

## Social Performance

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Furukawa Electric defines “compliance” as “more than simply abiding by laws and regulations. Rather, compliance is based on the values and ethics that the company and its employees adhere to, as responsible members of society.”

# Social Contribution Activities

The Furukawa Electric Group is promoting social contribution activities as a member of society, through disaster relief support and exchange with local communities.

## Support and cooperation

### Relief Support for Earthquake off Sumatra and Tsunami Disaster

For the great earthquake that occurred off the Sumatra Island on December 26, 2004, Furukawa Electric, its domestic affiliated companies, affiliated companies in the disaster-stricken countries and volunteers of employees called for donations, and they made a donation of about 15.27 million yen to Japanese Red Cross Society, the local Chamber of Commerce and Industry, and the Department of Industry and Trade that were all fully engaged in relief activities in the disaster areas.



▲ Letter of thanks from the Japanese Red Cross Society

### Relief Support for Chuetsu Earthquake in Niigata Prefecture

We made a donation of 3 million yen to the Community Chest of Niigata Prefecture, for the Chuetsu Earthquake in Niigata Prefecture which occurred on October 23, 2004.

### Cooperation to Chiba Environmental Restoration Fund

Chiba Prefecture has created a “Chiba Environmental Restoration Fund” and aims to have the best natural environment in Japan, under the slogan of “Restore nature in our hometown!” The Chiba works of Furukawa Electric called for donations for this “Chiba Environmental Restoration Fund” from all its employees in the works. The proceeds and part of the profits gained from “Eco Fair Ichihara”, which totaled 145,000 yen, were handed over to the Chiba Prefecture Environment Foundation.

\*) The Chiba Environmental Restoration Fund is established in the Chiba Prefecture Environment Foundation, in order to promote the “Chiba Environment Restoration Plan” which was formu-

## Cleaning in Local Communities

The Furukawa Electric Group carries out cleaning activities in local communities, including the areas surrounding its respective business bases, and also coastal areas and rivers.



▲ Area surrounding the Ueda Plant of Totoku Electric



▲ Area surrounding the Nikko works



◀ Area surrounding the Hiratsuka works

## Communicating with the Community

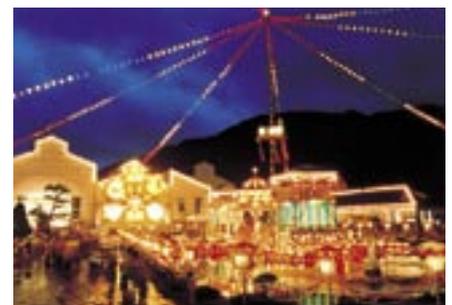
Since fiscal 2002, the Chiba works has actively participated in “Eco-Fair Ichihara” held in the Ichihara Civic Center, and promoted interaction with local elementary schools in various ways.

The Hiratsuka works participated in an “Environmental Fair” hosted by City of Hiratsuka, which aims to be an Eco City, and also participated in a Forum for Environmental Symbiosis Corporations in Hiratsuka\*1, and introduced its environmental activities to the local community.

\* “Forum for Environmental Symbiosis Corporations”

This Forum was formed by an appeal of the Industrial Labor Administration Section of Economy Department of the City of Hiratsuka in 2000, consisting of corporations interested in Hiratsuka. The main activities include exchanging information about the environment, conducting tours of environment-related facilities and hosting an Environmental Fair.

The Nikko works opened its premises to the public and hosted a “Nikko Waraku Odori Dance”. A total of about 20,000 tourists and local people wearing the Yukata participated in this dance, which encircled the Waraku Pond located in the works.



▲ Nikko Waraku Odori Dance

The Nikko works and affiliated companies including Nippon Foil Mfg. invited local elementary school pupils to a tour of the plant.



▲ Tour of the Nikko works by elementary school pupils



▲ Hiratsuka Environmental Fair

# Human Resources, Safety, Health and Compliance

Furukawa Electric believes that its asset is “people”. We are working on creating a comfortable working environment for our employees.

## Relations with Employees

### Furukawa Electric’s View on the Relationship Between the Company and its Employees

Furukawa Electric is striving to build a sincere relationship with its employees, based on trust and responsibility. In addition, through business and work, we are aiming to establish more constructive relations in which the company and our employees can enhance each others abilities and values.

### Placement, Evaluation and Job Conditions

We are working to provide opportunities for placements and job assignments, emphasizing individual motivation and abilities based on the concept of equal opportunity. As a part of this move, we are implementing various interview systems and providing opportunities for employees to reflect on their career goals.

