

Initiatives at Affiliated Companies

FCM Co., Ltd.



Head Office: 8-36 Kamiji 3-chome, Higashinari-ku, Osaka, Osaka prefecture
 Osaka Works: 8-36 Kamiji 3-chome, Higashinari-ku, Osaka, Osaka prefecture
 Kyoto Works: 100 Minami Karato-cho, Kamitoba, Minami-ku, Kyoto, Kyoto prefecture
 Toyama Works: 3-6 Yasuuchi 2-chome, Yatsuo-machi, Toyama, Toyama prefecture
 Workforce: 232 employees
 Website: <http://www.fc-m.co.jp/>
 Inquiries: Quality Assurance Department System Management Team
 Tel: +81-6-6975-1321 Fax: +81-6-6976-0174

History

Established in 1949, FCM started out specializing in the drawing and sale of copper wire. In 1955, we started to branch out into metallic plating for electronic components. We currently have three production bases located in Osaka, Toyama (metallic plating work) and Kyoto (drawing wire work).

As part of our recent efforts to develop lead-free products, we have patented a system designed to apply Sn plating on top of tin/copper binary alloy plating and are working on expanding sales of environmentally friendly tin/silver/copper ternary alloy plating. In addition to metallic plating on metal, we are also engaged in the chemical processing of non-metals substances such as films.

On February 28, 2007, we listed our stock on the Hercules Market of the Osaka Securities Exchange.

Efforts for Environmental Preservation

We regard the protection of the environment as a universal issue that is of the utmost importance and have therefore set out "appreciation of Planet Earth" as our underlying motto. Our basic environmental philosophy is to take environmental preservation into consideration in every aspect of our activities as a company.

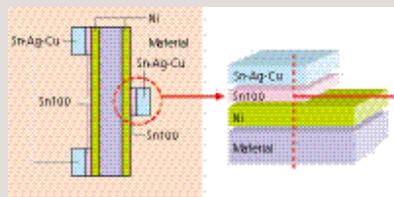
We continue to work on initiatives such as environmentally friendly product development and production activities that are friendly to both the global and local environments.

We have established quality and environmental management systems and have obtained ISO 9001 and ISO 14001 certification at each of our bases. We also invest a great deal into analysis instruments in an effort to closely monitor environmental issues.

ISO 14001
 Certified October 5, 2001
 ISO 9001
 Certified September 10, 1999

Development of tin/silver/copper ternary alloy plating

Using our unique manufacturing techniques, we have developed a plating method capable of applying a stable tin/silver/copper ternary layer based on an electrolytic plating process. The resulting plating is lead-free, environmentally friendly, has a superior balance of properties compared to other lead-free solder plating and offers the same level of performance as regular (9:1 tin:lead) leadsolder (in terms of suppressing whiskering). With a melting point roughly 20°C lower than other lead-free plating (around 215°C), it can also help our customers reduce their overall energy consumption. Thank to improved productivity, it is also a low cost method, coming in approximately 80% cheaper than gold flash and roughly 30% cheaper than tin reflow (FCM comparisons).



Environmental analytical instruments

We have installed some of the best analytical instruments available in Japan, including ICP, EDX, GC, FIB, EPMA, and ULTRA ESCA, and run them at more or less full capacity on a daily basis in an effort to protect the environment and improve quality levels. The reasoning behind this is that it enables us to pinpoint the source of irregularities as soon as they occur and take any necessary preventive measures.

Consideration for the local community

Our Kyoto and Osaka Works both have plants located in semi-industrial areas. We therefore measure noise levels in the area surrounding company premises at night and impose company restrictions that are even stricter than statutory noise levels. In an effort to preserve the local environment and coexist in harmony with the local community, we also conduct regular cleanup activities in the vicinity of all company premises, an initiative in which other local companies are gradually starting to participate.

Wastewater management

Our metallic plating division is fully equipped with its own wastewater treatment facilities to process cyanogen, fluorine and other compounds. Our Osaka and Toyama Works also have underground reservoirs that are large enough to accommodate almost 24 hours worth of wastewater. Maintenance activities are carried out on a daily basis to ensure that any changes are dealt with promptly.



Wastewater treatment facilities

Furukawa Electric Industrial Cable Co., Ltd.



