

Fujikura Group
CSR Report 2010



Editorial Policy

This Fujikura Group Corporate Social Responsibility Report 2010 is composed of the following five parts. The first section, "Message from the President" is followed by sections on the Fujikura Group's performance in three aspects (management, environmental, and social performance), and then a section on the activities of Fujikura's plants and its domestic and overseas subsidiaries. We have also included a feature article in this report, in which we introduce how Fujikura fostered communication with local communities through the redevelopment project, "Fukagawa Gatharia, Where People Gather," implemented at the former site of its Fukagawa Plant. In 2010, 10 years after the launch of this project, the development of Fukagawa Gatharia, a complex of offices, stores, and amenity facilities (cinema and fitness facilities)

was finally completed.

In the section on our CSR initiatives, we have described the Fujikura Group's management approach and ideas about CSR, and introduced the Group's CSR activity guidelines formulated based on its CSR Philosophy and CSR Basic Principles.

This report is also posted on Fujikura's website in both Japanese and English.

To see the online report, please visit:
(<http://www.fujikura.co.jp/csr/index.html>)

Scope of Reporting

This report describes the CSR activities conducted by the Fujikura Group during fiscal 2009 (April 1, 2009 to March 31, 2010).

Scope of Data

<Management and social data>
Fujikura Ltd. and its 72 consolidated subsidiaries
(Breakdown: 26 subsidiaries in Japan and 46 overseas)

<Environmental data>
Fujikura Ltd. and its 42 consolidated subsidiaries included in the scope of consolidated environmental data*
(Breakdown: 23 subsidiaries in Japan and 19 overseas)
Four non-consolidated subsidiaries included in the scope of consolidated environmental data*
(Breakdown: three in Japan and one overseas)

Publication

MonthSeptember, 2010
(Next publication is scheduled for *MonthSeptember,* 2011.)

Reference guidelines

Sustainability Reporting Guidelines Version 3 (G3),
Global Reporting Initiative (GRI)
Environmental Reporting Guidelines 2007,
Japanese Ministry of the Environment

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Contents

Message from the President	4
Management Performance	
Corporate Philosophy and CSR Initiatives	6
Business Performance and Business Summary in Fiscal 2009	8
Corporate Governance and Risk Management	10
Business Continuity Plan (BCP) / G-FPS Activities (Activities to Implement the Corporate Philosophy)	12
Environmental Performance	
Environmental Management System	14
Environmental Management Action Guidelines	16
Environmental Audit	18
Initiatives to Reduce Environmental Impacts	20
Green Procurement and Purchasing / Waste Reduction	22
Product Recycling and Management of Chemical Substances and VOCs	24
Environmentally Friendly Products and Management of Chemical Substances Used in Products	26
Social Performance	
Quality Management and Quality Assurance	28
Information Disclosure and Communication / Procurement	30
With Employees and Their Families	32
Occupational Health and Safety	34
Fujikura's Plants and Group Companies	
Feature Article Fukagawa Gatharia With Local Communities	36
CSR Activities of Fujikura's Plants in Japan / Collaboration with Local Communities	38
CSR Activities at Group Companies	40
Third-Party Opinion / Response to the Third-Party Opinion	43

Aiming to Become a Corporate Group That Is Appreciated by Customers and Highly Evaluated by Society



Fiscal 2009 was a fruitful year for everyone in the Fujikura Group, and we were able to see the tangible effects of a range of measures that we had implemented across the Group. In the previous fiscal year, the global market shrank due to the world economic recession triggered by the Lehman shock, which caused substantial decline in the Fujikura Group's business performance. In response, we decided to adjust our business scale to the current market size, and based on this policy implemented the following measures across the Group in fiscal 2009.

First, we began adopting a policy of "focusing on profitability instead of pursuing business expansion." Accordingly, we consolidated our business bases, especially in Europe and China.

Second, this April we integrated seven Group companies in Thailand, where our manufacturing bases for electronic wiring parts are concentrated, into a new company named Fujikura Electronics (Thailand) Ltd. (FETL). We accomplished this based on our "Focus & Deep" strategy for the future. Specifically, we founded FETL to streamline the local indirect departments, strengthen R&D functions for production technologies, and develop human resources, in order to enhance our competitiveness.

Third, we reduced the total accrued costs of the entire Fujikura Group by about 22 billion yen, including personnel expenses and other expenditures and depreciation costs.

In fiscal 2009, as a result of implementing these measures, our consolidated net sales came to 503.5 billion yen, while operating income increased to 17.9 billion yen, up 17.7 billion yen from the previous fiscal year and ordinary income also increased to 16.5 billion yen, up 20.1 billion yen year on year.

We thus saw the tangible effects of the group-wide measures in fiscal 2009, which was also a very meaningful year from the viewpoint of our management philosophy: "Contributing to society through business operations." In our management plan for fiscal 2010, which we announced this May, we aim to achieve consolidated net sales of 516 billion yen, an operating income of 18 billion yen, and an ordinary income of 16.5 billion yen in the fiscal year.

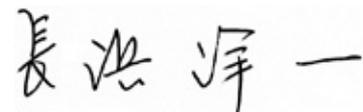
The Fujikura Group celebrates the 125th anniversary of its foundation this year. Since its inception in 1885, the Group has been contributing to improving Japan's infrastructures over a century through its "Tsunagu" (connection) technologies for electric wires and cables, in particular for optical fiber cables. At present, however, we are witnessing great changes both in Japan and in the world, and it is no longer enough for the Fujikura Group merely to be contributing to the world by making full use of its long accumulated technologies, know-how and expertise. We are now also required to proactively implement measures for the creation of a low-carbon society and a sustainable society that is friendly to both people and the global environment. To this end, we must explore new dream-inspiring and attractive business

possibilities by making use of the entire Group's technologies and by researching and developing more advanced technologies required by society. Some of these business possibilities are related to superconductivity, fiber lasers that are more energy- and space-saving than conventional carbon dioxide lasers, optical interconnection technology that combines optical fiber and electronics technologies essential for supercomputers, and to the technologies for nursing-care robots and powered suits that will be needed in an aging society with a decreasing birthrate. We aim to actively research, develop, and commercialize these highly promising technologies, which are needed by society and these times, and which seem to be quite feasible. The key to achieving this goal is to develop our human resources, which provide the very basis for our business management. Accordingly, we will develop human resources globally, not only in Japan but also overseas, including local human resources for overseas business expansion.

Unfortunately in January 2009, one of our affiliates received an on-the-spot inspection of its high-voltage power cable business from the Japan Fair Trade Commission, and in June 2009, Fujikura Ltd. also received an on-the-spot inspection of its optical fiber cable business from the Commission, and subsequently this May received a cease and desist order and a surcharge payment order from the Commission. We took these incidents very seriously and vowed that it will never happen again and have resolved to break away from any cartels. Accordingly, we have formulated a compliance program for all employees and are ensuring that each and every employee complies with laws and regulations through e-learning and other educational programs. I would like to take this opportunity to apologize to our stakeholders for the anxiety and concern that the incidents have caused.

The Fujikura Group has been actively committed to making social contributions through its "Tsunagu" technologies since its foundation. In 2005, when we celebrated the 120th anniversary of Fujikura, we declared the start of the "Third 60 Years of Leadership" for the company and formulated the Corporate Philosophy MVCV as our new management philosophy. In the mission statement included in the MVCV, we promise that Fujikura will help customers create value and contribute to society through its "Tsunagu" technologies. Under the Corporate Philosophy MVCV, all members of the Group including myself will further foster CSR measures to make the Group a corporate group that is appreciated by customers and highly evaluated by society. On behalf of our Group, I would like to solicit your continued support and advice.

Yoichi Nagahama
President &
CEO of Fujikura Ltd.



Corporate Philosophy and CSR Initiatives

The Fujikura Group's Management Approach

The Fujikura Group was founded with a progressive spirit and has cherished and passed down its corporate DNA as a manufacturing company over 125 years. Against this backdrop and from the viewpoint of our customers, we identify what we should do and what we should not do, and always act accordingly based on a corporate culture in which we put first priority on quality. On that basis, all corporate staff members abide by the Group's management rules and promote synergy between our production, sales, and R&D bases, driven by the Global Fujikura Production System (G-FPS) as well as by our commitment to CSR and

to a better manufacturing culture. Through these measures, we aim to achieve our vision for the four business fields (telecommunications, electronics, automotive components, and metal cables & systems) described in the Mid-Term Business Plan. In achieving this vision, we will implement our Corporate Philosophy MVCV and become a corporate group that pursues "Value Creation for the Customer" and is appreciated by customers and highly evaluated by society, while achieving further growth for the entire Group.



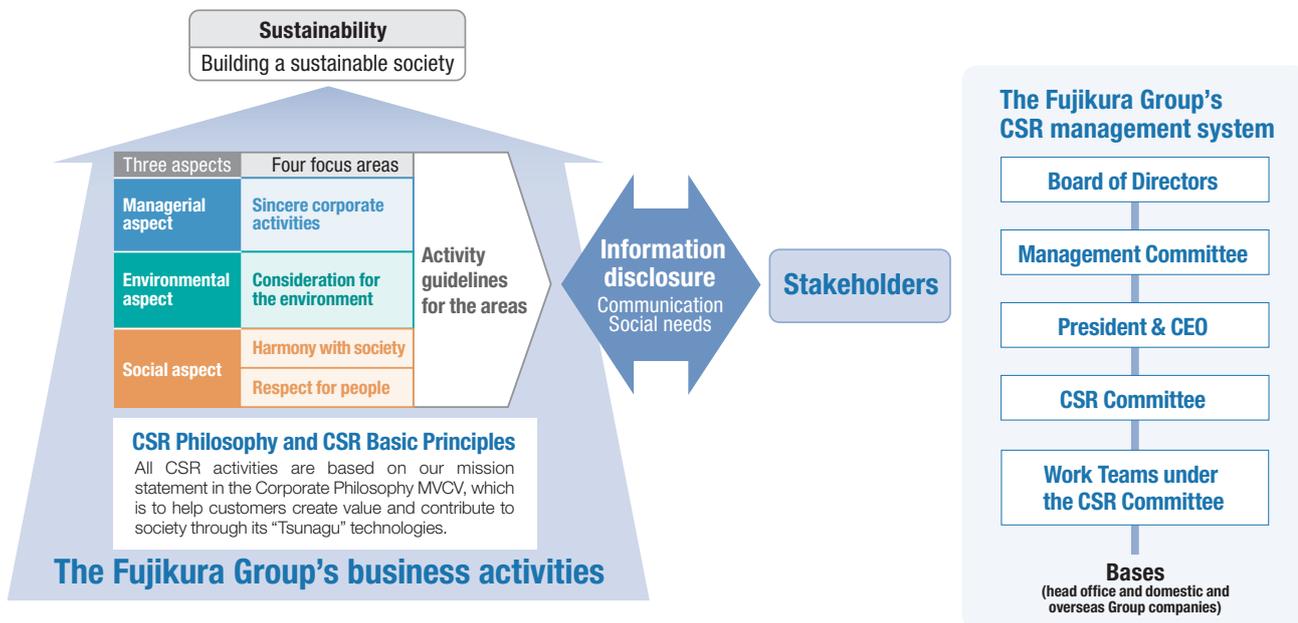
We will continue with our CSR activities and implement the Corporate Philosophy MVCV through our business operations.

Concept and Initiatives for CSR

The Fujikura Group conducts its CSR activities based on its mission statement in the Corporate Philosophy MVCV, which is to help customers create value and contribute to society through its "Tsunagu" technologies. We regard CSR as one of the key pillars of our business activities and are

actively implementing measures to fulfill CSR. We have formulated a total of 17 activity guidelines for the four focus areas described in the Fujikura Group CSR Basic Principles as common guidelines to be followed by Fujikura and other Fujikura Group companies.

The Fujikura Group's approach to CSR



Business Performance and Business Summary in Fiscal 2009

Business Performance in Fiscal 2009

Improving profitability by reducing accrued costs

In fiscal 2009, we endeavored to reduce our costs to survive the severe economic situation: in the year, market demand shrank on a global scale and we also faced a reduction in capital investment in Japan. As a result, our consolidated net sales decreased by 70.1 billion yen to 503.5 billion yen year on year, which was in part due to drops in the copper price and the stronger yen.

Although net sales decreased because of this, operating income increased substantially by 17.7 billion yen from the previous fiscal year to 17.9 billion yen as a result of us drastically cutting costs across the Group to achieve a reduction of accrued costs of 22.0 billion yen, year on year. Ordinary income also increased to 16.5 billion yen.

(We recorded an ordinary loss of 3.5 billion yen in the previous fiscal year.)

By business segment, we improved profitability both in the Telecommunications and Electronics & Auto Segments. In particular, we were able to improve profitability in the field of automotive components thanks to the active Chinese market and as a result of consolidating the bases of Fujikura Automotive Europe (FAE). In the Metal Cable & Systems Segment, sales dropped due to a decrease in domestic demand and drops in the copper price, but profitability increased by eliminating copper-related losses and reducing costs.

Capital Investment

The Fujikura Group (Fujikura and its consolidated subsidiaries) made a capital investment of 34.5 billion yen (on a basis of tangible and intangible fixed assets received) under its basic strategies of “concentrating managerial resources in growth fields” and “enhancing craftsmanship in monozukuri (manufacturing).”

Capital investment made in fiscal 2009

Telecommunications Segment	7.3 billion yen	Investment to develop the manufacturing facilities for optical fiber preform rods at our base in Wuhan, China in response to an increase in world demand for optical fiber
Electronics & Auto Segment	8.5 billion yen	Invested to improve the productivity of manufacturing facilities for FPC products that are very difficult to manufacture, including double-sided and multilayer FPCs
Metal Cable and Systems Segment	2.5 billion yen	Invested to improve the metal cable-related manufacturing facilities
Others and across the company	16.2 billion yen	Invested in the construction of the West 2 and West 3 office buildings in the final stage of the Fukagawa Gatharia project for the redevelopment of the Fukagawa area
Total		34.5 billion yen

Research and Development

Developing inspiring new products and technologies for society

Since its foundation in 1885, Fujikura has been constantly meeting the technological challenge of developing new innovative products, capitalizing on its advanced technologies on electric wires and cables that it has accumulated. By doing so, we have contributed to the development of social infrastructures and the sustainable development of society. At present, however, we are required to meet a range of new challenges that include global warming in building a sustainable society. In response, our engineers are striving to create a variety of unique products. They are enthusiastic in their commitment to creating new products and technologies as the driving force behind

Fujikura's survival in the market and contribution to social development. In the telecommunications, electronics, automotive component, and energy fields, we are conducting R&D activities with the keywords, "Tsunagu technology to protect the Earth," "Tsunagu technology to connect the world," "Tsunagu technology to connect people's lives," and "Tsunagu technology to create the future."