Regarding evaluation and incentives, we have adopted an incentive program for the fair evaluation and treatment of our employees, according to their abilities and performance. We are also working on training managers to have performance evaluation skills, in order to improve the management of the system and win the trust of our employees.

### Education and Training Systems

We believe that the strength of our company lies in the synergy of the abilities of each employee at the work site and that each employee’s ability is enhanced in a practical way through everyday work.

Furukawa Electric provides a place for individuals to grow through work, and provides opportunities to support a proactive approach for the development of skills by motivated employees. These opportunities include training, distance learning and support for acquiring qualifications.

### Support System Corresponding to Various Ways of Working

We respect our employee’s lifestyles and have established various support systems that enrich each individual’s personal life.

Various Systems	Purpose / Content
Flexible Working Hours	We adopt a system of flexible working hours which enables employees to work efficiently according to business demand. We support employees having flexible working hours that suit their lifestyle.
Refresh Holiday	Employees are able to take three consecutive days off once a year, and five consecutive days off every five years, so that they can enjoy well-planned holidays and refresh their minds and bodies.
Holiday Accumulation	A maximum of 10 days out of the remaining regular annual holidays can be carried forward to the accumulated holidays (effective for five years).
Maternity and Paternity Leave	Any employee who has a child under one and half years of age can take maternity or paternity leave for a duration of their choice, until their child is one and a half years old.
Nursing Care Leave	In cases where an employee’s spouse, child or parents (including the spouse’s parents) need nursing care, that employee is able to take nursing care leave for up to one year, if certain conditions are fulfilled.
Retirement Seminar	For union members who reach a certain age, labor and management jointly provide Retirement Seminars, with the aim of enhancing their current lifestyle and supporting their lifestyle after retirement.

## Safety

### Company-wide Priority Safety Activities

Activities are carried out by focusing on the company-wide priority safety activities, which are decided according to the Safety Control Guidelines issued in fiscal 2004.

### Occupational Safety and Health Management System

The Chiba works made an introductory declaration to establish this system and is proceeding with setting up the basis of this system and educating users about it, setting fiscal 2004 as a preparatory period.

#### 1. “Improvement of compliance management system of dangerous and hazardous work”

We investigated the level of standardization that has been achieved by operation chiefs, and the daily management system of dangerous and hazardous work according to laws and regulations, and quantitatively evaluated the management status at each works, each division and each department to clarify the items that need to be corrected.

We will improve the system by continuously carrying out these activities.

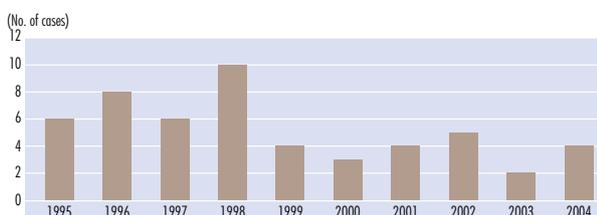
#### 2. “Recheck of safe passage and safe transportation rules and improvement of forklift truck driving skills”

Forklift truck accidents and near-miss accidents continue to occur. We held a company-wide forklift truck driving competition for the first time, as a centerpiece for reestablishing walking and driving safety in the works. We held an all-encompassing company-wide competition which included our suppliers, with the aim of re-educating drivers about basic driving skills, which they learned when they obtained their driving licenses, and also with the aim of helping supervisors to recheck the driving skills that are required by laws and regulations, and raise awareness of the need for daily checks, bearing in mind that supervisors do not necessarily have a forklift truck driving license themselves.

### Safety Education

Focusing on standardization activities, we are promoting the standardization of C-ranked specifications of facility safety design standards in conformity with ISO12100 and company-wide education about work standards. In particular, process analysis is important to properly establish work standards for irregular tasks in which there is a high occurrence of accidents. We are working on these activities, and changing our conventional mindset.

### Number of accidents that led to cessation of work



From “News from Chiba Standards Association” Mr. Eto, Senior Vice Minister of Health, Labor and Welfare, paid a visit to the Chiba works and observed the actual situation of the safety and health management. He observed the copper wire rod manufacturing site and the optical fiber amplifier manufacturing site.

## Health

### ■ Mental Health Care

Furukawa Electric has been promoting company-wide mental health measures since 2002, in line with “Guidelines for Mental Health in the Work Place” published by the Ministry of Health, Labor and Welfare (former Ministry of Labor). In fiscal 2004, managers and supervisors trained general employees with the aim of sharing accurate knowledge about mental health among all our employees. In fiscal 2005, we are targeting managers with an advanced course, incorporating case studies, to help them acquire skills in practical response for preventing and responding quickly to any mental health problems.