Head Office: 48-10 Higashi-Nippori 6-chome, Arakawa-ku, Tokyo
 Kofu Plant: 15-1 Arakawa 2-chome, Kofu, Yamanashi prefecture
 Hokuriku Plant: 19-2 Wakabadai Shika-machi, Hakui-gun, Ishikawa prefecture
 Tochigi Plant: 1601-8 Oaza-Tadokoro, Shioya-machi, Shioya-gun, Tochigi prefecture
 Hiratsuka Plant: 1-9 Higashi Yawata 5-chome, Hiratsuka, Kanagawa prefecture
 Kyushu Plant: 1-8 Shinmoji, Moji-ku, Kitakyushu, Fukuoka prefecture
 Website: <http://www.feic.co.jp/english/>
 Workforce: 480 employees
 Inquiries: EMS Promotion Secretariat
 Tel: +81-55-277-4860 Fax: +81-55-277-2654

History

Originating from Furukawa Industrial Cable Co., Ltd., which was established via a merger between Sanwa Electric Wire Manufacturing Co., Ltd. and Chiyoda Electric Wire Co., Ltd. in 2001, Furukawa Electric Industrial Cable was integrated with Furukawa Electric's Hiratsuka insulation wire and cable plant in 2005 and The Kyushu Furukawa Electric Co., Ltd. in 2006. As a result, we now play a central role in the Furukawa Electric Group's insulation wire and cable operations at our five plants in Kofu, Hokuriku, Tochigi, Hiratsuka and Kyushu.

As our business has expanded, we have built up a wider range of products. We aim to provide products that offer maximum customer satisfaction, with our core products revolving around electric wire and cables for use in construction and industry, for ships and railway vehicles, for industrial and electrical machinery and rubber mold products.

Efforts for Environmental Preservation

In 2003, while still using the name Furukawa Industrial Cable, we obtained ISO 14001 certification at our three plants in Kofu, Hokuriku and Tochigi. We have obtained expanded certification in 2007 and added our Kyushu Plant to the list. Our Hiratsuka Plant was also certified in 2000 as part of Furukawa Electric's Hiratsuka Works.

In an effort to prevent the environmental impact of our business activities from increasing, we have set out the following company-wide environmental policies.

- (1) We will save energy and reduce CO₂ emissions to help prevent global warming
- (2) We will reduce and recycle waste to minimize the environmental impact of our activities

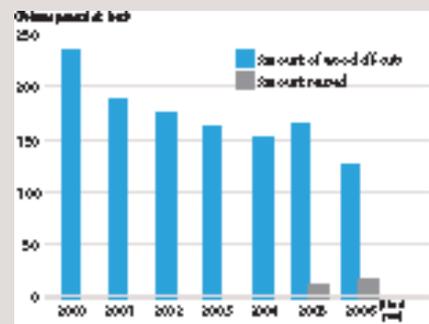
- (3) We will reduce and prohibit the use of harmful substances to prevent the local environment from becoming polluted
 - (4) We will establish and maintain green spaces within our premises
 - (5) We will develop and provide environmentally friendly products
- We carry out all of our environmental preservation activities based on the above priority objectives.

Priority Measures

- (1) As part of our effort to reduce waste, at our Kofu Plant we are working on reducing wood cuttings and have been reusing slats from drums as packaging for electric wires since 2005 to reduce waste. Although we are still only reusing a fraction of our overall emissions, we are nonetheless achieving results slowly but surely.
- (2) At our Hokuriku Plant, we have been planting Japanese red pines on site as part of a greenery campaign. The pines are growing well, with highly experienced senior local human resources taking care of trimming and upkeep on our behalf. In addition to bringing more greenery into the environment, this also ensures that such activities contribute to the local community.
- (3) As airborne pollution caused by chemical substances (gases) emitted by the materials contained in clean room facilities has a major impact on product quality, materials with low gas emissions are now required to be used. In terms of electric wires and cable too, the vinyl plasticizing agents given off by vinyl covering cables have a similarly detrimental effect on products, with flame-resistant polyethylene covering Eco-Cable products

also producing small amounts of harmful gas. We have developed and are now providing our customers with low-emission clean room cables that produce one-tenth or less the amount of harmful gas produced by Eco-Cables.

Amount of Wood Off-Cuts Generated and the Reuse of Slats from Wooden Drums



Making use of senior human resources to trim pine trees at our Hokuriku Plant.

Initiatives at Affiliated Companies

Furukawa Circuit Foil Co., Ltd.



Head Office: 601-2 Otorozawa, Nikko, Tochigi prefecture
 Imaichi Plant: 601-2 Otorozawa, Nikko, Tochigi prefecture
 Imaichi East Plant: 1066-24 Harigai, Nikko, Tochigi prefecture
 Workforce: 350 employees
 Website: <http://www.fcf.co.jp/en/>
 Inquiries: ISO Promotion Team
 Tel: +81-288-22-4911 Fax: +81-288-22-4904

History

Established in 1970, Furukawa Circuit Foil built its first plant in Otorozawa in Imaichi City (which has since merged with other municipalities to become Nikko) in 1972, a second plant in 1980, a third plant in the Harigai area of the same city in 1986 and a fourth plant in 2005. We plan to expand further and construct a fifth plant in fiscal 2007.

