

Process for Identifying Materialities (Key Issues)

To further endeavor to make its Management Philosophy a reality and resolve social issues, the Furukawa Company Group reviewed CSR priority issues identified in 2013. Then, at a meeting held in November 2022, the Board of Directors resolved to identify 10 items of Materialities (Key Issues) based on “The Furukawa Company Group Basic Policy on Sustainability Initiatives” established in December 2021, as follows.

We are also considering targets and other measures to address those items. By steadily implementing the PDCA cycle in relation to any measures determined, we will work hard to “increase the value of the Furukawa brand through ‘marketing-based management’ that incorporates CSV perspectives” and “increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group,” as is clearly stated in Vision for 2025. In the process, we will aim to achieve sustainable growth for society and the Group and increase corporate value over the medium to long term.




Background

In 2013, when it launched a framework for promoting CSR, the Group identified CSR priority issues, established related targets, and worked to achieve those targets. In recent years, however, measures to address climate change and achieve the Sustainable Development Goals (SDGs) have come to be viewed as increasingly important. Accordingly, the Group decided to review its existing understanding of the issues and work harder to make its Management Philosophy a reality and resolve social issues. To this end, we formulated “The Furukawa Company Group Basic Policy on Sustainability Initiatives” on December 1, 2021, and reorganized our CSR promotion framework into a sustainability promotion framework. In addition, we reviewed our existing CSR priorities and identified sustainability-related Materialities (Key Issues) that we should focus on as a matter of priority.

Process for Identifying Materialities (Key Issues)

Step 1 Select social issues	Step 2 Understand importance	Step 3 Identify Materialities (Key Issues)
<ul style="list-style-type: none"> Identified issues that are important to the Group and various stakeholders from medium- to long-term perspectives [Reference] GRI Standards, ISO 26000, indicators and targets for the SDGs, trends at other companies, etc. Selected 50 candidates for Materialities (Key Issues) 	<ul style="list-style-type: none"> Conducted in-house surveys related to the 50 candidates selected and assessed importance in relation to issues Aggregated and scored the results Consolidated the 50 candidates into 10 items of Materialities (Key Issues), taking into consideration social demands 	<ul style="list-style-type: none"> Passed resolutions concerning the identification of Materialities (Key Issues) at a meeting of the Management Council held in October 2022 and an extraordinary meeting of the Board of Directors held on November 11, 2022

Materialities (Key Issues) on Sustainability Initiatives

Proactive: CSV Issues Materialities (Key Issues) on resolving “social issues” through our business		Main Related SDGs
<ul style="list-style-type: none"> Provide environmentally friendly products, technologies, and services Contribute to the resolution of customer issues Contribute to the creation of a safe and comfortable society, including infrastructure development 		 
Defensive: CSR/ESG Issues Materialities (Key Issues) on establishing a robust corporate foundation for growth		Main Related SDGs
E (Environmental)	<ul style="list-style-type: none"> Promote climate change countermeasures in business activities Promote biodiversity preservation activities 	 
S (Social)	<ul style="list-style-type: none"> Develop safe and rewarding work environments that take health into consideration Recruit and develop diverse human resources Promote management that respects human rights 	  
G (Governance)	<ul style="list-style-type: none"> Develop an enterprise risk management system Ensure thorough compliance 	 

Resolving Social Issues through Business

The Group will generate “corporate value” by providing infrastructure, products, technologies, and services that help resolve social issues, while at the same time striving to create “social value.” Of the 17 SDGs, we are focusing particular attention on achieving Goal 11 (“Make cities and human settlements inclusive, safe, resilient and sustainable”) and Goal 9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”). We will also strive to create “social value” by building social infrastructure as stated in “The Furukawa Company Group’s Value Creation Process” (please see Integrated Report pages 9–10), while realizing a safe, environmentally friendly, and prosperous society.

