

Material Flow

The Furukawa Electric Group strives to reduce various kinds of environmental impact, resource use and energy consumption in the course of conducting business.

Environmental Impact of the Furukawa Electric Group in Fiscal 2011

The Furukawa Electric Group has been expanding our environmental impact data collection range since fiscal 2011, adding 39 overseas affiliates along with Furukawa Electric and 28 domestic affiliates.

INPUT				Furukawa Electric				OUTPUT			
Category	Domestic	Overseas	Unit	Seven works, 28 domestic affiliated companies and 39 overseas affiliates				Category	Domestic	Overseas	Unit
Raw materials								Waste			
Copper	256,164	139,592	tons		Total waste generated	61,555	23,351	tons			
Aluminum	313,507	28,545	tons		Final waste disposal	1,359	5,052	tons			
Iron	5,801	6,801	tons		Recycling amount	55,788	13,293	tons			
Nickel	973	—	tons		Atmospheric emissions						
Chromium	191	—	tons		CO ₂	846,552	448,323	tons-CO ₂			
Manganese	1,543	—	tons		SO _x	110	—	tons			
Magnesium	5,396	—	tons		XO _x	690	—	tons			
Other metals	49,929	—	tons		Soot	47	—	tons			
Rubber	51	—	tons		Chemical substances						
Glass	142	623	tons		Volume emitted	218	—	tons			
Plastic	34,768	28,497	tons		Volume transferred	246	—	tons			
Energy	18,838	6,712	TJ		Wastewater	23,687	1,084	1,000 m³			
Electricity (purchased electricity)	1,098,223	462,780	MWh		Public waterways	22,498	507	1,000 m ³			
Electricity (hydroelectric power)	159,731	22,063	MWh		Rivers	20,828	282	1,000 m ³			
Electricity (solar power)	11	—	MWh		Sea	1,666	0	1,000 m ³			
City gas	44,261	1,532	1,000 m ³	Other	3	225	1,000 m ³				
LPG	40,962	1,648	tons	Sewer	1,189	577	1,000 m ³				
Heavy fuel oil A	11,249	1,153	kl	BOD	46	—	tons				
Kerosene	17,744	6	kl	COD	33	—	tons				
Light oil	624	357	kl	SS	34	—	tons				
Water	26,196	2,240	1,000 m³	Product shipping volume	894,370	—	tons				
Industrial water	19,429	72	1,000 m ³	Product collection volume	5,483	—	tons				
Groundwater	5,563	592	1,000 m ³	Type of cable	4,963	—	tons				
Tap water	1,204	1,576	1,000 m ³	Plastics	438	—	tons				
Chemical substances				Metals	82	—	tons				
Volume handled* ¹	60,169	—	tons	Volume of water recycled and reused	44,526	166,746	tons				
Packaging*²											
Cardboard	822	—	tons								
Wood	49,279	5,562	tons								
Plastic	399	—	tons								
Paper	379	621	tons								
Paper*³	84	—	tons								

*1 PRTR-listed substances

*2 Cardboard, wood, plastic, and paper used in product shipping

*3 OA paper, copy paper, etc. used at plants and offices

Targets and Performance

The Furukawa Electric Group is proceeding with environmental conservation activities such as the 2012 Medium-Term Plan for Environmental Preservation Activities and the annual plan based upon it.

The Furukawa Electric Group Annual Targets and Performance for Fiscal 2011

The Furukawa Electric Group set annual targets for activities in fiscal 2011 as well in accordance with the 2012 Medium-Term Plan for Environmental Preservation Activities. In addition to developing these activities at all of the Furukawa Electric Works, we also made progress in consolidating the overall Group targets and activities by reflecting them in the environmental management systems at each affiliate through the efforts of the Group Environmental Committee.

The Group hit or exceeded many of our targets as a result

of these activities, such as achieving a 17% reduction of greenhouse gas emissions in comparison to the benchmark year of fiscal 2001 for the Group overall, beating our 13% reduction target. Nevertheless, we failed to hit our targets in a number of categories, and we will redouble our efforts to do so from fiscal 2012 on, with the goal of fulfilling our 2012 Medium-Term Plan for Environmental Preservation Activities for the Group overall.

The Furukawa Electric Group Annual Targets and Performance for Fiscal 2011

Activities	Environmental preservation activity targets for fiscal 2011	Performance in fiscal 2011			
		Furukawa Electric	Rating	Affiliated companies	Rating
Waste reduction activities	95% or more recycling rate	96%	A	88%	C
Activities to prevent global warming	13% reduction in greenhouse gas emissions compared with fiscal 2001 level	17.9% reduction	A	17.2% reduction	A
	3% reduction in energy consumption compared with fiscal 2008 level	7.7% reduction	A	4% reduction	A
	1% reduction in specific energy consumption for manufacturing compared with the previous fiscal year	Achieved at 8/16 Divisions	C	Achieved at 12/16 Works	C
	4% reduction in specific energy consumption for transportation compared with fiscal 2007 level (1% reduction at affiliates compared to the previous fiscal year)	10.5% reduction	A	Achieved at 6/11 Works	C
Chemical substance management activities	36% reduction in emissions of volatile organic compounds compared with fiscal 2005 level	43% reduction	A	37% reduction	A
Green activities	Procurement rate for 60 general-purpose products: 100%	99%	A	Achieved at 8/9 companies ^{*2}	A
	Target number of affiliates for expansion: 5	Expanded to 9 affiliates ^{*1}	A	—	—
Eco-design activities	Sales percentage of environmentally sound products: 20% or more	20.9%	A	Underway at 5 companies	A
Biodiversity preservation	Formulation of the Furukawa Electric Group policy	Policy formulated and posted on our Webpage			A
	Development of a Companywide activity system and formulation of guidelines	Under examination			B

*1 Companies that use their own methods for data compilation are also included in the count as of fiscal 2011.

*2 Including affiliates that have set their own targets.

The Furukawa Electric Group Annual Targets for Fiscal 2012

Fiscal 2012 is seen as the year for “laying the groundwork” for fulfilling the 2012 Medium-Term Plan for Environmental Preservation Activities. Therefore, we newly established the “zero emissions achievement ratio” for detailed categories of waste reduction activities and have moved forward with zero emissions activities, setting 80% or better as our zero emissions target for all affiliates.

Also, we designated all VOCs as subject to our chemical substance management activities (VOC emissions volume), and also revised our targets by making hydrocarbon-based detergent subject to data compilation. We also plan to examine action models for biodiversity preservation as well as setting out guidelines for biodiversity impact assessment.

The Furukawa Electric Group Annual Targets for Fiscal 2012

Activities	Environmental preservation activity targets for fiscal 2012	2012 Medium-Term Plan for Environmental Preservation Activities
Waste reduction activities	Recycling rate	97% or more (95% or more for affiliates)
	Group zero emissions achievement ratio	Affiliates zero emissions achievement ratio: 80%
Activities to prevent global warming	Greenhouse gas emissions	Reduce by 14% compared to fiscal 2001
	Energy consumption	Reduce by 4% compared to fiscal 2008
	Specific energy consumption for production	Reduce by 1% compared to the previous fiscal year
	Specific energy consumption for transportation	Reduce by 5% compared to fiscal 2007 (Furukawa Electric only)
Chemical substance management activities	VOC emissions volume	Furukawa Electric: Reduce by 10% compared to fiscal 2008 ^{*1} Affiliated companies: Reduce by 42% compared to fiscal 2005 ^{*2}
		Optimal management of the quantity of chemical substances consumed
Green activities	Procurement rate for 60 general-purpose products: 100%	Expansion of general purpose green products
	Expand to affiliates	
Eco-design activities	Sales ratio for environmentally sound products: 25% or greater (Furukawa Electric only)	Increase in the development and sale of environmentally sound products
	Conduct LCA for all important products	Improvement in product environmental performance indices and increase in sales
Biodiversity preservation	Establish biodiversity impact guideline	Formulation of guidelines and establishments of systems
	Examine models for biodiversity action	

*1 Revised by adding “NS Clean” (hydrocarbon-based detergent) (Subject: All VOCs)

*2 As has been the case up to now, mainly two substances (toluene and xylene)

Environmentally Sound Products

The Furukawa Electric Group certifies and registers low-environmental impact products as “environmentally sound products,” and promotes their use.