Takamasa Kato

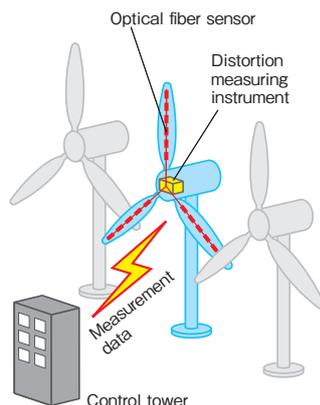
Executive Vice President & Member of the Board in charge of R&D



Contributing to the wider use of renewable energy:

optical fiber distortion sensor for wind power generation

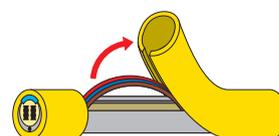
In recent years, initiatives to use clean energy, increase energy efficiency, and reuse energy have been increasingly implemented on a global scale. In the wind power generation field, R&D activities are being proactively conducted to upsize power generation blades and extend their lives, thereby increasing the power generation efficiency. Fujikura is developing an optical fiber-based distortion sensor to help extend the lives of the blades and increase their power generation efficiency. Using data on the distortion of the blades measured by the sensor, the lifetime of the blade can be predicted and the power generation efficiency can be controlled accordingly. It is not necessary to provide electricity to the optical fiber-based sensor, which thus represents a technology for energy conservation.



Contributing to higher energy efficiency in FTTH networks:

C-slot optical fiber cable

To establish an economical FTTH network, it is essential to shorten the time required for the installation and connection of the optical fiber cables. To meet this requirement, Fujikura has developed a C-slot optical fiber cable, which is thin and light and whose sheath can be easily removed. The outer dimensions and mass of this cable have been reduced to about half those of conventionally structured cables, and the time required to remove the sheath has also been reduced to about a quarter. Moreover these cables can be disassembled into their component materials, making material recycling easy. Furthermore, they can be transported in smaller and lighter packages compared with conventional optical fiber cables, which in turn helps reduce CO2 emissions from transportation.



Corporate Governance and Risk Management

Corporate Governance

Fujikura ensures clarification of operating responsibilities and an efficient top management by adopting the executive officer system. We have also adopted the corporate auditor system as a system that enables monitoring and supervision of management in the managerial decision-making process. Through these systems we have divided the execution and supervision of management and clearly defined the monitoring and supervision functions to be fulfilled by directors to ensure that business operations are conducted in compliance with the relevant laws and regulations and the Company's Articles of Incorporation.

The activities of internal control with regard to daily operations are designed to supervise legal compliance in operational processes through the Internal Control System Development Division, the relevant departments at headquarters, and administrative organizations within each business segment.

For internal control, we have established management rules for documents and electronic information and the storage and control of management information. In addition, we review company-wide risks, promote a compliance system, and manage a whistle-blowing system through the Risk Management Committee and the Conduct Code Promotion Committee.

For control of the Group, we established the Group Management Policy to promote its common values and facilitate a shared sense of unity as well as to improve the effectiveness of management supervision, risk management, and compliance systems throughout the Group.

As a mechanism to support Auditors' operational audit and improve audit accuracy, we have formulated Directors' responsibilities concerning the appointment and dismissal of employees supporting auditors, independence from operating departments, and access to information required by Auditors. We also set up regular occasions to exchange views with operating officers and ensure that opportunities are provided for Auditors to express their demands.

Compliance with the Antimonopoly Act

At the meeting of the Board of Directors held on September 28, 2009, participants passed a resolution on the Fujikura Antimonopoly Act Compliance Program with a view to ensuring compliance with the law through the announcement by the President of the company's commitment to compliance and also through the provision of relevant instructions to all directors and employees as well as through the enhancement of our in-house compliance system. Under this program, we are formulating rules on contacts with competitors, educating all our sales staff on the Antimonopoly Act, and implementing other measures to improve our in-house compliance system.

Export control

On the international front, security problems such as nuclear and missile issues in North Korea are emerging as serious international concerns. Because Japan is a major exporter of high-tech products and technologies on a par with the United States, countries of concern and terrorists are interested in Japanese products. If sensitive products and technologies are exported illegally to countries of concern or to terrorists and used to develop weapons of mass destruction, it will threaten the peace and safety of the whole world.

In Japan there have been some illegal exports regarding weapons of mass destruction. Such illegal acts threaten regional safety and also damage the international credibility of Japan. Companies involved in such acts will also be held liable both socially and ethically and are likely to receive social censure.

As one of its basic principles, Fujikura respects the international trade control rules aimed at maintaining international peace and safety, and is committed to complying with foreign exchange and trade-related laws and regulations and to performing its corporate activities in line with social norms.

Fujikura has set in-house export control rules for the company and also for its domestic and overseas subsidiaries, based on which we judge whether our freight and technologies violate the related laws and regulations and check our dealings with customers. We are improving our in-house rules, notifying employees of any revisions to the related laws and regulations and providing them with education on export control. We carry out internal audits for export control, thereby ensuring legal compliance and voluntary export control.



Educational seminar on export control

Risk Management

Building and strengthening a management system based on the Fujikura Risk Management Rules

Fujikura classifies risks to be managed into risks related to business opportunities (strategy risks) and risks related to the performance of its business activities (operational risks). Strategy risks are managed by top executives jointly through the Board of Directors and the Management Committee, while operational risks are managed by the Risk Management Committee based on the Fujikura Risk Management Rules.

With crisis management, we provide information to top management promptly and have established a response organization and a management system in the Fujikura Risk Management Rules.

As for operational risks, we manage a range of incidents daily that take place in our corporate activities, including those related to compliance, quality assurance, environ-

mental management, safety and health, and information security under a system led by in-house organizations specializing in each of the fields. Specifically, the Legal Department, Quality Assurance Division, Global Environment Division, Human Resource & General Affairs Division, System Division, Security Export Administrative Division, and other in-house expert organizations show the values to which society wants companies to adhere to directors and employees. These in-house organizations work to ensure that the directors and employees behave appropriately in compliance with social norms as well as with laws and regulations so that the Company can win even more trust from a range of stakeholders including customers, consumers, employees, business partners, and shareholders.

Information security

With the progress of this highly information-oriented society, the importance of information and the use of information systems are dramatically increasing in corporate activities. In particular in recent years, risks associated with electronic information are expanding, and we regard the implementation of information security measures as a top priority in our business activities. Fujikura formulated its Basic Rules on the Security of Electronic Information in 2005 to protect all information handled by the Fujikura Group. By constantly increasing the awareness of these rules among directors and employees and urging them to comply, we will fulfill our social responsibilities regarding information security.



system and are implementing diverse security measures.

Specifically, we are fostering the following measures to eliminate the risk of information leakage.

Major measures:

- Educate all employees on information security on a regular basis
 - Control entrances to and exits from office space with the use of IC cards
 - Use hard disk encryption to prepare against the risk of theft and loss of PCs outside the Company
 - Prevent the leakage of important information through mail/Web filtering
 - Ensure that anti-virus software is used on every PC
 - Maintain a log of access to information by collecting PC operation logs
- Implement measures to prevent illegal access from the outside

In fiscal 2010, we will enhance our information security by steadily managing our information assets and providing information security education to employees. At the same time, we will improve our information security level based on a PDCA cycle-driven management system so that the safety of the information assets handled by the Fujikura Group will be preserved, and this will help us win even more trust from society.

Basic principles on information security:

- Prevent illegal invasion, leakage, falsification, and destruction of information assets by implementing appropriate personnel, physical, and technical measures and never become a wrongdoer in this regard
- In the event of a security incident, give a prompt responses to minimize the damage
- Conduct security activities on a continual basis, establish a security management system to respond to new threats, and ensure higher safety through these activities

In order to implement these basic principles, we have established an information security management

Business Continuity Plan (BCP)

Business Continuity Plan (BCP)

Fujikura is formulating a BCP to minimize the damage that might be caused if business risks materialize and to continue its business through prompt recovery from the emergency.

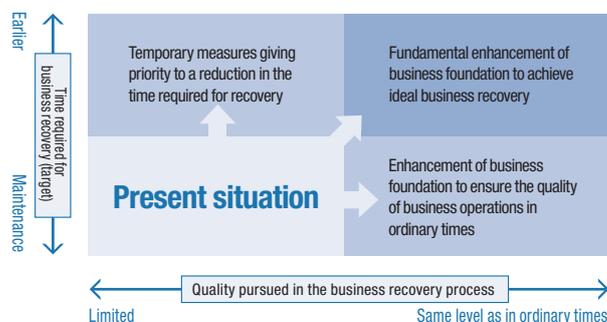
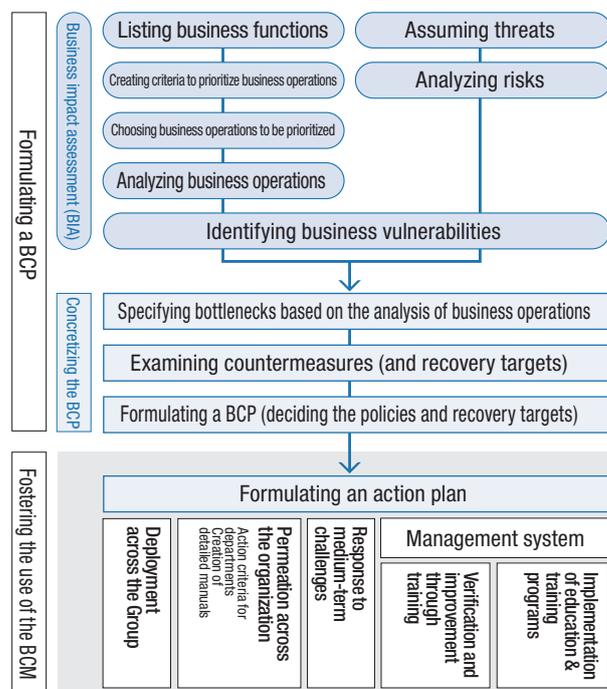
Formulating a BCP by choosing pilot departments

We have long been conducting seismic tests on the buildings and equipment of our head office and other sites in a planned manner.

In fiscal 2009, we chose pilot departments to be included in the target for a BCP, and began examining and formulating a plan for the selected departments. Specifically, we planned what to do in the departments and across their value chains in the event of a large natural disaster. We will include more departments in the BCP target in the future.

By formulating a BCP across the business segments, we aim to shorten the time required to recover from an emergency and eventually to strengthen our business foundation. We will thus improve our overall ability to respond to disasters and see to it that we can give a reliable response to requests from our business partners, even in case of emergency.

Implementation items



External commendations

	Description of the commendation	Winner	Reason for commendation
April 9	Special prize from the chairman of the Subaru sales group in Ibaraki Prefecture	Ishioka Plant	Cooperated and made efforts to promote sales with the participation of all employees
April 17	Commendation from the Minister of Education, Culture, Sports, Science and Technology for contributions to innovative inventions	Numazu Plant Aomori Fujikura Kanaya Ltd.	Improved technologies through innovative ideas
June 12	Prize from the chairman of the meeting on the safe treatment of hazardous substances held in Ibaraki Prefecture	Ishioka Plant	Improved equipment and promoted occupational safety
June 18	Group Award 2009 from Volkswagen	Fujikura Group	Received high evaluation for global contribution as a supplier
July 6	Letter of thanks from the Japan Atomic Energy Agency, High Energy Accelerator Research Organization, and others	Fujikura	Contributed to the construction of the Japan Proton Accelerator Research Complex
October 30	Grand Award of the 'CHO' MONODZUKURI Innovative Parts and Components Award from Nikkan Kogyo Shimbun and the Conference for the Promotion of MONODZUKURI	Fujikura	Developed original technologies, promoted their sales, and improved them
November 12	Letter of thanks from Mazda Motor Corp.	Fujikura	Cooperated for sales promotion
November 30	Distinguished contribution award from the Telecommunications Association	Individual employee	Contributed to the development of the telecommunication wire manufacturing business
January 20	Letter of thanks from the Heisei Foundation for Basic Science	Fujikura	Contributed to the development of basic science in Japan

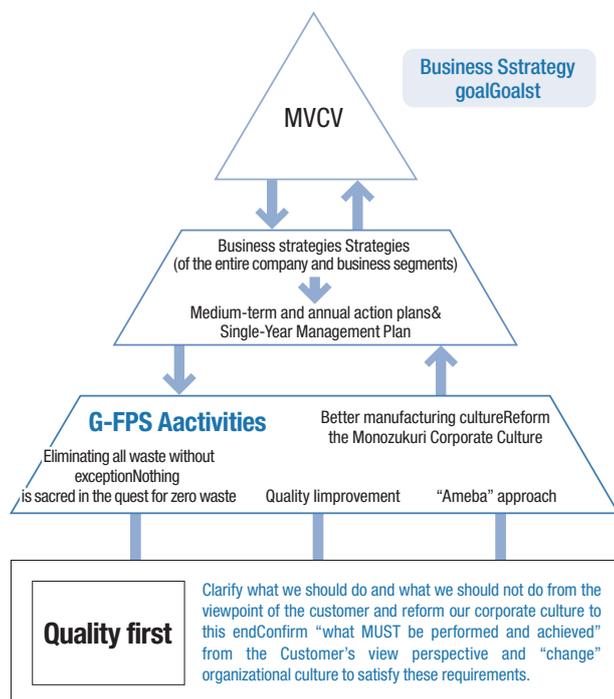
G-FPS Activities

G-FPS activities to implement the Corporate Philosophy MVCV

We conduct Global Fujikura Production System (G-FPS) activities to (1) clarify what we should do and what we should not do from the viewpoint of our customers based on our “quality first” policy, which forms the foundation for our manufacturing activities, and (2) reform our corporate culture to this end.

In the G-FPS activities, each and every employee acts based on the MVCV, which serves as their navigator, to enhance their craftsmanship in manufacturing and eliminate all waste without exception. The activities are conducted across both our manufacturing bases and indirect departments in Japan and overseas aimed at the sustainable growth of the Fujikura Group.

Positioning of the G-FPS activities



We conduct G-FPS activities under the slogan “half or double or zero,” which means to halve or double the activity indicators or reduce them to zero on a case-by-case basis.

Moreover, we have added a new slogan: “team approach with the participation of all” to grasp every chance to enhance our craftsmanship in manufacturing and respond to changes in the times.

Eliminating waste in indirect departments

In fiscal 2009, we began to eliminate waste in our indirect departments with the participation of all. Four to five members of the departments form a team to conduct improvement activities and at present there are 661 such teams at Group companies in Japan, and they have achieved great results.

Zero-defect manufacturing

We are conducting our zero-defect activity across the Group as an initiative that contributes directly to the implementation of our “half or double or zero” slogan. In this activity, we identify the percentage of defectives in our plants in units of ppm and make efforts to reduce them to zero. In this activity, a lot of reports demonstrate the following fact: if we establish and implement conditions that ensure good quality in each process to eliminate a certain defect based on the “quality first” policy, we can also reduce other defects at the same time.

Reported cases of Karakuri improvements

We are also conducting Karakuri improvement activities at low cost. Karakuri improvement means using natural energy to automate our operations and reduce the number of staff necessary for the operations. Specifically we use gravity, the power of spring, gear wheels and pulleys, and other devices as well as knowledge and expertise to produce effects that are far greater than the amount of money invested in the improvement. Many such improvement cases have already been reported.

Onsite capabilities outside Japan

For manufacturing, we definitely need to develop human resources, and we are focusing our efforts on developing next-generation manufacturing leaders through stratified training programs. This year, we have accepted trainees from China, Vietnam, Malaysia, and Thailand on our educational program to increase the Fujikura Group’s onsite manufacturing capabilities outside Japan.

