

# Initiatives for the Environment

## Environmental Management

### Furukawa Electric Basic Environmental Policy

#### Basic Philosophy

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

#### Action Guidelines

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

## Environmental Management

#### Environmental Management Organization

In April 2013, we underwent organizational restructuring, transitioning to a strategic business unit system. We also renamed our highest-level advisory body related to environmental management the Furukawa Electric Group Environment Committee and promoted environmental management under a new structure. We established the new Council of Environmental Managers to facilitate smooth decision making on environmental management and consolidated the special committees that have performed these functions in past.

#### Environmental management promotion organization



## Receiving Third-Party Verification

Furukawa Electric and the domestic affiliated companies that participate in environmental management are acquiring ISO 14001 certification for consolidated environmental management. Our overseas affiliates are collecting data and constructing management systems to this end.

## Environmental Education

### Environmental Education System and Environmental Education Programs

The Furukawa Electric Group conducts various types of environmental education to cultivate among employees the understanding that is necessary to conduct environmental activities and raise their environmental consciousness. In fiscal 2013, 44 employees attended our ISO 14001 Internal Environmental Auditor Course, 22 attended our FGMS<sup>(note 1)</sup> Auditor Course, and 16 participated in our EMS Upgrade Seminar.

(note 1) Furukawa branding Green products Management System

### Environmental education programs

Category of educational training	Content	New recruits	General employees	Mid-career employees	Management
Education for new recruits (once a year, mandatory)	General environmental conservation activities	Training for new recruits ←→			
EMS activities (as needed, mandatory)	Environmental Policy and purpose, goals and general knowledge pertaining to the environment	←→	←→	←→	←→
ISO14001-related education (two-day course) (twice a year, voluntary)	Requirements of ISO standards, environmental regulations, procedures for internal environmental audits, various drills		←→	←→	←→
One-day brush-up course (once a year, voluntary)	Trends in environmental regulations, various drills to brush up auditing skills		←→	←→	
Environmental subjects (as needed, voluntary)	Environmentally considerate design		←→	←→	
	Environmental regulations		←→	←→	←→
	Control of chemical substances contained in products		←→	←→	←→
Consolidated environmental management seminars	Seminars by experts on priority issues				←→

### Environmental Awards System

To ramp up our environmental activities, in fiscal 2011 we introduced an environmental awards system. There are three award categories for Furukawa Electric on a standalone basis: expanding sales of environmentally Friendly products, global warming prevention activities, and group activities. Affiliated companies are awarded for overall environmental activities.

## Environmental Accounting

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

All data is compiled in accordance with the Environmental Accounting Guidelines (2005 edition) published by the Ministry of the Environment.

Data on affiliated companies is compiled for 18 companies in Japan.

Environmental conservation costs for the Group during fiscal 2013 came to ¥6.5 billion in expenses, and investment amounted to ¥1.0 billion. Compared with the preceding fiscal year, Furukawa Electric increased its expenses ¥0.1 billion and reduced investment by ¥0.1 billion. Owing in part to an increase in electricity rates, energy expenses for the entire Group increased approximately ¥0.75 billion.

### Environmental conservation costs (Unit: million yen)

Category	Key activity and the outcome	Furukawa Electric		Affiliated companies
		Total costs	Year on year	Total costs
(1)Business area costs	Pollution prevention (air pollution, etc.), energy conservation, waste disposal, etc.	1,263	224	1,854
(2)Upstream/downstream costs	Recovery of packaging, drums, etc.	453	-64	576
(3)Administration costs	Environmental management system auditing, environmental impact monitoring, etc.	344	-26	176
(4)Research and development costs	Development of environmentally friendly products, research into alternatives for harmful substances	972	-18	787
(5)Social activity cost	Tree planting, local community cleaning activities, donations, etc.	2	-3	5
(6)Environmental remediation costs	Environmental impact assessments, cleanup of polluted soil, etc.	1	-0	24
Total		<b>3,035</b>	<b>112</b>	<b>3,422</b>

(note) Year-on-year comparative data regarding the environmental conservation costs for affiliated companies has not been provided due to changes in the scope of affiliated companies (18 companies).

### Environmental conservation benefits

Emissions causing environmental impact	Unit	Reduction	
		Furukawa Electric	Affiliated companies
Volume of industrial waste disposal processed <sup>(note 2)</sup>	tons	348	664
Energy consumption (crude oil equivalent)	1,000 kl	14	15
Water consumption	1,000 tons	-306	186
Emissions of volatile organic chemical compounds	tons	16	0
CO <sub>2</sub> emissions	1,000 tons-CO <sub>2</sub>	-6	-69
SOx emissions	tons	15	9

NOx emissions	tons	85	-117
Soot emissions	tons	1	-41

(note 2) Excluding recycled waste.

(note) Minus figures indicate an increase.