Environmentally Sound Products and the e-Friendly Accreditation System

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

In addition, we have created an “environmental mark,” e-Friendly, which is placed on those products and as well as in catalogues, so our customers can easily recognize environmentally sound products.



The e-Friendly mark

Environmentally sound product categories

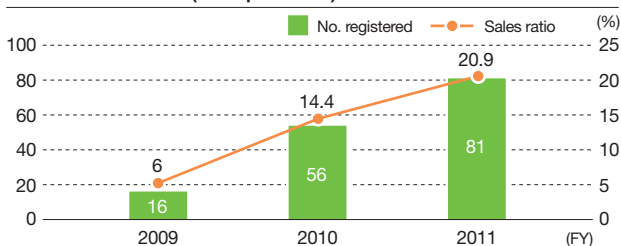
Category	Content
Prevention of global warming	Products with functions that help in the reduction of emissions as well as the absorption and stabilizing of greenhouse gases
Zero emission	Products made from recycled materials, products designed with easy-to-recycle components, products made from materials 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 of materials that have an impact on the environment	Products that do not lead to an increase in the use of ozone-depleting 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.

Results and Future Targets for Environmentally Sound Products

Our Group calculates the ratio of total sales of environmentally sound products each year as we seek to expand their sales.

Our target for fiscal 2011 was 20% or better, which we exceeded at 20.9%. Our goal for fiscal 2012 is 25% or better.

Number of environmentally sound products registered and ratio of total sales (Group overall)



Visualization of Environmental Performance (Performance Indexing)

The Furukawa Electric Group has introduced Life-Cycle Assessments (LCA) to provide “visualization” indicators for the environmental performance of our main products, for CO₂ emissions and other factors.

We calculated the CO₂ emissions for 17 product lines of each division in fiscal 2011, and worked on establishing a Product Category Rules (PCR) Guideline and setting up an assessment system. We plan to do calculations for an additional 35 product lines in fiscal 2012, and establish the PCR Guideline. This will be expanded to all of our main products by fiscal 2013, and incorporated in our management indicators and results assessments, as well as in numerical indicators used in the next Medium-Term Plan and R&D.

[▶ Data Book](#)

Ex.: LCA Calculation

Semiconductor laser module used in optical communications

Product type/use



980 nm wavelength and 1,480 nm wavelength optical communications pumping laser module

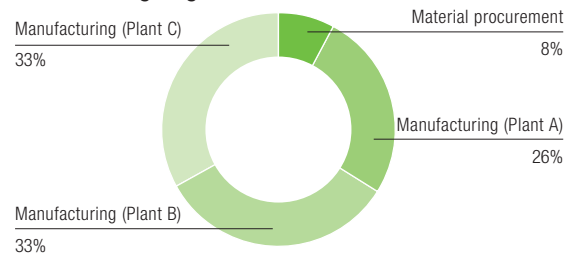
Calculation range

Our LCA calculation covers every stage of product life, from substrate wafer procurement through laser module manufacturing, distribution, use, and disposal.

Calculation Results

Our trial calculations showed that 92% of the total impact occurs at the manufacturing stage, so our future CO₂ emissions reduction efforts will include measures such as saving energy during the manufacturing stage.

Ratio of CO₂ emissions at procurement and manufacturing stages



Biodiversity Preservation

The Furukawa Electric Group has established biodiversity preservation as a new environmental theme which we are actively promoting.

Three Important Biodiversity Effort Categories

The Furukawa Electric Group is promoting biodiversity as one of our new environmental themes.

The subject of biodiversity was taken up at the Liaison Meeting for Consolidated Environmental Management held in November 2010. We established the Biodiversity Promotion Working Group composed of Headquarters divisions such as the Management Planning Department, Materials Procurement Division, Human Resource Development Unit, R&D Division, Manufacturing Technology Unit, and the CSR Division. The Working Group proceeded to reformulate our Basic Environmental Policy to include serious biodiversity efforts. This Basic Policy was approved by the Central Committee for Environmental Management in December, and subsequently at the Board of Directors meeting. We disclosed it on our homepage in April 2011.

We also established the following three important biodiversity categories to specify our biodiversity efforts, in recognition of the fact that our business, products and services are the result of biodiversity, and of our impact, whether positive or negative, on eco-systems.

Biodiversity Preservation: Three Important Categories

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

Biodiversity-Themed Consolidated Environmental Management Seminars

There were 39 participants at the Consolidated Environmental Management Seminar conducted in November 2010, including 27 from Furukawa Electric and 12 from our affiliates. The first half of the seminar consisted in a lecture by a professor entitled "Corporate Biodiversity Efforts from a COP10 Perspective." In the second half we held talks with that professor and Furukawa Electric's CSRO.

A survey conducted afterward showed that the majority of participants felt that while the biodiversity theme itself is difficult to comprehend, they were able to understand the significance and importance of the subject, as well as the global biodiversity trend. They also felt that the professor gave easily understood replies with examples in response to the clear questions with deep connections to business practices asked by CSRO. We will use these results in planning effective means for participants to learn and become more aware of the environment.



Dr. Naoki Adachi of JBIB discussing "Corporate Biodiversity Efforts from a COP10 Perspective" with CSRO Sato of Furukawa Electric

Participation in Eco-Products 2010

Furukawa Electric exhibited at the Eco-Products 2010 environmental trade show, the largest of its kind in Japan, in December 2010.

On the day of the show our booth, which was based on our plastic Hydro-Staff rainwater reserve system, displayed panels focusing on three sectors and environmental activities: Smart grids, ultra-high-capacity optical communications, and next-generation vehicles. In our environmental activities corner we conducted special PR concerning our environmentally sound products, recycling technologies, and environmental performance indexing of products using LCA. We also provided demonstrations of our latest technologies, such as superconductivity on the trade show stage. There were many visitors to our booth who showed their appreciation by pointing out that they gained an understanding of our environmental efforts.



Hydro-Staff



Furukawa Electric Booth at Eco-Products 2010

Environmentally Conscious Production

The Furukawa Electric Group is engaging in variety of efforts to reduce the environmental impact caused by our manufacturing and distribution processes.

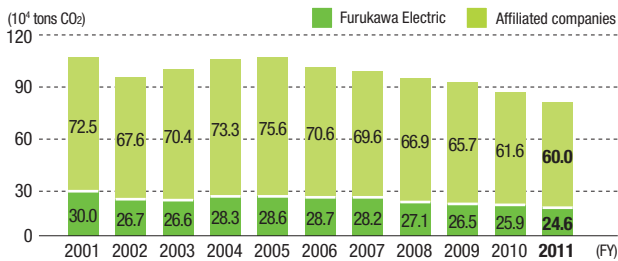
Reducing Greenhouse Gas Emissions

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, insulating hot areas and other measures.

Total Group GHG emissions came to 847,000 tons of CO₂ in fiscal 2011, a reduction of 17.4% against fiscal 2001 levels. On a non-consolidated basis, we achieved an equivalent of 246,000 tons of CO₂, a reduction of 17.9% compared to fiscal 2001. [Data Book](#)

Greenhouse gas emissions



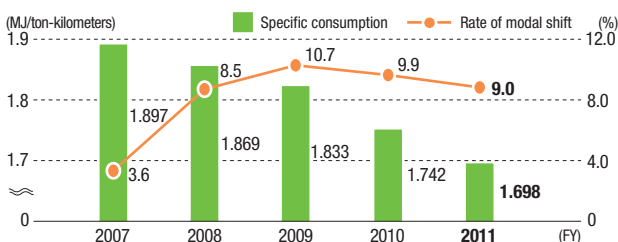
Note: 1. The emissions coefficients of the respective power companies are used to convert power use volumes.
 2. CO₂ emissions attributable to hydroelectric power are deemed to be zero.
 3. The portion for the Furukawa Magnet Wire Co., Ltd. Mie Works is excluded retroactively in 2000, and is included in that for affiliates.