Under the educational program, we invite promising employees from overseas and train them at our manufacturing facilities in Japan, helping them learn about various onsite improvement activities and Japanese-style management of manufacturing operations and to understand the differences in manufacturing between their countries and Japan. These trainees return to their home countries and make reforms at local manufacturing bases by fostering a new style of manufacturing that combines the good manufacturing practices of the two countries.

Environmental Management System

Environmental Management System

Establishment : April 1992 Revised : April 2000

Preamble

Rapid advances in science and technology have led to the dramatic progress of civilization and to our current enjoyment of an affluent life.

At the same time, we are witnessing the advancing destruction of the environment on the global scale as evidenced by global warming, ozone layer depletion, acid rain, shrinking tropical rainforests, desertification and oceanic pollution. The state of affairs grows graver day by day, putting the survival of not only humankind but all life at stake. Increasingly complex and diversified social systems are deeply intertwined in these global environmental problems, and it is undeniable that the corporate activity is one of the important causes of them.

At Fujikura Ltd. we are very aware that our business activities have a close relationship with the global environment and make every possible effort to protecting the global environment.

Basic Concept

At Fujikura Ltd. we extend our basic policy of "endeavoring to create an affluent and life through the efforts of all members of the Fujikura Group" to the global network, and tackle the conservation of the global environment through total collaboration of the company.

Action Guidelines

In all fields of our business activities, each member of our company shall act with a priority on the global environment conservation.

1 Organization and Administration

We shall prepare corporate organizations and systems for environment conservation under the responsibility of a director appointed to undertake the environment portfolio. Each corporate organization shall promote scheduled, continual improvement by clarifying environmental objectives and goals.

2 Environmental Management Standards and Raising the Level of Environment Management

We shall not only observe the environmental laws and regulations of national and local governments, but also shall set our own management standards to improve the level of environmental management. In addition, we shall conduct periodic environment auditing to maintain and improve self-initiated environmental management.

3 Efforts in Business Activities

We shall make efforts to pursue environmental conservation in all phases of our business activities from development and design to procurement, fabrication, installation, sale, distribution and disposal of our products. In addition, we shall also tackle energy saving, resource conservation, recycling and reduction of waste and substances that place a burden on the environment in order to prevent environmental pollution.

4 Optimum Information Provision to Customers

We shall provide users of our products with the information on their optimum usage, recycling and disposal method.

5 Contribution to the Local Community

We shall actively participate in local environment conservation activities that contribute to the local community as a member of the community by striving for enhanced mutual understanding and a cooperative relationship.

6 Overseas Business Activities

We shall not only observe the environmental laws and regulations of the national and local governments where we do business outside of Japan, but also shall set our own management standards to improve the level of environmental management. We shall also make full use of technology and expertise in environment conservation and cultivate environmental management-related human resources.

7 PR and Educational Activities

We shall foster understanding and elevate consciousness of global environment conservation among all our employees through training, PR and promotion activities.

Fujikura formulated its Fujikura Global Environment Charter in 1992, when the Earth Summit was held in Rio de Janeiro, to declare the entire company's commitment to protecting the global environment. Since then we have been working to conserve the global environment, regarding the Charter as the basic environmental philosophy of the Fujikura Group.

System to Promote Environmental Activities

In 1992, Fujikura formulated its Fujikura Global Environment Charter and established its in-house environmental conservation system.

In 2009, we established a Group CSR Committee and restructured the internal organizations that are responsible for our environmental activities.

One of Fujikura Group's priorities in building a sustainable society is consideration for the environment, and we have set up an Environment-Side Working Group, led by the director in charge of the environment.

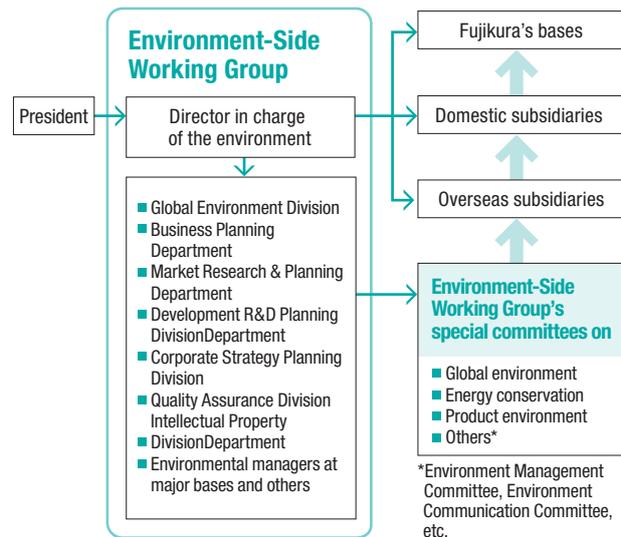
The Environment-Side Working Group formulates annual and medium- to long-term targets and monitors the progress of the Fujikura Group's environmental activities.

We have also established special committees on important environmental issues that promote these activities and support the formulation and implementation of measures across the Group.

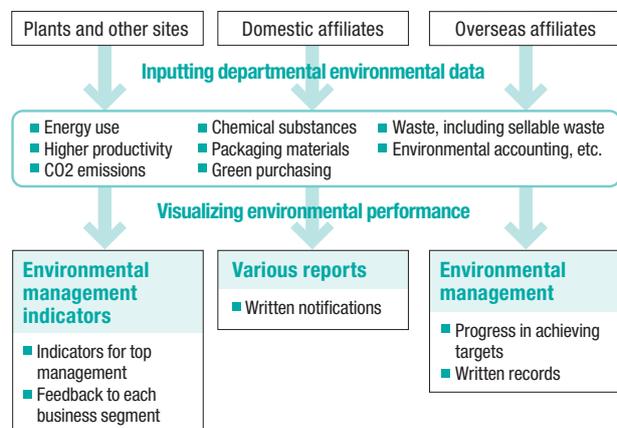
In its efforts to reduce its environmental impact, Fujikura is collecting and managing environmental data on its plants and other sites to obtain accurate environmental information related to its business operations, such as data on energy use, waste generation, and chemical substances being used, to identify problems, and thereby improve its business operations.

By analyzing the collected data, we plan to build a system to "visualize" our environmental impact and the results of our environmental initiatives and to share this visualized data in real time across the Group. We aim to build this system (Fujikura Group ECO-PASS system) within the first half of fiscal 2010.

The Fujikura Group's CSR and System to Promote Environmental Activities



The Fujikura Group's ECO PASS system



Legal Compliance

We work to ensure compliance with environmental laws, regulations, ordinances, and agreements under our environmental management system and evaluate the

results. In fiscal 2009 there were no violations of laws, regulations, ordinances or agreements either at Fujikura or at its domestic and overseas subsidiaries.

Environmental Management Action Guidelines

Fujikura Environmental Management Action Guidelines, Version 3

We have been conducting environmental activities to achieve our environmental management targets for fiscal 2009 to 2010. The following table outlines the results of our activities in fiscal 2009.

Evaluation: ●...attained as planned; ▲...attained later than planned; ×...not attained

Item	Target	Major measures	Results	Reference page
Mitigation of global warming	① Reduce CO ₂ emissions per unit of production and from offices by 5% or more from the fiscal 2007 level by fiscal 2010 (at domestic and overseas manufacturing bases)	Conducted the G-FPS activity to eliminate waste with the participation of all Converted fuel to LNG Replaced facilities with more energy-saving ones	× CO ₂ emissions per unit of sales increased by 15% from fiscal 2007 Total CO ₂ emissions decreased by 12% from fiscal 2007	20 21
	② Improve per-unit energy use for product transportation by 4% or more from the fiscal 2006 level by fiscal 2010 (for transportation of Fujikura products within Japan)	Improved the loading efficiency when transporting products Consolidated logistics bases, and implemented joint transportation and modal shift	● Per-unit energy use decreased by 5.3% from the base year level in fiscal 2009	19
Zero waste emissions	① Reduce the rate of landfill waste to 1% or lower by fiscal 2010 (at the Group's domestic manufacturing bases)	Set a higher target for reducing landfill waste, including waste from intermediate processing facilities, to zero (perfect zero emissions)	▲ Recorded an average rate of 1.27% at all domestic Group companies	23
	② Reduce the use of packaging materials by 2% or more from the fiscal 2007 level by fiscal 2010 (at the Group's domestic manufacturing bases)	Reduced the use of new drums by reusing wooden drums and reviewed the use of packaging materials and reused them to reduce the use of resources against quantitative targets	● Reduced the use of wooden materials by 2,100 tons by recycling wooden drums and reusing or discontinuing the use of small wooden boards, reduced the use of plastic drums and boxes by 1,900 tons by encouraging their reuse, and started to reuse cardboard boxes, reducing their use by 15 tons.	24
Reduction in substances of concern (SOCs)	Reduce the use of lead in general electrical cables by 80% or more from the fiscal 2007 level by fiscal 2010	Discontinued the use of lead in vinyl chloride coating materials for general electrical cables	● Reduced use by 90% or more from the fiscal 2007 level	25
Reduction in emissions of volatile organic compounds (VOCs)	Reduce atmospheric emissions of VOCs from manufacturing processes by 20% from the fiscal 2005 level by fiscal 2010 (at the Group's manufacturing bases in Japan) Reduce emissions by 10% (at overseas manufacturing bases)	Implemented measures to reduce atmospheric emissions of VOCs from organic solvents, reduce their evaporation, and recover used solvents	× VOC emissions reduced in Japan overall, but emissions from some products increased due to an increase in the amounts produced.	25
Reduction in the use of HCFCs	Prepare a schedule to discontinue use of HCFC225 and HCFC141b (at domestic and overseas manufacturing bases)	Examined the use of alternatives for mold release agents and cleaning agents	● Will discontinue use within fiscal 2010	—
Preventing contamination and promoting green procurement	Manage chemical substances contained in products across the supply chain (Promote green procurement and the management of substances of very high concern)	Built an information system to respond promptly to environmental regulations, including the REACH regulation, and customers' requests	▲ Started to operate a database of chemical substances contained in products	26
Expansion of environmentally friendly products	Register annually three or more products as Fujikura Green Products (at the Group's domestic manufacturing bases)	Reviewed the product assessment system	× Registered no products in fiscal 2009	26

We comply with environmental laws, regulations, ordinances, and agreements both within and outside Japan and are conducting group-wide environmental activities based on the Fujikura Environmental Management Action Guidelines, Version 3, in which we have described our medium-term environmental targets for the next three years.

Initiative for Biodiversity Conservation

Fujikura has been implementing anti-global warming measures (energy conservation) as well as measures to build a recycling-based society (i.e. to reduce waste, encourage recycling, and reduce landfill waste) and protect the natural environment. Following the publication of the first version of the Guidelines for Private Sector Engagement in Biodiversity by the Japanese Ministry of

the Environment in August 2009, recognizing once again the importance of biodiversity for the global environment, the Fujikura Group will also formulate its own biodiversity conservation guidelines within fiscal 2010 to further its activities to protect ecosystems. We are now creating a bio-garden at Fukagawa Gatharia, where Fujikura's head office is located.

Bio-garden at Fukagawa Gatharia

We are creating a bio-garden at Fukagawa Gatharia, one of rare urban places where people can come into contact with nature. The garden will be completed in October 2010 and will provide local elementary schools and others with opportunities for environmental education. There will be a pond and trees in a quasi-natural garden, where we will nurture a variety of living creatures. Over time, ecosystems will be established in the garden, and many species of wild birds such as azure-winged magpies, common kingfishers, and Japanese pygmy woodpeckers are expected to visit to search for insects and fish. (For the specific location of the garden, please see page 37.)



Japanese pygmy woodpecker

Environmental Audit

Internal Environmental Audits

Proactive environmental auditing and improving the level of environmental conservation activities

Fujikura works on improving the level of its environmental conservation activities by regularly conducting internal audits under the ISO 14001 Environmental Management System (first-party audit: an ISO compliance audit of a department conducted by employees from other departments), management system audits conducted by an ISO 14001 certification body (third-party audit) and audits conducted by customers (second-party audit). In addition to the above, staff in charge of environmental

activities, including an executive in charge of the environment, the General Manager of the Human Resource & General Affairs Division, the Corporate Auditor, and staff of the Global Environment Division visit departments at various offices and plants to inspect pollution prevention activities, environmental conservation activities, and compliance with relevant laws and regulations by checking documents and onsite reviews. In fiscal 2009 we conducted environmental audits at 11 domestic sites. If a site is found to have any deficiency in any aspect, including environmental conservation, safety and health, and compliance with laws, it will immediately take action for improvement.

	ISO 14001 management systems		Fujikura Group environmental audit	Audit by customers
	Internal audit	External audit		
In Japan	All ISO 14001-certified plants and affiliates		Sakura, Suzuka, Numazu, and Ishioka Plants of Fujikura Ltd.; DDK Ltd.; Numazu Copper Refining and Rolling Co., Ltd.; Tohoku Fujikura Ltd.; Shinshiro Cable, Ltd.; Yonezawa Electric Wire Co., Ltd.; Musashi Wire Co., Ltd.; Fujikura Transportation Co., Ltd.	Sakura Plant of Fujikura Ltd.; DDK Ltd.; Tohoku Fujikura Ltd.; Aomori Fujikura Kanaya Ltd.; Aomori DDK Co, Ltd.
Overseas				Fujikura (Thailand) Ltd.; PCTT Ltd.; LTEC Ltd.; DDK (Thailand) Ltd.; Yoneden (Thailand) Ltd.; Fujikura Electronics Shanghai Ltd.; Yonezawa Electric Wire (Guangzhou) Co., Ltd.; Fujikura Malaysia Sdn., Bhd.; DDK (Shanghai) Co., Ltd.; Fujikura SHS Ltd.

Environmental Accounting

Environmental accounting serves as a management analysis tool to improve the effectiveness of corporate environmental measures by quantitatively evaluating the cost effectiveness of these measures. We calculate the environmental conservation-related investment costs and

expenditures for Fujikura Ltd. and its consolidated subsidiaries in line with the Environmental Accounting Guidelines 2005 published by the Japanese Ministry of the Environment. The following table shows the environmental costs and benefits obtained in fiscal 2009.