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

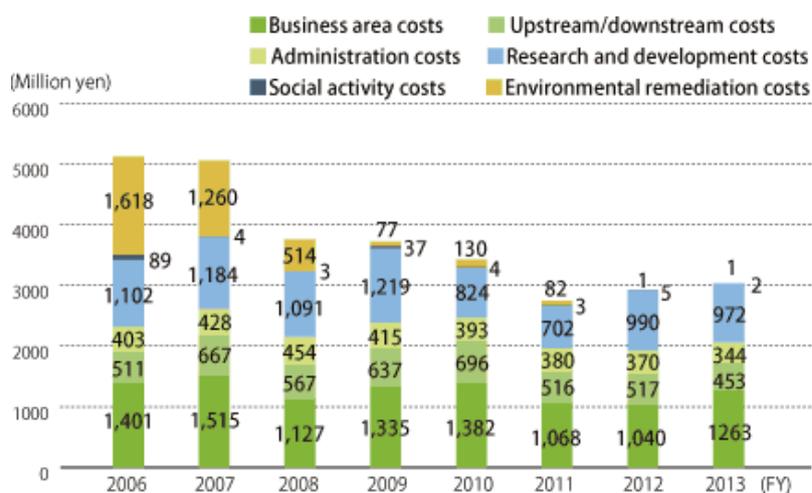
Details of benefits	Total benefit	
	Furukawa Electric	Affiliated companies
Revenue from recycling	291	460
Reduction in waste disposal costs	-2	45
Reduction in energy costs	-314	-436
Reduction in water purchase costs	6	26
Total	-19	95

(note) Minus figures indicate an increase.

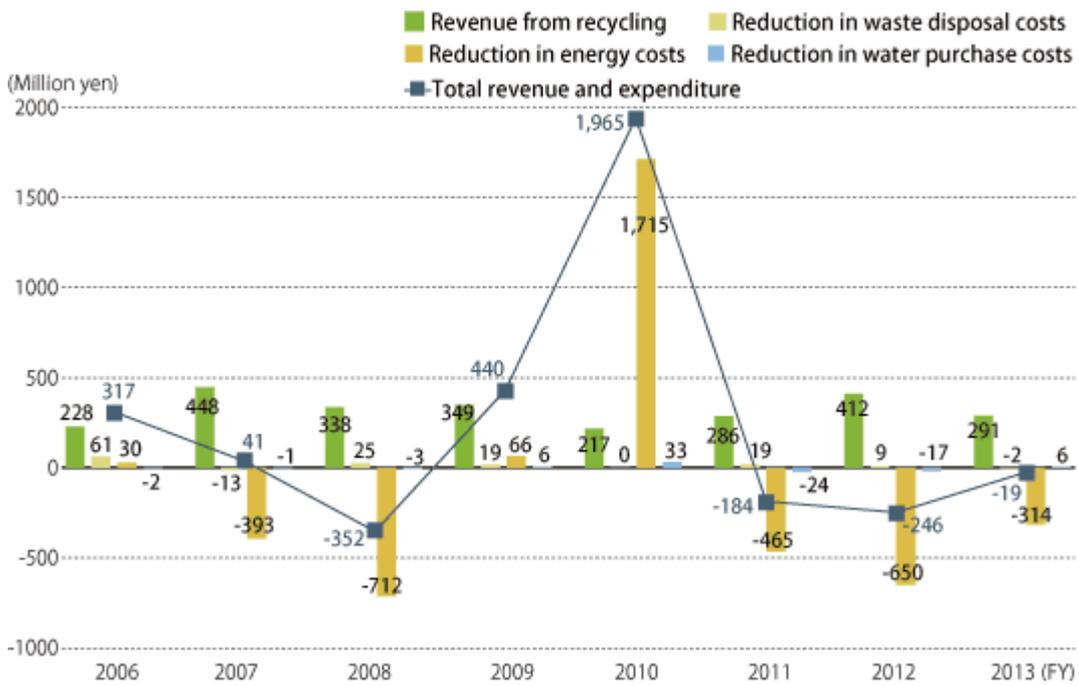
#### Investment and research costs (Unit: million yen)

Investment and research costs	Total costs	
	Furukawa Electric	Affiliated companies
Environment-related investment	358	669
Total investment	4,408	25,750
Total research costs	8,812	6,611

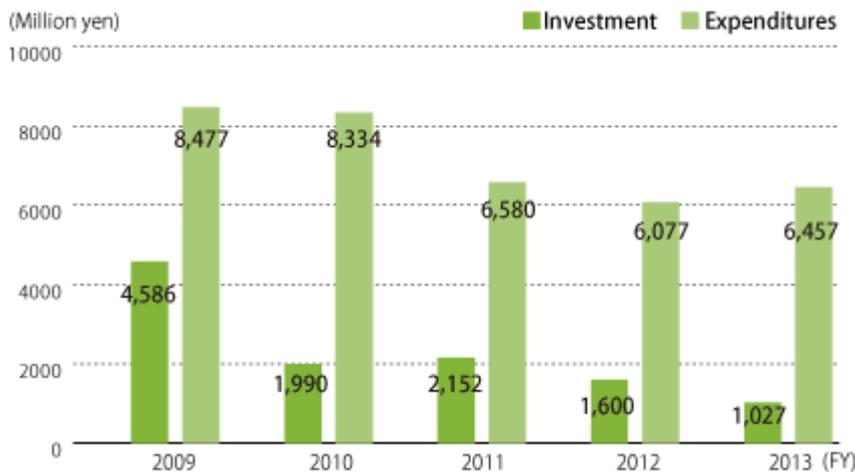
#### Environmental conservation costs (Furukawa Electric)