Initiatives in Logistics

In fiscal 2011, total transportation volume for the Furukawa Electric Group increased 7.7% year-on-year to 476 million ton-kilometers. Of this total, Furukawa Electric alone accounts for 135 million ton-kilometers. While this is roughly the same as in fiscal 2010, the Company decreased CO₂ emissions by 5.6% year-on-year to 15,300 tons, due largely to enhancements in loading rates. In addition, Furukawa Electric achieved a reduction of 10.5% in specific consumption from fiscal 2007.

Long-distance shipping is decreasing and the modal shift rate is on a downward trend, but we will continue to promote modal shifts, increased loading rates, joint shipping and similar measures to decrease the energy used in shipping. [Data Book](#)

Modal shift and specific consumption (Furukawa Electric only)



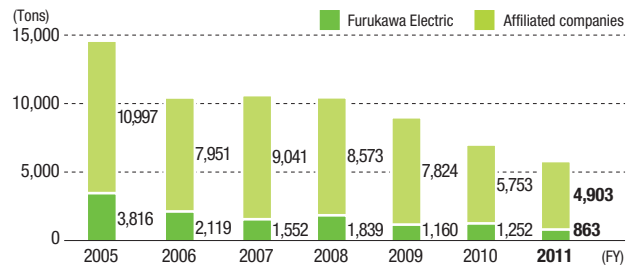
Zero Emission Activities

The Furukawa Electric Group began taking action to reduce outsourced waste disposal in fiscal 1994, and launched zero emission efforts in fiscal 2002 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.

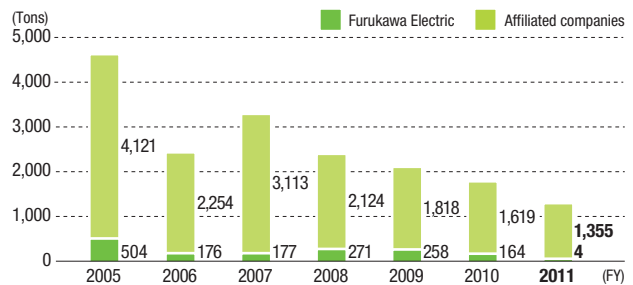
As a result of our efforts to meticulously sort waste and recycle waste acid and sludge into useful resources, the overall level of outsourced waste (which was not recycled) disposal for the Group for fiscal 2011 fell by 61% compared with fiscal 2005 to 5,766 tons. Also, the volume of waste directly sent to landfills fell by 71% (to 1,359 tons) in comparison to fiscal 2005 for the Group overall, and by 99% for Furukawa Electric alone.

Under the 2012 Medium-Term Plan for Environmental Preservation Activities, a waste recycling rate (the ratio of recycled waste compared to total waste volume) target will be added beginning in fiscal 2012. [Data Book](#)

Non-recycled processed waste volumes



Direct landfill disposal



Green Activities

Response to Customer Requests

When the Furukawa Electric Group receives a request from a customer for information concerning chemical substances in our products, the Group, including affiliates, conducts a thorough environmental examination. We also monitor trends in laws and regulations covering the chemical substances contained in products and compile data as it becomes available, allowing us to respond promptly to customer requests.

Furthermore, by collecting information from each industrial organization and conducting seminars, as well as participating in

research groups, we can monitor environmental regulations and social issues/items of concern. This enables us to incorporate customer needs in our environmental conservation targets.

Response to Overseas Regulations (REACH Regulations, RoHS Directive)

SVHCs* in the REACH regulations will henceforth be announced every six months, with one hundred and several tens of substances subject to regulation.

In regard to the 31 SVHCs announced in fiscal 2011, the Group conducted a total of three environmental inspections corresponding to each announcement.

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

FGMS Regular Auditing

Our FGMS Regular Auditing (control of chemical substances contained in products) in fiscal 2011 was conducted through self-checking and examination at 12 supplier plants, five affiliate plants, and three plants of affiliates' suppliers. We will continue to

monitor environmental risks that must be reduced, and expand and implement auditing according to degree of importance.

Expanding Green Procurement to Include Affiliates

When the Green Purchasing Law was amended (re-certification of compliant products) at the end of fiscal 2010, 52 of the 60 categories of general-purpose products purchased for use in Group offices were compliant with the law. We are currently engaged in efforts to make all of the products we purchase compliant with the law, with similar efforts underway at our affiliates.

Also, purchases of items for use in our products are made based on our Green Procurement Guidelines, with the selection of appropriate items based on the establishment and implementation status of the FGMS system at the supplier and assessment of data on chemical substances contained in the products. We continue to implement Green Procurement in regard to our main suppliers and products purchased, and henceforth aim to expand it for application to all components.

Initiatives for the Environment

Chemical Substance Management Activities

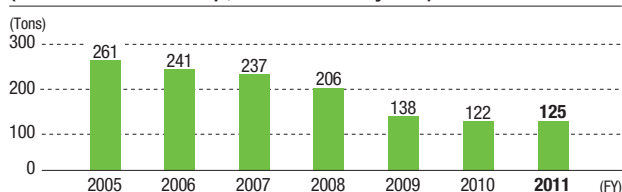
The Furukawa Electric Group strives for proper management of chemical substances, and conducts planned actions such as eliminating, reducing, or finding substitutes for chemicals.

Chemical Substance Management Activities

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.

Overall Group emissions (of toluene and xylene) in fiscal 2011 were down 52% compared to fiscal 2005. The emissions of Furukawa Electric alone (including substances other than toluene and xylene) had been reduced 43% in comparison to fiscal 2005. Also, three of the four affiliates that had been using organochlorine compounds completely phased out their use

Emissions of volatile organic compounds (For the overall Group, toluene and xylene)



during fiscal 2011, while the remaining affiliate is looking into discontinuing their use. [Data Book](#)

Appropriate Management of Chemical Substances

At the Furukawa Electric Group, we confirm the properties and applicable laws and regulations regarding all chemical substances we use during the manufacturing process on their Material Safety Data Sheets and administrate them. We also monitor the usage volume of chemical substances listed in the PRTR Law*. [Data Book](#)

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

Reducing Emission of Volatile Organic Compounds

Our Group is voluntarily working to reduce emissions of VOCs.

At Furukawa Electric we mainly focus on toluene and isopropyl alcohol (IPA), and have hit our target for toluene reduction by substituting low-toxicity hydrocarbon-based detergent for toluene in the copper strip degreasing process. From now on we will also include hydrocarbon-based detergent in our VOC reduction control efforts, and seek to reduce its use.

Environmental Risk Management

The Furukawa Electric Group seeks to prevent pollution, properly handle environmental accidents, and reduce latent environmental risk in our operations.

Preventing Soil and Groundwater Pollution

The Furukawa Electric Group engages in the management of specific toxic substances and conducts regular inspections for leaks so as to have no harmful impact on the soil or groundwater in our communities. We continuously seek to reduce the risk of pollution by preventing leaks and switching to substitute substances.

In fiscal 2011, we began proper disposal of the slag stored in the Oyama area (a plant site of the former Furukawa Magnesium Co., Ltd.). Soil remediation through excavation and removal has been conducted at locations where site examinations have found contamination. Also, we have executed measures for soil remediation and prevention of groundwater diffusion at some sites where groundwater has been found to exceed contamination standards. We will continue to implement measures as we monitor progress.

Among our affiliates, groundwater measures begun in the previous fiscal year were ongoing at the Ibaraki Plant owned by Aoyama Kinsho Co., Ltd.

Effort to Prevent Atmospheric and Wastewater Pollution

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

In fiscal 2011, due to the impact of the Great East Japan Earthquake, COD (chemical oxygen demand) temporarily exceeded regulatory limits at our Chiba Works, but afterward returned to normal. With the exception of that incident, the air and water quality data at all of our manufacturing works was within the regulatory limits.