### ■ Health Care for Employees that Work Long Hours

Based on the guidelines issued by the Labor Standards Bureau “Measures employers should take to prevent health problems caused by overwork,” we are committed to the health care of our employees that work long hours by placing strict restrictions on the time they work, based on the results of a medical examination, and using a consultation system which involves a medical officer and the employee who works long hours. Furthermore, in fiscal 2005, we will raise health awareness by holding a training session for managers and supervisors, concerning the prevention of health prob-

lems of employees who work long hours at each of our works.

### ■ Promoting separate smoking areas

We set up more than 70 smoking rooms during fiscal 2004 to promote separate smoking areas, in line with the “Guidelines for Smoking Measures in the Workplace”, a notification issued by the Director-General of Labor Standards Bureau in 2003. We will continue to positively promote the prevention of passive smoking.

## Compliance

The Furukawa Electric Group carries out the following activities to promote compliance.

We define “compliance” as “more than simply abiding by laws and regulations. Rather, compliance is based on the values and ethics that the company and its employees adhere to, as responsible members of society.”

I Establishment of the Furukawa Electric Group Action Guidelines and ensuring company officials and employees adhere to this philosophy

II Setting up a Compliance Committee

We have set up a “Compliance Committee” to promote and strengthen the compliance system at Furukawa Electric and its affiliated companies at home and abroad.

### Contents of Concrete Activities of the Committee

- Awareness and education concerning compliance
- Grasp and analysis of risk status concerning compliance, internally at Furukawa Electric and in the Group
- Reporting the management status of the compliance system at a management conference

## Furukawa Electric Group Action Guidelines

**We, company officials and employees of the Furukawa Electric Group, will:**

1. Abide by the laws and regulations in Japan and abroad, and act in conformity with internal rules and external rules such as social codes and ethics;
2. Properly display and adequately disclose corporate information, including financial statements;
3. Deal with antisocial groups in a resolute manner;
4. Aim to be a company that is useful to society by developing products that aid the development of society and by providing reliable products and services;
5. Try to act with consideration for the protection of the global environment;
6. Respect human rights, cultures and traditions as a member of the international community;
7. Create a company in which employees can feel a sense of reward, ease and fulfillment; and
8. Maintain and develop sound and good relations with all stakeholders.

## I will further establish the traditions of Furukawa Electric.



**Nozomu Amano**  
General Manager of  
Legal Department

The Compliance Committee’s office is set up in the Legal Department. The successive management of Furukawa Electric states that we should “conduct correct management fairly and squarely” as one of our policies, and you could say that the spirit of compliance is one of our traditions. I am determined to let this inherited tradition permeate further, among all the company officials and employees of the Furukawa Electric Group, through the activities of the Committee.

# Environmental Education and Enlightenment Activities

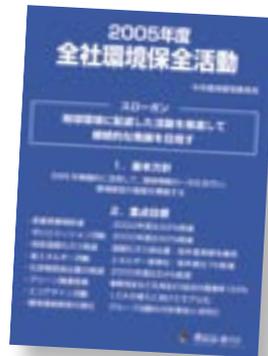
This section introduces environmental education and enlightenment activities for employees of Furukawa Electric.

In order to improve the environmental awareness of our employees, we put up an environmental campaign poster every year in each work place. These posters contain a slogan for environmental preservation activities, a Basic Environmental Policy and major activity targets for the fiscal year. In June, which is designated as the month of environmental preservation, the chairman of the Central Committee for Environment Management delivers a message to all the employees. In addition, each works carries out activities such as distributing leaflets that inform the employees about the environmental preservation month, installing notice boards, calling for a catchphrase concerning the environment, implementing the 5S activities in and around the Facilities' premises and conducting night-time patrols.

## ■ Environmental Seminar for Executives

In order to further promote awareness among managers about environmental activities, we held a second seminar for managers of consolidated companies, following on from last year. We invited university professors and managers of the environmental divisions of Japan's leading companies, who are experts in environmental issues, as speakers.

We held a lecture entitled "CSR Required: Its Management Issues" and "Environmental Management and Initiatives of Green Procurement at NTT" in September 2004. A total of 87 top officials,



including the President, executive directors, members of the Central Committee for Environment Management and personnel in charge of environmental management at Facilities of Furukawa Electric, and presidents and other managers of affiliated companies participated in this lecture.

## ■ Environment-related Education

We conducted education sessions for our new employees, and the employees of our administrative divisions and engineering divisions in their second year of employment (a total of 77 people), about environmental problems in general. In addition, at each works and workplace, we conducted as necessary a general environmental education session at the time when employees are assigned to a division, and conducted special education

sessions relating to specific work.