Economic benefits (Furukawa Electric)



Environment-Related Investment and Expenditures



Related Data

Affiliated companies in Japan that participate in environmental management (fiscal 2013, 27 companies)

Affiliated companies in Japan that participate in environmental management  
<http://www.furukawa.co.jp/english/csr/eviroment/management.htm#management05>

## Material Flow

### Environmental Impact of the Furukawa Electric Group in Fiscal 2013

Data has been compiled for Furukawa Electric, its 27 affiliated companies in Japan<sup>(note1)</sup> and 48 affiliated companies overseas.

INPUT				Furukawa Electric 7 works, 27 domestic affiliated companies and 48 overseas affiliates	OUTPUT			
Category	Domestic	Overseas	Unit		Category	Domestic	Overseas	Unit
<b>Raw materials</b>					<b>Waste</b>			
Copper	150,633	158,345	tons		Total waste generated	57,360	30,587	tons
Aluminum	416,897	43,600	tons		Final waste disposal	786	5,628	tons
Iron	3,249	12,486	tons		Recycling amount	53,351	13,673	tons
Nickel	559	—	tons		<b>Atmospheric emissions</b>			
Chromium	178	—	tons		CO <sub>2</sub>	895,314	378,178	tons-CO <sub>2</sub>
Manganese	1,460	—	tons		SO <sub>x</sub>	123	—	tons
Magnesium	5,060	—	tons		XO <sub>x</sub>	853	—	tons
Other metals	20,797	—	tons		Soot	76	—	tons
Rubber	46	—	tons		<b>Chemical substances</b>			
Glass	27	1,103	tons		Volume emitted	200	—	tons
Plastic	22,330	46,785	tons		Volume transferred	258	—	tons
<b>Energy</b>	<b>16,995</b>	<b>6,354</b>	<b>TJ</b>		<b>Wastewater</b>	<b>24,456</b>	<b>1,273</b>	<b>1,000m<sup>3</sup></b>
Electricity (purchased electricity)	1,023,494	557,828	MWh		Public waterways	23,112	523	1,000m <sup>3</sup>
Electricity (hydroelectric power)	128,263	23,763	MWh		Rivers	21,564	295	1,000m <sup>3</sup>
Electricity (solar power)	10	—	MWh		Sea	1,546	0	1,000m <sup>3</sup>
City gas	42,278	5,077	1,000m <sup>3</sup>		Other	2	228	1,000m <sup>3</sup>
LPG	37,317	2,333	tons		Sewer	1,344	750	1,000m <sup>3</sup>
Heavy fuel oil A	10,249	1,217	kl		BOD	63	—	tons
Kerosene	10,847	12	kl		COD	66	—	tons
Light oil	607	69	kl		SS	52	—	tons
<b>Water</b>	<b>27,057</b>	<b>2,113</b>	<b>1,000m<sup>3</sup></b>		<b>Product shipping volume</b>	<b>820,352</b>	<b>—</b>	<b>tons</b>
Industrial water	20,412	31	1,000m <sup>3</sup>		<b>Product collection volume</b>	<b>133,694</b>	<b>—</b>	<b>tons</b>
Groundwater	5,546	477	1,000m <sup>3</sup>		Type of cable	131,675	—	tons
Tap water	1,100	1,605	1,000m <sup>3</sup>		Plastics	587	—	tons
<b>Chemical substances</b>					Metals	513	—	tons
Volume handled <sup>(note 2)</sup>	87,750	—	tons		Other	920	—	tons
<b>Packaging<sup>(note 3)</sup></b>					<b>Volume of water recycled and reused</b>	<b>23,024</b>	<b>732,495</b>	<b>tons</b>
Cardboard	736	—	tons					
Wood	27,191	47,139	tons					
Plastic	537	1,788	tons					
Paper	372	386	tons					
<b>Paper<sup>(note 4)</sup></b>	<b>73</b>	<b>—</b>	<b>tons</b>					

(note 1) The 27 affiliated companies in Japan are the same as those companies participating in consolidated environmental management.

(note 2) PRTR-listed substances

(note 3) Cardboard, wood, plastic, and paper used in product shipping

(note 4) OA paper, copy paper, etc. used at plants and offices

## Targets and Performance

### Activity Targets and Performance in Fiscal 2013

The Furukawa Electric Group defines medium-term environmental targets every three years. Each year, we establish targets for environmental conservation activities based on these plans. We reflect these targets at affiliated companies in Japan and overseas, ensure that targets are consistent throughout the global Group and work together to achieve them.

Regarding the emission of gases that cause global warming, one of our global warming prevention activities, affiliated companies fell short of their targets, partly because emissions coefficients worsened as a result of the nuclear accident that accompanied the Great East Japan Earthquake. However, Furukawa Electric on a non-consolidated basis met its energy consumption targets, as did affiliated companies.