 [Management status at works
http://www.furukawa.co.jp/english/csr/evnroment/risk.htm](http://www.furukawa.co.jp/english/csr/evnroment/risk.htm)

PCB Management

The Furukawa Electric Group monitors the amount of PCB-containing equipment at each of our Works and affiliate company sites, and conducts proper storage and management. PCB waste is registered promptly with the Japan Environmental Safety Corporation, which we contract for planned, sequential PCB disposal. Also, condensers and transformers removed from our facilities are examined for PCB content on a case-by-case basis. We are also proceeding

with planned examination of equipment containing even small amounts of PCB, with all examinations slated for completion by fiscal 2013.

 [Number of instruments containing PCB
http://www.furukawa.co.jp/english/csr/evnroment/risk.htm](http://www.furukawa.co.jp/english/csr/evnroment/risk.htm)

Response to Asbestos Concerns

Although our company does not currently produce or import any products containing asbestos, some of the industrial-use products we made and sold in the past did contain asbestos. These include electrical wiring for ships, and fire-resistant products for constructing telecommunications and electrical power facilities, etc. For details please visit our homepage.

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

 [Response to Asbestos Concerns \(Details\)
http://www.furukawa.co.jp/english/csr/evnroment/risk.htm](http://www.furukawa.co.jp/english/csr/evnroment/risk.htm)

Environmental Accident Response

Emergency situations such as environmental accidents can impact the surrounding area, sometimes seriously.

At the Furukawa Electric Group, we conduct annual checks for conceivable, clear environmental impact so as to prevent environmental accidents or prevent widespread impact in the event of an accident. We also conduct simulation drills that presuppose post-accident responses.

Nonetheless, in fiscal 2011 an operational error at an affiliate in Kita-Kyushu City caused an accident resulting in COD (chemical oxygen demand) exceeding standard levels. The incident was immediately reported, and recurrence prevention methods were taken. The authorities conducted an on-site inspection related to this incident, and served the affiliate with a cautionary notice.

Initiatives for Society

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

Special Feature 2

29 Social Contribution in Brazil

- 31 Relations with Our Customers
- 33 Relations with Our Shareholders
- 34 Relations with Our Supplier-Partners
- 35 Relations with Our Employees
- 39 Relations with Communities



Detailed data is provided in our Data Book (PDF).
<http://www.furukawa.co.jp/english/csr/report/index.htm>

Special Feature 2 Social Contribution in Brazil

Contributing to Local Development to Gain Community Respect

Putting Down Roots in Brazil: Contributing to Industrial Development and Hiring

FISA (Furukawa Industrial S.A.) was launched in 1974 in Lorena and in 1977 in Curitiba, a city of Brazil's Paraná state. FISA has since established deep roots in Brazil by promoting local industrial development and hiring. FISA focuses on environmental conservation in its efforts to contribute to local communities, through active programs to recycle or otherwise properly dispose of used telecommunications cables, as well as introducing Brazil's first Green IT Program in 2008. This program is for collecting used LAN cables for recycling, which results in less environmental impact than disposing of them through soil and air-polluting incineration.

The Green IT Program: LAN Cable Recycling

FISA's Green IT Program for recycling of LAN cables is based on the concept of harmful substance controls and consideration about global warming and recycling in its IT products and their manufacture.



Used LAN cable



For Eco-Friendly Products

Advancing CSR in Four Areas

In addition to its environmental conservation efforts, FISA engages in workplace environment enhancement for improving health, safety and living standards. FISA also contributes to local communities through welfare and volunteer programs, and strives to build sound relationships with markets and trading partners based on legal and regulatory compliance. One example of this is the "Anzen Dojo" (safety education center) system for employees to improve their work safety skills. In addition, FISA also conducts the "Preparing Children for the Future" Project, which offers children in the region opportunities to become independent adults. The Project won the Furukawa Electric CSR Award in 2010.

FISA's CSR Concept



Outline of FISA (Furukawa Industrial S.A.)

Headquarters and main plant: Curitiba, Paraná, Brazil

Plant: Berazategui, Buenos Aires, Argentina; Salto, Sao Paulo, Brazil

Sales offices: Sao Paulo Corporate Office, Argentina Branch

Capital: ¥6.1 billion

Number of Employees: 637 (as of May 2011)



Education and training (an Anzen Dojo)

Message from the Quality Office Manager

To Everyone Involved in FISA's Quality Improvement Efforts

The fundamental desire of those of us who oversee and promote CSR activities at the Quality Office can be expressed as “Not only to improve product quality, but also to improve the lives and well-being of everyone associated with FISA, and thereby of society as a whole.” Our multi-faceted scope of activities includes improving employee safety and satisfaction as well as reducing environmental impact, while in regard to our suppliers we enforce the prohibition of child labor and demand environmental responsiveness. We are in the seventh year of our educational support program for local children, which brings quality consciousness to local communities. This program has made great successes through tie-ins with local schools. Our future goals include further improvement of worker safety through acquisition of OHSAS* certification, and broadening the scope of our quality improvement efforts.



Ms. Jane Regina de Barros

* Occupation Health and Safety Assessment Series international management system specification

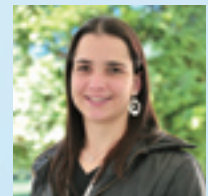
“Preparing Children for the Future” Project Coordinator’s Message

Getting Involved in Preparing Children for the Future

This program, which was launched in 2004, is intended to provide useful support for children’s future development, rather than the kind of temporary aid provided by donations. The program began with a broad range of supplementary classes for 10-year-olds centering on the basic curricula of local public schools, such as English, reading, moral education, music, sports, and social studies. The program is designed to grow broader in scope as the children themselves grow, and now targets at providing support for employment.

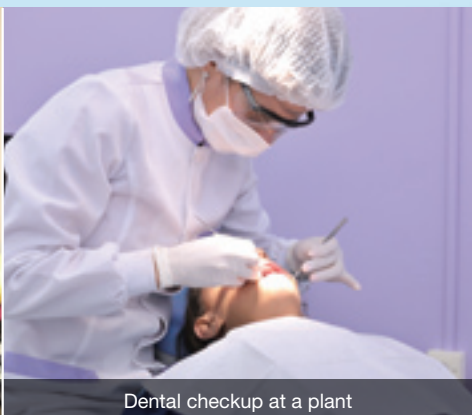


Ms. Ana Emilia Fontes Ramos



Ms. Sueli Correia

In the future we will extend the program to help students who have completed the training to find employment. We also would like to offer further support for their futures that includes activities to improve the understanding of their families.



Dental checkup at a plant



Children’s classroom at a plant



Plant production controls



Relations with Our Customers

Furukawa Electric places the utmost emphasis on quality while endeavoring to manufacture excellent products from the customer's perspective.

Furukawa Electric's Quality Control Policy and Quality Control Organizational Structure

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 Quality Control Committee with direct links to the president to oversee the company-wide 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.

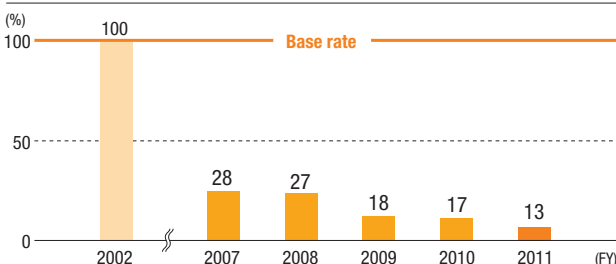
Quality Improvement in Fiscal 2011

In fiscal 2011, we set forth a company-wide quality policy placing the utmost emphasis on quality while endeavoring to manufacture excellent products from the customer's perspective. We engaged in the following efforts to achieve this policy:

1. Visualize design as well as manufacturing quality;
2. Work to prevent accidents and defects through experience; and,
3. Conduct quality training and personnel development programs.