## ■ Support for Education for Affiliated Companies

We provided education sessions relating to environmental problems in general, and environment-related laws and regulations, for executives and managers of affiliated companies at their request.

## ■ Level-up Seminar for Internal Auditors

Following the revision of ISO14001 Standards, we held a seminar relating to this revision. A total of 18 internal auditors centering on the EMS Office attended this seminar from each of the works.

## ■ Education Session for Training Internal Auditors

We held a seminar for training internal environmental auditors six times, and trained a total of 95 internal auditors, including 54 from Furukawa Electric and 41 from its affiliated companies.



### Attending a seminar for internal environmental auditors

I was given a chance to attend a seminar for internal environmental auditors. A total of 13 employees participated in the seminar this time, and the lecturer was from the Safety, Environment & Quality Promotion Dept. of the Head Office. On the first day of the seminar, there was a lecture and an exercise on the environmental management system and related laws and regulations. On the second day, participants were divided into groups of four or five people, and each group reviewed the lecture and exercise that had been given on the previous day, they examined a document, and simulated an audit of the site. The seminar was a two-day course, although in the past the same seminar had been a three-day course. I felt that the seminar was pressed for

time and that the lecture proceeded a little too fast. Everybody was surprised when the lecturer said to us "You are an internal environmental auditor from today. You will attend the internal environmental audit at the end of the year." Although the seminar was completed, I was not at all confident about practicing audit work immediately. Thus, I may participate in the internal environmental audit this time and consider it as "on-the-job training." I may cause trouble to the people concerned and I would ask for their advice and guidance.



**Teruko Kikui**  
Design & Engineering Section,  
Plant Engineering Department,  
at Nikko works

# Environmental Performance of the Works

The works of Furukawa Electric engage in activities to harmonize with the local community as a good corporate citizen.

## Chiba Works | Continues to be a leader in environmental preservation

Located almost in the center of the Keiyo Seaboard Industrial Area, one of the leading petrochemical industrial zones in Japan, the Chiba works is engaged mainly in manufacturing of wire materials, power cables (currently manufactured by VISCAS), communication cables, and also develops and manufactures large-capacity communication equipment.

The Chiba works has taken the lead role in environmental preservation activities at Furukawa Electric by acquiring ISO14001 in 1998, ahead of our other works. Something that is especially noteworthy this time is zero emission (landfill waste of 1% or less) which we have been striving for, for four years. Our steady efforts have borne fruit and we expect to achieve zero emission during fiscal 2006.

Waste is a resource - we have thoroughly sorted the waste at sites in our works under this principle. Now there is a high environmental awareness shared among our employees, to the degree that a work site can suggest the possible recycling of items to the EMS Office. These activities have grown to such an extent that recycling activities have turned a profit. In fiscal 2004, the profit made on the sale of items for recycling exceeded our waste disposal costs, surpassing the break-even point. This is an outstanding



▲ Ecology Fair

achievement for an electric wire-related business.

On the other hand, we have also continued to promote exemplary activities, in terms of active participation in the local community. We aim to become a works that acquires a favorable reputation among local residents, by providing them with wooden planters made from collected wooden drums, delivering at no charge organic fertilizer made from raw garbage from the company cafeteria, and providing cooperation to the Chiba Environmental Restoration Fund.

We will continue to play the lead role in Furukawa Electric, based on individual employee's activities in line with compliance, not to mention the agreement between the city, the prefecture and ourselves.



▲ Coastal Area Festival



▲ Plant Tour

### Chiba Works



Location: 6, Yawata Kaigandori, Ichihara-shi, Chiba  
Lot area: 672,000 m<sup>2</sup>  
Number of employees: 1,550 (as of April 2005)



**Toru Kumabe**

Manager of Chiba Works

Although the core businesses of this works, the telecommunication business and power cable business, have been forced to engage in a hard-fought struggle amid a severe economic environment for the last few years, our environmental preservation activities have yielded results in one form or another. When I moved to this works from our Head Office last year, I was really surprised at the high awareness for environmental preservation.

A full seven years have passed this year since the acquisition of ISO14001, and the production system of the works has undergone a large change, such as the inauguration of VISCAS due to the alliance of the electric power business

at the beginning of the year. We will take this opportunity to further step up our activities based on our social responsibility.

Meanwhile, there was one thing that deserved special mention in fiscal 2004. The income exceeded the expenses with respect to environmental preservation costs. This is a result of our honest and steady efforts so far, and has brought a great sense of accomplishment to all the employees of the works. Environmental preservation costs are a big management issue in promoting corporate activities. Not satisfied with this result, we will set an even higher target to lead the environmental preservation activities of the entire company.