### Fiscal 2014 Activity Targets

For fiscal 2014, we have set new activity targets on the effective use of water and, in the biodiversity conservation category, “participation in regional biodiversity conservation activities.” We have also made targets consistent throughout the Group for chemical substance management activities, green procurement activities and eco-design activities.

We will make every effort throughout the Group to achieve these targets.

Activities		Environmental conservation activity targets for fiscal 2013	Performance in fiscal 2013				Environmental conservation activity targets for fiscal 2014
			Furukawa Electric	Achievement	Affiliated companies	Achievement	Furukawa Electric Group (Japan)
Activities to prevent global warming	Greenhouse gas emissions	Reduce by 15% compared to fiscal 2001	16.7% reduction	Achieved	11.0% reduction	Not achieved	Reduce by 1% compared to the previous fiscal year
	Energy consumption	Reduce by 5% compared to fiscal 2008	21.9% reduction	Achieved	13.1% reduction	Achieved	Reduce by 6% compared to fiscal 2008
	Specific energy consumption for production	Reduce by 1% compared to the previous fiscal year	Achieved at 10/21 Divisions	Not achieved	Achieved at 6/15 Works	Not achieved	Reduce by 1% compared to the previous fiscal year
	Specific energy consumption for transportation	Reduce by 6% compared to fiscal 2007 (Furukawa Electric only)	16.7% reduction	Achieved	–	–	Reduce by 7% compared to fiscal 2007 (Furukawa Electric only)
Waste reduction activities	Recycling rate	99% or more (97% or more for affiliates)	98.0%	Not achieved	92.0%	Not achieved	94% or more
	Group zero emissions achievement ratio	Affiliates zero emissions achievement ratio: 90%	–	–	90.9%	Achieved	–
Effective use of water		–	–	–	–	–	Consider reducing volume of water withdrawn
Chemical substance management activities	VOC emissions volume	Furukawa Electric: Reduce by 15% compared to fiscal 2008	33.1% reduction	Achieved	–	–	Reduce by 1% compared to the previous fiscal year
		Affiliated companies: Reduce by 1% compared to the previous fiscal	–	–	0.3% reduction	Not achieved	

		year <sup>(note 1)</sup>					
Green activities	Procurement rate for 52 general-purpose products: 100%	100%	Achieved	-	-	-	Expand to Group companies
	Expand to Group companies	-	-	15 companies	Achieved	-	
Eco-design activities	Sales ratio for environmentally friendly products: 45% or greater (Furukawa Electric only)	40.2%	Not achieved	-	-	-	30% or more
	Conduct of LCA for all important products:100%	100%	Achieved	-	-	-	Roll out to Group companies
Biodiversity conservation	Formulation of biodiversity guidelines and creation of structures	Creation of guidelines			Not achieved	Formulation of guidelines and establishments of systems	
	-	-			-	Participation in regional biodiversity conservation activities	

(note 1) Targets all surveyed VOCs

## Environmentally Friendly Products

### Environmentally Friendly Products and the e-Friendly Accreditation System



The e-Friendly mark

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

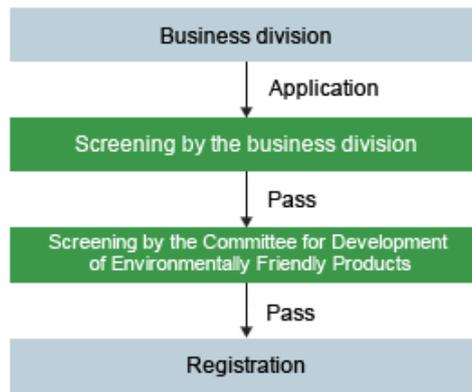
We have created the “e-Friendly” environmental mark to identify such environmentally friendly products. This mark is placed on those products,

### Application and Registration of Environmentally Friendly Products

The criteria for an environmentally friendly product are met when it offers an overall improvement from an environmental standpoint when compared with existing products and based on predetermined standards at each stage, from the purchasing of raw materials and components, manufacturing and use to distribution and disposal.

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

**Registration process for environmentally friendly products**



**Categories of Environmentally Friendly Products**

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

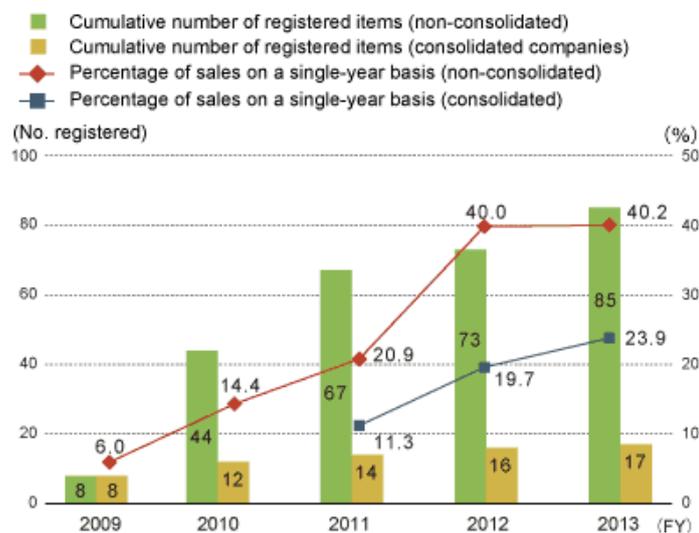
**Environmentally friendly product categories**

