

Third-Party Opinion



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

Remarks about the Report

The CSR report is a communications tool in which a company expresses to stakeholders in the broader community its posture on CSR philosophy and different issues in contemporary society. The company states in the report what philosophy it has, what it is specifically thinking about, how it acts, and what it would like to do in the future.

However, the reports of many Japanese companies, especially traditional manufacturers, are centered on an explanation of internal systems and results vs. internal targets, and the reports for external audiences are mostly just revised versions of the internal reports on CSR activities. I had the same impression about this report too.

In his message, President Masao Yoshida touched on his understanding of global challenges such as environmental and poverty issues, the concept of triple bottom lines, and the importance of communicating with stakeholders. The body of the report covers items such as compli-

ance, customers, shareholders and investors, suppliers, and employees. The report covers all of the CSR activities by offices of the Company. The Company deserves high marks for conveying its attitude towards CSR.

But relationships with stakeholders are centered on an explanation of systems and mechanisms. With respect to the environment, the report clearly sets out the performance, objectives, and other aspects in accordance with the PDCA cycle, and this is remarkable for an environmental management report. The Company deserves particular praise for setting a bold target of reducing CO₂ emissions from production bases by 25% in 2009, compared with the 2000 level, and is reducing CO₂ emissions steadily, although the cuts are short of the target.

However, the report does not appear to set out the strategy Furukawa Electric will use to show how it will actively address the global environmental issues, including global warming, that confront humanity and how it will contribute through its core businesses. And although Furukawa Electric deals with copper, the report also fails to make clear the Company's position on the selection of mines and its mineral resources strategy, which are indispensable elements in addressing CSR challenges.

Consequently, I unfortunately had the impression that the CSR report was inadequate as a report on specific CSR activities, although senior management clearly recognizes global warming and poverty as the greatest challenges facing mankind.

After the Interview

However, this impression changed dramatically once I spoke with Chief Social Responsibility Officer Tetsuya Sato. After the interview, I understood that the Company is proactively addressing issues that I felt were not being dealt with adequately when I read the report.

In the field of CSR sourcing, the human rights of people living near mining sites and the ecological destruction of areas

surrounding mining sites are global challenges that need to be addressed. Companies that use mineral resources at some point in their supply chains from the upstream position to the downstream are required to avoid what is called dirty mining, or mining in a way that does not consider human rights or the environment. In fact, Furukawa Electric faces expectations from its customers, namely auto manufacturers and home-appliance manufacturers about the use of resources from dirty mining, and it has in turn asked its own suppliers, the ore refineries, about it. Actually the answer seems to be that ore refineries cannot separate ore from dirty mining. Unfortunately, the report does not write about this. "We decided not to mention this because we had not reached a final conclusion," said Mr. Sato.

However, readers will think that the Company is unaware of the issue if the report does not discuss it. The CSR report should report not only conclusions but also ongoing information on what kind of position the Company is taking in addressing social issues. Since dirty mining is a significant social and environmental issue, I hope that Furukawa Electric will continue quiet dialogues with refineries so that manufacturers will encourage mines to address the issue in addition to simply pass on the answer from refineries to customers.

Discussing environmentally friendly products reinforced again for me the fact that copper wire is essential for every product using electricity. Although this may be obvious to people in the industry, it is a discovery to people like me outside the industry. It is widely recognized that