We also set out to reduce the number of customer complaints, targeting a 10% reduction in comparison to the previous fiscal year for the company overall. As a result of setting high targets for each division, we achieved an actual year-on-year reduction of 24.5%. We will continue with the same policy of placing the utmost emphasis on quality while

Customer complaints



endeavoring to manufacture excellent products from the customer's perspective in fiscal 2012 as well, responding directly to customer issues and offering superior products.

QC Circle Activities

We conduct QC Circle activities at each of our Works as a "bottom-up" approach to supporting quality improvement.

We also hold a company-wide QC Circle Conference once a year to share information about the QC Circle activities conducted at each of our Works. The Circles chosen as representatives of Works at the QC Circle Meetings, as well as the overseas Group company Circles recommended by each company, participate in the Conference.

The fiscal 2011 company-wide Conference was held at the Chiba Works, with nine domestic Works Circles and five overseas affiliate Circles in attendance. Representatives of the Mie Works received the gold medal for their efforts. The results of a variety of techniques employed by QC Circles are announced every year at the company-wide Conference.



Announcement of Furukawa Electric Shenzhen (China), recommended for the silver medal



Participants in the company-wide QC Circle Conference

Quality Improvement Efforts

Furukawa Automotive Systems Holds “Olympic Skills Contest”

Furukawa Automotive Systems, Inc.’s main product, wire harnesses for automobiles (W/H), are difficult to manufacture using automated equipment, and are therefore a product that is assembled by hand. As automakers continue to move overseas, Furukawa Automotive Systems has also spread its overseas bases across the world, and therefore the company has sought to improve the skill level of its staff everywhere by establishing uniform education and training programs worldwide. The company’s goal is to offer W/H of identical superior quality no matter by whom or in which country they were manufactured.

The “Olympic Skills Contest” is a platform for announcing and sharing the results of that education and training. At the sixth “Contest,” five Japanese teams, two from Vietnam, three from China, and one each from Malaysia, Thailand, and Mexico participated in the competition, for a total of 53 competitors. There were three individual events and one team competition. Competitors represented their plants, and helped each other improve skills and motivation through friendly rivalry.



Wire harnesses for automobiles



Taping contest (FAPH)



Olympic Skills Contest competitors

Individual Competition Winners

Taping Division	Furukawa Automotive Systems (Hong Kong) (FAPH)	Liang Xinti
Parts Attachment Division	Furukawa Electric Shenzhen (FESZ)	Li Xiaoyan
Hand Crimping Division	Furukawa Electric Shenzhen (FESZ)	Li Xia

Team Competition Winner

Furukawa Automotive Systems Vietnam (FASV)

Shenzhen, China Technology Fair

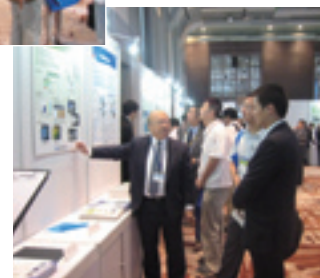
The Furukawa Electric Group has been making progress in expanding commercial rights through lateral marketing activities across the Group, as well as human resources development. Our focus is on developing new markets, particularly by expanding our overseas activities under our New Frontier 2012 mid-term management plan, which was launched in fiscal 2011. One aspect of this is the holding of Group exhibitions to create opportunities for communications with new customers.

We held the FURUKAWA ELECTRIC ECO-SMART TECHNOLOGIES FAIR 2010 in Shenzhen on July 16 of last year, so as to expand our company presence in South China and develop strong local companies. 15 local South China companies and eight of our Group companies exhibited, offering panel exhibitions covering 50 products and technologies, as well as four technical seminars focusing on environmentally sound products. We also culminated our Asia region marketing activities by holding the FURUKAWA Innovation Expo 2011 in Shanghai in July 2011, where we introduced our Group’s technologies and products not only to Chinese companies, but to other customers developing international business as well. We intend to conduct similar

activities in other growing regions, such as India and Brazil, so as to accelerate our global marketing.



Technology Fair in Shenzhen



Relations with Our Shareholders

Furukawa Electric's investor relations (IR) focus is on mutual communications with shareholders and investors aimed at improving our enterprise value.

Information Disclosure Policy and IR Framework

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

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 mid-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 1,254 institutional investors and securities analysts over the course of fiscal 2011. As of the end of March 2011, the percentage of the Company's shares held by overseas investors stood at approximately 18.0%.



Briefing for institutional investors

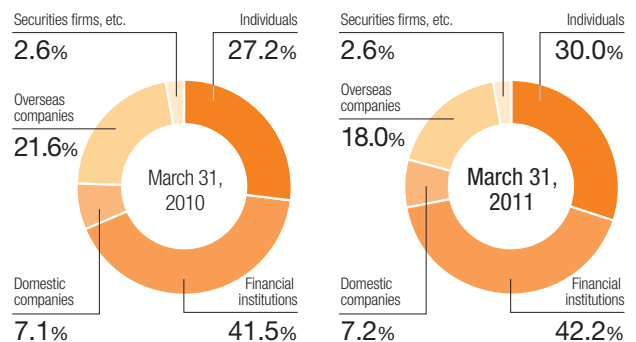
Main IR activities in 2010

January	Participation in briefings held by securities companies
February	Third quarter earnings announced
March	Tours of overseas plants, visits from US investors
April	Mid-term management plan announced
May	Term-end results announcement, visits from European investors
June	General Shareholders' Meeting; Shareholders' Report issued
July	Business briefings
August	First quarter earnings announced
September	Visits from US investors
October	Plant tours for individual investors
November	Second quarter earnings announced
December	Tours of overseas plants

Relations with Individual Investors

In fiscal 2011, we held our third plant tour for individual investors. A total of 208 investors chosen by lot from 1,497 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 2011, we had a total of 67,785 individual shareholders (an increase of 3,015 compared to the previous year), accounting for 30.00% of company shares.

Trends in shareholder distribution



Superconductivity experiment during plant tour



Plant tour

Returning Profits to Shareholders

Despite a harsh business environment, Furukawa Electric maintained its basic policy to pay stable dividends. In fiscal 2011, we paid an interim dividend of 2.5 yen per share and a year-end dividend of 3.0 yen per share, which added up to an annual dividend of 5.5 yen per share and represented a year-on-year increase of 0.5 yen per share.

Relations with Our Supplier-Partners

Furukawa Electric's purchasing policy calls for stable and continuous purchasing on optimum terms. Therefore, we focus on establishing and maintaining relationships of trust with our suppliers.

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. Furukawa Electric will proceed as outlined below based upon our belief in the need to build cooperative relationships of trust with our suppliers which will benefit the sustained growth of our company.

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

Study Group on Subcontracting Transactions

We are conducting awareness enhancement programs, such as Subcontracting Transaction Study Groups throughout the Furukawa Electric Group, in our effort to build sound relationships with our suppliers through fair trading in compliance with all laws and regulations. In fiscal 2011, 50 employees from 20 affiliated companies participated in lectures held on subcontracting transactions.

Partner Meetings and Partner Evaluation Scheme

Furukawa Electric works to establish cooperative relationships with suppliers by holding regular Partner Meetings, and also by gaining feedback on the situation at our suppliers through the evaluations and results provided by our Partner Evaluation Scheme.

At the Partner 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 Partner 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 September of fiscal 2011 We held a Partner Meeting attended by 108 of our main suppliers. We also evaluated approximately 280 companies under the Partner Evaluation Scheme and conducted feedback meetings. We will continue to conduct and enhance these efforts so as to build even stronger partnerships.



Partner Meeting

Promoting CSR Activities in Relation to Procurement

In accordance with the Furukawa Electric Group CSR Code of Conduct, we strive for compliance in our materials procurement. In August 2010 we established the CSR Promotion Guideline, which is a compilation of the efforts and CSR philosophy we have developed up to now. We distributed the Guideline to our suppliers through Partner Meetings and by FAX, and requested that they comply with it in doing business with us. We will continue to promote CSR procurement across 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 (so-called "dirty mining") by continuing efforts such as requiring refiners to demonstrate ethical judgment in selecting mines in accordance with our CSR Promotion Guideline. Nevertheless, dirty mining is not an issue that Furukawa Electric can resolve on its own, but rather must be confronted by the industries involved.