Category	Content
Prevention of global warming	Products with functions that help in the reduction of emissions as well as the absorption and stabilizing of greenhouse gases
Zero emission	Products made from recycled materials, products designed with easy-to-recycle components, products made from materials or with design facilitating volume reduction for lowering waste volume, products designed to share common components with other products or products designed as common components.
Elimination of materials that have an impact on the environment	Products that do not lead to an increase in the use of ozone-depletive substances during the manufacturing process, do not contain harmful substances above regulatory limits and do not generate harmful substances above these limits during use or disposal.
Resource savings	Products that result in overall energy savings by such means as reducing the use of raw materials and components as well as scarce resources, featuring enhanced longevity, allowing easier product and component maintenance, and reducing the use for resources in packaging.

**Expanding Environmentally Friendly Products**

We are working to increase our overall percentage of environmentally friendly products. We set targets based on percentage of sales, and confirm our progress and success on this basis.

**Environmentally friendly products as a percentage of sales**



## Environmental Performance Indicator “Visualization”

As part of its efforts to “visualize” environmental performance indicators, the Furukawa Electric Group is promoting the use of life-cycle assessment (LCA) to “visualize” CO<sub>2</sub> emissions.

By the end of fiscal 2013, we had completed LCA evaluations on a total of 64 product groups, covering more than 80% of all the principal products we sell. We also deploy the results of these calculations toward the development of the Greenhouse Gas (GHG) Protocol<sup>(note 1)</sup>, as well as technical materials and sales promotion pamphlets, aiming to make use of this information for R&D on future environmentally friendly products.

(note1) GHG Protocol: An international guidelines for the method of calculating corporate greenhouse gas emissions.

### Implementation of LCA evaluations on product lines

Business Division	Fiscal 2011	Fiscal 2012	Fiscal 2013	Cumulative total
Energy and Industrial Products	4	5	6	15
Telecommunication	9	11	11	31
Electronics and Automotive Systems	4	3	4	11
Metals	1	3	3	7
<b>Total</b>	<b>18</b>	<b>22</b>	<b>24</b>	<b>64</b>

## Initiatives to Reduce CO<sub>2</sub> Emissions from Products during Use

Based on our environmental performance indicator initiatives, we calculate the approximate contribution toward reducing CO<sub>2</sub> emissions that can be made by the Group’s products during use.

### CO<sub>2</sub> reduction of enameled extruded rectangular wire

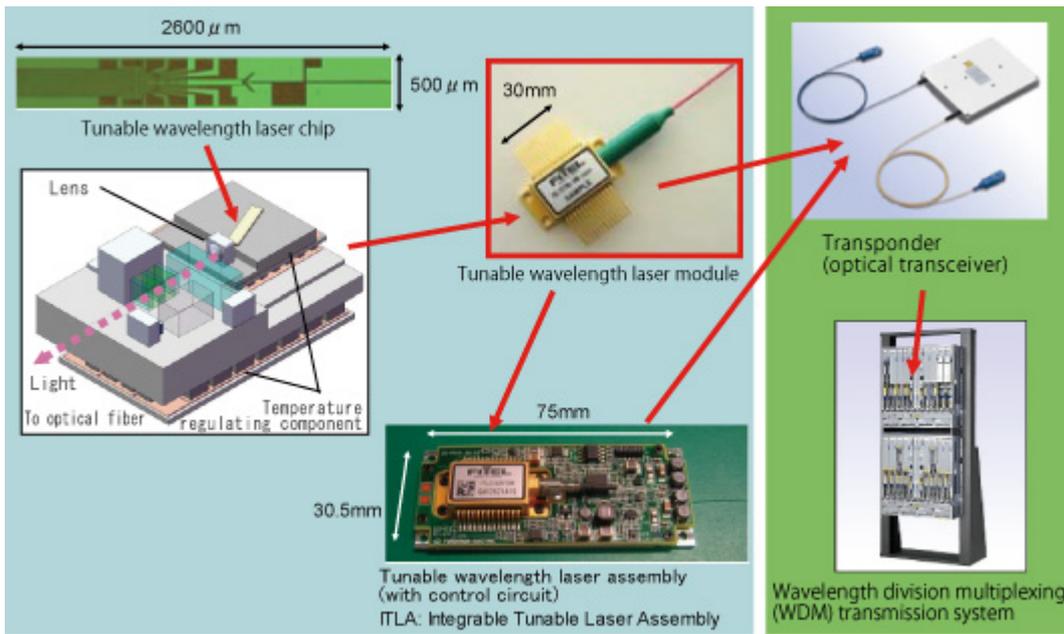
#### Rectangular wire for HV motors



**Approximately 110,000 tons of CO<sub>2</sub> per year**  
(Reduction throughout Japan)

CO<sub>2</sub> reduction of semiconductor lasers

Narrow-bandwidth-FBT (tunable wavelength laser)