Having started out by manufacturing electrolytic copper foil for use on printed circuit boards, we currently manufacture high-performance electrolytic copper foil that is used in a variety of the state-of-the-art electronic equipment, including high-density multilayer circuit boards, flexible circuit boards, negative electrode collectors for lithium-ion batteries and electromagnetic interference shielding materials for plasma displays. We expect to see growing demand across a range of different fields in the future, not least in terms of vehicles designed to minimize environmental impact.

Efforts for Environmental Preservation

We manufacture electrolytic copper foil via a process of electroplating, which has a negative impact on the environment as a result of factors such as massive electrical energy consumption and the generation of industrial waste. With this in mind, we are making every effort to use resources and energy efficiently and to reduce waste to help preserve the environment. As we face additional risks stemming from the use of large quantities of electrolyte solution, chemicals and other liquids, we also engage in a range of environmental improvement activities in conjunction with our CSR initiatives in an effort to offer local residents continual peace of mind.

With regard to certification, we obtained ISO 14001 in November 2003 and transferred over to ISO 14001:2004 in July 2005.

Priority Measures

(1) Compliance with the RoHS Directive and green procurement

First issued in Europe, one of the most environmentally advanced parts of the world, in February 2003, the Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive) was reviewed in July 2006 to prohibit the inclusion of six substances in products: lead, mercury, cadmium, hexavalent chro-

mium, PBB and PBDE. The RoHS Directive represents a set of key regulations in that it effectively imposes the same restrictions on exports by any Japanese company wishing to export products to Europe. The RoHS movement in Europe has had a knock-on effect the world over.

As we supply our products to large numbers of electrical and electronic equipment manufacturers, both in Japan and overseas, it is crucial that we have a chemical substance management system in place, covering not only in-house operations but also our suppliers of raw materials and other items, to comply with regulations such as these.

In addition to purchasing environmentally friendly products, including our long-standing efforts to purchase recycled paper, we are therefore shifting the focus of our green procurement initiatives to prioritize the establishment of a comprehensive system of chemical substances supply chain management covering everything from raw materials and supplies through to our own products.

(2) Energy conservation

Our electroplating-based electrolytic copper foil manufacturing activities are characterized by the consumption of vast amounts of energy and the fact that we essentially operate 24 hours a day, 365 days a year.

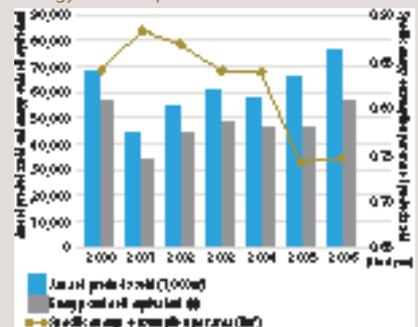
When operating along lines such as these, cogeneration facilities capable of both generating electricity and recovering exhaust heat energy on electricity has been converted into power can help save significant amounts of energy. We therefore installed diesel-powered cogeneration facilities at our Imaichi Plant in 2001 and at our East Plant in 2004. In addition to using steam recovered from exhaust heat, at our East Plant we have also installed absorption refrigeration units as part of a system designed to use exhaust heat for cooling purposes as well.

In the face of cost issues associated with rising oil prices, however, we were unfortunately repeatedly forced to suspend our cogeneration facilities during 2006.

We have long since been actively engaged in energy conservation initiatives as a Type 1 Designated Energy Management Factory in accordance with the Energy Conservation Law and have improved specific energy consumption to ensure that energy consumption does not increase to the same extent as production.

Although we have no effective projects remaining at present due to the suspension of our cogeneration facilities, we intend to continue to engage in steady energy conservation activities on a continual basis in the future.

Area of Products Sold and Specific Energy Consumption



(3) Reducing waste

Our products sales area for 2006 increased by 12% compared to 2000, reflecting an expanded product range. Nevertheless, we managed to reduce waste emissions by one third compared to 2000 levels.

The principal measures that we have implemented to achieve such a reduction in waste have included expanding water treatment facilities to reduce waste alkali and waste acid and improving sorting capabilities for waste plastic and other materials to enable selected materials to be sent for recycling.

In spite of an element of conflict with our efforts to maintain and improve increasingly advanced levels of quality and performance in some respects, we nonetheless intend to continue to implement waste reduction activities in the future.

Area of Products Sold and Waste Generated