Conflict Minerals

Furukawa Electric has confirmed through our suppliers that the tin we purchase does not consist of "conflict minerals" sourced from the Democratic Republic of the Congo or other war-torn areas in that region.

Relations with Our Employees

The Furukawa Electric Group focuses on human resources skill development in our drive toward globalization. We also are building workplace environments where diversity can flourish.

Personnel Management Policy

Our basic personnel management policy focuses on continuously creating human resources who are capable of putting the Five Principles of the Furukawa Electric Group Credo into practice on their own initiative. This approach is woven into our New Frontier 2012 mid-term management plan, and we are taking up the challenge of revamping existing initiatives while introducing new measures so as to foster a powerful workforce and to build collaborative ties with affiliates in Japan and overseas for ongoing success in the competitive global arena.

Various Human Resources Development Measures

Training Program for Our Personnel Management Policy

The strength of a company is equal to the collective abilities of its individual workers, and at Furukawa Electric we believe that worker skills can be improved in practice through the work they perform each day. Therefore, we offer the means for each individual to grow, via training, distance learning, qualification acquisition support, and other programs, and support ambitious employees who take the initiative in skill development.

For example, employees that are about to be promoted to manager are encouraged to take the initiative to create group discussions in which they consider a theoretical situation, find out for themselves what the issues are, and talk over solutions. Also, we newly established the OJT Leader System in fiscal 2011, so as not only to provide know-how through group training to mid-level employees so they can provide guidance and education to lower-ranking employees, including new employees, but also to enable them to address concerns that arise when providing "On the Job Training" to lower-ranking employees, so they can work together to find solutions. The program achieves this by encouraging participants to take responsibility and gain awareness of the point of view of the people they are guiding and training.

Global Business Leader Training Program (GBL)/Global Development Program (GDP)

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

In fiscal 2011 we began leadership training in Japan for overseas management personnel. Called the Global Development Program, the training deepens understanding of

the Group, and helps managers polish their cultural skills and leadership abilities through active discourse with Furukawa Electric's Japanese personnel. The goal of the program is to develop personnel who can thrive in the global environment.



Announcement of Group discussion results (GDP)

Worksite Innovation Project

Furukawa Electric has been engaged in a variety of measures to strengthen the *gembariyoku* (worksite capability) of manufacturing employees since fiscal 2009. Central management also regularly participates in determining and confirming the course of these activities. As part of this effort, we established the Furukawa Electric Group *Gembariyoku* Enhancement Training Center at the Yokohama Works in September 2010 for a variety of group training programs. We also launched training for mid-level operators, Chief Operator Training, and training for younger staff onsite at each manufacturing works. We are working to increase the motivation of our manufacturing works' core workforce, improve and transfer technical ability, and establish ground for sharing know-how through discourse with affiliates and others.

We also execute programs for newly-graduated employees with no direct connection to manufacturing, both technical and business employees. These include the Joy of Manufacturing, which is an intro to manufacturing, and Craftsmanship Training, which provides onsite experience in production methods and the dangers of the production site.



Technical transfer lesson



Group discussion

Diversity

Diversity in Hiring

We are actively hiring non-Japanese personnel in response to the increasing globalization of our business. In addition to meeting with foreign exchange students in Japan, we are also hiring abroad.

We hold hiring know-how information exchanges within the Group for sharing know-how and strengthening our hiring ability. We also hold the Furukawa Electric Group Forum, at which we conduct briefings in conjunction with our affiliates.



Employees of Furukawa Electric, themselves former exchange students, discussing our company with exchange students

[▶ Data Book](#)

Hiring the Disabled

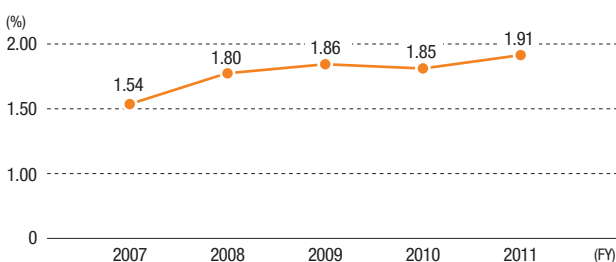
Furukawa Electric established Furukawa New Leaf Co., Ltd. as a special subsidiary in 2004 to actively employ people with learning disabilities. The company handles mainly cleaning operations at the compounds of our works and currently employs a total of 31 people with disabilities, 10 at the Hiratsuka Works and 21 at the Chiba Works. The company also goes beyond workplace training to provide individualized guidance on everything from matters of daily conduct through the building of good human relationships, to assist people with learning disabilities in becoming independent members of society. We also invite caregivers with children with no work experience to tour our work and guidance sites, so as to better understand our efforts in this area.

Although our employment ratio of people with disabilities was 1.91% in fiscal 2011, exceeding the statutory



Appearance check-up to monitor personal grooming

Ratio of employees with disabilities



target, we intend to work on further expanding this group of employees, primarily through our special subsidiary.

“Refresh” Leave System

We have established a new Refresh Leave System whereby employees with at least 25 years experience can take from 14 through 31 consecutive leave days per year. The system went into operation from January 2011.

Up to now we have had a system in which employees could take three consecutive leave days each year (and five consecutive leave days every five years) within their annual leave allotment so as to get relief from the stress that accumulates over long years of service.

The Refresh Leave System is an expansion of that system. This system focuses on employees with at least 25 years of service, among whom are many in frontline leadership positions whom we hope will continue to support the core of our workforce. Not only does the Refresh Leave System help those workers enliven their performance and enhance their work-life balance, we believe it also results in higher organizational productivity. [▶ Data Book](#)

Human Rights Awareness

The Furukawa Electric Group CSR Code of Conduct stipulates that we work to respect human rights, prohibiting discriminatory treatment and human rights infringement as well as prohibiting harassment. We have also established a consultation desk concerning human rights concerns that can be accessed from within or outside the company, and consultations by employees are promptly responded to by the Personnel Division and the CSR Promotion Division. As of the end of fiscal 2011 there had been no cases of involving human rights concerns within the Furukawa Electric Group.

Furukawa Electric also conducts human rights awareness training, not only for all employees, from new recruits through directors, at Furukawa Electric, but also for officers and managers at our affiliates. This training covers matters such as prohibition of discrimination against female employees, promotion of hiring of seniors and the physically-challenged, and improved understanding of Japanese social integration issues. Every year about 150 employees attend.

Relations with Our Employees

Improving the Working Environment through Labor-Management Opinion Exchanges

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

We hold our Central Management Briefings twice annually for public exchanges of opinion between labor and management. As of May 2011 we had held these briefings 117 times. Representatives from labor and management exchange frank opinions and share information about a broad spectrum of items at these briefings, such as the business environment, management, and topical matters.

Also, through the activities of various committees, such as the Personnel System Examination Committee and the Committee for Studying Shorter Hours, we discuss the solutions to daily labor issues, improvements to various systems, and the strengthening of monitoring functions. Through these efforts we seek to make continuous improvements to the working environment.

Occupational Health and Safety

The Furukawa Electric Group health and safety efforts take into consideration our social responsibility to maintain a healthy, safe and comfortable working environment.

The Central Health and Safety Committee chaired by the Company's Chief Social Responsibility Officer, formulates our company-wide Health and Safety Management Guidelines and monitors and issues guidance to our work sites concerning their efforts. We also conduct Safety Management Liaison Meetings throughout the Group for the sharing of examples of disaster preparedness and information about activities.