Materialities (Key Issues)		Goals	Initiatives	Segment
Proactive: CSV Issues Materialities (Key Issues) on resolving “social issues” through our business	Provide environmentally friendly products, technologies, and services	Provide products that help customers reduce CO ₂ emissions, save energy, and improve efficiency	<ul style="list-style-type: none"> Generate demand and promote sales of enclosed hanging belt conveyors (SICON®) that help reduce CO₂ emissions Introduce high-efficiency slurry pumps (LK3) 	Industrial Machinery
			<ul style="list-style-type: none"> Promote sales of fuel-efficient hydraulic crawler drills Propose solutions to improve work efficiency and reduce workloads through Life Cycle Support (LCS) 	Rock Drill Machinery
			<ul style="list-style-type: none"> Promote sales of energy-saving, low-noise eco-cranes Expand sales of high-value-added mini-crawler cranes (battery-operated models, disassembled models, etc.) Adapt UNIC cranes and UNIC carriers to vehicle electrification 	UNIC Machinery
			<ul style="list-style-type: none"> Promote sales of materials (high-purity metallic arsenic, crystal products, core coils, aluminum nitride ceramics, etc.) to support fuel-efficient automobiles and other energy-efficient products 	Electronics
	Contribute to the resolution of customer issues	Provide automated machinery products utilizing ICT/AI technologies	<ul style="list-style-type: none"> Step up sales of autonomous and labor-saving products (fully automatic drill jumbos, rock bolting machines, etc.) Strengthen sales of hydraulic crawler drills with semi-automatic drilling function Improve customer productivity through the sale of support program products utilizing DX 	Rock Drill Machinery
			<ul style="list-style-type: none"> Promote sales of cupric oxide, which contributes to miniaturization, weight reduction, and enhanced functionality of semiconductor components 	Chemicals
	Contribute to the creation of a safe and comfortable society, including infrastructure development	Provide products and participate in projects to improve infrastructure and renew aging facilities	<ul style="list-style-type: none"> Stabilize orders for steel bridges and expand sales of steel structural products Expand orders for large-scale projects, particularly in the social infrastructure business Promote sales of crushers, which facilitate the supply of aggregate for disaster recovery 	Industrial Machinery
			<ul style="list-style-type: none"> Step up sales of large and super-large hydraulic breakers for the demolition market Concentrate on sales of small hydraulic crushers (for road general contractors and aggregate recycling) 	Rock Drill Machinery
			<ul style="list-style-type: none"> Mini-crawler cranes: Narrow target customers (electric power companies, general contractors, etc.) to focus on and cultivate new markets Launch cranes for residential construction on small lots 	UNIC Machinery
			<ul style="list-style-type: none"> Develop and sell various sensors and materials (high-purity metallic arsenic, crystal products, core coils, aluminum nitride ceramics, optical components, etc.) to support infrastructure development 	Electronics
			<ul style="list-style-type: none"> Promote sales of products that help conserve water 	Chemicals

■ Establishing a Robust Corporate Foundation for Growth

To establish a robust corporate foundation for growth, the Furukawa Company Group is working to enhance corporate value by engaging in business practices that take into consideration CSR/ESG issues, as shown below.

Materialities (Key Issues)			Goals
Defensive: CSR/ESG Issues Materialities (Key Issues) on establishing a robust corporate foundation for growth	E: Environmental	Promote climate change countermeasures in business activities	<ul style="list-style-type: none"> Reduce CO₂ emissions (Scope 1 and 2) Develop and publish roadmap by FY2025
			<ul style="list-style-type: none"> Reduce water consumption (Reduction rate: -2% vs BAU* in FY2028)
			<ul style="list-style-type: none"> Reduce total waste generation (Reduction rate: -3% vs BAU in FY2028)
		Promote biodiversity preservation activities	<ul style="list-style-type: none"> Promote continuous forest management
			<ul style="list-style-type: none"> Promote ecosystem restoration activities on Company-owned land, former mine sites, etc.
			<ul style="list-style-type: none"> Reduce use of hazardous chemicals (% reduction in use of hazardous chemicals)
	S: Social	Develop safe and rewarding work environments that take health into consideration (occupational safety and health)	<ul style="list-style-type: none"> Achieve accident- and disaster-free operations (industrial accident severity/frequency)
		Develop safe and rewarding work environments that take health into consideration (health and satisfaction)	<ul style="list-style-type: none"> Earn certification as Health and Productivity Management Outstanding Organization (White 500) Reduce health checkup anomaly ratio (By FY2031: 30% or less for those under 40, 50% or less for those 40 and over)
		Recruit and develop diverse human resources (diversity)	<ul style="list-style-type: none"> Increase female employee ratio Increase ratio of female managers (consolidated): 3% Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 20%
			<ul style="list-style-type: none"> Increase hires of people with experience Percentage of new hires with experience in management/corporate planning: 40%
			<ul style="list-style-type: none"> Increase hires of people with disabilities (achieve statutory employment rate) Actively hire foreign nationals
		Recruit and develop diverse human resources (HR development)	<ul style="list-style-type: none"> Develop human resources Annual training hours: 1,500 Increase number of trainees: 3,600
	G: Governance	Promote management that respects human rights	<ul style="list-style-type: none"> Establish a human rights policy and promote education
			<ul style="list-style-type: none"> Increase human rights risk assessment implementation rate among suppliers and conduct follow-up
		Develop an enterprise risk management system	<ul style="list-style-type: none"> Periodically verify business continuity plan (BCP) and promote business continuity management (BCM) Conduct risk assessments and improve response measures Periodically review high-risk items Strengthen cybersecurity system
		Ensure thorough compliance	<ul style="list-style-type: none"> Step up measures to prevent compliance violations