## Environmental Performance of the Works

### Osaka Works | Contribute to a sustainable society with technological innovation

The Osaka works, which has a long history as the mainstream works for Furukawa Electric's Metals Group, has been manufacturing copper and copper alloy products including copper tubes used in heat exchangers for air conditioners.

The thermal conductivity of copper tubes, which are often used in heat exchangers, plays an important role in improving the energy efficiency of air conditioning systems. The Osaka works continues to make improvements and contribute to energy conservation, by providing air conditioner manufacturers with high-performance copper tubes.



▲ Cleaning activities around the works

The Osaka works has unified to work on energy conservation, and almost achieved the target of reducing the amount of energy used by 1% over the previous year, every year. This achieve-

ment results from our repeated and steady efforts to improve the efficiency of our energy consumption by modifying facilities and reviewing the process flow at production sites, and setting the temperature for air conditioning at 28°C or higher and turning off lights during office lunch breaks.

Furthermore, we have achieved excellent results in waste reduction. From fiscal 2000, when we acquired ISO14001, to fiscal 2004, we have reduced the amount of equipment lubricant and working fluids used with 5S improvement activities, and in addition we have reduced the total amount of waste by 60%, by recycling paper garbage from offices.

Recently we have started positively working on reusing discarded copper tubes used in heat exchangers as a raw



▲ Enlightenment activities of energy conservation

material. We will continue to work to effectively use resources and reduce waste, with the aim of becoming an even more environmentally friendly works.



▲ We received recognition for "Plant Excellence in Wastewater Control" from the city of Amagasaki.

#### Osaka Works



Location: 6, Doicho 7-chome, Amagasaki-shi, Hyogo  
Lot area: 136,000 m<sup>2</sup>  
Number of employees: 330 (as of June 2004)



**Shigefumi Chigusa**  
Manager of Osaka Works

**B**roadly speaking, there are two issues surrounding our environmental initiatives at this works. One is to improve the energy efficiency of customers' products (air conditioners, for example) and to contribute to social energy conservation by enhancing the efficiency of copper tube products, which are manufactured by us. Although copper tube products are said to be approaching maturity, there are technical issues which we believe can be improved. We intend to continue to manufacture highly-efficient products that help to achieve a sustainable society.

Another issue is energy conservation and waste reduction in the works. It is difficult to

produce improved results just by repeating conventional methods. The targets for energy conservation become larger every year. We aim to continuously achieve these targets, by further raising awareness of environmental preservation among individual employees and devising new measures.

## Yokohama R&D Laboratories | Pursues environmental preservation truly for people

Yokohama R&D Laboratories aims to improve the basic technologies that support other companies, as a key center of our research and development activities, as can be seen from the development of a high-power semiconductor laser for optical fiber amplifiers (honored with the Okochi Memorial Production Award), and at the same time, is working on the research and development of leading-edge technologies that will form the core of our next-generation businesses in the medium- to long-term.

We acquired ISO14001 certification in 2002. Unlike plants, we do not have a large production line, but because we handle chemical substances and high-pressure gases, we have fully studied their control methods. Priority items for fiscal 2004 are “research and development in consideration of the environment,” “strengthening of chemical substance control and prevention of water pollution,” “effective utilization



▲ Cleaning activities



▲ Soccer class in the grounds of our laboratories

of resources and reducing and recycling waste” and “promotion of energy conservation activities.” Among different types of research and development, in consideration of the environment we have worked on the introduction and operation of DfE, the technical development of lead-free solder and the development of analysis technology in consideration of the environment.

With regard to analysis technology, we make precise measurements to evaluate the presence or absence of minute amounts of substances that will impact on the environment in the products of Furukawa Electric and affiliated companies, utilizing know-how and analysis technology which has been accumulated at the Analysis Technology Center of our laboratories. We contribute to our green procurement and product development through the development and establishment of such analysis technology.

We will continue to promote research and development activities, with an increased awareness for the environmental preservation that is essential for the creation of new products and new businesses, with an eye towards the next generation.

### Yokohama R&D Laboratories



Location: 4-3, Okano 2-chome, Nishi-ku, Yokohama-shi, Kanagawa  
Lot area: 19,881 m<sup>2</sup>  
Number of employees: 300 (as of April 2005)



**Kazunori Nakamura**  
Manager of Yokohama R&D Laboratories

I frankly feel that awareness of the environment has become rooted in every single employee. This is because, although we do not have large lines unlike plants, every single employee controls chemical substances and the like, during their research and development work. Routine consideration to the environment of each employee leads to effective utilization of resources and the reduction and recycling of waste.

Our laboratories are located in a residential area of Yokohama, and at the very least, an environmental issue is not to cause inconvenience to the local residents. We have never received any complaints from them so far,

but we will try to give more friendly consideration to the local environment, by completely eliminating any abnormalities in the wastewater produced by our research.