Furukawa Electric is also constructing labor safety and health management systems at each of our Works. After acquiring Japan Industrial Safety & Health Association (JISHA)-compliant OSHMS certification at the Chiba Works in fiscal 2010, our Hiratsuka Works and Mie Works followed suit by gaining certification in fiscal 2011. Certification of the Nikko Works is planned for fiscal 2012. Each workplace also holds meetings to announce safety measures, and the best of these receive commendations. In fiscal 2011, 13 teams



Company-Wide Health and Safety Group Activities Presentation Meeting

were selected from among the Works for presentations at the Company-Wide Presentation Meeting.

Forklift Truck Safety Skills Competition

Forklift accidents are the cause of many serious injuries, and are often caused by insufficient skills on the part of the operator. Therefore, we hold our Forklift Truck Safety Skills Competition, so as to improve awareness and operator skills.

There were 23 entrants from companies affiliated with our Works and from other associated companies in our fiscal 2011 competition. Even operators not taking part in the competition train on the competition courses within the Works.



The forklift truck safety skills competition

Safety Education

Furukawa Electric has placed "Anzen Dojos" (safety education centers) at all manufacturing sites to enable employees to get a sense of the dangers involved in working in high places, electricity, edged tools, and revolving equipment. In fiscal 2011, a total of 2,000 employees, including new recruits, took part in safety education classes. The Anzen Dojos also offer practical training to local businesses and organizations.



Materials can be heavier than they appear, so the "Weight Experience" lesson helps prevent injury.



Cutter operation hazards demonstration

Reciprocal Patrols

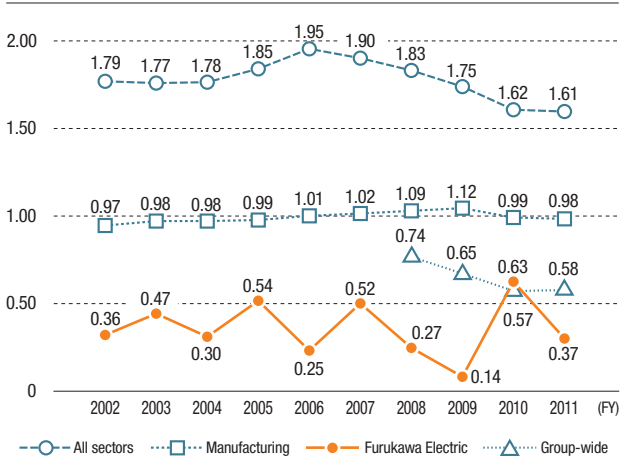
In addition to the monthly patrols conducted at our Works, annual inspections are conducted at all Works by safety and health staff from other Works.

An inspection conducted from a different point of view can reveal overlooked dangers. Also, both the inspecting party and the recipient can improve safety levels by learning about each other's effective measures.

Labor Accidents

In 2010 (January to December 2010), the frequency of accidents resulting in absence from work was 0.37 for Furukawa Electric on a standalone basis and 0.58 for the entire Group.

Frequency of accidents resulting in the suspension of operations



Healthcare for Employees Working Long Hours

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

Mental Health Education

Our company-wide mental health measures have been in place 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 have been moving forward with education programs conducted by industrial physicians, nurses, and outside lecturers for managerial and general employees, conducting stress control seminars as stress prevention support in fiscal 2008 and 2010 for employees between the ages of 30 and 35.

In fiscal 2011, we conducted education and training approaching mental health in terms of “work engagement*,” as well as to invigorate individuals and the organization. Beginning in fiscal 2012 we will develop the Pleasant Workplace Discussion Groups for workplace environment improvement throughout the company.

* A mental health concept pertaining to motivation, devotion, and energy regarding work.

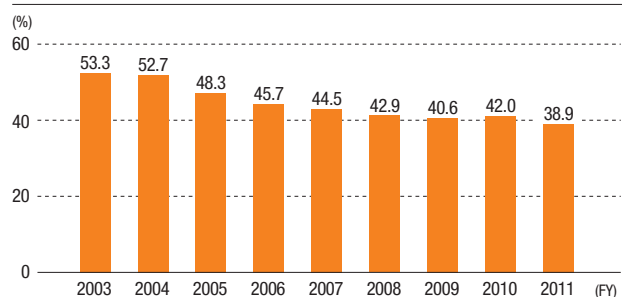
Responding to the Pandemic Influenza Virus

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, including at overseas bases. We strengthened our anti-influenza measures in fiscal 2011 by revising the Basic Policy and manual so as to include responses toward weaker influenza strains.

Strengthening Smoking Measures

In accordance with the Labor Standards Bureau Director-General's 2003 directive entitled “Guidelines on Smoking in the Workplace”, as well as the “Anti-Passive Smoking Measures” issued by the Ministry of Health, Labor and Welfare in February 2010, we have been developing company-wide programs to prevent exposure to passive smoke and encourage quitting smoking. As a result, the percentage of smokers among male employees fell from 53.3% in fiscal 2003 to 38.9% by fiscal 2011 within the company overall. We will continue to offer individualized guidance to employees for quitting smoking, and through ongoing efforts such as regular interviews we aim to bring the number of smokers down by 10% annually.

Group-wide smoking rates among males



Responding to Asbestos-Related Health Issues

During the period from 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 are continuing to deal with this by notifying 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.

Relations with Communities

The Furukawa Electric Group engages in social contribution from the perspectives of nurturing future generations, promoting sport and culture, and living in harmony with the natural environment and local communities.

Furukawa Electric Group Basic Policy on Social Contribution Activities (Revised in March 2011*)

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

* We changed "living side by side with local communities" to "living in harmony with the natural environment and local communities," expressing our concern for the natural environment.

Social Contribution Activities

Cooperation in Career Training for Public School Teachers

Furukawa Electric began working in cooperation with Minato Municipal Koyo Elementary and Jr. High School (Odaiba Gakuen) Career Training Program in August 2010, inviting two teachers to come for training. The goal of the training was to learn about management strategy based on the management philosophy, customer relations, and individual



Odaiba Gakuen (Minato-ku, Tokyo)



Training session

roles in organizations through observing the company, lectures, and experience, and then applying what has been learned in school management and lesson improvement. We conducted classroom lectures, observation, and group discussion activities so that the participants could gain a variety of experiences.

Training Program

	Location	Content
Day 1	Furukawa Electric Head Office	<ul style="list-style-type: none"> • Odaiba Gakuen, Furukawa Electric: Mutual introductions • Explanation of our Group Credo, Personnel development, and CSR activities
Day 2	Furukawa Electric Nikko Works	(Participation in our Chief Operator Training Program*) <ul style="list-style-type: none"> • History of Furukawa Electric (classroom lecture) • Plant tour of Nikko Works • Role of the Chief Operator (classroom lecture, group discussion)
Day 3	Furukawa Electric Nikko Works	<ul style="list-style-type: none"> • How to make progress in work (classroom lecture) • About compliance (classroom lecture, group discussion) • Tour of historical sites such as the Ashio Copper Mine

* Chief Operator Training Program. Participants consider the roles they must fulfill in the manufacturing process, while covering topics such as the history of Furukawa and communications with employees at other Works.

Concluding Training

Kaori Watanabe

Teacher, Minato Municipal Koyo Elementary School, Minato-ku, Tokyo

The image of the "corporation" had up to now to my mind been of a cold entity, but that has changed thanks to this experience. The atmosphere at Furukawa Electric is friendly, as are the people there. I got the sense from everyone there that they feel strongly about their work and are proud of it.

The content of the training was interesting, and topics such as "As times change, so too do the necessary skills," "It's difficult to get information across accurately," and "Assume that only 15% of what you say gets across to listeners" made me reconsider how to get information across to my students in an interesting way. That is something important to me as a teacher. Furthermore, I came to understand that "relaying information" through lessons is difficult.

The things that I saw, learned, and felt during this training will be of value to me in relations with my students.

Atsuko Suzuki

Teacher, Minato Municipal Koyo Jr. High School, Minato-ku, Tokyo

I learned in detail about Furukawa Electric's history, management philosophy, and credo, and was able to participate in the training along with the Chief Operators. I got a strong sense that making things is what defines us as humans, and that companies nurture the people who make things.