Scope of data: Fujikura Ltd. and 18 other domestic Group companies Period covered: April 2009 to the end of March 2010

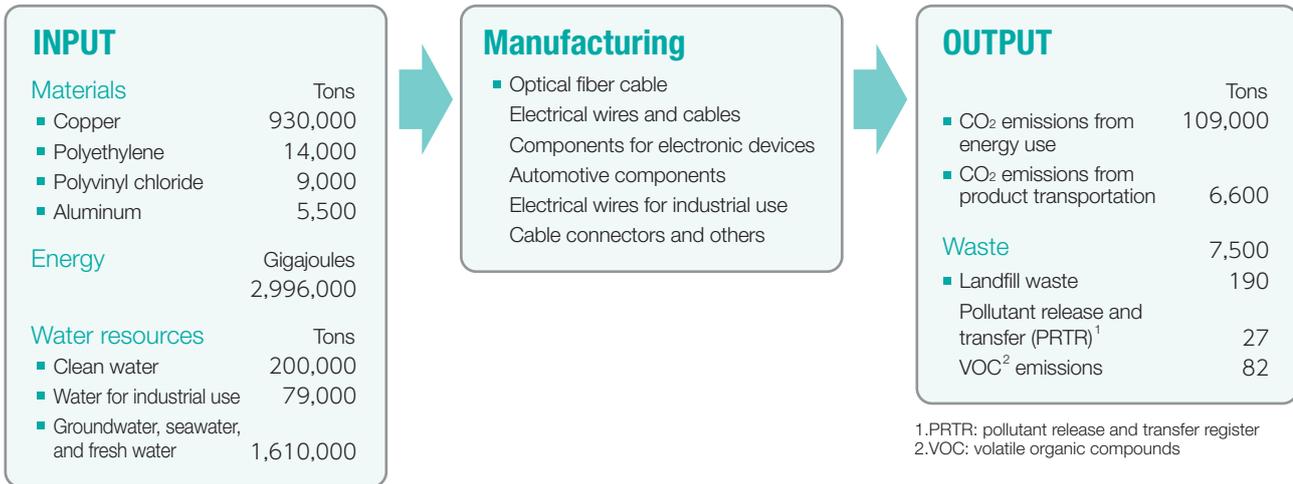
	Details	(Units: million yen)	
		Investment	Costs
(1) Business area costs (Pollution prevention cost, global environmental protection cost, resource recycling costs)	Cost of inverters for air-conditioning equipment, dry-type scrubber equipment, highly efficient lighting equipment, countermeasures for asbestos, etc.	317	1,264
(2) Upstream /downstream costs	Cost of recovery and destruction of CFCs, recycling facility improvement, disassembly of removed cables, etc.	395	37
(3) Cost of management activities	Cost of third-party ISO audits, environmental documents, education and exhibitions, greenery promotion, environmental measurement, underground tank examinations, etc.	0	310
(4) Research and development costs	Cost of developing superconducting wire materials, dye sensitized solar cells, etc.	192	1,067
(5) Cost of social activities	Cost of greening and cleaning activities around the plants and support for local organizations	0	11
(6) Cost of repairing environmental damage	Cost of paying emission charges for air pollution	0	84
Total		904	2,773

(Units: million yen)		
Profit	Profit on sales of unnecessary items and from recycling used products	358
Cost reduction	Material costs reduced through cyclical or efficient use of resources	39
	Energy costs reduced through energy saving	154
	Waste disposal costs reduced by reducing the volume of waste	5
	Effluent treatment costs reduced through the cyclical use of water	8
	Personnel and other expenses reduced through more efficient environmental management	1
Total		565

For an objective evaluation of our in-house environmental conservation organizations, environmental management systems and procedures, we regularly conduct internal audits and have our environmental management systems and environmental activities audited by external entities.

Environmental Impacts of Business Activities

The following shows the major environmental impacts of business activities conducted by Fujikura Ltd. and other domestic Group companies in fiscal 2009.



Environmental Education

We provide all employees with environmental education to encourage them to conduct activities to conserve energy and resources through recycling and protect the global environment in their daily business operations. Specifically, we hold environmental seminars as part of the training for

new employees, conduct OJT at our plants, provide ISO 14001 education for each department in our plants, and give special training for environment-related business operations on a regular basis, thereby increasing employees' environmental awareness.

Plants

At plants, we regularly hold training seminars and lectures to provide employees with more knowledge of environmental activities, including information on revisions to environmental laws, management of chemical substances, and storage of waste. We also provide them with drills for accidents and emergencies on a regular basis.

We provide new employees with environmental education as part of their training for business operations. We also hold annual study meetings for all staff working within our plants, including canteen staff and other service staff.



Head Office

As part of our educational and training programs, we provide all new employees coming into the Company through regular and intermediate recruitment with environmental training.

In fiscal 2009, we held a seminar on life cycle assessment (LCA), with an external lecturer who introduced the carbon footprint and other systems that help visualize CO₂ emissions from the entire supply chain aimed at achieving total optimization.



Initiatives to Reduce Environmental Impacts

Anti-Global Warming Measures

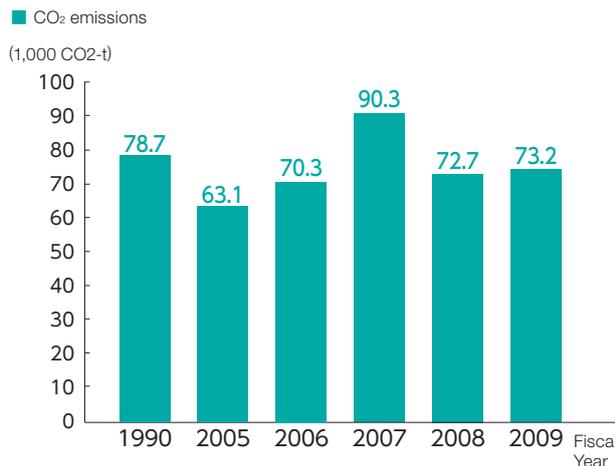
Anti-global warming measures and energy conservation

The Fujikura Group is working on ways to visualize its energy consumption. In fiscal 2009, we made 206 calculations to identify energy use at the bases of Fujikura and other Group companies in Japan and overseas per product, per process, and per area. Through these detailed calculations, we are now able to check the effects of the improvement measures we have implemented every month, thereby speeding up the PDCA cycle and further fostering energy conservation. In fiscal 2009, we reduced energy use by 4.3% from the fiscal 2007 level.

We are also conducting activities to reduce our CO₂ emissions, upholding our target of reducing per-unit CO₂ emissions by 5% or more from the fiscal 2007 level in fiscal 2010. In fiscal 2009, Fujikura's total CO₂ emissions increased slightly year-on-year, but emissions decreased for the entire Fujikura Group, both in Japan and overseas. Our per-unit CO₂ emissions, however, increased by 15% from the fiscal 2007 level, in part due to a decrease in the production of electric cables.

To reduce CO₂ emissions, it is also important to foster fuel conversion to natural gas, which is more effective for CO₂ emissions reduction. In the following we introduce two fuel conversion cases. As these cases demonstrate, we are reducing our environmental impact by introducing energy conservation technologies using natural gas.

Fujikura's CO₂ emissions (non-consolidated)

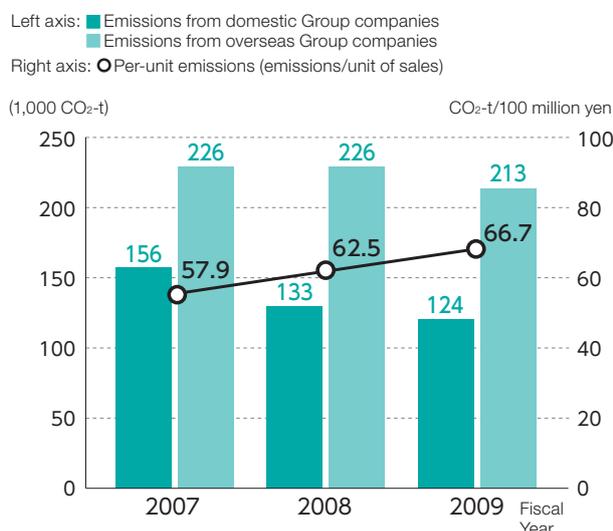


Overseas CO₂ emissions reduction

In April 2009, the NVK factory of PCTT in Thailand (present NVK-2 factory of FETL) replaced its light oil-fueled boilers with natural gas-powered ones and began controlling the number of boilers to be used. As a result, the factory reduced its emissions of CO₂, a greenhouse gas, by 485 tons per year.



The Fujikura Group's CO₂ emissions



CO₂ emission coefficients for electricity: Coefficients used by power companies (for data in Japan) and coefficients shown in the Greenhouse Gas Protocol (for overseas data)

Reducing CO₂ emissions by 2,020 tons per year

In January 2009, to achieve its target of reducing its emissions of CO₂, a greenhouse gas, by 2,020 tons, Numazu Copper Refining and Rolling Co., Ltd. began using LNG instead of LPG as the fuel for its copper melting furnace. For this fuel conversion, the company had to make a range of adjustments to ensure stable product quality, but as a result was able to achieve a reduction far exceeding the target.



To reduce emissions of greenhouse gases, we proactively review our manufacturing processes, consolidate our production lines, adopt local cooling and heating systems, and replace lighting devices with more energy-efficient ones.

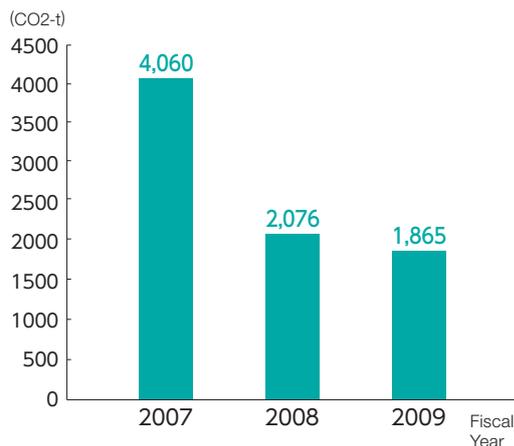
CO₂ Emissions

Reducing CO₂ emissions at offices

Fujikura has been committed to reducing its CO₂ emissions not only at its manufacturing bases but also at its offices since fiscal 2007. Our non-manufacturing sites, including head office and sales branches, are introducing energy conservation, setting a target of reducing their annual CO₂ emissions per unit of floor area by 1.5% or more relative to the previous fiscal year.

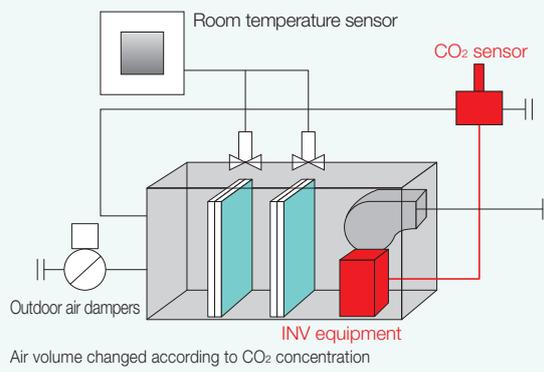
Specifically, the offices are enhancing the operational management of air-conditioning and lighting equipment, eliminating waste by visualizing energy use, and replacing facilities with more energy-efficient ones to conserve more energy.

Reducing CO₂ emissions from offices



Overseas CO₂ emissions reduction

At the R&D Center located on the head office site, the wind volume of the air-conditioning equipment was controlled by dampers. The center attached a CO₂ sensor to the equipment and began adjusting the wind volume by the use of an inverter, thereby improving the room environment and conserving more energy; this resulted in a reduction in CO₂ emissions of 24 tons a year.



The graph on the left shows yearly CO₂ emissions for Fujikura (head office, R&D Center, nine branches and sales offices). In fiscal 2009, CO₂ emissions decreased by 211 tons (10.2%) relative to the previous fiscal year, and so we achieved our emission reduction target for our offices. This fiscal year too, we will foster energy conservation at our offices, aiming to achieve a target of a 1.5% reduction from the previous fiscal year's level. We calculate CO₂ emissions in Japan based on the CO₂ emission coefficients for electricity announced by domestic power companies and CO₂ emissions outside the country by using the coefficients given in the Greenhouse Gas Protocol.

CO₂ emissions from the transportation of waste to waste disposers

Fujikura commissions the disposal of waste released from its domestic plants and head office to authorized waste disposers. In fiscal 2006, we began conducting activities to identify and reduce CO₂ emissions from the collection and transportation of this waste to the disposal facilities.

Indirect CO₂ emissions from waste disposal came to 32 tons

in fiscal 2009 (calculated based on the improved ton-kilo method given in the joint guidelines on calculating CO₂ emissions in the logistics field published by the Japanese Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism.)

From fiscal 2010 onwards, we will include our domestic affiliates in our target for CO₂ emissions reductions from waste disposal.

Turning off lights

The Fujikura Group participates in Challenge 25, which is a national campaign promoted by the Japanese Ministry of the Environment to reduce CO₂ emissions and prevent global warming.

On the day of tanabata (Star Festival) on July 7, we participated in an event held as part of the national campaign in which participants turned off lights at night, and lights were turned off at head office, plants, branches and some of our affiliates.

After 8:00 p.m., when lights were turned off, we were surrounded by darkness and an unusual silence. The night without lights made us recognize how much we depend on lights in our daily lives and provided us with a special opportunity to give a "small consideration" to the Earth.



Before the lights were turned off



After the lights were turned off

The photo above shows the neon sign on the roof of head office

Green Procurement and Purchasing/Waste Reduction

Green Procurement

Procuring materials and parts of high environmental quality

As a premise to delivering products of high environmental quality to customers, we must use materials and parts that have high environmental quality too. Based on this recognition, Fujikura is conducting the following activities meticulously to minimize the amount of substances of concern (SOCs) contained in the goods procured by the Company.

Survey on the use of SOCs

The division in charge of procurement distributes copies of Fujikura's guidelines on SOCs to all its major suppliers, asks them to comply with the guidelines, and distributes a questionnaire survey on the use of SOCs in the products they sell to Fujikura. For products in which SOCs are used, the concentrations are identified and managed in units of parts per million (ppm).

Database on SOCs

We have built an SOC database, in which data on about 4,500 materials and parts identified as containing SOCs in the aforementioned survey is registered. In-house divisions can access this database via the intranet whenever they want to retrieve information on the use of SOCs in the materials and parts they have purchased.

Green procurement management

We have asked our major suppliers to support us in environmental management by:

- 1 Discontinuing or reducing the use of SOCs in the products they deliver to Fujikura ("Delivered Products")
- 2 Paying due consideration to the environment in manufacturing the Delivered Products
- 3 Providing information on hazards related to Delivered Products and on laws and regulations that apply to them, including submitting material safety data sheets (MSDSs)
- 4 Promoting simple design and weight reduction for Delivered Products and selecting materials with less environmental impact for use in the products
- 5 Ensuring the recyclability of Delivered Products by selecting easily recyclable materials and the structures that can be easily broken down or disassembled for products
- 6 Proactively using recycled resources in Delivered Products
- 7 Paying consideration to the environmental impact from the transportation of Delivered Products

In-house analysis and management of purchased goods

To provide our customers with safe products, we analyze and manage the use of substances of concern in the purchased products, using ISO/IEC 17025-certified top-level analysis technology.

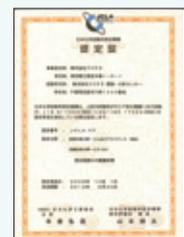
Inorganic analyses	Atomic absorption, ICP, XRF, EPMA, XRD, and others
Organic analyses	GC/MS, various spectroscopic measurement devices for UV absorption spectroscopy, etc., IC, and others

Environment and Analysis Center Accredited as a Laboratory Conforming to ISO/IEC 17025

The Environment and Analysis Center was accredited as a laboratory conforming to ISO/IEC 17025 on October 1, 2004 in recognition of the accuracy and reproducibility of its analysis values in the rubbers and plastics field. Under the ISO/IEC 17025-based laboratory accredita-

tion system, accreditation bodies examine testing and calibration laboratories to check if they have sufficient capacity to conduct tests in a specific field in compliance with the standards. Accreditation by these bodies gives the following advantages:

- 1 If a testing laboratory is accredited as conforming to the standards, it will be internationally recognized as having reliable technical competence and its data will be internationally accepted as effective.
- 2 Achievement of one-stop testing (accepted worldwide): If the data provided by an accredited testing laboratory is used in an international transaction, the purchaser will not have to redo the testing after purchase.
- 3 In addition, if a company has its own accredited testing laboratory, it can increase the reliability of its own data for use in the company's PL measures and responses to environmental problems.



