

Message



Hiroshi Ishihara

President , Chief Executive Officer & Chief Operating Officer



The Furukawa Electric Group will actively implement environmental and social activities as “an earth-friendly company” that aims for “innovation.”

Furukawa Electric has continued to experience harsh conditions, and under these conditions we have implemented various measures, aiming to be a creative company that makes its presence felt in the world. We embarked upon efforts to make proper adjustments in our workforce, decrease increase-bearing debt, improve profitability by structuring the mechanism of all group companies, reduce costs and decrease inventory. The progress of our improvement efforts, together with favorable market conditions and turn of the economy, has led to a steady enhancement in our performance. In addition, we will be focusing on strengthening our manufacturing abilities, managing business risks, creating new businesses and customer development. Companies are increasingly expected to take social responsibility. Furukawa Electric, as members of society, will fulfill our social responsibility not only through environmental activities and complying with laws, but also by providing products and contributing to society.

In terms of environmental activities, our slogan is “an earth-friendly company.” Aiming to realize a “recycling-oriented society,” Furukawa Electric has continuously worked in cooperation with its associated group companies to reduce environmental impact and increase its resource capabilities once it has clearly set the standards and timings that it seeks to achieve. From the perspective of risk management, we have managed the chemical substances contained in our products and carried out ground pollution investigations.

With the aim of fulfilling our social responsibilities, Furukawa Electric has set up a Compliance Committee, ensuring that employees comply with laws and regulations and that they follow a code of conduct. We have made efforts to go beyond simply abiding by the laws to strengthen the trust of the community by contributing to the local community and promoting the safety and health of our employees by such means as taking measures against asbestos. In particular, we have made significant improvements in the management of working hours, undertaking a radical conceptual reform.

Our improved performance has led us to shift from “defensive” to “offensive” management, and we are aiming for “innovation” in technology and reforms in business, production and management. In doing so, our environmental and social efforts are extremely crucial in gaining the trust of our customers. We have reported on the content of our activities in our Environmental Reports, but this year the title has been changed to “Environmental and Social Report,” and we have enhanced the sections on social responsibility. It is our hope that you will gain an understanding of our activities and continue to offer your support and cooperation.

Company Policy of the Furukawa Electric Group

[Basic Management Policy]

- Have a high regard for our customers
- Value our employees and bring out the best in them
- Proactively adopt new technologies that harness creativity

[Our Vision]

Pursuing technology innovation and aiming for a creative and highly profitable company with a stronger global presence

[Management Policy]

- Practice of responsive management
- Orientation toward profit
- Creation of new products and market opportunities
- Growing development of global management
- Continuous promotion of structural reform
- Strengthening of consolidated management

[Basic Policy]

Furukawa Electric recognizes that preservation of the global environment is a critical issue for society, and shall incorporate consideration of environmental preservation issues into every phase of corporate activity, to contribute to the advancement of a sustainable, happy and prosperous society.

[Action Guidelines]

- All activities shall be based on an awareness of its effect on the global environment, and environmental preservation activities shall be pursued by all employees.
- We shall observe environmental laws and regulations and requirements from our customers, and set up voluntary standards to upgrade control levels.
- We shall define environmental targets and objectives, and carry out activities according to this plan, thereby continuously improving environmental preservation activities.
- Environmental concerns shall be taken into consideration in every phase of our work from the R&D and design stages to supply environmentally friendly products.
- In every phase of procurement, manufacturing, distribution and customer service we shall work to reduce consumption of resources and energy, to promote recycling, and to reduce waste materials and the impact on the environment.
- We shall carry out environmental audits, and review our environmental management system and environmental preservation activities for continuous improvement.
- We shall educate all employees to enhance their environmental awareness, and promote disclosure of information and social communication, thereby actively contributing to community activities.

Furukawa Electric and its affiliated companies have continuously promoted environmental preservation activities, aiming to achieve a “recycling-oriented society.” With continued business development as our objective, we are also promoting comprehensive cost reduction activities. We have comprehensively worked to reduce production costs and improve quality in conjunction with efforts related to production activities such as applying technology in our plants, procuring materials, and safety management. Of these, we recognize that environmental activities are extremely crucial due to the heightened awareness of society and our customers.

In developing new products, we have called our environmentally friendly products ECOLINK, and consider them our pillars for research and development in increasing profits and exercising our growth potential. Once again this year, we jointly developed a recycled bobbin using optical cable waste materials with The Tokyo Electric Power Company, Incorporated. We expect the high-performance reflow oven that uses lead-free solder to promote lead-free

products. As for halogen-free electric wires, we were able to significantly increase their strength, contributing to the increase of halogen-free products through the expanded use of these wires. In the future, we will continue with the development of environmentally friendly products that are “creative and capture new markets.”

At manufacturing sites we have continuously carried out activities to reduce the impact on the environment. As something that particularly contributes to profits, we have aggressively embarked upon efforts to reduce waste disposal costs. We have reduced the total amount of waste products by sorting and finding new uses for reused waste and eliminating wastefulness, and we have also decreased processing costs by promoting value processing. In fiscal 2005, we achieved a profitability of 43 million yen for the first time, due to the results of our abovementioned efforts and the rise in scrap copper prices. We will continue to work to reduce waste, the emission of greenhouse gases and chemical substances. Further, 2005 saw an intense interest in the health hazards of



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asbestos, and we at Furukawa Electric took an immediate, emergency response to determine the use of asbestos in products, health surveys of our employees, and whether or not asbestos was used in our factory facilities and buildings, following up with the necessary measures. There is the risk of a variety of issues arising with regards to safety and the environment, and we intend to operate with a heightened sensitivity to these issues.

We present here the report for 2006, which we ask our stakeholders to read and share with us their frank opinions that we might deepen our mutual understanding.