The phrases "Maintain high ethical standards, and value honesty and integrity above all" and "Be proactive—take the initiative and work with others, persevering until a solution is found" from the Furukawa Electric Group Credo made a particularly strong impression on me. Be fair and honest in relations with people; don't be passive, take the initiative and use the ties you have with others and cooperation to see a task all the way through. I think these are approaches that are required of teachers.

I learned a lot over those three days. I will be looking back over what I have learned, because I am sure it will be useful to me in my teaching.

CSR Awards

Two Companies Recognized at the 2nd CSR Awards

Furukawa Electric established the CSR Awards in fiscal 2010 to recognize the social contribution or environmental preservation efforts of our subsidiaries that go beyond their regular business. In fiscal 2011, we included new items for examination, including items that are part of regular business such as the development of environmentally sound products and reducing the environmental impact of business practices. As a result of that examination, the following two companies were selected for receipt of the Environmental Preservation Award.

Environmental Preservation Award: Asahi Electric Works Co., Ltd.

At Asahi Electric Works, when a double torsional damper, which suppresses the transmission line vibration caused by breezes, is installed, the company provides reprocessing or new product recycling services by which, for example, degraded parts of decommissioned or collected old devices are exchanged for new ones. This process creates ties between customer and supplier and effectively uses existing distribution infrastructure, and the award was granted in recognition of beneficial efforts to reduce transport CO₂ emissions as well as costs.

Environmental Preservation Award: Furukawa Electric Ecotec Co., Ltd.

Ecotec has been involved in the recycling of power cables and other items for 40 years, and has steadily produced results as

our subsidiary. In addition to such results, Ecotec is recognized for the development of its recycling technologies, which have enabled it to achieve a 100% recycling rate for discarded fiber optic cable, which had been difficult to recycle in the past.

Further Development by the 1st CSR Award Recipients

Companies that received the CSR Award in the past have continued develop their CSR efforts. We introduce the efforts of two such companies below.

Furukawa Industrial S.A. (FISA)

Receipt of the fiscal 2010 Social Contribution Award enhanced the motivation of participants in our company's volunteer efforts to bring up local children through our workshops. It served as a trigger for the refurbishing of our Project Room. The Project Room is also used for PR activities, and is useful in attracting new volunteers to the project. We are currently in the planning stages of working together with outside welfare organizations. (For details about FISA's activities, see pages 29-30.)

Thai Furukawa Unicomm Engineering Co., Ltd. (TFU)

In fiscal 2011, TFU continued to conduct donation and tree-planting efforts as in fiscal 2010. We also worked with local clinics to prevent dengue fever by providing insecticide and spraying equipment. We also conducted tree-planting along with elementary school children in Prachinburi, about 200 km east of Bangkok. Along with the tree-planting, we proactively engaged in new activities, such as refurbishing the toilets at the elementary school and installing a movable fence to stop children from running out into traffic.



TFU employees wearing Social Contribution Prize commemorative polo shirts

Regional Activities

Nikko Waraku Dancing

Nikko *waraku* dancing is an event with a history reaching back to its origin commemorating a visit by the Taisho Emperor and Empress in 1913. It was held for the first time in two years in August 2010, when the bright costumes and musical accompaniment of Nikko *waraku* dancing returned to the banks of Waraku Pond on the grounds of our Nikko Works. We will continue to develop this together with the local community so that *waraku* dancing can be handed down to future generations without interruption and developed as part of the region's traditional culture.

 Activities at Each Region
<http://www.furukawa.co.jp/english/csr/social/activity.htm>



Local people enjoying *waraku* dancing on the banks of Waraku Pond

Third-Party Opinion



Sachiko Kishimoto

Executive Director
Center for Public Resources
Development
A specified nonprofit
organization

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. While its focus is promoting donation and NPO management support, the Center also provides consulting services for companies seeking to improve their social responsiveness.

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 and an interview with Tetsuya Sato, Chief Social Responsibility Officer (CSRO), I would like to comment as follows.

Strong Points

- Furukawa Electric established the Smart Grid Business Development Department in 2010, and by combining the technologies it has developed up to now, like superconducting power cables and power storage systems, the company is contributing to the advancement of smart grids. CSRO Sato informed me in our interview that Furukawa Nikko Power Generation is planning trials of hydroelectric power transmission to a smart grid. In the aftermath of the Great East Japan Earthquake and nuclear power accident, we are again required to build a power-conserving society. I am hopeful that Furukawa Electric will offer new power systems geared toward the special characteristics of regions in Japan and around the world.
- Furukawa Electric's progress in social contribution can be seen. First, the company newly established a Volunteer Leave System in response to the earthquake. Second, FISA, Furukawa's Brazilian subsidiary, is contributing to raising the standards for education in local communities through the development of a child-raising and career-building support effort called "Preparing Children for the Future" Project, which starts off by providing support for public schools. Third, the company expressed concern about the natural environment by changing one of its core social contribution aims to "Living in harmony with the natural environment and local communities." It is my hope that Furukawa Electric will continue with such efforts, and will take up the challenge of engaging with NPOs and local communities in strategic social contribution business in areas where it is strong (such as smart grids, smart cities, etc.)

Areas that are commendable but need improvement

- I give high marks to the company for the timeliness of efforts to strengthen CSR throughout the Group, including overseas bases, such as revising the CSR Code of Conduct and issuing a CSR Compliance Handbook for employees. Employees are provided easy-to-understand explanations of the need for compliance with laws and regulations, as well as international codes of conduct, in doing business internationally. The strengthening of regulations in Europe and the US is also covered with regard to the need for due diligence from a CSR perspective. Henceforth I would like to see the company take measures such as designating regions for focused efforts so as to make progress in compliance practice, and for the CSR Division to support the compilation and sharing of practical examples within the company.
- We also see progress at the company in the area of supply chain management, such as the establishment of CSR Promotion Guidelines and requests for cooperation through Partner Meetings. Going forward I would like to see a clear policy for responding to issues that can be found through questionnaires and other means. Also, the company has released a progress report concerning "dirty metals*," covering items such as requests to metal refiners, which are direct trading partners with Furukawa Electric, for screening. I hope that such efforts will be continuous.
- Measures such as "Heart-to-heart communication between the president and employees" and "Compliance Discussions" conducted by the CSR Division have been started in response to compliance issues that have arisen in recent years, such as infractions of the Anti-Monopoly Law. I hope that such preventative measures will continue.

* Metals produced by mines that disregard human rights and the environment.

Future Expectations

- Furukawa Electric had not up to now established settings for dialogue with stakeholders. Providing employees opportunities to hear the Environmental NGO Secretariat's talks on biodiversity, in the form of environmental management seminars and discussion with the Furukawa Electric CSRO, has yielded results. It is very important for the opinions of external stakeholders not only to be heard by people in charge of CSR, but also by the heads of related divisions. I would hope to see further such attempts in relation to other important CSR themes, and for serious efforts to create opportunities for dialogue.



At the conclusion of the interview with Sachiko Kishimoto.
(Right) Tetsuya Sato, Chief Social Responsibility Officer

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EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	19, web (Environmental Accounting)
Environmental		
EN1	Materials used by weight or volume	21
EN3	Direct energy consumption by primary energy source	21
EN5	Energy saved due to conservation and efficiency improvements	25
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	25
EN8	Total water withdrawal by source	21
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	24
EN16	Total direct and indirect greenhouse gas emissions by weight	25
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	25
EN20	NO, SO, and other significant air emissions by type and weight	21
EN22	Total weight of waste by type and disposal method	25
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	23
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	25
EN30	Total environmental protection expenditures and investments by type	19, web (Environmental Accounting)
Society		
Product		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	31-32
Labor		
LA1	Total workforce by employment type, employment contract, and region	3
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	38
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	35
Human rights		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	15
Society		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	15
SO4	Actions taken in response to incidents of corruption	14-15
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	15

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