There is a recreational ground on the premise of our laboratories, and it is used by the local residents for soccer classes and the Bon festival dance. We have upgraded the toilets in the recreational ground so that the local residents are not inconvenienced when they need to use them. We will work on environmental problems without neglecting our friendly consideration for people.

## Environmental Performance of Affiliated Companies

This section introduces the environmental preservation activities of the affiliated companies of Furukawa Electric.

### Access Cable Company

#### History

The Access Cable was established through the merger of the former Nishiura Electric Wire Co., Ltd. and the former Kyushu Okano Electric Wire Co., Ltd. in April 2002. Our Head Office is located in Tokyo, and we have factories in Hokuriku (Ishikawa Prefecture) and Kumamoto. Our main business is manufacturing optical fiber cables, indoor and outdoor wires, LAN cables and coaxial cables.

We hope to satisfy our customers through the development and manufacturing of products as well as to contribute to society, even if it is only slightly. We are promoting our activities, while always keeping harmonization with the environment in mind, and giving consideration to environmental preservation.

#### Environmental Preservation Activities

We set up an Environmental Committee at each of our factories, making it our basic policy for promoting environmental preservation activities that recognition of protecting the global environment as a manufacturer is the most important thing with regard to our social responsibility as a corporation and that each employee pledges to improve environmental preservation while putting emphasis on being environmentally-friendly in addition to that we contribute to achieving an affluent society in which all the people can live safely.

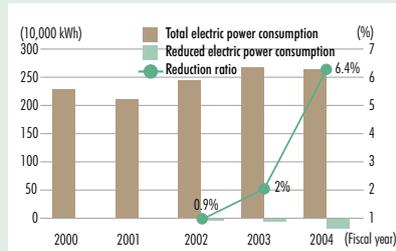
- The Kumamoto Factory acquired ISO14001 in October 2000
- The Hokuriku Factory acquired ISO14001 in December 2004

#### Priority Items

##### ① Reduction of electric power consumption

We introduce energy-saving facilities in a systematic way, to reduce greenhouse gases, and carry out our activities with awareness of saving power in our daily air conditioning, plant lighting and office automation equipment.

#### Reduction of Electric Power Consumption



(Data of Kumamoto Factory)

##### ② Reduction of waste

Aiming at reducing waste from factories and recycling 100% of our waste (zero landfill disposal), we have worked on the control of emissions, reusing material, recycling material and thermal recycling, in the order described.

- Since September 2001 PE has been sold as a valuable material to be recycled.
- Since October 2002 non-valuable plastic waste, except PVC, has been thermally recycled.
- Since October 2003 optical fiber cable scraps have been sorted and thermally recycled.
- Since October 2004 plastic bobbins and transparent PE bags have been sorted and the material has been recycled.
- Since October 2004 sorting standards have been subdivided and plastic waste has been thermally recycled.

##### ③ Reduction of hazardous air pollutants

In June 2004 we completely stopped the use of trichloroethylene as a fluid for washing coaxial cable cores.

##### ④ Enlargement of green area

On the 30th anniversary of the Kumamoto Factory, all the employees planted trees.

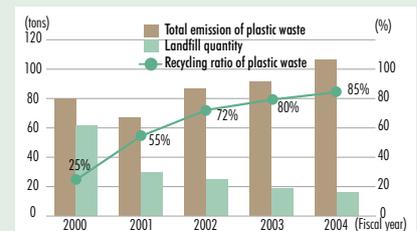


#### Local Community Activities

We participated in river cleaning activities hosted by the town.

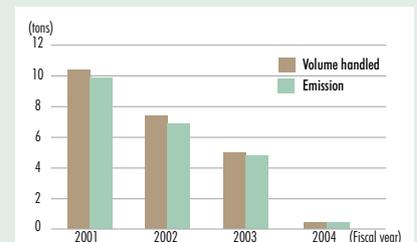


#### Total Emission and Recycling Ratio of Plastic Waste



(Data of Kumamoto Factory)

#### Volume Handled and Emission of Trichloroethylene



(Data of the Hokuriku Factory)

#### Access Cable Company



Head Office: NF Kanda Building 4F, 1-8-9, Kanda-Nishiki-cho, Chiyoda-ku, Tokyo  
 Hokuriku Factory: 19-3, Wakabadai, Shika-machi, Hakui-gun, Ishikawa  
 Kumamoto Factory: Ouaza Sougawa 2001, Kosa-machi, Kamimashiki-gun, Kumamoto  
 Number of employees: 113

#### Enquiries and further information

EMS Office, Kumamoto Factory  
 TEL: +81-96-234-1180 FAX: +81-96-234-1181

# Asahi Electric Works Co., Ltd.

## History

The Asahi Electric Works has been an exclusive manufacturer that has played an important role in power transmission and distribution technology from its foundation in 1948, right up until the present day. We are invigorated to take steps forward toward future energy transportation and information transmission support technology, based on our technology which has been cultivated for over 50 years.