1,192 tons of CO<sub>2</sub> per year  
 (Reduction throughout the world)

## Preventing Global Warming

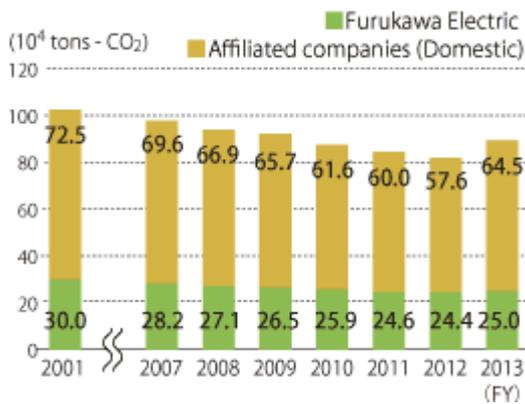
### Reducing Greenhouse Gas Emissions

#### Initiatives at Works

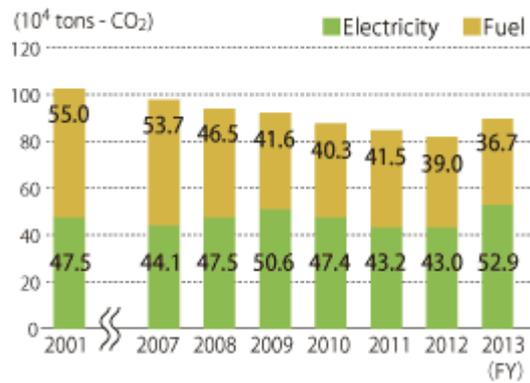
The majority of the Group's greenhouse gas emissions consist of CO<sub>2</sub> generated from electricity, fuel and other energy sources. As emissions from manufacturing processes account for a large proportion, we work on reducing emissions by increasing the efficiency of production processes, switching fuels, replacing equipment with more efficient alternatives, insulating hot areas and other measures.

Total Group GHG emissions came to 895,000 tons of CO<sub>2</sub> in fiscal 2013, a reduction of 12.7% against fiscal 2001 levels.

#### CO<sub>2</sub> emissions



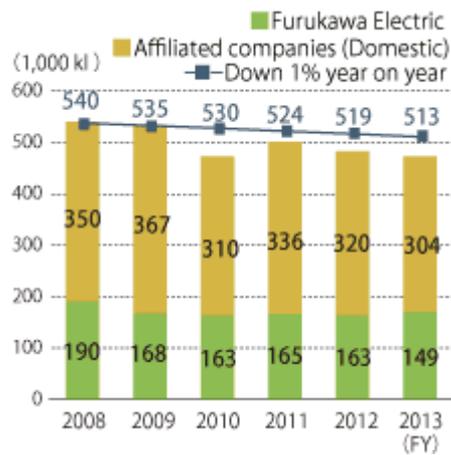
#### CO<sub>2</sub> emissions (fuel/electricity)



(note) The emissions coefficients of the respective power companies are used to convert power use volumes.

(note) CO<sub>2</sub> emissions attributable to hydroelectric power are deemed to be zero.

#### Energy consumption

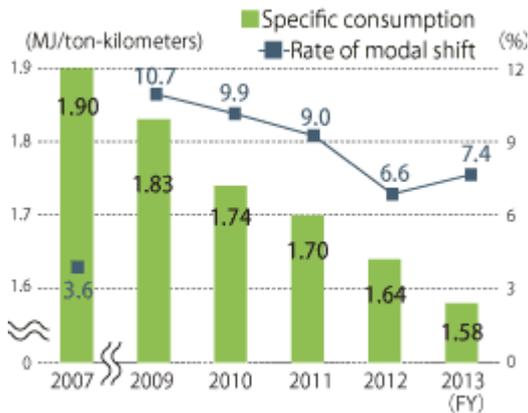


(note) When compiling data for fiscal 2013, an error was discovered in the calculation of past data. Accordingly, figures for fiscal 2012 and previous years have been retroactively adjusted.

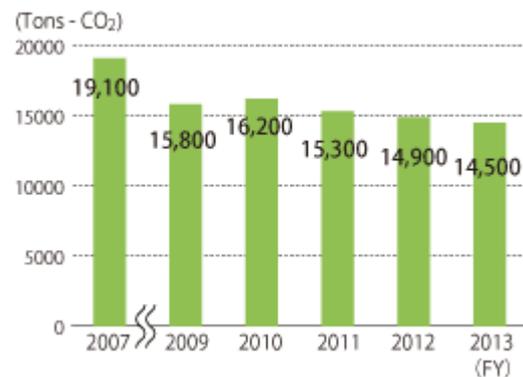
## Initiatives in Logistics

In fiscal 2013, total transportation volume for the Furukawa Electric Group amounted to 461 million ton-kilometers, up 0.2% from the figure in fiscal 2012. Of this total, Furukawa Electric alone accounted for 134 million ton-kilometers, up 0.8% from fiscal 2012. CO<sub>2</sub> emissions fell 2.7% year on year, to 14,500 tons, due largely to improved loading rates. In addition, specific consumption was down 16.7%, compared with fiscal 2007. The modal shift rate <sup>(note 1)</sup> was slightly up year on year. We will continue with initiatives to promote modal shift, increase loading rates and encourage joint shipping.