We implement proactive measures for green procurement and purchasing and ask our suppliers to give ever more consideration to the environment.

Surveying Supplier's Environmental Management and Requesting Improvements

We conducted a survey on the environmental management efforts of our suppliers focusing on the following items, and based on the results of the survey we asked suppliers who were not implementing sufficient environmental measures to make related improvements.

- 1 Establishment and operation of environmental management systems (ISO 14001-compliant systems and others)
- 2 System to respond to emergencies that would exert a serious impact on the environment
- 3 Occurrence/non-occurrence of environmental accidents for the past three years
- 4 Compliance with environmental laws and regulations (the Waste Management and Public Cleansing Act, the Water Pollution Control Act, the Sewerage Act, the Air Pollution Control Act, the Noise Regulation Act, and the Vibration Regulation Act)

Green Purchasing

Fujikura posts a list of stationery and office equipment to be purchased by the Company on its intranet, where environmentally friendly models are indicated with the Eco Mark and Green Project

Mark. Employees are encouraged to choose environmentally friendly products from the list when they want to purchase goods in order to promote green purchasing across the Company.

Waste Reduction

Zero waste emissions

By decreasing waste from our manufacturing processes and offices, we can eventually reduce the amount of waste sent to landfill sites, which are nearing their capacity. Moreover, companies are expected to explore the ways to effectively recycle the materials that have conventionally been disposed of in order to build a recycling-based society.

Fujikura has been recovering waste copper and aluminum as valuable metals, and they are 100% reused again. At present, the entire Fujikura Group is committed to reducing the amount of waste sent to landfill sites by eliminating waste through activities that reduce losses of materials and make effective reuse of materials through sorted recovery.

In fiscal 2009, the total release of waste from Fujikura and other domestic Group companies amounted to about 15,100 tons, of which 192 tons (1.27%) was sent to landfill sites.

Fujikura is also committed to reducing the amount of industrial waste

from the manufacturing processes that is sent to landfill sites by 82% from the fiscal 1995 level by the end of fiscal 2010, in line with the waste reduction measures set by the Japanese Electric Wire & Cable Makers' Association based on the Keidanren Voluntary Action Plan on the Environment.

Total emissions, waste generation, and landfill waste rates for the Fujikura Group in Japan



Waste reduction at offices

Fujikura's head office and other offices (located in Kiba, Koto City, Tokyo) as a whole acquired ISO 14001 environmental certification in September 2000 and have been reducing waste and fostering sorted recycling within their premises.

Specifically, the offices are implementing the following measures to reduce the amount of waste generated and sent to landfill sites to less than 1% based on their local environmental policies.

- 1 Comply with environmental laws and regulations and improve the environmental management level by setting voluntary management criteria
- 2 Continue improvement activities based on environmental management systems
- 3 Encourage all employees to sort waste
- 4 Implement measures for the 3Rs (Reduce, Reuse, and Recycle)

Through these activities, the offices aim to achieve zero emissions throughout fiscal 2010 and to reduce the landfill waste rate to zero (perfect zero emissions), while also conducting other activities to contribute to building a sustainable society.

Product Recycling and Management of Chemical Substances and VOCs

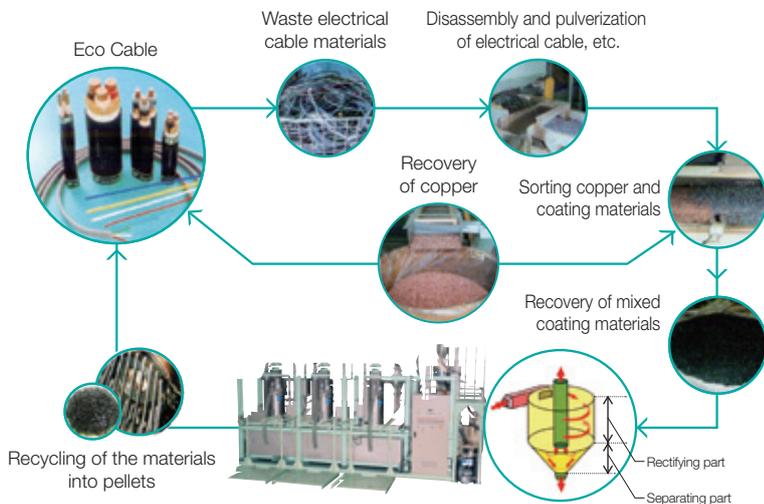
Electrical Wire and Cable Recycling System

Using the specific gravity separation method, Fujikura has developed environmentally-friendly electrical wire and cable (“Eco Cable”) that is highly recyclable and suitable for material recycling¹ and thermal recycling.² The Suzuka Plant recovers coating materials from removed end-of-use electrical wire and cable and sorts it into three types of materials (polyethylene, environmentally friendly materials, and PVC) using liquid cyclone separation and recovery equipment that adopts the specific gravity separation method. This recycling system allows sorted recovery at a

purity of 99% or higher.

We are also fostering the recycling of waste copper and coating materials from vinyl electrical wire and cable for reuse.

With the spread of optical fiber cable, users and manufacturers will soon face the challenge of appropriately recycling end-of-use optical fiber cable. For Fujikura, one of its affiliates, Fuji Materials Ltd., is recycling removed optical fiber cable, having obtained a license to treat industrial waste.



1 Material recycling

Recover end-of-use products and materials wasted from manufacturing processes and process them in such a manner as to be easily used as materials for new products

2 Thermal recycling

Recover and reuse the energy generated from the incineration of waste

3 New drums

New drums are manufactured using wood materials from well-managed forests in New Zealand and other countries and do not contribute to forest destruction.

4 Treatment of drums that can no longer be reused

Wooden drums can be reused four to six times. Those that can no longer be reused are recycled into wooden chips and other materials.

Recycling Wooden Drums

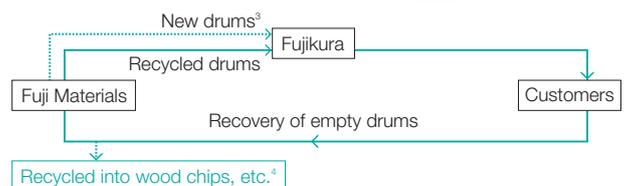
Drums are used in the manufacture and transportation of electrical wire and cable. This wire and cable is delivered to customers, coiled mostly around wooden drums and sometimes around iron and plastic drums. One of its affiliates, Fuji Materials Ltd., supplies wooden drums to Fujikura.

After being used for delivery to customers, the drums are recovered and recycled. At least 80% of the drums that are now in use are recycled drums, except for special drums for naked wire and wire to be exported. In fiscal 2009, about 2,100 tons of wooden materials were saved by using these recycled drums.

Delivery of recycled drums



Shipment of cable coiled around recycled drums



Recycling the drums



Receiving recovered empty drums

We are committed to improving our material recycling rate, in cooperation with Fuji Materials Ltd., an affiliate engaged in the recycling of copper electrical wire and cable and optical fiber cable.

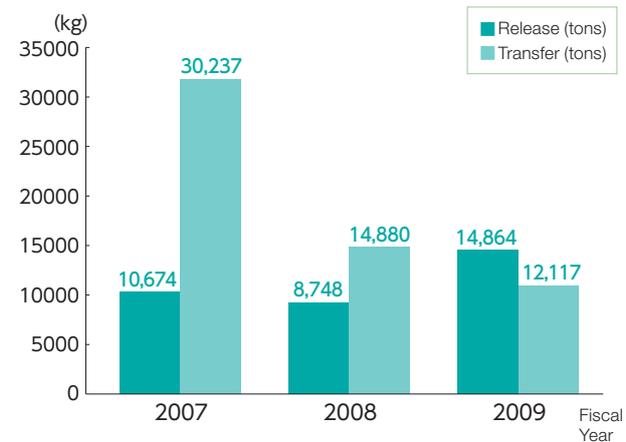
Managing and Reducing the Use of Chemical Substances

Discontinuing the use of lead and fostering the use of eco-friendly materials in products to reduce the release and transfer of chemical substances

For chemical substances used by Fujikura and other Group manufacturing companies in Japan, including substances contained in materials and those used in the manufacturing processes, the release and transfer of the following chemical substances are notified to the government by each of the manufacturing sites: specified chemical substances treated in amounts of one ton or more, as provided for in the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof ("PRTR Act"). In fiscal 2009, the total release and transfer of these substances from Fujikura and 14 other domestic Group companies came to 26,981 kg, down 34% from the fiscal 2007 level.

The main chemical substances that we treat include antimony, lead compounds, bis(2-ethylhexyl) phthalate, molybdenum, which are all used as additives to plastics and rubber materials; and xylene and toluene used in ink solvents and in gasoline for transporting vehicles. To reduce the release and transfer of these chemical substances, we will discontinue the use of lead and foster the use of eco-friendly substances in our products, and convert them to alternative materials.

Release and transfer of chemical substances specified in the PRTR Act



Note: Total values for Fujikura and 14 other domestic Group companies

Management of VOCs

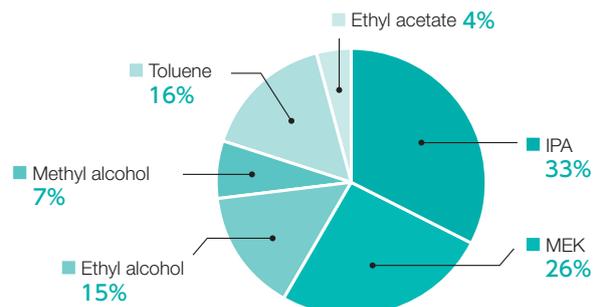
Reducing atmospheric emissions of VOCs

Volatile organic compounds (VOCs) are organic chemicals that easily form vapor at normal temperature and pressure. They are released from organic solvents, including thinners and alcohols, which are widely used in factories.

VOCs are suspended particulate matter and one of the pollutants that are said to be a cause of photochemical oxidants. The Fujikura Group designated the following nine substances as priority VOCs, the use of which should be reduced before others: xylene, toluene, acetone, cyclohexanone, methylethylketone, isopropyl alcohol, methyl alcohol, ethyl alcohol, and ethyl acetate. We are working to reduce their use and atmospheric emissions. The table on the right shows domestic Group companies' total atmospheric emissions of substances that each exceeded one ton per year.

	FY 2005 (base year)	FY 2006	FY 2007	FY 2008	FY 2009
Atmospheric emissions (tons)	85	114	92	82	82

Breakdown of atmospheric VOC emissions



Environmentally Friendly Products and Management of Chemical Substances Used in Products

We have two special committees under our Environment-Side Working Group, one which focuses on expanding environmentally friendly products, and the other on managing chemical substances used in products.

Expanding Environmentally Friendly Products

Environmentally friendly products

We carry out environmental impact assessment on our products at the stages of planning, development, and design. The environmental impact of products is estimated over their whole life cycle (from the procurement of materials, through manufacture to disposal) to improve their environmental performance. Moreover, the Environment-Side Working Group's special committees examine the product assessment check sheets submitted by the departments and registers products that meet the predefined criteria as environmentally friendly products.

Green Products

Under our Green Product certification system, which we have established to highlight to the market the superiority of our products from the aspect of global environmental protection

and to foster the development of more environmentally compatible products, we certify products that meet the following requirements as "Green Products": products that have been proven to be even more environmentally friendly than regular environmentally friendly products and contain no hazardous substances through a quantitative comparison with Fujikura's conventional products in terms of resource and energy conservation, recyclability, reusability, and other examination items. Green Products are labeled with the Green Project mark, either directly on the product or in the brochure. We approve the use of this mark according to the rules for ISO 14021 Type II environmental labeling.



Management of Chemical Substances Used in Products

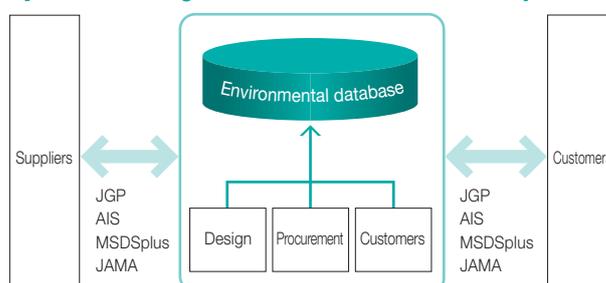
In the Johannesburg Plan of Implementation made at the World Summit on Sustainable Development (WSSD) held in Johannesburg in 2002, it was decided that the parties would endeavor to achieve a goal of making chemicals "used and produced in ways that lead to the minimization of significant effects on human health and the environment by 2020," and subsequently in 2006, the Strategic Approach to International Chemicals Management (SAICM) was formulated. Regulations have also been enhanced around the world towards achieving the goal agreed at the WSSD, including enforcement of the REACH regulation in the EU and revision of the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. in Japan. In response to these international trends and

enhancement of regulations, Fujikura is strengthening the management of chemicals based on its own green policy. To this end, we are identifying the chemicals used in our products and implementing measures to reduce or discontinue the use of substances of high concern in our products. We also regard the disclosure and communication of information on chemicals across our supply chain as a priority issue and are improving the infrastructure for better information communication. Specifically, we are establishing an information communication system in cooperation with suppliers and customers using JGPSSI, JAMP AIS, JAMP MSDSplus, and JAMA, which are survey forms standardized by the industry associations.

The Fujikura Group's policy on managing chemical substances used in products ("Green Policy")

In line with the CSR Philosophy of the Fujikura Group, we will appropriately manage chemical substances and ensure the nonuse of prohibited chemicals, thereby providing customers with products that they can use safely. By reducing the use of SOCs, we will help to build a sustainable society.

System to manage chemical substances used in products



Regulated chemical substances and the relevant environmental laws and regulations

Prohibited chemicals	Substances for which use is prohibited or regulated depending upon the application
“Class I Specified Chemical Substances” under the Japanese Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.	RoHS Directive ELV Directive
Products for which manufacture is prohibited under the Japanese Industrial Health and Safety Act	JIG-101 Ed2.0
Poisonous substances specified under the Japanese Poisonous and Deleterious Substances Control Act	Substances regulated by JAMP (ver. 2.02) GADSL 2010
Substances regulated under Annex XVII of the REACH regulation	Regulated substances
EU 2009/251/EC	Substances included in the REACH candidate list
EU 2009/425/EC	“Class I Specified Chemical Substances” under the Japanese Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.
Ozone-depleting substances specified in the Montreal Protocol	

JGPSSI: Japan Green Procurement Survey Standardization Initiative

J G P: JGPSSI's form used to survey chemical substances contained in products

J A M P: Joint Article Management Promotion-consortium

A I S: JAMP's form used to survey chemical substances contained in products

MSDSplus: JAMP's form used to survey chemical substances contained in products

J A M A: Form used by the Japan Automobile Manufacturers Association to survey chemical substance contained in products

Environmentally Friendly Products

■ Telecommunications-related products



Product description	Small-diameter low-friction indoor optical fiber cable
Application	Optical fiber indoor wiring for apartment buildings
Features	With the use of this small-diameter low-friction cable, it is possible to provide optical fiber wiring to each household in an apartment building. The cross-sectional area is reduced by about 50% compared with conventional cables, and the use of packaging materials is reduced by 50% to conserve energy. There is no need to install VDSL equipment in the common use space because of the optical cable wiring to each household, which contributes to energy conservation (CO ₂ emissions reduction). This optical fiber cable is thus really friendly to the global environment.