## Environmental Preservation Activities

We are promoting preservation activities making it our basic policy that we have an obligation to preserve the global environment and to protect our precious earth in order to pass it on to our descendants in a good condition and that we will assume our social responsibility as a corporation by contributing to the establishment of a better environment for people, society and the earth. We acquired ISO14001 in February 2003. When ISO14001: 2004 was published, we quickly responded to it and had a Transition Audit in February 2005, switching to the 2004 version. Taking this opportunity, we will work on our activities with fresh spirits.

## Environmental Policy Item

1. Promotion of energy saving to prevent global warming
2. Reduction of the amount of environmental impact substances used (complete elimination of trichloroethylene)
3. Reduction and recycling of waste
4. Development of products that reduce the impact on the environment

Of the above, which are set as priority items, number 2, the "complete elimination of trichloroethylene" was achieved one year earlier than we had planned, and our activities for eliminating it are introduced below.

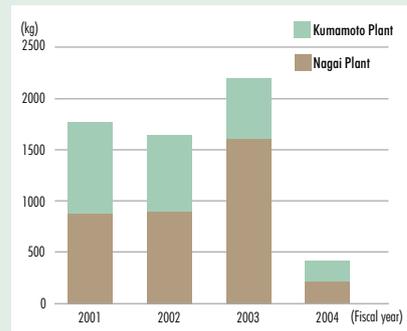
## Reduction of Amount of Environmental Impact Substances Used (Complete elimination of trichloroethylene)

Trichloroethylene is said to be a carcinogenic and a pollutant of groundwater, and its use has been regarded as a problem. We used a combined amount of 1,700 kg to 2,000 kg at the Nagai and Kumamoto plants each year for cleaning machined parts and as a solvent for a surface treatment agent for processed electric parts. The staff in charge of engineering and manufacturing started promoting activities in fiscal 2002 to completely eliminate the use of trichloroethylene.

The trichloroethylene that was used for cleaning purposes was eliminated by changing cutting oil to a water-soluble agent, thereby eliminating the need for cleaning altogether. However, we had great difficulty in selecting a substitute for trichloroethylene as a solvent for surface treatment, because there were two kinds of products (aluminum and copper) to be surface treated, and we had to select substitutes that were suitable for both of these materials. There were more than ten kinds of potential replacement candidates, and we spent a considerable amount of time and labor on this problem, but our efforts were rewarded with success when we found a suitable chemical. The trial product passed the required quality level in the performance test, and the safety data sheet confirmed it had no impact on the environment, and so we could eliminate the use of trichloroethylene at the Nagai plant in August 2004. Then, we extended this approach to the Kumamoto plant and in November 2004 at last we achieved complete elimination.

We had to deliberate carefully, because we needed to select a substitute without impairing the quality of our products, and we are proud to say the enthusiastic initiatives of the staff concerned brought about the success.

## Change in Annual Amount of Trichloroethylene Used



Nagai Plant: Achieved complete elimination in August 2004

Kumamoto Plant: Achieved complete elimination in November 2004

## Future Activities

A thinner used by some of our products as a degreaser contains toluene, an environmental impact substance. We will work to reduce the amount of thinner used in the future.

## Asahi Electric Works Co., Ltd.



Head Office: 2-11-16, Azamino-Minami, Aoba-ku, Yokohama-shi, Kanagawa  
Nagai Plant: 1812, Imaizumi-Yamada, Nagai-shi, Yamagata  
Kumamoto Plant: 556, Kyokushifumoto, Kikuchi-shi, Kumamoto  
Nikko Plant: 500, Kiyotaki-machi, Nikko-shi, Tochigi  
Number of employees: 220

**Enquiries and further information**  
Quality and Environment Group, Head Office  
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## Environmental Performance of Affiliated Companies

### Furukawa Logistics Corporation

#### History

Furukawa Logistics was established in October 1980, having been separated from the logistics section of Furukawa Electric, as a trucking, packing and packaging, and warehousing business.

Then, we were entrusted with all the works and nationwide distribution centers of Furukawa Electric and the works of Furukawa-Sky. In 2000, we established the Oyama Distribution Center, and in 2003 we set up offices in China (Shanghai, Guangzhou and Tianjin).