### Modal shift and specific consumption (Furukawa Electric)



### CO<sub>2</sub> emissions related to transportation (Furukawa Electric)



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

## Topics

### Receiving the Kanagawa Global Environment Award 2012 Energy Saving Prize

The Company's Yokohama Works received the Kanagawa Global Environment Award 2012 Energy Saving Prize. Sponsored by the Kanagawa Global Environment Conservation Promotion Forum and Kanagawa Prefecture, this award is bestowed on individuals and organizations whose environmental conservation efforts have demonstrated remarkable results. The Yokohama Works was cited for electricity conservation measures enacted after the Great East Japan Earthquake, including the real-time visualization of electric power usage and making effective use of thermal storage tanks to reduce summertime peak electricity consumption. As a result, the facility reduced its maximum operating power (contract power) from 1,096kW to 850kW.



## Reducing Waste

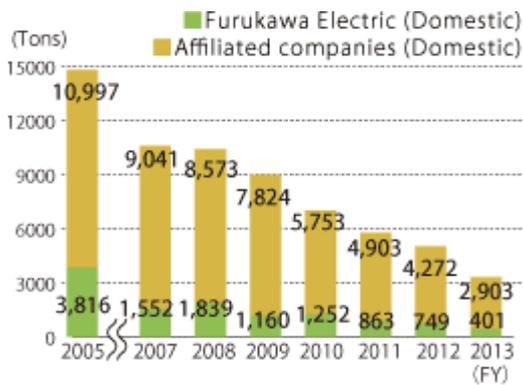
### Waste Reduction Initiatives

The Furukawa Electric Group began taking action to reduce non-recyclable waste in 1993. Since fiscal 2002, we have conducted zero-emissions activities, defined as “reducing the volume of direct landfill disposal to less than 1% of the total volume of industrial waste emitted.”

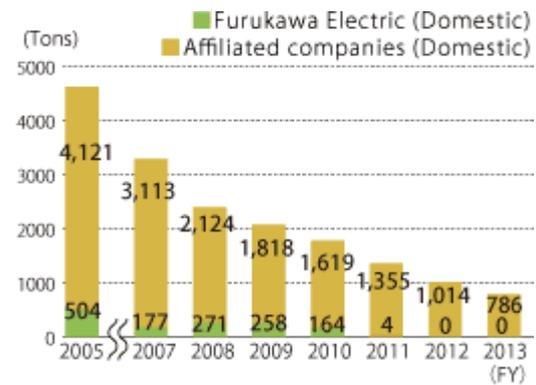
As a result of our efforts to meticulously sort waste and recycle waste acid and sludge into useful resources, the total amount of non-recyclable waste for the Group in Japan amounted to 3,304 tons in fiscal 2013, down 77.7% compared with fiscal 2005. Furthermore, the volume of waste directly sent to landfills was down 83.0% against fiscal 2005 levels, to 786 tons for the Group in Japan; disposal for Furukawa Electric alone remained zero.

Also, in fiscal 2013 the target waste recycling rate (the ratio of recycled waste compared to total waste volume) was 97% or more for affiliated companies in Japan and 99% or more for Furukawa Electric on a standalone basis. Although we exceeded the previous year's figures, we fell short of our targets, at 92.0% and 98.0%, respectively.

Processing volume of non-recyclable waste



Direct landfill disposal



Waste disposal costs (Furukawa Electric)



Chemical Substance Management

Green Activities

Response to Customer Requests

When the Group receives a request from a customer for information concerning chemical substances in our products, it conducts a thorough environmental examination. We also monitor trends in laws and regulations covering the chemical substances contained in products and compile and update data as it becomes available, allowing us to respond promptly to customer requests. Furthermore, by collecting information from industrial organizations and conducting seminars, as well as participating in research groups, we can monitor environmental regulations and standards and social issues/items of concern. This enables us to incorporate customer needs in our environmental conservation targets.

Response to Overseas Regulations (REACH Regulations, RoHS Directive)

Substances of very high concern (SVHCs)<sup>(note 1)</sup> that are included in the Candidate List under the REACH regulations are updated twice each year. Each time additional SVHCs are published, the Furukawa Electric Group researches the status of its use of such substances. As of the end of fiscal 2013, we had conducted checks on 136 substances.

(note 1) Substance of Very High Concern : Use or marketing of SVHCs requires approval, and manufacturers are liable to submit notification if an SVHC exceeds 0.1% weight content.

## Regular Auditing under the Furukawa Branding Green Products Management System (FGMS)

Our FGMS Regular Auditing in fiscal 2013 was conducted through self-checking and auditing at three factories of Furukawa Electric, six factories of affiliate companies, and 29 factories of affiliates' suppliers. To control chemical substances contained in products, we will continue to monitor environmental risks, and expand and implement auditing according to degree of importance.