■ Electronics-related products



Product description	Small-diameter HDMI cable
Application	HDMI
Features	Compared with the outer diameter of a conventional HDMI cable (5 mm), this cable has a much smaller diameter (3.5 mm) and is therefore lighter, helping to conserve resources and space. For the jacket, non-halogen materials are used to reduce the use of SOCs.

■ Automotive components



Product description	Non-halogen tubed wire (HF TUF 2cx0.3f)
Application	Seat wiring for automobiles
Features	Compared with conventional tubed wires, the outer diameter is downsized by 13% and the mass reduced by 19% (4.7g/m), which contributes to resource conservation.

■ Metal Cable and Systems



Product description	Environmentally friendly electrical wire and cable, and lead-free electrical wire and cable
Application	Used as industrial cable, communication cable, measuring cable, and coaxial cable
Features	This environmentally friendly wire is made using non-halogen cable technologies, which is suitable for sorted recycling, and other wires and cables are lead-free and compliant with RoHS Directive.

Quality Management and Quality Assurance

Quality Management from the Customers' Viewpoint

We undertake quality management from the viewpoint of customers to maintain their trust, based on the Fujikura Quality Policy, which we have set as company-wide guidelines on quality.

We began conducting G-FPS activities on a full scale in fiscal 2006, targeting not only the quality of products but also the quality of a range of job processes, believing that the quality of products depend on the quality of our daily manufacturing operations. Also in fiscal 2009, we continued our quality development and Zero-Defect activities mainly at our overseas bases. Recognizing that quality is a key indicator of our comprehensive strength, our sales, development, design, manufacturing, and

indirect departments are working in unison on activities that examine our business from the viewpoint of customers.

Fujikura Quality Policy

- From the customer's viewpoint
- Responding to the customer's trust
- Provide useful, safe, high-quality products and solutions

Quality Assurance System

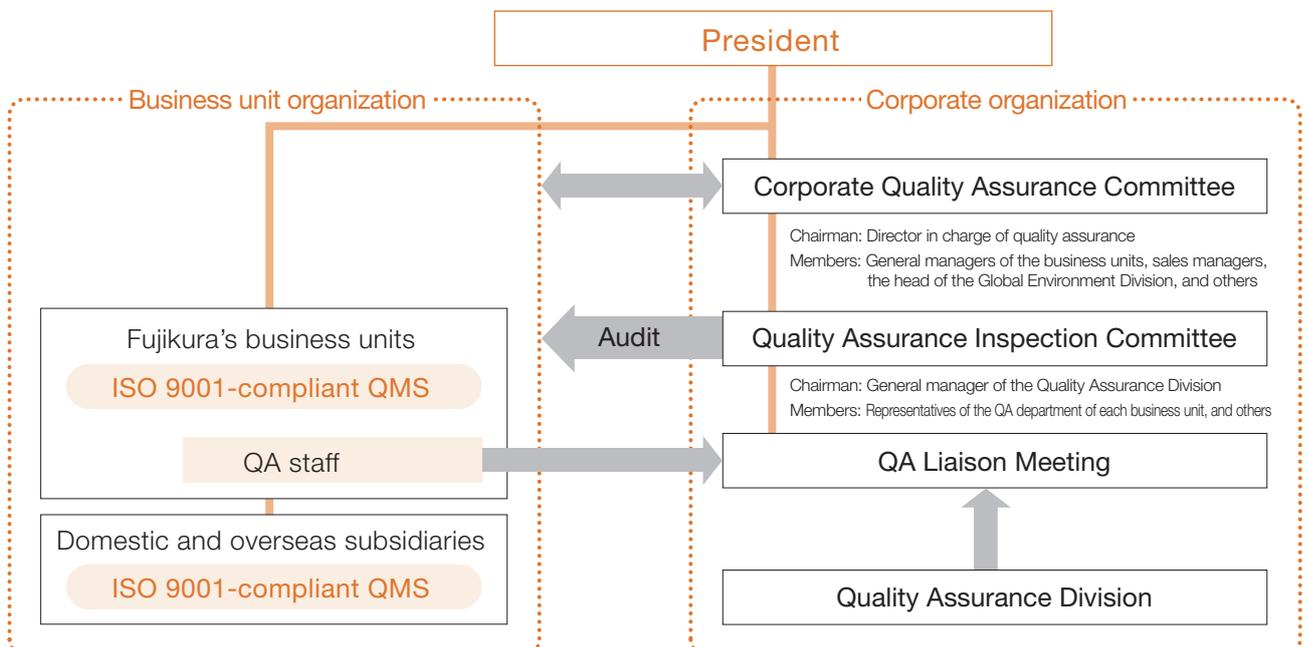
The business units and domestic and overseas subsidiaries of Fujikura have built and are operating quality management systems (QMSs) optimized for their business operations based on the ISO 9000 standards for quality management systems.

Fujikura's Corporate Quality Assurance Committee, which is chaired by the director in charge of quality assurance and composed of the general managers of the business units holds regular meetings, where they determine corpo-

rate policies and quality targets, discuss a range of corporate problems, and exchange opinions and make decisions on the issues.

The Quality Assurance Inspection Committee performs audits on each business unit and subsidiary of Fujikura to check the state of QMS operations. Also in fiscal 2009, the committee continued to carry out QMS audits focusing on monozukuri (manufacturing).

Corporate quality assurance organization



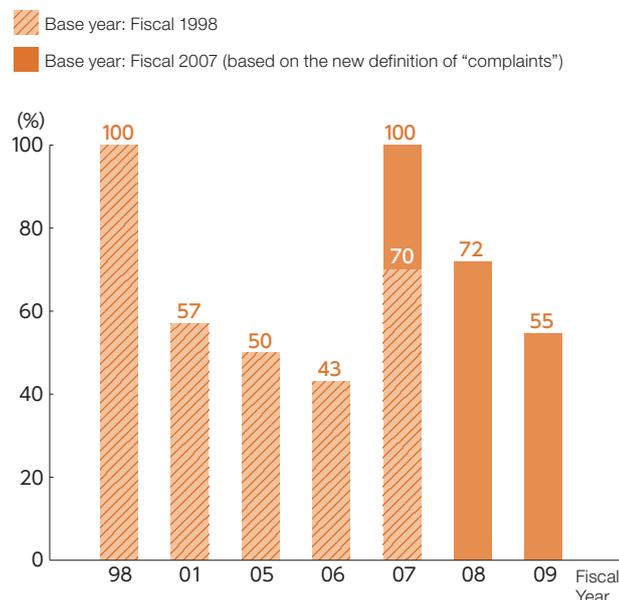
We have built and are operating ISO 9001-compliant quality management systems (QMSs) to manage quality from the viewpoint of customers and meet their expectations.

Quality-Related Complaints

The following graph shows the complaints we received from customers. In fiscal 2007, we redefined “complaints” to give this term a wider meaning and to make more improvements to our quality. Accordingly, the data for fiscal 2008 onwards are shown in comparison to the new base year (fiscal 2007).

Complaints represent the worst responses from customers, and we are endeavoring to reduce the number of complaints as a priority issue. Most of Fujikura’s products are manufactured at its domestic and overseas subsidiaries, and we cooperate with these Group companies to identify the causes of any complaints and implement measures to prevent the recurrence of similar problems. Serious complaints are reported to top management, including the director in charge of quality assurance, and measures are taken to minimize the damage caused to customers in close cooperation with our customers. We will implement further quality assurance activities to reduce the number of serious complaints to zero.

Claims received



Measures for Product Safety

In the event of a product accident, it will be reported to top management and first priority will be given to implementing countermeasures against the accident. Fujikura deems it essential to ensure product safety, for which we are taking preventive measures by using product safety-related risk assessment tools (such as the R-Map method) and paying utmost attention to product safety, particularly in the design and manufacturing processes.

Quality Management Education and Small-Group Activities

As part of Fujikura’s human resource development program, the Company annually provides young engineers with stratified education on quality management. Also at other Group companies, unique quality management education is provided, and we are cooperatively enhancing and expanding education on quality management across the Group both within and outside Japan.

We are reviewing the details of quality education under the slogan “firsthand knowledge” to help employees acquire the basic and practical quality management abilities through this education. In fiscal 2009, we also began providing new engineers in the R&D departments with quality management education.

We have also started to link our small-group activities with the G-FPS activity.

We held the first Global Fujikura “KAIZEN” Presentation, which had been held under a different name before, in October 2009. Through the link between the small-group and G-FPS activities, their respective scope was widened, and this has resulted in an increase in the number of presentations made by indirect departments.



First Global Fujikura “KAIZEN” Presentation

Information Disclosure and Communication

Information Disclosure and Communication

Fujikura is working to increase its corporate value through communication, specifically by providing all its stakeholders with correct corporate information in a prompt, accurate, and fair manner and helping them understand the corporate brand concept, which is based on the Corporate Philosophy MVCV.

In particular, we are making efforts to ensure speedy information disclosure via the Tokyo Stock Exchange and through our own press conferences. In our IR web pages, we post our schedule for quarterly information disclosure, data on quarterly performance results, and information on the Mid-Term Business Plan, new business projects, R&D results, the launch of new subsidiaries, and others both in Japanese and English, and also in Chinese from this year. As part of our IR activities, we hold quarterly briefings on our financial results for institutional investors and securities analysts in Japan. At the briefings held in the middle and

end of each fiscal year, top managers themselves explain changes in the business performance and the reasons. In addition, these investors and analysts are invited to an annual briefing on the Mid-Term Business Plan, which is formulated for the sustainable growth of the Company. The President and the director in charge of IR also travel overseas to have meetings with local institutional investors and securities analysts in Europe, the United States, and Hong Kong. The executives also proactively participate in seminars held for foreign institutional investors in Japan, deeming it important to have dialogues with such investors.

For general shareholders and personal investors, we disclose up-to-date information promptly on our website. Our Investor Relations Group serves as the contact for inquiries about our business performance disclosure schedules and performance forecasts.



Fujikura Gakuen, the starting point for our social contribution activities

Fujikura Gakuen was founded on June 7, 1919 by Harukichi Nakauchi, younger brother of the founder of Fujikura and former auditor of the Company. He donated 230,000 yen (equivalent to about two billion yen today) from his own funds to construct this school for the mentally disabled on land extending over about 132,000 m² in Izu Oshima. He also donated this land

and the facilities necessary for the foundation of the school. This year the school celebrates its 91st anniversary, thanks to the long-lasting support of its employees. To be sure, the history of the Fujikura Group's social contribution activities started from the foundation of Fujikura Gakuen.

Fujikura Gakuen (social welfare corporation)

Establishment: June 7, 1919 President: Hitoko Kawada

Welfare services: Provided through Oshima Fujikura Gakuen and Tama Fujikura Gakuen

Number of people receiving welfare services: About 120 in total



Building of Oshima Fujikura Gakuen



Harukichi Nakauchi, founder of Fujikura Gakuen

Relationship with Suppliers

Fair and square procurement for the maintenance and improvement of social trust

The Fujikura Group runs with the support of its suppliers of materials, parts, and equipment.

To build strong relationships of trust with these suppliers through fair, square, and sincere procurement, we have formulated Fujikura Basic Procurement Guidelines and posted them on our website. In addition, we have also formulated a Code of Conduct for the Procurement Division to bring discipline to our activities. All Group companies regularly participate in seminars on the Japanese Act against Delay in Payment of Subcontractor Proceeds, Etc. to Subcontractors to ensure legal compliance across the Group.

Fujikura Basic Procurement Guidelines

1 "Fair and square" transactions

We pursue procurement transactions with excellent suppliers both in Japan and overseas according to the principle of fair and square competition. We select suppliers based on the fair evaluation of a variety of parameters including price, quality, delivery term, supply stability and reliability.

2 Cooperation based on mutual trust

In all transactions, we conduct business based on the principle of good faith and trust, and strive to build mutually collaborative relationships with our suppliers and other business counterparts based on a win-win philosophy.

3 Observation of laws, regulations and confidentiality

We observe all applicable laws and regulations in conducting procurement transactions. Any confidential information related to our suppliers and/or other business counterparts obtained in the course of transactions is not disclosed to any third party without the express approval of the supplier/business counterpart concerned.

CSR-oriented procurement

The Fujikura Group asks its major suppliers to introduce CSR activities focusing on the following items, and to this end have established a web page where suppliers can voluntarily check their own progress in CSR activities. The Fujikura Group is thus fostering CSR activities across its supply chain with the understanding and cooperation of its suppliers.

CSR-related requests to suppliers (items)

1 Human rights and occupational safety and health

- ① Prohibition of child labor and restriction of juvenile labor
- ② Prohibition of forced labor
- ③ Prohibition of discrimination
- ④ Prohibition of bodily punishment, abuse and harassment
- ⑤ Appropriate labor time management
- ⑥ Promotion of a safe, hygienic work environment and health management
- ⑦ Provision of fair, impartial compensation
- ⑧ Respect for the rights of workers

2 Environment

- ① Management of chemical substances contained in products
- ② Management of chemical substances used in the manufacturing processes
- ③ Operation of environmental management systems
- ④ Compliance with discharge standards (for wastewater, sludge and exhaust gases)
- ⑤ Compliance with laws, regulations, and ordinances
- ⑥ Effective use of resources and energy
- ⑦ Reduction of greenhouse gas emissions
- ⑧ Waste reduction
- ⑨ Disclosure of progress in environmental conservation measures

3 Fair transactions and ethics

- ① Prohibition of corrupt acts and bribes
- ② Prohibition of the abuse of superior positions
- ③ Prohibition of inappropriate provision/reception of profits
- ④ Prohibition of anti-competitive behavior
- ⑤ Provision of accurate product and service information
- ⑥ Respect for intellectual property
- ⑦ Appropriate export control
- ⑧ Voluntary information disclosure
- ⑨ Prevention and early detection of illegal acts

4 Quality and safety

- ① Ensuring product safety
- ② Operation of a quality management system

5 Information security

- ① Protection against threats to computer networks
- ② Prevention of the leakage of personal information
- ③ Protection of confidential information on customers and third parties

6 Social contribution

- ① Contribution to international and local communities

With Employees and Their Families

Employees

Management of occupational safety and health and ethical considerations

For all its employees around the world, the Fujikura Group manages occupational safety and health ethically and ensures a good working environment, where human rights are respected and discrimination is prohibited, based on Fujikura's Code of Conduct. We are also committed to fair and square labor management in line with the International Labour Conventions that set out international labor standards, while also giving due consideration to the related laws, regulations, and social norms, including the Japanese Labor Standards Act and the Industrial Safety and Health Act.

Criteria for the management of employees' health and safety and for ethical considerations

- 1 Prohibition of child labor and restriction of juvenile labor
- 2 Prohibition of forced labor
- 3 Prohibition of discrimination
- 4 Prohibition of bodily punishment, abuse and harassment
- 5 Appropriate labor time management
- 6 Promotion of a safe, hygienic work environment and health management
- 7 Provision of fair, impartial compensation
- 8 Respect for the rights of workers

Labor-management relationship based on acceptable consultation

We are committed to building relationships of trust between labor and management through discussions conducted with mutual respect by both parties. In order to keep labor union members fully informed, we also hold briefing sessions and consultation meetings on management policies, business plans, management measures, and business measures. In addition, management and union members engage in frank exchanges of opinions, striving to deepen mutual understanding and resolve any issues or disputes when they arise.