Our business covers a wide range of areas, including logistics-related businesses such as transportation, customs brokerage, warehousing businesses and logistics consultancies, and general worker dispatch businesses.

#### Environmental Preservation Activities

We have formulated our quality and environmental policy to achieve, through economic activities of logistics, "an affluent society in which people in the world understand each other and make full use of humanity, individuality and creativity" as defined in our management policy, and promoted environmental preservation activities.

We acquired ISO14001 certification at 14 bases of our Branch Offices and Centers nationwide including the Head Office in June 2002, aiming at becoming an environmentally friendly logistics company.

We are going to have a combined audit of ISO14001: 2004 and ISO9001: 2000 in May 2005.

#### Environmental Preservation Activities (Fiscal 2002 to fiscal 2004)

##### ① Reduction of NOx per ton · kilometer from vehicles

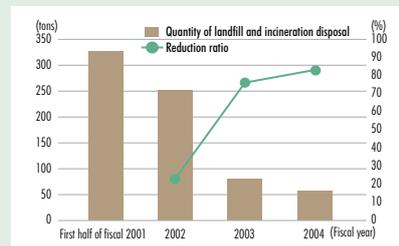
The NOx emission from trucks, our main means of transportation, was reduced by 6% over the first half of fiscal 2001 per product transportation ton-kilometer.

##### ② Reduction of the quantity of landfill and incineration disposal

The landfill and incineration quantity of waste was reduced by 84% over the first half of fiscal 2001. Activities that largely contributed to the reduction were the recycling and repairing of collected wooden drums for electric wires, for their reuse, as well as collecting and reassembling materials after the disassembly

of these drums, in order to produce new drums. When there were materials that had to be discarded, various ideas were generated including using them as litter for horses (at our Sapporo Center) or using them as boards by reducing to chips (at another center).

##### ■ Landfill and Incineration Disposal



##### ③ Deployment of support activities for Green Management Certification acquisition

We began to encourage transportation and delivery companies to acquire Green Management Certification and help the main special delivery transportation companies acquire this certification. We will start with the Chiba Branch Office in fiscal 2004 and expand our support throughout the country.

We held an Eco-Drive seminar because one of the criteria for Green Management Certification is the practice of eco-drive techniques. We obtained cooperation from a truck manufacturer and held the seminar at the Chiba Branch Office and the Kanto Distribution Center in September 2004 and March 2005. The participating drivers of trucking companies learned "low fuel consumption driving techniques (eco-drive)."



▲ Eco-Drive Seminar



▲ 4-ton Unic truck used for driving at Eco-Drive seminar

Effect of Eco-Drive		
	Before seminar	After seminar
Average speed	23.5 km/h	22.3 km/h
Fuel consumption	4.26 km/ℓ	5.59 km/ℓ

CO<sub>2</sub> Emission  
When 4,000 liters of fuel is used per month:  
Conventional driving / 4,000 liters / Emission of about 10.5 tons of CO<sub>2</sub>  
After fuel saving / 3,053 liters / Emission of about 8.0 tons of CO<sub>2</sub>  
It is possible to reduce the emission of CO<sub>2</sub> by about 2.5 tons per month.

##### \*Eco-Drive in Trucks

Driving technique for fuel saving  
① Gradual starting acceleration ② Use of upper gear for improved fuel economy ③ Maintaining a constant speed ④ Engine speed within the green zone ⑤ Unsteady driving is an enemy of fuel economy ⑥ Using an engine brake ⑦ Refraining from speeding ⑧ Short periods of idling ⑨ No strong idling  
Provided by Hino Motors, Ltd.

##### ④ Reduction of Electric Power Consumption

We promoted company-wide energy saving activities, targeting at a reduction of electric power consumption. Electric power is mainly used for lighting in our offices and work areas, and outdoor lighting. It was reduced by 16% over the first half of fiscal 2001.

##### ⑤ Reduction of Purchased Amount of Office Paper

We worked on reducing the purchased amount of office paper, by using the back side of used paper, as an initial environmental activity, with the aim of raising company-wide awareness, and we reduced the amount by 31% over the first half of fiscal 2001.

#### Future Activities

We plan to carry out the following activities from fiscal 2005.

1. Reducing the number of accidents
2. Reducing electric power consumption
3. Reducing NOx per ton-kilometer from vehicles
4. Reducing the quantity of landfill and incineration disposal
5. Deploying support activities to acquire Green Management Certification
6. Preparation of ton-kilometer data to be provided to consignors, with respect to the revision of the Rationalization in Energy Use Law, to take effect in 2006
7. Participation in environmental preservation activities in cooperation with municipalities

#### Furukawa Logistics Corporation



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