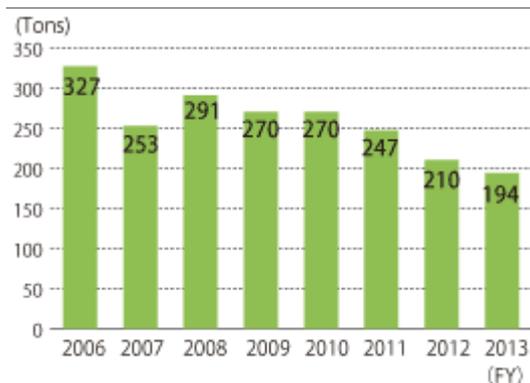
## Expansion of Green Procurement (General-Purpose Products) to Group Companies

We encourage the purchasing of OA equipment, office supplies and other items that conform to the Green Purchasing Law. Extending these activities to include affiliated companies, in fiscal 2013 we also designed items for conformance at 15 affiliated companies. We continue to purchase conforming items. 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 FGMS system at the supplier and confirmation of data on chemical substances contained in the products.

## Chemical Substance Management Activities

The Group undertakes voluntary initiatives to reduce emissions of harmful chemical substances. In particular, we make every effort to actively reduce emissions of volatile organic compounds, one cause of photochemical smog. In fiscal 2013, Furukawa Electric reached its targets on a non-consolidated basis and worked to reduce emissions further. Furthermore, all domestic Group companies have ceased the use of organic chlorine compounds.

**Emissions of volatile organic compounds  
(Furukawa Electric)**



(note) Volatile organic compounds are the 118 substances specified by The Japanese Electric Wire & Cable Makers' Association (January 2012 edition).

(note) From fiscal 2008, n-decane has been added.

## 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 Safety Data Sheets (SDSs) and administrate them. We also monitor the usage volume of chemical substances listed in the PRTR Law<sup>(note 2)</sup>.

(note2) Law Concerning Reporting, Etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in

Their Management

PRTR Substances

[http://www.furukawa.co.jp/english/csr/enviroment/chemical\\_prtr.htm](http://www.furukawa.co.jp/english/csr/enviroment/chemical_prtr.htm)

## Environmental Risk Management

### Preventing Soil and Groundwater Pollution

The Furukawa Electric Group conducts regular inspections of facilities and equipment that handle specific toxic substances to prevent the pollution of soil and groundwater. We reduce the risk of pollution through measures to prevent leaks of specific toxic substances and underground seepage, as well as through ongoing efforts to switch to substitute substances.

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.) and conducted soil remediation where underground soil was contaminated. Work on part of the premises is now complete. At affiliated companies, we completed additional measures to address groundwater pollution at the Ibaraki Factory of the former Aoyama Kinsho Co., Ltd.

## 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. Based on this information, we register with the Japan Environmental Safety Corporation and entrust waste processing in accordance with plans. We began processing managed substances in fiscal 2012. Also, we conducted analyses on equipment that could contain trace amounts of PCB. We plan to address this situation systematically going forward.

### PCB amounts contained in equipment

As of March 31, 2013

Works	In storage	In use	Total
Chiba Works	104	0	104
Nikko Works	353	60	413
Hiratsuka Works	83	143	226
Mie Works	107	11	118
Yokohama Works	19	1	20
Copper Tube Division	48	12	60
Copper Foil Division	16	49	65
<b>Total</b>	<b>730</b>	<b>276</b>	<b>1,006</b>

## Response to Asbestos Concerns

Although the Furukawa Electric Group does not currently produce or import any products containing asbestos, some of the industrial-use products we made and sold in the past contained asbestos. These include electrical wiring for ships, and fire-resistant products for constructing telecommunications and electrical power facilities, etc.

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

## Compliance with Environmental Laws and Other Regulations

The Furukawa Electric Group regularly confirms environmental laws and other regulations to determine items requiring compliance. We ensure compliance in a number of ways, such as by conducting on-site patrols to check the state of compliance. We follow official journals and other sources of information to stay updated on revisions to environmental legislation and ensure that our response is thorough.

We maintain voluntary control limits and manage operations appropriately to ensure compliance with the Air Pollution Control Law and the Water Pollution Control Law. As a revised Water Pollution Control Law was enacted in fiscal 2013, we performed checks at target facilities based on structural criteria.

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

Our checks into the status of legal compliance.

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

## Biodiversity Conservation

### Three Important Categories of Biodiversity Conservation Effort

In April 2011, we began providing information on our website about the biodiversity efforts we are conducting as part of our Basic Environmental Policy. We established the following three important biodiversity categories to specify Group 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 Conservation: Three Important Categories

1. **Assess the impact of business practices on ecosystems and work to minimize the negative impact and maximize the positive.**
2. **Promote sustainable resource use in consideration of biodiversity conservation 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 conservation in tandem with society.**

Beginning in fiscal 2014, we plan to conduct a fact-finding survey of community activities related to biodiversity and support key regional initiatives such as those targeting forest preservation and the elimination of invasive species.