We also hold regular labor-management workshops inviting union leaders, the President, and divisional managers as lecturers to speak about the management environment of the Company, corporate policies, and the labor union's policies. Labor conditions are also determined through labor-management discussions and agreements reached at consultation meetings.

- ① Briefing session (twice a year)
- ② Consultation meeting (monthly and as required)
Held on themes that include the quarterly business performance, monthly profitability, production situation, and working conditions
- ③ Labor-management workshop (once a year)
Held on themes that include the management philosophy and policies, and the labor union's policies

④ Cooperation with affiliates (as required)

Exchanges of opinion with labor and management at affiliates, overseas visits to study local labor-management relationships, and others

Reemployment of retirees

We regard the manufacturing technologies and management knowhow that have been accumulated by retirees as one of the important properties of the Fujikura Group, and we therefore reemploy willing retirees who are still very much required by the Group as "masters consultants."

Following the revision of the Japanese Act on Stabilization of Employment of Elderly Persons in April 2006, we have introduced a reemployment system for retirees who meet the selection criteria for continued employment (up to five years), as defined in the labor-management agreement.

Employing and promoting more women

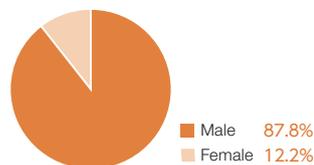
We will continue to implement measures to help women display more of their abilities by employing and promoting more women.

Employment of people with disabilities

In recent years we have been proactive in implementing measures to employ disabled people, but unfortunately our employment ratio for people with disabilities is still 1.68% as of March 2010, which is below the rate stipulated by law (1.8%). We will take more measures to achieve the legal ratio.

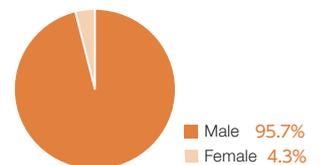
Employment ratios for people with disabilities

End of fiscal 2007	End of fiscal 2008	End of fiscal 2009
1.31%	1.44%	1.68%



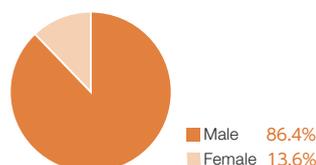
Breakdown of employees by gender

As of the end of March 2010, the number of employees is 2,557, with women making up 12.2% of that figure.



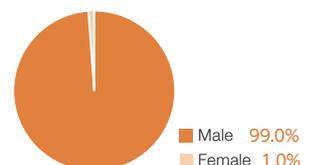
Breakdown of career employees by gender

As of the end of March 2010, the number of career employees is 1,431, with women making up 4.3% of that figure.



Breakdown of new career employees by gender

The number of new career employees employed in April 2010 is 66, with women making up 13.6% of that figure.



Breakdown of managers by gender

As of the end of March 2010, the number of managers is 868, with women making up 1.0% of that figure.

We are endeavoring to nurture a corporate culture that helps diverse human resources make the maximum use of their abilities by respecting each other's personal qualities and capitalizing on their own strengths.

Measures for a better work-life balance

Fujikura focuses on improving its working environment to enable each employee to achieve a better work-life balance by working in a flexible manner according to their life stage.

In January 2010, before the revised Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave came

into effect in Japan in June 2010, we revised our childcare leave system, including abolishing the exceptional rules applied to spouses who do not work outside the home and making it possible for fathers to take childcare leave more than once. As a result, two male employees actually took childcare leave, which demonstrates that employees of Fujikura are steadily improving their life-work balance regardless of their gender.

Half-day paid leave system	Allows employees to take annual paid holidays on a half-day basis (up to 20 times per year)
Childcare leave system	Allows employees to take childcare leave until the child becomes three years old
Short time working system, flexible-hour system, and exemption from overtime/day-off working	Available for employees bringing up a child up to the third grade of elementary school (One of the options on the left can be chosen by an employee)
Family care leave system	Allows employees to take leave to care for a sick family member (up to one year)
Special leave for hospital visits	Supports employees with disabilities to make regular hospital visits (up to six days per year)

Fujikura Academy's Approach to Human Resource Development

1 The Fujikura Academy

On the occasion of celebrating a corporate history that spanned 120 years and launching its "Third 60 Years", Fujikura undertook the total renovation of its management philosophy to become an enterprise that helps customers create value and that makes contributions to society through its "Tsunagu" technologies. In order to develop talent who will help the Company reach this goal, we established Fujikura Academy as the employee training/education department of the Fujikura Group in April 2006.

2 Human resources to be developed

The Fujikura Group is working to develop human resources who have the abilities and expertise to operate business not domestically but also on a global scale, to take the action necessary for a growth-oriented company, and to behave in a way that takes society and the environment into consideration. Giving first priority to OJT, we provide the support needed for workplace education. At Fujikura Academy, we supplement education in fields that are difficult to address in the workplace and provide company-wide educational programs, while supporting employees in self development through correspondence courses and e-learning courses. In this way, Fujikura promotes a "trinity of education," as shown in the diagram on the right.

3 Programs

Fujikura Academy provides three types of program: stratified training for all employees, selective training

designed to develop leaders, and optional training for applicants. The stratified training is provided for all, including new employees and career employees; the selective training is designed to develop leaders in a range of fields; and optional training is provided to support employees in improving their abilities. As part of global employee education in response to the trend towards globalization, we invite local leaders of overseas Group companies to our manufacturing bases in Japan, where they learn the "monozukuri (manufacturing) spirit" of Fujikura to increase their own manufacturing capabilities.

4 Transferring technologies and skills

We have also established a program to pass on our manufacturing technologies and skills from generation to generation. We certify and register technologies and skills to be passed on, and call employees who possess these technologies and skills "takumi (master)." We are implementing a plan to encourage these masters to pass on their technologies and skills to younger employees.

Approach to human resources development



Occupational Health and Safety

Health and Safety

We are fostering occupational safety and health activities across the Group, positioning safety as the basis of all our business operations.

In fiscal 2009, management and all employees made a concerted effort to ensure health and safety to achieve zero work accidents, focusing on (1) KY and 2S, (2) essential safety of machinery and facilities, (3) safety and health education, and (4) promotion of mental and physical health. As a result, we were able to achieve zero lost-time injuries.

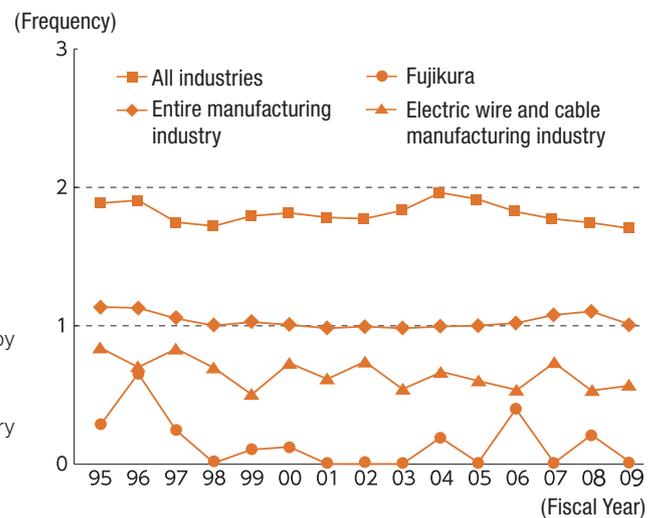
To further reduce occupational safety risks, we studied what kind of occupational health and safety management system we should build and actually launched one in fiscal 2010. In addition, we formulated a basic health and safety policy for the entire Fujikura Group. Our sites formulate and implement their own health and safety plans according to the basic policy and also based on the annual health and safety action policy set by the Group for each fiscal year.

Work Accidents

Lost time injury frequency

Lost time injury frequency:
Indicator that shows the number of injuries and death caused by lost-time work accidents per one million working hours

Source: Japanese Ministry of Health, Labour and Welfare The ministry shows data by calendar year, while Fujikura shows data by fiscal year



Fiscal 2010 Health and Safety Action Policy

Slogan

“Achieving zero labor accidents by fully embracing a culture of safety and eliminating risk factors”

- 1 To improve health- and safety-related education and training
- 2 To enhance KY (risk prediction) activities
- 3 To conduct 5S activities in an intensive manner
- 4 To increase the essential safety of machinery and facilities to higher levels
- 5 To encourage safety patrols
- 6 To conduct more activities to ensure both mental and physical health
- 7 To conduct more activities to prevent traffic accidents

We are working to provide employees with workplaces where they can work safely and healthily from both the physical and mental aspects, regarding health and safety as a fundamental issues for the Company.

Major Activities

Safety meetings

At the beginning of a new fiscal year and during the national safety week, all employees attend a safety meeting held at their sites, where the head of the site announces the site's commitment to ensuring safety and to raising employees' safety awareness. In particular during the national safety week, directors visit the sites to read out the President's message to employees and ask them to ensure a safer working environment.

Risk assessment

Identifying invisible risks and implementing improvements helps create a safe working environment. Based on this recognition, we work to find out and assess any risks and hazards and so eliminate potential risks in the workplace. This process also helps raise the safety awareness of individual employees.

Risk prediction activities

To raise individual employee's awareness of risks and prevent human errors, we incorporate KY (kiken yochi) risk prediction training into the small-group activities conducted daily at our workplaces. In the training, employees discuss how to identify and deal with potential risks in their daily business operations.

Inspecting delivery vehicles and education for drivers

In addition to inspecting our delivery vehicles on a daily and regular basis, we also carry out one-time checks on their inspection and maintenance status. We use simulations to provide employees with opportunities to experience the risks caused by sudden braking, abrupt steering changes, and other dangerous operations to raise their ability to predict and avoid risks.



Training in which trainees experience the speed of a fork lift

Education for inexperienced employees

Using reference materials on behavior that might cause safety risks while working, we provide employees with one-to-one education at our workplaces. As a follow-up, our health and safety staff visit the workplace to check on the effectiveness of the education and provide advice as required.

Traffic safety

Employees driving to their workplaces are given traffic safety tips by designated fellow employees both around the premises and at the entrance to the site during commuting hours in the morning. This gives a good opportunity to both the drivers and the safety advisers to raise their awareness of traffic safety.

Mental health

We provide managers and supervisors with training on mental health problems. On the intranet, we have also opened a website where employees can check their own stress levels for early detection and treatment of any mental health problems. We make sure that employees know how they can consult our industrial doctor and health experts and the route by which they can apply to receive counseling from industrial counselors.

Physical health

We provide employees with regular physical checkups. These checkups not only cover the health check items designated by law, but also special checks that Fujikura has added for early detection of lifestyle-related diseases. Employees who pose a high health risk are provided with the necessary advice to increase their health awareness. We have established a smoking room to eradicate passive smoking, based on the Japanese Health Promotion Act and the guidelines for measures on smoking in the workplace issued by the Japanese Ministry of Health, Labour and Welfare.



Introduction of an OSHMS

In fiscal 2009, Fujikura began introducing an occupational safety and health management system (OSHMS) to each of its sites, appointing employees in charge of workplace safety. In fiscal 2010, we will implement measures to help employees understand the system at each Fujikura site and from fiscal 2011 onwards will launch OSHMSs right across the Group.

Fukagawa Gatharia With Local Communities

Background to the development

Fukagawa Gatharia was constructed on the former site of Fujikura's Fukagawa Plant, where cables were manufactured. This plant was built in 1923 on the site in Fukagawa, mainly because the Company decided to use the Shiohama Canal located near the site for the delivery of manufactured cables, which were transported mainly by ship at that time. In accordance with the upsizing of cables, however, it became difficult to barge the manufactured cables, and the Company moved the plant to Futtsu in Chiba Prefecture in 1992. Subsequently, the Company studied how to make effective use of the former site of the plant, which was about 66,000 m², and in 1997 the Company began the development of Fukagawa Gatharia, wanting to construct a complex that could meet business needs and also contribute to local communities.

History of Fukagawa Gatharia

2000 First stage	Ito Yokado Kiba Store opened
2002 Second stage	West 1 Building (office building) constructed Lotus Park (commercial facilities) opened
2003 Second stage	Tower S (office building) constructed
2007 Third stage	Tower N (office building) constructed
2010 Fourth stage	West 2 and 3 Buildings (office buildings) constructed



Former Fukagawa Plant (1985)



Dialogue with local inhabitants

It is already about 90 years since Fujikura moved to Fukagawa, where we operated a plant to manufacture electric wire for about 70 years until 2002. When we decided to redevelop the site, we first of all visited the eight associations of local inhabitants and Heikyū Elementary School to explain our plan. They all encouraged us by saying, "We will fully support the redevelopment plan because it will be implemented by Fujikura." We were very pleased to hear this and felt grateful to our precedents who had built such a great relationship of trust with local inhabitants.

However, we were not able to proceed with the plan so easily. In the first stage (construction of an Ito Yokado supermarket store) and the fourth stage (construction of the West 3 Building), we faced objections from local people. We negotiated with them in good faith and were finally able to gain their understanding and solve the problem. We eventually succeeded in the redevelopment because we continued our dialogue with the local inhabitants to gain their understanding and cooperation.

Fukagawa Gatharia is a complex of offices, stores, and amenity facilities. Constructed stage by stage over 10 years, the complex now serves as a central facility of an energetic urban area with a large flow of people.



Communicating with local people

Providing a comfortable and pleasant space filled with greenery

Visitors to Fukagawa Gatharia can enjoy walking on sidewalks and paths lined with greenery within the premises, where we have also created a large open space and a bio-garden to provide people with an urban place blessed with the riches of nature. In the bio-garden, which provides a place suitable for environmental education and contributes to local communities, visitors can make contact with nature, and a variety of living creatures can live in the rich natural environment of the garden.

In winter every year, we decorate the facilities with energy-efficient LED lights and erect a Christmas tree in the square to give pleasure to visitors.

Fukagawa Gatharia, Where People Gather —21st century-style facilities built from both a historical and futuristic perspective

We have developed a complex of offices, stores, and amenity facilities in Fukagawa, which is a downtown area with a long history and tradition, by combining modern elements with the old area to create an attractive place for local communities. The complex, which was constructed stage by stage in response to a range of needs, provides not only office space but also a shopping center and restaurants that are convenient for a range of customers, plus a fitness club and other amenities. We organize a summer dance festival, concerts by local students, Halloween and various other events at Fukagawa Gatharia to provide people with a range of enjoyments. We have planted a lot of greenery within the premises to provide local residents with a comfortable and refreshing place, wanting to make the facilities attractive to all.

CSR Activities of Fujikura's Plants in Japan/ Collaboration with Local Communities



Chiba Prefecture
Sakura Plant



Youko Kudo
General Affairs Section

We are endeavoring to contribute to revitalizing local communities in many ways.