FY2023	
Numerical Results	Main Initiatives
<ul style="list-style-type: none"> • FY2023 (consolidated): 26,037 t-CO₂ 	<ul style="list-style-type: none"> • Roadmap developed and published (July 30, 2024)
<ul style="list-style-type: none"> • FY2023 reduction (vs BAU): -12.7% 	<ul style="list-style-type: none"> • To improve the environmental performance of each plant and business location, the Environmental & Safety Management Department holds a Monthly Environmental Protection Data Reporting Meeting and provides guidance to each location.
<ul style="list-style-type: none"> • FY2023 reduction (vs BAU): -17.4% 	
—	<ul style="list-style-type: none"> • Held discussions about forest management with local forest owners' cooperatives
—	<ul style="list-style-type: none"> • Held Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive • Continued firefly restoration activities in the Kune and Ashio areas • Took steps to have property certified as a "Nationally Certified Sustainability Managed Natural Site" by the 30by30 Alliance
<ul style="list-style-type: none"> • Year-on-year change: -13.0% 	<ul style="list-style-type: none"> • To improve the environmental performance of each plant and business location, the Environmental & Safety Management Department holds a Monthly Environmental Protection Data Reporting Meeting and provides guidance to each location.
<ul style="list-style-type: none"> • Industrial accident severity: 1.58 • Industrial accident frequency: 1.25 	<ul style="list-style-type: none"> • To prevent accidents of each plant and business location, the Environmental & Safety Management Department holds a Monthly Accident Prevention Data Reporting Meeting and provides guidance to each location. • Discussed measures to prevent recurrence of industrial accidents
<ul style="list-style-type: none"> • Under 40 years: 39.6%; 40 and over: 61.5% 	<ul style="list-style-type: none"> • Certified as a 2024 Health and Productivity Management Outstanding Organization • Planned, held, and evaluated health promotion events, seminars, etc.
<ul style="list-style-type: none"> • Ratio of female managers (consolidated): 3.7% • Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 6.7% 	<ul style="list-style-type: none"> • Stepped up recruitment of women among employees with experience • Strengthened recruiting skills
<ul style="list-style-type: none"> • Percentage of new hires with experience in management/corporate planning: 60% 	<ul style="list-style-type: none"> • Engaged in referral recruiting and direct recruiting
<ul style="list-style-type: none"> • Ratio of employees with disabilities (consolidated): 2.2% (statutory employment rate: 2.3%) 	<ul style="list-style-type: none"> • Visited organizations that support employment of persons with disabilities • Provided information on employment promotion to each operating company
<ul style="list-style-type: none"> • Number of new employees who are foreign nationals: 1 	<ul style="list-style-type: none"> • Direct recruiting
<ul style="list-style-type: none"> • Annual training hours: 887 • Number of trainees: 2,632 	<ul style="list-style-type: none"> • Held hierarchical training, engineer training, and on-site manager training • Held planning and educational training at each business location
<ul style="list-style-type: none"> • Number of human rights training sessions: 6 	<ul style="list-style-type: none"> • Developed a human rights policy • Identified and assessed human rights risks
<ul style="list-style-type: none"> • Rate of implementation of human rights risk assessment (CSR survey) by suppliers: 0% increase in FY2023 (vs FY2022) • Surveys, interviews, and training sessions related to human rights held (number of companies): +3 companies in FY2023 (vs FY2022) 	<ul style="list-style-type: none"> • Analyzed results of FY2022 CSR survey, selected interviewees, and conducted interviews • Created English, Chinese, and Thai versions of the CSR survey • Considered and planned supplier surveys for overseas subsidiaries
<ul style="list-style-type: none"> • Periodic BCP verification: 1 time 	<ul style="list-style-type: none"> • Revised the Furukawa Company Group BCP • Held Group BCP Sectional Meetings (2 times in FY2023)
<ul style="list-style-type: none"> • Risk response improvements (reviews): 1 	<ul style="list-style-type: none"> • Conducted interviews at target business locations
<ul style="list-style-type: none"> • Number of targeted-attack email training sessions: 1 • Number of security seminars for Furukawa Company Group executives and employees: 1 	<ul style="list-style-type: none"> • Developed the Incident Response Manual
<ul style="list-style-type: none"> • Number of compliance training sessions: 8 	<ul style="list-style-type: none"> • Held compliance training for new employees and other ranks (including Group managers and directors) • Held training on individual laws, such as Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors • Revised manual (general provisions) on the Antimonopoly Act