Cleanup activity

At the Sakura Plant, all employees conduct a local cleanup every weekend, based on the plant's theme of "improving the relationship between the plant and local communities." Specifically, we pick up trash in small groups on the route from JR Sakura Station to our plant. Recently, we have often received encouraging comments from local people. As a member of this historical Sakura area, we will continue to contribute to local communities, starting with what we can do and acting constantly to achieve constructive results, while learning more about Sakura's history and culture.



Opening up our playground to local people

Our plant provides associations for local residents with access to its playground, where they can enjoy sport. We received a message of thanks from a citizen who enjoys playing ground golf on the playground: "We had no place to practice in the past, but Fujikura kindly let us play ground golf on its playground, and thanks to this we achieved good results in a competition held in Sakura City. Now we have about 30 members—twice as many as before, and all members enjoy sport together." We cannot help smiling when we see healthy citizens enjoy sport on the playground.



Mie Prefecture
Suzuka Plant



Yousuke Fukumoto
Suzuka Administrative Management Section

We will continue to cultivate good relationships with local people.

Volunteer cleanups

The Suzuka Plant does volunteer cleanups on public roads around its premises every month. Employees of the Fujikura Group working in the Suzuka area get together to collect trash and pull up weeds during their lunch break to keep the local environment looking tidy. We will continue to contribute to making the area more environment- and people-friendly.



Renting out the playground

The Suzuka Plant rents out its playground to citizens on Saturdays and Sundays, mainly for use by baseball teams of local elementary school pupils. We often see children running around in the playground at weekends, taking part in games and practice sessions. We will use the playground as a stimulating space to promote the health of both our employees and local residents.



The plants hold a range of events and make social contributions to develop communication with local communities.



Shizuoka Prefecture
Numazu Plant



Makoto Utsugi
General Affairs Section

We are preserving the environment and contributing to society through active exchanges with local communities.

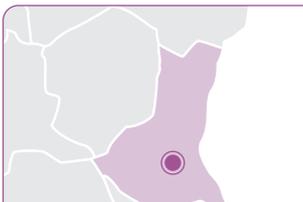
Cleanup activities at Senbonhama Beach

The Numazu Plant is located in the central area of Numazu City, which has a warm climate, facing Suruga Bay at the foot of Mt. Fuji in a verdant natural setting. We are making a range of contributions to society through active exchanges with local communities and people. For example, every June, the environmental month in Japan, we collect bottles and cans that are washed up on Senbonhama Beach near the plant in cooperation with other local companies, pupils of Kaihoku Elementary School, and children of Numazu Gakuen Diichi Kindergarten to keep this local sightseeing spot clean.



Cleanups around the plant

The Numazu Plant is actively engaged in local environmental conservation in addition to resource and energy conservation and waste reduction within its premises. As part of this effort, every day, we pick up trash on roads around the plant to provide a cleaner environment for local residents. As a corporate citizen, we also actively participate in Numazu City's "cleanup week," a campaign designed to encourage citizens and company employees to participate in environmental beautification. We will continue to make social contributions in the locality to build closer relationships with local communities.



Ibaraki Prefecture
Ishioka Plant



Kazuo Takano
General Affairs Division

I am in charge of the environment-related affairs at the plant.

Appointed chairman of the industrial park management council to which the Ishioka Plant belongs

Fujikura was appointed the first chairman of the management council of the Kashiwabara Industrial Park since the rules for the council were changed. As secretariat to the chairman, the Ishioka Plant serves as a contact between members of the council and the city and prefectural governments. The forty members include both small and big companies, with a total of 3,600 employees and a total floor area of 1.65 million m².



Emergency drills in the Shojouchi district

The Shojouchi district extends over about two kilometers to the northeast of the Ishioka Plant. As the leader of this district of 340 households, the plant cooperates with local residents to run a disaster control organization and holds an emergency drill every November.

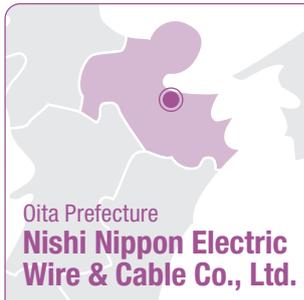
In fiscal 2009, we carried out an emergency drill in cooperation from the local firefighting team on November 22 with 150 citizens participating. In the drill, we had primary and secondary evacuation training, lifesaving practice (cardiac massage), and training on how to provide food (Japanese rice balls and miso soup with pork and vegetables) promptly in an emergency.

We want to contribute to raising local disaster preparedness by utilizing the experience and expertise we have obtained from in-house emergency drills.

After the emergency drill, we made rice cakes the traditional way and enjoyed a meal of rice cakes, rice balls, and miso soup with pork and vegetables together with the participants.



CSR Activities at Group Companies



Eri Ikuta

General Affairs &
Human Resources Group
General Affairs Department

We give first priority to relationships with local communities and to employee satisfaction!

Marathon relay race held as part of our non-smoking campaign

As part of our efforts to promote employees' health, we held a marathon relay race with a view to encouraging employees to stop smoking. In the 50-day race, in which we incorporated elements of the game of sugoroku to make it more enjoyable, employees participated in teams of three in principle but, except for two employees who participated not as a team but individuals, all the participants dropped out of the race, and finally one of the last two also dropped out. Only one participant made it through to the end of the race and received a prize. Our company also holds health seminars and interviews to support the physical health of its employees and to ensure early detection and provide treatment for mental health problems.



Exchanges with local residents and human resources development

Nishi Nippon Electric Wire & Cable conducts the following activities to foster the next generation of human resources and develop communication with local communities: exchanges with local residents through the company's festival, having students as interns, and factory tours. We can reconfirm our responsibilities and the satisfaction our work brings when we receive comments from participants such as, "I felt the atmosphere at the company was really good," and "I would like to work for this company." These comments are also useful to help us improve our corporate culture.



Hiroshi Watanabe

Management Planning Department

Yonezawa Electric Wire has been making social contributions that help to put value on the trust that society places in the company as one of its basic policies. Here we introduce two examples of these contributions.

Children's baseball competition

Yonezawa Electric Wire holds a children's baseball competition every fall. This year we held a successful 12th competition on the baseball pitch within the premises of our factory in Hachimanbara. A total of eight baseball teams (about 190 children) participated in the two-day competition and seven games were played in total. The weather was very good on both days and the players, especially the six-graders who were playing in their last competition, played enthusiastically and all the games were really exciting and worth watching. This fiscal year too, we will hold this annual competition as part of our corporate citizen activities, our way of contributing to society through exchanges with local communities.



Planting lots of flowers

In 1994, we started to plant lots of flowers. This year we celebrated the 17th anniversary of this initiative and planted yellow marigolds at head office and begonias at Hachimanbara, and they all flourished. At Koriyama, we decorated the entrance to our facilities with a range of seasonal flowers, including pansies and marigolds. In this way, we grow flowers unique to each area to make the environment look beautiful. We plant flowers from May to October every year, so that they bloom for as long a time as possible. We will continue to plant flowers to liven up our workplaces and make them comfortable.





Yoshifumi Soga
CSR Promotion Office

We are committed to reducing our environmental impact and improving our lifesaving measures.

Turning off lights

As part of our anti-global warming efforts, we have implemented the following measures to reduce the amount of electricity we use. First, we have slightly lowered the brightness of lights on corridors that are not used frequently. Next, we have separate switches for each fluorescent light in rooms and we write the name of the employee who is responsible for turning off the light on the switch. All employees are now responsible for turning off their own particular lights, which raises their awareness and motivates them to turn off lights more frequently to conserve energy.



Regular standard lifesaving seminars

We installed basic life support equipment in the form of automated external defibrillators (AED) to help prevent sudden death in the event of a heart attack. After installing them, we held standard lifesaving training sessions, including how to use an AED, twice last year and once this year. A total of 43 employees attended the training session last year, with 16 this year. We invited staff from the west branch of the local Mooka firefighting department to introduce the "chain of survival," from emergency call to cardiopulmonary resuscitation, electric shock revival using an AED, and preparing for the ambulance to arrive. I was impressed by the attitude of participants at this practical lifesaving training session. Most participants commented that the training was very useful and they wanted to take part again next time. We will continue holding these training sessions on a regular basis and make sure that more employees are able to take part in the training sessions.



Corie Culp
Community Relations

AFL is committed to becoming an exemplary corporate citizen by giving financial support to local communities and providing employees with more opportunities to make their own social contributions.

Santa Clauses driving 4WDs

In early December 2009, two employees of Fujikura Automotive Mexico, our subsidiary in Monterrey, Mexico, and their friends delivered Christmas presents to households in the southern part of Nuevo Leon. The presents came to more than four tons in total, including 200 kilograms of food and toys donated by employees at their company.

They drove 4WDs (trucks and jeeps) to deliver the presents to this remote area in the cold of the winter, when temperatures drop to zero in an area that generally has a warm climate. They drove across mountain and rivers to visit more than 800 households in 10 inaccessible villages at around 3,600 meters above sea level.

In exchange for the presents, they experienced the smiles of the children, which were precious in their turn.



Helping people in need

In South Carolina, where our head office is located, we implement an annual "split program" (to provide labor and 3,000 dollars) focusing on three themes we have chosen carefully with the help of external advisors. In the program, we support an NPO in providing local disabled and elderly people with free-of-charge repairs and gardening services.

On the day, 11 volunteers from other organizations and 14 employees of AFL repaired houses and tidied the gardens of 24 households amid light rain, using tools and lawn trimmers supplied by the NPO, which also prepared trucks equipped with navigation systems for use by the volunteers. After the work was finished, the employees donated a check for 3,000 dollars to the NPO.

The people we helped thanked us with a smile, which gave a real meaning to our participation.



CSR Activities of Group Companies



Seiji Kiuchi
G-FPS Promotion Department

To create a bright future, we also have a range of activities in Thailand.

Planting mangroves

In the coastal wetlands of Thailand, the number of mangroves, which characterize the local landscape, is decreasing due to global warming and because of logging. Trees have been increasingly felled to produce charcoal and to feed livestock and also to convert the wetlands into shrimp farms.

In March 2010, we planted mangroves in the vast coastal wetlands that extend over 32,000 m² in the Klong Kone district in the southeastern part of Bangkok to replace the area of mangroves lost due to environmental destruction.

A total of 200 employees, chosen from among many applicants from the three factories, were instructed by a nature protection officer, formed teams and planted 699 trees with their legs stuck in the mud.



Local contributions in Thailand

The Fujikura Group donated a total of 400,000 baht to elementary and junior high schools in Pathum Thani. Through a school (that provides both primary and secondary education) in Thammasat, located near the Nava Nakorn industrial park, we give scholarships to poor students and outstanding students who were chosen by our selection committee from among students at 42 local schools. In fiscal 2009, we held a scholarship awards ceremony at the school in Thammasat with our president and senior executive vice president, and awarded scholarships to a total of 272 students selected from the 42 schools. In Chiang Mai too, we provided local inhabitants with clothes that included recycled uniforms as a form of economic support.



Lina Qiu
General Affairs and Human Resources Department

We aim to contribute to local communities by conducting a range of CSR activities on behalf of all Fujikura Group companies in China.

Contribution to the Fujikura Hope School in China Chinese "Fujikura" elementary school

In one of the social contribution activity participated in by all Group companies in China, we annually donate to a Chinese elementary school named after Fujikura, which is located in Shucheng in Luan City, Anhui Province. In fiscal 2009, the school used our donations to refurbish the rest rooms and water tower and held a ceremony on November 11. In fiscal 2010, the school's playground will be improved and desks and chairs will also be replaced. Seeing the smiles of pupils at the school is a wonderful motivation for us all. We would like to continue donating to the school and to bring even more employees of the Group into the activity.



Education and training

In December 2009, we held a training camp for employees dispatched from Japan and local managers. In the training, held over three days, both Japanese and local employees frankly discussed the various problems and challenges faced by FST from a range of aspects. We do not normally have time for these kinds of activities during our daily work lives, and this training allowed participants to become more unified beyond national and functional boundaries. We will continue to provide employees with similar opportunities to further grow FST through the concerted efforts of all.



Third-Party Opinion



Hiro Motoki

Deputy Chief Executive, E-Square Inc.
Part-Time Lecturer,
Tohoku University Graduate
School of Environmental Studies

In recent years, the number of companies that incorporate CSR initiatives in their management strategies has been increasing. This demonstrates that CSR is no longer a new concept; it is beginning to be included as an integral part of business management.

This report announces and details 17 CSR activity guidelines for four focus areas. These guidelines deal with important CSR elements, including fundamental measures conducted as the basis for corporate activities, considerations to be made in business operations, and social communication and contributions. I find the comments of employees introduced in the “Staff Voice” column quite useful and agreeable, because “People make the company,” and I can indeed understand through the comments what kind of people make up the Fujikura Group and what they think about their business operations. From the viewpoint of globalization, it is also commendable that the report includes some messages from staff at overseas Group companies.

There is, however, still room for improvement. The report does not explain how the 17 action guidelines are actually implemented and how they relate to the specific

measures taken by Fujikura. By including more specific descriptions of problems and countermeasures, Fujikura could have communicated its strong commitment to higher performance more clearly to readers. The report summarizes the Fujikura Group’s management, environmental, and social performance, and readers can understand that the Group is sincerely implementing measures in each respective field. But I think that Fujikura could make this annual report more unique by describing the Group’s vision, including its specific aspirations for society in the future.

With regard to social performance, the employment rate for people with disabilities has been increasing, but it is still low for Fujikura, which is a company that leads others in welfare for people with disabilities, as demonstrated by the foundation of Fujikura Gakuen in 1919. In its next CSR report, I would like to recommend that Fujikura includes explanations of future measures for promoting female employees, which will also help increase its corporate competitiveness.

Finally, regarding the composition of the report, measures being implemented across the supply chain are described in two different sections on green procurement and CSR procurement, which makes it difficult for readers to gain an overall understanding of the measures being taken. The targets set for green and CSR procurement might be somewhat different, but it would be better to outline all the activities related to the supply chain in one section.

I hope that Fujikura, which places the spirit of its founder as the basis of its management philosophy, will continue to fulfill its CSR through its business operations.

Response to the Third-Party Opinion

The Fujikura Group formulated its Corporate Philosophy MVCV in 2005, when it celebrated the 120th anniversary of its foundation. Based on the mission affirmed in the philosophy, which is to help customers create value and to contribute to society through our “Tsunagu” technologies, we will pursue sustainable development for both our Group and society at large through our business operations.

Last fiscal year, we formulated our CSR Philosophy and CSR Basic Principles to raise the level of the Group’s CSR activities and clarify the direction in which we should proceed. We also set our CSR activity guidelines for the four focus areas of “sincere corporate activities,” “consideration for the environment,” “respect for people,” and “harmony with society,” and decided what we should do in each of the four areas. This fiscal year, we are encouraging individual employees to incorporate the 25 items in our priority CSR measures, including corporate governance and risk management, into their daily business operations. We have received comments on the Fujikura Group Corporate Social Responsibility Report 2010 from Mr. Kimoto, an expert in CSR. We will continue

Takashi Kunimoto

Senior Vice President &
Member of the Board



to refer to his comments, from which we gained much valuable advice, in implementing our CSR measures.

In the future, society will increasingly expect companies to play a larger role in creating a low-carbon, sustainable society. In response, the Fujikura Group will encourage more dialogue with society, face the range of challenges and requests from society directly, and implement more measures in its business operations to create a society that is friendly to both people and the environment.

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